

Consultant's Objectives	Progress report during 2024
<p>1. Advise on a suitable investment strategy, and amendments to the strategy, to deliver the required investment returns from the Fund's investments to support progress towards a long-term steady state of funding.</p>	<p>The Fund receives advice on commitments to private market mandates in order to maintain target allocations.</p> <p>The Fund has carefully considered options available to it as the Lothbury Property Fund terminated, receiving advice throughout. Ultimately, the holdings will be liquidated and proceeds returned directly to the Fund.</p> <p>The Fund received advice on the evolution of the WPP active equity mandates.</p> <p>The Fund received advice in support of indicative allocations to passive equity solutions via BlackRock and WPP Property solutions.</p> <p>The Fund received advice on forecasting of private market capital requirements to aid liquidity needs.</p> <p>The Fund's returns over 12 months to 30 September 2024 were in excess of 12%, and remain above 7.5% since inception.</p>
<p>2. Deliver an investment approach that reflects the Fund's cashflow position, and likely evolution, and minimises the risk of forced disinvestment.</p>	<p>Advice was provided on a cashflow waterfall to ensure there is sufficient liquidity to meet private market commitments. A framework has been agreed and liquidity needs continue to be monitored based on the managers' capital call projections.</p> <p>The 2022 actuarial valuation indicated the Fund is expected to be cashflow positive (annual income exceeds annual outgo) for a number of years. This will be reviewed at the 2025 actuarial valuation.</p>
<p>3. Advise on the cost efficient implementation of the Fund's investment strategy as required, taking into account the evolution of the Wales Pension Partnership.</p>	<p>WPP develops investment mandates, and the Fund takes advice from its investment consultant on their use in the Fund's investment strategy, though the Fund may consider non-pool investment mandates where suitable oversight is provided through WPP.</p>

	<p>Private market allocations continue to run off for non-pooled holdings and draw down for pooled solutions.</p> <p>Initial advice was received by the Fund in preparation for pooling of property mandates.</p> <p>The Fund continues to assess the evolution of passive equity solutions that embed WPP's responsible investment (RI) expectations.</p>
<p>4. Ensure advice complies with relevant pensions regulations, legislation and supporting guidance.</p>	<p>All arrangements remain compliant.</p> <p>There have been no recent regulatory changes that the Fund needed to be aware of, although the Fund continues to monitor expected legislative changes (e.g. TCFD and LGPS asset pooling). Guidance is provided by the investment consultant as seen fit by the Fund in relation to pooling of assets as noted in 3, above.</p>
<p>5. Develop the Committee's policies and beliefs, including those in relation to Responsible Investment.</p>	<p>The Fund updated its Investment Strategy Statement over the year.</p> <p>The Investment Consultant supported CIPFA risk reporting as requested.</p> <p>The Fund developed a RI policy in 2022 which continues to guide its investment decision-making and evolve as appropriate.</p>
<p>6. Ensure our advice reflects the Committee's own policies and beliefs, including those in relation to Responsible Investment considerations.</p>	<p>Advice has been provided on new investments, to ensure these are consistent with the Fund's investment strategy and RI policy. The Fund will be undertaking further work in relation to climate related risk and net zero over 2025.</p>
<p>7. Provide relevant and timely advice. Services shall be proportionate and competitive in terms of costs relative to consultant peer group. Services should adhere to agreed budgets and be transparent, itemising additional work with fees in advance.</p>	<p>The Fund undertook a retender for investment consultancy services over 2024, and reappointed Hymans Robertson. Costs and quality of services were components of this assessment.</p> <p>Timely advice and regular updates are given, including quarterly performance monitoring, advice on rebalancing and support on asset transitions.</p> <p>Hymans' fees are in line with peer group, with fixed fees for certain core tasks, and time-cost</p>

	<p>fees for additional tasks. Large project fees are agreed in advance.</p> <p>Hymans provide annual scope plans, use pre-agreed budgets and itemise where possible.</p> <p>Hymans is working with the Fund to establish a scope and plan for 2025.</p>
<p>8.Help the Committee develop knowledge and understanding of investment matters.</p>	<p>Hymans have not provided any direct training on new asset classes but support in this regard is provided through WPP.</p> <p>The investment consultant keep the Panel updated on market developments via presentation of the quarterly performance reports.</p> <p>The investment consultant joins and supports meetings with investment managers to ensure the Panel maintain and develop understanding of its allocations.</p> <p>Hymans support as required in relation to pooling, following government consultation on the LGPS.</p>
<p>9. Develop the Committee's knowledge on ESG and climate risk.</p>	<p>Hymans continue to incorporate ESG and climate risk considerations in its advice.</p> <p>Over the period this included initial discussion on the evolution of WPP active equity mandates, and passive solutions provided by BlackRock that integrate the pool's RI beliefs.</p> <p>The Fund continues to monitor the requirements relating to TCFD, measurement of carbon emissions for the portfolio and net zero targets.</p> <p>Further work on climate related risk and net zero alignment is planned for early 2025.</p>
<p>10. The investment consultant works collaboratively with the Fund's actuary, asset managers, and custodian, as well as with other third parties including the pool's operator and advisors.</p>	<p>Hymans work with the Fund's actuary (also Hymans) as appropriate. Over the year this has included identifying an improvement in the Fund's funding level and following up with investment advice. Hymans work with investment managers where relevant for performance reporting, and also projection of private market commitments to support efficient cashflow management.</p>

