

## Pensions and Investment Committee

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Meeting Venue  
**Zoom**

Meeting Date  
**Friday, 6 October 2023**

Meeting Time  
**10.00 am**

For further information please contact

**Rachel Pugh**  
01597 826496  
rachel.pugh1@powys.gov.uk



County Hall  
Llandrindod Wells  
Powys  
LD1 5LG  
02.10.2024

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Mae croeso i chi siarad yn Gymraeg neu yn Saesneg yn y cyfarfod. Rhowch wybod pa iaith rydych am ei defnyddio erbyn hanner dydd, ddau ddiwrnod gwaith cyn y cyfarfod.

You are welcome to speak Welsh or English in the meeting. Please inform us of which language you wish to use by noon, two working days before the meeting.

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### AGENDA

<b>1.</b>	<b>APOLOGIES</b>
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To receive apologies for absence

<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>
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To receive any declarations of interest from Members relating to items to be considered on the Agenda

<b>3.</b>	<b>MINUTES</b>
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To authorise the Chair to sign the minutes of the last meeting held on 07 July 2023 as a correct record

<b>4.</b>	<b>ADMINISTRATION AND GOVERNANCE REPORT</b>
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To receive the Administration and Governance Report  
(Pages 5 - 32)

<b>5.</b>	<b>NEW FUND EMPLOYER</b>
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To receive the New Fund Employer Report  
(Pages 33 - 34)

<b>6.</b>	<b>WALES PENSION PARTNERSHIP [WPP] UPDATE</b>
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To receive the WPP Report  
(Pages 35 - 100)

<b>7.</b>	<b>EXEMPT ITEM</b>
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The Monitoring Officer has determined that category 3 of the Access to Information Procedure Rules applies to the following items. His view on the public interest test (having taken account of the provisions of Rule 14.8 of the Council's Access to Information Rules) was that to make this information public would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information). These factors in his view outweigh the public interest in disclosing this information.

Members are asked to consider these factors when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.

<b>8.</b>	<b>OPERATOR UPDATE</b>
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To receive the Operator Update Presentation  
(Pages 101 - 148)

<b>9.</b>	<b>RUSSELL INVESTMENTS UPDATE</b>
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To receive the Russell Investments Presentation – See Item 8

<b>10.</b>	<b>INVESTMENT STRATEGY</b>
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To review the Investment Strategy from Aon

(Pages 149 - 164)

<b>11.</b>	<b>CASHFLOW</b>
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To consider the Cashflow Report from Aon

(Pages 165 - 176)

<b>12.</b>	<b>PRIVATE EQUITY</b>
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To consider the Private Equity Report from Aon

(Pages 177 - 182)

<b>13.</b>	<b>INVESTMENT PERFORMANCE</b>
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To consider the Investment Performance report from Aon  
(Pages 183 - 200)

<b>14.</b>	<b>WALES PENSION PARTNERSHIP PROCUREMENT</b>
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To consider the Wales Pension Partnership Operator Procurement report  
(Pages 201 - 204)

<b>15.</b>	<b>DRAFT ANNUAL REPORT</b>
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To receive the Draft Annual Report  
(Pages 205 - 280)

<b>16.</b>	<b>RESPONSIBLE INVESTMENT SUB-GROUP</b>
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To receive the Responsible Investment Sub-Group Report  
(Pages 281 - 284)

<b>17.</b>	<b>EMPLOYERS PERFORMANCE</b>
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To receive the Employers Performance Report  
(Pages 285 - 292)

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**CYNGOR SIR POWYS COUNTY COUNCIL****Pensions and Investment Committee  
6<sup>th</sup> October 2023****REPORT BY: Head of Finance****SUBJECT: Administration and Governance Update**

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**REPORT FOR: Information**

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**1. Summary**

1.1 This report has been produced to provide Committee with an update on Local Government Pension Scheme (LGPS) governance and administration matters and the potential impact of these on the Powys Pension Fund.

1.2 It is provided in addition to and supplements, where appropriate, the executive summary presented by the Powys Pension Board Chair and will provide updates on:

- Scheme Advisory Board (SAB) and the Local Government Association (LGA)
- The Pension Regulator (TPR)
- Update on the Fund's risk register
- Update on the Fund's breaches register

**2. Scheme Advisory Board Updates**

2.1 This section provides an update on the Scheme Advisory Board (SAB) notifications since the last meeting.

**2.2 2022 Scheme Annual Report**

The Board published its latest Annual Report on the 26<sup>th</sup> of June 2023.

The report combines the information from 86 Pension Fund Annual Reports at the 31<sup>st</sup> of March 2022.

Some highlights from the report include:

- Total membership of the scheme increased by 2.6% to 6.39 million members (from 6.23 million in 2021)
- Total LGPS assets increased to £369 billion (an increase of 7.8%)

- local authority returns on investment over 2021/22 was 8.1 per cent, compared to UK CPI year on year inflation of 8.8 per cent (September to September)
- Scheme remains cashflow positive (including investment return)
- 1.95 million pensioners paid
- total management charges increased by £385 million (22.5 per cent) from £1,711 million. This was primarily driven by a £381 million rise in investment management charges, while administration and oversight and governance costs remained broadly stable.

### **2.3 Review of Annual Report Guidance**

The SAB has identified areas in the CIPFA 2019 guidance on producing the annual report, which they are looking to revise. The aim is to streamline the guidance and reduce duplication with other reporting requirements.

An area identified for improvement is on how funds should report and categorise assets.

The administration KPI's are also under review to help standardise reporting and benchmarking.

The aim is to have the guidance in place for the 2023/24 reporting period.

### **2.4 SAB Responds to Cost Management Consultation**

On 6 March 2023, the SAB responded to the consultation on changes to their cost management process. The response is generally supportive of the Department for Levelling Up, Housing and Communities' (DLUHC) approach.

### **2.5 2022 Scheme Valuation Report**

The SAB published the 2022 Scheme valuation report on the 10<sup>th</sup> of August 2023. The report is drawn from the local fund valuation reports.

Some highlights include:

- the average funding level has improved from 98 per cent in 2019 to 107 percent in 2022 (on local funding bases) – all fund valuation reports show an improvement since 2019
- the average contribution rate to meet future service costs rose from 18.6 percent of payroll in 2019 to 19.8 per cent of payroll in 2022
- overall contribution rates fell from 22.9 percent of payroll in 2019 to 21.1 percent of payroll in 2022 – this reflects lower deficit contributions

- employee contribution rates marginally increased from 6.5 percent of pay to 6.6 percent.

### 3. **LGPS Updates**

#### 3.1 **DLUHC consultation on investment reforms**

The Chancellor recently announced some reforms to pension investments and a consultation was opened.

##### **The consultation seeks views on proposals in five areas:**

- **Pooling:** a deadline of 31 March 2025 for funds to transition all listed assets to their pool and a move to fewer, larger pools, each with assets in excess of £50 billion, to maximise benefits of scale
- **Levelling up:** requiring that funds have a plan to invest up to 5 percent of assets to support levelling up in the UK
- **Private equity:** an ambition to increase investment into high growth companies via unlisted equity
- **Investment consultants:** regulations to implement the requirements set out in an order made by the Competition and Markets Authority in respect of the LGPS
- **Definition of investments:** a technical change to the definition in the LGPS Investment Regulations 2016.

The consultation closed on 2 October 2023 and the Fund has submitted a response, which was circulated to Committee and Board.

#### 3.2 **McCloud**

On 8 September 2023, the Department for Levelling Up Housing and Communities (DLUHC) laid [The Local Government Pension Scheme \(Amendment\) \(No. 3\) Regulations 2023](#) which took effect from 1<sup>st</sup> October 2023. It also published updated versions of the member factsheet. These documents can be seen in the McCloud remedy section of the [GOV.UK website](#).

The regulations implement the McCloud remedy and change the existing underpin to ensure it works effectively and consistently for qualifying members. The regulations take effect from 1 October 2023.

The Pensions Section is working on the McCloud data collection exercise with employers. It also updating internal worksheets to incorporate the appropriate McCloud checks and training staff on the process.

This exercise will be a significant undertaking and will impact on the administration team. Committee will be aware that the Fund increased the administrative resource in 2021 and a review is being undertaken to assess whether that has achieved its objectives.

#### 4. The Pensions Regulator (TPR)

The [Pensions Dashboard Programme](#) (PDP) regularly publishes a newsletter which includes updates on:

- their new connection hub, which provides useful resources and information to prepare for connection to the ecosystem
- their pensions dashboards myth busting video
- understanding the dashboards available

#### **Pensions Dashboards Amendment Regulations 2023**

The Department for Work and Pensions (DWP) has laid the Pensions Dashboards (Amendment) Regulations 2023 [SI2023/858]. A revised staging timetable will be set out in guidance and all schemes in scope will need to connect by 31 October 2026. The staging timetable will indicate when schemes are scheduled to connect, based on their size and type.

#### **Staging dates – TPR expectations**

TPR has updated its 'Failing to comply with dashboards duties' guidance. The purpose of the updates is to outline what schemes will need to do to demonstrate that they have had regard to the staging timetable. The staging timetable will be set out in connection guidance.

TPR expects schemes to do the following to show that they have regard to the connection guidance:

- Connect to dashboards by the connection deadline of 31 October 2026 that is set out in legislation. Failure to do so could result in regulatory action by TPR.
- A revised staging timetable will be set out in guidance which will indicate when schemes are scheduled to connect. All trustees and scheme managers must have regard to this guidance. Failure to do so will be a breach of legislation.

Although the timelines in guidance will not be mandatory, schemes will be expected to demonstrate how they have had regard to the guidance. Amongst other considerations, this means that scheme managers:

- should not make decisions about connection until they have engaged with the guidance
- must be able to demonstrate that they have adequate governance and processes for making such decisions. The reasoning for the decisions should be clearly considered and documented, as should how relevant risks are identified, evaluated and managed
- should make sure that they have access to all the relevant information before making decisions and acting on them. This



includes engaging with those who are supporting them to develop a practical delivery plan. Clear and accurate audit trails need to be kept demonstrating the decisions made, the reasons for them and the actions taken

The administration team are currently working on assessing the quality of the data required for the pension dashboard exercise and the initial results demonstrate that the data is of a very high quality.

Work will continue on data cleansing ahead of the eventual live launch.

## **Risk Register**

6.1 Committee will recall that the risk register has been consolidated into three separate categories, with the appropriate risks listed in each of those categories:

- Administration
- Governance
- Investment

It is felt that this will make the risk register easier to review and monitor as is attached as an appendix to this report for your review.

At the last Committee meeting, it was suggested that the risk register be updated to incorporate Climate Change as an independent risk. Previously, this was included within the Fund's Responsible Investment Policy, so it makes sense to include it within the risk register.

This has been done and is presented as Risk INVEST00012 for Committee's consideration.

## **7 Breaches Register**

7.1 Section 70 of the Pension Act 2004 sets out the legal duty to report breaches of the law. In the Pensions Regulator Code of Practice no 14, published in April 2015, paragraphs 241 to 275 provides guidance on reporting these breaches.

Under the policy, breaches of the law are required to reported to the Pensions Regulator where there is a reasonable cause to believe that:

- a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with
- the failure to comply is likely to be of material significance to the regulator in the exercise of any of its functions.

7.2 The latest version of the breaches register is attached, for information.

Work has taken place on measuring employer performance against the timeliness of submission of contributions and supporting paperwork to the Fund. There is a requirement within the LGPS regulations for

employers to submit contributions over to the pension fund within a statutory time frame. Where this does not happen, it is recorded as breach of the regulations. This has now been added and will be regularly monitored.

More supporting information is presented in the Employer performance item, later in the agenda.

## 8 Recommendation

- 8.1 To note the contents of this report and approve the updated Investment risk register.

<b>Recommendation:</b>		<b>Reason for Recommendation:</b>	
To note the content of the report and approve the amendments to the Investment Risk Register		As per report	
<b>Person(s) To Action Decision:</b>	Pension Fund Manager		
<b>Date By When Decision To Be Actioned:</b>	Immediately		
<b>Relevant Policy (ies):</b>	N/A		
<b>Within Policy:</b>	N/A	<b>Within Budget:</b>	N/A
Contact Officer Name:	Tel:	Fax:	Email:
Chris Hurst	01597 827640	01597 826290	churst@powys.gov.uk
<b>Relevant Portfolio Member(s):</b>	Cllr David Thomas		
<b>Relevant Local Member(s):</b>	N/A		

# Admin Risk Register report

DATE :

## Summary of Risks Ratings

Almost Certain	0	0	0	0	0
Likely	0	0	0	0	0
Possible	0	0	0	0	0
Unlikely	1	6	1	0	0
Rare	0	1	0	0	0
Unassigned 0	Insignificant	Minor	Moderate	Major	Severe

### Red Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner
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### New Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner	Created Date
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### Changing Risks Total:

Risk Register	Risk Title	Net Risk Level	Change	Risk Owner
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Detail							
Administration Risk							
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
ADMIN0001	Failure to pay pensions and lump sums on time	Financial difficulty for the scheme member concerned, reputational risk to the Pension Fund, and additional cost to the employer where interest is payable as a result of late payment.	Cllr David Thomas Chris Hurst	8	4	17/01/2023	Review Summary: No current change to process. Constantly reviewed for efficiencies and improvements
01/12/2016						10/01/2022	Review Summary: No current change to process. Constantly reviewed for efficiencies and improvements
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>Maintenance and update of Altair and Trent systems , sufficient staff resources and training . Quality assurance processes</li> <li>Maintenance and update of Pension Administration and Trent systems , sufficient staff resources and training. Quality assurance processes in place to check work done.</li> </ul>				Control In Place			
<ul style="list-style-type: none"> <li>Continuing Review of processes and procedures</li> <li>Ongoing review of process as part of continuous pensions administration workflow assessment</li> </ul>				Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
ADMIN0002	Inability to deliver service as a result of loss of pensions administration system, or any other system used in the provision of service (eg. pensioner payroll). Failure of any system used by the service as a result of a breach of cyber security.	Failure to provide service. Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the payment of pension benefits rather than being reinvested as now.	Cllr David Thomas Chris Hurst	8	2	13/07/2023	Review Summary: Cashflow work to be completed in 2023. reassurances received from Pensions administration software provider
04/10/2016						11/07/2022	Review Summary: Ongoing
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>business continuity planning and systems providers assurance</li> <li>Business Continuity Plan for the Pensions administration service. Assurances received from all systems providers in relation to their current resilience to the threat of a failure in cyber security.</li> </ul>				Control In Place			
<ul style="list-style-type: none"> <li>Business Continuity Plan under review. Periodic review by the Pension Board of provider assurances in respect of cyber security</li> </ul>				Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
ADMIN0003	Failure to hold scheme member's personal data securely.	Poor data quality; compromised data; fines	Cllr David Thomas Chris Hurst	8	4	27/09/2023	Review Summary: Data improvement plan in place and data quality testing imminent.
12/06/2017						04/05/2023	Review Summary: Data Review ongoing with Software providers (May 2022) to analyse data quality ahead of Dashboard Implementation. Annual data quality testing due later in 2023
Controls and Actions				Latest Control		Reviews	Review Date

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Detail							
Administration Risk							
<ul style="list-style-type: none"> <li>Compliance with Powys County Council Data Protection and ICT policies .</li> <li>Compliance with Powys County Council Data Protection and ICT policies .</li> </ul>				Action In Progress	09/01/2023	Review Summary: Data Quality testing Completed. Another exercise to take place in 2023.	05/12/2023
					08/09/2020	Review Summary: Data Quality Testing carried out May/June 2020. Cleansing work ongoing.	
<ul style="list-style-type: none"> <li>Data protection audit in conjunction with TPR data quality standards to be undertaken</li> </ul>				Control In Place			

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
ADMIN0004 29/08/2017	Failure to maintain and hold up to date and accurate pension records and potential impact on scheme members and employers.	Payment of incorrect pension benefits; late payment of benefits; assessment of incorrect liability values. Resulting in loss of customer confidence and satisfaction; IDRP and Ombudsman appeals; and, incorrect assessment of employer contribution rates.	Cllr David Thomas Chris Hurst	9	6	17/01/2023	Review Summary: Data Improvement Plan maintained and regularly updated. Constant data cleansing taking place
						11/07/2022	Review Summary: data improvement plan in place. Annual data scores recorded and monitored. Data cleansed as part of monthly and annual procedures

Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>Pensions team work with employer payrolls to ensure data quality; data validation checks undertaken &amp; training</li> <li>Pensions team work with employer payrolls to ensure data quality; data validation checks undertaken by team at each year end; validation checks carried out at each actuarial valuation (triennially) by the Fund actuary. Staff training and development.</li> </ul>				Control In Place			
<ul style="list-style-type: none"> <li>Additional data validation and quality checks to be implemented as required by the TPR code of practice.</li> </ul>				Control In Place			

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
ADMIN0005 25/01/2016	Failure to communicate effectively with stakeholders.	Scheme members unaware of their rights under the LGPS and make poor decisions in relation to pension rights. Employers unaware of the scheme regulations, the procedures and their responsibilities, resulting in poor or inappropriate decision-making and may adversely effect the flow of pensions data to the Pension Fund.	Cllr David Thomas Chris Hurst	6	4	03/07/2023	Review Summary: Communications regularly reviewed and amended to reflect changing legislation/landscape. Updated Welsh website now available.
						11/07/2022	Review Summary: Communications regularly reviewed and amended to reflect changing legislation/landscape

Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>communications policy</li> <li>the Pensions Support Manager is tasked with responsibilities in relation to scheme and Fund communications, as part of their Job Description. In addition, the Fund has a clear communications policy as well as a regularly updated website.</li> </ul>				Control In Place			

**Detail**

**Administration Risk**

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				

ADMIN0006	Pensioners living longer and, changing retirement patterns.	Increased employer contribution rates.	Cllr David Thomas Chris Hurst	6	4	17/01/2023	Review Summary: Considered during valuation
30/01/2017						10/01/2022	Review Summary: Continuing. Regular modelling by Fund Actuary

Controls and Actions			Latest Control	Reviews	Review Date
<ul style="list-style-type: none"> <li>The Fund actuary investigates these matters at each valuation or more frequently where appropriate. Mortality assumptions are set with some allowance for future increases in life expectancy. The Fund actuary investigates these matters at each valuation or more frequently where appropriate. If significant demographic changes were to occur between valuations, the Pension Fund will advise employers accordingly and notify them of the likely impact on their contribution rates, reviewing bond values, as required.</li> </ul> <p>The Fund produces a Funding Strategy Statement which considers long term funding.</p>			Control In Place		

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				

ADMIN0007	Deteriorating patterns of ill health or other early retirements.	Increase in employer contribution rates and deficit recovery payments.	Cllr David Thomas Chris Hurst	6	2	17/01/2023	Review Summary: Considered by Actuary during latest valuations
30/01/2017						10/01/2022	Review Summary: Considered by Actuary at regular intervals

Controls and Actions			Latest Control	Reviews	Review Date
<ul style="list-style-type: none"> <li>Employers are required to pay the capital costs of early retirements (pension strain), upfront for all cases.</li> <li>Employers are required to pay the capital costs of early retirements (pension strain), upfront for all cases. Ill health retirements and costs are monitored against Fund allowances.</li> </ul> <p>Certain Employers pooled together to share experience and help manage contribution rates (as per the Funding Strategy Statement)</p>			Action In Progress	08/09/2020 21/12/2020	13/10/2023
				Review Summary: Regular monitoring ongoing Review Summary: Regular monitoring ongoing	

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				

ADMIN0009	Cessation of Service Contract for Pensions Administration System	Failure to meet legislative requirements and administer the LGPS. Risk of intervention by the Pensions Regulator, legal challenges, reputational risk.	Cllr David Thomas Chris Hurst	10	4	12/12/2022	Review Summary: Work ongoing
09/10/2020						01/11/2021	Review Summary: Acknowledged - will follow appropriate procurement process closer to the time

Controls and Actions			Latest Control	Reviews	Review Date
<ul style="list-style-type: none"> <li>Monitor Contract Position</li> <li>Work with the Administering Authority Commercial Services to conduct an appropriate procurement exercise at the appropriate time</li> </ul>			Control In Place		

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				

Administration Risk

ADMIN0010	Payments to overseas pensions.	Payments continuing to potentially deceased pensioners	Cllr David Thomas Jane Thomas	4	4	17/07/2023 04/05/2022	Review Summary: Existence Exercise planned for 2023 Review Summary: Existence Exercise planned for 2022/23 year
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Controls and Actions		Latest Control	Reviews	Review Date
<ul style="list-style-type: none"> <li>Conduct Existence Check</li> <li>Carry out an overseas existence check</li> </ul>		Control In Place		

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# Governance Risk Register report

DATE :

## Summary of Risks Ratings

Almost Certain	0	0	0	0	0
Likely	0	0	0	0	0
Possible	0	2	0	0	0
Unlikely	0	7	2	0	0
Rare	0	3	0	0	0
Unassigned 0	Insignificant	Minor	Moderate	Major	Severe

### Red Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner
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### New Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner	Created Date
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### Changing Risks Total:

Risk Register	Risk Title	Net Risk Level	Change	Risk Owner
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Detail							
Governance Risk							
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0001	Failure to collect and account for pension contributions being paid over to the Fund on time by Fund employers. Potential Reputational Risk.	Adverse audit opinion, potential delays to Fund employer financial reporting; and potential delay to production of annual report and accounts.	Cllr David Thomas Chris Hurst	6	4	17/07/2023	Review Summary: This is currently being reviewed and performance monitored and fed back to Board and Committee as required.
02/12/2019						17/01/2023	Review Summary: Monitoring in place within Finance Section. Intention is to try and use technology once available. Improved process recently established with regular checks taking place.
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>Contributions received monitored on a monthly basis by Fund accounting staff .</li> <li>Contributions received monitored on a monthly basis by Fund accounting staff .</li> </ul>				Control In Place			
<ul style="list-style-type: none"> <li>Requirement that each end of scheme year, Fund employers certify they have paid over contributions at the correct rates and time</li> <li>Requirement that each end of scheme year, Fund employers certify that they have paid over contributions at the correct rates and on time. regular Communications to Employers to remind them of their responsibilities. production of the Employer Policy to help Employers.</li> </ul>				Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0002	Insufficient Fund cashflow to meet liabilities as they fall due. Potential Reputational Risk.	Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the payment of pension benefits rather than being reinvested as now.	Cllr David Thomas Chris Hurst	9	6	05/05/2023	Review Summary: Cashflow work to take place in Spring/Summer 2023.
03/10/2016						04/05/2022	Review Summary: Cashflow review to be conducted in 2022/23
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>cashflow forecast in place</li> <li>Funding strategy statement in place</li> </ul>				Control In Place			
<ul style="list-style-type: none"> <li>review strategic asset allocation to keep positive cashflow</li> <li>Strategic asset allocation review completed to ensure that cashflow remains positive (on a targeted and monitored basis) whilst at the same time ensuring that the Fund is not forced to liquidate assets on an unplanned basis.</li> </ul>				Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0003	Inability to deliver service as a result of the loss or over reliance of key personnel.	Failure to provide service at all, or at an acceptable level	Cllr David Thomas Chris Hurst	6	4	05/05/2023	Review Summary: Consideration given towards succession planning and knowledge sharing. The recent restructure was designed with that in mind, so need to ensure implementation
27/09/2016						08/04/2022	Review Summary: Risk considered. No update
Controls and Actions				Latest Control		Reviews	Review Date

Detail

Governance Risk

<ul style="list-style-type: none"> <li>Business Continuity Plan in place for the pensions administration service Assurances received from all systems providers in relation to their current resilience to the threat of a failure in cyber security.</li> </ul>	Action In Progress	13/05/2020 08/09/2020	Review Summary: Regularly review BCP Review Summary: BCP reviewed 07.09.2020	05/12/2023
<ul style="list-style-type: none"> <li>Keep Business Continuity Plan under review</li> </ul>	Control In Place			
<ul style="list-style-type: none"> <li>Knowledge Gaps In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance. In the longer term, ensure succession plans are in place and appropriate.</li> </ul>	Control In Place			

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0004 08/11/2016	Loss of funds through fraud or misappropriation	Financial loss to the Fund	Cllr David Thomas Chris Hurst	6	2	03/07/2023 12/12/2022	Review Summary: No change to process and continues Review Summary: Process remains in place.
Controls and Actions				Latest Control		Reviews	Review Date
	<ul style="list-style-type: none"> <li>audit and control tests, due diligence done when new manager appointed Internal and External Audit regularly test that appropriate controls are in place and are working effectively. Due diligence is carried out whenever a new investment manager is appointed.</li> </ul>			Control In Place			

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0005 04/09/2017	Significant rise in employer contribution rates for Fund employers with strong covenants, as consequence of increases in liabilities.	Employer contribution rates rise to unacceptable levels, putting upward pressure on Council Tax rates and the ability of Powys County Council to continue to deliver services to its communities.	Cllr David Thomas Chris Hurst	6	2	03/07/2023 12/12/2022	Review Summary: Valuation was positive and contribution rates reviewed and revised accordingly Review Summary: Will be considered after valuation results in 2023
Controls and Actions				Latest Control		Reviews	Review Date
	<ul style="list-style-type: none"> <li>Employers have Discretionary Powers Policies that help to control liabilities Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control.</li> <li>insurance options investigated Investigate further liability mitigations such as ill health strain insurance; developing guidance to assist employers to manage liability increases derived from their actions or inactions; and, work closely with the Fund actuary to determine appropriate valuation assumptions and deficit recovery strategies.</li> </ul>			Action In Progress	12/12/2022 13/05/2020	Review Summary: Policies due for review in 2023 Review Summary: Regular Covenant Assessments	05/12/2023
				Action In Progress	30/08/2022 12/12/2022	Review Summary: Appropriate ill health assumptions made for 2022 valuation. Can consider the other factors as part of valuation work. Review Summary: Considered in 2022 valuation work	05/05/2024

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0006 04/10/2016	Significant rises in employer contribution rates for Fund employers with weak covenants as a consequence of increases in liabilities.	Employer contribution rates rise to unsustainable levels that cause employers to become insolvent	Cllr David Thomas Chris Hurst	8	4	04/10/2022 08/04/2022	Review Summary: Actuary considering during 2022 valuation Review Summary: Part of 2022 valuation work
Controls and Actions				Latest Control		Reviews	Review Date

Detail

Governance Risk

• In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty  
Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's

Action In Progress

09/01/2023  
13/05/2020

Review Summary: Ongoing and regularly reviewed.  
Review Summary: Review Risk Sharing Agreement/Approach

13/01/2024

Consider risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty over the level of employer contribution rates.  
control.

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews
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GOVERN0007 04/09/2017	Significant rises in employer contribution rates for employers with strong covenants as a result of poor/negative investment returns.	Employer contribution rates rise to unacceptable levels that result in Powys County Council being unable to provide appropriate services for its communities.	Cllr David Thomas Chris Hurst	6	2	03/07/2023 12/12/2022	Review Summary: Work with actuary to commence on covenant assessments in summer 2023 Review Summary: Will be reviewed in 2023 after valuation results known.
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Controls and Actions

Latest Control Reviews

Review Date

• Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection.  
Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Quarterly investment performance reports presented to Pension Fund.

Control In Place

• Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes  
Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets.

Action In Progress

12/12/2022  
08/09/2020

Review Summary: Continuing and reviewed at each Committee meeting. Interim review conducted and no plans to change strategy  
Review Summary: Continuing and reviewed at each Committee meeting

03/10/2023

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews
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GOVERN0008 11/10/2017	Failure to comply with LGPS and other statutory regulations. Potential Reputational Risk.	Payment of incorrect pension benefits; provision of incorrect benefit estimates; failure to comply with governance standards; failure to meet HMRC tax requirements. Resulting in: loss of customer satisfaction / confidence; IDRPs and Ombudsman appeals; TPR fines for non-compliance.	Cllr David Thomas Chris Hurst	8	6	03/07/2023 11/07/2022	Review Summary: Processes regularly reviewed and updated as required Review Summary: Review process continues as normal
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Controls and Actions

Latest Control Reviews

Review Date

• rigorous checking/authorisation procedures for pension benefit calculations and payments, review governance policy;  
Rand, regular review of governance compliance policy. Staff training and development.

Action Completed

• Closer partnership working with employer payrolls to facilitate accurate data receipts;  
Closer partnership working with employer payrolls to facilitate accurate data receipts; increased compliance oversight provided by well established Pensions Board.

Control In Place

Detail							
Governance Risk							
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0009	Lack of expertise of Pension Fund Officers and expertise of members of the Pensions & Investment Committee	Poor decision making in relation to principal functions of the Pension Fund , particularly in relation to investments.	Cllr David Thomas Chris Hurst	8	6	03/07/2023	Review Summary: Training needs assessments conducted and plans put in place accordingly
25/01/2016						12/12/2022	Review Summary: Ongoing training carried out
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>training and performance reviews, conferences, seminars to upskill and develop knowledge Officers ensure that they receive appropriate training and are required to keep up to date with developments in pensions matters, as part of their periodic Individual Performance Reviews and by attending relevant conferences and seminars, by reading and through discussions with consultants and peers.</li> </ul>				Control In Place			
<ul style="list-style-type: none"> <li>Training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both PIC &amp; PB</li> <li>Formalised Officer training via individual training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both Pensions &amp; Investment Committee and the Pensions Board.</li> </ul> <p>Knowledge &amp; Skills Framework in place and published. Annual Training Needs Analysis carried out and training made available to Committee and Board regularly (provided by Fund, WPP and 3rd parties)</p>				Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0010	Over-reliance on key Officers	When senior Officers leave or are absent due to long term sickness, large knowledge gaps remain.	Cllr David Thomas Chris Hurst	12	6	12/12/2022	Review Summary: Training Plan to be considered for 2023 onwards
25/01/2016						04/05/2022	Review Summary: Reflected and recorded in BCP. Plan in place to share knowledge within Pensions Section
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0011	Failure to provide the pensions service in accordance with principles of equality.	Some stakeholders may be unable to access the service fully or at all. In the worst case scenario, this could result in court action against the Fund.	Cllr David Thomas Chris Hurst	9	4	03/07/2023	Review Summary: Welsh website recently updated and relaunched (June 2023)
26/01/2016						12/12/2022	Review Summary: No Change. Operate LGPS in accordance with the Regulations
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>The Fund maintains a Welsh Language register in respect of scheme members and employers .</li> <li>The Fund maintains a Welsh Language register in respect of scheme members and employers .</li> </ul>				Control In Place			
<ul style="list-style-type: none"> <li>To utilise technology to enable access to service and information for stakeholders with disabilities , other language needs etc.</li> <li>To utilise technology to enable access to service and information for stakeholders with disabilities , other language needs etc.</li> </ul>				Control In Place			

**Detail**

**Governance Risk**

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0012 25/01/2016	Failure to collect payments due from ceasing employers with no active members.	Failure to collect cessation payments from ceasing employers results in relevant liabilities being funded by the Powys Pension Fund and the active employers.	Cllr David Thomas Chris Hurst	6	4	13/07/2023	Review Summary: Monitoring continuing
						09/01/2023	Review Summary: Updated funding positions and assessments ongoing.
<b>Controls and Actions</b>				<b>Latest Control</b>		<b>Reviews</b>	<b>Review Date</b>
	<ul style="list-style-type: none"> <li>• employer covenants, guarantor bonds, risk sharing agreements</li> </ul> The Fund undertakes periodic reviews of the strength of employer covenants. For existing employers, the Fund requires that a guarantor, bond or 'risk sharing agreement' is in place. For all new employers, the Fund insists on either a guarantor or a bond being in place.			Control In Place			
Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0013 25/01/2016	Lack of expertise of members of Pensions & Investment Committee	Poor decision making in relation to all aspects of the Fund, particularly those in relation to investment.	Cllr David Thomas Chris Hurst	9	6	17/01/2023	Review Summary: Training needs analysis completed and training provided regularly.
						11/04/2022	Review Summary: Training needs analysis to be circulated following elections in May, once new Committee established
Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0014 01/11/2017	An admitted body ceasing to exist with insufficient funding or level of a bond available to meet all its Fund liabilities.	Unfunded pension liabilities being orphaned without sufficient funding/guarantees in place, resulting on increased liabilities falling on other Fund employers.	Cllr David Thomas Chris Hurst	6	4	13/07/2023	Review Summary: Monitoring continues
						11/10/2022	Review Summary: Valuation Work Continuing
<b>Controls and Actions</b>				<b>Latest Control</b>		<b>Reviews</b>	<b>Review Date</b>
	<ul style="list-style-type: none"> <li>• To seek funding guarantees wherever possible, from other Scheme employers or outside bodies</li> </ul> To seek funding guarantees wherever possible, from other Scheme employers or outside bodies. To require, in all cases, a bond or other form of security to protect the Fund in the case of unexpected cessation and insolvency. Ensuring that admitted bodies are fully aware of their obligations and responsibilities to the Pension Fund and the benefits of their employees.			Control In Place			
	<ul style="list-style-type: none"> <li>• Regular review of admitted body covenants and financial health.</li> </ul> Regular review of admitted body covenants and financial health.			Action In Progress	05/05/2023 08/09/2020	Review Summary: Work to begin on latest review in 2023	05/12/2023
						Review Summary: Covenant Assessments commencing Q3 2020	
Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0015 09/10/2020	Appointment of new Pension Board Chair and membership of the Local Pension Board	Non compliance with Public Services Pension Act. Challenge and scrutiny from the Pensions Regulator. Reduced quality of governance.	Cllr David Thomas Chris Hurst	12	4	01/03/2023	Review Summary: Chair Continuing in position.
						08/07/2022	Review Summary: Chair continuing for a further 12 months

Detail							
Governance Risk							
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>Pension Board Terms of Reference stipulate membership periods</li> <li>Pension Board Terms of Reference stipulate membership periods and work with Pension Board members and administering authority to ensure appropriate recruitment processes are in place.</li> </ul>				Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0016 29/03/2020	Pension Fund Personnel and/or key suppliers are unable to work due to extreme weather, fire, epidemics	Inability to deliver administration services or investment of the Fund. Impact of welfare of Pensions Section Staff.	Cllr David Thomas Chris Hurst	9	6	03/07/2023	Review Summary: Business Continuity Plans regularly reviewed and updated as required
						12/12/2022	Review Summary: Reviewed and Business Continuity Plans in place
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>Business Continuity Plan</li> <li>Business Continuity Plan, assessment of Pensioner Payroll services. Electronic implementation of paperwork.</li> </ul>				Control In Place			

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# Investment Risk Register report

DATE :

## Summary of Risks Ratings

Almost Certain	0	0	0	0	0
Likely	0	0	0	0	0
Possible	0	0	0	0	0
Unlikely	2	5	4	0	0
Rare	0	0	0	0	0
Unassigned 0	Insignificant	Minor	Moderate	Major	Severe

### Red Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner
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### New Risks Total: 1

Risk Register	Risk Title	Net Risk Level	Risk Owner	Created Date
Investment Risk	The Fund fails to adequately account for climate change, climate risk and Environmental, Social and Governance (ESG) factors.	6	Chris Hurst	27/09/2023

### Changing Risks Total:

Risk Register	Risk Title	Net Risk Level	Change	Risk Owner
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Detail							
Investment Risk							
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0001	Pension Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities over the long-term.	Increased employer contribution rates.	Cllr David Thomas Chris Hurst	9	4	13/07/2023	Review Summary: Reviewed at Committee meetings and performance challenges made to advisers where required.
25/01/2016						11/07/2022	Review Summary: Regularly monitored by consultant and committee at meetings
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>anticipate long-term returns on a relatively prudent basis to reduce the risk of under-performance. Only anticipate long-term returns on a relatively prudent basis to reduce the risk of under-performance. Also monitors and analyses progress every three years for each employer. In addition, the Fund receives quarterly funding updates to help monitor the position. At the 2022 Valuation, prudence was increased further by a reduction to the deficit recovery period and an increase in the probability of funding success.</li> </ul>				Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0002	Inappropriate long-term investment strategy.	Failure to meet funding objectives.	Cllr David Thomas Chris Hurst	8	4	04/05/2023	Review Summary: Local and regular monitoring of strategy to ensure it remains appropriate. Review conducted as a result of the 2022 Valuation outcome and adjustments made as required.
25/01/2016						11/10/2022	Review Summary: Strategy monitored at each Committee meeting and updated periodically as and when required
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>Use of a Fund specific benchmark, as recommended by the Fund's investment consultant. Use of a Fund specific benchmark, as recommended by the Fund's investment consultant. Strategy regularly reviewed and adjusted following the outcome of valuations.</li> </ul>				Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0003	Active investment manager under-performance relative to the benchmark. This includes active management within the Wales Pension Partnership.	Failure to meet funding objectives.	Cllr David Thomas Chris Hurst	4	2	03/07/2023	Review Summary: Quarterly review carried out by Fund and WPP performance reported to each JGC.
25/01/2016						11/07/2022	Review Summary: Discussed as required with consultants and Committee. Quarterly monitoring report provided by consultant
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>Regular investment monitoring analyses market performance and active managers relative to their index benchmark. Regular investment monitoring analyses performance of active managers relative to their index benchmark at the Pool level and locally with the Pensions and Investment Committee.</li> </ul> <p>Regular Performance Updates presented by the WPP to officers where Managers present and detail latest performance. Regular reports to the WPP Joint Governance Committee and also local Pensions and Investment Committee.</p>				Control In Place			

Detail							
Investment Risk							
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0004	To permit deficits to be eliminated over a recovery period rather than immediately, introduces the risk that action to restore solvency is insufficient between successive measurements.	Increased employer deficit recovery payments.	Cllr David Thomas Chris Hurst	4	2	13/07/2023	Review Summary: Recovery period reduced due to improved funding levels
29/01/2018						11/07/2022	Review Summary: Will be included in discussions with Actuary as part of Valuation process during 2022
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>Consider every such situation with the Pension Fund actuary, for each individual employer. It is the practice to discuss every such situation with the Pension Fund actuary, for each individual employer. Moreover deficit recovery periods are generally restricted to no more than 25 years, or 40 years in very exceptional circumstances.</li> </ul> <p>At the 2022 Valuation the recovery period was reduced at the whole of Fund level to increase prudence and reduce the risk.</p>				Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0005	Permitting contribution rate changes to be introduced by annual steps (down as well as up) rather than immediately, introduces a risk that action to restore solvency is insufficient between successive measurements.	Instability in employer contribution rates.	Cllr David Thomas Chris Hurst	6	4	11/10/2022	Review Summary: Work with actuary as required
25/01/2020						10/01/2022	Review Summary: Statement Approved and Published in August 2021
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>Each individual employer situation is discussed with the Pension Fund actuary, with stepping restricted as appropriate</li> <li>Each individual employer situation is discussed with the Pension Fund actuary, with stepping restricted to three years, or 6 years, in very exceptional circumstances.</li> </ul>				Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0006	Pay and price inflation significantly more than anticipated.	Increased employer contribution rates and deficit recovery payments.	Cllr David Thomas Chris Hurst	9	4	13/07/2023	Review Summary: Considered during valuation and shorter term allowances for high inflation included (inflation expected to come down in the short to mid-term)
30/01/2017						11/07/2022	Review Summary: Valuation work to commenced April 2022. Discussions with Actuary and Investment Consultant to consider options
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>Employers responsible for salary awards and are reminded of effect on salary-linked pension liabilities</li> <li>Employers 'pay' for their own salary awards and are reminded of the geared effect on salary-linked pension liabilities. Particularly where bias towards longer serving employees may be considered.</li> </ul> <p>Actuary is able to consider inflation within their methodology when in a high inflation environment (such as during the 2022 valuation)</p>				Action Completed			

Detail							
Investment Risk							
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST007 03/03/2016	Insolvency of an investment manager investing Pension Fund assets.	A reduction in the capital value of the Fund; a loss of liquidity as creditors agree on distribution of assets; the costs of legal representation; and, reputational damage.	Cllr David Thomas Chris Hurst	9	6	09/01/2023	Review Summary: Considered by Investment Consultant and at each Committee meeting
						08/07/2022	Review Summary: Investment Consultants monitor and review
Controls and Actions				Latest Control		Reviews	Review Date
	<ul style="list-style-type: none"> <li>diversification of investment managers, limits for individual investments mandates</li> <li>Diversification of investment managers; adherence to the limits for individual investment mandates as set out in the LGPS investment regulations; regular meetings with investment managers undertaken by the Fund's investment consultant; Statement on Standards for Attestation Engagements No. 16 internal controls are monitored on an annual basis; due diligence by investment consultants to ensure that custodians are used by each investment manager; equity investment mandates are invested in pooled funds; and, only well respected and researched investment managers are selected in the first place.</li> </ul> <p>Managers closely monitored at the Pool Level. Any issues would be fast tracked in line with the process in place at the WPP.</p>			Control In Place			
	<ul style="list-style-type: none"> <li>Increased investment manager diversification facilitated via the Wales Pension Partnership</li> <li>Increased investment manager diversification facilitated via the Wales Pension Partnership .</li> </ul>			Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0008 30/03/2017	Pooling of Pension Fund assets with other LGPS Pension Funds.	Investment of Fund Officer and Committee time. Front loaded costs before potential savings are realised on a per-sub fund basis; Transition Risk and costs.	Cllr David Thomas Chris Hurst	9	6	04/05/2023	Review Summary: Risk updated following Pension Board meeting on the 3rd of May 2022
						11/10/2022	Review Summary: No change to process
Controls and Actions				Latest Control		Reviews	Review Date
	<ul style="list-style-type: none"> <li>Due diligence on all pooling proposals; full transparency of all pool proposals and costs; full participation of Pension Fund</li> <li>Due diligence on all pooling proposals by Pool oversight Adviser , Investment Consultants and Legal Advisers; full transparency of all pool proposals and costs with local input from each of the investing funds advisers; full participation of the Pension Fund in all pooling development.</li> </ul> <p>Regular Officer meetings via working groups ; Quarterly Joint Governance Committee meetings; 6 monthly meetings with the Board Chairs to ensure good governance.</p> <p>Regular Training provided to Committee and Board Members by the Pool .</p>			Control In Place			
	<ul style="list-style-type: none"> <li>Pooling vehicle to be structured so that each participating Fund has full representation the pool</li> <li>Each participating Fund has full representation in the pool at officer and Committee level ; the pool structure enables full strategic decisions to be retained by each individual Fund;</li> </ul>			Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				

Detail

Investment Risk

INVEST0009 01/10/2019	MIFID II ongoing compliance to ensure retention of Institutional Investor Status	Financial implications of not being treated as an institutional investor. Restricted Investment opportunities and diversification. Reputational Risk	<i>Cllr David Thomas</i> Chris Hurst	12	6	11/07/2022 10/01/2022	Review Summary: Current process continues, but updated as required when new manager appointed or training needs identified. Review Summary: Current process continuing, but updated as required when new manager appointed or training needs identified.
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Controls and Actions			Latest Control	Reviews	Review Date
<ul style="list-style-type: none"> <li>Regular Review of MIFID Status</li> <li>Regular Review of MIFID Status by Investment Managers.</li> <li>Training provided (and logged) to decision makers (Pensions and Investment Committee).</li> <li>Good Governance project expected to increase governance around this risk.</li> </ul>			Control In Place		

Risk Ref	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews
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INVEST0010 01/01/2015	Fall in the returns on Government bonds.	Increase to the value placed on Fund liabilities.	<i>Cllr David Thomas</i> Chris Hurst	9	4	13/07/2023 11/07/2022	Review Summary: Regularly monitored by Consultant for each meeting Review Summary: Regularly monitored by Consultant for each meeting
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Controls and Actions			Latest Control	Reviews	Review Date
<ul style="list-style-type: none"> <li>Allowing for a risk-based approach should limit the impact of short-term changes in returns on Government bonds</li> <li>Allowing for a risk-based approach should limit the impact of short-term changes in returns on Government bonds. Some investment in bonds also helps to mitigate this risk. Monitoring (quarterly) helps to give an early warning of significant changes.</li> </ul>			Control In Place		

Risk Ref	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews
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INVEST0022 01/09/2023	The Fund fails to adequately account for climate change, climate risk and Environmental, Social and Governance (ESG) factors.	Financial loss to assets held within the Fund and potential for stranded assets. Failure to achieve desired investment returns leading to a fall in funding level and increased Employer contribution rates.	<i>Cllr David Thomas</i> Chris Hurst	8	6		
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Controls and Actions			Latest Control	Reviews	Review Date
<ul style="list-style-type: none"> <li>Mitigations</li> <li>Development of suitable Climate Change, Climate Risk and ESG reporting metrics via the WPP</li> <li>Appointment of a proxy voting and engagement provider, who engages with managers and companies on how they manage Climate Change, Climate Risk and ESG factors at the WPP</li> <li>Publication of a local Responsible Investment policy and Climate Risk Policy (WPP)</li> <li>Constant engagement and challenging of Managers on how they account for Climate Risk/ Change and ESG factors</li> <li>Annual Climate Change, Climate Risk or ESG related training event on the WPP Training Plan</li> <li>Quarterly climate risk reporting via the WPP</li> <li>Annual stewardship code reporting at the WPP</li> </ul>			Control In Place		

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Breach No	YEAR	Breach Type	Nature of Breach	Breach Description	Action	Material Significance (Y/N)	P & I Committee Notified (and date)	Pension Board Notified (and date)	TPR Notified (and date)	RAG Status
1	2018/19	Administration	Late Notification of deferred Benefits	Disclosure Regulations state that any deferred leaver should be notified of their deferred benefit options within two months of the fund receiving complete leaver information from the employer. Due to the backlog of casework in the fund these deadlines have not been met for a number of historic deferred members. <b>Cause:</b> The backlog has occurred through the introduction of the new LGPS and the increased complexity around administration (aggregations, final salary links etc). An increase in the numbers of deferred pensioners who have left employment through reorganisations in recent months has also had an impact. <b>Effect:</b> although a breach, it is not considered material, as the information is provided to the member at the appropriate time a decision is required (e.g. at retirement, transfer, aggregation etc)	New letter produced and issued to leavers upon notification of leaving, stating their entitlements upon leaving membership of the LGPS (i.e. under 2 years = refund, over 2 years = Deferred)	N	N	Y	N	
2	2018/19	Administration	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members.	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.	N	Y	Y	N	
3	2023/24	Administration	Late receipt of Contributions from Employers	Regulations require submission of contributions and paperwork from employers within statutory timescales. Record breach where it is identified that the regulations have not been met.	Write to employers and follow process in the published Administration Strategy Statement	N	N (Will be at October 2023 Meeting)	Y	N	

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## CYNGOR SIR POWYS COUNTY COUNCIL

Pensions and Investment Committee  
6<sup>th</sup> October 2023

REPORT BY: Strategic Director of Resources

SUBJECT: New Employer – Forden with Leighton and Trelystan  
Community Council

REPORT FOR: Information

**1 Introduction**

- 1.1 Committee are asked to note that Forden with Leighton and Trelystan Community Council has become a Pension Fund employer after passing a formal designation at their meeting on the 29<sup>th</sup> of June 2023.

**2 Legislation**

- 2.1 Paragraph 2 of Part 2 of Schedule 2 to the Local Government Pension Scheme Regulations 2013 [SI. 2013 No. 2356] provides that a Town and Community Council may become a participating employer within the LGPS Fund that covers the geographic area in which the Town and Community Council is located.

**3 Actuarial Assessment**

- 3.1 The Pension Fund's Actuary has advised that initially, the Community Council should pay an employer contribution rate of 23.2% of pensionable payroll in respect of the 1 employee that has been designated as eligible to join the LGPS.

**4 Recommendation**

- 4.1 To note the contents of this report.

<b>Recommendation:</b>		<b>Reason for Recommendation:</b>	
<ul style="list-style-type: none"> <li>To note the admittance of Forden with Leighton and Trelystan Community Council to the Powys Pension Fund.</li> </ul>		As per report	
<b>Person(s) To Action Decision:</b>	Pension Fund Manager		
<b>Date By When Decision To Be Actioned:</b>			

<b>Relevant Policy (ies):</b>	N/A		
<b>Within Policy:</b>	N/A	<b>Within Budget:</b>	N/A
Contact Officer Name:	Tel:	Fax:	Email:
Joe Rollin	01597 827640	01597 826290	chris.hurst@powys.gov.uk

<b>Relevant Portfolio Member(s):</b>	Councillor David Thomas
<b>Relevant Local Member(s):</b>	N/A

## CYNGOR SIR POWYS COUNTY COUNCIL

Pensions and Investment Committee  
6<sup>th</sup> October 2023

REPORT BY: Head of Finance

SUBJECT: Wales Pension Partnership Update

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REPORT FOR: Information

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**1. Introduction**

- 1.1 This report has been produced as a covering report to support the quarterly updates provided by the Wales Pension Partnership (WPP), with regards to pooling investments in Wales.
- 1.2 Since the last Committee meeting, the Joint Governance Committee (JGC) have met twice, on the 19<sup>th</sup> of July and the 20<sup>th</sup> of September 2023. The meeting papers for those meetings can be found [here](#) and [here](#).

**2. Pooling investments in Wales**

- 2.1 The latest update reports for both meetings are attached as appendices, which include:

JGC Update  
 Business Plan Reviews  
 Operator Updates  
 WPP Investment Performance Updates

**2.2 JGC Update for Pension Fund Committees within the WPP**

The WPP have produced several documents that can be shared with Constituent Authorities (CA) to help ensure a consistent message is delivered to each CA.

The first of which is a useful summary document for which provides some commentary on the most recent JGC meetings.

**2.3 Business Plan Review**

The Business Plan review documents are included for information. This provides an update on how work is progressing and measured against the WPP Business Plan.

**2.4 Operator Update**

A copy of the quarterly updates from Link Fund Solutions is attached which includes a snapshot of the full range of WPP investment sub-funds.

## 2.5 Investment Performance Update

The WPP have also provided is a performance summary and commentary of the WPP sub-funds for information.

## 3. Recommendation

To note the content of this report and enclosures.

<b>Recommendation:</b>		<b>Reason for Recommendation:</b>	
To note the content of this report and enclosures.		As per the report	
<b>Person(s) To Action Decision:</b>	Pension Fund Manager		
<b>Date By When Decision To Be Actioned:</b>			
<b>Relevant Policy (ies):</b>	N/A		
<b>Within Policy:</b>	N/A	<b>Within Budget:</b>	N/A
Contact Officer Name:	Tel:	Fax:	Email:
Chris Hurst	01597 827640	01597 826290	churst@powys.gov.uk

<b>Relevant Portfolio Member(s):</b>	Councillor David Thomas
<b>Relevant Local Member(s):</b>	

## Wales Pension Partnership (WPP) - JGC Update

JGC meeting date: Wednesday 19 July 2023

Location: Virtual meeting

Chair: Cllr Ted Palmer, Clwyd

Vice Chair: Cllr Elwyn Williams, Dyfed

Agenda item	Detail
Chair / Vice Chair	Cllr Ted Palmer and Cllr Elwyn Williams were appointed as Chair and Vice Chair for 2023/24
Annual Return 2022/23	Anthony Parnell of the Host Authority and Jason Blewitt of Audit Wales presented the 2022/23 Annual Return and Audit letter. The audit is now complete and there were no issues raised.
Host Authority update	<p>Anthony Parnell of the Host Authority provided an update in relation to work that has been completed since the last JGC meeting and WPP's next steps / priorities.</p> <p>Anthony mentioned that the pooling consultation has now been released and the WPP will be providing a pooled response in addition to the individual CAs responses. The consultation will last for a period of 12 weeks, from 11 July 2023 to 2 October 2023. Hymans has drafted a summary of the consultation's main issues, which can be found on the following link: <a href="https://www.hymans.co.uk/LGPS_60ss_-_next_steps_on_investments.pdf">LGPS 60ss - next steps on investments.pdf (hymans.co.uk)</a></p> <p>Anthony also presented the 2022/23 Business Plan update as at 31 March 2023 (attached).</p>
Risk Register Q2 2023 Review	The OWG is responsible for maintaining the WPP Risk Register and reporting back any changes or developments to the JGC on a quarterly basis. The OWG has a dedicated Risk Sub-Group to take ownership of the Risk Register and the quarterly review of the document.

	<p>During Q2 2023, a review was undertaken of some of the risks within the Governance and Regulation section of the Risk Register, risks G7 to G14. Another risk has also been added, risk G.15.</p> <p>Hymans presented the changes which were approved by the JGC. The Risk Register has been uploaded on the WPP website.</p>
<p>Policy Reviews: Climate Policy Voting Policy</p>	<p>The WPP have approved several policies / plans which are to be reviewed on a regular basis. This quarter, the OWG have undertaken an annual review of the Climate Risk Policy and Voting Policy.</p> <p>The Climate Risk Policy sets out WPP's approach to addressing the requirements of the Constituent Authorities with regard to climate related risks and the monitoring of these risks. Following this year's review, the policy has been amended to be in keeping with the goals of the Paris agreement (point 28).</p> <p>The WPP voting policy sets out the WPP's policy on proxy voting. This policy has now been updated as an overall Stewardship Policy to better reflect WPP's stewardship (voting and engagement) aims and practices, including the development of an escalation policy, when enhanced engagement has failed. WPP will continue to adopt Robeco's House Voting Policy.</p> <p>Hymans also presented an annual progress update of WPP in relation to Responsible Investment and Climate Risk and the proposed areas for future focus.</p> <p>The updated policies have been approved and these policies have been updated on the WPP website. The progress update has also been uploaded to the website.</p> <p>There were no new policies this quarter.</p>
<p>Operator Update</p>	<p>Link presented their quarterly update report as at 31 March 2023 (attached). This provides an update on WPP's sub funds and corporate and engagement activity.</p>

Performance Reports as at 31 March 2023	Russell Investments presented a Q1 2023 performance summary paper (attached) summarising the performance of each individual ACS sub fund for the quarter ending 31 March 2023.
<b>Exempt Items</b> – the following items were discussed during the non-public part of the meeting.	
Securities Lending Performance Review 2022/23	Stock Lending commenced in March 2020 and Northern Trust presented the Securities Lending Performance Review for the fiscal year 2022/23.
Robeco Engagement Report – Q1 2023	In March 2020, Robeco was appointed as WPP’s Voting & Engagement Provider to undertake Voting and Engagement functions on behalf of the WPP. Robeco commenced their engagement service in April 2020, and they have provided an engagement report for Quarter 1 2023. The engagement theme chosen for Q1 2023 was SDG Engagement.
Responsible Investment and Climate Risk reports	Each quarter, Hymans Robertson produce quarterly Responsible Investment & Climate Risk Reports for the WPP’s sub funds.  For Quarter 1 2023 (quarter ending 31 March 2023), the Global Growth and Global Opportunities reports were produced.  Hymans presented the reports to the JGC members.
Sub fund reviews	Hymans Robertson undertake an annual performance review of a selection of WPP Sub Funds.  During 2022/23, reviews were undertaken of the WPP’s UK Opportunities, Global Credit and Global Government Bond Sub Funds.  Hymans presented the reports to the JGC members.
Operator Procurement evaluation criteria	The current contract with Link Fund Solutions, WPP’s existing operator comes to an end in December 2024. The procurement process for a new operator has commenced and the WPP are developing the

	<p>procurement documentation, with the Invitation to tender due to be issued mid-October 2023.</p> <p>Hymans Robertson presented the proposed evaluation criteria which was approved by the JGC. The evaluation criteria is now to be approved by the individual Constituent Authorities.</p>
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Webcast link for the 19 July 2023 JGC meeting below:

[Agenda for Wales Pension Partnership Joint Governance Committee on Wednesday, 19th July, 2023, 10.00 am](#)

WPP's website address - [Wales Pension Fund | Home \(walespensionpartnership.org\)](http://walespensionpartnership.org)

Next meeting:

- Wednesday 20 September 2023 – Hybrid meeting, hosted by RCT





# Wales Pension Partnership Business Plan 2022-2023 Q4 Review

## Governance

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Development of a WPP Whistleblowing Policy</li> </ul>	Yes	Approved at the July 2022 JGC
<ul style="list-style-type: none"> <li>Development of a WPP Business Continuity Plan (including Cyber)</li> </ul>	Yes	Approved at the July 2022 JGC
<ul style="list-style-type: none"> <li>Development of a WPP Complaints Policy</li> </ul>	Yes	Approved at the December 2022 JGC
<ul style="list-style-type: none"> <li>Development of a WPP Breaches and Errors Policy</li> </ul>	In progress	To be finalised in Q2 (April to June) 2023
<ul style="list-style-type: none"> <li>Ongoing review of the Inter Authority Agreement</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>Annual/biennial review of WPP's policies and plans</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>Quarterly reviews of the Risk Register</li> </ul>	Ongoing	

## Ongoing Establishment

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Appoint Private Market Allocators</li> </ul>	In progress	Private Debt and Infrastructure Allocators appointed in April 2022. Private Equity Allocator appointed in December 2022. Real Estate/Property method of implementation to be decided
<ul style="list-style-type: none"> <li>Launch of Private Debt &amp; Infrastructure Sub-Funds</li> </ul>	Yes	Infrastructure and Private Debt investment programmes launched
<ul style="list-style-type: none"> <li>Launch of Private Equity Sub-Fund</li> </ul>		Launch due Q2 (April to June) 2023
<ul style="list-style-type: none"> <li>Launch Sustainable Equities Sub-Fund</li> </ul>		Launch due Q2 (April to June) 2023

<ul style="list-style-type: none"> <li>Formulate the WPP's Property requirements and optimal means of implementation</li> </ul>	In progress	Work is progressing, currently at mandate specification stage
<ul style="list-style-type: none"> <li>Consultation with CAs on need for further sub-funds</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>Consideration of Local Investment opportunities</li> </ul>	Ongoing	

### Operator Services

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Operator contract / procurement process</li> </ul>	In progress	Procurement work has commenced
<ul style="list-style-type: none"> <li>Operator oversight</li> </ul>	Ongoing	

### Investments and Reporting

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Finalise Voting &amp; Engagement Reporting Requirements</li> </ul>	Completed	
<ul style="list-style-type: none"> <li>Formulate WPP Engagement Priorities and Implementation Framework</li> </ul>	Completed	
<ul style="list-style-type: none"> <li>Review Sub-Fund mandates to ensure compatibility with WPP's Responsible Investment and Climate Risk Beliefs</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>Task Force on Climate-related Financial Disclosures (TCFD) reporting</li> </ul>		Awaiting TCFD consultation response
<ul style="list-style-type: none"> <li>Stewardship Code reporting</li> </ul>	Yes	2021/22 report submitted on 31 October 2022.
<ul style="list-style-type: none"> <li>Consider additional reporting that demonstrates WPP's commitment to Responsible Investment</li> </ul>	Ongoing	

<ul style="list-style-type: none"> <li>On-going Investment Manager performance reporting, scrutiny and challenge</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>Annual review of WPP's Cost Transparency Requirements</li> </ul>	Yes	
<ul style="list-style-type: none"> <li>Annual performance review of WPP Sub Funds (Equity and Fixed Income)</li> </ul>	Yes	
<ul style="list-style-type: none"> <li>On-going engagement with Constituent Authorities regarding minimum ESG / RI standards and their climate ambitions</li> </ul>	Ongoing	

### Communication, Training and Reporting

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Formulation of the WPP's Annual Responsible Investment Progress Report</li> </ul>	Yes	Report presented at the July 2022 JGC and published on website
<ul style="list-style-type: none"> <li>Formulation of the WPP's annual training plan</li> </ul>	Yes	2023/24 training plan being taken to the March JGC for approval
<ul style="list-style-type: none"> <li>Formulation of the WPP's Annual Update</li> </ul>	Yes	2021/22 Annual Update published in September 2022
<ul style="list-style-type: none"> <li>Formulation of the WPP's Annual Report</li> </ul>	Yes	2021/22 Annual Report published in October 2022

### Resources, budget and fees

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Annual review of resources and capacity</li> </ul>	Yes	Reviewed when formulating the 2023/24 budget
<ul style="list-style-type: none"> <li>Formulation of Annual WPP Budget</li> </ul>	Yes	Formulated and included in the 2023-26 Business Plan
<ul style="list-style-type: none"> <li>Review and Monitoring of Fees (including Link &amp; Russell)</li> </ul>	Ongoing	

## Training Plan

Training topics to be completed during 2022–2023 as per approved 2022-2023 Training Plan and progress to date:

	Completed	Comments
• Private Market Asset Classes & the role of the Allocator	Yes – September 2022	
• Active Sustainable Equities	Yes – September 2022	
• Governance and Administration	Yes – October 2022	
• Roles and Responsibilities	Yes – October 2022	
• What RI means for the WPP	Yes – December 2022	
• Stewardship Code and TCFD Reporting	Yes – December 2022	
• Progress of other LGPS Pools	Yes – February 2023	
• Collaboration Opportunities	Yes – February 2023	

An introductory training session was also held in September 2022 for new JGC members

## Budget

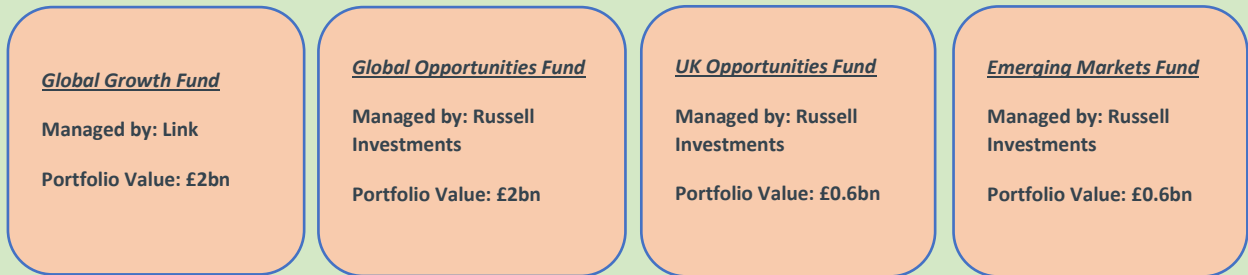
2022-2023 Budget Monitoring Report:

	<b>Budget 2022 – 2023 £000</b>	<b>Forecast 2022 – 2023 £000</b>	<b>Variances 2022 – 2023 £000</b>
Host Authority *	191	167	24
External Advisors *	1,206	1,097	109
<b>TOTAL to be recharged</b>	<b>1,397</b>	<b>1,264</b>	<b>133</b>
Operator Services **	33,319	33,326	(7)
<b>TOTAL to be deducted from the NAV</b>	<b>33,319</b>	<b>33,326</b>	<b>(7)</b>

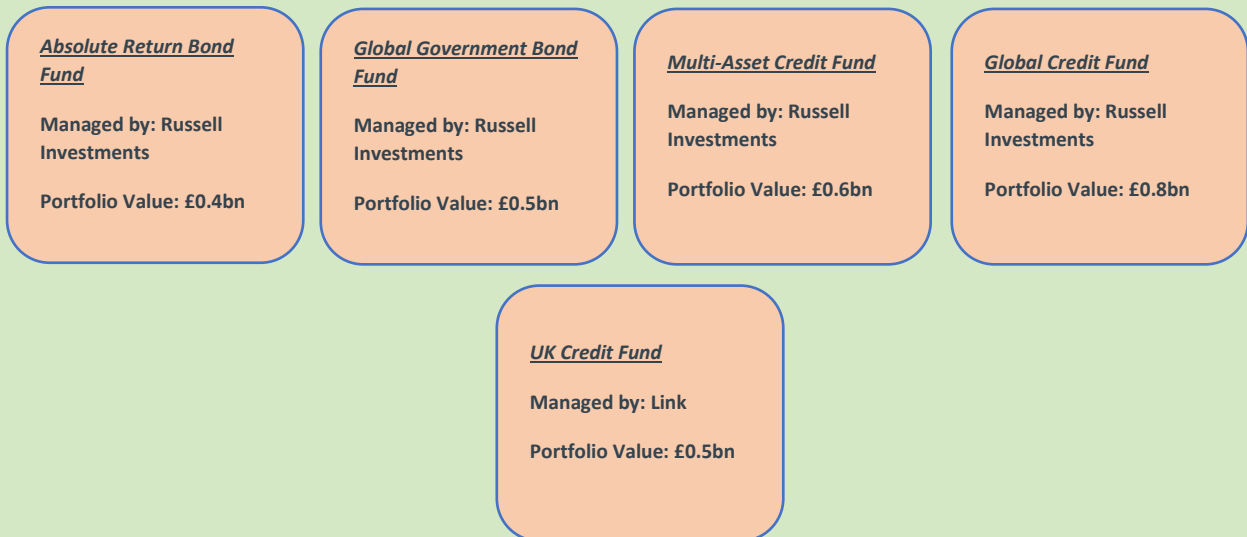
*\*Host Authority and External Advisor costs are to be funded equally by all eight of the WPP's Constituent Authorities and these will be recharged on an annual basis.*

*\*\*Operator Services costs are based on each Constituent Authority's percentage share of WPP assets (held with the Operator) and are deducted directly from the Net Asset Value (NAV) of the Constituent Authority's assets (held with the Operator).*

## Equity Sub-Funds



## Fixed Income Sub-Funds



\* Portfolio Values as at launch date



Wales Pension Partnership

<https://www.walespensionpartnership.org/>



Wales Pension Partnership  
Joint Governance Committee  
Q1 2023 review – 17 July 2023



# Market Updates

## Proposed Acquisition

As discussed since the last Joint Governance Committee on 29 March 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 20<sup>th</sup> April 2023 (Sydney time) that:

Link Group and LFSL have reached a conditional agreement for the sale of the FS Business, excluding its Luxembourg and Swiss entities, and excluding Woodford related liabilities, on a debt and cash free and normalised working capital adjustments basis, to the Waystone Group for an aggregate consideration value of between £110 million and £140 million (the Sale).

At the same time, Link Group and LFSL have reached a conditional agreement with the FCA to settle its investigation into LFSL in respect of LFSL's role as authorised corporate director (ACD) of the LF Woodford Equity Income Fund (now known as the LF Equity Income Fund) (WEIF), (the Settlement).

The Settlement is conditional on, amongst other things, completion of the Sale and the English High Court sanctioning a scheme of arrangement proposed under Part 26 of the Companies Act 2006 addressing WEIF related redress and claims against LFSL (Scheme), as outlined below. The FCA has confirmed its intention to support the Scheme and intends to support its approval by WEIF Investors.

As part of the Settlement, and conditional on the Scheme, Link Group has agreed to contribute to LFSL all of the available consideration to be received from the Waystone Group under the Sale, meaning Link Group would receive no net proceeds of the Sale. There is no further contribution required of Link Group'.

The Scheme will provide that the payment of amounts to WEIF Investors, in accordance with the Scheme, will be in return for a full and final release from WEIF Investors to LFSL and the wider Group.

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

# March 2023 LF Wales PP Fund Summary AUM

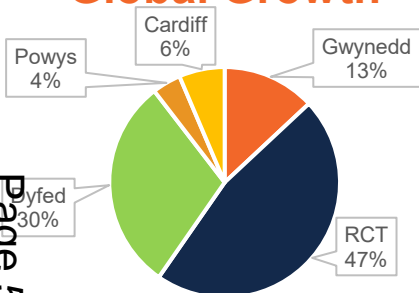
Fund	AUM	Inception date
Global Growth	£3,274,152,681	6 <sup>th</sup> Feb 2019
Global Opportunities	£3,269,124,129	14 <sup>th</sup> Feb 2019
UK Opportunities	£760,143,154	10 <sup>th</sup> Oct 2019
Emerging Markets	£354,601,402	20 <sup>th</sup> Oct 2021
Sterling Credit	£520,721,095	19 <sup>th</sup> Aug 2020
Global Credit	£693,664,784	21 <sup>st</sup> Aug 2020
Multi Asset Credit	£655,191,299	12 <sup>th</sup> Aug 2020
Global Government Bond	£481,416,739	20 <sup>th</sup> Aug 2020
Absolute Return Bond	£559,106,849	30 <sup>th</sup> Sept 2020
<b>Total Active Investments</b>	<b>£10,568,122,134</b>	
<b>Total Passive Investments</b>	<b>£5,074,366,199</b>	
<b>Total Pooled Assets</b>	<b>£15,642,488,333 as at 31 March 2023</b>	

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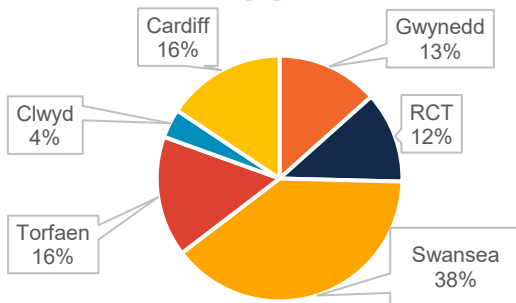
# March 2023 Fund Snapshot - Equities

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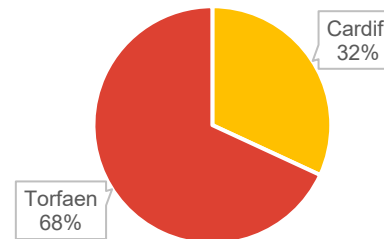
## Global Growth



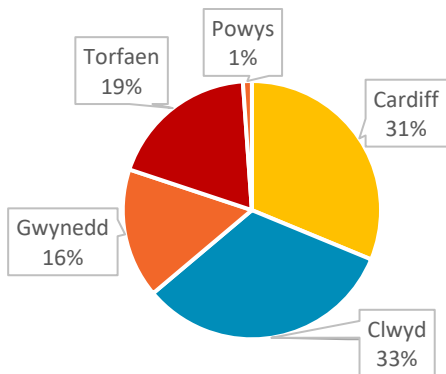
## Global Opportunities



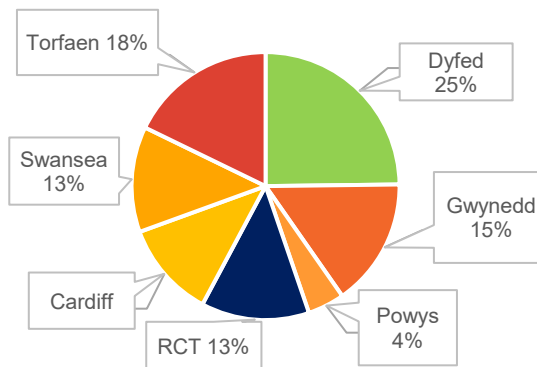
## UK Opportunities



## Emerging Markets



## Passive\*

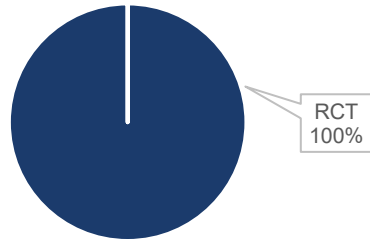


- Key:
- Dyfed
  - Powys
  - Gwynedd
  - RCT
  - Torfaen
  - Clwyd
  - Swansea
  - Cardiff

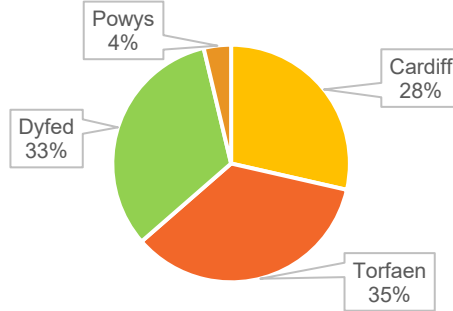
\* Assets with BlackRock

# March 2023 Fund Snapshot - Fixed Income

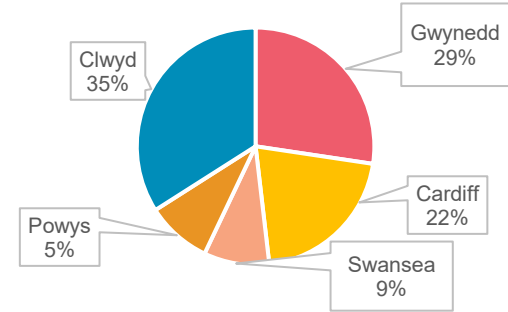
## Sterling Credit



## Global Credit



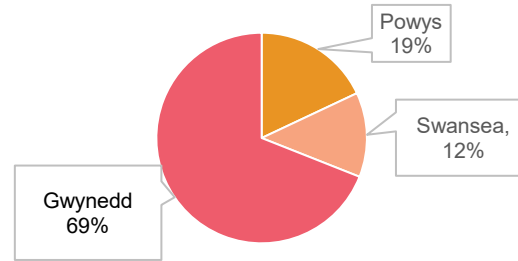
## Multi Asset Credit



## Global Gov. Bond



## Absolute Return Bnd



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





# Sub-Funds Update

## Fund Launches & Changes

	Activity	Status	Commentary
<b>Completed Fund Launches &amp; Changes</b>	N/a		N/a
<b>Ongoing Fund Launches &amp; Changes</b>	Addition of Robeco to the Global Credit fund, removal of T Rowe Price	✓	New Investment Manager 'Robeco' to be implemented June 2023
	Establishment of a Sustainable Equities Fund	✓	Weekly Transition Calls ongoing with full working party and Legacy managers with launch date agreed for 20 June 2023
	Addition of New Investment Manager to the Global Growth Fund, as an addition to current Managers	✓	Proposed addition new manager to be discussed at OWG. Paper to be shared with all investing Constituent Authorities with rationale behind the change

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### Status key:

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





# Initiatives

## Business as Usual + Key Changes

	Activity	Status	Commentary
<b>Management Information</b>	Move to Quarterly Reporting cycle with changes to information captured	✓	Working with internal Teams to move from monthly to quarterly with updates to information provided
<b>Class action reporting</b>	Rolled out class action reporting to the Host on quarterly basis	✓	We have continued to provide the Class Action reporting to the Host Authority

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### Status key:





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

# Market Updates

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	Activity	Status	Commentary
<b>Russia / Ukraine</b>	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.
<b>LDI</b>	Liability Driven Investments & market volatility	✓	No LDI investments in the WPP sub-funds.

## 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 7 February 2023
- WPP JGC 29 March 2023

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

- OWG 23 May 2023
- WPP JGC 19 July 2023

### Link - Pension Committee attendance in period:

- RCT Panel Meeting - 23 March 2023
- RCT – Pension Committee meeting 27 March 2023
- Gwynedd – Pension Committee meeting 27 March 2023
- Dyfed – Pension Committee meeting 28 March 2023

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

- Clwyd – Pension committee 23 June 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
- Pension Board Chairs Engagement Meeting 25 April 2023

# LFS Engagement Protocol – Business as Usual

Strategic Relationship Review	Frequency	Objective
<p><b>WPP Attendees</b></p> <ul style="list-style-type: none"> <li>Chris Moore</li> <li>Anthony Parnell</li> <li>Two Section 151 / Deputy Section 151 officers</li> </ul>	<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>
<p><b>WPP Attendees</b></p> <ul style="list-style-type: none"> <li>Chris Moore</li> <li>Anthony Parnell</li> <li>Two Section 151 / Deputy Section 151 officers</li> </ul>		<p><b>Link Attendees</b></p> <ul style="list-style-type: none"> <li>Karl Midl, Managing Director</li> <li>Richard Thornton, Head of Relationship Management, Asset Owners</li> <li>James Zealander, Senior Relationship Manager</li> </ul>
JGC Engagement	Frequency	Objective
<p><b>WPP Attendees</b></p> <ul style="list-style-type: none"> <li>Joint Governance Committee (JGC)</li> </ul>	<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>
<p><b>WPP Attendees</b></p> <ul style="list-style-type: none"> <li>Joint Governance Committee (JGC)</li> </ul>		<p><b>Link Attendees</b></p> <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
<p><b>WPP Attendees</b></p> <ul style="list-style-type: none"> <li>Officers Working Group (OWG)</li> </ul>	<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>
<p><b>WPP Attendees</b></p> <ul style="list-style-type: none"> <li>Officers Working Group (OWG)</li> </ul>		<p><b>Link Attendees</b></p> <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...

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 – LFS 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>▪ Alistair Coyle/Heidi Robinson, Relationship Managers (as required)</li> <li>▪ Clair Baguley, Client Service Manager (as required)</li> </ul>
WPP Working Group	Frequency	Objective
<p><b>WPP Attendees</b></p> <ul style="list-style-type: none"> <li>▪ Officers Working Group (OWG)</li> <li>▪ Hymans</li> </ul>	<ul style="list-style-type: none"> <li>▪ Bi-Weekly</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regular project call to discuss progress of deliverables</li> <li>▪ Link Client Team</li> <li>▪ Northern Trust</li> <li>▪ Russell Investments</li> <li>▪ Other consultants (e.g. bFinance)</li> </ul>
Annual Shareholder Day	Frequency	Objective
<ul style="list-style-type: none"> <li>▪ Open to all involved parties</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual</li> </ul>	<ul style="list-style-type: none"> <li>▪ Open day for presentations on strategy and performance (with IM)</li> <li>▪ Link Client Team</li> <li>▪ Northern Trust</li> <li>▪ Russell Investments and other Investment Managers (e.g. Global Growth Managers)</li> <li>▪ Other consultants as required (e.g. bFinance)</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>▪ James Zealander, Senior Relationship Manager</li> <li>▪ Alistair Coyle/Heidi Robinson, Relationship Managers (as required)</li> <li>▪ Richard Thornton, Head of Relationship Management, Asset Owners</li> <li>▪ Russell Investments</li> </ul>

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### **Disclaimer**

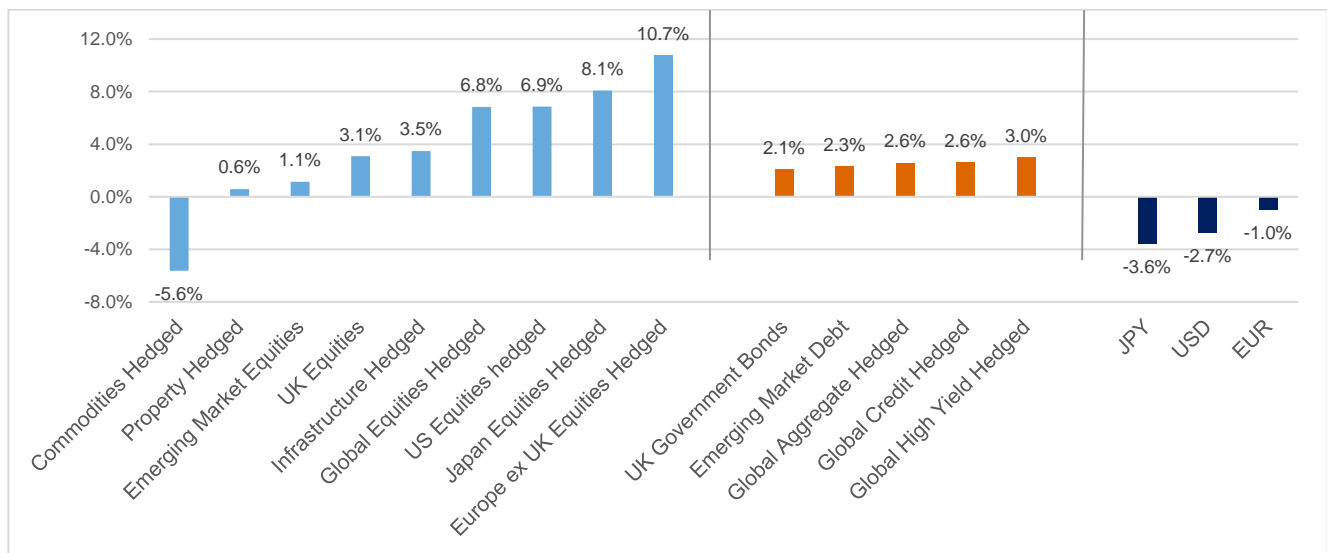
This document is issued by Link Fund Solutions Limited. The information provided is for guidance and information purposes only and should not be regarded as a substitute for taking legal advice. Link Fund Solutions Limited, 6th Floor, 65 Gresham Street, London EC2V 7NQ. Authorised and Regulated by the Financial Conduct Authority

# JGC - WPP Performance Summary Q1 2023

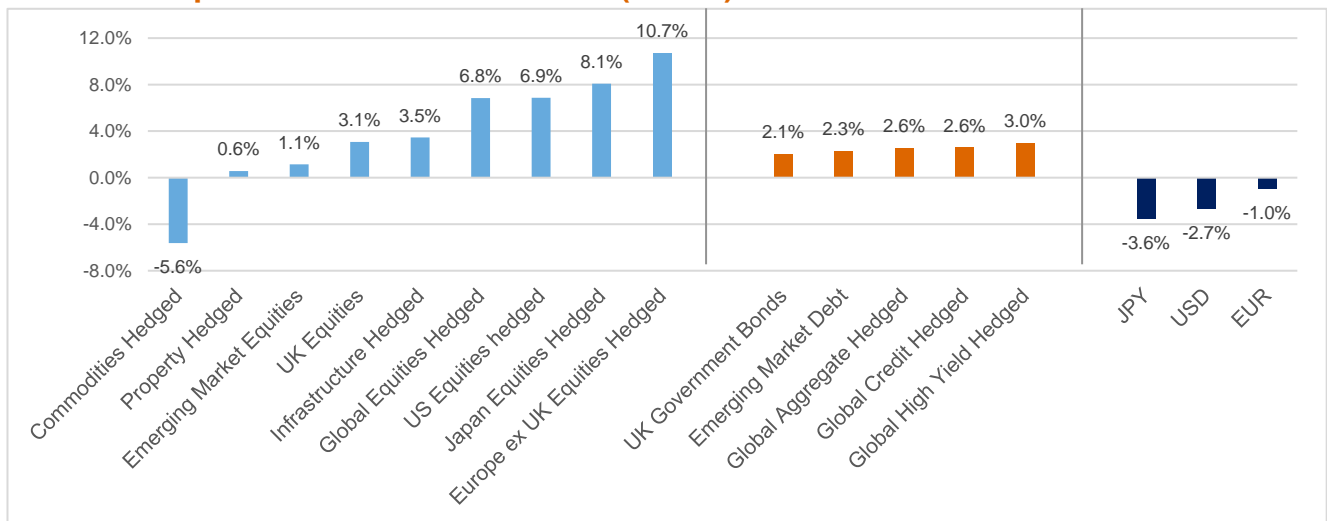
## Global Market Commentary

Positive January and March performance bookended mid-quarter market volatility. Equity markets started the year strongly with investors encouraged by signs that inflation was being tamed and the prospect of China's reopening from Covid-19 restrictions boosting demand. In contrast, equities fell broadly in February amid slowing progress on inflation and resilient economic data, which implied interest rates may stay higher for longer. Investor sentiment tumbled further following the failure of three regional US banks, which triggered fears of contagion and a sell-off of banking stocks. In Europe these fears were heightened by a collapse in Credit Suisse's share price, which ultimately led to its takeover by rival UBS. Concerns subsided towards the end of the period. The US Federal Reserve (Fed), the Bank of England (BoE) and European Central Bank (ECB) all raised interest rates as expected this quarter. The US dollar depreciated while oil prices were volatile, falling below \$70 per barrel in March before recovering towards quarter-end.

## Asset class performance – Quarter to Date (March) 2023



## Asset class performance – Year to Date (March) 2023



Benchmarks : Global equity hedged (MSCI World ACWI), UK equity (FTSE All Share), US equity hedged (Russell 1000 Net GBPH), Europe ex UK equity (MSCI Europe ex UK Equity Net GBPH), Japan equity (TOPIX Net GBPH), Emerging equity (MSCI Emerging Markets Net), Global HY bonds (BofAML Global High Yield 2% Constrained Index), EMD LC (JP Morgan GBI-EM Global Diversified Index), Global credit hedged (Bloomberg Barclays Global Aggregate Credit Index), Global aggregate hedged (Bloomberg Barclays Global Aggregate Bond Index GBPH), UK Government Bonds (ICEBofAML UK Gilts All Stocks (GB), Property hedged (FTSEEPRA Nareit Dev Re GBP)

## Global Growth Equity Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	5.56	-0.54	9.40
<b>Net</b>	5.46	-0.90	8.98
<b>MSCI AC World Index Net</b>	4.39	-1.43	9.79
<b>Excess returns (gross)</b>	1.16	0.90	-0.40

Inception Date: 6th February 2019

Source: Northern Trust as of 31 March 2023

### Overall Fund Commentary

Global equity markets made solid gains in the first quarter of 2023 with the MSCI ACWI rising 4.4% in GBP. Inflationary pressures eased, and economic data was generally stronger than expected, supporting the proposition that central banks would be able to conclude their monetary policy tightening. Financials had gained steadily from a Q3-2022 low but fell 15% in a matter of days following the collapse of Silicon Valley Bank, followed quickly by that of New York based Signature Bank. Despite a significant spike in volatility the broad market recovered to finish the quarter just short of February's high although mid-sized lenders remain under pressure. Financials joined Real Estate, Utilities, Health Care and Energy in recording negative returns for the quarter. Information Technology, Communication Services, and Consumer Discretionary sectors led the market. This mix of returns consolidated the Q1 leadership of growth over value and the crisis in the banking sector prompted a renewed focus on the quality style.

The WPP Global Growth portfolio outperformed the market by 1.0% in the quarter, returning 5.5% in GBP, net of fees. All three funds exceeded the benchmark return however the 3.8% out-performance of value biased, quality manager Veritas was the highlight. This was attributable to ongoing strength in Meta Platforms and the potential of an offer for pharmaceutical company Catalent Inc. Baillie Gifford suffered from direct exposure to Signature Bank to finish the quarter 0.2% ahead of the benchmark. Pzena's overweight exposure to value financials had served it well until underperformance driven by fears of contagion took hold and left it only 0.1% ahead for the quarter.

## Global Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	3.41	0.55	10.83
<b>Net</b>	3.33	0.28	10.51
<b>MSCI AC World Index Net</b>	4.39	-1.43	9.47
<b>Excess returns (gross)</b>	-0.99	1.98	1.36

Inception Date: COB 14th February 2019

Source: Northern Trust as of 31 March 2023

### Overall Fund Commentary

The Fund registered positive absolute returns over the first quarter but finished behind the benchmark on a relative basis. In factor performance, growth and large cap stocks were the best performing styles, significantly outperforming the global index, although this was driven by the US. Small cap stocks underperformed, however, small cap growth names fared better. In contrast, value and high dividend yielding stocks were unrewarded in the market environment. As such, growth manager Morgan Stanley significantly outperformed over the period. Value manager Sanders and quality growth manager Intermede also achieved positive excess returns. Numeric Low Volatility and Nissay were the weakest managers in the quarter. Jacobs Levy, Numeric (core) and SW Mitchell were also behind their benchmarks.

## EM Market Commentary

Emerging Markets recorded a positive return in a volatile quarter but underperformed developed market equities. The first quarter of 2023 saw a dampening in risk appetite and doubts surrounding the strength of China's recovery following its reopening and the impact on global economic growth. Despite this, China's strength continued for another quarter as the market outperformed the broader emerging markets index for the second-successive quarter. In contrast, India underperformed, as names within the Adani Group dragged the market down, and Brazil also struggled following a strong 2022. The US dollar depreciated over the period. Small cap growth stocks were in the highest demand this period.

## EM Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	2.57	-3.19	-6.24
<b>Net</b>	2.44	-3.62	-6.69
<b>MSCI Emerging Market Index</b>	1.14	-4.91	-7.16
<b>Excess returns (gross)</b>	1.43	1.72	0.92

Inception Date: COB 20th October 2021

Source: Russell Investments as of 31 March 2023

## Overall Fund Commentary

The Fund outperformed the positive benchmark return. Similar to the fourth quarter of 2022, large capitalisation stocks outperformed small caps and high dividend yielding stocks were in demand amid the elevated inflation environment. Growth marginally outperformed the index return and the value factor. Small cap value stocks lagged during this period. In sectors, technology and communication services were the standout performers, driven higher by names including TSMC, Samsung Electronics and Tencent Holdings. All other sectors underperformed, with utilities and health care lagging the most. Within this environment, the Fund's effective country positioning included an underweight to India in a period where the market slipped lower. Selection was positive within Taiwan (semiconductors) and Mexico (financials, staples). However, stock selection within China was negative on aggregate this quarter, with an underweight to Tencent a key detractor. Selection within Thailand and South Korea was also negative.



## UK Market Commentary

UK equities underperformed the global index. Consumer discretionary, industrials and telecommunications were the best performers, although this was offset by weakness in materials, consumer staples and health care. The Bank of England raised rates by 50 bps, and then a further 25 bps, signalling that the outlook for both economic growth and inflation had improved. However, inflation unexpectedly rose in February to 10.4% from 10.1% in January, largely driven by higher food and beverage prices. In his Budget, Chancellor Jeremy Hunt announced a 100% tax break for business investment and the launch of 12 low-tax zones to encourage economic growth and reduce regional disparity. Other measures included plans to keep people in work and an extension of free childcare. In an upbeat speech he said the economy was “proving the doubters wrong” and would avoid a technical recession this year.

## UK Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	6.05	4.60	3.72
<b>Net</b>	5.95	4.23	3.32
<b>FTSE All Share</b>	3.08	2.92	4.55
<b>Excess returns (gross)</b>	2.97	1.68	-0.83

Inception Date: COB 11th October 2019

Source: Northern Trust as of 31 March 2023

## Overall Fund Commentary

The Fund outperformed the positive benchmark return in the quarter. In factor performance, mid cap stocks produced the strongest performance while large cap and small cap stocks lagged. Growth also outperformed while value was out of favour. In sectors, consumer discretionary produced the biggest absolute returns followed by industrials. Basic materials was the only sector to produce an absolute negative return for the quarter. Overweight exposure and stock selection in communication services and consumer discretionary contributed to the positive return. Ninety One led the outperformance, benefitting from its focus on value, although all managers produced positive relative returns versus the benchmark.

## Fixed Income Market Commentary

Government bonds rallied following turmoil in the banking sector. In this environment, longer duration US Treasuries, eurozone sovereigns and UK gilts outperformed equivalents elsewhere, particularly in China. The US Federal Reserve (Fed), Bank of England (BoE) and European Central Bank (ECB) all raised rates. However, the market turbulence led to increased uncertainty over the future direction of interest rates.

The Fed increased its benchmark interest rate by 25 basis points (bps) twice in the quarter to end at its highest since 2007. However, comments from the Fed were noticeably more dovish towards quarter-end. The benchmark 10-year US Treasury yield fell 40 bps over the quarter to close at 3.47%, while the 2-year yield declined 38 bps to 3.98%. In the UK, the BoE raised rates by 50 bps, and then a further 25 bps, signalling that the outlook for both economic growth and inflation had improved. The benchmark 10-year gilt yield ended the quarter 18 bps lower at 3.49%. In the eurozone the ECB raised interest rates by 50 bps twice. Over the quarter the German 10-year bund yield fell 28 bps to 2.29%.

## Global Government Bond Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	2.59	-4.86	-3.50
<b>Net</b>	2.53	-5.10	-3.73
<b>FTSE World Gvt Bond Index (GBP Hedged)</b>	3.02	-6.62	-5.13
<b>Excess returns (gross)</b>	-0.43	1.76	1.63

Inception Date: COB 19th August 2020

Source: Russell Investments as of 31 March 2023

### Overall Fund Commentary

The Fund slightly underperformed the positive benchmark return in a volatile quarter for financial markets. Within this environment, Blue Bay outperformed while Colchester underperformed the benchmark. The Fund's underweight exposure to US Treasuries was detrimental. An underweight to Japanese bonds, notably of 5- and 30-year duration also detracted. Negative exposure to shorter duration German bunds was offset by a positive contribution from 5 and 10-year issues. An overweight of Columbian rates was also additive.

## Global Credit Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	2.05	-8.27	-4.79
<b>Net</b>	2.00	-8.43	-4.96
<b>Bloomberg Barclays Global Agg Credit Index (GBP Hedged)</b>	2.63	-6.56	-4.94
<b>Excess returns (gross)</b>	-0.58	-1.71	0.15

Inception Date: COB 20th August 2020

Source: Russell Investments as of 31 March 2023

### Overall Fund Commentary

The Fund underperformed the benchmark return this quarter. Within this environment, effective credit positioning early in the quarter was offset by losses in March. Overweight to US high yield credit was slightly additive, with exposure to financials detracting but industrials contributing positively. An overweight to European high yield financials detracted, while an overweight to European investment grade utilities contributed positively. In hard currency emerging market debt an underweight to Middle East investment grade credit was additive, although some of this was offset by underweights to Europe and Latin America.

### Multi Asset Credit Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	3.34	-5.89	-0.78
<b>Net</b>	3.25	-6.23	-1.13
<b>3 Month GBP SONIA + 4%</b>	1.94	6.36	4.96

Performance Target is 3 Month GBP SONIA + 4%, we have not shown excess return as this is a target.

**Inception Date: COB 11th August 2020**

**Source: Russell Investments as of 31 March 2023**

#### Overall Fund Commentary

The Fund recorded a positive return in a volatile quarter for financial markets. High yield (HY) was stronger than investment grade corporate debt, particularly in Europe but also in the US. Global investment grade spreads widened slightly. Markets were calmer towards quarter end with risk appetite starting to recover. However, concerns about the real estate sector were reflected in bond markets with issuance by some property companies coming under pressure. Hard currency emerging market debt spreads widened in the volatile market environment. Loan specialist ICG was the best performing manager.

### Absolute Return Bond Strategy Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	1.07	2.34	2.11
<b>Net</b>	1.01	2.07	1.81
<b>3 Month GBP SONIA + 2%</b>	1.44	4.32	2.99

Performance Target is 3 Month GBP SONIA + 2%, we have not shown excess return as this is a target.

**Inception Date: COB 30th September 2020**

**Source: Russell Investments as of 31 March 2023**

#### Overall Fund Commentary

The Fund recorded a positive return this quarter. Aegon and Wellington both recorded positive returns, whereas Insight and mortgage prepayment specialist Putnam recorded negative returns. Macro strategies had a positive impact. Although European asset-backed security (ABS) spreads held up well following the market volatility, primary issuance of European ABS stalled. Some issuers postponed their deals or reverted to partially or pre-placing (privately) their ABS.

## Sterling Credit Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	2.58	-9.26	-5.08
<b>Net</b>	2.54	-9.38	-5.20
<b>ICE Bank of America Merrill Lynch Euro-Sterling Index plus 0.65%</b>	2.53	-9.58	-5.59

Inception Date: COB 19th August 2020

Source: Northern Trust as of 31 March 2023

### Overall Fund Commentary

The Wales Pension Partnership Sterling Credit portfolio returned 2.6% in Q1, outperforming the BofA Euro-Sterling benchmark by 0.2%.

The quarter started positively with both government yields decreasing and corporate spreads tightening as markets were hopeful the monetary policy tightening cycle was nearing an end and a recession could be avoided with China's economy reopening and Western economies more resilient to inflation pressures than expected. The fund's long sterling duration position enhanced returns but was partially offset by the underweight euro duration position. The overweight exposure to financial credits was a negative but both, the Bank of England (BoE) and the European Central Bank (ECB) on the health of their financial sectors. Stronger UK economic data supported higher than expected inflation and suggested further action by the Bank of England (BoE). A 25bp increase followed and the BoE expressed confidence in the banking system following the collapse of Silicon Valley Bank suggesting further rises ahead if inflation remains elevated. Similarly, the European Central Bank assured markets it was 'fully equipped' to ensure financial stability and raised rates by 0.5%. Despite the market turmoil in March positive risk sentiment led to further fall in UK government bond yields and a slight widening in credit spreads.

## Wales Pension Partnership (WPP) - JGC Update

JGC meeting date: Wednesday 20 September 2023

Location: Hybrid meeting, hosted by RCT

Chair: Cllr Ted Palmer, Clwyd

Vice Chair: Cllr Elwyn Williams, Dyfed

Agenda item	Detail
Host Authority update	<p>Anthony Parnell of the Host Authority provided an update in relation to work that has been completed since the last JGC meeting and WPP's next steps / priorities.</p> <p>There has been no change to the operator procurement timetable and the ITT is still on target to be issued mid-October 2023.</p> <p>The WPP is in the process of drafting a response to the LGPS Investments consultation and the response will be submitted ahead of the 2 October 2023 deadline.</p> <p>Anthony also presented the 2023/24 Business Plan update as at 30 June 2023 (attached).</p>
Risk Register Q3 2023 Review	<p>The OWG is responsible for maintaining the WPP Risk Register and reporting back any changes or developments to the JGC on a quarterly basis. The OWG has a dedicated Risk Sub-Group to take ownership of the Risk Register and the quarterly review of the document.</p> <p>During Q3 2023, a review has taken place of the Training &amp; Resources and Communication Risks.</p> <p>Hymans presented the changes which were approved by the JGC. The Risk Register has been uploaded on the WPP website.</p>
New policy: Breaches & Errors Policy	<p>A new Breaches and Errors Policy has been developed for the WPP which sets out WPPs policy and procedures on identifying, managing and where</p>

	<p>necessary reporting breaches of the law in accordance with section 70 of the Pensions Act 2004.</p> <p>The new policy was approved and has been uploaded on the WPP website.</p> <p>There were no policy reviews this quarter.</p>
Operator Update	<p>Link presented their quarterly update report as at 30 June 2023 (attached). This provides an update on WPP's sub funds and corporate and engagement activity.</p> <p>The sale of Link Fund Solutions to Waystone Management UK Ltd is due to complete on 9 October 2023.</p>
Performance Reports as at 30 June 2023	<p>Russell Investments presented a Q2 2023 performance summary paper (attached) summarising the performance of each individual ACS sub fund for the quarter ending 30 June 2023.</p>
<p><b>Exempt Items</b> – the following items were discussed during the non-public part of the meeting.</p>	
Securities Lending Report as at 30 June 2023	<p>Stock Lending commenced in March 2020 and Northern Trust presented the Securities Lending Report for Q2 2023 (quarter ending 30 June 2023).</p>
Robeco Engagement Report – Q2 2023	<p>In March 2020, Robeco was appointed as WPP's Voting &amp; Engagement Provider to undertake Voting and Engagement functions on behalf of the WPP. Robeco commenced their engagement service in April 2020, and they have provided an engagement report for Quarter 2 2023. The engagement theme chosen for this quarter was Global Controversy Engagement.</p>
Responsible Investment and Climate Risk reports	<p>Each quarter, Hymans Robertson produce quarterly Responsible Investment &amp; Climate Risk Reports for WPP's sub funds.</p> <p>For Quarter 2 2023 (quarter ending 30 June 2023), the ARB and MAC reports were produced.</p> <p>Hymans presented the reports to the JGC members.</p>

<p>Sustainable Equity Sub fund transition review</p>	<p>WPP has launched a Sustainable Active Equity Fund to be managed by Russell Investments. The fund has a portfolio value of £1.2bn, with all eight Welsh Funds participating. Citi was appointed as the transition manager.</p> <p>Hymans partnered with Byhiras, an independent provider of transition analytics, have carried out a review of the Citi implementation and validation of the costs incurred. The transition implementation effectively managed a number of key risks, namely, project management, currency, sector and out of market risk, and successfully moved assets into the Sustainable Equity sub-fund on behalf of all eight Constituent Authorities</p> <p>Hymans presented the report to the JGC members.</p>
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Webcast link for the 20 September 2023 JGC meeting below:

[Agenda for Wales Pension Partnership Joint Governance Committee on Wednesday, 20th September, 2023, 10.00 am](#)

WPP's website address - [Wales Pension Fund | Home \(walespensionpartnership.org\)](http://walespensionpartnership.org)

Next meeting:

- Wednesday 13 December 2023 – Virtual meeting

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# Wales Pension Partnership Business Plan 2023-2024 Q1 Review

## Governance

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Development of a WPP Breaches and Errors Policy</li> </ul>	In progress	To be approved at the September 2023 JGC
<ul style="list-style-type: none"> <li>Legal Services provider contract (initial 3 year review)</li> </ul>		October – December 2023
<ul style="list-style-type: none"> <li>Ongoing review of the Inter Authority Agreement</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>Annual review of WPP's policies and plans</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>Quarterly reviews of the Risk Register</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>Respond to any pooling related consultations and carry out any necessary changes as a result of consultation outcomes</li> </ul>	Ongoing	

## Ongoing Sub-Fund development

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Launch of Private Debt &amp; Infrastructure Sub-Funds</li> </ul>	Yes	Infrastructure and Private Debt investment programmes launched
<ul style="list-style-type: none"> <li>Launch of Private Equity Sub-Fund</li> </ul>	In progress	Private Equity investment programme to be launched later in the year
<ul style="list-style-type: none"> <li>Launch Sustainable Equities Sub-Fund</li> </ul>	Yes	Launched 20 June 2023
<ul style="list-style-type: none"> <li>Formulate the WPP's Property requirements and optimal means of implementation &amp; launch the property Sub-funds</li> </ul>	In progress	Work is progressing, currently at mandate specification stage
<ul style="list-style-type: none"> <li>Consideration of WPP's Levelling up / impact requirements</li> </ul>	Ongoing	

<ul style="list-style-type: none"> <li>Launch of other Private Market sub-funds (TBC)</li> </ul>		Discussions to be held with individual CA's
<ul style="list-style-type: none"> <li>Consultation with CAs on need for further sub-funds, review and develop a mechanism to pool any suitable non-pooled assets</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>Consideration of Local Investment opportunities</li> </ul>	Ongoing	

### Operator Services

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Operator contract / procurement process</li> </ul>	In progress	Procurement work has commenced, ITT to be issued October 2023
<ul style="list-style-type: none"> <li>Operator oversight</li> </ul>	Ongoing	

### Investments and Reporting

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Review Sub-Fund mandates to ensure compatibility with WPP's Responsible Investment and Climate Risk Beliefs</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>Task Force on Climate-related Financial Disclosures (TCFD) reporting</li> </ul>		Awaiting TCFD consultation response
<ul style="list-style-type: none"> <li>Stewardship Code reporting</li> </ul>	In progress	2022/23 report to be submitted by 31 October 2023
<ul style="list-style-type: none"> <li>Consider additional reporting that demonstrates WPP's commitment to Responsible Investment</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>On-going Investment Manager performance reporting, scrutiny and challenge</li> </ul>	Ongoing	

<ul style="list-style-type: none"> <li>Annual review of WPP's Cost Transparency Requirements</li> </ul>		To be reviewed in Q1 (January to March) 2024
<ul style="list-style-type: none"> <li>Annual performance review of WPP Sub Funds (Equity and Fixed Income)</li> </ul>		To be reviewed in Q1 (January to March) 2024
<ul style="list-style-type: none"> <li>On-going engagement with Constituent Authorities regarding minimum ESG / RI standards and their climate ambitions</li> </ul>	Ongoing	

### Communication and Training

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Formulation of the WPP's Annual Responsible Investment Progress Report</li> </ul>	Yes	Report presented at the July 2023 JGC and published on website
<ul style="list-style-type: none"> <li>Formulation of the WPP's annual training plan</li> </ul>		To be formulated in Q1 (January to March) 2024
<ul style="list-style-type: none"> <li>Formulation of the WPP's Annual Update</li> </ul>	Yes	2022/23 Annual Update published in August 2023
<ul style="list-style-type: none"> <li>Formulation of the WPP's Annual Report</li> </ul>	In progress	2022/23 Annual Report to be published Autumn 2023

### Resources, budget and fees

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Annual review of resources and capacity</li> </ul>		To be reviewed in Q1 (January to March) 2024
<ul style="list-style-type: none"> <li>Formulation of Annual WPP Budget</li> </ul>		To be formulated in Q1 (January to March) 2024
<ul style="list-style-type: none"> <li>Review and Monitoring of Operator / external provider fees</li> </ul>	Ongoing	

## Training Plan

Training topics to be completed during 2023–2024 as per approved 2023-2024 Training Plan and progress to date:

	Completed	Comments
• Private Market Asset Classes – Private Equity / Property	Yes	8 June 2023
• Levelling up / development opportunities	Yes	8 June 2023
• TCFD reporting		
• Performance reporting		
• Voting & Engagement		Scheduled for 21 September 2023
• RI within the WPP sub funds		Scheduled for 21 September 2023
• Progress of other LGPS pools & Collaboration Opportunities		
• Pooling Guidance		

## Budget

2023-2024 Budget Monitoring Report:

	<b>Budget 2023 – 2024 £000</b>	<b>Forecast 2023 – 2024 £000</b>	<b>Variances 2023 – 2024 £000</b>
Host Authority *	200	195	5
External Advisors *	1,448	1,448	0
<b>TOTAL to be recharged</b>	<b>1,648</b>	<b>1,643</b>	<b>5</b>
Operator Services **	37,257	37,257	0
<b>TOTAL to be deducted from the NAV</b>	<b>37,257</b>	<b>37,257</b>	<b>0</b>

*\*Host Authority and External Advisor costs are to be funded equally by all eight of the WPP's Constituent Authorities and these will be recharged on an annual basis.*

*\*\*Operator Services costs are based on each Constituent Authority's percentage share of WPP assets (held with the Operator) and are deducted directly from the Net Asset Value (NAV) of the Constituent Authority's assets (held with the Operator).*

## Investments

### Equity Sub-Funds

#### Global Growth Fund

Managed by: Link Fund Solutions

Portfolio Value: £2bn\*

#### Global Opportunities Fund

Managed by: Russell Investments

Portfolio Value: £2bn\*

#### UK Opportunities Fund

Managed by: Russell Investments

Portfolio Value: £0.6bn\*

#### Emerging Markets Fund

Managed by: Russell Investments

Portfolio Value: £0.6bn\*

#### Sustainable Active Equity Fund

Managed by: Russell Investments

Portfolio Value: £1.2bn\*

### Fixed Income Sub-Funds

#### Absolute Return Bond Fund

Managed by: Russell Investments

Portfolio Value: £0.4bn\*

#### Global Government Bond Fund

Managed by: Russell Investments

Portfolio Value: £0.5bn\*

#### Multi-Asset Credit Fund

Managed by: Russell Investments

Portfolio Value: £0.6bn\*

#### Global Credit Fund

Managed by: Russell Investments

Portfolio Value: £0.8bn\*

#### UK Credit Fund

Managed by: Link Fund Solutions

Portfolio Value: £0.5bn\*

### Private Markets

#### Infrastructure – closed ended

Managed by: GCM Grosvenor

#### Infrastructure – open ended

Managed by: CBRE, IFM and Octopus

#### Private Credit

Managed by: Russell Investments

\* Portfolio Values as at launch date



Wales Pension Partnership

<https://www.walespensionpartnership.org/>



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.

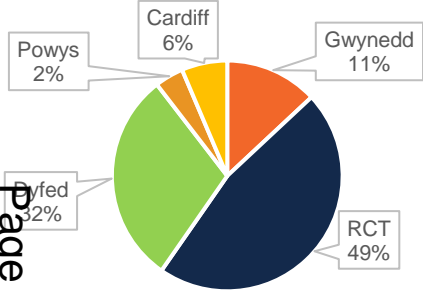
# June 2023 LF Wales PP Fund Summary AUM

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

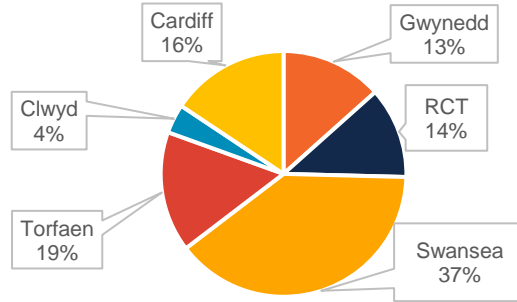
# June 2023 Fund Snapshot - Equities

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

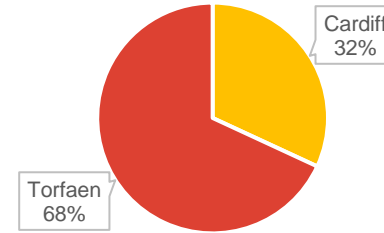
## Global Growth



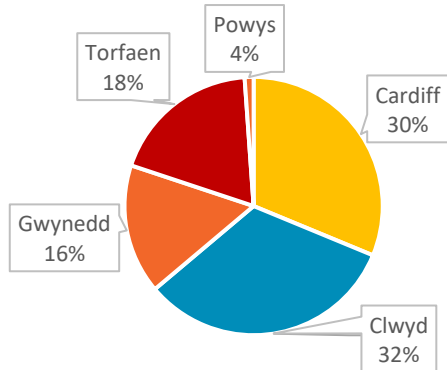
## Global Opportunities



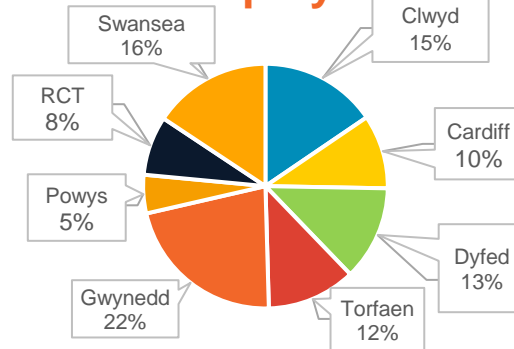
## UK Opportunities



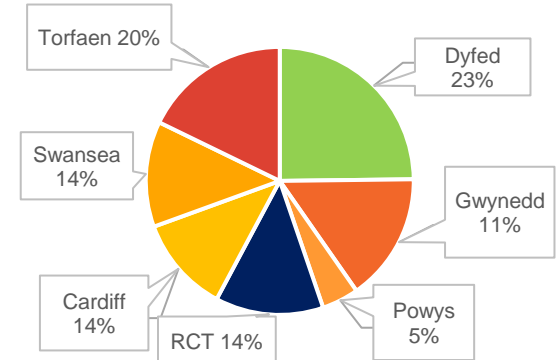
## Emerging Markets



## Sustainable Active Equity



## Passive\*

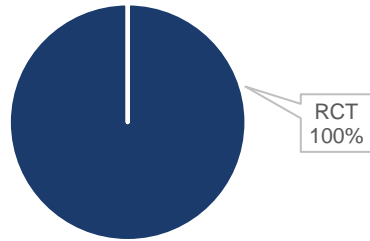


\* Assets with BlackRock 4

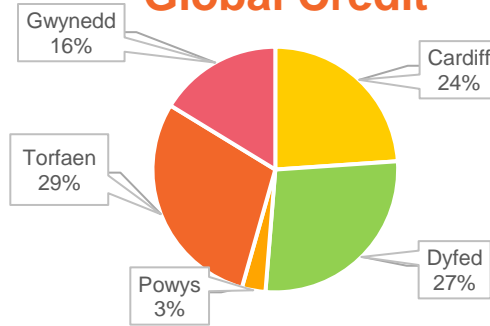
# June 2023 Fund Snapshot - Fixed Income

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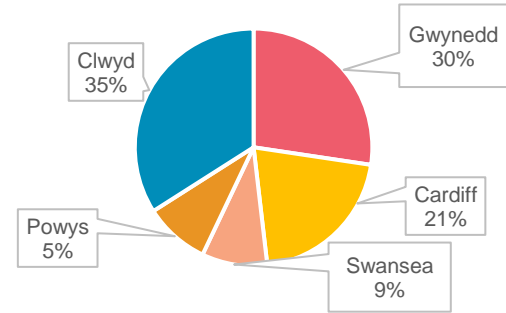
## Sterling Credit



## Global Credit



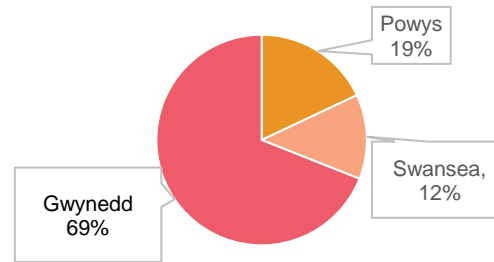
## Multi Asset Credit



## 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>	Establishment of a Sustainable Equities Fund	✓	Fund Launched 20 June 2023, with handover to Russell Investments from Transition Manager due on 14 July 2023
<b>Ongoing Fund Launches &amp; Changes</b>	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



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**Status key:**

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





# Initiatives

## Business as Usual + Key Changes

	Activity	Status	Commentary
<b>Management Information</b>	Move to Quarterly Reporting cycle with changes to information captured		Quarterly Reporting cycle now implemented
<b>Class action reporting</b>	Rolled out class action reporting to the Host on quarterly basis		We have continued to provide the Class Action reporting to the Host Authority

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### Status key:





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

# Market Updates

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	Activity	Status	Commentary
<b>Russia / Ukraine</b>	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"> <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>
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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>
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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 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>▪ 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>
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Note: Meetings may be conducted remotely and/or amalgamated where required.

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# Link Engagement Protocol continued...

Host Authority Update		
	<ul style="list-style-type: none"> <li>▪ Bi-Weekly</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regular Host Authority – LFS to discuss deliverables and business updates</li> </ul>
<b>WPP Attendees</b>		
<ul style="list-style-type: none"> <li>▪ Anthony Parnell</li> <li>▪ Tracey Williams</li> </ul>		<ul style="list-style-type: none"> <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		
	<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> </ul>
<ul style="list-style-type: none"> <li>▪ Individual Pension Fund Committee meetings</li> </ul>		<ul style="list-style-type: none"> <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>▪ Annual</li> </ul>	<ul style="list-style-type: none"> <li>▪ Open day for presentations on strategy and performance (with IM)</li> </ul>
<ul style="list-style-type: none"> <li>▪ Open to all involved parties</li> </ul>		<ul style="list-style-type: none"> <li>▪ Link 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		
	<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> </ul>
<b>WPP Attendees</b>		
<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>▪ Link Client Team</li> <li>▪ Russell Investments</li> </ul>

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### ***Relationship Managers***

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

**Name:** Heidi Robinson  
**Role:** Relationship Manager  
**Number:** +44 (0) 7843 804917  
**Email:** [Heidi.Robinson@linkgroup.co.uk](mailto: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](mailto: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](mailto:karl.midl@linkgroup.co.uk)

### **Disclaimer**

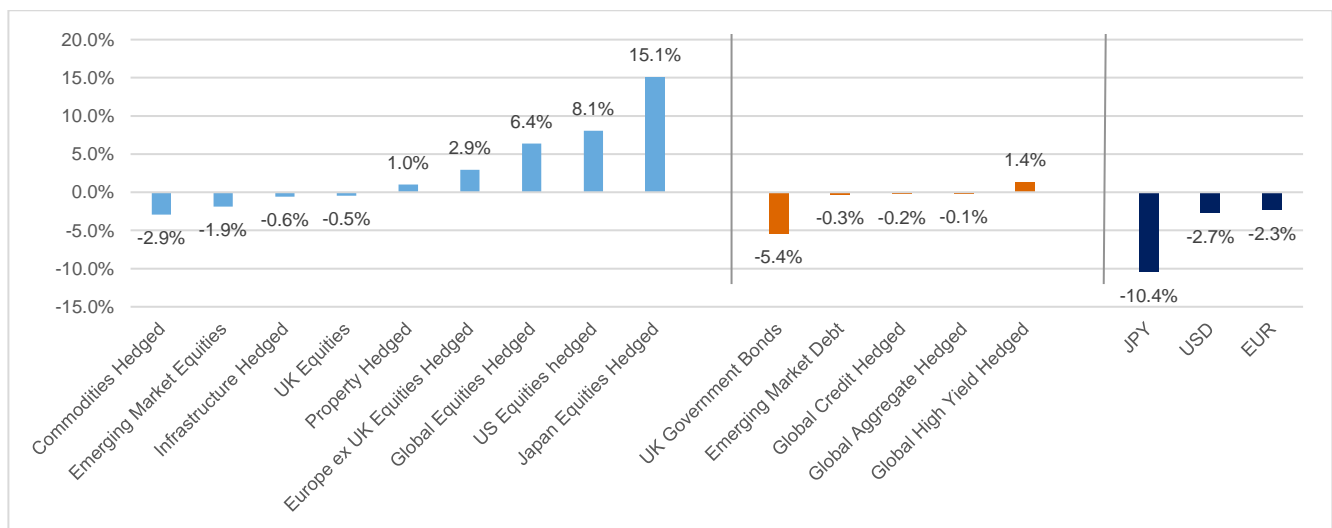
This document is issued by Link Fund Solutions Limited. The information provided is for guidance and information purposes only and should not be regarded as a substitute for taking legal advice. Link Fund Solutions Limited, 6th Floor, 65 Gresham Street, London EC2V 7NQ. Authorised and Regulated by the Financial Conduct Authority

# JGC - WPP Performance Summary Q2 2023

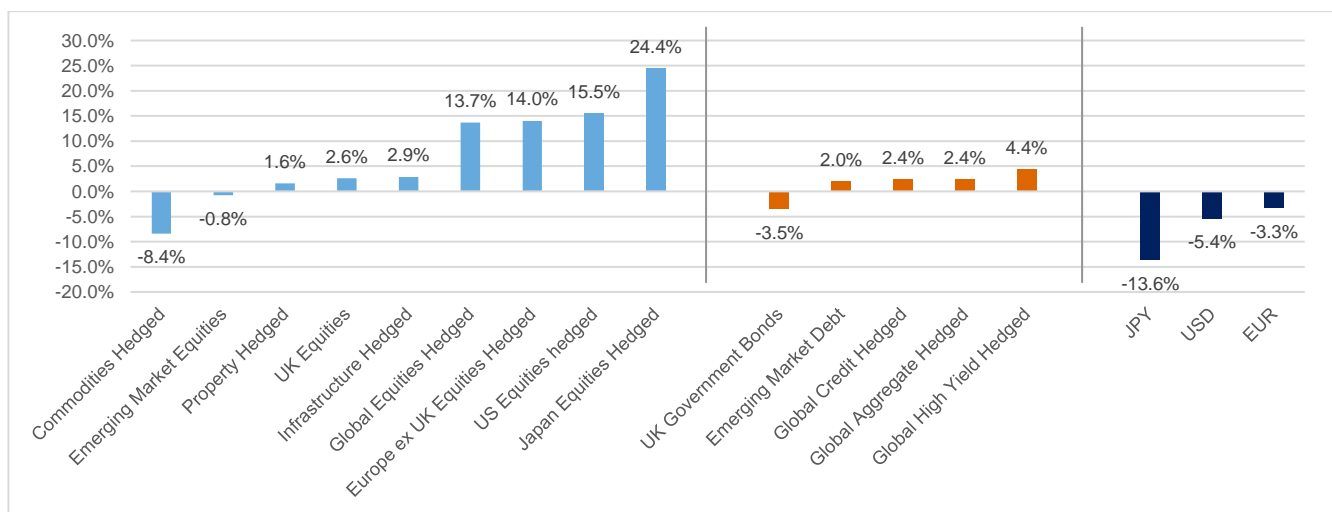
## Global Market Commentary

The MSCI World Net Index climbed 6.8% in the second quarter. Positive economic data and a resolution to the US debt ceiling talks helped propel equities higher in June following more muted performance in April and May. There was divergence across markets, with the US outpacing the global index and developed peers. Slow progress on controlling inflation and expectations of future rate hikes weighed on the UK and European markets. The US dollar gained versus the Japanese yen and most commodity-sensitive currencies but weakened against sterling and the euro. Oil prices fell as concerns about the global demand outlook persisted, in particular a sluggish post-Covid recovery in China. The Federal Reserve (Fed), European Central Bank (ECB) and the Bank of England (BoE) all raised rates over the quarter, by varying amounts.

## Asset class performance – Quarter to Date (June) 2023



## Asset class performance – Year to Date (June) 2023



Benchmarks : Global equity hedged (MSCI World ACWI), UK equity (FTSE All Share), US equity hedged (Russell 1000 Net GBPH), Europe ex UK equity (MSCI Europe ex UK Equity Net GBPH), Japan equity (TOPIX Net GBPH), Emerging equity (MSCI Emerging Markets Net), Global HY bonds (BofAML Global High Yield 2% Constrained Index), EMD LC (JP Morgan GBI-EM Global Diversified Index), Global credit hedged (Bloomberg Barclays Global Aggregate Credit Index), Global aggregate hedged (Bloomberg Barclays Global Aggregate Bond Index GBPH), UK Government Bonds (ICEBofAML UK Gilts All Stocks (GB)), Property hedged (FTSEEPRA Nareit Dev Re GBP)

## Global Growth Equity Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	1.79	10.39	9.77
<b>Net</b>	1.69	9.99	9.35
<b>MSCI AC World Index Net</b>	3.26	11.31	10.53
<b>Excess returns (gross)</b>	-1.47	-0.92	-0.76

**Inception Date: 31<sup>st</sup> January 2019**

**Source: Northern Trust as of 30 June 2023**

### Overall Fund Commentary

The Fund returned 1.8% in GBP over the quarter but underperformed versus the benchmark return. Value was the notable factor underperformer recording a negative return for the quarter.

Pzena's value bias underperformed the broad market but outperformed the value index. Typical value sectors including Energy, Staples, and Materials all underperformed the market. Despite the setbacks in March caused by the collapse of Silicon Valley Bank, stock selection in Financials was the largest positive of any sector. Despite a growth led market Baillie Gifford performance was in-line with the market. Stock selection balanced the IT underweight. Market gains were led by a 10% return for the Information Technology sector which is the largest sector underweight in the Global Growth Fund at -10.3%. The strength of demand for Nvidia's graphics and AI processors surprised the market, prompting a 50% rally in the stock and sparking a broad rally in the sector. The largest overweight sector is healthcare which lost ground over the quarter compounded by disappointing stock action from Novocure, Bio Rad Labs, and Illumina. The prospect of a takeover fuelled a first quarter rally in Veritas' holding of Catalent however that return was largely given up in the second quarter. Healthcare contributed around two thirds of the underperformance in the quarter. Stock selection within the Consumer Discretionary sector made up the balance of the underperformance.

## Global Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	3.02	11.92	11.69
<b>Net</b>	2.94	11.61	11.36
<b>MSCI AC World Index Net</b>	3.26	11.31	10.53
<b>Excess returns (gross)</b>	-0.25	0.61	1.16

Inception Date: COB 31<sup>st</sup> January 2019

Source: Source: Northern Trust as of 30 June 2023

### Overall Fund Commentary

The Fund registered positive absolute returns over the second quarter but slightly underperformed against the benchmark on a relative basis.

As in the first quarter, growth and large caps were the best-performing styles, significantly outperforming the index. However, the performance of growth was driven by the US as the factor lagged in Europe ex UK and Japan. Minimum volatility was the worst performing factor. Information technology was the best-performing sector, boosted by strong earnings results from big US tech companies and excitement over the potential in AI. Consumer discretionary also made significant gains. In contrast, utilities, energy, and materials were the weakest-performing sectors.

## EM Market Commentary

The MSCI Emerging Markets (EM) Index (USD) gained 0.9%. Improved investor sentiment drove positive June performance and helped the market recover from negative April and May returns. However, EM lagged developed markets overall due to a selloff within China, as growing concerns about the strength of the economy weighed on returns. Oil prices fell as the uncertain outlook for global demand persisted.

## EM Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	-2.28	-0.45	-7.74
<b>Net</b>	-2.40	-0.94	-8.19
<b>MSCI Emerging Market Index</b>	-1.50	-1.34	-6.80
<b>Excess returns (gross)</b>	-0.78	0.89	-0.94

Performance Target is MSCI Emerging Market Index + 1.5%

**Inception Date: COB 20th October 2021**

**Source: Source: Northern Trust as of 30 June 2023**

### Overall Fund Commentary

The Fund underperformed the negative benchmark return. The Fund's factor positioning suited the market environment, including over-weights to value and momentum. However, selection within China was negative this quarter, particularly within the country's consumer discretionary and materials sectors. Negative country allocation included underweights to India, Taiwan and Saudi Arabia. However, an overweight to Brazil was rewarded. Selection within Brazil (oil giant Petrobras) and South Korea (semiconductor stock SK Hynix) contributed positively.

Artisan was the best-performing manager this quarter despite an unfavourable environment for its growth tilt. Axiom's growth-oriented strategy underperformed in a period where the growth factor lagged behind. Barrow Hanley extended its strong inception-to-date outperformance and Quant manager Numeric added to its longer-term outperformance. Oaktree finished in-line with the benchmark, however China specialist Bin Yuan underperformed its benchmark in a negative quarter for China.



## UK Market Commentary

UK equities struggled in the second quarter as fears over the health of the economy persisted. Inflation remained significantly higher than elsewhere despite continual monetary tightening by the Bank of England (BoE), which raised rates twice in the quarter, by 25 bps in May then by an unexpected 50 bps in June, the latter representing the 13th consecutive rate increase. BoE governor, Andrew Bailey, acknowledged the bank faces a wage price spiral as rapid rises in energy and food prices had progressed into generalised wage and price setting by companies. At the European Central Bank Forum in June he said that interest rates are likely to remain higher for longer than financial markets are. Headline inflation was unchanged at 8.7% in May, while core inflation rose to 7.1% from 6.8% in April. Meanwhile, retail sales rose 0.3% MoM in May, exceeding forecasts of a 0.2% decline.

## UK Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	0.13	13.40	3.39
<b>Net</b>	0.04	13.00	2.99
<b>FTSE All Share</b>	-0.46	7.89	3.86
<b>Excess returns (gross)</b>	0.59	5.51	-0.48

Inception Date: COB 23<sup>rd</sup> September 2019

Source: Northern Trust as of 30 June 2023

### Overall Fund Commentary

The Fund registered positive absolute returns over the second quarter and overperformed against the negative benchmark. UK equities struggled in the second quarter as fears over the health of the economy persisted. In contrast, small cap and value lagged. In sectors, technology was the best-performing sector, benefitting from the optimism around artificial intelligence (AI) and significantly outperforming all other sectors. Financials and industrials also did well. In contrast, telecommunication and materials lagged the most.

Baillie Gifford (long-term growth) was the best-performing strategy over the quarter. Its growth focus was rewarded during the period. Ninety One (contrarian value) underperformed against the benchmark in the second quarter. The manager's tilt towards value was unfavourable during the period.

## Fixed Income Market Commentary

The Bloomberg Global Aggregate Bond Index (USDH) edged up 0.1% over the quarter. Government bond returns ended flat or lower, as policymakers indicated that additional interest rate rises would be required to bring inflation under control. Eurozone sovereigns fared better than equivalents elsewhere, particularly in Japan and China. Corporate bonds ended broadly higher, with high yield credit mostly outperforming investment grade bonds except in emerging markets. The Federal Reserve (Fed), European Central Bank (ECB) and the Bank of England (BoE) all raised rates over the quarter, by varying amounts.

### Global Government Bond Fund:

	Three Months	1 Year	Since Inception
Gross	-1.37	-1.58	-3.84
Net	-1.42	-1.82	-4.08
FTSE World Gvt Bond Index (GBP Hedged)	-4.19	-6.14	-6.19
Excess returns (gross)	2.82	4.56	2.35

Inception Date: COB 30<sup>th</sup> July 2020

Source: Source: Northern Trust as of 30 June 2023

#### Overall Fund Commentary

The Fund registered negative absolute returns but outperformed the negative benchmark return this quarter. The Fund's underweight exposure to short-dated US T-bills was detrimental. Exposure to short-dated UK gilts at a time where yields climbed higher was a further detractor. Underperformance was mitigated by an overweight to Mexican rates and, similar to the previous quarter, an overweight to Colombian rates.

### Global Credit Fund:

	Three Months	1 Year	Since Inception
Gross	-0.66	-0.44	-4.70
Net	-0.70	-0.61	-4.87
Bloomberg Barclays Global Agg Credit Index (GBP Hedged)	-0.21	-0.13	-4.53
Excess returns (gross)	-0.46	-0.31	-0.17

Inception Date: COB 27<sup>th</sup> July 2020

Source: Source: Northern Trust as of 30 June 2023

#### Overall Fund Commentary

The Fund underperformed the benchmark return this quarter.

Within this environment, an overweight to European high yield (financials) and investment grade credit contributed positively. Overweight exposure to US high yield credit to financials and industrials was also rewarded. However, an underweight to US investment grade industrials detracted. In hard currency emerging market debt, underweights to investment grade credit in Asia, Europe, Latin America and the Middle East were also detrimental to returns.

## Multi Asset Credit Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	2.30	5.96	0.42
<b>Net</b>	2.22	5.58	0.08
<b>3 Month GBP SONIA + 4%</b>	2.10	7.29	5.26

Performance Target is 3 Month GBP SONIA + 4%, we have not shown excess return as this is a target.

**Inception Date: COB 27<sup>th</sup> July 2020**

**Source: Source: Northern Trust as of 30 June 2023**

### Overall Fund Commentary

The Fund recorded a positive return in a quarter when financial markets rallied.

High yield (HY) was stronger than investment grade corporate debt. Global HY spreads narrowed significantly over the quarter with US HY outperforming European HY. Global investment grade spreads narrowed. US investment grade was stronger than European investment grade credit. Hard currency emerging market debt spreads narrowed in the market environment. Loan specialist ICG was the best performing manager.

## Absolute Return Bond Strategy Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	0.67	3.65	2.17
<b>Net</b>	0.59	3.36	1.86
<b>3 Month GBP SONIA + 2%</b>	1.61	5.23	3.31

Performance Target is 3 Month GBP SONIA + 2%, we have not shown excess return as this is a target.

**Inception Date: COB 30th September 2020**

**Source: Source: Northern Trust as of 30 June 2023**

### Overall Fund Commentary

The Fund recorded a positive return this quarter.

High yield (HY) was stronger than investment grade corporate debt. Global HY spreads narrowed significantly, by 56 bps to 491 over the quarter. US HY (-65 bps to 390) outperformed European HY (-38 bps to 443). Global investment grade spreads narrowed by 14 bps to 124. US investment grade (-15 bps to 114) was stronger than European investment grade credit (-7 bps to 139). Local currency emerging market debt (EMD) outperformed hard currency EMD.

## Sterling Credit Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	-3.06	-4.91	-5.81
<b>Net</b>	-3.09	-5.03	-5.94
<b>ICE Bank of America Merrill Lynch Euro-Sterling Index plus 0.65%</b>	-3.19	-6.40	-6.21
<b>Excess returns (Gross)</b>	0.13	1.49	0.41

Inception Date: COB 27<sup>th</sup> July 2020

Source: Northern Trust as of 30 June 2023

### Overall Fund Commentary

The Fund posted negative returns but outperformed the index over the quarter. The fund's favourable sterling duration position added value. Gilts yields rose amid rising inflation which resulted in repricing of terminal rates from 5% to 6 and greater resolve by BoE to combat inflation. Additionally, an underweight position in Canadian dollar duration enhanced gains. However, an overweight position in the Euro duration detracted from performance.

At a sector level, the underweight position in Utility and Consumer Cyclical detracted from performance while an overweight position in Insurance and Banks & Brokers supported performance. An underweight position in European Investment Bank and Innogy Finance detracted from performance. Meanwhile, an overweight stance in insurance names such as Zurich Insurance and Pension Insurance buoyed returns. Moreover, an underweight position in Thames water supported performance as bonds plunged on fears that that company will not be able to repay due to a liquidity crisis.

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