

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



# Market Updates

## Proposed Acquisition

As discussed since the last Joint Governance Committee on 29 March 2023;

Below is the update in relation to the progress of the sale of the Fund Solutions business (FS Business) and ongoing negotiations with the UK Financial Conduct Authority (FCA) to settle the FCA investigation against Link Fund Solutions Limited (LFSL).

Link Group announced on 20<sup>th</sup> April 2023 (Sydney time) that:

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

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

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

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

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

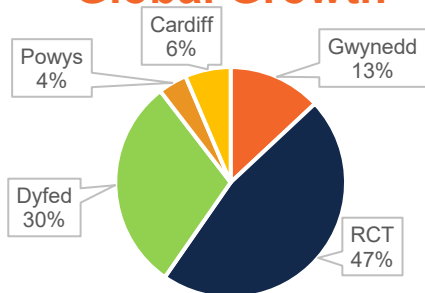
The Sale is targeted to complete by October 2023 and is not contingent on the Scheme or the Settlement becoming unconditional.

# March 2023 LF Wales PP Fund Summary AUM

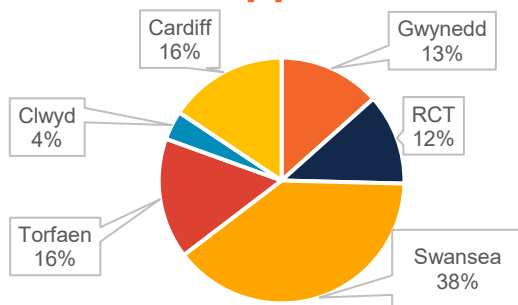
Fund	AUM	Inception date
Global Growth	£3,274,152,681	6 <sup>th</sup> Feb 2019
Global Opportunities	£3,269,124,129	14 <sup>th</sup> Feb 2019
UK Opportunities	£760,143,154	10 <sup>th</sup> Oct 2019
Emerging Markets	£354,601,402	20 <sup>th</sup> Oct 2021
Sterling Credit	£520,721,095	19 <sup>th</sup> Aug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

# March 2023 Fund Snapshot - Equities

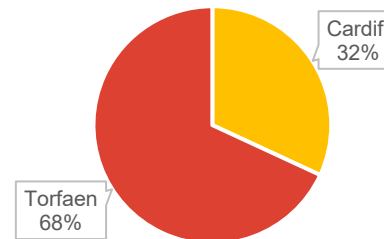
## Global Growth



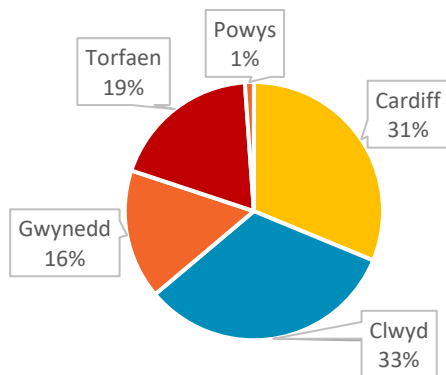
## Global Opportunities



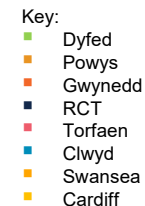
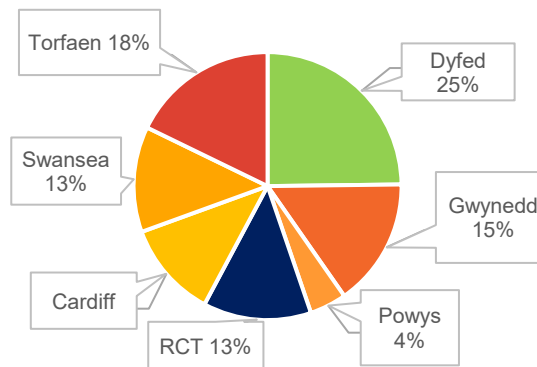
## UK Opportunities



## Emerging Markets

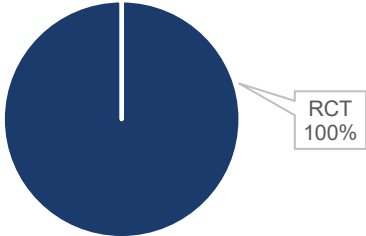


## Passive\*

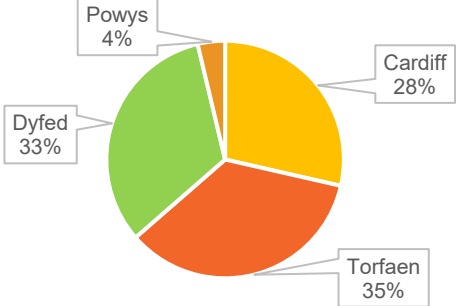


# March 2023 Fund Snapshot - Fixed Income

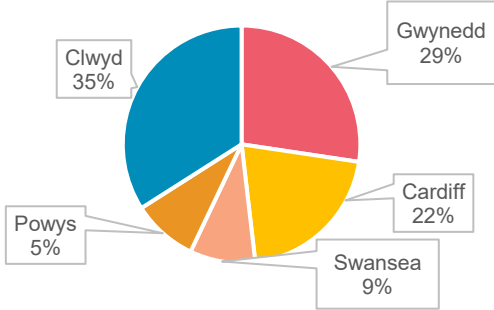
## Sterling Credit



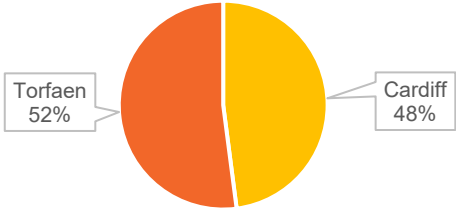
## Global Credit



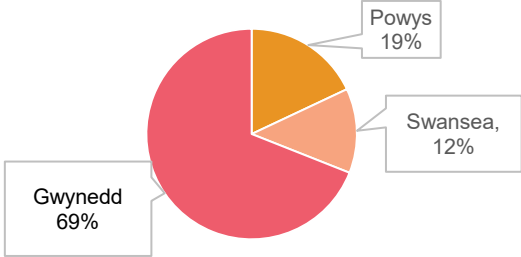
## Multi Asset Credit



## Global Gov. Bond



## Absolute Return Bnd







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

# Sub-Funds Update



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

## Status key:





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

# Initiatives

## Business as Usual + Key Changes

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





### Status key:

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

# Market Updates

	Activity	Status	Commentary
<b>Russia / Ukraine</b>	Impact to ACS sub-funds holding Russian companies	✓	LFSL continue to monitor the situation and will advise Constituent Authorities of any developments. Our Fair Value Pricing Committee regularly discuss and assets are still priced accordingly.
<b>LDI</b>	Liability Driven Investments & market volatility	✓	No LDI investments in the WPP sub-funds.

## Status key:

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



# LFS Corporate Update & Engagement

## Key Q1 and future WPP Engagement

### Link attendance at OWG/JGC meetings in period:

- OWG 7 February 2023
- WPP JGC 29 March 2023

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

- OWG 23 May 2023
- WPP JGC 19 July 2023

### Link - Pension Committee attendance in period:

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

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

- Clwyd – Pension committee 23 June 2023

### **Other meetings in period**

- Host Authority update – occurs bi-weekly
- Working group - occurs bi-weekly
- WPP briefing / training session – (First session)

### **Other meetings in next quarter**

- Host Authority update – occurs bi-weekly
- Working group - occurs bi-weekly
- Pension Board Chairs Engagement Meeting 25 April 2023

# LFS Engagement Protocol – Business as Usual

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

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

# Link Engagement Protocol continued...

Host Authority Update	Frequency	Objective
<ul style="list-style-type: none"> <li>WPP Attendees                             <ul style="list-style-type: none"> <li>Anthony Parnell</li> <li>Tracey Williams</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Bi-Weekly</li> </ul>	<ul style="list-style-type: none"> <li>Regular Host Authority – LFS to discuss deliverables and business updates</li> <li>Richard Thornton, Head of Relationship Management, Asset Owners</li> <li>James Zealander, Senior Relationship Manager</li> <li>Alistair Coyle/Heidi Robinson, Relationship Managers (as required)</li> <li>Clair Baguley, Client Service Manager (as required)</li> </ul>
WPP Working Group	Frequency	Objective
<ul style="list-style-type: none"> <li>WPP Attendees                             <ul style="list-style-type: none"> <li>Officers Working Group (OWG)</li> <li>Hymans</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Bi-Weekly</li> </ul>	<ul style="list-style-type: none"> <li>Regular project call to discuss progress of deliverables</li> <li>Link Client Team</li> <li>Northern Trust</li> <li>Russell Investments</li> <li>Other consultants (e.g. bFinance)</li> </ul>
Annual Shareholder Day	Frequency	Objective
<ul style="list-style-type: none"> <li>Open to all involved parties</li> </ul>	<ul style="list-style-type: none"> <li>Annual</li> </ul>	<ul style="list-style-type: none"> <li>Open day for presentations on strategy and performance (with IM)</li> <li>Link Client Team</li> <li>Northern Trust</li> <li>Russell Investments and other Investment Managers (e.g. Global Growth Managers)</li> <li>Other consultants as required (e.g. bFinance)</li> </ul>
Pension Fund Committees	Frequency	Objective
<ul style="list-style-type: none"> <li>Individual Pension Fund Committee meetings</li> </ul>	<ul style="list-style-type: none"> <li>Annual</li> </ul>	<ul style="list-style-type: none"> <li>General update on the ACS and planned initiatives</li> <li>James Zealander, Senior Relationship Manager</li> <li>Alistair Coyle/Heidi Robinson, Relationship Managers (as required)</li> <li>Richard Thornton, Head of Relationship Management, Asset Owners</li> <li>Russell Investments</li> </ul>

### ***Relationship Managers***

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Relationship Manager

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