



Wales Pension Partnership
Joint Governance Committee
Q2 2024 review – 18 September 2024



Market Updates





Waystone Management (UK) Limited (WMUK) have been re-appointed by the Wales Pension Partnership as Operator to the Pool.

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 and undertaken in phased approach.





FCA business plan is looking at key items. 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](#)

Title	Timing	WMUK Impact	WPP Impact
FCA speeches on asset management	Immediate	To Note	Low
Assessment of Value (AOV) - Industry update	Immediate	High	High
FCA: Operational resilience – insights and observations for firms	Immediate	High	High
The Pensions Regulator - cyber security guidance revised to help tackle threat	Immediate	Low	Medium
FCA: Updated webpage on sustainability disclosure and labelling regime and final Anti-Greenwashing guidance and consultation on Sustainability Disclosure Requirement (SDR) application to portfolio management Services	Immediate	Low	Medium
Sustainability Disclosure requirements(SDR): Implementation update 2024	Immediate	Medium	Medium
His Majesty's Treasury (HMT)/FCA joint roadmap for Overseas Funds Regime (OFR) implementation and transition from Temporary Marketing Permissions Regime (TMPR)	Immediate	To Note	Medium

Oversight of Third Parties Q2-24

Activity	Status	Commentary
Transfer Agency – Northern Trust		Transfer Agency review commenced end of Q2 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. Draft Report – Report issued to Northern Trust for review and comment, expected final version to be issued in August 2024.
Due Diligence Visits - Northern Trust		An annual Questionnaire completed in Q1-24, 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. Final Report Issued in Q2-24, with two Medium rated findings that are not specific WPP. Findings to be issued with quarterly management information.
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 30 JUNE 2024

Equities	
Fund	AUM
Global Growth	£3,534,088,096
Global Opportunities	£3,333,445,807
UK Opportunities	£736,475,156
Emerging Markets	£268,560,479
Sustainable Active Equity Fund	£1,582,290,626
Sub-Total	£9,454,860,164

Fixed Income	
Fund	AUM
Multi Asset Credit	£734,919,140
Global Credit	£1,009,138,378
Global Government Bond	£484,859,340
Absolute Return Bond	£575,716,556
Sterling Credit	£707,349,580
Sub-Total	£3,511,982,994

Total Active Investments	£12,966,843,158 as at 30 June 2024
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WPP SUB FUND VALUES & PERCENTAGE OWNERSHIP AS AT 30 JUNE 2024

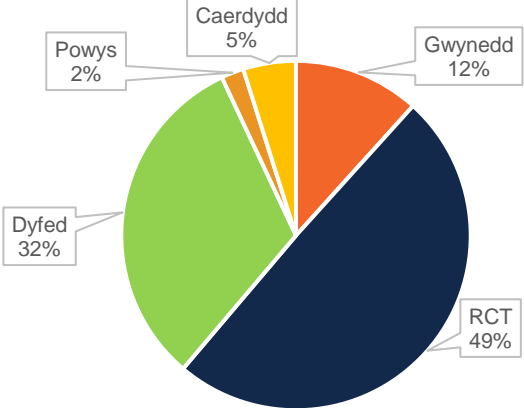
Fund name	Gwynedd	Powys	Clwyd	Swansea	Cardiff	Torfaen	RCT	Dyfed	Sub Fund Total
WS WPP Global Growth Fund	£412,949,712	£73,887,992			£172,586,733		£1,748,094,904	£1,126,568,755	£3,534,088,096
WS WPP Global Opportunities Equities Fund	£441,058,748			£1,200,619,177	£543,212,762	£656,155,873	£492,399,247		£3,333,445,807
WS Wales PP UK Opportunities Fund					£152,181,964	£584,293,192			£736,475,156
WS Wales PP Emerging Markets Equity Fund	£61,996,204	£15,806,721			£119,223,471	£71,534,083			£268,560,479
WS Wales PP Sustainable Active Equity Fund	£319,632,801	£74,488,073	£346,184,809	£229,186,886	£143,243,172	£171,910,370	£114,602,256	£183,042,259	£1,582,290,626
WS Wales PP Multi Asset Credit Fund	£228,856,084	£33,464,763	£248,009,348	£67,392,254	£157,196,691				£734,919,140
WS Wales PP Global Credit Fund	£223,130,930	£27,031,921			£182,297,921	£254,535,034		£322,142,572	£1,009,138,378
WS Wales PP Global Government Bond Fund					£232,454,392	£252,404,948			£484,859,340
WS Wales PP Absolute Return Bond Fund	£431,893,383	£72,197,884		£71,625,289					£575,716,556
WS Wales PP Sterling Credit Fund							£707,349,580		£707,349,580
Constituent Authority Total	£2,119,517,862	£296,877,354	£594,194,157	£1,568,823,606	£1,702,397,106	£1,990,833,500	£3,062,445,987	£1,631,753,586	£12,966,843,158

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					21%	79%		
WS Wales PP Multi Asset Credit Fund	31%	5%	34%	9%	21%			
WS Wales PP Emerging Markets Equity Fund	23%	6%			44%	27%		
WS Wales PP Global Credit Fund	22%	3%			18%	25%		32%
WS Wales PP Global Government Bond Fund					48%	52%		
WS Wales PP Absolute Return Bond Fund	75%	13%		12%				
WS Wales PP Sterling Credit Fund							100%	
WS Wales PP Sustainable Active Equity Fund	20%	5%	22%	15%	9%	11%	7%	12%

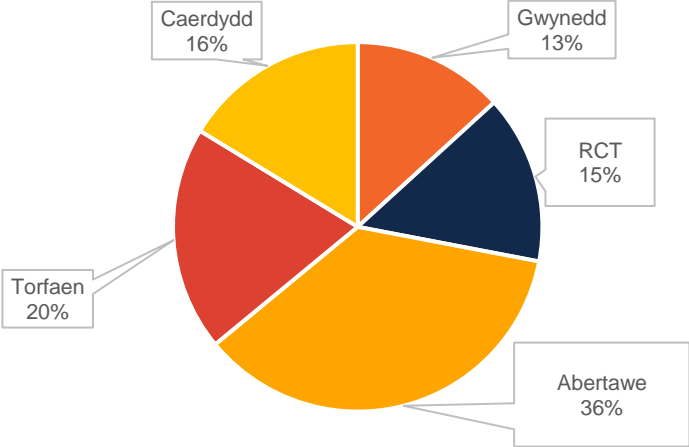
June 2024 Fund Snapshot - Equities

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

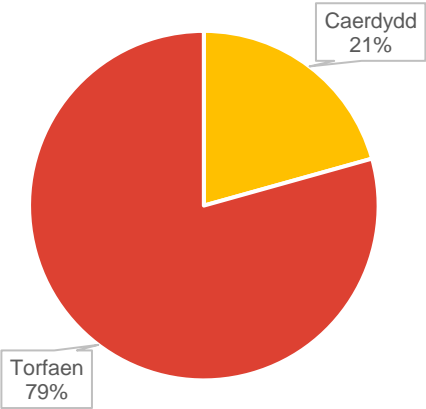
Global Growth



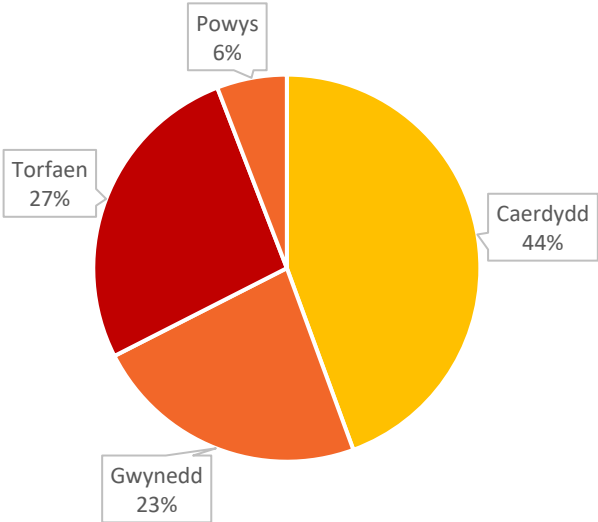
Global Opportunities



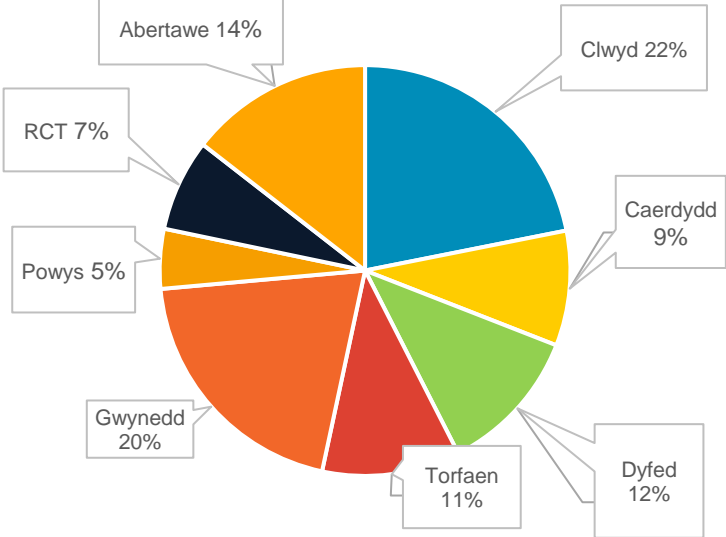
UK Opportunities



Emerging Markets

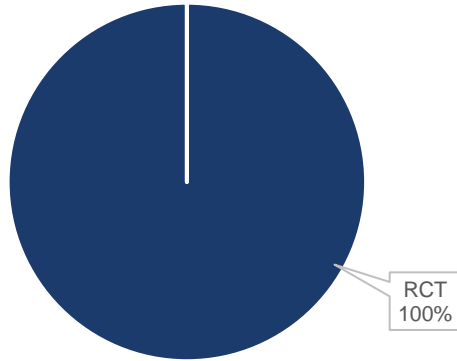


Sustainable Active Equity

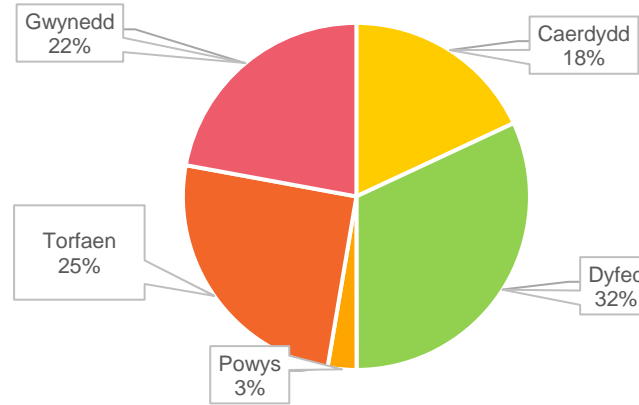


June 2024 Fund Snapshot - Fixed Income

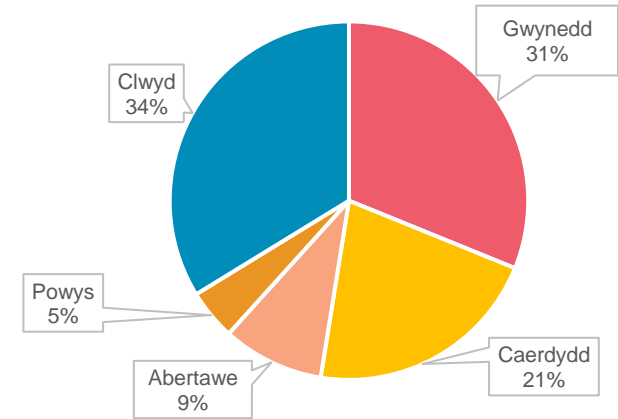
Sterling Credit



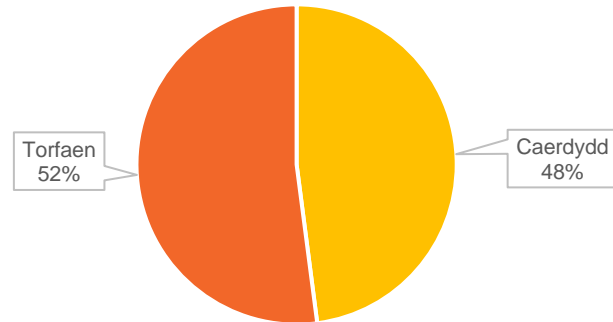
Global Credit



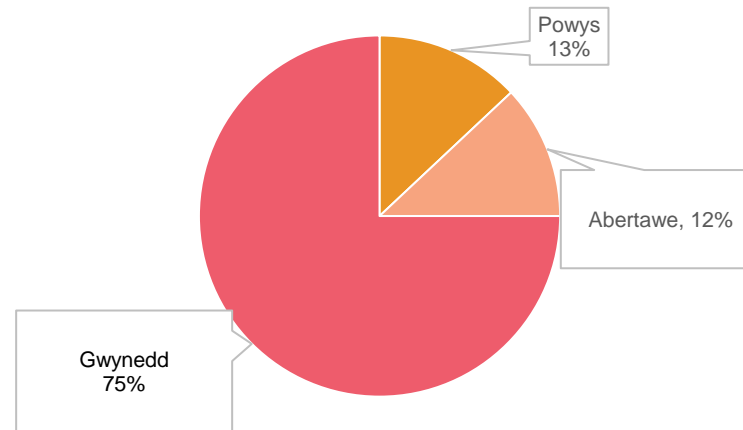
Multi Asset Credit



Global Gov. Bond



Absolute Return Bond



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

Sub-Funds Update

Fund Launches & Changes

	Activity	Status	Commentary
Completed Fund Launches & Changes	N/a		N/a
	Addition of New Investment Manager to the Global Growth Fund, as an addition to current Managers	✓	<p>Proposed addition of new manager was being discussed with the Host and Russell Investment with further update/meetings to be arranged through Q2-24.</p> <p>WPP confirmed that additional papers were being provided by RI to consider the funds position, with update provided at OWG in July whereby it was agreed that RI will take on the Management of this fund. Project Transition has been set up and weekly calls scheduled with a target completion date Q4-24.</p>
	Removal of Artemis from Sustainable Active Equity Fund	✓	<p>Artemis has announced the departure of the current portfolio management team. This strategy accounted for £118m (or 8.8%) of the WS Wales PP Sustainable Active Equity Fund, as at 29 Dec 2023. RI to wind down exposure across the mandate as soon as possible. RI plan to re-allocate proceeds equally to two other growth-oriented strategies, Mirova and Neuberger Berman.</p> <p>This has gone through WMUK Governance and Depository, with the change approved. The removal to take effect from 11 July 2024. Investor notice to be issued on 4 July 2024 to all Constituent Authorities.</p>

Status key:

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

Market Updates

Market Updates			
	Activity	Status	Commentary
Russia / Ukraine	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.
Middle East	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> <p>Figures from end of March 2024.</p>

Status key:

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

WMUK Corporate Update & Engagement

Key Q2 and future WPP Engagement

Waystone attendance at OWG/JGC meetings in period:

- OWG 21 May 2024

Waystone attendance at OWG/JGC meetings in next quarter:

- OWG 22 July 2024
- WPP JGC 17 July 2024
- WPP JGC 18 September 2024

Waystone attendance at Strategic Relationship Review:

- 17 May 2024

Waystone - Pension Committee attendance in period:

- Clwyd Pension Meeting in person 19 June 2024

Waystone - Pension Committee attendance in next quarter :

- None at Present

WPP Pension Board Chairs Engagement meeting

- None at Present

Other meetings in period

- Host Authority update – occurs bi-weekly
- WPP briefing / training session – (Cyber & Listed Sub Fund Session) 18 June 2024
- LGPS Liquidity Round Table – 16 May 2024

Other meetings in next quarter

- Host Authority update – occurs bi-weekly
- LGPS – Levelling Up round table – 18 Sept 2024

WMUK 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 WMUK
WPP Attendees <ul style="list-style-type: none">▪ Chris Moore▪ Anthony Parnell▪ Two Section 151 / Deputy Section 151 officers		Waystone Attendees <ul style="list-style-type: none">▪ Karl Midl, Country Head, UK and CEO▪ Rachel Wheeler, Product Head – Regulated Fund Solutions▪ 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)		Waystone Attendees <ul style="list-style-type: none">▪ Karl Midl, Country Head, UK and CEO / Peter Ritchie, Head of Investment Management 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 quarterly)
WPP Attendees <ul style="list-style-type: none">▪ Officers Working Group (OWG)		Waystone Attendees <ul style="list-style-type: none">▪ James Zealander, Senior Relationship Manager▪ Richard Thornton, Head of Relationship Management, Asset Owners▪ Peter Ritchie, Head of Investment Management Oversight▪ Heidi Robinson, Relationship Manager (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.

WMUK Engagement Protocol continued...

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

Thank you

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