

**MEETING OF THE PENSIONS COMMITTEE
OF TORFAEN COUNTY BOROUGH COUNCIL
Held on Monday, 12 March 2018 at 10am
In the Council Chamber, Civic Centre, Hanbury Road, Pontypool, NP4 6YB**

MINUTES

Attendance: Members of the Committee

Councillors:

Glyn Caron (Chair)
Joanne Gauden
Jon Horlor
Peter Jones
Raymond Williams

Officers:

Nigel Aurelius, Assistant Chief Executive Resources (ACER)
Andrew Brooks, Senior Pensions Support Officer (SPSO)
Polly Ellis, Principal Solicitor (PS)
Joanne Griffiths, Pensions Support Manager (PSM)
Mary Rollin, Pensions Manager (PM)
Graeme Russell, Head of Pensions (HoP)
Geraint Thomas, Senior Business Support Officer (SBSO)

Also attending the meeting

Elizabeth Carey, Deputy Independent Investment Advisor (DIIA)
Aoifinn Devitt, Independent Investment Advisor (IIA)
Julie Masci, Engagement Lead – Financial Audit Grant Thornton (ELFA)
Gail Turner-Radcliffe, Financial Audit Manager Grant Thornton (FAM)

Observing from the public gallery

4 Pension Board Members

Action

1 Attendance and Apologies

- 1.1 Apologies were received from Councillor Huw Bevan.
- 1.2 The Committee thanked the PM for her hard work whilst working with the Fund and wished her well in her retirement. They welcomed the PSM, who would be taking over as Pensions Manager.

2 Declarations of Interest

- 2.1 Members confirmed the following declarations of personal interest as read by the PS:

Councillor	In Receipt of Pension	Contributor	
Glyn Caron	NONE	Self. Wife is a deferred member	
Joanne Gauden	NONE	Self and daughter	
Jon Horlor	NONE	Self	
Peter Jones	Wife	Self and wife	
Raymond Williams	NONE	Partner and daughter	

2.2 The PS left the meeting.

3 Minutes 11/12/17

3.1 The minutes of the meeting held on 11th December 2017 were confirmed as an accurate record.

4 For information: draft minutes of the Pension Board meeting of 24/1/18

4.1 The committee noted the minutes.

4.2 The HoP confirmed that two members of the Pension Board had submitted their resignations to the Board and that the process to appoint their replacements had begun.

5 Greater Gwent (Torfaen) Pension Fund 2018 Audit Plan

5.1 The ELFA highlighted the following key headlines from the report:

- Grant Thornton acted as agents on behalf of the Auditor General for Wales, who would sign off the accounts.
- The interim work had recently started and the main field work would begin after the draft accounts were prepared in mid-May.
- The Audit would focus on compliance with statutory responsibilities and addressing specific risks.
- For planning purposes, materiality had been set at £26.996 million (1% of the net assets of the Fund), with final materiality to be reported to the Pensions Committee prior to completion of the Audit. Misstatements above this level could result in a reader of the accounts being misled.
- For reporting purposes, any misstatements below a trivial level (set at 5% of materiality) would be treated as not requiring consideration by those charged with governance and would therefore not be reported.
- The proposed fee for the 2018 Audit was £40,000 and this had not changed from the 2017 fee.
- The Audit team and timetable could be seen on pages 36 and 37 of the agenda.
- The final report would be tabled at the Pensions Committee meeting on 11 June 2018.
- Torfaen was historically one of the quickest authorities in terms of preparing final accounts and aimed to complete their accounts one week earlier than usual this year. Due to this, more estimates would be

required initially and the numbers could change by 11 June 2018, once the actual figures were available.

- Pooling of investments would not be included in this Audit, as money would be transferred during the next financial year. Therefore, pooling of investments would be included within future audits.

5.2 The FAM outlined the financial audit risks on pages 33 and 34 of the agenda.

5.3 The Pensions Committee agreed to note the report.

6 Quarterly Investment Performance Report to 31/12/17

6.1 The HoP highlighted the following key headlines from the report:

- The report covered Quarter 4 of 2017, which ran from 1 October 2017 to 31 December 2017.
- At the end of Quarter 4 the value of the Fund stood at £2.922 billion, which was an all-time high for the Fund.
- A transposition error existed at the bottom of the table in paragraph 5.1, as the figure for Property Funds (Active) was actually £72,071,392 and the figure for Cash in-house and with fund managers was actually £23,825,376.
- Quarter 4 had seen the Fund out-perform its positive +3.61% benchmark by +0.64%, resulting in an overall positive (absolute) return of +4.25% for the Fund in Quarter 4.
- The 12 month overall Fund return had advanced to +13.60% and thus a strong +1.88% above the 12 month benchmark figure of +11.72%.
- In terms of performance over 3, 5 and 10 years respectively, all returns were now positive against benchmark performance.
- Investment managers had generally performed well during Quarter 4; however Lazard had slightly underperformed.
- Quarter 1 of 2018 had seen a slightly volatile start to the year, with the value of the Fund dropping to £2,854 billion at the end of February; however this was reflective of global markets.

6.2 The IIA provided the following headlines from Appendix 2 of the report:

- Despite what seemed like a euphoric high, 2017 was marked by four persistent 'lows'. These were lower than expected growth (initially), low inflation, low interest rates and low market volatility.
- Changes could be seen regarding the above already, with 2018 expected to be a lot more volatile than 2017. January and February 2018 had already seen a 'healthy correction' in markets.
- Performance of over 30% in some Emerging Markets was staggering and a 'tech bubble' still existed in terms of the markets.
- Delicate times lay ahead and as a result now could be the time to take the profit gained in recent times.
- President Trump's tariff announcement at the beginning of March 2018 saw an initial reaction in the markets but not as significant as perhaps expected.
- Regarding energy stocks, there was simply a preference for other

sectors right now, rather than a conscious decision to factor in Environmental, Social and Governance (ESG) issues more actively.

6.3 The HoP confirmed that Monmouthshire County Council had passed a motion requesting that the Fund disinvested in fossil fuels in an ordered manner. He reminded the Committee that the Fund's Responsible Investments Working Group (RIWG) was currently considering fossil fuels as part of its work programme and would report back to the Committee regarding a range of ESG issues.

6.4 The Committee agreed to refer the motion from Monmouthshire County Council to the RIWG for consideration in the first instance.

6.5 The Pensions Committee agreed:

- (i) To note the investment performance that had taken place during the fourth quarter of 2017 and provide comment and consider issues arising;**
- (ii) To note recent investment activity and consider any further appropriate course of action required; and**
- (iii) To request that the Responsible Investments Working Group considers the motion from Monmouthshire County Council to disinvest in fossil fuels and report back to the Pensions Committee regarding a range of ESG issues.**

7 Pension Fund Work Plan 2018/2019

7.1 The HoP highlighted the following key headlines from the report:

- The Work Plan was an annual report that considered indicative priorities for the forthcoming 12 months.
- The Work Plan included the standing items of the Pensions Committee and Pension Board; however it could be evolved and changed throughout the year according to pension related developments and changes in priorities of each body.
- Elements regarding pooling of investments had been included for the first time, seen on page 72 of the agenda.

7.2 The Pensions Committee considered and agreed the draft work plan for 2018/19.

8 Pension Fund Cash Management Strategy 2018/2019

8.1 The HoP highlighted the following key headlines from the report:

- The report was necessary in order to agree guidelines on how any surplus cash would be used by the Fund.
- At the end of January 2018, the Fund's cash holdings totalled just over £19 million, around 0.7% of the Fund.
- The proposed criteria for inclusion within the Counterparty List for 2018/19 could be seen in paragraph 6.2 of the report, with the money limits and time limits shown in the table in paragraph 6.3 of the report.
- There were no changes from the previous year's criteria.

8.2 The Pensions Committee agreed:

- (i) To note the key messages and the principles and processes that the Pension Fund adopts with regard to the investment of its cash; and**
- (ii) To approve the Fund's 2018/19 Cash Investment Strategy detailed within the report.**

9 Pension Fund Financial Forecasts 2018/2019

9.1 The HoP highlighted the following key headlines from the report:

- The report was in effect the 'budget report' for the Fund; however he stressed that due to so many variable factors it was difficult to be prescriptive, as events would take place outside of the Fund's control.
- The total income to the Fund was estimated to rise from £136.7 million during 2017/18 to £139.8 million during 2018/19 and the total spending for the Fund was estimated to rise from £129 million during 2017/18 to £130.9 million during 2018/19. It was therefore estimated that the income after expenditure during 2018/19 would be £8.9 million.
- Investment management fees were expected to rise as they are largely linked to market values and additional provisions would be required due to pooling of investments and the necessary governance arrangements around this.
- The final payment regarding the group transfer of the University of Wales, Newport (UWN) to the Rhondda Cynon Taf Pension Fund was near completion.
- Income from employers' contributions was going to rise, as was income from employees, due to likely pay awards.
- Lazard would retain an estimated £20.7 million of the 2018/19 dividend income from investments for immediate re-investment and so this figure would not be immediately available to facilitate the daily cash flow position of the Fund.

9.2 Following questions from the committee, the HoP made the following points:

- There was always a risk that some employers could leave the Fund; however they were statutorily obliged to provide another option to their employees. Some members had to be part of the Local Government Pension Scheme (LGPS) but if some who did not were considering leaving the Fund, they would be encouraged to stay.
- There was no issue around Lazard retaining the estimated £20.7 million figure above, in light of their slight underperformance during Quarter 4 of 2017, as although they had not achieved the benchmark during that period, they had still generated a positive return.

9.3 The Pensions Committee agreed to note the contents of the report.

10 Pension Fund Policy Statement Updates

10.1 The HoP highlighted the following key headlines from the report:

- Only minor factual revisions were required to be made to the Governance Policy and Communications Policy Statements.
- No update was required to the Funding Strategy Statement at this time.

10.2 The Pensions Committee agreed:

- (i) To note the current status of the Fund's Policy Statements;**
- (ii) To note that only minor revisions have been made to the Fund's Governance and Communications Policy Statements;**
- (iii) That these updated documents are published to the Pension Fund and Council websites and thus adopted as the Fund's current policy statements whilst allowing for stakeholder feedback in due course; and**
- (iv) To note that, following officer review and update, both the Investment Strategy Statement and Pension Fund Risk Register will be brought to a future meeting of the Committee for their consideration prior to publication in due course.**

11 Administration Update - March 2018

11.1 The PM reminded members that she would be retiring at the end of March 2018. She stated that it had been a great pleasure and a source of pride to work for the Fund and with the current and previous Pensions Committees. She introduced the PSM, who would be taking over as Pensions Manager.

11.2 The PM highlighted the following key headlines from the report:

- Several changes had occurred within the senior management team but as an ageing workforce had been recognised by the Fund during 2011/12, succession planning had occurred. Due to this, the senior management team vacancies had been filled internally, where a wealth of knowledge and skills were available.
- Due to the changes above, some backfilling of posts would be required during the next few weeks.
- More work had been received and completed during the previous 11 months than during the 12 months before that. Investment in IT systems had made it possible to cope with this increase.
- The reason for the increase in New Starters was due to Auto-Enrolment, where a number of the larger employers had to re-enrol their members into the scheme who had previously opted out. If those members elected to opt out again, this would further add to the workload.
- 19 employers were submitting their data to the Fund on a monthly basis, which made up 76% of the total Active membership.
- For those employers that were not submitting their data on a monthly basis, the deadline for submitting their year-end return was 30 April 2018.
- The use of My Pension Online reduced some queries from members; however the tool enhanced members' knowledge and therefore generated other types of queries.
- The next formal actuarial valuation of the Fund was due to be carried out as at 31 March 2019 and work to prepare for this would commence

over the next six months.

- The Fund was working with Torfaen County Borough Council regarding the GDPR changes planned for May 2018 and in particular, the data that it retained; however funds had some exemptions regarding this area of work, unlike other organisations. For example, the Fund would need to keep data regarding ex-members of the Fund, in case they needed to prove in the future that a transfer out of the pension scheme had taken place.
- Due to the new senior management team and the backfilling of posts, training would be required and this could impact on performance in the short term.

11.3 The Chair stated that it had been a pleasure working with the PM and wished her well in her retirement.

11.4 The Pensions Committee agreed to note the content of the report.

12 Wales Pension Partnership - Pooling Principles

12.1 The HoP highlighted the following key headlines from the report:

- The report provided clarity around how pooling of investments would work in practice, with paragraph 5.1 outlining the responsibilities reserved for Constituent Councils and the Wales Pension Partnership (WPP) Joint Governance Committee (JGC) respectively.
- He stressed that the Fund would be responsible for agreeing its Investment Strategy and that the WPP would then implement it.
- The Fund would be responsible for determination of the timing of the transition of the assets held by them into the Pooling Collaboration and the funds or sub-funds operated by the Operator.
- The WPP JGC would be responsible for approving the creation of new pooled vehicles and sub-funds.
- Although it was central government policy to transfer to pooling arrangements in a timely, controlled and sensible way, the Pensions Committee would need to be satisfied that the transfer would not have an adverse effect on the Fund and that it was in line with Fund strategy.
- Overall strategic asset allocation refinement suggestions were outlined in paragraph 6.2 of the report.
- The Fund would need to feed its views around ESG issues into the WPP and this work was already underway via the Fund's RIWG.
- Some potential issues around the establishment of new sub-funds and suggested principles for dealing with them were outlined in paragraph 7.1 of the report. This would be necessary as the Pensions Committee would need to be comfortable regarding investing in new sub-funds.
- It was suggested that the existing arrangements should continue whereby delegation up to 1% of the market value of the Fund for a single investment are delegated to the Chief Officer subject to a written Scheme of Delegation report. Anything above this level required a Committee report; however he added that officers attempted to bring all decisions to Committee if possible.
- All existing governance arrangements could apply and be workable in

the context of pooling of investments.

12.2 The Pensions Committee agreed to consider the principles set out in paragraphs 6 and 7 (Table 1) of the report and agreed the principles contained in the report.

13 Strategic Asset Allocation Refinements

13.1 The HoP highlighted the following key headlines from the report:

- The Pension Fund had a Strategic Asset Allocation (SAA) of how it invests its monies across asset classes and different markets and its 'direction of travel' was to achieve 70% of investments in Equities, 20% of investments in Fixed Interest and 10% of investments in Alternative Investments. During the previous Pensions Committee meeting, it had been suggested that the Fund was not moving quickly enough in order to achieve the above.
- The Fund had been a victim of its own success regarding investments in Equities, as the investments kept doing well and as a result the percentage of monies invested in Equities kept increasing.
- The report set out the way to more promptly and effectively move the Fund towards its agreed strategy.
- It was acknowledged that much of the benefits had now been gained from investments in Equities in this cycle and as a result, work was required in order to reduce equity risk.
- The WPP would allow the Fund to act in a more 'nimble' manner, as it would be quicker and easier to change investment managers.
- The Fund currently had a formal strategic asset allocation for investments of 74% in Equities, 17% in Fixed Income and 9% in Alternatives and Other; however a 'direction of travel' existed that moved towards 70/20/10.
- The proposals set out in the report and explained further in Appendix 2 would allow the Fund to achieve investments of 70% in Equities, 16% in Fixed Income and 14% in Alternatives and Other, taking advantage of the changing market conditions and the increased range of options presented via the development of the All Wales Collaboration arrangements.
- He reminded members that it was the aspiration of pooling to increase investments in Alternatives and these strategic changes would also be consistent with that aspiration.

13.2 The IIA added that the WPP would need to look carefully at target return and benchmark and that monitoring was important when considering any changes to asset allocations.

13.3 The Pensions Committee agreed:

- (i) To consider the contents of the report;**
- (ii) To comment accordingly and agree the proposed Strategic Asset Allocation summarised in Paragraph 6.2 of the report and as detailed in Appendix 2;**
- (iii) That officers should take advantage of appropriate investment**

opportunities as they arise and work towards the Strategic Asset Allocation using the existing Scheme of Delegation limits (up to 1% of market value for individual investments) or reports to Committee for anything above; and

(iv) That officers should bring back further reports as appropriate to ensure members are aware of, and contribute to the evolving strategic asset allocation position of the Fund, particularly in the light of the WPP developments.

14 Elected Members - Continuing Professional Development Update

14.1 The HoP introduced the report and asked members to note its content.

14.2 The Chair welcomed Cllr Raymond Williams as a new member of the Committee and apologised for not welcoming him at the start of the meeting.

14.3 The Pensions Committee agreed to note the training update provided within the report.

15 Date of Next Meeting 11/6/18

15.1 The next meeting is scheduled to take place on Monday 11th June 2018.

15.2 The meeting closed at 11.25am.

CYFARFOD PWYLLGOR PENSIYNAU
CYNGOR BWRDEISTREF SIROL TORFAEN
A gynhaliwyd ar ddydd Llun, 12 Mawrth 2018 am 10am
Yn Siambr y Cyngor, y Ganolfan Ddinesig, Ffordd Hanbury, Pont-y-pŵl, NP4 6YB

COFNODION

Yn bresennol: Aelodau'r Pwyllgor

Cynghorwyr:

Glyn Caron (Cadeirydd)
Joanne Gauden
Jon Horlor
Peter Jones
Raymond Williams

Swyddogion:

Nigel Aurelius, Prif Weithredwr Cynorthwyol Adnoddau (ACER)
Andrew Brooks, Uwch Swyddog Cymorth Pensiynau (SPSO)
Polly Ellis, Prif Gyfreithiwr (PS)
Joanne Griffiths, Rheolwr Cymorth Pensiynau (PSM)
Mary Rollin, Rheolwr Pensiynau (PM)
Graeme Russell, Pennaeth Pensiynau (HoP)
Geraint Thomas, Uwch Swyddog Cymorth Busnes (SBSO)

Hefyd yn mynychu'r cyfarfod

Elizabeth Carey, Dirprwy Gyngorydd Buddsoddi Annibynnol (DIIA)
Aoifinn Devitt, Cyngorydd Buddsoddi Annibynnol (IIA)
Julie Masci, Arweinydd Ymgysylltu – Archwilio Ariannol Grant Thornton (ELFA)
Gail Turner-Radcliffe, Rheolwr Archwilio Ariannol Grant Thornton (FAM)

Yn arsylwi o'r oriel gyhoeddus

4 Aelod o'r Bwrdd Pensiwn

		<u>Gweithre du</u>
1.	Presenoldeb ac Ymddiheuriadau	
1.1	Derbyniwyd ymddiheuriadau gan y Cynghorydd Huw Bevan.	
1.2	Diolchodd y Pwyllgor i'r PM am ei gwaith caled gyda'r Gronfa a dymuno'n dda iddi yn ei hymddeoliad. Croesawyd y PSM, a fyddai'n cymryd swydd y Rheolwr Pensiynau.	
2.	Datgan Buddiannau	
2.1	Cadarnhaodd yr Aelodau y datganiadau canlynol o fuddiant personol fel y darllenwyd gan y PS:	

				<u>Gweithredu</u>
	Cynghorydd	Yn Derbyn Pensiwn	Cyfrannwr	
	Glyn Caron	DIM	Hunan. Mae ei wraig yn aelod gohiriedig	
	Joanne Gauden	DIM	Hunan a merch	
	Jon Horlor	DIM	Hunan	
	Peter Jones	Gwraig	Hunan a gwraig	
	Raymond Williams	DIM	Partner a merch	
2.2	Gadawodd y PS y cyfarfod.			
3.	Cofnodion 11/12/17			
3.1	Cadarnhawyd cofnodion y cyfarfod a gynhaliwyd ar 11eg Rhagfyr 2017 fel cofnod cywir.			
4.	Er gwybodaeth: cofnodion drafft cyfarfod y Bwrdd Pensiynau ar 24/1/18			
4.1	Cydnabu'r Pwyllgor y cofnodion.			
4.2	Cadarnhaodd yr HoP bod dau aelod o'r Bwrdd Pensiynau wedi cyflwyno eu hymddiswyddiadau i'r Bwrdd a bod y broses o benodi rhai yn eu lle wedi dechrau.			
5.	Cynllun Archwilio Cronfa Bensiwn Gwent Fwyaf (Torfaen) 2018			
5.1	<p>Amlygodd yr ELFA y penawdau allweddol canlynol o'r adroddiad:</p> <ul style="list-style-type: none"> • Roedd Grant Thornton yn gweithredu fel asiant ar ran Archwiliwr Cyffredinol Cymru, a fyddai'n llofnodi'r cyfrifon. • Roedd y gwaith interim wedi dechrau'n ddiweddar a byddai'r prif waith maes yn dechrau ar ôl paratoi'r cyfrifon drafft ganol mis Mai. • Byddai'r Archwiliad yn canolbwyntio ar gydymffurfio gyda chyfrifoldebau statudol a delio â risgiau penodol. • I ddibenion cynllunio, roedd perthnasedd wedi ei bennu ar £26.996 miliwn (1% o asedion net y gronfa), gyda pherthnasedd terfynol i'w adrodd i'r Pwyllgor Pensiynau cyn cwblhau'r Archwiliad. Gallai cam-ddatganiadau uwchben y lefel hon arwain am gamarwain rhywun yn darllen y cyfrifon. • I ddibenion adrodd, byddai unrhyw gam-ddatganiadau islaw lefel ddibwys (wedi ei phennu ar 5% o berthnasedd) yn cael eu trin fel rhai nad oedd angen eu hystyried gan y sawl sy'n gyfrifol am lywodraethu ac felly ni fyddant yn cael eu hadrodd. • Y ffi arfaethedig ar gyfer Archwiliad 2018 oedd £40,000 ac nid oedd hyn wedi newid ers ffi 2017. • Gellid gweld y tîm Archwilio a'r amserlen ar dudalennau 36 a 37 yr agenda. • Byddai'r adroddiad terfynol yn cael ei gyflwyno i gyfarfod y Pwyllgor Pensiynau ar 11 Mehefin 2018. 			

		<u>Gweithredu</u>
	<ul style="list-style-type: none"> • Yn hanesyddol, Torfaen oedd un o'r awdurdodau cyflymaf o ran paratoi cyfrifon terfynol ac yn anelu at gwblhau eu cyfrifon wythnos yn gynt nag arfer eleni. Oherwydd hyn, byddai angen mwy o amcangyfrifon i ddechrau a gallai'r rhifau newid erbyn 11 Mehefin 2018, unwaith y byddai'r ffigurau gwirioneddol ar gael. • Ni fyddai cronni buddsoddiadau yn cael ei gynnwys yn yr Archwiliad hwn, gan y byddai arian yn cael ei drosglwyddo yn ystod y flwyddyn ariannol nesaf. Felly, byddai cronni buddsoddiadau yn cael ei gynnwys mewn archwiliadau yn y dyfodol. 	
5.2	Amlinellodd y FAM y risgiau archwilio ariannol ar dudalennau 33 a 34 yr agenda.	
5.3	Cytunodd y Pwyllgor Pensiynau i gydnabod yr adroddiad.	
6.	Adroddiad Chwarterol Perfformiad Buddsoddiad hyd at 31/12/17	
6.1	<p>Amlygodd yr HoP y penawdau allweddol canlynol o'r adroddiad:</p> <ul style="list-style-type: none"> • Roedd yr adroddiad yn delio â Chwarter 4 2017, a oedd yn rhedeg o 1 Hydref 2017 hyd at 31 Rhagfyr 2017. • Ar ddiwedd Chwarter 4, roedd gwerth y Gronfa yn £2.922 biliwn, a oedd y swm uchaf erioed ar gyfer y Gronfa. • Roedd camgymeriad trawsddodi ar waelod y tabl ym mharagraff 5.1, gan mai'r gwir ffigur ar gyfer Cronfeydd Eiddo (Actif) oedd £72,071,392 a'r ffigur ar gyfer yr Arian mewnol a chyda rheolwyr cronfa oedd £23,825,376 mewn gwirionedd. • Roedd Chwarter 4 wedi gweld y Gronfa yn uwch-berfformio ei meincnod positif +3.61% o +0.64%, gan arwain at ddychweliad positif cyffredinol (absoliwt) o +4.25% ar gyfer y Gronfa yn Chwarter 4. • Roedd dychweliad cyffredinol 12 mis y gronfa wedi mynd i +13.60% ac felly yn +1.88% cryf uwchben y ffigur meincnod 12 mis o +11.72%. • O ran perfformiad dros 3, 5 a 10 mlynedd yn eu tro, roedd pob dychweliad nawr yn bositif o gymharu gyda perfformiad meincnod. • Roedd rheolwyr buddsoddi yn gyffredinol wedi perfformio'n dda yn ystod Chwarter 4, er bod Lazard wedi tanberfformio rhyw ychydig. • Roedd Chwarter 1 2018 wedi gweld cychwyn ychydig yn gyfnewidiol, gyda gwerth y Gronfa yn syrthio i £2,854 biliwn ar ddechrau mis Chwefror; fodd bynnag roedd hyn yn adlewyrchu marchnadoedd byd-eang. 	
6.2	<p>Rhoddodd yr IIA y penawdau canlynol o Atodiad 2 i'r adroddiad:</p> <ul style="list-style-type: none"> • Er gwaethaf yr hyn a oedd yn ymddangos fel sefyllfa uchel ewfforig, roedd 2017 wedi ei nodi gan bedwar sefyllfa isel cyson. Roedd y rhain yn is na'r twf a ddisgwyliwyd (yn wreiddiol), chwyddiant isel, cyfraddau llog isel a chyfnewidioldeb isel yn y farchnad. • Gellid gweld newidiadau o ran yr uchod eisoes, a disgwyliwyd y byddai 2018 yn llawer mwy cyfnewidiol na 2017. Roedd Ionawr a Chwefror 	

		<u>Gweithre du</u>
	<p>2018 eisoes wedi gweld 'cywiriad iach' yn y marchnadoedd.</p> <ul style="list-style-type: none"> • Roedd perfformiad o fwy na 30% mewn rhai Marchnadoedd Newydd yn anhygoel, ac roedd 'swigen dechnoleg' yn dal i fodoli o ran y marchnadoedd. • Roedd amser anodd i ddod ac efallai mai nawr oedd yn yr amser i gymryd yr elw a gafwyd yn ddiweddar. • Gwelodd cyhoeddiad arlywydd Trump ar dariffau ar ddechrau mis Mawrth 2018 adwaith rhagarweiniol yn y marchnadoedd ond nid oedd efallai mor arwyddocaol ac y disgwyliwyd. • O ran stociau ynni, roedd blaenoriaeth i sectorau eraill ar y funud, yn hytrach na phenderfyniad ymwybodol i ddewis materion Amgylcheddol, Cymdeithasol a Llywodraethu (ESG) yn fwy actif. 	
6.3	Cadarnhaodd yr HoP bod Cyngor Sir Fynwy wedi pasio cynnig yn gofyn bod y Gronfa yn dadfuddsoddi a danwydd ffosil mewn dull trefnus. Atgoffodd y Pwyllgor bod Gweithgor Buddsoddiadau Cyfrifol y Gronfa (RIWG) ar hyn o bryd yn ystyried tanwydd ffosil fel rhan o'i raglen waith ac y byddai'n adrodd yn ôl i'r Pwyllgor ar amrywiol faterion ESG.	
6.4	Cytunodd y Pwyllgor gyfeirio'r cynnig gan Gyngor Sir Fynwy i RIWG i'w ystyried yn y lle cyntaf.	
6.5	<p>Cytunodd y Pwyllgor Pensiynau:</p> <p>(i) Gydabod y perfformiad buddsoddi a gafwyd yn ystod pedwerydd chwarter 2017 a rhoi sylwadau ac ystyried materion yn codi;</p> <p>(ii) Cydnabod gweithgaredd buddsoddi diweddar ac ystyried unrhyw gamau gweithredu priodol pellach sydd eu hangen, a</p> <p>(iii) Gofyn bod y Gweithgor Buddsoddi Cyfrifol yn ystyried y cynnig gan Gyngor Sir Fynwy i ddadfuddsoddi o danwydd ffosil ac adrodd yn ôl i'r Pwyllgor Pensiynau mewn perthynas ag amrywiol faterion ESG.</p>	
7.	Cynllun Gwaith y Gronfa Bensiwn 2018/2019	
7.1	<p>Amlygodd yr HoP y penawdau allweddol canlynol o'r adroddiad:</p> <ul style="list-style-type: none"> • Roedd y Cynllun Gwaith yn adroddiad blynyddol a oedd yn ystyried blaenoriaethau mynegol ar gyfer y 12 mis i ddod. • Roedd y Cynllun Gwaith yn cynnwys eitemau sefydlog y Pwyllgor Pensiynau a'r Bwrdd Pensiwn; serch hynny, gellid ei esblygu a'i newid drwy gydol y flwyddyn yn unol â datblygiadau cysylltiedig â phensiwn a newidiadau ym mlaenoriaethau pob corff. • Roedd elfennau'n ymwneud â chronni buddsoddiadau wedi eu cynnwys am y tro cyntaf, i'w gweld ar dudalen 72 yr agenda. 	
7.2	Ystyriodd y Pwyllgor Pensiynau a chytuno ar y cynllun gwaith drafft ar gyfer 2018/19.	

		<u>Gweithredu</u>
8.	Strategaeth Rheoli Arian y Gronfa Bensiwn 2018/2019	
8.1	<p>Amlygodd yr HoP y penawdau allweddol canlynol o'r adroddiad:</p> <ul style="list-style-type: none"> • Roedd angen yr adroddiad er mwyn cytuno ar ganllawiau ar sut defnyddir unrhyw arian dros ben gan y Gronfa. • Ar ddiwedd mis Ionawr 2018, roedd daliadau ariannol y Gronfa yn dod i ychydig mwy na £19 miliwn, tuag 0.7% o'r Gronfa. • Gellir gweld y meini prawf arfaethedig ar gyfer cynnwys yn y Rhestr Gwrthbarti ar gyfer 2018/19 ym mharagraff 6.2 yr adroddiad, gyda'r cyfyngiadau ariannol a'r cyfyngiadau amser i'w gweld yn y tabl ym mharagraff 6.3 yr adroddiad. • Nid oedd unrhyw newid o feini prawf y flwyddyn flaenorol. 	
8.2	<p>Cytunodd y Pwyllgor Pensiynau:</p> <p>(i) Gydabod y negeseuon allweddol a'r egwyddorion a'r prosesau y mae'r Gronfa Bensiwn yn eu mabwysiadu mewn perthynas â buddsoddi ei harian, a</p> <p>(ii) Chymeradwyo Strategaeth Buddsoddi Arian 2018/19 y Gronfa, a fanylwyd yn yr adroddiad.</p>	
9.	Amcanestyniadau Ariannol y Gronfa Bensiwn 2018/2019	
9.1	<p>Amlygodd yr HoP y penawdau allweddol canlynol o'r adroddiad:</p> <ul style="list-style-type: none"> • Roedd yr adroddiad, mewn gwirionedd, yn 'adroddiad cyllideb' ar gyfer y Gronfa; pwysleisiodd fodd bynnag, oherwydd cymaint o ffactorau amrywiol, ei bod yn anodd bod yn ragnodol, gan y byddai digwyddiadau y tu allan i reolaeth y Gronfa. • Tybiwyd y byddai cyfanswm yr incwm i'r Gronfa yn codi o £136.7 miliwn yn ystod 2017/18 i £139.8 miliwn yn ystod 2018/19 a rhagwelwyd y byddai cyfanswm y gwariant ar gyfer y Gronfa yn codi o £129 miliwn yn ystod 2017/18 i £130.9 miliwn yn ystod 2018/19. Tybiwyd felly y byddai incwm ar ôl gwariant yn ystod 2018/19 yn £8.9 miliwn. • Disgwylid i ffioedd rheoli buddsoddiad godi gan eu bod yn bennaf wedi eu cysylltu â gwerth y farchnad a byddai angen darpariaethau ychwanegol oherwydd cronni buddsoddiadau a'r trefniadau llywodraethu angenrheidiol o gwmpas hyn. • Roedd y taliad olaf mewn perthynas â throsglwyddiad grŵp i Brifysgol Cymru, Casnewydd a Chronfa Bensiwn Rhondda Cynon bron wedi ei gwblhau. • Roedd incwm o gyfraniadau cyflogwyr yn mynd i godi, ynghyd ag incwm gan weithwyr, oherwydd codiadau tebygol mewn cyflog. • Byddai Lazard yn cadw oddeutu £20.7 miliwn o incwm difidend o fuddsoddiadau i'w ail-fuddsoddi ar unwaith ac felly ni fyddai'r ffigwr hwn ar gael yn syth i hwyluso sefyllfa llif arian ddyddiol y Gronfa. 	
9.2	Ar ôl cwestiynau gan y pwyllgor, gwnaeth yr HoP y pwyntiau canlynol:	

		<u>Gweithredu</u>
	<ul style="list-style-type: none"> Roedd risg bob amser y gallai rhai cyflogwyr adael y gronfa; ond roedd yn rhaid iddynt yn statudol gynnig opsiwn arall i'w gweithwyr. Roedd yn rhaid i rai fod yn rhan o Gynllun Pensiwn Llywodraeth leol, ond os oedd rhai nad oeddynt yn ystyried gadael, byddent yn cael eu hannog i aros. Nid oedd problem ynglŷn â Lazard yn cadw'r ffigwr tybiedig o £20.7 miliwn uchod, yng ngoleuni eu tanberfformiad bychan yn ystod Chwarter 4 2017, oherwydd, er nad oeddynt wedi cyflawni'r meincnod yn y cyfnod hwnnw, roeddynt o hyd wedi cynhyrchu derbyniadau positif. 	
9.3	Cytunodd y Pwyllgor Pensiynau gydnabod cynnwys yr adroddiad.	
10.	Datganiad Polisi'r Gronfa Bensiwn - Diweddariadau	
10.1	<p>Amlygodd yr HoP y penawdau allweddol canlynol o'r adroddiad:</p> <ul style="list-style-type: none"> Dim ond mân newidiadau ffeithiol oedd angen eu gwneud i'r Datganiadau Polisi Llywodraethu a Pholisi Cyfathrebu. Nid oedd angen diweddariad i'r Datganiad Polisi Ariannu ar hyn o bryd. 	
10.2	<p>Cytunodd y Pwyllgor Pensiynau:</p> <p>(i) Gydnabod statws presennol Datganiadau Polisi'r Gronfa;</p> <p>(ii) Cydnabod mai dim ond mân newidiadau a wnaed i Ddatganiad Polisi Llywodraethu a Chyfathrebu'r Gronfa;</p> <p>(iii) Bod y dogfennau hyn, wedi eu diweddar, yn cael eu cyhoeddi ar wefannau'r Gronfa Bensiwn a'r Cyngor ac felly eu mabwysiadu fel datganiadau polisi presennol y Gronfa a chaniatáu ar gyfer adborth gan randdeiliaid maes o law, a</p> <p>(iv) Cydnabod, ar ôl arolwg a diweddariad gan swyddogion, y bydd y Datganiad Strategaeth Fuddsoddi a Chofrestr Risg y Gronfa Bensiwn yn cael eu cyflwyno i gyfarfod o'r Pwyllgor yn y dyfodol i'w hystyried cyn eu cyhoeddi maes o law.</p>	
11.	Gweinyddiaeth – Diweddariad - Mawrth 2018	
11.1	Atgoffodd y PM yr aelodau y byddai'n ymddeol ddiwedd mis Mawrth 2018. Dywedodd ei bod wedi bod yn bleser o'r mwyaf ac yn ffynhonnell balchder gweithio dros y Gronfa a chyda'r Pwyllgorau Pensiynau presennol a blaenorol. Cyflwynodd y PSM, a fyddai'n cymryd rôl y Rheolwr Pensiynau.	
11.2	<p>Amlygodd y PM y penawdau allweddol canlynol o'r adroddiad:</p> <ul style="list-style-type: none"> Roedd nifer o newidiadau wedi bod yn yr uwch dîm rheoli ond roedd gweithlu a oedd yn heneiddio wedi ei gydnabod gan y Gronfa yn ystod 2011/12, ac roedd gwaith cynllunio ar gyfer dilyniant wedi ei wneud. Oherwydd hyn, roedd y swyddi gwag yn yr uwch dîm rheoli wedi eu llenwi'n fewnol, lle'r oedd cyfoeth o wybodaeth a sgiliau ar gael. Oherwydd y newidiadau uchod, byddai angen ôl-lenwi rhai swyddi yn ystod yr ychydig wythnosau nesaf. 	

		<u>Gweithredu</u>
11.3	<ul style="list-style-type: none"> • Roedd mwy o waith wedi ei dderbyn a'i gwblhau yn y 11 mis blaenorol na'r 12 mis cyn hynny. Roedd buddsoddiad mewn systemau TG wedi ei gwneud yn bosibl i ddelio gyda'r cynnydd hwn. • Y rheswm am y cynnydd mewn Dechreuwyr Newydd oedd Cofrestru Awtomatig, lle'r oedd nifer o'r cyflogwyr mwy wedi gorfod ail-gofrestru eu haelodau yn y cynllun a oedd wedi optio allan cyn hynny. Os oedd yr aelodau hynny yn dewis optio allan eto, byddai hyn yn ychwanegu eto at y baich gwaith. • Roedd 19 o gyflogwyr yn cyflwyno eu data i'r Gronfa bob mis, a oedd yn cynrychioli 76% o'r aelodaeth actif gyfan. • Ar gyfer y cyflogwyr hynny nad oeddynt yn cyflwyno eu data bob mis, y dyddiad cau ar gyfer cyflwyno'r adroddiad diwedd y flwyddyn oedd 30 Ebrill 2018. • Roedd defnyddio My Pension Online wedi lleihau rhai ymholiadau gan aelodau; fodd bynnag, roedd y pecyn yn gwella gwybodaeth aelodau ac felly'n cynhyrchu mathau eraill o gwestiynau. • Roedd prisiad actiwaraid ffurfiol newydd y Gronfa i ddigwydd ar 31 Mawrth 2019 ac roedd gwaith i baratoi ar gyfer hyn yn dechrau dros y chwe mis nesaf. • Roedd y gronfa yn gweithio gyda Cyngor Bwrdeistref Sirol Torfaen mewn perthynas â'r newidiadau GDPR a oedd i ddod ym mis Mai 2018 ac yn benodol y data a oedd yn eu cadw; fodd bynnag roedd gan gronfeydd rai eithriadau yn y maes gwaith hwn, yn wahanol i gyfundrefnau eraill. Er enghraifft, byddai angen i'r Gronfa gadw data ar gyn-aelodau'r Gronfa, rhag ofn y byddai angen iddynt profi yn y dyfodol bod trosglwyddiad allan o'r cynllun pensiwn wedi digwydd. • Oherwydd yr uwch dîm rheoli newydd ac ôl-lenwi swyddi, byddai angen hyfforddiant a gallai hyn effeithio perfformiad yn y tymor byr. <p>Dywedodd y Cadeirydd ei bod wedi bod yn bleser gweithio gyda'r PM a dymunodd yn dda iddi yn ei hymddeoliad.</p>	
	11.4 Cytunodd y Pwyllgor Pensiynau gydnabod cynnwys yr adroddiad.	
	12. Partneriaeth Pensiwn Cymru – Egwyddorion Cronni	
12.1	<p>Amlygodd yr HoP y penawdau allweddol canlynol o'r adroddiad:</p> <ul style="list-style-type: none"> • Roedd yr adroddiad yn rhoi esboniad o sut byddai cronni buddsoddiadau yn gweithio'n ymarferol, gyda pharagraff 5.1 yn amlinellu'r cyfrifoldebau a neilltuwyd i Gyngorau Cyfansoddol a Chydbwyllgor Llywodraethu (JGC) Partneriaeth Pensiwn Cymru (WPP) yn eu tro. • Pwysleisiodd y byddai'r Gronfa yn gyfrifol am gytuno ei Strategeath Fuddsoddi ac y byddai'r WPP wedyn yn ei gweithredu. • Byddai'r Gronfa yn gyfrifol am benderfynu ar amseriad trosglwyddiad yr asedau a ddelid ganddyn nhw i'r Cydweithrediad Cronni a'r cronfeydd neu'r is-gronfeydd a weithredir gan y Gweithredwr. 	

		<u>Gweithre du</u>
12.2	<p>Cytunodd y Pwyllgor Pensiynau i ystyried yr egwyddorion ym mharagraffau 6 a 7 (Tabl 1) yr adroddiad a chytuno ar yr egwyddorion a gynhwyswyd yn yr adroddiad.</p> <ul style="list-style-type: none"> • Byddai'r WPP JGC yn gyfrifol am gymeradwyo creu offerynnau a gronnwyd newydd ac is-gronfeydd. • Er mai polisi llywodraeth ganolog oedd trosglwyddo trefniadau cronni mewn ffordd amserol, reoledig a doeth, byddai angen i'r Pwyllgor Pensiynau fod yn fodlon na fyddai'r trosglwyddiad yn cael effaith andwyol ar y Gronfa a'i fod yn unol â strategaeth y Gronfa. • Amlinellwyd awgrymiadau mireinio dyrannu asedau strategol cyffredinol ym mharagraff 6.2 yr adroddiad. • Byddai angen i'r Gronfa fwydo ei barn ar faterion ESG i'r WPP ac roedd y gwaith hwn eisoes ar y gweill drwy gyfrwng RIWG y Gronfa. • Roedd rhai problemau posibl ynglŷn â sefydlu is-gronfeydd newydd a'r egwyddorion a awgrymwyd i ddelio â nhw wedi eu hamlinellu ym mharagraff 7.1 yr adroddiad. Roedd hyn yn angenrheidiol gan y byddai angen i'r Pwyllgor Pensiynau fod yn gyfforddus o ran buddsoddi mewn is-gronfeydd newydd. • Awgrymwyd y dylai'r trefniadau presennol barhau lle mae dirprwyaeth o hyd at 1% o werth y Gronfa ar y farchnad ar gyfer buddsoddiad sengl yn cael ei ddirprwyo i'r Prif Swyddog yn amodol ar adroddiad Cynllun Dirprwyo ysgrifenedig. Roedd unrhyw beth dros hyn yn gofyn am adroddiad i'r Pwyllgor; fodd bynnag, ychwanegodd bod swyddogion yn ceisio dod â phob penderfyniad gerbron y Pwyllgor os yn bosibl. • Gallai holl drefniadau llywodraethu presennol fod yn berthnasol ac yn ymarferol yng nghyd-destun cronni buddsoddiadau. 	
13.	Mireinio Dyrannu Asedau Strategol	
13.1	<p>Amlygodd yr HoP y penawdau allweddol canlynol o'r adroddiad:</p> <ul style="list-style-type: none"> • Roedd gan y Gronfa Bensiwn Ddyraniad Asedau Strategol (SAA) o sut y mae'n buddsoddi ei harian ar draws dosbarthiadau ased a gwahanol farchnadoedd a'r 'cyfeiriad teithio' oedd cyflawni 70% o fuddsoddiadau mewn Soddgyfrannau, 20% mewn Incwm Sefydlog a 10% mewn Buddsoddiadau Amgen. Mewn cyfarfod blaenorol o'r Pwyllgor Pensiynau, awgrymwyd nad oedd y Gronfa yn symud yn ddigon cyflym er mwyn cyflawni'r uchod. • Roedd y Gronfa wedi dioddef oherwydd ei llwyddiant ei hun mewn perthynas â buddsoddiadau mewn Soddgyfrannau, gan fod y buddsoddiadau yn parhau i wneud yn dda ac o ganlyniad roedd y canran o arian a fuddsoddwyd mewn Soddgyfrannau yn parhau i gynyddu. • Roedd yr adroddiad yn nodi sut gellid symud y Gronfa yn brydlon ac yn effeithiol tuag at y strategaeth a gytunwyd. • Cydnabuwyd bod llawer o'r manteision nawr wedi eu cael o fuddsoddiadau mewn Soddgyfrannau yn y cylch hwn ac o ganlyniad 	

		<u>Gweithre du</u>
13.2	<p>roedd angen gwaith i leihau risg ecwiti.</p> <ul style="list-style-type: none"> • Byddai'r WPP yn caniatáu i'r Gronfa weithredu'n gyflymach, gan y byddai'n gynt ac yn haws newid rheolwyr buddsoddi. • Roedd gan y Gronfa ar hyn o bryd ddyraniad asedau strategol ar gyfer 74% mewn Soddgyfrannau, 17% mewn Incwm Sefydlog a 9% mewn Opsiynau Amgen ac Eraill; fodd bynnag roedd 'cyfeiriad teithio' yn bodoli a oedd yn symud tuag at 70/20/10. • Byddai'r cynigion yn yr adroddiad ac a esboniwyd ymhellach yn Atodiad 2 yn caniatáu i'r gronfa gyflawni buddsoddiadau o 70% mewn Soddgyfrannau, 16% mewn Incwm Sefydlog ac 14% mewn Amgen ac Eraill, gan fanteisio ar amodau newidiol y farchnad a'r amrywiaeth fwy o opsiynau a gyflwynwyd gyda datblygu trefniadau Cydweithredu Cymru Gyfan. • Atgoffodd yr aelodau mai dyhead cronni oedd cynyddu buddsoddiadau mewn Amgen a byddai'r newidiadau strategol hyn hefyd yn gyson â'r dyhead hwnnw. <p>Ychwanegodd yr IIA y byddai angen i WPP edrych yn ofalus ar ddychweliad targed a meincnod a bod monitro yn bwysig wrth ystyried unrhyw newidiadau i ddyraniad asedau.</p>	
13.3	<p>Cytunodd y Pwyllgor Pensiynau:</p> <p>(i) Ystyried cynnwys yr adroddiad;</p> <p>(ii) Gwneud sylwadau yn unol â hynny a chytuno'r Dyraniad Asedau Strategol a gafodd ei grynhoi ym Mharagraff 6.2 yr adroddiad ac fel a fanylwyd yn Atodiad 2;</p> <p>(iii) Y dylai swyddogion gymryd mantais o gyfleoedd buddsoddi priodol wrth iddynt godi, a gweithio tuag at y Dyraniad Asedau Strategol gan ddefnyddio cyfyngiadau presennol y Cynllun Dirprwyo (i fyny i 1% o werth y farchnad ar gyfer buddsoddiadau unigol) neu adrodd i'r Pwyllgor am unrhyw beth dros hynny, a</p> <p>(iv) Y dylai swyddogion gyflwyno adroddiadau fel y bo'n briodol i sicrhau bod yr aelodau'n ymwybodol o, ac yn cyfrannu tuag at sefyllfa dyraniad asedau strategol esblygol y Gronfa, yn enwedig yng ngoleuni datblygiadau WPP.</p>	
14.	<p>Aelodau Etholedig – Datblygiad Proffesiynol Parhaus – Diweddariad</p>	
14.1	<p>Cyflwynodd yr HoP yr adroddiad a gofyn i'r aelodau gydnabod y cynnwys.</p>	
14.2	<p>Croesawodd y Cadeirydd y Cynghorydd Raymond Williams fel aelod newydd o'r Pwyllgor ac ymddiheuro am beidio â'i groesawu ar ddechrau'r cyfarfod.</p>	
14.3	<p>Cytunodd y Pwyllgor Pensiynau gydnabod y diweddariad ar hyfforddiant yn yr adroddiad.</p>	

		<u>Gweithre du</u>
15.	Dyddiad y Cyfarfod Nesaf 11/6/18	
15.1	Mae'r cyfarfod nesaf i'w gynnal ar ddydd Llun 11eg Mehefin 2018.	
15.2	Daeth y cyfarfod i ben am 11.25am.	