

Wales Pension Partnership
Joint Governance Committee
Q2 2023 review – 20 September 2023



Market Updates

Proposed Acquisition

As discussed since the last Joint Governance Committee on 19 July 2023;

Below is the update in relation to the progress of the sale of the Fund Solutions business (FS Business) and ongoing negotiations with the UK Financial Conduct Authority (FCA) to settle the FCA investigation against Link Fund Solutions Limited (LFSL).

Link Group announced on 3rd August 2023 (Sydney time) that counterparties to contracts representing the requisite threshold majority of revenue in respect of LFSL's ACD business and Link Fund Manager Solutions (Ireland) Limited's business have agreed to those contracts being transferred to the Waystone Group on completion of the FS Sale.

Satisfaction of the revenue and third-party consent conditions for the FS Sale remain subject to receiving certain regulatory approvals in the UK and Ireland.

Link Group has received clearance from the Competition and Consumer Protection Commission of Ireland in respect of the FS Sale. Link Group expects that the FS Sale will complete in October 2023, subject to remaining conditions being satisfied.

On 28 July 2023 LFSL informed the investors in the WEIF (WEIF Investors), that subject to the outcome of discussions with Link Group and the FCA, and the English High Court's availability, LFSL expects to issue a Practice Statement Letter in September 2023. The Practice Statement Letter will notify WEIF Investors of the formal launch of the Scheme and provide further details about the key terms of the Scheme and the first court hearing in relation to the Scheme.

The Settlement contemplated by the Scheme is conditional on the completion of the FS Sale. If the Scheme becomes effective, it will provide for monies, including a contribution of up to £60 million from Link Group to LFSL, to be made available to make payments to the WEIF Investors. In return for those payments to the WEIF investors, LFSL, Link Group, and their respective affiliates and officers will receive releases from liability relating to LFSL's role as ACD of the WEIF.

Link Group continues to be confident that, even if the Scheme was not approved and the Settlement was terminated, liabilities relating to the WEIF remain within LFSL and Link Group has no obligation to contribute to any of those WEIF related liabilities

The Sale is targeted to complete by October 2023 and is not contingent on the Scheme or the Settlement becoming unconditional.

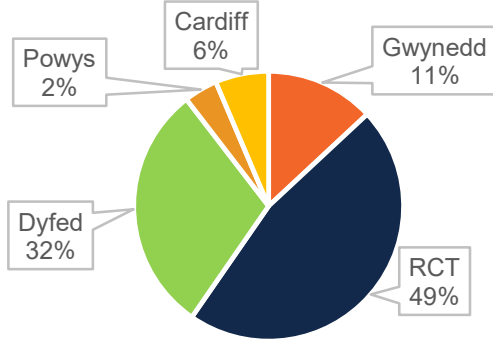
June 2023 LF Wales PP Fund Summary AUM

Fund	AUM	Inception date
Global Growth	£3,152,544,871	6 th Feb 2019
Global Opportunities	£2,872,375,381	14 th Feb 2019
UK Opportunities	£760,439,759	10 th Oct 2019
Emerging Markets	£356,535,814	20 th Oct 2021
Sterling Credit	£505,218,736	19 th Aug 2020
Global Credit	£822,842,390	21 st Aug 2020
Multi Asset Credit	£677,453,841	12 th Aug 2020
Global Government Bond	£474,633,884	20 th Aug 2020
Absolute Return Bond	£562,410,324	30 th Sept 2020
Sustainable Active Equity Fund	£1,282,280,221	20 th June 2023
Total Active Investments	£11,466,735,225	
Total Passive Investments	£4,738,457,626	
Total Pooled Assets	£16,205,192,851 as at 30 June 2023	

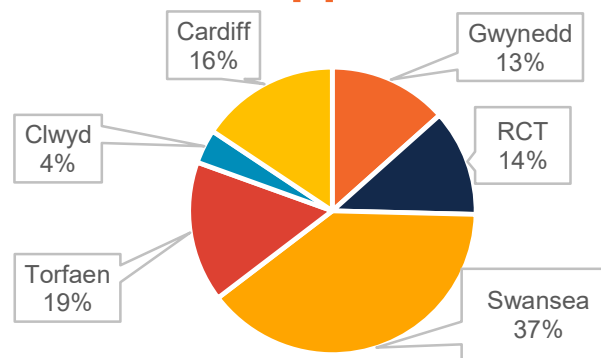
June 2023 Fund Snapshot - Equities

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

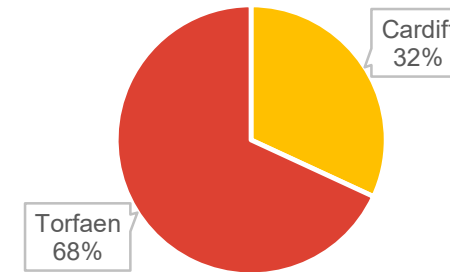
Global Growth



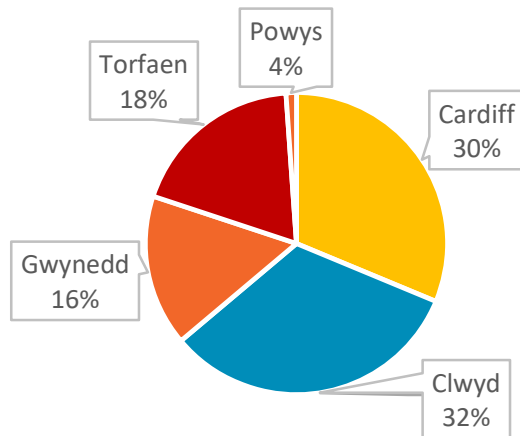
Global Opportunities



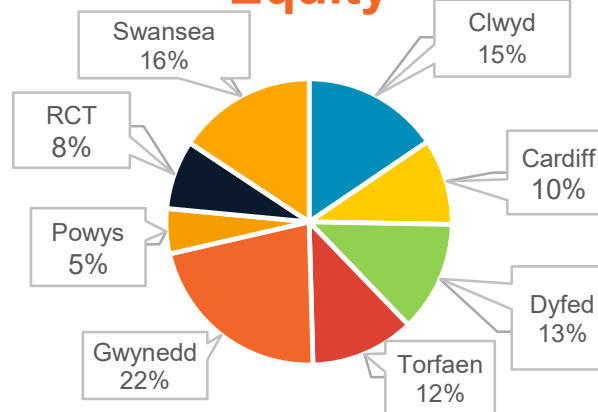
UK Opportunities



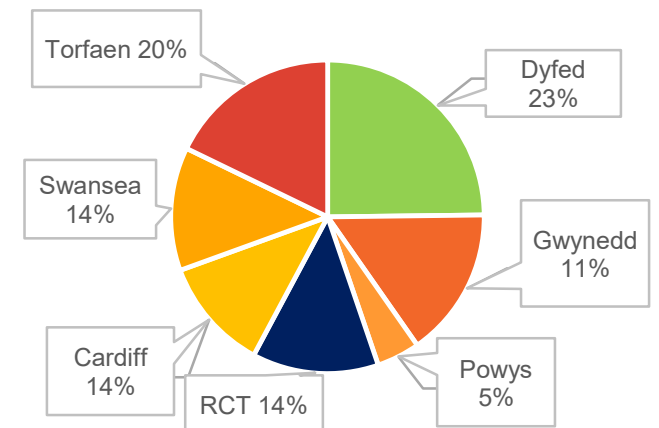
Emerging Markets



Sustainable Active Equity



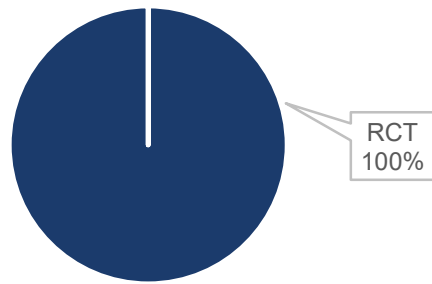
Passive*



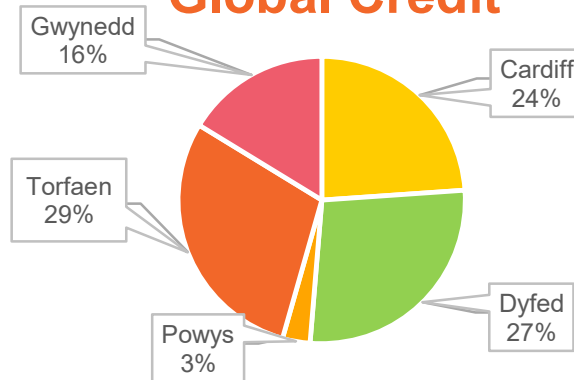
* Assets with BlackRock 4

June 2023 Fund Snapshot - Fixed Income

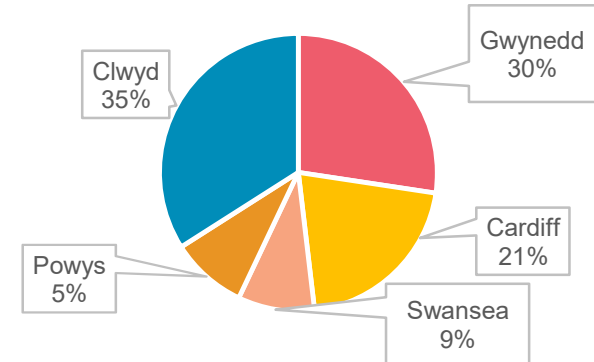
Sterling Credit



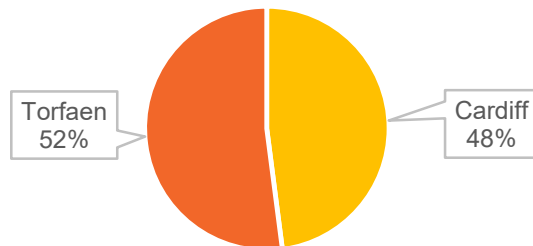
Global Credit



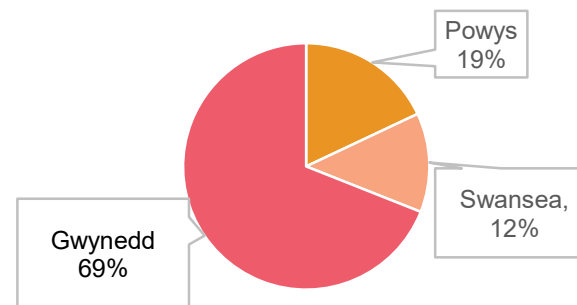
Multi Asset Credit



Global Gov. Bond






Absolute Return Bond







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

Sub-Funds Update

Fund Launches & Changes			
	Activity	Status	Commentary
Completed Fund Launches & Changes	Establishment of a Sustainable Equities Fund		Fund Launched 20 June 2023, with handover to Russell Investments from Transition Manager due on 14 July 2023
Ongoing Fund Launches & Changes	Addition of Robeco to the Global Credit fund, removal of T Rowe Price		New Investment Manager 'Robeco' to be implemented Q3 2023.
	Addition of New Investment Manager to the Global Growth Fund, as an addition to current Managers		Proposed addition new manager to be discussed with Host and Hymans before sharing with Constituent Authorities with rationale behind the change





Status key:

-  Completed or already in place
-  On target;
-  Delay Expected;
-  Not Applicable


Initiatives

Business as Usual + Key Changes			
	Activity	Status	Commentary
Management Information	Move to Quarterly Reporting cycle with changes to information captured	✓	Quarterly Reporting cycle now implemented
Class action reporting	Rolled out class action reporting to the Host on quarterly basis	✓	We have continued to provide the Class Action reporting to the Host Authority





Status key:

	Completed or already in place
	On target;
	Delay Expected;
	Not Applicable

Market Updates

Activity	Status	Commentary
Russia / Ukraine	Impact to ACS sub-funds holding Russian companies 	LFSL continue to monitor the situation and will advise Constituent Authorities of any developments. Our Fair Value Pricing Committee regularly discuss and assets are still priced accordingly.

Status key:

-  Completed or already in place
-  On target;
-  Delay Expected;
-  Not Applicable

LFS Corporate Update & Engagement

Key Q1 and future WPP Engagement

Link attendance at OWG/JGC meetings in period:

- OWG 23 May 2023

Link attendance at OWG/JGC meetings in next quarter:

- WPP JGC 19 July 2023
- OWG 24 October 2023
- WPP JGC 20 September 2023

Link - Pension Committee attendance in period:

- Clwyd – Pension committee 23 June 2023

Link - Pension Committee attendance in next quarter:

- Powys Pensions and Investment Committee meeting – 6 October 2023

Other meetings in period

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

Other meetings in next quarter

- Host Authority update – occurs bi-weekly
- Strategic Relationship Review – 20 September 2023
- Pension Board Chairs Engagement Meeting - 3 October 2023

LFS Engagement Protocol – Business as Usual

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

Note: Meetings may be conducted remotely and/or amalgamated where required.

Link Engagement Protocol continued...

Host Authority Update	Frequency	Objective
	<ul style="list-style-type: none"> ▪ Bi-Weekly 	<ul style="list-style-type: none"> ▪ Regular Host Authority – LFS to discuss deliverables and business updates
WPP Attendees <ul style="list-style-type: none"> ▪ Anthony Parnell ▪ Tracey Williams 		<ul style="list-style-type: none"> ▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ James Zealander, Senior Relationship Manager ▪ Heidi Robinson, Relationship Managers (as required) ▪ Clair Baguley, Client Service Manager (as required)
Pension Fund Committees	Frequency	Objective
	<ul style="list-style-type: none"> ▪ Annual 	<ul style="list-style-type: none"> ▪ General update on the ACS and planned initiatives
<ul style="list-style-type: none"> ▪ Individual Pension Fund Committee meetings 		<ul style="list-style-type: none"> ▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ James Zealander, Senior Relationship Manager ▪ Heidi Robinson, Relationship Managers (as required) ▪ Russell Investments
Manager Engagement Days		Objective
	<ul style="list-style-type: none"> ▪ Annual 	<ul style="list-style-type: none"> ▪ Open day for presentations on strategy and performance (with IM)
<ul style="list-style-type: none"> ▪ Open to all involved parties 		<ul style="list-style-type: none"> ▪ Link Client Team ▪ Northern Trust ▪ Russell Investments and other Investment Managers ▪ Other consultants as required (e.g. bFinance)
Pension Board Engagement	Frequency	Objective
	<ul style="list-style-type: none"> ▪ Bi-Annual 	<ul style="list-style-type: none"> ▪ General update on the ACS and planned initiatives
WPP Attendees <ul style="list-style-type: none"> ▪ Chairpersons of the Constituent Authorities ▪ Host Authority 		<ul style="list-style-type: none"> ▪ Link Client Team ▪ Russell Investments

Relationship Managers

Name: James Zealander
Role: Senior Relationship Manager
Number: +44 (0)20 7954 9727
Email: James.Zealander@linkgroup.co.uk

Heidi Robinson
Relationship Manager
+44 (0) 7843 804917
Heidi.Robinson@linkgroup.co.uk

Head of Client Relations

Name: Richard Thornton
Role: Head of Relationship Management – Asset Owners
Number: +44 (0)20 7954 9806
Email: Richard.Thornton@linkgroup.co.uk

Executive Contact

Name: Karl Midl
Role: CEO & Managing Director
Number: +44 (0)7951 266225
Email: karl.midl@linkgroup.co.uk

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