



Wales Pension Partnership  
Joint Governance Committee  
Q1 2024 review – 17 July 2024



# Market Updates

As discussed at the last Joint Governance Meeting on 13 March 2024;

Waystone Management (UK) Limited (WMUK) are undertaking a full integration project to migrate former LFSL employees on to WMUK's systems (e.g. email, HR system & Finance platform) before October 2024. WMUK are undertaking a full review of all systems and controls to ensure the processes remain best in class. A timeline of events will be shared once they become available to ensure any potential updates for our clients is planned accordingly.

Waystone became the first independent ACD to have a Long Term Asset fund (LTAF) approved. The LTAF will invest in a blend of private market asset classes – such as private equity, private credit, infrastructure and real estate.

## **FCA business plan is looking at key items**

### Protecting consumers

Continuing to test higher standards through embedding the Consumer Duty. Working with regulatory partners to ensure pension products deliver value for money and working to ensure that consumers better engage with their pensions. There is continuing development with the use of Artificial Intelligence to help prevent fraud and scams.

### Ensuring market integrity

Finalise capital markets reforms and continue to lead the debate on how the right form of regulation can support growth for UK markets and investing in data and technology to support rigorous market oversight.

### Promoting effective competition

Continue to promote competition and innovation to deliver good outcomes for consumers. Identifying where more effective competition can better deliver fair value outcomes under the Consumer Duty. Continue to look to market reforms that bring the benefits of innovation and digitalisation.

## Market Updates continued.....

FCA published handbook changes from CP23/25

Handbook Notice 117, making various changes to COLL with effect from 2 April.

Key items was broadening the range of eligible assets available under the QIS regime. The FCA will now allow QIS to invest in interests in loans, as LTAFs are permitted to do.

Clarifying comprehensive cover requirements for global exposure in transactions in derivatives and forward transactions by a QIS. The rules now clarify that the determination of cover for such investments can permit the use of value-at-risk methodologies.

Correcting the rules around investment in second schemes In addition, the FCA had proposed aligning the rules for FAIFs and QIS with the LTAF rules, applying second scheme rules to a master scheme, rather than a feeder fund. Responses had highlighted issues surrounding FAIFs in this respect and the FCA will not carry forward the proposals, instead considering whether to consult further.





Accelerated Settlement Taskforce (AST) has published its report on the UK moving to an accelerated settlement cycle. Key recommendations of the report are that the UK should commit to moving to a T+1 settlement cycle. This move should take place no later than 31 December 2027. The UK and other European jurisdictions should collaborate closely to see if a coordinated move to T+1 is possible, and if other European jurisdictions commit to a transition date, then the UK should consider whether it wishes to align with that timeline.

Full regulatory update is issued to Host on monthly basis but can be obtained by signing up to on the Waystone Website.





[UK/EU updates Archives - Waystone Compliance](#)

# Business Update

## Oversight of Third Parties Q1-24

Activity	Status	Commentary
Transfer Agency – Northern Trust		Transfer Agency review to commence in Q2/3 2024. Review to undertake all dealing and processing functions by NT. (Fieldwork planned for November 2024 as merged with another review) date to be confirmed.
Fund Administration – Northern Trust		Fund Administration review completed in Q1 2024. No material findings reported across the business that includes functions solely for WPP.
Due Diligence Visits - Northern Trust		No planned scheduled visits for Q1-2024.  We do request that an annual Questionnaire is completed which demonstrates that the vendor is assessed on monthly basis against service levels and key performance indicators. In addition, it checks that they have the ability, capacity, financial soundness, and correct authorisation/s to perform the services outsourced to them and that they continue to fulfil their contractual obligations.
Due Diligence Visits - Russell Investments		No planned scheduled visits in this Quarter

### Status key:

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

# WPP SUB FUND VALUES AS AT 31 MARCH 2024

<b>Equities</b>	
<b>Fund</b>	<b>AUM</b>
Global Growth	£3,585,734,575
Global Opportunities	£3,286,471,524
UK Opportunities	£743,530,440
Emerging Markets	£259,409,623
Sustainable Active Equity Fund	£1,570,357,344
<b>Sub-Total</b>	<b>£9,445,503,506</b>

<b>Fixed Income</b>	
<b>Fund</b>	<b>AUM</b>
Multi Asset Credit	£732,390,846
Global Credit	£1,033,734,036
Global Government Bond	£488,815,286
Absolute Return Bond	£572,981,524
Sterling Credit	£707,816,825
<b>Sub-Total</b>	<b>£3,535,738,517</b>

<b>Total Active Investments</b>	<b>£12,981,242,024 as at 31 March 2024</b>
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## WPP SUB FUND VALUES & PERCENTAGE OWNERSHIP AS AT 31 MARCH 2024

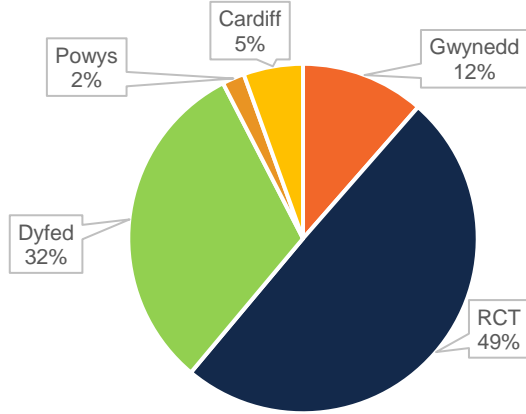
Fund name	Gwynedd	Powys	Clwyd	Swansea	Cardiff	Torfaen	RCT	Dyfed	Sub Fund Total
WS WPP Global Growth Fund	£415,427,861	£74,331,417			£199,080,522		£1,763,565,346	£1,133,329,430	£3,585,734,575
WS WPP Global Opportunities Equities Fund	£434,574,139			£1,182,967,233	£535,226,241	£646,508,795	£487,195,116		£3,286,471,524
WS Wales PP UK Opportunities Fund					£173,667,498	£569,862,942			£743,530,440
WS Wales PP Emerging Markets Equity Fund	£59,883,761	£15,268,127			£115,161,083	£69,096,652			£259,409,623
WS Wales PP Sustainable Active Equity Fund	£317,060,597	£73,888,642	£344,497,865	£227,342,533	£142,090,439	£170,526,941	£113,381,088	£181,569,239	£1,570,357,344
WS Wales PP Multi Asset Credit Fund	£226,013,120	£33,049,049	£251,529,683	£66,555,073	£155,243,921				£732,390,846
WS Wales PP Global Credit Fund	£222,997,251	£27,015,719			£207,388,953	£254,382,543		£321,949,570	£1,033,734,036
WS Wales PP Global Government Bond Fund					£234,350,977	£254,464,309			£488,815,286
WS Wales PP Absolute Return Bond Fund	£412,228,245	£90,596,572		£70,156,706					£572,981,524
WS Wales PP Sterling Credit Fund							£707,816,825		£707,816,825
<b>Constituent Authority Total</b>	<b>£2,112,020,375</b>	<b>£325,105,743</b>	<b>£491,890,398</b>	<b>£1,569,059,883</b>	<b>£1,742,490,365</b>	<b>£2,000,913,681</b>	<b>£3,083,426,084</b>	<b>£1,656,335,496</b>	<b>£12,981,242,024</b>

Fund name	Gwynedd	Powys	Clwyd	Swansea	Cardiff	Torfaen	RCT	Dyfed
WS WPP Global Growth Fund	12%	2%			5%		49%	32%
WS WPP Global Opportunities Equities Fund	13%			36%	16%	20%	15%	
WS Wales PP UK Opportunities Fund					23%	77%		
WS Wales PP Multi Asset Credit Fund	30%	5%	35%	9%	21%			
WS Wales PP Emerging Markets Equity Fund	23%	6%			44%	27%		
WS Wales PP Global Credit Fund	21%	3%			20%	25%		31%
WS Wales PP Global Government Bond Fund					48%	52%		
WS Wales PP Absolute Return Bond Fund	72%	16%		12%				
WS Wales PP Sterling Credit Fund							100%	
WS Wales PP Sustainable Active Equity Fund	20%	5%	22%	14%	9%	11%	7%	12%

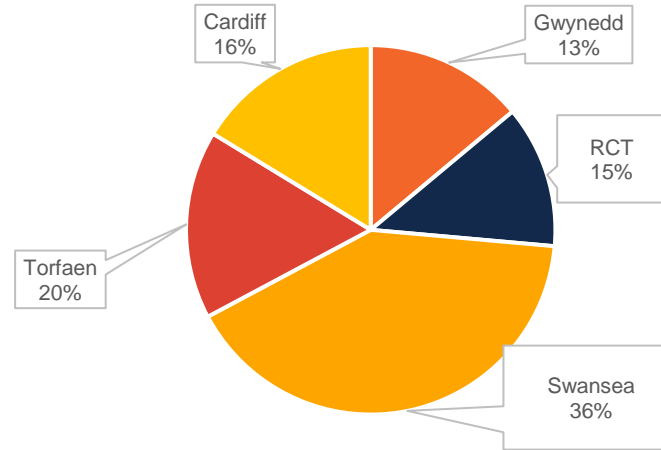
# March 2024 Fund Snapshot - Equities

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

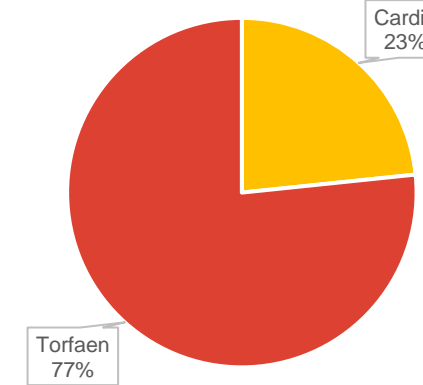
## Global Growth



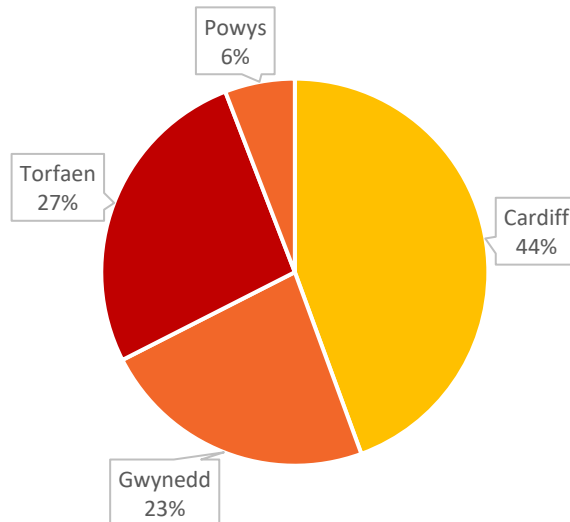
## Global Opportunities



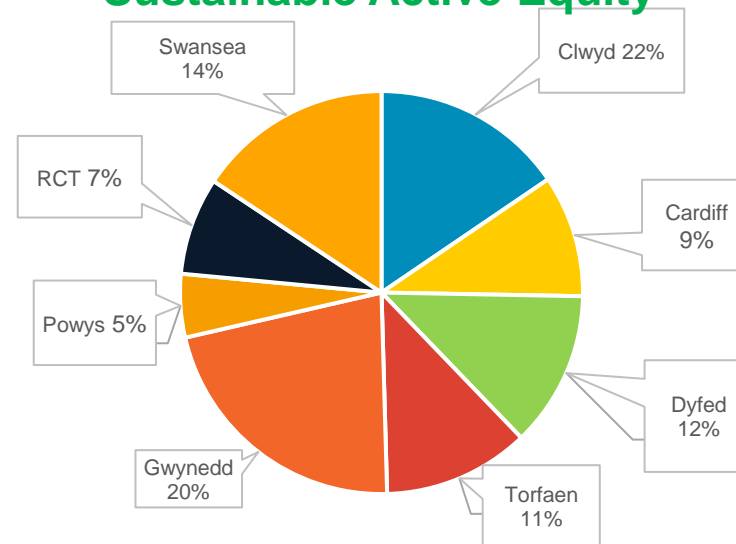
## UK Opportunities



## Emerging Markets

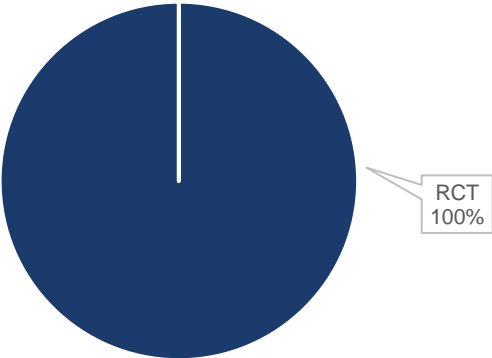


## Sustainable Active Equity

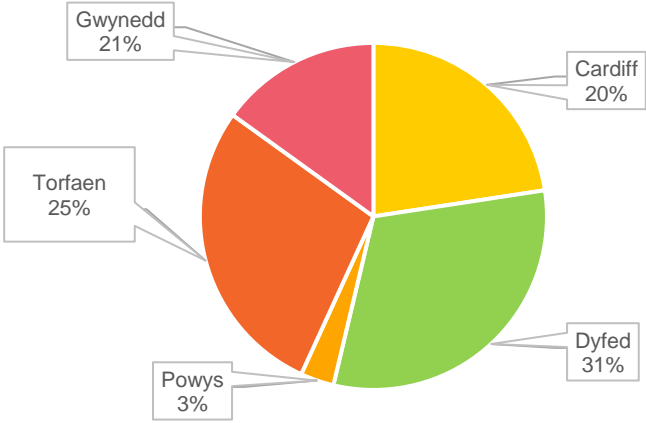


# March 2024 Fund Snapshot - Fixed Income

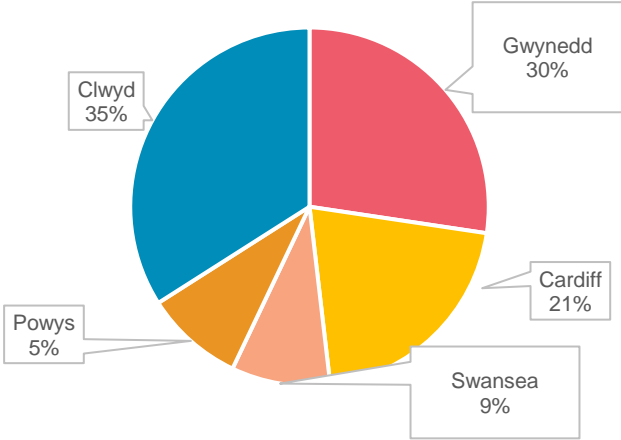
**Sterling Credit**



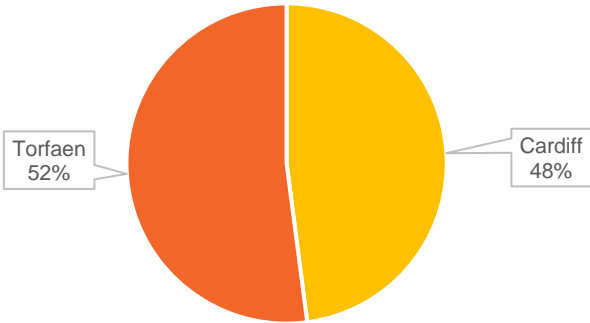
**Global Credit**



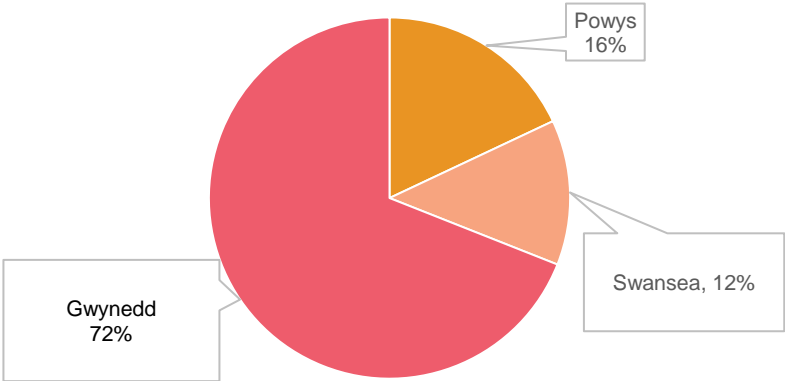
**Multi Asset Credit**



**Global Gov. Bond**



**Absolute Return Bond**




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







# Sub-Funds Update

## Fund Launches & Changes

	Activity	Status	Commentary
<b>Completed Fund Launches &amp; Changes</b>	N/a		N/a
	Addition of New Investment Manager to the Global Growth Fund, as an addition to current Managers		Proposed addition of new manager is being discussed with the Host and Russell Investment with further update/meetings to be arranged through Q2-24.

**Status key:**

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

# Market Updates

Market Updates			
	Activity	Status	Commentary
<b>Russia / Ukraine</b>	Impact to ACS sub-funds holding Russian companies	✓	WMUK 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. All WPP Funds holding no Russian companies.
<b>Middle East</b>	Impact to ACS sub-funds holding Israeli companies	✓	<p>Currently 8 securities held in Israeli companies across five sub funds;            Global Opportunities Fund - 1 company with 0.01% exposure.            Global Credit Fund – 2 companies with 0.245%.            Multi Asset Credit Fund – 2 companies with 0.596%.            Absolute Return Fund – 2 companies with 0.064%.            Global Government Bond Fund – 1 company with 0.343%</p> <p>Total value of approx. £9.54m.</p> <p>Situation currently being monitored as part of the BAU oversight process.</p>

**Status key:**

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

# WMUK Corporate Update & Engagement

## Key Q1 and future WPP Engagement

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

- OWG 2 February 2024
- WPP JGC 13 March 2024

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

- OWG 21 May 2024
- WPP JGC 17 July 2024

### **Waystone attendance at Strategic Relationship Review:**

- 17 May 2024

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

- No meetings scheduled in person

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

- Clwyd Pension Committee meeting, 19 June 2024

### **WPP Pension Board Chairs Engagement meeting**

- 9 April 2024

### **Other meetings in period**

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

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

- Host Authority update – occurs bi-weekly
- Training 18 June 2024 – Cyber Security & Product knowledge

# WMUK 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 WMUK</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>Waystone Attendees</b> <ul style="list-style-type: none"><li>▪ Karl Midl, Country Head, UK and CEO</li><li>▪ Rachel Wheeler, Global Product Head – Regulated Fund Solutions</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>Waystone Attendees</b> <ul style="list-style-type: none"><li>▪ Karl Midl, Country Head, UK and CEO / Peter Ritchie, Head of Investment Management 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>▪ Quarterly</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 quarterly)</li></ul>
<b>WPP Attendees</b> <ul style="list-style-type: none"><li>▪ Officers Working Group (OWG)</li></ul>		<b>Waystone 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>▪ Peter Ritchie, Head of Investment Management Oversight</li><li>▪ Heidi Robinson, Relationship Manager (as required)</li><li>▪ Ad-hoc Link attendance from functional departments: Tax, Compliance, Product, etc.</li><li>▪ Russell Investments</li></ul>

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

# WMUK Engagement Protocol continued...

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

# Thank you

## Relationship Managers

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Heidi Robinson  
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## Head of Client Relations

Name: Richard Thornton  
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## Executive Contact

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