

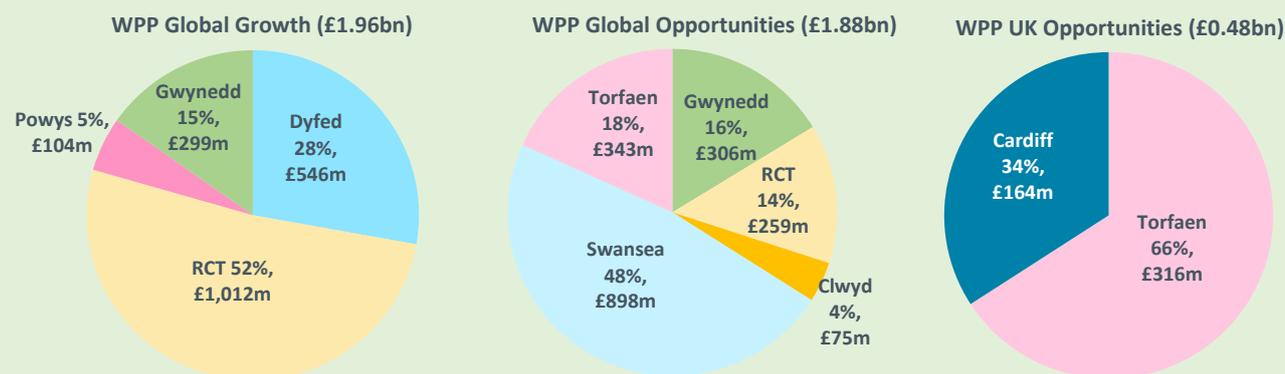
WPP Annual Update – 2019/2020

Welcome to the Wales Pension Partnership ('WPP') first annual update. The progress made over the past twelve months reflects the ability of the eight Welsh Constituent Authorities to work together to deliver their shared set of objectives. Some significant milestones have been achieved during the year and it is extremely pleasing to see that these milestones have been extended across a variety of fields, including, Investments, Governance, Communications and Training.



The WPP aims to deliver investment solutions that allow the Constituent Authorities to implement their own investment strategies with material cost savings, while continuing to deliver investment performance to their stakeholders. We have made significant progress towards delivering on this objective by launching and facilitating three active equity sub-funds, which can be utilised by the Constituent Authorities, namely, Global Growth, Global Opportunities and UK Opportunities. It is pleasing to see that all eight of the Constituent Authorities have made use of at least one of the sub-funds. The WPP will continue to develop sub-funds for the benefit of the Constituent Authorities, in collaboration with Link Fund Solutions Ltd and Russell Investments. The WPP is proud of its progress to date with regard to the pooling of assets and will continue to allocate resources to ensure that all suitable assets are pooled. To date the WPP has "pooled" circa 50% of its assets and by the end of March 2021 the WPP expects to have "pooled" more than 65%. *

*Please note that this includes the WPP's passive holdings



WPP 12-month performance to the 31 st March 2020 (Net of Fees)				
Sub-Fund	Inception Date	Fund	Benchmark	Relative
Global Growth	6 February 2019	(7.30)	(6.74)	(0.56)
Global Opportunities	14 February 2019	(4.68)	(6.74)	2.06
UK Opportunities*	11 October 2019	(24.63)	(20.83)	(3.80)

* Please note that the UK Opportunities Fund benchmark & performance is since inception, the benchmark is FTSE ALL-Share. The Global Opportunities Fund and the Global Growth Fund benchmark is MSCI ACWI ND.

The WPP has also continued to develop a robust governance framework. We identified the need for a set of shared beliefs to guide the WPP's decision making process and policies. We hosted a Beliefs workshop where all Constituent Authorities collectively formulated the WPP's Beliefs Statement, this can be found on the website. The Governance Matrix was also formulated and provides an overview of the WPP's governance structure and outlines the internal bodies that are responsible for key decisions and actions carried out by the partnership. In another progressive move we appointed Hymans Robertson in January 2020 to provide oversight and advice on the governance, operator services and strategic investment strategy of the pool.

The WPP believes that Responsible Investment, alongside consideration and evidential management of Environmental, Social and Governance issues, should result in better outcomes for its stakeholders, hence it has been a key priority for us since we were established in 2017. Various activities have been carried out this year to work towards our ambition of becoming a leader in Responsible Investment. Our initial focus was on formulating a Responsible Investment Policy. This policy is representative of the broad range of investment beliefs within the Pool and all the Constituent Authorities were involved in the policy's formulation.

Over the next 12 months, we will continue to deliver on the commitments made in the Policy. This will include the production of a Climate Risk Policy which is already being developed. The appointment of Robeco UK, in March 2020, is evidence of our continued delivery of these commitments. It also demonstrates our vow to exercise voting rights in line with the interest of our stakeholders and engage with investee companies to enhance the long-term value of the Constituent Authorities' investments within WPP.

Improving the WPP's communication has been a key workstream during the last 12 months, the WPP website was launched in September 2019 and is an excellent tool to learn and understand more about the pool, keep track of our recent activities and discover our policies, procedures and governance arrangements. The website can be found here: <https://www.walespensionpartnership.org/>

We want our communication to be engaging and assessable, so we also held a communication workshop to study different communication methods and the most appropriate way to engage with our audience. Following the workshop, we formulated its Communication Policy and launched our LinkedIn page. Both the website and LinkedIn are great ways to keep up to date on the WPP and the informal updates on all of our endeavours.

Alongside our communication strategy, we have also sought to improve our levels of engagement with our internal, as well as external, stakeholders. The WPP is pleased to announce that 2019/2020 saw the hosting of its first Manager Engagement day, which focussed on the global equity managers. The success of this event led to the WPP swiftly following up with a second Manager Engagement day which was attended by incumbent fixed income managers, as well as numerous representatives from the Constituent Authorities.

During the year we also formalised engagement protocols which will ensure the continued engagement and collaboration amongst the WPP's Constituent Authorities and providers. We pride ourselves on our ability to evolve and learn, so it was therefore particularly pleasing to see that, in collaboration with the Constituent Authorities, the WPP was able to formulate its first Annual Training Plan and host its first training day in February 2020.

As you can see the WPP has had a very busy and productive year. We would like to thank all of the WPP's Personnel, the Constituent Authorities, advisors and providers who have made this possible. The Officer Working Group and Joint Governance Committee deserve a special mention for their work and support throughout the year. While it is important to recognise the achievements of the last 12 months our focus has already shifted to the 12 months ahead.

A workplan of the areas that we will focus on during the 2020/2021 financial year is currently being developed as part of the WPP's annual Business Plan, this will be available on our website shortly. Particular highlights over the next year will include the launching of the WPP's Fixed Income and Emerging Markets sub-funds and the continued development of Private Market offerings which will include real estate, infrastructure and social impact.

We are pleased to announce that the WPP is incredibly well placed to deliver on its 2020/2021 workplan, despite the COVID-19 lockdown. The smooth transition to virtual meetings has already taken place and all WPP personnel and suppliers continue to be able to carry out their roles. We look forward to being able to provide you with a further update next year! Further information on the WPP and ongoing updates on the WPP's progress can be found on the website and LinkedIn page.