

MEETING: PENSION BOARD
DATE: 14 OCTOBER 2024
TITLE: WALES PENSION PARTNERSHIP UPDATE
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1. Introduction

The collaboration has been going from strength to strength since its establishment in 2017 and 85% of the Gwynedd fund has been pooled with Wales Pension Partnership (WPP).

The performance to date has been mixed in very challenging conditions and many developments are underway and therefore this paper provides an update for the Board.

2. Wales Pension Partnership Funds

The amounts invested in each sub-fund and their performance up to 30th June 2024 can be seen below:

	Valuation 30/06/24	3 Months Return	3 Months Benchmark	1 Year Return	1 Year Benchmark	Since Inception Return	Since Inception Benchmark
	£m	%	%	%	%	%	%
WPP Global Growth	412.9	-0.6	2.8	13.2	20.1	10.1	12.2
WPP Global Opportunities	441.1	1.5	2.8	18.3	20.1	12.6	12.2
WPP Emerging Markets	62.0	3.5	5.3	10.2	14.9	-1.7	0.7
WPP Sustainable Equity	319.6	0.8	2.8	14.1	20.1	15.5	21.9
WPP Multi Asset Credit	228.9	1.3	2.3	9.2	9.6	2.3	6.3
WPP Absolute Return Bond	223.1	2.1	1.8	8.4	7.5	3.6	4.4
WPP Global Credit	431.9	0.1	0.1	5.5	5.2	-2.3	-2.1

The performance of each sub-fund is monitored by the WPP as well as our advisors on a continuous basis, and any concerns are presented to the investment manager (Russell Investments). Russell Investments will continuously assess the managers within their portfolio and will reduce, increase or eliminate their holdings to try and enhance the sub-fund's long-term performance. This is currently being undertaken within the Global Growth sub-fund with a change in manager selection.

The fund has also started to invest in the new WPP private markets funds, managed by the following investment managers.

Private Debt: Russell Investments

Closed-ended infrastructure: GCM Grosvenor

Open-ended infrastructure: CBRE Global Infrastructure Fund, IFM Global Infrastructure Fund and Octopus Renewables Infrastructure SCSp.

Private Equity: Schroders

The investments will increase quarter on quarter as capital is called, and a report on their progress will be presented to the Board in due course.

3. Developments

3.1 Real Estate

The WPP will establish a WPP Real Estate investment proposition built around three pillars

- UK Core Real Estate, to take existing pooled fund investments and transition them over time to an open-ended direct property investment portfolio.
- International Real Estate, to establish an open-ended investment vehicle investing in funds and direct assets on a global basis.
- Local / Impact Real Estate, to develop an investment programme utilising fund investments and direct asset investments in UK Impact strategies, with at least 50% of assets located in Wales.

Following the completion of a rigorous public procurement process, with the support of bfinance and Hymans Robertson, Private Real Estate Investment Managers have been appointed. The appointed managers are:

- UK Core Real Estate – Schroders
- International Real Estate – CBRE
- Impact / Local Real Estate – Schroders

Gwynedd Pension Fund will in due course consider our property portfolio in order to take advantage of these options.

3.2 Call for Evidence

In September 2024, the Chancellor has launched a landmark pensions review to boost investment, increase saver returns and tackle waste in the pensions system. The Chancellor has appointed the Minister for Pensions to lead the review. The review will focus on defined contribution workplace schemes and the Local Government Pension Scheme.

In its initial stages the review will be considering evidence on a range of questions which can be found here: [Pensions Investment Review: Call for Evidence - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/pensions-investment-review-call-for-evidence) Gwynedd Pension Fund, Wales Pension Partnership and a number of the Fund's key stakeholders have responded to this initial stage. The response by Gwynedd Pension Fund can be found in Appendix 1.

4. Pension Board Chair's Engagement meeting- 8th October 2024

Sioned Parry and Osian Richards (as the Scheme Member Representative of the JGC) have recently attended this meeting and will provide an update to the Board.

5. Recommendation

The Board is asked to note the information.