

MEETING	PENSIONS COMMITTEE
DATE	17 JUNE 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 March 2024. The host authority has provided a summary of the items discussed at that meeting which is attached as Appendix 1 to this report.

The items discussed and approved were as follows:

- Real Estate Procurement
- All Wales Climate Report
- Training Plan (Appendix 2)
- Business Plan (Appendix 3a and 3b)
- Risk Register
- Policy reviews

3. OPERATOR UPDATE

A copy of the latest quarterly update from the operator is attached under Appendix 4.

The update provides a snapshot of the full range of WPP investment sub-funds as at 31st December 2023.

Gwynedd Pension Fund currently has exposure to eight of the eleven sub-funds and as of 31st December 2023 these were as follows:

- **Global Opportunities - £399.0m**
- **Global Growth- £385.1m**
- **Emerging Markets - £57.7m**
- **Global Passive - £443.9m**
- **Multi Asset Credit - £216.9m**
- **Absolute Return Bond- £403.1m**
- **Global Credit Fund - £222.3m**
- **Sustainable Equity Fund- £293.2m**

4. PERFORMANCE REPORTS AS AT 31st DECEMBER 2023

The performance reports can be seen in Appendix 5.

Equities climbed in the fourth quarter with the global indices achieving double-digit gains. Third-quarter market weakness continued into October on concerns about persistent inflation and a prolonged period of high interest rates. Geopolitical worries triggered by conflict in the Middle East added to investor caution. However, this pessimism faded rapidly in November, as evidence of falling inflation raised expectations of interest rate cuts ahead, fuelled further by comments from Federal Reserve (Fed) Chair Jerome Powell in December. The US dollar retreated, losing its year-to-date gains, as markets priced in rate cuts by mid-2024, extending the rally in gold prices. The Fed, European Central Bank and the Bank of England all left interest rates unchanged at their rate-setting meetings.

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. PRIVATE MARKETS UPDATE (INFRASTRUCTURE)

GCM Grosvenor were appointed WPP's Infrastructure Allocator in March 2022. GCM Grosvenor provided a progress update on both the closed-ended and open-ended Investment programmes. (Appendix 6)

The Gwynedd Pension Fund has invested £3.6m as at 31st December 2023, but this amount will significantly increase over time.

6. RECOMMENDATION

To receive and note the information.