

| Dyfed Pension Fund                             |                                 |                |                  |                                   |                      |  |                      |       |   |
|--|---------------------------------|----------------|------------------|-----------------------------------|----------------------|--|----------------------|-------|---|
| Budget Monitoring                              |                                 |                |                  |                                   |                      |  |                      |       |   |
| 1st April 2017 - 28th February 2018            |                                 |                |                  |                                   |                      |  |                      |       |   |
|  | Budget Type                     | Actual 2016-17 | Budget 2017-2018 | Total income/ expenditure to date | Forecast Commitments | Actual income/ expenditure at year end | End of year variance |       | Assumptions/Comments  |
|  | Controllable / Non Controllable | £ '000 (a)     | £ '000 (b)       | £ '000 (c)                        | £ '000 (d)           | £ '000 (e)                             | £ '000 (f)           | %     |   |
| <b>Expenditure</b>                             |                                 |                |                  |                                   |                      |  |                      |       |   |
| <b>Benefits Payable</b>                        | Both                            | 71,900         | 72,201           | 66,571                            | 6,108                | 72,679                                 | 478                  | 0.7   |   |
| Pensions Payable                               | Controllable                    | 57,025         | 59,201           | 54,326                            | 4,938                | 59,264                                 | 63                   |       | 2.5% additional budget includes new pensioners and pension increase. Forecast increase now estimated at 2.5%.   |
| Commutation and lump sum retirement benefits   | Non Controllable                | 13,041         | 11,500           | 10,993                            | 1,000                | 11,993                                 | 493                  |       | Forecast based on activity to date  |
| Lump sum death benefits                        | Non Controllable                | 1,834          | 1,500            | 1,252                             | 170                  | 1,422                                  | -78                  |       | Forecast based on activity to date  |
| <b>Payments to and account of leavers</b>      | Non Controllable                | 3,452          | 4,100            | 1,881                             | 160                  | 2,041                                  | -2,059               | -50.2 | Forecast based on activity to date  |
| <b>Management Expenses</b>                     |                                 | 5,531          | 6,199            | 5,371                             | 1,171                | 6,542                                  | 343                  | 5.5   |   |
| Computer Software                              | Controllable                    | 205            | 300              | 526                               | -280                 | 246                                    | -54                  |       |   |
| Printing charges                               | Controllable                    | 21             | 25               | 11                                | 4                    | 15                                     | -10                  |       |   |
| Subscriptions, Legal fees, Conf Exps, Med Exps | Controllable                    | 76             | 71               | 60                                | 4                    | 64                                     | -7                   |       |   |
| <b>Fund Managers</b>                           |                                 |                |                  |                                   |                      |  |                      |       |   |
| BlackRock                                      | Controllable                    | 1,085          | 1,360            | 1,085                             | 380                  | 1,465                                  | 105                  |       | The US and Corporate Bond which are actively managed have performed well over a rolling 3 years. This has resulted in higher than budgeted Performance fees.              |
| Baillie Gifford                                | Controllable                    | 980            | 1,040            | 897                               | 315                  | 1,212                                  | 172                  |       | Quarterly fee projected based on December 17 invoices   |
| Columbia Threadneedle                          | Controllable                    | 860            | 900              | 724                               | 245                  | 969                                    | 69                   |       | Quarterly fee projected based on December 17 invoices   |
| Schroders                                      | Controllable                    | 469            | 480              | 363                               | 125                  | 488                                    | 8                    |       | Quarterly fee projected based on December 17 invoices   |
| Partners Group                                 | Controllable                    | 599            | 700              | 557                               | 190                  | 747                                    | 47                   |       | Quarterly fee projected based on December 17 invoices   |
| <b>Custodian</b>                               |                                 |                |                  |                                   |                      |  |                      |       |   |
| Northern Trust                                 | Controllable                    | 50             | 56               | 22                                | 8                    | 30                                     | -26                  |       | Pooled funds results in lower transactional activity through the Custodian.   |
| <b>Actuary</b>                                 |                                 |                |                  |                                   |                      |  |                      |       |   |
| Mercer   | Controllable                    | 90             | 68               | 47                                | 30                   | 77                                     | 9                    |       |   |
| <b>Performance Manager</b>                     |                                 |                |                  |                                   |                      |  |                      |       |   |
| National Framework Providers                   | Controllable                    | 4              | 20               | 1                                 | 31                   | 32                                     | 12                   |       | Northern Trust selected as the Performance provider. £20k fees for 17-18 which includes backloading data to   |
| <b>Independent Advisor</b>                     |                                 |                |                  |                                   |                      |  |                      |       |   |
| E. Lambert                                     | Controllable                    | 19             | 19               | 26                                | 5                    | 31                                     | 12                   |       | £10k Strategic Asset Allocation work.   |
| <b>Other</b>                                   |                                 |                |                  |                                   |                      |  |                      |       |   |
| Euraplan, LSE, Pension Board                   | Controllable                    | 26             | 21               | 26                                | 3                    | 29                                     | 8                    |       | £5k included for Pension Board Insurance  |
| All Wales Pooling                              | Controllable                    | 89             | 100              | 49                                | 50                   | 99                                     | -1                   |       |   |
| <b>Central recharges</b>                       | Non Controllable                | 929            | 1,010            | 956                               | 54                   | 1,010                                  | 0                    |       |   |
| <b>Audit fees</b>                              | Controllable                    | 29             | 29               | 21                                | 7                    | 28                                     | -1                   |       |   |
| <b>Total Expenditure</b>                       |                                 | 80,883         | 82,500           | 73,823                            | 7,439                | 81,262                                 | -1,238               |       |   |
| <b>Income</b>                                  |                                 |                |                  |                                   |                      |  |                      |       |   |
| <b>Contributions</b>                           |                                 |                |                  |                                   |                      |  |                      |       |   |
| Employer                                       | Controllable                    | -47,261        | -48,187          | -42,658                           | -6,036               | -48,694                                | -507                 | 1.1   | 2017-18 budget based on January 17 contributions including 1% pay increase and amendments to contribution rates and past service deficit amounts as per valuation results |
| Member   | Controllable                    | -17,815        | -17,823          | -15,129                           | -3,002               | -18,131                                | -308                 | 1.7   | 2017-18 budget based on January 17 contributions including 1% pay increase and amendments to contribution rates and past service deficit amounts as per valuation results |
| <b>Investment Income</b>                       | Controllable                    | -18,595        | -16,166          | -11,567                           | -8,498               | -20,065                                | -3,899               | 24.1  | Investment Income based on actuals and commitments to maintain a cash neutral position ensuring expenditure is covered. Budget was based on historic dividend income.     |
| <b>Other Income</b>                            | Controllable                    | -58            | -60              | -4                                | 0                    | -4                                     | 56                   | -93.2 | 3rd Party Provider invoices now raised through Pensions Administration budget within Carmarthenshire's accounts.  |
| <b>Transfers in from other pension funds</b>   | Non Controllable                | -1,889         | -2,000           | -1,171                            | -150                 | -1,321                                 | 679                  | -34.0 |   |
| <b>Total Income</b>                            |                                 | -85,618        | -84,236          | -70,529                           | -17,686              | -88,215                                | -3,979               |       |   |
| <b>Cash Transfer to Fund Managers</b>          | Cash                            | 2,500          | 0                | 6,900                             | 0                    | 6,900                                  | 6,900                |       | £5m BlackRock and £1.9m Partners Group  |
| <b>Net Total of Cash Related Items</b>         |                                 | -2,235         | -1,736           | 10,194                            | -10,247              | -53                                    | 1,683                |       | Maintaining a cash neutral position by calling sufficient cash to cover expenditure.  |
| <b>Indirect Transactional Management Fees</b>  | Non Cash                        | 1,898          | 650              | 0                                 | 1,500                | 1,500                                  | 850                  |       | New CIPFA Management cost guidance. Estimate based on 16-17 with a reduction due to the move from segregated passive to pooled funds                                      |
| <b>Investment Income</b>                       | Non Cash                        | -12,866        | -8,150           | -1,563                            | -1,705               | -3,268                                 | 4,882                | -59.9 | Schroders income now paid out as cash rather than re-invested.  |
| <b>Realised gain/loss</b>                      | Non Cash                        | -52,245        | -50,000          | -136,811                          | 0                    | -136,811                               | -86,811              | 173.6 | Realised gains from the passive portfolio transition from segregated to pooled in April 17.   |
| <b>Net Total of Non-Cash Related Items</b>     |                                 | -63,213        | -57,500          | -138,374                          | -205                 | -138,579                               | -81,079              |       |   |