

Introduction

- The Fund reported a positive investment return of 5.11% for the year with net assets increasing from £2,791 million to £2,929 million. From an investment perspective the year has seen some periods of positive market progression but also major market uncertainty and volatility, predominantly towards the end of 2018.
- Administration workloads have continued to increase in most areas with over 13,000 core tasks being undertaken. Payments to pensioners and their dependents amounted to £119 million during the year, supporting those in retirement.
- This year the Fund has had to consider how best to take advantage of new investment opportunities being presented through the Wales Pension Partnership (WPP) as the first global equity sub funds were launched in January 2019. The Fund has already invested all its passive arrangements via a collaborative Welsh approach so has therefore to date placed over 30% of its assets within collective investment arrangements and this work will continue into next year.
- The importance of the Fund as a responsible investor has been to the forefront again this year, ensuring focus on economic, social and governance matters, whilst also being clear that the Fund must operate in the best interests of its members.

**Nigel Aurelius, Assistant Chief Executive Resources
June 2019**

Investments

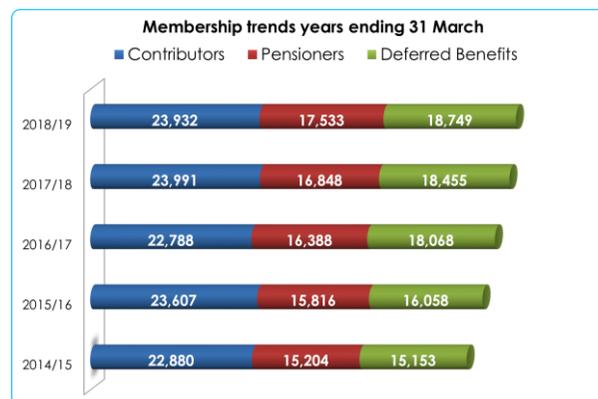
In accordance with the Fund's long term strategy, this year has seen a modest realignment of investments by reducing active UK equities and increasing exposure to our existing multi asset funds. In January 2019 the Fund transferred £343.7 million into global equity sub funds with the Wales Pension Partnership and further tranches of investment in other asset classes are planned over the next year. The WPP has formed a Joint Governance Committee from Elected Member representatives of the eight participating Welsh Funds and appointed Link Asset Services as the FCA Authorised Operator to administer the investment pooling arrangements. The Fund's investments outside of the WPP remain primarily with five external fund managers namely BlackRock, Fidelity Worldwide Investment, Invesco Perpetual, Lazard Asset Management and Aberdeen Standard Investments. The objective in investing Fund monies is the maximisation of performance return consistent with acceptable levels of risk. The Fund's diversification approach spreads investment risk to help meet its long term funding target of 100%.

The full 2018/19 Pension Fund annual report and current publications are available on the Fund's website:

www.gwentpensionfund.co.uk

Membership as at 31 March

Overall membership of the Fund has increased during the year by 1.5% to 60,214 as at 31st March 2019. Active membership has remained flat whilst non active (pensioners and deferred members who have left the scheme but will get benefits when they retire) has increased by 2.8%. The net effect is that active contributors have now fallen to 40% of the total Fund membership with 29% of the total membership drawing pension benefits and a further 31% having deferred benefits.



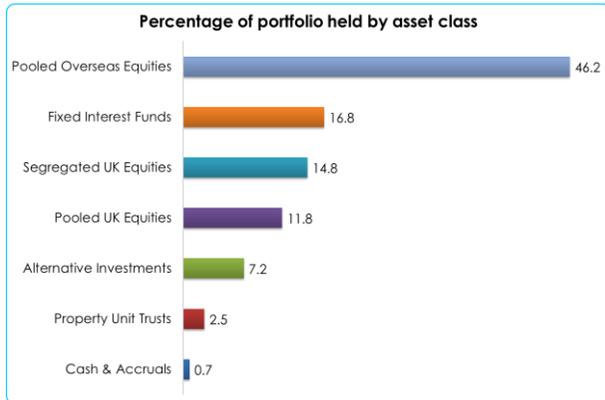
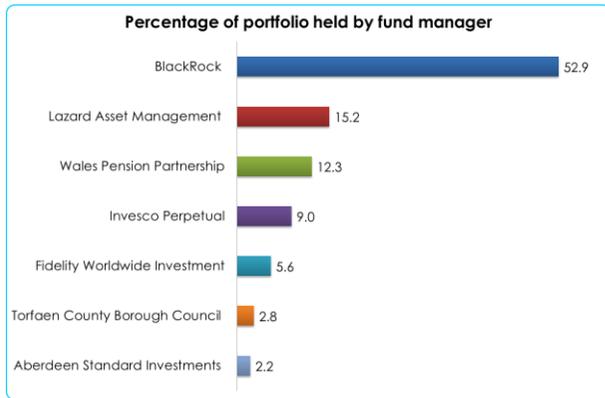
Background

The Fund is an occupational, contributory, defined benefit pension scheme for pensionable employees of local authorities in Greater Gwent, except for teachers who have a separate scheme. Employees of a range of other organisations providing public services in Greater Gwent are also allowed to join the Fund as scheduled or admitted bodies. The scheme is financed by contributions paid by the employees, their employers and earnings from the investment of the Fund's money. Membership is automatic for all employees other than those with a contract of employment of less than three months who can elect to join, employees of admitted bodies and those who have opted out in the past. Contributions are made by active members of the Fund in accordance with the LGPS Regulations and range from 5.5% to 12.5% of pensionable pay according to annual earnings. Contributions are also made by the 61 active scheme employers, including the administering authority, and their rates are set by the Fund's triennial actuarial valuation. 2018/2019 employer rates range from 15.2% to 35.8% of pensionable pay. The next actuarial valuation will be carried out as at 31st March 2019 and will set the employer contribution rates for the three years commencing 1st April 2020.

Pension Fund Accounts 2018-2019

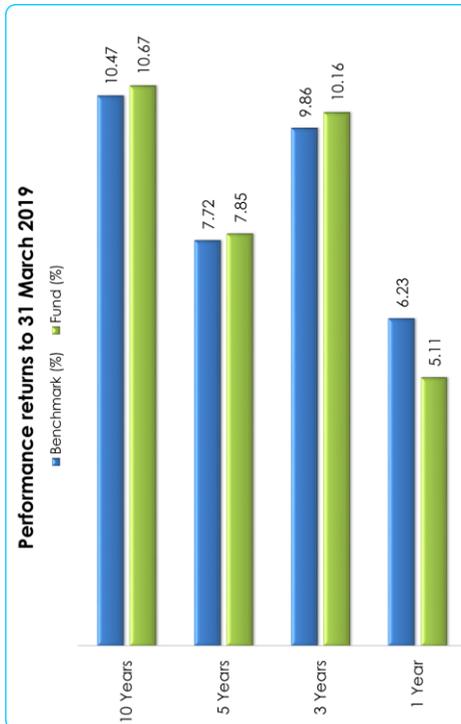
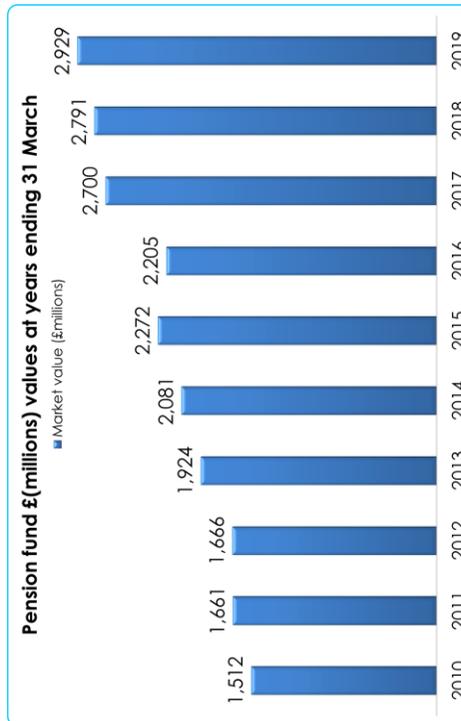
	2017/18 £000	2018/19 £000
Income		
■ From employees and employers	111,762	115,499
■ From employees transferring from other pension funds	5,704	6,280
■ Extra income from employers relating to early retirements and employees additional contributions	2,356	2,548
■ Income earned on investments	21,317	27,211
■ Other income	1	4
Total income to the Fund	141,140	151,542
Spending		
■ Pensions payments	64,546	67,422
■ Lump-sum payments	25,239	27,706
■ Refunds where employees have left the scheme	250	266
■ Payments where employees transfer to other funds	7,553	7,576
■ Payments made due to inflation and increased pensions	21,634	23,474
■ Management expenses	9,366	9,550
Total spending from the Fund	128,588	135,994
Income after spending	12,552	15,548
Balance sheet		
■ Balance at start of the year	2,699,628	2,790,820
■ Income after spending	12,552	15,548
■ Change in the market value of investments sold	80,416	117,298
■ Change in the market value of investments still held	(1,776)	5,310
	2,790,820	2,928,976
Represented by		
■ Investment assets	2,785,140	2,923,582
■ Current assets	11,236	11,453
■ Current liabilities	(5,556)	(6,059)
Fund value at 31 March	2,790,820	2,928,976

This document is available in Welsh



The assets of the Fund, represented mainly by investments, increased by £138.156 million in the year ending 31 March 2019. The Fund was boosted by a £15.548 million excess of income over expenditure, a £117.298 million profit from sales of investments and a £5.310 million increase in the market value of investments we held during the period. The Fund was successful over the course of the year to report a positive investment return of 5.11% with an increase in its net assets from £2,790.820 million to £2,928.976 million. The consolidated performance of all the asset classes and regions in which the Fund invests was positive in absolute terms but was an underperformance against our customised benchmark (6.23%) of 1.12%. Longer term performance still remains positive against benchmark for reporting periods of up to 10 years.

For more information, please contact:
 Graeme Russell
 Head of Pensions
 Telephone: 01495 742625
 or
 Joanne Griffiths
 Pension Manager
 Telephone: 01495 766280





2018/2019



Greater Gwent (Torfaen) Pension Fund

Cronfa Bensiwn Gwent Fwyaf (Torfaen)

Nigel Aurelius, CPFA
Assistant Chief
Executive Resources

