

Consultant's Objectives	Progress report during 2022
1. Advise on a suitable investment strategy, and amendments to the strategy, to deliver the required investment returns from the Fund's investments to support progress towards a long term steady state of funding.	Advice has been given on the investment strategy during 2022, including advice on rebalancing given equity outperformance and options for diversifying the portfolio to introduce new private markets investments, and possible opportunities for hedging the Fund's currency exposure.
2. Deliver an investment approach that reflects the Fund's cashflow position, and likely evolution, and minimises the risk of forced disinvestment.	Strategic objectives for the Fund are stated in the ISS and the last Actuarial Valuation confirmed that the investment strategy provides the Fund with high likelihood of meeting its objectives
3. Advise on the cost efficient implementation of the Fund's investment strategy as required, taking into account the evolution of the Wales Pension Partnership.	This exercise is being carried out by the Wales Pension Partnership. Advice has been provided on private markets opportunities made available through the Wales Pension Partnership.
4. Ensure advice complies with relevant pensions regulations, legislation and supporting guidance.	All arrangements remain compliant. There have been no recent regulatory changes that the Fund needed to be aware of, although the Fund continues to monitor expected legislative changes (TCFD).
5. Develop the Committee's policies and beliefs, including those in relation to Responsible Investment.	The Fund has developed a Responsible Investment policy during 2022 which was reviewed by Hymans.
6. Ensure our advice reflects the Committee's own policies and beliefs, including those in relation to Responsible Investment considerations.	<p>Ongoing advice has been provided on new investments, and this has been consistent with the Committee's strategy, particularly in terms of further steps during 2022 to invest more responsibly.</p> <p>The investment consultant has formed a strong working relationship with Council officers and the Committee, and his advice reflects the Committee's policies and beliefs, e.g. the Fund's revised strategic asset allocation and the response to the TCFD consultation.</p>

<p>7. Provide relevant and timely advice.</p>	<p>Timely advice and regular updates are given, including quarterly performance monitoring, advice on rebalancing, and support on asset transitions.</p> <p>While 'routine' advice is timely, 'alternative' advice could sometimes be more pro-active and timelier, e.g. the currency hedging opportunity was identified by Council officers and the investment consultant took time to refine the proposals.</p>
<p>8. Help the Committee develop knowledge and understanding of investment matters.</p>	<p>Hymans have not provided any direct training on new asset classes, but the Committee members have received training from Hymans and others through the Wales Pension Partnership. Hymans keep the Committee updated on market developments via presentation of the quarterly performance reports.</p>
<p>9. Develop the Committee's knowledge on ESG and climate risk.</p>	<p>The quarterly reports include a Responsible Investment rating for each asset manager firm.</p>
<p>10. The investment consultant's services to support the Fund's ongoing governance shall be proportionate and competitive in terms of costs relative to their peer group.</p>	<p>Hymans' fees are in line with peer group, with fixed fees for certain core tasks, and time-cost fees for additional tasks.</p>
<p>11. The investment consultant works within agreed budgets and is transparent with regard to advisory costs, itemising additional work with fees in advance.</p>	<p>Hymans' consultant sends regular invoices with an itemised breakdown. However, cost of works is still not always clear until after the invoice has been delivered. Going forward, it would be good to agree estimated costs in advance.</p>
<p>12. The investment consultant works collaboratively with the Fund's actuary, asset managers, and custodian, as well as with other third parties including the pool's operator and advisors.</p>	<p>Hymans' consultant works with the fund actuary (also Hymans) and liaises as necessary with asset managers and the custodian.</p> <p>Hymans also advise the Wales Pension Partnership, thus avoiding duplication and ensuring a seamless service.</p>

Conflicts of interest – disclosure

As part of this review, we would also like to bring to your attention how Hymans Robertson LLP address the potential for conflicts of interest when providing advice on manager selection exercises. We would be happy to discuss the statement below with you to address any questions you may have.

Please note that Hymans Robertson LLP and our group companies have a wide range of clients, some of which are fund managers, who may be parties in our recommendations to you in various circumstances including but not limited to manager selection, moving money to or from a manager or supporting retention of or disinvestment from a manager. We have a research team that advises on shortlisting fund managers in manager selection exercises and forming views on managers, which is separate from our client and other relationships with fund managers - therefore we do not believe there will be a conflict that would influence the advice given.

In some cases, we have commercial business arrangements/agreements with clients within the financial sector where we provide services. These services are entirely separate from any advice that we may provide in recommending products to our advisory clients. Our recommendations are provided as a result of clients' needs and based upon our independent research. Where there is a perceived or potential conflict, alternative recommendations can be made available.