

Document Pack



Wales Pension Partnership Joint
Governance Committee,
Democratic Services Unit,
Chief Executive's Department,
Carmarthenshire County Council,
County Hall,
Carmarthen SA31 1JP.

THURSDAY, 9 JULY 2020

**TO: ALL MEMBERS OF THE WALES PENSION PARTNERSHIP JOINT
GOVERNANCE COMMITTEE**

I HEREBY SUMMON YOU TO ATTEND A **VIRTUAL MEETING** OF THE
WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE
WHICH WILL BE HELD **AT 10.00 AM, ON FRIDAY, 17TH JULY, 2020** FOR
THE TRANSACTION OF THE BUSINESS OUTLINED ON THE ATTACHED
AGENDA

Wendy Walters

**CHIEF EXECUTIVE
CARMARTHENSHIRE COUNTY COUNCIL**

**PLEASE NOTE: THIS MEETING WILL BE FILMED FOR LIVE OR SUBSEQUENT BROADCAST.
THE IMAGES AND SOUND RECORDING MAY ALSO BE USED FOR TRAINING PURPOSES..**

Democratic Officer:	Jessica Laimann
Telephone (direct line):	01267 224178
E-Mail:	JMLaimann@carmarthenshire.gov.uk
Webcast Link	https://www.carmarthenshire.gov.wales/home/council-democracy/committees-meetings/virtual-council-meetings/#.XwcRm0F7nIV

**WALES PENSION PARTNERSHIP
JOINT GOVERNANCE COMMITTEE
8 MEMBERS**

(1 Member from each Constituent Authority)

CARMARTHENSHIRE COUNTY COUNCIL

COUNCILLOR ELWYN WILLIAMS

CITY & COUNTY OF SWANSEA

COUNCILLOR CLIVE LLOYD

CITY OF CARDIFF

COUNCILLOR CHRISTOPHER WEAVER

FLINTSHIRE COUNTY COUNCIL

COUNCILLOR AARON SHOTTON

GWYNEDD COUNTY COUNCIL

COUNCILLOR JOHN PUGHE ROBERTS

POWYS COUNTY COUNCIL

COUNCILLOR PETER LEWIS

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

COUNCILLOR MARK NORRIS

TORFAEN COUNTY BOROUGH COUNCIL

COUNCILLOR GLYN CARON

A G E N D A

1. APPOINTMENT OF CHAIR OF THE JOINT GOVERNANCE COMMITTEE FOR THE FORTHCOMING CALENDAR YEAR	
2. APPOINTMENT OF VICE-CHAIR OF THE JOINT GOVERNANCE COMMITTEE FOR THE FORTHCOMING CALENDAR YEAR	
3. APOLOGIES FOR ABSENCE	
4. DECLARATIONS OF INTEREST	
5. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE JOINT COMMITTEE HELD ON THE 12TH MARCH 2020	5 - 10
6. WPP 2019/20 ANNUAL RETURN	11 - 48
7. HOST AUTHORITY UPDATE	49 - 72
8. WPP CONFLICTS OF INTEREST AND PROCEDURE POLICY	73 - 86
9. WPP CLIMATE RISK POLICY	87 - 94
10. WPP RISK POLICY & RISK REGISTER	95 - 116
11. OPERATOR UPDATE	117 - 128
12. PERFORMANCE REPORTS AS AT 31 MARCH 2020	129 - 178

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Agenda Item 5

WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

Thursday, 12 March 2020

PRESENT: Councillor Cllr. P. Lewis (Chair)

Councillors:

H. Bateman, G. Caron, C. Lloyd, M. Norris, C. Weaver, J. Pughe Roberts and D.E. Williams

The following Officers were in attendance:

C. Moore, Joint Committee Section 151 Officer (CCC)
L.R. Jones, Joint Committee Monitoring Officer (CCC)
N. Aurelius, Assistant Chief Executive - Resources (TCC)
J. Dong, Chief Treasury & Technical Officer (C&CS)
D. Edwards, Head of Finance (GCC)
C. Hurst, Pension Fund Manager (PCC)
D. Fielder, Deputy Head of Pensions (FCC)
C. Lee, Corporate Director of Resources (CoC)
A. Parnell, Treasury & Pension Investments Manager (CCC)
Y. Keitch, Principal Accountant (RCT)
T. Williams, Senior Financial Services Officer (CCC)
J. Laimann, Assistant Democratic Services Officer (CCC)

Also present as observers:

Cllr. P. Jenkins, Vice-Chair of the Pensions Committee (GCC)
J. Thomas, Head of Financial Services (PCC)
K. Cobb, Senior Accountant (C&CS)
G. Russell, Head of Pensions (TCC)
A. Bull, Pensions Investment Manager (TCC)

Also present:

Eamonn Gough, Link Fund Solutions
Karl Midl, Link Fund Solutions
Sasha Mandich, Russell Investments
John Wright, Hymans Robertson

Brecon Beacons National Park Authority, Plas y Ffynnon, Brecon, 11.00 am - 12.15 pm

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF INTEREST

G. Caron Member of Greater Gwent Pension Fund;
 Wife is deferred member of Greater Gwent Pension Fund;



P. Lewis	Son-in-law is member of Greater Gwent Pension Fund
C. Lloyd	Member of Powys Pension Fund;
	Member of City and County of Swansea Pension Fund;
	Father is member of City and County of Swansea Pension Fund
M. Norris	Member of Rhondda Cynon Taf Pension Fund;
J. Pugh Roberts	Member of Gwynedd Pension Fund;
E. Williams	Member of Dyfed Pension Fund

(Note: There is an exemption within the Code of Conduct for Members, which allows a member who has been appointed or nominated by their authority to a relevant body to declare that interest but remain and participate in the meeting).

3. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE JOINT COMMITTEE HELD ON 9 DECEMBER 2019

RESOLVED that the minutes of the Joint Governance Committee meeting held on 9 December 2019 be signed as a correct record.

4. WAO AUDIT PLAN

The Joint Governance Committee (JGC) welcomed to the meeting Mr Jason Garcia from the Wales Audit Office (WAO), who presented the Audit Plan for 2019/20. He advised that this was the first year the Wales Pension Partnership (WPP) would be producing full financial statements as last year's account had been below the £2.5m threshold and therefore only required the completion of an annual return. He advised further that the Audit Plan provided an overview of WAO's duties, audit risks, estimated audit fee, audit team and timetable. Regarding the timetable, WAO was planning to give an opinion on the WPP's financial statements by 31 July 2020 and a report would be brought to the 18 June 2020 JGC for approval. With regard to the Audit fee, the JGC was advised that only an estimate could be provided at this point and the total fee comprised of two elements: work carried out to undertake the audit of the financial statements themselves and work carried out in order to provide assurance to the individual pension fund auditors. Mr Garcia confirmed that Lucy Herman had been appointed as Audit Lead Senior Auditor.

RESOLVED that the Audit Plan 2019/20 be approved.

5. HOST AUTHORITY UPDATE

Mr Parnell advised the Committee that work on several proposals and plans had been completed over the last few months and the following documents would be brought to today's meeting for approval:

- WPP Business Plan
- Proposal for the Emerging Markets Equity Sub-Fund structure
- Voting and Engagement Service Provider tender exercise

With regard to next steps and priorities, Mr Parnell advised that work is progressing well with the private markets sub-group and a progress update would



be provided by Link and Russell later at the meeting. Further next steps and priorities included the development of a WPP climate risk policy and a WPP voting policy, a tender exercise for appointing a legal advisor off the National Framework, and the completion of the 2019/20 end of year closure of accounts. An updated workplan had been attached.

With regard to other key areas, the JGC was advised that Hymans Robertson had been appointed as the WPP's Oversight Advisor and the Governance Matrix, Communications Plan and Training Plan were now available on the WPP website.

With regard to Scheme Member Representation, Mr Moore advised the committee that a response letter outlining the WPP's representation and engagement arrangements had been sent to the Scheme Advisory Board. The letter had been circulated to all Pension Committee chairs and it had been suggested that options for widening representation on JGC meetings should be explored further. The JGC was advised that the JGC's governance arrangements and the Inter-Authority Agreement would need to be considered in this process and any changes to the Inter-Authority Agreement would have to be agreed by all constituent authorities.

In response to a query, the JGC was advised that a report on the subject of scheme member representation and potential legal implications would be provided at the next meeting.

RESOLVED that the host authority update be received.

6. WPP TRAINING PLAN 2020/21

The JGC considered the WPP Training Plan for 2020/21. Members were advised that the training plan had been developed on the basis of the responses received to a training requirements questionnaire that had been circulated to all JGC and Officer Working Group (OWG) members. The training had been devised to complement the training provisions of constituent authorities. It was primarily aimed at the training needs of the JGC and OWG however it could be extended to members of pension committees and boards at the constituent authorities' discretion.

In response to a query, members were advised that the training sessions would be scheduled together with formal JGC meetings where possible. This would be discussed further at the OWG meetings.

RESOLVED that the WPP Training Plan 2020/21 be approved.

7. WPP BUSINESS PLAN

The JGC considered the WPP Business Plan. The JGC was advised that the purpose of the Business Plan was to explain the background and governance structure of the WPP, outline priorities and objectives, introduce the WPP's policies and plans, outline the financial budget and summarise the WPP's Investment and Performance Objectives.



The meeting was advised that, following approval by the JGC, the Business Plan would be sent to all Constituent Authorities for approval in accordance with Section 6 of the Inter-Authority Agreement.

With regard to the financial budget, members were advised that investment manager fees were subject to changes due to moving market values and any variances would be explained going forward.

In response to a query, members were advised that the completion of a risk register would be included in the workplan.

RESOLVED that the WPP Business Plan be approved.

8. LINK/RUSSELL UPDATE

The JGC received a presentation from Link and Russell on the progress of the WPP with regard to current fund holdings, fund launch progress and the Link/WPP Engagement Protocol.

With regard to Fixed Income (Tranche 3), members were advised that FCA approval had been received on 10 March 2020 and a transition plan was being developed for launch dates on 20 and 23 April 2020.

With regard to Emerging Markets (Tranche 4), the JGC was advised that the timeframe for approval and set-up was expected to be longer than previous sub-funds with the earliest possible launch date being December 2020.

Members were further advised that, given concerns over Covid-19, Link and Russell were putting in place contingency measures to ensure they could continue to operate in case of lockdown of offices and travel bans.

In response to a query on the launch of the Fixed Income sub-funds, the JGC was advised that fund performance was monitored daily to ensure market conditions were suitable for launching on the 20 and 23 April 2020. Link/Russell were working closely with the Host Authority and Members could be provided with regular updates.

RESOLVED that the presentation be received.

9. PERFORMANCE REPORTS AS AT 31 DECEMBER 2019

The JGC received a presentation on the performance reports for the Global Growth Fund, the Global Opportunities Fund, and the UK Opportunities Fund as at 31 December 2019. The Committee was advised that the three funds total just under £5.3bn and the funds outperformed their benchmarks by 0.64%, 1.42% and 3.90% (ITD, gross of fees) respectively.

RESOLVED that the performance reports for the Global Growth Fund, the Global Opportunities Fund, and the UK Opportunities Fund as at 31 December 2019 be noted.



10. EXCLUSION OF THE PUBLIC

RESOLVED, pursuant to the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007, that the public be excluded from the meeting during consideration of the following items as the reports contained exempt information as defined in paragraph 14 of Part 4 of Schedule 12A to the Act.

11. WPP VOTING AND ENGAGEMENT SERVICE PROVIDER

Following the application of the public interest test it was **RESOLVED**, pursuant to the Act referred to in Minute 10 above, to consider this matter in private, with the public excluded from the meeting, as disclosure would be likely to cause financial harm to the WPP by prejudicing ongoing and future negotiations.

The JGC considered a report on the WPP Voting and Engagement Service Provider.

RESOLVED to approve the appointment of bidder 5 as the Wales Pensions Partnership Voting and Engagement Service Provider, subject to the completion of the standstill period and the finalisation of the Voting and Engagement Service Provider Contract.

12. EMERGING MARKETS SUB-FUNDS

Following the application of the public interest test it was **RESOLVED**, pursuant to the Act referred to in Minute 10 above, to consider this matter in private, with the public excluded from the meeting, as disclosure would be likely to cause financial harm to the WPP by prejudicing ongoing and future negotiations.

The JGC considered a report on the Emerging Markets Equity Sub-Fund structure.

RESOLVED that the proposed Emerging Markets Equity Sub-Fund structure be approved.

CHAIR

DATE



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Agenda Item 6



WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

DATE 17 JULY 2020

SUBJECT

ANNUAL RETURN / AUDIT 2019/20

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

- To receive the letter from Audit Wales re the WPP 2019/20 Annual Return
- To approve the Audited Annual Return for 2019/20
- To note the Unaudited Statement of Accounts for 2019/20

REASONS:

An Annual Return is required to be completed for 2019/20.

The Accounting Statements and Annual Governance Statement sections of the Annual Return have been prepared by the Host Authority and Carmarthenshire County Council's Internal Audit Department have carried out an Internal Audit Review. The Annual return has been audited by Audit Wales and the letter from Audit Wales is attached.

The JGC is required to approve the Annual Return.

The Host Authority has also produced a Statement of Accounts for the Wales Pension Partnership for 2019/20. This is for information purposes only and does not require to be audited.

Report Author: Chris Moore	Designation: Director of Corporate Services Carmarthenshire County Council	Tel No. 01267 224160 E. Mail: CMoore@carmarthenshire.gov.uk
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EXECUTIVE SUMMARY

JOINT GOVERNANCE COMMITTEE

DATE 17 JULY 2020

ANNUAL RETURN / AUDIT 2019/20

BRIEF SUMMARY OF PURPOSE OF REPORT

For joint committees with income and expenditure below £2.5 million, the requirement is that accounts are prepared in the form of an annual return. The Joint Governance Costs of the Wales Pension Partnership for 2019/20 are £299k.

The Annual Report is split into the following sections:

1. Accounting Statement 2019/20 – including a statement of income and expenditure / receipts and payments and a statement of balances.
2. Annual Governance Statement
3. Committee approval and certification
4. Auditor General for Wales' Audit Certificate and report
5. Annual Internal Audit report

Section 1 & 2 above have been completed by the Host Authority in accordance with proper practices as set out in the Practitioners Guide. Section 5 has been completed by the Host Authority's Internal Audit Department. The Annual Return has been audited by Audit Wales.

The Host Authority has also prepared a Statement of Accounts for the Wales Pension Partnership for 2019/20. The Statement is not a statutory requirement and will not be audited. It has been prepared for information purposes only, to support the information included in the Annual Report.

DETAILED REPORT ATTACHED?	YES
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IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal YES	Finance YES	Risk Management Issues NONE	Staffing Implications NONE
Legal Compliance with the Accounts and Audit (Wales) Regulations 2014 and the Public Audit (Wales) Act 2004.				
Finance The net cost of the Wales Pension Partnership activities was £299k which has been recharged to the 8 Welsh Pension Funds				

CONSULTATIONS

Details of any consultations undertaken are to be included here

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK
Accounts and Audit (Wales) Regulations 2014		Corporate Services Department, County Hall, Carmarthen.

24 Cathedral Road / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ
Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Mr Chris Moore
Director of Corporate Services
Carmarthenshire County Council County Hall
Carmarthen
SA31 1JP

Reference: WPP-19/20

Date issued: 06/07/20

Dear Chris,

Wales Pension Partnership Joint Committee 2019-20 Annual Return

In accordance with the requirements of Section 12 and Section 14 of the Public Audit (Wales) Act 2004 I am giving my report on the Wales Pension Partnership joint committee annual return for the year ended 31 March 2020.

I have undertaken our work in accordance with the specified procedures issued by the Auditor General for Wales. In summary these procedures require us to consider whether the annual statement of accounts:

- has been prepared on a reasonable basis (for example, the figures agree to the underlying records upon which they have been prepared and are consistent with transactions recorded in the statutory accounts of the constituent local authorities for the same reporting period); and
- casts correctly.

Audit report on the annual statement of accounts relating to Wales Pension Partnership joint committee for the period ending 31 March 2020:

Subject to the following two actions being completed satisfactorily we will be able to certify the joint committee's annual return and issue our notice of completion of the audit.

- Approval of the 2019-20 statement of accounts by the joint committee which is due to be done at its meeting on 17th July 2020.
- On the 1 September 2020, local government electors may exercise their rights under sections 30 and 31 of Public Audit (Wales) Act 2004 to question the Auditor General about or make objections to the joint committee's accounts for the year ended 31 March 2020. Should any issues arise from this process we would need to consider these before being able to certify the joint committee's annual return.

Once these actions are completed to our satisfaction, we will be able to confirm the following:

"On the basis of our review and in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met."

Other matters

We have no other matters we need to bring to your attention.

Yours sincerely

Ann Marie Harkin

for and on behalf of Adrian Crompton, Auditor General for Wales

Smaller relevant local government bodies in Wales

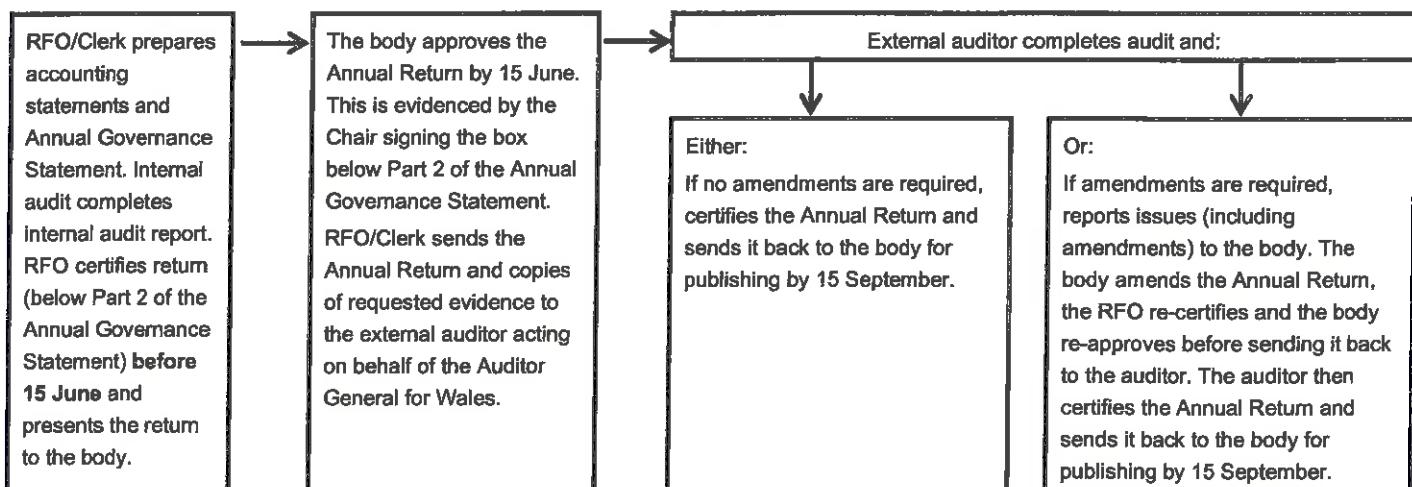
Annual Return for the Year Ended 31 March 2020

THE ACCOUNTS AND AUDIT PROCESS

Section 12 of the Public Audit (Wales) Act 2004 requires local government bodies in Wales to make up their accounts each year to 31 March and to have those accounts audited by the Auditor General for Wales. Regulation 14 of the Accounts and Audit (Wales) Regulations 2014 states that smaller local government bodies i.e. those with annual income and expenditure below £2.5 million must prepare their accounts in accordance with proper practices.

For minor joint committees with income and expenditure below £2.5 million, proper practices are set out in the One Voice Wales/Society of Local Council Clerks publication 'Governance and accountability for local councils in Wales – A Practitioners' Guide' (the Practitioners' Guide). The Practitioners' Guide requires that they prepare their accounts in the form of an annual return. This annual return meets the requirements of the Practitioners' Guide.

The accounts and audit arrangements follow the process as set out below.



Please read the guidance on completing this Annual Return and complete all sections highlighted in red including the Annual Governance Statement.

APPROVING THE ANNUAL RETURN

There are two boxes for certification and approval by the body. The second box is only required if the annual return has to be amended as a result of the audit. You should only complete the top box before sending the form to the auditor.

The committee must approve the annual return BEFORE the accounts and supporting documents are made available for public inspection under section 30 of the Public Audit (Wales) Act 2004.

The Auditor General for Wales' Audit Certificate and report is to be completed by the auditor acting on behalf of the Auditor General. It MUST NOT be completed by the Clerk/RFO, the Chair or the internal auditor.

Audited and certified returns are sent back to the body for publication and display of the accounting statements, Annual Governance Statement and the Auditor General for Wales' certificate and report.

Accounting statements 2019-20 for:

Name of body: Wales Pension Partnership

	Year ending		Notes and guidance for compilers
	31 March 2019 (£)	31 March 2020 (£)	
			Please round all figures to nearest £. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to the underlying financial records for the relevant year.
Statement of income and expenditure/receipts and payments			
1. Balances brought forward	0	0	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.
2. (+) Income from local taxation/levy	0	0	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	158,299	299,062	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	-43,111	-56,138	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg. termination costs.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	-115,188	-242,924	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	0	0	Total balances and reserves at the end of the year. Must equal $(1+2+3) - (4+5+6)$.
Statement of balances			
8. (+) Debtors and stock balances	138,511	367,489	Income and expenditure accounts only: Enter the value of debts owed to the body and stock balances held at the year-end.
9. (+) Total cash and investments	-127,579	-223,716	All accounts: The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.
10. (-) Creditors	-10,932	-143,773	Income and expenditure accounts only: Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	0	0	Total balances should equal line 7 above: Enter the total of $(8+9-10)$.
12. Total fixed assets and long-term assets	0	0	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

Annual Governance Statement

We acknowledge as the members of the Committee, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2020, that:

	Agreed?		'YES' means that the Committee: Yes No*	PG Ref
	Yes	No*		
1. We have put in place arrangements for:	<input checked="" type="radio"/>	<input type="radio"/>	Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	6, 12
• effective financial management during the year; and				
• the preparation and approval of the accounting statements.				
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	<input checked="" type="radio"/>	<input type="radio"/>	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Committee to conduct its business or on its finances.	<input checked="" type="radio"/>	<input type="radio"/>	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.	<input checked="" type="radio"/>	<input type="radio"/>	Has given all persons interested the opportunity to inspect the body's accounts as set out in the notice of audit.	6, 23
5. We have carried out an assessment of the risks facing the Committee and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	<input checked="" type="radio"/>	<input type="radio"/>	Considered the financial and other risks it faces in the operation of the body and has dealt with them properly.	6, 9
6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.	<input checked="" type="radio"/>	<input type="radio"/>	Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body.	6, 8
7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Committee and, where appropriate, have included them on the accounting statements.	<input checked="" type="radio"/>	<input type="radio"/>	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6
8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	<input checked="" type="radio"/>	<input type="radio"/>	Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23

* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

Committee approval and certification

The Committee is responsible for the preparation of the accounting statements in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and for the preparation of the Annual Governance Statement.

Certification by the RFO I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Committee and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2020.	Approval by the Committee I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference: JGC meeting - 17 July 2020
RFO signature: 	Chair of meeting signature:
Name: Chris Moore	Name:
Date: 12/06/2020	Date:

Committee re-approval and re-certification (only required if the annual return has been amended at audit)

Certification by the RFO I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2020.	Approval by the Committee I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference: Insert minute reference and date of meeting
RFO signature:	Chair of meeting signature:
Name:	Name:
Date:	Date:

Auditor General for Wales' Audit Certificate and report

The external auditor conducts the audit on behalf of, and in accordance with, guidance issued by the Auditor General for Wales. On the basis of their review of the Annual Return and supporting information, they report whether any matters that come to their attention give cause for concern that relevant legislation and regulatory requirements have not been met.

We certify that we have completed the audit of the Annual Return for the year ended 31 March 2020 of:

External auditor's report

[Except for the matters reported below]* On the basis of our review, in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

[[These matters along with]* Other matters not affecting our opinion which we draw to the attention of the body and our recommendations for improvement are included in our report to the body dated _____.]

Other matters and recommendations

On the basis of our review, we draw the body's attention to the following matters and recommendations which do not affect our audit opinion but should be addressed by the body.

(Continue on a separate sheet if required.)

External auditor's name:

External auditor's signature:

Date:

For and on behalf of the Auditor General for Wales

* Delete as appropriate.

Annual internal audit report to:

Name of body: Wales Pension Partnership

The Committee's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2020.

The internal audit has been carried out in accordance with the Committee's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Committee.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Accounting records are updated and maintained frequently during the year. Income and expenditure is recorded through the Authority's Financial Management System which means there are adequate records of accounts. Recent review of the Main Accounting System concluded it was operating to a good standard. The accounts of the Authority are prepared in line with 2014 Code of Practice on Local Authority Accounting and therefore are correct as required by regulation.
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Testing of transactions undertaken concluded that all comply with the financial regulations as required with documentation to support all. No issues were identified.
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	The risks to the Authority have been identified and these are monitored periodically through the risk register. No risks were assessed as being of significant to the Partnership in achieving their objectives.
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Carmarthenshire County Council has a budget monitoring process in place which covers the Wales Pension Partnership. A review of this process and the budget monitoring returns identified processes to be satisfactory

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	◎	○	○	○	The only income will be the recharge to the other authorities for administrating the fund.
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	○	○	○	○	There is no Petty Cash account that exists that covers the Wales Pension Partnership.
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	○	○	○	○	There is one member of staff paid from the Wales Pension Partnership which is paid through Carmarthenshire County Council's payroll. Recharges are made for another 2 Senior Officers time on a pro rata basis. A review of the payroll system has been undertaken and the arrangements for the payment of salaries are considered acceptable. No errors were identified relating to staffing costs
8. Asset and investment registers were complete, accurate, and properly maintained.	○	○	○	○	Investments are carried out for Carmarthenshire County Council as a whole. The review of Investments found that procedures were operating to a high standard. An asset register is maintained for the Authority, however there are no assets which relate to the Wales Pension Partnership.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	A review of the bank reconciliations for Carmarthenshire County Council has been undertaken as part of the Audit plan, and procedures were found to be satisfactory. The Wales Pension Partnership forms part of the reconciliations undertaken by Carmarthenshire County Council.
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Accounting Statements are prepared in line with the 2014 Code of Practice of Local Authority Accounting

For any risk areas identified by the Committee (list any other risk areas below or on separate sheets if needed)
adequate controls existed:

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
11. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
12. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
13. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text

* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

** If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

Internal audit confirmation

I/we confirm that as the Committee's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2018-19 and 2019-20. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: Caroline Powell

Signature of person who carried out the internal audit: 

Date: 30-06-2020

Guidance notes on completing the Annual Return

1. You must apply proper practices when preparing this annual return. Proper practices are set out in the Practitioners' Guide.
2. Make sure that the Annual Return is fully completed ie, no empty red boxes. Please avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are drawn to the attention of the body, properly initialled and an explanation for them is provided to the external auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited and may incur additional costs. Ask your auditor for an electronic copy of the form if required.
3. Use a second pair of eyes, perhaps the Chair or a member, to review your Annual Return for completeness before sending the original form to the auditor.
4. Make sure that your accounting statements add up, that the balance carried forward from the previous year (line 7 of 2019) equals the balance brought forward in the current year (line 1 of 2020). Explain any differences between the 2019 figures on this annual return and the amounts recorded in last year's annual return.
5. Explain fully any significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a detailed analysis to support your explanation and be specific about the values of individual elements making up the variances.
6. Make sure that the copy of the bank reconciliation you send to your auditor with the Annual Return covers **all** your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. If your Committee holds any short-term investments, please note their value on the bank reconciliation. The auditor should also be able to agree your bank reconciliation to line 9 in the accounting statements. More help on bank reconciliations is available in the Practitioners' Guide.
7. **Every committee must send to the external auditor, information to support the assertions made in the Annual Governance Statement even if you have not done so before.** Your auditor will tell you what information you need to provide. Please read the audit notice carefully to ensure you include all the information the auditor has asked for. You should send **copies** of the original records (certified by the Clerk and Chair as accurate copies) to the external auditor and not the original documents themselves.
8. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful.
9. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances or receives original documents that must be returned, the auditor will incur additional costs for which they are entitled to charge additional fees.
10. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit.
11. **Please note that if completing the electronic form, you must print the form for it to be certified by the RFO and signed by the Chair before it is sent to the auditor.**

Completion checklist – 'No' answers mean that you may not have met requirements		Done?	
Initial submission to the external auditor		Yes	No
Accounts	<p>Do the papers to be sent to the external auditor include an explanation of significant variations from last year to this year?</p> <p>Does the bank reconciliation as at 31 March 2020 agree to Line 9?</p>		
Approval	<p>Has the RFO certified the accounting statements and Annual Governance Statement (Regulation 15 (1)) no later than 15 June 2020?</p> <p>Has the body approved the accounting statements before 15 June 2020 and has Section 3 been signed and dated by the person presiding at the meeting at which approval was given?</p>		
All sections	<p>Have all pink boxes in the accounting statements and Annual Governance Statement been completed and explanations provided where needed?</p> <p>Has all the information requested by the external auditor been sent with this Annual Return? Please refer to your notice of audit and any additional schedules provided by your external auditor.</p>		

If accounts are amended after receipt of the Auditor General's report on matters arising		Yes	No
Accounts	Have the amended accounting statements been approved and Section 3 re-signed and re-dated as evidence of the Committee's approval of the amendments before re-submission to the auditor?		

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WALES PENSION PARTNERSHIP

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2020

CHRIS MOORE FCCA
DIRECTOR OF CORPORATE SERVICES
COUNTY HALL
CARMARTHEN
SA31 1JP

Contents

1. Narrative Report	Page 1
2. Statement of Responsibilities for the Statement of Accounts	Page 4
3. Annual Governance Statement	Page 5
4. Financial Statements	Page 14
• Comprehensive Income and Expenditure Statement (CIES)	
• Balance Sheet	
• Cashflow Statement	
5. Notes to the accounts	Page 15
6. Glossary of Terms	Page 19

1 NARRATIVE REPORT

The Statement of Accounts summarises the financial transactions of the Wales Pension Partnership (WPP) for the 2019/20 financial year and its financial position as at year ended 31 March 2020.

1.1 Overview

The Wales Pension Partnership (WPP) was established in 2017 and is a collaboration of the eight LGPS funds covering Wales, with Carmarthenshire County Council as the Host Authority. The WPP is one of eight national Local Government Pension pools.

The WPP's objectives and beliefs are outlined below:

Objectives

- To provide pooling arrangements which allow individual funds to implement their own investment strategies (where practical).
- To achieve material cost savings for participating funds while improving or maintaining investment performance after fees.
- To put in place robust governance arrangements to oversee the Pool's activities.
- To work closely with other pools in order to explore the benefits that all stakeholders in Wales might obtain from wider pooling solutions or potential direct investments.
- To deliver an investment framework that achieves the best outcomes for its key stakeholders; the Constituent Authorities. The Constituent Authorities will be able to use this framework to deliver the best outcomes for their Scheme Members & Employers.

Beliefs

- The WPP's role is to facilitate and provide an investment pooling platform through which the interests of the Constituent Authorities can be implemented.
- Good governance should lead to superior outcomes for the WPP's stakeholders.
- Internal collaboration between the Host and Constituent Authorities is critical to achieving the WPP's objectives. External collaboration may also be beneficial in delivering cost savings and better outcomes for stakeholders.
- Responsible Investment alongside consideration and evidential management of Environmental, Social and Governance issues should result in better outcomes for the WPP's stakeholders.
- Effective internal and external communication is vital to achieving the WPP's objectives.
- External suppliers can be a cost-effective means of enhancing the WPP's resources, capabilities and expertise.
- Fee and cost transparency will aid decision making and improve stakeholder outcomes.
- Continuous learning, innovation and development will help the WPP and its Constituent Authorities to evolve.
- A flexible approach to the WPP pool structure and implementation methods will enable the WPP pool to adapt in future and continue to meet the needs of its stakeholders.

The WPP's Governance Structure is detailed in Section 3 – Annual Governance Statement.

1.2 Accounts

The accounts have been produced in line with the 2019/20 Code of Practice on Local Authority Accounting and consist of the following Financial Statements:

Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

The Balance Sheet

This shows the assets and liabilities of the WPP as at 31 March 2020.

The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the WPP during the reporting period.

The accounts are supported by the Statement of Accounting Policies (Note 6.1 - Notes to the Accounts).

1.3 Budget

The following table shows the WPP's actual expenditure during 2019/20 compared with the approved budget for the year, detailing any variances. The Budget was approved by the Joint Governance Committee at the Joint Governance Committee meeting on 27 March 2019.

Wales Pension Partnership 2019/20	Note	Budget £	Actual £	Variance £
Gross Expenditure				
Employee costs	1	76,000	56,138	19,862
Host Authority costs	2	50,000	27,750	22,250
Host Authority Support Services	3	75,000	75,000	0
Total Host Authority Gross Expenditure	4	201,000	158,888	42,112
External Consultants	5	120,000	140,173	(20,173)
Total Gross Expenditure		321,000	299,061	21,939

Notes:

1. This includes staff employed to work solely on the WPP. The Budget includes a Senior Financial Services Officer (1fte) and an Assistant Accountant (1fte for 6 months)
2. These costs include staff travelling expenses, subsistence and meeting expenses, admin, office and operational consumables, website (development and ongoing costs), audit fees and translation services
3. These are central recharges from the Host Authority and includes costs apportioned for the Section 151 Officer, Monitoring Officer, Treasury & Pension Investments Manager, Democratic Services Officer and also Premises and HR support
4. The total Host Authority expenditure is funded equally by all eight Pension Funds and are recharged on an annual basis
5. External Consultants include Investment & Legal Consultants, these costs are also funded by all eight Pension Funds

There was an underspend of £22k for the year, which was mainly due to:

- Employee costs – Assistant Accountant not appointed (£19k underspend)
- Host Authority Costs – actual cost of developing the WPP website was £3,759 against a budget of £30,000 (26k underspend)
- External Consultants – the Investment Consultants carried out an additional piece of work in relation to the UK Equity transition, which was not in the original budget, this cost was recharged to the Pension Funds within the UK Opportunities sub fund (£20k overspend).

1.4 Current Economic Climate

With the current economic climate in relation to COVID-19, this is having an adverse effect on the net asset value of assets currently held within the pool and the volatility of their returns. This area is being managed carefully with regular contact and updates being received from the Operator. These updates are provided to Pension Fund officers and Joint Governance Committee members.

The Fixed Income sub-funds that were scheduled to be launched in April 2020 are now planned to go ahead in July 2020.

1.5 Further Information

Further information regarding the accounts is available from the Treasury & Pension Investments Manager, Corporate Services Department, County Hall, Carmarthen, SA31 1JP.

2 STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Joint Governance Committee Responsibilities

The Joint Governance Committee is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. Within Carmarthenshire County Council (the Host Authority), that officer is the Director of Corporate Services.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Director of Corporate Services' Responsibilities

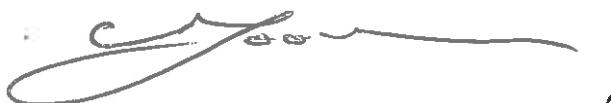
The Director of Corporate Services is responsible for the preparation of the Wales Pension Partnership's Statement of Accounts, in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Corporate Services has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper and timely accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification of Accounts

I certify that the Statement of Accounts on pages 14 to 18 gives a true and fair view of the financial position of the Wales Pension Partnership as at 31 March 2020 and its income and expenditure for the year ended 31 March 2020.



Chris Moore FCCA

Dated: 12 June 2020

Director of Corporate Services

3 ANNUAL GOVERNANCE STATEMENT

3.1 Scope of Responsibility

The Wales Pension Partnership (WPP) is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must also ensure that public money is safeguarded and properly accounted for and used economically, efficiently and effectively and to secure continuous improvement and delivery in this regard.

The WPP is responsible for putting in place proper arrangements for the Governance of its affairs and facilitating the effective exercise of its functions including having appropriate arrangements for the management of risk.

The WPP details how it deals with all aspects of Governance through its Inter Authority Agreement (IAA) which defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers. The IAA includes a Scheme of Delegation outlining the decision-making process allowing for current relevant legislation.

3.2 The Governance Framework

The Governance Framework comprises the systems, processes, cultures and beliefs by which the WPP is directed and controlled. It enables the Partnership to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.

The system of Internal Control is a significant part of that framework and is designed to manage risk to a reasonable level. It aims to identify and prioritise the risks which may inhibit the WPP's ability to achieve its policies, aims and objectives. It evaluates the likelihood and impact of risks being realised and manages individual risks appropriately.

The Code of Corporate Governance recognises policies and processes that are consistent with the principles of the CIPFA / SOLACE Framework - '**Delivering Good Governance in Local Government**' (Guidance Notes for Welsh Authorities 2016 Edition – Published September 2016). This framework identifies 7 key principles of good governance which complement the Well-being of Future Generations Act requirements.

This Statement explains how the WPP has complied with the various elements of the Governance Framework.

3.3 The Governance Environment

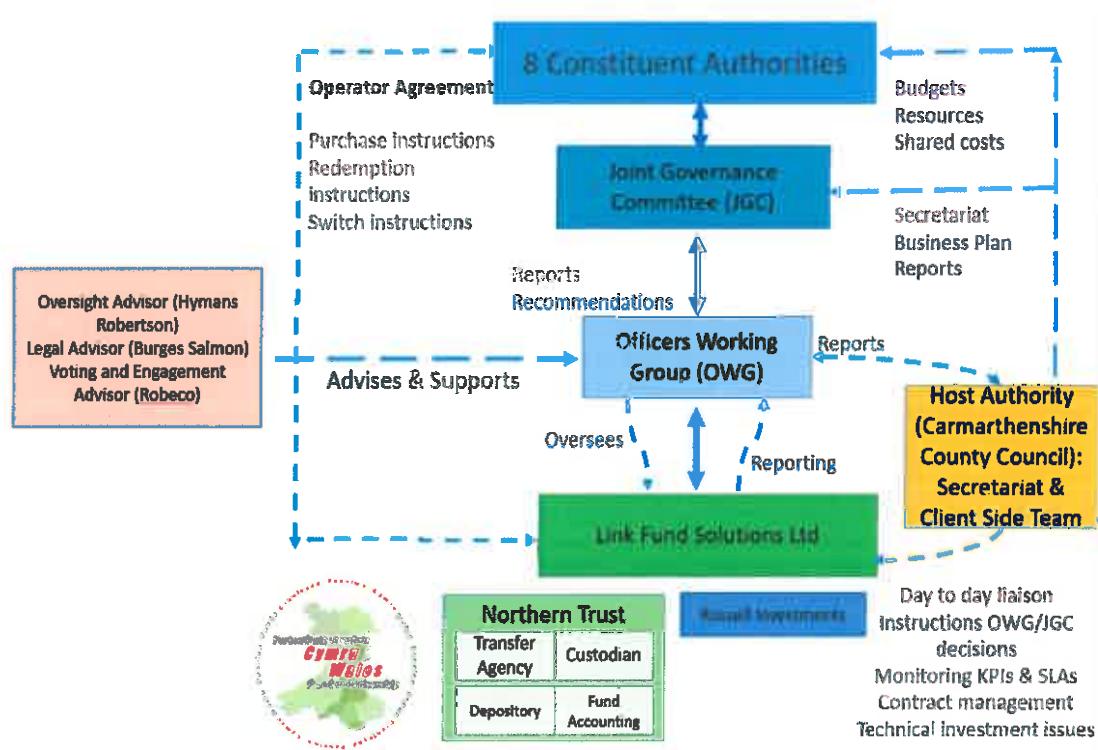
The Governance framework comprises of seven fundamental principles implemented to endorse high standards of confidence and trust in the governance and operation of the partnership, whilst upholding a commitment to ongoing improvement on a continuing basis through a process of evaluation and review.

The CIPFA/SOLACE Governance Framework sets out 7 fundamental principles of Corporate Governance. The 'CIPFA Seven' are:

1. Integrity and Values - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
2. Openness and engagement - Ensuring openness and comprehensive stakeholder engagement.
3. Making a difference - Defining outcomes in terms of sustainable economic, social, and environmental benefits.
4. Making sure we achieve what we set out to do - Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Valuing our people; engaging, leading and supporting - Developing capacity and the capability of leadership and individuals.
6. Managing risks, performance and finance - Managing risks and performance through robust internal control and strong public financial management.
7. Good transparency and accountability - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

3.4 The Governance Structure

The diagram below illustrates the governance structure established by the WPP



3.4.1 Constituent Authorities

The Constituent Authorities of the Wales Pension Partnership are:

- Carmarthenshire County Council
- City & County of Swansea Council
- City of Cardiff Council
- Flintshire County Council
- Gwynedd Council
- Powys County Council
- Rhondda Cynon Taff County Borough Council
- Torfaen County Borough Council

These are the Constituent Authorities of the eight Local Government Pension Scheme funds in Wales, which form the WPP. Carmarthenshire County Council is the Host Authority.

Although there is a Joint Governance Committee set up to make most of the decisions on behalf of the WPP, there are a number of matters / decisions that are reserved and have to be taken back to the Constituent Authorities for approval, these are detailed in Schedule 2 of the Inter Authority Agreement.

3.4.2 Joint Governance Committee

The Wales Pension Partnership Joint Governance Committee (JGC) was formalised in June 2017 and since then has met frequently. The JGC meets a minimum of 4 times a year at one of the Constituent Authority offices and each meeting is webcasted for the public. The WPP ensures open and transparent meetings and publication of agendas, minutes and webcasts, where appropriate.

The JGC is comprised of one elected member from each of the eight Constituent Authorities. The elected member must be a member of that Constituent Authority and that Constituent Authority's Pensions Committee. The Chair and Vice-chair are rotated on an annual basis. The current chair is Cllr. Peter Lewis - Powys County Council (Powys Pension Fund) and the current vice-chair is Cllr. Glyn Caron - Torfaen County Borough Council (Greater Gwent (Torfaen) Pension Fund).

The JGC is responsible for overseeing the pooling of the investments of the eight Local Government Pension Scheme funds in Wales. The JGC's full set of responsibilities are set out in Schedule 3 (JGC Matters) and Schedule 4 (JGC Terms of Reference) of the Inter Authority Agreement.

3.4.3 Officers Working Group

A WPP Officers Working Group (OWG) has been established with the purpose of providing support and advice to the Joint Governance Committee. The group meets every 2 months with additional meetings held as and when required.

The OWG comprises of practitioners and Section 151 officers from all eight Constituent Authorities, Hymans Robertson (WPP's external consultants) as well as Link Fund Solutions and Russell Investments. The Chair of the OWG is Chris Moore, Section 151 Officer of Carmarthenshire County Council (Host Authority). The remit of the OWG is set out in Schedule 8 of the IAA.

3.4.4 Host Authority

Carmarthenshire County Council has been appointed as the Host Authority for the Wales Pension Partnership, providing administrative and secretarial support to the JGC and liaising day to day with the operator on behalf of all the LGPS funds in Wales. The role of the Host Authority is set out in Section 6 of the IAA.

Monitoring Officer

The Monitoring Officer (Head of Administration & Law) is responsible for maintaining the IAA to ensure that it reflects up to date legislative requirements and the WPP's Governance needs and is also responsible for ensuring that the provisions are fully complied with at all levels. The Monitoring Officer attends all JGC meetings.

The Monitoring Officer is well placed to play a proactive role in supporting Members and Officers in both formal and informal settings to comply with the law and with the WPP's own procedures. As the Head of Service with ultimate responsibility for the Democratic Services Unit, the Monitoring Officer is also responsible for the formal recording and publication of the democratic decision-making process.

The Monitoring Officer works closely with the Section 151 Officer in accordance with the provisions of the Local Government and Housing Act 1989 and will report to the Joint Governance Committee if she considers that any proposal will give rise to unlawfulness.

Section 151 Officer

The Director of Corporate Services is the responsible officer for the administration of the WPP's affairs under Section 151 of the Local Government Act 1972 and carries overall responsibility for the financial administration of the WPP.

The Chartered Institute of Public Finance and Accountancy (CIPFA) previously published a "Statement on the Role of the Chief Financial Officer in Local Government". The Statement describes the role and responsibilities of the Chief Financial Officer (CFO) and sets out 5 Key Principles (see below) that define the core activities and behaviours that belong to the role of CFO in public service organisations and the organisational arrangements needed to support them. Carmarthenshire County Council through the appointment of the Director of Corporate Services fully complies with the Statement.

- Principle 1 - The CFO in a Local Authority is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Authority's strategic objectives sustainably and in the public interest.
- Principle 2 - The CFO in a Local Authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-

term implications, opportunities and risks are fully considered, and alignment with the Authority's overall financial strategy.

- Principle 3 - The CFO in a Local Authority must lead the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.
- Principle 4 - The CFO in a Local Authority must lead and direct a finance function that is resourced to be fit for purpose.
- Principle 5 - The CFO in a Local Authority must be professionally qualified and suitably experienced.

3.4.5 Link Fund Solutions

The WPP have designed an operating model which is flexible and able to deliver value for money. Link Fund Solutions Ltd (Link) have been appointed as the external Operator and with the support of Russell Investments, they deliver effective investment management solutions and provide strong net of fee performance for all the Constituent Authorities.

There is an Operator Agreement in place with Link Fund Solutions which sets out the contractual duties of the Operator and governs the relationship between the Operator and the WPP.

3.4.6 External Advisors

The WPP have appointed External Advisors to provide additional support and advice. All contracts go through a formal procurement process in line with CCC's Procurement Guidelines.

Legal Advisors – Burges Salmon

Burges Salmon provide Legal advice, as and when required.

Oversight Advisors – Hymans Robertson

Hymans Robertson have been appointed the Oversight Advisors for the WPP. Hymans Robertson's role spans oversight and advice on governance arrangements, operator services, strategic investment aspects and project management support. They attend all OWG and JGC meetings.

Voting and Engagement Provider – Robeco Ltd

Robeco have recently been appointed the WPP's Voting and Engagement provider and they will assist the WPP in formulating and maintaining a Voting Policy and Engagement Principles that are in keeping with the Welsh Constituent Authorities' membership of the Local Authority Pension Fund Forum ('LAPFF'). Robeco will also take responsibility for implementing the Voting Policy across WPP's £5bn active equity portfolio and reporting to WPP and the underlying Funds.

3.5 Governance Sources of Assurances

3.5.1 Internal Audit

The Internal Audit team within Carmarthenshire County Council carry out Internal Audit reviews in a number of areas within the Authority, reviewing the effectiveness of the systems and governance arrangements. Internal Audit are required to undertake their work in accordance with the standards as set out in the Public Sector Internal Audit Standards (PSIAS) established in 2013 are the agreed professional standards for Internal Audit in Local Government.

3.5.2 Governance Matrix

The WPP has developed a Governance Matrix which focuses on outlining the different roles that bodies within the WPP play in the WPP's decision making process. It also articulates that the WPP consults / or seeks input from several different bodies within the WPP before decision are formalised. This process highlights the number of checks and balances that the WPP has built into its decision-making process to ensure good governance is delivered.

3.5.3 Engagement Protocol

The WPP believes in regularly engagement with its key stakeholders. The WPP has an Engagement Protocol Framework in place, this is carried out via the following engagement mechanisms:

- Strategic Relationship Review meetings - Bi-Annual
- JGC Engagement – Quarterly
- OWG Engagement – Every 2 months
- Annual Shareholder Day – Annual
- Pension Fund Committees – Annual
- Manager Engagement Days – Bi-Annual
- Member Communications – Annual
- Engagement via the website & LinkedIn - continuous

As well as regular engagement between Officers, Members and External Parties, as detailed on the Governance Structure diagram, these engagements also involve engagements between Pension Committee Members, Pension Board Members and Investment Fund Managers, both existing and potential.

3.5.4 Responsible Investment Policy

WPP understand the importance of Responsible Investment and has developed an overarching Responsible Investment Policy for the WPP. This policy has been developed in consultation with the Constituent Authorities and covers the following main areas:

- Introduction and Oversight
- Ambition and Beliefs
- Investment Strategy
- Climate Change
- Exclusions
- Implementation of Strategy

- Stewardship – Voting, Stock Lending and Shareholder Engagement
- Collaboration
- Monitoring, Reporting and Measurement

3.5.5 Training

WPP personnel must have appropriate knowledge and understanding of:

- the regulations and markets relating to the Local Government Pension Scheme;
- the pooling of Local Government Pension Funds; and
- relevant investment opportunities.

In order to achieve this, the WPP have developed a training plan that is designed to supplement existing Constituent Authority training plans. Local level training needs will continue to be addressed by Constituent Authorities while the WPP training plan will offer training that is relevant to the WPP's pooling activities.

The Host Authority arranges quarterly training sessions which cover major areas such as investments, administration, regulation requirements, Government guidance and market developments. A training plan log is kept as a record of all the training WPP personnel have completed to date and the training that is due to take place in the foreseeable future.

The training events primarily focus on meeting the training needs of members of the OWG and JGC, however Constituent Authorities are encouraged to invite Pension Committee Members, as well as Pension Board Representatives if they believe that the training would be beneficial to these individuals

3.5.6 Communication

The WPP believes that effective internal and external communication is vital to achieving its objectives. The WPP has developed a communication plan which will be reviewed annually. The plan outlines the WPP's:

- Target Audience
- Key Messages / Key Purpose
- Means of Communication
- Responsibilities
- Review & Reflection Process

The WPP also has a website and LinkedIn page which is regularly updated. The website (www.walespensionpartnership.org) covers a number of areas including Governance, Publications (including WPP Policies), Sub Fund developments and News (including press releases).

3.5.7 Risk Management

Risk management is embedded throughout the governance of the WPP. Risks are considered in all of the WPP's activities, especially when deciding on the development and structure and of sub funds.

The WPP recognise that the WPP governance structure could be improved by codifying how the WPP currently identifies, manages, mitigates and monitors risks which is why the WPP has prioritised the formulation of a WPP Risk Policy and Risk Register as part of its 2020/2021 workplan.

3.5.8 External Regulators

The Wales Audit Office, as External Auditors to the WPP, reviews and comments on the financial aspects of Corporate Governance which includes the legality of financial transactions, financial standing, systems of Internal Financial Control and standards of financial conduct and fraud and corruption. The External Audit plan is approved by the Joint Governance Committee.

3.6 Governance issues to be addressed / Action Plan

The WPP believes that good governance leads to better outcomes for its stakeholders, as such it will further develop its governance framework by developing additional policies, registers, plans and carrying out ongoing reviews of its existing governance documents and structure.

The WPP have a 3-year workplan which will form part of the Business Plan. This covers a number of work areas with Governance being one of them. WPP's Action Plan for the next 12 months:

1. Development of the WPP's 3-year Business Plan*
2. Development of the Climate Risk Policy**
3. Development of the Conflicts of Interest Policy**
4. Formulation of a WPP Risk Policy and Risk Register
5. Development of a WPP Voting Policy
6. Formulation of a WPP Governance Manual
7. Annual Review of RI Policy

* The Business Plan has been developed and approved by the JGC on 12 March 2020, it is now with the Constituent Authorities for their final approval.

**These policies have developed and will be taken to the next JGC meeting for approval

3.7 Conclusion

A good level of assurance has been demonstrated with regards to the governance arrangements within the WPP with adequate and effective systems in place. The implementation of the actions from the action plan in section 3.5 will be monitored and reviewed as part of the next annual review.

With the current economic climate in relation to COVID-19:

- All officers have been working remotely since March 2020
- Link Fund Solutions and Russell Investments are providing regular market updates in relation to the WPP sub fund investments - these are shared with the Pension Fund officers and Joint Governance Committee members

- the Fixed Income sub-funds that were scheduled to be launched in April 2020 are now due to go ahead in July 2020
- Bi-weekly officer and working group calls have been extended in time to cover extra discussion areas around COVID-19
- OWG matters are currently covered in the bi-weekly calls with meeting requests remaining in officers' calendars, should the need arise to have virtual meeting
- A virtual JGC meeting is planned for July 2020
- The drafting and audit of the WPP Statement of Accounts continues to be in line with the timetable set out in the 2020 Audit Plan
- WPP continues to work in line with the approved workplan, prioritising the development and approval of the policies and plans as described in Section 3.5 above and therefore further developing the governance framework

4 FINANCIAL STATEMENTS

The financial statements comprise the following:

4.1 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2018/19 (£)	Description	2019/20 (£)	Notes
Expenditure			
43,111	Employee costs	56,138	
13,079	Host Authority costs	21,250	
27,109	External Advisor costs	146,673	
75,000	Host Authority Support Service costs	75,000	
158,299	Total Operating Expenditure	299,062	
Income			
(158,299)	Constituent Authority Recharges *	(299,062)	
(158,299)	Total Operating Income	(299,062)	
0	Total Comprehensive Income and Expenditure	0	

* These costs are funded equally by all eight LGPS Funds and are recharged on an annual basis. The exception is when an External Advisor provides a service for specific LGPS Funds, then these additional costs are shared equally between the LGPS Funds involved.

4.2 BALANCE SHEET

The Balance Sheet shows the assets and liabilities of the WPP as at 31 March 2020.

31st March 2019 (£)	Description	31st March 2020 (£)	Notes
Current Assets			
138,511	Short Term Debtors	367,489	3
138,511	Total Current Assets	367,489	
Current Liabilities			
(127,579)	Cash and Cash Equivalents	(223,716)	
(10,932)	Short Term Creditors	(143,773)	4
(138,511)	Total Current Liabilities	(367,489)	
0	Total Net Assets	0	

4.3 CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the WPP during the reporting period.

2018/19 (£)	Description	2019/20 (£)	Notes
Cashflow from operating activities			
0	Net (surplus) / deficit on the provision of services	0	
Adjustments for:			
(138,511)	(Increase) in trade and other debtors	(228,978)	
10,932	Increase in trade and other creditors	132,841	
(127,579)	Net Cash from operating activities	(96,137)	
Net (Increase) / Decrease in cash and cash equivalents			
0	Cash & Cash Equivalents as at 1 April	(127,579)	
(127,579)	Cash & Cash equivalents as at 31 March	(223,716)	
(127,579)	Cash and cash equivalents as at 31 March	(96,137)	

5 NOTES TO THE ACCOUNTS

5.1 Statement of Accounting Policies

General

The Statement of Accounts summarises the transactions of the Wales Pension Partnership (WPP) for the 2019/20 financial year and its position at the year ended 31 March 2020. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

5.1.1 Going Concern

The Financial Statements have been prepared on a going concern basis.

5.1.2 Accruals of Income and Expenditure

Financial Statements have been prepared under the Accruals concept of accounting which requires that both income and expenditure must be recognised in the accounting periods to which they relate rather than on a cash basis.

5.1.3 Cash and Cash Equivalents

The WPP itself does not operate or control its own individual bank account. Carmarthenshire County Council in its role as the Host Authority administers all cash and cash equivalent transactions on behalf of the WPP.

5.1.4 Provisions, Contingent Assets and Liabilities

The WPP have not recognised any provisions, contingent assets or contingent liabilities in the accounts.

5.1.5 Value Added Tax (VAT)

Transactions are shown net of VAT, all VAT is accounted for by Carmarthenshire County Council.

5.1.6 Employee Benefits

Direct employees supporting the activities of the WPP are contractually employed by Carmarthenshire County Council, with additional support being provided by Carmarthenshire on a recharge methodology. Employee remuneration costs will be disclosed within the Financial Statements of Carmarthenshire County Council.

5.2 Investments

No investments are held directly with the WPP. The sub funds opened as part of the pooling arrangement sit within the financial statements of the respective pension funds. The Operator costs and other fees relating to these investments are shared between the eight LGPS Funds based on their individual percentage share of WPP assets and are deducted directly from the Net Asset Value (NAV). These are not cash transactions.

5.3 Short Term Debtors

2018/19 (£)	Description	2019/20 (£)
138,511	Constituent Authorities	365,616
0	Prepayments	1,873
138,511	Total Short Term Debtors	367,489

5.4 Short Term Creditors

2018/19 (£)	Description	2019/20 (£)
6,464	Trade Creditors	69,130
4,468	Accruals	74,643
10,932	Total Short Term Creditors	143,773

5.5 Audit Costs

In 2019/20 the WPP incurred the following fees relating to financial audit and inspection, payable to the Wales Audit Office

2018/19 (£)	Description	2019/20 (£)
5,000	Audit Fees	8,558
5,000	Total External Audit Fees	8,558

5.6 Related Party Transactions

WPP is required to disclose material transactions between partners, bodies, individuals or related parties, that could potentially influence the decisions of the JGC or be influenced by the JGC. The WPP has arrangements in place requesting members and Officers to identify and disclose related party transactions. These interests are declared and assessed at the start of each JGC meeting.

Any transactions between parties outlined above will require disclosure to allow the users of these Financial statements to assess the extent to which the JGC's independence could potentially been impaired or influenced another party's ability to transact with the Committee.

During 2019/20 Carmarthenshire County Council, as Host Authority for the WPP raised debtor invoices to all eight LGPS pension funds to recover the running costs of the WPP, as detailed in the CIES. The tables below show the total value of transactions raised during 2019/20 and the debtor balances outstanding as at 31 March 2020.

2018/19 £	Description	2019/20 £
19,787	Cardiff & Vale of Glamorgan Pension Fund	52,383
19,787	Clwyd Pension Fund	32,383
19,787	Dyfed Pension Fund	32,383
19,787	Gwynedd Pension Fund	32,383
19,787	Powys Pension Fund	32,383
19,787	Rhondda Cynon Taf (RCT) Pension Fund	32,383
19,787	City and County of Swansea Pension Fund	32,383
19,787	Greater Gwent (Torfaen) Pension Fund	52,383
158,299	Total Related Party Transactions	299,062

2018/19 £	Description	2019/20 £
19,787	Cardiff & Vale of Glamorgan Pension Fund	72,170
19,787	Clwyd Pension Fund	52,170
-	Dyfed Pension Fund	19,787
19,787	Gwynedd Pension Fund	52,170
19,787	Powys Pension Fund	32,383
19,787	Rhondda Cynon Taf (RCT) Pension Fund	52,170
19,787	City and County of Swansea Pension Fund	32,383
19,787	Greater Gwent (Torfaen) Pension Fund	52,383
138,511	Related Party Transactions outstanding at year end	365,616

Carmarthenshire County Council charged the WPP for administration and support services during 2019/20. Invoices have also been received from Gwynedd County Council and Powys County Council for services they have provided in the form of translation and catering services respectively. The table below shows the value of these services and the creditor balances outstanding as at 31 March 2020.

Related Party Transactions - Creditors	Value of services provided during 2019/20	Balance outstanding as at 31 March 2020
Carmarthenshire County Council	£132,753	£0
Gwynedd County Council	£3,795	£1,577
Powys County Council	£724	£724
Total	£137,272	£2,301

The Director of Corporate Services and the Monitoring Officer are both Senior Officers within Carmarthenshire County Council.

5.7 Prior Period Adjustment

No Prior Period adjustments were made during the financial year 2019/20.

6 GLOSSARY OF TERMS

The following section attempts to explain the meaning of some of those technical terms that are used in the Statements.

Accrual

An accrual is a sum shown in our accounts to cover income or expenditure for the accounting period that was not paid at the date of the balance sheet.

Audit

An audit is an independent examination of our activities.

Balance

The surplus or deficit on any account at any point in time.

Balance Sheet

This is a statement of our assets, liabilities and other balances at the end of the financial year.

Budget

A budget is a spending plan, usually for the following financial year.

Creditor

A creditor is someone to whom money is owed at the end of the financial year for work done, goods received or services rendered.

Current Assets

These are short-term assets that are available for us to use in the following accounting year.

Current Liabilities

These are short-term liabilities that are due for payment by us in the following accounting year.

Debtor

A debtor is someone who owes money to us at end of the financial year.

Financial Year

This is the accounting period. For this committee it starts on 1 April and finishes on 31 March the following year.

Gross Expenditure

The total cost of providing the Host Authorities services before taking into account any income received

Liability

A liability is an amount due and payable at some time in the future.

Prepayment

A prepayment is a payment that has been made in advance, a payment which relates to a future accounting period.

Provision

Provisions are amounts set aside for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain.

Variance

The difference between actual expenditure and budget - expressed in cash or percentage terms.

Wales Audit Office

An independent body lead by the Auditor General for Wales who is responsible for the appointment of external auditors to local authorities.



WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

DATE 17 JULY 2020

SUBJECT

HOST AUTHORITY UPDATE

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

To receive an update from the host authority

REASONS:

The host authority to provide a progress update in relation to the following key areas:

- Governance
- Ongoing establishment
- Operator services
- Communications and reporting
- Training and meetings
- Resources, budget and fees

Report Author: Chris Moore	Designation: Director of Corporate Services Carmarthenshire County Council	Tel No. 01267 224160 E. Mail: CMoore@carmarthenshire.gov.uk
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EXECUTIVE SUMMARY

JOINT GOVERNANCE COMMITTEE

DATE 17 JULY 2020

HOST AUTHORITY UPDATE

BRIEF SUMMARY OF PURPOSE OF REPORT

Work has continued to be developed in a number of key areas, including:

- Completing the 2019/20-year end closure of accounts
- Developing a Conflict of Interest and Climate Risk Policy
- Developing a Risk Policy and Risk Register
- Work has continued with the next tranches of sub funds, more information regarding these will be provided in the Operator update

Other key areas:

- Business Plan – in the process of being approved by the Constituent Authorities.
- Robeco – Initial meetings have been held with Robeco and work is ongoing on the Engagement side including the development of a portal. The Voting Policy is likely to be developed later in the year. Virtual training sessions are in the process of being arranged for all Constituent Authorities.
- Training Plan – we are aiming to fulfil the approved 2020/21 training plan with virtual training events being held for the foreseeable future. In order to facilitate this new way of delivering training, the order of the training topics may slightly change from the original plan. One virtual training session was successfully completed on 18 June 2020.
- Legal Advisor Contract – due to COVID 19 the tendering process was put on hold, the existing contract has been extended to 31 December 2020 and the procurement exercise will re-commence shortly.
- Stock Lending – Northern Trust have provided a Global Securities Lending Review Report for the period 19 March 2020 to 30 April 2020. Full report attached.
- The Website continues to be updated with relevant news and publications.

DETAILED REPORT ATTACHED?	YES
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IMPLICATIONS

Policy, Crime & Disorder and Equalities YES	Legal NONE	Finance NONE	Risk Management Issues NONE	Staffing Implications NONE
Policy Policy and procedure documents will be formal documents for the Wales Pension Partnership.				

CONSULTATIONS

Details of any consultations undertaken are to be included here

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

Global Securities Lending Review

Prepared for Link Fund Solutions : Wales Pension Partnership

Presented 21st May 2020 : Performance Data Range 19th March to 30th April 2020

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NORTHERN TRUST

SECURITIES LENDING LINK FUND SOLUTIONS (WALES) RELATIONSHIP TIMELINE

Page 54



Summary of Lending Programme

- Commenced lending March 2020
- LF WALES have a bespoke non-cash collateral account.
- GBP £71,807 in 2020 YTD net revenue earnings
- Total Gross Revenue in 2020 has been GBP £84,475
- Fee Split : 85/15 with WALES receiving 85% of the total revenue and Northern Trust receiving 15%
- All costs for running the securities lending programme are taken from Northern Trust's share of the fee split
- All loans are collateralised at 102/105% (subject to de minimis) depending on the currency of the loans/collateral
- Agent shall only lend Securities to Borrowers with a short-term rating at the time the loan is made of no lower than A1/P1
- A maximum on loan of 25% of total AUM at any one time; notwithstanding changes to prices and lendable assets
- A minimum of 5% of the nominal quantity of each individual equity holding shall not be available for Loan at any one time

ACCOUNT PERFORMANCE

Account Number	Account Name	Market Value (GBP)		% on Loan	Gross	On Loan	Gross BP	Net
		Avg. on Loan	Avg. Available		Earnings (GBP)	Spread (bp)	Return (bp) *	Earnings (GBP)
WCOF05 LF WALES PPGOEF SW MITCHELL		14,114,567	75,210,219	18.8%	37,280	155.9	29.3	31,688
WCOF08 LF WALES PPGOEF OAKTREE		10,276,074	128,626,138	8.0%	19,374	111.3	8.9	16,469
WPPF04 LF WPP GGF - BAILLIE GIFFORD		39,353,316	597,286,980	6.6%	13,531	20.3	1.3	11,502
WCOF09 LF WALES PPGOEF SANDERS CAP		3,477,847	349,441,035	1.0%	4,703	79.8	0.8	3,998
WCOF06 LF WALES PPGOEF JACOBS LEVY		4,367,379	195,785,188	2.2%	3,764	50.9	1.1	3,201
WCOF03 LF WALES PPGOEF - MSTANLEY		9,448,582	116,082,383	8.1%	2,485	15.5	1.3	2,113
WPPF03 LF WPP GGF - PZENA INV MGT LLC		7,820,930	351,274,347	2.2%	2,297	17.3	0.4	1,953
WPOE03 W PP UK OPPS EQ RC		2,033,314	76,594,721	2.7%	374	10.8	0.3	318
WCOF07 LF WALES PPGOEF NUMERIC		1,264,494	68,951,932	1.8%	354	16.5	0.3	301
WCOF04 LF WALES PPGOEF NWQ INV MGMT		677,051	180,789,618	0.4%	195	17.0	0.1	166
WPPF02 LF WPP GGF - VERITAS AM LLP		402,553	371,818,101	0.1%	117	17.2	0.0	100
Total		93,236,108	2,511,860,661	3.7%	84,475	53.5	2.0	71,808

* Gross Basis Point Return equals On Loan Spread multiplied by % on Loan. GBPR is the measure of total return on a given asset class or portfolio.

** Market Value and Earnings were converted using the month-end FX rate.

- The Gross Basis point return for the period was 2.0 bps
- The PPGOEF SW Mitchell Fund has contributed the majority of the revenue (44%)
- Primary demand has been seen directional trading of French stock Vallourec, South African MTN Group and US ~~Dame~~ Seadrill.
- These three stocks accounted for 50% of total revenue to date.
- Utilisation at 3.7% across all funds, we expect this to increase over time as more borrowers approve the Wales funds.

TOP 10 SECURITIES BY REVENUE

Page 56

Rank	Security Name	CUSIP/SEDOL	Net Earnings	% Of Total Net Earnings	Market Value On Loan (GBP)	Average % Utilization	Average Spread
1	VALLOUREC SA EUR2.00	B197DR6	19,577.15	27.26	990,244.60	80.36	1,334.61
2	MTN GROUP LTD ZAR0.0001	6563206	8,568.31	11.93	545,592.29	47.38	1,095.90
3	SEADRILL LTD COM USD2.00	BFWY7Q9	8,163.37	11.37	51,484.15	30.52	9,900.00
4	PHARMARON BEIJING CO LTD 144A	BK72QD3	3,506.71	4.88	483,217.90	16.66	500.00
5	CATHAY PACIFIC AIR NPV	6179755	3,275.42	4.56	206,475.69	36.86	1,072.16
6	PING AN INSURANCE GROUP H	B01FLR7	2,958.17	4.12	13,612,468.32	78.91	15.00
7	PING AN HEALTHCARE 144A	BDRYVB3	2,281.95	3.18	2,196,228.52	71.85	72.39
8	MMG LTD NPV	6728793	2,143.50	2.99	362,957.25	55.64	374.08
9	CONTINENTAL RES INC COM	212015101	2,085.24	2.90	297,171.59	93.30	501.77
10	TESLA INC COM USD0.001	88160R101	1,060.89	1.48	4,998,353.72	67.57	15.00
Sub Total Of Top 10 Securities			53,620.71	74.67	23,744,194.03	68.45	156.45
All Other			18,187.07	25.33	69,491,913.94	2.81	18.28
Total			71,807.78	100.00	93,236,107.97	3.71	53.68

- Demand in the top ten securities was primarily driven by demand for French and HK directional stocks.
- The top ten performing securities accounted for 74% of net earnings (£53,620)
- The average spread for the top 10 was 156.45 bps compared to 18.28 bps for all other securities.

LENDING BREAKDOWN ASSET AND COUNTRY

Security Type	Country Of Quotation	Market Value (GBP)		% on Loan	Gross	On Loan	Gross BP	Net
		Avg. on Loan	Avg. Available		Earnings (GBP)	Spread (bp)	Return (bp) *	Earnings (GBP)
US Equities	United States	42,446,882	1,475,352,252	2.9%	14,019	19.5	0.6	11,919
Total For US Equities		42,446,882	1,475,352,252	2.9%	14,019	19.5	0.6	11,919
Global Equities	Australia	1,859,564	25,877,978	6.4%	421	15.0	1.0	358
	Belgium	0	0	0.0%	0	0.0	0.0	0
	Brazil	0	0	0.0%	0	0.0	0.0	0
	Canada	0	13,105,994	0.0%	0	0.0	0.0	0
	Denmark	0	24,402,673	0.0%	0	0.0	0.0	0
	France	10,015,369	99,634,692	10.1%	26,336	155.2	15.6	22,386
	Germany	0	0	0.0%	0	0.0	0.0	0
	Hong Kong	19,501,420	125,621,964	15.5%	17,637	53.4	8.3	14,992
	Hungary	0	2,025,407	0.0%	0	0.0	0.0	0
	India	0	0	0.0%	0	0.0	0.0	0
	Indonesia	0	0	0.0%	0	0.0	0.0	0
	Ireland	0	6,041,576	0.0%	0	0.0	0.0	0
	Israel	0	0	0.0%	0	0.0	0.0	0
	Italy	0	17,445,530	0.0%	0	0.0	0.0	0
	Japan	2,097,702	296,511,368	0.7%	583	16.4	0.1	496
	Korea, Republic of	0	0	0.0%	0	0.0	0.0	0
	Mexico	0	0	0.0%	0	0.0	0.0	0
	Netherlands	4,472,589	47,807,383	9.4%	1,933	25.5	2.4	1,643
	New Zealand	0	463,861	0.0%	0	0.0	0.0	0
	Norway	256,989	14,276,266	1.8%	9,693	2,226.0	40.1	8,239
	Singapore	0	14,716,690	0.0%	0	0.0	0.0	0

LENDING BREAKDOWN ASSET AND COUNTRY

Page 68

Security Type	Country Of Quotation	Market Value (GBP)		% on Loan	Gross Earnings (GBP)	On Loan	Gross BP	Net Earnings (GBP)
		Avg. on Loan	Avg. Available					
Global Equities	South Africa	2,512,556	21,174,708	11.9%	11,251	264.3	31.4	9,584
	Spain	2,807,326	12,105,136	23.2%	1,141	24.0	5.6	970
	Sweden	0	27,870,019	0.0%	0	0.0	0.0	0
	Switzerland	144,518	57,093,192	0.3%	56	22.9	0.1	48
	Taiwan	0	0	0.0%	0	0.0	0.0	0
	Thailand	0	5,940,059	0.0%	0	0.0	0.0	0
	United Kingdom	7,321,194	224,593,914	3.3%	1,404	11.3	0.4	1,193
Total For Global Equities		50,789,226	1,036,508,410	4.9%	70,456	81.9	4.0	59,889
Total		93,236,108	2,511,860,661	3.7%	84,475	53.5	2.0	71,808

* Gross Basis Point Return equals On Loan Spread multiplied by % on Loan. GBPR is the measure of total return on a given asset class or portfolio.

** Market Value and Earnings were converted using the month-end FX rate.

BORROWER UTILISATION AND COLLATERAL AS OF 30TH APRIL

Borrower Name	Borrower Domicile	Market Value on Loan Vs Cash	Market Value on Loan Vs NonCash	Total Market Value on Loan	Market Value of Cash Collateral	Market Value of NonCash Collateral	Total Market Value of Collateral	Cash Margin %	Non Cash Margin %	Total Margin %
<i>WCOF01CF - Wales WCOF01 CF</i>										
BNP PARIBAS PRIME BROKERAGE INTERNATIONAL	IE	0.00	22,452,435.04	22,452,435.04	0.00	23,614,579.13	23,614,579.13	0.00	105.18	105.18
CITIGROUP GLOBAL MARKETS INC.	US	0.00	1,528,008.23	1,528,008.23	0.00	1,585,061.43	1,585,061.43	0.00	103.73	103.73
CITIGROUP GLOBAL MARKETS LIMITED	UK	0.00	719,291.32	719,291.32	0.00	769,245.64	769,245.64	0.00	106.94	106.94
CREDIT SUISSE SECURITIES (EUROPE) LIMITED	UK	0.00	8,545,367.75	8,545,367.75	0.00	9,283,583.05	9,283,583.05	0.00	108.64	108.64
CREDIT SUISSE SECURITIES (USA) LLC	US	0.00	7,306,066.09	7,306,066.09	0.00	7,467,040.79	7,467,040.79	0.00	102.20	102.20
ING BANK NV, LONDON BRANCH	UK	0.00	15,356,317.10	15,356,317.10	0.00	17,507,422.21	17,507,422.21	0.00	114.01	114.01
MACQUARIE BANK LIMITED, LONDON BRANCH	UK	0.00	7,688,929.61	7,688,929.61	0.00	8,318,211.23	8,318,211.23	0.00	108.18	108.18
MERRILL LYNCH INTERNATIONAL	UK	0.00	3,740,563.35	3,740,563.35	0.00	4,065,996.24	4,065,996.24	0.00	108.70	108.70
SOCIETE GENERALE, PARIS BRANCH	FR	0.00	2,390,005.20	2,390,005.20	0.00	2,581,209.85	2,581,209.85	0.00	108.00	108.00
TD PRIME SERVICES LLC	US	0.00	260,479.99	260,479.99	0.00	266,458.59	266,458.59	0.00	102.30	102.30
UBS AG, LONDON BRANCH	UK	0.00	16,273,388.31	16,273,388.31	0.00	17,620,882.81	17,620,882.81	0.00	108.28	108.28
Subtotal -		0.00	86,260,851.99	86,260,851.99	0.00	93,079,690.97	93,079,690.97	0.00	107.90	107.90
Total - WCOF01CF - Wales WCOF01 CF		0.00	86,260,851.99	86,260,851.99	0.00	93,079,690.97	93,079,690.97	0.00	107.90	107.90

BORROWER UTILISATION AND COLLATERAL AS OF 30TH APRIL

Page 60

Borrower Name	Borrower Domicile	Market Value on Loan Vs Cash	Market Value on Loan Vs NonCash	Total Market Value on Loan	Market Value of Cash Collateral	Market Value of NonCash Collateral	Total Market Value of Collateral	Cash Margin %	Non Cash Margin %	Total Margin %
WPOE03CF - WALES WPOE03 Non CF										
ING BANK NV, LONDON BRANCH	UK	0.00	12,926,077.42	12,926,077.42	0.00	14,736,755.52	14,736,755.52	0.00	114.01	114.01
MACQUARIE BANK LIMITED, LONDON BRANCH	UK	0.00	3,198,607.88	3,198,607.88	0.00	3,460,390.33	3,460,390.33	0.00	108.18	108.18
SOCIETE GENERALE, PARIS BRANCH	FR	0.00	3,447,642.46	3,447,642.46	0.00	3,726,063.02	3,726,063.02	0.00	108.08	108.08
Subtotal -		0.00	19,572,327.76	19,572,327.76	0.00	21,923,208.87	21,923,208.87	0.00	112.01	112.01
Total - WPOE03CF - WALES WPOE03 Non CF		0.00	19,572,327.76	19,572,327.76	0.00	21,923,208.87	21,923,208.87	0.00	112.01	112.01

BORROWER UTILISATION AND COLLATERAL AS OF 30TH APRIL

Borrower Name	Borrower Domicile	Market Value on Loan Vs Cash	Market Value on Loan Vs NonCash	Total Market Value on Loan	Market Value of Cash Collateral	Market Value of NonCash Collateral	Total Market Value of Collateral	Cash Margin %	Non Cash Margin %	Total Margin %
WPPF01CF - Wales WPPF01 CF										
BNP PARIBAS PRIME BROKERAGE INTERNATIONAL	IE	0.00	23,850,454.14	23,850,454.14	0.00	25,084,960.07	25,084,960.07	0.00	105.18	105.18
CITIGROUP GLOBAL MARKETS INC.	US	0.00	2,402,817.33	2,402,817.33	0.00	2,481,046.87	2,481,046.87	0.00	103.26	103.26
CREDIT SUISSE SECURITIES (EUROPE) LIMITED	UK	0.00	16,444,923.06	16,444,923.06	0.00	18,131,787.13	18,131,787.13	0.00	110.26	110.26
CREDIT SUISSE SECURITIES (USA) LLC	US	0.00	12,834,325.50	12,834,325.50	0.00	13,117,103.74	13,117,103.74	0.00	102.20	102.20
ING BANK NV, LONDON BRANCH	UK	0.00	5,901,014.48	5,901,014.48	0.00	6,727,625.44	6,727,625.44	0.00	114.01	114.01
MACQUARIE BANK LIMITED, LONDON BRANCH	UK	0.00	7,985,779.51	7,985,779.51	0.00	8,629,081.75	8,629,081.75	0.00	108.06	108.06
MERRILL LYNCH INTERNATIONAL	UK	0.00	655,428.09	655,428.09	0.00	708,883.08	708,883.08	0.00	108.16	108.16
TD PRIME SERVICES LLC	US	0.00	12,904,741.36	12,904,741.36	0.00	13,200,932.37	13,200,932.37	0.00	102.30	102.30
UBS AG, LONDON BRANCH	UK	0.00	1,378,436.22	1,378,436.22	0.00	1,496,557.75	1,496,557.75	0.00	108.57	108.57
Subtotal -		0.00	84,357,919.69	84,357,919.69	0.00	89,577,978.20	89,577,978.20	0.00	106.19	106.19
Total - WPPF01CF - Wales WPPF01 CF		0.00	84,357,919.69	84,357,919.69	0.00	89,577,978.20	89,577,978.20	0.00	106.19	106.19
Grand Total		0.00	190,191,099.44	190,191,099.44	0.00	204,580,878.04	204,580,878.04	0.00	107.57	107.57

NON-CASH COLLATERAL SUMMARY: 30TH APRIL

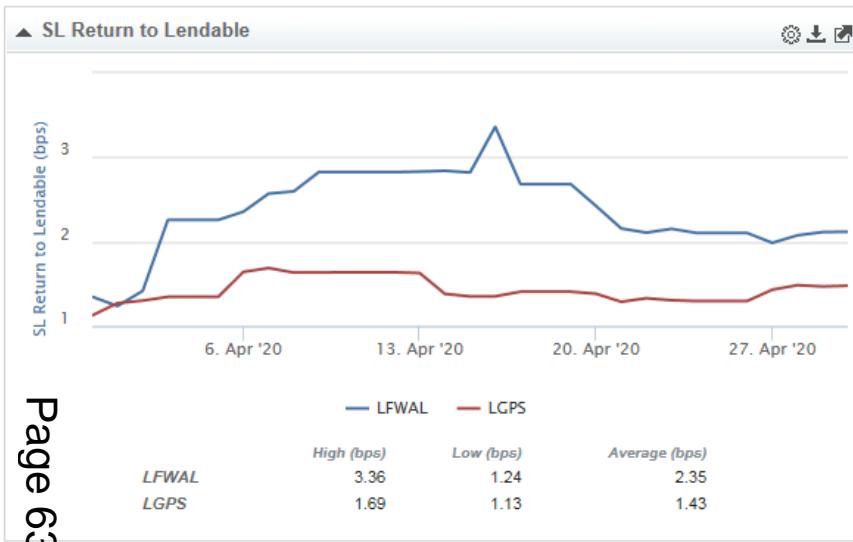
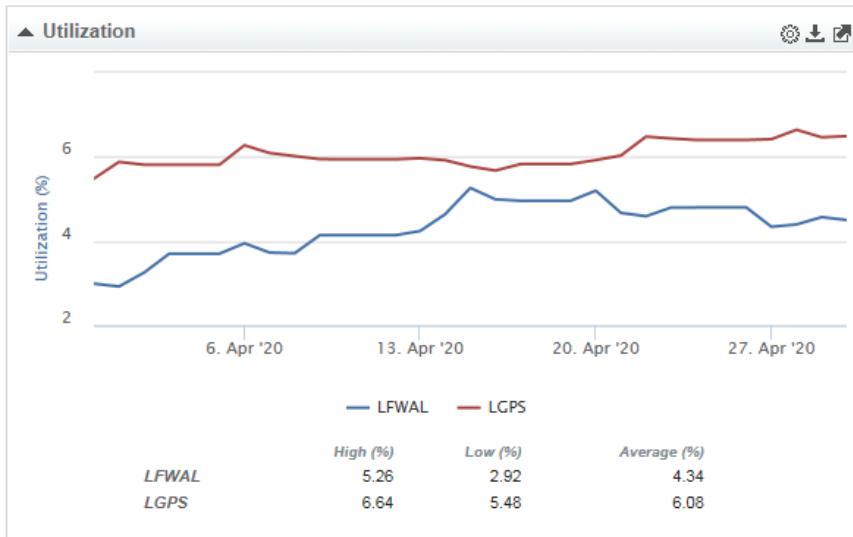
Non-Cash Collateral Asset Breakdown

Page 62

Country	Equities	Govt Debt	Total
Australia	403,310	164,343	567,653
Austria		267,193	267,193
Canada	52,746	26,092	78,837
Denmark	272,229		272,229
Finland		113	113
France	1,663,806	699,283	2,363,089
Germany	3,076,070	2,943,734	6,019,804
Hong Kong	6,055,820		6,055,820
Japan	10,263,528		10,263,528
Netherlands	2,507,125	882,730	3,389,855
Norway	501,087		501,087
Sweden	225,976	1,239	227,215
Switzerland	2,382,733	140,797	2,523,530
United Kingdom	18,095,571	1,099,843	19,195,219
United States	112,835,959	40,019,551	152,855,510
Total	158,335,960	46,244,918	204,580,878

- As of 30th April LF Wales largest three borrowers were:
 - BNP Paribas Prime Brokerage – £46,302,889*
 - ING Bank NV London Branch - £34,183,408*
 - Credit Suisse Securities (Europe) Ltd – 24,990,290*
- The top 3 borrowers made up 52% of the total market value on loan.
- Same-currency fixed income collateral (and US equities) at 102% margin; cross-currency fixed income and all other equities at 105% margin
- Average margin across all loans was 107.57%

BENCHMARKING 2020



Page 69

Wales underperformed the LGPS Benchmark from a utilisation perspective, with average of 4.34% versus 6.08%, this is due to launch of the funds and the approval process of borrowers having access to the assets.

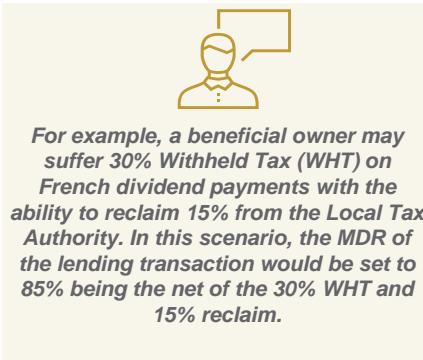
Wales outperformed on a weighted fee basis with an average bps spread of 54.08 bps versus LGPS benchmark of 23.48 bps, this was due to the demand for directional specials held by Wales.

Due to greater fees on the Wales assets the SL Return to lendable was superior to its peer group at 2.35bps versus 1.43bps.

MANUFACTURED DIVIDEND RATE (MDR)

Market	Dividends	Market	Dividends
Australia ¹	100	Mexico	90
Austria	100	Netherlands	100
Belgium	100	New Zealand	85
Brazil ²	100	Norway	100
Canada	100	Poland	81
Czech Republic	65	Portugal	75
Denmark	85	Singapore	100
Finland	100	Singapore REIT's	100
France	100	South Africa ⁴	80
Germany	90	South Korea	85
Hong Kong	100	Spain	100
Hungary	100	Sweden	100
Ireland	100	Switzerland	100
Israel ³	100	Taiwan	79
Italy	85	Thailand	90
Japan	100	UK ⁵	100
		USA	100

- Manufactured Dividend Rates (MDR's) are used in the Securities Finance industry to define the rate at which Dividend Payments, accrued whilst securities are on loan, should be manufactured back to a beneficial owner.
- Due to the nature of Securities Lending Transactions, these rates are inclusive of individual beneficial owners' reclaim ability.



- Please note that this is our understanding of the MDR's as applicable to you, but is not intended to be a comprehensive analysis of the tax regulations relating to securities lending.
- Clients may at any time instruct the Agent in writing to apply an applicable tax rate to your manufactured dividend income that is different from the rate stated. Until such notice is received, your agent will continue to apply the rates set forth herein. Any future changes in the market that affect your rates will continue to be actioned unless otherwise advised by you.

¹Some dividends are unfranked and will pay with WHT (Withholding Tax).

² Some dividends pay as IOC (Interest Over Capital) and will suffer WHT.

³ Some securities may pay at differing WHT.

⁴ Inward listing securities may pay at differing WHT.

⁵ For UK the rate reflects the net rate distribution.

GLOBAL EQUITY REPORT

- **Executive Summary**

Global equity markets experienced their highest level of volatility since 2008. The leading index for global equities, MSCI World, fell more than 13% over the month, the biggest single monthly decline since October 2008 and the 3rd worst monthly decline since the index started in 1970.

Stock markets came under massive pressure, with the S&P falling 12% in one day alone mid-month, and the index recording eight days with gains or losses greater than 5%

Central banks across the globe cut interest rates and introduced numerous liquidity-providing measures to help support markets

Governments announced wide reaching stimulus packages to help those most impacted by the global public health crisis.

Short selling restrictions were introduced in some countries including; Austria, Belgium, France, Greece, Italy, Spain, Turkey, Malaysia, South Korea in an effort to protect declining equity markets

Global dividend distributions are expected to experience unprecedented declines as governing bodies and regulators encourage companies, especially banks, to cut, cancel or postpone 2020 distribution to help preserve capital. Some analysts are forecasting that dividend cuts for the S&P could be as much as 25-30%

Overall utilization rates across our global equity lending book (once adjusted for market movements) increased as a function of increased short interest.

By mid-month, hedge fund's risk appetite declined, with widespread de-risking and deleveraging taking place as highly volatile and uncorrelated markets negatively impacted performance.

GLOBAL EQUITY REPORT

Page 66
APAC

Major Asian markets fell sharply through the month as investor sentiment over the spread of the coronavirus, which emanated from the region, remain highly negative.

In Hong Kong, the Hang Seng limited its monthly declines to single digits with the HSI receding +9.5% for the period. The decline was limited mainly due to the knock-on effect of stimulus measures previously announced in China although even the mainland markets were being dragged down again by month end due to the overriding negative global sentiment.

Loan volumes declined amidst falling market prices. Furthermore, we also saw borrowers unwind many of their most expensive cost to carry trades as their hedge fund clients reduced risk and rotated short exposures

In Korea, the FSC announced an outright ban on short selling activity for a 6 month period starting 16th March, ending 15th September. Korea has introduced similar measures previously, notably after the GFC. However, the measures did not do anything to differentiate the market from other major markets indices and the KOSPI finished 11.69% down for the month.

This impact from a securities lending perspective was modest, however on loan volumes have fallen as short positions are naturally unwound and not replaced.

Japan represented the one market to buck the trend in region. Japan's march month-end dividend record dates was the catalyst for the usual increase in seasonal activity

Toward month end the market was eagerly awaiting the announcement of further stimulus measures from the Abe government to combat the economic downturn. The Nikkei225 declined 10.53% through the month.

Australian lending activity was somewhat buoyed by dividend record date activity as we moved through earnings season. However, attrition caused by falling share prices was apparent by month end as on-loan values fell markedly. By 30th March the Australian government followed the lead of other major economies by announcing an A\$130bn stimulus on top of measures previously announced. The ASX 200 however finished the month down a jaw dropping 21.18%

We continued to see a number of capital raising activities across APAC and expect this trend to continue as companies race to raise cash in order to shore up their reserves.

GLOBAL EQUITY REPORT

- **EMEA**

Securities lending volumes increased as a function of increased short interest, specifically within those sectors most exposed to the effects of the COVID-19.

A reduction in global mobility, along with global supply chain disruption have been the main underlying demand drivers – key sectors include; Airlines, Travel & Tourism, Energy and Industrials

An increase in equity market volatility resulting in borrowers holding less internal equity inventory, as client's and internal trading desk sold out of index positions. This reduction in internal inventory created a greater need to source supply from securities lending market, helping support higher utilisations rates.

A number of short sale ban were announced across Europe in reaction to the increasing price volatility. They vary in scope and time scale. The impact from an SL has been minimal and largely indirect.

Overall lending spreads softened in March due to the combination of the completion of significant corporate events in February and a number of markets implementing a short sale ban's in response to sharp falls in the equity markets, which limited hedges funds short interest activity.

Existing short interest in the retail sector remained high, given the social mobility impact of virus. That said, demand remained focused on companies burdened with high debt

The Prudent Regulation Authority, the supervisory arm of the Bank of England actively encouraged UK Banks to cancel dividend payments in order to preserve capital. Many of the country's largest banks (including HSBC, Barclays and Standard Chartered) all cancelled payment.

Demand for ETFs has been elevated, both sector specific ETFs and those that tracking broad based indices. More specifically, we have also seen elevated demand to borrow ETFs that replicate the performance of baskets of High Yield corporate bonds. As investors looked to reduce their exposure to risk assets, there has been a significant outflow of capital from the corporate high yield space. This has been the catalyst for increased short interest, at materially higher lending spreads. We have seen this dynamic play out in both Europe and the US.

GLOBAL EQUITY REPORT

Page 68

AMERICAS

All major U.S. indices declined, with the S&P 500, Dow Jones and Nasdaq falling 12.5%, 13.7% and 10.1% respectively. The S&P 500 decline ended its longest bull market in history.

U.S. Federal Reserve lowered its main interest rate close to zero, announce unlimited purchases of US Treasuries and mortgage-backed securities guaranteed by government agencies and resurrected a series of facilities dating back to 2008 to support credit markets.

Securities lending volumes decreased in March as a function of negative mark-to-market given the market sold off. Borrower demand was up but only partially off-setting market depreciation.

Hedge fund managers de-risked their portfolio to reduce their exposure to market volatility. Short interest increased across those sectors most exposed to the restricted global mobility (airlines, travel and tourism).

There was a significant increase in demand to borrow index tracking ETFs. This asset class represents an efficient tool to hedge investor's long exposures to declining equity market valuations.

Elsewhere, a move to safe-haven assets has been a catalyst for significant outflows from corporate high yield. Several high yield ETF, including BlackRock's flagship high-yield ETF (HYG) experienced material outflows. This was a catalyst for a significant increase in short interest at wider lending spreads.

In Canada, the SPTSX Composite Index ended the month falling 18.83% despite the introduction of several significant fiscal stimulus packages

In an effort to soften the economic impact of COVID-19, the BoC cut the overnight benchmark rate three times through March, each by 50bps, with the rate falling from 1.75% to 0.25%.

Hospitality, real estate and travel sectors saw an increased in short interest. Financial stocks suffered through aggressive rate cuts initiated by the BoC, while energy prices tested new lows with the price war between Saudi Arabia and Russia, triggering a major fall in crude prices.

NORTHERN TRUST ACCEPTABLE GOVERNMENT DEBT COLLATERAL

- Northern Trust accepts OECD government debt as collateral on behalf of our clients if it is listed as acceptable collateral per the client's collateral guidelines. OECD government debt may be accepted as collateral for the lending of either fixed income or equity securities.
- Northern Trust currently accepts OECD government debt of the following countries, although this is subject to change. Northern Trust may operate with more conservative requirements at its discretion.

Country	Standard & Poor's Rating	Moody's Rating	Fitch Rating
Austria	AA+	Aa1	AA+
Australia	AAA	Aaa	AAA
Canada	AAA	Aaa	AAA
Denmark	AAA	Aaa	AAA
Finland	AA+	Aa1	AA+
France	AA	Aa2	AA
Germany	AAA	Aaa	AAA
Japan	A+	A1	A
Netherlands	AAA	Aaa	AAA
New Zealand	AA	Aaa	AA
Norway	AAA	Aaa	AAA
Sweden	AAA	Aaa	AAA
Switzerland	AAA	Aaa	AAA
UK	AA	Aa2	AA
USA	AA+	Aaa	AAA

SECURITIES FINANCING TRANSACTION REPORTING - SFTR

Page 70

Scope of the Regulation

Detail and Challenges

Considerations

Next Steps

- Transaction reporting regime aimed at giving regulators insight into market activity.
- Loan data to be submitted on a T+1 basis with collateral data on SD+1.
- All EU domiciled participants are required to report with a current go live date estimate of Q2 2020.
- The scope extends to non-EU domiciled participants, in order to support the reporting obligations of those that are domiciled within the EU.



- 140+ reportable fields depending on the structure of the transaction
- Each transaction will require a “UTI” (Unique Transaction Identifier) which must match on both sides of the transaction.
- Each transaction will require an execution timestamp which must match within a reasonable tolerance.
- The new regulation will require beneficial owner to report every transaction, every day.
- Provision of loan and collateral allocation data for non-EU lenders is mandatory when lending to EU domiciled borrowers.



- The reporting obligation resides with the beneficial owner – not the agent lender – and an EU domiciled borrower.
- Northern Trust will offer reporting services on behalf of its clients.
- All clients participating in the Northern Trust lending program will need to have an LEI.
- There will need to be amendments to SLAA contracts to cater for SFTR.



- Northern Trust are working with multiple vendors to evaluate the best solution.
- Additionally, heavily engaged with ISLA in developing market practice to support the implementation
- An internal IT project is underway to make necessary changes to support reporting
- A series of client communications is planned in 2018 and 2020 to educate and prepare lending clients for the implementation.



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WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

DATE 17 JULY 2020

SUBJECT

WPP CONFLICTS OF INTEREST AND PROCEDURE POLICY

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

To approve the WPP Conflicts of Interest and Procedure Policy

REASONS:

A Conflicts of Interest and Procedure Policy has been developed for the Wales Pension Partnership and requires approval by the JGC.

Report Author: Chris Moore	Designation: Director of Corporate Services Carmarthenshire County Council	Tel No. 01267 224160 E. Mail: CMoore@carmarthenshire.gov.uk
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EXECUTIVE SUMMARY

JOINT GOVERNANCE COMMITTEE

DATE 17 JULY 2020

WPP CONFLICTS OF INTEREST AND PROCEDURE POLICY

BRIEF SUMMARY OF PURPOSE OF REPORT

The WPP has a fiduciary and legal duty to act in the best interest of the WPP's stakeholders and beneficiaries, but this does not preclude WPP Personnel and Providers from having other roles or responsibilities which may result in a conflict of interest. It is important that good governance principles are followed and that a conflict of interest and procedure policy, such as this, is put in place to outline how conflicts are identified, managed and monitored.

The policy applies to all WPP Personnel and Providers. The current list of WPP Personnel and Providers is attached, this will be available on the WPP's website and will be updated, as and when required.

Also attached is a copy of the Conflict of Interest Register that will be maintained by the Host Authority.

The Policy will be formally reviewed by the OWG, and updated if required, on an annual basis. However, the Policy may be reviewed or amended more frequently if the WPP needs to take account of relevant guidance or regulations. The WPP's Policy will be an annual JGC agenda item, this will ensure that the WPP provides full transparency of its conflicts of interest at least annually.

DETAILED REPORT ATTACHED?	YES
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IMPLICATIONS

Policy, Crime & Disorder and Equalities YES	Legal NONE	Finance NONE	Risk Management Issues NONE	Staffing Implications NONE
Policy A conflicts of interest and procedure policy has been developed which will be a formal document for the Wales Pension Partnership.				

CONSULTATIONS

Details of any consultations undertaken are to be included here

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

Conflicts of Interest and Procedure Policy (“Policy”)

Introduction

1. This policy sets out principles which the Joint Governance Committee (“JGC”), Officer Working Group (“OWG”), Host Authority, collectively referred to as “WPP Personnel”, alongside advisors and suppliers (“Providers”) are expected to follow for the purpose of identifying, managing and monitoring conflicts of interest in relation to their duty they carry out for the Wales Pension Partnership (“WPP”).
2. The Constituent Authorities of the WPP have always had to identify, manage and monitor conflicts of interest. The process of Local Government Pension Scheme (“LGPS”) pooling has resulted in the Wales Pension Partnership also having to deal with the existence of conflicts of interests. This simply reflects the fact that WPP Personnel and Providers will have a variety of other roles and responsibilities, for example as members of the Constituent Authority Schemes or as an adviser to more than one of the WPP’s Constituent Authorities.
3. The WPP has a fiduciary and legal duty to act in the best interest of the WPP’s stakeholders and beneficiaries, but this does not preclude WPP Personnel and Providers from having other roles or responsibilities which may result in a conflict of interest. It is important that good governance principles are followed and that a conflict of interest and procedure policy, such as this, is put in place to outline how conflicts are identified, managed and monitored,
4. WPP’s objective in preparing and implementing this policy is to be able to:
 - 1.1 demonstrate its commitment to identifying, managing and monitoring conflicts of interest.
 - 1.2 adherence to the WPP’s belief that good governance and transparency will deliver superior outcomes for WPP stakeholders.
 - 1.3 continue the WPP’s creation of a decision making and governance framework that is focussed on achieving the best outcomes for the WPP’s stakeholders.
5. The WPP has adopted a definition of conflicts of interest which includes potential, perceived and actual conflicts. The WPP understands that it may not be possible to identify, manage and monitor all potential and perceived conflicts of interest, however it will endeavour to identify, manage and monitor these conflicts were possible.
6. WPP recognises that a fail to manage conflicts of interest poses a material risks to the WPP, the consequences of which may include decisions that are not in the best interests of the WPP’s stakeholders, the WPP reputation being negatively impacted and referral to regulatory bodies. There are a number of factors that need to be monitor and managed to allow for the successful implementation of this Policy, these include:
 - 1.4 Effective communication of the responsibilities outlined in this policy.
 - 1.5 Clear identification and ownership of the roles outlined in this policy.
 - 1.6 Suitable training and understanding of the roles and responsibilities outlined in this policy.
7. This Policy is designed to provide guidance to WPP Personnel and Providers, its aims are to ensure that WPP Personnel and Providers do not act improperly. This policy has been developed by WPP in consultation with the Constituent Authorities. A list of WPP Personnel and Providers is publicly available of the WPP website.

8. This Policy is reflective of the WPP's belief that good governance and greater transparency will improve the decision-making process and deliver superior outcomes for WPP stakeholders. The WPP must endeavour to be aware of conflicts of interest and have procedures in place to manage them. This Policy outlines the procedures that WPP have adopted to do this.
9. The Host Authority will be responsible for monitoring conflicts of interest and ensuring that all WPP Personnel and Providers are aware and follow this policy. The Host Authority will collate declarations of conflict, formulate and maintain a conflict of interests register.
10. The WPP recognises that training and education is critical to achieving good outcomes and will allocate resources to ensure that it undertakes regular training and education on identifying, managing and monitoring conflicts of interest.
11. Please note that this Policy is focused solely on conflicts of interest that may arise from the work that WPP Personnel or Providers carry out on behalf of the WPP. The WPP's Constituent Authorities remain responsible for managing the conflicts of interest that WPP Personnel or Providers may encounter when carrying out work at a Constituent Authority level. Alongside meeting the requirements and expectation of this Policy, WPP Personnel and Providers should continue to adhere to any other conflict of interest management policies that they are subject to, this may include Constituent Authority or company policies and other relevant codes of conducts.
12. The WPP's Conflicts of Interest and Procedure Policy will be formally reviewed by the OWG, and updated if required, on an annual basis. However, the Policy may be reviewed or amended more frequently if the WPP needs to take account of relevant guidance or regulations. The WPP's Policy will be an annual JGC agenda item, this will ensure that the WPP provides full transparency of its conflicts of interest at least annually.

Definition & Interpretation

13. The WPP, in formulating this Policy, has been guided by the basic principle of a conflicts of interest – 'a man must not put himself in a position where duty and interest conflict or where his duty to one conflicts with his duty to another unless expressly authorised' (High Court case of *Re Thompson's Settlement* [1986]).
14. The WPP has adopted the Public Service Pensions Act 2013's definition of a conflict of interest, which states that a conflict of interest is a financial or other interest which is likely to prejudice a person's exercise of functions.
15. The WPP recognises that a conflict of interest may be present when WPP Personnel or a Provider has a responsibility or fiduciary duty in the operation, decision making process or management of the WPP but also has:
 - 1.7 A separate personal or corporate interest, which can be financial or non-financial in nature
 - 1.8 Another connection to the matter that may provide a possible conflict with their primary responsibility to the WPP. This interest could arise through association and may stem from a family member or colleague having an obligation or interest

Policy and Procedure

16. For this Policy to work WPP Personnel and Providers have agreed that they must:
 - 1.9 acknowledge conflict of interest they may have;

- 1.10 be open with each other on any conflicts of interest they may have;
 - 1.11 adopt practical solutions; and
 - 1.12 plan ahead and agree on how they will manage any conflicts of interest which arise.
17. With these objectives in mind the WPP has adopted the following procedure to gain full transparency and allow for the detailed record-keeping of any conflicts of interest within the WPP:
- 1.13 All WPP Personnel will provide on appointment, and once each year thereafter, a declaration of interest and related parties which will then be stored and made easily available to all WPP Personnel on the WPP's documents portal. WPP Personnel will need to inform the Host Authority immediately should there be any change to the information contained in their declaration, they will also have to provide written confirmation of the changes. At the beginning of JGC meetings all JGC Members will have to formally declare their conflicts of interest. All other WPP Personnel and Providers will also have to declare any conflicts relating to any of the meeting's agenda items. The attendees of OWG meetings will have to declare whether their declarations remain unchanged since the last meeting, this will be done at the beginning of each OWG meeting.
 - 1.14 Any WPP Personnel who feels that they, or another member of the WPP community has a conflict of interest on a particular topic must advise the Monitoring Officer, so that advise can be sought. In this way the conflict of interest and the action taken can be recorded in the minutes. An entry will also be made in the WPP's conflicts of interest register.
 - 1.15 Any WPP Personnel who feels that they, or another member of the WPP community has a conflict of interest that has arisen in between meetings must advise the Host Authority at the earliest opportunity, written confirmation should also be provided. The Host Authority will inform WPP Personnel of the conflict. An entry made in the WPP's Conflicts of Interest Register will also be made.
 - 1.16 Providers to the WPP will be required to provide the Host Authority with details of their conflict management procedure or their professional code of practice. Providers will be provided with a copy of this Policy upon appointment.
 - 1.17 Providers to the WPP are required to confirm that they will disclose to the Host Authority any conflict of interest that may arise, including any related third-party engagements.
 - 1.18 Any WPP Personnel and WPP Providers may identify information which they think should not be shared outside of the WPP and advise the Host Authority, this may relate to any potentially confidential or sensitive information such as potential manager appointments, amendments to investment strategies or personal declarations of conflicts. The Host Authority will then advise WPP Personnel, seeking a decision from them on how to proceed.
18. The WPP will seek to manage conflicts of interest in a fair and balanced way. The WPP has put in place a four-stage escalation process to effectively manage any conflicts of interest that have been identified as requiring further management:
- 1.19 The WPP may request further detail on the relevant conflict of interest to ensure that its nature and potential impact is fully understood.
 - 1.20 If required, the WPP will ask the relevant Personnel or Provider to abstain or voluntary exclude themselves on the matter over which they are conflicted.

- 1.21 If the relevant Personnel or Provider is unwilling to abstain or voluntary exclude themselves then the WPP will ensure that the relevant Personnel or Provider is excluded from the matter over which they are conflicted.
- 1.22 If all previous endeavours fail, the WPP may ask the relevant WPP Personnel or Provider for their resignation.

The WPP's four-stage escalation process will be suitable in most instances. However, there may be situations where an element of flexibility is required, in these instances the WPP will use its discretion to ensure the swift and effective management of the relevant conflict. For example, it may be apparent from the outset, that the conflict of interest can only be managed effectively through the resignation of the relevant WPP Personnel or Provider.

Guidance and Legislation

19. The WPP notes that no specific government legislation on managing the conflicts of interest that may result for the pooling of LGPS has been provided to date. However, in formulating this Policy the WPP has considered and incorporated the following guidance and regulation much of which is targeted at LGPS and Private Sector Pension Schemes but is equally applicable to LGPS pools.
20. The Public Service Pensions Act 2013 is focussed on Pension Boards, however in formulating this Policy the WPP has extrapolated the following guidance from the Act, the WPP must be;
 - 1.23 Satisfied, that on appointment, WPP Personnel do not have a conflict of interest that cannot be adequately managed and monitored.
 - 1.24 Satisfied from time to time that no WPP Personnel has a conflict of interest that cannot be adequately managed and monitored.
 - 1.25 Requiring WPP Personnel, or a soon to be appointed individual, to provide the WPP with such information as reasonably required for the WPP to be satisfied of points 20.1 and 20.2.

Please note that regulation 108 of the Local Government Pension Scheme Regulations 2013 applied the requirements of the Public Service Pensions Act to the LGPS.

21. The WPP will continue to engage with the Ministry of Housing, Communities & Local Government (“MHCLG”) and Scheme Advisory Board and take account of any relevant guidance in relation to conflicts of interest and the effective management of these. The WPP will update this policy when required to ensure that it is in keeping with relevant guidance.
22. The WPP recognises that Constituent Authority elected members must give due considerations of ‘The Public Services Ombudsman for Wales’ Ten Guiding Principles’ when carrying out their designated role. In line with Welsh National Assembly guidance, the WPP expects all WPP Personnel to be aware of the ten principles and to recognise the importance and significance of these principles when they carry out work on behalf of the WPP. The WPP has considered these principles when formulating this Policy and notes the importance of WPP Personnel adopting these principles to ensure the efficient implementation of this Policy:
 - 1.26 Selflessness
 - 1.27 Honesty
 - 1.28 Integrity and Propriety
 - 1.29 Duty to Uphold the Law

- 1.30 Stewardship
 - 1.31 Objectivity in Decision-making
 - 1.32 Equality and Respect
 - 1.33 Openness
 - 1.34 Accountability
 - 1.35 Leadership
23. The Pension Regulator has provided guidance to help manage conflicts of interest in a number of codes of practice and guidance issued since April 2005, including their guidance on conflicts of interest. Section 90A.2G of the Public Service Pensions Act 2013 stated the Pension Regulator would be required to issue a code of practice relating to conflicts of interest. The Pensions Regulator produced a Conflicts of Interest Guidance document, the WPP recognises that this guidance has been formulated with regards to Pension Boards, however the general principles and guidance have been considered in the development of this code. The Regulator's Conflicts of Interest Guidance document has been issued to all WPP Personnel and is available through the WPP's online document storage facility. The codes and guidance can be found on the regulator's website - www.thepensionsregulator.gov.uk
24. The Chartered Institute of Public Finance & Accounting report on Investment Pooling Governance Principles for LGPS Administering Authorities notes that the introduction of LGPS pooling will have a material impact of the roles carried out by LGPS committee members, representatives, officers and advisors. The Report highlights the need for conflict of interest policies to be updated to reflect the new conflicts that may arise from LGPS pooling. The WPP expected its Personnel to proactively notify their Constituent Authority of any new conflicts that may arises from their WPP activities. Furthermore, the WPP has considered the new conflicts that may arise from LGPS pooling in formulating this policy and has sought to enact policies and procedures that will manage these conflicts.

Further Information

25. If you require any further details on the WPP's Conflict of Interest and Procedure Policy, please contact walespensionpartnership@carmarthenshire.gov.uk.

Version 1.0

June 2020

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WPP – Conflict of Interest Register

This document is intended to document and monitor the conflicts of interest of WPP Personnel and Providers.

Examples

Possible areas that could give rise to conflicts of interest include:

- Being a Scheme Member of one of the underlying Constituent Authority Schemes.
- Providing advice or other services to one of the underlying Constituent Authority as well as providing the same services to WPP.
- WPP Personnel accepts a dinner invitation from a potential provider who has submitted a bid or tendering for a role.
- A WPP Provider provides advice or a service to another LGPS Pool.
- WPP Personnel is discussing a matter which could benefit their local Constituent Authority at the expense of the other Constituent Authorities.

Date Identified	Name	Role	Details of conflict(s) identified	Actual or Potential Conflict	Details of action taken to manage/monitor the conflict(s)	Review Date	Date Resolved/ Monitoring No Longer Required
EXAMPLE							
20/04/2020	John Williams	JGC Member	Scheme Member of one of the underlying Constituent Authority Schemes	Actual	<ul style="list-style-type: none"> Councillor Smith will declare his conflict at the start of each JGC meeting. Councillor Smith must inform the Host Authority immediately should there be any change to this conflict. Etc... 	20/04/2020	Ongoing

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WPP – List of WPP Personnel & Providers



The current list of WPP Personnel and Providers is as follows:

Name	Role
Chris Moore	Carmarthenshire County Council
Linda Rees Jones	Carmarthenshire County Council
Anthony Parnell	Carmarthenshire County Council
Tracey Williams	Carmarthenshire County Council
Gaynor Morgan	Carmarthenshire County Council
Jessica Laimann	Carmarthenshire County Council
Julian Lewis	Carmarthenshire County Council
Dafydd Edwards	Cyngor Sir Gwynedd
Delyth Wyn Jones Thomas	Cyngor Sir Gwynedd
Marina Parry Owen	Cyngor Sir Gwynedd
Chris Lee	City of Cardiff Council
Mark Falconer	City of Cardiff Council
Gary Watkins	City of Cardiff Council
Ben Smith	City and County of Swansea
Jeff Dong	City and County of Swansea
Karen Cobb	City and County of Swansea
Nigel Aurelius	Torfaen County Borough Council
Alexander Bull	Torfaen County Borough Council
Gary Ferguson	Flintshire County Council
Phil Latham	Flintshire County Council
Debbie Fielder	Flintshire County Council
Jane Thomas	Powys County Council

Chris Hurst	Powys County Council
Dan Paley	Powys County Council
Barrie Davies	Rhondda Cynon Taf County Borough Council
Paul Griffiths	Rhondda Cynon Taf County Borough Council
Yvonne Keitch	Rhondda Cynon Taf County Borough Council
Cllr Peter Lewis	JGC/ Powys County Council
Cllr Glyn Caron	JGC/ Torfaen County Borough Council
Cllr Elwyn Williams	JGC/ Carmarthenshire County Council
Cllr Mark Norris	JGC/ Rhondda Cynon Taf County Borough Council
Cllr Aaron Shotton	JGC/ Flintshire County Council
Cllr Clive Lloyd	JGC/ City and County of Swansea
Cllr Christopher Weaver	JGC/ City of Cardiff Council
Cyng John Pughe Roberts	JGC/ Cyngor Sir Gwynedd

The WPP appoints its own advisers and service providers. WPP advisers or suppliers will be expected to only provide advice or services to the WPP once they have confirmed that they are not aware of any conflicts of interest or have clearly stated any known conflicts. All WPP advisers and service providers also have a professional responsibility to advise the WPP if any circumstances arise in which they are conflicted. The WPP notes that a number of its Advisors and Providers will have a guideline for dealing with conflicts as part of their membership of their respective professional bodies. The current list of key WPP advisors and service providers are as follows:

Name	Role
Link Fund Solutions	Operator
Russell Investments	Investment Manager
Northern Trust	Custodian
Burges Salmon	Legal Advisor
Hymans Robertson	Oversight Advisor
Robeco	Voting and Engagement Advisor



WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

DATE 17 JULY 2020

SUBJECT

WPP CLIMATE RISK POLICY

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

To approve the WPP Climate Risk Policy

REASONS:

A Climate Risk Policy has been developed for the Wales Pension Partnership and requires approval by the JGC.

Report Author: Chris Moore	Designation: Director of Corporate Services Carmarthenshire County Council	Tel No. 01267 224160 E. Mail: CMoore@carmarthenshire.gov.uk
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EXECUTIVE SUMMARY

JOINT GOVERNANCE COMMITTEE

DATE 17 JULY 2020

WPP CLIMATE RISK POLICY

BRIEF SUMMARY OF PURPOSE OF REPORT

In line with WPP's approved Responsible Investment Policy and WPP's commitment to its ongoing approach towards Responsible Investment, a specific climate risk policy for the WPP has been developed.

This policy sets out WPP's approach to addressing the requirements of the Constituent Authorities in regard to climate related risks and the monitoring of these risks. It has been developed in line with WPP's beliefs and objectives.

The policy will be reviewed annually and the WPP will prepare and publish an annual report detailing the actions undertaken in fulfilment of this policy and the results achieved.

DETAILED REPORT ATTACHED?	YES
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IMPLICATIONS

Policy, Crime & Disorder and Equalities YES	Legal NONE	Finance NONE	Risk Management Issues NONE	Staffing Implications NONE
Policy A climate risk policy has been prepared which will be a formal document for the Wales Pension Partnership.				

CONSULTATIONS

Details of any consultations undertaken are to be included here

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

WPP Climate Risk Policy

Introduction

- 1 The Wales Pension Partnership (“WPP”) is the pooling arrangement for the assets of the eight Welsh Local Government Pension Scheme funds (“Constituent Authorities”).
- 2 The investment arrangements of WPP are overseen by a Joint Governance Committee (“JGC”) and supported by an Officer Working Group (“OWG”) and implemented through pooled funds managed by its “Investment Managers”.
- 3 The Wales Pension Partnership ('WPP') recognises that climate change represents a material financial risk to its stakeholders, the Constituent Authorities. Climate change has the potential to disrupt economic, financial and social systems.
- 4 The WPP is aware that climate change may result in mis-priced assets and unique investment opportunities. The WPP believes that its adherence to responsible investment policies and climate risk mitigation strategies will mean that it is well placed to identify and benefit from these potential investment opportunities for the benefit of its Constituent Authorities.
- 5 The potential impact on the WPP's Constituent Authorities and their internal stakeholders (Scheme Members and Employers) is unknown, given policy uncertainty and the unknown physical impact from environmental systems. Risks to the Constituent Authorities arising from climate change include, but are not limited to:
 - 5.1 Physical risks: such as damage to property from flooding or lower precipitation giving rise to crop failure. Such impact could be felt directly by CA's or through the impact on returns delivered to CA's by WPP funds;
 - 5.2 Transition risks: being the financial risks arising from changes in policy and technology to adjust to a lower-carbon economy and the extent to which these flow through to the returns delivered to CA's by WPP funds;
 - 5.3 Liability risks: being the potential costs arising from parties who have suffered loss or damage due to climate change seeking compensation from those they hold responsible.
- 6 This policy sets out the WPP's approach to addressing the requirements of the Constituent Authorities in regard to climate related risks and the monitoring of these risks.
- 7 This policy will be reviewed by WPP on an annual basis and, if necessary, changes to the policy will be proposed to and agreed by the JGC and OWG. As part of the annual review process the WPP will take account of the evolving risk to and requirements of the Constituent Authorities.
- 8 This policy will have regard to the Well-being of Future Generations (Wales) Act 2015, the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and any relevant guidance provided by the Scheme Advisory Board (“SAB”), the Ministry of Housing Communities and Local Government (“MHCLG”), Intergovernmental Panel on Climate Change (“IPCC”) and the Welsh Government.
- 9 In maintaining and acting on this policy, the WPP will have an ongoing dialogue with its Operator, Investment Managers and Oversight Advisor. The WPP will also seek input from third parties where appropriate.

Beliefs

- 10 The WPP has established a set of climate-related beliefs, which underpin its approach to dealing with the potential risk arising from climate change, and the mechanism it provides to the Constituent Authorities to facilitate the management of their climate related risks. The WPP's beliefs are as follows:
- 10.1 Climate-related risks are systemic in nature and have the potential to impact the delivery of return from all asset classes and sectors to varying degrees. Such impact may be positive or negative.
 - 10.2 It is incumbent on WPP to identify potential sources of climate related risks in the development of any sub-fund and/or the procurement of any service from providers and, where necessary, seek to ensure such risks are appropriately managed and communicated to stakeholders.
 - 10.3 Solutions aimed at managing and mitigating climate-related risks can also provide opportunities to long term investors such as the WPP's Constituent Authorities;
 - 10.4 The WPP has appointed a specialist engagement services provider to directly engage with investee companies on a range of issues, including climate risk, to enhance the long-term value of the Constituent Authorities' investments within WPP. As part of its mandate, the WPP's engagement service provider will collaborate with other asset owners to maximise the effectiveness of the WPP's engagement activities. The WPP believes that collaboration with other asset owners and its investment managers can be an effective method for engaging with investee companies and raising awareness of climate-related issues.

Objectives

- 11 WPP's objective in preparing and implementing this policy is to:
- 11.1 demonstrate to its stakeholders that the WPP takes account of climate change and the climate-related risk associated with it;
 - 11.2 enable the Constituent Authorities to substantially implement their own climate risk policy and climate related targets and ambitions; and
 - 11.3 formally outline the actions that the WPP will be held accountable for by its stakeholders.
- 12 With regard to climate change, the WPP's own objective is to progressively reduce the likelihood that climate-related risks impact on the value or performance of the assets held within the WPP.
- 13 The Constituent Authorities are responsible for their own investment strategy, including their own Climate Risk Policy. The WPP will engage with the Constituent Authorities to fully understand their Climate Risk Policies and what implementation solutions they require to meet their policy commitments. The Constituent Authorities are aware that there may be additional costs associated with the WPP's facilitation of these investment solutions. The WPP and CAs will work together to find practical solutions to ensure that climate risk is being discussed and managed in the most suitable way
- 14 The WPP recognises that the Constituent Authorities will develop and maintain their own climate change objectives and policies.

Strategy

- 15 The WPP recognise that all assets have some level of exposure to climate-related risks, particularly transition risks, but that sector, geography, policy uncertainty and investment timeframes are key determinants of climate risk exposure.

- 16 Recognising its current investment arrangements and offerings, the WPP's immediate focus will be on climate-related risk exposure within its equity holdings. The WPP will however consider climate-related risks in other asset classes, for example fixed income, should circumstances allow or require them to do so. The WPP will endeavour to provide climate risk solutions across all of its sub-funds, including private market assets.
- 17 The WPP will provide a range of sub-funds and implementation solutions that allow the Constituent Authorities to achieve their own carbon reduction targets.
- 18 The WPP recognises the importance of monitoring exposure to climate related risks in different ways. One way the WPP will facilitate this is by monitoring the carbon risk exposure of each sub-fund to ensure that the Constituent Authorities have all available information at their disposal. The WPP will explore how best to assess climate risk exposures for each sub-fund. The WPP believes that external suppliers can be a cost-effective means of enhancing its climate risk exposure assessment capabilities, an analysis of current supplier offerings will be carried out on approval of this policy and at least annually thereafter. If a suitable supplier is identified, they will be appointed.
- 19 The WPP will consider the merits of undertaking scenario analysis around the potential economic impact of climate-related risks and seek means of collaborating with providers to share knowledge on this across all Constituent Authorities. However, the WPP notes that this is an evolving area, and such analysis is in its infancy. The WPP will endeavour to facilitate climate scenario analysis across assets held within WPP as an additional form of climate risk assessment to support the Constituent Authorities in integrating this assessment into their funding and investment strategies.
- 20 The WPP recognises that training and education is critical to achieving good outcomes for its stakeholders and will allocate resources to ensure that it undertakes regular training and education on climate risk. The WPP has committed to hosting at least one annual climate risk related training session for all its stakeholders. The WPP develops an annual training plan in conjunction with the Constituent Authorities this is the mechanism by which the WPP gauges the climate risk training requirements of its stakeholders.

Implementation

- 21 The WPP's approach to manager selection is set out in its Responsible Investment Policy. The WPP's sub-fund Investment Managers have delegated responsibility for challenging managers on their approaches to the consideration of climate risk as part of its manager selection process.
- 22 The WPP expects its Investment Manager to ensure that all underlying active managers integrate the consideration of climate-related risks into their investment process and to regularly challenge underlying managers to evidence their approach.
- 23 The WPP will work with its Investment Managers to ensure that they account for and integrate climate-related risks into their investment processes. The WPP recognizes that the effective management of climate-related risks within portfolios is important in ensuring alignment with the Paris climate accord goals and that each Investment Manager will have its own approach to account for and integrate climate-related risk into their investment process which will be assessed and appraised on appointment. The WPP, on at least an annual basis, will review that the Investment Manager's approach remains appropriate.
- 24 The WPP's approach to stewardship is set out in their Responsible Investment Policy. The WPP will emphasise the importance of engagement on climate-related risks through its voting and engagement service provider. In particular, the WPP will encourage its engagement service provider to engage with

investee companies on climate-related issues, including an increase in the disclosure on climate-related risks by companies to investors.

- 25 The WPP is formulating its own Voting Policy and set of engagement principles which will outline how it will use its voting rights and how it will engage with investee companies. The WPP's proxy voting service provider is responsible for enacting these policies on behalf of the WPP.

Monitoring/Reporting

- 26 The WPP will monitor exposure to climate related risks within its equity sub-funds on a quarterly basis, considering metrics which may include, but are not limited to, exposure to fossil fuel producers and carbon reserves; overall carbon intensity and alignment with future climate pathways. The WPP will monitor changes in market practice to ensure that the WPP is fully aware of changing best practice and the feasibility of monitoring climate related risk within its non-equity sub-funds on at least an annual basis.
- 27 The WPP will require its Investment Managers to provide monitoring on climate-related risk exposure in their quarterly reports. The WPP will also require Investment Managers to include such metrics in their quarterly reporting to Constituent Authorities. As noted above, the WPP will initially expect their equity Investment Managers to provide this monitoring, with the expectation that its non-equity Investment Managers will provide this information as soon as sub-fund launches and market developments allow.
- 28 The WPP's proxy voting and engagement provider will be responsible for producing quarterly and annual reports on the WPP's voting and engagement activities. These reports will evidence how the WPP has used engagement and voting to manage its climate related risk.
- 29 The WPP has an ambition to report on progress on actions undertaken to address climate risk in line with the framework set out by the Taskforce for Climate-Related Financial Disclosures. The WPP intend that their first report will be in respect of the 2020/21 Financial year.

Transparency

- 30 The WPP will encourage, through its delegates, all investee companies to disclose in line with the requirements of the Taskforce for Climate Related Financial Disclosures.
- 31 On an annual basis, the WPP will prepare and publish a report detailing the actions undertaken in fulfilment of this policy and the results achieved.



WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

DATE 17 JULY 2020

SUBJECT

WPP RISK POLICY AND RISK REGISTER

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

To approve the

- WPP Risk Policy, and
- WPP Risk Register

REASONS:

A Risk Policy and Risk Register has been developed for the Wales Pension Partnership which requires approval by the JGC.

Report Author: Chris Moore	Designation: Director of Corporate Services Carmarthenshire County Council	Tel No. 01267 224160 E. Mail: CMoore@carmarthenshire.gov.uk
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EXECUTIVE SUMMARY

JOINT GOVERNANCE COMMITTEE

DATE 17 JULY 2020

WPP RISK POLICY AND RISK REGISTER

BRIEF SUMMARY OF PURPOSE OF REPORT

A Risk Policy and Risk Register has been developed for the Wales Pension Partnership (WPP).

This Risk Policy is reflective of WPP's belief that good governance and greater transparency will improve the decision-making process and deliver superior outcomes for WPP stakeholders. The WPP recognises that all WPP Personnel and Providers have a role to play in identifying, understanding, managing and monitoring potential and actual risks facing the WPP.

The policy outlines the WPP's:

- Beliefs and objectives in relation to Risk
- Risk Strategy
- Risk identification and understanding
- Risk management and monitoring

The WPP has formulated a Risk Register which is the means by which risks are documented, managed and monitored. The purpose of the WPP Risk Register is to:

- Outline the WPP's key risks and factors that may limit its ability to meet its objectives
- Quantify the severity and probability of the risk facing the WPP
- Summarise the WPP's risk management strategies
- Monitor the ongoing significance of these risks and the requirement for further risk mitigation strategies

The Officers Working Group will be responsible for maintaining the WPP Risk Register and reporting back any changes or developments to the JGC on a quarterly basis.

DETAILED REPORT ATTACHED?	YES
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IMPLICATIONS

Policy, Crime & Disorder and Equalities YES	Legal NONE	Finance NONE	Risk Management Issues NONE	Staffing Implications NONE
Policy A risk policy and risk register has been developed which will be formal documents for the Wales Pension Partnership.				

CONSULTATIONS

Details of any consultations undertaken are to be included here

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

WPP Risk Policy

Introduction

- 1 The Wales Pension Partnership (“WPP”) is the pooling arrangement for the assets of the eight Welsh Local Government Pension Scheme funds (“Constituent Authorities”).
- 2 The Wales Pension Partnership (‘WPP’) recognises that it faces numerous risks which if left unmanaged can limit the WPP’s ability to meet its objectives and to act in the best interest of its stakeholders and beneficiaries.
- 3 WPP’s objective in preparing this policy is to be able to outline:
 - 3.1 How the WPP views risks, its attitude to risk and the extent to which risk is accounted for in its governance and decision-making processes
 - 3.2 The means by which the WPP identifies, classifies and measures the potential impact of risks
 - 3.3 How risks are managed and mitigated
 - 3.4 The mechanisms and procedures in place to monitor risks
 - 3.5 The process by which the effectiveness and development of risk mitigation strategies are reviewed
- 4 This Risk Policy applies to the Joint Governance Committee (“JGC”), Officer Working Group (“OWG”), Host Authority, collectively referred to as “WPP Personnel”, alongside advisors and suppliers (“Providers”). The WPP recognises that all WPP Personnel and Providers have a role to play in identifying, understanding, managing and monitoring potential and actual risks facing the WPP.
- 5 This Policy is reflective of the WPP’s belief that good governance and greater transparency will improve the decision-making process and deliver superior outcomes for WPP stakeholders. The WPP must endeavour to be aware of all risks facing the WPP and have procedures in place to manage them.
- 6 The WPP recognises that training and education is critical to achieving good outcomes and will allocate resources to ensure that it undertakes regular training and education on identifying, managing and monitoring risk.
- 7 This Policy is focused solely on the risks that may arise from the work that WPP Personnel or Providers carry out on behalf of the WPP. The WPP’s Constituent Authorities remain responsibility for managing risks at a Constituent Authority level. Alongside meeting the requirements and expectation of this Policy, WPP Personnel and Providers should continue to adhere to any other risk policies that they are subject to, this may include Constituent Authority or company policies and other relevant codes of conducts. This policy has been developed by WPP in consultation with the Constituent Authorities.
- 8 In maintaining and acting on this policy, the WPP will have an ongoing dialogue with its Operator, Investment Managers and Oversight Advisor. The WPP will also seek input from third parties where appropriate.
- 9 The WPP’s Risk Policy will be formally reviewed by the OWG, and updated if required, on an annual basis. However, the Policy may be reviewed or amended more frequently to take account of relevant guidance or regulations. The WPP’s Policy will be an annual JGC agenda item.

Beliefs

- 10 The WPP is aware that some risks cannot be fully mitigated, it recognises the need to embrace risk and ensure that it is actively and effectively managed.

- 11 The WPP recognises that risk management is a critical element of its commitment to good governance as such the WPP will develop and adhere to a structured, extensive and robust risk strategy. This strategy will be imbedded into the WPP's governance framework to ensure better decision-making, improved outcomes for stakeholders and greater efficiency.
- 12 Effective identification, understanding, management and monitoring of risks will allow the WPP to;
- 12.1 Minimise the probability of failing to meet its objectives
 - 12.2 Demonstrate its commitment to good governance
 - 12.3 Limit the extent to which it is impacted by unpredictable or adverse developments
 - 12.4 Correctly balance opportunities and risk
 - 12.5 Be better informed in its decision-making
 - 12.6 Achieve better outcomes for its stakeholders
- 13 To deliver on its objectives, the WPP needs to carry out activities or seize opportunities that subject it to significant levels of risk. The extent to which the WPP is able to effectively balance risk and return will depend on the success of its Risk Policy.
- 14 The WPP believes that risks are fluid in nature and that the severity and probability of risks can change rapidly and without fair warning. This highlights the need for the WPP's Risk Policy to anticipate and deal with changes in a swift and effective manner to minimise potential loss or harm to the WPP and its stakeholders.
- 15 It's critical that prior to making decisions the WPP understands the associated risks and considers the means by which these risks could be managed.

Objectives

- 16 The primary objectives for WPP are:
- 16.1 To provide pooling arrangements which allow individual funds to implement their own investment strategies (where practical)
 - 16.2 To achieve material cost savings for participating funds while improving or maintaining investment performance after fees
 - 16.3 To put in place robust governance arrangements to oversee the Pool's activities
 - 16.4 To work closely with other pools in order to explore the benefits that all stakeholders in Wales might obtain from wider pooling solutions or potential direct investments
 - 16.5 To deliver an investment framework that achieves the best outcomes for its key stakeholders; the Constituent Authorities. The Constituent Authorities will be able to use this framework to deliver the best outcomes for their Scheme Members & Employers
- 17 The greatest risk to the WPP's continued operation is its ability to deliver on its primary objectives, if the WPP is unable to deliver investment performance, opportunities and cost savings within a robust governance framework the WPP risks:
- 17.1 Constituent Authorities refusing to buy-in to the WPP and invest their assets with the WPP

- 17.2 Government intervention which may force the WPP to cease operations
- 18 In recognition of the unique and critical nature of these risks the WPP has taken additional steps to manage these risks. The WPP Business Plan is the means by which the WPP gives special recognition of these risks and the actions required to manage them. The WPP's Business Plan is reflective of the WPP's need to:
- 18.1 Provide a diverse and attractive set of investment opportunities to the Constituent Authorities
 - 18.2 Deliver improved investment performance after fees
 - 18.3 Facilitate broader cost savings to the Constituent Authorities
 - 18.4 Provide effective and robust governance arrangements
- 19 During the course of the WPP Business Plan the follow actions will be prioritised to mitigate the risk of the WPP failing to meet these needs;
- 19.1 Further sub-funds will be launched
 - 19.2 Best in class investment manager performance reporting will be developed
 - 19.3 The continued investigation of cost saving
 - 19.4 Further development of the WPP's governance arrangements
- 20 The WPP also recognises the significant risk posed by its reliance on its Operator. The WPP Business Plan's commitment to formulating an Operator Oversight Framework is recognition of the need to take additional steps to manage this risk.
- Risk Strategy**
- 21 The WPP's risk strategy is focussed on putting it place mechanisms and process that allow it to identify, understand, manage and monitor risk. The strategy is not only concerned with risks relating to the WPP's current activities but also those carried out in the past or to be carried out in the future.
- 22 As part of its risk strategy the WPP will carry out following:
- 22.1 Risk Identification
 - 22.2 Risk Understanding
 - 22.3 Risk Management
 - 22.4 Risk Monitoring
- 23 The WPP recognises the need to ensure that its risk strategy is:
- 23.1 Effectively communicated and fully understood by WPP Personnel and Providers
 - 23.2 Integrated into all WPP processes, procedures and activities
 - 23.3 Adaptable, innovative and effective
- 24 The Chair of the JGC will be responsible for ensuring that the WPP's Risk Strategy is carried out and adhered too. However, all WPP Personnel and Providers have an individual duty to identify, understand,

manage and monitor any potential risks to the WPP. The OWG will be responsible for maintaining the WPP Risk Register, and reporting back any changes or developments to the JGC on a quarterly basis

Identification and Understanding

- 25 The WPP's risk identification is focussed on identifying existing risks and risks which may materialise in the future. A proactive approach to identifying future risk will allow the WPP to be proactive as opposed to reactive, this should ensure more efficient risk management.
- 26 The WPP uses the following to identify risks:
- 26.1 A detailed risk assessment exercise carried out by the OWG
 - 26.2 Feedback and communication with WPP's stakeholders
 - 26.3 Internal or external audit exercises
 - 26.4 Regular meetings, conversations and consultations with other LGPS Pools, the Scheme Advisor Board and the Ministry of Housing, Communities and Local Government.
 - 26.5 An annual review of the WPP's performance towards its long-term objectives
 - 26.6 Formulation of the WPP's Annual Business Plan
- The WPP recognises that methods other than those outlined above can be an effective means of identifying risks and the WPP will look to employ these alternative methods if required.
- 27 Once a risk has been identified the WPP will seek to understand the risk and its potential impacts. As part of this process the WPP will:
- 27.1 Classify the nature of the risk
 - 27.2 Identify the cause of the risk
 - 27.3 Outline the potential impacts of the risk
 - 27.4 Consider the time period over which the impact will be felt
 - 27.5 State the Owner(s) of the Risk
 - 27.6 Attribute a probability and severity score to the risk
 - 27.7 Give the risk an overall risk score
- 28 In understanding a risk, the WPP will consider whether the risk is Financial, Operational or Reputational in nature. In addition, the WPP will use the following criteria to classify the timeframe over which the impact of the risk will be felt:

Short Term	The majority of the impact is expected to materialise within a 12-month period
Medium Term	The majority of the impact is expected to materialise within a 1 to 3-year period
Long Term	The majority of the impact is expected to take longer than 3 years to materialise

29 The WPP will use the following system to attribute a probability score to a given risk:

Probability Score:	Probability	% Probability
1	Improbable	0-25%
2	Unlikely	25-40%
3	Possible	40-60%
4	Likely	60-75%
5	Highly Likely	75%+

30 The WPP will use the following system to attribute a severity score to a given risk:

Severity Score:	Impact	% Impact
1	Insignificant	0-25%
2	Minor	25-40%
3	Moderate	40-60%
4	Significant	60-75%
5	Critical	75%+

31 The Overall Risk Score is calculated by multiplying the severity score by the probability score. The Overall Risk Score is used to classify the risk based on the following matrix:

Probability Score	Severity Score					
		1	2	3	4	5
1	Low	Low	Low	Low	Low	Low
2	Low	Low	Medium	Medium	Medium	High
3	Low	Medium	Medium	High	High	High
4	Low	Medium	High	Very High	Very High	Very High
5	Low	High	High	Very High	Very High	Very High

32 Once the WPP has identified and understood a risk it will be documented in the WPP's Risk Register.

Management and Monitoring

- 33 The WPP has formulated a Risk Register which is the means by which risks are documented, managed and monitored. The purpose of the WPP Risk Register is to:
- 33.1 Outline the WPP's key risks and factors that may limit its ability to meet its objectives
 - 33.2 Quantify the severity and probability of the risk facing the WPP
 - 33.3 Summarise the WPP's risk management strategies
 - 33.4 Monitor the ongoing significance of these risks and the requirement for further risk mitigation strategies
- 34 The Overall Risk score indicates the level of management that is required when the risk is initially added to the WPP's Risk Register:

Green	Low Priority	1 to 5	No Action Required - Ongoing Monitoring Required
Yellow	Medium Priority	6 to 9	Review Suitability of Existing Risk Mitigation Strategies
Orange	High Priority	10 to 15	Action Required
Red	Very High Priority	16 to 25	Urgent Action Required

- 35 The WPP's risk management strategy considers what existing risk controls are in place, identifying existing controls is important in guaranteeing that any further risk management strategies are not inefficiently duplicating existing measures. Any existing risk controls will be clearly outlined in the WPP's Risk Register.
- 36 The next step of the WPP's risk management strategy is to attribute a target risk score to each risk. The target risk score represents the risk that would remain if the WPP were to employ all possible risk management strategies with maximum efficiency, in this regard the score can be considered a 'best-case scenario'. The WPP's use of a target risk score is reflective of its belief that not all risks can be fully mitigated.
- 37 Once a target risk score has been devised the WPP will consider if this score has been met, if it has not action will be taken to reduce the risk's probability, severity or both. The Risk Register will state which party is responsible for the completion of this action.
- 38 The Risk Register will provide a status update on the progression of the WPP's risk management actions and activities. The WPP has adopted the following classification system:

Status	Meaning	Description
	Satisfied	The WPP has met its target risk score, its focus will revert to monitoring this risk and maintaining the current risk score.
	Comfortable	The WPP is comfortable that the risk score is progressing toward its target score. The WPP will continue to adhere to and implement the 'required actions' until it becomes satisfied.
	Unsatisfied	The WPP remains concerned about this risk due to its significance or the progress made toward fulfilling the 'required actions' or the effectiveness of these actions.

- 39 The final stage of the WPP's risk strategy is risk monitoring, this is the process by which the WPP considers and reviews if:
- 39.1 Risk management actions have been completed or progressed since the last review date
 - 39.2 The risk management strategies have been effective
 - 39.3 Further action is required
 - 39.4 A risk's characteristics have changed materially
 - 39.5 Lessons can be learnt which may improve future risk management
- 40 The OWG will be responsible for maintaining the WPP Risk Register and reporting back any changes or developments to the JGC on a quarterly basis via the WPP's Abbreviated Risk Register (Appendix 1). Any change in the risk score over the quarter will be clearly identified via the use of bold font.

Further Information

- 41 The WPP has identified the following as potential risks which may limit its ability to enact this policy:
- 41.1 A lack of knowledge means that the WPP cannot effectively identify and understand risks
 - 41.2 A lack of resources means that the WPP cannot effectively identify and understand risks
 - 41.3 A lack of knowledge or resources limits the effectiveness of the WPP's risk management strategies
 - 41.4 The WPP's Risk Strategy is not fully understood by WPP Personnel and Provider and fails to become embedded into the WPP's decision making process
 - 41.5 Other factors, such as conflicts or interest, interferes with the implementation of this policy
- The WPP will continually monitor these risks and where possible will take steps to mitigate these risks.
- 42 If you require any further details on the WPP's Risk Policy, please contact:
walespensionpartnership@carmarthenshire.gov.uk.

Version 1.0

June 2020

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WPP Risk Register

Summary

Risk	Category	Target Risk Score	Risk Score Last Quarter	Current Risk Score	Current Status	Responsible Party	Review Date	Comments
I.1	Investments & Performance	8	12	12	🟡	OWG	Q4 2020	
I.2		10	10	10	🟢	OWG		
I.3		10	10	10	🟢	OWG		
I.4		4	8	8	🟡	Oversight Advisor		
I.5		2	4	4	🟡	Oversight Advisor		
I.6		8	8	8	🟢	OWG		
I.7		4	8	8	🟡	The Operator/ Investment Manager		
I.8		4	8	8	🟡	OWG		
I.9		5	10	10	🟡	Oversight Advisor		
G.1	Governance & Regulation	10	15	15	🟡	OWG	Q1 2021	
G.2		6	6	6	🟡	Oversight Advisor		
G.3		4	8	8	🟡	HA		
G.4		4	4	4	🟡	HA		
G.5		8	8	8	🟡	HA		
G.6		3	6	6	🟡	HA/ Oversight Advisor		
G.7		8	8	8	🟡	HA	Q2 2021	
G.8		4	8	8	🟡	Oversight Advisor		
G.9		10	10	10	🟡	OWG		
G.10		8	12	12	🟡	OWG		
G.11		8	12	12	🟡	OWG & Oversight Advisor		
G.12		10	15	15	🟡	OWG		
T.1	Training & Resource	3	6	6	🟡	OWG	Q3 2021	
T.2		4	4	4	🟡	OWG & Oversight Advisor		
T.3		4	4	4	🟡	OWG		
T.4		5	10	10	🟡	OWG		
P.1	Communication	4	8	8	🟡	OWG	Q3 2021	
P.2		3	3	3	🟡	OWG		
C.3		3	3	3	🟡	Oversight Advisor		

Investment & Performance Risk

Risk Detail				Current Situation	Scoring			Management and Monitoring				
Risk ID	Nature of Risk	Cause of Risk	Implications of Risk	Risk Owner & Impact Period	Current Risk Controls	Severity	Probability	Score	Current Status	Action Required	Responsible Party & Review Date	Progress Report/ Comments
I.1	The WPP Sub-funds failure to achieve their targeted investment returns.	<ul style="list-style-type: none"> Underperformance of the WPP's Investment Managers. Adverse and unforeseen economic conditions and market events. Inappropriate strategic and regional asset allocations. 	<p>A significant strain on the WPP's key stakeholders, the Constituent Authorities. This may result in a requirement for greater employer contributions or a fall in funding level.</p>	<p>The Operator/ The Investment Manager</p> <p>Long Term</p>	<ul style="list-style-type: none"> Ongoing monitoring of investment performance, market developments and economic outlook reported by the Investment Manager and the Operator and discussed at OWG meetings The Operator/ the Investment Manager engagement with Investment Managers and ongoing reviews of their process Manager days hosted by the Operator/ the Investment Manager for OWG/Constituent Authorities Pension Fund Committees 	Current				<p>The probability of Investment Manager underperformance needs to be reduced, this can be achieved via the following mechanisms:</p> <ul style="list-style-type: none"> Improved monitoring of investment performance & market developments and economic outlook Increased engagement and communication with Investment Managers 	OWG	The OWG is continuing to work with the Operator and the Investment Manager to improve the WPP's investment reporting mechanisms and the WPP's level of communication and engagement with its Investment Managers.
						4	3	12				
I.2	One of the WPP's Investment Managers fails/ exits the market, leading to a financial loss to WPP assets.	<ul style="list-style-type: none"> Investment Manager's business model, internal controls and/or the external oversight of the Investment Manager fails. 	<p>Financial loss to assets held within the WPP.</p>	<p>The Operator/ The Investment Manager</p> <p>Short Term</p>	<p>The Operator/The Investment Manager facilitate:</p> <ul style="list-style-type: none"> Ongoing monitoring of investment managers Questioning managers on their internal controls, external regulation, succession/retention policies Engagement with Investment Managers and the Investment Manager industry Maintaining a shortlist of suitable replacement Managers 	Current				OWG	N/A	N/A
						5	2	10				
I.3	Failure of appointed Custodian may lead to assets not being properly managed resulting in financial and/or information loss in relation to investment assets.	<ul style="list-style-type: none"> Inaccurate recording of asset valuations and transactions. Unsatisfactory safeguarding of assets. External and internal controls fail to prevent fraud or misappropriation. Custodian fails and exists the market, potentially leading to stranded assets. 	<p>Financial loss to assets held within the WPP.</p>	<p>The Operator/ OWG/ Oversight Advisor</p> <p>Short Term</p>	<ul style="list-style-type: none"> Robust procurement process overseen by The Operator Annual review of custodian prepared by The Operator and presented to OWG Analysis of Investment Manager Records vs Custodian Records Monitor custodian performance on annual basis Custodian regulated by FCA Receipt of annual controls reports from Custodian's External Auditors 	Current				OWG	N/A	N/A
						5	2	10				
I.4	The WPP does not receive or seek expert investment advice when required.	<ul style="list-style-type: none"> An external adviser provides inappropriate or unsatisfactory advice to WPP. WPP ignores appropriate advice provided by expert advisers. WPP fails to seek to expert advise. 	<p>Inappropriate decisions are implemented which may harm investment performance.</p>	<p>OWG/ JGC/ Oversight Advisor</p> <p>Long Term</p>	<ul style="list-style-type: none"> Robust procurement processes Ongoing training for JGC and OWG members Oversight Advisor in place to oversee Investment Advice & decision-making process Engagement with other LGPS Pools and Funds to cross verify suitability of advice 	Current				Oversight Advisor	The Oversight Advisor will report back to the OWG.	Q4 2020
						4	2	8				
						Target						
						4	1	4				

Risk Detail				Current Situation	Scoring			Management and Monitoring				
Risk & Nature of Risk	Cause of Risk	Implications of Risk	Risk Owner & Impact Period	Current Risk Controls	Severity	Probability	Score	Current Status	Action Required	Responsible Party & Review Date	Progress Report/ Comments	
I.5 The WPP fails to challenge Manager fees, value for money and mandated objectives.	Financial	<ul style="list-style-type: none"> Lack of information and transparency from Investment Managers. Inability to check and challenge Investment Managers and benchmark them relative to market competitors. 	Inability to deliver value for money to the WPP's stakeholders.	<p>OWG/ The Operator/ The Investment Manager/ Oversight Advisor</p> <p>Medium Term</p>	<ul style="list-style-type: none"> Ongoing monitoring of investment managers fees Question The Operator, the Investment Manager and Investment Managers on their fees Demand Transparency from Investment Managers, the Investment Manager and The Operator on fees 	Current				The WPP Oversight Advisor is currently working with the OWG to develop the WPP's Investment Manager reporting, fee benchmarking is part of this development plan.	Oversight Advisor	The Oversight Advisor will report back to the OWG.
						2	2	4				
I.6 The WPP is subjected to counterparty risk	Financial	<ul style="list-style-type: none"> The WPP fails to monitor their counterparty exposure and the probability of counterparty defaults. A suitable escalation process to deal with excess counterparty exposure is not put in place. 	Financial loss to assets held within the WPP, potential legal costs, reputation risk.	<p>OWG/ The Operator/ The Investment Manager/ The Custodian</p> <p>Short Term</p>	<ul style="list-style-type: none"> Ongoing monitoring of counterparty exposure Question The Operator, The Investment Manager, Investment Managers and Custodian on the WPP's level of counterparty exposure 	Current				OWG	N/A	Q4 2020
						4	2	8				
I.7 The WPP puts in place sub-optimal sub-funds.	Financial	<ul style="list-style-type: none"> Insufficient time and resources are allocated to the design and development of sub-funds. Constituent Authorities do not effectively articulate their requirements and/or the WPP fails to account for Constituent Authority requirements. Value for money and/ or cost savings are not given adequate consideration. Sub-funds with insufficient scale to achieve cost saving are launched. Manager fee negotiations are ineffective 	The WPP provides sub-funds that do not deliver value for money/ cost saving and or the investment requirements of the Constituent Authorities	<p>OWG/ The Operator/ The Investment Manager/ Oversight Advisor</p> <p>Long Term</p>	<ul style="list-style-type: none"> Numerous advisors used in the formulation of sub-funds Oversight advisor in place to oversee investment strategy and sub-fund design Numerous checks and balances on the decision-making process and approval of invest strategy and sub-funds Cost benefit analysis is carried out prior to each sub-fund launch Use of the Investment Manager's scale and the WPP's scale to negotiate the best Manager fees possible Frequent consultation with Constituent Authorities on their requirements Asset held outside of sub-fund if their inclusion in the sub-fund is cost inefficient 	Current				The Operator/ Investment Manager	First Bi-Annual review process due in Q4 2020.	
						4	2	8				
I.8 The WPP fails to adequately account for climate change, climate risk and ESG factors.	Financial	<ul style="list-style-type: none"> Lack of knowledge on the impacts of Climate Change, Risk and ESG Factors. Lack of knowledge on how the impacts of Climate Change, Risk and ESG Factors can be managed. Poor attendance at training events. 	Financial loss to assets held within the WPP and potential for stranded assets.	<p>OWG/ The Operator/ The Investment Manager/ Oversight Advisor</p> <p>Long Term</p>	<ul style="list-style-type: none"> Development of suitable Climate Change, Climate Risk and ESG reporting metrics 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 Publication of a Responsible Investment policy and Climate Risk Policy Constant engagement and challenging of Managers on how they account for Climate Risk/ Change and ESG factors Development of Sub-funds that will allow Constituent Authorities to manage their Climate risk Exposure Annual Climate Change, Climate Risk or ESG related training event on the WPP Training Plan 	Current				OWG	A progress update will be provided in conjunction with the annual review of the WPP's Responsible Investment Policy.	
						4	2	8				

Risk Detail				Current Situation	Scoring			Management and Monitoring				
Risk ID	Nature of Risk	Cause of Risk	Implications of Risk	Risk Owner & Impact Period	Current Risk Controls	Severity	Probability	Score	Current Status	Action Required	Responsible Party & Review Date	Progress Report/ Comments
I.9	The WPP fails to facilitate investment solutions that enable the Constituent Authorities to meet their investment strategy and objectives.	<ul style="list-style-type: none"> Insufficient time and resources are allocated to engaging with and understanding Constituent Authority needs and requirements. Constituent Authorities do not effectively articulate their requirements and/or the WPP fails to account for Constituent Authority requirements. 	The Constituent Authorities refuse to make use of the investment solution provided by the WPP. Consequently, the WPP fails to Pool assets, which may lead to government intervention and or the collapse of the WPP.	OWG/ The Operator/ The Investment Manager/ Oversight Advisor	<ul style="list-style-type: none"> The development of further sub-funds is a prioritised item within the WPP's business plan. Frequent consultation with Constituent Authorities on their requirements Consultation with the Constituent Authorities on the ongoing suitability of existing sub-funds. Numerous advisors used in the formulation of sub-funds 	Current				An annual consultation questionnaire will be developed and issued to Constituent Authorities. The questionnaire will seek to determine Constituent Authorities' individual investment requirements and longer-term aspirations.	Oversight Advisor	Oversight Advisor to draft the questionnaire, which will be issued by the HA.
	Operational/ Reputational	<ul style="list-style-type: none"> Sub-funds are not designed to Constituent Authority requirements. Sub-funds are not flexible enough or able to change to better meet Constituent Authority requirements 			<ul style="list-style-type: none"> Oversight advisor in place to oversee investment strategy and sub-fund design Numerous checks and balances on the decision-making process and approval of invest strategy and sub-funds 	5	2	10				
				Long Term		5	1	5				Q4 2020

Governance & Regulation Risk

Risk Detail				Current Situation	Scoring			Management and Monitoring				
Risk & Nature of Risk	Cause of Risk	Implications of Risk	Risk Owner & Impact Period	Current Risk Controls	Severity	Probability	Score	Current Status	Action Required	Responsible Party & Review Date	Progress Report/ Comments	
G.1 WPP fails to comply with relevant regulation and LGPS guidance.	Operational / Reputational	<ul style="list-style-type: none"> WPP is unaware and/or ignores relevant regulation, guidance and recent updates. No means of monitoring regulatory compliance. Mis-interpretation of how regulation and guidance applies to WPP. Insufficient resources to meet guidance and regulatory requirements, this includes Pooling Guidance. 	<p>Potential Fines, loss of sovereignty and a negative impact on the WPP's reputation.</p>	<p>HA/ OWG/ Oversight Advisor/ Legal Advisor</p>	<ul style="list-style-type: none"> Ensure sufficient training takes place Maintain a mechanism for monitoring recent regulations changes and progression toward meeting the new requirements Engagement with relevant regulatory bodies (such as Scheme Advisory Board, Pension Regulator and MHCLG) Appointment of an expert legal advisor 	Current				<p>The HA will include 'Regulation and Governance Updates' as a regular OWG agenda item (under the Host Authority Update). The HA will consult with either the MHCLG or other LGPs pools on a quarterly basis to ensure they are aware of ongoing legislation and regulation developments/ changes. The WPP will continue to await further Pooling guidance.</p>	OWG	Further monitoring checks will be put in place if required.
						Target						
G.2 The WPP becomes overly dependant on a single or limited decisions maker or decision making body.	Operational	<ul style="list-style-type: none"> A number of decision makers or a decision-making body has a knowledge gap which limits their ability to contribute/influence the decision-making process. Resources and other commitments limit the availability and input of relevant decision makers and decision-making bodies. A number of decision makers or a decision-making body is given or gains excessive decision-making power. Unjustifiable levels of decision-making power concentration 	<p>The WPP is inefficiently managed. Unsuitable decisions are made due to a lack of challenge / debate/ input and variety of views.</p>	<p>WPP Personnel/ Oversight Advisor</p>	<ul style="list-style-type: none"> Ensure sufficient training takes place Appointment of an Oversight Advisor to advise on the WPP's governance structure Procurement and use of external advisors and suppliers that add inform/ provide guidance and bring a diversity of views to the decision-making process Use of a governance structure that ensure sufficient scrutiny prior to decisions being approved Adoption of a governance structure that does not allow high levels of decision-making concentration Annual review of WPP's resource requirements Bi-Annual meeting with Pension Boards held, which provide an invaluable source of knowledge and variety of views 	Current				<p>Oversight Advisor</p>	N/A	N/A
						Target						
G.3 The WPP fails to adhere to its pre-agreed budget.	Financial / Reputational	<ul style="list-style-type: none"> Inappropriate estimation of required budget. Failure to effectively manage costs of WPP activities and external provider fees. Failure to maintain a means of monitoring expenditure and remaining budget. 	<p>The WPP fails to meet its pre-agreed budget and/or has insufficient budget to pay suppliers and or to fund activates.</p>	<p>HA/ JGC</p>	<ul style="list-style-type: none"> Monitoring of current expenditure and remaining budget Engagement with relevant suppliers to ascertain whether fees are due to change and/or in line with expectation 	Current				<p>The WPP will increase the frequency of its actual vs expected budget reviews from annually to quarterly. The WPP is also developing a mechanism for the efficient monitoring of Manager fees.</p>	HA	The HA will provide an update to the OWG.
						Target						
						4	2	8				
						4	1	4				

Risk ID	Nature of Risk	Risk Detail			Risk Owner & Impact Period	Current Situation	Scoring			Management and Monitoring						
		Cause of Risk	Implications of Risk	Current Risk Controls			Severity	Probability	Score	Current Status	Action Required	Responsible Party & Review Date	Progress Report/ Comments			
G.4	Financial / Reputational	The WPP fails to maintain suitable records, documentation is not filed in a suitable manner and personnel data is not stored securely.	<ul style="list-style-type: none"> Lack of adequate procedures. Insufficient knowledge of best practice in regards to how to store personal data, documentation and records. A lack of suitable systems and IT solutions to facilitate and assist in the storing and maintenance of personal data, documentation and records. 	The WPP loses valuable data and intellectual property. The WPP's reputation is negatively impacted. The WPP is subject to financial penalties or fines.	HA	<ul style="list-style-type: none"> Ongoing training on best practice Relevant WPP personnel are expected to complete GDPR training Adoption of a secure documents portal to hold relevant records and documentations Legal Advisor appointed to provide guidance on relevant regulation and interpretation of this regulation External audit carried out Suitable internal controls in place at the Host Authority 	Current			2	2	4		N/A	HA	N/A
							Target				2	2	4			
G.5	Reputational	The WPP fails to provide suitable and accurate accounts by the statutory deadline.	<ul style="list-style-type: none"> Lack of adequate planning for closure of accounts. Lack of resources leads to late or inadequate accounts. Lack of sufficient knowledge/ expertise. JGC approval cannot be provided due to certain circumstances. 	The WPP's reputation is negatively impacted. Potential referral to the Scheme Advisory Board and the MHCLG.	HA/ JGC	<ul style="list-style-type: none"> Ongoing training Timetabled audit process Qualified Audit opinion sought Engagement with external audit to discuss deadlines and forward planning Appropriate level of expertise in place at Host Authority 	Current			4	2	8		N/A	HA	N/A
							Target				4	2	8			
G.6	Operational / Reputational	The WPP does not manage conflicts of interests.	<ul style="list-style-type: none"> Failure of WPP Personnel to state any potential conflicts. No policy in place which outlines how conflicts of interests should be managed. Inability of WPP personnel to disassociate personnel interest from the interests of the WPP's stakeholders. 	Inappropriate decisions are made that are not in the best interest of the WPP's stakeholders. The WPP's reputation is negatively impacted. Potential referral to the Scheme Advisory Board and the MHCLG.	WPP Personnel/ Suppliers and Advisors	<ul style="list-style-type: none"> Declaration of conflict is an ongoing agenda item at the Joint Governance Committee Conflict of interest policy in development Training of how conflict of interests can be managed Engagement with relevant bodies such as the Scheme Advisory Board on best practice and relevant guidance 	Current			3	2	6		Managing Conflict of Interest will be covered as part of the WPP's 2020/2021 training plan. Additionally, the WPP Conflict of Interest Policy will be finalised, approved and implemented by the end of the 2020/2021 financial year.	HA/ Oversight Advisor	The implementation of the WPP Conflict of Interest Policy should commence by the start of Q3 2020.
							Target				3	1	3			
G.7	Financial / Reputational	The WPP is unable to operate efficiently or carry out its duties due to uncontrollable events.	<ul style="list-style-type: none"> WPP Personnel and/or key suppliers are unable to carry out work due to fire, extreme weather, epidemics. Key system, IT systems, communication methods and portals fail. 	The WPP is unable to work efficiently, required work is not completed, key decisions are unable to be made. Potential financial loss to assets held within the WPP. Alongside, potential reputational risk or referral to Scheme Advisory Board, Pension Regulator or the MHCLG	WPP Personnel/ Suppliers and Advisors	<ul style="list-style-type: none"> Host Authority has business continuity/ disaster recovery plan in place. Majority of Personnel and Advisors are able to work remotely Numerous communications mechanisms in place WPP Personnel are located across several geographical locations 	Current			4	2	8		N/A	HA	The WPP has continued to work effectively despite COVID-19. JGC meeting can now be held virtually.
							Target				4	2	8			

Risk Detail				Current Situation	Scoring			Management and Monitoring			
Risk & Nature of Risk	Cause of Risk	Implications of Risk	Risk Owner & Impact Period	Current Risk Controls	Severity	Probability	Score	Current Status	Action Required	Responsible Party & Review Date	Progress Report/ Comments
G.8 The WPP's governance arrangements result in inefficient management and decision making.	<ul style="list-style-type: none"> Failure to account for relevant guidance in relation to good governance/ best practice. Inability to follow existing governance structure and protocols. Inefficient delegation of duties and resources. Governance structure does not allow for sufficient time/ resources and debate on key decisions and matters. 	<p>The WPP is unable to work efficiently, required work is not completed, key decisions are unable to be made. Potential financial loss to assets held within the WPP. Alongside, potential reputational risk or referral to Scheme Advisory Board, Pension Regulator or the MHCLG.</p>	OWG/ JGC/ Oversight Advisor	<ul style="list-style-type: none"> Governance Structure in place and codified in the Inter Authority Agreement Use of tiered governance structure to assist in the prioritisation of key decisions Oversight Advisor in place to provide advise on governance structure Engagement with relevant bodies on good governance guidance and best practice Annual resource assessment to ensure governance structure can be adhered to Ongoing review of governance structure 	Current				<p>The Oversight Advisor will consider the suitability of the WPP's governance arrangements while formulating the WPP Governance Manual. The IAA is also due to be reviewed in 2021/2022. The Oversight Advisor will review how the diversity and volume of input and opinions from the WPP's internal stakeholders can be increased, the findings will be discussed with the OWG. The WPP will develop a 'decision, owner and deadline' matrix for inclusion in all of its meeting packs. The WPP is reviewing the possibility of Scheme member representation on the JGC.</p>	Oversight Advisor	The Oversight Advisor will report back to the OWG.
					4	2	8				
G.9 Difference of opinion/ or views within the WPP can not be reconciled.	<ul style="list-style-type: none"> Different decision-making bodies are unable to come to an agreement. Conflicting interests and priorities of Constituent Authorities. Governance structure does not provide a mechanism or forum by which opinions and differences can be reconciled. Sub-optimal number of decisions makers/ opinion 	<p>The WPP is unable to agree on key decisions leading to delays, inefficiencies and alienation or breakup of stakeholders. Potential financial loss to assets held within the WPP and/ or reputational risk.</p>	WPP Personnel/ Suppliers and Advisors	<ul style="list-style-type: none"> Strong mean of communication between decision makers (and Constituent Authorities) Codified set of unanimously agreed/ united objectives and beliefs Regular scheduled meetings, and ad hoc meetings if required, to facilitate the sharing and reconciliation of views Oversight Advisor in place to provide advise on governance structure Engagement with relevant bodies on good governance guidance and best practice Ongoing review of governance structure Democratic decision-making process in place Clear escalation process in place for obtain consent if mutual agreement cannot be reached 	Current				<p>OWG</p>	N/A	N/A
					5	2	10				
G.10 WPP suppliers fail to deliver on their contractual commitments.	<ul style="list-style-type: none"> Lack of a suitable supplier monitoring framework. Insufficient competition amongst suppliers. Unsuitable/ undeliverable contractual terms agreed. Poor communication with suppliers on the WPP's requirements and expectations. 	<p>The WPP work in progress goes uncompleted or is delayed. The requirements of the WPP's stakeholders are not met. The WPP makes inappropriate decisions which could result in financial loss, inefficiencies, reputational risk.</p>	Oversight Advisor/ OWG	<ul style="list-style-type: none"> Legal Advisor in place to review contractual terms and commitments Regular service delivery meetings held Regular procurement and reappointment exercises carried out to ensure competition The WPP has formulated contracts that have natural break or exit points and minimal exit fees. 	Current				<p>The OWG will seek to formulate a shortlist of 'potential replacement suppliers' that could be appointed if required. This will reduce the impact of this risk by accelerating the timeframe for the appointment of a replacement supplier.</p>	OWG	Where appropriate Advisors will assist the OWG in the formulation of these lists.
					4	3	12				
G.10 Operational / Reputational / Financial			Medium Term		Target			<p>Q2 2021</p>			
					4	2	8				

Risk Detail				Current Situation	Scoring			Management and Monitoring				
Risk ID	Nature of Risk	Cause of Risk	Implications of Risk	Risk Owner & Impact Period	Current Risk Controls	Severity	Probability	Score	Current Status	Action Required	Responsible Party & Review Date	Progress Report/ Comments
G.11	WPP suppliers fail to enact the WPP's decisions in a timely and effective manner.	<ul style="list-style-type: none"> Poor communication with suppliers on the WPP's requirements and expectations. Lack of resources at suppliers. Relevant suppliers have overwhelming and/or conflicting priorities. Lack of engagement or attendance from relevant suppliers. Decision made are not picked up in a timely manner. 	<p>The WPP work in progress goes uncompleted or is delayed, which could result in financial loss or inefficiencies. The requirements of the WPP's stakeholders are not met.</p>	<p>Oversight Advisor / OWG</p> <p>Medium Term</p>	<ul style="list-style-type: none"> Regular service delivery meetings held Regular procurement and reappointment exercises carried out to ensure competition Designated Oversight Advisor in place Intensive engagement protocols with relevant suppliers 	Current				<p>The OWG will consider this risk while undertaking its annual review of the WPP's Communication Policy. The Oversight Advisor will review how the communication of timescales and the importance of actions, projects and activities can be more effective conveyed to relevant suppliers. The WPP will develop a 'decision, owner and deadline' matrix for inclusion in all of its meeting packs.</p>	OWG & Oversight Advisor	The Oversight Advisor will draft a 'decision, owner and deadline' matrix for the OWG's consideration.
						4	3	12				
G.12	The WPP's Operator fails to deliver on its contractual obligations or stops providing Operator services due to existing the market or regulatory restrictions.	<ul style="list-style-type: none"> Operator is not adequately resourced. Operator does not put sufficient performance/risk reporting systems in place. The Operator does not have the resources/expertise to carry out Manager monitoring, fee negotiations, facilitate vehicles & establishment services. The Operator does not put in place sufficient checks and balances to ensure compliance with all relevant regulations. The Operator lacks the ability or regulatory approval to provide Depository and Custody services (via ACS). Insufficient monitoring of appointed entities for fund administration & transfer agency (Northern Trust). The Operator fails to put in place suitable Risk Management (RM), including: RM policy, procedures and mitigation strategies. The Operator is not adequately resourced to provide adequate relationship management and service delivery. 	<p>The WPP assets held within the Operator ACS are put at risk. A number of the WPP's contracts are broken, as these are currently mandated via the Operator. The WPP is unable to work efficiently, required work is not completed, sub-funds are unable to be managed or launched.</p>	<p>Oversight Advisor/HA/OWG / Legal Advisor</p> <p>Short Term</p>	<ul style="list-style-type: none"> Designated Operator Oversight Advisor in place Intensive engagement protocols with Operator Operator Oversight Framework currently in development Engagement with the wider Operator market (and other suitable suppliers) is built into the WPP business plan The WPP has formulated contracts that have natural break or exit points and minimal exit fees 	Current				<p>The OWG will develop an 'impact limitation procedure' which could be enacted if the Operator were to exit the market or if an immediate replacement needed to be appointed. The OWG is continuing to monitor any developments resulting from the FCA's review of the ACD Operator market. The OWG recognises the resource strain this review places on the Operator.</p>	OWG	The Oversight Advisor will provide assistance to the OWG.
						5	3	15				
				Target			5	2	10			Q2 2021

Training & Resources Risk

Risk Detail				Current Situation	Scoring			Management and Monitoring			
Risk & Nature of Risk	Cause of Risk	Implications of Risk	Risk Owner & Impact Period	Current Risk Controls	Severity	Probability	Score	Current Status	Action Required	Responsible Party & Review Date	Progress Report/ Comments
T.1 The WPP fails to maintain and foster appropriate expertise and knowledge amongst relevant personnel	<ul style="list-style-type: none"> Knowledge gap of new or existing personnel. Unsatisfactory Training program. Poor attendance at training events. 	<p>Knowledge gaps result in ineffective action, inability to deliver on responsibilities and inappropriate decision making.</p>	WPP Personnel	<ul style="list-style-type: none"> Ensure sufficient training takes place Maintain a mechanism for accessing training requirements Ensure that new personnel receive appropriate training at the outset of their duties Publication of WPP Annual Training Plan Outsourcing training requirements to specialists when required Outsourcing tasks to expert advisors when required level of expertise cannot be met internally 	Current				<p>The WPP will reduce the probability of this risk by putting in place an induction process for new WPP personnel. The WPP will also commit to delivering at least 4 training events each year.</p>	OWG	<p>The HA is considering how training events can be facilitated given the COVID-19 outbreak. A WPP induction procedure is also being formulated.</p>
					3	2	6				
T.2 The WPP makes inappropriate or untimely decisions.	<ul style="list-style-type: none"> Lack of resources. Relevant WPP personnel have overwhelming and/or conflicting prioritises. Lack of engagement or attendance from relevant personnel. Decision made are not picked up internally in a timely manner. 	<p>The WPP makes inappropriate decisions. Delays in decision making reduces the effectiveness of decisions and/or leads to a negative impact or investment returns.</p>	WPP Personnel	<ul style="list-style-type: none"> Decisions made are noted and assigned to relevant personnel Meeting attendance and absentees are noted at the commencement of each meeting Annual review of resource requirements Use of external suppliers when additional resources are required Business Plan and Work Plan in place to prioritise key decisions and activities 	Target				<p>N/A</p>	OWG & Oversight Advisor	N/A
					3	1	3				
T.3 The WPP fails to attract, appoint and retain personnel, suppliers and providers.	<ul style="list-style-type: none"> Inappropriate decisions are made due to a lack of input and opinions from relevant personnel, adviser and/or suppliers. The WPP makes inappropriate decisions due to a lack of information/ knowledge/ advise. The WPP has insufficient resources to carry out its work and deliver on its duty to stakeholders. 	<p>The WPP is unable to meet the requirements of its key stakeholders. The WPP makes inappropriate decisions which could result in financial loss, inefficiencies, reputational risk.</p>	WPP Personnel	<ul style="list-style-type: none"> Timely identification of the WPP's requirements If a resource requirement is identified, then the relevant resourcing/ procurement exercises are carried out Use of the National Framework Regular market engagement to ensure that WPP remains a competitive and attractive employer/ client 	Current				<p>N/A</p>	OWG	N/A
					4	1	4				
T.4 Key Personnel Risk at Host Authority	<ul style="list-style-type: none"> Certain people leave the HA. HA fails to put in place effective succession plans. Roles and responsibilities of the HA are too heavily concentrated amongst a limited body of individuals. 	<p>HA is unable to provide support to the WPP. No Action or ineffective action is taken leading to financial loss or inefficiencies. Key knowledge and existing relationships are lost.</p>	OWG	<ul style="list-style-type: none"> Ensure sufficient training and succession planning takes place Maintain a mechanism for accessing training requirements amongst existing HA Personnel Ensure that new personnel receive appropriate training at the outset of their duties 	Target				<p>OWG to consider what action would be taken if key personnel at the HA left and consider what additional control could be put in place to reduce the probability to key personnel risk and its impact on business continuity.</p>	OWG	<p>This risk will be raised at the next OWG so that additional controls can be put in place ahead of the next review of this risk in Q3 2021.</p>
					5	2	10				
Operational			Short Term		Target				<p>Q3 2021</p>	Q3 2021	
					5	1	5				

Communication Risk

Page 16

Risk Detail				Current Situation	Scoring			Management and Monitoring			
Risk & Nature of Risk	Cause of Risk	Implications of Risk	Risk Owner & Impact Period	Current Risk Controls	Severity	Probability	Score	Current Status	Action Required	Responsible Party & Review Date	Progress Report/ Comments
C.1 The WPP fails to effectively communicate and engage with internal stakeholders.	<ul style="list-style-type: none"> The WPP internal communication strategies are ineffective or not adhered to. 	<p>Inappropriate decisions are made due to a lack of input and opinions from key stakeholders (e.g. views and requirements of Constituent Authorities). The WPP makes inappropriate decisions which could result in financial loss, inefficiencies, reputational risk, alienation and a loss of engagement from key stakeholders.</p>	WPP Personnel Medium Term	<ul style="list-style-type: none"> Formulation of a WPP communication policy that covers internal communication Use of a documents portal for internal uses Use of multiple communication channels Regular engagement with internal stakeholders (e.g. meetings, bi-weekly calls and emails) 	Current				<p>The OWG will review how the diversity and volume of input and opinions from the WPP's internal stakeholders can be increased, the findings will be discussed. This includes the consideration of Scheme Member representation on the JGC.</p>	OWG Q3 2021	<p>The OWG will consider this risk alongside its annual review of the WPP's Communication Policy.</p>
					4	2	8				
C.2 The WPP fails to effectively communicate and engage with external stakeholders.	<ul style="list-style-type: none"> The WPP fails to articulate its beliefs and objectives to external parties. The WPP is not forthcoming or active in seeking engagement with relevant external parties. The WPP Communication Policy is not effective or far reaching enough. The WPP doesn't have sufficient resources to carry out the required communication and engagement activities. 	<p>The WPP fails to incorporate guidance and advise for relevant external parties. External Parties perception of the WPP is unreflective and harmful. The WPP's reputation is negatively impacted.</p>	WPP Personnel Medium Term	<ul style="list-style-type: none"> Formulation of a WPP communication policy that covers external communication Development of a WPP website Use of external communication channels and press releases Regular engagement with external stakeholders (e.g. The MHCLG, SAB, Pension Regulator Conference attendance) Annual WPP update published 	Current				<p>N/A</p>	OWG Q3 2021	<p>The OWG will consider this risk alongside its annual review of the WPP's Communication Policy.</p>
					3	1	3				
C.3 Advice and relevant information is not presented in a way that aids decisions making.	<ul style="list-style-type: none"> Advice and information is not adequately targeted to the relevant audience. The format and presentation of advice and information is not well designed to the audience. The intended audience and/or scope of advice & information is unclear. Insufficient time or resources is given to the formulation and/or consideration of advice/ information. 	<p>The WPP makes inappropriate decisions due to a lack of information and/or advice. Inappropriate decisions result in inefficiencies/ financial risk and reputational risk</p>	WPP Personnel/ The Operator/ Investment Manager/ Oversight Advisor/ Other Advisors and Suppliers Long Term	<ul style="list-style-type: none"> WPP personnel, in particular decision makers, are actively encouraged to provide feedback on the relevance and presentation of advice and information Advice & information is normally presented in at least two formats (verbal and written) Solely verbal updates are kept to a minimum Sufficient time and opportunity is given to the asking of clarification questions Draft advice or information is normally shared with the HA, for a sensitivity check, prior to being shared or presented The WPP's governance structure allows for multiple checks and balances prior to decisions being made 	Current				<p>N/A</p>	Oversight Advisor Q3 2021	<p>The Oversight Advisor will review this risk ahead of the end of the 2020/2021 financial year.</p>
					3	1	3				
				Target			3	1	3		



WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

DATE 17 JULY 2020

SUBJECT

OPERATOR UPDATE

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

To receive a presentation from the Operator on the progress of the Wales Pension Partnership

REASONS:

The operator to provide an update on the following key areas:

- Current Fund Holdings
- Fund Launch Progress
- Corporate Update and Engagement

Report Author: Chris Moore	Designation: Director of Corporate Services Carmarthenshire County Council	Tel No. 01267 224160 E. Mail: CMoore@carmarthenshire.gov.uk
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EXECUTIVE SUMMARY

JOINT GOVERNANCE COMMITTEE

DATE 17 JULY 2020

OPERATOR UPDATE

BRIEF SUMMARY OF PURPOSE OF REPORT

A report from the Operator providing an update on the progress and milestones of the following Sub Funds:

- Tranche 1 – Global Equity
- Tranche 2 – UK Equity
- Tranche 3 – Fixed Income
- Tranche 4 – Emerging Markets
- Tranche 5 – Private Markets

Also, a Corporate and Engagement update including the engagement protocol and key meeting dates.

DETAILED REPORT ATTACHED?	YES
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IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal NONE	Finance NONE	Risk Management Issues NONE	Staffing Implications NONE

CONSULTATIONS

Details of any consultations undertaken are to be included here

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK



Wales Pension Partnership

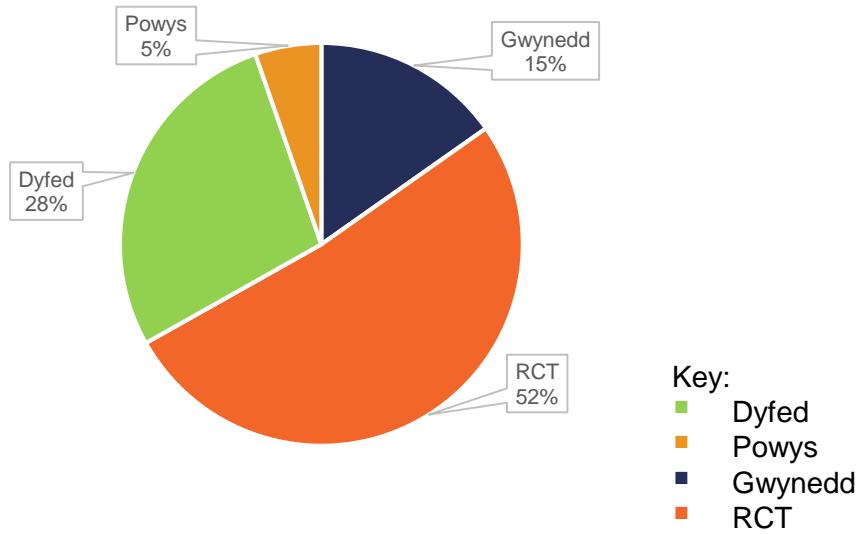
Joint Governance Committee

17th July 2020

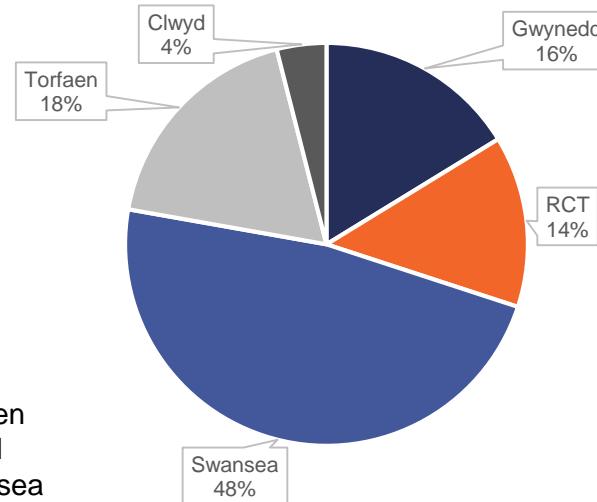
LF Wales PP Fund Snapshot (March & May 2020)

Page 122

Global Growth Equity



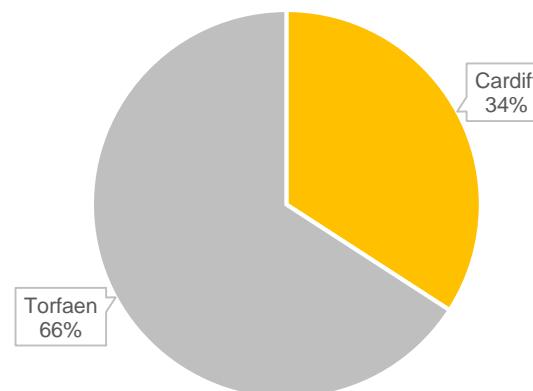
Global Opportunities Equity



Fund	AUM (31/3/2020)	Launch date
Global Growth	£1,961,892,648	6 th Feb 2019
Global Opportunities	£1,881,872,223	14 th Feb 2019
UK Opportunities	£480,052,962	10 th Oct 2019

Fund	AUM (29/5/2020)	Launch date
Global Growth	£2,283,194,498	6 th Feb 2019
Global Opportunities	£2,159,482,284	14 th Feb 2019
UK Opportunities	£542,793,734	10 th Oct 2019

UK Opportunities Equity



Fund Launch Progress Report

Tranche 3, 4 & 5 updates

Open Launch Activity

Page 124

Key Achievements & Updates

Key:

- On track
- Progressing with delays
- On hold / progressing with major delays

Fund Launches Progress				
	Overview	Status	Progress in period	Planned Launch date
Tranche 3: Fixed Income sub-fund launch	<ul style="list-style-type: none"> ■ Establishment of 5 Fixed Income sub-funds within the ACS ■ FCA approval received and BlackRock appointed as transition manager 	■	<ul style="list-style-type: none"> ■ April launch date revised and agreed by all parties for 27th and 30th July 2020 as a result of COVID-19 ■ Operational setups continue to track green ■ BlackRock have re-engaged the legacy managers to obtain up to date data for the transition report 	27 th and 30 th July 2020
Tranche 4: Emerging Markets sub-fund launch	<ul style="list-style-type: none"> ■ Emerging Market fund to be created under the Enhanced Portfolio Implementation model with a carbon reducing overlay 	■	<ul style="list-style-type: none"> ■ JGC agreed manager structure proposal March 2020 ■ Link internal governance process completed ■ Prospectus being worked through with Russell Investments and Eversheds before review by WPP 	Q1 2021

Strategic developments				
	Overview	Status	Progress in period	Planned Launch date
Tranche 5: Private Markets strategy development	<ul style="list-style-type: none"> ■ Development of a WPP Private Market strategy including a road map for the potential creation of a standalone Private Market sub fund 	■	<ul style="list-style-type: none"> ■ Private Markets session held on 23rd January 2020 incl. Russell Investments presentation on Impact Investing ■ Russell Investments paper to outline launch proposal based on legacy asset and strategic plan of each participating Authority discussed within Working Group 	January to June 2021

LFS Corporate Update & Engagement

LFS Corporate Update & Engagement

Page 26

COVID-19 update

- LFS are planning for the safe and progressive transition of our people back to the office after the UK Government announced the easing of COVID-19 restrictions and remain committed to continuing undisrupted, quality service delivery for the WPP as well as ensuring the ongoing safety of our people.
- A dedicated COVID-19 working group has been formed and it is likely that this will see our people transitioning back to the office gradually over a period of time and with altered work practices to observe all required COVID-19 guidelines.

Our people - we are taking the personal circumstances of our people and the maximum number of people allowed in the office at any one time into consideration in our planning. This will be done in consultation with business needs to ensure that the service delivery to WPP continues to be seamless and uninterrupted.

Preparing the office - the working group will focus on getting the office and our people ready for our return to the office, including physical distancing and increased health and safety protocols.

Key Q1 and future WPP Engagement

Link attendance at OWG/JGC meetings in period:

- OWG 31st January 2020 (Cardiff)
- JGC 12th March 2020 (Powys)

Link attendance at OWG/JGC meetings in next quarter:

- JGC 17th July 2020 (VC)

Link - Pension Committee attendance in period:

- Gwynedd – 16th January 2020

Link - Pension Committee attendance in next quarter :

- Cardiff – 16th June 2020 (VC)

Other meetings in period

- Host Authority update – occurs bi-weekly
- Working group - occurs bi-weekly
- Private Markets sub group – 23rd January 2020
- WPP Training Day – 21st February 2020

Other meetings in next quarter

- Host Authority update – occurs bi-weekly
- Working group - occurs bi-weekly

LFS Engagement Protocol

Business as Usual

Strategic Relationship Review	Frequency	Objective
	▪ Bi-annual	▪ Ensure strategic alignment between Host Authority and Link
WPP Attendees <ul style="list-style-type: none">▪ Chris Moore▪ Anthony Parnell▪ Two Section 151 / Deputy Section 151 officers		Link Attendees <ul style="list-style-type: none">▪ Karl Midl, Managing Director▪ Duncan Lowman, Head of Client Coverage
JGC Engagement	Frequency	Objective
	▪ Quarterly	▪ Engage with JGC on pertinent matters and strategic deliverables
WPP Attendees <ul style="list-style-type: none">▪ Joint Governance Committee (JGC)		Link Attendees <ul style="list-style-type: none">▪ Karl Midl, Managing Director / Duncan Lowman, Head of Client Coverage▪ Eamonn Gough, Senior Relationship Manager▪ Adam Tookey, Head of Product (as required)▪ Russell Investments
OWG Engagement	Frequency	Objective
	▪ Every 2 Months	▪ Identify and deliver on opportunities to improve and expand the relationship ▪ Provide update on open projects or issues ▪ Monthly KPI Review (Data supplied monthly)
WPP Attendees <ul style="list-style-type: none">▪ Officers Working Group (OWG)		Link Attendees <ul style="list-style-type: none">▪ Eamonn Gough, Senior Relationship Manager▪ Duncan Lowman, Head of Relationship Management▪ Adam Tookey, Head of Product (as required)▪ Ada Wabara, Relationship Manager (as required)▪ Sheetal Shetty, Client Service Manager (as required)▪ Ad-hoc Link attendance from functional departments: Tax, Compliance, Product, etc.▪ Russell Investments

Note: The OWG Engagement and Monthly KPI meetings may be conducted remotely and/or amalgamated where required.

Link Asset Services • 7

Link Engagement Protocol continued...

Page 12

Business as Usual

Host Authority Update	Frequency	Objective
	▪ Bi-Weekly	<ul style="list-style-type: none">▪ Regular Host Authority – LFS to discuss deliverables and business updates
WPP Attendees		<ul style="list-style-type: none">▪ Duncan Lowman, Head of Client Coverage▪ Eamonn Gough, Senior Relationship Manager▪ Ada Wabara, Relationship Manager (as required)▪ Sheetal Shetty, Client Service Manager (as required)
	▪ Bi-Weekly	<ul style="list-style-type: none">▪ Regular project call to discuss progress of deliverables
WPP Working Group	Frequency	Objective
WPP Attendees		<ul style="list-style-type: none">▪ Link Client Team▪ Northern Trust▪ Russell Investments▪ Other consultants (e.g. bFinance)
Annual Shareholder Day	Frequency	Objective
	▪ Annual	<ul style="list-style-type: none">▪ Open day for presentations on strategy and performance (with IM)
▪ Open to all involved parties		<ul style="list-style-type: none">▪ Link Client Team▪ Northern Trust▪ Russell Investments and other Investment Managers (e.g. Global Growth Managers)▪ Other consultants as required (e.g. bFinance)
Pension Fund Committees		Objective
	▪ Annual	<ul style="list-style-type: none">▪ General update on the ACS and planned initiatives
▪ Individual Pension Fund Committee meetings		<ul style="list-style-type: none">▪ Eamonn Gough, Senior Relationship Manager▪ Ada Wabara, Relationship Manager▪ Duncan Lowman, Head of Relationship Management▪ Russell Investments



WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

DATE 17 JULY 2020

SUBJECT

PERFORMANCE REPORTS AS AT 31 MARCH 2020

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

To note the performance reports of the following sub funds as at 31 March 2020:

- WPP Global Growth Fund,
- WPP Global Opportunities Fund, and
- UK Opportunities Fund.

REASONS:

Northern Trust have prepared performance reports for the WPP Global Growth Fund, WPP Global Opportunities Fund and UK Opportunities Fund as at 31 March 2020.

Report Author: Chris Moore	Designation: Director of Corporate Services Carmarthenshire County Council	Tel No. 01267 224160 E. Mail: CMoore@carmarthenshire.gov.uk
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EXECUTIVE SUMMARY

JOINT GOVERNANCE COMMITTEE

DATE 17 JULY 2020

PERFORMANCE REPORTS AS AT 31 MARCH 2020

BRIEF SUMMARY OF PURPOSE OF REPORT

Northern Trust have provided performance reports for the WPP's Global Growth Fund, Global Opportunities Fund and UK Opportunities Fund as at 31 March 2020.

Market Values:

- WPP Global Growth Fund:
 - Market Value as at 31 December 2019 – £2,373,976,400
 - Market Value as at 31 March 2020 – £1,961,892,648
- WPP Global Opportunities Fund:
 - Market Value as at 31 December 2019 – £2,233,379,922
 - Market Value as at 31 March 2020 – £1,881,872,223
- WPP UK Opportunities Fund:
 - Market Value as at 31 December 2019 – £685,363,821
 - Market Value as at 31 March 2020 - £480,052,962

Performance - Inception to date:

WPP Global Growth Fund	Gross of Fees (%)	Net of Fees (%)
Actual	(4.58)	(4.97)
Benchmark	(3.76)	(3.76)
Excess Return	(0.82)	(1.21)

WPP Global Opportunities Fund	Gross of Fees (%)	Net of Fees (%)
Actual	(3.64)	(3.98)
Benchmark	(5.03)	(5.03)
Excess Return	1.39	1.05

WPP UK Opportunities Fund	Gross of Fees (%)	Net of Fees (%)
Actual	(24.46)	(24.63)
Benchmark	(20.83)	(20.83)
Excess Return	(3.64)	(3.81)

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal NONE	Finance YES	Risk Management Issues NONE	Staffing Implications NONE
Finance				
The market values of all 3 sub funds have decreased during the last quarter. WPP Global Growth Fund decreased from £2,373,976,400 to £1,961,972,648, WPP Global Opportunities Fund decreased from £2,233,379,922 to £1,881,872,223 and the UK Opportunities Fund decreased from £685,363,821 to £480,052,962.				
Global Growth and UK Opportunities have underperformed their benchmarks by 0.82% (gross) / 1.21% (net) and 3.64% (gross) / 3.81% (net) respectively whilst Global Opportunities have outperformed their benchmark by 1.39% (gross) / 1.05% (net).				

CONSULTATIONS

Details of any consultations undertaken are to be included here

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

Wales Pension Partnership

Investment Risk & Analytical Services

March 31, 2020

Table of Contents

Section 1. Wales Pension Partnership	3
1.1. Wales Pension Partnership Summary	4
1.2. Total Fund Gross of Fees	5
1.3. Total Fund Net of Fees	6
1.4. Asset Allocation over Time	7
Section 2. Appendix	8
2.1. Disclaimer(s)	9

SECTION 1

Wales Pension Partnership

Investment Risk & Analytical Services

March 31, 2020

Page 135

Page 13

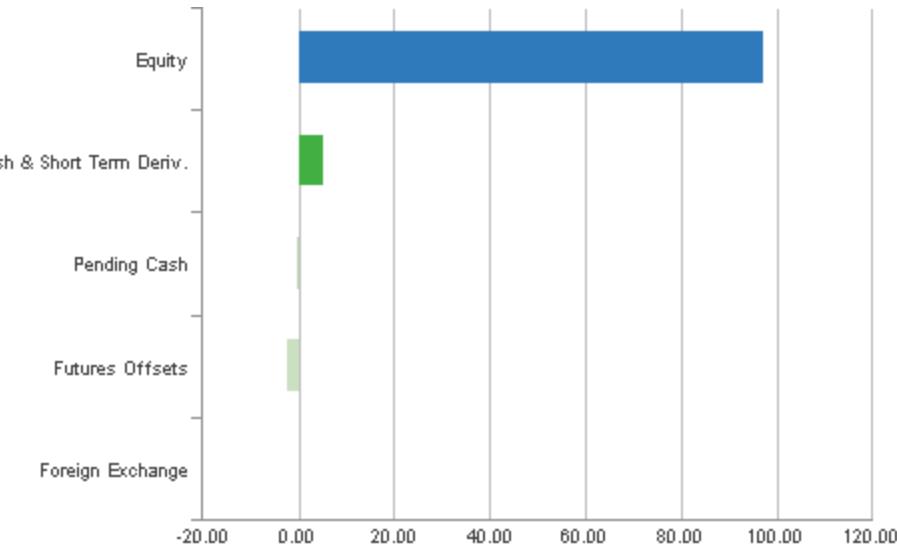
Wales Pension Partnership Summary

Account/Group -Rate of Return	E.MV-GOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
Wales Pension Partnership	4,323,820,567	100.00	-12.72	-18.22	-7.22	-4.87	06/02/2019
Global Growth Fund	1,961,892,648	45.37	-12.65	-17.27	-6.92	-4.58	06/02/2019
MSCI ACWI ND			-10.89	-15.99	-6.74	-3.76	06/02/2019
Excess Return			-1.75	-1.28	-0.18	-0.82	06/02/2019
Global Opportunities Equity	1,881,872,223	43.52	-10.95	-15.67	-4.54	-3.81	14/02/2019
MSCI ACWI ND			-10.89	-15.99	-6.74	-5.03	14/02/2019
Excess Return			-0.05	0.32	2.20	1.22	14/02/2019
UK Opportunities Equity	480,052,962	11.10	-19.28	-29.84	-	-24.46	11/10/2019
FTSE All-Share			-15.07	-25.13	-	-20.83	11/10/2019
Excess Return			-4.22	-4.71	-	-3.64	11/10/2019

GROWTH OVER TIME - INCEPTION TO DATE - TOTAL FUND GROSS OF FEES



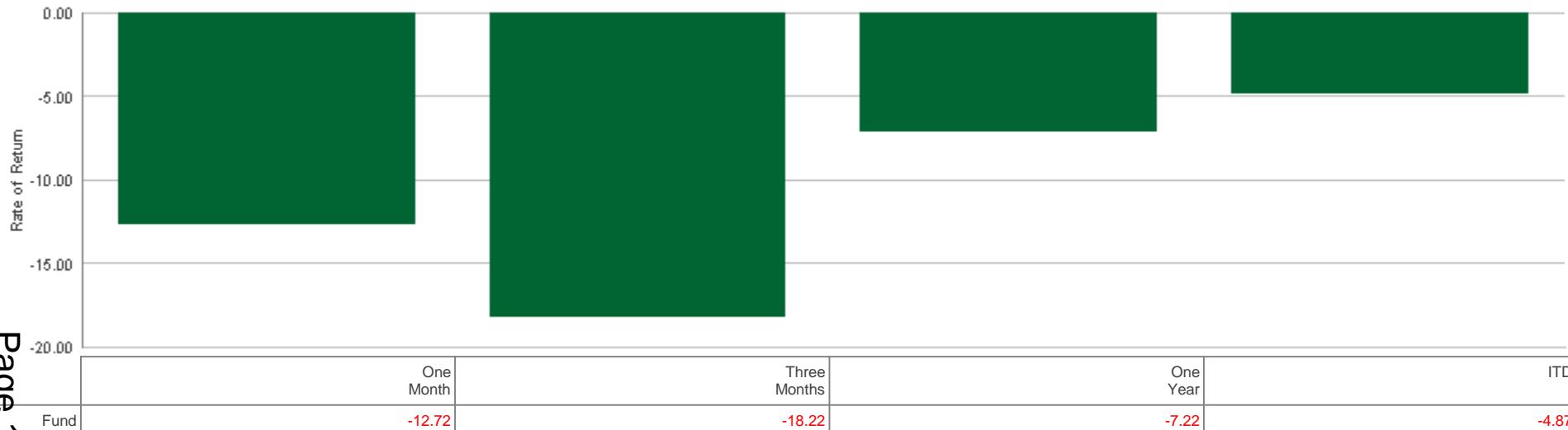
ASSET CLASS ENDING WEIGHTS



Total Fund Gross of Fees

Account/Group -Rate of Return	E.MV-GOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
Wales Pension Partnership	4,323,820,567	100.00	-12.72	-18.22	-7.22	-4.87	06/02/2019
Global Growth Fund	1,961,892,648	45.37	-12.65	-17.27	-6.92	-4.58	06/02/2019
MSCI ACWI ND			-10.89	-15.99	-6.74	-3.76	06/02/2019
Excess Return			-1.75	-1.28	-0.18	-0.82	06/02/2019
Global Opportunities Equity	1,881,872,223	43.52	-10.95	-15.67	-4.54	-3.81	14/02/2019
MSCI ACWI ND			-10.89	-15.99	-6.74	-5.03	14/02/2019
Excess Return			-0.05	0.32	2.20	1.22	14/02/2019
UK Opportunities Equity	480,052,962	11.10	-19.28	-29.84	-	-24.46	11/10/2019
FTSE All-Share			-15.07	-25.13	-	-20.83	11/10/2019
Excess Return			-4.22	-4.71	-	-3.64	11/10/2019

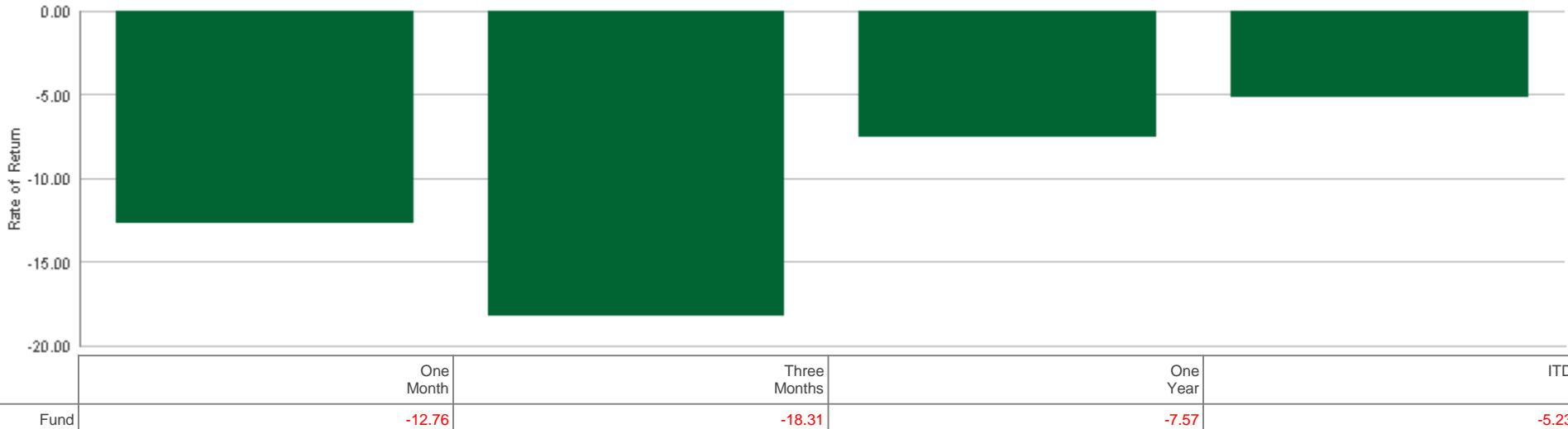
WALES PENSION PARTNERSHIP TOTAL FUND GROSS OF FEES



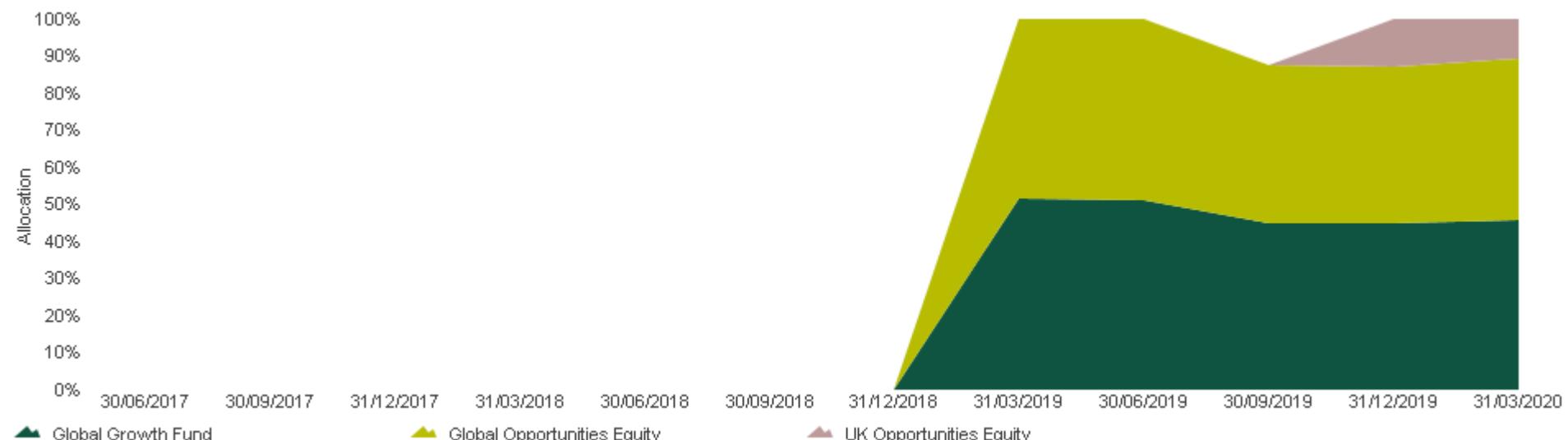
Total Fund Net of Fees

Account/Group -Rate of Return	E.MV-NOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
Wales Pension Partnership	4,320,578,078	100.00	-12.76	-18.31	-7.57	-5.23	06/02/2019
Global Growth Fund	1,960,487,830	45.38	-12.69	-17.37	-7.30	-4.97	06/02/2019
MSCI ACWI ND			-10.89	-15.99	-6.74	-3.76	06/02/2019
Excess Return			-1.80	-1.38	-0.56	-1.21	06/02/2019
Global Opportunities Equity	1,880,288,981	43.52	-10.98	-15.75	-4.87	-4.15	14/02/2019
MSCI ACWI ND			-10.89	-15.99	-6.74	-5.03	14/02/2019
Excess Return			-0.09	0.24	1.87	0.88	14/02/2019
UK Opportunities Equity	479,798,532	11.10	-19.32	-29.93	-	-24.63	11/10/2019
FTSE All-Share			-15.07	-25.13	-	-20.83	11/10/2019
Excess Return			-4.26	-4.80	-	-3.81	11/10/2019

WALES PENSION PARTNERSHIP TOTAL FUND NET OF FEES



Allocation over Time



Account / Group	30/06/2019		30/09/2019		31/12/2019		31/03/2020	
	Market Value	Actual Weight						
Wales Pension Partnership	4,318,867,953	100.00	5,117,995,157	100.00	5,292,723,592	100.00	4,323,820,567	100.00
Global Growth Fund	2,204,139,517	51.04	2,288,355,103	44.71	2,373,976,400	44.85	1,961,892,648	45.37
Global Opportunities Equity	2,114,503,736	48.96	2,186,490,978	42.72	2,233,379,922	42.20	1,881,872,223	43.52
UK Opportunities Equity					685,363,821	12.95	480,052,962	11.10

SECTION 2

Appendix

Investment Risk & Analytical Services

March 31, 2020

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WPP Global Growth Fund

Investment Risk & Analytical Services

March 31, 2020

Table of Contents

Section 1. WPP Global Growth Fund	3
1.1. <u>WPP Global Growth Fund Summary</u>	4
1.2. <u>Total Fund Gross of Fees</u>	5
1.3. <u>Total Fund Net of Fees</u>	6
1.4. <u>Asset Allocation Overview</u>	7
1.5. <u>Asset Allocation over Time</u>	8
1.6. <u>Regional Performance - Regional CTR</u>	9
Section 2. Appendix	10
2.1. <u>Disclaimer(s)</u>	11

SECTION 1

WPP Global Growth Fund

Investment Risk & Analytical Services

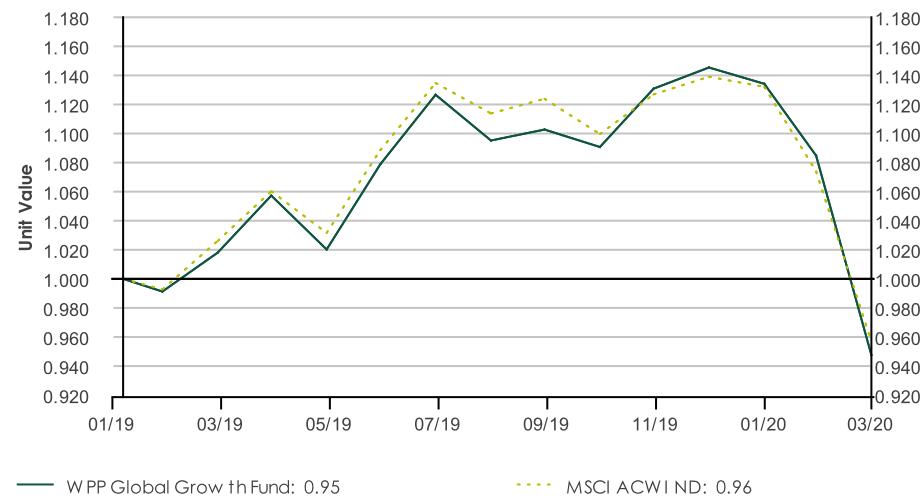
March 31, 2020



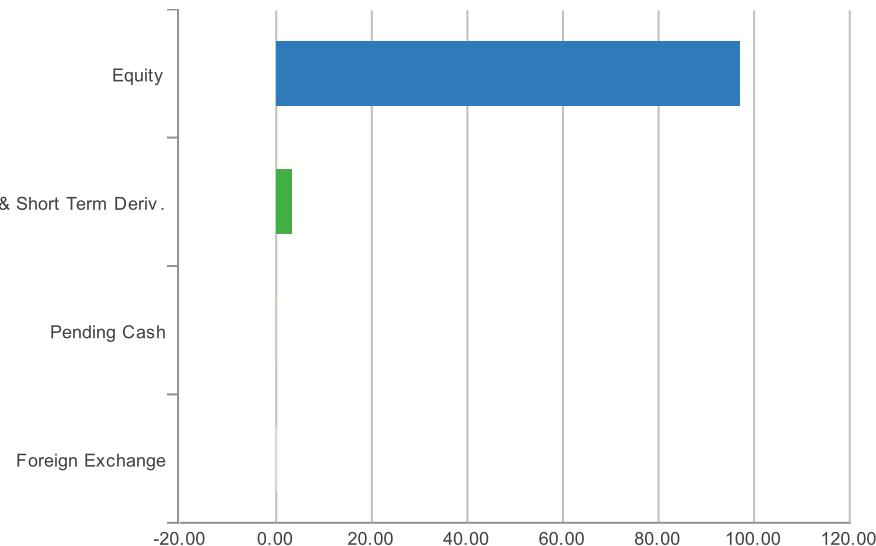
WPP Global Growth Fund Summary

Account/Group -Rate of Return	E.MV-GOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
WPP Global Growth Fund	1,961,892,648	100.00	-12.65	-17.27	-6.92	-4.58	06/02/2019
LF WPP GGF - BAILIE GIFFORD	848,081,110	43.23	-11.06	-13.19	-0.78	2.47	06/02/2019
LF WPP GGF - PZENA INV MGT LLC	556,180,773	28.35	-18.77	-27.93	-20.29	-18.67	06/02/2019
LF WPP GGF - VERITAS AM LLP	526,399,852	26.83	-8.67	-11.00	0.20	2.64	06/02/2019

GROWTH OVER TIME - INCEPTION TO DATE - TOTAL FUND GROSS OF FEES



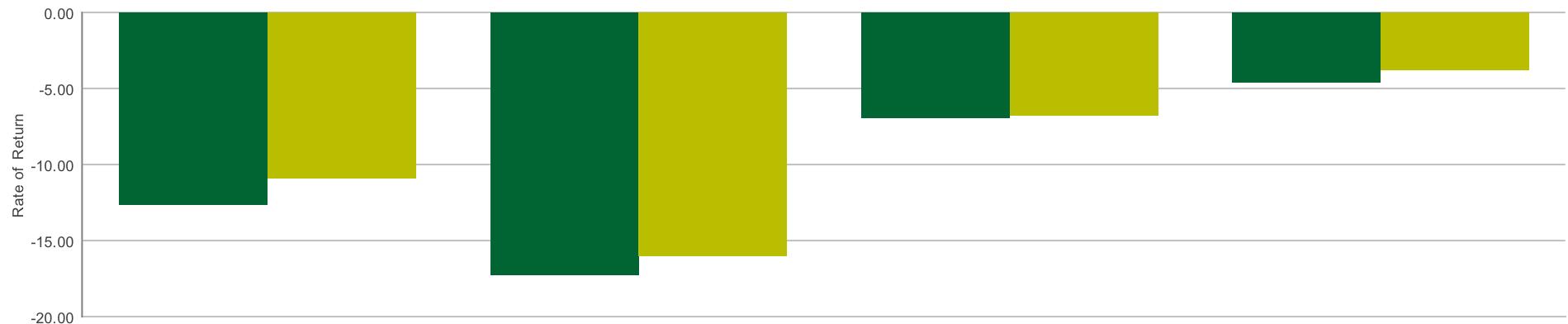
ASSET CLASS ENDING WEIGHTS



Total Fund Gross of Fees

Account/Group -Rate of Return	E.MV-GOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
WPP Global Growth Fund	1,961,892,648	100.00	-12.65	-17.27	-6.92	-4.58	06/02/2019
<i>MSCI ACWI ND</i>			-10.89	-15.99	-6.74	-3.76	06/02/2019
<i>Excess Return</i>			-1.75	-1.28	-0.18	-0.82	06/02/2019
LF WPP GGF - BAILLIE GIFFORD	848,081,110	43.23	-11.06	-13.19	-0.78	2.47	06/02/2019
<i>MSCI ACWI ND</i>			-10.89	-15.99	-6.74	-3.76	06/02/2019
<i>Excess Return</i>			-0.17	2.79	5.96	6.23	06/02/2019
LF WPP GGF - PZENA INV MGT LLC	556,180,773	28.35	-18.77	-27.93	-20.29	-18.67	06/02/2019
<i>MSCI ACWI ND</i>			-10.89	-15.99	-6.74	-3.76	06/02/2019
<i>Excess Return</i>			-7.88	-11.94	-13.55	-14.91	06/02/2019
LF WPP GGF - VERITAS AM LLP	526,399,852	26.83	-8.67	-11.00	0.20	2.64	06/02/2019
<i>MSCI ACWI ND</i>			-10.89	-15.99	-6.74	-3.76	06/02/2019
<i>Excess Return</i>			2.22	4.99	6.94	6.40	06/02/2019

WPP GLOBAL GROWTH FUND TOTAL FUND GROSS OF FEES

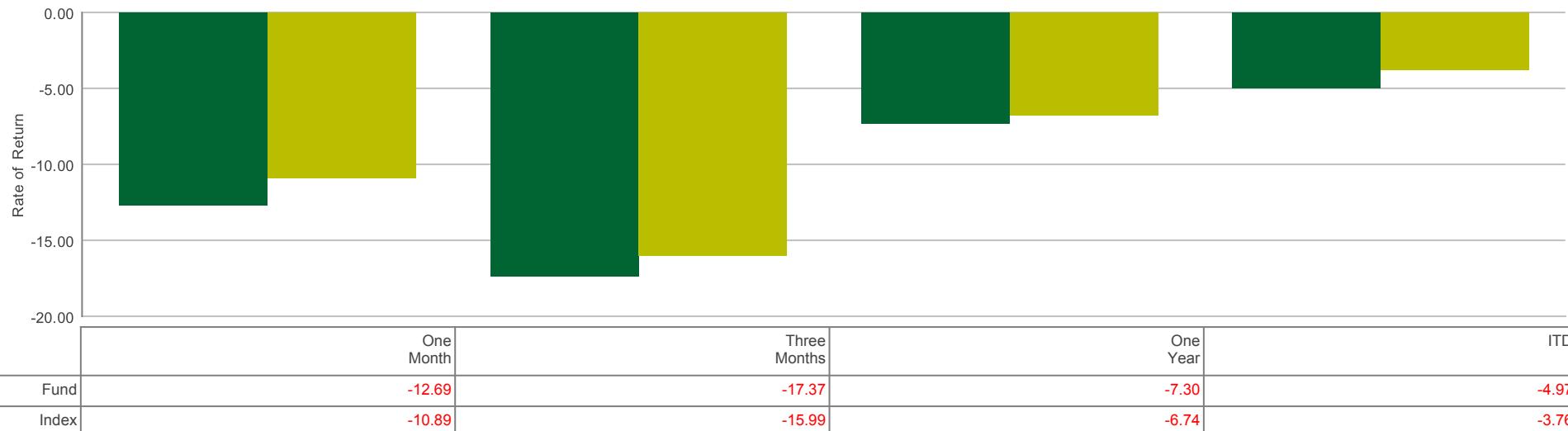


Index: MSCI ACWI ND
Page 17

Total Fund Net of Fees

Account/Group -Rate of Return	E.MV-NOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
WPP Global Growth Fund	1,960,487,830	100.00	-12.69	-17.37	-7.30	-4.97	06/02/2019
MSCI ACWI ND			-10.89	-15.99	-6.74	-3.76	06/02/2019
Excess Return			-1.80	-1.38	-0.56	-1.21	06/02/2019
LF WPP GGF - BAILLIE GIFFORD	847,816,745	43.25	-11.10	-13.28	-1.13	2.11	06/02/2019
MSCI ACWI ND			-10.89	-15.99	-6.74	-3.76	06/02/2019
Excess Return			-0.20	2.71	5.61	5.87	06/02/2019
LF WPP GGF - PZENA INV MGT LLC	556,005,912	28.36	-18.80	-28.00	-20.57	-18.96	06/02/2019
MSCI ACWI ND			-10.89	-15.99	-6.74	-3.76	06/02/2019
Excess Return			-7.91	-12.02	-13.84	-15.20	06/02/2019
LF WPP GGF - VERITAS AM LLP	526,231,312	26.84	-8.70	-11.09	-0.17	2.26	06/02/2019
MSCI ACWI ND			-10.89	-15.99	-6.74	-3.76	06/02/2019
Excess Return			2.19	4.90	6.57	6.02	06/02/2019

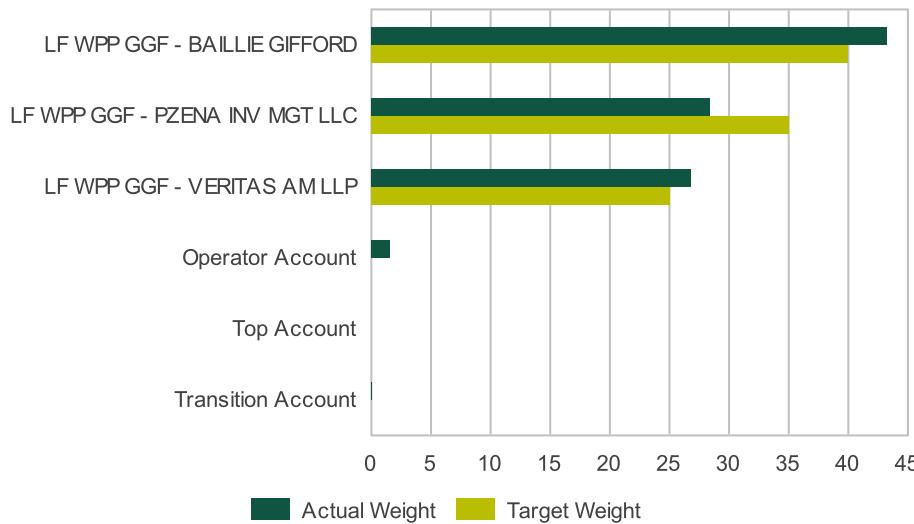
WPP GLOBAL GROWTH FUND TOTAL FUND NET OF FEES



Index: MSCI ACWI ND

Asset Allocation Overview

PROGRAM ACTUAL WEIGHTS vs. TARGET WEIGHTS

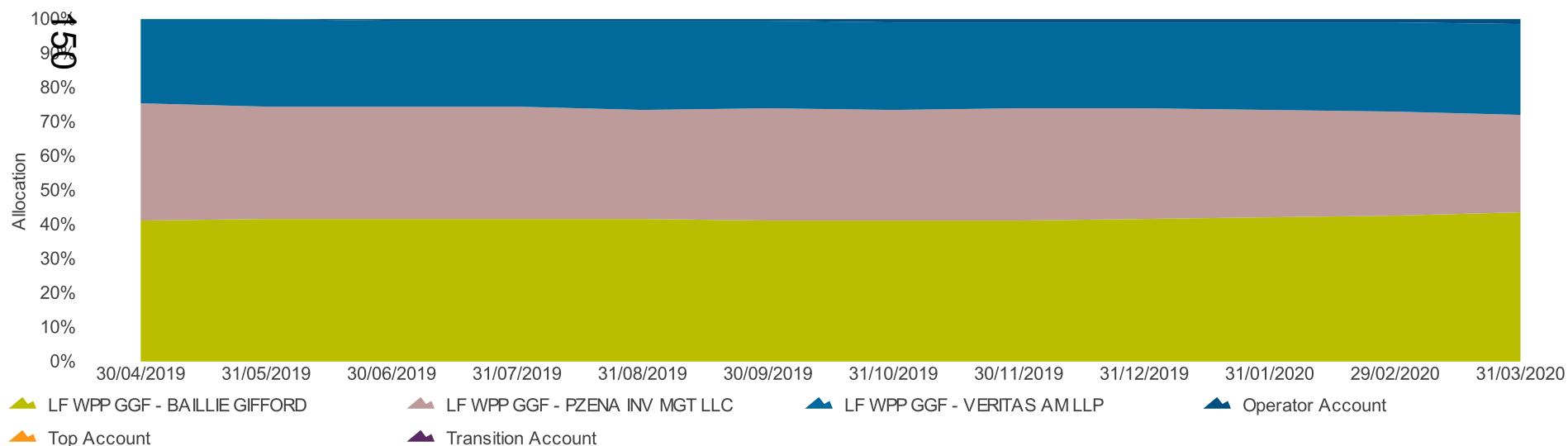


Program/Consolidation	Ending Market Value GOF GBP	Actual Weight	Target Weight
LF WPP GGF - BAILLIE GIFFORD	848,081	43.23	40.00
LF WPP GGF - PZENA INV MGT LLC	556,181	28.35	35.00
LF WPP GGF - VERITAS AM LLP	526,400	26.83	25.00
Operator Account	31,209	1.59	
Top Account	0	0.00	
Transition Account	22	0.00	
WPP Global Growth Fund	1,961,893	100.00	
WPP Global Growth Fund Percent			

*Market Values are represented in thousands.

*Underlying assets of the fund have been included in the market value and allocation.

Allocation over Time



Account / Group	31/12/2019		31/01/2020		29/02/2020		31/03/2020	
	Market Value	Actual Weight						
WPP Global Growth Fund	2,373,976,400	100.00	2,349,966,974	100.00	2,246,826,295	100.00	1,961,892,648	100.00
LF WPP GGF - BAILLIE GIFFORD	978,959,793	41.24	980,053,035	41.70	953,930,892	42.46	848,081,110	43.23
LF WPP GGF - PZENA INV MGT LLC	775,504,800	32.67	737,361,459	31.38	685,619,429	30.52	556,180,773	28.35
LF WPP GGF - VERITAS AM LLP	592,666,009	24.97	602,863,891	25.65	576,579,672	25.66	526,399,852	26.83
Operator Account	26,824,766	1.13	29,667,723	1.26	30,674,957	1.37	31,208,948	1.59
Top Account	0	0.00	0	0.00	0	0.00	0	0.00
Transition Account	21,031	0.00	20,867	0.00	21,345	0.00	21,964	0.00

Regional Performance

Category	Ending Market value GBP - GOF	Ending Weight	Base Rates of Return			
			One Month	Three Months	One Year	Inception to Date
WPP Global Growth Fund	1,961,892,648	100.00	-12.65	-17.27	-6.92	-4.58
Total Fund - Foreign Exchange	1,961,909,000	100.00	-12.65	-17.27	-6.91	-4.57
Equity	1,902,326,236	96.96	-13.52	-18.38	-7.56	-5.07
Australia	26,257,222	1.34	-14.68	-20.91	-6.86	-3.12
Brazil	9,637,338	0.49	-35.60	-43.01	-36.99	-36.28
Canada	39,762,420	2.03	-11.95	-8.47	19.90	17.51
Cayman Islands	5,837,328	0.30	1.44	14.03	-	-
China	102,367,744	5.22	-5.70	-9.12	-9.98	-1.35
Denmark	21,362,936	1.09	-5.82	-26.87	-7.10	-8.53
France	64,073,569	3.27	-22.66	-29.18	-19.70	-12.42
Germany	48,479,987	2.47	-14.01	-21.29	-5.80	-6.34
Hong Kong	26,171,211	1.33	-6.75	-9.23	-6.53	-1.72
India	21,688,065	1.11	-27.94	-33.61	-22.83	-11.10
Ireland	19,468,868	0.99	-21.78	-34.85	-22.02	-19.05
Italy	14,317,102	0.73	-20.70	-17.93	0.04	1.48
Japan	131,095,928	6.68	-11.12	-13.69	1.91	2.90
Netherlands	50,495,530	2.57	-9.98	-16.10	-13.56	-9.03
Norway	7,178,220	0.37	-19.27	-29.28	-25.11	-15.83
Republic of Korea	19,541,396	1.00	-12.38	-30.87	-34.48	-36.34
Russian Federation	7,234,458	0.37	-26.08	-34.13	-23.67	-21.70
Singapore	6,894,712	0.35	-18.12	-21.46	-0.06	-0.74
South Africa	25,549,211	1.30	-2.79	-6.81	-3.12	0.58
Spain	8,415,063	0.43	-28.91	-38.78	-33.11	-26.60
Sweden	31,157,421	1.59	-9.45	-14.40	-3.10	1.31
Switzerland	52,443,737	2.67	-2.29	-7.38	5.64	6.76
Taiwan	29,315,794	1.49	-9.17	-14.01	19.01	22.54
United Kingdom	147,989,223	7.54	-14.51	-23.26	-17.45	-14.68
United States	985,591,752	50.24	-14.13	-17.78	-6.12	-4.51
Cash & Short Term Deriv.	64,048,994	3.26	-0.99	-0.75	-0.37	-0.46
Foreign Exchange	-16,352	-0.00	2257000208974	-	-	-
Pending Cash	-4,466,230	-0.23	-0.39	-0.49	611.53	445.85

* Excess return is calculated using arithmetic methodology

SECTION 2

Appendix

Investment Risk & Analytical Services

March 31, 2020

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WPP Global Opportunities Fund

Investment Risk & Analytical Services

March 31, 2020

Table of Contents

Section 1. WPP Global Opportunities Fund	3
1.1. WPP Global Opportunities Fund Summary	4
1.2. Total Fund Gross of Fees	5
1.3. Total Fund Net of Fees	6
1.4. Return Charts	7
1.5. Asset Allocation Overview	8
1.6. Asset Allocation over Time	9
1.7. Regional Performance - Regional CTR	10
Section 2. Appendix	12
2.1. Disclaimer(s)	13

SECTION 1

WPP Global Opportunities Fund

Investment Risk & Analytical Services

March 31, 2020

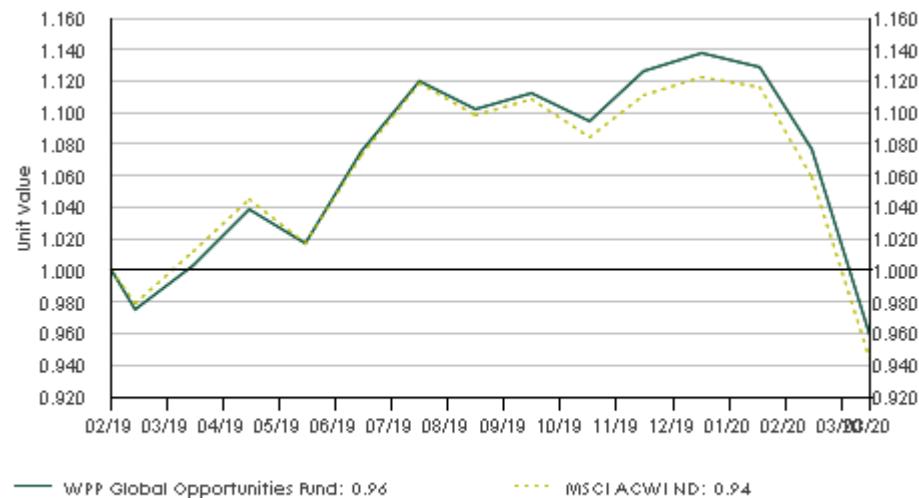
Page 157

Page 8

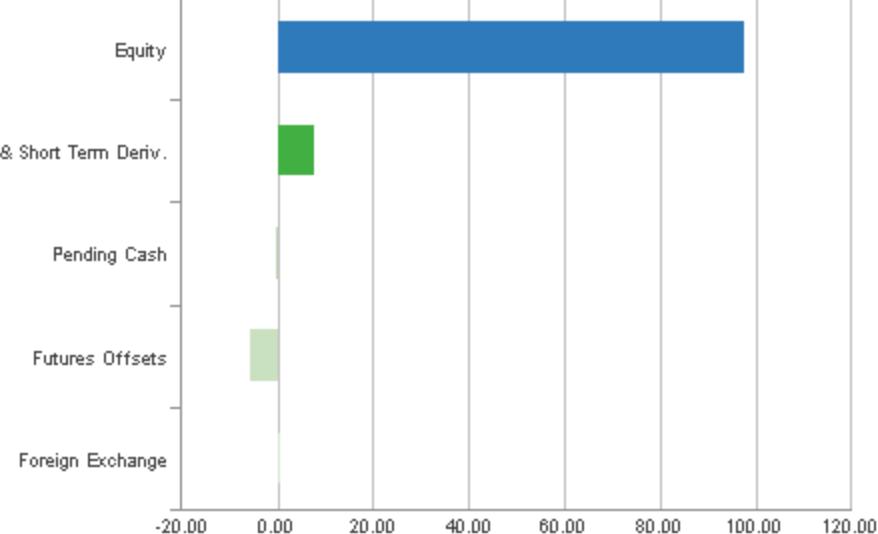
WPP Global Opportunities Fund Summary

Account/Group -Rate of Return	E.MV-GOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
WPP Global Opportunities Fund	1,881,872,223	100.00	-10.95	-15.67	-4.35	-3.64	14/02/2019
LF WALES PPGOEF - MSTANLEY	177,491,539	9.43	-6.16	-5.11	7.83	9.65	14/02/2019
LF WALES PPGOEF JACOBS LEVY	266,775,505	14.18	-9.28	-14.31	-2.22	-1.89	14/02/2019
LF WALES PPGOEF NUMERIC	318,561,858	16.93	-8.80	-12.42	-4.90	-4.43	14/02/2019
LF WALES PPGOEF NWQ INV MGMT	288,917,401	15.35	-4.46	-12.45	-2.38	-4.31	14/02/2019
LF WALES PPGOEF OAKTREE	266,026,965	14.14	-17.26	-24.47	-16.72	-14.59	14/02/2019
RI - Overlays	125,792,293	6.68	-	-	-	-	14/02/2019
LF WALES PPGOEF SANDERS CAP	301,091,465	16.00	-11.58	-17.15	-3.13	-3.27	14/02/2019
LF WALES PPGOEF SW MITCHELL	135,403,950	7.20	-13.92	-20.83	-6.71	-5.15	14/02/2019

GROWTH OVER TIME - INCEPTION TO DATE - TOTAL FUND GROSS OF FEES



ASSET CLASS ENDING WEIGHTS



Total Fund Gross of Fees

Account/Group	Ending Market Value GBP	Ending Weight	Policy Weight	% Rate of Return				Inception to Date	Inception Date
				One Month	Three Months	One Year			
WPP Global Opportunities Fund	1,881,872,223	100.00		-10.95	-15.67	-4.35		-3.64	14/02/2019
MSCI ACWI ND				-10.89	-15.99	-6.74		-5.03	14/02/2019
Excess Return				-0.05	0.32	2.39		1.39	14/02/2019
LF WALES PPGOEF - M STANLEY	177,491,539	9.43	12.00	-6.16	-5.11	7.83		9.65	14/02/2019
MSCI ACWI ND				-10.89	-15.99	-6.74		-5.03	14/02/2019
Excess Return				4.74	10.88	14.57		14.68	14/02/2019
LF WALES PPGOEF JACOBS LEVY	266,775,505	14.18	14.00	-9.28	-14.31	-2.22		-1.89	14/02/2019
LF WALES PPGOEF NUMERIC	318,561,858	16.93	19.00	-8.80	-12.42	-4.90		-4.43	14/02/2019
MSCI World Index				-10.62	-15.65	-5.83		-4.08	14/02/2019
Excess Return				1.82	3.23	0.93		-0.34	14/02/2019
LF WALES PPGOEF NWQ INV MGMT	288,917,401	15.35	14.00	-4.46	-12.45	-2.38		-4.31	14/02/2019
LF WALES PPGOEF OAKTREE	266,026,965	14.14	15.00	-17.26	-24.47	-16.72		-14.59	14/02/2019
MSCI Emerging Markets Index				-12.85	-18.37	-13.50		-11.99	14/02/2019
Excess Return				-4.41	-6.09	-3.23		-2.60	14/02/2019
LF WALES PPGOEF SANDERS CAP	301,091,465	16.00	15.00	-11.58	-17.15	-3.13		-3.27	14/02/2019
MSCI ACWI ND				-10.89	-15.99	-6.74		-5.03	14/02/2019
Excess Return				-0.68	-1.17	3.61		1.76	14/02/2019
LF WALES PPGOEF SW MITCHELL	135,403,950	7.20	11.00	-13.92	-20.83	-6.71		-5.15	14/02/2019
MSCI Europe ND				-11.87	-19.16	-11.20		-8.27	14/02/2019
Excess Return				-2.06	-1.68	4.49		3.13	14/02/2019
Operator Account	1,791,945	0.10		-	-	-		-	31/01/2019
RI - Overlays	125,792,293	6.68		-	-	-		-	14/02/2019
Top Account	0	0.00		-	-	-		-	31/01/2018
Transition Account	19,301	0.00		-	-	-		-	31/01/2018

Total Fund Net of Fees

Account/Group	Ending Market Value GBP	Ending Weight	Policy Weight	% Rate of Return				Inception to Date	Inception Date
				One Month	Three Months	One Year			
WPP Global Opportunities Fund	1,880,288,981	100.00		-10.98	-15.75	-4.68		-3.98	14/02/2019
MSCI ACWI ND				-10.89	-15.99	-6.74		-5.03	14/02/2019
Excess Return				-0.09	0.24	2.06		1.05	14/02/2019
LF WALES PPGOEF - MSTANLEY	177,491,539	9.44	12.00	-6.16	-5.11	7.83		9.65	14/02/2019
MSCI ACWI ND				-10.89	-15.99	-6.74		-5.03	14/02/2019
Excess Return				4.74	10.88	14.57		14.68	14/02/2019
LF WALES PPGOEF JACOBS LEVY	266,775,505	14.19	14.00	-9.28	-14.31	-2.22		-1.89	14/02/2019
LF WALES PPGOEF NUMERIC	318,561,858	16.94	19.00	-8.80	-12.42	-4.90		-4.43	14/02/2019
MSCI World Index				-10.62	-15.65	-5.83		-4.08	14/02/2019
Excess Return				1.82	3.23	0.93		-0.34	14/02/2019
LF WALES PPGOEF NWQ INV MGMT	288,917,401	15.37	14.00	-4.46	-12.45	-2.38		-4.31	14/02/2019
LF WALES PPGOEF OAKTREE	266,026,965	14.15	15.00	-17.26	-24.47	-16.73		-14.60	14/02/2019
MSCI Emerging Markets Index				-12.85	-18.37	-13.50		-11.99	14/02/2019
Excess Return				-4.41	-6.10	-3.23		-2.61	14/02/2019
LF WALES PPGOEF SANDERS CAP	301,091,465	16.01	15.00	-11.58	-17.15	-3.13		-3.27	14/02/2019
MSCI ACWI ND				-10.89	-15.99	-6.74		-5.03	14/02/2019
Excess Return				-0.68	-1.17	3.61		1.76	14/02/2019
LF WALES PPGOEF SW MITCHELL	135,403,950	7.20	11.00	-13.92	-20.83	-6.71		-5.15	14/02/2019
MSCI Europe ND				-11.87	-19.16	-11.20		-8.27	14/02/2019
Excess Return				-2.06	-1.68	4.49		3.13	14/02/2019
Operator Account	1,791,945	0.10		-	-	-		-	31/01/2019
RI - Overlays	125,792,293	6.69		-	-	-		-	14/02/2019
Top Account	-1,583,242	-0.08		-	-	-		-	31/01/2018
Transition Account	19,301	0.00		-	-	-		-	31/01/2018

Return Charts

WPP GLOBAL OPPORTUNITIES FUND TOTAL FUND GROSS OF FEES



Index: MSCI ACWI ND

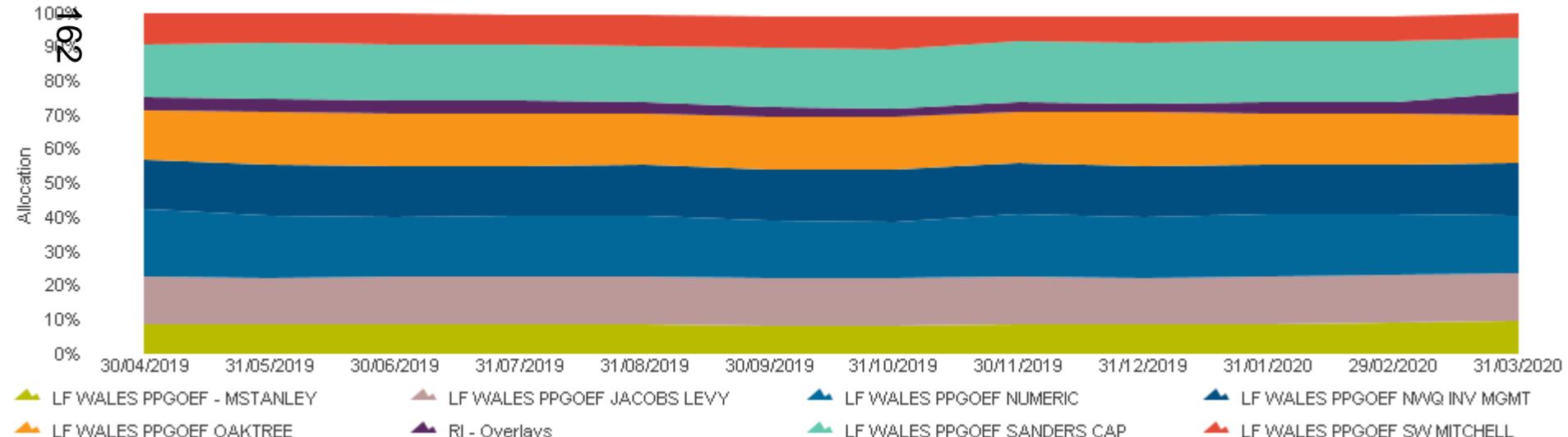
WPP GLOBAL OPPORTUNITIES FUND TOTAL FUND NET OF FEES



Index: MSCI ACWI ND

Page
26

Allocation over Time



Account / Group	31/12/2019		31/01/2020		29/02/2020		31/03/2020	
	Market Value	Actual Weight						
WPP Global Opportunities Fund	2,233,379,922	100.00	2,215,137,420	100.00	2,113,823,496	100.00	1,881,872,223	100.00
LF WALES PPGOEF - MSTA	187,041,446	8.37	192,301,453	8.68	189,140,453	8.95	177,491,539	9.43
LF WALES PPGOEF JACOBS LEVY	311,318,322	13.94	308,586,218	13.93	294,066,306	13.91	266,775,505	14.18
LF WALES PPGOEF NUMERIC	399,079,370	17.87	402,113,993	18.15	383,225,772	18.13	318,561,858	16.93
LF WALES PPGOEF NWQ INV MGMT	330,015,710	14.78	326,760,326	14.75	302,417,077	14.31	288,917,401	15.35
LF WALES PPGOEF OAKTREE	352,215,361	15.77	332,378,143	15.00	321,534,059	15.21	266,026,965	14.14
LF WALES PPGOEF SANDERS CAP	400,892,310	17.95	392,498,121	17.72	375,622,970	17.77	301,091,465	16.00
LF WALES PPGOEF SW MITCHELL	171,036,625	7.66	164,989,744	7.45	157,303,662	7.44	135,403,950	7.20
RI - Overlays	57,209,961	2.56	71,522,856	3.23	67,125,312	3.18	125,792,293	6.68

Regional Performance

Category	Ending Market value GBP - GOF	Ending Weight	Base Rates of Return			
			One Month	Three Months	One Year	Inception to Date
WPP Global Opportunities	1,881,872,223	100.00	-10.95	-15.67	-4.35	-3.64
Total Fund - Foreign Exchange	1,869,519,787	99.34	-11.11	-15.87	-4.52	-3.72
MSCI ACWI ND			-10.89	-15.99	-6.74	-5.03
Excess Return			-0.22	0.12	2.22	1.30
Equity	1,835,512,926	97.54	-11.44	-16.42	-5.08	-4.26
Belgium	2,887,956	0.15	-2.34	16.95	17.68	12.27
Argentina	687,475	0.04	-34.72	-41.51	-8.91	-5.80
Australia	33,774,692	1.79	-19.11	-25.38	-21.64	-18.09
Brazil	20,827,377	1.11	-43.93	-56.15	-48.65	-48.71
Canada	57,650,633	3.06	-18.28	-21.46	-14.40	-13.49
Chile	1,187,896	0.06	35.37	-	-	-
China	145,475,829	7.73	-3.52	-3.89	4.26	6.91
Denmark	13,095,284	0.70	-6.07	-18.89	4.38	4.52
Finland	-	-	-	-	-	-
France	77,501,263	4.12	-14.62	-20.83	-3.22	0.30
Germany	54,078,510	2.87	-13.99	-18.89	1.35	1.64
Greece	2,160,981	0.11	-44.01	-61.68	-41.48	-28.49
Hong Kong	30,565,365	1.62	-9.89	-15.77	-24.09	-20.46
Hungary	3,097,198	0.16	-32.03	-40.62	-29.67	-21.37
India	19,938,254	1.06	-25.28	-29.23	-22.33	-11.25
Indonesia	8,277,623	0.44	-34.07	-37.25	-35.88	-28.51
International (USD)	0	0.00	-13.90	-19.20	-12.50	-10.50
Ireland	-	-	-	-	-	-
Israel	8,156,679	0.43	-15.27	-17.15	-1.47	-1.74
Italy	10,315,146	0.55	-18.63	-25.11	-13.74	-8.92
Japan	115,520,176	6.14	-	-	-	-
Mexico	4,691,524	0.25	-42.28	-44.06	-46.53	-45.00
Netherlands	20,476,206	1.09	-8.08	-10.01	-12.56	-8.46
New Zealand	505,475	0.03	-8.66	-	-	-
Norway	12,886,115	0.68	-10.98	-27.40	-33.59	-31.37
Republic of Korea	58,780,085	3.12	-10.55	-18.90	-9.00	-14.42
Russian Federation	14,475,509	0.77	-28.95	-37.25	-24.30	-17.93
Singapore	8,608,004	0.46	-18.12	-23.92	-18.55	-18.78

Category	Ending Market value GBP - GOF	Ending Weight	Base Rates of Return			
			One Month	Three Months	One Year	Inception to Date
South Africa	10,083,889	0.54	-21.37	-36.82	-32.46	-31.66
Spain	9,512,212	0.51	-12.42	-20.55	-13.49	-17.40
Sweden	12,455,810	0.66	-3.71	-7.41	2.24	5.83
Switzerland	40,509,451	2.15	0.84	-1.58	12.19	14.29
Taiwan	44,459,820	2.36	-8.31	-13.86	26.31	28.81
Thailand	8,248,410	0.44	-16.56	-29.71	-28.38	-30.67
United Kingdom	45,801,710	2.43	-19.13	-29.36	-30.62	-26.11
United States	938,820,369	49.89	-8.97	-12.57	0.91	0.99
Cash & Short Term Deriv.	142,016,428	7.55	-0.85	-0.17	-0.84	-1.34
Foreign Exchange	12,352,436	0.66	979.18	-739.28	478585.98	-
Pending Cash	-2,195,478	-0.12	0.81	-9.16	-753.81	-
Futures Offsets	-105,814,088	-5.62	25.33	19.17	12.24	8.95
Other Assets	-	-	-	-	-	-

• Excess is calculated using arithmetic methodology

SECTION 2

Appendix

Investment Risk & Analytical Services

March 31, 2020

Page 165

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WPP UK Opportunities Equity

Investment Risk & Analytical Services

March 31, 2020

Table of Contents

Section 1. WPP UK Opportunities Equity	3
1.1. WPP UK Opportunities Fund Summary	4
1.2. Total Fund Gross of Fees	5
1.3. Total Fund Net of Fees	6
1.4. Asset Allocation Overview	7
1.5. Asset Allocation over Time	8
1.6. Regional Performance - Regional CTR	9
Section 2. Appendix	11
2.1. Disclaimer(s)	12

SECTION 1

WPP UK Opportunities Equity

Investment Risk & Analytical Services

March 31, 2020

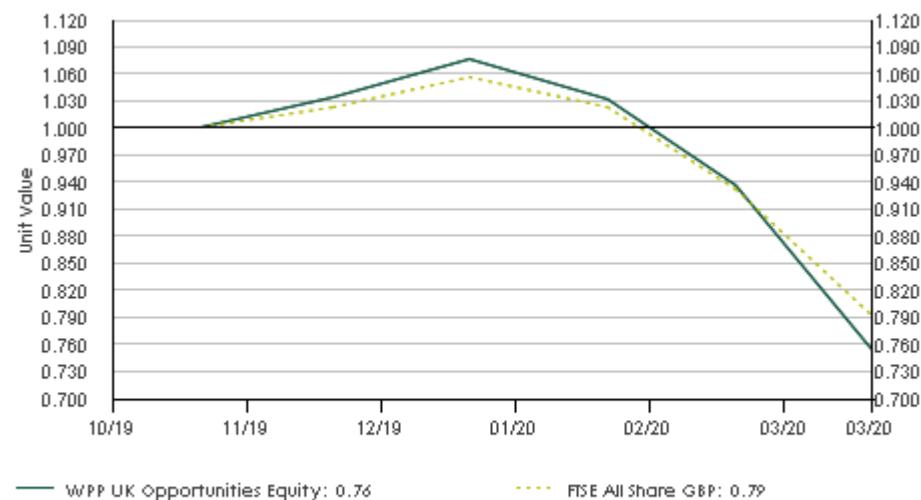
Page 169

Page 70

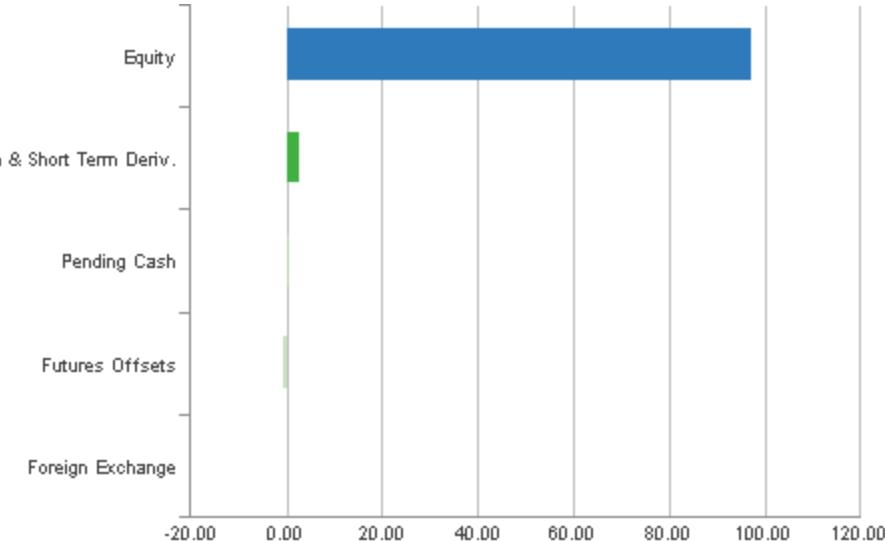
WPP UK Opportunities Fund Summary

Account/Group -Rate of Return	E.MV-GOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
WPP UK Opportunities Equity	480,052,962	100.00	-19.28	-29.84	-	-24.46	11/10/2019
W P P U K O P P S E Q R C	471,241,777	98.16	-19.37	-29.89	-	-24.54	11/10/2019
RI - Overlays	6,771,887	1.41	-	-	-	-	11/10/2019

GROWTH OVER TIME - INCEPTION TO DATE - TOTAL FUND GROSS OF FEES



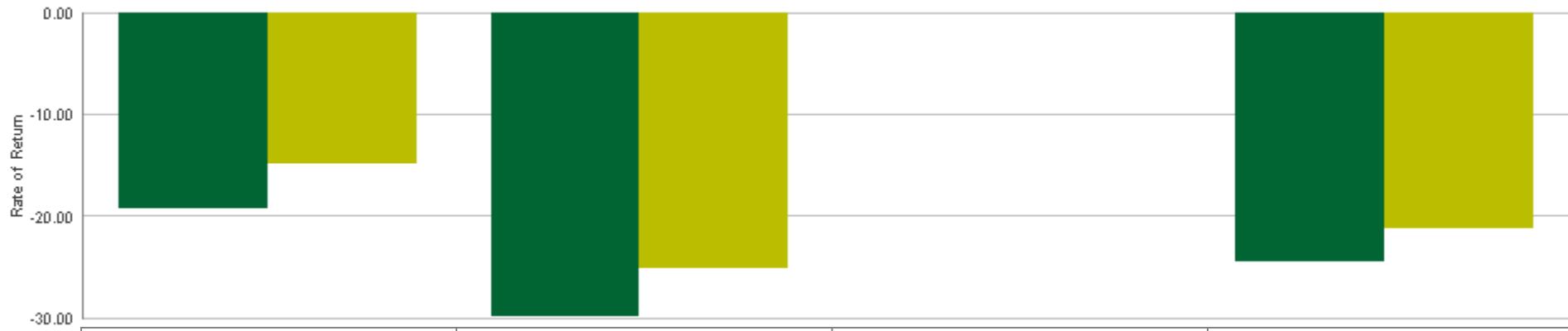
ASSET CLASS ENDING WEIGHTS



Total Fund Gross of Fees

Account/Group -Rate of Return	E.MV-GOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
WPP UK Opportunities Equity	480,052,962	100.00	-19.28	-29.84	-	-24.46	11/10/2019
FTSE All-Share			-15.07	-25.13	-	-20.83	11/10/2019
Excess Return			-4.22	-4.71	-	-3.64	11/10/2019
W PP UK OPPS EQ RC	471,241,777	98.16	-19.37	-29.89	-	-24.54	11/10/2019
FTSE All-Share			-15.07	-25.13	-	-20.83	11/10/2019
Excess Return			-4.31	-4.76	-	-3.71	11/10/2019
RI - Overlays	6,771,887		-	-	-	-	11/10/2019

WPP UK OPPORTUNITIES EQUITY TOTAL FUND GROSS OF FEES



	One Month	Three Months	One Year	ITD
Fund	-19.28	-29.84	-	-24.46
Index	-14.99	-25.22	-	-21.25

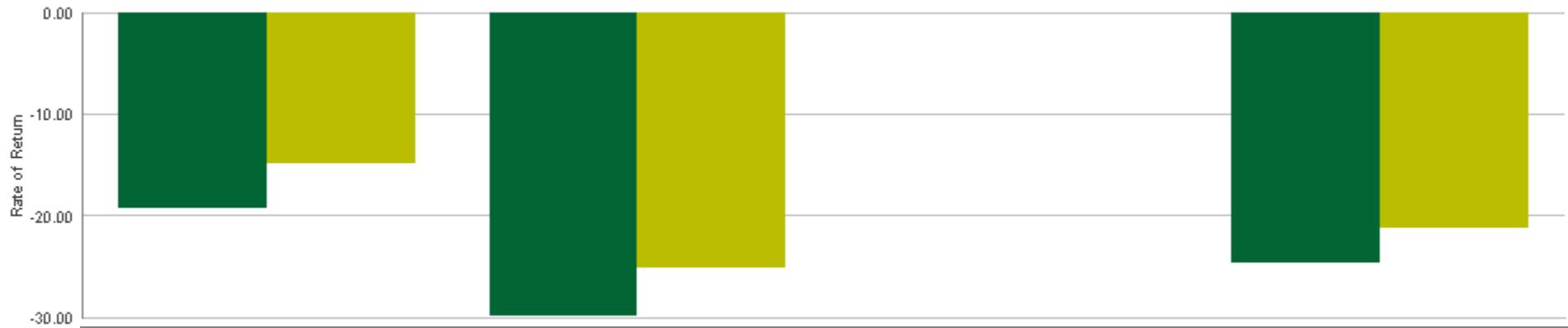
Index: FTSE UK IMI

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Total Fund Net of Fees

Account/Group -Rate of Return	E.MV-NOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
WPP UK Opportunities Equity	479,798,532	100.00	-19.32	-29.93	-	-24.63	11/10/2019
FTSE All Share			-15.07	-25.13	-	-20.83	11/10/2019
Excess Return			-4.26	-4.80	-	-3.81	11/10/2019
W PP UK OPPS EQ RC	471,083,306	98.18	-19.41	-29.97	-	-24.69	11/10/2019
FTSE All-Share			-15.07	-25.13	-	-20.83	11/10/2019
Excess Return			-4.34	-4.84	-	-3.86	11/10/2019
RI - Overlays	6,769,719		-	-	-	-	11/10/2019

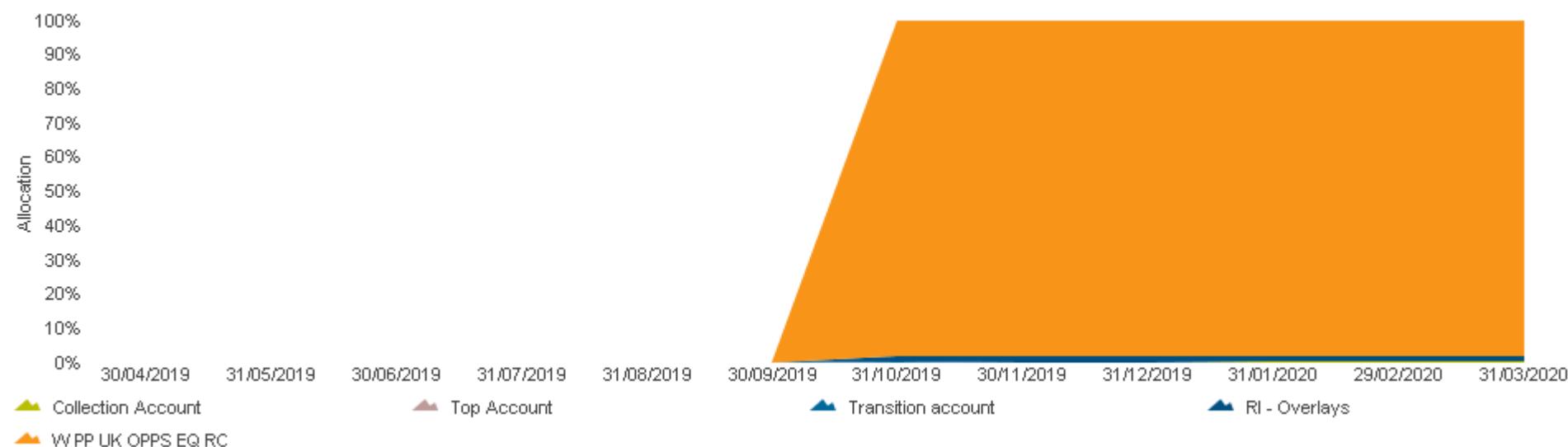
WPP UK OPPORTUNITIES EQUITY TOTAL FUND NET OF FEES



	One Month	Three Months	One Year	ITD
Fund	-19.32	-29.93	-	-24.63
Index	-14.99	-25.22	-	-21.25

Index: MS UK IMI

Allocation over Time



Account / Group	31/12/2019		31/01/2020		29/02/2020		31/03/2020	
	Market Value	Actual Weight						
WPP UK Opportunities Equity	685,363,821	100.00	656,908,128	100.00	595,236,641	100.00	480,052,962	100.00
Collection Account	366,498	0.05	2,068,806	0.31	2,068,806	0.35	2,035,711	0.42
RI - Overlays	11,774,735	1.72	9,506,583	1.45	8,224,134	1.38	6,771,887	1.41
Top Account	0	0.00	0	0.00	0	0.00	0	0.00
Transition account	3,004	0.00	3,004	0.00	3,587	0.00	3,587	0.00
W PP UK OPPS EQ RC	673,219,584	98.23	645,329,735	98.24	584,940,114	98.27	471,241,777	98.16

Regional Performance

Category	Ending Market value GBP - GOF	Ending Weight	Base Rates of Return			
			One Month	Three Months	One Year	Inception to Date
WPP UK Opportunities Equity	480,052,962	100.00	-19.28	-29.84	-	-24.46
Total Fund - Foreign Exchange	480,055,004	100.00	-19.28	-29.83	-	-24.45
Equity	467,460,067	97.38	-19.15	-29.73	-	-24.41
Australia	-	-	-	-	-	-
Brazil	-	-	-	-	-	-
Canada	4,545,542	0.95	-8.12	-7.87	-	3.59
China	-	-	-	-	-	-
Denmark	224,872	0.05	-5.60	-32.43	-	-
France	1,453,266	0.30	-5.93	-11.35	-	-21.52
Germany	791,136	0.16	-20.13	-34.06	-	-25.43
Guernsey	3,610,848	0.75	-13.82	-8.41	-	-8.82
Hong Kong	-	-	-	-	-	-
India	-	-	-	-	-	-
Ireland	3,451,263	0.72	-19.02	-30.89	-	-19.78
Italy	324,594	0.07	-23.42	-30.13	-	-29.33
Japan	-	-	-	-	-	-
Netherlands	549,596	0.11	1.68	-13.66	-	-25.09
Norway	-	-	-	-	-	-
Republic of Korea	-	-	-	-	-	-
Russian Federation	-	-	-	-	-	-
Singapore	-	-	-	-	-	-
South Africa	823,504	0.17	-41.51	-50.95	-	-33.53
Spain	765,086	0.16	-54.41	-65.58	-	-
Sweden	-	-	-	-	-	-
Switzerland	617,272	0.13	4.95	-3.73	-	1.58
Taiwan	-	-	-	-	-	-
United Kingdom	441,953,726	92.06	-19.18	-30.00	-	-24.71
United States	8,349,362	1.74	-23.27	-29.96	-	-25.05
Futures Offsets	-3,324,945	-0.69	0.00	0.62	-	0.62
Cash & Short Term Deriv.	12,830,392	2.67	0.58	1.38	-	1.49
Pending Cash	3,089,490	0.64	11.80	4.77	-	4.24
Foreign Exchange	-2,042	-0.00	-	-	-	-

Category	Ending Market value GBP - GOF	Ending Weight	Base Rates of Return			
			One Month	Three Months	One Year	Inception to Date
Other Assets	-	-	-	-	-	-

SECTION 2

Appendix

Investment Risk & Analytical Services

March 31, 2020

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