

MEETING: **PENSION BOARD**

DATE: **23 NOVEMBER 2020**

TITLE: **WALES PENSION PARTNERSHIP UPDATE**

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

1. Introduction

The collaboration has been going from strength to strength since its establishment in 2017 with officers meeting frequently.

Since the lockdown period, all of the partnership's events have been virtual but the work has gone from strength to strength, with new funds launched, and many events taking place.

2. Fixed Income Funds

During July and October 2020 the Wales Pension Partnership created five Fixed Income funds, of which the Gwynedd Pension Fund has invested in two:

- **Multi Asset Credit Fund**

Our investment with Fidelity Global Equity was transferred on 27th July 2020. A sum of £166,119,549.08 was invested in the Multi Asset Credit Fund.

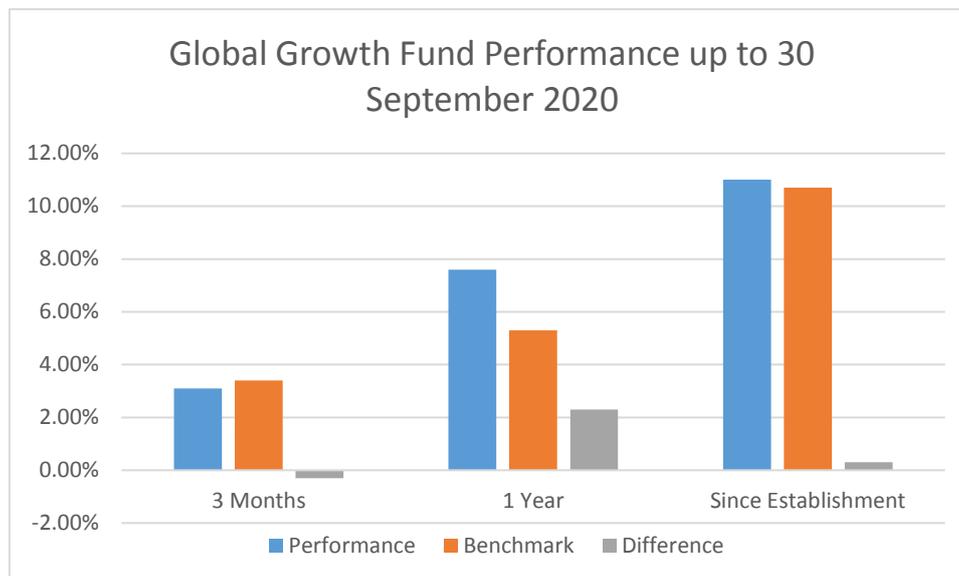
- **Absolute Return Bond Fund**

The original intention was to launch this Fund in July 2020. Unfortunately it was discovered that existing investments were not eligible for the ACS structure, and so another fund was created with a launch date of 1st October 2020.

The transfer has taken place and our investment with Insight of £291,238,172.22 was successfully transferred on 1st October to the Absolute Return Bond Fund.

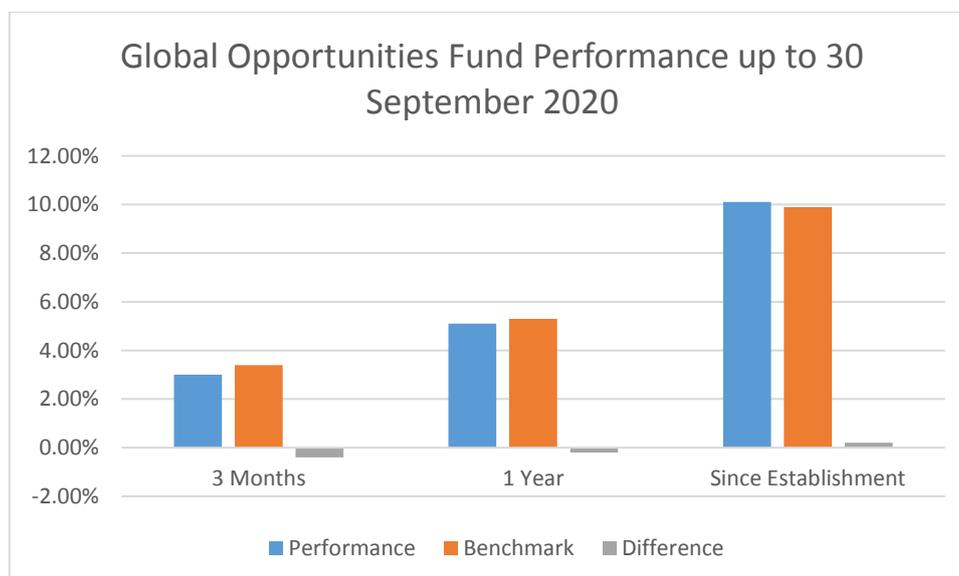
3. Performance

Global Growth Fund



Prior to the pandemic, the performance of this fund has exceeded the benchmark with strong performance from Baillie Gifford and Veritas. The portfolio has 'deep value' investments and due to the impact of the pandemic, recent performance has fallen behind the benchmark. Traditional sectors such as oil and financials have performed poorly and sectors such as technology have performed relatively well. Russell Investments continually monitors the allocation of this fund.

Global Opportunities Fund



Performance has generally exceeded the benchmark since its establishment with strong performance from Morgan Stanley, Sanders Capital and SW Mitchell in particular. Recently, this fund has also been affected by the pandemic. Numeric and NWQ have performed poorly, but the portfolio has managers with different styles and life cycles e.g. value v growth, and so their performance may change in the future.

4. Developments

4.1 Emerging Markets

The next transfer to take place is Emerging Markets- at the Pensions Committee on 14th October the proposed investment management structure for this new fund was agreed.

The Gwynedd fund will move our Emerging Markets share from Fidelity to this fund and the fund is expected to launch in Spring 2021.

4.2 Private Markets

A group has been set up looking at the options of combining assets into this category, with the next meeting in December. Russell Investments has been looking at the options available with the current portfolio, and development and new funds for the future.

The scope of private markets is wide and therefore a considerable amount of analysis needs to be completed.

4.3 Annual Report

The WPP has a number of publications on its website, and the Annual Report has recently been published. See the website for further information:

<https://www.walespensionpartnership.org/>

4.4 Updates and Training

Since the lockdown period, all of the partnership's events have been virtual and therefore regular updates and training have been made available to Pension Board members.

4.5 Representation of Pension Boards on the Partnership Joint Committee

This topic has been debated for some time now. The Head of Finance has attended a meeting recently and will give a verbal update.

5. Recommendation

The Board is asked to note the information.