

# DYFED PENSION FUND COMMITTEE

DATE 28/09/2023

## Strategic Asset Allocation (SAA) Review 2023

To provide the Dyfed Pension Fund Committee with the findings of the SAA review 2023.

### Recommendations / key decisions required:

The Committee to approve Option 1A in the attached report.

### Reasons:

Further to the results of the 2022 Triennial Valuation, a review has been undertaken to examine the overall SAA of the investment portfolio. The purpose of the review was to evaluate the SAA of the Fund and propose potential alternative portfolios that optimise risk and return.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

#### Directorate:

Corporate Services

#### Name of Director:

Chris Moore

#### Report Author:

Chris Moore

#### Designations:

Director of Corporate Services,  
Carmarthenshire County Council

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**EXECUTIVE SUMMARY  
DYFED PENSION FUND COMMITTEE  
DATE 28/09/2023**

**Strategic Asset Allocation (SAA) Review 2023**

The review examined the overall SAA of the investment portfolio of the Fund and the attached report provides recommendations as to where portfolio optimisation may be implemented to meet the Fund's objectives and requirements.

The review examined the following data:

- Latest Investment Strategy Statement.
- Actuarial Valuation Report as at 31 March 2022.
- Latest SAA and current asset allocations as at 31 December 2022.
- Latest investment returns.
- Projections of cashflow requirements (including projected liabilities and contributions).

The recommendation is to adopt Option 1A which includes an allocation of 5% to Private Credit which is to be funded by a decrease in allocation to Equities. The decision as to which Equity portfolio should be used to fund the new allocation will be made at the time of the investment.

A further recommendation from the report is to cease the reinvestment of income generated from the Global Credit Fund and to begin receiving this income as a distribution.

Further information on the rationale for the recommendations and the review are included within the attached report.

**DETAILED REPORT ATTACHED?**

**NO**

# IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

**Director of Corporate Services**

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
<b>YES</b>	<b>NONE</b>	<b>YES</b>	<b>NONE</b>	<b>YES</b>	<b>NONE</b>	<b>NONE</b>

## **Policy**

The findings of the review will have an impact on the Investment Strategy Statement (ISS) which will require updating if the recommendations of the review are approved.

## **Finance**

A key consideration of the SAA is to ensure that the Fund generates sufficient usable income from investments to meet obligations without having to resort to forced asset sales.

## **Risk Management**

Option 1A maintains similar levels of expected return to the current SAA, while reducing the concentration of equity risk.

# CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C Moore

Director of Corporate Services

<b>1. Scrutiny Committee request for pre-determination</b>	N/A
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**2. Local Member(s)**

N/A

**3. Community / Town Council**

N/A

**4. Relevant Partners**

N/A

**5. Staff Side Representatives and other Organisations**

N/A

<b>CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED</b>	N/A
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**Section 100D Local Government Act, 1972 – Access to Information  
List of Background Papers used in the preparation of this report:**

**THERE ARE NONE**

Title of Document	File Ref No.	Locations that the papers are available for public inspection