Cronfa Bensiwn DYFED Pension Fund

PRE-AUDIT

STATEMENT OF ACCOUNTS

2025-2026

Administered by:

Cyngor Sir Gâr
Carmarthenshire County Council

NARRATIVE REPORT

The Dyfed Pension Fund accounts are set out on the following pages and provide information about the financial position, performance and financial adaptability of the Fund for the year 2025-26. They show the results of the stewardship of management, that is, the accountability of management for the resources entrusted to it, and of the disposition of its assets at the period end.

The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26 (the "Code"), which is based upon International Financial Reporting Standards (IFRS), as amended for the public sector. Reference is also made to the Financial Reports of Pension Schemes – A Statement of Recommended Practice published by the Pensions Research Accountants Group (PRAG) where it is felt that these disclosures provide more sufficient detail.

The main accounts and reports contained within this Statement of Accounts are as follows:

- The Fund Account
- The Net Assets Statement
- The Statement by the Consulting Actuary

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required:

- To make arrangements for the proper administration of the pension fund's affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this Authority, that officer is the Director of Corporate Services;
- To manage the pension fund affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- To approve the Statement of Accounts

The Director of Corporate Services Responsibilities

The Director of Corporate Services is responsible for the preparation of the Authority's Statement of Accounts, in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Corporate Services has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Kept proper and timely accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities; and
- Complied with the Code

Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Dyfed Pension Fund at 31 March 2026 and its income and expenditure for the year ended 31 March 2026.

Chris Moore FCCA
Director of Corporate Services

Dated: 26 June 2026

Fund Account for the Year Ended 31 March 2026

2024-25 £'000		Note	2025-26 £'000
	Dealings with members, employers and others directly involved in the Fund		
	Contributions		
	Employer		
89,055	Normal		93,116
6,641	Augmentation		6,264
(17,091)	Past Service Deficit/(Surplus)		(17,871)
	Member		
28,196	Normal		29,639
90	Additional voluntary		286
8,544	Transfers in from other pension funds	6	11,676
115,435			123,110
	Benefits payable		
(100,193)	Pensions payable		(105,023)
(21,033)	Commutation and lump sum retirement benefits		(19,462)
(2,685)	Lump sum death benefits		(3,645)
(9,402)	Payments to and on account of leavers	7	(9,486)
(133,313)			(137,616)
(17,878)	**Net Additions (Withdrawals) from dealings with Members**		**(14,506)**
(12,266)	Management Expenses	8	(10,984)
(30,144)	**Net Additions (Withdrawals) including fund management expenses**		**(25,490)**
	Returns on Investments		
56,130	Investment Income	9	60,190
0	Taxes on Income (Irrecoverable Withholding Tax)	10	0
	Changes in the market value of investments		
39,864	Unrealised	11.2	66,463
33,938	Realised	11.3	319,632
129,932	**Net Return on Investments**		**446,285**
99,788	**Net Increase (Decrease) in the net assets available for benefits during the year**		**420,795**
3,475,104	Opening Net Assets of Scheme		3,574,892
3,574,892	**Closing Net Assets of Scheme**		**3,995,687**

Net Assets Statement for the year ended 31 March 2026

2024-25 £'000		Note	2025-26 £'000
3,555,541	Investment Assets		3,960,622
0	Long Term Investments		159
7,279	Cash deposits		15,913
(340)	Investment liabilities		0
3,562,480		11.1	3,976,694
17,464	Current assets	15	22,442
(5,052)	Current liabilities	16	(3,449)
12,412	Net Current Assets/(Liabilities)		18,993
3,574,892	**Total Net Assets**		**3,995,687**

Reconciliation of the movement in Fund Net Assets

2024-25 £'000		2025-26 £'000
3,475,104	Opening Net Assets	3,574,892
25,986	Net New Money Invested	34,700
73,802	Profit and losses on disposal of investments and changes in the market value of investments	386,095
3,574,892	**Closing Net Assets of Fund**	**3,995,687**

Notes to the Dyfed Pension Fund Accounts for the year ended 31 March 2026

1 Description of the Fund

The Dyfed Pension Fund (the Fund) is part of the Local Government Pension Scheme and the administering authority (the Authority) is Carmarthenshire County Council.

1.1 General

The Fund is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- the LGPS Scheme Regulations 2013 (as amended)
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the LGPS (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by Carmarthenshire County Council to provide pensions and other benefits for pensionable employees of Carmarthenshire County Council, Pembrokeshire County Council, Ceredigion County Council and a range of other scheduled and admission bodies within the former Dyfed geographical area. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The Fund is overseen by the Dyfed Pension Fund Committee (the Committee).

1.2 Membership

Members of the LGPS are automatically enrolled and are free to choose whether to remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Dyfed Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admission bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admission bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There are 72 employer organisations within the Dyfed Pension Fund as at 31 March 2026 and these are detailed in Note 20. The membership details of these organisations are summarised below:

31/03/25		**31/03/26**
19,583	Number of active contributors in the Fund	19,985
17,584	Number of pensioners	18,377
16,563	Number of deferred pensioners	16,448
3,189	Number of undecided leavers	3,334
56,919	**Total membership**	**58,144**
50	Number of employers with active members*	51

* Haverfordwest Airport Ltd joined the scheme during 2025-26

These figures reflect the recorded position as at 31 March 2026 but are always subject to some movement post year end for notifications from employing bodies received after this date.

1.3 Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2026. Employee contributions are matched by employers' contributions which are set based on the triennial actuarial funding valuation as at 31 March 2022. Currently, employer contribution rates range from 0% to 35.5% of pensionable pay as detailed in Note 20.

1.4 Benefits

Pension benefits under the LGPS are based on final pensionable pay and length of pensionable service, summarised below:

Service pre 1 April 2008:

- Pension – Each year is worth 1/80 x final pensionable salary.
- Lump Sum – Automatic lump sum of 3 x salary. In addition, part of the annual pension can be exchanged for a one-off tax free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

Service 31 March 2008 – 31 March 2014:

- Pension – Each year is worth 1/60 x final pensionable salary.
- Lump Sum – No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

1 April 2014 to present:

- The scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Price Index. Eligible members have retained "McCloud" protections up to 31 March 2022.

There are a range of other benefits provided under the scheme including early retirement, ill-health pensions and death benefits. For more details, please refer to the Dyfed Pension Fund website – www.dyfedpensionfund.org.uk

2 Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2025-26 financial year and its position at year end as at 31 March 2026. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall after the end of the financial year. The actuarial present value of promised retirement benefits is disclosed in the Statement by the Consulting Actuary.

3 Summary of significant accounting policies

Fund Account – revenue recognition

3.1 Contributions

Normal contributions, both from members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

3.2 Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In.

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

3.3 Investment income

3.3.1 Interest income

Interest income is recognised in the fund as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.
Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

3.3.2 Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

3.3.3 Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

3.3.4 Movement in the net market value of investments

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

3.4 Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

3.5 Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

As Carmarthenshire County Council is the Administering Authority, VAT is recoverable on all Fund Activities. The Accounts are shown exclusive of VAT.

3.6 Management Expenses

The Code does not require any breakdown of pension fund administrative expenses. However, in the interests of greater transparency, the fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses 2016.

All administrative expenses are accounted for on an accruals basis. All staff costs of the pensions administration team are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to the Fund in accordance with Authority policy.

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

An element of one of the Investment Managers' fees is performance related. The performance related fee was £0.30m in 2025-26 (2024-25: Fee was £0.38m).

The costs of the Authority's pension investments team are charged direct to the fund and a proportion of the Authority's costs representing management time spent by officers on investment management is also charged to the Fund. The Authority charged the Dyfed Pension Fund an amount of £1.5m (£1.3m in 2024-25) in respect of administration and support during 2025-26.

Net assets statement

3.7 Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised by the Fund.

The values of investments as shown in the net assets statement have been determined as follows:

3.7.1 Market-quoted investments
The value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.

3.7.2 Fixed interest securities
Fixed interest securities are recorded at net market value.

3.7.3 Unquoted investments
Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the investment manager.

3.7.4 Limited partnerships
Fair value is based on the net asset value ascertained from periodic valuations by those controlling the partnership.

3.7.5 Pooled investment vehicles
Pooled investment vehicles are valued at closing bid price if available. If this is not available then these investments will be valued at the closing single price. In the case of accumulation funds, the change in market value will also include income which is reinvested in the Fund.

The Dyfed Pension Fund and the other seven shareholders each holds a 12.5% share in Wales Pension Partnership Investment Management Company Limited (Company number 16645479). As such, no Fund is deemed to have a significant influence, and this long-term investment is accounted for at fair value. The asset is initially measured at cost and will be subsequently revalued for any impairment. The Fund advanced a contribution of £158,825 during 2025-26 to provide for the initial set-up costs of the company.

3.8 Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market value of overseas investments and purchases and sales outstanding at the end of the reporting period.

3.9 Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

The Fund has had its own bank accounts, which deal with the transactions of the Fund, since 1 April 2011, in accordance with section 6 of the Local Government Pension Scheme (Management and Investment of Pension Funds) Regulations 2009.

Cash balances held by the Fund are invested on a short term basis on the London Money Market by Carmarthenshire County Council until it is required to meet its liabilities or to transfer surplus cash to the investment managers for reinvestment.

3.10 Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net asset statement on the date the Fund becomes party to the liability.

From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

3.11 Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS19 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a reference in the accompanying actuarial report.

3.12 Additional voluntary contributions (AVC)

Occupational Pension Schemes are required by Statute to provide in-house AVC arrangements. The Fund has joint providers: Prudential, Standard Life and UTMOST, where a range of investment options are available.

It is for individual scheme members to determine how much they contribute (subject to HM Revenue & Customs limits) and the investment components or its mix.

AVC's are invested separately from the assets of the Fund and are not included in the accounts in accordance with section 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Pension Funds) Regulations 2009 (SI 2009/3093) but are disclosed as a note only - Note 17.

4 Critical judgements in applying accounting policies

4.1 Fund liability

The Fund's liability is calculated every three years by the appointed actuary. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 22. This estimate is subject to significant variances based on changes to the underlying assumptions.

4.2 Unquoted Property investments – Partners Group Red Dragon Limited Partnership

In assessing the fair value of non-traded financial instruments, the Limited Partnership uses a variety of market and income methods such as time of last financing, earnings and multiple analysis, discounted cash flow method and third party valuation and makes assumptions that are based on market conditions and expected market participant assumptions existing at the end of each reporting period. Other information used in determining the fair value of non-traded financial instruments include latest financial reports, subsequent cash flows and internally performed monitoring of triggering events (such as exits and IPOs) as well as pricing movements in comparable investments together with techniques such as option pricing models and estimated discounted value of future cash flows. These practices are in line with widely used international industry guidelines. The value of the Partners Group Red Dragon Limited Partnership as at 31 March 2026 was £35.2m (31 March 2025: £36.4m).

5 Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the net assets statement at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways.
Property – Limited Partnership investments	The Limited Partnership property investments are valued in line with widely used industry guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total Limited Partnership property investments are £35.2m. There is a risk that this investment may be under or overstated in the accounts.
Alternatives – Strategic Alternative Income Fund (SAIF) & Gresham House Forestry	The investments are valued in line with widely used industry guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The alternatives investments with SAIF and Gresham House Forestry are valued at £130.8m and £23.1m respectively. There is a risk that these investments may be under or overstated in the accounts.
Private Markets – Wales Pension Partnership Infrastructure & Private Credit investments	The investments are valued in line with widely used industry guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The infrastructure investments with GCM Grosvenor and Capital Dynamics are valued at £75.1m and £7.8m respectively and the private credit investment with Russell Investments is valued at £93.5m There is a risk that these investments may be under or overstated in the accounts.

6 Transfers in from other pension funds

2024-25 £'000		2025-26 £'000
0	Group transfers in from other schemes and scheme mergers	0
8,544	Individual transfers in from other schemes	11,676
8,544		**11,676**

7 Payments to and on account of Leavers

2024-25 £'000		2025-26 £'000
(276)	Refunds to members leaving service	(243)
(9,126)	Individual transfers	(9,243)
(9,402)		**(9,486)**

8 Management Expenses

2024-25 £'000		2025-26 £'000
(1,763)	Administrative costs	(2,029)
(9,836)	Investment management expenses	(8,016)
(667)	Oversight and governance costs	(939)
(12,266)		**(10,984)**

2025-26 Audit fees of £41,083 (2024-25: £39,077) are included within Oversight and governance costs.

8.1 Investment Management Expenses

2025-26	**£'000 Total**	**£'000 Management Fees**	**£'000 Performance Related Fees**	**£'000 Transaction Costs**
Pooled Investments				
Equities	2,990	1,092	304	1,594
Corporate Bonds	274	274	0	0
Infrastructure	1,572	665	0	907
Private Credit	496	496	0	0
Alternatives	1,150	799	0	351
Pooled Property Investments				
Property	1,264	1,109	0	155
	7,746	**4,435**	**304**	**3,007**
Custody Fees	270			
Total	**8,016**			

2024-25	**£'000 Total**	**£'000 Management Fees**	**£'000 Performance Related Fees**	**£'000 Transaction Costs**
Pooled Investments				
Equities*	5,934	3,707	382	1,845
Corporate Bonds*	249	249	0	0
Infrastructure	911	403	0	508
Private Credit	374	374	0	0
Alternatives	774	654	0	120
Pooled Property Investments				
Property	1,326	1,116	0	210
	9,568	**6,503**	**382**	**2,683**
Custody Fees*	268			
Total	**9,836**			

The presentation of the above table has been updated to split investment management expenses by asset type. The 2024-25 table as been restated to present the information in a comparable manner to 2025-26. The overall totals for 2024-25 have not changed.

*The 2024-25 table has also been restated to split out the management fees and custody fees for the WPP Global Growth Fund, WPP Global Credit Fund and WPP Sustainable Active Equity Fund.

8.2 Underlying Fees

The table below represents the underlying manager fees, these fees are not charged to the accounts but are disclosed here for transparency. The returns for these mandates are net of underlying manager costs, this is reflected within the Change in Market Value.

2024-25 £'000		2025-26 £'000
613	BlackRock	580
2,380	Schroders	2,774
6	Partners Group	104
2,642	Wales Pension Partnership	6,524
5,641		**9,982**

9 Investment Income

2024-25 £'000		2025-26 £'000
19,811	Income from Equities	20,248
13,965	Income from Property	15,690
13,574	Income from Corporate Bonds	13,645
414	Income from Infrastructure	659
8,079	Income from Alternatives	7,143
287	Interest on cash deposits	2,805
56,130		**60,190**

The presentation of the above table has been updated to split investment income by asset type. The 2024-25 comparison as been restated to present the information in a comparable manner to 2025-26. The overall totals for 2024-25 have not changed.

10 Taxation

2024-25 £'000		2025-26 £'000
0	Withholding tax	0
0		**0**

11 Investments

11.1 Net investment assets

Fair value 31/03/2025 £'000		Fair value 31/03/2026 £'000
	Long Term Investments	
0	WPP Investment Management Company Ltd	159
0		**159**
	Investment assets	
	Pooled Investments	
425,821	UK Equities	492,982
1,142,787	Global Equities	1,240,514
181,911	Sustainable Active Equity Fund	205,990
52,222	European Equities	51,995
139,054	Japanese Equities	0
210,131	Emerging Markets Equities	267,909
404,034	ACS World Low Carbon Equity Tracker Fund	0
0	WPP World ESG Insights Equity Fund	472,180
336,993	Corporate Bonds	397,603
131,559	Alternatives	153,917
56,448	Infrastructure	82,914
69,806	Private Credit	93,511
404,300	Pooled Property Investments	500,059
3,555,066	**Investment Assets**	**3,959,574**
7,279	Cash deposits	15,913
475	Investment income due	1,048
0	Amounts receivable for sales	0
7,754		**16,961**
3,562,820	**Total investment assets**	**3,976,535**
	Investment liabilities	
(340)	**Amounts payable for purchases**	0
(340)	**Total investment liabilities**	**0**
3,562,480	**Net investment assets**	**3,976,694**

11.2 Reconciliation of movements in investments

During the year, investments purchased totalled £975m whilst sales totalled £630m. Purchase and sales costs are included in the purchase price and sales proceeds of the investment.

	Fair Value 31/03/2025 £'000	Purchases £'000	Sales £'000	Fees included in NAV £'000	Cash movement £'000	Change in unrealised gains/(losses) £'000	Fair Value 31/03/2026 £'000
Pooled investments							
Equities	2,555,960	495,260	(387,346)	(2,657)	0	70,353	2,731,570
Corporate Bonds	336,993	37,003	0	(325)	0	23,932	397,603
Infrastructure	56,448	21,835	(619)	(1,572)	0	6,822	82,914
Private Credit	69,806	19,816	0	(496)	0	4,385	93,511
Alternatives	131,559	24,832	0	(1,475)	0	(999)	153,917
Pooled property investments							
Property	404,300	376,389	(242,045)	(555)	0	(38,030)	500,059
Long Term Investments							
WPP Investment Management Company Ltd	0	159	0	0	0	0	159
	3,555,066	**975,294**	**(630,010)**	**(7,080)**	**0**	**66,463**	**3,959,733**
Other investment balances							
Cash deposits	7,279	0	0	0	8,634	0	15,913
Amount receivable for sales investments	0	0	0	0	0	0	0
Investment income due	474	0	0	0	574	0	1,048
Tax reclaims due	1	0	0	0	(1)	0	0
Amounts payable for purchases investments	(340)	0	0	0	340	0	0
	3,562,480	**975,294**	**(630,010)**	**(7,080)**	**9,547**	**66,463**	**3,976,694**

	Fair value 31/03/2024 £'000	Purchases £'000	Sales £'000	Fees included in NAV £'000	Cash movement £'000	Change in unrealised gains/(losses) £'000	Fair value 31/03/2025 £'000
Pooled investments							
Equities	2,549,832	26,377	(51,226)	(5,435)	0	36,412	2,555,960
Corporate Bonds	321,959	13,574	0	(292)	0	1,752	336,993
Infrastructure	27,460	28,577	(1,165)	(911)	0	2,487	56,448
Private Credit	13,944	51,577	0	(374)	0	4,659	69,806
Alternatives	130,905	4,108	0	(1,102)	0	(2,352)	131,559
Pooled property investments							
Property	409,627	50,250	(51,815)	(668)	0	(3,094)	404,300
	3,453,727	**174,463**	**(104,206)**	**(8,782)**	**0**	**39,864**	**3,555,066**
Other investment balances							
Cash deposits	13,693	0	0	0	(6,414)	0	7,279
Amount receivable for sales investments	0	0	0	0	0	0	0
Investment income due	83	0	0	0	391	0	474
Tax reclaims due	59	0	0	0	(58)	0	1
Amounts payable for purchases investments	0	0	0	0	(340)	0	(340)
	3,467,562	**174,463**	**(104,206)**	**(8,782)**	**(6,421)**	**39,864**	**3,562,480**

The presentation of the above table has been updated to split the reconciliation by asset type. The 2024-25 comparison as been restated to present the information in a comparable manner to 2025-26. The overall totals for 2024-25 have not changed.

11.3 Realised gain/(losses)

2024-25 £'000		2025-26 £'000
32,327	Pooled investments - Equities	288,036
0	Pooled Iinvestments - Infrastructure	125
1,611	Pooled property investments	31,471
33,938		**319,632**

11.4 Fund manager analysis

Market value 31/03/25 £'000	**%**	**Fund manager analysis**	**%**	**Market value 31/03/26 £'000**
1,142,789	32.1	Wales Pension Partnership - Global Growth Fund	31.2	1,240,513
336,993	9.5	Wales Pension Partnership - Global Credit Fund	10.0	397,603
181,911	5.1	Wales Pension Partnership - Sustainable Active Equity Fund	5.2	205,990
4,464	0.1	Capital Dynamics - Infrastructure	0.2	7,776
51,983	1.5	GCM Grosvenor - Infrastructure	1.9	75,138
69,806	1.9	Russell Investments - Global Private Credit	2.4	93,511
0	0.0	Schroders Wales Pension Partnership Real Estate ACS	6.0	239,822
0	0.0	Gresham House Forestry - Alternatives	0.6	23,132
1,787,946	**50.2**		**57.5**	**2,283,485**
1,362,824	38.3	BlackRock	35.8	1,425,087
371,738	10.4	Schroders	5.8	229,904
39,972	1.1	Partners Group	0.9	38,059
1,774,534	**49.8**		**42.5**	**1,693,050**
3,562,480	**100**		**100.0**	**3,976,535**

The presentation of the above table has been updated to split the fund manager analysis by investment fund. The 2024-25 comparison has been restated to present the information in a comparable manner to 2025-26. The overall totals for 2024-25 have not changed.

11.5 Wales Pension Partnership (WPP)

Included in Management Expenses (Note 8) is the cost of the Fund's involvement in the Wales Pension Partnership (WPP). The Oversight and Governance costs are the annual running costs of the pool which includes the Host Authority costs and other External Advisor costs. These costs are funded equally by all eight of the Local Authority Pension Funds in Wales. The Investment Management Expenses are fees payable to Waystone (the operator) and include fund manager fees (which also includes the operator fee and other associated costs), transaction costs and custody fees. These costs are based on each Fund's percentage share of WPP pooled assets and are deducted from the Net Asset Value (NAV).
Underlying manager fees of £6.5m (2024-25: £2.6m) are not included in the table below and are separately disclosed following the table.

Wales Pension Partnership costs included in the Dyfed Pension Fund accounts for 2025-26 are below:

2024-25 £'000		2025-26 £'000
	WPP oversight and governance costs	
241	Running Costs	272
	WPP Investment Management expenses	
4,427	Fund Manager fees	2,469
1,575	Transaction costs	2,047
231	Custody Fees	229
6,474		**5,017**

Wales Pension Partnership – Underlying Fees

2024-25 £'000		2025-26 £'000
673	Global Growth Fund	2,691
262	Global Credit Fund	306
550	Sustainable Active Equity Fund	590
1,157	Private Markets	2,937
2,642		**6,524**

12 Concentration of Investments

The following investments represent more than 5% of the Fund's total net assets as at 31 March 2026 and 31 March 2025:

	Value as at 31/03/2026 £'000	Proportion of Investment Portfolio %
Wales Pension Partnership Global Growth Fund	1,240,513	31.19
BlackRock Aquila Life UK Equity Index Fund	492,982	12.39
BlackRock Aquila Life WPP World ESG Insights Equity Fund	472,180	11.87
Wales Pension Partnership Global Credit Fund	397,603	10.00
BlackRock iShares Emerging Markets Index Fund	267,909	6.74
Schroders Wales Pension Partnership Real Estate ACS	239,822	6.03
Wales Pension Partnership Sustainable Active Equity Fund	205,990	5.18

	Value as at 31/03/2025 £'000	Proportion of Investment Portfolio %
Wales Pension Partnership Global Growth Fund	1,142,788	32.08
BlackRock Aquila Life UK Equity Index Fund	425,820	11.95
BlackRock ACS World Low Carbon Tracker Fund	404,034	11.34
Wales Pension Partnership Global Credit Fund	336,993	9.46
BlackRock iShares Emerging Markets Index Fund	210,131	5.90
Wales Pension Partnership Sustainable Active Equity Fund	181,911	5.11

13 Financial Instruments

13.1 Classification of financial instruments

Accounting policies describe how different asset classes are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities (excluding cash) by category and net assets statement heading.

2024-25					2025-26			
Designated at fair value through profit and loss £'000	**Loans and receivables £'000**	**Financial liabilities at amortised cost £'000**	**Total £'000**		**Designated at fair value through profit and loss £'000**	**Loans and receivables £'000**	**Financial liabilities at amortised cost £'000**	**Total £'000**
				Financial assets				
2,555,960	0	0	2,555,960	Equities	2,731,570	0	0	2,731,570
336,993	0	0	336,993	Corporate Bonds	397,603	0	0	397,603
56,448	0	0	56,448	Infrastructure	82,914	0	0	82,914
69,806	0	0	69,806	Private Credit	93,511	0	0	93,511
131,559	0	0	131,559	Alternatives	153,917	0	0	153,917
404,300	0	0	404,300	Property	500,059	0	0	500,059
0	0	0	0	Long term investments	159	0	0	159
0	15,058	0	15,058	Cash	0	28,474	0	28,474
475	0	0	475	Other investment balances	1,048	0	0	1,048
0	9,685	0	9,685	Debtors	0	9,881	0	9,881
3,555,541	**24,743**	**0**	**3,580,284**		**3,960,781**	**38,355**	**0**	**3,999,136**
				Financial liabilities				
(340)	0	0	(340)	Other investment balances	0	0	0	0
0	0	(5,052)	(5,052)	Creditors	0	0	(3,449)	(3,449)
(340)	**0**	**(5,052)**	**(5,392)**		**0**	**0**	**(3,449)**	**(3,449)**
3,555,201	**24,743**	**(5,052)**	**3,574,892**	**Total**	**3,960,781**	**38,355**	**(3,449)**	**3,995,687**

The presentation of the above table has been updated to split the classifications by asset type. The 2024-25 comparison as been restated to present the information in a comparable manner to 2025-26. The overall totals for 2024-25 have not changed.

13.2 Net gains and losses on financial instruments

2024-25 £'000		2025-26 £'000
	Financial assets	
73,802	Fair value through profit and loss	386,095
73,802	**Total financial assets**	**386,095**
0	**Total financial liabilities**	**0**
73,802	**Total**	**386,095**

13.3 Fair value of financial instruments and liabilities

The following table summarises the carrying value of the financial assets and financial liabilities by class of instrument compared with their fair values:

Carrying value 31/03/25 £'000	Fair value 31/03/25 £'000		Carrying value 31/03/26 £'000	Fair value 31/03/26 £'000
		Financial assets		
2,757,043	3,555,541	Fair value through profit and loss	3,102,741	3,960,622
24,743	24,743	Loans and receivables	38,355	38,355
0	0	Long term investments	159	159
2,781,786	**3,580,284**	**Total financial assets**	**3,141,255**	**3,999,136**
		Financial liabilities		
(340)	(340)	Fair value through profit and loss	0	0
(5,052)	(5,052)	Financial liabilities at amortised cost	(3,449)	(3,449)
(5,392)	**(5,392)**	**Total financial liabilities**	**(3,449)**	**(3,449)**
2,776,394	**3,574,892**	**Total**	**3,137,806**	**3,995,687**

13.4 Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed interest securities, quoted index linked securities and certain unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include limited partnerships, where fair value is ascertained from periodic valuations provided by those controlling the partnership. Assurance over the valuation is gained from the independent audit of the partnership.

13.5 Fair value – Basis of valuation

Description of asset	**Valuation hierarchy**	**Basis of valuation**	**Observable and unobservable inputs**	**Key sensitivities affecting the valuations provided**
Cash and Cash Equivalents	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Pooled property investments:	Level 1	Unit trust.Uses the bid market price on the final day of the accounting period.	Not required	Not required
Pooled investments: equity funds	Level 2	The 'NAV' (net asset value) calculation is based on the market value of the underlying assets	Evaluated price feeds	Not required
Pooled investments: fixed income funds	Level 2	The NAV calculation is based on the market value of the underlying fixed income securities	Evaluated price feeds	Not required
Pooled property funds	Level 3	Fair value is ascertained from periodic valuations provided by those controlling the partnership	Unobservable inputs-price depends on information not publicly available	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Pooled investments: alternatives	Level 3	Fair value is ascertained from periodic valuations provided by fund manager	Unobservable inputs-the fund is exposed to security and other assets that will not have readily assessable market values	Valuations may rely on internal and external pricing models. May also be affected by changes in accounting standard, policies or practices
Pooled investments: Private Markets	Level 3	Fair value is ascertained from periodic valuations	Unobservable inputs-the fund is exposed to security and	Valuations may rely on internal and external pricing models.

(Infrastructure & Private Credit)		provided by fund manager	other assets that will not have readily assessable market values	May also be affected by changes in accounting standard, policies or practices

The following table provides an analysis of the financial assets and liabilities of the Fund grouped into levels 1 to 3, based on the value at which the fair value is observable.

	Quoted market price	Using observable inputs	With significant unobservable inputs	
Fair values at 31 March 2026	**Level 1**	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets				
Financial assets at fair value through profit and loss	102,021	3,129,173	729,428	3,960,622
Loans and receivables	38,355	0	0	38,355
Long term investments	0	0	159	159
Total financial assets	**140,376**	**3,129,173**	**729,587**	**3,999,136**
Financial liabilities				
Financial liabilities at fair value through profit and loss	0	0	0	0
Financial liabilities at amortised cost	(3,449)	0	0	(3,449)
Total financial liabilities	**(3,449)**	**0**	**0**	**(3,449)**
Net financial assets	**136,927**	**3,129,173**	**729,587**	**3,995,687**

	Quoted market price	Using observable inputs	With significant unobservable inputs	
Fair values at 31 March 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets				
Financial assets at fair value through profit and loss	6,613	2,912,387	636,541	3,555,541
Loans and receivables	24,743	0	0	24,743
Total financial assets	**31,356**	**2,912,387**	**636,541**	**3,580,284**
Financial liabilities				
Financial liabilities at fair value through profit and loss	(340)	0	0	(340)
Financial liabilities at amortised cost	(5,052)	0	0	(5,052)
Total financial liabilities	**(5,392)**	**0**	**0**	**(5,392)**
Net financial assets	**25,964**	**2,912,387**	**636,541**	**3,574,892**

13.6 Reconciliation of fair value measurements within level 3

2025-26

Asset Type	Market Value 31 March 2025	Purchases	Sales	Unrealised Gains / (Losses)	Realised Gains / (Losses)	Market Value 31 March 2026
	£'000	£'000	£'000	£'000	£'000	£'000
Alternatives	131,559	24,832	0	(2,474)	0	153,917
Property	378,727	2,234	(26,571)	34,920	9,775	399,085
Infrastructure	56,448	21,835	(745)	5,251	125	82,914
Private Credit	69,806	19,816	0	3,889	0	93,511
Long term investments	0	159	0	0	0	159
Total	**636,540**	**68,876**	**(27,316)**	**41,586**	**9,900**	**729,586**

2024-25

Asset Type	Market Value 31 March 2024	Purchases	Sales	Unrealised Gains / (Losses)	Realised Gains / (Losses)	Market Value 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000
Alternatives	130,905	4,108	0	(3,454)	0	131,559
Property	397,416	18,291	(11,390)	(25,027)	(563)	378,727
Infrastructure	27,460	28,577	(1,165)	1,576	0	56,448
Private Credit	13,944	51,577	0	4,285	0	69,806
Total	**569,725**	**102,553**	**(12,555)**	**(22,620)**	**(563)**	**636,540**

13.7 Transfers between levels 1 and 2

There were no transfers between levels 1 and 2 investments during 2025-26.

14 Nature and extent of risks arising from financial instruments

14.1 Risk and risk management

The Fund has developed a formal risk assessment process and maintains a risk register which is updated annually. This ensures that risks are identified appropriately and are assessed and managed effectively. For more details, and to view the Risk Register, please refer to the Fund's website - www.dyfedpensionfund.org.uk

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Authority manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Committee. Risk management policies are established to identify and analyse the risks faced by the Authority's pensions operations. Policies are reviewed regularly to reflect changes in activity and market conditions.

14.2 Market risk

Market risk is the risk of loss from fluctuations in equity prices and interest and foreign exchange rates. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Committee and its independent investment adviser undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in three ways:

- The exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
- Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments
- By investing in a diverse portfolio in terms of managers and investments and again by the actuary only anticipating a long-term return on a relatively prudent basis to reduce risk of under-performing

14.3 Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

LGPS defined benefit pensions are not linked to stock market performance and are set out in statute. Although short term investment values may vary, the LGPS as a long-term investor is securely managed to address any longer term impacts.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Committee to ensure it is within limits specified in the Fund's investment strategy.

14.4 Other price risk – sensitivity analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. The potential volatilities shown below, are consistent with a one standard deviation movement in the change in value of the assets over the latest three years:

Asset Type	**Potential market movements (+/-)**
Equity	9.60%
Corporate Bonds	5.00%
Property	1.80%
Alternatives	2.30%
Infrastructure	2.30%
Private Credit	10.00%
Cash	1.40%

Had the market price of the Fund increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as follows:

Asset Type	Value as at 31 March 2026	Change	Value on Increase	Value on Decrease
	£'000	%	£'000	£'000
Cash	15,913	1.40%	16,136	15,690
UK Equities	492,982	9.60%	540,308	445,656
Overseas Equities	792,085	9.60%	868,125	716,045
Global Pooled Equities inc UK	1,446,503	9.60%	1,585,367	1,307,639
Corporate Bonds	397,603	5.00%	417,483	377,723
Property	500,059	1.80%	509,060	491,058
Alternatives	153,917	2.30%	157,457	150,377
Infrastructure	82,914	2.30%	84,821	81,007
Private Credit	93,511	10.00%	102,862	84,160
Sales receivable	0	0.00%	0	0
Purchases payable	0	0.00%	0	0
Long term investments	159	0.00%	159	159
Income receivables	1,048	0.00%	1,048	1,048
Total Assets	**3,976,694**		**4,282,826**	**3,670,562**

Asset Type	Value as at 31 March 2025	Change	Value on Increase	Value on Decrease
	£'000	%	£'000	£'000
Cash	7,279	1.20%	7,366	7,192
UK Equities	425,821	10.80%	471,810	379,832
Overseas Equities	805,441	10.80%	892,428	718,453
Global Pooled Equities inc UK	1,324,698	10.80%	1,467,765	1,181,630
Corporate Bonds	336,993	7.50%	362,268	311,719
Property	404,300	5.00%	424,515	384,085
Alternatives	131,559	3.50%	136,164	126,955
Infrastructure	56,448	3.50%	58,423	54,472
Private Credit	69,806	3.50%	72,249	67,363
Sales receivable	0	0.00%	0	0
Purchases payable	(340)	0.00%	(340)	(340)
Income receivables	475	0.00%	475	475
Total Assets	**3,562,480**		**3,893,123**	**3,231,836**

14.4.1 Sensitivity of assets valued at level 3

Asset Type	Value as at 31 March 2026	Change	Value on Increase	Value on Decrease
	£'000	%	£'000	£'000
Alternatives	153,917	2.30%	157,457	150,377
Property	399,085	1.80%	406,268	391,901
Infrastructure	82,914	2.30%	84,821	81,007
Private Credit	93,511	10.00%	102,862	84,160
Long term investments	159	0.00%	159	159
Total Level 3 Assets	**729,586**		**751,567**	**707,604**

14.5 Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Committee in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates against the relevant benchmarks.

The actuary, as part of their triennial valuation and dictated by the Funding Strategy Statement, will only anticipate long-term return on a relatively prudent basis to reduce risk of under-performing. Progress is analysed at three yearly valuations for all employers.

The Fund's direct exposure to interest rate movements as at 31 March 2025 and 31 March 2026 are set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

31/03/25 £'000	Asset type	31/03/26 £'000
7,279	Cash and cash equivalents	15,913
7,779	Cash held at CCC	12,561
336,993	Corporate Bonds	397,603
352,051	**Total**	**426,077**

14.6 Interest rate risk sensitivity analysis

Interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates:

Asset type	Value as at 31/03/26	Change in year in the net assets available to pay benefits	
		+1%	-1%
	£'000	£'000	£'000
Cash and cash equivalents	15,913	159	(159)
Cash held at CCC	12,561	126	(126)
Corporate Bonds	397,603	3,976	(3,976)
Total change in available assets	**426,077**	**4,261**	**(4,261)**

Asset type	Value as at 31/03/25	Change in year in the net assets available to pay benefits	
		+1%	-1%
	£'000	£'000	£'000
Cash and cash equivalents	7,279	73	(73)
Cash held at CCC	7,779	78	(78)
Corporate Bonds	336,993	3,370	(3,370)
Total change in available assets	**352,051**	**3,521**	**(3,521)**

The Fund also holds investments which have some sensitivity to interest rates, but whose values do not move in a predictable way with interest rates, and which also benefit from variable interest rates and/or returns streams other than straightforward interest income (e.g. asset revaluation). These include infrastructure, private credit, and real estate.

14.7 Discount Rate

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.

14.8 Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£ GBP Sterling). The Fund holds both monetary and non-monetary assets denominated in currencies other than £ GBP Sterling.

The Fund's currency rate risk is routinely monitored by the Committee in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

The following table summarises the Fund's currency exposure as at 31 March 2025 and as at 31 March 2026:

Fair value 31/03/25 £'000	**Asset type**	**Fair value 31/03/26 £'000**
2,130,140	Global equities	2,238,588
336,993	Global corporate bonds	397,603
51,983	Global infrastructure	75,138
69,806	Global private credit	93,511
36,396	Overseas property	35,182
2,625,318	**Total overseas assets**	**2,840,022**

The presentation of the above table has been updated to split the currency exposure by asset type. The 2024-25 comparison as been restated to present the information in a comparable manner to 2025-26. The overall totals for 2024-25 have not changed.

14.9 Currency risk sensitivity analysis

The aggregate currency risk of overseas investments within the Fund as at 31 March 2026 was 4.8% (2024-25: 5.9%).

This analysis assumes that all other variables, in particular interest rates, remain constant.

A 4.8% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Asset type	**Fair value 31/03/26**	**Change in year in the net assets available to pay benefits**	
		+4.8%	**-4.8%**
	£'000	**£'000**	**£'000**
Global equities	2,238,588	107,452	(107,452)
Global corporate bonds	397,603	19,085	(19,085)
Global infrastructure	75,138	3,607	(3,607)
Global private credit	93,511	4,489	(4,489)
Overseas property	35,182	1,689	(1,689)
Total change in available assets	**2,840,022**	**136,322**	**(136,322)**

Asset type	Fair value 31/03/25	Change in year in the net assets available to pay benefits	
		+5.9%	-5.9%
	£'000	£'000	£'000
Global equities	2,130,140	125,677	(125,677)
Global corporate bonds	336,993	19,883	(19,883)
Global infrastructure	51,983	3,067	(3,067)
Global private credit	69,806	4,119	(4,119)
Overseas property	36,396	2,147	(2,147)
Total change in available assets	**2,625,318**	**154,893**	**(154,893)**

The presentation of the above table has been updated to split the currency exposure by asset type. The 2024-25 comparison as been restated to present the information in a comparable manner to 2025-26. The overall totals for 2024-25 have not changed.

14.10 Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the value of the Fund's financial assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Employers in the Fund are not currently assessed for their creditworthiness or individual credit limits set. There is risk of being unable to collect contributions from employers with no contributing members (e.g. risk associated with employers with a small number of declining contributing members) so Carmarthenshire County Council monitors membership movements on an annual basis.

New employers to the Fund have to agree to the provision of a bond to prevent the risk of future financial loss to the Fund in the event of not being able to meet its pension liability on cessation. Carmarthenshire County Council currently guarantees to meet any future liabilities falling on the Fund as a result of cessation. This is done to ensure that actuarial recovery periods and amounts are kept at a manageable level for smaller employers.

No collateral is held as security on financial assets. Carmarthenshire County Council does not generally allow credit to employers.

All investments held by investment managers are held in the name of the Dyfed Pension Fund at the custodian – Northern Trust, so if the investment manager fails the Fund's investments are not classed amongst the manager's assets.

Any cash held is in the Carmarthenshire County Council accounts and is invested in line with Carmarthenshire County Council's approved credit rated counterparty list.

14.11 Liquidity risk

This refers to the possibility that the Fund might not have sufficient funds available to meet its commitments to make payments.

Carmarthenshire County Council has a comprehensive cash flow management system that seeks to ensure that cash is available when needed.

The amount held in the Fund's bank accounts meet the normal liquidity needs of the Fund and any surplus cash is invested. The Fund's actuaries establish what contributions should be paid in order that all future liabilities can be met.

The investments of the Fund are mainly of a liquid nature. Although any forced liquidation of the investments may be subject to a financial loss.

15 Current assets

2024-25 £'000		2025-26 £'000
	Contributions due from employer	
6,191	- Employer	6,581
2,315	- Employee	2,477
7,779	Cash Balances	12,561
1,179	Debtors	823
17,464		**22,442**

15.1 Analysis of Current assets

2024-25 £'000		2025-26 £'000
15,384	Local authorities	20,246
0	Central Government Bodies	4
2,080	Other entities and individuals	2,192
17,464		**22,442**

16 Current liabilities

2024-25 £'000		2025-26 £'000
(3,258)	Unpaid benefits	(1,561)
(1,794)	Creditors	(1,888)
(5,052)		**(3,449)**

16.1 Analysis of Current liabilities

2024-25 £'000		2025-26 £'000
(1,349)	HMRC	(1,520)
(385)	Public corporations and trading funds	(285)
(3,318)	Other entities and individuals	(1,644)
(5,052)		**(3,449)**

17 Additional Voluntary Contributions (AVC)

Occupational Pension Schemes are required by Statute to provide in-house AVC arrangements. The Fund has joint providers: Prudential, Standard Life and UTMOST, where a range of investment options are available.

It is for individual Scheme members to determine how much they contribute (subject to HMRC limits) and the investment components or its mix.

The contributions made to separately invested AVC schemes and the value of these investments as at the balance sheet date are shown below:

AVC Provider	Value as at 31/03/25 £ '000	Contributions £ '000	Expenditure £ '000	Change in Market Value £ '000	Value as at 31/03/26 £ '000
Prudential*	13,344	0	0	0	13,344
UTMOST	386	0	(133)	17	270
Standard Life	3,605	1,128	(434)	328	4,627
Total	**17,335**	**1,128**	**(567)**	**345**	**18,241**

*not available at time of drafting accounts

18 Funding arrangements

In line with Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contributions rates for the forthcoming triennial period. The valuation that these financial statements are based on took place as at 31 March 2022.

For more details, and to view the Funding Strategy Statement (FSS), please refer to the Fund's website – www.dyfedpensionfund.org.uk

19 Related Party Transactions

Carmarthenshire County Council

The Fund is administered by Carmarthenshire County Council (the Authority), consequently there is a strong relationship between the Authority and the Fund. In addition, the Authority's Governance and Audit Committee is responsible for the approval of the Fund's Annual Report and Accounts.

The Authority incurred costs of £1.486 million (2024-25: £1.336 million) in relation to the administration of the Fund and was subsequently reimbursed by the Fund.

The Authority is also the single largest employer of members in the Fund and contributed £47.404 million to the Fund in 2025-26 (2024-25: £44.804 million).

The Fund holds part of its cash balance with the Authority in order to meet its day to day expenditure. This cash is invested on the Money Markets by the Authority's Treasury Management section. During the year to 31 March 2026, the Fund had an average investment balance of £15.9 million (2024-25: £10.2 million) earning interest of £641,825 (2024-25: £500,758).

Wales Pension Partnership Investment Management Company Limited (Company number 16645479) (WPP IM Co)

WPP IM Co was formed during 2024-25 with the expectation that it will manage and oversee the investments of each Welsh LGPS Fund commencing in 2026-27. Each Fund owns 12.5% of WPP IM Co. The Dyfed Pension Fund advanced a contribution of £158,825 during 2025-26 to fund the initial set-up costs of the company.

WPP IM Co will become a contributing employer in the Dyfed Pension Fund during 2026-27. WPP IM Co owed the Dyfed Pension Fund £1,176 as at 31 March 2026 in relation to professional services to determine their employer contribution rate.

The Director of Corporate Services (the Fund's Section 151 Officer) is listed as a director of WPP IMCo and sits on the company's Transitionary Board.

19.1 Governance

Pension Committee

There are three members and one substitute member of the Pension Committee. During 2025-26 these were Councillor Elwyn Williams, Councillor Dai Thomas, Councillor Philip Warlow and the substitute was Councillor Neil Lewis.

The Director of Corporate Services, Mr Chris Moore, who has the role of Section 151 Officer for the Authority, played a key role in the financial management of the Fund and is also an active member of the Fund.

The Committee members and the Senior Officers that advise the Committee are required to declare their interest at each meeting. The Committee members and Director of Corporate Services accrue their benefits in line with the regulations encompassing councillors and employees of the employing bodies of the Fund.

Pension Board

A Pension Board was approved by County Council on the 11th February 2015 effective from 1st April 2015 in line with the Public Service Pension Act 2013. It consists of three employer representatives, three member representatives and an independent chair.

For more details, and to view the Governance Policy, please refer to the Fund's website – www.dyfedpensionfund.org.uk

19.2 Key Management Personnel

The key management personnel of the fund is the Section 151 Officer. Total remuneration payable to key management personnel is set out below:

2024-25 £'000		2025-26 £'000
16	Short-term benefits	17
3	Post-employment benefits	3
19		**20**

20 Employing bodies contribution rates, contributions receivable and benefits payable

2024-25				2025-26		
Contri-bution rate %	Contri-butions £'000	Benefits payable £'000		Contri-bution rate %	Contri-butions £'000	Benefits payable £'000
			Scheduled bodies			
16.2	44,804	55,091	Carmarthenshire County Council	16.2	47,404	55,203
15.5	26,084	27,275	Pembrokeshire County Council	15.5	26,621	29,288
14.6	14,641	17,205	Ceredigion County Council	14.6	15,640	18,041
16.8	7,979	4,738	Office for the Police & Crime Commissioner for Dyfed-Powys	16.8	8,643	5,352
15.1	2,345	2,147	Mid & West Wales Fire Authority	15.1	2,305	2,707
20.2	309	370	Coleg Ceredigion	20.2	370	584
19.8	2,395	1,581	Coleg Sir Gar	19.8	2,349	2,263
10.4	795	1,157	Pembrokeshire Coast National Park Authority	10.4	815	1,194
19.1	2,021	1,124	Pembrokeshire College	19.1	2,102	892
	101,373	110,688			106,249	115,524
			Designated (Resolution) bodies			
18.7	35	54	Aberystwyth Town Council	18.7	45	21
14.5	129	128	Carmarthen Town Council	14.5	119	128
22.8	47	15	Cwmamman Town Council	22.8	50	6
27.6	55	0	Llanedi Community Council	27.6	57	206
28.2	8	8	Gorslas Community Council	28.2	8	9
21.7	20	15	Kidwelly Town Council	21.7	18	38
27.0	4	3	Llanbadarn Fawr Community Council	27.0	12	3
19.8	2	1	Llanarthne Community Council	19.8	2	1
13.7	273	505	Llanelli Rural Council	13.7	283	359
19.2	88	152	Llanelli Town Council	19.2	91	169
25.4	23	0	Llangennech Community Council	25.4	25	0
20.3	46	39	Llannon Community Council	20.3	60	30
18.3	91	26	Pembrey & Burry Port Town Council	18.3	97	27
8.5	12	13	Tenby Town Council	8.5	13	13
26.4	22	1	Pembroke Town Council	26.4	24	7
21.7	19	0	Pembroke Dock Town Council	21.7	20	0
22.2	9	0	Cwarter Bach Community Council	22.2	11	0
22.0	24	0	Betws Community Council	22.0	5	0
	907	960			940	1,017

2024-25				2025-26		
Contri-bution rate %	Contri-butions £'000	Benefits payable £'000		Contri-bution rate %	Contri-butions £'000	Benefits payable £'000
			Admission bodies			
			Community Admission Body (CAB)			
23.1	58	39	Ceredigion Association of Voluntary Org.	23.1	56	43
20.6	1,479	1,764	Careers Wales	20.6	1,295	1,971
19.7	26	81	Carmarthenshire Association of Voluntary Services	19.7	27	68
0.0	2	16	Carmarthenshire Federation of Young Farmers Clubs	0.0	2	16
22.6	66	56	Iaith Cyf	22.6	31	87
20.6	98	25	Menter Bro Dinefwr	20.6	92	25
23.0	35	45	Menter Cwm Gwendraeth	23.0	36	47
19.2	89	18	Menter Gorllewin Sir Gar	19.2	76	2
13.1	16	13	Menter Iaith Castell-Nedd Port Talbot	13.1	16	13
0.0	1	12	Narberth & District Community & Sports Association	0.0	1	13
24.0	62	179	Pembrokeshire Association of Voluntary Services	24.0	56	123
18.3	87	153	PLANED	18.3	94	52
22.3	249	758	Barcud	22.3	236	395
22.0	578	738	University of Wales-Trinity St David	22.0	578	703
0.0	17	413	Aberystwyth University	0.0	6	274
18.3	347	508	Books Council of Wales	18.3	347	621
23.9	28	63	West Wales Action for Mental Health	23.9	28	103
21.5	26	54	Valuation Tribunal Wales	21.5	29	55
	3,264	4,935			3,006	4,611
			Transferee Admission Body (TAB)			
16.1	1,222	117	Llesiant Delta Wellbeing	16.1	1,083	86
22.5	11	0	Burry Port Marina	22.5	0	0
35.5	9	0	Adapt Business Services	35.5	10	28
20.5	6	0	Visit Pembrokeshire	20.5	6	0
20.1	17	0	Victim Support	20.1	44	1
0.0	0	0	Haverfordwest Airport	24.2	20	0
	1,265	117			1,163	115

2024-25				2025-26		
Contri-bution rate	Contri-butions	Benefits payable		Contri-bution rate	Contri-butions	Benefits payable
%	£'000	£'000		%	£'000	£'000
			Bodies with no pensionable employees			
0.0	6	7	DVLA	0.0	1	2
0.0	0	16	Cardigan Swimming Pool	0.0	0	16
0.0	0	89	PRISM	0.0	0	91
0.0	50	392	Dyfed Powys Magistrates Courts	0.0	49	388
0.0	3	9	Carmarthen Family Centre	0.0	3	9
0.0	3	5	Milford Haven Town Council	0.0	3	5
0.0	0	17	Mencap	0.0	0	17
0.0	0	6,246	Dyfed County Council	0.0	0	5,986
0.0	0	12	Dyfed AVS	0.0	0	3
0.0	5	20	Welsh Water	0.0	5	20
0.0	0	9	Cwm Environmental	0.0	0	9
0.0	0	9	Cartrefi Cymru	0.0	0	9
0.0	1	1	Rent Officer Service	0.0	1	1
0.0	14	40	Haverfordwest Town Council	0.0	14	40
0.0	0	40	Llanelli Burial Board	0.0	0	41
0.0	0	17	DANFO	0.0	0	17
0.0	0	176	Human Support Group (HSG)	0.0	0	127
0.0	0	1	Compass Contract Services Ltd	0.0	0	1
0.0	0	1	Garnant Golf Club	0.0	0	1
0.0	0	19	Leonard Cheshire Disability	0.0	0	19
0.0	0	85	Pobl Group	0.0	0	61
	82	7,211			76	6,863
	106,891	**123,911**	**Total**		**111,434**	**128,130**

20.1 Bodies with No Pensionable Employees where pension increase is recharged

It has been assumed that for the following bodies, the proportion of pension increases stated below will continue to be recharged.

	Proportion to be recharged %
DVLA	100
Milford Haven Town Council	100
Carmarthen Family Centre	100
Dwr Cymru Welsh Water	50

21 Stock Lending

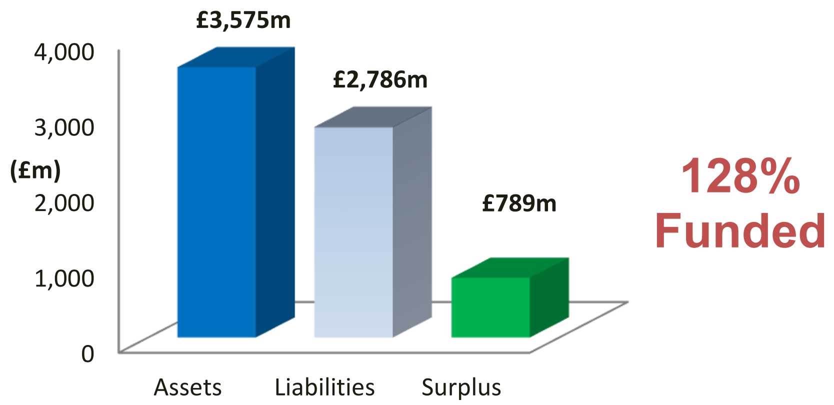
The Fund's investment strategy permits stock lending subject to specific approval. During 2025-26, the income earned by the Fund through stock lending was £81,045 (2024-25: £111,184). At 31 March 2026 the Fund had £53.6m out on loan (2024-25: £40.6m).

22 Actuarial Statement

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Dyfed Pension Fund was carried out as at 31 March 2025 to determine the contribution rates with effect from 1 April 2026 to 31 March 2029.

On the basis of the assumptions adopted, the Fund's assets of £3,575 million represented 128% of the Fund's past service liabilities of £2,786 million (the "Solvency Funding Target") at the valuation date. The surplus at the valuation was therefore £789 million.



The valuation also showed that a Primary Contribution Rate of 16.5% of pensionable pay per annum was required from employers. The Primary Rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus it may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the contributions in respect of any deficit / surplus for each employer. At the 2025 actuarial valuation the average recovery period adopted for employers in deficit was 11 years, and the run off period for employers with a recoverable surplus was 19 years. The resulting total "Secondary Rate" for 2026/29 was, on average, a surplus offset of approximately £18m to £23m per annum (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2026.

In practice, each individual employer's position is assessed separately and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The valuation was carried out using the projected unit actuarial method. Full yield curves were used in calculating the liabilities and the approximate single equivalent rates for the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary Contribution Rate, were as follows:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
Rate of return on investments (discount rate)		
Standard investment strategy	5.30% per annum	4.85% per annum
Discretionary notional employer investment strategy	5.15% per annum	5.15% per annum
Rate of pay increases (long term)		
Standard investment strategy	4.10% per annum	4.10% per annum
Discretionary notional employer investment strategy	4.60% per annum	4.60% per annum
Rate of increases in pensions in payment (in excess of GMP)		
Standard investment strategy	2.60% per annum	2.60% per annum
Discretionary notional employer investment strategy	3.10% per annum	3.10% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2028. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2029.

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes. The assumptions adopted are shown in Appendix B.

The movement in the value of the Fund's promised retirement benefits for IAS 26 is as follows:

	£m
Start of period liabilities	2,588
Interest on liabilities	150
Net benefits accrued / paid over the period*	(35)
Actuarial (gains) / losses (see below)	19
End of period liabilities	**2,722**

*this includes any increase in liabilities arising as a result of early retirements
Key factors leading to actuarial gains above are:

- **Change in financial assumptions:** Corporate bond yields increased over the year, with a corresponding increase in discount rate from 5.9% p.a. to 6.2% p.a. The long-term assumed CPI also increased over the year from 2.6% p.a. to 2.9% p.a. The net effect on liabilities is broadly neutral.
- **Change in demographic assumptions:** As noted in Appendix B, the mortality assumptions have been updated to reflect the latest mortality study carried out for the 2025 actuarial valuation. This acts to slightly reduce the liabilities.
- **Pension increases / inflation experience:** The figures allow for the impact of actual CPI over the year compared to the start of period assumption (experience to September 2025 fed into the April 2026 pension increase of 3.8%, and actual inflation from that point will feed into the 2027 increase). As inflation over the year was higher than the long-term assumption, this slightly increases the liabilities.
- **Allowance for 2025 actuarial valuation results:** The figures allow for the now completed 2025 actuarial valuation of the Fund. The effect of this is an increase in liabilities.

Clive Lewis
FIA C.Act

Mark Wilson
FIA C.Act

Mercer Limited
June 2026

Appendix A - Additional Considerations

The "McCloud judgment": The figures above allow for the impact of the judgment based on the remedy and the data provided for the 2025 actuarial valuation.

GMP indexation: The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.

Market volatility: There was significant volatility in markets both shortly before and after the accounting date. The period-end figures reflect market conditions as at the accounting date, but do not allow for any subsequent experience.

Virgin Media Court Case: Our current understanding is that, while HM Treasury are still assessing the implications, they do not believe the case is relevant to public service pension schemes. Given this, and the unknown impact on benefits even if it were to be required, we have not made any allowance for the Virgin Media judgment.

Appendix B – Financial and Demographic Assumptions

To assess the liability value of the benefits, we have used the following assumptions as at 31 March 2026 (the 31 March 2025 assumptions are included for comparison):

Financial Assumptions

	31 March 2025	31 March 2026
Rate of return on investments (discount rate)	5.90% per annum	6.20% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.60% per annum	2.90% per annum
Rate of pay increases	4.10% per annum	4.40% per annum
Increases on pensions (in excess of GMP) / Deferred revaluation	2.70% per annum	3.00% per annum

Post retirement mortality (normal health)

	31 March 2025 (M/F)	31 March 2026 (M/F)
Base mortality table	SAPS 4 / SAPS 4 middle	SAPS 4 / SAPS 4 middle
Future improvements	CMI 23 1.5%	CMI 24 1.5%
Other choices	S=7, A=0 W20=W21=0%, W22=W23=15%	Core Underlying
Non-retired members (currently age 45):		
Weightings	103% / 97%	115% / 104%
Life expectancies at age 65	22.9 / 25.7	22.4 / 25.3
Retired members (current age 65):		
Weightings	100% / 97%	109% / 103%
Life expectancies at age 65	21.5 / 23.9	21.2 / 23.6

The start of period assumption is set based on the most recent mortality analysis as at the previous accounting date (so from the 2022 actuarial valuation), but with:

- a best estimate long-term improvement rate of 1.5%
- an update to the future improvement model (CMI 2023)
- an update to the base tables (S4 tables, with a reweighting to maintain consistency with the underlying mortality analysis)

The end of period base tables are set based on the updated analysis undertaken as part of the 2025 actuarial valuation (note that the 1.5% improvement rate is still our best estimate assumption).

Other demographic assumptions

The other demographic assumptions as at the start of period are the same as those used for 2022 actuarial funding valuation – full details are set out in the formal report on the actuarial valuation dated March 2023.

Those as at the end of period are the same as those used for 2025 actuarial funding valuation – full details are set out in the formal report on the actuarial valuation dated March 2026.

23 Events after the balance sheet date

The Fund has come together with the other 7 Welsh LGPS Funds to form the Wales Pension Partnership Investment Management Company (Company number 16645479) (WPP IM Co), which is 1/8th owned by each Fund.

WPP IM Co is seeking to become FCA regulated and to start providing services to each Fund during 2026-27. Once granted the necessary regulated status IM Co will take responsibility for managing and overseeing each Fund's investments.

Each Fund will be required to provide regulatory capital during 2026-27 and on an ongoing basis will be charged a fees depending on services taken up and assets under management.

At the time of preparing the draft accounts FCA approval had been applied for but not yet received.