

Gwynedd Pension Fund

STATEMENT OF ACCOUNTS 2024/25

NARRATIVE REPORT

Introduction

Gwynedd Pension Fund's accounts and notes for the year 2024/25 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 for three years. The next valuation will be at 31 March 2025 and any changes to employers' contributions will be effective from 1 April 2026 onwards.

Further information relating to the accounts is available from:

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Finance Department

Cyngor Gwynedd

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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

Cyngor 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.

24 November 2025

Councillor Elin Hywel

Chair, Pensions Committee

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 2025 and the Pension Fund's income and expenditure for the year then ended.



12 November 2025

Dewi Morgan CIPFA

Head of Finance, Cyngor Gwynedd

GWYNEDD PENSION FUND ACCOUNTS

THE FUND ACCOUNT

31 March 2024 £'000		Notes	31 March 2025 £'000
	Dealings with members, employers and others directly involved in the Fund		
94,278	Contributions	7	101,760
3	Other income	8	3
8,575	Transfers in from other pension funds	9	9,156
102,856			110,919
(82,931)	Benefits	10	(94,520)
(5,068)	Payments to and on account of leavers	11	(7,870)
(87,999)			(102,390)
14,857	Net additions/ (withdrawals) from dealings with members		8,529
(15,042)	Management expenses	12	(18,282)
(185)	Net additions/ (withdrawals) including fund management expenses		(9,753)
	Returns on investments		
47,956	Investment income	13	65,847
260,095	Profit and losses on disposal of investments and changes in the market value of investments	14	105,626
308,051	Net returns on investments		171,473
307,866	Net Increase/ (Decrease) in the net assets available for benefits during the year		161,720
2,762,129	Opening net assets of the scheme		3,069,995
3,069,995	Closing net assets of the scheme		3,231,715

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

NET ASSETS STATEMENT

31 March 2024 £'000		Notes	31 March 2025 £'000
3,036,264	Investment assets	14	3,192,243
499	Cash deposits	14	1,546
(333)	Investment liabilities	14	(642)
3,036,430	Total net investments		3,193,147
37,723	Current assets	20	42,580
(4,158)	Current liabilities	21	(4,012)
3,069,995	Net assets of the fund available to fund benefits at the end of the reporting period		3,231,715

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 I – 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 Kinnel Bay Town Council
Holyhead Town Council	Tywyn Town Council
Caernarfon Town Council	Conwy Town Council
Llanfairfechan Town Council	Llanrwst Town Council
Llanfair Mathafarn Eithaf Town Council (since 01/08/2024)	
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
Community Admission Bodies	
Cartrefi Conwy	Adra
Byw'n Iach	
Transferee Admission Bodies	
ABM Catering	A E & A T Lewis
Kingdom Services Group	Chartwells

NOTE I – DESCRIPTION OF FUND (continued)

Membership details are set out below:

	31 March 2024	31 March 2025
Number of employers	46	47
Number of employees in scheme		
County Council	15,236	15,198
Other employers	4,112	4,214
Total	19,348	19,412
Number of pensioners		
County Council	10,194	10,746
Other employers	2,310	2,530
Total	12,504	13,276
Deferred pensioners		
County Council	12,093	12,435
Other employers	2,326	2,411
Total	14,419	14,846
Unclaimed benefits		
County Council	3,473	4,055
Other employers	533	628
Total	4,006	4,683
Undecided Leavers		
County Council	2,738	1,604
Other employers	300	188
Total	3,038	1,792
Total number of members in pension scheme	53,315	54,009

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 2025. 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 $1/80 \times$ final pensionable salary.	Each year worked is worth $1/60 \times$ 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 $1/49 \times$ 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 2024/25 financial year and its position at year-end as at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 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 2024/25.

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 IAS 19 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 valued by the investment managers using guidelines set out by IFRS accounting standards. The value of unquoted securities at 31 March 2025 was £413.0 million (£267.2 million at 31 March 2024).

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 £413.0 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

2023/24		2024/25
£'000		£'000
23,500	Employees' contributions	24,831
	Employers' contributions:	
70,948	• Normal contributions	76,844
(170)	• Other*	85
70,778	Total employers' contributions	76,929
94,278	Total contributions receivable	101,760

By type of employer

2023/24		2024/25
£'000		£'000
30,331	Cyngor Gwynedd	32,503
58,497	Other scheduled bodies	63,001
1,799	Admission bodies	1,872
3,269	Community admission bodies	3,691
151	Transferee admission bodies	150
403	Resolution bodies	458
(172)	Closed funds**	85
94,278		101,760

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

** Closed funds – this relates to an exit credit payment following cessation of an employer in the fund. The employer was previously an admission body but is now a closed fund.

NOTE 8 – OTHER INCOME

2023/24		2024/25
£'000		£'000
2	Interest on deferred contributions	0
1	Income from divorce calculations	3
3		3

NOTE 9 – TRANSFERS IN FROM OTHER PENSION FUNDS

2023/24		2024/25
£'000		£'000
8,575	Individual transfers	9,156
8,575		9,156

NOTE 10 - BENEFITS PAID

By category

2023/24		2024/25
£'000		£'000
62,931	Pensions	70,063
16,841	Commutation and lump sum retirement benefits	21,597
3,159	Lump sum death benefits	2,860
82,931		94,520

By type of employer

2023/24		2024/25
£'000		£'000
25,340	Cyngor Gwynedd	28,742
40,911	Other scheduled bodies	48,151
1,671	Admission bodies	2,085
1,916	Community admission bodies	2,417
50	Transferee admission bodies	56
189	Resolution bodies	133
12,854	Closed funds	12,936
82,931		94,520

NOTE 11 – PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2023/24		2024/25
£'000		£'000
271	Refunds to members leaving service	209
(1)	Payments for members joining state scheme	0
4,798	Individual transfers	7,661
5,068		7,870

NOTE 12 – MANAGEMENT EXPENSES

2023/24		2024/25
£'000		£'000
12,866	Investment management expenses	15,738
1,720	Administrative costs	1,988
456	Oversight and governance costs	556
15,042		18,282

NOTE 12a – INVESTMENT MANAGEMENT EXPENSES

2024/25	Management Fees £'000	Transaction Costs £'000	Total £'000
Pooled Funds			
Fixed Income	594	101	695
Equities	1,807	986	2,793
Other Investments			
Pooled Property	1,708	0	1,708
Private Credit	990	0	990
Private Equity	4,370	0	4,370
Infrastructure	4,763	88	4,851
	14,232	1,175	15,407
Custody Fees			331
Total			15,738

2023/24	Management Fees £'000	Transaction Costs £'000	Total £'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

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 Growth, 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 managers 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 2024/25 were £4,125,186 (£3,074,340 in 2023/24).

NOTE 12b- ADMINISTRATIVE COSTS

2023/24		2024/25
£'000		£'000
794	Direct employee costs	903
494	Other direct costs	648
432	Support services, including IT	437
1,720		1,988

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

2023/24		2024/25
£'000		£'000
87	Actuarial fees	143
78	Investment consultancy fees	68
6	Performance monitoring service	47
43	External audit fees	44
16	Pensions Committee and Local Pension Board	13
226	Wales Pensions Partnership	241
456		556

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 Net Asset Value (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.

	2023/24	2024/25
	£'000	£'000
Investment Management Expenses		
Fund Manager fees	3,193	5,624
Transaction costs	972	1,175
Custody fees	268	331
	4,433	7,130
Oversight and governance costs		
Running costs	226	241
Total	4,659	7,371

NOTE 13 – INVESTMENT INCOME

2023/24		2024/25
£'000		£'000
16,175	Fixed Income	28,082
20,964	Equities	20,417
750	Private Credit	1,252
880	Private Equity	2,408
765	Infrastructure	5,924
7,168	Pooled property investments	6,242
1,254	Interest on cash deposits	1,522
47,956	Total before taxes	65,847

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 2024 £'000		31 March 2025 £'000
Investment assets		
Pooled Funds		
861,232	Fixed income	878,523
1,697,436	Equities	1,725,148
Other Investments		
210,350	Pooled property investments	175,589
10,235	Private Credit	50,748
167,029	Private Equity	162,518
89,982	Infrastructure	199,717
3,036,264		3,192,243
499	Cash deposits	1,546
3,036,763	Total investment assets	3,193,789
Investment liabilities		
(333)	Amounts payable for purchases	(642)
(333)	Total investment liabilities	(642)
3,036,430	Net investment assets	3,193,147

NOTE 14a – RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

2024/25	Market value at 1 April 2024	Purchases during the year	Sales during the year	Change in market value during the year	Market value at 31 March 2025
	£'000	£'000	£'000	£'000	£'000
Pooled investments	2,558,668	59,499	(90,100)	75,604	2,603,671
Pooled property investments	210,350	3,980	(45,410)	6,669	175,589
Private credit	10,235	37,642	0	2,871	50,748
Private equity / infrastructure	257,011	118,878	(22,930)	9,276	362,235
	3,036,264	219,999	(158,440)	94,420	3,192,243
Cash deposits	499				1,546
Amounts payable for purchases of investments	(333)				(642)
Fees within pooled vehicles				11,206	
Net investment assets	3,036,430			105,626	3,193,147

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)	259,135	2,558,668
Pooled property investments	221,297	2,981	0	(13,928)	210,350
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

No derivative instruments were held by Gwynedd Pension Fund at 31 March 2025 or at 31 March 2024.

NOTE 14b – ANALYSIS OF INVESTMENTS

Investments analysed by fund manager

Market Value at 31 March 2024			Market Value at 31 March 2025		
£'000	%		£'000	%	
2,118,741	69.8	Wales Pension Partnership	2,326,430	72.9	
524,137	17.3	BlackRock	521,850	16.3	
236,679	7.8	Partners Group	226,167	7.1	
72,160	2.4	UBS	76,742	2.4	
50,779	1.6	Lothbury	6,263	0.2	
34,267	1.1	Threadneedle	36,337	1.1	
3,036,763	100.0		3,193,789	100.0	

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

Market Value at 31 March 2024			Market Value at 31 March 2025		
£'000	%		£'000	%	
434,566	14.2	WS Wales PP Global Opportunities Equity Fund	460,613	14.3	
415,429	13.5	WS Wales PP Global Growth Fund	418,895	13.0	
412,216	13.4	WS Wales PP Absolute Return Bond Fund	403,246	12.5	
317,063	10.3	WS Wales PP Sustainable Active Equity Fund	317,658	9.8	
267,131	8.7	Black Rock Aquila Life UK Equity Index Fund	294,958	9.1	
226,013	7.4	WS Wales PP Multi Asset Credit Fund	241,859	7.5	
223,004	7.3	WS Wales PP Global Credit Fund	233,417	7.2	
203,363	6.6	Black Rock ACS World Low Carbon Fund	170,002	5.3	

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 £135,500 (£99,730 in 2023/24). Currently the Fund has total quoted equities of £44.7m on loan (£52.2m at 31 March 2024). 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 3	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	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
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)	<ul style="list-style-type: none"> • 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	Valuations could be affected by changes to expected cash flows or by differences between audited and unaudited accounts.

			uses valuation techniques to discount estimated future cash flows to present value.	
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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 2025. 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 2024/25.

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.

	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Values at 31 March 2025				
Financial assets at fair value through profit and loss				
Fixed income	0	878,523	0	878,523
Equities	0	1,725,148	0	1,725,148
Pooled property investments	0	0	175,589	175,589
Private credit	0	0	50,748	50,748
Private equity	0	0	162,518	162,518
Infrastructure	0	0	199,717	199,717
Cash deposits	1,546	0	0	1,546
	1,546	2,603,671	588,572	3,193,789
Financial liabilities at fair value through profit and loss				
Payables for investment purchases	(642)	0	0	(642)
Total	904	2,603,671	588,572	3,193,147

NOTE 15a – FAIR VALUE HIERARCHY (CONTINUED)

Values at 31 March 2024	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	861,232	0	861,232
Equities	0	1,697,436	0	1,697,436
Pooled property investments	0	0	210,350	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	2,558,668	477,596	3,036,763
Financial liabilities at fair value through profit and loss				
Payables for investment purchases	(333)	0	0	(333)
Total	166	2,558,668	477,596	3,036,430

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

	Market Value 1 April 2024 £'000	Transfers in/ 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 2025 £'000
Property	210,350	0	3,980	(45,410)	6,669	0	175,589
Private Credit	10,235	0	37,642	0	2,871	0	50,748
Private Equity	167,029	0	12,230	(7,646)	1,177	(10,272)	162,518
Infrastructure	89,982	0	106,648	(1,552)	8,099	(3,460)	199,717
Total Level 3	477,596	0	160,500	(54,608)	18,816	(13,732)	588,572

	Market Value 1 April 2023 £'000	Transfers in/ 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
Property	221,297	0	2,981	0	(13,928)	0	210,350
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	455,485	0	53,438	(10,471)	(9,787)	(11,069)	477,596

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 2024				As at 31 March 2025			
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							
2,558,668	0	0	Pooled investments	2,603,671	0	0	
210,350	0	0	Pooled property investments	175,589	0	0	
10,235	0	0	Private credit	50,748	0	0	
167,029	0	0	Private equity	162,518	0	0	
89,982	0	0	Infrastructure	199,717	0	0	
0	31,650	0	Cash	0	36,963	0	
0	6,572	0	Debtors	0	7,163	0	
3,036,264	38,222	0		3,192,243	44,126	0	
Financial liabilities							
0	0	(4,491)	Creditors	0	0	(4,654)	
0	0	(4,491)		0	0	(4,654)	
3,036,264	38,222	(4,491)		3,192,243	44,126	(4,654)	

NOTE 16a – NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

31 March 2024		31 March 2025	
Fair value		Fair value	
£'000		£'000	
Financial assets			
249,348	Fair value through profit and loss	94,420	
0	Loans and receivables	0	
249,348	Total financial assets	94,420	
Financial liabilities			
0	Fair value through profit and loss	0	
0	Financial liabilities at cost	0	
0	Total financial liabilities	0	
249,348	Net financial assets	94,420	

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 (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages 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 2023/24 and 2024/25 reporting period.

Asset type	Potential market movement (+/-)	
	31 March 2024	31 March 2025
	%	%
UK Equities	16.0	16.3
Global Equities	16.7	18.6
Emerging Markets Equities	23.0	24.3
Private Equity	31.2	26.6
Corporate Bonds	7.0	6.5
Senior Loans (Sub investment grade)	8.8	7.6
Absolute Return Bonds	2.7	2.7
Infrastructure	13.6	14.5
Property	15.6	15.2
Diversified Credit	7.1	7.5
Cash	0.3	0.3
Total Fund	10.7	11.6

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 2025 £'000	Percentage change %	Value on increase £'000	Value on decrease £'000
UK Equities	294,958	16.3	343,036	246,880
Global Equities	1,367,167	18.6	1,621,460	1,112,874
Emerging Markets Equities	63,023	24.3	78,338	47,709
Private Equity*	162,518	26.6	205,748	119,288
Corporate Bonds	233,417	6.5	248,589	218,245
Senior Loans (sub investment grades)*	50,748	7.6	54,605	46,891
Absolute Return Bonds	403,247	2.7	414,134	392,359
Infrastructure*	199,717	14.5	228,676	170,758
Property*	175,588	15.2	202,278	148,899
Diversified Credit	241,859	6.3	257,097	226,622
Cash	36,963	0.3	37,073	36,851
Debtors and Creditors	2,510	0.0	2,510	2,510
Total assets available to pay Benefits	3,231,715		3,693,544	2,769,886
*Level 3 assets	588,571		691,307	485,836

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	477,596		575,661	379,530

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 of 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 2024 and 31 March 2025 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 2024	As at 31 March 2025
	£'000	£'000
Cash and cash equivalents	31,151	35,417
Cash balances	499	1,546
Pooled Fixed Income	861,232	878,523
Total	892,882	915,486

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 2025	Change in year in the net assets available to pay benefits	
		+1%	-1%
	£'000	£'000	£'000
Cash and cash equivalents	35,417	354	(354)
Cash balances	1,546	15	(15)
Pooled Fixed Income *	878,523	8,785	(8,785)
Total change in assets available	915,486	9,154	(9,154)

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.

The average interest rate received on cash during the year was 5.07% amounting to interest of £1,087,938 for the year (average interest rate of 4.99% and interest income of £1,020,271 in 2023/24).

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 (€69.1 million and US\$30.4 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 2025 is 9.1%. The equivalent rate for the year ended 31 March 2024 was 9.3%. This analysis assumes that all other variables, in particular 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 2025 and at the end of the previous financial year:

Currency exposure - by asset type	Carrying amount as at 31 March 2025	Change in year in the net assets available to pay benefits	
		Value on increase	Value on decrease
	£'000	£'000	£'000
Global Equities	1,367,167	1,491,579	1,242,755
Emerging Markets Equities	63,023	68,758	57,288
Private Equity	162,518	177,307	147,729
Corporate Bonds	233,417	254,658	212,176
Senior Loans (sub investment grades)	50,748	55,366	46,130
Absolute Return Bonds	403,247	439,942	366,551
Infrastructure	199,717	217,891	181,543
Diversified Credit	241,859	263,869	219,851
Total change in assets available	2,721,696	2,969,370	2,474,023

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

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 (Wales Pension Partnership and Partners)	7.50%
Private Equity (Wales Pension Partnership 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 2025 the value of illiquid assets was £589m, which represented 18.2% of the total Fund assets (31 March 2024: £478m, which represented 15.6% 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 2025 are due within one year as was the case at 31 March 2024.

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, dated 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	25.9

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. Asset performance improved in 2024 and early 2025; however the recent increase in US tariffs on imports has caused significant market volatility. The peak of this market volatility was experienced immediately after 31 March 2025, however, generally lower than expected asset returns were experienced in the month immediately prior to this.

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, inflation has reduced towards historical levels and the Bank of England's target (2% pa), with LGPS benefits increasing by 1.7% in April 2025.

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, and a revised version will come into effect from 1 April 2026.

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.

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

The actuarial present value of promised retirement benefits at 31 March 2024 and 2025 are shown below:

	31 March 2024	31 March 2025
	£m	£m
Active members	1,140	1,004
Deferred members	381	314
Pensioners	842	735
Total	2,363	2,053

The promised retirement benefits at 31 March 2025 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022.

Assumptions used

The assumptions used are those adopted for the Administering Authority's IAS19 report as shown below and are different as at 31 March 2024 and 31 March 2025. The actuary estimates that the impact of the change in financial assumptions to 31 March 2025 is to decrease the actuarial present value by £405m. It is estimated that the impact of the change in demographic and longevity assumptions is to decrease the actuarial present value by £5m.

	31 March 2024	31 March 2025
Assumption	%	%
Pension increase rate	2.75	2.75
Salary increase rate	3.25	3.25
Discount rate	4.85	5.80

The life expectancy for the longevity assumption is based on the Fund's VitaCurves with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, 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	Female
	Years	Years
Current pensioners	20.7	23.7
Future pensioners (assumed to be aged 45 at the latest valuation date)	21.6	25.3

All other demographic assumptions are unchanged from last year and are 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 2025	Approximate increase to liabilities	Approximate monetary amount
	%	£m
0.1% p.a. increase in the rate of CPI inflation	2	37
0.1% p.a. increase in the salary increase rate	0	2
0.1% p.a. decrease in the discount rate	2	39
1 year increase in member life expectancy	4	82

NOTE 20 – CURRENT ASSETS

31 March 2024 £'000		31 March 2025 £'000
930	Contributions due – employees	966
2,853	Contributions due – employers	3,004
2,789	Sundry debtors	3,193
6,572	Total debtors	7,163
31,151	Cash	35,417
37,723	Total	42,580

NOTE 21 – CURRENT LIABILITIES

31 March 2024 £'000		31 March 2025 £'000
2,781	Sundry creditors	2,215
1,377	Benefits payable	1,797
4,158	Total	4,012

NOTE 22 - ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC)

The market value of the funds is stated below:

	Market value at 31 March 2024 £'000	Market value at 31 March 2025 £'000
Clerical Medical	5,596	5,852
Utmost Life	153	125
Standard Life	5	5
Total	5,754	5,982

AVC contributions were paid directly to the following manager:

	2023/24 £'000	2024/25 £'000
Clerical Medical	1,062	1,135
Total	1,062	1,135

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 £1,787,170 (£1,606,596 in 2023/24) 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 £32.5m to the Fund in 2024/25 (£30.33m in 2023/24). At the end of the year, the Council owed £1.12m to the Fund which was primarily in respect of interest paid on the Pension Fund's balances, and the Fund owed £1.8m 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 2024/25, the Fund received interest of £1,087,938 (£1,020,271 in 2023/24) 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 2024/25 (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 and E.Hywel and are active members of the Pension Fund. Committee member I.Huws is a deferred member of the pension fund.

Two members of the Pension Board were in receipt of pension benefits from the Gwynedd Pension Fund during 2024/25 (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 Head of Finance (s151), Chair of the Pensions Committee and Fund Director (until 30/06/2023).

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

2023/24 £'000	2024/25 £'000
36 Short-term benefits	31
6 Post-employment benefits	5
42	36

NOTE 24 - COMMITMENTS UNDER INVESTMENT CONTRACTS

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

	Total Commitments £'000	Commitment at 31 March 2024 £'000	Commitment at 31 March 2025 £'000
Schroders Capital WPP Global Private Equity I L.P	12,500	9,056	7,556
Schroders Capital WPP Global Private Equity II L.P	25,000	0	18,250
GCM WPP Global Infrastructure L.P	15,000	11,481	7,551
Capital Dynamics CEI (WPP), L.P	10,000	7,082	5,869
Octopus Renewables Infrastructure	34,500	24,824	0
Russell Investments WPP Global Private Credit L.P	110,000	99,927	62,286
IFM Global Infrastructure UK (GB) L.P	57,500	0	0
Total GBP	264,500	152,370	101,512
	€'000	€'000	€'000
Partners Group Direct 2006	20,000	0	0
Partners Group Global Value 2006	50,000	3,477	3,477
Partners Group Secondary 2008	15,000	1,960	1,960
Partners Group Global Value 2011	15,000	2,096	2,096
Partners Group Global Infrastructure 2012	40,000	7,019	3,419
Partners Group Direct 2012	12,000	1,181	1,181
Partners Group Global Value 2014	12,000	1,531	1,531
Partners Group Direct Equity 2016	50,000	2,826	2,826
Partners Group Global Value 2017	42,000	11,570	11,570
Partners Group Global Infrastructure 2018	28,000	4,631	4,631
Partners Group Direct Equity 2019	48,000	6,192	4,992
Partners Group Direct Infrastructure 2020	32,000	12,000	9,120
Partners Group Direct Equity V	30,000	25,586	22,279
Total Euros	394,000	80,069	69,082
	US\$'000	US\$'000	US\$'000
Partners Group Emerging Markets 2011	7,000	1,082	1,082
Partners Group Secondary 2015	38,000	15,220	11,420
Partners Group Direct Infrastructure 2015	43,600	6,986	6,986
CBRE Global Infrastructure Fund (International) L.P	29,075	0	10,932
Total Dollars	117,675	23,288	30,420

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.

The report of the Auditor General for Wales to the members of Cyngor Gwynedd as administering authority for Gwynedd Pension Fund

Opinion on financial statements

I have audited the financial statements of Gwynedd Pension Fund for the year ended 31 March 2025 under the Public Audit (Wales) Act 2004.

Gwynedd Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2025, and of the amount and disposition at that date of its assets and liabilities;
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of financial statements and regularity of public sector bodies in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the Annual Report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Gwynedd Pension Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the financial statements, the responsible financial officer is responsible for:

- the preparation of the financial statements, which give a true and fair view;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing Gwynedd Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by Gwynedd Pension Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Gwynedd Pension Fund's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in management override of controls;
- Obtaining an understanding of Gwynedd Pension Fund's framework of authority as well as other legal and regulatory frameworks that Gwynedd Pension Fund operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Gwynedd Pension Fund; and
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Pensions Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the administering authority; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Gwynedd Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Gwynedd Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales
25 November 2025

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