

MEETING	PENSIONS COMMITTEE
DATE	22 JANUARY 2024
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 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 Waystone 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 13th December 2023. The host authority has provided a summary of the items discussed at that meeting which is attached as Appendix 1 to this report. The Business Plan for 2023/24 was reviewed and can be seen in Appendix 2.

3. OPERATOR UPDATE

A copy of the latest quarterly update from the operator is attached under Appendix 3.

The update provides a snapshot of the full range of WPP investment sub-funds as at 30th September 2023.

Gwynedd Pension Fund currently has exposure to eight of the eleven sub-funds and as of 30th September 2023 these were as follows:

- **Global Opportunities - £378.1m**
- **Global Growth- £362.7m**
- **Emerging Markets - £56.3m**
- **Global Passive - £529.5m**
- **Multi Asset Credit - £205.1m**
- **Absolute Return Bond- £398.5m**
- **Global Credit Fund - £131.6m**
- **Sustainable Equity Fund- £275.3m**

4. PERFORMANCE REPORTS AS AT 30TH SEPTEMBER 2023

The performance reports can be seen in Appendix 4.

Equities retreated following earlier gains on rising expectations that interest rates would stay higher for longer prompted by hawkish comments from central banks. Soaring oil prices added to concerns that the battle over inflation may be prolonged. Worries over the Chinese economy, particularly the property sector, prompted a sell off in Chinese equities mid-quarter although new stimulus measures from Beijing and a pick-up in manufacturing stemmed some of the falls. The US dollar strengthened against most currencies. The Federal Reserve (Fed) and Bank of England (BoE) both raised rates by 25 basis points (bps) earlier in the quarter but left them unchanged at their September meetings. The European Central Bank (ECB) raised rates twice, each by 25 bps, bringing them to the bloc's all-time high of 4.0%.

The performance of the sub funds that Gwynedd Pension Fund invests in are monitored by officers, and as part of the quarterly investment review by Hymans Robertson and no concerns have been raised.

5. FUTURE DEVELOPMENTS

- On-boarding is continuing with the Open-ended Infrastructure sub-fund and Schrodgers Private equity mandate.
- The procurement exercise for the Real Estate managers is underway.

6. RECOMMENDATION

To receive and note the information.