

Document Pack



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

TUESDAY, 14TH SEPTEMBER, 2021

**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 A.M. ON WEDNESDAY, 22ND
SEPTEMBER, 2021** 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.***

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**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 TED PALMER

GWYNEDD COUNTY COUNCIL

COUNCILLOR PEREDUR JENKINS

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. APOLOGIES FOR ABSENCE
2. DECLARATIONS OF INTEREST
3. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE JOINT COMMITTEE HELD ON THE 28TH JULY, 2021. 5 - 12
4. HOST AUTHORITY UPDATE 13 - 16
5. RISK REGISTER Q3 2021 REVIEW 17 - 24
6. OPERATOR UPDATE 25 - 38
7. PERFORMANCE REPORTS AS AT 30/06/21 39 - 58
8. EXCLUSION OF THE PUBLIC
THE REPORTS RELATING TO THE FOLLOWING ITEMS ARE NOT FOR PUBLICATION AS THEY CONTAIN EXEMPT INFORMATION AS DEFINED IN PARAGRAPH 14 OF PART 4 OF SCHEDULE 12A TO THE LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) (WALES) ORDER 2007. IF, FOLLOWING THE APPLICATION OF THE PUBLIC INTEREST TEST, THE JOINT COMMITTEE RESOLVES PURSUANT TO THE ACT TO CONSIDER THESE ITEMS IN PRIVATE, THE PUBLIC WILL BE EXCLUDED FROM THE MEETING DURING SUCH CONSIDERATION
9. SUB FUND MANAGER CHANGES 59 - 72
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WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

WEDNESDAY, 28TH JULY, 2021

PRESENT: Councillor C. Lloyd [Chair]

Councillors:

G. Caron, P. Jenkins, P. Lewis, M. Norris, T. Palmer, C. Weaver and D.E. Williams

The following officers were in attendance:

C. Moore - Joint Committee Section 151 Officer (CCC)
L. Rees-Jones - Joint Committee Monitoring Officer (CCC)
C. Lee - Corporate Director of Resources (CoC)
P. Griffiths - Service Director Finance and Improvement (RCT)
N. Aurelius - Assistant Chief Executive - Resources (TCC)
P. Latham - Head Clwyd Pension Fund (FCC)
J. Thomas - Head of Financial Services (PCC)
J. Dong - Deputy S151 Officer/ Chief Finance Officer (C&CS)
D. Edwards - Chief Finance Officer (GCC)
A. Parnell - Treasury & Pension Investments Manager (CCC)
T. Williams - Senior Financial Services Officer (CCC)
M. Evans Thomas - Principal Democratic Services Officer (CCC) [Note Taker]
M. Davies - Democratic Services Officer (CCC) [Assisting]
S. Hendy – Member Services Officer [Webcasting]
A. Eynon – Simultaneous Translator (CCC)

Also in attendance to present reports:

J. Garcia – Audit Wales
I. Colvin – Hymans Robertson
J. Wright - Hymans Robertson
E. Gough - Link Fund Solutions
R. Thornton - Link Fund Solutions
D. Armstrong – Northern Trust
N. Round – Northern Trust
R. Smith – Northern Trust
A. Knell - Robeco
K. Robertson – Robeco
J. Leggate - Russell Investments
T. Paik - Russell Investments
A. Quinn - Russell Investments
S. Soerensen – Russell Investments

Also present as observers:

A. Bull - Pensions Investment Manager (TCC)
M. Falconer – Pension Manager (CoC)
C. Hurst - Pension Fund Manager (PCC)
D. Jones-Thomas, Investment Manager (GCC)
G. Watkins - Revenue Services Manager (CoC)
Y. Keitch - Principal Accountant (RCT)



Virtual Meeting : 10.00 am - 12.10 pm

1. APPOINTMENT OF CHAIR OF THE JOINT GOVERNANCE COMMITTEE FOR THE FORTHCOMING CALENDAR YEAR

UNANIMOUSLY RESOLVED that Councillor Clive Lloyd be appointed Chair of the Joint Governance Committee for the forthcoming calendar year.

The outgoing Chair was thanked for his hard work and contribution to the Joint Committee during his period as Chair.

2. APPOINTMENT OF VICE-CHAIR OF THE JOINT GOVERNANCE COMMITTEE FOR THE FORTHCOMING CALENDAR YEAR

UNANIMOUSLY RESOLVED that Councillor Chris Weaver be appointed Vice-Chair of the Joint Governance Committee for the forthcoming calendar year.

3. APOLOGIES FOR ABSENCE

There were no apologies for absence.

4. DECLARATIONS OF INTEREST

Member	Agenda Item No.	Interest
Cllr. G. Caron	All agenda items	He is a paying member and receiving member of the Greater Gwent Pension Fund, his wife is a deferred member and his son-in-law is a member.
Cllr. P. Lewis	All agenda items	Member of the Powys Pension Fund
Cllr. C. Lloyd	All agenda items	Member of the City & County of Swansea Pension Fund
Cllr. M. Norris	All agenda items	Member of the Rhondda Cynon Taf Pension Fund
Cllr. T. Palmer	All agenda items	His partner and daughter are members of the Clwyd Pension Fund
Cllr. E. Williams	All agenda items	Member of the 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.]

5. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE JOINT COMMITTEE HELD ON THE 24TH MARCH 2021

UNANIMOUSLY RESOLVED that the minutes of the Joint Governance Committee meeting held on 24th March, 2021 be signed as a correct record.

6. ANNUAL RETURN / AUDIT 2020/21

[NOTE: Councillors G. Caron, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee Section 151 Officer presented the audited Annual Return for 2020/21. The Accounting Statements and Annual Governance Statement sections of the Annual Return had been prepared by the Host Authority whose Internal Audit Section had carried out an Internal Audit Review.

The Annual Return had also been audited by Audit Wales and Mr Jason Garcia of Audit Wales presented the audit letter to the Joint Committee.

The Host Authority had also prepared a full Statement of Accounts for the Wales Pension Partnership for 2020/21. The Statement was not a statutory requirement and would not be audited. It has been prepared for information purposes only, to support the information included in the Annual Report.

RESOLVED

- 6.1 That the letter from Audit Wales regarding the WPP 2020/21 Annual Return be received;**
- 6.2 That the Audited Annual Return for 2020/21 be approved;**
- 6.3 That the Unaudited full Statement of Accounts for 2020/21 be approved.**

7. HOST AUTHORITY UPDATE

[NOTE: Councillors G. Caron, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received a progress update in relation to the following key areas:

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

UNANIMOUSLY RESOLVED that the Host Authority update be received.

8. RISK REGISTER Q2 2021 REVIEW

[NOTE: Councillors G. Caron, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered the Risk Register Q2 2021 Review. During the last quarter the Officer Working Group had undertaken a review of some of the



risks within the Governance and Regulation section of the Risk Register i.e. Risks G.7 to G.12. The report summarised the review outcomes of each risk.

During the review two additional risks were identified and added to the Risk Register, as follows:-

G.13 - the risk of confidential/ commercially sensitive data being leaked, stolen or misplaced, and

G.14 - the risk of the WPP failing to identify and taking measures to remedy malpractice.

UNANIMOUSLY RESOLVED that the amendments to the WPP Risk Register, as detailed in the report, be approved

9. ANNUAL POLICY REVIEWS

[NOTE: Councillors G. Caron, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received a report detailing the Annual Policy Reviews undertaken on the following policies:-

- Conflicts of Interest Policy
- Risk Policy
- Climate Risk Policy

These policies were approved by the JGC in July 2020 and had been reviewed and updated by the Officer Working Group.

With regard to the Conflicts of Interest Policy, reference was made to 16.2 and officers were asked if it was really necessary for members to declare an interest in all agenda items and at every meeting and couldn't an annual declaration be made instead. The Joint Committee Monitoring Officer explained that it was a requirement of the Code of Conduct that members declare any conflicts of interest at every meeting.

UNANIMOUSLY RESOLVED that the updated policies, as detailed above, be approved.

10. OPERATOR UPDATE

[NOTE: Councillors G. Caron, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received a presentation on the progress of the Wales Pension Partnership in relation to the following key areas:

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



The report also provided an updated 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

UNANIMOUSLY RESOLVED that the Operator Update be received.

11. PERFORMANCE REPORTS AS AT 31ST MARCH 2021

[NOTE: Councillors G. Caron, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received a presentation on the Performance Reports as at 31st March, 2021. It was noted that the sub funds had outperformed/underperformed against their respective benchmarks, as follows:

- Global Opportunities – outperformed by 2.29% gross / 1.91% net
- Global Growth – outperformed by 3.42% gross / 2.96% net
- UK Opportunities - outperformed by 4.45% gross / 4.00% net
- Global Government Bond – outperformed by 1.83% gross / 1.71% net
- Global Credit – outperformed by 1.22% gross / 1.12% net
- Multi Asset Credit – outperformed by 3.61% gross / 3.33% net
- Absolute Return Bond – outperformed by 1.26% gross / 1.02% net
- UK Credit – underperformed by 0.15% gross / 0.22% net

In response to a question asking who was responsible for tracking passive investments, the Joint Committee was informed that Blackrock had that responsibility, however, it was a matter for each constituent authority how they monitor their passive investments with Blackrock.

UNANIMOUSLY RESOLVED that the Performance Reports of the sub-funds, as detailed above, as at 31st March, 2021 be noted.

12. EXCLUSION OF THE PUBLIC

UNANIMOUSLY 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.

13. EMERGING MARKETS SUB FUND – MANAGER CHANGE

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute 12 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 Pension Fund by prejudicing ongoing and future negotiations.

[NOTE: Councillors G. Caron, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered a report proposing the replacement of one of the Sub Fund Managers from the original line up.

UNANIMOUSLY RESOLVED that the proposed manager change, as detailed in the report, be approved.

14. GLOBAL SECURITIES LENDING REVIEW AS AT 31ST MARCH 2021

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute 12 above, to consider this matter in private, with the public excluded from the meeting, as disclosure would adversely impact on the WPP by disadvantaging negotiations.

[NOTE: Councillors G. Caron, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received a report on the Global Securities Lending Review.

UNANIMOUSLY RESOLVED that the Global Securities Lending Review as at 31st March, 2021 be noted.

15. ROBECO ENGAGEMENT SERVICE – Q1 2021 ENGAGEMENT REPORT

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute 12 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 Pension Fund by prejudicing ongoing and future negotiations.

[NOTE: Councillors G. Caron, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received the Engagement Report for Q1 of 2021.

UNANIMOUSLY RESOLVED that the Engagement Report for Q1 of 2021 be received.

16. RESPONSIBLE INVESTMENT AND CLIMATE RISK REPORTS Q1 2021

Following the application of the public interest test it was UNANIMOUSLY RESOLVED, pursuant to the Act referred to in Minute 12 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 Pension Fund by prejudicing ongoing and future negotiations.



[NOTE: Councillors G. Caron, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee received the Responsible Investment and Climate Risk reports in respect of the following funds:-

- Global Growth Sub Fund
- Global Opportunities Sub Fund
- UK Opportunities Sub Fund

UNANIMOUSLY RESOLVED that the Responsible Investment and Climate Risk Reports for Q1 of 2021 be received.

17. WALES PENSION PARTNERSHIP ALLOCATOR ADVISOR

Following the application of the public interest test it was **UNANIMOUSLY RESOLVED**, pursuant to the Act referred to in Minute 12 above, to consider this matter in private, with the public excluded from the meeting, as disclosure would adversely impact upon the Pension Fund by potentially prejudicing the procurement process.

[NOTE: Councillors G. Caron, P. Lewis, C. Lloyd, M. Norris, T. Palmer and E. Williams had earlier declared an interest in this item.]

The Joint Committee considered a report proposing the appointment of an Allocator Advisor for the WPP, in line with Schedule 3 of the Inter Authority Agreement.

UNANIMOUSLY RESOLVED that bidder 1, as detailed in the report, be appointed as the preferred bidder for the Wales Pension Partnership Allocator Advisor, subject to the terms detailed within the report.

CHAIR

DATE



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WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

DATE 22 SEPTEMBER 2021

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

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Director of Corporate Services

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EXECUTIVE SUMMARY
JOINT GOVERNANCE COMMITTEE
DATE 22 SEPTEMBER 2021

HOST AUTHORITY UPDATE

BRIEF SUMMARY OF PURPOSE OF REPORT

The WPP Business Plan for 2021/22 was approved by the JGC on 24 March 2021.

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

- 2020/21 Annual Report
- MHCLG Update
- Operator Review - quarterly meetings continue to be held with the Host Authority, Link and Hymans Robertson
- Private Markets Allocator procurement process
- OWG Sub-Groups:
 - Private Markets sub-group
 - Responsible Investment sub-group
 - Risk Register sub-group

Next Steps / Priorities:

- Become a signatory to the UK Stewardship Code
- IAA addendum – seek formal approval from all eight Constituent Authorities
- Scheme Member Rep – commence appointment process
- Launch of the Emerging Markets Sub-fund – 20 October 2021
- Development of Private Markets Sub-Funds:
 - September 2021 to February 2022 - Procurement of Private Debt, Private Equity and Infrastructure (x2) Allocators
 - 23 March 2022 – JGC to approve Allocator appointments
 - March 2022 to December 2022 – Private Debt, Private Equity and Infrastructure sub funds to be developed, approved and launched
- Operator Review:
 - report to be brought to the December 2021 JGC

Other key areas:

- Training – training sessions continue to be undertaken virtually
- Website – the website continues to be updated with relevant news and publications

DETAILED REPORT ATTACHED?

NO

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: THERE ARE NONE.		
Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

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WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

DATE 22 SEPTEMBER 2021

SUBJECT

RISK REGISTER Q3 2021 REVIEW

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

To approve the amendments to the WPP Risk Register

REASONS:

The Wales Pension Partnership (WPP) Risk Register was formulated and approved by the JGC on 17 July 2020. The Officers Working Group (OWG) has carried out a quarterly review of the register, looking at the Training & Resources and Communication risk sections.

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Chris Moore

Designation:
Director of Corporate Services

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Council**

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**EXECUTIVE SUMMARY
JOINT GOVERNANCE COMMITTEE**

DATE 22 SEPTEMBER 2021

RISK REGISTER Q3 2021 REVIEW

BRIEF SUMMARY OF PURPOSE OF REPORT

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 initial Risk Register was approved by the JGC on 17 July 2020. The OWG is responsible for maintaining the WPP Risk Register and reporting back any changes or developments to the JGC on a quarterly basis.

During the last quarter, a review has taken place of the training resources and communication risks. The summary sheet attached summarises the review outcomes of each risk. This completes the first-year annual review of the Risk Register.

The OWG has a dedicated WPP Risk Sub-Group to take ownership of the WPP Risk Register and the quarterly review of this document. The next review will take place in Q4 2021 and will focus on the Investment Section Risks.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

The Risk Register is 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:

THERE ARE NONE.

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

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WPP Risk Register Update – September 2021 JGC

Risk	Focus of the Risk	Target Risk Score	Current Risk Score	Current Status	Responsible Party	Comments
T.1	The WPP fails to maintain and foster appropriate expertise and knowledge amongst relevant personnel	3	3	👍	OWG	<ul style="list-style-type: none"> Current risk score has been reduced to 3, in line with the target score The key reasons for the reduction are as follows: <ul style="list-style-type: none"> induction training has now been delivered to all JGC members with very positive feedback other training events, as per the training plan, have been run virtually through the COVID period
T.2	The WPP makes inappropriate or untimely decisions	4	4	👍	OWG	<ul style="list-style-type: none"> No significant updates
T.3	The WPP fails to attract, appoint and retain personnel, suppliers and providers.	4	4	👍	OWG	<ul style="list-style-type: none"> No significant updates
T.4	Key Personnel Risk at Host Authority	10	10	👍	OWG	<ul style="list-style-type: none"> The target score has been reduced to 10, due to the reduction of the probability rating from 3 to 2 – this means the current score is now on target The key reason for the reduction of the probability rating is the addition of additional risk controls, such as identification of skilled WPP and third-party resource that could be used to fill any short-medium term resourcing gaps at the Host Authority
C.1	The WPP fails to effectively communicate and engage with internal stakeholders.	4	8	👎	OWG	<ul style="list-style-type: none"> There has been no change to the risk score from the last review It is anticipated that once scheme member representation has been implemented (which is in progress), the risk score will be lowered to 4 and 'on target'
C.2	The WPP fails to effectively communicate and engage with external stakeholders	4	4	👍	OWG	<ul style="list-style-type: none"> The severity rating on this risk has been increased to 4 for both the target and current scores The key reason for the increase in the severity rating is the revised assessment of the impact ineffective communication may have on WPP's reputation and operation
C.3	Advice and relevant information is not presented in a way that aids decisions making	4	4	👍	OWG	<ul style="list-style-type: none"> The severity rating on this risk has been increased to 4 for both the target and current scores The key reason for the increase in the severity rating is the revised assessment of the impact ineffective communication of advice/information may have on WPP's reputation, operation and finances

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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. Potential for risk to increase during local election period. 	Knowledge gaps result in ineffective action, inability to deliver on responsibilities and inappropriate decision making.	<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 (for example induction training which is now in place) Publication of WPP Annual Training Plan Outsourcing training requirements to specialists when required Outsourcing tasks to expert advisers when required level of expertise cannot be met internally 	3	1	3		N/A	OWG	During COVID, the training events have and continue to be undertaken virtually. Training plan in place & in progress. Induction delivered to all JGC members with positive feedback. Governance documents pack also shared as part of the induction. Noted that there may be IGC changes as a result of local elections but the impact of this and any additional actions required will be assessed at that time.
	Operational / Reputational / Financial										
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 priorities. Lack of engagement or attendance from relevant personnel. Decision made are not picked up internally in a timely manner. 	The WPP makes inappropriate decisions. Delays in decision making reduces the effectiveness of decisions and/ or leads to a negative impact	<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 	4	1	4		N/A	OWG	N/A
	Operational / Reputational / Financial										
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 which due to a lack of information/ knowledge/ advice. The WPP has insufficient resources to carry out its work and deliver on its duty to stakeholders. 	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.	<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 	4	1	4		N/A	OWG	N/A
	Operational / Reputational / Financial										
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. 	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.	<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 OWG personnel & Hymans are skilled to a point that they could step in to fulfil short term skills gaps. Robust filing, policies & processes in place to allow for quick & efficient take over. 	5	2	10			OWG	Work HA do could possibly be covered in the short term by others in the OWG. Also Hymans could fulfil roles in the short term - this has been utilised to cover short term resource gaps. Target revised to 5 & 2 to reflect the feasibility of mitigating the risk.
	Operational/ Reputational / Financial										

Communication 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
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. 	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 inefficiencies, reputational risk, alienation and a loss of engagement from key stakeholders.	WPP Personnel	<ul style="list-style-type: none"> WPP communication policy covers internal communication which is reviewed annually Use of a documents portal for internal users Use of multiple communication channels Regular engagement with internal stakeholders (e.g. meetings, bi-weekly calls and emails) Regular questionnaires issued to CA's Regular use of sub-groups where required 	Current			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. Implementation of scheme member representation on the JGC	OWG	Annual review of WPP's comms policy has taken place, alongside communication approach. Formalisation of appointment of scheme member representation in early stages.
	Reputational / Operational					4	2	8			
						Target					
						4	1	4		Q3 2022	
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. 	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.	WPP Personnel	<ul style="list-style-type: none"> WPP communication policy covers external communication which is reviewed annually. WPP website regularly maintained 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 and report published 	Current			N/A	OWG	The risk group discussed the severity of all communication risks and agreed that the severity score of all is the same. All risks now have a severity score of 4.
	Reputational / Operational					4	1	4			
						Target					
						4	1	4		Q3 2022	
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. 	The WPP makes inappropriate decisions due to a lack of information and/ or advice. Inappropriate decisions result in inefficiencies/ financial risk and reputational risk	WPP Personnel/ The Operator/ Investment Manager/ Oversight Adviser/ Other Advisers and Suppliers	<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 normal shared with the HA, for a sensibility check, prior to being shared or presented The WPP's governance structure allows for multiple checks and balance prior to decisions being made 	Current			N/A	OWG	The risk group discussed the severity of all communication risks and agreed that the severity score of all is the same. All risks now have a severity score of 4.
	Operational / Reputational / Financial					4	1	4			
						Target					
						4	1	4		Q3 2022	



WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

DATE 22 SEPTEMBER 2021

<p align="center">SUBJECT</p> <p align="center">OPERATOR UPDATE</p>		
<p>RECOMMENDATIONS / KEY DECISIONS REQUIRED:</p> <p>To receive a presentation from the Operator on the progress of the Wales Pension Partnership</p>		
<p>REASONS:</p> <p>The operator to provide an update on the following key areas:</p> <ul style="list-style-type: none"> • Current Fund Holdings • Fund Launch Progress • Corporate Update and Engagement 		
<p>Report Author: Chris Moore</p>	<p>Designation: Director of Corporate Services Carmarthenshire County Council</p>	<p>Tel No. 01267 224160</p> <p>E. Mail: CMoore@carmarthenshire.gov.uk</p>

**EXECUTIVE SUMMARY
JOINT GOVERNANCE COMMITTEE
DATE 22 SEPTEMBER 2021**

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

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

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

THERE ARE NONE

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

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Wales Pension Partnership

Joint Governance Committee

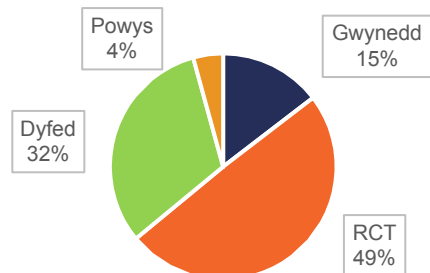
22nd September 2021

June 2021 LF Wales PP Fund Snapshot

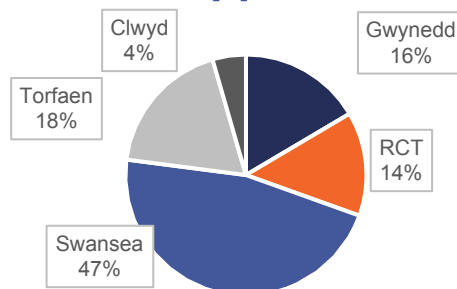
Key:

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

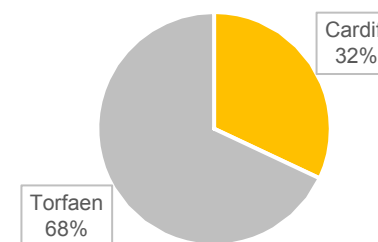
Global Growth



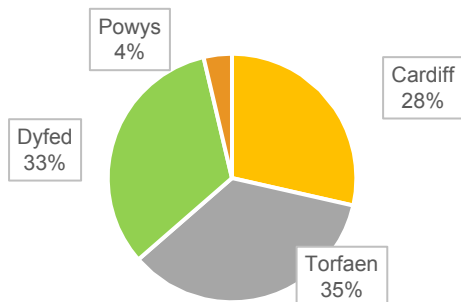
Global Opportunities



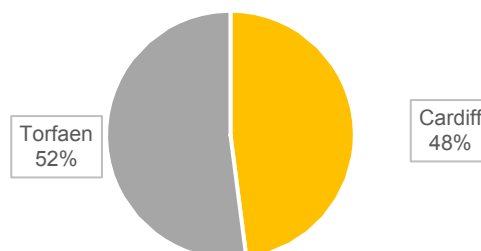
UK Opportunities



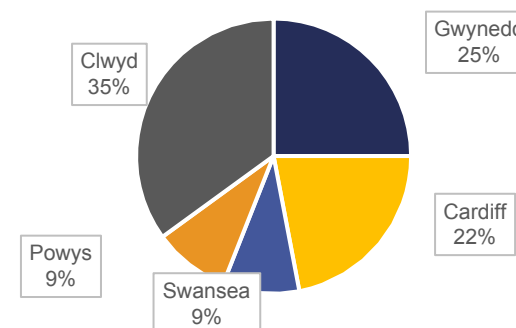
Global Credit



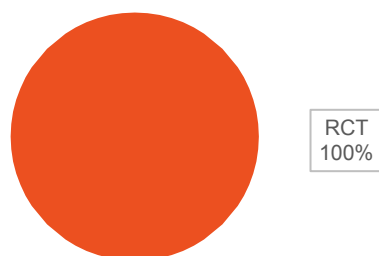
Global Gov. Bond



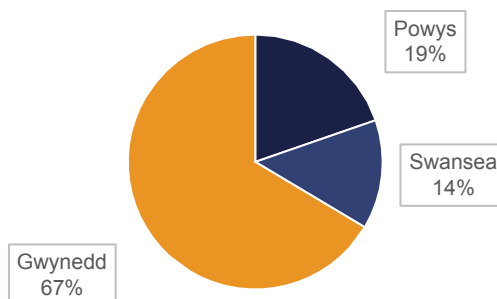
Multi Asset Credit



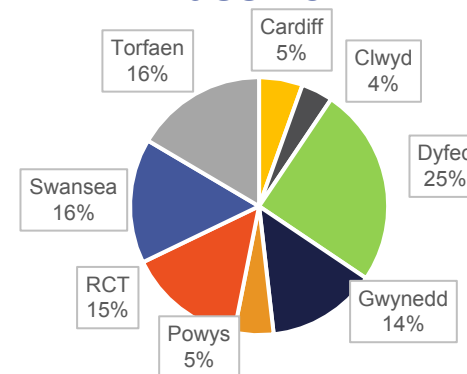
Sterling Credit



Absolute Return Bnd



Passive



June 2021 LF Wales PP Fund Snapshot

Fund	AUM	Inception date
Global Growth	£3,208,540,164	6 th Feb 2019
Global Opportunities	£2,792,178,410	14 th Feb 2019
UK Opportunities	£751,880,470	10 th Oct 2019
Global Credit	£810,037,012	21 st Aug 2020
Global Government Bond	£530,955,066	20 th Aug 2020
Multi Asset Credit	£714,417,901	12 th Aug 2020
Sterling Credit	£563,785,051	19 th Aug 2020
Absolute Return Bond	£460,885,763	30 th Sept 2020
Total Active Investments	£9,832,679,837	
Total Passive Investments	£5,274,037,932	
Total Pooled Assets	£15,106,717,769	

Note: All data as at 30th June 2021

Fund Launch Progress Report

Tranche 4 & other updates

Open Launch Activity

Key Achievements & Updates

Fund Launches Progress				
	Overview	Status	Progress in period	Launch / completion dates
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 	In progress	<ul style="list-style-type: none"> FCA approval received 22nd March Operational setup underway for launch end in October Transition plan under review Revised launch date 20th October 	October 2021
Fund prospectus updates	<ul style="list-style-type: none"> Proposed in-flight prospectus updates 		<ul style="list-style-type: none"> Review of prospectus language to align all sub funds under PS19/4 requirements - LFS to determine if this will require filing or full FCA approval (in line with other updates) Baillie Gifford GAPA: implementation of a carbon screening process on the BG sleeve of the GG fund 	Q3

LFS Corporate Update & Engagement

LFS Corporate Update & Engagement

LFS updates

- Duncan Lowman, Head of Client Coverage has left Link Fund Solutions Ltd on July 6th 2021 to join another financial services organisation (asset services)

Key Q2 and future WPP Engagement

Link attendance at OWG/JGC meetings in period:

- OWG 4th May 2021

Link attendance at OWG/JGC meetings in next quarter:

- JGC 28th July 2021
- OWG 19th July 2021

Link - Pension Committee attendance in period:

- None

Link - Pension Committee attendance in next quarter :

- None planned

Other meetings in period

- Pension Board Chairs – 29th April
- Operator review meeting – 18th May 2021 & 29th June 2021
- Host Authority update – occurs bi-weekly
- Working group - occurs bi-weekly

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
	<ul style="list-style-type: none"> ▪ Bi-annual 	<ul style="list-style-type: none"> ▪ 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 ▪ Richard Thornton, Head of Relationship Management, Asset Owners
JGC Engagement	Frequency	Objective
	<ul style="list-style-type: none"> ▪ Quarterly 	<ul style="list-style-type: none"> ▪ Engage with JGC on pertinent matters and strategic deliverables
WPP Attendees <ul style="list-style-type: none"> ▪ Joint Governance Committee (JGC) 		Link Attendees <ul style="list-style-type: none"> ▪ Karl Midl, Managing Director / Adam Tookey, Head of Product – as required ▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ Eamonn Gough, Senior Relationship Manager ▪ Russell Investments
OWG Engagement	Frequency	Objective
	<ul style="list-style-type: none"> ▪ Every 2 Months 	<ul style="list-style-type: none"> ▪ Identify and deliver on opportunities to improve and expand the relationship ▪ Provide update on open projects or issues ▪ Monthly KPI Review (Data supplied 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 ▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ Adam Tookey, Head of Product (as required) ▪ Alistair Coyle, Relationship Manager (as required) ▪ Ad-hoc Link attendance from functional departments: Tax, Compliance, Product, etc. ▪ Russell Investments

Link Engagement Protocol continued...

Business as Usual

Host Authority Update	Frequency	Objective
	<ul style="list-style-type: none"> ▪ 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"> ▪ Anthony Parnell ▪ Tracey Williams 		<ul style="list-style-type: none"> ▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ Eamonn Gough, Senior Relationship Manager ▪ Alistair Coyle, Relationship Manager (as required) ▪ Clair Baguley, Client Service Manager (as required)
WPP Working Group	Frequency	Objective
	<ul style="list-style-type: none"> ▪ Bi-Weekly 	<ul style="list-style-type: none"> ▪ Regular project call to discuss progress of deliverables
WPP Attendees <ul style="list-style-type: none"> ▪ Officers Working Group (OWG) ▪ Hymans 		<ul style="list-style-type: none"> ▪ Link Client Team ▪ Northern Trust ▪ Russell Investments ▪ Other consultants (e.g. bFinance)
Annual Shareholder Day	Frequency	Objective
	<ul style="list-style-type: none"> ▪ Annual 	<ul style="list-style-type: none"> ▪ Open day for presentations on strategy and performance (with IM)
<ul style="list-style-type: none"> ▪ 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
	<ul style="list-style-type: none"> ▪ 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 ▪ Alistair Coyle, Relationship Manager ▪ Richard Thornton, Head of Relationship Management, Asset Owners ▪ Russell Investments

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WALES PENSION PARTNERSHIP JOINT GOVERNANCE COMMITTEE

DATE 22 SEPTEMBER 2021

SUBJECT

PERFORMANCE REPORTS AS AT 30 JUNE 2021

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

To note the performance reports of the following sub funds as at 30 June 2021:

- **Global Opportunities Equity Fund**
- **Global Growth Equity Fund**
- **UK Opportunities Equity Fund**
- **Global Government Bond Fund**
- **Global Credit Fund**
- **Multi Asset Credit Fund**
- **Absolute Return Bond Strategy Fund**
- **UK Credit Fund**

REASONS:

Northern Trust have prepared performance reports for the WPP sub funds as at 30 June 2021.

Report Author:
Chris Moore

Designation:
Director of Corporate Services

Carmarthenshire County Council

Tel No. 01267 224160

E. Mail:
CMoore@carmarthenshire.gov.uk

EXECUTIVE SUMMARY
JOINT GOVERNANCE COMMITTEE
DATE 22 SEPTEMBER 2021

PERFORMANCE REPORTS AS AT 30 JUNE 2021

BRIEF SUMMARY OF PURPOSE OF REPORT

Northern Trust have provided performance reports for the WPP's sub funds as at 30 June 2021.

Performance - Inception to date:

Global Opportunities Fund	Gross of Fees (%)	Net of Fees (%)
Actual	17.15	16.78
Benchmark	15.43	15.43
Excess Return	1.71	1.35

Global Growth Fund	Gross of Fees (%)	Net of Fees (%)
Actual	18.38	17.91
Benchmark	15.96	15.96
Excess Return	2.42	1.95

UK Opportunities Fund	Gross of Fees (%)	Net of Fees (%)
Actual	6.49	6.04
Benchmark	3.41	3.41
Excess Return	3.07	2.63

Global Government Bond Fund	Gross of Fees (%)	Net of Fees (%)
Actual	0.06	(0.12)
Benchmark	(1.90)	(1.90)
Excess Return	1.96	1.78

Global Credit Fund	Gross of Fees (%)	Net of Fees (%)
Actual	2.40	2.26
Benchmark	0.86	0.86
Excess Return	1.54	1.40

Multi Asset Credit Fund	Gross of Fees (%)	Net of Fees (%)
Actual	8.23	7.83
Benchmark	3.60	3.60
Excess Return	4.63	4.23

Absolute Return Bond Strategy Fund	Gross of Fees (%)	Net of Fees (%)
Actual	2.08	1.73
Benchmark	1.53	1.53
Excess Return	0.55	0.20

UK Credit Fund	Gross of Fees (%)	Net of Fees (%)
Actual	1.79	1.68
Benchmark	1.46	1.46
Excess Return	0.33	0.22

Link and Russell Investments have also provided a summary paper, summarising the performance of each individual fund and providing individual fund commentary.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

The sub funds have outperformed / underperformed their benchmarks, as follows:

- Global Opportunities – outperformed by 1.71% gross / 1.35% net
- Global Growth – outperformed by 2.42% gross / 1.95% net
- UK Opportunities - outperformed by 3.07% gross / 2.63% net
- Global Government Bond – outperformed by 1.96% gross / 1.78% net
- Global Credit – outperformed by 1.54% gross / 1.40% net
- Multi Asset Credit – outperformed by 4.63% gross / 4.23% net
- ARB – outperformed by 0.55% gross / 0.20% net
- UK Credit – outperformed by 0.33% gross / 0.22% 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:

THERE ARE NONE

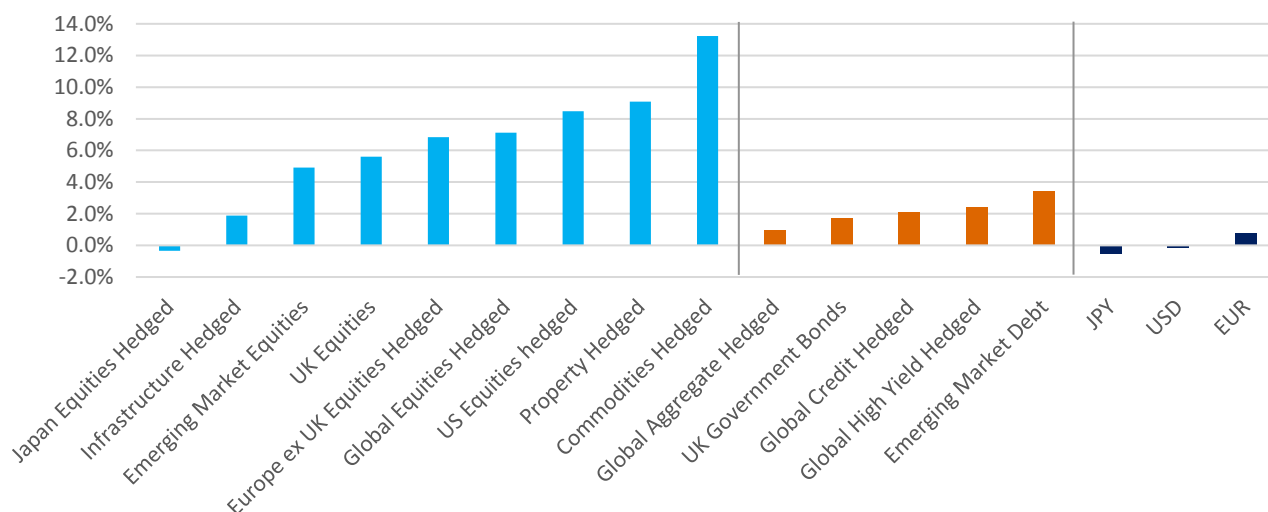
Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

JGC - WPP Performance Summary Q2 2021

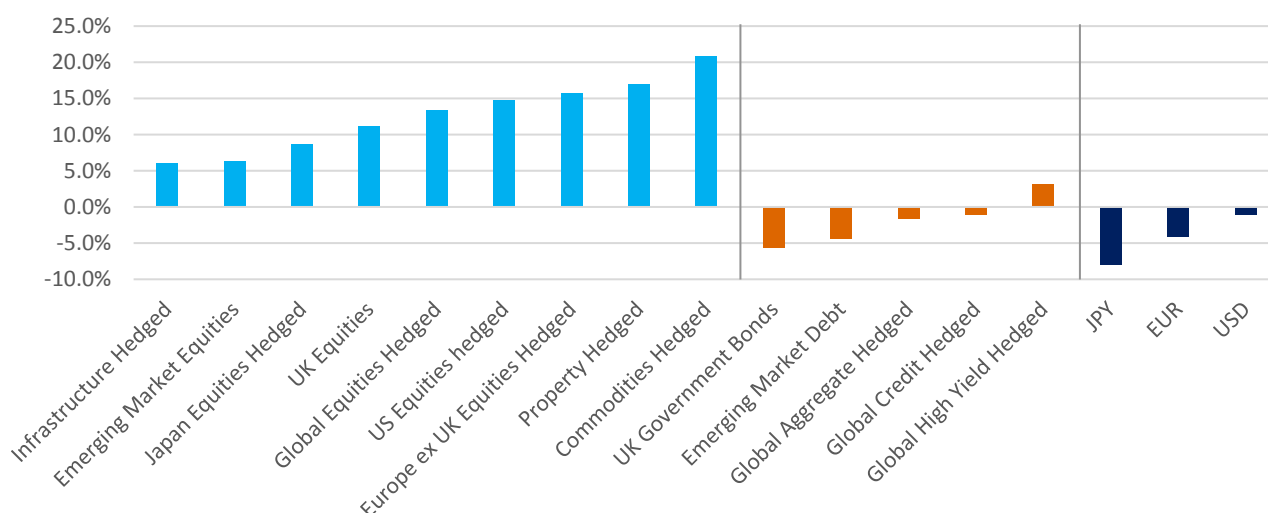
Global Market Commentary

Both global equity and fixed income markets climbed higher in the second quarter. Despite a fragmented start, the continued rollout of Covid-19 vaccines, especially now in Europe, enabled the broader opening of the global economy. Continued accommodative monetary and fiscal policy alongside robust earnings growth provided a supportive environment for risk assets. Global growth equities outperformed their value counterparts within this environment. However, inflation data rose swiftly which caused investor concern, particularly early in the period.

Asset class performance – Quarter to June 2021



Asset class performance – Year to June 2021



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

Global Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
Gross	6.46	27.50	17.15
Net	6.40	27.13	16.78
MSCI AC World Index Net	7.26	24.56	15.43
Excess returns (gross)	-0.80	2.94	1.71

Inception Date: COB 14th February 2019

Overall Fund Commentary

The Fund registered positive absolute returns over the second quarter but finished modestly behind the benchmark on a relative basis. Growth styles outperformed value over the quarter, despite value outperforming on a year-to-date basis. As such, SW Mitchell (growth) finished in line with its benchmark, whilst Sanders (value) struggled over the period. Quality and large cap stocks also performed well, benefitting Oaktree (EM). Alongside deeper value, dividend yield, small caps, momentum and low volatility also underperformed, weighing on the more multi-factored approach of Jacobs Levy and Numeric's low volatility strategy.

Global Growth Equity Fund:

	Three Months	1 Year	Since Inception
Gross	5.77	30.18	18.38
Net	5.67	29.68	17.91
MSCI AC World Index Net	7.26	24.56	15.96
Excess returns (gross)	-1.49	5.61	2.42

Inception Date: 6th February 2019

Overall Fund Commentary

Global equity markets continued to ascend in the June 2021 quarter, with US, European and Emerging Market stocks all performing strongly. Japanese equities declined modestly, partially due to a deteriorating COVID-19 situation. However, the Fund suffered underperformance of its benchmark in the quarter. Pzena's value strategy began the quarter well but suffered during June on the back of investor sentiment, ending the quarter down 4.2% versus its benchmark. The anti-value move was most pronounced in the US and Europe – the portfolio's two highest regional weightings. Veritas also suffered underperformance (-0.4%) along with Baillie Gifford (-0.3%) for the quarter.

UK Market Commentary

UK equities recorded positive monthly returns this period but struggled in June due to concerns around the spread of the COVID delta variant and falling inflation expectations. Investors rotated towards large cap growth stocks this quarter, with cyclical sectors out of favour.

UK Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
Gross	4.19	29.38	6.49
Net	4.08	28.87	6.04
FTSE All Share	5.60	21.45	3.41
Excess returns (gross)	-1.42	7.93	3.07

Inception Date: COB 11th October 2019

Overall Fund Commentary

The Fund underperformed the positive benchmark return in the second quarter. The Fund is balanced between growth and value but also continues to be pro-cyclically positioned. The Fund's pro-cyclical positioning and tilt towards smaller, domestically oriented stocks did not suit the market environment, given a rise in concerns around the COVID-19 delta variant impacting cyclical sectors. Baillie Gifford and Ninety One underperformed, primarily due to negative stock selection. Ninety One also suffered from an unfavourable environment for its value tilt (weakest-performing factor this quarter). In contrast, Lazard and Majedie both outperformed. Liontrust's market-oriented approach was the best-performing strategy this quarter.

Fixed Income Market Commentary

Inflation data rose swiftly this quarter, aided by ongoing fiscal support, higher economic activity and supply-chain constraints. This development forced major central banks to allay investor concerns of imminent rate hikes. In June, investors turned to the belief that these inflationary pressures are transient in nature and became concerned over a declining pace of economic growth. Within this environment, US yields fell and the yield curve flattened, as longer-term yields fell more than their intermediate-term counterparts. UK gilt yields also decreased over the period. Corporate high yield credit remained in demand which led to further spread compression over the second quarter. Global investment-grade credit spreads tightened more modestly in comparison. The investor hunt for yield, accommodative fiscal and monetary support, combined with robust earnings growth and improving economic data, supported market sentiment. Sectors sensitive to the re-opening of the global economy, including transportation, energy and leisure, remained the best-performers so far this year.

Global Government Bond Fund:

	Three Months	Since Inception
Gross	0.85	0.06
Net	0.80	-0.12
FTSE World Gvt Bond Index (GBP Hedged)	0.73	-1.90
Excess returns (gross)	0.12	1.96

Inception Date: COB 19th August 2020

Overall Fund Commentary

The Fund outperformed the benchmark this period. The Fund's exposure to Emerging Market names was a key positive contributor. Currency positioning was also rewarded. European bonds including the benchmark German 10-year bund saw yields increase. This did not suit the Fund's broader underweight duration positioning.

Global Credit Fund:

	Three Months	Since Inception
Gross	2.39	2.40
Net	2.35	2.26
Bloomberg Barclays Global Agg Credit Index (GBP Hedged)	2.10	0.86
Excess returns (gross)	0.29	1.54

Inception Date: COB 20th August 2020

Overall Fund Commentary

The Fund outperformed the benchmark this period. The Fund's corporate credit positioning was rewarded in this environment, particularly the overweight to US HY bonds. Overweight exposure to European HY and IG credit also contributed. Underweight exposure to Emerging Market names detracted from additional outperformance.

Multi Asset Credit Fund:

	Three Months	Since Inception
Gross	1.92	8.23
Net	1.82	7.83
3 Month GBP Sonia + 4%	1.00	3.60

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

Inception Date: COB 11th August 2020

Overall Fund Commentary

The Fund returned above its target over the quarter. The Fed raised their future interest rate expectations at their monthly policy meeting. This suited the floating rate nature of loans, with loans specialist ICG performing well within this environment. The continued re-opening of the economy underpinned strength in US securitised assets. Broad risk appetite amongst investors saw emerging market debt outperform other risk-bearing fixed income.

Absolute Return Bond Strategy Fund:

	Three Months	Since Inception
Gross	-0.19	2.08
Net	-0.30	1.73
3 Month GBP Sonia + 2%	0.51	1.53

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

Inception Date: COB 30th September 2020

Overall Fund Commentary

The Fund returned below its target this quarter. Inflation data rose swiftly this quarter, aided by ongoing fiscal support, higher economic activity and supply-chain constraints. Credit spreads tightened further which contributed to good performance in asset-backed securities. Within this environment, US yields fell and the yield curve flattened, as longer-term yields fell more than their intermediate-term counterparts. UK gilt yields also decreased over the period, whereas European bonds including the benchmark German 10-year bund saw yields increase.

Sterling Credit Fund:

	Three Months	Since Inception
Gross	2.36	1.79
Net	2.33	1.68
ICE Bank of America Merrill Lynch Euro-Sterling Index plus 0.65%	1.88	1.46
Excess returns (Gross)	0.48	0.33

Inception Date: COB 19th August 2020

Overall Fund Commentary

During the quarter the portfolio advanced and outperformed the index and target by 0.48%. The overweight stance in industrial conglomerate GE was the most significant contributor given its exposure to the aerospace sector, which benefited from positive news around the vaccination distribution programme. The company's exposure to the health care sector also benefited from the pandemic. The overweight position in Pension Insurance and Thames Water were the other key contributors to returns.

Fidelity's cross-market quantitative interest rates strategy (which goes long and short different nominal interest rate markets in the developed market space) added value. The preference for the Australian dollar and Canadian interest rate risk supported performance in this respect. Favourable positioning across Gilt yield curve also supported returns.

Wales Pension Partnership

Investment Risk & Analytical Services

June 30, 2021

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SECTION 1

Wales Pension Partnership

Investment Risk & Analytical Services

June 30, 2021

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Investment Hierarchy

Account/Group	Ending Market Value GBP	Ending Weight	% Rate of Return				Inception to Date	Inception Date
			One Month	Three Months	One Year			
Wales Pension Partnership	9,851,301,218	100.00	1.97	4.50	20.07		13.59	06/02/2019
Global Growth Fund	3,211,141,668	32.60	3.30	5.77	30.18		18.38	06/02/2019
MSCI ACWI ND			4.26	7.26	24.56		15.96	06/02/2019
Excess Return			-0.95	-1.49	5.61		2.42	06/02/2019
Global Opportunities Equity	2,794,277,972	28.36	2.91	6.46	27.50		17.15	14/02/2019
MSCI ACWI ND			4.26	7.26	24.56		15.43	14/02/2019
Excess Return			-1.35	-0.80	2.94		1.72	14/02/2019
UK Opportunities Equity	751,880,470	7.63	-0.68	4.19	29.38		6.49	11/10/2019
FTSE All-Share			0.16	5.60	21.45		3.41	11/10/2019
Excess Return			-0.84	-1.42	7.93		3.07	11/10/2019
Global Credit Fund	810,233,415	8.22	1.25	2.39	-		2.40	20/08/2020
Barclays Global Aggregate Credit Index hedged into GBP			1.04	2.10	-		0.86	20/08/2020
Excess Return			0.22	0.29	-		1.54	20/08/2020
Global Government Bond Fund	531,139,365	5.39	0.55	0.85	-		0.06	19/08/2020
FTSE WGBI Index			0.56	0.73	-		-1.90	19/08/2020
Excess Return			-0.01	0.12	-		1.96	19/08/2020
Multi Asset Credit Fund	727,653,587	7.39	-0.62	1.92	-		8.23	11/08/2020
3 month GBP Sonia plus 4%			0.33	1.00	-		3.60	11/08/2020
Excess Return			-0.95	0.93	-		4.63	11/08/2020
Sterling Credit Fund	563,906,331	5.72	1.00	2.36	-		1.79	19/08/2020
ICE BofA ML Eur-Stg plus 0.65%			0.82	1.88	-		1.46	19/08/2020
Excess Return			0.17	0.48	-		0.33	19/08/2020
Absolute Return Bond Fund	461,068,410	4.68	-0.16	-0.19	-		2.08	30/09/2020
3 month GBP Sonia plus 2%			0.17	0.51	-		1.53	30/09/2020
Excess Return			-0.33	-0.70	-		0.54	30/09/2020

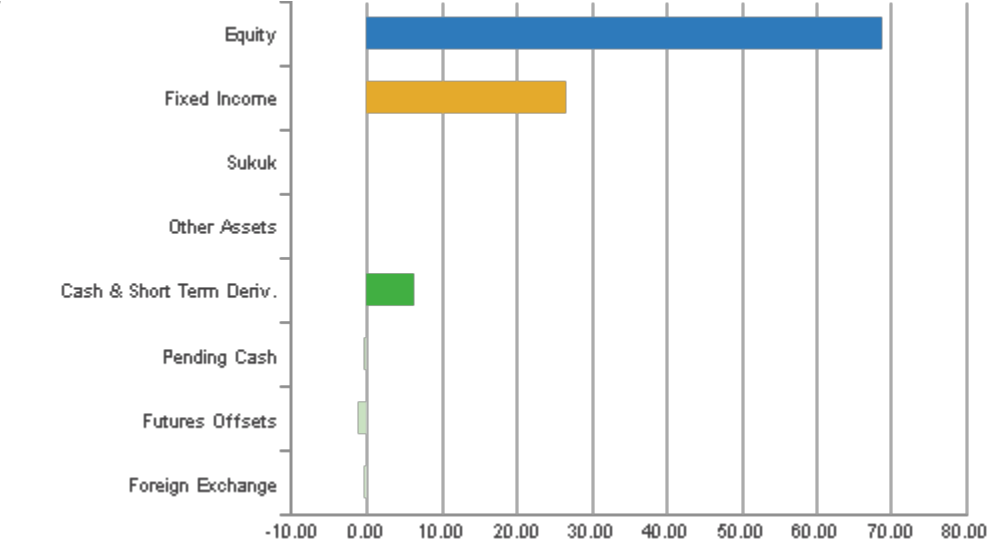
Wales Pension Partnership Summary

Account/Group -Rate of Return	E.MV-GOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
Wales Pension Partnership	9,851,301,218	100.00	1.97	4.50	20.07	13.59	06/02/2019
Global Growth Fund	3,211,141,668	32.60	3.30	5.77	30.18	18.38	06/02/2019
Global Opportunities Equity	2,794,277,972	28.36	2.91	6.46	27.50	17.15	14/02/2019
UK Opportunities Equity	751,880,470	7.63	-0.68	4.19	29.38	6.49	11/10/2019
Global Credit Fund	810,233,415	8.22	1.25	2.39	-	2.40	20/08/2020
Global Government Bond Fund	531,139,365	5.39	0.55	0.85	-	0.06	19/08/2020
Multi Asset Credit Fund	727,653,587	7.39	-0.62	1.92	-	8.23	11/08/2020
Sterling Credit Fund	563,906,331	5.72	1.00	2.36	-	1.79	19/08/2020
Absolute Return Bond Fund	461,068,410	4.68	-0.16	-0.19	-	2.08	30/09/2020

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



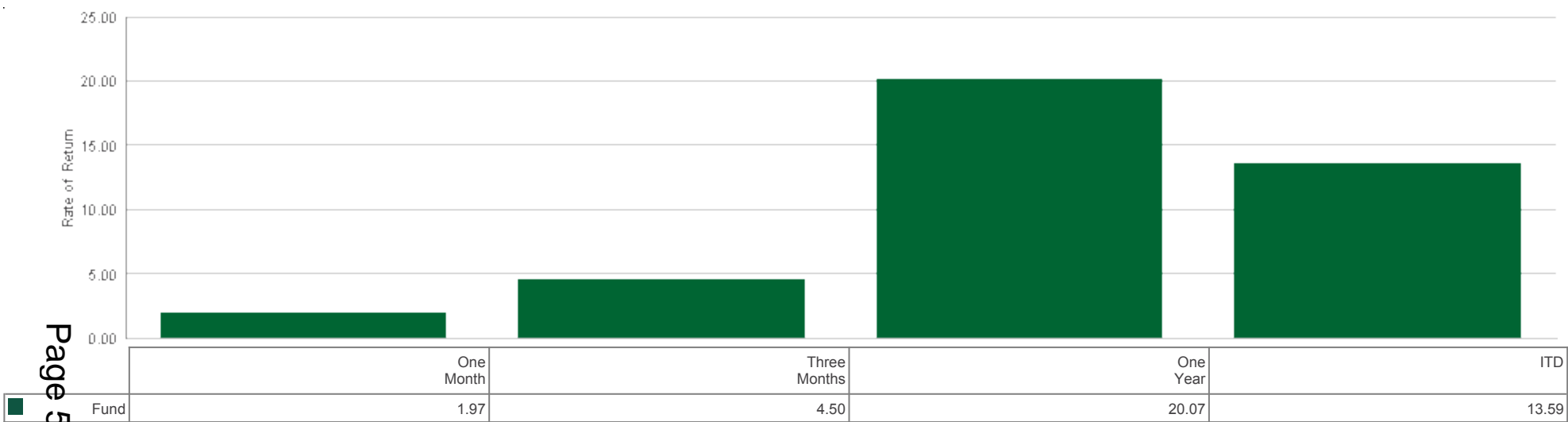
ASSET CLASS ENDING WEIGHTS



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	9,851,301,218	100.00	1.97	4.50	20.07	13.59	06/02/2019
Global Growth Fund	3,211,141,668	32.60	3.30	5.77	30.18	18.38	06/02/2019
Global Opportunities Equity	2,794,277,972	28.36	2.91	6.46	27.50	17.15	14/02/2019
UK Opportunities Equity	751,880,470	7.63	-0.68	4.19	29.38	6.49	11/10/2019
Global Credit Fund	810,233,415	8.22	1.25	2.39	-	2.40	20/08/2020
Global Government Bond Fund	531,139,365	5.39	0.55	0.85	-	0.06	19/08/2020
Multi Asset Credit Fund	727,653,587	7.39	-0.62	1.92	-	8.23	11/08/2020
Sterling Credit Fund	563,906,331	5.72	1.00	2.36	-	1.79	19/08/2020
Absolute Return Bond Fund	461,068,410	4.68	-0.16	-0.19	-	2.08	30/09/2020

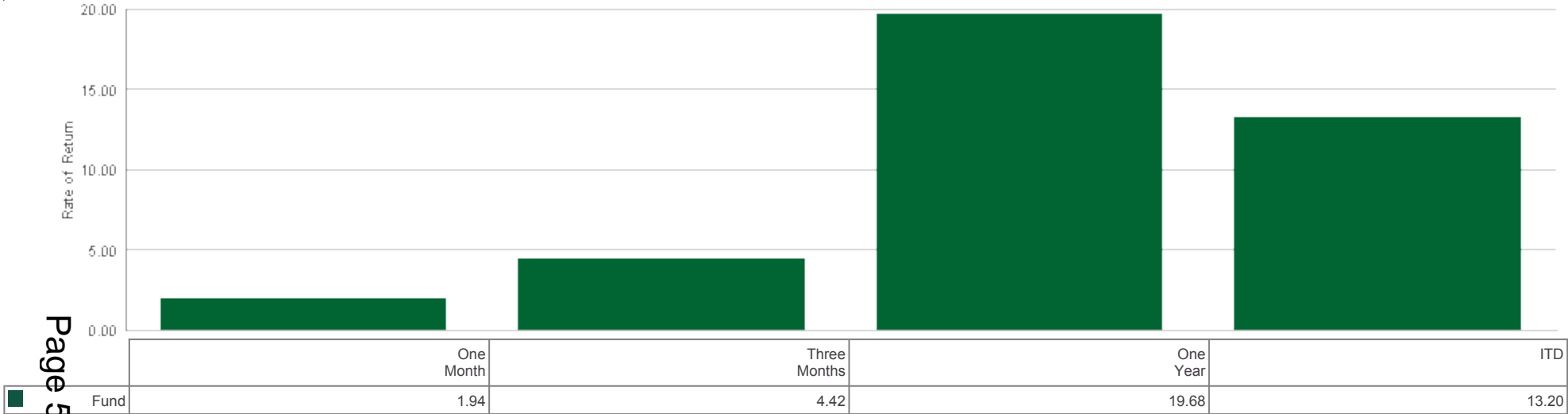
WALES PENSION PARTNERSHIP TOTAL FUND GROSS OF FEES



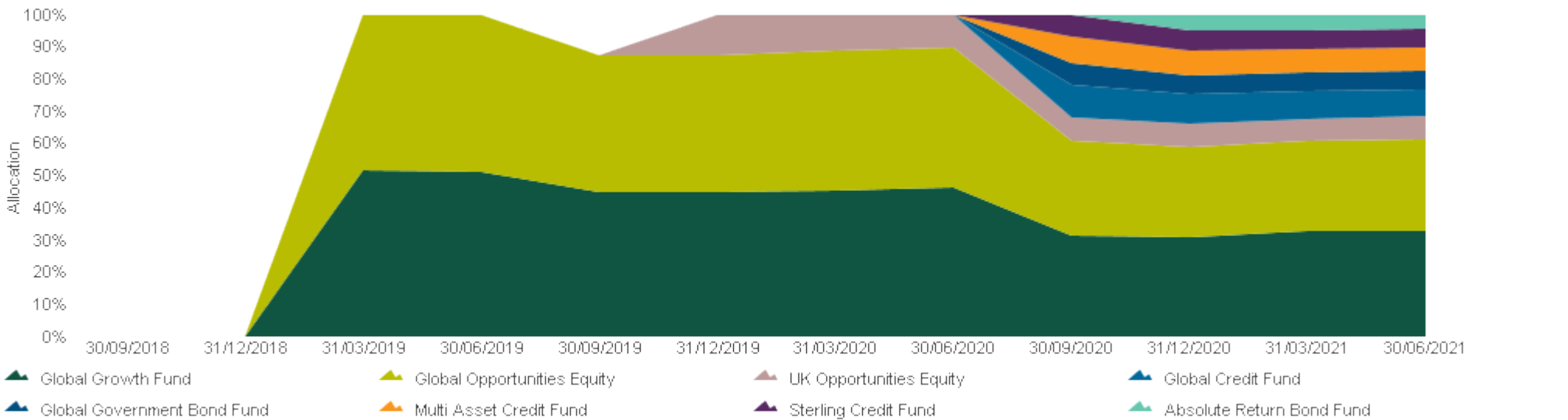
Total Fund Net of Fees

Account/Group -Rate of Return	E.MV-NOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
Wales Pension Partnership	9,845,252,309	100.00	1.94	4.42	19.68	13.20	06/02/2019
Global Growth Fund	3,208,540,164	32.59	3.27	5.67	29.68	17.91	06/02/2019
Global Opportunities Equity	2,792,178,410	28.36	2.88	6.40	27.13	16.78	14/02/2019
UK Opportunities Equity	751,544,460	7.63	-0.72	4.08	28.87	6.04	11/10/2019
Global Credit Fund	810,037,012	8.23	1.24	2.35	-	2.26	20/08/2020
Global Government Bond Fund	530,955,066	5.39	0.53	0.80	-	-0.12	19/08/2020
Multi Asset Credit Fund	727,326,383	7.39	-0.66	1.82	-	7.83	11/08/2020
Sterling Credit Fund	563,785,051	5.73	0.99	2.33	-	1.68	19/08/2020
Absolute Return Bond Fund	460,885,763	4.68	-0.20	-0.30	-	1.73	30/09/2020

WALES PENSION PARTNERSHIP TOTAL FUND NET OF FEES



Allocation over Time



Account / Group	30/09/2020		31/12/2020		31/03/2021		30/06/2021	
	Market Value	Actual Weight	Market Value	Actual Weight	Market Value	Actual Weight	Market Value	Actual Weight
Wales Pension Partnership	7,787,520,566	100.00	8,943,513,201	100.00	9,404,785,766	100.00	9,851,301,218	100.00
Global Growth Fund	2,445,037,288	31.40	2,765,653,588	30.92	3,062,857,245	32.57	3,211,141,668	32.60
Global Opportunities Equity	2,284,960,573	29.34	2,497,364,432	27.92	2,626,222,580	27.92	2,794,277,972	28.36
UK Opportunities Equity	544,517,720	6.99	635,984,319	7.11	674,772,273	7.17	751,880,470	7.63
Global Credit Fund	789,846,587	10.14	813,895,265	9.10	791,655,440	8.42	810,233,415	8.22
Global Government Bond Fund	531,735,711	6.83	541,409,848	6.05	526,922,196	5.60	531,139,365	5.39
Multi Asset Credit Fund	636,770,339	8.18	672,186,892	7.52	714,714,424	7.60	727,653,587	7.39
Sterling Credit Fund	554,652,347	7.12	575,953,784	6.44	551,190,920	5.86	563,906,331	5.72
Absolute Return Bond Fund	1	0.00	441,065,073	4.93	456,450,688	4.85	461,068,410	4.68

SECTION 2

Appendix

Investment Risk & Analytical Services

June 30, 2021

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Agenda Item 9

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