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Cronfa Bensiwn DYFED Pension Fund

Dyfed Pension Fund

Annual Report & Accounts 2025-2026



Cyngor Sir Gâr
Carmarthenshire
County Council

Contents

Chair's Foreword 3

Introduction 5

Section 1 - Management & Financial Performance Reports 7

- Fund Management & Advisers 7
- Risk Management 9
- Financial Performance 9

Section 2 - Investment Policy & Performance Reports 10

- Fund Investments 10
- BlackRock 16
- Schroders 20
- Partners Group 24
- Wales Pension Partnership 28
- PIRC Limited (Pension and Investment Research Consultants) 36
- Independent Investment Adviser 38

Section 3 - Fund Administration Report 41

Section 4 - Actuarial Report 54

Section 5 - Pension Board Annual Report 56

Section 6 - Statement of Accounts 60

Section 7 - Policies and Strategies 104

Section 8 - Glossary 107

Contacting the Fund 109

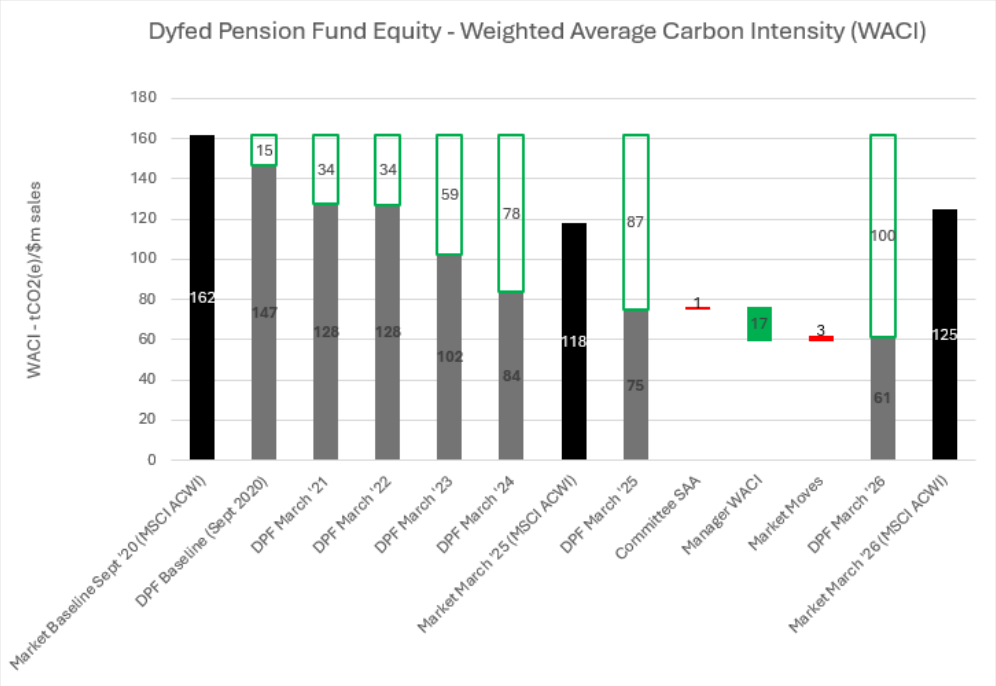
Chair's Foreword

Welcome to the Dyfed Pension Fund Annual Report and Accounts for 2025-26. It has been another very busy and enjoyable year for the Fund.

A key priority of the Pension Committee is the ongoing monitoring and reduction of the Fund's carbon intensity. This report provides an update on the progress made during the year towards achieving that objective.

Since setting a goal in 2020 of reducing the Fund's carbon intensity in line with the Paris climate accords, we have made good progress towards achieving this. The metric used was the Weighted Average Carbon Intensity (WACI) of the Fund's listed equity holdings. This was chosen, both because listed equity represented some two thirds of the Fund's investments, and because reliable and consistent data is not available over most of the other asset classes in which the Fund invests.

The Committee set a baseline in September 2020 and has measured the equity WACI each year-end since then. The results are displayed in the chart below :-



As the chart shows, the Fund has made consistent progress in reducing its equity WACI, which has fallen by over 50% since the September 2020 baseline, representing an annualised reduction of over 14%, more than twice the rate of decline required to meet the Paris-aligned carbon emission goals.

These reductions in the Fund's WACI have been driven primarily by the active decisions of the Committee to allocate more assets to lower-Carbon strategies ("Committee SAA") and by the managers of the investment strategies themselves reducing the carbon intensity of these strategies ("Manager WACI"), although there is always a small component of change caused by the relative performance of different investment strategies, since the WACI is an asset-weighted average ("Market Moves").

Over the years, the key Committee decisions, which have reduced carbon intensity have included :-

- using the higher carbon regional equity portfolios (e.g. Emerging Markets and Canada, but also Japan and UK to a degree) to fund new allocations to private market strategies such as infrastructure and private credit.
- allocating to new lower carbon global equity strategies, such as the BlackRock Low-Carbon passive strategy and the Wales Pension Partnership (WPP) sustainable equity strategy.
- switching the very large WPP Global Growth equity strategy to a Paris-aligned global equity benchmark

In addition, the underlying investment managers have made significant progress in reducing the WACI of their portfolios, guided by the Fund's and WPP's Responsible Investment policies.

Finally, the underlying carbon intensity of markets has reduced by nearly a quarter since the Fund's 2020 baseline, partly as a result of the very strong outperformance of the relatively low-carbon tech sector, so it would be appropriate to add that it would not be surprising to see some headwinds in this area going forward, if either AI enthusiasm proves to have been over-exaggerated, or if the data-centre build-out increases the carbon footprint of these businesses.

By way of a brief update on another important area, the Fund's actuary, Mercer, completed and signed off the 2025 Actuarial Valuation during the year. Further details are provided by the Director of Corporate Services in the Introduction section of this report. However, I am pleased to report that the Fund's surplus and funding level both improved once again, continuing the positive trend seen in previous actuarial valuations.

I would like to conclude by thanking the teams across both pensions administration and investments for their continued hard work, professionalism and dedication throughout the year. Their commitment plays a vital role in the successful management of the Fund and the delivery of high-quality services to our members and stakeholders.

I would also like to thank my fellow Committee members for their ongoing support and commitment, as well as the members of the Pension Board for the valuable scrutiny and challenge they provide. Their contribution is an important part of the Fund's governance framework and helps to ensure the positive outcomes highlighted throughout this report



Councillor Elwyn Williams

Chair of the Dyfed Pension Fund Committee

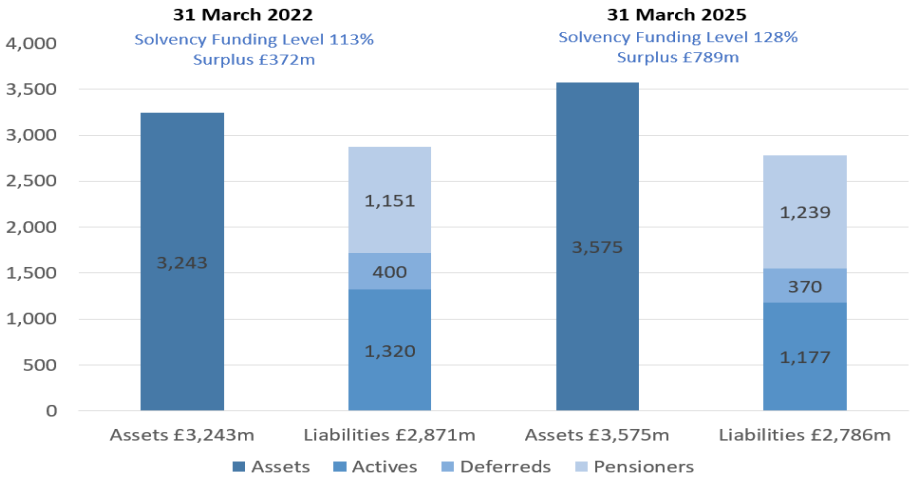
Introduction

As the Chair noted in his foreword, 2025-26 has been a particularly busy year for the Fund. In the following pages, I will endeavour to provide a summary of the key activities, developments and achievements from across the year.

The 2025 Actuarial Valuation Report was signed off by the Fund's actuary, Mercer, on 31 March 2026. A tremendous amount of work was undertaken throughout the year by both the administration and investment teams to provide the data and information required to ensure the valuation was completed accurately and within the required timescale.

I would like to take this opportunity to thank both teams for their hard work and dedication in delivering this significant piece of work. Their efforts were instrumental in ensuring the successful completion of the valuation and in maintaining the high standards expected of the Fund.

The results of the 2025 actuarial valuation and a comparison with the 2022 valuation are presented below. I am pleased to report that both the funding level and surplus have increased since the previous valuation, with the Fund's assets continuing to exceed its liabilities and maintaining a healthy surplus position.



Without straying too far beyond the 2025-26 reporting period, I would like to note that, following the completion of the 2025 Actuarial Valuation, the Fund commissioned a review of its Strategic Asset Allocation (SAA). This is an appropriate point at which to reassess the SAA, as the results of the valuation provide the most up-to-date picture of the Fund's funding position and future requirements.

The review will help ensure that the Fund's investment strategy remains aligned with its long-term objectives and funding requirements. I look forward to providing a further update on the outcome of this work in next year's report.

The administration team continued to work tirelessly throughout the year, not only administering pension benefits for a growing membership, which now exceeds 58,000 members, but also navigating an ever-changing and increasingly complex regulatory environment. Despite these challenges, the team has remained committed to delivering a high-quality service to members and employers while ensuring ongoing compliance with all regulatory requirements.

The administration team has continued to work diligently throughout the year on the recalculations required as a result of the McCloud judgment, which has necessitated thousands of reviews and recalculations affecting both pensioner benefits and active members' pension entitlements.

During the year, the team also dedicated significant effort to preparing for the Pensions Dashboard Programme, ensuring the Fund was ready to meet its connection requirements and "go live" by the prescribed deadline. In addition, new regulations relating to unpaid leave and maternity pay were introduced in April, requiring further system, process and administrative changes.

One of the key updates highlighted in last year's Annual Report and Accounts was the UK Government's *Fit for the Future* consultation. The outcome of this consultation, and the subsequent legislative changes, was a requirement for all LGPS pools to operate as standalone Financial Conduct Authority (FCA) regulated investment management companies. As this was not the operating model adopted by the Wales Pension Partnership when pooling was originally established, it became necessary to implement significant changes to ensure compliance with the new regulatory requirements.

During 2025-26, work continued at pace to establish the new company, Wales Pension Partnership Investment Management Company (WPP IM Co). In addition to appointing a Chief Executive Officer, WPP IM Co has appointed the remaining Senior Management Function (SMF) roles required by the Financial Conduct Authority (FCA) and continues to work diligently towards meeting the rigorous requirements for FCA authorisation.

Creating a new investment management company from the ground up to meet such high regulatory standards has been both a complex and significant undertaking. Throughout this process, the eight Welsh LGPS funds have worked diligently and collaboratively to achieve the considerable progress made to date. Importantly, this work has been undertaken alongside the day-to-day responsibilities of administering our respective Pension Funds. I would like to extend my thanks to everyone involved for their commitment, professionalism and dedication in delivering this important project.

Looking beyond the reporting period, and subject to the successful completion of the FCA authorisation process, we expect to see the formal launch of WPP IM Co during 2026-27.

To conclude, I would like to echo the comments made by the Chair in his foreword and once again extend my sincere gratitude to the pensions administration and investment teams for their hard work, professionalism and dedication throughout the year. I would also like to thank the members of the Pension Committee and Pension Board for their continued support, commitment and constructive challenge, all of which contribute to the effective governance and successful management of the Fund.



Chris Moore

Director of Corporate Services
Carmarthenshire County Council

Section 1 - Management & Financial Performance Reports

Fund Management & Advisers

The Dyfed Pension Fund is administered by Carmarthenshire County Council (the administering authority) and under the Council's constitution the Dyfed Pension Fund Committee has overall strategic responsibility for managing the Fund. The Fund's Governance Policy sets out the roles and responsibilities of the Committee.

During 2025-26 the Committee members were:

- Councillor Elwyn Williams - Chair of the Committee
- Councillor Dai Thomas - Committee Member
- Councillor Philip Warlow - Committee Member
- Councillor Neil Lewis - Substitute Committee Member

The following officers from Carmarthenshire County Council also attended Committee meetings and/or acted as advisers:

- Mr Chris Moore, FCCA - Director of Corporate Services
- Mr Randal Hemingway, CPFA - Head of Financial Services
- Mr Anthony Parnell, FCCA - Treasury and Pension Investments Manager
- Mr Kevin Gerard, MIPPM - Pensions Manager

The Dyfed Pension Fund Committee has adopted the Code of Practice on Public Sector Pensions Finance Knowledge and Skills. The Code sets out the knowledge and skills needed for those involved with pension scheme governance as recommended by Lord Hutton in his report on public sector pensions.

The Committee and officers attended various training courses, seminars and conferences on administration and investment matters. These were provided by the investment managers, consultants, officers, national and local government associations. The meeting attendance and training events for each Committee member are shown below:

Meeting attendance and training events 2025-26	Cllr Elwyn Williams	Cllr Dai Thomas	Cllr Philip Warlow	Cllr Neil Lewis
Voting rights	✓	✓	✓	
2025-26 Meeting attendance:				
Committee Meeting 23 June 2025	✓	✓	✓	
Committee Meeting 22 September 2025	✓	✓	✓	✓
Committee Meeting 10 November 2025	✓	✓	✓	
ACM 11 November 2025	✓	✓	✓	✓
Committee Meeting 24 February 2026	✓	✓	✓	
Committee Meeting 11 March 2026	✓	✓	✓	✓

2025-26 Training events:				
Business Meeting (LAPFF) April 2025				✓
Invest in Wales Conference (Schroders) April 2025		✓	✓	
WPP Private Market Manager Day June 2025	✓			
Local Authority Conference (PLSA) June 2025			✓	
WPP Training Session June 2025	✓	✓	✓	
Business Meeting (LAPFF) July 2025				✓
WPP Training Session September 2025	✓	✓	✓	
AGM & Business Meeting (LAPFF) October 2025				✓
Fundamentals Training (LGA) October 2025	✓	✓		
Fundamentals Training (LGA) November 2025	✓	✓		
Russell Investments Briefing November 2025	✓	✓	✓	✓
BlackRock Briefing November 2025	✓	✓	✓	✓
WPP Training Session November 2025	✓	✓	✓	
Fundamentals Training (LGA) December 2025	✓	✓		
Annual Conference (LAPFF) December 2025			✓	✓
Governance Conference (LGA) January 2026	✓	✓	✓	✓
Business Meeting (LAPFF) February 2026				✓
Investment Seminar (LGC) March 2025		✓		

The Fund's Independent Investment Adviser: Mr Adrian Brown (Apex Group plc) - Advises the Committee on all aspects of investment management at quarterly meetings and ad hoc meetings as necessary.

Investment Managers:	Wales Pension Partnership, BlackRock, Schroders, Partners Group
Legal Advisers:	Eversheds
Performance Measurement Company:	PIRC Limited (Pension and Investment Research Consultants)
Fund Actuary:	Marsh (previously known as Mercer)
Custodian:	Northern Trust
Bankers:	Barclays Bank Plc
AVC Providers:	Prudential, Standard Life and UTMOST
External Auditor:	Auditor General for Wales

Risk Management

Carmarthenshire County Council, the Administering Authority to the Dyfed Pension Fund, recognises the importance of effective risk management. Risk management is the process by which the council systematically identifies and addresses the risks associated with its activities.

Risk management is a key part of Carmarthenshire County Council's corporate governance arrangements, and the council has a formal risk management strategy which is regularly reviewed and developed in response to changes within the council and the external environment.

As required by the risk management strategy the Fund uses the risk register tool to identify, prioritise, manage and monitor risks associated with the Dyfed Pension Fund. This register can be found on the Dyfed Pension Fund's website.

The Funding Strategy Statement (FSS) (Section 7) and the Investment Strategy Statement (ISS)(Section 7) explain the Fund's key risks and how they are identified, mitigated, managed and reviewed. Investment advice is received from Mr Adrian Brown, the Independent Investment Adviser, and the Dyfed Pension Fund Committee meet and review fund manager performance and activity at least quarterly.

Financial Performance

Income & Expenditure

The table below shows actual income and expenditure for 2025-26 against budget:

	Actual 2024-25 £'000	**Budget 2025-26 £'000**	**Actual 2025-26 £'000**	**Variance 2025-26 £'000**
Income				
Employee Contributions	28,286	30,168	29,925	(243)
Employer Contributions	78,605	81,994	81,509	(485)
Transfers In	8,544	8,500	11,676	3,176
Investment Income	56,130	31,614	60,190	28,576
Total Income	**171,565**	**152,276**	**183,300**	**31,024**
Expenditure				
Benefits Payable	(123,911)	(127,506)	(128,130)	(624)
Transfers Out	(9,402)	(7,800)	(9,486)	(1,686)
Management Expenses	(2,430)	(2,800)	(2,968)	(168)
Investment Management Expenses	(9,836)	(14,170)	(8,016)	6,154
Total Expenditure	**(145,579)**	**(152,276)**	**(148,600)**	**3,676**
Changes in the Market Value of Investments	73,802		386,095	
Net Increase/(Decrease) in the fund	**99,788**		**420,795**	

Section 2 - Investment Policy & Performance Reports

Fund Investments

Investment Policy

The Fund sets out a broad statement of the principles it has employed in establishing its investment and funding strategy in the Investment Strategy Statement (ISS) (Section 7). The ISS also sets out the Fund's policies in respect of responsible investment and other environmental or social issues.

The Investment Policy and the approach to the management of risk for the Fund as a whole and in respect of the investment managers is outlined in the ISS. The ISS has been developed alongside the Fund's funding strategy on an integrated basis taking into account the risks inherent in the Fund. The ISS document can be found on our website.

Responsible Investment (RI) Policy

The Fund is a long-term investor aiming to deliver a sustainable pension fund for all stakeholders and has a fiduciary duty to act in the best, long-term, interests of the Fund's employers and scheme members.

Responsible Investment is a fundamental part of the Fund's overarching investment strategy as set out in the Investment Strategy Statement. That is, to maximise returns subject to an acceptable level of risk whilst increasing certainty of cost for employers and minimising the long-term cost of the scheme. The Fund believes that consideration of Environmental, Social and Corporate Governance (ESG) factors are fundamental to this, particularly where they are likely to impact on the overarching investment objective.

The Responsible Investment Policy can be found in Section 7 of this report or on the website.

Membership of Pension Fund Institutions

The Fund subscribes to and is a member of Pensions UK, Local Authority Pension Fund Forum (LAPFF), CIPFA Pension's Network, LGA Scheme Advisory Board (SAB) and LGA Local Government Pension Committee (LGPC).

Voting

Managers are instructed to vote in line with Wales Pension Partnership's Stewardship Policy and LAPFF voting guidelines. The policy and guidelines set out principles that should be followed when voting.

Manager changes

During the year, the Fund committed £25m to a forestry investment with Gresham House. Of this commitment £24.8m was invested during 2025-26 and £200k remains to be invested in future.

Asset Allocation

Mandate	Approach	Manager	Benchmark (%)	Actual (%)
Equities		**Allocation**	**60.00**	**68.69**
Global	Active	WPP (Waystone)		31.19
Sustainable Equity	Active	WPP (Russell Investments)		5.18
UK	Passive	BlackRock		12.40
Other Regional	Passive	BlackRock		8.05
World ESG Equity Fund	Passive	BlackRock		11.87
Fixed Interest		**Allocation**	**10.00**	**10.00**
Global Credit	Active	WPP (Russell Investments)		10.00
Property		**Allocation**	**15.00**	**12.57**
Property	Active	Schroders		11.69
Property	Active	Partners Group		0.88
Infrastructure		**Allocation**	**5.00**	**2.09**
Infrastructure	Active	WPP (GCM Grosvenor & Capital Dynamics)		2.09
Private Credit		**Allocation**	**5.00**	**2.35**
Private Credit	Active	WPP (Russell Investments)		2.35
Alternatives		**Allocation**	**5.00**	**3.87**
Strategic Alternative Income Fund	Active	BlackRock		3.29
Forestry	Active	Gresham House		0.58
Cash		**Allocation**	**0.00**	**0.43**
Cash	Active	BlackRock, Schroders & Partners Group		0.43
Total			**100.00**	**100.00**

The table above shows that the Fund's actual allocation to equities is above the benchmark. The Pension Committee are reviewing the allocations with a view of rebalancing the investments in line with the benchmarks.

The table below shows the change in fund value from the beginning of the year to the end of the year and is broken down by asset class. The value of the Fund increased by 11.6% from 2024-25 to 2025-26:

	Value as at 31/03/25	Value as at 31/03/26
	£'000	£'000
UK Equities	425,821	492,982
Global & Overseas Equities	2,130,139	2,238,588
Fixed Interest Bonds	336,993	397,603
Property	404,300	500,059
Alternatives	131,559	153,917
Infrastructure	56,448	82,914
Private Credit	69,806	93,511
Cash	7,279	15,913
Accrued Income	135	1,048
Total	**3,562,480**	**3,976,535**

The table below shows the Fund's total pooled assets:

	Pooled £'000	Under Pooled Management £'000	Not Pooled £'000	Total £'000
Equities	1,446,503	1,285,067	0	2,731,570
Bonds	397,603	0	0	397,603
Real Estate	239,822	0	260,237	500,059
Alternatives	23,132	0	130,785	153,917
Infrastructure	82,914	0	0	82,914
Private Credit	93,511	0	0	93,511
Cash	0	0	16,961	16,961
Total	**2,283,485**	**1,285,067**	**407,983**	**3,976,535**

The table below shows the Fund's pooled assets within the UK:

	Pooled £'000	Under Pooled Management £'000	Not Pooled £'000	Total £'000
UK Listed Equities	0	492,982	0	492,982
UK Real Estate	239,822	0	229,629	469,451
UK Alternatives	23,132	0	98,088	121,220
UK Infrastructure	24,147	0	0	24,147
UK Private Credit	20,572	0	0	20,572
Total	**307,673**	**492,982**	**327,717**	**1,128,372**

Investment Performance

Total Fund performance was above the Local Authority (LA) Universe average over all periods as shown below.

Periods to 31/03/26	Return (%)	LA Universe (%)	Out/(Under) Performance (%)	Ranking
1 year	12.40	9.60	2.80	12
3 years*	8.80	7.40	1.40	18
5 years*	5.90	5.80	0.10	35
10 years*	8.20	7.60	0.60	13
20 years*	7.10	6.60	0.50	9
30 years*	7.80	7.10	0.70	4

*Annualised Returns

Individual Managers' Performance

The following tables show the performance of each manager for the year ending 31 March 2026.

Partners Group

The performance of investments in private property is measured by Internal Rate of Return (IRR), a figure that will be volatile until the Fund reaches maturity. The current portfolio IRR is 4.5%. As a time-weighted return based on cash flows it is not a meaningful performance measurement until all capital contributed and earnings has been returned to the investor. Until then the IRR will peak and dip based on the timing of cash inflows and outflows. The portfolio of investments continue to meet Partners Group's expectations in terms of performance.

The table illustrates the cash flows as at 31 March 2026. The valuation of the property portfolio is above the original cost of investment:

Portfolio investments	
Committed	£99.15m
Commitment level - directs	24.21%
Commitment level - secondaries	30.98%
Commitment level - primaries	47.04%
Invested	£92.93m
Investment level	93.72%

Partners Group Red Dragon, L.P.	
Commitments	£97.00m
Capital contributions	£70.46m
Capital contributions (in % of commitments)	72.64%
Unfunded commitments	£26.54m
Distributions	£54.11m
Net asset value	£35.18m
Net return (1 year)	1.50%
Net return (inception to date)	4.50%

Schroders

The manager underperformed the benchmark over the one, three and five year periods by -3.10%, -1.60% and -0.70% respectively.

Performance to 31/03/26	Return (%)	Benchmark (%)	Out/(Under) Performance
1 year	1.20	4.30	(3.10)
3 years*	1.70	3.30	(1.60)
5 years*	2.30	3.00	(0.70)

*Annualised Returns

BlackRock

The performance and benchmark of each fund over the one, three and five year periods are shown below. The World ESG Equity Fund was incepted during the year, therefore only inception to date data is available.

Performance to 31/03/26		Return (%)	Benchmark (%)	Out/(Under) Performance
World ESG Equity Fund	Inception to date	(2.04)	(1.32)	(0.72)
Aquila Life European Equity Index Fund	1 year	17.24	16.01	1.23
	3 years*	11.13	10.84	0.29
	5 years*	9.56	9.39	0.17
Aquila Life UK Equity Fund	1 year	21.71	21.54	0.17
	3 years*	13.36	13.33	0.03
	5 years*	11.15	11.11	0.04
iShares Emerging Markets Index Fund	1 year	27.50	26.81	0.69
	3 years*	12.54	12.40	0.14
	5 years*	4.64	4.63	0.01

*Annualised Returns

BlackRock UK Strategic Alternative Income Fund (SAIF)

As shown in the table below, the Fund has allocated £150m to this multi asset investment. As at 31 March 2026 the investment level was 100% and the net return since inception has been 3%.

Portfolio investments	
Committed	£150.00m
Invested	£150.00m
Unfunded commitments	£0.00m
Investment Level	100.00%
Distributions	£38.96m
Net Asset Value	£130.78m
Net Return (inception to date)	3.00%

Wales Pension Partnership

Global Growth Fund

The Fund underperformed the benchmark over the one year period, three year period and since its inception in February 2019 by -3.60%, -3.50% and -1.90% respectively.

Performance to 31/03/26	Net Return (%)	Benchmark (%)	Out/(Under) Performance
1 year	13.90	17.50	(3.60)
3 year	10.00	13.50	(3.50)
Inception to Date	9.70	11.60	(1.90)

Global Credit Fund

The Fund underperformed the benchmark over the one year period, three year period and since its inception in August 2020 by -0.20%, -0.10% and -0.20% respectively.

Performance to 31/03/26	Net Return (%)	Benchmark (%)	Out/(Under) Performance
1 year	4.30	4.50	(0.20)
3 year	4.60	4.70	(0.10)
Inception to Date	(0.10)	0.10	(0.20)

Sustainable Active Equity Fund

The Fund underperformed the benchmark over the one year period and since its inception in June 2023 by -4.20% and -4.70% respectively

Performance to 31/03/26	Net Return (%)	Benchmark (%)	Out/(Under) Performance
1 year	13.30	17.50	(4.20)
Inception to Date	10.10	14.80	(4.70)

BlackRock

The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Results do not reflect the deduction of management / advisory fees and other expenses; management / advisory fees and other expenses will reduce a client's return.

Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index.

Market Returns 1 April 2025 to 31 March 2026

Returns %	12 Months to 31 March 2026	
	Account (%)	Index (%)
Aquila UK Equity Index Fund	21.71	21.54
Aquila Life European Equity Index Fund	17.24	16.01
iShares Emerging Market Index Fund	27.50	26.81
Aquilla Life WPP World ESG Insights Equity Fund	-2.04*	-1.32*
Total Fund	**20.24**	**-**

*Data shown is from the fund's inception date, which postdates 31/03/2025.

Source: BlackRock 2026.

BlackRock Performance

Over the last year, Dyfed Pension Fund's Main Portfolio returned 20.24%. The passively managed funds tracked the indices they are managed against. Over the last year, Dyfed Pension Fund's Main Portfolio returned 20.24%. Equity index strategies delivered strong absolute returns across UK, European and Emerging Markets equities, broadly in line with their respective benchmarks, while the Aquila Life WPP World ESG Insights Equity Fund modestly underperformed its index over the period.

Global Market Outlook

Global markets delivered positive returns over the past financial year despite periods of heightened volatility driven by shifting monetary policy expectations, geopolitical tensions and uneven economic growth. US equities were led by large-cap technology and AI-related stocks, while UK and European markets benefited from strength in banks, defence and healthcare sectors. Emerging markets outperformed developed markets, supported by the AI-driven semiconductor cycle in North Asia, while Japanese equities gained on expectations of pro-growth policies and continued corporate governance reform.

Global bond markets experienced significant volatility as inflation, central bank policy and geopolitical developments remained key drivers of sentiment. Bond yields generally declined during periods of market stress as investors moved towards safer assets, although concerns around inflation and fiscal sustainability periodically pushed yields higher. Through late 2025,

the Federal Reserve, ECB and Bank of England all delivered rate cuts as inflation eased and growth softened, before adopting a more cautious stance in early 2026 amid renewed uncertainty surrounding inflation and the escalation of tensions in the Middle East.

UK property markets remained relatively resilient despite weaker business sentiment and a more uncertain macroeconomic backdrop. Real estate continues to benefit from attractive income characteristics, structural undersupply in key sectors and significant repricing since 2022. Investor demand remained strongest in sectors supported by long-term structural trends, including logistics, residential, healthcare, student housing and data centres, while demand for high-quality assets in supply-constrained locations remained comparatively resilient.

Environmental, Social, Governance (ESG)

BlackRock's broad investment approach is rooted in our fiduciary duty and informed by three principles: we start by understanding the client's investment objectives; we seek the best risk-adjusted returns within the scope of the mandate they give us; and we underpin our work with research, data, and analytics. We apply that same approach to sustainability and the low-carbon transition. As climate and other sustainability risks can be investment risks, where appropriate, our firmwide processes must consider them like all other material risk measures.

We do this across our active portfolios in both public and private markets. Depending on the investment approach, sustainability measures may help inform the due diligence, portfolio construction, and/or monitoring processes of our active and alternatives platforms, as well as our approach to risk management. In an index portfolio, the investment objective is to track a predetermined benchmark index. BlackRock engages with third-party index providers to provide input on the design of their indexes, in order to meet client demand. BlackRock also provides transparent disclosure on the characteristics of index portfolios.

Responsible Investment

At BlackRock, investment stewardship is one of the ways we fulfil our fiduciary responsibilities as an asset manager to our clients. Proxy voting at BlackRock is centralized within the Investment Stewardship team of over 76 specialists who successfully voted on 150,000+ proposals with 12,000+ across 53 markets annually. From BlackRock's perspective, sound management of business-relevant sustainability issues can contribute to a company's sustainable long-term financial performance. Incorporating these considerations into the investment research, portfolio construction, and stewardship process can enhance long-term risk adjusted returns for our clients.

Voting is the most broad-based form of engagement we have with companies, providing a channel for feedback to the board and management about investor perceptions of their performance and governance practices.

BlackRock votes annually at more than 16,000 shareholder meetings, taking a case-by-case approach to the items put to a shareholder vote. Our analysis is informed by our internally developed proxy voting guidelines, our pre-vote engagements, research, and the situational factors at a particular company. We aim to vote at all shareholder meetings of companies in which our clients are invested. In cases where there are significant obstacles to voting, such as share blocking or requirements for a power of attorney, we will review the resolutions to assess the extent of the restrictions on voting against the potential benefits.

Low Carbon Fund

Dyfed Pension Fund is an investor in the bespoke Aquilla Life WPP World ESG Insights Equity Fund, which tracks the MSCI World Net Total Return. This is a custom strategy with bespoke exclusions that seeks to maximise BlackRock Sustainable Intelligence ("BSI Intel") Score, whilst also targeting 2-degrees or lower implied temperature rise, carbon emissions reduction and green revenues improvement subject to risk budget.

The Fund seeks to provide a total return on your investment (generated through the value of the assets held and/or income received from those assets) which, in ordinary circumstances, is broadly similar to the return profile of the MSCI World Index (the "Index"). In addition, it maintains a risk profile (i.e. an evaluation of the risks associated with the portfolio) which is broadly similar to the risk profile of the Index (save where the application of the Fund's ESG criteria, as described below, results in a deviation of the return profile or risk profile from the Index).

Low Carbon Voting & Engagement Update

Dyfed Pension Fund has recently transitioned from BlackRock's ACS World Low Carbon Equity Tracker Fund to the Aquila Life WPP World ESG Insights Equity Fund, a bespoke strategy developed for WPP. As proxy voting responsibilities for this mandate are delegated to Robeco, BlackRock is unable to provide voting information for the fund.

Strategic Alternative Income Fund

Headline Inflation (CPI) fell to 2.8% in the 12 months to April 2026, however ongoing geopolitical conflicts have resulted in expectations of inflationary pressure in the months ahead for the UK. As a result, the Bank of England held the Bank Rate steady at 3.75% in April 2026. Against this backdrop, the Strategic Alternative Income Fund ("SAIF", "the Fund") has continued to deliver attractive income returns with inflation linkage. Over the last 12 months, income return remained attractive at +6.8% net in Q4'25 compared to +6.9% net in Q4'24. SAIF's flexible, multi-strategy, and highly diversified approach has enabled its investors to capitalise on attractive opportunities throughout various market regimes while being aptly suited to navigate through a period of higher rates, inflation and economic uncertainty.

Performance

The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

This has been produced in line with the format requested by Dyfed Pension Fund.

Quarter over quarter, as of Q4'25, the Fund delivered a net total return of +1.1% of which +1.7% was from income. During 2025, the Fund generated a net total return of +5.5%, of which +6.8% was from income. All closes are fully called as of Q4'25. As of Q4'25, SAIF had invested c.£1.7bn across direct and fund investments.

The Fund's cash flows continue to have an estimated tenor of c.9 years. About 75% of investments are UK based and c.68% are linked to inflation either explicitly (i.e. via RPI/CPI reviews) or implicitly (via floating rates).

As of 31 December 2025, SAIF held 132 investments on a look-through basis across 52 direct investments and two fund commitments.

Deployment

Total committed capital in SAIF was £1.53billion at the end of 2025. As of December 2025, the Fund had deployed commitments from all 6 closes. In total the fund has 52 Direct Holdings and two Fund positions. SAIF has delivered strong performance outperforming UK Gilts by 3.7% since inception (2017).

During the course of 2025, SAIF deployed c£12.0m of previously committed incremental capital across several investments. Separately the fund exited seven projects over the course of 2025 spanning Private Credit, Infrastructure Debt, Real Estate Debt, and Real Estate Equity.

Outlook

A confluence of factors — including persistent geopolitical tensions, the continued recalibration of global trade relationships, and the stickiness of inflation across developed markets — has continued to shape investor sentiment and capital allocation decisions.

UK economic activity continued to recover gradually, with modest GDP growth anticipated in the medium term. However, the inflationary trajectory remains uneven across developed markets. The UK and Eurozone have followed distinctly different inflation paths throughout the year, with UK inflation proving comparatively more resilient — driven in part by increases in regulated prices and taxation.

While these upward pressures were expected to abate over time, supporting a narrowing of inflation differentials between the regions and a gradual return toward the Bank of England's 2% inflation target over the longer term, much of the anticipated macroeconomic stability heading into 2026 has been called into question by the escalation of ongoing conflict in the Middle East. Rising energy price volatility and renewed supply-side risks now present a material upside risk to inflation and downside risk to growth, complicating the policy outlook

Tamryn Rowlands, Director

Schroders

Overview

Schroders has been managing Dyfed's segregated real estate mandate since March 2010. The performance objective is to outperform the benchmark (MSCI / AREF UK Quarterly Property Fund Index – All Balanced Open-Ended Funds Weighted Average) by 0.75% per annum over rolling five-year periods. In July 2025, Dyfed's Investment Management Agreement (IMA) was terminated and replaced by a 'Transitional IMA' (TIMA) to reflect the forthcoming transition of fund investments into the Schroders Capital Wales Pension Partnership Real Estate UK Diversified Fund (SCWPP UK Diversified Fund). The investment parameters and performance objective were removed.

Dyfed's portfolio valuation as at 31st March 2026 comprising the holding in SCWPP UK Diversified Fund as well as residual holdings was £471.6 million.

Property Market Outlook

Over the twelve months to 31st March 2026, UK real estate capital values measured by the MSCI UK Quarterly Index increased by 0.6%, led by improvements in the retail (1.9%) and industrial (1.7%) sectors, while residential and office values lagged. The escalation of conflict in the Middle East has introduced significant uncertainty to the UK macroeconomic and real estate market outlook, and the nascent recovery and positive momentum seen in 2025 transaction volumes, fundraising and value movements, is at risk of stalling. Investors are, however, increasingly accustomed to operating under heightened uncertainty and any stabilisation in macro conditions could support a relatively swift recovery in activity. Further, real estate could attract selective "safe haven" inflows, particularly into prime, high-quality assets in core markets.

Across the indirect fund universe there has been an ongoing trend of rationalisation and consolidation of core balanced funds driven by Defined Benefit Pension Schemes liquidating positions as they de-risk their portfolios (e.g. Lothbury Property Trust liquidating; and the merger of Federated Hermes Property Unit Trust into L&G Managed Property Fund). Several other funds remain in deferral or suspension as Managers deal with historically large volumes of redemptions. Going forwards, we expect the LGPS Pools to consolidate their investments into fewer, larger holdings which is likely to drive more fund mergers, take-overs and wind-ups.

Dyfed's Real Estate Portfolio Performance

Dyfed's portfolio returned 1.2% net of all fees and costs over the year to 31st March 2026. The top performing fund was Cora (a central London office fund with a focus on improving ESG credentials). The most dilutive fund was UK Retirement Living Fund due to sales velocity being slower than anticipated as the UK residential market continues to face headwinds.

Transaction activity / Portfolio Strategy

Acquisition activity over the last twelve months to 31st March 2026 totalled circa £1.9 million of drawdowns into Social Supported Housing Fund and UK Retirement Living Fund. In December 2025, the client moved £100 million of cash into the mandate which was invested into Schroders Sterling Liquidity fund at the client's request. Over the twelve-month period circa

£38.1 million of redemptions, capital distributions and wind-up proceeds were received from various funds. In addition, the holding in Federated Hermes Property Unit Trust of circa £19.8 million was also transferred into L&G UK Managed Property Fund as part of a fund-level merger.

In Q1 2026, the SCWPP UK Diversified Fund went live and 11 funds and £45.9 million of cash were transferred from Dyfed's mandate into the fund. As at 31st March the client's holding in SCWPP UK Diversified Fund was valued at £239.8 million (NAV price valuation). Dyfed's residual portfolio comprising funds that have not been pooled because they do not fit the strategy (e.g. debt funds, impact funds) or are funds in the process of wind-up, will continue to be held on a care and maintenance basis until instructed otherwise by the client. The residual portfolio was valued at £231.7 million at 31st March 2026 (including the client's investment in Schroders Sterling Liquidity Fund). We will continue report on the progress of the residual portfolio along with the SCWPP UK Diversified Fund in our quarterly reports.

Schroders Net Zero Commitment

Schroders Capital set a portfolio-wide target in 2019 to achieve net zero carbon by 2050 across our real estate investments as part of our commitment to the Better Building Partnership Climate Commitment. In 2020 we developed our Net Zero Carbon (NZC) Pathway, aligned to the Better Buildings Partnership (BBP) NZC Pathway Framework. To facilitate the achievement of this target, we initially developed asset and fund level energy and carbon intensity reduction pathways aligned to the Carbon Risk Real Estate Monitor (CRREM)[1] 1.5°C science-based pathways in 2021 for a proportion of our directly held assets. These were revised in 2023 to account for updated CRREM methodology. During 2024, we undertook a comprehensive re-baselining of our direct real estate asset and fund level NZC performance and interim target setting. This process comprised several methodology and data improvements such as expansion of scope of emissions captured, estimation of missing data based on energy end-use, and latest updates to sector level frameworks and guidance for NZC analysis. This led to revised NZC targets and identification decarbonisation intervention recommendations.

Dyfed's real estate portfolio comprises third party externally managed funds and Schroder managed funds. Our ability to influence performance and obtain relevant climate and NZC data varies across these funds. For Schroder managed funds, Schroders Capital has control over the management and operation of buildings and can therefore influence and support the prioritisation and approach to climate and wider sustainability action through the alignment of those funds to the Schroders Capital Sustainable Investment Policy for Real Estate . We encourage the uptake of NZC audits and progress reviews at a fund level, requiring close alignment to our standard methodologies and assessment approaches (including alignment with CRREM 1.5C scenarios). For these funds, we obtain GRESB[2] reports and supporting

[1] CRREM Global. The Carbon Risk Real Estate Monitor (CRREM) is the leading global initiative for establishing targets for operational ("in-use") carbon emissions for standing real estate investments consistent with the ambitions of the Paris agreement. CRREM publicly released decarbonization pathways that translate the ambitions of limiting global warming to 1.5°C and 2°C by the end of the century into regionally- and property-type-specific trajectories against which real estate assets and portfolios can benchmark themselves.

[2] GRESB is a mission-driven and investor-led organization that provides actionable and transparent Environmental, Social and Governance (ESG) data to financial markets. GRESB provides a consistent framework to measure the ESG performance of real estate companies and funds.

datasets, which are collated centrally and used for monitoring performance data, building certifications and EPC performance among other risk indicators.

In relation to third-party externally managed funds, where we may not have operational control of the assets, our approach to establishing the alignment of investments with NZC pathways is limited to seeking to influence investment partners and investors through engagement and collaboration. Through ESG Surveys we seek to understand the proportion of investments aligned with a NZC target to meet 1.5C pathways, and the frameworks and timelines used to set these (e.g. CRREM, Science Based Target Initiative (SBTi)).

The outputs from the proprietary ESG Surveys and GRESB reports mean we can report on Scope 1,2 and 3 (tenant energy-related) emissions for a proportion of the portfolio, weighted by investment value. We do not currently collect wider Scope 3 emissions (i.e. fugitive emissions, embodied emissions, water, waste etc.) This is not typical reporting for real estate investments, however, we will continue to review our reporting outputs against sector level best practice to ensure we are aligned with client and market expectations. We are members of several real estate sector groups focussed on climate and NZC assessment and reporting including the Urban Land Institute (ULI), BBP, Individual Investors Group on Climate Change (IIGCC), World Business Council for Sustainable Development (WBCSD) and GRESB; and actively feed into framework consultations to ensure we remain current. We have committed to the BBP Climate Commitment[3] definition of 'climate resilience'.

For Green House Gas (GHG) accounting and disclosure of emissions-related climate data, we follow the principles as set out in the GHG Protocol and the Partnership for Carbon Accounting Principles ('PCAF')[4]. Available metrics are provided below as at 31st December 2025 (the quarter end preceding the transfer of holdings to WPP UK Core Diversified Fund).

[3] BBP Climate Commitment | Better Buildings Partnership

[4] PCAF, https://carbonaccountingfinancials.com/

Carbon Emissions Profile

Portfolio Value Q4 2025	**£472,585,054**
Cash	**£149,434,128**
Portfolio Value excluding Cash Q4 2025[1]	**£323,150,925**

Actual Emissions[2]		**Actual & Estimated Emissions[3]**	
% of portfolio where emissions have been reported	31.1%	% of portfolio covered via extrapolation	36.3%
£ of portfolio where emissions have been reported	£100,451,332	£ of portfolio where emissions have been reported	£117,154,007
Scope1 GHG emissions (tCO_2e)	19	Scope1 GHG emissions (tCO_2e)	21
Scope2 GHG emissions (tCO_2e)	68	Scope2 GHG emissions (tCO_2e)	77
Scope3 GHG emissions (tCO_2e)	1129	Scope3 GHG emissions (tCO_2e)	1457
Total GHG emissions (tCO_2e)	1216	Total GHG emissions (tCO_2e)	1555
Carbon Footprint (tCO_2e/£m)	12.1	Carbon Footprint (tCO_2e/£m)	13.3
Emissions not reported[4]			
% of portfolio not covered	63.7%		
£ of portfolio where emissions have not been reported	£205,996,918		

Please note that our analysis relies on data reported to us by third parties and has not been audited. All emissions data reported from GRESB 2024 fund submissions and represents the latest available annual data set

[1] All calculations are based off portfolio value excluding cash.

[2] We multiply the percentage ownership of the client in each of their underlying fund investments by the respective fund's carbon emissions output in tonnes as reported by each Fund Manager. The output of each fund is summed to create an emissions total.

[3] Where we do not have 100% data coverage in any one fund we have extrapolated the data up to 100% coverage by assuming those assets with missing data produces the same emissions as the average of all assets where data has been reported.

[4] These are funds where we have no GHG data.

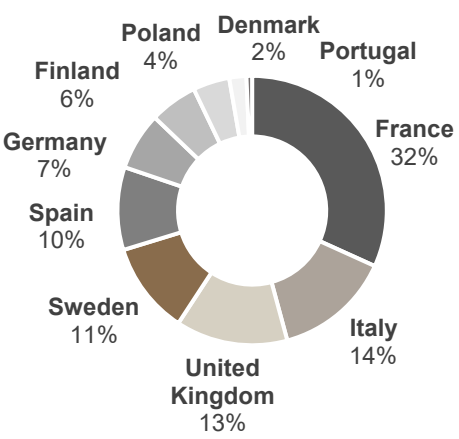
Naomi Green, Fund Manager

Partners Group

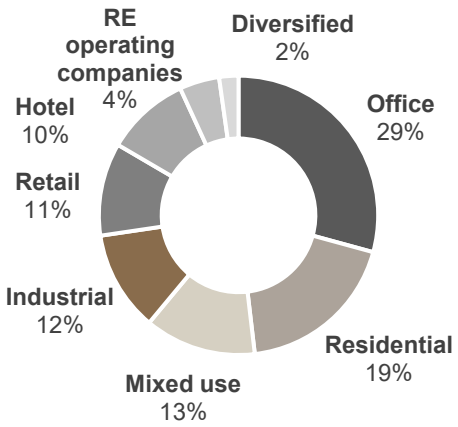
Overview

Partners Group Red Dragon LP invests in a wide range of European real estate opportunities which are accessed via primary, secondary, and direct investments. As of 31 March 2026, the unrealized portfolio comprised seven direct investments, nine secondary transactions, and ten primary commitments, demonstrating a diversified portfolio across investment types, sectors, and geographic regions (please refer to below graphics). The portfolio is in value-creation and realization phase and continues to distribute to Dyfed Pension Fund.

Portfolio assets by country



Portfolio assets by sectors



Exit activity

Over the previous twelve months to the first quarter of 2026, the program has made GBP 2.3 billion in distributions and fully realized two investments in December 2025 including, Sveafastigheter Fersen (0.94x), following the sale of its final asset – the Solaris Center, a 43'000sqm GFA mixed-use development in Talinn, Estonia – following a lengthy sales process that began in late 2024. In the same month, the program also realized its investment in Paloma Real Estate Fund I (1.68x), a 2015-vintage program comprised of value-added investments in the UK.

The program also received proceeds from the other investments in its portfolio during the 12-month period. In April 2025, European Budget Hotel Platform (Marmor Co-Investment) distributed further capital stemming from the repayment of its vendor loan note following the sale of the asset to its founder and majority shareholder. In June 2025, Spain PRS 1 distributed proceeds following the refinancing of its portfolio. In September 2025, Scandinavian Fund Portfolio (Racso) distributed the remaining proceeds from the partial divestment of the LAK Real Estate joint venture portfolio (held via NREP Nordic Strategies Fund III), a mixed-use platform comprising logistics, office, hotel and residential assets near Helsinki Airport. In December 2025, Osae Real Estate Partners Fund I distributed proceeds from the sale of the 43-key Grand Hôtel Vivienne located in Paris' 2nd arrondissement.

During the first quarter of 2026, Italian Residential Portfolio (Italian PRS) distributed proceeds following the refinancing and the sale of most of the Corso Magenta 54 apartments, a 5'084sqm residential building in Milan. The program also received proceeds following a debt refinancing

of UK Logistics Portfolio (Dove), a portfolio of light industrial assets in the UK. Additionally, NREP Nordic Strategies Fund II, a 2016-vintage fund investing in Scandinavian value-add real estate and corporate investments, made a distribution following the sale of its Danish residential portfolio.

New investments

The program did not make any new commitments during the last twelve months, given the portfolio is in wind-down. The program did not call capital in the previous twelve months to the first quarter of 2026.

Performance commentary

Private real estate market overview

The global real estate market continued its recovery during the first quarter of 2026, supported by improving transaction activity, although momentum softened compared to the stronger rebound seen at the end of 2025. This moderation reflects a more complex macroeconomic backdrop, with rising energy prices and persistent inflation introducing renewed volatility into interest rate expectations. Recent geopolitical developments have added to this uncertainty, contributing to delays in price discovery and, in some cases, transaction activity. As a result, while valuations have broadly stabilized and occupier demand remains resilient across selected segments, the recovery is increasingly selective and uneven across regions and sectors. Against this backdrop, the current environment reinforces the importance of disciplined capital deployment, with investors prioritizing sectors with strong structural demand drivers.

Real estate fundraising

Private real estate fundraising totaled USD 44.0 billion in the first quarter of 2026, representing a significant year-on-year decline, although this comparison is influenced by an elevated prior-year base that benefited from several large fundraises. More broadly, fundraising volumes remain below prior-cycle highs, despite a partial recovery in 2025, reflecting continued investor selectivity.

Strategy allocation shifted meaningfully during the quarter, with value-add strategies accounting for approximately 56% of capital raised, while opportunistic strategies declined materially from prior-year levels. Debt strategies remained an important component, underscoring continued demand for income-oriented exposure. At the sector level, industrial-focused funds captured the largest share of capital, accounting for nearly half of total fundraising, while allocations to residential and hospitality - core components of the living sector - remained significant. These trends reflect a broader focus on sectors supported by long-term structural demand, particularly living and industrial, which have driven the majority of value creation in real estate in recent years.

Despite lower overall volumes, fundraising conditions improved in quality. Approximately two-thirds of funds closed during the period met or exceeded their targets, and the average time on the road declined to around 19 months compared with approximately 24 months in 2024/25. This points to a more efficient, but more selective, capital-raising environment, where success is increasingly determined by access to differentiated opportunities and execution capabilities. In parallel, the current capital-constrained environment is creating attractive opportunities in

real estate secondaries, where Partners Group maintains a strong global pipeline supported by LP liquidity demands, business plan funding gaps, exit liquidity needs for maturing funds, and impending debt maturities that would cause the dislocation of capital structures and a re-pricing for good quality underlying assets.

Real estate investment activity

Global real estate transaction activity continued to recover in the first quarter of 2026, with income-producing assets totaling approximately USD 214 billion, an increase of around 20% year on year. This recovery remains uneven across regions, with the Americas - particularly the US - continuing to lead activity, supported by improving pricing alignment and broader sector participation. Asia-Pacific recorded more moderate improvement overall, with strength concentrated in select markets such as Singapore, while Europe lagged amid macroeconomic uncertainty and continued sensitivity to interest rate expectations.

At the sector level, this uneven recovery is being shaped by increasingly divergent performance trends. The industrial sector remains one of the most compelling markets in global real estate, while residential and hospitality continue to benefit from favorable demographic dynamics and structural supply-demand imbalances. Together, these sectors have been the main drivers of value creation across real estate in recent years and remain a primary focus for investors. At the same time, as broad market beta becomes harder to capture, capital is increasingly concentrated in these higher-conviction areas, with performance driven less by overall market exposure and more by asset selection and execution.

This shift is particularly evident within industrial, where performance is increasingly dispersed across markets, assets, and tenancy profiles. While structural tailwinds such as e-commerce, supply chain reconfiguration, and onshoring continue to support demand across regions, outcomes are becoming more dependent on local market dynamics and asset-specific characteristics. As a result, more granular, multi-tenant formats can offer differentiated income resilience, while larger logistics assets may be more exposed to tenant concentration and cyclical demand drivers.

More broadly, this environment reinforces the importance of disciplined underwriting and operational execution as key drivers of performance in real estate.

Sources: PERE, Fundraising Report Q1 2026; MSCI Real Capital Analytics, Global Capital Trends Q1 2026; Partners Group Research.

Portfolio development

As of 31 March 2026, the program NAV is GBP 35.2 million. Over the period, Partners Group Red Dragon’s net investment multiple remained stable at 1.30x in the last twelve months. Partners Group's prudent underwriting and active management continues to support the value creation in its portfolio investments, while continuously evaluating divestment opportunities.

ESG in Real Estate at Partners Group – Achieving net zero

At Partners Group, we recognise the importance of incorporating environmental factors, alongside social, governance and commercial factors, into our overall investment and risk management framework. We have developed specific tools and processes to ensure a thorough integration of a range of environmental factors throughout the lifecycle of our investments, from sourcing through to ownership.

As a responsible investor, Partners Group has been assessing and managing climate-related risks and impacts in relation to the investments made on behalf of our clients for many years. As a firm, we are committed to working towards net zero carbon emissions across our entire organisation and managing our investment portfolio towards the Paris Agreement goals. Partners Group adopted the Net Zero Investment Framework (NZIF), an important benchmark for our adherence to various sustainability regulations. We established long-term Asset Alignment Targets (AATs) for our Private Equity, Infrastructure and Credit portfolio in line with NZIF principles. Real Estate AATs will be developed in 2026.

Katherine Wildey, Client Solutions

Wales Pension Partnership

The WPP was established in 2017 with the objective to deliver:

- economies of scale
- strong governance and decision making
- reduced costs and excellent value for money, and
- an improved capacity and capability to invest in infrastructure

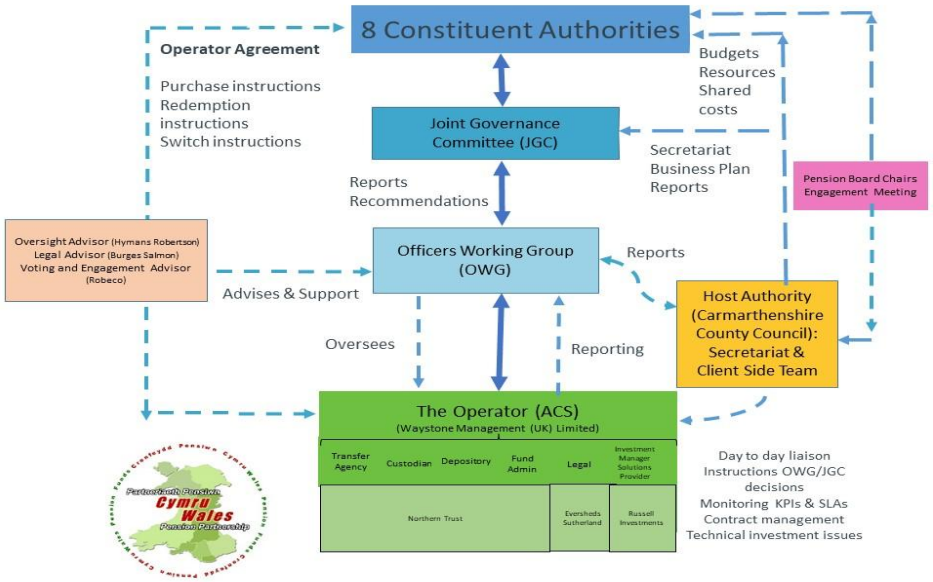
The WPP is one of the eight Local Government Pension pools nationally and is a collaboration of the eight LGPS funds in Wales. The eight funds have a long, successful history of collaboration including a collaborative tender for a single passive equity provider for the Welsh funds pre-dating the Government's pooling initiative.

Collective investment management offers the potential for investment fee savings, opportunities to broaden investment portfolios, enhanced voting and engagement activity as well as access to shared knowledge and best practice. Whilst the WPP is responsible for providing collaborative investment solutions, each constituent authority remains responsible for setting their own investment strategy.

WPP's operating model is designed to be flexible and deliver value for money. WPP appointed an external fund Operator and makes use of external advisers to bring best of breed expertise to support the running of the Pool. The Operator is Waystone Management (UK) Limited (Waystone) and they have partnered with Russell Investments to deliver effective investment management solutions and provide strong net of fee performance for all the Constituent Authorities.

Governance

The WPP details how it deals with all aspects of Governance through its Inter Authority Agreement (IAA) which was approved by all eight Constituent Authorities in March 2017. The IAA defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers and includes a Scheme of Delegation outlining the decision-making process. In line with its belief that good governance should lead to superior outcomes for stakeholders, the WPP has put in place a robust governance structure:



The eight Constituent Authorities of the WPP are:

- Carmarthenshire County Council (Host Authority)
- Swansea Council
- City of Cardiff Council
- Flintshire County Council
- Cyngor Gwynedd
- Powys County Council
- Rhondda Cynon Taff County Borough Council
- Torfaen County Borough Council

The Constituent Authorities sit at the top of the WPP's governance structure. They retain control of all activity carried out by the WPP and remain responsible for approving the WPP's Business Plan, which outlines the WPP's budget and workplan, as well at its Beliefs and Objectives.

The Joint Governance Committee (JGC) oversees and reports on the WPP and is comprised of one elected member from each of the eight Constituent Authorities and a co-opted (non-voting) scheme member representative.

The OWG provides support and advice to the Joint Governance Committee and is comprised of practitioners and Section 151 officers from all eight Constituent Authorities.

Carmarthenshire County Council is the Host Authority for the WPP and is responsible for providing administrative and secretarial support to the JGC and the OWG, and liaising day to day with the Operator on behalf of all of the Welsh LGPS funds.

Waystone (Operator) carries out a broad range of services for the WPP, which includes facilitating investment vehicles & sub-funds, performance reporting, transition implementation and manager monitoring and fee negotiations. There is an Operator Agreement in place which sets out the contractual duties of the Operator and governs the relationship between the Operator and the WPP. The JGC and OWG, with the support of Hymans Robertson, oversee the work that Waystone carries out on behalf of the WPP. Waystone engages with the Constituent Authorities by:

- Direct engagement – attendance at annual pension committee meetings
- Indirect engagement – with CAs collectively, through the JGC and OWG

In collaboration with Waystone, Russell Investments provide investment management solution services to the WPP and they work in consultation with WPP's eight Constituent Authorities to establish investment vehicles.

Northern Trust is the Depository for the WPP ACS vehicle and provides numerous services including securities lending, fund administration, compliance monitoring and reporting.

Hymans Robertson are WPP's Oversight Advisor and their role spans oversight and advice on governance arrangements, operator services, strategic investment aspects and project management support.

Burges Salmon are WPP's legal advisors, and they provide legal advice in relation to FCA regulated funds, tax and governance arrangements, including assisting with complex procurement processes.

Robeco UK has been appointed as WPP's Voting and Engagement provider and are responsible for implementing the Voting Policy across WPP's portfolio and undertaking engagement activity on behalf of the WPP.

The WPP's beliefs are the foundation for WPP's governance framework and have been used to guide all of the WPP's activities and decision making, including its objectives and policies.

The WPP, in consultation with the Constituent Authorities, has developed a set of governing policies. In all instances the WPP's policies and procedures have been developed to either complement or supplement the existing procedures and policies of the Constituent Authorities. The WPP's key policies, registers and plans can be found on the WPP website.

Responsible Investment has been a key priority for the WPP since it was established in 2017. Various activities have been undertaken to work towards WPP's ambition of becoming a leader in Responsible Investment. Initially the focus was on formulating a Responsible Investment Policy and since then the WPP has formulated its own Climate Risk Policy and has worked with its Voting and Engagement Provider, Robeco, to agree a Voting Policy. A WPP RI Sub-Group has been established to take ownership of RI related workstreams and actions that are required to achieve the commitments made in the WPP's RI and Climate Risk Policies.

The WPP's Business Plan, Governance Manual and all other policies detailed in the chart above can be found on the WPP website:
https://www.walespensionpartnership.org/

Risk

Risk management is a critical element of WPP's commitment to good governance, the WPP has developed a structured, extensive and robust risk strategy which seeks to identify and measure key risks and ensure that suitable controls and governance procedures are in place to manage these risks. The WPP's Risk Policy has been developed in such a way that risks can be anticipated and dealt with in a swift, effective manner to minimise potential loss or harm to the WPP and its stakeholders.

WPP maintains a Risk Register which is reviewed regularly by a dedicated Risk Sub-Group which reports back to the OWG and JGC on a quarterly basis.

Training

The WPP has its own training policy and develops an annual training plan which is designed to supplement existing Constituent Authority training plans. Local level training needs will continue to be addressed by Constituent Authorities while the WPP training plan will offer training that is relevant to the WPP's pooling activities. Induction training is also provided to all new JGC members.

Pooling progress to date

The WPP aims to deliver investment solutions that allow the Constituent Authorities to implement their own investment strategies with material cost savings while continuing to deliver investment performance to their stakeholders. The WPP has a range of Equity and Fixed Income sub funds, as well as a number of Private Markets Investment programmes. Alongside the Constituent Authorities existing passive investments, this means that that the WPP now has 75% of assets under pool management.

As at 31 March 2026, WPP's Constituent Authorities has total assets worth £28.8bn, £23.5bn of which sits within the pool, see breakdown below:

Asset Class	**Managed by**	**Launch Date**	**31 March 2026 £000**	**%**
Global Growth Equity Fund	Russell Investments	February 2019	3,777,538	13.1
Global Opportunities Equity Fund	Russell Investments	February 2019	3,518,894	12.2
UK Opportunities Equity Fund	Russell Investments	September 2019	898,662	3.1
Emerging Markets Equity Fund	Russell Investments	October 2021	358,345	1.2
Sustainable Active Equity Fund	Russell Investments	June 2023	1,714,186	6.0
Global Credit Fund	Russell Investments	July 2020	1,348,780	4.7
Global Government Bond Fund	Russell Investments	July 2020	515,955	1.8
UK Credit Fund	Waystone Management (UK) Ltd	July 2020	888,276	3.1
Multi-Asset Credit Fund	Russell Investments	July 2020	974,694	3.4
Absolute Return Bond Fund	Russell Investments	September 2020	812,857	2.8
Infrastructure	GCM Grosvenor, IFM, CBRE and Octopus	March 2023	926,220	3.2
Private Credit	Russell Investments	April 2023	424,331	1.5
Private Equity	Schroders Capital	October 2023	245,641	0.9
Real Estate	Schroders, CBRE	February 2026	1,181,140	4.1
Passive Investments	BlackRock	March 2016	5,881,749	20.5
Investments not yet pooled			5,278,710	18.4
Total Investments across all 8 Pension Funds			**28,745,978**	**100**

The Dyfed Pension Fund's element of the table above is detailed below:

	31 March 2026 £000	%
Global Growth Equity Fund	1,240,514	31.2
Sustainable Active Equity Fund	205,990	5.2
Global Credit Fund	397,603	10.0
Infrastructure	82,914	2.1
Private Credit	93,511	2.3
Alternatives	23,132	0.6
Real Estate	239,822	6.0
Passive Equities	1,285,066	32.3
Investments not yet pooled	407,983	10.3
Total Investment Assets	**3,976,535**	**100**

Pooling costs

Carmarthenshire County Council, as the Host Authority for the Wales Pension Partnership is responsible for providing administrative and secretarial support and liaising day to day with the Operator on behalf of all of the LGPS funds in Wales. The WPP budget is included in the WPP Business Plan and approved annually by all eight Constituent Authorities.

The Host Authority and External Advisor costs (the running costs) are funded equally (unless specific projects have been agreed for individual Funds) by all eight of the Constituent Authorities and recharged on an annual basis. The amount recharged to the Dyfed Pension Fund for the financial year ending 31 March 2026 was £272k, see table below. During 2025-26 the Dyfed Pension Fund achieved investment manager fee savings of £4.4m through pooling with WPP (2024-25: £3.7m).

In addition to the running costs, there are also transition costs associated with the transition of assets into the pool, these costs can be categorised in terms of direct and indirect costs. Direct costs include the costs of appointing a transition manager to undertake the transition, together with any additional oversight of this process undertaken from a research and reflection perspective. Indirect costs include both explicit and implicit costs, such as commissions, spread and impact and opportunity costs known as Implementation Shortfall. Transition costs are directly attributable to the assets undergoing the transition and are therefore deducted from their net asset value as opposed to a direct charge to the Fund.

Details of the costs incurred by the Dyfed Pension Fund in respect of the WPP are detailed below.

2024-25 £000	WPP pooling costs	2025-26 £000
23	Host Authority Costs	24
218	External Advisor Costs	248
241	**Total**	**272**

Ongoing Investment Management Costs

The table below discloses the investment management costs split between those held by the WPP (including the passive equities) and those held outside of the WPP:

	Asset Pool				Non-Asset Pool				Fund Total	
	Direct £000s	**Indirect £000s**	**Total £000s**	**bps**	**Direct £000s**	**Indirect £000s**	**Total £000s**	**bps**	**£000s**	**bps**
Management Fees	206	2,457	2,663	7	1,013	1,050	2,063	51	4,726	58
Asset pool shared costs	272	0	272	1	0	0	0	0	272	1
Transaction costs	0	2,751	2,751	8	0	256	256	6	3,007	14
Custody	0	229	229	1	41	0	41	1	270	2
Other	0	13	13	1	0	0	0	0	13	1
Total	**478**	**5,450**	**5,928**	**18**	**1,054**	**1,306**	**2,360**	**58**	**8,288**	**76**

Asset Allocation and Performance

Asset Category	**Opening Value**		**Closing Value**		**Performance (1 year)**	**Index**
	£000s	**%**	**£000s**	**%**	**%**	**%**
Pooled Assets						
UK Passive	425,821	12.0	492,982	12.4	21.71	21.54
European Passive	52,222	1.5	51,995	1.3	17.24	16.26
EM Passive	210,131	5.9	267,909	6.7	27.50	26.81
ACS World Low Carbon	404,034	11.3	0	0.0	n/a	n/a
World ESG Fund	0	0.0	472,180	11.9	n/a	n/a
Global Growth	1,142,787	32.1	1,240,514	31.2	13.72	17.47
Sustainable Active Equity	181,911	5.1	205,990	5.2	13.24	17.47
Fixed Income Active	336,993	9.4	397,603	10.0	4.29	4.45
Infrastructure	56,448	1.6	82,914	2.1	3.00	n/a

Private Credit	69,806	1.9	93,511	2.3	1.87	n/a
Alternatives	0	0	23,132	0.6	n/a	n/a
Real Estate	0	0	239,822	6.0	n/a	n/a
Pooled Assets	**2,880,153**	**80.8**	**3,568,552**	**89.7**		
Assets not yet pooled						
Property	404,300	11.4	260,237	6.6	n/a	n/a
Alternatives	131,559	3.7	130,785	3.3	3.86	n/a
Active Equities	139,054	3.9	0	0.0	n/a	n/a
Cash	7,414	0.2	16,961	0.4	n/a	n/a
Non-Pooled Assets	**682,327**	**19.2**	**407,983**	**10.3**		
Total Assets	**3,562,480**	**100**	**3,976,535**	**100**		

Objectives 2026-27

During 2025-26, the WPP submitted its fifth annual Stewardship Report and was successful in retaining its signatory status to the UK Stewardship Code. WPP published its second all-Wales Climate Report (AWCR) and, building on the recommendations of the first AWCR, launched its own bespoke global passive-equity fund with BlackRock, as well as launching the first Real Estate investment programmes. The WPP is also in the process of completing its first all-Wales Impact Report, which it will complete during 2026-27.

WPP won both the LGC and LAPF Investment Innovation awards this year, in recognition of WPP's locally focused approach to local impact investing in Wales – stimulating economic growth, supporting SMEs and creating long-term employment opportunities. Excellent feedback was received from both judging panels, with one quoting, "Our winner provided a best-in-class example of concrete, innovative, place-based investing with rigour and keen focus on returns required to meet fiduciary requirements" and the other praising WPP's creativity in connecting institutional investment with the real economy, describing it as a scalable model that could inspire similar initiatives elsewhere, a standout example of innovation with tangible social and economic outcomes. Local impact investing continues to be a key objective for WPP in 2026-27.

Following the 2024 Fit for the Future Consultation, the Government has approved WPP's business case to remain a stand-alone investment pool for Wales. This creates a unique opportunity to establish a material centre of excellence in LGPS investment in Wales, creating valuable career opportunities while enhancing the Welsh financial services sector. Progressing the implementation of the business case has been a key focus for WPP over the last twelve months. The Wales Pension Partnership Investment Management Company (WPP IM Co) was established in August 2025, with Rob Lamb appointed as the CEO in September 2025. The FCA application was submitted in November 2025 and all required Senior Management Functions have been appointed. The initial WPP IM Co business plan for financial year 2026-27 was presented at the 10 March JGC meeting, and has subsequently been approved by all Constituent Authorities. The company is ready to operate as soon as FCA approval is received.

Securities Lending

Securities lending commenced in March 2020. Revenue is split on an 85:15 basis between WPP and Northern Trust with all costs for running the securities lending programme taken from Northern Trust's share of the fee split. A minimum of 5% of the nominal quantity of each individual equity holding is held back and a maximum of 25% of total AUM is on loan at any one time. A proxy recall service was implemented in December 2023.

Total revenue of LF Wales during 2025-26 was £2,017,927 (gross) / £1,715,305 (net) with £415,345,172 out on loan as at 31 March 2026.

More detailed information can be found in WPP's Annual Return which is published on the WPP website - Wales Pension Fund | Home (walespensionpartnership.org)

PIRC Limited (Pension and Investment Research Consultants)

How Did the Local Government Pension Scheme Perform?

- The returns are impacted by global political and economic factors and so are not delivered consistently.
- However, funds have experienced 30 years of positive results in the last 38.
- Historically funds have seen a strong bounce after periods of negative returns.
- Over the period funds have delivered an average return of 8% pa.
- Longer term results have been boosted by the strong return in the latest year.
- The average fund has delivered a return of around 7% over most longer term periods.
- All funds have delivered returns well ahead of inflation over all periods.

The Latest Year

- Performance in the latest year was driven by the strong results delivered by equities.
- Holding any bonds had a drag on overall returns.
- Alternative investments also delivered returns well below those of equities.
- Property delivered a second year of modest positive results.

Longer Term Results

- The best results over the longer term have been delivered by equities.
- UK equities have underperformed global equity portfolios significantly over the longer term.
- Bonds have had a dramatic drag on performance for most funds. The low returns available from government issues has prompted a sizeable shift into private debt.
- Both infrastructure and private equity have had a positive impact on most funds overall performance while other alternatives have delivered poorer results on average.

Fund Structures

- Whilst reduced over the last decade, equities remain by far the largest component of almost every fund.
- There has been only modest high level change to asset structure over the last 9 years. The change has come instead within the major asset classes as funds continue to diversify into ever more asset types and portfolios.
- It is becoming increasingly difficult to understand what funds are trying to achieve from the diversification and how to quantify its success.

Dyfed Pension Fund Performance

- The Fund return of 12.4 % was well above average, ranking in the 12th percentile this year.
- Equity performance was strong, ranking in the 27th percentile and adding 1% to the relative return.
- In a year where equities delivered by far the best return, the Fund's relatively high allocation to that area had a large positive impact, adding almost 2% to the overall result.

Longer Term Performance

- The Fund is well ahead of average, ranking in the top quartile of returns in almost every period and in the top decile over the longer term.
- The Fund's asset allocation – particularly its high allocation to equities has been a major factor in the outperformance.

	3 Year	5 Year	10 Year	20 Year	30 Year
Dyfed Pension Fund (%)	8.8	5.9	8.2	7.1	7.8
Average (%)	7.4	5.8	7.6	6.6	7.1
Ranking	18	35	13	9	4
CPI Inflation (%)	2.0	4.6	3.4	2.9	2.4

Risk and Return – Last Five Years

- Over the last five years the Fund has experienced higher than average volatility but has converted that into a higher than average return – a very efficient result.

Karen Thrumble, PIRC Limited (Pension and Investment Research Consultants)

Independent Investment Adviser

Global investment markets over the year to March 2026 were shaped as much by events at the very beginning and very end of the year, as by events during it : The year started with President Trump's "Liberation Day" tariffs, which knocked equity markets back by over 10%, and whose subsequent moderation set the scene for a very strong rebound in risk assets: and the US/Israeli war on Iran, starting on March 28th, has caused a significant increase in expectations for inflation and interest rates since the year end. In between these "bookends", benign macroeconomic trends have driven broadly positive markets: Growth continued (dull in Europe, but stronger in the US, where corporate earnings have continued to grow strongly, driven by AI capital spending and tax cuts supporting consumption): inflation expectations trended slowly downwards, as tariff impacts have been absorbed better than expected; and, as a result, Central banks have been able to cut interest rates gradually.

But with Equity market valuations near historical highs in most regions outside UK and Emerging Markets, and government finances under strain in most developed countries, there have been periods of nervousness. In particular, markets were concerned by the closure of some large private debt funds, causing concern about potential risks lurking in that rapidly growing market; and a correction in the tech sector followed concerns about the vast amounts of capital being invested in the AI / datacentre race, and the threat of lower cost Chinese competition (Deepseek). Finally, fractious politics and strained Government finances have seen 10Y bond yields continue to rise, peaking at 4.6% in US, and over 5% in UK, where political uncertainty adds a premium. Inflation-linked bonds, as a result, are now offering interesting real yields of over 2% (having offered negative real yields for most of the last decade!)

Since the March year-end, however, geopolitical risks have intensified further, with ongoing conflict in the Middle East and rising protectionism contributing to renewed inflationary pressures, with the IMF projecting global growth to ease to 3.1% in 2026 as a result. While erratic US policy makes the outlook uncertain, markets are again expecting somewhat slower real growth of c. 2% in US and under 1% in other developed markets, and higher in Emerging Markets. With the impact of the Iran conflict, long term inflation expectations have risen to 3-3.5% for UK and US, and over 2% for EU, leaving little scope for interest rate cuts and, indeed, risk of some increase. Given the high debt levels and tight government budgets, it is probable that long term rates (which are more important in driving asset and liability valuations) won't fall much.

Inflation and interest rates both have major impacts on your Fund, affecting both the investment returns and the cost of pensions – the so-called "liabilities" side.

Firstly, investment returns: global equity markets had another strong year, despite the unpropitious start (tariffs) and end (Iran war), returning 17.5% in GBP terms, and they have recovered strongly again in the period since the year end. In another turnround, Emerging Markets was the best performing region, up +26.8%, followed by UK (+21.5%), while the US lagged, as the big tech stocks plateaued on concerns about capital intensity and the USD continued to drift lower. Global corporate bonds produced a decent +4.5% return. Finally, Alternatives returned 4.9% and UK property returned 4.3%, as persistent inflation prevented the anticipated cuts in UK rates. Given the outlook for slowing growth and the risk to long term

interest rates posed by the Iran conflict, we should probably expect more moderate returns in the current year.

Secondly, liabilities: This year saw the regular triennial actuarial valuation of the Fund, as at March 2025. This showed a significantly improved funding position and allowing a material reduction in employer contribution rates for the coming 3 year period. It also vindicates the Fund's strategy of holding above average weights in higher risk and higher return assets (notably equities). The Valuation brings with it new assumptions, including a higher discount rate of CPI + 2.7% (or 5.3% at March '25), which reflects the return required of the fund's assets.

I am pleased to say the Dyfed Pension Fund has continued to generate sufficient current cash flow to pay pensions, and with a surprisingly strong performance by equity markets, the Fund has produced another year of strong returns, despite the ongoing headwind of rising long term rates on the property and private markets assets: the Fund has produced a strong overall return of +12.4% during the year. Longer term returns are still ahead of the 5.7% p.a. required over the long term by the March 2025 actuarial valuation: 8.8% p.a. over the last 3 years, and 8.2% over the last 10 years. This performance puts it ahead of the average LGPS Fund (7.4% over 3 years, 7.6% p.a. over 10 years), and ranking it still in the top quartile over the 10 years.

Your committee has been focussed on continuing to ensure the Fund can deliver long term, sustainable returns for members, as well as complying the new Government's desire to reform the pensions industry, so I will cover each of those in a bit more detail.

Evolving our asset allocation towards asset-class and Carbon targets. Last year, the Committee continued to make progress in transitioning the portfolio towards its strategic targets: it agreed additional commitments to 2nd tranches of WPP's private markets funds, namely £75m to WPP private credit and £50m to WPP infrastructure, in order to maintain the allocation at/near the 5% target over time; the new £100m allocation to WPP local/impact property was funded in Q1, and is ready to be invested as opportunities arise; and, as equity markets continued to perform strongly, the Committee rebalanced £60m out of global equity in Q1, increasing the position in stabler global credit up to its 10% allocation. This also boosts the cashflow available from investments, which will help to fill the gap left by the reduced employer contributions mentioned above.

The Committee is always mindful of its commitment to reduce the Fund's carbon intensity, and I am pleased to report that the Fund's equity carbon intensity has continued to fall, down 18% this year, largely due to the actions of our underlying managers. But your Committee has switched the 10% allocation held in Blackrock's low-Carbon equity into a new WPP bespoke strategy, which continues to target low carbon, and also adds in a target for forward-looking carbon emissions and positively targets companies with "green" revenues.

Developing the Wales Pension Partnership (WPP). Implementing the “Fit for the Future” reform of the Local Government Pension Scheme has been a major focus of your Committee and Officers this year, following WPP’s approval last year as one of the 6 ongoing Pools. In this context, I am pleased to report that the new WPP Investment Management Company’s the legal and governance structures have been set up, and it is close to achieving FCA registration and Rob Lamb, the CEO, has recruited key positions. Dyfed Pension Fund had by March 2026, transferred over 95% of its assets into WPP-managed investments, with the remaining 4.2% invested in private market assets (Partners Group and BlackRock SAIF) which will be managed by the WPP legacy assets team in due course.

In conclusion, the Dyfed Pension Fund has maintained its strong position, with a solid funding level and an investment strategy which not only has allowed it to reduce employer contributions, but also takes care to ensure the Fund invests in a sustainable manner, for the benefit of all stakeholders.

Adrian Brown, Independent Investment Advisor

Section 3 - Fund Administration Report

Introduction

The Pension Fund is governed by Regulations issued by the Ministry of Housing, Communities and Local Government (MHCLG). Under the provisions of the Local Government Pension Scheme (Local Government Reorganisation in Wales) Regulations 1995, the administering authority function was transferred to Carmarthenshire County Council. While employee contributions and benefits payable are set by Regulation, employer contributions are actuarially assessed at each valuation and areas of discretion are subject to local policies determined by each participating Fund Employer.

The scheme changed from being a final salary scheme to a Career Average Revalued Earnings (CARE) scheme on 1st April 2014. If you were an active member of the 2008 Scheme as at 31 March 2014, you will have automatically transferred to the LGPS 2014 on 1 April 2014.

The main provisions of the LGPS 2014 scheme are

- Benefit Accrual - From 1 April 2014, you will have a pension account per employment, which will be credited annually with the amount of pension that you have built up from 1 April to 31 March each year. This is based on your actual pensionable pay from 1 April to 31 March and a 1/49th accrual rate. Your pension account will then be re-valued each April in line with the Consumer Price Index (CPI). Your membership up to 31 March 2014 will be protected and continue to be calculated on a final salary basis when you retire with reference to your pensionable pay upon retirement and under the 2008 definition of pensionable pay.
- Tax free Lump Sum - individuals may convert an element of pension into an additional tax free cash lump sum, on the basis of £12 for each £1 of pension. Benefits accrued up to and including 31st March 2008 will automatically provide a Tax Free Cash Lump Sum at retirement.
- 50/50 Option - you have the option to pay half your normal contribution, to receive half the level of pension in return during this period. However, you will retain full ill health and death cover during this time.
- Normal Pension Age (NPA) - your NPA will be linked to your State Pension Age (SPA), therefore any future changes in your SPA will impact on your NPA.
- Enhanced pension if you retire on the grounds of ill-health.
- Death in Service - a Tax Free Cash Lump Sum of three times the annual salary payable to the estate. In addition, Spouse's, Civil Partners and Dependent's benefits are payable.
- A cohabiting partner’s pension may also be payable if certain conditions are met.
- Death after retirement - Spouse's Pension, Dependents Pensions and in certain circumstances a Lump Sum Death Grant.
- Transfer of Pension Rights to either a new employer’s approved scheme or to an approved personal pension plan.
- Employees who leave with more than 2 years service (or less than 2 years service where a transfer payment has been received) are entitled to a Preserved Inflation Proofed Pension payable at Normal Retirement Age.
- Additional pension contributions may be paid to increase pension benefits.

Pensions Increase

Pensions are reviewed annually each April under the Pensions Increase Act as prescribed by Social Security legislation in line with the upgrading of various state benefits and is determined by the percentage increase in the Consumer Price Index (CPI) to the preceding September.

This year, pensions were increased by 3.8% from 6th April 2026 and represents the increase in the consumer price index for the 12 month period to the 30th September 2025. Pensions increase is normally applied to pensioners who are age 55 or over, or have retired at any age on ill-health grounds or are in receipt of a spouse's or child's pension. A pensioner who retired during the financial year will have a proportionate increase applied.

Local Government Pensioner pay dates for 2026-27 are as follows

April 2026	30/04/2026	October 2026	30/10/2026
May 2026	29/05/2026	November 2026	30/11/2026
June 2026	30/06/2026	December 2026	24/12/2026
July 2026	31/07/2026	January 2027	29/01/2027
August 2026	28/08/2026	February 2027	26/02/2027
September 2026	30/09/2026	March 2027	31/03/2027

National Fraud Initiative

The Pension Fund continues to participate within the anti-fraud initiative organised by the Wales Audit Office where data provision includes Employee and Pensioner Payroll and Occupational Pension details. Such information is compared with other public body data which helps ensure:

- The best use of public funds
- No pension is paid to a person who has deceased, and
- Occupational Pension and employment income is declared by Housing Benefit, Universal Credit and Council Tax Reduction Scheme claimant

Legislative update

Cohabiting Partners' benefits - Scheme regulations provide that a survivor's pension will automatically be payable to a cohabiting partner without the need for the scheme member to have completed a form nominating them to receive a survivor's pension. In order to qualify, the following regulatory conditions must apply to you and your partner:

- Individual A is able to marry, or form a civil partnership with B,
- A and B are living together as if they were husband and wife or as if they were civil partners,
- Neither A nor B is living with a third person as if they were husband or wife or as if they were civil partners, and
- Either B is financially dependent on A or A and B are financially inter-dependent.

Further information and qualifying criteria can be obtained by either contacting the pensions section or via the website. The Government has made further changes to survivor benefits to ensure equality requirements are met. When statutory guidance is issued we will contact impacted members.

Employee Contribution Rates

The LGPS 2014 amended the method of assessing your contribution rate from 'full time equivalent' pensionable pay to your '**actual** pensionable pay'. Pensions contributions are also payable on overtime. Responsibility for determining a member's earnings and contribution rate, including notification requirements, falls on the Employer. Where a member holds more than one post with an Employer, a separate assessment will be undertaken for each post held.

The earnings bands and contribution rates applicable from April 2026 are as follows:

Contribution table 2026-27			
Band	**Actual pensionable pay for an employment**	**Contribution rate for that employment**	
		Main section	50/50 section
1	Up to £18,400	5.5%	2.75%
2	£18,401 to £29,000	5.8%	2.9%
3	£29,001 to £47,300	6.5%	3.25%
4	£47,301 to £59,800	6.8%	3.4%
5	£59,801 to £84,000	8.5%	4.25%
6	£84,001 to £119,100	9.9%	4.95%
7	£119,101 to £140,400	10.5%	5.25%
8	£140,401 to £210,700	11.4%	5.7%
9	£210,701 or more	12.5%	6.25%

Statutory Underpin protections

Protections are in place if you are nearing retirement to ensure that you will get a pension at least equal to that which you would have received in the scheme had it not changed on 1 April 2014. This protection is known as the 'underpin'.

The underpin applies to you if you were:

- paying into the Scheme on 31 March 2012 and,
- you were within 10 years of your Normal Pension Age on 1 April 2012,
- you haven't had a disqualifying break in service of more than 5 years,
- you've not drawn any benefits in the LGPS before Normal Pension Age and
- you leave with an immediate entitlement to benefits.

The Pensions Section will automatically carry out the underpin calculation when you leave the Scheme. Recalculation of pension benefits for those that have already retired will be automatically processed in accordance with LGA guidance. You do not need to do anything.

The Rule of 85

The rule of 85 protects some or all of your benefits from the normal early payment reduction. To have rule of 85 protection you must have been a member of the LGPS on 30 September 2006. The rule of 85 is satisfied if your age at the date when you draw your pension plus your Scheme membership (each in whole years) adds up to 85 years or more.

If you have rule of 85 protection this will continue to apply from April 2014. The only occasion where this protection does not automatically apply is if you choose to voluntarily draw your pension on or **after age 55 and before age 60 without** your employer's permission.

For a more detailed understanding of your own position you should log in to 'My Pension Online' or contact the pension section directly.

Tax Reform

In the March 2023 Budget the Chancellor announced that the Lifetime Allowance (LTA) for tax-privileged pensions would be removed in its entirety from 2024-25. This is the total value of all pension benefits you are able to build without triggering an excess benefits tax charge. It should be noted that the maximum tax free cash you are able to receive was fixed at £268,275 and upon retirement you are required to declare all non LGPS pension benefits in payment, or due to come into payment, so that your LTA maximum tax free cash can be assessed. Further information on how these changes may impact upon you is detailed on the HMRC website. Please note that pensions staff cannot give financial or personal taxation advice.

You will recall from April 2023 the Annual Allowance limit increased to £60,000 and it remains at this value for 2026-27. To calculate the value of any annual increase in the LGPS you need to work out the difference in the total value of any accrued pension benefits between two 'pension input periods', usually April to March. This is done by multiplying the value of the increase in pension by 16 and adding the increased value of any lump sum and AVC fund. Your 2026 Annual Benefit Statement will contain further information regarding the impact of the annual allowance on your pension accrual in the LGPS. The outcome of this calculation must then be added to any increases in pension entitlement that may arise from any other pension arrangement an individual may have to ascertain whether the annual limit has been breached.

Councillor Pensions

The LGPS 2014 has not impacted on the provisions for elected member pensions as their arrangement remains continues:

- on a career average revalued earning basis
- with contribution rates at 6%
- benefits accruing on a 1/80^{ths} basis for Pensions and a 3/80^{ths} for tax free lump sum.

Publications

Communications Policy Statement

The Dyfed Pension Fund strives to provide a high quality and consistent service to our customers in the most efficient and effective manner possible, particularly in an ever changing pensions environment. There are 5 distinct groups with whom the fund needs to communicate:

- Scheme Members
- Prospective Scheme Members
- Scheme Employers
- Other Bodies
- Fund Staff

The policy document sets out the mechanisms which are used to meet those communication needs and is subject to periodic review. The Dyfed Pension Fund aims to use the most appropriate communication method for the audiences receiving the information. This may involve using more than one method of communication as considered appropriate and meet all regulatory requirements regarding provision of Scheme and related information. The introduction of 'My Pension Online' for active, deferred and pensioner members of the scheme enabled members to securely access and update their pension information online via the Fund's website. By developing its e-communication, the Fund aims to improve its service delivery as well as reducing printing & postage costs and its carbon footprint.

Administration Strategy

In accordance with the Local Government Pension Scheme Regulations the Pension Fund has prepared an Administration Strategy. The objective of the strategy is to clearly define the roles and responsibilities of the Dyfed Pension Fund and the participating employers under the Regulations.

Pensions Dashboard

The Pensions Dashboard is a new Government initiative that will allow you to see all of your pensions online, securely and all in one place. It will give clear and simple information about your multiple pension savings, including your State Pension. The dashboard relies on matching personal data to retrieve the correct pension information. We are awaiting notification from The Pensions Regulator of the funds 'go live' date and continue with on-going data matching requirements. Accurate contact details, such as email addresses and mobile phone numbers are important for additional verification and ensuring that the right data is matched to the right individual. You can find all of your basic details on My Pension Online, if you see a discrepancy contact us and update your information. You can read more about the Pensions Dashboard here: www.pensionsdashboardsprogramme.org.uk

Scheme Administration Statistics

Number of Employers

A full schedule of employers (as at 31st March 2026) who either participate or have a relationship with the Dyfed Pension Fund is attached to the Statement of Accounts later in this report. The table below summaries the number of Scheduled and Admitted employers.

	Active	Ceased	Total
Scheduled	24	17	41
Admitted	33	26	59
Total	57	43	100

Scheme Membership

The table below illustrates the increase in scheme membership over the last 3 years.

Volume of members within the fund for last 3 years

	31/3/2024	31/3/2025	31/3/2026
Active	19,619	19,583	19,985
Deferred	16,472	16,563	16,448
Pensioner	16,721	17,584	18,377
Undecided Leaver	2,992	3,189	3,334
	55,804	56,919	58,144

The table below shows the fund has performed against its benchmark.

CIPFA Process	Benchmark	% Complete Within Legal Target
Deaths – Initial letter acknowledgement death	95%	98.00%
Deaths – Letter notifying amount of dependant's benefit	95%	97.50%
Deferment – calculate and notify deferred benefits	95%	98.00%
Divorce quote – Letter detailing cash equivalent value and other benefits	95%	98.30%
Divorce settlement – Letter detailing implementation of cash equivalent value and application of pension sharing order	95%	100.00%
Joiners – Send notification of joining the LGPS to scheme member	95%	100.00%
Refund – Process and pay a refund	95%	100.00%

Retirements – Letter notifying actual retirement benefits	95%	98.90%
Retirements – Letter notifying estimate of retirement benefits	95%	99.60%
Retirements – process and pay lump sum retirement grant	95%	99.30%
Transfers in – Letter detailing transfer in quote	95%	96.20%
Transfers out – Letter detailing transfer out quote	95%	97.80%

Analysis of leavers during 2025-26

Category	2025-2026
Refund of contributions	319
Transfers to other schemes	220
Death in Service	36
Ill health Retirements	58
Early / Normal Retirement	831
Redundancy Efficiency Retirements	37
Flexible Retirements	28
Late Retirements	165
Opt outs	229
Preserved Benefits	793
Other leavers*	2,848
Number of deferred members re-entering the scheme	188
Total	**5,752**

***The majority of these cases are in respect of members deemed to be 'Next Day Transfers'.

Completed and Outstanding LGPS Cases	2025-2026
Number of Completed cases	37,891
Number of Outstanding cases	1,313

Data Quality Scores and Data Improvement Plan

The Fund's initial Data Quality review took place in December 2017 and a Data Improvement Plan was subsequently created. The improvement plan primarily aims to address the key issues identified in the Fund's Data Quality review and demonstrates the appropriate steps the Fund is taking to tackle the issues raised in the review and how it will improve the data held.

A Data Quality review is undertaken annually. The improvement plan has been revised and addresses the key issues identified in the Fund's Data Quality review which took place in March 2026.

The data quality review undertaken in March 2026 again split the assessment of data held between two data categories:

- Common Data
- Scheme Specific Data

Tests were undertaken on the data held by the Fund on its Scheme members to identify whether data is present and accurate.

The Common Data items are specific in the Pensions Regulators guidance however, the Scheme Specific data items are not prescriptive but is generally data key to running the Scheme and meeting legal obligations. The Pensions Regulator does not set the data items for the Scheme Specific data as it is deemed to be identifiable and relevant to each individual Pension Scheme. However, illustrative examples of the data required to running a Pension Scheme has been published by the Pensions Regulator and these examples were taken into consideration when identifying the Scheme Specific data to be checked. Below is a table with the LGPS Data Quality scores which are reported to the Pensions Regulator.

LGPS Data area	Common data	Scheme specific data	Aim
March 2026 data score	99.0%	99.25%	100%
March 2025 data score	99.3%	99.15%	100%
March 2024 data score	99.1%	99.34%	100%
December 2023 data score	99.0%	99.10%	100%
December 2022 data score	99.0%	99.38%	100%
December 2021 data score	99.2%	99.2%	100%
December 2020 data score	99.1%	99.2%	100%
December 2019 data score	98.3%	98.1%	100%
December 2018 data score	96.5%	95.8%	100%
December 2017 data score	94.5%	85.3%	100%

Administration Cost per member (SF3 costs table)

The table below compares the administration cost per scheme member with that of the All Wales average from the SF3 return.

Year	Dyfed Pension Fund Cost per member	All Wales Average
2024-25	£32.79	£40.64
2023-24	£33.82	£36.26
2022-23	£29.86	£33.30
2021-22	£28.06	£32.82
2020-21	£27.62	£30.91
2019-20	£26.36	£32.04
2018-19	£25.14	£30.04
2017-18	£22.71	£27.46
2016-17	£20.73	£28.10
2015-16	£27.45	£28.28
2014-15	£21.66	£28.36
2013-14	£20.94	£30.20

The Administration Team

In addition to the primary role of administering the Local Government Scheme and its provisions, the Pension Section provides, by agreement, similar services to the Chief Constable and Chief Fire Officers administering the Police and Fire-fighter's Pension Schemes for Dyfed Powys Police, Mid & West Wales Fire and Rescue Service, North Wales Fire and Rescue Service respectively.

The pension's team has 44 permanent FTE staff to administer the above pension schemes. During the year to 31st March 2026, the following staff turnover occurred; 4 staff left the team and 7 staff joined the team.

The permanent members of staff dedicated to the LGPS is 28.4 FTE. As at 31st March 2026, there were 58,144 LGPS members of the Dyfed Pension Fund which equates to 2,047 scheme members per pensions administration team member. The average number of cases completed per team member during the year was 1,334.

Your Pension Section:

In addition to implementing legislative changes by set timescales. Your Pension Section additionally:

- Undertook and completed the March 2025 Actuarial Valuation exercise and notified Employers of their new contribution rates.
- Increased the number of registered 'My Pension On-line' users by actively encouraging scheme member take up during telephone calls. This application enables you to securely access and update your own pension record(s). The initiative is designed to provide statutory information and improve service delivery whilst also reducing printing & postage costs and the funds carbon footprint.
- Ensured employers formulate, publish and keep under review a policy statement in respect of their discretions under the LGPS 2014
- Continued with their internal staff training programme. Alongside its training for participating Fund Employers, this investment is viewed as key for the effective delivery

of pension administration services in an ever changing regulation environment and increasing stakeholder expectations.

- Continued with the production and issue of Annual Benefit Statements (ABS) for Deferred (individuals who have left the Scheme with a future entitlement to pension benefits) and Active (contributing) Scheme members. The ABS production was undertaken on an all Wales Pension Funds basis, improving both cost and consistency with the Dyfed Pension Fund taking the lead.
- Continued with the 'Life Certificate' exercise aimed at pension payments paid by cheque in addition to also undertaking monthly mortality checks on UK based pensioners.
- Continued to utilise Western Union in order to undertake mortality checks on overseas pensioners.
- Continued with the production of a more detailed and personalised update for each pensioner outlining the increase in pensions arising from annual pension increase awards.
- Participated in the Audit Commission's - National Fraud Initiative exercise as outlined above.
- Continued to engage with colleague LGPS Fund authorities in Wales to examine available partnership opportunities and share best practice in Scheme administration.
- Ensured model fund data was received by the Government Actuary's Department
- Through the IAS19 exercise ensured that each employer who had to comply with these pension accounting requirements received their results and disclosure needs by their required account closure timescales.
- Continued with the GMP Reconciliation exercise which had to be undertaken in respect of all scheme members to ensure HMRC do not have incorrect information on their records. However, HMRC continue to have outstanding data queries which have yet to be returned to the Dyfed Pension Fund.
- Implemented i-connect for additional employers to facilitate the direct transfer of data from employer payroll systems directly into the pensions system.
- Undertook a Data Quality exercise for the Local Government, Police and Firefighter Pension Scheme in accordance with The Pensions Regulator's Code of Practice 14 requirements and reported findings to both the Pension Committee and The Pensions Regulator. A Data Improvement Plan was created to address issues identified.
- Commenced work on the reconciliation of pension records as a result of the McCloud Judgement.

Looking Forward

The pensions section anticipates yet another busy year, as in addition to their core functions, your Pension Section intends to:

- Increase the number of registered 'My Pension On-line' users by actively encouraging scheme member take up during telephone calls.
- Respond to consultations on scheme arrangements and implement changed structures as a result of amending legislation.
- Continue to liaise with all scheme employers to ensure appropriate processes and procedures are in place in order to comply with auto enrolment requirements.
- Continue to undertake data validation and integrity checks for data which is issued by HMRC in respect of the GMP Reconciliation exercise in order that the correct state benefits are recorded and paid.
- Continue to work with all scheme employers to ensure that clean and accurate data is consistently provided.

- Undertake a data quality exercise in accordance with The Pensions Regulator's Code of Practice 14 requirements and report findings to the Pension Committee, Local Pensions Board and The Pensions Regulator. Update and review the Data Improvement Plan as a result of the exercise.
- Implement i-connect for further employers which facilitates the direct transfer of data from employer payroll systems directly into the pensions system.
- Following amendment of LGPS Regulations as a result of the 'McCloud' Judgement, continue with the reconciliation of pension records.
- Await notification from The Pensions Regulatory of the funds 'go live' date and continue with on-going data matching requirements.
- Identify, trace and contact members and dependants who may be entitled to survivor benefits and additional death grant payments as a result of the Access and Fairness Regulations which came into force on 1st April 2026.

The inherent complexities and retrospective protections that apply to the Local Government, Police and Fire schemes remain, and it is anticipated these will further increase due to the application of the McCloud Judgement coupled with the implementation of Pensions Dashboard requirements.

I would like to take the opportunity to record my sincere thanks to all staff involved in Scheme Administration not only for the work done over the last year but also for their enthusiasm to embrace change and meet ever changing regulatory and stakeholder requirements.

All New - My Pension On-line

From January 2026 the Dyfed Pension Fund launched an all new My Pension Online. If you have not already done so you will need to create a new account.

What will My Pension On-line allow me to do?

Whether you're an active, deferred or pensioner member of the Scheme, you will be able to view and update your basic details, access relevant forms and receive all publications immediately, including your annual benefit statement. If you're an active member, you will be able to perform benefit calculations at your convenience, so that you can actively plan for your retirement.

If you're a pensioner, you will be able to view your pension details, submit any change of bank or building society account details or change of address, view your payment history and tax code, your payment dates, payment advice slips, P60 statements and pension increase statements.

How do I register for My Pension On-line?

Registering for My Pension On-line couldn't be easier, all you need to do is click here to create an account. Please find further instructions on how to create a My Pension Online account here.

Access and Fairness

We would like to make you aware of important changes to the Local Government Pension Scheme (LGPS) that will take effect from 1st April 2026 in line with the Access and Fairness Regulations. These regulations are designed to make the LGPS fairer, more consistent, and easier for members to navigate by addressing historic inequalities, simplifying administration, and ensuring equitable treatment for all members.

The main changes for you to be aware of are:

Authorised Unpaid Leave

From 1 April 2026, **Pension contributions during authorised absences of 14 days or less will be COMPULSORY**. New rules will apply to the purchase of pension lost during periods of authorised unpaid absence lasting more than 14 days. These new arrangements—known as Qualifying Additional Pension Arrangement **QAPAs**—will operate differently from the current Additional Pension Contributions (APCs) process.

Under the new QAPA rules (for unpaid absences starting after 31 March 2026):

- The cost of buying back 'lost' pension will be based on the **member's and employer's normal contribution rates**, rather than age-related factors.
- Members will have **one year from their return to work** to apply for a QAPA, and only while they remain an active member in the same employment.
- Employers will be permitted to contribute to the cost of a QAPA for the **entire period of an unpaid absence**, even where the absence lasts more than three years.
- Pension purchased through a QAPA will mirror normal pension build-up:
    - It will count towards **survivor benefits**.
    - It will **not** be reduced if the member retires on redundancy or efficiency grounds.

Existing rules will continue to apply to unpaid absences that began before 1 April 2026:

- The cost of buying back pension is based on age-related factors.
- Employers must fund **two-thirds of the cost** if the member elects within 30 days of returning to work (or a longer employer-agreed period).
- Added pension is **reduced** on redundancy or efficiency retirement before Normal Pension Age.
- Added pension **does not** count towards survivor pensions.

Survivor Benefits

The LGPS provides valuable benefits when you die. Your spouse, civil partner or eligible cohabiting partner will receive a part of your pension – this is paid as a survivor pension. It will be paid for the rest of their life.

From 1 April 2026, survivor pensions will be calculated more consistently to ensure equal treatment regardless of the sex of the member or their survivor.

Some survivor pensions will be increased as more of the member's service before April 2014 will now count. Some survivor pensions will become payable for the first time – this is most likely to affect male survivors of female members who left the LGPS before April 1988.

The changes apply to deaths dating back to:

- **5 December 2005** for opposite sex marriages and same sex civil partnerships
- **14 March 2014** for same sex marriages
- **31 December 2019** for opposite sex civil partnerships.

Some cohabiting partners' pensions may also increase if the member died between 1 April 2008 and 31 March 2014.

Where necessary, The Dyfed Pension fund will automatically recalculate survivor pensions and pay arrears.

Action: If you think these changes could affect you, please contact the Dyfed Pension Fund to let them know.

Death grants

Removal of the age limit

The age limit for paying a lump sum death grant has been removed. A death grant can now be paid even if a member dies after age 75. This change is backdated to cover deaths from 1 April 2014.

A death grant is only paid in limited circumstances when an LGPS member dies after age 75. The Dyfed Pension Funds is working to identify cases in respect of members who died after age 75 since April 2014. Where necessary, we will contact the beneficiaries or personal representatives to arrange payment of the death grant. Interest for late payment will be added.

Section 4 - Actuarial Report

The 2025 triennial valuation — effective 31 March 2025 — has now been completed and its outcomes took effect from 1 April 2026 for the major employers, with the contribution rates for the other employers coming into force in April 2027. I have set out below the key themes from the valuation.

Improved funding position and reduced contributions

Overall, the Fund's funding level has improved since the 2022 valuation. This improvement is the result of a combination of factors that we and the Administering Authority have been monitoring closely: favourable investment experience from the Fund's return-seeking portfolio, higher prevailing interest rates which reduce the value of liabilities, and evidence that longer-term mortality improvements are not progressing as rapidly as previously assumed. Taken together these developments have reduced the scheme's ongoing liabilities and increased the assets held therefore strengthening the Fund's position.

The improvement in funding is not uniform across all employers — the impact varies with each employer's covenant, membership profile and experience and funding strategy — but at a whole-of-fund level the picture is positive. For most employers this will translate into lower required future contribution rates and you will have already been notified of these and the date they come into effect. That said, reductions in contributions are being approached cautiously: the funding strategy of the Dyfed Pension Fund is designed to manage volatility and to balance short-term affordability with long-term sustainability. Sudden or large changes to contribution plans are avoided so that employers, members and the Fund remain on stable footing.

Valuation approach and prudence

The valuation has been carried out on a robust and transparent basis, with assumptions reviewed in light of recent economic experience and emerging demographic evidence. We continue to apply actuarial judgement and prudence when translating model outputs into employer contributions. Models do have limitations — especially when projecting financial and demographic experience over many decades. The approach adopted for this valuation therefore combines model-derived results with considered judgement to manage the risk of both over--optimism and undue conservatism.

Mortality and other demographic considerations

As flagged in previous years, post-pandemic data and work by the Continuous Mortality Investigation indicate a slowing in the rate of future mortality improvement compared with historic assumptions. The valuation reflects updated mortality assumptions tailored to the Dyfed Fund's profile and underlying experience. This has contributed to a reduction in projected liabilities relative to earlier expectations, but demographic uncertainty remains and will continue to be monitored closely at future valuations.

Responsible investment

ESG and climate Responsible investment remains central to the Fund's investment and funding strategy. The valuation considered the financial implications of ESG factors, and in particular, climate-related risk. Climate change is a long-term, systemic risk that can affect asset returns, liability patterns and the wider economic environment. For the 2025 valuation we have incorporated climate considerations into scenario testing and funding discussions so that these risks are neither ignored nor underestimated.

Practically, this means continued integration of ESG analysis when stress-testing the funding position under a range of plausible climate pathways. Transition risks (from policy and market moves as economies decarbonise) and physical risks (from the direct impacts of a changing climate) both feature in the Fund's risk assessments. The Administering Authority's low-carbon, return-seeking strategy is intended to capture the financial opportunities from the transition while managing the associated risks — a balance that supports long-term funding objectives and inter-generational fairness.

Future Outlook

Looking forward the Dyfed Pension Fund is in a stronger position than many peers. That strength is the product of prudent governance by officers and committees over the years; sensible investment choices and a rigorous and transparent actuarial framework. Nevertheless, markets and demographics can change, sometimes quickly. The core priorities remain: to maintain solvency, support affordable and stable employer contributions, and preserve fairness between current and future members.

We will continue to work closely with the Administering Authority and all employers to ensure that contribution strategies remain appropriate for each employer's circumstances and for the Fund as a whole. Key areas for continued focus will include: monitoring investment returns versus expectations; keeping demographic assumptions under review, and embedding ESG and climate considerations into the funding and investment frameworks.

In closing, while the improved funding level is a welcome development, prudence and long-term thinking continue to be crucial in order to protect this position. The Fund is well placed to manage the year--to--year noise and to keep sight of the multi-decade horizon that defines the Local Government Pension Scheme.

Clive Lewis, Actuary, Marsh

Section 5 - Pension Board Annual Report

This report sets out the work carried out by the Dyfed Pension Board during the financial year 2025-26 to discharge its role, in support of Carmarthenshire County Council, in managing the Dyfed Pension Fund. The Board met on 4 occasions during the year on a hybrid basis with some members present in the room and others online.

The Board was set up with effect from April 2015 under new arrangements for the governance of Local Authority Pension Funds. The purpose of the Board to assist Carmarthenshire County Council (as the scheme manager) in the management of the Local Authority Pension Scheme (LGPS), and to provide oversight and challenge. The terms of reference for the Board are available on the Fund website.

The Board is comprised of 3 employee and 3 employer representatives together with an Independent Chair. This is line with the regulations requiring equal employee and employer representation. Details of the members of the Board are shown below. The Board is not a decision-making body and can only provide advice and comment on the management of the Dyfed Pension Fund. For this arrangement to be successful it is important that the Board carries out its responsibilities in a positive and constructive way.

There were no changes in membership of the Board during the year. Board meetings were well attended at 82%, slightly below the level of attendance in the previous year. Detailed attendance of Board Members is set out below.

In my capacity as Chair, I have regular contact with officers at Carmarthenshire County Council to ensure that the Board addresses the issues necessary to discharge its responsibilities. Councillor Elwyn Williams as Pension Committee Chair is also invited to attend each Pension Board meeting. I am also invited to attend each Committee meeting and submit a report to the Committee outlining the issues discussed and raising any issues of concern. This helps to strengthen the links between the Board and Committee and the overall governance of the Dyfed Fund.

The Board held meetings on 4 occasions during 2025-26: in May, July, and October 2025 and in January 2026. The cycle of Board meetings follows the timetable for the Pension Committee. The Board continues to focus on the key issues affecting the Fund and its beneficiaries and agrees a forward work plan at the start of the year to ensure that it best placed to support the Council in the delivery of the LGPS in Dyfed. As part of its oversight and scrutiny role the Board has regular updates at each meeting on:

- a review of the budget and associated financial monitoring.
- to consider any breaches in service delivery.
- monitoring and review of the risk register.
- monitoring and review of the performance of the pensions administration service including examining workflow statistics.

- to consider a report from the Independent Adviser on investment performance and asset allocation issues.
- updates on the performance and developments in the Wales Pension Partnership (WPP).
- Review and discussion of the decisions of the Pension Committee.
- a review of the training and development programme for Members of the Pension Committee and Pension Board.

The Risk Register is an important document in the overall governance of the Dyfed Pension Fund, and the content and presentation were reviewed and updated during the year. At each meeting the Board consider any changes in assessed risks, together with a section of the register in detail so that all areas are covered fully over the annual meeting cycle.

There have been full agendas for each Board meeting. In addition to the agenda items considered at each meeting, the Board also discussed other issues during the year including:

- The development of an annual work plan for the Board.
- The Fund's business plan for 2025-2028.
- Review of the Pension Fund annual report and accounts and external audit report.
- The Fund's Cyber Security policy.
- Consideration of reports from Robeco on the Fund's engagement on ESG issues.
- A report on an analysis of the Carbon Intensity of the Fund's investments.
- Consideration of developments affecting the LGPS including progress with the Wales Pension Partnership (WPP).
- The Fund's draft Funding Strategy Statement.
- Internal Audit and risk management issues affecting the Fund.

The Board also considered notice of a motion in respect of the Responsible Investment Policy of the Fund in connection with Investment in the Middle East.

In January 2026 the Board carried out an effectiveness review of its activities on a self-assessment basis and facilitated by an external representative. All Board members found this to be a positive and helpful exercise, and a number of recommendations and actions were agreed to help improve performance going forward. These will be actioned during the year ahead.

At the end of March 2026, the Dyfed Pension Fund had total assets of almost £4 billion and a membership of 58,144 comprising pensioners, deferred pensioners, and current contributors. Pension Fund investment and administration is becoming ever more complex, so a structured programme of training and development is essential for individual members and the Board collectively to discharge their responsibilities. Knowledge and skills development is an area of attention for the Pensions Regulator as part of their role in promoting high standards of corporate governance in Pension Funds.

The WPP continues to run quarterly online training sessions for all Committee and Board Members across the 8 Welsh funds, and Board members also attend various training sessions and conferences. This training is recorded by Carmarthenshire County Council and presented at each Board meeting for review and consideration of future events. Examples from the past year include:

- Seminars and conferences attended by Board members on an individual basis with updates on current issues affecting the LGPS.
- Four online training sessions run by the WPP.
- Briefing on the updated Strategic Asset Allocation of the Fund's investments.

Regular training on individual topics will continue to be arranged and briefing sessions incorporated as part of Board meetings.

The major policy initiative during the year was the work needed to implement the Government's "Fit for the Future" proposals. The Board were updated at each meeting on the new requirements and the implications for the Dyfed Pension Fund. Under these proposals the WPP will manage all investments on behalf of the Fund. A number of other governance changes will be introduced including the statutory position of Senior LGPS Officer and an Independent Person, as well as requirements for several strategy documents. The Board will continue to pay close attention to the new arrangements as they are implemented during 2026-27.

Together with Pension Board Chairs from the other Welsh Funds, I represent the Board at six-monthly briefings on progress in the Wales Pension Partnership. Presentations from the host authority (Carmarthenshire County Council) and their partners Waystone and Russell Investments provides an opportunity for Board Chairs to ask questions and scrutinise progress on investment pooling in Wales. This forum helps to build good working relationships between Boards and the host authority and Pool and strengthens the overall governance of the Welsh Pension Funds.

Members of the Dyfed Pension Board 2025-26

- John Jones - Independent Chair
- Mike Rogers - Pensioner Member Representative
- Cllr Alun Lenny - Employer Representative (Carmarthenshire County Council)
- Mike Evans - Pensioner Member Representative
- Tommy Bowler - Trade Union Representative
- Cllr Wyn Thomas - Employer Member Representative (Ceredigion County Council)
- Richard Edwards - Employer Member Representative (Pembrokeshire County Council)

Board Member Meeting Attendance 2025-26

	Date of Meeting			
	15-May-25	10-Jul-25	14-Oct-25	21-Jan-26
John Jones	✓	✓	✓	✓
Mike Rogers	✓	✓	x	✓
Cllr. Alun Lenny	✓	x	✓	✓
Mike Evans	x	✓	✓	✓
Tommy Bowler	✓	✓	✓	x
Cllr. Wyn Thomas	✓	✓	✓	✓
Richard Edwards	✓	x	✓	✓

John Jones, Independent Chair of the Pension Board

Section 6 - Statement of Accounts

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 Date: 23 October 2026

Director of Corporate Services

Governance & Audit Committee Approval

Approval of Dyfed Pension Fund Statement of Accounts post audit.

Chair of Audit Committee Date: 4 November 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	2024-25 £'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		31/03/25
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*	50

* Haverfordwest Airport Ltd joined, and Burry Port Marina Ltd left 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 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	The investments are valued in line with widely	The alternatives investments with SAIF

Income Fund (SAIF) & Gresham House Forestry	used industry guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	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	£'000	£'000	£'000
	Total	Management Fees	Performance Related Fees	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	£'000	£'000	£'000
	Total	Management Fees	Performance Related Fees	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 - equities	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	Purchases	Sales	Fees included in NAV	Cash movement	Change in unrealised gains/(losses)	Fair Value 31/03/2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'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	Purchases	Sales	Fees included in NAV	Cash movement	Change in unrealised gains/(losses)	Fair value 31/03/2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'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 gains and losses

2024-25 £'000		**2025-26 £'000**
32,327	Pooled investments - Equities	288,036
0	Pooled investments - 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 our 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). The 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 asset's fund manager	Unobservable inputs-the fund is exposed to security and other assets that will not have readily	Valuations may rely on internal and external pricing models. May also be affected by changes in accounting

			assessable market values	standard, policies or practices
Pooled investments: Private Markets (Infrastructure & Private Credit)	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

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 £'000	Change %	Value on Increase £'000	Value on Decrease £'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 receivables	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
Pooled 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	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)
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)
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 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	3,953	(2,141)	1,526	16,682
UTMOST	386	0	(133)	17	270
Standard Life	3,605	1,128	(434)	328	4,627
Total	**17,335**	**5,081**	**(2,708)**	**1,871**	**21,579**

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

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 2025-26 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		
Contribution rate %	Contributions £'000	Benefits payable £'000		Contribution rate %	Contributions £'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		
Contribution rate %	Contributions £'000	Benefits payable £'000		Contribution rate %	Contributions £'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 Ltd	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		
Contribution rate %	Contributions £'000	Benefits payable £'000	Bodies with no pensionable employees	Contribution rate %	Contributions £'000	Benefits payable £'000
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

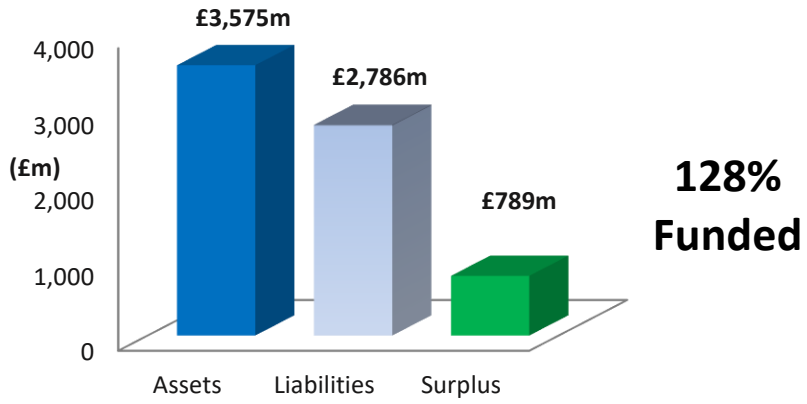
The Fund's investment strategy permits stock lending subject to specific approval. During 2025-26, the income earned by the Fund through stock lending was £81,045 (2024-25: £111,184). At 31 March 2026 the Fund had £53.6m out on loan (2024-25: £40.6m).

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 is 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 reassessed 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 retirement*

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 and tariffs: 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 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.

Independent Auditor's Report

The independent auditor's report of the Auditor General for Wales to the members of Carmarthenshire County Council as administering authority for Dyfed Pension Fund

Opinion on financial statements

I have audited the financial statements of Dyfed Pension Fund for the year ended 31 March 2026 under the Public Audit (Wales) Act 2004.

Dyfed Pension Fund's financial statements comprise the Fund Account, the Net Assets Statement and the related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of Dyfed Pension Fund as at 31 March 2026 and of the amount and disposition at that date of its assets and liabilities; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of Dyfed Pension Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Dyfed Pension Fund's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements and the annual report has been prepared in accordance with the Local Government Pension Scheme Regulations 2013.

Matters on which I report by exception

In the light of the knowledge and understanding of Dyfed Pension Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the annual report.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts, which give a true and fair view;
- maintaining proper accounting records;

- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error; and
- assessing Dyfed Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by Dyfed Pension Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Dyfed Pension Fund's Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Dyfed Pension Fund's policies and procedures concerned with:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: management override and the posting of unusual journals.
- Obtaining an understanding of Dyfed Pension Fund's framework of authority as well as other legal and regulatory frameworks that Dyfed Pension Fund operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Dyfed Pension Fund.
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Governance and Audit Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Dyfed Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Dyfed Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Catherine Mealing-Jones

Auditor General for Wales

6 November 2026

1 Capital Quarter

Tyndall Street

Cardiff

CF10 4BZ

The maintenance and integrity of the Dyfed Pension Fund website is the responsibility of the Dyfed Pension Fund; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Section 7 - Policies and Strategies

Governance Policy & Compliance Statement

The Governance Policy sets out the Fund's procedures in relation to:

- The Governance of the Fund
- The Pension Committee (terms of reference, membership and meetings)
- Training
- Pension Board

The Governance Compliance Statement sets out the Fund's compliance with best practice principles. Justification for any areas of non-compliance is provided as part of the statement.

Link - Governance | Dyfed Pension Fund

Funding Strategy Statement (FSS)

The FSS sets out a clear and transparent funding strategy that identifies how each Fund employer's pension liabilities are to be met going forward. The details contained in the FSS has a financial and operational impact on all participating employers in the Dyfed Pension Fund.

Link - Funding Strategy | Dyfed Pension Fund

Investment Strategy Statement (ISS)

The ISS sets out the current investment strategy of the Fund, provides transparency in relation to how the Fund's investments are managed, acts as a high-level risk register, and has been designed to be informative for all stakeholders.

Link - Investment Strategy Statement | Dyfed Pension Fund

Risk Register

The Risk Register is a document which is used to effectively identify, prioritise, manage and monitor risks associated with the Fund. The register has been separated out into Governance & Regulatory risks, Funding & Investment risks and Operational risks. It therefore covers administration, investments and governance of the Fund.

It assists the Fund by:

- identifying managed and unmanaged risks
- providing a systematic approach for managing risks
- implementing effective and efficient control
- identifying responsibilities
- identifying risks at the planning stage and monitoring the risks
- helping the Fund to achieve its objectives

Link - Risk Register | Dyfed Pension Fund

Responsible Investment (RI) Policy

The Fund is a long-term investor aiming to deliver a sustainable pension fund for all stakeholders and has a fiduciary duty to act in the best, long-term, interests of the Fund's employers and scheme members. RI is a fundamental part of the Fund's overarching investment strategy as set out in the ISS.

Link - Responsible Investment | Dyfed Pension Fund

Communications Policy Statement

The Fund strives to provide a high quality and consistent service to our customers in the most efficient and effective manner possible in an ever-changing pensions environment.

The Fund aims to use the most appropriate communication medium for the audiences receiving the information, which may involve using more than one method of communication.

It ensures that all regulatory requirements concerning the provision of Scheme information is continuously met and assessed.

Link - Communication Policy | Dyfed Pension Fund

Other Fund policy documents can be found on the following Link - Policies | Dyfed Pension Fund

Section 8 - Glossary

Active Management – A mark through either Asset Allocation, Market Timing or Stock Selection (or a combination of these). Directly contrasted with Passive Management.

Actuary – An independent consultant who advises on the viability of the Fund. Every three years the actuary reviews the assets and liabilities of the Fund and reports to the County Council as administering authority on the financial position and the recommended employers' contribution rates. This is known as the actuarial valuation.

Asset Class – A specific area/type of investment e.g. UK Equities, Global Equities, Fixed Income, Real Estate, Infrastructure, Private Credit, Cash.

Benchmark Return – The benchmark return is the return that would be achieved if the Fund Manager had not deviated from the weightings of each asset class given to them by the Pension Committee and had achieved returns in each of these asset classes consistent with the average return of all Local Authority Funds for that class. The Benchmark weightings of asset classes is outlined within the Investment Strategy Statement.

Corporate Governance – Issues relating to the way in which a company ensures that it is attaching maximum importance to the interests of its shareholders and how shareholders can influence management.

Equities – Ordinary shares in UK and overseas companies traded on a recognised stock exchange. Shareholders have an interest in the profits of the company and are normally entitled to vote at shareholders' meetings.

Fixed Income/Bonds – Investments in mainly government stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a stated future date, but which can be traded on the Stock Exchange in the meantime.

Fund/Investment Manager – A person or company to whom the Investment of the whole or part of the assets of a fund is delegated by the Trustees.

Investment – An asset acquired for the purpose of producing income and Capital Gain for its owner.

Independent Investment Adviser – A professionally qualified individual or company whose main livelihood is derived from providing objective, impartial Investment advice to companies, pension funds or individuals, for a stated fee.

Market Indicators – (i) The movement in stock market are monitored continuously by means of an Index made up of the current prices of a representative sample of stock. (ii) Change in the rates at which currencies can be exchanged.

Market Value – The price at which an investment can be sold at a given date.

Out performance/Under performance – The difference in Returns gained by a particular fund against an 'Average' Fund or an Index over a specified time period i.e. a Target for a fund may be out performance of a Benchmark over a 3-year period.

Passive Management – (also called Indexation/Index Tracking) A style of Investment Management which aims to construct a Portfolio in such a way as to provide the same Return as that of a chosen Index i.e. Stocks are purchased to be as representative as possible of the makeup of the Index. Contrasts with Active Management.

Performance – A measure, usually expressed in percentage terms, of how well a fund has done over a particular time period – either in absolute terms or as measured against the 'Average' Fund or a particular Benchmark.

Performance Measurement – A service designed to help investors evaluate the performance of their investments. This usually involves the comparison of a fund's performance with a selected Benchmark and/or with a Universe of similar funds. The main Performance Measurement Companies are Northern Trust, which the Dyfed Pension Fund uses, and PIRC.

Portfolio – A collective term for all the investments held in a fund, market or sector.

Preserved Benefits – The pension benefits payable from normal retirement age to a member of the Fund who has ceased to contribute as a result of leaving employment or opting out of the Pension scheme before normal retirement age.

Return – The total gain from holding an investment over a given period, including income and increase (decrease) in market value.

Risk – Generally taken to mean the Variability of Returns. Investments with greater risk must usually promise higher returns than more 'stable' investments before investors will buy them.

Transfer Value – Payments made between funds when contributors leave service with one employer and decide to take the value of their contributions to their new fund.

Unrealised Increase/(Decrease) in Market Value – The increase/(decrease) in market value, since the purchase date, of those investments held at the year end.

Weighted Average Carbon Intensity (WACI) – Portfolio's exposure to carbon-intensive companies, expressed in tons CO2e / $m revenue. Scope 1 and Scope 2 GHG emissions are allocated based on portfolio weights (the current value of the investment relative to the current portfolio value).

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