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| MEETING        | <b>PENSIONS COMMITTEE</b>                                                    |
| DATE           | <b>7 JULY 2025</b>                                                           |
| TITLE          | <b>WALES PENSION PARTNERSHIP UPDATE</b>                                      |
| PURPOSE        | <b>To receive and note a quarterly update from Wales Pension Partnership</b> |
| RECOMMENDATION | <b>RECEIVE AND NOTE THE INFORMATION</b>                                      |
| AUTHOR         | <b>DELYTH JONES-THOMAS, INVESTMENT MANAGER</b>                               |

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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 12<sup>th</sup> March 2025. The host authority has provided a summary of the items discussed at that meeting which is attached as Appendix 1 to this report. The 2024/25 Business Plan was reviewed and this can be seen in Appendix 2.

The Training Plan for 2025/26 was submitted and approved. This Training Plan has been devised to support the current training of the Gwynedd Pension Fund and will be applicable to the Wales Pension Partnership's pooling activities. Training sessions will be held quarterly as usual with further details in Appendix 3. The Business Plan 2025-28 (Appendix 4) has also been submitted which has been approved by the JGC and the Gwynedd Pension Fund Committee. Finally, another regular item introduced was the Risk Register, and the risks during this quarter were Governance and Regulation.

## **3. OPERATOR UPDATE**

A copy of the latest quarterly update from the operator is attached under Appendix 5.

The update provides a snapshot of the full range of WPP investment sub-funds as at 31<sup>st</sup> December 2024.

Gwynedd Pension Fund currently has exposure to eight of the eleven sub-funds and as of 31<sup>st</sup> December 2024, these were as follows:

- **Global Opportunities - £451.6m**
- **Global Growth- £444.4m**
- **Emerging Markets - £63.0m**
- **Global Passive - £464.0m**
- **Multi Asset Credit - £235.2m**
- **Absolute Return Bond- £399.7m**
- **Global Credit Fund - £232.6m**
- **Sustainable Equity Fund- £336.5m**

#### **4. PERFORMANCE REPORTS AS AT 31<sup>st</sup> DECEMBER 2024.**

The performance reports can be seen in Appendix 6.

Global equities rose in sterling terms in the fourth quarter but fixed income markets lagged. US equities powered global equities higher following the US election result. Positive sentiment was fuelled by optimism that President-elect Trump's policies, including tax cuts and tariffs, would be business-friendly. Europe was the laggard, impacted by a weak economic outlook and political uncertainty in Germany and France. Asia ex Japan and emerging markets (EM) also underperformed. In fixed income, long yields rose on central bank caution over further rate cuts. The Federal Reserve (Fed) and the European Central Bank (ECB) both lowered rates by 25 basis points (bps) twice, while the Bank of Canada made two 50 bps cuts. The Bank of England (BoE) cut rates by 25 bps in November but left them unchanged in December.

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. Russell Investments also 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.

#### **5. PRIVATE MARKETS UPDATE**

Most of the major private market investment programmes have now launched – Infrastructure, Private Credit and Private Equity. Real Estate managers have been appointed, and they are currently establishing the Real Estate investment programmes.

#### **6. PRIVATE CREDIT**

Russell Investments was appointed as PPC's Private Credit Distributor in March 2022 and the investment programme was launched in April 2023. Russell Investments provided an update on the progress on the Private Credit fund included in Appendix 7.

## **7. LGPS: FIT FOR THE FUTURE**

The Prosiect yr Wyddfa report which was recently approved by the Gwynedd Pensions Committee was presented to the Full Council on July 3<sup>rd</sup>. The Full Council were asked to:

1. Note the Wales Pension Partnership Fit for the Future Business Case.
2. Approve the formation of a corporate entity wholly owned by the WPP Administering Authorities (AAs) to be the WPP Investment Management Company (IMCo.) and all other actions necessary to submit an application to the Financial Conduct Authority (FCA) for the authorisation of the company including but not limited to the selection and recruitment of Senior Management Function (SMF) roles as required by the FCA and the preparation and submission of the application to the FCA.
3. Approve the revised WPP Business Plan & budget 2025/28 which includes design/enabling costs for Project yr Wyddfa.
4. Delegate the S151 Officer in consultation with the Chair of the Pensions Committee to progress Project yr Wyddfa alongside WPP Administering Authorities (AAs) in line with the Government timetable within the approved budget.
5. Delegate the final approval of the final formal documentation required for IMCo. to be operational, described as “Go Live Work” to The Pension Fund Committee to give effect to The WPP Fit for the Future Business Case.

Feedback will be given to the Pensions Committee from the Full Council meeting.

## **8. RECOMMENDATION**

To receive and note the information.