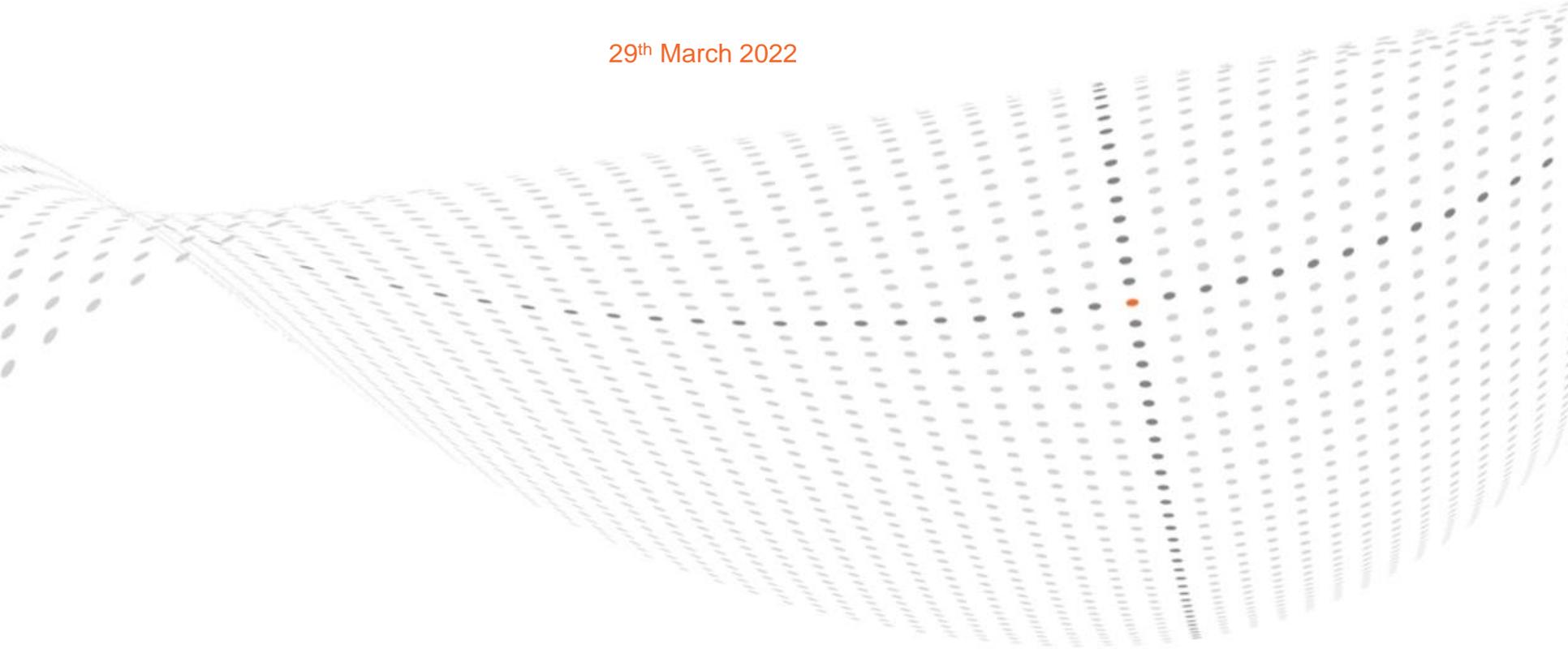




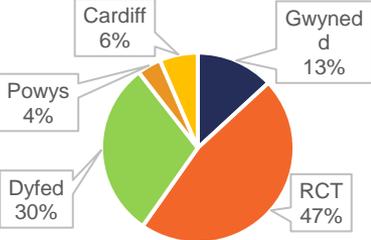
# Dyfed Pensions Committee Meeting

29<sup>th</sup> March 2022

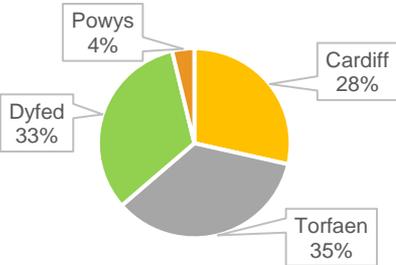


# December 2021 Fund Snapshot

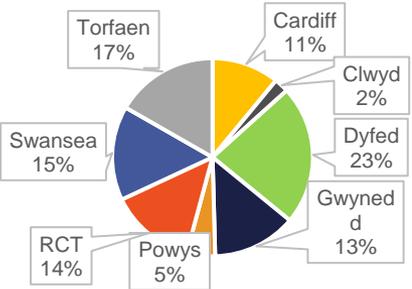
## Global Growth



## Global Credit



## Passive



Fund	Pool AUM	Inception date	Dyfed Dec AUM
Global Growth	£3,479,433,963	6 <sup>th</sup> Feb 2019	£1,040,136,621
Global Credit	£810,105,382	21 <sup>st</sup> Aug 2020	£264,774,178
<b>Total Active Investments</b>			<b>£1,304,910,799</b>
<b>Total Passive Investments</b>	<b>£5,812,464,076</b>		<b>£1,324,823,453</b>

# Fund Activity

## Progress Report



# Fund Activity

## Key Achievements & Updates

Completed fund activity				
	Overview	Status	Progress in period	Launch / completion dates
	<b>Tranche 4: Emerging Markets sub-fund launch</b> <ul style="list-style-type: none"> <li>Emerging Market fund created under the Enhanced Portfolio Implementation model with a carbon reducing overlay</li> </ul>	Complete	<ul style="list-style-type: none"> <li>FCA approval received 22<sup>nd</sup> March</li> <li>Transition plan agreed and shared with each investor</li> <li>Fund launch 20<sup>th</sup> October with £505m AUM</li> <li>Trading activity completed</li> </ul>	20 <sup>th</sup> October 2021
	<b>Fund prospectus updates</b> <ul style="list-style-type: none"> <li>Proposed in-flight prospectus updates</li> </ul>	Complete	<ul style="list-style-type: none"> <li>Baillie Gifford GAPA: implementation of a carbon screening process on the BG sleeve of the Global Growth fund Nov 22<sup>nd</sup> 2021</li> <li>Inclusion of Nissay to the Global Opps IM line up and J O Hambro to the UK Opps line up</li> </ul>	November 2021  December 2021
Active fund activity				
	Overview	Status	Progress in period	Launch / completion dates
	<b>Global Growth income treatment</b> <ul style="list-style-type: none"> <li>Alignment of the income treatment on Global Growth to that of Global Opportunities to allow interim investment</li> </ul>	In progress	<ul style="list-style-type: none"> <li>Proposal presented to WPP and agreed with investors of the Global growth fund</li> <li>Implementation of operational process</li> </ul>	<ul style="list-style-type: none"> <li>10th Feb 2022</li> <li>31st March 2022</li> </ul>
	<b>Sustainable Equity fund</b> <ul style="list-style-type: none"> <li>Establishment of a sustainable equities fund</li> </ul>	In progress	<ul style="list-style-type: none"> <li>Russell Investments presented paper to OWG 1<sup>st</sup> Feb</li> <li>Follow up paper to be presented at the RI Sub Group meeting on the 5<sup>th</sup> of April</li> </ul>	

# LF Wales PP Global Growth Equity Fund

## Performance overview

# December 2021 Global Growth Performance

## Total Fund Gross of Fees

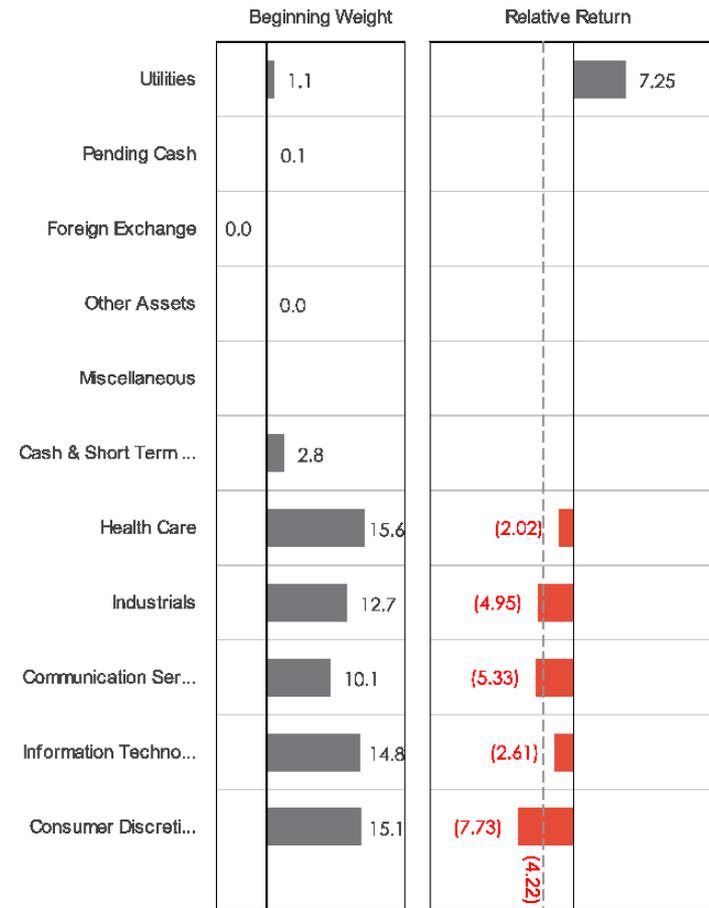
Account/Group -Rate of Return	E.MV-GOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
<b>WPP Global Growth Fund</b>	<b>3,481,906,434</b>	<b>100.00</b>	<b>0.27</b>	<b>1.72</b>	<b>14.19</b>	<b>15.93</b>	<b>06/02/2019</b>
<i>MSCI ACWI ND</i>			1.59	6.20	19.63	15.92	06/02/2019
<i>Excess Return</i>			<b>-1.31</b>	<b>-4.48</b>	<b>-5.44</b>	0.01	06/02/2019
LF WPP GGF - BAILLIE GIFFORD	1,502,462,268	43.15	<b>-3.39</b>	<b>-0.52</b>	8.36	20.35	06/02/2019
<i>MSCI ACWI ND</i>			1.59	6.20	19.63	15.92	06/02/2019
<i>Excess Return</i>			<b>-4.98</b>	<b>-6.71</b>	<b>-11.27</b>	4.43	06/02/2019
LF WPP GGF - PZENA INV MGT LLC	1,121,740,908	32.22	3.43	3.14	22.21	10.85	06/02/2019
<i>MSCI ACWI ND</i>			1.59	6.20	19.63	15.92	06/02/2019
<i>Excess Return</i>			1.84	<b>-3.05</b>	2.58	<b>-5.08</b>	06/02/2019
LF WPP GGF - VERITAS AM LLP	845,719,563	24.29	3.06	3.92	16.58	14.97	06/02/2019
<i>MSCI ACWI ND</i>			1.59	6.20	19.63	15.92	06/02/2019
<i>Excess Return</i>			1.47	<b>-2.28</b>	<b>-3.05</b>	<b>-0.95</b>	06/02/2019

## Total Fund Net of Fees

Account/Group -Rate of Return	E.MV-NOF	End Wt	1 Mo	3 Mos	1 Yr	ITD	Inc Date
<b>WPP Global Growth Fund</b>	<b>3,479,433,963</b>	<b>100.00</b>	<b>0.23</b>	<b>1.61</b>	<b>13.75</b>	<b>15.48</b>	<b>06/02/2019</b>
<i>MSCI ACWI ND</i>			1.59	6.20	19.63	15.92	06/02/2019
<i>Excess Return</i>			<b>-1.35</b>	<b>-4.58</b>	<b>-5.88</b>	<b>-0.44</b>	06/02/2019
LF WPP GGF - BAILLIE GIFFORD	1,501,559,010	43.16	<b>-3.42</b>	<b>-0.61</b>	7.98	19.94	06/02/2019
<i>MSCI ACWI ND</i>			1.59	6.20	19.63	15.92	06/02/2019
<i>Excess Return</i>			<b>-5.01</b>	<b>-6.80</b>	<b>-11.65</b>	4.01	06/02/2019
LF WPP GGF - PZENA INV MGT LLC	1,121,082,941	32.22	3.40	3.05	21.79	10.46	06/02/2019
<i>MSCI ACWI ND</i>			1.59	6.20	19.63	15.92	06/02/2019
<i>Excess Return</i>			1.81	<b>-3.14</b>	2.16	<b>-5.46</b>	06/02/2019
LF WPP GGF - VERITAS AM LLP	845,198,511	24.29	3.02	3.82	16.16	14.55	06/02/2019
<i>MSCI ACWI ND</i>			1.59	6.20	19.63	15.92	06/02/2019
<i>Excess Return</i>			1.44	<b>-2.37</b>	<b>-3.48</b>	<b>-1.37</b>	06/02/2019

# Attribution Detail - Three Months to Dec

## Sector Attribution



## Regional Attribution



Above Attribution model is based on Geometric methodology. The charts depict the Top & Bottom 5 regions or sectors based on Total Management Effect. The vertical dotted line in each chart represents the portfolio level attribution effect.

# Greatest Asset Impact - December

## LARGEST POSITIVE IMPACT

Asset Description	Sector/Industry	Country	Market Value	31/01/2022 Gain/Loss	31/01/2022 Weight	Base Return	Contribution to CSI	Contribution
CVS HEALTH CORP COM	Health Care	United States	46,992,065		5,422,162	1.40	13.04	0.16
MASTERCARD INC CL A	Information Technology	United States	51,093,519		5,268,073	1.52	11.50	0.16
ANTHEM INC COM	Health Care	United States	46,846,016		4,875,783	1.39	11.68	0.14
BAXTER INTL INC COM	Health Care	United States	36,328,708		4,120,429	1.08	12.79	0.12
COGNIZANT TECH SOLUTIONS CORP CL...	Information Technology	United States	37,164,143		3,715,965	1.10	11.11	0.11
MCKESSON CORP	Health Care	United States	27,057,077		2,896,679	0.80	11.99	0.09
AVNET INC COM	Information Technology	United States	28,788,955		2,867,776	0.86	11.01	0.09
UNITEDHEALTH GROUP INC COM	Health Care	United States	28,379,878		2,763,980	0.84	10.76	0.08
A.P. MOLLER-MAERSK SER'B'DKK1000	Industrials	Denmark	18,778,004		2,753,826	0.56	17.19	0.08
CBRE GROUP INC CL A CL A	Real Estate	United States	25,953,755		2,556,883	0.77	10.93	0.08
SubTotal			347,382,121		37,241,556	10.32		1.10

## LARGEST NEGATIVE IMPACT

Asset Description	Sector/Industry	Country	Market Value	31/01/2022 Gain/Loss	31/01/2022 Weight	Base Return	Contribution to	Contribution
CEQUIDFLARE INC COM	Information Technology	United States	22,882,190	-11,315,565	0.68	-31.60	-0.34	
MODERNA INC COM	Health Care	United States	25,034,320	-10,607,108	0.74	-29.76	-0.32	
ADR SEA LTD ADR	Communication Services	Cayman Islands	31,666,460	-10,040,243	0.94	-24.07	-0.30	
AMAZON COM INC COM	Consumer Discretionary	United States	65,813,776	-5,065,730	1.96	-7.12	-0.15	
TESLA INC COM USD0.001	Consumer Discretionary	United States	29,573,156	-4,274,438	0.88	-9.66	-0.13	
THE TRADE DESK INC COM CL A COM ...	Information Technology	United States	26,484,059	-4,131,970	0.79	-13.50	-0.12	
SHOPIFY INC CL A SHOPIFY INC	Information Technology	Canada	30,838,080	-4,014,206	0.92	-11.52	-0.12	
WAYFAIR INC CL A CL A	Consumer Discretionary	United States	10,261,384	-3,458,732	0.30	-25.21	-0.10	
DOORDASH INC CL A COM USD0.00001...	Consumer Discretionary	United States	14,573,027	-3,340,734	0.43	-18.65	-0.10	
SCHIBSTED ASA A-AKSJER	Communication Services	Norway	14,250,176	-2,532,769	0.42	-15.09	-0.07	
SubTotal			271,376,627	-58,781,494	8.06		-1.75	

# Fund Rebalance Activity

## Present Asset Allocation

- The asset allocation of the fund as at 31<sup>st</sup> January 2022 sat perfectly in line with the launch allocation of 40%, 35% and 25% split between Baillie Gifford, Pzena and Veritas respectively:
  - Baillie Gifford – 40.32%
  - Pzena – 34.85%
  - Veritas – 24.53%
- In the calendar year 2021, the fund had two inflows –
  1. In March 2021 an inflow of £150m dispersed as follows: Pzena 40%, Baillie Gifford 35%, Veritas 25%.
  2. In July 2021, a further inflow of £217m was allocated Pzena 45%, Baillie Gifford 32.5% and Veritas 22.5%.
- LFSL has an internal policy that uses a ratchet mechanism to daily monitor exposures from the original weights and is used in the event of cash flows. However, LFSL retains discretion as to sub-manager weightings.
  - The ratchet mechanisms are set at 7.5% and 15% above and below the original allocation. To date, the allocations in the fund have not 'breached' our upper or lower bands.

# LFS Corporate Update



# LFS Corporate Update

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## **LFS updates**

- Dye & Durham, a Canadian domiciled provider of cloud-based software and technology solutions, has agreed to acquire 100% of the shares in Link Group by way of a Scheme of Arrangement
- Following initial due diligence, Carlyle Group have ceased their interest in acquiring 100% of the shares in Link Group after the Dye & Durham announcement
- Chris Addenbrooke has taken the decision to retire and is stepping down from his role as CEO. Karl Midl, current Managing Director of Link Fund Solutions Limited (UK), has been appointed to the position with effect from February 2022. Karl also remains Managing Director for Link Fund Solutions Limited

# Dyfed Pension Committee Meeting

29<sup>th</sup> March 2022



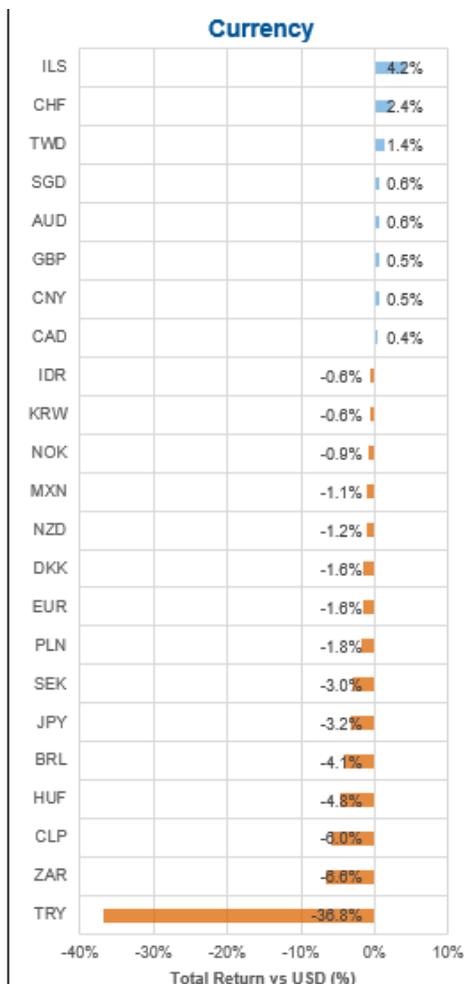
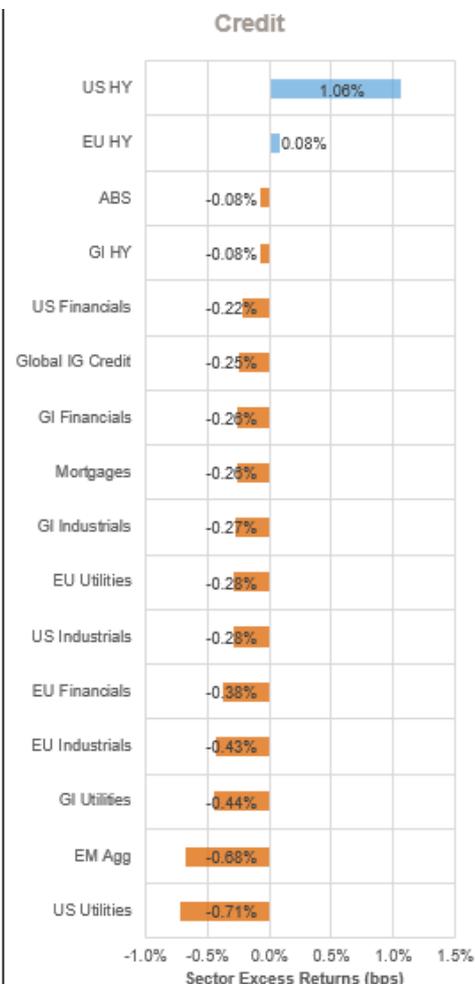
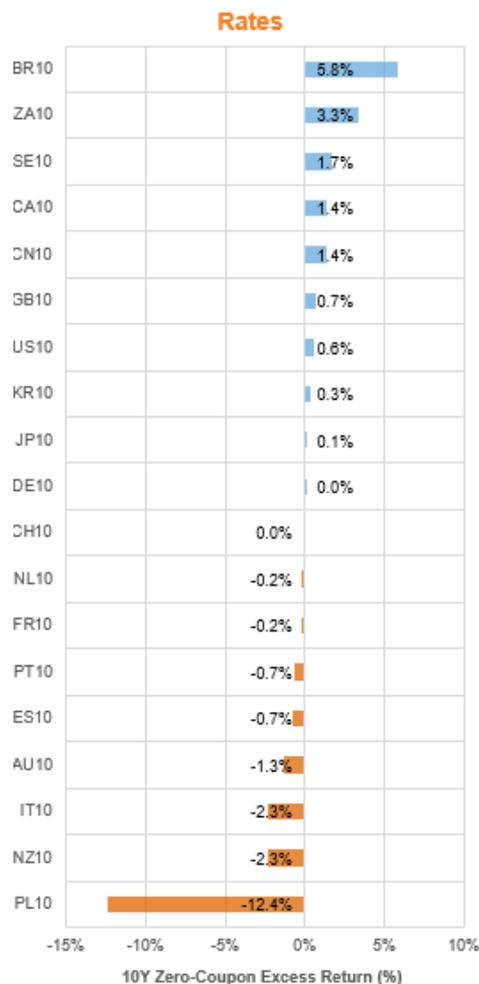
**Helena Hui Ravanans,**  
Portfolio Manager

**Jim Leggate,**  
Head of UK Institutional and Middle East

**Taran Paik, CFA**  
Manager, UK Institutional and Middle East

# Rates, Credit, Currency

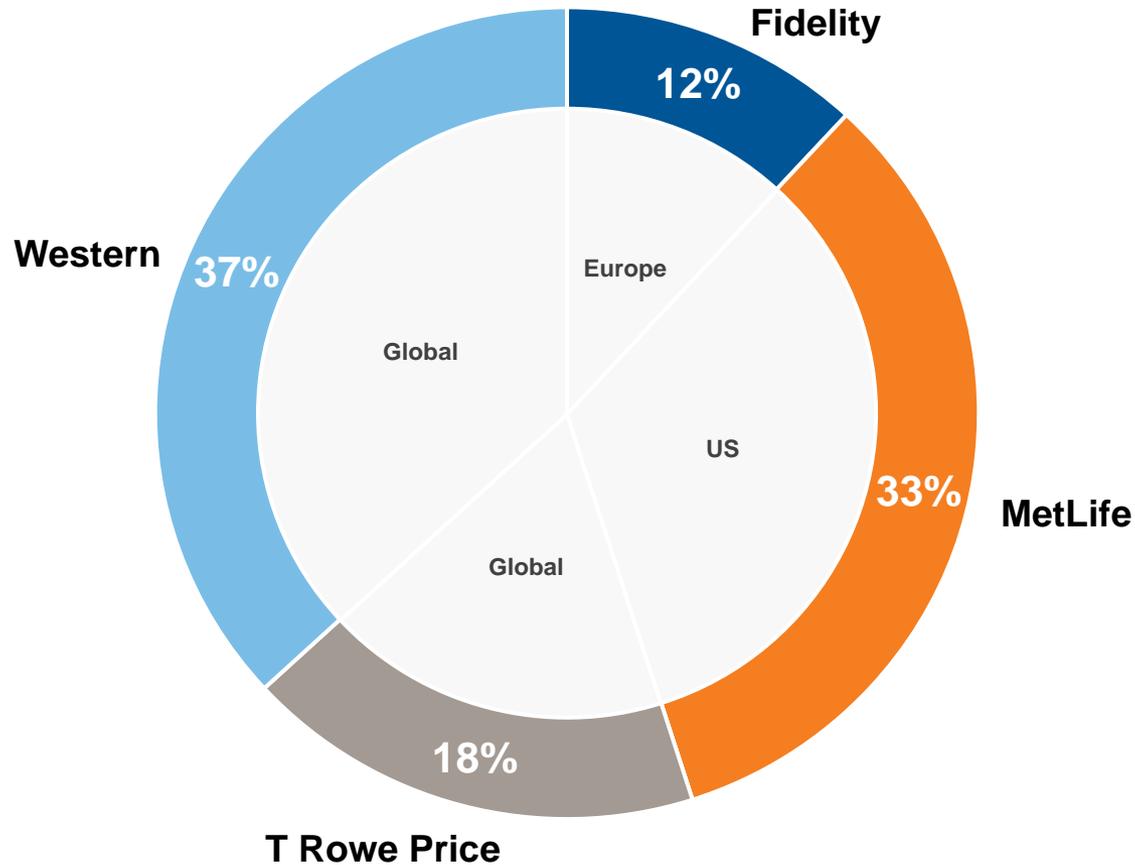
Q4 2021



Notes: Rates: Derived from Bloomberg zero-coupon yields. Credit: Barclays excess returns. Currency: All TR indices except for NYR (JGENFXNY), CNY (CNYUSD), RUB (JGENFXRU) and ILS (ILSUSD). Source: Bloomberg.

Source: Bloomberg as at 31 December 2021. Any past performance is not necessarily a guide to future performance. Any reference to returns linked to currencies may increase or decrease as a result of currency fluctuations. Notes: Rates: Derived from Bloomberg zero-coupon yields. Credit: Bloomberg excess returns. Currency: All TR indices except for RUB (JGENFXRU) and ILS (ILSUSD). Source: Bloomberg.

# Global Credit Fund (GCF)



## Fund Summary

The Global Credit Fund is made up of a combination of global generalist and regional specialist managers expected to achieve the excess return target with more consistency. The sub-fund aims to achieve income and growth by investing worldwide in bonds denominated in various currencies. The Fund mainly invests in bonds issued by companies, but also governments and their agencies. The Fund is broadly diversified across countries, industry sectors and with varying maturities.

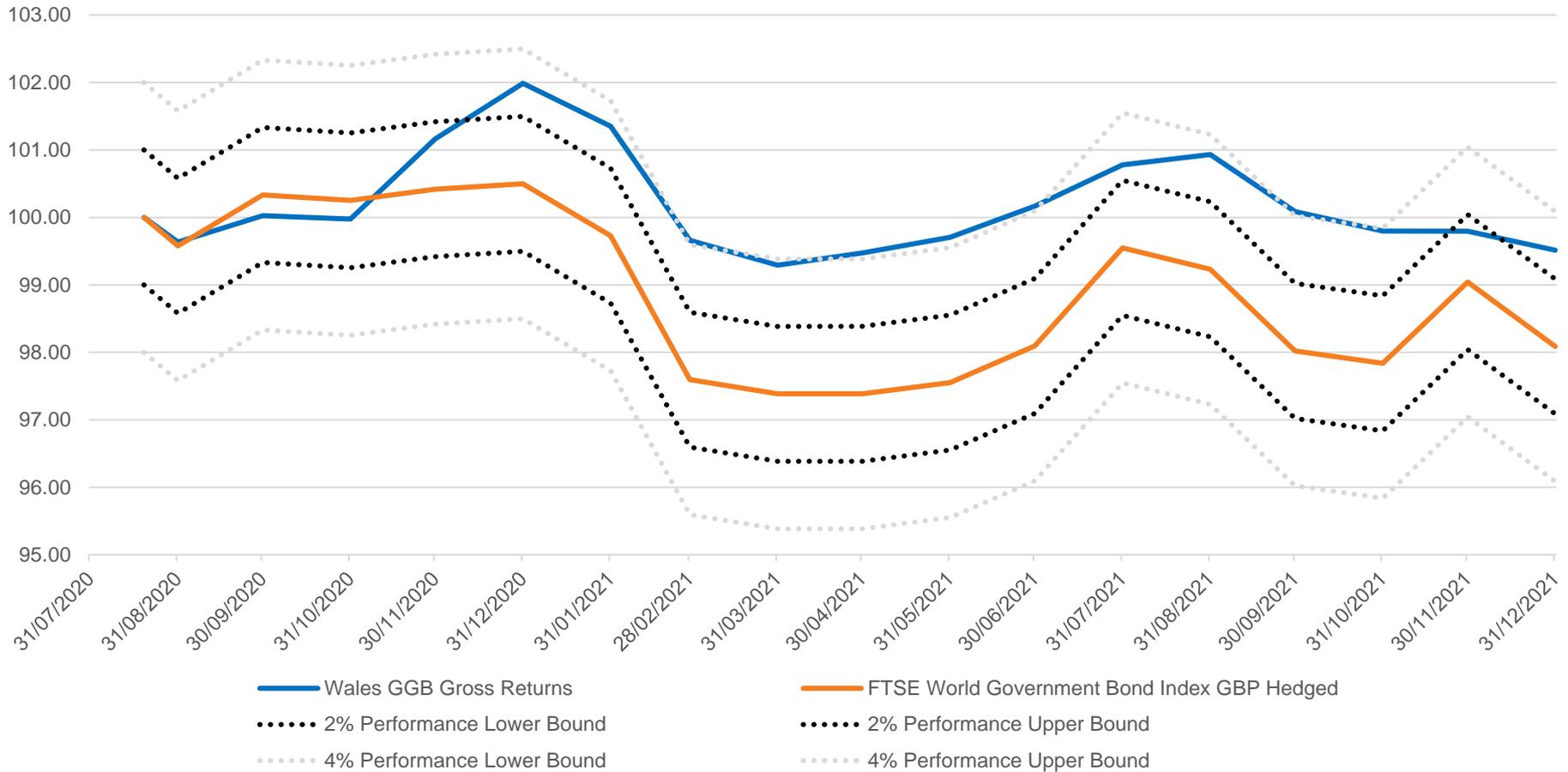
# Global Credit Fund

## Performance Review

Fund	Q4 2021	1 Year	Since Inception
LF WPP Global Credit Fund (Gross)	-0.11	-0.34	1.77
LF WPP Global Credit Fund (Net)	-0.14	-0.47	1.64
Bloomberg Barclays Global Agg Credit Index GBP (Hedged)	-0.05	-1.13	0.60
Excess Return (Gross)	-0.06	0.79	1.17

# Global Credit Fund

## Performance Through Time



# Global Credit Fund

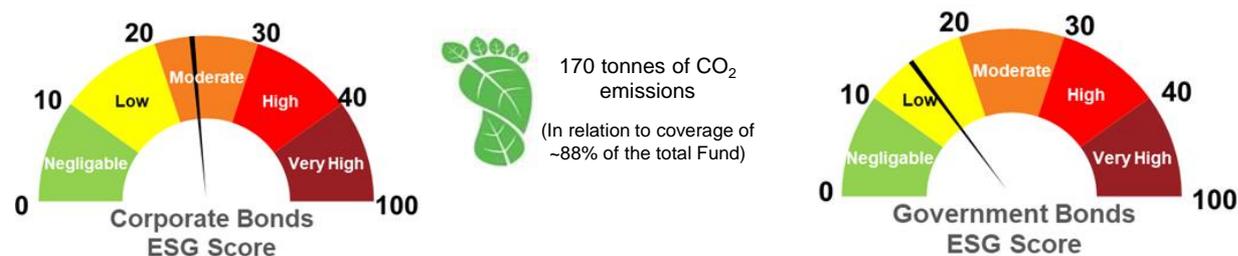
## Performance Review

Managers	Benchmark	Allocation	Q4 Return	Q4 Index	Q4 Excess	1 Year Return	1 Year Index	1 Year Excess	ITD Return	ITD Index	ITD Excess	Inception Date
<b>Western</b>	Bloomberg Barclays Global Aggregate Credit Index	37%	-0.29	-0.50	0.21	-2.34	-3.21	0.87	1.41	0.00	1.41	21-Aug-20
<b>T Rowe</b>	Bloomberg Barclays Global Aggregate Credit Index	18%	-1.01	-0.50	-0.51	-2.59	-3.21	0.62	1.02	0.00	1.02	21-Aug-20
<b>Fidelity</b>	Bloomberg Barclays Euro Aggregate Credit Index	12%	-0.26	-0.62	0.36	-1.67	-1.66	-0.01	0.52	0.11	0.41	21-Aug-20
<b>MetLife</b>	Bloomberg Barclays U.S. Credit Bond Index	33%	0.20	0.22	-0.02	-0.18	-1.08	0.90	2.01	0.76	1.25	21-Aug-20

# Responsible Investing: Global Credit Fund

Sustainability issues have been of long-standing importance to all participant Authorities, with this evolving even further in recent years. We therefore provide details of the key ESG metrics of your LF Wales PP Global Credit Fund. We are always evolving our reporting in this space and look forward to sharing more details with you as our continuous developments take place.

## ESG Score and CO<sub>2</sub> Emissions



Below we provide key ESG metrics for the your LF Wales PP Global Credit Fund, namely the portfolio's ESG risk rating and carbon footprint. Note that at present, we are able to report on the ESG metrics for the corporate and government bond allocations only (93% of the Fund). In addition, the carbon footprint is only available for the corporate bond allocation. ESG data are not available for asset classes, such as ABS, RMBS and cash.

## Key ESG Metrics

Fixed Income Metric Type	Bond Type	Portfolio	Benchmark	Portfolio Coverage <sup>1</sup>
ESG Risk Score	Corporate Bonds	23	23	74%
	Government Bonds	15	22	100%
Carbon Footprint	Corporate Bonds	170	229	74%

<sup>1</sup>Portfolio coverage represents the % of the fixed income portfolio that are corporate and government bond respectively for which we have ESG metrics.

Source: Sustainalytics, MSCI, Russell Investments as at 31 December 2021.

# Appendix



# Important information and disclosures

Unless otherwise specified, Russell Investments is the source of all data. All information contained in this material is current at the time of issue and, to the best of our knowledge, accurate. Any opinion expressed is that of Russell Investments, is not a statement of fact, is subject to change and does not constitute investment advice.

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