Complete Agenda

Democratic Service
Swyddfa'r Cygngor
CAERNARFON
Gwynedd
LL55 1SH

Meeting

PENSIONS COMMITTEE

Date and Time

2.00 pm, MONDAY, 17TH JUNE, 2024

Location

Virtual Meeting

NOTE

*** For public access to the meeting, please contact us***

Contact Point

Lowri Haf Evans

01286 679878

lowrihafevans@gwynedd.llyw.cymru

(DISTRIBUTED 11/06/24)

PENSIONS COMMITTEE

MEMBERSHIP (9)

Plaid Cymru (4)

Councillors

Iwan Huws	R Medwyn Hughes	Elin Hywel
Ioan Thomas		

Independent (2)

Councillors

John Pughe Roberts	John Brynmor Hughes

Lib / Lab (1)

Councillor Stephen Churchman

Co-opted Members (2)

Councillor Robin Wyn Williams	Isle of Anglesey County Council
Councillor Goronwy Owen Edwards	Conwy County Borough Council

Ex-officio Members

Chair and Vice-Chair of the Council

A G E N D A

1. ELECT CHAIR

To elect Chair for 2024 / 2025

2. ELECT VICE CHAIR

To elect Vice-chair for 2024 / 2025

3. APOLOGIES

To receive any apologies for absence

4. DECLARATION OF PERSONAL INTEREST

To receive any declaration of personal interest

5. URGENT ITEMS

To note any items which are urgent business in the opinion of the Chairman so that they may be considered

6. MINUTES 5 - 8

The Chairman shall propose that the minutes of the meeting of this committee held on 19th March 2024 to be signed as a true record

7. GWYNEDD PENSION FUND AUDIT PLAN 2024 9 - 25

To consider and accept the plan

8. GWYNEDD PENSION FUND'S DRAFT STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024 26 - 70

The receive and note the Pension Fund Statement of Accounts (subject to audit) for 2023/24.

9. WALES PENSION PARTNERSHIP UPDATE 71 - 135

To receive and note the quarterly update from Wales Pension Partnership

10. REVISED INVESTMENT STRATEGY STATEMENT 136 - 148

To consider and adopt the revised Investment Strategy Statement

11. LGPS POOLING SYMPOSIUM 2024 149

To accept the information.

12. PENSION ADMINISTRATION 150 - 154

To consider the report for information

13. EXCLUSION OF PRESS AND PUBLIC

The Chairman shall propose that the press and public be excluded from the meeting during the discussion on the following items due to the likely disclosure of exempt information as defined in Paragraph 14 of Schedule 12A of the Local Government act 1972 Information relating to the financial or business affairs of any particular person (including the authority holding that information).

There is an acknowledged public interest in openness in relation to the use of public resources and related financial issues. It is also acknowledged that there are occasions, in order to protect the financial interests of public authorities that matters related to commercial information need to be discussed without being publicised. Publication of such commercially sensitive information would be inappropriate having regard to the legitimate interests of third parties and could undermine confidence to engage with the Council and therefore the Councils ability make decisions on behalf of the fund. This would be contrary to the wider public interest of securing value for money and the best overall outcome. For those reasons the matter should be exempt in the public interest.

14. ROBECO ENGAGEMENT SERVICE - ENGAGEMENT REPORT 01.10.2023 - 31.12.2023

To note the content of the report.
(copy for Members only)

PENSIONS COMMITTEE 19-03-24

Attendance:

Councillors:

Stephen Churchman (Chair), John Brynmor Hughes, Iwan Huws, John Pughe Roberts, Ioan Thomas and Robin Williams (Isle of Anglesey County Council)

Officers:

Dewi Morgan (Head of Finance), Delyth Jones-Thomas (Investment Manager), Meirion Jones (Pensions Manager) and Lowri Haf Evans (Democracy Services Officer)

1. APOLOGIES

Apologies were received from Councillor Richard Medwyn Hughes and Councillor Elin Hywel. Councillor Goronwy Edwards experienced technical problems and was unable to take part in the meeting.

2. DECLARATION OF PERSONAL INTEREST

None to note

3. URGENT ITEMS

None to note

4. MINUTES

The Chair accepted the minutes of the meeting held on 22 January 2024 as a true record.

5. TRAINING PLAN

The Investment Manager submitted a report, providing a summary of the training given to Members during 2023/24, as well as a brief Training Plan for 2024/25.

It was considered that the 2023/24 Training Plan had been successful and the Members were thanked for attending the various conferences and training sessions of the Wales Pension Partnership (WPP) that were useful and timely sessions. It was reiterated that those Members who needed to complete Fundamentals training had now done so and the only training that had not been completed was that the Investment Manager had not attended a closing accounts course and that was because there had been no changes to the guidelines.

It was reiterated that the 2024/25 Training Plan followed the same process as the 2023/24 plan with WPP sessions, courses and conferences having already been identified and arrangements as to who would attend having been confirmed.

Members expressed their thanks for the report and noted that the plan was a comprehensive one.

In response to a question regarding keeping a record of Members' attendance at WPP conferences/training, it was noted that the Investment Manager kept a record of Gwynedd Members' attendance and shared the information with the Council's Members Development Officer.

DECISION:

- **To accept the report**
- **To approve the Training Plan for 2024/25**

6. TREASURY MANAGEMENT STRATEGY STATEMENT FOR 2024/25

A report was submitted by the Investment Manager noting, in accordance with the Welsh Government's Statutory Guidance on Local Government Investments, that the Council was required to prepare an Annual Investment Strategy as part of its treasury management role. As good practice, it was considered that the Gwynedd Pension Fund (the "Fund"), should adopt Cyngor Gwynedd's Treasury Management Strategy Statement (TMSS) for 2024/25, as revised for the purpose of the Pension Fund. Cyngor Gwynedd's TMSS for 2024/25 was approved by the full Council on 7 March 2024.

It was explained that currently, all the Fund’s surplus cash was pooled with the cash balances of Cyngor Gwynedd and invested with counterparties in accordance with Cyngor Gwynedd's Treasury Management Strategy. At the end of the financial year, Cyngor Gwynedd would pay interest to the Pension Fund based on the Fund’s daily balances over the year.

Members were reminded that the CIPFA code of practice and Welsh Government guidance made it mandatory for the Council to invest its money prudently and consider security and liquidity before seeking the highest rates of return or the highest yield, and to strike a balance with these factors. Attention was drawn to those sectors that had been approved for investment, e.g. local government, local authorities, banks, money market funds and pooled funds, as well as the investment restrictions for them. Reference was also made to the economic forecasts and interest rates from the Council's financial advisers, Arlingclose, together with the position of the Council's investment portfolio at the end of 2023.

Gratitude was expressed for the report.

During the ensuing discussion, the following observations were made by Members:

- That the report was now a regular item on the Committee's work programme
- That the arrangement had already been approved by the Full Council
- That it would be unwise to keep money separate - it made sense to adopt a single strategy
- With six Local Authorities having declared themselves bankrupt since 2021, that risks arose from investing with Local Authorities. However, if the situation was managed effectively, there were advantages to this.

In response to a question about the amount being transferred, it was noted that the amount had been around £10 - £15 million in the past, but was now a more substantial amount of around £40 million because interest levels were high, which currently brought better returns than investing with investors.

DECISION:

- **To accept the report**

- **To adopt the Treasury Management Strategy Statement for 2024/25 as adapted for the purpose of the Pension Fund**
- **To request that the Council (although not a separate body) allows the surplus cash balances of the Pension Fund to continue to be pooled with the Council's general cash flow from 1 April 2024 onwards**

7. WALES PENSION PARTNERSHIP (WPP) BUSINESS PLAN

The Investment Manager submitted a report, which included the Partnership's Business Plan. It was reported that the Partnership created a Business Plan every year for a period of three years, with the content detailing how the Partnership would achieve its aims. The purpose of the business plan was to:

- Explain the background and governance structure of the WPP
- Highlight the priorities and objectives over the next three years
- Outline the financial budget for the Business Plan period
- Summarise the WPP's Investments and Performance Objectives

It was confirmed that the Business Plan had been approved by the Partnership's Joint Governance Committee on 13 March 2024 and that the eight Authorities that made up the Partnership were required to approve the Plan.

Gratitude was expressed for the report.

The Chair confirmed that the business plan had been discussed at a recent meeting of the Wales Pension Partnership and that the Joint Governance Committee, on 13 March 2024, had stated that it was satisfied with the content.

DECISION

- **To accept the report**
- **To approve the Wales Pension Partnership Business Plan**

8. LGC INVESTMENT SEMINAR (13-14 March 2024, Carden Park, Chester)

An oral update was provided by Councillor Iwan Huws who had attended the conference with Councillor Elin Hywel and the Chair of the Pension Board, Mr Eifion Jones.

He noted that the main message of the conference was that the LGC was in a good place. He added that discussions had been held regarding the valuation that would come up in 2025 together with specialist information about global events that had an impact on the market. Local Government Minister, Simon Hoare underlined the importance of expected pensions training for Members and there was a presentation by Antony Parnell, the Treasury and Pension Investments Manager for Carmarthenshire County Council (the host authority of the Wales Pension Partnership) on the efficiency of pooling in Wales. The conference was a good opportunity for attendees to network and share best practices.

Gratitude was expressed for the information.

9. EXCLUSION OF PRESS AND PUBLIC

RESOLVED to exclude the press and public from the meeting during the discussion on the following items due to the likely disclosure of exempt information as defined in paragraph 14, Schedule 12A of the Local Government Act 1972 - Information about the financial or business transactions of any specific person (including the authority that retains that information). There was an

acknowledged public interest in openness in relation to the use of public resources and related financial issues. However, it was also acknowledged that there were occasions, in order to protect public financial interests, where commercial information must be discussed without being publicised. The reports related specifically to a proposed procurement process. Publicising such commercially sensitive information could be detrimental to the interests of the Council and its partners by undermining competition. This would be contrary to the wider public interest of securing the best overall outcome. For these reasons, the matter was closed in the public interest.

10. RECOMMENDATION REPORT ON APPOINTING A WALES PENSION PARTNERSHIP (WPP) OPERATOR

A preliminary report was presented by the Investment Manager stating that the current WPP Operator's contract expired in December 2024 and that an open tender process had been carried out and the appraisal process completed.

A procurement process was carried out in accordance with the Public Contracts Regulations 2015, with the Partnership issuing an 'Invitation to Tender', and three applications were received. A detailed appraisal process was carried out with representation from the eight constituent authorities and Hymans Robertson.

Following the completion of the procurement process, the recommendation to appoint bidder 3 as WPP Operator was approved by the Joint Governance Committee, 13 March 2024. As a result, and in accordance with the statutory procedure, the recommendation needed to be approved by the eight Constituent Authorities that form the Partnership. The recommendation was presented in the form of a report by WPP to members only.

DECISION

- **To accept the report**
- **To approve the appointment of Bidder 3 as Wales Pension Partnership Operator**

Note: For the future, although the report was a standard one from the Partnership, more background information about the process, an explanation about the scoring procedure and reasons for exclusion would have been advantageous.

The meeting started at 14:00 and concluded at 14:30.

MEETING:	**PENSIONS COMMITTEE**
DATE:	**17 JUNE 2024**
TITLE:	**GWYNEDD PENSION FUND AUDIT PLAN 2024**
PURPOSE:	**To accept the plan**
RECOMMENDATION:	**ACCEPT THE PLAN**
AUTHOR:	**DELYTH JONES-THOMAS, INVESTMENT MANAGER**

1. INTRODUCTION

The audit for the Gwynedd Pension Fund financial statements for year ending 31 March 2024 will be completed by Audit Wales. Please see the Audit Plan in Appendix 1.

2. AUDIT PLAN

The plan details the work to be performed by the auditors in order to fulfill their statutory duty by highlighting the main risks.

3. RECOMMENDATION

The Plan is accepted.

Gwynedd Pension Fund – Audit Plan 2024

Audit year: 2023-24

Date issued: May 2024

Document reference: 4272A2024

This document is a draft version pending further discussions with the audited and inspected body. Information may not yet have been fully verified and should not be widely distributed.

This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our Statement of Responsibilities.

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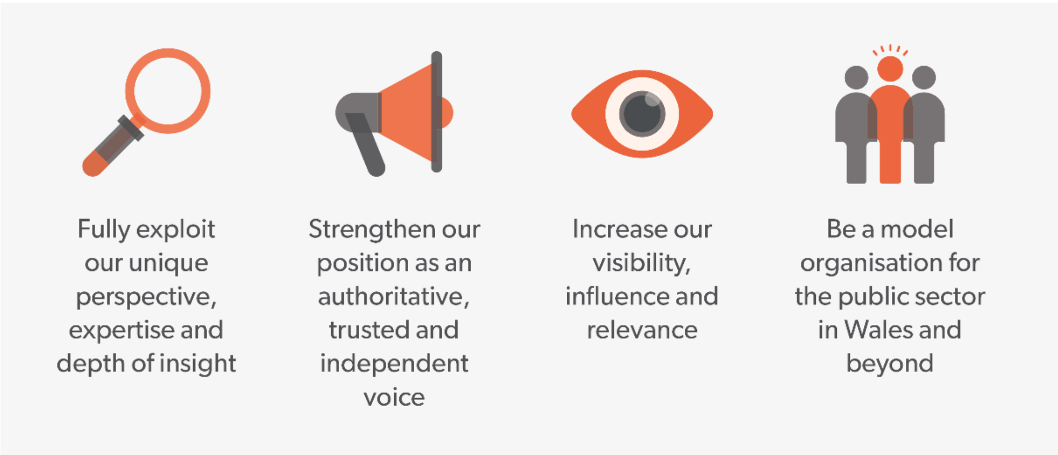
We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

About Audit Wales

Our aims and ambitions



Contents

Introduction

I have now largely completed my planning work – Should any further significant risks arise on completion of this work we will update the S151 officer and the Pensions Committee accordingly.

This Detailed Audit Plan specifies my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

It sets out the work my team intends undertaking to address the audit risks identified and other key areas of focus during 2024.

It also sets out my estimated audit fee, details of my audit team and key dates for delivering my audit team's activities and planned outputs.

Adrian Crompton
Auditor General for Wales

Audit of financial statements

I am required to issue a report on your financial statements which includes an opinion on their 'truth and fairness' and whether the statements have been 'properly prepared'. I will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities.

I also have responsibility to receive questions and objections to the financial statements from local electors (additional fees will be charged for this work, if necessary).

I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material is set out later in this plan.

There have been no limitations imposed on me in planning the scope of this audit.

Your audit at a glance

My financial statements audit will concentrate on your risks and other areas of focus

My audit planning has identified the following risks:

Significant financial statement risk

- Management Override of Controls

Other areas of audit focus

- Valuation of Investment Assets

Materiality

Materiality	£27.663 million
Reporting threshold	£1.383 million

Financial statements' materiality

Materiality £27.663 million

My aim is to identify and correct material misstatements, that is, those that might otherwise mislead the user of the accounts.

Materiality is calculated using:

- 2022-23 gross assets of £2,766.350 million
- Materiality percentage of 1%

I report to those charged with governance any misstatements above a trivial level (set at 5% of materiality).

Areas of specific interest

There are some areas of the accounts that may be of more importance to the user of the accounts, and we have set a lower materiality level for these:

- Related Party Disclosures – Key Management Personnel £1,000

Significant financial statements' risks

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other ISAs. The ISAs require us to focus more attention on these significant risks.

Exhibit 1:

Significant Financial Statement Risks	
Significant risk	**Our planned response**
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].	The audit team will: • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for bias; and • evaluate the rationale for any significant transactions outside the normal course of business.

The audit team is yet to conclude all areas of the risk assessment. Should any further significant financial risks arise on completion of this work we will update the S151 officer and the Pensions Committee via its Chair and re-issue my Detailed Audit Plan if required.

Other areas of focus

I set out other identified risks of material misstatement which, whilst not determined to be significant risks as above, I would like to bring to your attention.

Exhibit 2:

Other Audit Risks	
Audit risk	**Our planned response**
The investments balance contains £2,743 million of investments (fixed income, equities, property, private equity and infrastructure) which are complex to value and there is subjectivity in their valuation. There is therefore a risk that the investment balances are materially misstated.	The audit team will: • agree the valuations to appropriate supporting documentation; • review 'control assurance' reports from the relevant fund managers; and • evaluate the risk of residual material misstatement and the need for additional audit procedures.

Financial statements' audit timetable

I set out below key dates for delivery of my accounts audit work and planned outputs.

Exhibit 3: key dates for delivery of planned outputs

Planned output	Work undertaken	Report finalised
2024 Audit Plan	April 2024	May 2024
Audit of financial statements work: • Audit of Financial Statements Report • Opinion on the Financial Statements	July to August 2024	September 2024

Statutory audit functions

Statutory audit functions

In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:

- Section 30 Inspection of documents and questions at audit; and
- Section 31 Right to make objections at audit.

As this work is reactive, I have made no allowance in the estimated audit fee. If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee and audit team

In January 2024, we published our Fee Scheme for the 2024-25 year as approved by the Senedd Finance Committee. My fee rates for 2024-25 have increased by an average of 6.4%, as a result of unavoidable inflationary pressures and the ongoing need to invest in audit quality.

I estimate your total audit fee will be £43,102 (2023: £40,509) [1]

Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Gwynedd Pension Fund (the Pension Fund).

Our financial audit fee is based on the following assumptions:

- the agreed audit deliverable sets out the expected working paper requirements to support the financial statements and include timescales and responsibilities; and
- no matters of significance, other than as summarised in this plan, are identified during the audit.

The main members of my team, together with their contact details, are summarised in **Exhibit 4**.

Exhibit 4: my local audit team

Name	Role	Contact details
Matthew Edwards	Engagement Director	Matthew.Edwards@audit.wales
Yvonne Thomas	Audit Manager	Yvonne.Thomas@audit.wales
Ben Hughes	Senior Auditor	Ben.Hughes@audit.wales

There are two potential conflict of interest that I need to bring to your attention:

- The Audit Manager has friends and relatives who contribute to or receive a pension from the Pension Fund
- The Senior Auditor has a relative who contributes to the Pension Fund.

Fee and audit team

As a result, appropriate steps will be implemented to ensure that any potential conflicts are managed.

Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD* and our Chair, acts as a link to our Board on audit quality. For more information see our Audit Quality Report 2023.

Our People

The first line of assurance is formed by our staff and management who are individually and collectively responsible for achieving the standards of audit quality to which we aspire.

- Selection of right team
- Use of specialists
- Supervisions and review

Arrangements for achieving audit quality

The second line of assurance is formed by the policies, tools, learning & development, guidance, and leadership we provide to our staff to support them in achieving those standards of audit quality.

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support

Independent assurance

The third line of assurance is formed by those activities that provide independent assurance over the effectiveness of the first two lines of assurance.

- EQCRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

* QAD is the quality monitoring arm of ICAEW.

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Audit Wales

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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

MEETING	**PENSIONS COMMITTEE**
DATE	**17 JUNE 2024**
TITLE	**GWYNEDD PENSION FUND'S DRAFT STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**
PURPOSE	**To receive and note –** • **Draft Statement of Accounts**
RECOMMENDATION	**Receive the information**
AUTHOR	**DELYTH JONES- THOMAS, INVESTMENT MANAGER**

1. INTRODUCTION

This report introduces the statutory Statement of Accounts for the 2023/24 financial year, which provides details of the Pension Fund's financial activities during the year which ended on 31 March 2024.

The document in Appendix A is the draft Statements of Accounts in the statutory format.

2. AUDIT BY AUDIT WALES

The draft accounts here are currently subject to audit by Audit Wales. It is possible that some changes will be necessary before a final version is submitted for approval

3. RECOMMENDATION

The Pensions Committee is asked to receive and note the Pension Fund Statement of Accounts (subject to audit) for 2023/24.

Gwynedd Pension Fund

STATEMENT OF ACCOUNTS 2023/24

NARRATIVE REPORT

Introduction

Gwynedd Pension Fund's accounts and notes for the year 2023/24 are presented here on pages 5 to 44.

The accounts consist of the Gwynedd Pension Fund Account and Net Assets Statement.

These accounts are supported by this Narrative Report, the Accounting Policies and various notes to the accounts.

The Pension Fund accounts, and accompanying notes, summarise the financial transactions and net assets related to the provision of pensions and other benefits payable to former employees of all the Fund's employers, including Anglesey, Conwy and Gwynedd Councils, Snowdonia National Park Authority, Police and Crime Commissioner for North Wales, Cartrefi Conwy, Adra, various town and community councils, and other scheduled and admitted bodies.

The Statement of Accounts and further information is available on Gwynedd Pension Fund's website www.gwyneddpensionfund.wales.

The Fund has two important statements which set out the strategies for ensuring pensions are funded now and in the future as follows:

- Funding Strategy Statement – the statement sets out the fund-specific strategy which will identify how employer pensions liabilities are best met going forward. It is reviewed every three years after the triennial actuarial valuation and includes individual employer rates for the following period.
- Investment Strategy Statement - the statement sets out the types of investments and broad limits on each type of investment.

Both these statements are available on the Fund's website under the investments section.

An Actuarial Valuation is required every three years to establish the level of assets available to pay pensions now and in the future. The most recent valuation was at 31 March 2022 and any changes to employers' contributions was made from 1 April 2023 onwards.

Further information relating to the accounts is available from:

Delyth Jones-Thomas
Investment Manager
01286 679128

Finance Department
Cyngor Gwynedd
Council Offices
Caernarfon
Gwynedd
LL55 1SH

It is part of the Fund's policy to provide full information relating to the Fund's affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection will be notified on the Pension Fund website at the appropriate time.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE PENSION FUND'S RESPONSIBILITIES

Cygnor Gwynedd as administrating authority (effectively the trustee) for Gwynedd Pension Fund is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Cyngor Gwynedd, that "Section 151 Officer" is the Head of Finance. It is also the administrating authority's responsibility to manage its affairs to secure economic, efficient and effective use of its resources, to safeguard its assets, and to approve the Statement of Accounts.

Pensions Committee Chair

THE HEAD OF FINANCE'S RESPONSIBILITIES

The Head of Finance is responsible for the preparation of the Pension Fund Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* ("the Code").

In preparing the statement of accounts, the Head of Finance has selected suitable accounting policies and then applied them consistently; has made judgements and estimates that were reasonable and prudent; and complied with the Code.

The Head of Finance has also kept proper accounting records which were up to date, and has taken reasonable steps for the prevention and detection of fraud and other irregularities.

RESPONSIBLE FINANCIAL OFFICER'S CERTIFICATE

I certify that the Statement of Accounts has been prepared in accordance with the arrangements set out above, and presents a true and fair view of the financial position of Gwynedd Pension Fund at 31 March 2024 and the Pension Fund's income and expenditure for the year then ended.

10th June 2024

Dewi Morgan CPFA

Head of Finance, Cyngor Gwynedd

GWYNEDD PENSION FUND ACCOUNTS

THE FUND ACCOUNT

31 March 2023 £'000		Notes	31 March 2024 £'000
	Dealings with members, employers and others directly involved in the Fund		
89,762	Contributions	7	94,278
4	Other Income	8	3
6,773	Transfers in from other pension funds	9	8,575
96,539			**102,856**
(72,108)	Benefits	10	(82,931)
(3,121)	Payments to and on account of leavers	11	(5,068)
(75,229)			**(87,999)**
21,310	**Net additions/ (withdrawals) from dealings with members**		**14,857**
(12,729)	Management Expenses	12	**(15,042)**
8,581	**Net additions/ (withdrawals) including fund management expenses**		**(185)**
	Returns on investments		
30,940	Investment income	13	47,956
(53,153)	Profit and losses on disposal of investments and changes in the market value of investments	14	260,095
(22,213)	**Net returns on investments**		**308,051**
(13,632)	**Net Increase/ (Decrease) in the net assets available for benefits during the year**		**307,866**
2,775,761	**Opening net assets of the scheme**		**2,762,129**
2,762,129	**Closing net assets of the scheme**		**3,069,995**

The notes on pages 7 to 44 form part of these Financial Statements

NET ASSETS STATEMENT

31 March 2023 £'000		Notes	31 March 2024 £'000
2,742,933	Investment assets	14	3,036,264
963	Cash deposits	14	499
(960)	Investment liabilities	14	(333)
2,742,936	**Total net investments**		**3,036,430**
22,454	Current assets	20	37,723
(3,261)	Current liabilities	21	(4,158)
2,762,129	**Net assets of the fund available to fund benefits at the end of the reporting period**		**3,069,995**

The Financial Statements do not take into account the Fund's liability to pay pensions and other benefits to all the present contributors to the Fund after the financial year-end, but rather summarises the transactions and net assets of the Fund. The liabilities of the Fund are taken into account in the periodic actuarial valuations of the Fund (most recently as at 31 March 2022) and are reflected in the levels of employers' contributions determined at the valuation, so that the Fund will be able to meet future liabilities. The actuarial present value of promised retirement benefits is shown in Note 19.

NOTES TO THE GWYNEDD PENSION FUND ACCOUNTS

NOTE 1 – DESCRIPTION OF FUND

The Gwynedd Pension Fund ("the Fund") is part of the Local Government Pension Scheme (LGPS) and is administered by Cyngor Gwynedd.

a) General

The Fund is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended);
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended);
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by Cyngor Gwynedd to provide pensions and other benefits for pensionable employees of Cyngor Gwynedd, two other local authorities and other scheduled, resolution and admission bodies within the former Gwynedd County Council area. Teachers, police officers and firefighters are not included as they are in other national pension schemes. The Fund is overseen by the Pensions Committee, which is a committee of Cyngor Gwynedd.

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme. Organisations participating in the Gwynedd Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Resolution bodies, which are city, town and community councils. They have the power to decide if their employees can join the LGPS and pass a resolution accordingly.
- Admission bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admission bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

NOTE 1 – DESCRIPTION OF FUND (continued)

The following bodies are active employers within the Pension Fund:

Scheduled Bodies	
Cyngor Gwynedd	Snowdonia National Park Authority
Conwy County Borough Council	Bryn Elian School
Isle of Anglesey County Council	Emrys ap Iwan School
Police and Crime Commissioner for North Wales	Pen y Bryn School
Llandrillo – Menai Group	Eirias High School
GwE	North and Mid Wales Trunk Road Agency
North Wales Economic Ambition Board	
Resolution Bodies	
Llanllyfni Community Council	Ffestiniog Town Council
Bangor City Council	Llandudno Town Council
Abergele Town Council	Llangefni Town Council
Colwyn Bay Town Council	Menai Bridge Town Council
Beaumaris Town Council	Towyn and Kinmel Bay Town Council
Holyhead Town Council	Tywyn Town Council
Caernarfon Town Council	Conwy Town Council
Llanfairfechan Town Council	Llanrwst Town Council
Admission Bodies	
Adult Learning Wales	North Wales Society for the Blind
Adferiad Recovery	Community and Voluntary Support Conwy
Holyhead Joint Burial Committee	Careers Wales North West
Cwmni'r Fran Wen	Mantell Gwynedd
Menter Môn	Medrwn Môn
Ynysmaengwyn (left 31/12/2023)	
Community Admission Bodies	
Cartrefi Conwy	Adra
Byw'n Iach	
Transferee Admission Bodies	
ABM Catering	A E & A T Lewis
Kingdom Services Group	Chartwells

NOTE 1 – DESCRIPTION OF FUND (continued)

Membership details are set out below:

	31 March 2023	31 March 2024
Number of employers	47	46
Number of employees in scheme		
County Council	15,246	15,236
Other employers	4,058	4,112
Total	**19,304**	**19,348**
Number of pensioners		
County Council	9,647	10,194
Other employers	2,133	2,310
Total	**11,780**	**12,504**
Deferred pensioners		
County Council	11,019	12,093
Other employers	2,141	2,326
Total	**13,160**	**14,419**
Unclaimed benefits		
County Council	2,595	3,473
Other employers	378	533
Total	**2,973**	**4,006**
Undecided Leavers		
County Council	4,480	2,738
Other employers	513	300
Total	**4,993**	**3,038**
Total number of members in pension scheme	**52,210**	**53,315**

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 2.75% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employer contributions are set based on triennial actuarial funding valuations. The valuation relating to this year was at 31 March 2022. The employer contribution rates range from 0.0% to 31.8% of pensionable pay.

NOTE 1 – DESCRIPTION OF FUND (continued)

d) Benefits

Prior to 1 April 2014 pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised below:

	Service pre-1 April 2008	Service post-31 March 2008
Pension	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
Lump sum	Automatic lump sum of 3 x salary. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1 April 2014, the Fund became a career average scheme as summarised below:

	Service post-31 March 2014
Pension	Each year worked is worth 1/49 x career average revalued earnings (CARE)
Lump Sum	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

Accrued pension is increased annually in line with the Consumer Prices Index.

There are a number of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For more details, please refer to the Gwynedd Pension Fund scheme handbook available from Cyngor Gwynedd's Pensions Section.

NOTE 2 – BASIS OF PREPARATION

The Statement of Accounts summarises the Fund's transactions for the 2023/24 financial year and its position at year-end as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2023/24.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed at Note 19 of these accounts.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account – revenue recognition

a) Contribution Income

Normal contributions are accounted for on an accrual basis as follows:

- Employee contributions rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommend by the fund actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the fund's actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

b) Transfers to and from other schemes

Transfer in and out relate to members who have joined or left the fund.

Individual transfers in/ out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (Note 9).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

c) Investment income

i) Interest income

Interest income is recognised in the Fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

iii) Distributions from pooled funds including property

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

iv) Movement in the net market value of investments

Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund account – expense items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, providing that payment has been approved.

e) Management expenses

The fund discloses its management expenses in line with CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the fund on an accrual basis as follows:

Administrative expenses

All staff costs of the pensions administration team are charged direct to the Fund. Council recharges for management, accommodation and other overhead costs are also accounted for as administrative expenses of the fund.

Oversight and governance costs

All costs associated with oversight and governance are separately identified, apportioned to this activity and charged as expenses to the fund.

Investment management expenses

Investment fees are charged directly to the fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off returns by investment managers, these expenses are grossed up to increase the change in value of investments.

Fees charges by external investment managers and custodians are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

Transaction costs are associated with the acquisition or disposal of fund assets and are disclosed in the notes to the accounts.

f) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets statement

g) Financial assets

All investment assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirement of the Code and IFRS 13 (see note 15). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/ Investment Association, 2016).

h) Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

i) Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers. All cash balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

j) Financial liabilities

A financial liability is recognised in the net asset statement on the date the fund becomes legally responsible for that liability. The fund recognises financial liabilities relating to investment trading at fair value and any gains and losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net assets statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

k) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the fund actuary in accordance with the requirements of IAS19 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 19).

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Additional voluntary contributions

Gwynedd Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. There are three AVC funds. They are held with Clerical Medical, Utmost Life and Standard Life. The AVC providers secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in these arrangements each receive an annual statement made up to 31 March confirming the amounts held in their account and the movements in year.

AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed for information only in Note 22.

m) Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by future events. A contingent liability arises where an event prior to the year end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise when it is not possible at the Balance Sheet to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes.

NOTE 4 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Unquoted private equity, private credit and infrastructure investments

The fair value of private equity, private credit and infrastructure investments are inherently based on forward-looking estimates and judgements involving many factors. Unquoted private equities, private credit and infrastructure are valuedby the investment managers using guidelines set out by IFRS accounting standards. The value of unquoted securities at 31 March 2024 was £267.2 million (£234.2 million at 31 March 2023).

Pension fund liability

The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 18. This estimate is subject to significant variances based on changes to the underlying assumptions.

NOTE 5 – ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations. However, actual outcomes could be different from assumptions and estimates made.

The items in the net assets statement for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 19)	Estimation of the net liability to pay pension depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and return on fund assets. Hymans Robertson is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways.
Private equity, private credit and infrastructure	Private equity, private credit and infrastructure investments are valued at fair value in accordance with British Venture Capital Association guidelines (December 2018). These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity, private credit and infrastructure investments in the financial statements are £267.2 million. There is a risk that this investment may be under or overstated in the accounts.

NOTE 6 – EVENTS AFTER THE REPORTING DATE

There are no significant events after the year end to report.

NOTE 7 – CONTRIBUTIONS RECEIVED

By category

2022/23 £'000		2023/24 £'000
21,519	Employees' contributions	23,500
	Employers' contributions:	
68,243	• Normal contributions	70,948
0	• Other*	(170)
68,243	**Total employers' contributions**	**70,778**
89,762	**Total contributions receivable**	**94,278**

By type of employer

2022/23 £'000		2023/24 £'000
29,489	Cyngor Gwynedd	30,331
54,733	Other scheduled bodies	58,497
1,901	Admission bodies	1,799
3,087	Community admission bodies	3,269
154	Transferee admission bodies	151
398	Resolution bodies	403
0	Closed funds**	(172)
89,762		**94,278**

* Other employers' contributions - this relates to an exit credit payment to an employer that was previously in the Fund.

** Closed funds - these include an exit credit payment and a write off in the contributions paid by an employer to compensate for early retirement. The employers were previously transferee admission bodies but are now closed funds.

NOTE 8 – OTHER INCOME

2022/23 £'000		2023/24 £'000
2	Interest on deferred contributions	2
2	Income from divorce calculations	1
4		**3**

NOTE 9 – TRANSFERS IN FROM OTHER PENSION FUNDS

2022/23 £'000		2023/24 £'000
6,773	Individual transfers	8,575
6,773		**8,575**

NOTE 10 - BENEFITS PAID

By category

2022/23		2023/24
£'000		**£'000**
56,010	Pensions	62,931
13,789	Commutation and lump sum retirement benefits	16,841
2,309	Lump sum death benefits	3,159
72,108		**82,931**

By type of employer

2022/23		2023/24
£'000		**£'000**
21,934	Cyngor Gwynedd	25,340
34,788	Other scheduled bodies	40,911
1,384	Admission bodies	1,671
1,365	Community admission bodies	1,916
59	Transferee admission bodies	50
273	Resolution bodies	189
12,305	Closed funds	12,854
72,108		**82,931**

NOTE 11 – PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2022/23		2023/24
£'000		**£'000**
172	Refunds to members leaving service	271
0	Payments for members joining state scheme	(1)
2,949	Individual transfers	4,798
3,121		**5,068**

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NOTE 12 – MANAGEMENT EXPENSES

2022/23		2023/24
£'000		**£'000**
10,593	Investment management expenses	12,866
1,588	Administrative costs	1,720
548	Oversight and governance costs	456
12,729		**15,042**

NOTE 12a – INVESTMENT MANAGEMENT EXPENSES

2023/24	Management Fees	Transaction Costs	Total
	£'000	£'000	£'000
Pooled Funds			
Fixed Income	502	28	**530**
Equities	1,910	944	**2,854**
Other Investments			
Pooled Property	1,740	0	**1,740**
Private Credit	722	0	**722**
Private Equity	3,871	0	**3,871**
Infrastructure	2,875	0	**2,875**
	11,620	972	**12,592**
Custody Fees			**274**
Total			**12,866**

2022/23	Management Fees	Transaction Costs	Total
	£'000	£'000	£'000
Pooled Funds			
Fixed Income	332	0	**332**
Equities	2,001	551	**2,552**
Other Investments			
Pooled Property	1,974	0	**1,974**
Private Equity	2,062	0	**2,062**
Infrastructure	3,401	0	**3,401**
	9,770	551	**10,321**
Custody Fees			**272**
Total			**10,593**

The management fees disclosed above include all investment management fees directly incurred by the Fund including those charged on pooled investment vehicles. There are no performance-related fees paid to investment managers. In addition to these costs, indirect costs are incurred through the bid-offer spread on investment sales and purchases. They are reflected in the cost of investment purchases and in the proceeds of sales of investments in Note 14a.

The WPP Global Opportunities, Sustainable Equity, Multi Asset Credit, Absolute Return Bond, Global Credit and Emerging Market funds are investments which are appointed via a manager of manager approach which have their own underlying fees. The return for this mandate are net of the underlying manager fees which is reflected in Note 14a within the Change in Market value. For transparency, the fees in 2023/24 were £3,074,340 (£2,366,210 in 2022/23).

NOTE 12b- ADMINISTRATIVE COSTS

2022/23 £'000		2023/24 £'000
686	Direct employee costs	794
449	Other direct costs	494
453	Support services, including IT	432
1,588		**1,720**

Administrative costs include amounts charged to the Pension Fund by Cyngor Gwynedd for staff costs, support services and accommodation.

NOTE 12c- OVERSIGHT AND GOVERNANCE COSTS

2022/23 £'000		2023/24 £'000
234	Actuarial fees	87
72	Investment consultancy fees	78
11	Performance monitoring service	6
40	External audit fees	43
33	Pensions Committee and Local Pension Board	16
158	Wales Pensions Partnership	226
548		**456**

NOTE 12d- WALES PENSION PARTNERSHIP

The Investment Management Expenses in Note 12a are fees payable to Waystone (the WPP operator) and include fund manager fees (which also includes the operator fee and other associated costs), transaction costs and custody fees. These costs are based on each Fund's percentage share of WPP pooled assets and are deducted from the NAV.

The oversight and governance costs in Note 12c are the annual running costs of the pool which includes the host authority costs and other external advisor costs. These costs are funded equally by all eight of the local authority Pension Funds in Wales.

The following fees are included in Note 12 in relation to the Wales Pension Partnership and further details on the WPP can be found in the Annual Report.

	2022/23 £'000	2023/24 £'000
Investment Management Expenses		
Fund Manager fees	2,268	3,193
Transaction costs	551	972
Custody fees	247	268
	3,066	**4,433**
Oversight and governance costs		
Running Costs	158	226
Total	**3,224**	**4,659**

NOTE 13 – INVESTMENT INCOME

2022/23 £'000		2023/24 £'000
6,581	Fixed Income	16,175
13,109	Equities	20,964
0	Private Credit	750
470	Private Equity	880
2,712	Infrastructure	765
7,817	Pooled property investments	7,168
251	Interest on cash deposits	1,254
30,940	**Total before taxes**	**47,956**

The Gwynedd Pension Fund has two bank accounts which are held as part of Cyngor Gwynedd's Group of Bank Accounts. The overall surplus cash held in the Group of Bank Accounts is invested on a daily basis. At the end of the financial year, Cyngor Gwynedd pays interest over to the Pension Fund, based on the Fund's daily balances over the year.

The Pension Fund also has a Euro account to deal with receipts and payments in Euros and to minimise exchange transactions and relevant costs.

NOTE 14 – INVESTMENTS

31 March 2023 £'000		31 March 2024 £'000
	Investment assets	
	Pooled Funds	
586,703	Fixed income	861,232
1,700,745	Equities	1,697,436
	Other Investments	
221,297	Pooled property investments	210,350
0	Private Credit	10,235
166,622	Private Equity	167,029
67,566	Infrastructure	89,982
2,742,933		**3,036,264**
963	Cash deposits	499
2,743,896	**Total investment assets**	**3,036,763**
	Investment liabilities	
(960)	Amounts payable for purchases	(333)
(960)	**Total investment liabilities**	**(333)**
2,742,936	**Net investment assets**	**3,036,430**

NOTE 14a – RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

2023/24	Market value at 1 April 2023	Purchases during the year	Sales during the year	Change in market value during the year	Market value at 31 March 2024
	£'000	£'000	£'000	£'000	£'000
Pooled investments	2,287,448	536,033	(523,948)	259,136	2,558,669
Pooled property investments	221,297	2,981	0	(13,929)	210,349
Private credit	0	13,404	(3,332)	163	10,235
Private equity / infrastructure	234,188	37,053	(18,208)	3,978	257,011
	2,742,933	589,471	(545,488)	249,348	3,036,264
Cash deposits	963				499
Amounts payable for purchases of investments	(960)				(333)
Fees within pooled vehicles				10,747	
Net investment assets	**2,742,936**			**260,095**	**3,036,430**

2022/23	Market value at 1 April 2022	Purchases during the year	Sales during the year	Change in market value during the year	Market value at 31 March 2023
	£'000	£'000	£'000	£'000	£'000
Pooled investments	2,282,622	59,691	(25,000)	(29,865)	2,287,448
Pooled property investments	252,521	18,715	0	(49,939)	221,297
Private equity / infrastructure	226,128	25,540	(35,240)	17,760	234,188
	2,761,271	103,946	(60,240)	(62,044)	2,742,933
Cash deposits	303				963
Amounts payable for purchases of investments	(285)				(960)
Fees within pooled vehicles				8,891	
Net investment assets	**2,761,289**			**(53,153)**	**2,742,936**

NOTE 14b – ANALYSIS OF INVESTMENTS

Investments analysed by fund manager

Market Value at 31 March 2023 £'000	%		Market Value at 31 March 2024 £'000	%
1,501,286	54.8	Wales Pension Partnership	2,118,741	69.8
842,157	30.7	BlackRock	524,137	17.3
234,188	8.5	Partners Group	236,679	7.8
74,865	2.7	UBS	72,160	2.4
57,297	2.1	Lothbury	50,779	1.6
34,103	1.2	Threadneedle	34,267	1.1
2,743,896	**100.0**		**3,036,763**	**100.0**

The following investments represent more than 5% of the net assets of the Fund:

Market Value at 31 March 2023 £'000	%		Market Value at 31 March 2024 £'000	%
430,059	15.6	WPP Global Opportunities Fund	434,566	14.2
426,908	15.5	WPP Global Growth Fund	415,429	13.5
386,103	14.0	WPP Absolute Return Bond	412,216	13.4
0	0.0	WPP Sustainable Active Equity Fund	317,063	10.3
246,433	8.9	Black Rock Aquila Life UK Equity Index Fund	267,131	8.7
200,600	7.3	WPP Multi Asset Credit Fund	226,013	7.4
0	0.0	WPP Global Credit Fund	223,004	7.3
331,802	12.0	Black Rock ACS World Low Carbon Fund	203,363	6.6
207,927	7.5	Black Rock Aquila Life Gl Dev Fundamental Fund	0	0.0

NOTE 14c – STOCK LENDING

The Fund's investment strategy permits stock lending subject to specific approval. The income earned by the fund through stock lending was £99,730 (£109,916 in 2022/23). Currently the Fund has total quoted equities of £52.2m on loan (£40.6m at 31 March 2023). These equities continue to be recognised in the Fund's financial statements. No liabilities are associated with the loaned assets.

NOTE 15 – FAIR VALUE- BASIS OF VALUATION

All investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. There has been no change in the valuation techniques used during the year.

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1 - where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities, comprising quoted equities, quoted bonds and unit trusts.

Level 2 - where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data.

Level 3 - where at least one input that could have a significant effect on the instrument’s valuation is not based on observable market data.

NOTE 15 – FAIR VALUE- BASIS OF VALUATION (continued)

Description of Asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the Valuations provided
Cash and cash equivalents	Level 1	Carrying value is deemed to be fair value because of the short- term nature of these financial instruments	Not required	Not required
Pooled investments- equity funds	Level 2	The 'NAV' (net asset value) is calculated based on the market value of the underlying assets	Evaluated price feeds	Not required
Pooled investments- fixed income	Level 2	The 'NAV' is calculated based on the market value of the underlying fixed income Securities	Evaluated price feeds	Not required
Pooled property funds	Level 2	Closing bid price where bid and offer prices are published; closing single price where single price is published	'NAV'- based set on a forward pricing basis	Not required
Private equities	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board's Special Valuation Guidance (March 2020)	• EBITDA multiple • Revenue multiple • Discount for lack of marketability • Control premium	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Infrastructure	Level 3	Valued using discounted cashflow techniques to generate a net present value	Discount rate and cashflow used in the models	Rate of inflation, interest, tax and foreign exchange
Private credit	Level 3	Valuation techniques are used in accordance with U.S. GAAP to measure fair value that is consistent with market approach and/or income approach, depending on the type of security and the circumstance.	Private investments are fair valued initially based upon transaction price excluding expenses. The market approach uses prices generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated	Valuations could be affected by changes to expected cash flows or by differences between audited and unaudited accounts.

			future cash flows to present value.	

Sensitivity of assets valued at level 3

The values reported in the Level 3 valuations represent the most accurate estimation of the portfolio values as at 31 March 2024. Any subjectivity related to the investment value is incorporated into the valuation, and the sensitivity analysis can be seen in Note 17.

Transfers between levels 1 and 2

There were no transfers between levels 1 and 2 investments during 2023/24.

NOTE 15a – FAIR VALUE HIERARCHY

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Gwynedd Pension Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

Values at 31 March 2024	**Quoted market price Level 1**	**Using observable inputs Level 2**	**With significant unobservable inputs Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets at fair value through profit and loss				
Fixed income	0	861,232	0	861,232
Equities	0	1,697,436	0	1,697,436
Pooled property investments	0	210,350	0	210,350
Private credit	0	0	10,235	10,235
Private equity	0	0	167,029	167,029
Infrastructure	0	0	89,982	89,982
Cash deposits	499	0	0	499
	499	**2,769,018**	**267,246**	**3,036,763**
Financial liabilities at fair value through profit and loss				
Payables for investment purchases	(333)	0	0	(333)
Total	**166**	**2,769,018**	**267,246**	**3,036,430**

NOTE 15a – FAIR VALUE HIERARCHY (CONTINUED)

Values at 31 March 2023	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Financial assets at fair value through profit and loss				
Fixed income	0	586,703	0	586,703
Equities	0	1,700,745	0	1,700,745
Pooled property investments	0	221,297	0	221,297
Private equity	0	0	166,622	166,622
Infrastructure	0	0	67,566	67,566
Cash deposits	963	0	0	963
	963	**2,508,745**	**234,188**	**2,743,896**
Financial liabilities at fair value through profit and loss				
Payables for investment purchases	(960)	0	0	(960)
Total	**3**	**2,508,745**	**234,188**	**2,742,936**

NOTE 15b – RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

	Market Value 1 April 2023 £'000	Transfers out of Level 3 £'000	Purchases during the year £'000	Sales during the year £'000	Unrealised gains/ (losses) £'000	Realised (gains)/ losses £'000	Market Value 31 March 2024 £'000
Private Credit	0	0	13,404	(3,332)	163	0	10,235
Private Equity	166,622	0	10,001	(4,692)	1,419	(6,321)	167,029
Infrastructure	67,566	0	27,052	(2,447)	2,559	(4,748)	89,982
Total Level 3	**234,188**	**0**	**50,457**	**(10,471)**	**4,141**	**(11,069)**	**267,246**

	Market Value 1 April 2022 £'000	Transfers out of Level 3 £'000	Purchases during the year £'000	Sales during the year £'000	Unrealised gains/ (losses) £'000	Realised (gains)/ losses £'000	Market Value 31 March 2023 £'000
Private Equity	158,711	0	14,620	(4,852)	6,675	(8,532)	166,622
Infrastructure	67,417	0	10,920	(12,481)	11,085	(9,375)	67,566
Total Level 3	**226,128**	**0**	**25,540**	**(17,333)**	**17,760**	**(17,907)**	**234,188**

NOTE 16 - CLASSIFICATION OF FINANCIAL INSTRUMENTS

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

As at 31 March 2023				As at 31 March 2024		
Fair value through profit and loss	**Assets at amortised cost**	**Liabilities at amortised cost**		**Fair value through profit and loss**	**Assets at amortised cost**	**Liabilities at amortised cost**
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
			Financial assets			
2,287,448			Pooled investments	2,558,668		
221,297			Pooled property investments	210,350		
0			Private credit	10,235		
166,622			Private equity	167,029		
67,566			Infrastructure	89,982		
	19,255		Cash		31,650	
	4,163		Debtors		6,572	
2,742,933	**23,418**	**0**		**3,036,264**	**38,222**	**0**
			Financial liabilities			
		(4,222)	Creditors			(4,491)
0	**0**	**(4,222)**		**0**	**0**	**(4,491)**
2,742,933	**23,418**	**(4,222)**		**3,036,264**	**38,222**	**(4,491)**

NOTE 16a – NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

31 March 2023		31 March 2024
Fair value		**Fair value**
£'000		**£'000**
	Financial assets	
(62,044)	Fair value through profit and loss	249,348
0	Loans and receivables	0
(62,044)	**Total financial assets**	**249,348**
	Financial liabilities	
0	Fair value through profit and loss	0
0	Financial liabilities at cost	0
0	**Total financial liabilities**	**0**
(62,044)	**Net financial assets**	**249,348**

NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risk and risk management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). The aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (pricerisk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fundmanages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall Pension Fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pensions Committee. Risk management policies are established to identify and analyse the risks faced by the Pension's Fund operations, then reviewed regularly to reflect changes in activity and market conditions.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in two ways:

- the exposure of the Fund to market risk is monitored through a risk factor analysis to ensure that risk remains within tolerable levels;
- specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or by factors affecting all such instruments in the market.

The Fund is exposed to share price risk. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within the limits set in the Fund investment strategy.

NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the 2022/23 and 2023/24 reporting period.

Asset type	**Potential market movement (+/-)**	
	31 March 2023	**31 March 2024**
	%	%
UK Equities	18.2	16.0
Global Equities	19.0	16.7
Emerging Markets Equities	24.4	23.0
Private Equity	31.2	31.2
Corporate Bonds	7.5	7.0
Senior Loans (Sub investment grade)	9.6	8.8
Absolute Return Bond	2.7	2.7
Infrastructure	16.0	13.6
Property	15.5	15.6
Diversified Credit	7.8	7.1
Cash	0.3	0.3
Total Fund	**13.3**	**10.7**

The potential volatilities disclosed above are consistent with a one-standard deviation movement in the change of value of the assets over the latest three years. The total fund volatility takes into account the expected interactions between the different asset classes shown, based on the underlying volatilities and correlations of the assets, in line with mean variance portfolio theory.

NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

Had the market price of the Fund investments increased/decreased in line with the above, the change in the market price of the net assets available to pay benefits would have been as follows:

Asset type	Value as at 31 March 2024 £'000	Percentage change %	Value on increase £'000	Value on decrease £'000
UK Equities	267,131	16.0	309,872	224,390
Global Equities	1,370,421	16.7	1,599,281	1,141,561
Emerging Markets Equities	59,884	23.0	73,657	46,111
Private Equity*	167,029	31.2	219,141	114,916
Corporate Bonds	223,004	7.0	238,614	207,393
Senior Loans (sub investment grades)*	10,235	8.8	11,136	9,335
Absolute Return Bonds	412,215	2.7	423,345	401,086
Infrastructure*	89,982	13.6	102,219	77,744
Property	210,350	15.6	243,164	177,535
Diversified Credit	226,013	7.1	242,060	209,966
Cash	31,650	0.3	31,745	31,555
Debtors and Creditors	2,081	0.0	2,081	2,081
Total assets available to pay Benefits	**3,069,995**		**3,496,315**	**2,643,673**
*Level 3 assets	267,246		332,497	201,995

Asset type	Value as at 31 March 2023 £'000	Percentage change %	Value on increase £'000	Value on decrease £'000
UK Equities	246,433	18.2	291,284	201,583
Global Equities	1,396,696	19.0	1,662,068	1,131,324
Emerging Markets Equities	57,616	24.4	71,674	43,557
Private Equity*	166,622	31.2	218,608	114,636
Absolute Return Bonds	386,103	2.7	396,528	375,679
Infrastructure*	67,566	16.0	78,377	56,756
Property	221,297	15.5	255,598	186,996
Diversified Credit	200,600	7.8	216,246	184,953
Cash	19,255	0.3	19,313	19,197
Debtors and Creditors	(59)	0.0	(59)	(59)
Total assets available to pay Benefits	**2,762,129**		**3,209,637**	**2,314,622**
*Level 3 assets	234,188		296,985	171,392

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

The Fund's direct exposure to interest rate movements as at 31 March 2023 and 31 March 2024 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

Asset type	**As at 31 March 2023**	**As at 31 March 2024**
	£'000	**£'000**
Cash and cash equivalents	18,292	31,151
Cash balances	963	499
Pooled Fixed Income	586,703	861,232
Total	**605,958**	**892,882**

Interest rate risk sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of net assets available to pay benefits. A 1% movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates:

Asset type	**Carrying amount as at 31 March 2024**	**Change in year in the net assets available to pay benefits**	
		+1%	**-1%**
	£'000	**£'000**	**£'000**
Cash and cash equivalents	31,151	312	(312)
Cash balances	499	5	(5)
Pooled Fixed Income *	861,232	8,612	(8,612)
Total change in assets available	**892,882**	**8,929**	**(8,929)**

* A change of 1% in interest rate does not have a direct impact on fixed interest securities but does have a partial impact as calculated in the tables above.

Asset type	**Carrying amount as at 31 March 2023**	**Change in year in the net assets available to pay benefits**	
		+1%	**-1%**
	£'000	**£'000**	**£'000**
Cash and cash equivalents	18,292	183	(183)
Cash balances	963	10	(10)
Pooled Fixed Income *	586,703	5,867	(5,867)
Total change in assets available	**605,958**	**6,060**	**(6,060)**

* A change of 1% in interest rate does not have a direct impact on fixed interest securities but does have a partial impact as calculated in the tables above.

The average interest rate received on cash during the year was 4.99% amounting to interest of £1,020,271 for the year (average interest rate of 2.04% and interest income of £210,338 in 2022/23).

NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

A 1% increase in interest rates will not affect the interest received on fixed income assets but will reduce their fair value, as shown in the tables above. Changes in interest rates do not impact on the value of cash / cash equivalents but they will affect the interest income received on those balances. Changes to both the fair value of assets and income received from investments impact on the net assets to pay benefits but as noted above this does not have a significant effect on the Fund.

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£UK). The Fund holds assets denominated in currencies other than £UK.

The Fund has made commitments to private equity and infrastructure in foreign currency (€80.1 million and US$23.3 million). These commitments are being drawn down on request from the investment manager over a number of years. The current commitments still outstanding are shown in Note 24. The risk is that the pound is weak relative to the dollar and euro at the time of the drawdown and then strengthens when the Fund is fully funded. The Fund has been funding the commitments since 2005 and therefore the liability is balanced out over a long period.

The Fund's currency rate risk has been calculated based on the volatility of the currencies which would affect the value of the investments and any cash held in those currencies.

Currency risk – sensitivity analysis

Following analysis of historical data in consultation with the Fund investment advisors, the likely volatility associated with foreign exchange rate movements has been calculated with reference to the historic volatility of the currencies and their relative amounts in the Fund's investments.

The 1 year expected standard deviation for an individual currency as at 31 March 2024 is 9.3%. The equivalent rate for the year ended 31 March 2023 was 9.9%. This analysis assumes that all other variables, inparticular interest rates, remain constant.

NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

The tables below show a breakdown of the Fund's exposure to individual currencies as at 31 March 2024 and at the end of the previous financial year:

Currency exposure - by asset type	Carrying amount as at 31 March 2024	Change in year in the net assets available to pay benefits	
		Value on increase	Value on decrease
	£'000	£'000	£'000
Global Equities	1,370,421	1,497,870	1,242,972
Emerging Markets Equities	59,884	65,453	54,315
Private Equity	167,029	182,562	151,495
Corporate Bonds	223,004	243,743	202,264
Absolute Return Bonds	412,216	450,552	373,880
Infrastructure	89,982	98,350	81,614
Diversified Credit	226,013	247,032	204,994
Total change in assets available	**2,548,549**	**2,785,562**	**2,311,534**

Currency exposure - by asset type	Carrying amount as at 31 March 2023	Change in year in the net assets available to pay benefits	
		Value on increase	Value on decrease
	£'000	£'000	£'000
Global Equities	1,396,696	1,534,969	1,258,423
Emerging Markets Equities	57,616	63,320	51,912
Private Equity	166,622	183,118	150,127
Absolute Return Bonds	386,103	424,328	347,879
Infrastructure	67,566	74,255	60,877
Diversified Credit	200,600	220,459	180,740
Total change in assets available	**2,275,203**	**2,500,449**	**2,049,958**

b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence, the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

The benchmark for the concentration of the funds held with investment managers is as follows:

Fund	Percentage of Portfolio
UK Equities (Black Rock)	8.00%
Low Carbon Equities (Black Rock)	4.20%
Sustainable Equity (Wales Pension Partnership)	10.10%
Emerging Markets (Wales Pension Partnership)	2.50%
Global Growth (Wales Pension Partnership)	10.10%
Global Opportunities (Wales Pension Partnership)	10.10%
Multi Asset Credit (Wales Pension Partnership)	7.50%
Absolute Return Bond (Wales Pension Partnership)	12.50%
Private Credit (Wales Pension Partnership)	5.00%
Global Credit (Wales Pension Partnership)	7.50%
Property (UBS, Threadneedle, Lothbury, BlackRock)	10.00%
Infrastructure (WPP and Partners)	7.50%
Private Equity (WPP and Partners)	5.00%

All investments held by investment managers are held in the name of the Pension Fund so, if the investment manager fails, the Fund's investments are not classed amongst their assets.

Contractual credit risk is represented by the net payment or receipt that remains outstanding. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

In order to maximise the returns from short-term investments and cash deposits, the Council invests any temporarily surplus funds in its bank accounts along with any surplus funds in the Gwynedd Pension Fund bank accounts. An appropriate share of the interest earned is paid to the Pension Fund and any losses on investment are shared with the Pension Fund in the same proportion. Due to the nature of the banking arrangements, any surplus cash in the Pension Fund bank accounts is not transferred to the Council's bank accounts.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the Council's credit criteria. The Council has also set limits as to the maximum percentage of deposits placed with any one class of financial institution. In addition, the Council invests an agreed percentage of funds in the money markets to provide diversification. Money market funds chosen all have AAA rating from a leading ratings agency.

NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

Employers in the Fund are not currently assessed for their creditworthiness or individual credit limits set. There is risk of being unable to collect contributions from employers with no contributing members (e.g. risk associated with employers with a small number of declining contributing members) so the Administering Authority monitors membership movements on an annual basis.

New employers to the Fund will need to agree to the provision of a bond or obtain a guarantee to reduce the risk of future financial loss to the Fund in the event of not being able to meet its pension liability on cessation. As shown in Note 25 two employers have provided bonds. Any future liabilities falling on the Fund as a result of cessation are borne by the whole Fund and spread across all employers. This is done to ensure that actuarial recovery periods and amounts are kept at a manageable level for smaller employers.

This risk has increased by a legal judgement, which potentially indicates that employers with no contributing members cannot be charged contributions under the LGPS Administration Regulations. This ruling, however, does not affect the ability to collect contributions following a cessation valuation under Regulation 38(2). The Actuary may be instructed to consider revising the rates and Adjustments certificate to increase an employer's contributions under Regulation 38 of the LGPS (Administration) Regulations 2008 between triennial valuations.

c) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Pension Fund has adequate cash resources to meet its commitments to pay pensions and other costs and to meet investment commitments.

The Council has a cash flow system that seeks to ensure that cash is available if needed. In addition, current contributions received from contributing employers and members far exceed the benefits being paid. Surplus cash is invested and cannot be paid back to employers. The Fund’s Actuary establishes the contributions that should be paid in order that all future liabilities can be met.

There is no limit on the amount that the Pension Fund bank account can hold. The amounts held in this account should meet the normal liquidity needs of the Fund. Any temporary surplus is invested by the Council in accordance with the Treasury Management Strategy Statement to provide additional income to the Pension Fund. Surplus cash is invested in accordance with the Statement of Investment Principles.

The Fund also has access to an overdraft facility through the Council’s group bank account arrangements. This facility would only be used to meet short-term timing differences on pension payments. As these borrowings would be of a limited short-term nature, the Fund’s exposure to credit risk is considered negligible.

NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. As at 31 March 2024 the value of illiquid assets was £478m, which represented 15.6% of the total Fund assets (31 March 2023: £455m, which represented 16.4% of the total Fund assets).

Management prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy.

All financial liabilities at 31 March 2024 are due within one year as was the case at 31 March 2023.

Refinancing risk
The key risk is that the Fund will be bound to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

NOTE 18 – FUNDING ARRANGEMENTS

In line with the Local Government Pension Scheme (Administration) Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022.

Description of Funding Policy
The funding policy is set out in the Administering Authority's Funding Strategy Statement and was reviewed as part of the 2022 valuation in March 2023.

In summary, the key funding principles are as follows:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependents
- use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

The Funding Strategy Statement sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable.

NOTE 18 – FUNDING ARRANGEMENTS (continued)

For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 17 years. Asset-liability modelling has been carried out which demonstrates that if these contribution rates are paid and future contribution changes are constrained as set out in the Funding Strategy Statement, there is at least a 70% likelihood that the Fund will achieve the funding target over 17 years.

Funding Position as at the Last Formal Funding Valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £2,776 million, were sufficient to meet 120% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £468 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and probability measure as per the Funding Strategy Statement. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its Funding Strategy Statement.

Principal Actuarial Assumptions and Method used to Value the Liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report and Funding Strategy Statement.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

Financial assumptions	**31 March 2022**
Discount rate	4.1% pa
Salary increase	3.2% pa
Benefit increase (CPI)	2.7% pa

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.50% pa. Based on these assumptions, the average future life expectancies at age 65 are as follows:

NOTE 18 – FUNDING ARRANGEMENTS (continued)

Mortality assumption	Male Years	Female Years
Current pensioners	21.1	24.0
Future pensioners (aged 45 at the 2022 valuation)	22.3	25.8

Copies of the 2022 valuation report and the Funding Strategy Statement are available on the Pension Fund's website www.gwyneddpensionfund.wales

Experience over the period since 31 March 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund's assets. High levels of inflation in the UK (compared to recent experience), have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, asset performance has improved towards the end of 2023 and into 2024 and inflation has begun to return towards historical levels and the Bank of England's target (2% pa). There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund's liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025. The Funding Strategy Statement will also be reviewed at that time.

NOTE 19 - ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund liabilities, on an IAS19 basis every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting Fund contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 18) and has also used them to provide the IAS19 and FRS102 reports for individual employers in the Fund. The actuary has also valued ill health and death benefits in line with IAS19.

The actuarial present value of promised retirement benefits at 31 March 2023 and 2024 are shown below:

	31 March 2023 £m	31 March 2024 £m
Active members	1,084	1,140
Deferred members	387	381
Pensioners	864	842
Total	**2,335**	**2,363**

As noted above, the liabilities above are calculated on an IAS19 basis and therefore differ from the results of the 2022 triennial funding valuation (see Note 18) because IAS19 stipulates a discount rate rather than a rate that reflects market rates.

NOTE 19 - ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS (continued)

Assumptions used

The financial assumptions used are those adopted for the Administering Authority's IAS19 report as shown below and are different as at 31 March 2023 and 2024. The actuary estimates that the impact of the change in financial assumptions to 31 March 2024 is to decrease the actuarial present value by £140m. It is estimated that the impact of the change in demographic and longevity assumptions is to decrease the actuarial present value by £14m.

Assumption	31 March 2023 %	31 March 2024 %
Pension increase rate	2.95	2.75
Salary increase rate	3.45	3.25
Discount rate	4.75	4.85

The life expectancy for the longevity assumption is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Male Years	Female Years
Current pensioners	20.8	23.7
Future pensioners (assumed to be aged 45 at the latest valuation date)	21.8	25.4

All other demographic assumptions have been updated since last year and as per the latest funding valuation of the fund.

The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

Sensitivity to the assumptions for the year ended 31 March 2024	Approximate increase to liabilities %	Approximate monetary amount £m
0.1% p.a. increase in the rate of CPI inflation	2	44
0.1% p.a. increase in the salary increase rate	0	3
0.1% p.a. decrease in the discount rate	2	46
1 year increase in member life expectancy	4	95

NOTE 20 – CURRENT ASSETS

31 March 2023 £'000		31 March 2024 £'000
495	Contributions due – employees	930
1,617	Contributions due – employers	2,853
2,050	Sundry debtors	2,789
4,162	**Total debtors**	**6,572**
18,292	Cash	31,151
22,454	**Total**	**37,723**

NOTE 21 – CURRENT LIABILITIES

31 March 2023 £'000		31 March 2024 £'000
2,078	Sundry creditors	2,781
1,183	Benefits payable	1,377
3,261	**Total**	**4,158**

NOTE 22 - ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC)

The market value of the funds is stated below:

	Market value at 31 March 2023 £'000	Market value at 31 March 2024 £'000
Clerical Medical	4,576	5,596
Utmost Life	162	153
Standard Life	5	5
Total	**4,743**	**5,754**

AVC contributions were paid directly to the following manager:

	2022/23 £'000	2023/24 £'000
Clerical Medical	797	1,062
Total	**797**	**1,062**

NOTE 23 - RELATED PARTY TRANSACTIONS

Cyngor Gwynedd

The Gwynedd Pension Fund is administered by Cyngor Gwynedd. Consequently, there is a strong relationship between the Council and the Pension Fund.

The Council incurred costs of £1,606,596 (£1,474,104 in 2022/23) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also one of the largest employers of members of the Fund and contributed £30.33m to the Fund in 2023/24 (£29.49m in 2022/23). At the end of the year, the Council owed £1.08m to the Fund which was primarily in respect of interest paid on the Pension Fund's balances and contributions for March 2024 and the Fund owed £1.6m to the Council which was primarily in respect of recharges to the Council for the administrative costs.

The Gwynedd Pension Fund has two bank accounts which are held as part of Cyngor Gwynedd's Group of Bank Accounts. The overall surplus cash held in the Group of Bank Accounts is invested on a daily basis. At the end of the financial year, Cyngor Gwynedd pays interest over to the Pension Fund, based on the Fund's daily balances over the year. During 2023/24, the Fund received interest of £1,020,271 (£210,338 in 2022/23) from Cyngor Gwynedd.

Governance

There is one member of the Pensions Committee who is in receipt of pension benefits from the Gwynedd Pension Fund during 2023/24 (committee member J.B.Hughes). In addition, committee members S.W. Churchman, R.W.Williams, J.B.Hughes, I.Thomas, G.Edwards, J.P.Roberts, R.M.Hughes, E.Hywel and I.Huws are active members of the Pension Fund.

Two members of the Pension Board were in receipt of pension benefits from the Gwynedd Pension Fund during 2023/24 (board members H.E.Jones and A.Deakin). In addition, Board members B.Roberts, O. Richards, N.Michael and S.E.Parry are active members of the Pension Fund.

Key Management Personnel

The key management personnel of the fund are the Fund Director (until 30/06/23) and Head of Finance (s151).

The remuneration payable to key management personnel attributable to the fund is set out below:

2022/23 £'000		2023/24 £'000
38	Short-term benefits	26
7	Post-employment benefits	4
45		30

NOTE 24 - COMMITMENTS UNDER INVESTMENT CONTRACTS

Outstanding capital commitments (investments) at 31 March were as follows:

	Total Commitments £'000	Commitment at 31 March 2023 £'000	Commitment at 31 March 2024 £'000
Schroders Capital WPP Global Private Equity 1 L.P.	12,500	0	9,056
GCM WPP Global Infrastructure LP	15,000	0	11,481
Capital Dynamics CEI (WPP), LP	10,000	0	7,082
Octopus Renewables Infrastructure	34,500	0	24,824
Russell Investments WPP Global Private Credit L.P.	110,000	0	99,927
Total GBP	**182,000**	**0**	**152,370**
	€'000	**€'000**	**€'000**
P.G. Direct 2006	19,224	0	0
P.G. Global Value 2006	50,000	3,477	3,477
P.G. Secondary 2008	15,000	1,960	1,960
P.G. Global Value 2011	15,000	2,096	2,096
P.G. Global Infrastructure 2012	40,000	7,019	7,019
P.G. Direct 2012	12,000	1,181	1,181
P.G. Global Value 2014	12,000	1,531	1,531
P.G Direct Equity 2016	50,000	2,826	2,826
P.G. Global Value 2017	42,000	11,570	11,570
P.G. Global Infrastructure 2018	28,000	8,131	4,631
P.G. Direct Equity 2019	48,000	8,352	6,192
P.G. Direct Infrastructure 2020	32,000	20,320	12,000
P.G. Direct Equity V	30,000	30,000	25,586
Total Euros	**393,224**	**98,463**	**80,069**
	US$'000	**US$'000**	**US$'000**
P.G. Emerging Markets 2011	7,000	1,082	1,082
P.G Secondary 2015	38,000	15,220	15,220
P.G Direct Infrastructure 2015	43,600	7,640	6,986
Total Dollars	**88,600**	**23,942**	**23,288**

'PG' above refers to Partners Group, the investment manager which invests in 'alternatives' (private equity and infrastructure) on behalf of the Fund.

These commitments relate to outstanding call payments on unquoted funds held in the the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a number of years from the date of the original commitment.

NOTE 25 – CONTINGENT ASSETS

Two admitted body employers in the Gwynedd Pension Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Fund and payment will only be triggered in the event of employer default.

NOTE 26 – CONTINGENT LIABILITIES

There are no contingent liabilities identified.

NOTE 27 – IMPAIRMENT LOSSES

There are no impairment losses identified.

MEETING	**PENSIONS COMMITTEE**
DATE	**17 JUNE 2024**
TITLE	**WALES PENSION PARTNERSHIP UPDATE**
PURPOSE	**To receive and note a quarterly update from Wales Pension Partnership**
RECOMMENDATION	**RECEIVE AND NOTE THE INFORMATION**
AUTHOR	**DELYTH JONES-THOMAS, INVESTMENT MANAGER**

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1. INTRODUCTION

This is a regular report which provides the members of the Pensions Committee with an update on the work undertaken by the Wales Pension Partnership (WPP) on behalf of the eight LGPS funds in Wales.

The WPP is now well established, with Waystone as its operator to provide FCA regulated services and Russell Investments who provide investment management solutions to the WPP on all listed assets. Northern Trust are the appointed global custodian and depositary. Hymans Robertson are the governance and oversight advisor and Robeco provide voting and engagement services to the WPP in accordance with its stewardship responsibilities and commitments.

2. JGC QUARTERLY UPDATE

The WPP's decision making body, the Joint Governance Committee (JGC), last met formally on 13th March 2024. The host authority has provided a summary of the items discussed at that meeting which is attached as Appendix 1 to this report.

The items discussed and approved were as follows:

- Real Estate Procurement
- All Wales Climate Report
- Training Plan (Appendix 2)
- Business Plan (Appendix 3a and 3b)
- Risk Register
- Policy reviews

3. OPERATOR UPDATE

A copy of the latest quarterly update from the operator is attached under Appendix 4.

The update provides a snapshot of the full range of WPP investment sub-funds as at 31st December 2023.

Gwynedd Pension Fund currently has exposure to eight of the eleven sub-funds and as of 31st December 2023 these were as follows:

- **Global Opportunities - £399.0m**
- **Global Growth- £385.1m**
- **Emerging Markets - £57.7m**
- **Global Passive - £443.9m**
- **Multi Asset Credit - £216.9m**
- **Absolute Return Bond- £403.1m**
- **Global Credit Fund - £222.3m**
- **Sustainable Equity Fund- £293.2m**

4. PERFORMANCE REPORTS AS AT 31st DECEMBER 2023

The performance reports can be seen in Appendix 5.

Equities climbed in the fourth quarter with the global indices achieving double-digit gains. Third-quarter market weakness continued into October on concerns about persistent inflation and a prolonged period of high interest rates. Geopolitical worries triggered by conflict in the Middle East added to investor caution. However, this pessimism faded rapidly in November, as evidence of falling inflation raised expectations of interest rate cuts ahead, fuelled further by comments from Federal Reserve (Fed) Chair Jerome Powell in December. The US dollar retreated, losing its year-todate gains, as markets priced in rate cuts by mid-2024, extending the rally in gold prices. The Fed, European Central Bank and the Bank of England all left interest rates unchanged at their rate-setting meetings.

The performance of the sub funds that Gwynedd Pension Fund invests in are monitored by officers, and as part of the quarterly investment review by Hymans Robertson and no concerns have been raised.

5. PRIVATE MARKETS UPDATE (INFRASTRUCTURE)

GCM Grosvenor were appointed WPP’s Infrastructure Allocator in March 2022. GCM Grosvenor provided a progress update on both the closed-ended and open-ended Investment programmes. (Appendix 6)

The Gwynedd Pension Fund has invested £3.6m as at 31st December 2023, but this amount will significantly increase over time.

6. RECOMMENDATION

To receive and note the information.

Wales Pension Partnership (WPP) - JGC Update

JGC meeting date: Wednesday 13 March 2024

Location: Hybrid meeting, hosted by Powys

Chair: Cllr Ted Palmer, Clwyd

Vice Chair: Cllr Elwyn Williams, Dyfed

Agenda item	Detail
Host Authority update	Anthony Parnell of the Host Authority provided an update in relation to work that has been completed since the last JGC meeting and WPP's next steps / priorities. The procurement exercise for the Real Estate managers is on track. The ITT was issued 19 January 2024, responses have been received and are currently being evaluated. The recommendation report is due to go to the July 2024 JGC for approval, with the contract being awarded in August 2024. The All Wales Climate Report has been published on the WPP website (link below) Anthony also presented the 2023/24 Business Plan update as at 31 December 2023 (attached).
WPP Training Plan 2024/25	Anthony Parnell of the Host Authority presented the 2024/25 WPP Training Plan. This training plan is devised to supplement existing Constituent Authority training and will be relevant to the WPP's pooling activities. The 2024/25 training sessions will be held quarterly and will cover the following topics: • Product Knowledge and Cyber Security • Policies • Responsible Investment • Market Understanding & Regulatory Requirements The JGC approved the 2024/25 Training Plan (attached)

WPP Business Plan 2024-2027	A WPP business plan has been drafted in line with Section 6 of the Inter Authority Agreement. The purpose of the business plan is to: • Explain the background and governance structure of the WPP • Outline the priorities and objectives of the WPP over the next three years • Introduce the WPP's policies and plans • Outline the financial budget for the relevant Business Plan period • Summarise the WPP's Investments & Performance Objectives Anthony Parnell of the Host Authority presented the 2024-27 WPP Business Plan (attached) which was approved by the JGC. The Business Plan has now been sent to all eight Constituent Authorities for their written approval.
Risk Register Q1 2024 Review	The OWG is responsible for maintaining the WPP Risk Register and reporting back any changes or developments to the JGC on a quarterly basis. The OWG has a dedicated Risk Sub-Group to take ownership of the Risk Register and the quarterly review of the document. During Q1 2024, a review was undertaken of some of the risks within the Governance and Regulation section of the Risk Register, risks G1 to G7 and also risks G12 and G15. Hymans presented the changes which were approved by the JGC. The Risk Register has been uploaded on the WPP website.
Policy Reviews: • Governance Matrix • Communications Policy	The WPP have approved several policies / plans which are to be reviewed on a regular basis. This quarter, the OWG have undertaken a review of the Governance Matrix and Communications Policy. The Governance matrix provides an overview of WPP's governance structure, outlining key decisions and actions that are carried out by the WPP. Following

	this year's review, no changes have been made to the Governance Matrix. The Communications policy sets out how the WPP will carry out its internal and external communication strategies. During this year's review, the policy has been updated to reflect WPP's commitment to Sustainable and Local Investment, and the Future Generations Act 2015. The updated Communications policy was approved and has been uploaded on the WPP website. There were no new policies this quarter.
Operator Update	Waystone presented their quarterly update report as at 31 December 2023 (attached). This report provides market updates, details of WPP's current sub fund holdings, as well as a corporate and engagement update.
Performance Reports as at 31 December 2023	Russell Investments presented a Q4 2023 performance summary paper (attached) summarising the performance of each individual ACS sub fund for the quarter ending 31 December 2023.
Private Markets update – Infrastructure	GCM Grosvenor were appointed WPP's Infrastructure Allocator in March 2022. GCM Grosvenor provided a progress update on both the closed-ended and open-ended Investment programmes (attached).
Exempt Items – the following items were discussed during the non-public part of the meeting.	
Robeco Engagement Report – Q4 2023	In March 2020, Robeco was appointed as WPP's Voting & Engagement Provider to undertake Voting and Engagement functions on behalf of the WPP. Robeco commenced their engagement service in April 2020, and they have provided an engagement report for Quarter 4 2023 (quarter ending 31 December 2023). The engagement theme chosen for this quarter was Responsible Executive Remuneration.

Responsible Investment and Climate Risk reports	Each quarter, Hymans Robertson produce quarterly Responsible Investment & Climate Risk Reports for WPP's sub funds. For Quarter 4 2023 (quarter ending 31 December 2023), the UK Credit, Global Credit and Global Government Bond reports were produced. Hymans presented the reports to the JGC members.
Operator procurement recommendation report	The current Operator contract with Waystone Management (UK) Ltd comes to an end in December 2024. An open tender process has been undertaken and the evaluation process is now complete. Having completed the evaluation process, a preferred bidder recommendation report was presented to the JGC. The recommended bidder was approved by the JGC, and the report has now been sent to all eight Constituent Authorities for their written approval.
Securities Lending Report as at 31 December 2023	Stock Lending commenced in March 2020 and Northern Trust presented the Securities Lending Report for Q4 2023 (quarter ending 31 December 2023).

Webcast link for the 13 March 2024 JGC meeting below:

Wales Pension Partnership - Wednesday 13 March 2024, 2:00pm - Powys County Council Connect (public-i.tv)

WPP's website address - Wales Pension Fund | Home (walespensionpartnership.org)

Next meeting:

- Wednesday 17 July 2024 – Virtual meeting

Wales Pension Partnership Training Plan 2024/25

Background and Introduction

It is best practice for WPP personnel to have:

Appropriate knowledge and understanding of:

- the regulations and markets relating to pensions
- the pooling of Local Authority Pension Schemes and
- relevant investment opportunities.

The WPP's training plan is designed to supplement existing Constituent Authority training plans. Local level training needs will continue to be addressed by Constituent Authorities while the WPP training plan will offer training that is relevant to the WPP's pooling activities.

WPP personnel should obtain a degree of knowledge and understanding that ensures they are able to carry out their duties associated with the WPP.

WPP personnel should also be aware of the WPP's framework, beliefs, polices, governance matrix, the decision-making process and decision logging process.

New WPP personnel must conduct formal introductory training to reach the level of knowledge set out above. Following any introductory training, personnel are expected to maintain their understanding of items set out above, completing any additional training as necessary.

To aid WPP personnel, the Host Authority will arrange quarterly training sessions which will cover major areas such as investments, administration, regulation requirements, government guidance and market developments. Please note that the Host Authority will maintain a training plan log which will keep a record of all the training WPP personnel have completed to date and the training that is due to take place in the foreseeable future.

The WPP's training events will primarily focus on meeting the training needs of members of the OWG and JGC, however Constituent Authorities are encouraged to invite Pension Committee Members, as well as Pension Board Representatives if they believe that the training would be beneficial to these individuals.

The WPP has put in place a dedicated Training Policy, this can be found of the WPP website, the policy provides additional detail on how the WPP approaches training and development.

Individual Training

It is important that individuals have an 'appropriate' level of knowledge and understanding of the activities relevant to their duties within the WPP.

It is best practice for individuals to review their own knowledge and understanding at least annually and undertake further learning for any areas that are identified as requiring further attention or development.

2024/25 Training

We have set out below a list of training topics which the Host Authority will arrange during the 2024/25 financial year. The topics outlined below are based on current WPP topical priorities and from an analysis of the WPP training requirements questionnaire/ assessment responses, completed by members of the Joint Governance Committee ('JGC') and Officers Working Group ('OWG').

Topic	Date *
Product Knowledge and Cyber Security	
• WPP pooled investments	Q1 April – June 2024
• Overview of cyber security and consideration for WPP	
Policies	
• Responsible Investment Policy	Q2 July – September 2024
• Climate Risk Policy	
• Stewardship Policy	
Responsible Investment (RI)	
• Net Zero journey planning	Q3 October – December 2024
• Climate Metrics	
Market Understanding & Regulatory Requirements	
• Progress of other LGPS pools & Collaboration Opportunities	Q4 January – March 2025
• Any new regulatory / guidance developments	

* Please note that these are estimated dates and they may be subject to change

Wales Pension Partnership

Business Plan

2023-2024

Q3 Review

(April to Dec 2023)

Governance

Work to be completed	Completed	Comments
• Development of a WPP Breaches and Errors Policy	Yes	Approved at the September 2023 JGC
• Legal Services provider contract (initial 3 year review)	Yes	Initial 3 year review completed, 2 year contract extension put in place
• Ongoing review of the Inter Authority Agreement	Ongoing	
• Annual review of WPP's policies and plans	Ongoing	
• Quarterly reviews of the Risk Register	Ongoing	
• Respond to any pooling related consultations and carry out any necessary changes as a result of consultation outcomes	Ongoing	Response submitted in relation to the recent LGPS Investments consultation

Ongoing Sub-Fund development

Work to be completed	Completed	Comments
• Launch of Private Debt & Infrastructure Sub-Funds	Yes	Infrastructure and Private Debt investment programmes launched
• Launch of Private Equity Sub-Fund	Yes	Private Equity investment programme launched
• Launch Sustainable Equities Sub-Fund	Yes	Launched 20 June 2023
• Formulate the WPP's Property requirements and optimal means of implementation & launch the property Sub-funds	In progress	PQQ issued 17 November 2023 **ITT issued 19 January 2024**
• Consideration of WPP's Levelling up / impact requirements	Ongoing	
• Launch of other Private Market sub-funds (TBC)		Discussions to be held with individual CA's

• Consultation with CAs on need for further sub-funds, review and develop a mechanism to pool any suitable non-pooled assets	Ongoing	
• Consideration of Local Investment opportunities	Ongoing	

Operator Services

Work to be completed	Completed	Comments
• Operator contract / procurement process	In progress	**Recommendation report to be approved at the March 2024 JGC**
• Operator oversight	Ongoing	

Investments and Reporting

Work to be completed	Completed	Comments
• Review Sub-Fund mandates to ensure compatibility with WPP's Responsible Investment and Climate Risk Beliefs	Ongoing	
• Task Force on Climate-related Financial Disclosures (TCFD) reporting		Awaiting TCFD consultation response
• Stewardship Code reporting	Yes	2022/23 report submitted 31 October 2023
• Consider additional reporting that demonstrates WPP's commitment to Responsible Investment	Ongoing	
• On-going Investment Manager performance reporting, scrutiny and challenge	Ongoing	
• Annual review of WPP's Cost Transparency Requirements	In progress	**To be completed by the end of June 2024**

• Annual performance review of WPP Sub Funds (Equity and Fixed Income)	In progress	**To be completed by the end of March 2024**
• On-going engagement with Constituent Authorities regarding minimum ESG / RI standards and their climate ambitions	Ongoing	

Communication and Training

Work to be completed	Completed	Comments
• Formulation of the WPP's Annual Responsible Investment Progress Report	Yes	Report presented at the July 2023 JGC and published on website
• Formulation of the WPP's annual training plan	Yes	**2024/25 training plan being taken to the March 2024 JGC for approval**
• Formulation of the WPP's Annual Update	Yes	2022/23 Annual Update published in August 2023
• Formulation of the WPP's Annual Report	Yes	2022/23 Annual Report published in November 2023

Resources, budget and fees

Work to be completed	Completed	Comments
• Annual review of resources and capacity	Yes	**Reviewed when formulating the 2024/25 budget**
• Formulation of Annual WPP Budget	Yes	**Formulated and included in the 2024-27 Business Plan**
• Review and Monitoring of Operator / external provider fees	Ongoing	

Training Plan

Training topics to be completed during 2023–2024 as per approved 2023-2024 Training Plan and progress to date:

	Completed	Comments
• Private Market Asset Classes – Private Equity / Property	Yes	8 June 2023
• Levelling up / development opportunities	Yes	8 June 2023
• TCFD reporting	Yes	13 December 2023
• Performance reporting	Yes	13 December 2023
• Voting & Engagement	Yes	21 September 2023
• RI within the WPP sub funds	Yes	21 September 2023
• Progress of other LGPS pools & Collaboration Opportunities	Yes	5 March 2024
• Pooling Guidance	Yes	5 March 2024

Budget

2023-2024 Budget Monitoring Report:

	Budget 2023 – 2024 £000	Forecast 2023 – 2024 £000	Variances 2023 – 2024 £000
Host Authority *	200	174	26
External Advisors *	1,448	1,573	(125)
TOTAL to be recharged	**1,648**	**1,747**	**(99)**
Operator Services **	37,257	36,079	1,178
TOTAL to be deducted from the NAV	**37,257**	**36,079**	**1,178**

**Host Authority and External Advisor costs are to be funded equally by all eight of the WPP's Constituent Authorities and these will be recharged on an annual basis.*

***Operator Services costs are based on each Constituent Authority's percentage share of WPP assets (held with the Operator) and are deducted directly from the Net Asset Value (NAV) of the Constituent Authority's assets (held with the Operator).*

Equity Sub-Funds

Global Growth Fund
Managed by: Link Fund Solutions
Portfolio Value: £2bn*

Global Opportunities Fund
Managed by: Russell Investments
Portfolio Value: £2bn*

UK Opportunities Fund
Managed by: Russell Investments
Portfolio Value: £0.6bn*

Emerging Markets Fund
Managed by: Russell Investments
Portfolio Value: £0.6bn*

Sustainable Active Equity Fund
Managed by: Russell Investments
Portfolio Value: £1.2bn*

Fixed Income Sub-Funds

Absolute Return Bond Fund
Managed by: Russell Investments
Portfolio Value: £0.4bn*

Global Government Bond Fund
Managed by: Russell Investments
Portfolio Value: £0.5bn*

Multi-Asset Credit Fund
Managed by: Russell Investments
Portfolio Value: £0.6bn*

Global Credit Fund
Managed by: Russell Investments
Portfolio Value: £0.8bn*

UK Credit Fund
Managed by: Link Fund Solutions
Portfolio Value: £0.5bn*

Private Markets

Infrastructure – closed ended
Managed by: GCM Grosvenor

Infrastructure – open ended
Managed by: CBRE, IFM and Octopus

Private Credit
Managed by: Russell Investments

Private Equity
Managed by: Schroders Capital

* Portfolio Values as at launch date

Partneriaeth Pensiwn Cymru Wales Pension Partnership

Wales Pension Partnership

https://www.walespensionpartnership.org/

Wales Pension Partnership

Business Plan

2024-2027

Contents

Introduction

This is the business plan for the Wales Pension Partnership ('WPP'), the business plan details the WPP's priorities and areas of focus for, 2024/25, 2025/26 and 2026/27. The business plan is constantly monitored and is formally reviewed and agreed every year. The purpose of the business plan is to:

- Explain the background and governance structure of the WPP
- Outline the priorities and objectives of the WPP over the next three years
- Outline the financial budget for the relevant Business Plan period
- Summarise the WPP's Investments & Performance Objectives

About the Wales Pension Partnership

Established in 2017, the WPP is a collaboration of the eight LGPS funds (Constituent Authorities) covering the whole of Wales and is one of eight national Local Government Pension pools. We have a long, successful history of collaboration, including examples that pre-date the Government's pooling initiative. We are proud of our unique identity as a Pool – our Constituent Authorities represent and span the entirety of Wales. Being democratically accountable means, we provide the best of strong public sector governance and transparency.

Our operating model is designed to be flexible and deliver value for money. We appointed an external fund Operator and make use of external advisers to bring best of breed expertise to support the running of the Pool, this includes Hymans Robertson who have been appointed as the WPP's Oversight Advisor. The Operator is Waystone Management (UK) Limited (Waystone) and they have partnered with Russell Investments to deliver effective investment management solutions with the aim of achieving strong net of fee performance for all the Constituent Authorities. We have a shared vision and agreement on the means and pace at which this vision will be achieved. The eight LGPS Funds (Constituent Authorities) of the Wales Pension Partnership are:

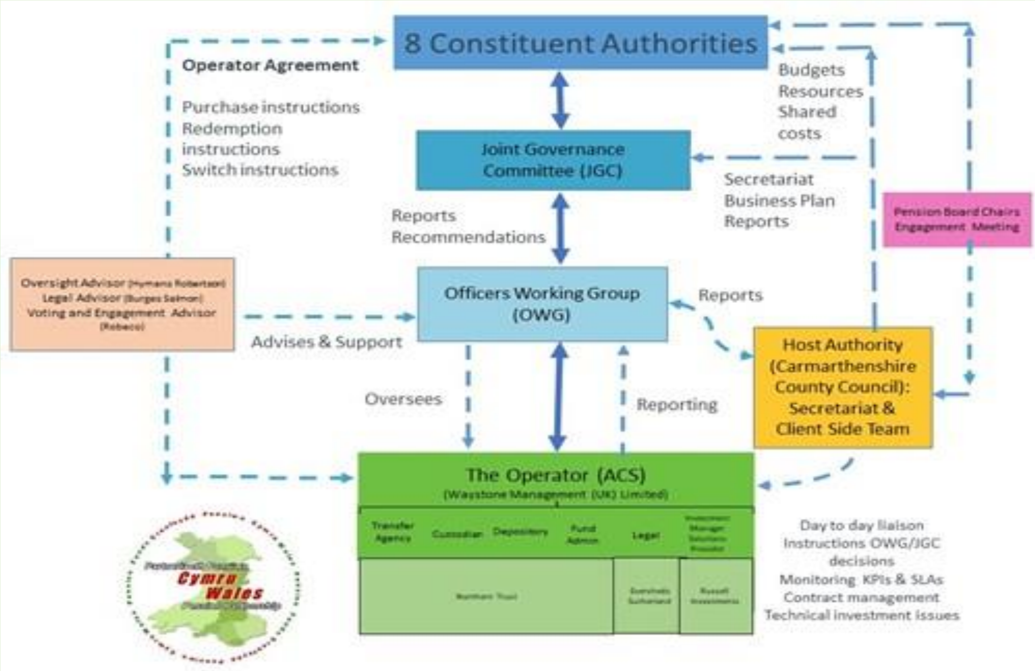
Governance

The WPP is responsible for ensuring that its business is conducted in accordance with regulation and guidance. We must also ensure that: public money is safeguarded and properly accounted for, used economically, efficiently and effectively to ensure value for money. We also strive for continuous improvement and to conform with industry best practice.

The WPP details how it deals with all aspects of Governance through its Inter Authority Agreement (IAA), which defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers. The IAA includes a Scheme of Delegation outlining the decision-making process, taking into account the relevant legislation. In line with its belief that good governance should lead to superior outcomes for stakeholders, the WPP has put in place a robust governance structure, which has been designed to:

- Deliver on its objectives
- Be flexible and adaptive
- Demonstrate its commitment to the highest standards of governance
- Meet the needs of its stakeholders
- Foster collaboration and communication within the WPP
- Be transparent
- Be cost effective

The diagram below shows WPP's governance structure:



The Constituent Authorities sit at the top of the WPP's governance structure. They retain control of all activity carried out by the WPP and remain responsible for approving this Business Plan, which outlines the WPP's budget and workplan, as well at its beliefs and objectives. The Constituent Authorities are heavily involved in all aspects of the WPP's governance structure, while the WPP's Joint Governance Committee and Officers Working Group are comprised respectively of elected councillors, scheme member representative and officer representatives from the Constituent Authorities.

The WPP believes in being open and transparent as well as regularly engaging with its key stakeholders. As such the WPP ensures the meetings of the Joint Governance Committee are accessible to the public via a live webcast stream. Meeting papers are also made publicly available. Local Pension Board engagement days are also held regularly as a means of fostering stakeholder engagement. The WPP recognises the importance of all of its stakeholders to reflect this the WPP has put in place an Engagement Protocol Framework, this is carried out via the following engagement mechanisms:

Engagement mechanisms and Frequency:

• Strategic Relationship Review meeting	Bi-Annual
• JGC Engagement	Quarterly
• Manager Performance Meetings/ Calls	Quarterly
• Training Events	Quarterly
• OWG Engagement	Quarterly
• Bi-weekly meetings	Every 2 weeks
• Pension Fund Committees	Annual
• Manager Engagement Days	Annual
• Member Communications	Annual
• Pension Board Engagement	Every 6 months
• Engagement via the website & LinkedIn	Continuous

Risk Management

The Wales Pension Partnership ('WPP') recognises that it faces numerous risks which, if left unmanaged, can limit the WPP's ability to meet its objectives and to act in the best interest of its stakeholders and beneficiaries. However, the WPP also understands that some risks cannot be fully mitigated and that in these instances' risks need to be embraced through active and effective management.

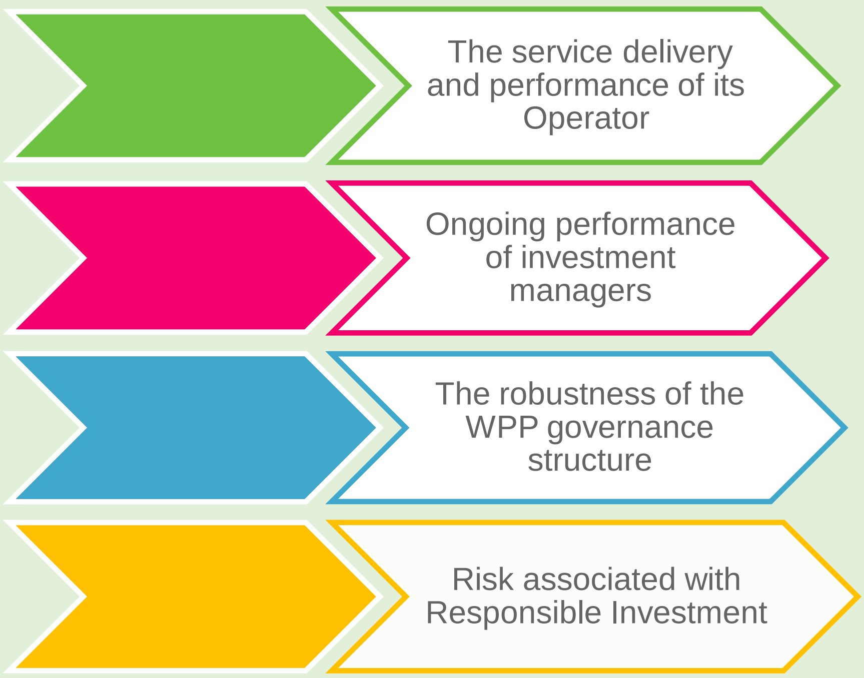
Risk management is a critical element of WPP's commitment to good governance, the WPP has developed a structured, extensive and robust risk strategy. This strategy will be embedded into the WPP's governance framework to ensure better decision-making, improved outcomes for stakeholders and greater efficiency.

The WPP's risk strategy seeks to identify and measure key risks and ensure that suitable controls and governance procedures are in place to manage these risks. The WPP believes that risks are fluid in nature and that the severity and probability of risks can change rapidly and without warning. To reflect this belief, the WPP's Risk Policy has been developed in such a way that risks can be anticipated and dealt with in a swift, effective manner to minimise potential loss or harm to the WPP and its stakeholders.

To deliver on its objectives, the WPP needs to carry out activities or seize opportunities that subject it to risk. The extent to which the WPP is able to effectively balance risk and return will depend on the success of its Risk Policy. It is critical that prior to making decisions the WPP understands the associated risks and considers the means by which these risks could be managed.

The greatest risk to the WPP's continued operation is its ability to deliver on its primary objectives. The WPP's Business Plan is an additional means through which the WPP will give special recognition to risks that pose a material threat to the delivery of its objectives and the actions required to manage these risks.

During the course of this business plan the WPP will seek to develop mechanisms, frameworks and process for managing the following key risks:



Objectives

The WPP is proud to represent the eight Constituent Authorities and recognises its duty to ensure the needs and requirements of all stakeholders are met. The WPP, through consultation with all eight Constituent Authorities, has formulated a list of primary objectives these can be summarised as follows:

- To provide pooling arrangements which allow individual funds to implement their own investment strategies (where practical)
- To achieve material cost savings for participating funds while improving or maintaining investment performance after fees
- To put in place robust governance arrangements to oversee the Pool's activities.
- To work closely with other pools in order to explore the benefits that all stakeholders in Wales might obtain from wider pooling solutions or potential direct investments
- To deliver an investment framework that achieves the best outcomes for its key stakeholders; the Constituent Authorities. The Constituent Authorities will be able to use this framework to deliver the best outcomes for their Scheme Members & Employers
- To embed the delivery of long-term, sustainable investment outcomes into decision making, through capital allocation, the ongoing scrutiny of asset managers, and the exercise of the rights and responsibilities that arise as asset owners.

The eight Constituent Authorities recognise that their strength derives from their shared beliefs and their ability to work together to deliver on their unified objectives for the benefit of all WPP stakeholders.

Beliefs

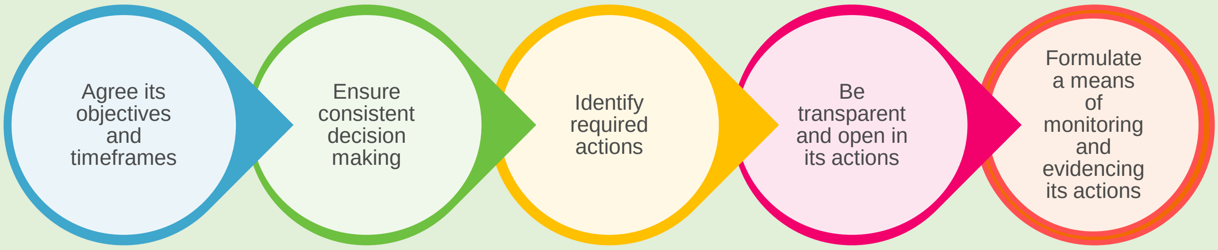
The WPP's Beliefs reflect the collaborative nature and shared values of the Constituent Authorities, they are as follows:

- The WPP's role is to facilitate and provide an investment pooling platform through which the interests of the Constituent Authorities can be implemented
- Good governance should lead to superior outcomes for the WPP's stakeholders
- Internal collaboration between the Host and Constituent Authorities is critical to achieving the WPP's objectives. External collaboration may also be beneficial in delivering cost savings and better outcomes for stakeholders
- Responsible Investment and effective Climate Risk mitigation strategies, alongside consideration and evidential management of broader Environmental, Social and Governance issues, should result in better outcomes for the WPP's stakeholders
- Effective internal and external communication is vital to achieving the WPP's objectives
- External suppliers can be a cost-effective means of enhancing the WPP's resources, capabilities and expertise
- Fee and cost transparency will aid decision making and improve stakeholder outcomes
- Continuous learning, innovation and development will help the WPP and its Constituent Authorities to evolve
- Flexible approach to the WPP pool structure and implementation methods will enable the WPP pool to adapt in future and continue to meet the needs of its stakeholders.

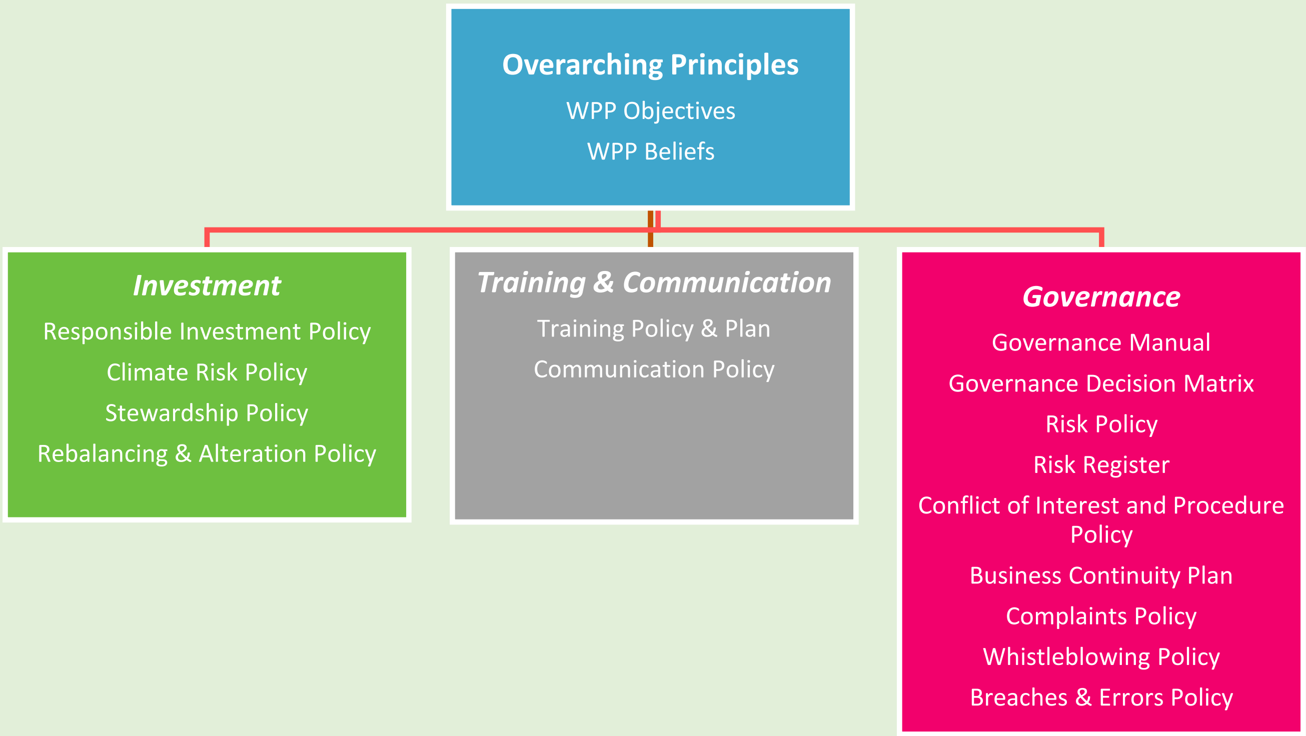
The WPP's beliefs are the foundation for WPP's governance framework and have been used to guide all of the WPP's activities and decision making, including its objectives and policies.

Policies

The WPP believes that good governance should lead to superior outcomes for the WPP's stakeholders. In recognition of this belief, the WPP, in consultation with the Constituent Authorities, has developed a robust governance structure and framework and a set of governing policies. In all instances the WPP's policies and procedures have been developed to either complement or supplement the existing procedures and policies of the Constituent Authorities. The WPP understands the importance of formulating and codifying its policies and procedures. This process allows the WPP and the Constituent Authorities, to:



The WPP's key policies, registers and plans are listed below and can be found on the WPP website.



The WPP's policies are reviewed on a regular basis and the WPP will continually assess whether any additional policies, registers or plans are required. The policies play a vital role in the WPP's governance arrangements and have been formulated with the sole purpose of providing a codified framework which will ensure that the WPP achieves its objectives in an effective and transparent means.

Work Plan

The table below shows key priorities and objectives that the WPP aims to complete over the next three years. The workplan has been broken down into a number of key sections which are all vital to the continued success of the WPP

- **Governance** - The WPP believes that good governance leads to better outcomes for its stakeholders, as such it will further develop its governance framework and carry out ongoing reviews of its existing governance documents and structure.
- **Ongoing Sub-Fund development** – To date the WPP has pooled c70% of its assets and a number of other sub funds are in the process of being developed. The WPP will continue to consult with the Constituent Authorities to ensure that all suitable assets are pooled.
- **Operator Services** - The Operator, alongside the third parties that it employs on behalf of the WPP, are critical to the ongoing activities of the WPP, therefore service delivery of the Operator and third-party suppliers are crucial. The current operator contract comes to an end in December 2024 and the procurement process for the new operator contract is underway.
- **Investments and Reporting** - The WPP recognises the importance of ensuring that existing investment solutions remain optimal and aligned to Constituent Authority requirements, while also delivering the investment return expectations of the Constituent Authorities. The WPP will continue to deliver on its reporting requirements covering areas such as investment performance, risk, Stewardship activities, Responsible Investment and Climate, and will develop further reporting, as and when required.
- **Communication and Training** - The WPP wants to ensure that internal stakeholders and external parties are aware of the WPP's progress and publishes numerous report and updates to ensure that it proactively communicates its progress to stakeholders. These can all be found on the WPP website.
- **Resources, Budget and Fees** - The WPP recognises that insufficient resources pose a significant risk to its ability to deliver an investment framework that achieves the best outcomes for its key stakeholders, the WPP carries out a number of reviews to guarantee that it has suitable resources to deliver on this commitment.

Work to be completed	2024 - 2025	2025 - 2026	2026 - 2027
Governance			
Oversight Advisor procurement process	✔		
Voting & Engagement Service provider procurement process	✔		
Legal Services provider procurement process		✔	
Annual review of WPP's policies and plans	✔	✔	✔
Quarterly reviews of the Risk Register	✔	✔	✔
Respond to any pooling related consultations and carry out any necessary changes as a result of consultation outcomes	✔	✔	✔
Ongoing Sub-Fund development			
Launch the real estate investment programmes	✔		
Launch additional Private Market vintages	✔	✔	✔

Consideration of WPP's Levelling up / impact requirements	✔	✔	✔
Consultation with CAs on need for further Sub-Funds, review and develop, as required	✔	✔	✔
Consideration of Local Investment opportunities	✔	✔	✔
Operator Services			
Complete Operator contract procurement process and implement new operator contract	✔		
Operator and Sub-Fund governance Oversight	✔	✔	✔
Investments and Reporting			
Develop & Implement Private Markets reporting	✔		
Climate-related / TCFD reporting	✔	✔	✔
Stewardship Code reporting	✔	✔	✔
Consider additional reporting that demonstrates WPP's commitment to Responsible Investment	✔	✔	✔
On-going Sub-Fund responsible investment and climate risk performance reporting, scrutiny and challenge	✔	✔	✔
Annual performance review of WPP Sub-Funds	✔	✔	✔
Review of Russell Investment's service delivery in delivering WPP's objectives across Sub-Funds	✔		
On-going engagement with Constituent Authorities regarding ESG / RI standards and their climate ambitions	✔	✔	✔
Communication and Training			
Formulation of WPP's Annual Responsible Investment Progress Report	✔	✔	✔
Formulation of WPP's Annual Training Plan	✔	✔	✔
Formulation of WPP's Annual Update	✔	✔	✔
Formulation of WPP's Annual Report	✔	✔	✔
Resources, Budget and Fees			
Annual review of resources and capacity	✔	✔	✔
Formulation of Annual WPP Budget	✔	✔	✔
Review and Monitoring of Operator / external provider fees	✔	✔	✔

Training Plan

It is best practice for WPP personnel to have appropriate knowledge and understanding of:

- the regulations and markets relating to pensions;
- the pooling of Local Authority Pension Schemes; and
- relevant investment opportunities.

The WPP's training plan is designed to supplement existing Constituent Authority training plans. Local level training needs will continue to be addressed by Constituent Authorities while the WPP training plan will offer training that is relevant to the WPP's pooling activities.

WPP personnel should obtain a degree of knowledge and understanding that ensures they are able to carry out their duties associated with the WPP. WPP personnel should also be aware of the WPP's framework, beliefs, polices, governance matrix, the decision-making process and decision logging process.

To aid WPP personnel, the Host Authority will arrange quarterly training sessions which will cover major areas such as investments, administration, regulation requirements, government guidance and market developments. The WPP's training events will primarily focus on meeting the training needs of members of the OWG and JGC, however Constituent Authorities are encouraged to invite Pension Committee Members, as well as Pension Board Representatives if they believe that the training would be beneficial to these individuals.

We have set out below a list of training topics which the Host Authority will arrange training for during the 2024/25 financial year. WPP's training topics are based on current WPP topical priorities and from an analysis of the WPP training requirements questionnaire/ assessment responses, completed by members of the Joint Governance Committee ('JGC') and Officers Working Group ('OWG').

Product Knowledge and Cyber Security:

- WPP Pooled Investments
- Overview of cyber security and consideration for WPP

Policies:

- Responsible Investment Policy
- Climate Risk Policy
- Stewardship Policy

Responsible Investment (RI):

- Net Zero journey planning
- Climate Metrics

Market Understanding & Regulatory Requirements:

- Progress of other LGPS pools & Collaboration Opportunities
- Any new regulatory / guidance developments

Budget

The table below outlines the WPP's budget for the next three years.

	Forecast 2023-24 outturn	2024-25	2025-26	2026-27
	£'000	£'000	£'000	£'000
Host Authority *	173	231	239	245
External Advisors *	1,559	1,411	1,435	1,541
TOTAL to be recharged	**1,732**	**1,642**	**1,674**	**1,786**
Operator Services **	36,079	40,734	45,705	50,231
Allocator **	1,796	7,006	7,016	7,302
TOTAL to be deducted from the NAV	**37,875**	**47,740**	**52,721**	**57,533**

**Host Authority and External Advisor costs are to be funded equally by all eight of the WPP's Constituent Authorities and these will be recharged on an annual basis.*

***Operator / Allocator Services costs are based on each Constituent Authority's percentage share of WPP assets and are deducted directly from the Net Asset Value (NAV) of the Constituent Authority's assets.*

Investments & Performance

The WPP's Constituent Authorities have total assets of circa £22.5bn (as at 31 March 2023). The Constituent Authorities' passive investments are effectively within the Pool but are held by the respective WPP authorities in the form of insurance policies.

The OWG receives quarterly, six monthly and annual performance reports, the group reviews and challenges the performance of Investment Managers on behalf of the WPP. The WPP hosts annual manager engagement days, which are used to challenge managers and to facilitate engagement with Constituent Authority Pension Committee and Board Members and the WPP's Investment Managers. The Constituent Authorities also carry out their own analysis of WPP's investment performance at local level, this will include manager attendance at Pension Committees.

Hymans Robertson undertake a periodic review of all WPP sub-funds, and the results are presented to both the OWG and JGC. The existing sub-funds are outlined below.

Equity Sub-Funds

- ***Global Growth Fund*** — Managed by Waystone Management (UK) Limited
- ***Global Opportunities Fund*** — Managed by Russell Investments
- ***UK Opportunities Fund*** — Managed by Russell Investments
- ***Emerging Markets Fund*** — Managed by Russell Investments
- ***Sustainable Active Equity Fund*** — Managed by Russell Investments

Sub Fund	Performance Benchmark	Participating Funds	Underlying Investment Managers	Launch Date	Review Date
Global Growth	MSCI ACWI ND	RCT, Dyfed, Gwynedd, Cardiff and Powys	Baillie Gifford, Veritas and Pzena	Feb 19	Nov 21
Global Opportunities	MSCI ACWI ND	Swansea, Torfaen, Gwynedd, RCT and Cardiff	Morgan Stanley, Numeric, Sanders, Jacobs Levy, SW Mitchell, Nissay, Intermede and Oaktree	Feb 19	Nov 21
UK Opportunities	FTSE All Share	Cardiff and Torfaen	Baillie Gifford, Ninety-One, J O Hambro, Liontrust and Fidelity	Sept 19	April 23
Emerging Markets	MSCI Emerging Markets ND +1.5%	Cardiff, Clwyd, Gwynedd, Powys and Torfaen	Artisan, Bin Yuan, Barrow Hanley, Axiom, Numeric and Oaktree	Oct 21	March 24
Sustainable Active Equity	MSCI ACWI ND	Cardiff, Clwyd, Dyfed, Gwynedd, Powys, RCT, Swansea and Torfaen	Sparinvest, Mirova, Neuberger Berman, Wellington and Artemis	June 23	Planned for 2025

Fixed Income Sub-Funds

Absolute Return Bond Fund

Managed by Russell Investments

Global Government Bond Fund

Managed by Russell Investments

Multi-Asset Credit Fund

Managed by Russell Investments

Global Credit Fund

Managed by Russell Investments

UK Credit Fund

Managed by Waystone Management (UK) Limited

Sub Fund	Performance Benchmark	Participating Funds	Underlying Investment Managers	Launch Date	Review Date
Global Credit	Bloomberg Barclays Global Aggregate Credit Index (GBP Hedged)	Cardiff, Dyfed, Gwynedd, Powys and Torfaen	Western, Metlife, Fidelity and Robeco	July 20	April 23
Global Government	FTSE WGBI Index (GBP Hedged)	Cardiff and Torfaen	Bluebay and Colchester	July 20	April 23
Multi-Asset Credit	3 Month GBP SONIA plus 4%	Cardiff, Clwyd, Gwynedd, Powys, and Swansea	ICG, Man GLG, BlueBay, Barings and Voya	July 20	March 24
Absolute Return Bond Fund	3 Month GBP SONIA plus 2%	Gwynedd, Powys and Swansea	Wellington, Aegon and Insight	Sept 20	March 24
UK Credit Fund	ICE BofA ML Eur-Stg plus 0.65%	RCT	Fidelity	July 20	March 24

Private Markets

Infrastructure – closed ended

Managed by GCM Grosvenor

Participating Funds: Clwyd, Dyfed, Gwynedd, Powys, RCT, Swansea and Torfaen

Infrastructure – open ended

Managed by CBRE, IFM and Octopus

Participating Funds: Cardiff, Gwynedd, Powys, Swansea, Torfaen

Private Credit

Managed by Russell Investments

Participating Funds: Cardiff, Clwyd, Dyfed Gwynedd, Powys, Swansea and Torfaen

Private Equity

Managed by Schroders Capital

Participating Funds: Cardiff, Clwyd, Gwynedd, Powys and Swansea

Contact Details

If you require further information about anything in or related to this business plan, please contact the Wales Pension Partnership:

Postal Address - Wales Pension Partnership

Carmarthenshire County Council

Treasury & Pension Investments Section

County Hall

Carmarthen

SA31 1JP

E-mail - WalesPensionPartnership@carmarthenshire.gov.uk

Telephone - (01267) 224136

Further information on the WPP and ongoing updates on the WPP's progress can be found on the website and LinkedIn page.

The website can be found here:

https://www.walespensionpartnership.org/

Wales Pension Partnership
Joint Governance Committee
Q4 2023 review – 13 March 2024

Market Updates

Acquisition Complete

As discussed since the last Joint Governance Committee on 13 December 2023;

Waystone Management (UK) Limited's (WMUK) acquisition of the business and certain assets of Link Fund Solutions Limited (LFSL) completed on 9th October 2023.

WMUK has adopted LFSL's systems, processes and governance framework, including the personnel the WPP interact with.

In early 2024, WMUK will also become the authorised fund manager of funds currently managed by Waystone Fund Services (UK) Limited (formerly known as T Bailey Fund Services Limited) to consolidate Waystone Groups' UK AFM service offering.

A full integration project is underway to migrate former LFSL employees on to WMUK's systems (e.g. email) before October 2024. In addition, Waystone are undertaking a full review of all systems and controls to ensure the processes remain best in class.

waystone

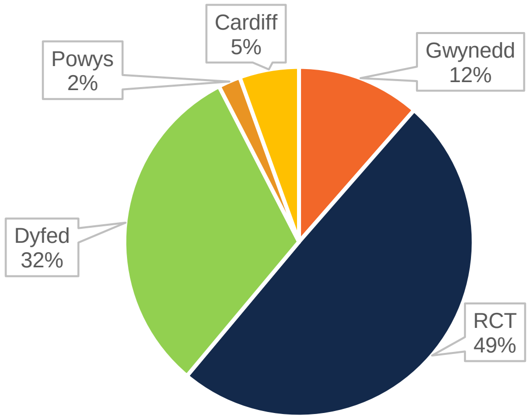
December 2023 WS Wales PP Fund Summary AUM

Fund	AUM	Inception date
Global Growth	£3,327,480,855	6th Feb 2019
Global Opportunities	£3,018,831,796	14th Feb 2019
UK Opportunities	£800,855,747	10th Oct 2019
Multi Asset Credit	£716,414,184	12th Aug 2020
Emerging Markets	£366,093,235	20th Oct 2021
Global Credit	£1,030,553,518	21st Aug 2020
Global Government Bond	£493,395,045	20th Aug 2020
Absolute Return Bond	£573,475,710	30th Sept 2020
Sterling Credit	£702,347,034	19th Aug 2020
Sustainable Active Equity Fund	£1,341,831,467	20th June 2023
Total Active Investments	**£12,371,278,591 as at 31 December 2023**	

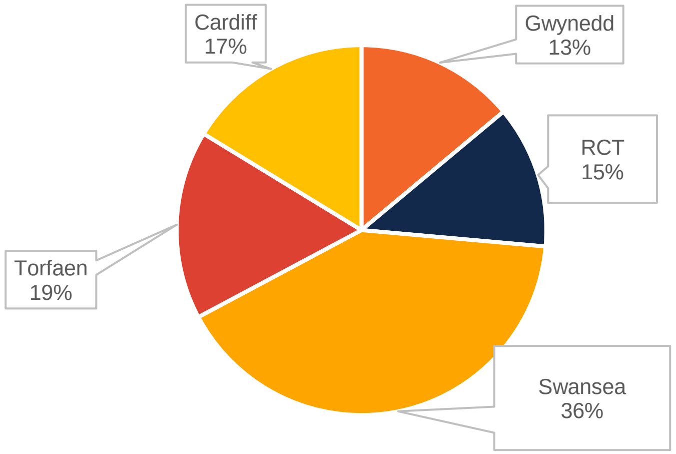
December 2023 Fund Snapshot - Equities

Key:
- Dyfed
- Powys
- Gwynedd
- RCT
- Torfaen
- Clwyd
- Swansea
- Cardiff

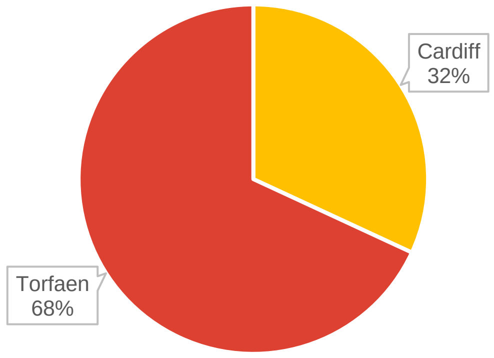
Global Growth



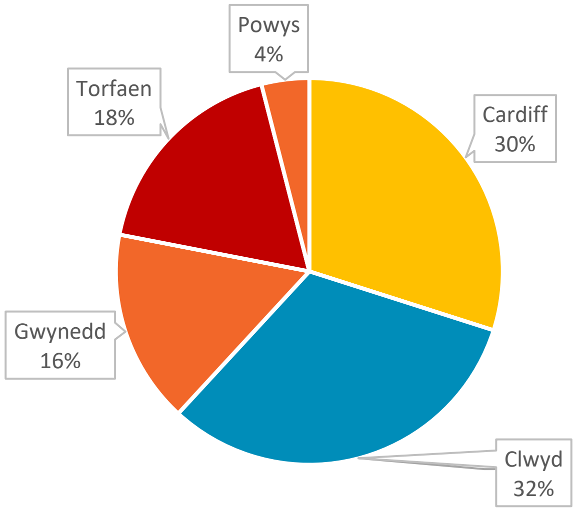
Global Opportunities



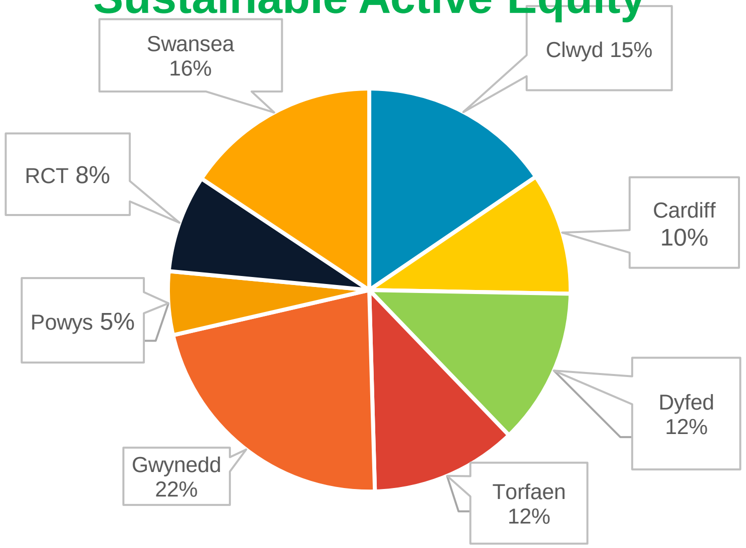
UK Opportunities



Emerging Markets

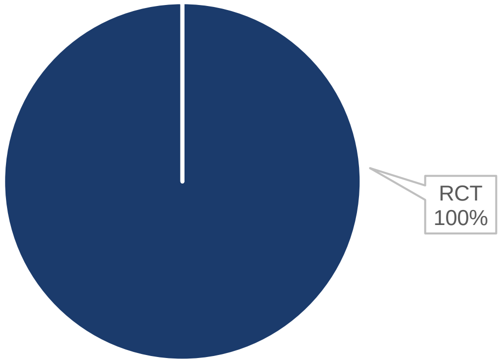


Sustainable Active Equity

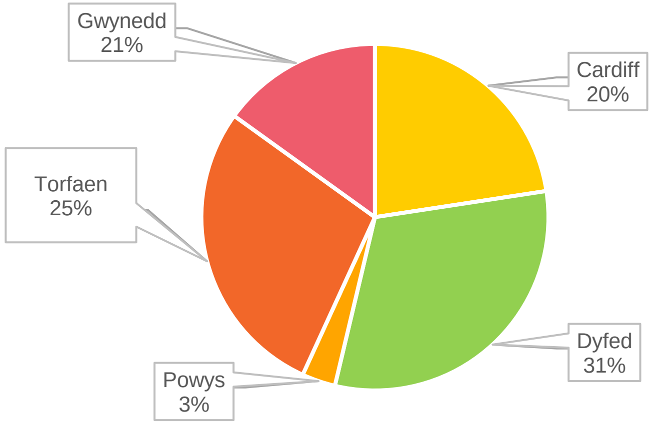


December 2023 Fund Snapshot - Fixed Income

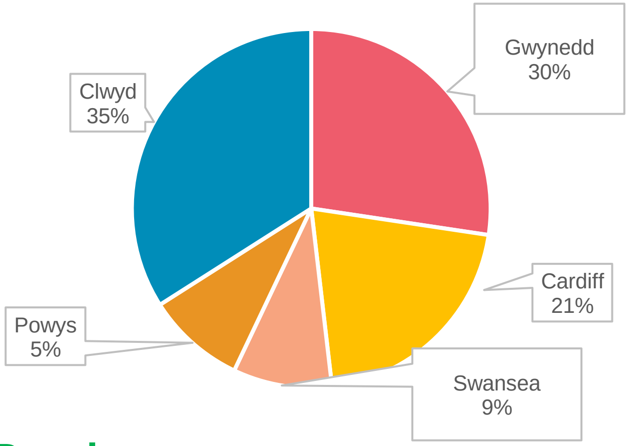
Sterling Credit



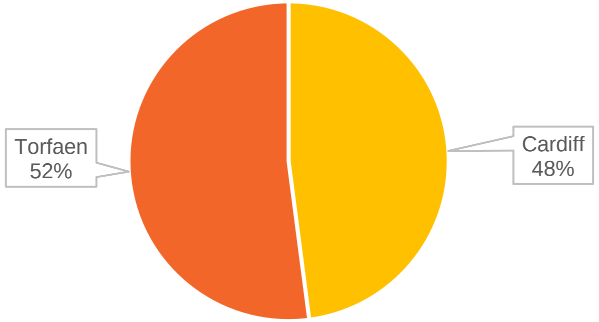
Global Credit



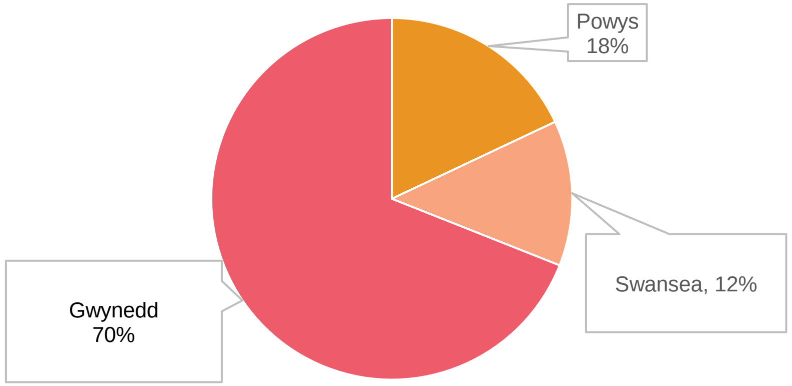
Multi Asset Credit



Global Gov. Bond



Absolute Return Bond



Key:
- Dyfed
- Powys
- Gwynedd
- RCT
- Torfaen
- Clwyd
- Swansea
- Cardiff

Sub-Funds Update

Fund Launches & Changes

	Activity	Status	Commentary
Completed Fund Launches & Changes	N/a		N/a
Ongoing Fund Launches & Changes	Addition of Robeco to the Global Credit fund, removal of T Rowe Price	✓	New Investment Manager 'Robeco' to be implemented Q3 2023. This is now expected to be Q1 2024" Completed 18 December 2023
	Manager Changes on UK Opportunities Fund	✓	WS WPP UK Opportunities Fund - Terminate Lazard and Majedie UK Core, hire Fidelity, and increase the weight to Liontrust UK CF Solution, JO Hambro UK Dynamic and Ninety-One UK Value. Completed 16 October 2023
	Manager Changes on Absolute Return Bond Fund	✓	WS WPP Absolute Return Bond Fund - Terminate Putnam and increase the weightings of Wellington, Insight and Aegon. Completed 16 October 2023
	Cash Yield Options for current fund range	✓	Cash Yield Options currently being investigated by WMUK Governance. Confirmation sent to all CAs with details provided to change from Income reinvest to income paid out.
	Addition of New Investment Manager to the Global Growth Fund, as an addition to current Managers	✓	Proposed addition new manager discussed with CA's at Septembers 2023 OWG. Further meetings to be arranged following feedback with updated paper to be shared in early 2024.

Status Key:

- Completed or already in place
- On target;
- Delay Expected;
- Not Applicable

Market Updates

Market Updates			
	Activity	**Status**	**Commentary**
Russia / Ukraine	Impact to ACS sub-funds holding Russian companies	✓	WMUK continue to monitor the situation and will advise Constituent Authorities of any developments. Our Fair Value Pricing Committee regularly discuss, and assets are still priced accordingly. All WPP Funds holding no Russian companies
Middle East	Impact to ACS sub-funds holding Israeli companies	✓	Currently 9 securities held in Israeli companies across four sub funds; Global Opportunities Fund - 3 companies with 0.172% exposure. Global Credit Fund – 2 companies with 0.002%. Multi Asset Credit Fund – 3 companies with 0.627%. Absolute Return Fund – 1 company with 0.043%. Total value of approx. £9.6m. Situation currently being monitored as part of the BAU oversight process

Status key:

- Completed or already in place
- On target;
- Delay Expected;
- Not Applicable

WMUK Corporate Update & Engagement

Key Q4 and future WPP Engagement

Waystone attendance at OWG/JGC meetings in period:

- OWG 24 October 2023
- WPP JGC 13 December 2023

Waystone attendance at OWG/JGC meetings in next quarter:

- OWG 2 February 2024
- WPP JGC 13 March 2024

Waystone - Pension Committee attendance in period:

- Powys Pensions and Investment Committee meeting – 6 October 2023

Waystone - Pension Committee attendance in next quarter :

- No meetings scheduled

Other meetings in period

- Host Authority update – occurs bi-weekly
- WPP briefing / training session – (Reporting Session)

Other meetings in next quarter

- Host Authority update – occurs bi-weekly

WMUK Engagement Protocol – Business as Usual

Strategic Relationship Review	Frequency	Objective
	▪ Bi-annual	▪ Ensure strategic alignment between Host Authority and WMUK

WPP Attendees
- Chris Moore
- Anthony Parnell
- Two Section 151 / Deputy Section 151 officers

Waystone Attendees
- Karl Midl, Country Head, UK and CEO
- Rachel Wheeler, Product Head – Regulated Fund Solutions
- Richard Thornton, Head of Relationship Management, Asset Owners

JGC Engagement	Frequency	Objective
	▪ Quarterly	▪ Engage with JGC on pertinent matters and strategic deliverables

WPP Attendees
- Joint Governance Committee (JGC)

Waystone Attendees
- Karl Midl, Country Head, UK and CEO / Peter Ritchie, Head of Investment Management required
- Richard Thornton, Head of Relationship Management, Asset Owners
- James Zealander, Senior Relationship Manager
- Russell Investments

OWG Engagement	Frequency	Objective
	▪ Quarterly	▪ Identify and deliver on opportunities to improve and expand the relationship ▪ Provide update on open projects or issues ▪ Monthly KPI Review (Data supplied quarterly)

WPP Attendees
- Officers Working Group (OWG)

Waystone Attendees
- James Zealander, Senior Relationship Manager
- Richard Thornton, Head of Relationship Management, Asset Owners
- Peter Ritchie, Head of Investment Management Oversight
- Heidi Robinson, Relationship Managers (as required)
- Ad-hoc Link attendance from functional departments: Tax, Compliance, Product, etc.
- Russell Investments

Note: Meetings may be conducted remotely and/or amalgamated where required.

WMUK Engagement Protocol continued…

Host Authority Update	Frequency	Objective
	▪ Bi-Weekly	▪ Regular Host Authority – WMUK to discuss deliverables and business updates
WPP Attendees ▪ Anthony Parnell ▪ Tracey Williams		▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ James Zealander, Senior Relationship Manager ▪ Heidi Robinson, Relationship Managers (as required) ▪ Clair Baguley, Client Service Manager (as required)

Chairpersons of the Pension Board Committees	Frequency	Objective
	▪ Annual	▪ General update on the ACS and planned initiatives
▪ Individual Pension Fund Committee meetings		▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ James Zealander, Senior Relationship Manager ▪ Heidi Robinson, Relationship Managers (as required) ▪ Russell Investments

Manager Engagement Days		Objective
	▪ Annual	▪ Open day for presentations on strategy and performance (with IM)
▪ Open to all involved parties		▪ Waystone Client Team ▪ Northern Trust ▪ Russell Investments and other Investment Managers ▪ Other consultants as required (e.g. bFinance)

Pension Board Engagement	Frequency	Objective
	▪ Bi-Annual	▪ General update on the ACS and planned initiatives
WPP Attendees ▪ Chairpersons of the Constituent Authorities ▪ Host Authority		▪ Waystone Client Team ▪ Russell Investments

Thank you

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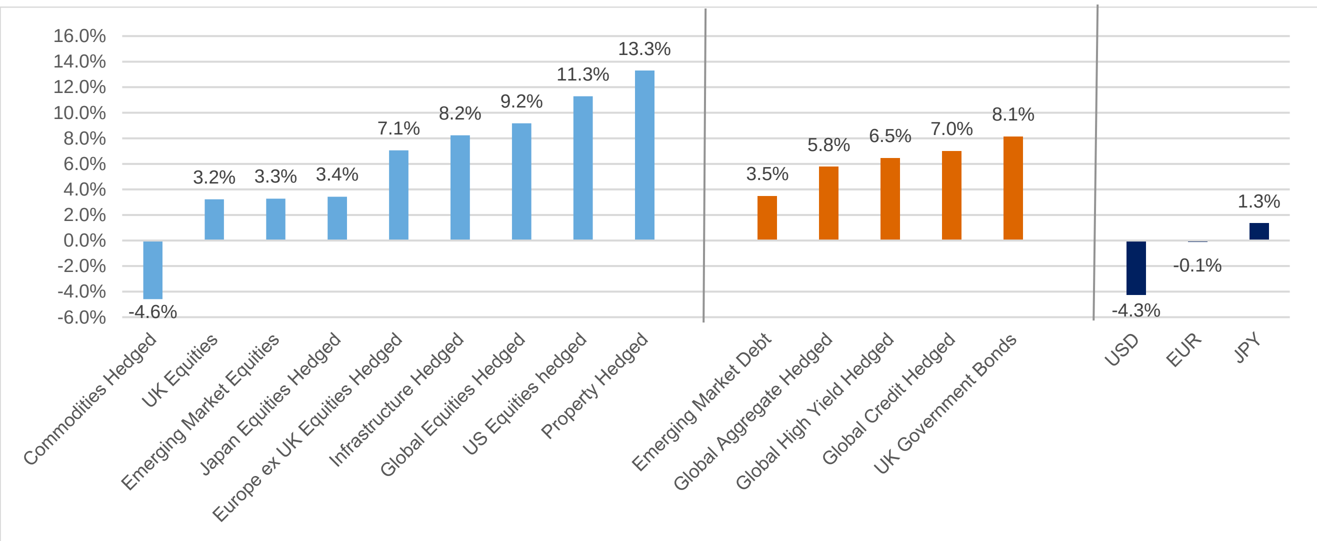
JGC - WPP Performance Summary Q4 2023

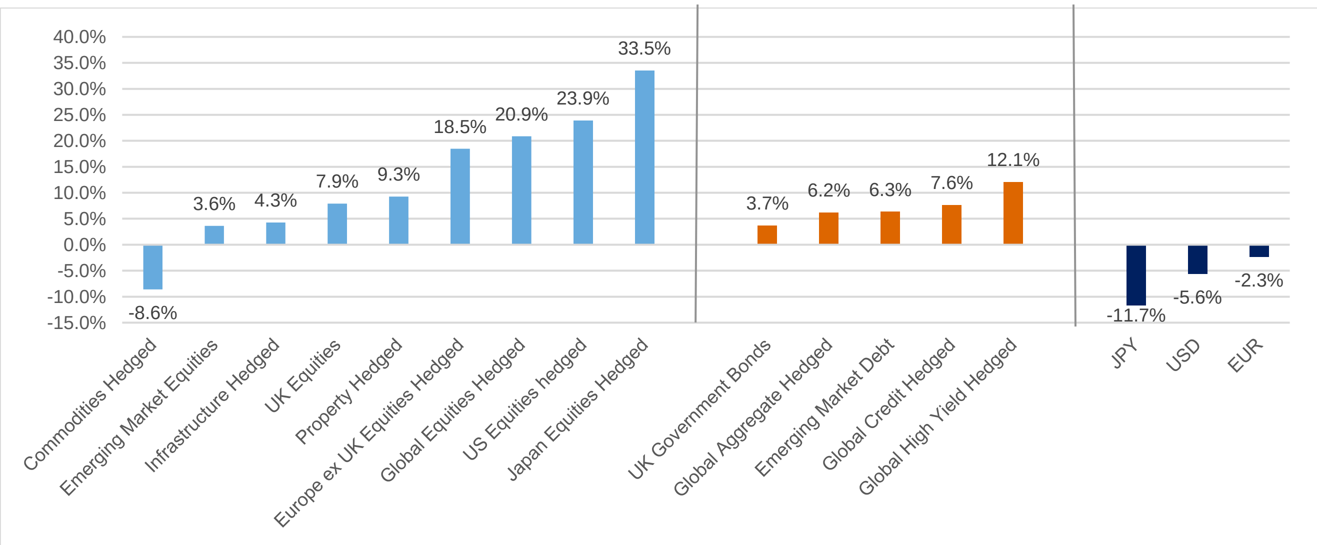
Global Market Commentary

Equities climbed in the fourth quarter with the global indices achieving double-digit gains. Third-quarter market weakness continued into October on concerns about persistent inflation and a prolonged period of high interest rates. Geopolitical worries triggered by conflict in the Middle East added to investor caution. However, this pessimism faded rapidly in November, as evidence of falling inflation raised expectations of interest rate cuts ahead, fuelled further by comments from Federal Reserve (Fed) Chair Jerome Powell in December. The US dollar retreated, losing its year-to-date gains, as markets priced in rate cuts by mid-2024, extending the rally in gold prices. The Fed, European Central Bank and the Bank of England all left interest rates unchanged at their rate-setting meetings.

Asset class performance – Quarter to Date (December) 2023



Asset class performance – Year to Date (December) 2023



Benchmarks : Global equity hedged (MSCI World ACWI), UK equity (FTSE All Share), US equity hedged (Russell 1000 Net GBPH), Europe ex UK equity (MSCI Europe ex UK Equity Net GBPH), Japan equity (TOPIX Net GBPH), Emerging equity (MSCI Emerging Markets Net), Global HY bonds (BofAML Global High Yield 2% Constrained Index), EMD LC (JP Morgan GBI-EM Global Diversified Index), Global credit hedged (Bloomberg Barclays Global Aggregate Credit Index), Global aggregate hedged (Bloomberg Barclays Global Aggregate Bond Index GBPH), UK Government Bonds (ICEBofAML UK Gilts All Stocks (GB), Property hedged (FTSEEPRA Nareit Dev Re GBP)

Global Growth Equity Fund:

	Three Months	1 Year	Since Inception
Gross	6.3	13.6	10.0
Net	6.2	13.2	9.6
MSCI AC World Index Net	6.3	15.3	10.9
Excess returns (gross)	-0.1	-1.7	-0.9

Inception Date: 6th February 2019

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary
Equity markets performed well in the fourth quarter delivering the highest quarterly returns of 2023 in GBP term. Growth stocks rebounded driving out-performance for Baillie Gifford and largely reversing the underperformance of the prior quarter. Value styles underperformed. Pzena outperformed the value style but still trailed the fund's benchmark. Quality styles matched the returns to Growth however Veritas' value bias dominated to leave returns for the quarter trailing the index.

Global Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
Gross	5.6	14.1	12.0
Net	5.5	13.8	11.7
MSCI AC World Index Net	6.3	15.3	10.9
Excess returns (gross)	-0.7	-1.2	1.1

Inception Date: COB 14th February 2019

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary
Growth was the best-performing style over the quarter spurred by strengthening expectations that interest rates have peaked with cuts to come in the first half of 2024. Although large cap growth was the standout performer, generally small and mid-caps did better than large caps, except in Europe. Value generally underperformed with the exception of small cap value stocks (the best performing style in the UK). High dividend yielding and minimum volatility styles were the worst-performing factors over the quarter. The Fund's tilt to small caps was additive, although stock selection was negative. In sectors, stock selection within industrials was unhelpful.

Sustainable Active Equity Fund:

	Three Months	1 Year	Since Inception
Gross	6.6	-	6.5
Net	6.5	-	6.3
MSCI AC World Index Net	6.3	-	9.1
Excess returns (gross)	0.3	-	-2.6

Inception Date: COB 17 July 2023

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary
In a reversal from the preceding period, equity markets rose to deliver the best quarterly performance since the fourth quarter of 2020. All sectors made gains over the quarter except energy, which suffered from falling oil prices amid a volatile market, and real estate which was flat. Within this market environment, the Fund's underweight to energy was additive. Selection within financials was also positive. However, selection within technology detracted.

EM Market Commentary

Emerging Markets brought the end to a positive year with a positive final quarter. However, the market lagged developed markets this period, primarily due to underperformance within China. Elsewhere, Brazil recorded a strong return following a weak third quarter. Mexico also rebounded. The economy showed signs of improvement as inflation eased, the currency strengthened and GDP growth was upwardly-revised. India also outperformed, with third-quarter GDP growth ahead of expectations. Taiwan, South Korea and South Africa were other outperformers. Quality was the standout factor in the fourth quarter. Value slightly outperformed growth with a smaller dispersion compared to developed markets. Meanwhile, small and mid-capitalisation stocks extended their positive 2023 outperformance over large cap stocks. Momentum and low volatility were the weakest-performing factors.

EM Equity Fund:

	Three Months	1 Year	Since Inception
Gross	2.6	3.1	-4.8
Net	2.5	2.6	-5.3
MSCI Emerging Market Index	3.3	3.6	-4.5
Excess returns (gross)	-0.7	-0.5	-0.3

Inception Date: COB 29th October 2021

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary
Quality was the standout factor in the fourth quarter. Value slightly outperformed growth with a smaller dispersion compared to developed markets. Meanwhile, small and mid-capitalisation stocks extended their positive 2023 outperformance over large cap stocks. Momentum and low volatility were the weakest-performing factors. The Fund's positive exposure to growth slightly weighed on relative performance. Stock selection within China across consumer-oriented sectors was a key detractor. Positioning and selection within Thailand (overweight) and South Africa (underweight) was also negative. However, an overweight to Brazil suited the market environment. Stock selection within Taiwan (semiconductor names) also contributed positively.

UK Market Commentary

UK equities underperformed the index and most other markets as investors were wary of stubborn inflation and lack of growth in the economy. Shares rose mid-November on reports that inflation eased sharply in October to 4.6% YoY from 6.7% in September, compared to market expectations of 4.7%, although this was largely due to falling energy prices. Core inflation also fell, to 5.7% YoY from 6.1% in September. The trend continued in November when inflation also fell more than expected, to 3.9% YoY, the lowest annual rise since September 2021. Core inflation was also lower, at 5.1%. Meanwhile, retail sales rose 1.3% MoM in November, more than expected following two months of no growth. Although revised figures issued near year-end revealed that the economy contracted in the third quarter, by 0.1%, versus the previous estimate of zero growth, there was better news in PMI data, which exceeded expectations and indicated an expansion in business activity. In factors, small cap value and mid cap stocks were the best performers, outperforming the index. Small cap stocks, small cap growth and growth stocks also fared well. In contrast, large cap value, large cap, value and large cap growth stocks underperformed the index. In sectors, technology was the best performer, followed by industrials and utilities. Consumer discretionary also did well. On the other hand, energy lagged the most, followed by healthcare and consumer staples.

UK Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
Gross	3.4	12.1	4.3
Net	3.3	11.6	3.9
FTSE All Share	3.2	7.9	4.6
Excess returns (gross)	0.1	4.2	-0.3

Inception Date: COB 11th October 2019

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary
The Fund’s tilt towards small cap stocks was favourable. In sectors, an underweight to and selection within health care (underweight AstraZeneca) was additive. An underweight to and selection within consumer staples (underweight Unilever) was also positive. However, selection within utilities (overweight Centrica) detracted from further excess returns.

Fixed Income Market Commentary

Bond markets rose over the quarter. In October, signs of a resilient US economy pushed yields up, with the 10-year US Treasury yield breaking through the 5.0% threshold for the first time in 16 years. However, in November the higher-for-longer interest rate narrative was abandoned amid growing optimism that the battle against inflation has been won with rising expectations of rate cuts ahead. This pushed bond prices upward, propelling a strong market rally. Speculation that the Federal Reserve (Fed) will achieve a “soft landing” for the US economy and avoid a recession fuelled investor appetite for riskier assets. In this environment, high yield outperformed investment grade corporate credit. The Fed, European Central Bank and the Bank of England all left interest rates unchanged at their rate-setting meetings.

Global Government Bond Fund:

	Three Months	1 Year	Since Inception
Gross	6.6	5.4	-2.1
Net	6.5	5.1	-2.4
FTSE World Gvt Bond Index (GBP Hedged)	5.6	5.5	-3.4
Excess returns (gross)	1.0	-0.2	1.3

Inception Date: COB 19th August 2020

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary
The Fund’s overweight to rates within New Zealand and non-classic markets such as Mexico contributed positively to relative returns, in a period where the country’s benchmark 10-year yields decreased by 99 and 93 basis points respectively. An underweight to core eurozone bonds and UK gilts did not suit the market environment

Global Credit Fund:

	Three Months	1 Year	Since Inception
Gross	7.0	6.7	-2.6
Net	7.0	6.5	-2.8
Bloomberg Barclays Global Agg Credit Index (GBP Hedged)	7.0	7.6	-2.5
Excess returns (gross)	0.1	-1.0	-0.1

Inception Date: COB 20th August 2020

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary
The Fund’s overweight to European high yield and investment grade credit financials and industrials contributed positively. An overweight to UK high yield debt was also helpful. In US credit, although an overweight to US high yield industrials was effective this was offset by an underweight to high yield financials which detracted. An underweight to US investment grade detracted due to underweights in utilities and industrials, which weighed on returns. In hard currency emerging market debt, underweights to investment grade credit in Europe, the Middle East and Latin America were ineffective. Elsewhere, an underweight to Spanish sovereign debt was detrimental.

Multi Asset Credit Fund:

	Three Months	1 Year	Since Inception
Gross	5.9	12.1	2.1
Net	5.8	11.7	1.7
3 Month GBP SONIA + 4%	2.3	9.0	5.9

Performance Target is 3 Month GBP SONIA + 4%, we have not shown excess return as this is a target.

Inception Date: COB 11th August 2020

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary
As in the previous two quarters, high yield (HY) credit outperformed investment grade. From November investors became increasingly comfortable about taking on more risk, prompted by growing conviction that the Fed will achieve a “soft landing” for the US economy and implement interest rate cuts in the first half of 2024. In this environment, the Fund outperformed it’s target return. A key contributor to returns was RBC’s overweight exposure to European credit, particularly high yield financials. Barings also contributed to the performance. Their positioning in US credit was beneficial with overweights to investment grade financials and industrials contributing positively.

Absolute Return Bond Strategy Fund:

	Three Months	1 Year	Since Inception
Gross	1.2	5.8	3.1
Net	1.1	5.4	2.7
3 Month GBP SONIA + 2%	1.8	6.9	3.9

Performance Target is 3 Month GBP SONIA + 2%, we have not shown excess return as this is a target.

Inception Date: COB 30th September 2020

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary
The Fund recorded a positive return for the quarter. Insight was a key driver of returns with its exposure to duration, which was a key contributor to positive performance, driven by the long duration position in US treasuries and a short duration position in the UK and Korea. A headwind for performance was Wellington. In contrast to the previous period, macro strategies detracted this quarter. Wellington’s underweight exposure to duration in Japan, the UK and Australia did not suit the market environment.

Sterling Credit Fund:

	Three Months	1 Year	Since Inception
Gross	7.7	9.7	-2.2
Net	7.6	9.5	-2.4
ICE Bank of America Merrill Lynch Euro-Sterling Index plus 0.65%	7.5	9.3	-2.6
Excess returns (Gross)	0.2	0.4	0.4

Inception Date: COB 19th August 2020

Source: Northern Trust as of 31 December 2023

Overall Fund Commentary
During the quarter, the fund outperformed the benchmark, returning 7.7% against a benchmark return of 7.4%. The excess yield over the index was a consistent positive over the quarter. An overweight credit beta position supported returns as credit spreads broadly tightened over the quarter. Investor optimism stemmed from expectations that BoE had largely concluded interest rate hikes in light of cooling inflation and slowing economic growth. At a sector level, the overweight stance in banks & brokers, asset backed securities (ABS) and insurance supported performance. The overweight position in banks & brokers such as UBS and Deutsche Bank positively contributed to relative performance as sector continues to remain resilient amid higher net interest income and attractive valuations in terms of credit spreads. On the issuer front, overweight in CPI Property was a key detractor but Fidelity remains comfortable with the name from fundamental perspective following meetings with the CEO. On the duration front, the tactical sterling duration enhanced gains. Gilt yields fell across the curve amid easing inflation and dovish anticipated path for interest rates.

GCM GROSVENOR

WALES PENSION PARTNERSHIP

GCM GROSVENOR WPP GLOBAL INFRASTRUCTURE LP

13 MARCH 2024

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This presentation has been prepared by Grosvenor Capital Management, L.P. and GCM Customized Fund Investment Group, L.P.

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- City and County of Swansea Pension Fund
- Greater Gwent (Torfaen) Pension Fund

Open-Ended Infrastructure

- Cardiff & Vale of Glamorgan Pension Fund
- Gwynedd Pension Fund
- Powys Pension Fund
- City and County of Swansea Pension Fund
- Greater Gwent (Torfaen) Pension Fund

PORTFOLIO CONSTRUCTION

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GCM WPP GLOBAL INFRASTRUCTURE LP

Closed-ended program focused on diversified infrastructure investments across primaries, secondaries, and co-investments in the UK, Europe, and North America

PROGRAM OVERVIEW

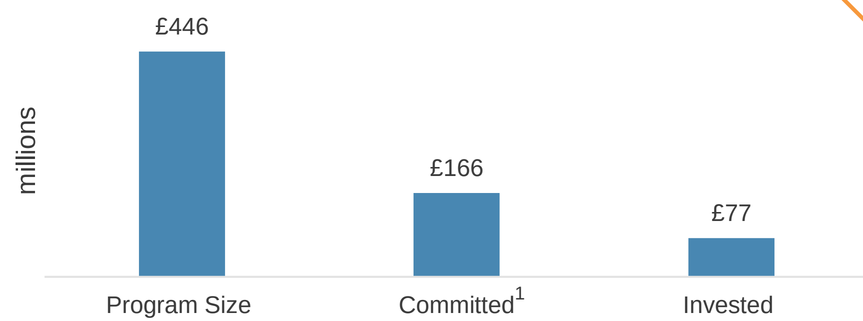
Vintage: **2023**

Fund term: **Closed ended**

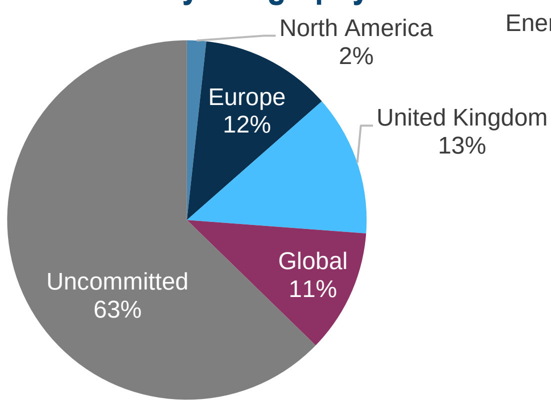
Type: **Primaries, Secondaries, Co-investments**

Sub-focus: **Sustainable investments, local impact within Wales**

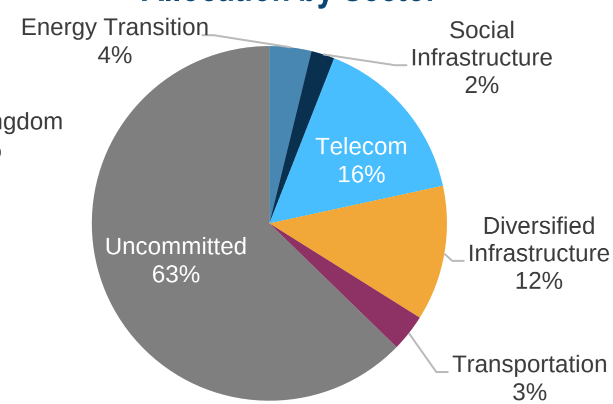
PROGRAM SUMMARY



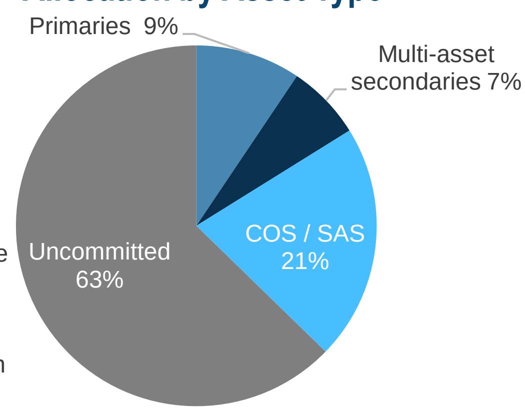
Allocation by Geography



Allocation by Sector



Allocation by Asset Type



1. Committed to underlying investments. Includes one investment pending commitment.

This portfolio is subject to change. **No assurance can be given that any investment will achieve its objectives or avoid losses.**

IFM GLOBAL INFRASTRUCTURE FUND

The Global Infrastructure Fund invests in a diversified portfolio of infrastructure assets across the transportation, energy, utilities and digital sectors which seek to deliver stable revenues over the long term

PROGRAM OVERVIEW

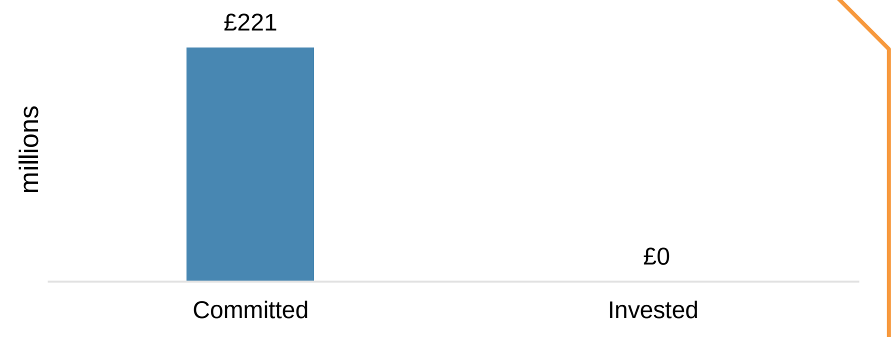
Vintage: **2004**

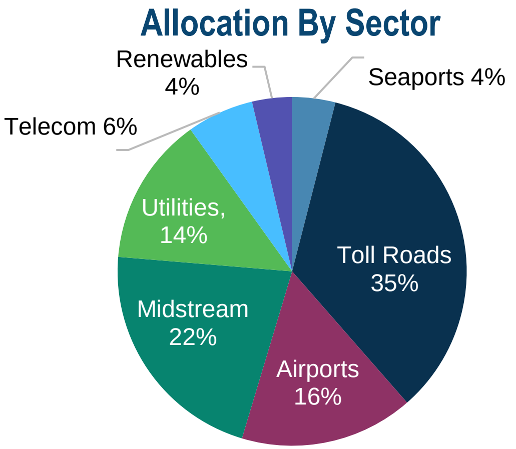
Fund term: **Open ended**

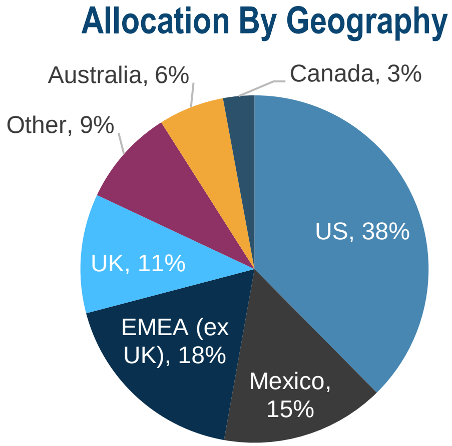
Type: **Diversified Infrastructure**

Strategy: **Investments in diversified, core infrastructure platforms and assets with a focus on OECD countries**

PROGRAM SUMMARY







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CBRE GLOBAL INFRASTRUCTURE FUND

CBRE Global Infrastructure Fund invests in assets across digital, transportation, energy transition, and utility infrastructure sectors with highly contracted, cash yielding characteristics

PROGRAM OVERVIEW

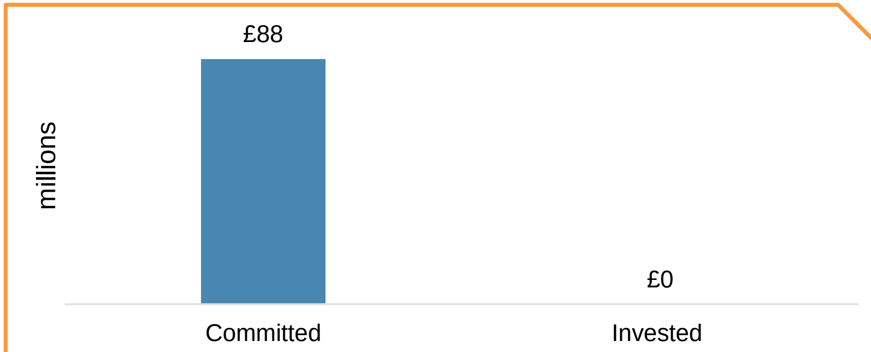
Vintage: **2018**

Fund term: **Open ended**

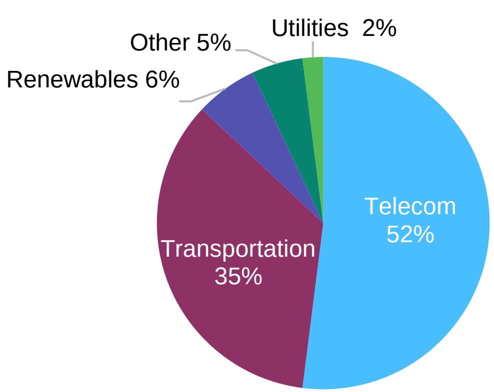
Type: **Diversified Infrastructure**

Strategy: **Investments in diversified infrastructure mid-market assets with contracted cash flows with focus on Europe and North America**

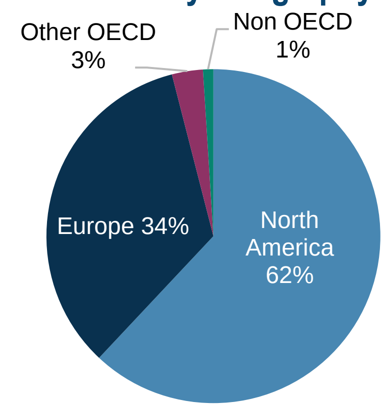
PROGRAM SUMMARY



Allocation By Sector



Allocation By Geography



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OCTOPUS RENEWABLE INFRASTRUCTURE SCSP (SKY)

The Sky Fund makes investments in predominantly core, contracted, and cash-yielding renewable and energy transition assets across the UK, Europe, North America, and APAC

PROGRAM OVERVIEW

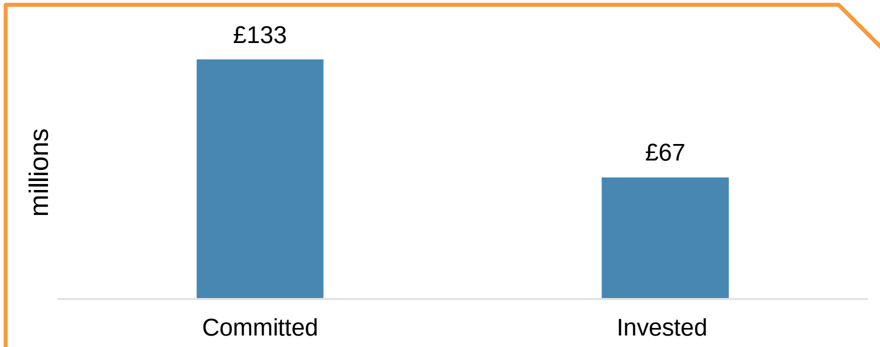
Vintage: **2021**

Fund term: **Open ended**

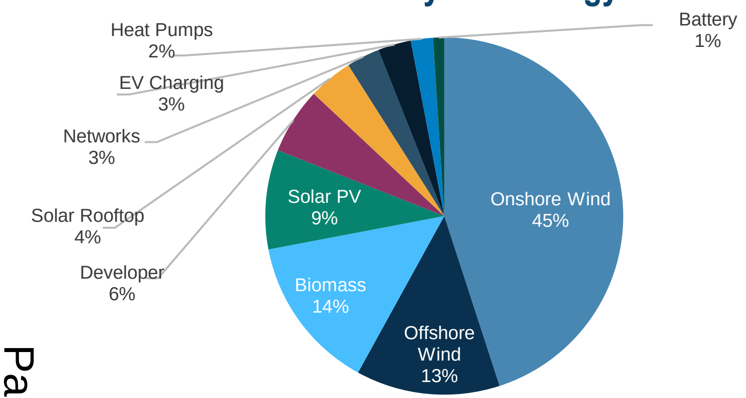
Type: **Renewable Infrastructure**

Strategy:
Investments in predominantly core renewable and energy transition assets targeting jurisdictions in the UK, Europe, North America and APAC

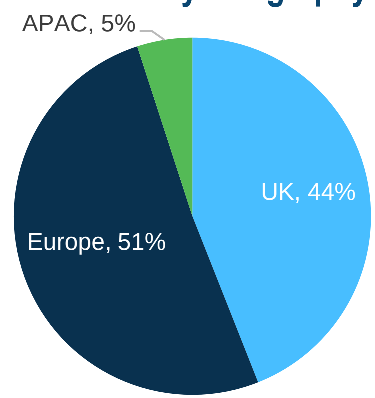
PROGRAM SUMMARY



Allocation by Technology



Allocation by Geography



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Appendix

NOTES AND DISCLOSURES

GCM GROSVENOR

Notes and Disclosures (1 of 2)

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MEETING:	**PENSION COMMITTEE**
DATE:	**17th JUNE 2024**
TITLE:	**REVISED INVESTMENT STRATEGY STATEMENT**
PURPOSE:	**Adopt the Revised Investment Strategy Statement**
RECOMMENDATION:	**ADOPT THE REVISED STRATEGY**
AUTHOR:	**DELYTH JONES-THOMAS, INVESTMENT MANAGER**

1. INTRODUCTION

The Fund is required to publish an Investment Strategy Statement (ISS). The Statement has been reviewed following the triennial valuation of 31 March 2022 in March 2023, and now requires a subsequent review following the revised strategic asset allocation.

2. INVESTMENT STRATEGY STATEMENT

The revised ISS is in Appendix A. The changes have been marked, the main changes are as follows:

- Revised median expected return
- Revised fund strategic asset allocation
- Increased reference to pooling and private markets
- Explanation of how the fund deals with the cash flows for private market capital calls
- Actual asset allocation at 31st December 2023
- Reference to Stewardship Code

3. RECOMMENDATION

The revised Investment Strategy Statement is adopted.

APPENDIX A

Investment Strategy Statement

1. Introduction and background

This is the Investment Strategy Statement ("ISS") of the Gwynedd Pension Fund ("the Fund"), which is administered by Gwynedd Council ("the Administering Authority"). The ISS is made in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("the Regulations").

The ISS has been prepared by the Fund's Pension Committee ("the Committee") having taken advice from the Fund's investment adviser, Hymans Robertson LLP. The Committee acts on the delegated authority of the Administering Authority.

The ISS, which was approved by the Committee in [June 2024] is subject to periodic review at least every three years and without delay after any significant change in investment policy. The Committee has consulted on the contents of the Fund's investment strategy with such persons it considers appropriate.

The Committee seeks to invest in accordance with the ISS, any Fund money that is not needed immediately to make payments from the Fund. The ISS should be read in conjunction with the Fund's Funding Strategy Statement.

2. The suitability of particular investments and types of investments

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. This funding position will be reviewed at each triennial actuarial valuation, or more frequently as required.

The Committee aims to fund the Fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the Fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing. For employee members, benefits will be based on service completed but will take account of future salary and/or inflation increases.

The Committee has translated its objectives into a suitable strategic asset allocation benchmark for the Fund. This benchmark is consistent with the Committee's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities.

It is intended that the Fund's investment strategy will be reviewed at least every three years following actuarial valuations of the Fund.

The Fund carried out an asset liability modelling exercise in conjunction with the 2022 actuarial valuation. A number of different contribution and investment strategies were modelled and the future evolution of the Fund considered under a wide range of different scenarios. The Committee considered the chances of the Fund being fully funded at the end of the projection period, and considered the level of downside risk in the various strategies by identifying the low funding levels which might emerge in the event of poor outcomes.

This approach helps to ensure that the investment strategy takes due account of the maturity profile of the Fund (in terms of the relative proportions of liabilities in respect of pensioners, deferred and active members), together with the level of disclosed surplus or deficit (relative to the funding bases used) amongst other considerations that influence investment decision-making.

In addition, the Committee monitors investment strategy on an ongoing basis, focusing on factors including, but not limited to:

- Suitability given the Fund's level of funding and liability profile
- The level of expected risk
- Outlook for asset returns
- Environmental, Social and Governance (ESG) factors

The Committee also monitors the Fund's actual allocation on a regular basis to ensure it does not deviate from the target allocation in a way that materially changes the risk and return profile of the portfolio.

The Committee undertook a further review of the investment strategy in November 2023 because the level of funding improved since the 2022 actuarial valuation. This statement reflects the outcome of this review and the long-term asset class returns assumed within this investment strategy review were as follows:

Asset Class	Median expected return 17 years (% p.a.)
UK Equities	8.1
Global Equities	8.6
Emerging Market Equities	9.2
Private Equity	12.0
Infrastructure	8.4
Property	7.0
Private Credit	8.5
Multi-Asset Credit	6.9
Corporate Bonds	5.5
Absolute Return Bonds	5.0
Overall expected return	8.2

*Based on assumptions as at 30 June 2023

3. Investment of money in a wide variety of investments

Asset classes
The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest and index linked bonds, cash, property and commodities either directly or through pooled funds. The Fund may also make use of contracts for differences and other derivatives either directly or in pooled funds investing in these products for the purpose of efficient portfolio management or to hedge specific risks.

The Committee reviews the nature of Fund investments on a regular basis, with reference to suitability and diversification. The Committee seeks and considers written advice from a suitably qualified person in undertaking such a review. If, at any time, investment in a security or product not previously known to the Committee is proposed, appropriate advice is sought and considered to ensure its suitability and diversification.

The Fund's target investment strategy is set out below. In line with the Regulations, the authority's investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with that authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007.

Table 1: Fund allocation

Asset class	Target allocation %
UK Equities	8.0
Overseas Equities	37.0
Private Equity	5.0
Total Growth	**50.0**
Property	10.0
Infrastructure	7.5
Private Credit	5.0
Multi-Asset Credit	7.5
Total Income	**30.0**
Corporate Bonds	7.5
Absolute Return Bonds	12.5
Total Protection	**20.0**
Total	100.0

Restrictions on investment
The Regulations have removed the previous restrictions that applied under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The Committee's approach to setting its investment strategy and assessing the suitability of different types of investment takes account of the various risks involved. The Committee consider rebalancing the asset portfolio on a quarterly basis to maintain the asset split in line with the agreed asset allocation target, or otherwise take appropriate steps to reach the targets

(for example, building up or winding down allocations to less liquid private market funds). Therefore it is not felt necessary to set additional restrictions on investments.

Managers

The Committee has appointed a number of investment managers all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business.

The Committee, after seeking appropriate investment advice, has agreed specific performance benchmarks with each manager so that, in aggregate, the overall Fund delivers a risk and return profile consistent with the objectives of the Fund. The Fund's active investment managers will hold a mix of investments which reflects their views relative to their respective benchmarks. They will make changes to their portfolios as the economic outlook alters, as individual company prospects change and in response to any unexpected market shocks in an attempt to deliver a better return than the market overall. Within each major market and asset class, the managers will maintain diversified portfolios through direct investment or pooled vehicles. The managers of passive, pooled investment funds that the Fund invests in hold a mix of investments that seeks to match the performance of the fund's respective benchmark indices.

For the assets invested with the Wales Pension Partnership (WPP), the operator is responsible for the appointment of investment managers for the WPP sub-funds.

4. The approach to risk, including the ways in which risks are to be measured and managed

The Committee is aware that the Fund has a need to take risk (e.g. investing in growth assets) to help it achieve its funding objectives. It has an active risk management programme in place that aims to help it identify the risks being taken and put in place processes to manage, measure, monitor and (where possible) mitigate the risks being taken. One of the Committee's overarching beliefs is to only to take as much investment risk as is necessary.

The principal risks affecting the Fund are set out below, we also discuss the Fund's approach to managing these risks and the contingency plans that are in place:

Funding risks

- Financial mismatch – The risk that Fund assets fail to grow in line with the developing cost of meeting the liabilities.

- Changing demographics – The risk that longevity improves and other demographic factors change, increasing the cost of Fund benefits.

- Systemic risk – The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting the Fund's liabilities.

The Committee measures and manages financial mismatch in two ways.

1. As indicated above, the Committee has set a strategic asset allocation benchmark for the Fund. This benchmark was set taking into account asset liability modelling which focused on probability of success and level of downside risk. The results from the

2022 analysis highlighted that the Fund has a greater than 75% probability of being fully funded in 2039 under the current investment strategy and level of agreed contributions. The Committee assesses risk relative to the strategic benchmark by monitoring the Fund's asset allocation and investment returns relative to the benchmark.

2. The Committee also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

The Committee also seeks to understand the assumptions used in any analysis and modelling so they can be compared to their own views and the level of risks associated with these assumptions to be assessed.

The Committee seeks to mitigate systemic risk through a diversified portfolio but it is not possible to make specific provision for all eventualities that may arise under this heading.

Asset risks

- Concentration – The risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.

- Illiquidity – The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets.

- Currency risk – The risk that the currency of the Fund's assets underperforms relative to Sterling (i.e. the currency of the liabilities).

- Manager underperformance – The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.

- Environmental, Social and Governance (ESG) factors – The risk that ESG-related factors, including climate change, reduce the Fund's ability to generate long-term returns.

- Climate change – The extent to which climate change causes a material deterioration in asset values as a consequence of factors including but not limited to policy change, physical impacts and the expected transition to a low-carbon economy.

The Committee measures and manages asset risks as follows.

The Fund's strategic asset allocation benchmark invests in a diversified range of asset classes. The Committee has put in place rebalancing arrangements to ensure the Fund's "actual allocation" does not deviate substantially from its target. The Fund invests in a range of investment mandates each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, help reduce the Fund's asset concentration risk.

By investing across a range of assets, including liquid quoted equities and bonds, as well as property, the Committee has recognised the need for access to liquidity in the short term. Where the Fund invests in private market funds that are subject to capital calls and distributions which may arise at relatively short notice, the Fund utilises a cashflow management framework. The framework includes routine monitoring of expected cashflows and identifies times where liquidity access may be most acute, and defines the Fund's approach for meeting these needs.

The Fund invests in a range of overseas markets which provides a diversified approach to currency markets; the Committee also assess the Fund's currency risk during their risk analysis.

The Committee has considered the risk of underperformance by any single investment manager and have attempted to reduce this risk by appointing more than one manager and having a significant proportion of the Scheme's assets managed on a passive basis. The Committee assess the Fund's managers' performance on a regular basis, and will take steps, including potentially replacing one or more of their managers, if underperformance persists.

Details of the Fund's approach to managing ESG-related risks, including risks associated with climate change, are set out later in this document.

Other provider risk

- Transition risk – The risk of incurring unexpected costs in relation to the transition of assets among managers. When carrying out significant transitions, the Committee seeks suitable professional advice.
- Custody risk – The risk of losing economic rights to Fund assets, when held in custody or when being traded.
- Credit default – The possibility of default of a counterparty in meeting its obligations.
- Stock-lending – The possibility of default and loss of economic rights to Fund assets.

The Committee monitors and manages risks in these areas through a process of regular scrutiny of its providers, and audit of the operations it conducts for the Fund, or has delegated such monitoring and management of risk to the appointed investment managers as appropriate (e.g. custody risk in relation to pooled funds). The Committee has the power to replace a provider should serious concerns exist.

A separate schedule of risks that the Fund monitors is set out in the Fund's Funding Strategy Statement.

5. The approach to pooling investments, including the use of collective investment vehicles and shared services

The Fund is a participating scheme in the Wales Pensions Partnership (WPP). The proposed structure and basis on which WPP will operate was set out in the July 2016 submission to Government.

Assets to be invested in WPP

The Fund's intention is to invest its assets through WPP as and when suitable investment solutions become available. An indicative timetable for investing through WPP was set out in the July 2016 submission to Government. The key criteria for assessment of WPP solutions will be as follows:

1 That WPP enables access to an appropriate solution that meets the objectives and benchmark criteria set by the Fund

2 That there is a clear financial benefit to the Fund in investing in the solution offered by WPP, should a change of provider be necessary.

At the time of preparing this statement the Fund has agreed investments in the following assets via WPP.

Asset class	Fund	Target % of Fund assets	Benchmark and performance objective
Equities	Global Growth Fund	10.1	MSCI AC World plus 2% p.a.
Equities	Global Opportunities Fund	10.1	MSCI AC World plus 2% p.a.
Equities	Sustainable Equity Fund	10.1	MSCI AC World plus 2% p.a.
Equities	Emerging Markets Equity Fund	2.5	MSCI EM Index plus 2% p.a.
Private Equity	Private Equity Fund Vintages	5.0	8 % p.a.
Infrastructure	Infrastructure Fund Vintages and Open-ended Funds	7.5	8% p.a.
Private Credit	Private Credit Fund	5.0	8% p.a.
Bonds	Multi-Asset Credit Fund	7.5	SONIA + 4% p.a.
Bonds	Global Credit Fund	7.5	Barclays Global Agg. Credit Index (GBP hedged)
Bonds	Absolute Return Bond Fund	12.5	SONIA + 2 p.a.

Total	77.8	

Although investments with BlackRock are currently retained by the Fund, the procurement process for BlackRock as index-tracking manager on behalf of partner funds (and any subsequent re-tender) was handled by WPP in order to achieve substantial fee savings, a key benefit of a pooled investment approach. This relates to a further 12.2% of target allocations.

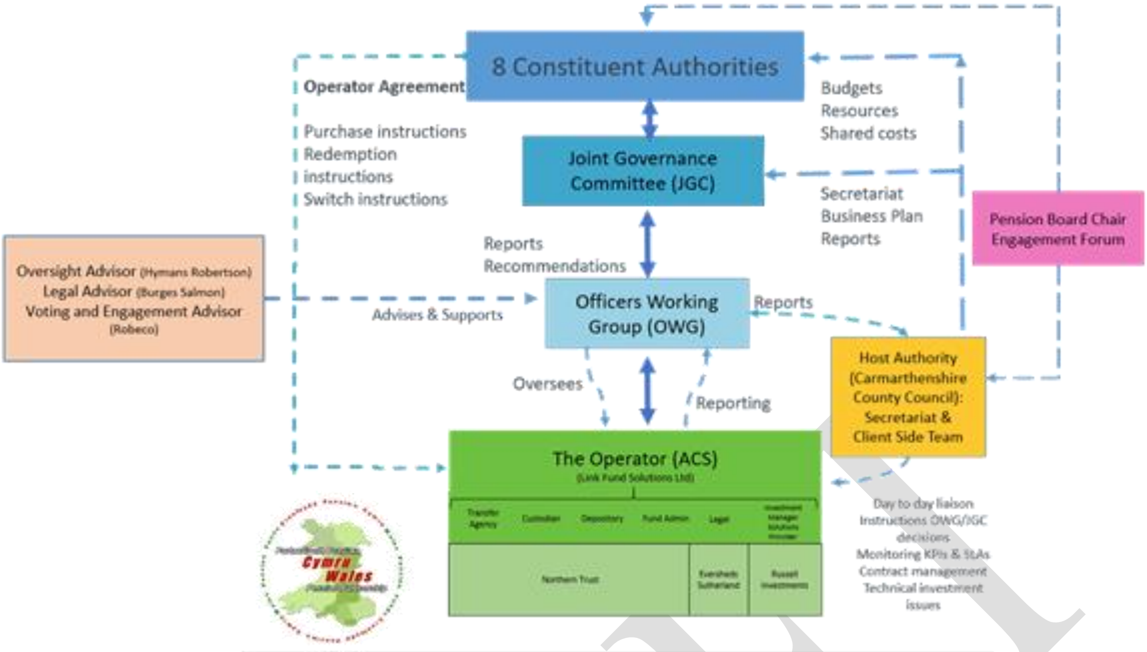
At the time of preparing this statement the Fund retains the following investments outside of WPP. The Fund has elected to invest new money in Private Equity and Infrastructure funds through WPP and will consider participating in pooling arrangements should a suitable solution be made available by WPP.

Asset class	Manager	% of Fund assets[1]	Benchmark and performance objectives	Reason for not investing via WPP
Private Equity	Partners	5.8	MSCI ACWI + 3% p.a.	Existing contractual commitments in closed end funds which have a finite life.
Property	UBS, Lothbury, BlackRock, Threadneedle	7.4	UK All Balanced Property Fund Index	Selling and re-investing property assets would incur material costs.
Infrastructure	Partners	2.4	8% p.a.	Existing contractual commitments in closed end funds which have a finite life.

[1]Allocations as at 31 December 2023

Structure and governance of WPP

WPP has appointed a third-party operator, authorised by the FCA to provide a series of investment sub-funds in which the assets of the participating funds will be invested.



A Joint Governance Committee (JGC) has been established to oversee the operator. The Committee comprises elected members – one from each of the eight participating funds. This arrangement will provide accountability for the operator back to individual administering authorities. The Joint Governance Committee (JGC) has been set up formally as a Joint Committee between the participating administering authorities. Each fund has one elected member on the Committee. It operates on the basis of 'One Fund, One Vote', though the intention is that any decisions are reached by consensus wherever possible.

The Committee is responsible for ensuring where practical that there are an appropriate range of sub-funds available to allow administering authorities to implement their own desired asset allocation. The JGC will be in regular discussions with the operator as to the specific sub-funds which should be set up within WPP, both at the outset and on an ongoing basis.

Officers from each administering authority attend JGC meetings (in a non-voting capacity). The officers advise the JGC on the establishment and monitoring of the various sub-funds as well as liaise directly with the operator on any day-to-day investment matters.

In the first instance, it is anticipated that the fund representatives on the JGC will report back to their respective individual funds' Pensions committees who will be responsible for satisfying themselves as to the effectiveness of the pooling arrangements overall and the operation of the JGC. However, the local Pensions Boards may also seek reassurance on aspects of the management of the funds' investments.

External scrutiny and formal due diligence of the operator and depositary will be carried out by the FCA in their role as regulator. In addition, Hymans Robertson have been appointed by the JGC to provide assistance with oversight of the arrangements.

The operator is responsible for selecting and contracting with investment managers for each of the sub-funds as well as appointing other service providers such as depositary asset servicer, and an external valuer as necessary. Under the proposed structure, the depository will hold legal title to the assets of WPP. The operator will be responsible for managing and operating WPP, including entering into the legal contracts with the investment managers.

The appointed operator will provide and operate a range of investment vehicles to allow collective investment by the participating funds. The operator will be responsible for selecting and contracting with investment managers for the management of the underlying assets. They will also be responsible for administration in relation to the vehicles in terms of unit pricing, valuation, handling cash flows in and out of the various sub-funds, trade processing and reporting on performance. They will be responsible for due diligence from an audit, legal and tax perspective for the respective sub-funds and also for electing a depositary to WPP.

WPP will also procure independent external legal and tax advice as necessary to support them in their relationship with the operator.

6. How social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments

It is recognised that ESG factors, including climate change, can influence long-term investment performance and the ability to achieve long term sustainable returns. The Committee consider the Fund's approach to responsible investment in two key areas:

1. Sustainable investment / ESG factors – considering the financial impact of environmental, social and governance (ESG) factors on its investments.
2. Stewardship and governance – acting as responsible and active investors/owners, through considered voting of shares, and engaging with investee company management as part of the investment process.

The Committee takes ESG matters very seriously and regularly reviews its policies in this area and its investment managers' approach to ESG. The Committee has also developed a set of Responsible Investment beliefs which are set out below and also in the Fund's Responsible Investment Policy.

The Committee recognises that climate change presents a particular systemic risk to the financial stability of the global economy and has the potential to impact on the Fund's investments and, as such, represents a long-term financial risk to the Fund and its holdings.

To date, the Fund's approach to social investments has largely been to delegate this to their underlying investment managers as part of their overall ESG duties.

At the present time the Committee does not prioritise non-financial factors when selecting, retaining, or realising its investments.

The Committee have agreed the following set of investment beliefs in relation to Responsible Investment :-

- In accordance with the committee's fiduciary duty, financial considerations should carry more weight than non-financial considerations when making investment decisions, even though ESG matters can materially affect risk and returns. Therefore, ESG factors should be embedded in the investment process and in the decision-making processes of managers appointed by the Fund and by WPP.

- The Fund's Committee will seek to invest in sustainable assets, including investing within the Wales area when non-financial investments can derive from this, on condition that they satisfy the requirements of the fiduciary duty.
- The Committee accepts that it has a duty to be a responsible investor. It is expected that consulting with companies, rather than avoiding investing, will be more effective in changing corporate behaviour and reducing risk. Wherever possible, collaborative action (such as that taken via Local Authority Pension Fund Forum (LAPFF) membership and commissioned from Robeco alongside WPP partners) provides the most successful route to influence outputs.
- As a long-term investor, the Fund is vulnerable to systemic risks such as climate change and the expectation of a transfer to a low carbon economy. Financial outcomes can be improved through managing how open to such risks the Fund is.
- Shareholder comprehension and outcomes can be improved through providing transparency at each step of the value-adding chain.
- Training and education are likely to form a key element in developing the Fund and its Committee position on ESG-related matters.

7. The exercise of rights (including voting rights) attaching to investments

Voting rights
The Committee considers the Fund's approach to stewardship also as a key area by acting as a responsible and active investor, by commissioning considered voting on the Fund's behalf as shareholders, and by indirectly engaging with investee company management as part of the investment process.

The Committee has delegated the exercise of voting rights to the investment manager(s) on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value.

Accordingly, the Fund's managers have produced written guidelines of their process and practice in this regard. The managers are strongly encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies under Regulation 7(2)(f). The voting decisions made by all its investment managers are monitored on a regular basis.

In addition, Robeco are appointed to assist WPP in exercising its voting rights in line with the interest of its stakeholders and engaging with investee companies to enhance the long-term value of the Constituent Authorities' investments within WPP.

Engagement
The Committee endorses the principles embedded in the UK Stewardship Code. ~~and intends to apply to become a signatory to the updated UK Stewardship Code 2020~~. The Committee expects both WPP and any directly appointed asset managers to be signatories to the UK

Stewardship Code 2020. In addition, the Fund believes in collective engagement and is a member of the LAPFF, through which it collectively exercises a voice across a range of corporate governance issues. ~~In addition to the Fund's compliance with the Stewardship Code,~~ The Fund believes in collective engagement and is a member of the Local Authority Pension Fund Forum (LAPFF), through which it collectively exercises a voice across a range of corporate governance issues.

The Committee supports engagement activity that seeks to:

- Achieve greater disclosure of information on the ESG-related risks that could affect the value of an investment;
- Achieve transparency of an investment's associated greenhouse gas emissions and any climate-related risks, and how such companies are preparing for the transition to a low carbon economy;
- Encourage its asset managers to actively participate in collaborative engagements with other investors where this is deemed to be in the best interests of the Fund and where this promotes a well-functioning financial system.

Further details are set out in the Fund's Responsible Investment Policy.

Investments made via WPP are subject to its Responsible Investment Policy, which is developed in consultation with the eight Welsh Local Government Pension Scheme funds, including the Gwynedd Pension Fund.

MEETING	**PENSIONS COMMITTEE**
DATE	**17 JUNE 2024**
TITLE	**LGPS POOLING SYMPOSIUM 2024**
PURPOSE	**To receive feedback and relevant information from the conference**
RECOMMENDATION	**To accept the information**
AUTHOR	**Councillors Iwan Huws and Goronwy Edwards**

1. INTRODUCTION

The LGPS Pooling Symposium took place on 23rd- 24th April 2024, and Councillors Iwan Huws and Goronwy Edwards attended on behalf of Gwynedd Pension Fund.

2. LGPS POOLING SYMPOSIUM

The agenda of the conference can be seen here: https://www.dgpublishing.com/lgps-pooling-symposium/agenda/

Councillors Iwan Huws and Goronwy Edwards will provide verbal feedback and share relevant information from the conference.

3. RECOMMENDATION

The Committee is asked to accept the information.

Meeting:	Pensions Committee
Date:	17/06/2024
Title:	PENSION ADMINISTRATION
Author:	Meirion Jones, Pensions Manager
Purpose:	For information only

1. Introduction

This report provides a general overview of pension administration over the past year. It contains information on the work carried out over the period and an update on various previously mentioned projects.

2. Performance Management

The Pension Fund is committed to improving its service delivery and will review the measures in place to monitor performance on an annual basis to identify where improvements can be made. Where areas of poor performance are identified, The Pension Service will review the reasons for poor performance and put in place appropriate processes to improve the level of service provision in the future. The service's core duties performance for 2023/24 compared to 2022/23 is as follows:

Core Activities	**Performance in 2022/2023**		**Performance in 2023/2024**	
	Number of cases	**Average days taken**	**Number of cases**	**Average days taken**
Average number of work days taken to send a quotation letter offering a transfer in	351	26.60	233	9.18
Average number of work days taken to send a quotation letter detailing a transfer out	218	17.11	745	13.26
Average number of work days taken to send process a refund of pension contributions	287	0.72	397	0.62
Number of working days on average taken to send a letter informing of the value of the deferred benefits	2,015	7.86	2,800	6.03
Average number of work days taken to send a letter informing value of benefits – estimates	2,056	1.16	2,611	0.93
Average number of work days taken to send a letter informing value of benefits – actual	797	0.84	919	0.76
Average number of work days taken to notify dependents benefits	385	1.61	358	1.44

Monthly pension payments processed and paid on time (figure based on number of payments in Month 12 of each year)	11,999	100%	12,526	100%
Number of cases where amended payments were necessary as a result of an error in the section	0	n/a	0	n/a

As can be seen, the performance of the service has improved.

We will continue to work to improve the performance for all tasks during 2024/25.

3. Member Satisfaction Survey

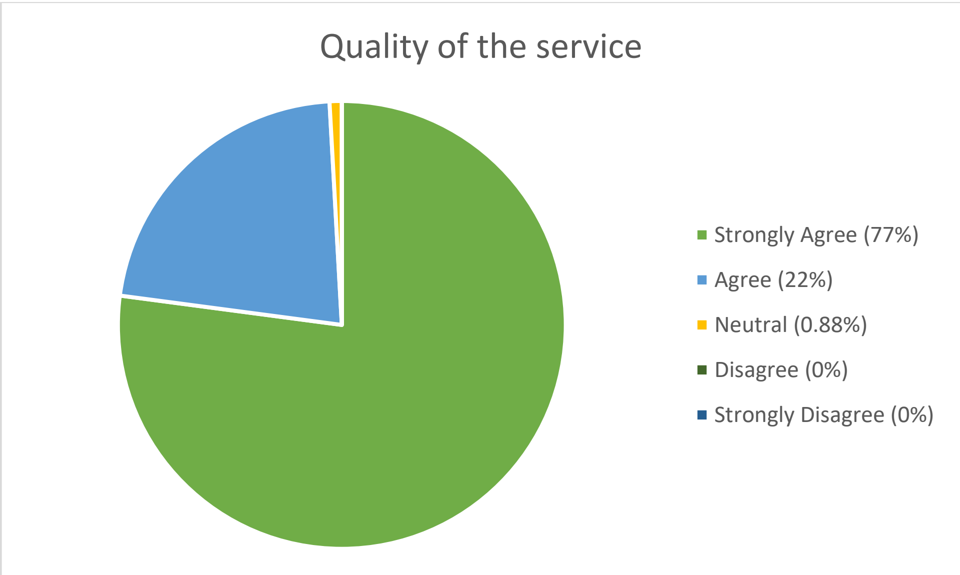
To ensure that we offer the best possible service to our members, a Member Satisfaction Survey is sent at the end of each process, e.g. retirements and payment of refunds for the members to give their opinion on the quality of the service received and their opinion about the service provided by the staff.

162 members took part in this survey.

Here is a summary of the 2023/24 results:

Quality of Service

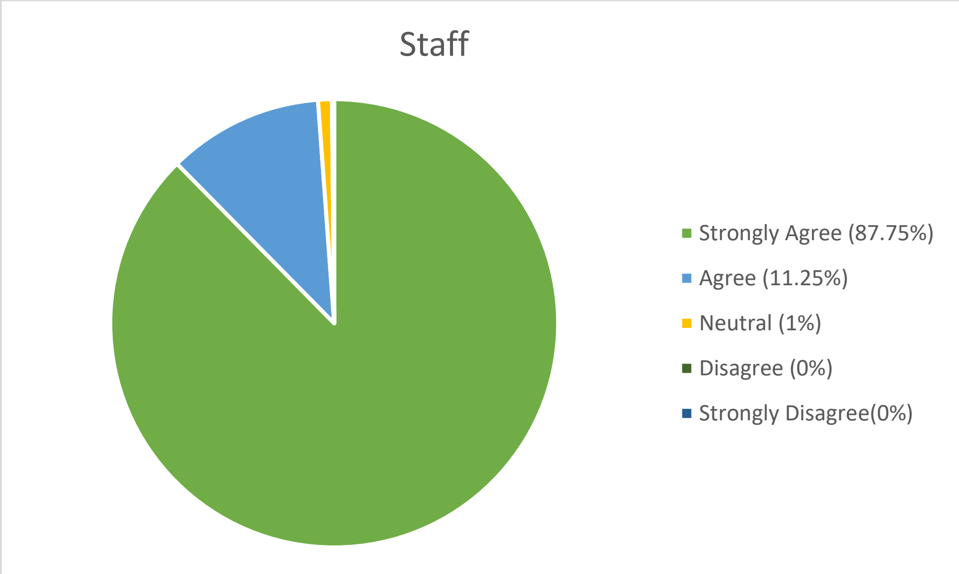
The chart below shows the percentage of users who are satisfied with four aspects of the service's performance based on: i) Service as a whole; ii) clear information; iii) Quality of service; iv) Time to deal with the enquiry.



As can be seen, **99%** of the users strongly agree or agree that the quality of the service provided is of a high standard. The percentage for 2022/23 was **95.34%.**

Staff

The chart below shows the percentage of users who are satisfied with four aspects of staff performance based on: i) Courtesy; ii) Punctuality; iii) Assistance given; iv) level of knowledge.

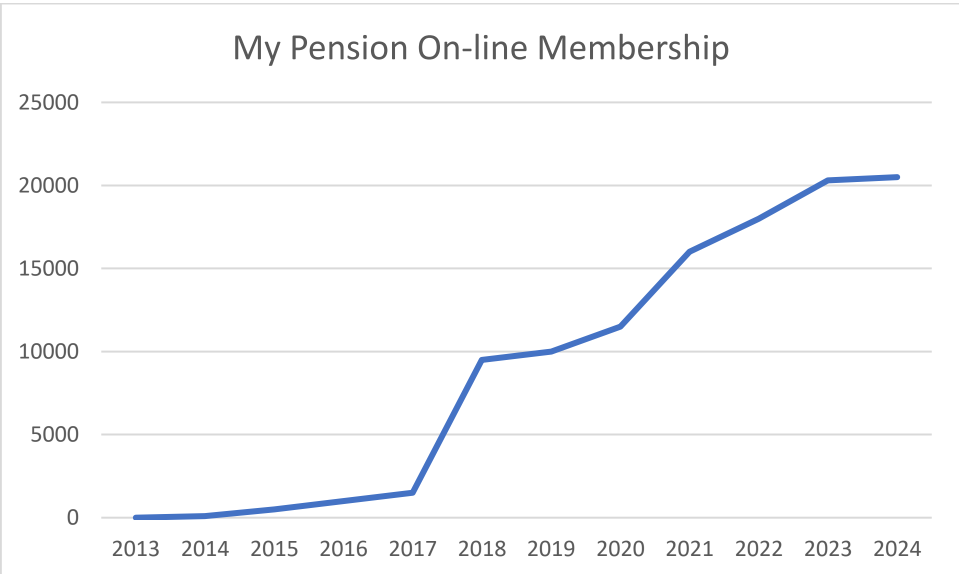


As can be seen, a high percentage once again **(99%)** of the users strongly agree or agree that the quality of the service provided is of a high standard in relation to the staff. The percentage for 22/23 was **98.04%.**

4. My Pension Online

The 'My Pension Online' system continues to be very popular, with a large number of members visiting the site daily.

Approximately 20,000 have registered for the service to date. The graph below shows an increase in the number of members joining the self-service system over the last 10 years:



The system allows members to:

- View and update personal details and addresses
- Find out how much benefits will be worth at retirement
- Calculate the amount of extra lump sum they can take in retirement
- View their service history, including any transmitted service
- View and update their nominated beneficiaries
- View their Annual Benefit Statements
- View payslips (Pensioners)

Over the last few months we have been working on a new version of the self-service website. This system has gone live 10/04/2024.

Not only does this development have a completely new look, but the new technology used means that there is much better functionality across the website. Further updates are still in progress, with the aim of continually better engaging members at the heart of the project. Some of the main developments on the site include:

- Simpler login, without the need for usernames and security questions. Members can use their email address and password to access.
- Better security with 2 factor authentication.
- Simplified navigation and design built with users in mind.
- Retirement planner.
- Personal explanatory videos for complex subjects, e.g. annual pension statements.
- Electronic ID authentication system.

All members who are already registered on the old site will have to move over to the new site, and work to promote this will begin to happen in the coming weeks.

5. The Pensios Regulator – Measuring Data

In 2015, the Pensions Regulator (tPR) took over responsibility for Public Sector Pension Schemes. Before that, in June 2010, the tPR published guidance on what they consider to be good practice to measure the presence of members' data.

Over the last few years we have been commissioning our software provider, Aquila Heywood to produce a Data Quality Report for our Fund every September. We now have software to run this report internally.

The report is divided into two sections:

- **Common Data:** e.g. name, address, NI number, gender, date of birth, status and start date
- **Scheme Specific Data:** e.g. benefits in the scheme, transfer details, AVC, salary details, contributions, service, lifetime allowance, annual allowance and GMP**.**

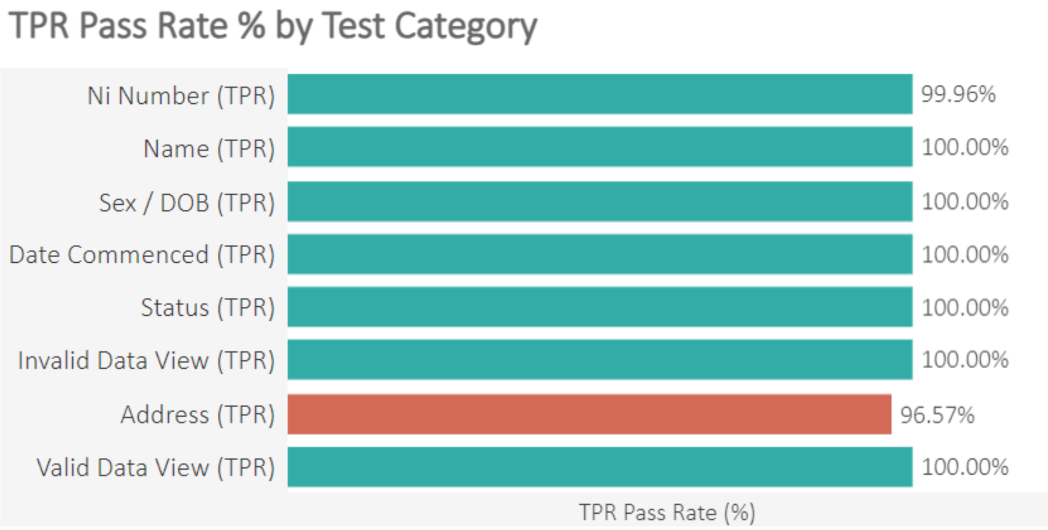
We provide below a summary of the results:

Summary of Common Data Results

The graph below shows Gwynedd's performance for each data category.

7 of the 8 categories achieved the highest benchmark of more than 98% with 6 categories not recording a single failure. The only category that did not reach the highest benchmark in question was **members' addresses** with a score of **96.57%.** With the exception of members' addresses, the general quality of common data in Gwynedd is of a high standard. In order to improve the member address score we will be working with a company called ATMOS to carry out work to track the address of members recorded as having "disappeared".

The percentage of member records without a common data failure is **97.5%** (97.9% last year) at the date of preparing this report (12/04/2024).



Summary of Scheme Specific Data Results

The work of updating the 2023/24 records has not been completed at the moment, so it is not possible to give a fair comparison of the situation at the moment in relation to the specific data of the scheme.

An action plan will be developed in relation to the implementation of any data cleansing highlighted as part of this exercise and this data cleansing is expected to improve the data scores for next year.