

MEETING	PENSIONS COMMITTEE
DATE	18th SEPTEMBER 2023
TITLE	WALES PENSION PARTNERSHIP UPDATE
PURPOSE	To receive and note a quarterly update from Wales Pension Partnership
RECOMMENDATION	Receive and note the information
AUTHOR	DELYTH JONES-THOMAS, INVESTMENT MANAGER

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 Link Fund Solutions appointed 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 19th July 2023. The host authority have provided a summary of the items discussed at that meeting which is attached as Appendix 1 to this report. The Business Plan for 2022/23 was updated as at 31 March 2023 and can be seen in Appendix 2.

3. OPERATOR UPDATE

A copy of the latest quarterly update from Link Fund Solutions is attached under Appendix 3.

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

Gwynedd Pension Fund currently has exposure to six of the ten sub-funds and as of 31st March 2023 these were as follows:

- **Global Opportunities - £430.1m**
- **Global Growth- £426.9m**
- **Emerging Markets - £57.6m**
- **Global Passive - £786.2m**
- **Multi Asset Credit - £200.6m**
- **Absolute Return Bond- £386.1m**

In order to implement the Fund's revised strategic asset allocation, the Fund has recently invested in the Global Credit Fund which will be included in the next operator update.

4. PERFORMANCE REPORTS AS AT 31ST MARCH 2023

The performance reports can be seen in Appendix 4.

Positive January and March performance bookended mid-quarter market volatility. Equity markets started the year strongly with investors encouraged by signs that inflation was being tamed and the prospect of China's reopening from Covid-19 restrictions boosting demand. In contrast, equities fell broadly in February amid slowing progress on inflation and resilient economic data, which implied interest rates may stay higher for longer.

The performance of the Gwynedd sub funds are monitored by officers and as part of the quarterly investment review by Hymans Robertson and no concerns has been raised.

5. FUTURE DEVELOPMENTS

- The WPP Sustainable Active Equity Sub-fund was launched in June 2023 and the transition is now complete.
- On-boarding to the WPP Private Credit sub-fund and Closed- ended infrastructure has now been completed and is continuing with the Open-ended Infrastructure sub-fund.
- Once the activity with these sub-funds is complete WPP attention will turn to the launch of the WPP Private Equity sub-fund and to develop real estate solutions.

6. RECOMMENDATION

To receive and note the information.