

MEETING: **PENSIONS COMMITTEE**

DATE : **18 MARCH 2020**

TITLE: **WALES PENSION PARTNERSHIP UPDATE**

PURPOSE: **TO INFORM THE COMMITTEE OF THE WALES PENSION PARTNERSHIP ACTIVITIES**

RECOMMENDATION: **NOTE THE INFORMATION**

AUTHOR: **DELYTH JONES-THOMAS, INVESTMENT MANAGER**

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## 1. Introduction

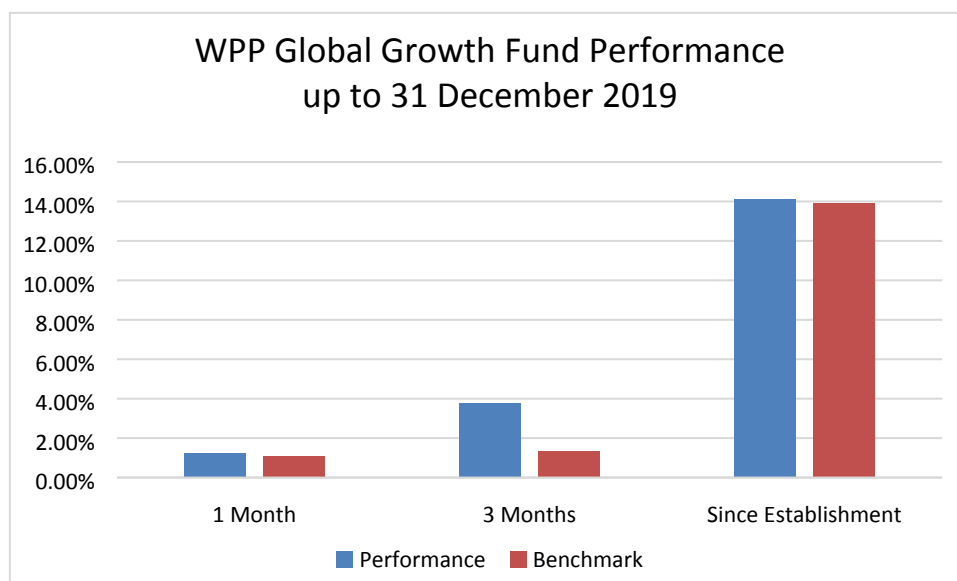
The collaboration has been going from strength to strength since its establishment in 2017 with officers meeting frequently. Performance to date has been at a high standard and a number of developments are underway and therefore, this paper updates the Committee on the situation.

## 2. Performance

£606.2M of equity fund investments was transferred to the WPP in February 2019, with the amount divided equally into the following two funds:

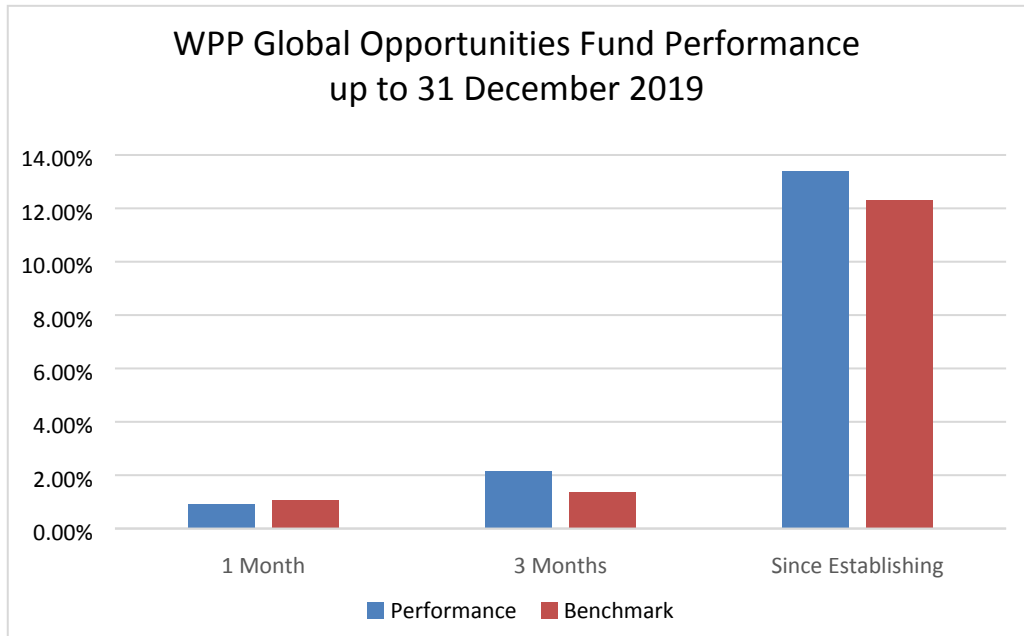
- **Global Growth Fund** (Baillie Gifford, Veritas and Pzena)
- **Global Opportunities Fund** (Morgan Stanley, Numeric, Sanders, Jacobs Levy, SW Mitchell, NWG and Oaktree)

### Global Growth Fund



Performance is 0.23% higher than the benchmark since establishment with a strong performance from Baillie Gifford in particular.

## Global Opportunities Fund



Performance is 1.08% higher than the benchmark with a strong performance from Morgan Stanley, Sanders and SW Mitchel in particular.

### 3. Fixed Income Transfer

In April 2020, our current investment with Fidelity (Global equity) and Insight (Bonds) will be transferred to the following two Fixed Income fund:

- **Multi Asset Credit Fund**

£161.6M (value as at 31/12/19) from Fidelity will be transferred to this fund

- **Absolute Return Fund**

£292.0M (value as at 31/12/19) from Insight will be transferred to this fund

### 4. Developments

#### 4.1 Emerging Markets

Following the Fixed Income transfer in April, the next transfer that will take place is Emerging Markets- work is underway at the moment to determine the ideal investment management structure for this new fund.

The Gwynedd fund will move our Emerging Markets share from Fidelity to this fund.

#### 4.2 Private Markets

A group has been established that looks at the options of pooling assets into this category. The group meets regularly in order to establish the requirements of each fund.

#### 4.3 Low Carbon Investments

Russell Investments is aware of the importance of responsible investments with environmental, social and governmental requirements, and is therefore looking for ways to meet these needs when developing the form and management of PPC funds.

#### 4.4 Representation of Pension Boards on the Joint Partnership Committee

The Joint Governance Committee consists of one elected member nominated by each of the constituent authorities, who is the chair of the pensions committee of that constituent authority. The nominated representatives from the eight pension boards in Wales meet every six months on an engagement day with the host authority (Carmarthenshire County Council), WPP Operator and some officers from the constituent authorities. Two meetings have already been held and the feedback has been very positive and constructive. The next engagement meeting will be on the 2nd of April.

It is expected that the 12th March Joint Governance Committee will examine whether these arrangements are still appropriate and see if it is possible to improve the governance arrangements.

#### 4.5 Joint Governance Committee

The Chairman and Vice Chairman of the Pension Committee, along with the Head of Finance will attend the Joint Governance Committee on 12th March and a verbal update can be given on any developments and decisions.

### **5. Recommendation**

Further to the presentation of Link and Russell's representatives to the previous Gwynedd Pensions Committee meeting, the Committee is asked to note this update.