

MEETING: **PENSION BOARD**

DATE: **29 FEBRUARY 2024**

TITLE: **STRATEGIC OBJECTIVES FOR THE FUND'S INVESTMENT CONSULTANTS**

PURPOSE: **To report progress against current objectives and to note future objectives**

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

1. INTRODUCTION

At the end of 2018, following a review of the investment consulting and fiduciary management markets, the Competition and Markets Authority (“CMA”) stipulated that Pension Scheme Trustees should set objectives for their investment consultants. These objectives are set and reviewed each year.

2. ESTABLISHING OBJECTIVES FOR INVESTMENT CONSULTANTS

The CMA states that objectives for consultants should include a clear definition of the outcome expected, and should be:

- ‘closely linked’ to the pension scheme’s strategic objectives
- reviewed at least every three years, and after a significant change to the investment strategy or objectives

Establishing long term objectives is part of a well organised governance approach. The extension to set objectives for investment consultants could be regarded as a natural progression towards all stakeholders being aligned towards a common goal.

3. GWYNEDD PENSION FUND OBJECTIVES FOR INVESTMENT CONSULTANTS

The objectives for Gwynedd Pension Fund can be found in Appendix 1, with the progress reported against them during 2023.

A compliance statement has been signed by the Pensions Committee Chairman by the required deadline of 7th January 2024.

4. FUTURE OBJECTIVES

The current objectives have been consolidated to 10 key future objectives in Appendix 2. They remain broadly similar but have reduced the number to keep them focussed.

Other projects which are likely to take place in 2024 by our investment consultants include:

- Assessment of asset pooling including ‘pool or explain why not’ analysis
- Climate transition planning towards Net Zero target, and build towards TCFD (though timeframe for this remains uncertain)

- Active stewardship: review of manager voting activity, and developing the approach to engagement, with review and oversight of WPP (as an organisation and its funds) an increasingly important part of this
- Advice in relation to property mandate
- Annual assessment of WPP private equity fund commitments to maintain target allocation
- Bi-annual assessment of short term liquidity needs for private market commitments

5. RECOMMENDATION

The Board is asked to note the progress report and the Investment Consultants' objectives for the upcoming year.