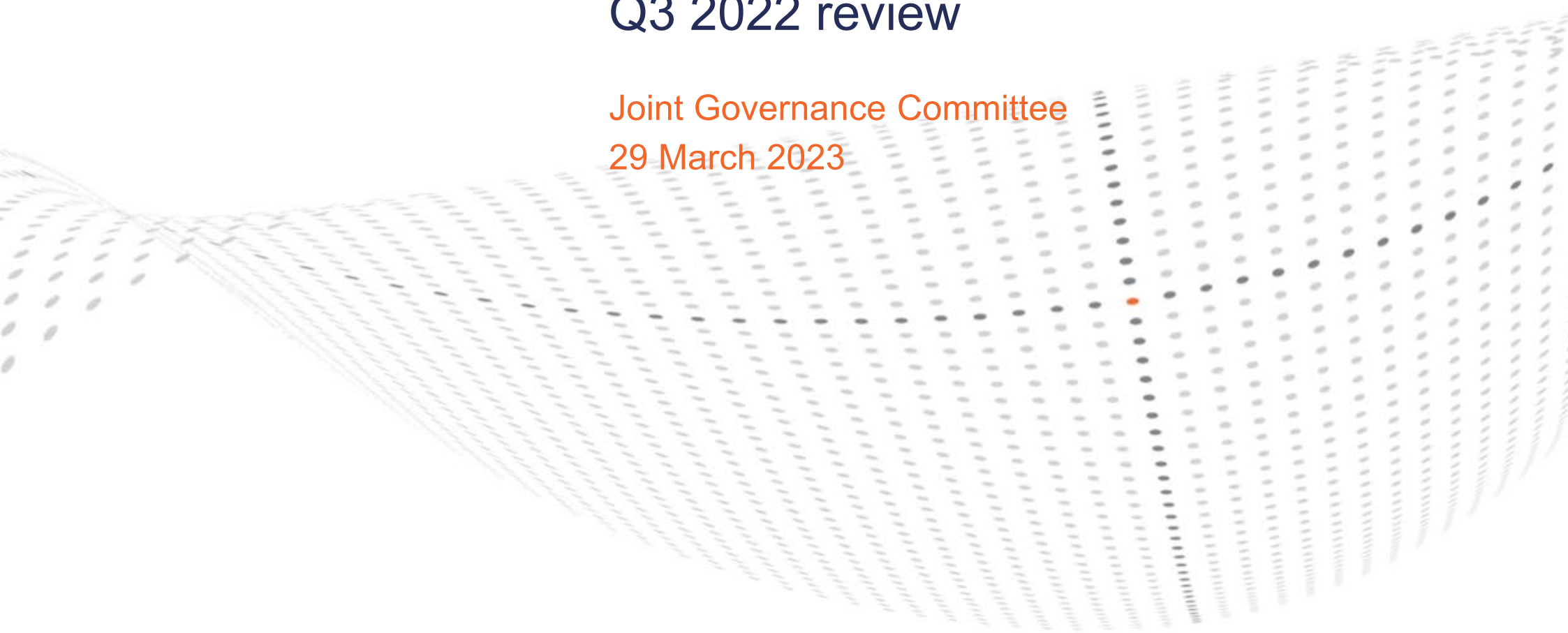


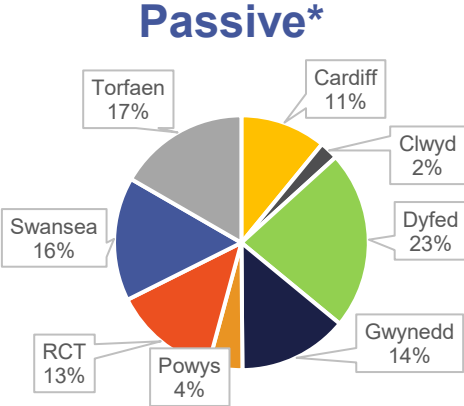
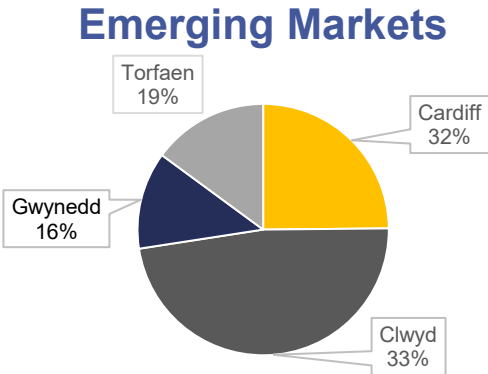
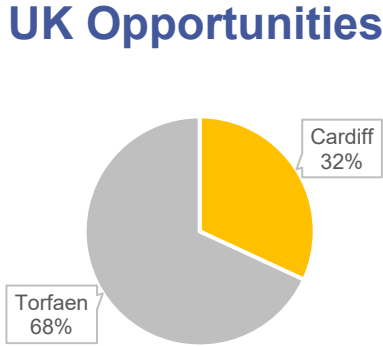
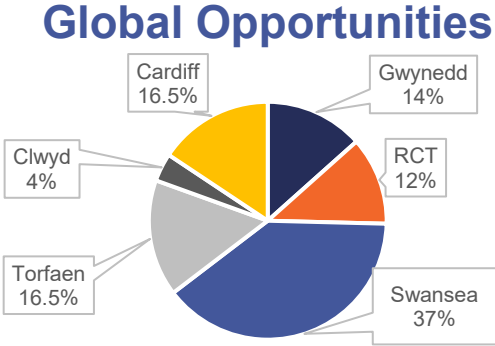
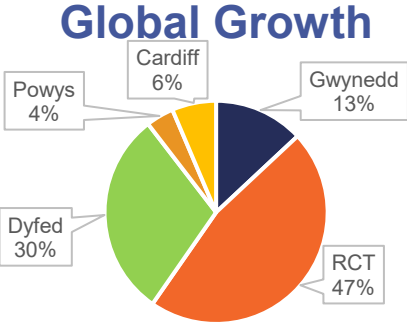
# Wales Pension Partnership

## Q3 2022 review

Joint Governance Committee  
29 March 2023



# December 2022 Fund Snapshot - Equities

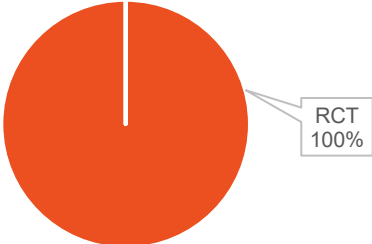


- Key:
- Dyfed
  - Powys
  - Gwynedd
  - RCT
  - Torfaen
  - Clwyd
  - Swansea
  - Cardiff

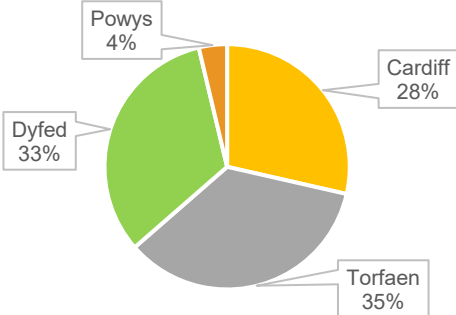
\* Assets with BlackRock

# December 2022 Fund Snapshot - Fixed Income

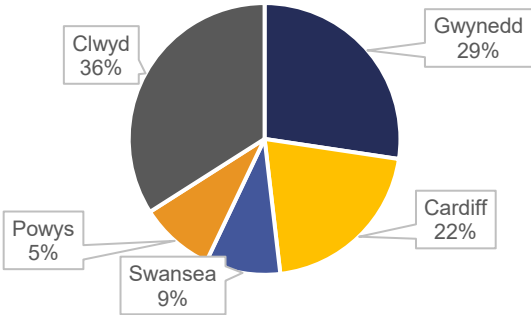
**Sterling Credit**



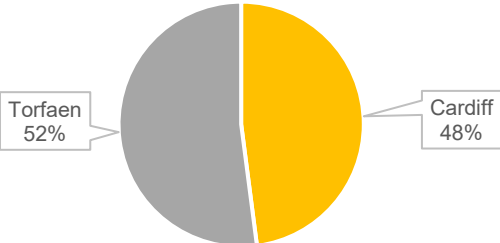
**Global Credit**



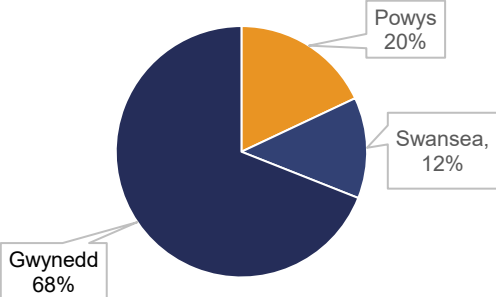
**Multi Asset Credit**



**Global Gov. Bond**



**Absolute Return Bnd**



- Key:
- Dyfed
  - Powys
  - Gwynedd
  - RCT
  - Torfaen
  - Clwyd
  - Swansea
  - Cardiff

# December 2022 LF Wales PP Fund AUM

Fund	AUM	Inception date
Global Growth	£3,104,778,363	6 <sup>th</sup> Feb 2019
Global Opportunities	£3,188,458,078	14 <sup>th</sup> Feb 2019
UK Opportunities	£717,591,254	10 <sup>th</sup> Oct 2019
Emerging Markets	£342,319,147	20 <sup>th</sup> Oct 2021
Sterling Credit	£507,744,202	19 <sup>th</sup> Aug 2020
Global Credit	£680,034,155	21 <sup>st</sup> Aug 2020
Multi Asset Credit	£627,408,462	12 <sup>th</sup> Aug 2020
Global Government Bond	£469,482,425	20 <sup>th</sup> Aug 2020
Absolute Return Bond	£528,372,987	30 <sup>th</sup> Sept 2020
<b>Total Active Investments</b>	<b>£10,166,189,073</b>	
<b>Total Passive Investments</b>	<b>£4,942,219,628</b>	
<b>Total Pooled Assets</b>	<b>£15,108,408,701 as at 31 December 2022</b>	

## Fund Launches & Updates

Progress Report



# Fund Activity in the Period

## Key Achievements & Updates

Fund Launches Progress				
	Overview	Status	Progress in period	Launch / completion dates
<b>Sustainable Equity fund</b>	<ul style="list-style-type: none"> <li>Establishment of a sustainable equities fund</li> </ul>	In progress	<ul style="list-style-type: none"> <li>All 8 authorities will look to invest into the new fund</li> <li>Timetable provided with potential launch early in Q2. Due to nature of the fund and detailed questions raised, a March 2023 launch was unachievable, but will look to reduce times where possible</li> <li>Transition Manager discussions ongoing with RFP shared with WPP with preferred TM documented</li> </ul>	Q2-23 (full timetable to be provided)
<b>New Investment Manager</b>	<ul style="list-style-type: none"> <li>Addition of Robeco to the Global Credit fund, removal of T Rowe Price</li> </ul>	In progress	<ul style="list-style-type: none"> <li>New Investment Manager 'Robeco' to be approved Q1-23 with implementation soon after</li> </ul>	Q2-23



# LFS Corporate Update & Engagement



# LFS Corporate Update & Engagement

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## LFS updates

- As discussed at the last Joint Governance Committee on 5 December 2022 the FCA issued a draft warning notice to LFSL in respect of the Woodford matter. This states that the FCA's preliminary view was that a penalty £50m (prior to taking into account any available discount) would be appropriate in addition to a restitution payment of up to £306,096,527. The draft warning notice is not a final decision but signal the start of the FCA's settlement decision process. LFSL are exploring all options, including engaging in settlement discussions with the FCA, and challenging any warning notice that may be issued. Engagement with the FCA continues.
- Link Group announced in October the intention to commence a process to explore divestment options for the Link Fund Solutions business, which includes Link Fund Solutions Limited (LFSL), and that Macquarie Capital and UBS Securities Australia Ltd have been appointed as advisers. Discussions with potential interested parties ongoing.
- Link Group announced on 20<sup>th</sup> February 2023 that it is in exclusive negotiation with the Waystone Group in respect of the sale of the whole of its Fund Solution Business, excluding Woodford related liabilities. This follows a period of confidential exclusive negotiation with and due diligence by Waystone. Any transaction with Waystone is subject to successful finalisation of due diligence and finalisation of detailed legal agreements, and to board and other approvals. Link Group has granted a further period of exclusivity to Waystone to enable the parties to conclude the necessary legal agreements before the end of March 2023.
- At the same time, Link Group and Link Fund Solutions Limited (LFSL) are in advanced confidential discussions with the FCA to settle the FCA investigation against LFSL. If a settlement is agreed with the FCA, it would resolve the current FCA investigation and would also be contingent on a scheme of arrangement of LFSL to resolve all Woodford related contingent liabilities and redress obligations of LFSL.
- A sale of the FS Business to Waystone would not be contingent on the scheme of arrangement or any FCA settlement becoming unconditional. No legally binding agreement has been reached with either Waystone or the FCA and at present there can be no certainty that any of such agreements will ultimately be concluded.



# LFS Corporate Update & Engagement

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## **Key Q3 and future WPP Engagement**

### **Link attendance at OWG/JGC meetings in period:**

- OWG 14 October 2022
- WPP JGC 5 December 2022

### **Link attendance at OWG/JGC meetings in next quarter:**

- OWG 7 February 2023
- WPP JGC 29 March 2023

### **Link - Pension Committee attendance in period:**

- None

### **Link - Pension Committee attendance in next quarter :**

Pension Board RCT – Pension committee meeting 6 March 2023

Pension Board Dyfed – Pension committee meeting 28 March 2023

### **Other meetings in period**

- Host Authority update – occurs bi-weekly
- Working group - occurs bi-weekly
- WPP briefing / training session – (First session)

### **Other meetings in next quarter**

- Host Authority update – occurs bi-weekly
- Working group - occurs bi-weekly

# LFS Engagement Protocol

## Business as Usual

Strategic Relationship Review	Frequency	Objective
	<ul style="list-style-type: none"> <li>▪ Bi-annual</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ensure strategic alignment between Host Authority and Link</li> </ul>
<b>WPP Attendees</b> <ul style="list-style-type: none"> <li>▪ Chris Moore</li> <li>▪ Anthony Parnell</li> <li>▪ Two Section 151 / Deputy Section 151 officers</li> </ul>		<b>Link Attendees</b> <ul style="list-style-type: none"> <li>▪ Karl Midl, Managing Director</li> <li>▪ Richard Thornton, Head of Relationship Management, Asset Owners</li> </ul>
JGC Engagement	Frequency	Objective
	<ul style="list-style-type: none"> <li>▪ Quarterly</li> </ul>	<ul style="list-style-type: none"> <li>▪ Engage with JGC on pertinent matters and strategic deliverables</li> </ul>
<b>WPP Attendees</b> <ul style="list-style-type: none"> <li>▪ Joint Governance Committee (JGC)</li> </ul>		<b>Link Attendees</b> <ul style="list-style-type: none"> <li>▪ Karl Midl, Managing Director / Adam Tookey, Head of Product – as required</li> <li>▪ Richard Thornton, Head of Relationship Management, Asset Owners</li> <li>▪ James Zealander, Senior Relationship Manager</li> <li>▪ Russell Investments</li> </ul>
OWG Engagement	Frequency	Objective
	<ul style="list-style-type: none"> <li>▪ Every 2 Months</li> </ul>	<ul style="list-style-type: none"> <li>▪ Identify and deliver on opportunities to improve and expand the relationship</li> <li>▪ Provide update on open projects or issues</li> <li>▪ Monthly KPI Review (Data supplied monthly)</li> </ul>
<b>WPP Attendees</b> <ul style="list-style-type: none"> <li>▪ Officers Working Group (OWG)</li> </ul>		<b>Link Attendees</b> <ul style="list-style-type: none"> <li>▪ James Zealander, Senior Relationship Manager</li> <li>▪ Richard Thornton, Head of Relationship Management, Asset Owners</li> <li>▪ Alistair Coyle/Heidi Robinson, Relationship Managers (as required)</li> <li>▪ Ad-hoc Link attendance from functional departments: Tax, Compliance, Product, etc.</li> <li>▪ Russell Investments</li> </ul>

Note: The OWG Engagement and Monthly KPI meetings may be conducted remotely and/or amalgamated where required.

# Link Engagement Protocol continued...

## Business as Usual

Host Authority Update	Frequency	Objective
<p data-bbox="91 424 309 448"><b>WPP Attendees</b></p> <ul data-bbox="91 464 331 536" style="list-style-type: none"> <li data-bbox="91 464 331 488">▪ Anthony Parnell</li> <li data-bbox="91 504 331 536">▪ Tracey Williams</li> </ul>	<ul data-bbox="600 368 763 400" style="list-style-type: none"> <li data-bbox="600 368 763 400">▪ Bi-Weekly</li> </ul>	<ul data-bbox="954 368 1890 576" style="list-style-type: none"> <li data-bbox="954 368 1890 400">▪ Regular Host Authority – LFS to discuss deliverables and business updates</li> <li data-bbox="954 416 1816 448">▪ Richard Thornton, Head of Relationship Management, Asset Owners</li> <li data-bbox="954 464 1570 496">▪ James Zealander, Senior Relationship Manager</li> <li data-bbox="954 504 1794 536">▪ Alistair Coyle/Heidi Robinson, Relationship Managers (as required)</li> <li data-bbox="954 544 1615 576">▪ Clair Baguley, Client Service Manager (as required)</li> </ul>
WPP Working Group	Frequency	Objective
<p data-bbox="91 711 309 735"><b>WPP Attendees</b></p> <ul data-bbox="91 751 510 823" style="list-style-type: none"> <li data-bbox="91 751 510 783">▪ Officers Working Group (OWG)</li> <li data-bbox="91 799 237 823">▪ Hymans</li> </ul>	<ul data-bbox="600 655 763 687" style="list-style-type: none"> <li data-bbox="600 655 763 687">▪ Bi-Weekly</li> </ul>	<ul data-bbox="954 655 1402 863" style="list-style-type: none"> <li data-bbox="954 655 1648 687">▪ Regular project call to discuss progress of deliverables</li> <li data-bbox="954 703 1200 735">▪ Link Client Team</li> <li data-bbox="954 751 1178 783">▪ Northern Trust</li> <li data-bbox="954 799 1245 831">▪ Russell Investments</li> <li data-bbox="954 839 1402 871">▪ Other consultants (e.g. bFinance)</li> </ul>
Annual Shareholder Day	Frequency	Objective
<ul data-bbox="91 1007 461 1038" style="list-style-type: none"> <li data-bbox="91 1007 461 1038">▪ Open to all involved parties</li> </ul>	<ul data-bbox="600 943 719 975" style="list-style-type: none"> <li data-bbox="600 943 719 975">▪ Annual</li> </ul>	<ul data-bbox="954 943 1995 1150" style="list-style-type: none"> <li data-bbox="954 943 1771 975">▪ Open day for presentations on strategy and performance (with IM)</li> <li data-bbox="954 991 1200 1023">▪ Link Client Team</li> <li data-bbox="954 1038 1178 1070">▪ Northern Trust</li> <li data-bbox="954 1086 1995 1118">▪ Russell Investments and other Investment Managers (e.g. Global Growth Managers)</li> <li data-bbox="954 1126 1536 1158">▪ Other consultants as required (e.g. bFinance)</li> </ul>
Pension Fund Committees		Objective
<ul data-bbox="91 1286 674 1318" style="list-style-type: none"> <li data-bbox="91 1286 674 1318">▪ Individual Pension Fund Committee meetings</li> </ul>		<ul data-bbox="954 1230 1805 1437" style="list-style-type: none"> <li data-bbox="954 1230 1592 1262">▪ General update on the ACS and planned initiatives</li> <li data-bbox="954 1278 1559 1310">▪ James Zealander, Senior Relationship Manager</li> <li data-bbox="954 1326 1783 1358">▪ Alistair Coyle/Heidi Robinson, Relationship Managers (as required)</li> <li data-bbox="954 1366 1805 1398">▪ Richard Thornton, Head of Relationship Management, Asset Owners</li> <li data-bbox="954 1406 1245 1437">▪ Russell Investments</li> </ul>