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| MEETING | PENSIONS COMMITTEE |
| DATE | 26th JUNE 2023 |
| TITLE | WALES PENSION PARTNERSHIP UPDATE |
| PURPOSE | To receive and note a quarterly update from Wales Pension Partnership |
| RECOMMENDATION | Receive and note the information |
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1. INTRODUCTION

This is a new regular report which provides the members of the Pensions Committee with an update on the work undertaken by the Wales Pension Partnership (WPP) on behalf of the eight LGPS funds in Wales.

The WPP is now well established, with Link Fund Solutions appointed as its operator to provide FCA regulated services and Russell Investments who provide investment management solutions to the WPP on all listed assets. Northern Trust are the appointed global custodian and depositary. Hymans Robertson are the governance and oversight advisor and Robeco provide voting and engagement services to the WPP in accordance with its stewardship responsibilities and commitments.

2. JGC QUARTERLY UPDATE

The WPP's decision making body, the Joint Governance Committee (JGC), last met formally on 29th March 2023. The host authority have provided a summary of the items discussed at that meeting which is attached as Appendix 1 to this report. The WPP Training Plan for 2023/24 is also attached, as Appendix 2, with these virtual training events being open to Pension Committee (and Local Pension Board) members with invitations to be forwarded when times and dates are confirmed.

3. OPERATOR UPDATE

A copy of the latest quarterly update from Link Fund Solutions is attached under appendix 3.

The update provides a snapshot of the full range of WPP investment sub-funds as at 31st December 2022.

Gwynedd Pension Fund currently has exposure to six of the ten sub-funds and as of 31st December 2022 these were as follows:

- **Global Opportunities - £440.4m**
- **Global Growth- £404.8m**
- **Emerging Markets - £56.3m**
- **Global Passive - £765.3m**
- **Multi Asset Credit - £179.8m**

- **Absolute Return Bond- £357.3m**

In order to implement the Fund's revised strategic asset allocation, the Fund has recently invested in the Global Credit Fund which will be included in the next operator update.

4. PERFORMANCE REPORTS AS AT 31ST DECEMBER 2022

The performance reports can be seen in appendix 4.

The MSCI World Net Index recorded its first positive quarter in a year during the quarter to 31st December. This was the strongest quarter for the index since the fourth quarter of 2020. An anticipated slower pace of future interest rate hikes and softer-than expected inflation data boosted investor enthusiasm.

The performance of the Gwynedd sub funds are monitored by officers and as part of the quarterly investment review by Hyman Robertson and no concerns has been raised.

5. FUTURE DEVELOPMENTS

- The launch date for WPP Sustainable Active Equity Sub-fund has been set for the end of June 2023, and the transition is currently taking place.
- On-boarding to the WPP Private Credit sub-fund and Closed- ended infrastructure has now been completed and is continuing with the Open-ended Infrastructure sub-fund.
- Along with six of the other Welsh LGPS Funds Gwynedd Pension Fund has subscribed to the Capital Dynamics Welsh Wind Farm project. The total investment is £10m and indicates a commitment to invest in projects in renewable energy and in Wales.
- Once the activity with these sub-funds is complete WPP attention will turn to the launch of the WPP Private Equity sub-fund and to develop real estate solutions. Schroders have been appointed as the Allocator for the Private Equity sub- fund.

6. RECOMMENDATION

To receive and note the information.