

**MEETING OF THE PENSIONS COMMITTEE
OF TORFAEN COUNTY BOROUGH COUNCIL
Held on Monday, 10 September 2018 at 10:00am
In the Chamber, Civic Centre, Hanbury Road, Pontypool, NP4 6YB**

MINUTES

Attendance: Members of the Committee

Councillors:

Huw Bevan
Glyn Caron (Chair)
Joanne Gauden

Jon Horlor
Peter Jones
Raymond Williams

Officers:

Nigel Aurelius, Assistant Chief Executive Resources (ACER)
Polly Ellis, Principal Solicitor (PS)
Joanne Griffiths, Pensions Support Manager (PSM)
Graeme Russell, Head of Pensions (HoP)
Dominique Redman, Senior Business Support Officer (SBSO)

Also attending the meeting

Elizabeth Carey, Deputy Independent Investment Advisor (DIIA)
Aoifinn Devitt, Independent Investment Advisor (IIA)

Observing from the public gallery

2 Pension Board Members

Action

1 Attendance and Apologies

1.1 No apologies were received.

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
Huw Bevan	NONE	Self
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 reminded members of the Pension Board that they would be required to leave the public gallery for agenda items 12 and 13, as the exemption notice applied to them as well as members of the press and public.

2.3 The PS left the meeting.

3 Minutes 18/6/18

3.1 The minutes of the meeting held on 18 June 2018 were confirmed as an accurate record.

3.2 The Chair referred to section 8 of the minutes and asked for an update on the review of the Fund's Global Custodian arrangements. The HoP explained that the review was in the early stages. Information around the Framework Agreement and the way it operates had been received from Norfolk which was in the process of being reviewed.

4 Pension Board 25/7/18 - Verbal Update

4.1 The HoP explained that the Pensions Committee would normally receive a set of written minutes from the Pensions Board, however, when the Board met on 25 July it didn't have a quorum. He further explained that the Board considered and discussed matters and informal notes were taken. These notes would be considered at the Board's next meeting and, if approved, reported back to Pensions Committee at that stage.

4.2 The Chair informed the Committee that he was present at the meeting of the Pensions Board which was held on 25 July.

5 Quarterly Investment Performance Report to 30/6/18

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

- The report covered Quarter 2 of 2018, which ran from 1 April 2018 to 30 June 2018.
- At the end of Quarter 2 the value of the Fund was £2.928 billion.
- Geopolitical tensions surrounding North Korea had receded.
- Oil price trade relations between US and China had deteriorated and these tensions had influenced performance in the second quarter.
- After a negative first quarter, the second quarter had been positive.
- The Fund's Index had returned 9.20% in quarter 2 recovering to a 9.02% return for the last 12 months which was more in line with developed markets. A full analysis by region of the actual market returns for the quarter, as they affected the Fund, was included

within Appendix 1 to this report.

- Despite overall markets achieving 5.41%, the Fund had slightly underperformed, achieving 5.04% in quarter 2.
- The 12 month overall Fund return was 7.07%. This was slightly above the 12 month benchmark of 6.66%.
- General uncertainty around markets was reflected in the Fund's performance. The Fund had slightly underperformed on this occasion rather than outperformed. Detail around all the Fund's managers was set out in Appendix 1 to the report.
- During the current quarter, the value of the Fund had increased during July to £2.981 billion, however, during August this had fallen back slightly to £2.969 billion.

5.2 The IIA explained that the purpose of her report 'Investment Advisor Market Commentary – Investment Context' (attached as Appendix 2 to the report) was to enable the Pensions Committee to monitor short term news in order to be better engaged when working with Asset Managers. The IIA provided the following headlines from Appendix 2 of the report:

- The key themes of quarter 2 to date had been trade tensions, the brunt of these borne by emerging markets.
- The strength of the economy in the US was strong with strong employment growth and earnings growth.
- Europe had underperformed expectations and the UK's BREXIT woes continued.
- The no deal BREXIT scenario should be put to every Manager.
- US performance was up by 10% which was mostly led by tech.
- Inflation was accelerating in the US and lagging elsewhere.
- The Bank of England's first raise - after one of the longest time periods in history, could be a support for sterling in the coming months.
- The US dollar was strengthening.
- Although the current level of volatility was currently heightened, the level of volatility for 2017 was still below average.
- The UK had a high equity allocation which would see a change of direction from the increase seen.
- Private equity may well be proposed by the pool over time, however, given the high allocation to equity, there was no reason to diversify.
- It was not thought that the UK were heavily exposed to any particular area at the moment.

5.3 The HoP referred to recent investment activity and commented as follows:

- Work around the Wales Pension Pool (WPP) was ongoing.
- Extensive work was being undertaken around the pooling sub funds and development procedures.
- The adjustments suggested under the exempt item of the last

Pensions Committee meeting were being considered.

- There was a marginal underperformance in quite a strong, rising market with the Fund achieving just over 5% return in the quarterly period which was slightly behind the market.

5.4 Following questions from the Committee the HoP, IIA and DIIA made the following points:

- Aberdeen Standard and GAR had underperformed in recent quarters and Aberdeen were aware that the situation was being monitored closely.
- Two similar positions had been built with Invesco and Fidelity in order to compare the performance of three individual funds. This would give an insight of the performance of GAR which would be relative of more recent funds invested into.
- Under pooling, it was not entirely clear on how alternative assets would come into arrangements, however, if a recommendation was to come forward regarding GAR's mandate, temporary arrangements might need to be considered.
- It would be possible for a detailed paper on three existing Multi Asset Funds to be presented at a future meeting of the Pensions Committee in order to provide members with an exact comparison and to assist with decision making.
- About 15% of the Fund was invested in the US which was not particularly heavy weighted compared to the market capitalisation of the US. This was a more balanced approach about timing, the balance of too much or too little and how long the "bull run" may continue.
- There was an increasing trend among peers to have pure global allocation, if this had been the case, it was likely that the Fund's performance would have been higher due to strong US markets and the strong dollar.
- Re-balancing was key and, as pooling pursued, automatic re-balancing or annual re-balancing should be built in.
- The difficulty associated with re-balancing was the speed at which this could be done due to formal processes that were to be followed. However, this should speed up and become an easier process through pooling where asset classes will already be established.
- The US market was up 10% this year. This was very good timing in terms of the pooling which was about to happen, whereby access to a diverse range of Managers would be gained.
- In terms of the performance of the market, the real benchmark was the value of sterling which was at a multi-year low in comparison to the dollar. There was still months left to run on the BREXIT scenario which gave reason for there to be continued weakness, however, in the long term, it was possible for the sterling to strengthen.
- Steps were being taken towards reducing the overweight equities. Members of the Pensions Committee had agreed an

HoP

approach at the last meeting whereby 3% of assets be taken out of equities and moved across to alternatives. The first tranche of this process was due to be undertaken next week and the second tranche next month. Research was ongoing around the next stages.

- It wasn't anticipated that the two interest rises that had already been priced in the US would have an effect on the strength the dollar. Wage growth in the US wasn't dramatic and it would not be surprising to see the strength of the dollar increase further.

5.5 The Pensions Committee agreed to:

- (i) Note the investment performance that has taken place during the second quarter of 2018 and provide comment and consider issues arising; and
- (ii) Note recent investment activity and consider any further appropriate course of action required.

6 Responsible Investment Working Group - Progress Report

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

- The fund needed to consider how managers were taking longer term and more sustainable reviews, particularly in line with the future of generation's requirement across Wales.
- In the past week some members may have picked up a report from pressure groups and lobby groups around fracking, where the Fund had been quoted as investing inaccurate amounts of money into fracking. This was an illustration of the profile being given to this area.
- The figures contained within the fracking report were based on broad percentages of pooled funds without any knowledge of the composition of the Funds. A similar report on fossil fuels which also contained inaccurate figures had been published around 10 months ago.
- The fracking report was calling for the Fund to disinvest with anything relating to fracking and fossil fuels, however, it was the work of the Responsible Investment Working Group which would help inform that decision.
- Over the past year, the Responsible Investment Working Group had met on 5 occasions and had undertaken a bespoke introductory education training session. This had been an intense period of meetings in a hugely complex area which would very much influence the direction of travel going forward in terms of investments.
- The Group were reviewing the Fund's current approach relating to all matters of Environmental, Social and Corporate Governance (ESG) and also reviewing proposals for change. The Group would report back to the Pensions Committee as the decision maker.

- Points emerging strongly from the Group were that there needed to be a more formal Investment Policy, it was worth collaborating where high levels of pressure could be exerted and there should be wider recognition of the work undertaken.
- The Group had developed an Activities and Progress Monitor (attached at Appendix 1 to the report) which was grouped around themes.
- A draft set of Responsible Investment Principals had been developed and were attached at Appendix 2 to the report.

6.2 The IIA commended the work of the Group on what was one of the most comprehensive reports she had seen. The IIA explained that Lincoln Russell and the Wales Pension Pool would have a full parallel policy in place.

6.3 Cllr Bevan recognised the increasing need to protect the planet and the increasing pressure under legislation relating to the Future Generations Act, sustainability and the new Environment Act. He felt that, as part of the rebalancing exercise, there was scope to appoint a new Investment Manager Mandate to run alongside existing Managers which could deal specifically with ethical and responsible investments. Cllr Bevan stated that he did not wish to disinvest from companies like BP and Shell which were already themselves starting to diversify.

6.4 In response to Cllr Bevan's comments, the HoP commented as follows:

- The Responsible Investment Working Group was considering how to measure the carbon footprint of the Fund.
- Mechanisms were needed to identify the current position and to monitor the direction of travel.
- A company called Engaged Tracking were due to make a presentation to the Group during late September and would then provide an advisory service on how to move forward.
- Members of the Group were taking opportunities to explore the market place and the principals they used for investing.
- Key duties were around recognising that ESG issues had a material financial impact in terms of responsible investment credentials.
- Consideration of a 'greener mandate' or the appointment of a Manager, would need to go through the European Procurement Process unless on a small scale and there would be a timing issue around pooling here. Also, the Responsible Investment Working Group would want to report back to Pensions Committee with some definite recommendations around this matter.
- A background note around the fracking issue had been drafted in consultation with the Chair of Pensions. This would be circulated to members of the Pensions Committee.

6.5 The DIIA referred to an initiative she was aware of involving solar panels

HoP

and discussion ensued around possible ways for residents to be able to fund such schemes, one being via council tax payments. The HoP explained that the work of the Responsible Investment Working Group would need to inform this and formal recommendations would need to be put forward to the Pensions Committee.

6.6 The Chair provided the following comments:

- The Responsible Investment Working Group felt it was important to increase the level of engagement with the Local Authority Pension Fund Forum (LAPFF) and, further to this, he had been elected to the LAPFF as the only member from the Welsh pool.
- Monmouthshire had voted for the Fund to withdraw from fossil fuel investment, however, it was important to note that such companies were also diverging into areas around sustainability and it would be extremely costly from a financial point of view to withdraw.
- ESG had become a mainstream issue and there was a need to remember that companies invested in might be 'green' today, however, this might not be the case tomorrow.

6.7 Pensions Committee agreed:

- (i) To note the work carried out by the Group since its formation;
- (ii) To note and agree the points within Section 5.6 (above)
- (iii) That the Responsible Investment Working Group should continue its work in the consideration of Responsible Investment matters within the Fund's investment process and, within the context of the Funds wider governance processes, meet regularly with further work plan updates and recommendations being provided to future meetings of the Committee as appropriate.

7 Administration Update

7.1 The PSM highlight the report in detail which provided a brief update on the administration services provided by the Pensions Section and indicated a number of areas of current activity and development.

7.2 With reference to paragraph 10 of the report, the Hop explained that the Local Government Pension Scheme (LGPS) (Amendment) Regulations 2018 which were issued on the 19th April 2018 introduced a number of amendments to LGPS (2014) with a number taking effect from the 1st April 2014. The PSM clarified that these changes also related to Elected Members who had been informed in writing.

7.3 The Pensions Committee paid tribute to the work of the Pensions Team, particularly given the staffing difficulties the team had experienced and the increase in the number of members signing up to the online scheme.

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

8 Risk Register Review

8.1 The HoP highlighted the key areas of the report which, further to the report to the March 2018 Committee, updated members in respect of the status of the Fund's Policy documents and in particular a review of the Fund's Risk Register carried out by the Local Pension Board. The report asked the Committee to consider this review and provide any additional views, comments or risk detail prior to an updated version being compiled by Fund officers in parallel to a review of the Fund's Investment Strategy Statement.

8.2 The Chair expressed concerns around the risks involved with governance arrangements, particularly concerning Carmarthen as the host authority and links between Greater Gwent and the WPP. He explained that although he understood there were some technical issues around setting up the pool, meetings were often re-arranged. The HoP would reflect these concerns within the Risk Register.

8.3 In response to questions asked by members, the HoP commented as follows:

- BREXIT was an example of one of the external influences that the Fund needed to be mindful of, although it had no control over this matter.
- The governance of pooling was new for everybody and would be monitored closely.
- The WPP was a mechanism to help implement the Asset Strategy, not set the Strategy. Setting the Asset Strategy was the responsibility of the Pensions Committee.
- Every Fund was having to make judgements around a variety of matters. Judgements would be based on the Asset Class and whether this could wait until the Fund pooled. In some cases, it may not be possible to wait for the pool.

8.4 Pensions Committee:

- (i) Noted the current status of the Fund's Policy Statements;
- (ii) Noted the publication to the Fund and Council's websites of the previously updated Governance and Communications Policy Statements;
- (iii) Noted the review of the Pension Fund Risk Register carried out by the Local Pension Board;
- (iv) Considered the Risk Register prior to an updated version being compiled by Fund Officers in parallel to a review of the Fund's

HoP

- Investment Strategy Statement; and
- (v) Noted that both updated documents would be brought to the December meeting of the Pensions Committee for their consideration prior to publication in due course.

9 Elected Members - Continuing Professional Development Update

- 9.1 The HoP introduced the report which provided an update of training already undertaken by members of the Pensions Committee, for information, and to aid consideration of future training requirements.
- 9.2 The Pensions Committee noted the training update provided within the report for information.

10 Date of Next Meeting 10/12/18

- 10.1 The next meeting is scheduled to take place on Monday 10 December 2018.

11 Exclusion of Press and Public

- 11.1 The Pensions Committee agreed to exclude the press and public from the meeting as presentations and meeting papers are not for publication because in accordance with paragraphs 12 and 14 of part 4 of Schedule 12a of the Local Government Act 1972 (as amended by the Access to Information Variation Order Wales 2007), it contains information about a particular individual and information relating to the financial and business affairs of particular persons including the Council and in all the circumstances of the case the public interest in maintaining the exemptions outweighs the public interest in disclosing the information.
- 11.2 Members of the Pensions Board who were seated in the public gallery left the meeting.

Items 12 and 13 were Exempt.

Signed **Chair** **Date.....**

Minutes produced by Dominique Redman, Senior Business Support Officer - Democratic Services, 12 September 2018

CYFARFOD PWYLLGOR PENSIYNAU
CYNGOR BWRDEISTREF SIROL TORFAEN
A gynhaliwyd ar ddydd Llun, 10 Medi 2018 am 10:00am
Yn y Siambr, y Ganolfan Ddinesig, Ffordd Hanbury, Pont-y-pŵl, NP4 6YB

COFNODION

Yn bresennol: Aelodau'r Pwyllgor

Y Cynghorwyr:

Huw Bevan
Glyn Caron (Cadeirydd)
Joanne Gauden

Jon Horlor
Peter Jones
Raymond Williams

Swyddogion:

Nigel Aurelius, Prif Weithredwr Cynorthwyol, Adnoddau (ACER)
Polly Ellis, Prif Gyfreithiwr (PS)
Joanne Griffiths, Rheolwr Pensiynau (PM)
Graeme Russell, Pennaeth Pensiynau (HoP)
Dominique Redman, Uwch Swyddog Cymorth Busnes (SBSO)

Hefyd yn mynychu'r cyfarfod

Aoifinn Devitt, Cyngorydd Buddsoddi Annibynnol (IIA)
Elizabeth Carey, Dirprwy Gyngorydd Buddsoddi Annibynnol (DIIA)

Yn arsylwi o'r oriel gyhoeddus

2 Aelod o'r Bwrdd Pensiynau

Gweithredu

1 Presenoldeb ac Ymddiheuriadau

1.1 Ni dderbyniwyd unrhyw ymddiheuriadau.

2 Datgan Buddiannau

2.1 Cadarnhaodd yr Aelodau y datganiadau canlynol o fuddiant personol, fel y darllenwyd gan y PS:

Y Cyngorydd	Yn derbyn Pensiwn	Cyfrannwr
Huw Bevan	DIM	Hunan
Glyn Caron	DIM	Hunan. Gwraig 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 Atgoffodd y PS aelodau'r Bwrdd Pensiwn y byddai gofyn iddynt adael yr oriel gyhoeddus ar gyfer eitemau 12 a 13 ar yr agenda, gan fod yr hysbysiad eithrio yn berthnasol iddynt hwythau ynghyd ag aelodau'r wasg a'r cyhoedd.

2.3 Gadawodd y PS y cyfarfod.

3 Cofnodion 18/6/18

3.1 Cadarnhawyd cofnodion y cyfarfod a gynhaliwyd ar 18 Mehefin 2018 fel cofnod cywir.

3.2 Cyfeiriodd y Cadeirydd at adran 8 y cofnodion a gofynnodd am ddiweddariad ar yr arolwg o drefniadau Ceidwad Byd-eang y Gronfa. Esboniodd yr HoP bod yr arolwg yn y cyfnod cynnar. Roedd gwybodaeth am y Cytundeb Fframwaith a sut mae'n gweithredu wedi ei dderbyn gan Norfolk ac roedd yn y broses o gael ei arolygu.

4 Bwrdd Pensiynau 25/7/18 – Diweddariad Llafar

4.1 Esboniodd yr HoP y byddai'r Pwyllgor Pensiynau fel rheol yn derbyn set o gofnodion ysgrifenedig gan y Bwrdd Pensiynau, ond pan gyfarfu'r Bwrdd ar 25 Gorffennaf nid oedd cworwm. Esboniodd ymhellach bod y Bwrdd wedi ystyried a thrafod materion a bod nodiadau anffurfiol wedi eu cymryd. Byddai'r nodiadau hyn yn cael eu hystyried yng nghyfarfod nesaf y Bwrdd ac, os cânt eu cadarnhau, yn cael eu hadrodd yn ôl i'r Pwyllgor Pensiynau bryd hynny.

4.2 Hysbysodd y Cadeirydd y Pwyllgor ei fod yn bresennol yng nghyfarfod y Bwrdd Pensiynau a gynhaliwyd ar 25 Gorffennaf.

5 Adroddiad Perfformiad Buddsoddi Chwarterol hyd at 30/6/18

5.1 Amlygodd yr HoP y penawdau allweddol canlynol o'r adroddiad:

- Roedd yr adroddiad yn delio â Chwarter 2 2018, a oedd yn rhedeg o 1 Ebrill hyd at 30 Mehefin 2018.
- Ar ddiwedd Chwarter 2, gwerth y Gronfa oedd £2.928 biliwn.
- Roedd y chwarter wedi ei ddylanwadu gan densiynau geoleidyddol o amgylch Gogledd Korea a oedd bellach wedi tawelu, a chysylltiadau masnach prisiau olew rhwng yr UD a Tsieina.
- Ar ôl chwarter cyntaf negyddol, roedd yr ail chwarter yn gadarnhaol.
- Er gwaethaf marchnadoedd yn gyffredinol yn cyflawni 5.41%, roedd y Gronfa wedi tanberfformio rhyw ychydig, yn cyflawni 5.04% yn chwarter 2.

- Yr elw 12 mis cyffredinol ar y Gronfa oedd 7.07%. Roedd hyn ychydig yn uwch na'r meincnod 12 mis o 6.66%.
- Adlewyrchwyd ansicrwydd cyffredinol yn y marchnadoedd ym mherfformiad y Gronfa. Roedd wedi tanberfformio ychydig ar yr achlysur hwn yn hytrach na pherfformio'n uwch. Nodwyd manylion holl reolwyr y Gronfa yn Atodiad 1 i'r adroddiad.
- Yn ystod y chwarter hwn, roedd gwerth y Gronfa wedi cynyddu yn ystod mis Gorffennaf i £2.981 biliwn, ond yn ystod Awst, roedd wedi syrthio'n ôl rhyw ychydig i £2.969 biliwn.

5.2 Esboniodd yr IIA mai pwrpas ei hadroddiad 'Sylwadau'r Cynghorydd Buddsoddi ar y Farchnad – Cyd-destun Buddsoddi' (ynghlwm fel Atodiad 2 i'r adroddiad) oedd i alluogi i'r Pwyllgor Pensiynau fonitro newyddion byrdymor er mwyn bod mewn gwell sefyllfa wrth weithio gyda Rheolwyr Asedau. Cyflwynodd yr IIA y penawdau canlynol o Atodiad 2 i'r adroddiad:

- Themâu allweddol chwarter 2 hyd yma oedd tensiynau masnach, gyda'r gwaethaf o'r rhain yn effeithio marchnadoedd datblygol.
- Roedd yr economi yn yr UD yn gryf gyda thwf cyflogaeth cryf a thwf mewn enillion.
- Roedd Ewrop wedi tanberfformio yn erbyn disgwyliadau ac roedd trallodion BREXIT y DU yn parhau.
- Dylid cyflwyno'r senario "dim bargaen" BREXIT i bob Rheolwr mewn cyfarfodydd i ddod.
- Roedd perfformiad yr UD i fyny 10% a oedd yn cael ei arwain yn bennaf gan stociau technoleg.
- Roedd chwyddiant yn cynyddu yn yr UD ac yn arafu mewn mannau eraill.
- Gallai codiad llogau cyntaf Banc Lloegr – ar ôl un o'r cyfnodau sefydlog hiraf mewn hanes, fod yn gymorth i sterling yn y misoedd i ddod.
- Roedd y ddoler yn yr UD yn cryfhau.
- Er bod lefel bresennol cyfnewidioldeb yn uwch ar hyn o bryd, roedd lefel cyfnewidioldeb ar gyfer 2017 yn dal yn is na'r cyfartaledd.
- Efallai y bydd Partneriaeth Bensiwn Cymru yn cynnig ecwiti preifat dros amser, ond oherwydd eu dyraniad uchel i ecwiti, nid oedd rheswm ar unwaith i'r gronfa arallgyfeirio.

5.3 Cyfeiriodd yr HoP at weithgareddau buddsoddi diweddar a gwneud y sylwadau canlynol:

- Roedd gwaith ar Gronfa Bensiwn Cymru (WPP) yn parhau. Nododd bod gwaith helaeth yn cael ei wneud ar is-gronfeydd cronni newydd ac roedd gweithdrefnau ategol yn cael eu datblygu.
- Roedd y newidiadau buddsoddi a gytunwyd dan yr eitem eithriedig yng nghyfarfod diwethaf y Pwyllgor Pensiynau yn cael

eu gweithredu.

- Roedd perfformiad yn danberfformiad bach iawn mewn marchnad eithaf cryf sy'n codi, gyda'r Gronfa yn cyflawni ychydig mwy na 5% elw yn y cyfnod chwarterol, a oedd ychydig islaw'r farchnad.

5.4 Ar ôl cwestiynau gan y Pwyllgor, gwnaeth yr HoP, yr IIA a'r DIIA y pwyntiau canlynol:

- Roedd cynnyrch GARs Aberdeen Standard wedi tanberfformio mewn chwarteri diweddar ac roedd Aberdeen yn ymwybodol bod y sefyllfa'n cael ei monitro'n agos.
- Roedd dwy sefyllfa debyg wedi eu creu gyda Invesco a Fidelity er mwyn cymharu perfformiad y dair gronfa unigol. Byddai hyn yn rhoi cipolwg ar berfformiad GARs a fyddai'n cymharu gyda'r cronfeydd mwy diweddar a fuddsoddwyd.
- Dan gronni WPP, nid oedd yn gwbl glir sut byddai asedau amgen yn dod i mewn i'r trefniadau eto, ond os oedd argymhelliad yn y dyfodol mewn perthynas â mandad GARs, yna efallai y byddai angen ystyried trefniadau dros dro.
- Byddai'n bosibl cyflwyno papur manwl ar y dair Gronfa Asedau Lluosog mewn cyfarfod o'r Pwyllgor Pensiynau yn y dyfodol er mwyn rhoi cymhariaeth fanylach i'r aelodau ac i gynorthwyo gyda chymryd penderfyniadau posibl.
- Roedd rhyw 15% o'r Gronfa wedi ei fuddsoddi yn yr UD, nad oedd yn bwysiad cryf iawn o gymharu gyda chyfalafu marchnad yr UD. Roedd hwn yn ddull mwy cytbwys ynglŷn ag amseru; balans o ormod neu rhy ychydig ac am ba hyd y byddai'r farchnad gynyddol yn parhau.
- Roedd tuedd gynyddol ymhlith rhai cymheiriaid i gael dyraniad ecwiti byd-eang pur yn hytrach na dyraniadau rhanbarthol; petai hyn wedi bod yn wir, roedd yn debygol y byddai perfformiad y Gronfa wedi bod yn uwch oherwydd marchnadoedd cryf yn yr UD a doler gref.
- Roedd ail-gydbwyso yn allweddol ac, fel yr oedd cronni yn cael ei ddilyn, dylai ail-gydbwyso awtomatig neu ail-gydbwyso cyfnodol/blynyddol gael ei ymgorffori.
- Yr anhawster gydag ail-gydbwyso oedd y cyflymder a ellid ei gael oherwydd prosesau ffurfiol a oedd i'w dilyn. Serch hynny, dylai hyn gyflymu a dod yn broses haws drwy gronni lle byddai dosbarthiadau asedau eisoes wedi eu sefydlu.
- Roedd marchnad yr UD i fyny 10% eleni. Roedd hyn yn amseru da o ran y cronni sydd i ddigwydd yn y man, lle byddai mynediad at amrediad amrywiol o Reolwyr ar gael.
- O ran perfformiad y farchnad, y meincnod gwirioneddol oedd gwerth sterling a oedd ar lefel isaf mewn nifer o flynyddoedd o gymharu â'r ddoler. Roedd misoedd i fynd eto ar senario BREXIT a oedd yn rhoi rheswm dros wendid parhaus, ond y tymor hir roedd yn bosibl i sterling gryfhau.
- Roedd camau'n cael eu cymryd tuag at leihau ecwiti rhy drwm. Roedd aelodau'r Pwyllgor Pensiynau wedi cytuno dull yn y

HoP

cyfarfod diwethaf lle'r oedd 3% o asedau i'w tynnu allan o ecwiti a'u symud drosodd i gynnyrch amgen. Roedd cyfnod cyntaf y broses hon i'w ymgymryd yr wythnos nesaf, a'r ail gyfnod y mis nesaf. Roedd ymchwil yn mynd rhagddo ar y camau dilynol.

- Nis rhagwelwyd y byddai'r ddau gynnydd mewn llogau a oedd eisoes wedi eu prasio yn yr UD yn cael effaith ar gryfder y ddoler. Nid oedd cynnydd mewn cyflogau yn yr UD yn ddramatig ac ni fyddai'n syndod gweld cryfder y ddoler yn cynyddu ymhellach.

5.5 Cytunodd y Pwyllgor Pensiynau:

- (i) Gydnabod y perfformiad buddsoddi sydd wedi digwydd yn ystod ail chwarter 2018; a
- (ii) Chydnabod y gweithgareddau buddsoddi diweddar.

6 Gweithgor Buddsoddi Cyfrifol – Adroddiad Cynnydd

6.1 Tanlinellodd yr HoP y penawdau allweddol canlynol o'r adroddiad:

- Roedd angen i'r Gronfa ystyried sut roedd rheolwyr yn cymryd barn mwy hirdymor a mwy chynaliadwy, yn enwedig yn unol â'r gofyniad Cenedlaethau'r Dyfodol ledled Cymru
- Yn yr wythnos a aeth heibio, efallai bod rhai aelodau wedi nodi adroddiad gan garfanau pwysu a grwpiau lobio o gwmpas ffracio, lle'r oedd y Gronfa wedi ei dyfynnu fel un sydd wedi buddsoddi symiau anghywir o arian mewn ffracio. Roedd hyn yn dangos y proffil a roddid i'r maes hwn.
- Roedd y ffigurau yn yr adroddiad ffracio yn seiliedig ar ganrannau bras o gronfeydd wedi'u cronni heb unrhyw wybodaeth o gyfansoddiad y Cronfeydd. Roedd adroddiad tebyg ar danwydd ffosil a oedd yn hefyd yn cynnwys ffigurau anghywir wedi ei gyhoeddi rhyw 10 mis yn ôl.
- Roedd yr adroddiad ffracio yn galw ar y Gronfa i ddad-fuddsoddi mewn unrhyw beth yn ymwneud â ffracio a thanwydd ffosil, ond roedd y materion hyn dan sylw trwy waith y gweithgor Buddsoddi Cyfrifol a fyddai'n helpu i fwydo gwybodaeth er mwyn cymryd unrhyw benderfyniadau.
- Dros y flwyddyn a aeth heibio, roedd y Gweithgor Buddsoddi Cyfrifol wedi cyfarfod ar 5 achlysur ac wedi derbyn sesiwn hyfforddi addysg gyflwyno benodol. Roedd hwn yn gyfnod dwys o gyfarfodydd mewn maes cymhleth iawn a fyddai'n dylanwadu ar y cyfeiriad teithio at y dyfodol o ran buddsoddiadau a sut byddai'r Gronfa yn meithrin mwy o gynaliadwyedd.
- Roedd y Gweithgor yn arolygu dull presennol y gronfa tuag at faterion Amgylcheddol, Cymdeithasol a Llywodraethu Corfforaethol (ESG) a hefyd yn arolygu cynigion ar gyfer newid. Byddai'r Gweithgor yn adrodd yn ôl i'r Pwyllgor Pensiynau fel y cymerwr penderfyniadau.
- Pwyntiau a oedd yn dod gan y Gweithgor oedd bod angen Polisi

Buddsoddi mwy ffurfiol; roedd werth cydweithredu pan ellid dwyn lefelau uchel o bwysau a dylid bod cydnabyddiaeth ehangach o'r gwaith a ymgwymerwyd.

- Roedd y Gweithgor wedi datblygu Monitor Gweithgareddau a Chynnydd (ynghlwm yn Atodiad 1 i'r adroddiad) a oedd wedi ei grwpio o amgylch themâu.
- Roedd set ddrafft o Egwyddorion Buddsoddi Cyfrifol wedi ei datblygu ac ynghlwm fel Atodiad 2 i'r adroddiad.

6.2 Canmolodd yr IIA waith y Gweithgor ar un o'r adroddiadau mwyaf cynhwysfawr roedd wedi eu gweld. Esboniodd yr IIA y byddai angen i Link a Russell a Chronfa Bensiynau Cymru fod â pholisi cyflin llawn yn ei le.

6.3 Roedd y Cynghorydd Bevan yn cydnabod yr angen cynyddol i amddiffyn y blaned a'r pwysau cynyddol dan ddeddfwriaeth yn ymwneud â Deddf Cenedlaethau'r Dyfodol, cynaliadwyedd a Deddf newydd yr Amgylchedd. Teimlai bod lle, fel rhan o'r ymarfer ail-gydbwyso, i benodi Mandad Rheolwr Buddsoddi newydd i fynd gyda'r Rheolwyr presennol a allai ddelio gyda buddsoddiadau moesegol a chyfrifol yn benodol. Dywedodd y Cynghorydd Bevan nad oedd eisiau dad-fuddsoddi o gwmnïau megis BP a Shell a oedd, eu hunain, yn dechrau arallgyfeirio.

6.4 Mewn ymateb i sylwadau'r Cynghorydd Bevan, nododd yr HoP fel a ganlyn:

- Roedd y Gweithgor Buddsoddi Cyfrifol yn ystyried sut i fesur ôl troed carbon y Gronfa.
- Roedd angen mecanweithiau i adnabod y sefyllfa bresennol ac yna penderfynu ar a monitro wedi hynny y cyfeiriad teithio mewn perthynas â buddsoddi cyfrifol gan y Gronfa.
- Roedd cwmni o'r enw Engaged Tracking i wneud cyflwyniad i'r Gweithgor ddiwedd mis Medi ac yn amodol ar y cyfarfod hwnnw, efallai y byddai'n cael ei wahodd i weithio gyda'r gronfa i ddarparu gwasanaeth cynghori mewn perthynas â monitro carbon.
- Roedd aelodau'r Gweithgor yn cymryd y cyfle i ystyried y farchnad a'r egwyddorion ar gyfer buddsoddi.
- Roedd dyletswyddau allweddol mewn perthynas â chydabod bod materion ESG yn cael effaith ariannol berthnasol o ran buddsoddi cyfrifol.
- Byddai angen i ystyriaeth o 'fandad gwyrddach' neu benodi Rheolwr fynd trwy reolau Caffael Ewropeaidd oni fo'r buddsoddiad yn un bach a byddai materion amseru hefyd o gwmpas cronni. Hefyd, byddai'r Gweithgor Buddsoddi Cyfrifol eisiau adrodd yn ôl i'r Pwyllgor Pensiynau ar gydag argymhellion penodol ar y mater hwn unwaith y byddai mewn sefyllfa i wneud hynny.
- Roedd nodyn cefndir ar y mater ffracio wedi ei ddrafftio mewn ymgynghoriad â'r Cadeirydd Pensiynau. Cawsai hwn ei

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ddosbarthu i aelodau'r Pwyllgor Pensiynau.

6.5 Cyfeiriodd y DIIA at fenter roedd yn ymwybodol ohoni yn cynnwys paneli solar a chafwyd trafodaeth ar ddulliau posibl i drigolion fedru ariannu cynlluniau o'r fath, un ohonynt trwy daliadau treth y cyngor. Esboniodd yr HoP y byddai angen i waith y Gweithgor Buddsoddi Cyfrifol fwydo i mewn i hyn a byddai angen cyflwyno argymhellion ffurfiol ganddyn nhw i'r Pwyllgor Pensiynau.

6.6 Gwnaeth y Cadeirydd y sylwadau canlynol:

- Teimlai'r Gweithgor Buddsoddi Cyfrifol ei bod yn bwysig cynyddu lefel ymgysylltiad gyda Fforwm Cronfa Bensiwn Llywodraeth Leol (LAPFF) ac, ymhellach i hyn, roedd wedi ei ethol i Bwyllgor Gweithredol LAPFF.
- Roedd Sir Fynwy wedi pasio cynnig i'r Gronfa dynnu allan o fuddsoddiad tanwydd ffosil, er nad oes hysbysiad ffurfiol o hyn wedi'i dderbyn. Mae'n bwysig o hyd nodi bod cwmnïau o'r fath hefyd yn arallgyfeirio i feysydd cynaliadwyedd ac y byddai'n ddrudfawr iawn o safbwynt ariannol tynnu allan o gronfeydd oni fo'n cael ei wneud mewn modd gofalus ar ôl ystyriaeth ddyledus.
- Roedd ESG wedi dod yn fater prif ffrwd ac roedd angen cofio efallai bod cwmnïau sydd wedi eu buddsoddi ynddynt yn 'wyrdd' heddiw ond efallai na fyddai hynny'n wir yfory.

6.7 Cytunodd y Pwyllgor Pensiynau:

- (i) Gydabod y gwaith a wnaed gan y Gweithgor ers ei ffurfio;
- (ii) Cydnabod a chytuno gyda'r pwyntiau yn Adran 5.6 yr adroddiad a oedd yn cynnwys:
 - a. Cydnabod y Monitor Gweithgareddau a Chynnydd a oedd yn crynhoi'r gwaith a wnaed gan y Gweithgor ers ei ffurfio, argymhelliad interim rhagarweiniol y Gweithgor i'r Pwyllgor a'r eitemau gwaith a oedd ar ôl.
 - b. Cymeradwyo argymhelliad interim y Gweithgor bod y Gronfa yn mabwysiadu set o Egwyddorion Buddsoddi Cyfrifol y gellir eu defnyddio fel "blociau adeiladu" ar gyfer Polisi Buddsoddi Cyfrifol ar gyfer y Gronfa maes o law.
 - c. Bod adroddiadau diweddarau pellach mewn perthynas â gwaith y Gweithgor yn dod i'r Pwyllgor yn y dyfodol i gynnwys unrhyw argymhellion pellach mewn perthynas â dull y gronfa o ddelio gyda Buddsoddi Cyfrifol i'r Pwyllgor eu hystyried cyn eu mabwysiadu gan y Gronfa.
- (iii) Bod y Gweithgor Buddsoddi Cyfrifol yn parhau ei waith i ystyried materion Buddsoddi Cyfrifol o fewn proses fuddsoddi'r Gronfa ac, yng nghyd-destun prosesau llywodraethu ehangach y Gronfa, yn cyfarfod yn rheolaidd gyda diweddariadau ac argymhellion pellach yn cael eu cyflwyno i gyfarfodydd y pwyllgor yn y dyfodol

fel y bo'n briodol.

7 Diweddariad ar Weinyddu

- 7.1 Amlygodd y PM yr adroddiad yn fanwl, a oedd yn rhoi diweddariad ar y gwasanaethau gweinyddol a ddarparwyd gan yr Adran Bensiynau ac yn nodi nifer o feysydd o weithgaredd presennol a datblygiad.
- 7.2 Gan gyfeirio at baragraff 10 yr adroddiad, esboniodd y PM bod Rheoliadau Cynllun Pensiwn Llywodraeth Leol (Diwygio) 2018 a gyhoeddwyd ar 19eg Ebrill 2-18, yn cyflwyno nifer o newidiadau i'r Cynllun (2015) gyda nifer yn dod i rym o'r 1af Ebrill 2014. Esboniodd y PM bod y newidiadau hyn hefyd yn berthnasol i Aelodau Etholedig a oedd wedi eu hysbysu mewn llythyr.
- 7.3 Talodd y Pwyllgor Pensiynau deyrnged i waith y Tîm Pensiynau, yn enwedig o ystyried yr anawsterau staffio roedd y tîm wedi eu cael a'r cynnydd yn y nifer o aelodau a oedd yn ymuno â'r cynllun arlein.
- 7.4 Cytunodd y Pwyllgor Pensiynau gydnabod cynnwys yr adroddiad.

8 Arolwg o'r Gofrestr Risg

- 8.1 Nododd yr HoP feysydd allweddol yr adroddiad a oedd, ymhellach i'r adroddiad i gyfarfod y Pwyllgor ym mis Mawrth 2018, yn diweddarau'r aelodau mewn perthynas â statws dogfennau Polisi'r Gronfa ac yn benodol arolwg o Gofrestr Risg y Gronfa a ymgwymerwyd gan y Bwrdd Pensiwn Lleol. Roedd yr adroddiad yn gofyn i'r Pwyllgor ystyried yr arolwg hwn a chyflwyno unrhyw farn, sylwadau neu fanylion risg ychwanegol cyn i swyddogion y Gronfa lunio fersiwn wedi ei ddiweddarau ar y cyd ag arolwg o Ddatganiad Strategaeth Fuddsoddi'r Gronfa.
- 8.2 Mynegodd y Cadeirydd bryderon ynglŷn â'r risgiau gyda threfniadau llywodraethu WPP, yn enwedig capasiti lletya a chysylltiadau rhwng Gwent Fwyaf a WPP. Esboniodd, er ei fod yn deall bod problemau technegol yn ymwneud â sefydlu'r trefniadau cronni, roedd cyfarfodydd yn cael eu had-drefnu yn aml. Byddai'r HoP yn cyfleu'r pryderon hyn o fewn y Gofrestr Risg.
- 8.3 Mewn ymateb i gwestiynau gan yr aelodau, gwnaeth yr HoP y sylwadau canlynol:
- Roedd BREXIT yn enghraifft o un o'r dylanwadau allanol yr oedd angen i'r gronfa eu hystyried er nad oedd ganddi unrhyw reolaeth dros hyn.
 - Roedd llywodraethu cronni yn newydd i bawb a byddai'n cael ei fonitro'n ofalus.
 - Roedd y WPP yn fecanwaith i helpu i weithredu'r Strategaeth

HoP

Asedau, nid i bennu'r Strategaeth. Cyfrifoldeb y Pwyllgor Pensiynau ar lefel leol oedd pennu'r Strategaeth Asedau.

- Roedd pob Cronfa yn gorfod cymryd penderfyniadau ar fuddsoddi mewn is-gronfeydd newydd. Byddai barn ar amseru yn seiliedig ar bob Dosbarth Ased unigol ac a ellir aros nes byddai'r Gronfa wedi cronni. Mewn rhai achosion, efallai na fyddai'n bosibl aros i ystyried newidiadau.

8.4 Bu i'r Pwyllgor Pensiynau:

- (i) Gydnabod statws presennol Datganiadau Polisi'r Gronfa;
- (ii) Cydnabod cyhoeddiad i wefannau'r Gronfa a'r Cyngor y Datganiadau Polisi Llywodraethu a Chyfathrebu a ddiweddarwyd;
- (iii) Cydnabod yr arolwg o Gofrestr Risg y Gronfa Bensiwn a ymgymerwyd gan y Bwrdd Pensiwn Lleol a darparu ychwanegiadau risg a awgrymwyd fel y crybwyllwyd uchod (8.3);
- (iv) Ystyried y Gofrestr Risg cyn llunio fersiwn wedi ei diweddar gan Swyddogion y Gronfa ar y cyd ag arolwg o Ddatganiad Strategaeth Fuddsoddi'r Gronfa, a
- (v) Chydnabod y byddai'r dogfennau, wedi'u diweddarau, yn cael eu cyflwyno i gyfarfod mis Rhagfyr y Pwyllgor Pensiynau i'w hystyried cyn eu cyhoeddi maes o law.

9 Aelodau Etholedig – Diweddariad ar Ddatblygiad Proffesiynol Parhaus

- 9.1 Cyflwynodd yr HoP yr adroddiad a oedd yn rhoi diweddariad o hyfforddiant a ymgymerwyd eisoes gan aelodau'r Pwyllgor Pensiynau, er gwybodaeth, ac i gynorthwyo gydag ystyried gofynion hyfforddi i'r dyfodol.
- 9.2 Cydnabu'r Pwyllgor Pensiynau y diweddariad ar hyfforddiant yn yr adroddiad er gwybodaeth.

10 Dyddiad y Cyfarfod Nesaf 10/12/18

- 10.1 Mae'r cyfarfod nesaf i'w gynnal ar ddydd Llun 10 Rhagfyr 2018.

11 Gwahardd y Wasg a'r Cyhoedd

- 11.1 Cytunodd y Pwyllgor Pensiynau wahardd y wasg a'r cyhoedd o'r cyfarfod gan fod cyflwyniadau a phapurau cyfarfod nad ydynt i'w cyhoeddi oherwydd eu bod, yn unol â pharagraffau 12 ac 14 o Atodlen 12a i Ddeddf Llywodraeth Leol 1972 (fel y'i diwygiwyd gan Orchymyn Amrywio Mynediad at Wybodaeth Cymru 2007), yn cynnwys gwybodaeth am unigolyn penodol a gwybodaeth am faterion ariannol a busnes personau penodol gan gynnwys y Cyngor a than yr holl amgylchiadau mae budd y cyhoedd i gynnal yr eithriadau yn

gwrthbwysu budd y cyhoedd yn datgelu'r wybodaeth.

- 11.2 Gadawodd aelodau'r Bwrdd Pensiwn a oedd yn eistedd yn yr oriel gyhoeddus y cyfarfod.

Roedd eitemau 12 a 13 yn rhai Eithriedig.

Llofnod Cadeirydd
Dyddiad.....

Cynhyrchwyd y cofnodion gan Dominique Redman, Uwch Swyddog Cymorth Busnes – Gwasanaethau Democrataidd, 12 Medi 2018