



# Complete Agenda

**Democratic Service**  
Swyddfa'r Cyngor  
CAERNARFON  
Gwynedd  
LL55 1SH



Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

Meeting

**PENSIONS COMMITTEE**

Date and Time

**2.00 pm, MONDAY, 6TH JULY, 2026**

Location

**Virtual Meeting**

**NOTE**

**\* For public access to the meeting, please contact us\***

Contact Point

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## **PENSIONS COMMITTEE**

### **MEMBERSHIP (9)**

#### **Plaid Cymru (4)**

Councillors

Gwynfor Owen  
Ioan Thomas

Geraint Wyn Parry

Elin Hywel

#### **Independent (2)**

Councillors

John Pughe Roberts

John Brynmor Hughes

#### **Gwynedd First (1)**

Councillor Stephen Churchman

#### **Co-opted Members (2)**

Councillor Robin Wyn Williams    Isle of Anglesey County Council  
Councillor Goronwy Owen Edwards    Conwy County Borough Council

#### **Ex-officio Members**

Chair and Vice-Chair of the Council

# **A G E N D A**

**1. ELECT CHAIR**

To elect Chair for 2026 / 2027

**2. ELECT VICE CHAIR**

To elect a Vice-chair for 2026 / 2027

**3. APOLOGIES**

To receive any apologies for absence

**4. DECLARATION OF PERSONAL INTEREST**

To receive any declaration of personal interest

**5. URGENT ITEMS**

To note any items which are urgent business in the opinion of the Chairman so that they may be considered

**6. MINUTES**

5 - 15

The Chairman shall propose that the minutes of the meetings of this committee held on 26<sup>th</sup> of February 2026 and the 16<sup>th</sup> of March 2026 to be signed as a true record

**7. WALES PENSION PARTNERSHIP UPDATE**

16 - 102

To receive and note the information.

**8. LOCAL AUTHORITY PENSION FUND FORUM (LAPFF)**

103 - 105

To note the content of the report.

**9. GWYNEDD PENSION FUND'S DRAFT STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026**

106 - 150

To receive and note the Draft Statement of Accounts.

**10. GWYNEDD PENSION FUND AUDIT PLAN 2026**

151 - 168

To consider and accept the audit plan

**11. EXCLUSION OF PRESS AND PUBLIC**

The Chairman shall propose that the press and public be excluded from the meeting during the discussion on the following items due to the likely disclosure of exempt information as defined in Paragraph 14 of Schedule

12A of the Local Government act 1972 Information relating to the financial or business affairs of any particular person (including the authority holding that information).

There is an acknowledged public interest in openness in relation to the use of public resources and related financial issues. It is also acknowledged that there are occasions, in order to protect the financial interests of public authorities that matters related to commercial information need to be discussed without being publicised. Publication of such commercially sensitive information would be inappropriate having regard to the legitimate interests of third parties and could undermine confidence to engage with the Council and therefore the Councils ability make decisions on behalf of the fund. This would be contrary to the wider public interest of securing value for money and the best overall outcome. For those reasons the matter should be exempt in the public interest

**12. ROBECO ENGAGEMENT SERVICE- ENGAGEMENT REPORT  
01.10.2025-31.12.2025**

To note the contents of the report

(copy for Members only)

**13. PENSION FUND INVESTMENT PERFORMANCE UP TO 31ST  
MARCH 2026**

To accept the information and note the contents of the report

(copy for Members only)

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## PENSIONS COMMITTEE 26-02-2026

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**Attendance:** Councillor Elin Hywel (Chair)  
Councillor John Pughe Roberts (Vice-chair)

**Councillors:** Stephen Churchman, Geraint Parry, and Ioan Thomas

**Officers:** Dewi Morgan (Head of Finance), Ffion Madog Evans (Assistant Head of Finance - Accounting and Pensions), Delyth Jones-Thomas (Investment Manager), Iwan Evans (Head of Legal Services - Monitoring Officer), and Lowri Haf Evans (Democracy Services Officer)

**Others invited:**

Tony Deakin (member of the Pension Board) – observing

**1. APOLOGIES**

Apologies were received from John Brynmor Hughes, and Robin Williams (Isle of Anglesey County Council)

Following the decision of Cllr R Medwyn Hughes to stand down as a Member, and as Former Chair of the Pensions Committee, he was thanked for his work and support to the Committee during his time as a Member.

**2. DECLARATION OF PERSONAL INTEREST**

None to note

**3. URGENT ITEMS**

None to note

**4. WALES PENSION PARTNERSHIP (WPP) - UPDATE THE INTER-AUTHORITY AGREEMENT (IAA)**

Submitted - the report of the Head of Finance and the Investment Manager highlighting the need for the Committee to formally recommend the Inter-Authority Agreement (IAA) to the Full Council for approval.

Members were reminded that the Inter-Authority Agreement was the formal legal and governance framework binding together the eight administering authorities of the Welsh Local Government Pension Scheme into the Wales Pension Partnership. It was reported that the Inter-Authority Agreement (IAA) was first approved in 2017 when the WPP was established, but following a 'Fit for the Future' consultation, and the adjustments needed to ensure compliance with UK Government requirements, investment management company WPP IM Co. was established and incorporated. As a result, it was considered necessary to undertake a comprehensive review of the IAA to ensure that it remained appropriate. It was reiterated that while the WPP had been successful, with good governance and arrangements leading to good returns, the UK Government was unwilling to continue with the arrangement and therefore a new investment company had had to be formed; under the 'Fit for the Future' requirements there would be significant adjustments to the existing structure, which would need to be operational by 1 April 2026.

Reference was made to the main changes in the new structure along with the assurance note that Hymans Robertson (WPP's oversight and governance adviser) had prepared for the eight administering authorities. It was noted that the assurance note included input from the eight authorities and provided an independent overview of the new regime and the key amendments proposed as part of the recommendation.

Work prepared by Burges Salmon (WPP's legal adviser) detailing all proposed amendments to the IAA was highlighted. The Committee was assured that the proposed agreement had been scrutinised by several layers of oversight which included discussions with the Steering Group, and that the Monitoring Officers of the eight administering authorities had provided input to ensure that the individual Councils were secure. Each of the eight administrative authorities would follow the same procedure to approve the Inter-Authority Agreement.

Thanks were expressed for the report.

The background work that had been done to prepare the agreement within a tight timeframe was appreciated, as was the good scrutiny work carried out by Hymans Robertson and Burges Salmon in highlighting the implications.

Thanks were given for the information-sharing workshop organised for members of the Pensions Committee and the Pension Board (23-02-26); the discussion had been valuable and beneficial and took place in a friendly atmosphere – reassuring the Committee that it was making the right decisions.

Observations arising from the ensuing discussion:

- Concern that the Committee's role appeared to be as an oversight body, losing the right to participate in the discussion on investments
- Concern that the Committee was losing its managerial role and responsibilities
- Why was there a Senior Officer and not a Member on the Shareholder Forum? The opportunity of having the Members' voice on the Forum was being missed - the public contacted/shared their concerns with Elected Members if things did not go well, so it would be wise for them to have input
- It had to be emphasised that the approval of the Inter-Authority Agreement was a response to statutory requirements
- That the quality of the background work was of a very high standard, professional and detailed - the Committee relied on a standard of information of this level

In response to the observations, the Head of Finance accepted that the situation was a frustrating one and that layers of complexity were being added to the current arrangement which, to date, had been very clear and orderly. He added that as the Section 151 Officer, he would be attending the Shareholders' Forum on behalf of the Council (and not the WPP) where he had a duty to ensure that shares and actions were safe. The Monitoring Officer reiterated that the Council was a Shareholder in this situation and was entitled to vote on the decisions to protect the interests of Gwynedd; that could be discussed in the item on approving the Shareholders' Agreement.

It was proposed and seconded to recommend the Agreement to the Full Council

**RESOLVED:**

- **To note the content of this report and the appendices.**
- **To recommend the amended Inter-Authority Agreement (IAA) to the full Council on 5 March 2026 for approval as a reserved matter**

## **5. EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED** to exclude the press and public from the meeting during the discussion on the following items due to the likely disclosure of exempt information as defined in paragraph 14, Schedule 12A of the Local Government Act 1972 - Information about the financial or business transactions of any specific person (including the authority that retains that information).

There is an acknowledged public interest in being open about the use of public resources and related financial issues. However, it is also acknowledged that there are occasions, in order to protect public financial interests, where commercial information must be discussed without being publicised. The reports relate specifically to a proposed procurement process. Publishing such commercially sensitive information could be detrimental to the interests of the Council and its partners by undermining competition. This would be contrary to the wider public interest of securing the best overall outcome. For these reasons, the matter is closed in the public interest.

## **6. WALES PENSION PARTNERSHIP (WPP) - GOVERNANCE DOCUMENTS TO MEET THE "FIT FOR THE FUTURE" REQUIREMENTS**

A report was submitted by the Head of Finance and the Investment Manager in response to meeting the UK Government's "Fit for the Future" ambitions (due to become Legislation on 31 March 2026), by making necessary amendments to the existing governance arrangements of the Wales Pension Partnership (WPP) whilst also introducing new independent documents – the Shareholder Agreement (SHA) and the Client Service Agreement (CSA).

It was clarified that, unlike the Inter-Authority Agreement, the Full Council (July 2025) had delegated to the Pensions Committee the right to approve final formal documentation for the implementation of the Investment Management Company and authorised the Section 151 Officer in consultation with the Chair of the Pensions Committee to proceed with Yr Wyddfa Project alongside WPP Administering Authorities in accordance with the Government's timetable within the approved budget.

The Shareholder Agreement (SHA) and the Client Service Agreement (CSA) were discussed.

### **RESOLVED**

- 1. To approve the Shareholder Agreement (SHA) that has been created, which is a legal requirement.**
- 2. To approve the Client Service Agreement (CSA) that has been created, which is a legal requirement.**
- 3. Where appropriate, to delegate powers to the Head of Finance Department, in consultation with the Chair of the Pensions Committee, to make minor amendments to the agreements, on condition that it would not change the substance of the agreements.**
- 4. In 12–18 months, the Shareholder Agreement (SHA) should be reviewed to explore how to include elected representatives in a non-voting function.**

5. **As part of the Committee's work programme, there is a need to look at improving scrutiny arrangements and challenging WPP IM Co reports.**
6. **There is a need to include a clause in the Committee's work programme to consider local investment opportunities and/or consideration to local investment proposals.**

The meeting commenced at 10:30am and concluded at 11:40am.

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## PENSIONS COMMITTEE 16-03-2026

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### **Attendance:**

**Councillors:** Stephen Churchman, Goronwy Edwards (Conwy County Borough Council), John Brynmor Hughes, Gwynfor Owen, Geraint Parry, Ioan Thomas and Robin Williams (Isle of Anglesey County Council)

**Officers:** Dewi Morgan (Head of Finance), Ffion Madog Evans (Assistant Head of Finance - Accounting and Pensions), Delyth Jones-Thomas (Investment Manager), Meirion Jones (Pensions Manager) and Lowri Haf Evans (Democracy Services Officer)

**Others invited:** Roland Thomas (member of the Pension Board) - observing

### **1. APOLOGIES**

Apologies were received from Councillor Elin Hywel (Chair) and Councillor John Pughe Roberts (Vice-chair)

In the absence of the Chair and Vice-chair, a request was made for nominations for someone to step into the Chair for this meeting only. Councillors Ioan Thomas and Councillor Stephen Churchman were proposed and seconded.

A vote was taken on both proposals.

Councillor Stephen Churchman was elected as Chair for this meeting only.

Councillor Gwynfor Owen was welcomed as a new member of the Committee.

### **2. DECLARATION OF PERSONAL INTEREST**

None to note

### **3. URGENT ITEMS**

None to note

### **4. MINUTES**

The Chair accepted the minutes of the meeting held on 9 February 2026 as a true record.

### **5. CASH FLOW MODELLING PROJECTIONS**

The Investment Manager submitted a report in response to the need to project the expected cash flow of the Fund over a long-term period, so that it was possible to understand the sensitivity of the Fund's net cash flow position in a number of inflation scenarios. It was reported, although the triennial valuation had shown that the Fund was in a healthy position in terms of assets, the Fund's cash flow needed to be monitored, and for consideration to be given to converting some assets to cash or into assets that would pay a regular income (in order to pay the pensioners), and whether enough money would come into the Fund from day to day to do so.

Attention was drawn to the types of income and regular expenditure which happened within the Fund, as well as the cash flow situation of recent years, which highlighted

that the situation had been positive over the past three years. It was explained that it was usual for the Pension Fund to go into a negative cash position when benefit payments would be higher than the income coming in, therefore the importance of the need to monitor the situation and use the Investment Strategy to sell or change the type of assets that were most appropriate was outlined.

Reference was made to a report provided by Hymans Robertson who were assessing the situation as well as the results of a scenario analysis carried out to discover what would be the impact of different levels of inflation. It appeared that if there would be a baseline scenario, there would be potential for the Fund to face a negative cash flow situation in 2027 and earlier than that should inflation remain at a high level. It was reiterated, in the short-term, that the Fund had liquid assets that could be called upon at short notice; monitoring and implementing the cash flow would also be a consideration for the WPP IM Co Investment Management Company from April 2026 - there would be a need to collaborate with the company over the coming period to ensure that plenty of liquidity was available.

Members expressed their thanks for the report, and the exercise carried out by Hymans Robertson was appreciated.

In response to a question regarding the need to consider the formal cash flow and rebalancing policy, it was noted that these were steps that the WPP IM Co Investment Company needed to consider; the company would also have the expertise to make the correct decision. It was reiterated that equity assets had been de-risked, that safeguarding steps were in place and that the situation was a sensible one.

**RESOLVED:**

- **To note the content and accept the report**

**6. FUNDING STRATEGY STATEMENT**

A report was submitted by the Investment Manager, explaining the demand on the Fund to review the Funding Strategy Statement every three years, after the triennial valuation (unless there were substantial changes in the market conditions). It was highlighted that the main purpose of the statement was to reflect the valuation's factors and weigh up the affordability to the employers, with the long-term liquidity objectives of the Fund.

It was noted that the Statement was a long and technical document and had been prepared in detailed consultation with Hymans and the Fund officers. It was explained, as part of the review, that the administrative authority had to consult with every employer that was a part of the plan, with the fund actuary and advisers, and any other persons considered to be suitable. In line with the request, the Statement (draft) was submitted to the Pensions Committee in February 2026, to the Pension Board and to all Fund employers. It was reported that no feedback had been received from the employers, but that the actuary had suggested one change / addition to Q4 regarding the report on the Gender Pension Gap.

Members expressed thanks for the report - although the document was lengthy, the content was simple and understandable.

**RESOLVED**

**To accept the report and adopt the Funding Strategy Statement.**

## **7. REVISED INVESTMENT STRATEGY STATEMENT**

The Investment Manger submitted a report seeking the Committee's formal approval to adopt the Investment Strategy and confirm the pooling arrangements. It was highlighted that the Fund was required to publish the Strategy Statement, and that it would be timely to allocate a new strategic asset allocation following the triennial valuation. It was noted that the Investment Strategy Statement had been prepared in consultation with Hymans Robertson.

It was highlighted that the strategy underlined the balance between risk and returns that the fund needed, outlining the strategic assets allocation. Reference was made to information about the IM Co Investment Management Company (structure and governance of the company that would be operational from 1 April 2026), responsible investment, voting rights and engagement - important elements in the implementation of the Fund.

The members expressed thanks for the report.

### **RESOLVED**

**To accept the report and adopt the Investment Strategy Statement.**

## **8. TREASURY MANAGEMENT STRATEGY STATEMENT FOR 2026/27**

An annual report was submitted by the Investment Manager noting, in line with the Welsh Government's Statutory Guidance on Local Government Investments, that the Council was required, as a part of its treasury management function, to prepare an Annual Investment Strategy. As good practice, it was considered that the Gwynedd Pension Fund (the "Fund") should adopt Cyngor Gwynedd's Treasury Management Strategy Statement (TMSS) for 2026/27, as revised for the purpose of the Pension Fund. Cyngor Gwynedd's TMSS for 2026/27 was approved by the full Council on 5 March 2026.

It was explained, currently, that all the remaining money in the Fund (i.e. money that was not invested with Investment Managers), was pooled with the Cyngor Gwynedd financial balances and was invested with counter-parties in accordance with Cyngor Gwynedd's Treasury Management Strategy. At the end of the financial year, Cyngor Gwynedd would be paying interest to the Pension Fund, based on the Fund's daily balances over the year.

It was explained that the CIPFA code of practice and Welsh Government guidelines made it a requirement for the Council to invest its money prudently and consider security and liquidity before seeking the highest rates of return or yield and strike a balance with these factors. Reference was made to the sectors that had been approved for investment, as well as the investment restrictions for them, e.g. local government, local authorities, banks, money market funds and pooled funds. Attention was drawn to the projections which had been prepared by the Council's financial advisers, Arlingclose, the type of investments that the Council had at the end of 2025 and the additional requirements of the Welsh Government's Investment Guidelines.

The members expressed their thanks for the report.

### **RESOLVED**

- **To accept the report.**
- **To adopt the Treasury Management Strategy Statement for 2026/27 as adapted for the purpose of the Gwynedd Pension Fund.**
- **To request that the Council (although not a separate body) allows the surplus cash balances of the Pension Fund to continue to be pooled with the Council's general cash flow from 1 April 2026 onwards.**

## **9. WALES PENSION PARTNERSHIP (WPP) BUSINESS PLAN**

The Investment Manager submitted a report, which included the Partnership's Business Plan. It was expressed that normally, the Partnership created an annual Business Plan for a three-year period, but that this year's plan was a Transitional Business Plan for the first year of the WPP IM Co Investment Management Company (an independent company that would be managed by the Financial Conduct Authority (FCA) and operational from 1 April 2026). This document would be monitored, reviewed and formally agreed every year. It was reiterated that the Business Plan had been approved by the Partnership's Joint Governance Committee on 10 March 2026, and that the Partnership's eight constituent Authorities needed to approve the Plan.

In the context of the new arrangements of the Wales Pension Partnership, it was explained that the Constituent Authorities were the shareholders and clients of the Investment Management Company (WPP IM Co), and that WPP IM Co would have a separate business plan and budget (see item 10). It was reiterated that the Partnership's new role as shareholders and clients, included supervision of the WPP IM Co, as well as continuing to implement aspects of the amended Inter-Authority Agreement (IAA) approved by the Full Council on 5 March 2026; reference was made to the new WPP governance structure from 1 April 2026.

It was reported that the business plan also detailed how the Partnership would achieve its aims, outlining the priorities and objectives of the Partnership's Constituent Authorities and the financial budget.

The members expressed their thanks for the report.

In response to a question about when the Investment Management Company (WPP IM Co) would become operational, it was noted that 1 April 2026 was the official date, with a transitional period as the company established its own arrangements.

In response to a question about how often the Business Plan would be reviewed, considering the new arrangements from 1 April 2026, it was noted that the Constituent Authorities would receive a quarterly review from WPP, and a quarterly review by the Investment Management Company. It was reiterated that there would be ongoing contact between WPP and WPP IM Co officers, with the intention of sharing information / updates at the Committee's future meetings.

### **RESOLVED**

**To accept the report and approve the Business Plan**

## **10. WPP INVESTMENT MANAGEMENT COMPANY LIMITED INITIAL BUSINESS PLAN - FINANCIAL YEAR 2026/27**

The Investment Manager submitted a report, which included an Initial Business Plan for the Investment Management Company (WPP IM Co). It was explained that from 1 April 2026, the WPP Investment Management Company Limited (WPP IM Co) would be responsible for investment advice and implementing investments worth over £25

billion, on behalf of the eight Welsh Local Government Pension Funds. It was reiterated that this Initial Business Plan was the first formal account that Authorities had received, and the Business Plan had been approved by the Joint Governance Committee on 10 March 2026.

It was highlighted that the Business Plan detailed how the Investment Management Company would be achieving the strategic objectives (trustees and Member benefit duty; Implementing investment; Investment advice; Responsible investment and stewardship; Local and Welsh investment; Governance, accountability and transparency; Regulatory compliance; Team and capacity development), as well as setting a governance and supervision plan, financial summary, investment management method, implementation and staffing, risk management and compliance and responsible investment in place.

The members thanked the officer for the report.

In response to a comment that staffing costs (£4.2m estimate) were substantially higher than the Partnership's current staffing expenditure, and whether equivalent figures were available, it was noted that the current costs were very low, but that there would be a substantial increase in the transitional period when establishing the new arrangements. The intention was, as the expertise was established in-house, that the costs of external Investment Manager fees would reduce substantially.

In response to a question regarding dividend payments to the Members of the Board of Shareholders, it was noted that salaries would be paid, and not a bonus. It was reported that a Shadow Board had been established since the WPP IM Co Investment Management Company had been registered with Companies House. It was reiterated that the Shareholders were the eight Constituent Authorities and therefore if there were dividends to share, these would be paid to the individual Councils. It was also noted that there was an intention to establish a Remuneration Policy. Appointments to the IM Co Board are in the process of receiving approval from the Financial Services Authority (FCA).

In response to a comment that a Strategic Plan / formal document was needed which would outline the direction of WPP IM Co to reduce costs following the transition period, it was noted that there was an intention to employ 12 staff members in April, with the figure increasing to 24 by December 2026 - a likely increase in costs. Nevertheless, it was noted that there was an expectation for Investment Manager / external Fund costs to reduce in the long-term - time will tell; the Government's aspiration was to reduce the fees.

## **RESOLVED**

### **To accept the report and approve the Business Plan**

Note:

Request a Strategic Plan / formal document to outline WPP IM Co's direction to reduce costs following the transition period.

## **11. TRAINING UPDATE 2025/26 AND TRAINING PLAN 2026/27**

A report was presented by the Pensions Manager updating the Members on the 2025/26 training plan and setting out an outline training plan for 2026/27. It was considered that the 2025/26 plan had been successful and Members were thanked for attending a variety of training sessions which offered a broad range of subjects, as well as seminars, conferences and relevant external webinars that were praised as useful and timely.

It was highlighted that the National Knowledge Assessment, which was usually coordinated by Hymans Robertson to benchmark the Members' knowledge levels, had been held during 2025 because of the need to review the framework as a result of Fit for the Future governance adjustments, strengthening of expectations under the General Code and developments in the pooling of investments, responsible investment and governance standards. Once the amended Assessment would be published, this would enable the Fund to benchmark knowledge levels nationally, note the emerging training needs and steer the iterations of the Training Plan and Governance and Training Strategy for the future.

When introducing the 2026/27 Training Plan, and in the context of core training, it was noted that the Plan reflected the intention for the Wales Pension Partnership to continue as a main training provider for members of the Committee and the Pension Board. However, due to the continuous changes within the pooling arrangements, no training sessions had been arranged. It was reiterated, once the amended structure and governance arrangements had been completed, it was anticipated that a programme of sessions would be arranged. The expectation was that these sessions would contain the key areas.

Reference was made to conferences noted for 2026/27, reiterating the expectation for the Members attending to complete a structured feedback form to be included on the agenda of the next Pensions Committee meeting. Members were encouraged to take advantage of additional learning opportunities such as on-line learning modules and self-guided learning.

The members expressed thanks for the report.

Observations arising from the ensuing discussion:

- Appreciated a formal and comprehensive training programme
- Welcomed the training opportunities, particularly for new members
- A suggestion to hold one-to-one sessions (in-house)
- A suggestion to present a follow-up session to the Fundamentals training (one year from the date when the training was completed)
- That the LAPFF Conference was to be held on 2-4 December 2026

#### **RESOLVED**

- **To accept the report and to note the information about the training undertaken during 2025/26.**
- **To welcome the opportunities being offered.**
- **To note the absence of a 2025 National Knowledge Assessment and the planned revision of the framework.**
- **To approve the 2026/27 Training Plan.**

Note

Hold one-to-one sessions with the New Members

## **12. THE PENSION FUND VALUATION REPORT**

The valuation report was presented by the Pensions Manager, for information. It was reported that the officers had been collaborating with the actuary, Hymans Robertson over the past year on the triennial valuation of the Gwynedd Pension Fund. It was explained that the purpose of the valuation was to ensure that the Fund had a robust funding strategy to meet the long-term benefits obligations when setting employer contributions for the period between 1 April 2026 and 31 March 2029.

Reference was made to the Fund's healthy financial position and to the employer contribution rates, which would drop to 16.2% of the salary (compared with 21.8% in 2022). Attention was also drawn to the new requirement for the 2025 Valuation, which was to report on the Gender Pension Gap. It was noted that there would be a review to changes in the regulations in an attempt to close the gap which was greatly impacted at present by the gender pay gap, which reflected different work patterns, such as part-time work.

The assumptions used in this valuation were reviewed in January 2025 and they were approved at the Pensions Committee in March 2025. It was reiterated, following consultations with employers, that the final Funding Strategy Statement had been approved at this meeting (item 6), and that the next formal valuation had been arranged for 31 March 2028.

Members expressed thanks for the report.

In response to a question about the legality of considering different genders separately, it was noted that since this was a national issue, the likelihood was that a legal opinion had been sought on the issue. It was reiterated that the contribution rate was the same for all, but that the inequality derived from women mostly receiving less earnings due to part-time work, and career breaks for maternity / caring periods, which led to reduced pension contributions. There would be a need to address the gender pension gap by promoting equal pay and seeking more flexibility.

In response to a question about the meaning of 'membership experience' in the table 'Changes since the last valuation - funding position' (£31m of reducing surplus / increasing deficit), it was noted that this highlighted the real experience, compared with the expectations of the last valuation.

## **RESOLVED**

**To accept the report and note the information**

### **13. EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED to exclude the press and public from the meeting during the discussion on the following items due to the likely disclosure of exempt information as defined in paragraph 14, Schedule 12A of the Local Government Act 1972 - Information about the financial or business transactions of any specific person (including the authority that retains that information).**

**There is an acknowledged public interest in being open about the use of public resources and related financial issues. However, it is also acknowledged that there are occasions, in order to protect public financial interests, where commercial information must be discussed without being publicised. The reports relate specifically to a proposed procurement process. Publishing such commercially sensitive information could be detrimental to the interests of the Council and its partners by undermining competition. This would be contrary to the wider public interest of securing the best overall outcome. For these reasons, the matter is closed in the public interest.**

### **14. PENSION FUND INVESTMENT PERFORMANCE UP TO 31 DECEMBER 2025**

A report was submitted by the Investment Manager, reporting on the performance of the Gwynedd Pension Fund up to December 2025. It was noted that in the past, performance was discussed at an investment panel with the Investment Managers, but with changes to arrangements when establishing the WPP IM Co Investment

Management Company, the Investment Manager would report on performance until the Investment Company started to report to the Committee.

The report was discussed.

**RESOLVED**

- **To accept the report and note the information**
- **To congratulate the officers for the good work being done**

The meeting commenced at 14:00 and concluded at 15:10

MEETING	<b>PENSIONS COMMITTEE</b>
DATE	<b>6 JULY 2026</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's decision making body, the Joint Governance Committee (JGC), last met formally on 10<sup>th</sup> March 2026. As a result of the Fit for the Future changes, the governance arrangements will change and this was the last JGC in its original format.

## **2. JGC QUARTERLY UPDATE**

The host authority has provided a summary of the items discussed at that meeting which is attached as Appendix 1 to this report.

The Business Plan for 2025/26 has been reviewed and can be found at Appendix 2.

## **3. WPP BUSINESS PLAN 2026/27**

A transitional operational business plan has been drafted in line with Section 6 of the Inter Authority Agreement. (Appendix 3)

The purpose of the business plan is to:

- Explain the background and governance structure of the WPP
- Outline the priorities and objectives of the WPP
- Outline the financial budget for the relevant Business Plan period

This Business Plan was approved by the Gwynedd Pension Fund Committee on 16<sup>th</sup> March 2026, and has been approved by all 8 constituent authorities.

#### 4. **WPP IM Co BUSINESS PLAN 2026/27**

IM Co has drafted an initial business plan for financial year 2026/27, which details IM Co's:

- Strategic objectives
- Governance and oversight
- Financial summary
- Investment management approach
- Operations and staffing
- Risk management and compliance
- Responsible Investment

Rob Lamb, CEO of IM Co presented the business Plan (Appendix 4) which was approved by the JGC. The Business Plan has now been sent to all eight Constituent Authorities for their written approval.

A five-year business plan will be produced before 1 April 2027 to cover the next five financial years.

This Business Plan was approved by the Gwynedd Pension Fund Committee on 16<sup>th</sup> March 2026, and has been approved by all 8 constituent authorities.

#### 5. **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 2025.

Gwynedd Pension Fund currently has exposure to seven of the ten sub-funds and as of 31<sup>st</sup> December 2025, the sub fund values and percentage were as follows:

- **Global Opportunities - £426.7m (11%)**
- **Global Growth- £397.2m (10%)**
- **Emerging Markets - £80.7m (23%)**
- **Multi Asset Credit - £260.8m (29%)**
- **Absolute Return Bond- £548.4m (84%)**
- **Global Credit Fund - £356.8m (31%)**
- **Sustainable Equity Fund- £366.4m (21%)**

#### 6. **PERFORMANCE REPORTS AS AT 31<sup>st</sup> DECEMBER 2025**

The performance reports can be seen in Appendix 6.

The MSCI World Net Index rose by 3.1% (USD) over the fourth quarter. All regions saw gains in a volatile but ultimately positive end to the year. Canada, Europe, the UK and emerging markets were the best-performing markets. In contrast, the US underperformed all other regions and the global index, impacted by weakness in

technology names as scepticism grew over the benefits and expected returns from massive investment in artificial intelligence (AI) capacity. Oil prices fell, ending the period below \$60 per barrel amid oversupply concerns. Gold rose by double-digits, after breaking through the \$4,000 per troy ounce threshold in October. The Federal Reserve (Fed) twice cut its benchmark interest rate by 25 basis points (bps). Both the Bank of England and Bank of Canada cut interest rates by 25 bps, while the European Central Bank (ECB) left rates unchanged. Towards year-end, the Bank of Japan (BoJ) raised its policy rate by 25 bps to 0.75%, a 30-year high.

In the UK, 10-year gilt yields fell in October on rising expectations of rate cuts and market-friendly messages from the Treasury. Comments from the BoE governor, Andrew Bailey, who said a weakening jobs market could help reduce inflation, also helped gilts to rally. Encouraging inflation figures heightened optimism over rate cuts, sending 10-year yields lower. As the BoE held rates in November, Governor Bailey fuelled expectations of a rate cut in December, indicating that risks had receded while September's 3.8% inflation was likely the peak. Weak jobs data and disappointing GDP growth strengthened expectations of an imminent rate cut. Gilts dropped sharply after Chancellor Rachel Reeves' apparent U-turn decision to scrap a rise in income tax in the Budget, which raised concerns about the fiscal outlook. After the Budget was announced gilt yields fell as investors were comforted by the decision to significantly raise the fiscal buffer to about £22 billion from £9 billion. The Budget encompassed £26 billion of tax rises but lacked pro-growth measures. Later, fresh data showed GDP unexpectedly fell by 0.1% MoM in October. This, and better than expected November inflation (at 3.2% YoY from 3.6%) prompted a dip in 10-year yields. As the BoE cut rates in December, the narrow 5:4 majority vote indicated ongoing inflation concerns prompting traders to recalibrate expectations of further rate cuts. Over the quarter the yield on benchmark 10-year gilts fell by 22 bps to 4.48%.

## **7. PRIVATE MARKETS UPDATE**

Russell Investments were appointed WPP's Private Credit Allocator in March 2022, and the Private Credit Investment programme was launched in April 2023. Russell Investments provided a Private Credit progress update (Appendix 7).

## **8. RESPONSIBLE INVESTMENT AND STEWARDSHIP UPDATE**

Over the last 12 months, the WPP has undertaken a detailed review of its approach to exclusions. As a consequence of this review, the Responsible Investment and Stewardship Policies have been updated accordingly.

The changes will see exclusions applied to investments in companies involved in:

- the extraction/generation of power from thermal coal;
- the extraction of unconventional oil & gas reserves;
- involvement in the production of controversial weapons; and
- companies in persistent breach of global norms.

The updated policies have been uploaded on the WPP website.

A number of motions of notice have been received from a number of Welsh Local Authorities, including Cyngor Gwynedd. These were noted and discussed at the **Page 18**

December 2025 JGC meeting. The response sent to the constituent authorities can be seen in Appendix 8.

**9. RECOMMENDATION**

To receive and note the information.

## Wales Pension Partnership (WPP) - JGC Update

JGC meeting date: Tuesday 10 March 2026

Location: Hybrid meeting, hosted by Cardiff

Chair: Cllr Peter Lewis, Chair of the Powys Pension Fund

<b>Agenda item</b>	<b>Detail</b>
Apologies	Apologies received from Cllr Elin Hywel, Gwynedd. Cllr John Pughe Roberts substituting
Host Authority update	Anthony Parnell of the Host Authority provided an update in relation to work that has been completed since the last JGC meeting. Rachel Barrack of Hymans provided an update in relation to Responsible Investment.  Anthony presented the 2025/26 Business Plan update as at 31 December 2025 (attached).
WPP Business Plan 2026/27	A transitional operational business plan has been drafted in line with Section 6 of the Inter Authority Agreement. The purpose of the business plan is to: <ul style="list-style-type: none"> <li>• Explain the background and governance structure of the WPP</li> <li>• Outline the priorities and objectives of the WPP</li> <li>• Outline the financial budget for the relevant Business Plan period</li> </ul> Anthony Parnell of the Host Authority presented the 2026/27 Business Plan (attached) which was approved by the JGC. The Business Plan has now been sent to all eight Constituent Authorities for their written approval.
WPP IM Co Business Plan 2026/27	The WPP Investment Management Company Limited (IM Co) is the investment management company for the WPP. IM Co

	<p>was established in August 2025 and is on track to obtain FCA authorisation by 31 March 2026.</p> <p>IM Co has drafted an initial business plan for financial year 2026/27, which details IM Co's:</p> <ul style="list-style-type: none"> <li>• Strategic objectives</li> <li>• Governance and oversight</li> <li>• Financial summary</li> <li>• Investment management approach</li> <li>• Operations and staffing</li> <li>• Risk management and compliance</li> <li>• Responsible Investment</li> </ul> <p>Rob Lamb, CEO of IM Co presented the business Plan (attached) which was approved by the JGC. The Business Plan has now been sent to all eight Constituent Authorities for their written approval.</p> <p>A five-year business plan will be produced before 1 April 2027 to cover the next five financial years.</p>
<p>Risk Register Q1 2026 Review</p>	<p>The OWG is responsible for maintaining the WPP Risk Register and reporting back any changes or developments to the JGC on a quarterly basis. The OWG has a dedicated Risk Sub-Group to take ownership of the Risk Register and quarterly reviews of the document.</p> <p>During Q1 2026, a review was undertaken of some of the risks within the Governance and Regulation section of the Risk Register, risks G1 to G7 and also risk G16.</p> <p>Hymans presented the updated section of the Risk Register which was approved by the JGC. The Risk Register has been uploaded on the WPP website.</p>
<p>Operator Update</p>	<p>Waystone presented their quarterly update report as at 31 December 2025 (attached). This provides an update on WPP's sub funds and corporate and engagement activity.</p>
<p>Performance Reports as at 31 December 2025</p>	<p>Russell Investments presented a Q4 2025 performance summary paper (attached) summarising the performance of each individual ACS sub fund for the quarter ending 31 December 2025.</p>

Private Markets update – Private Credit	Russell Investments were appointed WPP’s Private Credit Allocator in March 2022, and the Private Credit Investment programme was launched in April 2023. Russell Investments provided a Private Credit progress update (attached).
Policy updates – Responsible Investment and Stewardship Policies	<p>Over the last 12 months, the WPP has undertaken a detailed review of its approach to exclusions. As a consequence of this review, the Responsible Investment and Stewardship Policies have been updated accordingly.</p> <p>The changes will see exclusions applied to investments in companies involved in:</p> <ul style="list-style-type: none"> <li>• the extraction/generation of power from thermal coal;</li> <li>• the extraction of unconventional oil &amp; gas reserves;</li> <li>• involvement in the production of controversial weapons; and</li> <li>• companies in persistent breach of global norms.</li> </ul> <p>Hymans presented the updated policies which were approved by the JGC. The updated policies have been uploaded on the WPP website.</p>
<b>Exempt Items</b> – the following items were discussed during the non-public part of the meeting.	
Responsible Investment and Climate Risk reports	<p>Each quarter, Hymans Robertson produce quarterly Responsible Investment &amp; Climate Risk Reports for the WPP’s sub funds. For Q4 2025 (quarter ending 31 December 2025), the Sterling Credit, Global Credit and Global Government Bond reports were produced.</p> <p>Hymans presented the reports to the JGC members.</p>
Robeco Engagement Report – Q4 2025	In March 2020, Robeco was appointed as WPP’s Voting & Engagement Provider to undertake Voting and Engagement functions on behalf of the WPP. Robeco commenced their engagement service in April 2020, and they have provided an engagement report for Q4 2025. The engagement theme chosen for this quarter was Shareholder Rights.

Webcast link for the 10 March 2026 JGC meeting below:

[Agenda for Wales Pension Partnership Joint Governance Committee on Tuesday, 10th March, 2026, 10.00 am](#)

WPP’s website address - [Wales Pension Fund | Home \(walespensionpartnership.org\)](https://walespensionpartnership.org)

Next meeting: Tuesday 15 July 2026 – Virtual meeting, via Zoom



Wales Pension Partnership  
Business Plan  
2025-2026  
Q3 Review  
(April to December 2025)

## Governance

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Legal Services provider procurement process</li> </ul>	Yes	Approved at the September JGC meeting
<ul style="list-style-type: none"> <li>Delivery of Project Snowdon</li> </ul>	In progress	
<ul style="list-style-type: none"> <li>Annual review of WPP's policies and plans</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>Quarterly reviews of the Risk Register</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>Respond to any pooling related consultations and carry out any necessary changes as a result of consultation outcomes</li> </ul>	Ongoing	

## Ongoing Investment Programme developments

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Launch the real estate investment programmes</li> </ul>	In progress	Schroders UK Fund launched 2 February 2026
<ul style="list-style-type: none"> <li>Launch additional Private Market vintages</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>Consideration of WPP's UK, local / impact opportunities and requirements</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>Evolution of existing Equity, Fixed Income and Passive Funds</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>Consult with CAs on need for further investment programmes, and develop as required</li> </ul>	Ongoing	

## Operator Services

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Operator and Sub-Fund governance Oversight</li> </ul>	Ongoing	

## Investment Reporting

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Develop &amp; Implement Private Markets reporting</li> </ul>	In progress	Private Markets reporting options being considered
<ul style="list-style-type: none"> <li>Stewardship Code reporting</li> </ul>	Yes	2024/25 report submitted 31 October 2025
<ul style="list-style-type: none"> <li>Climate-related / TCFD reporting</li> </ul>	Yes	<b>AWCR published February 2026</b>
<ul style="list-style-type: none"> <li>Nature-related / TNFD reporting</li> </ul>	In progress	Nature-related report in the process of being developed
<ul style="list-style-type: none"> <li>Ongoing development, implementation and reporting of all stewardship activities</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>Ongoing communication and reporting of RI activity to all stakeholders</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>On-going Sub-Fund responsible investment and climate risk reporting</li> </ul>	Ongoing	
<ul style="list-style-type: none"> <li>Annual performance review of WPP Sub-Funds</li> </ul>	In progress	<b>To be completed by the end of March 2026</b>
<ul style="list-style-type: none"> <li>On-going engagement with CA's regarding ESG standards and climate ambitions to meet evolving needs</li> </ul>	Ongoing	

### Communication and Training

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Formulation of the WPP's Annual Responsible Investment Progress Report</li> </ul>	Yes	Report presented at the July 2025 JGC and published on website
<ul style="list-style-type: none"> <li>Formulation of the WPP's annual training plan</li> </ul>		<b>The 2026/27 training plan will be formulated by IM Co</b>
<ul style="list-style-type: none"> <li>Formulation of the WPP's Annual Update</li> </ul>	Yes	2024/25 Annual Update published in July 2025
<ul style="list-style-type: none"> <li>Formulation of the WPP's Annual Report</li> </ul>	Yes	2024/25 Annual Report published in October 2025

### Resources, budget and fees

Work to be completed	Completed	Comments
<ul style="list-style-type: none"> <li>Annual review of resources and capacity</li> </ul>	Yes	<b>Reviewed when formulating the 2026/27 budget</b>
<ul style="list-style-type: none"> <li>Formulation of Annual WPP Budget</li> </ul>	Yes	<b>Formulated and included in the 2026/27 Business Plan</b>
<ul style="list-style-type: none"> <li>Review and Monitoring of Operator / external provider fees</li> </ul>	Ongoing	

## Training Plan

Training topics to be completed during 2025–2026 as per approved 2025-2026 Training Plan and progress to date:

	Completed	Comments
• Private Credit and Infrastructure asset classes	Yes	12 June 2025
• Local / Impact investments within the Private Market asset classes	Yes	12 June 2025
• Stewardship – Voting & Engagement	Yes	24 September 2025
• Stewardship – Stewardship Code and reporting requirements	Yes	24 September 2025
• RI – Biodiversity and Natural Capital	Yes	18 November 2025
• RI – Climate Scenarios and Fiduciary Duty	Yes	18 November 2025
• Pooling Consultation		<b>Postponed to 2026/27</b>
• Any new regulatory / guidance developments		<b>Postponed to 2026/27</b>

## Budget

2025-2026 Budget Monitoring Report:

	<b>Budget 2025 – 2026 £000</b>	<b>Forecast 2025 – 2026 £000</b>	<b>Variances 2025 – 2026 £000</b>
Host Authority	241	194	47
External Advisors	1,376	1,162	214
Project Snowdon	2,915	2,600	315
<b>TOTAL to be recharged *</b>	<b>4,532</b>	<b>3,956</b>	<b>576</b>
Operator Services	46,110	42,000	4,110
Allocator Services	9,673	9,673	0
<b>TOTAL to be deducted from the NAV **</b>	<b>55,783</b>	<b>51,673</b>	<b>4,110</b>

*\*Host Authority, External Advisor and Project Snowdon costs are to be funded equally by all eight of the WPP's Constituent Authorities and these will be recharged on an annual basis.*

*\*\*Operator / Allocator Services costs are based on each Constituent Authority's percentage share of WPP assets and are deducted directly from the Net Asset Value (NAV) of the Constituent Authority's assets.*

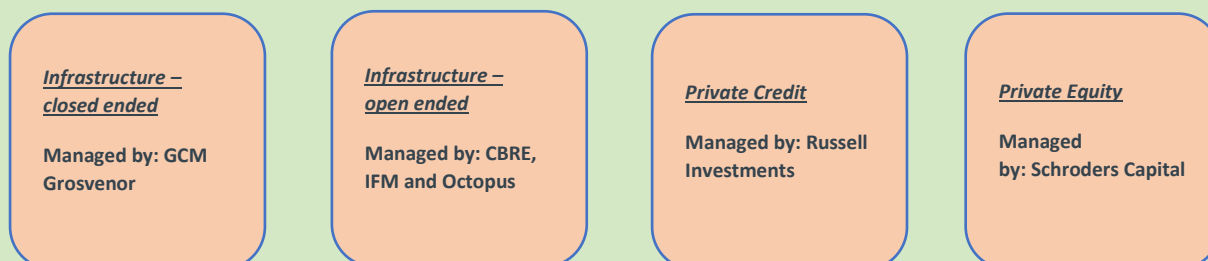
## Equity Sub-Funds



## Fixed Income Sub-Funds



## Private Markets



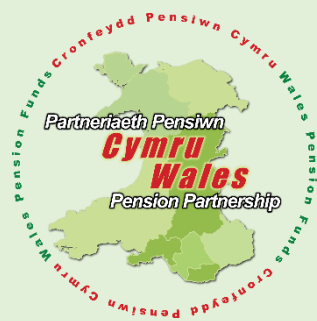


Wales Pension Partnership

<https://www.walespensionpartnership.org/>



# Wales Pension Partnership Business Plan 2026/27



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# Introduction

This is the annual operational business plan for the Constituent Authorities of the Wales Pension Partnership (WPP). The WPP is the collaboration of Constituent Authorities in Wales who are administering authorities to all of the LGPS Funds in Wales.

The Constituent Authorities are the shareholders and clients of WPP Investment Management Company (IM Co), a standalone company regulated by the Financial Conduct Authority (FCA). IM Co has its own, separate business plan and budget. WPP's role includes oversight of IM Co as shareholders and clients.

This is a transitional business plan for the first year of IM Co being operational. This document will be monitored and formally reviewed and agreed every year. The purpose of the business plan is to:

- Explain the background and governance structure of the WPP
- Outline the priorities and objectives of the WPP Constituent Authorities
- Outline the financial budget for the relevant Business Plan period

## About the Wales Pension Partnership

The WPP was established in 2017 as part of the Government's pooling initiative. At that time, the WPP chose an operating model designed to be flexible and deliver value for money, appointing an external Operator and making use of external advisers to bring best of breed expertise to support the running of the Pool. WPP is a collaboration of the eight LGPS funds (Constituent Authorities) covering the whole of Wales and has a long and proven track record of collaborative working, having identified in its 2013 report "Welsh LGPS - Working Together" that a joint approach delivers economies of scale, operational efficiencies and improved investment outcomes.

The eight LGPS Funds (Constituent Authorities) of the Wales Pension Partnership are:

- Dyfed Pension Fund (Carmarthenshire County Council)
- City and County of Swansea Pension Fund (Swansea Council)
- Cardiff & Vale of Glamorgan Pension Fund (City of Cardiff Council)
- Clwyd Pension Fund (Flintshire County Council)
- Gwynedd Pension Fund (Cyngor Gwynedd)
- Powys Pension Fund (Powys County Council)
- Rhondda Cynon Taf (RCT) Pension Fund (Rhondda Cynon Taff County Borough Council)
- Greater Gwent (Torfaen) Pension Fund (Torfaen County Borough Council)

As a result of the government's "Fit for the Future" changes to LGPS Investment Pooling, WPP is establishing an FCA regulated Investment Management Company (IM Co). The formation of IM Co. presents a once in a generation opportunity to create a stand-alone LGPS Investment Company for the benefit of all stakeholders. Not only can the WPP continue to invest for, and safeguard the LGPS pensions of its members, it shall have the chance to continue in its role investing locally throughout Wales and the rest of the UK, for the benefit of the people of Wales.

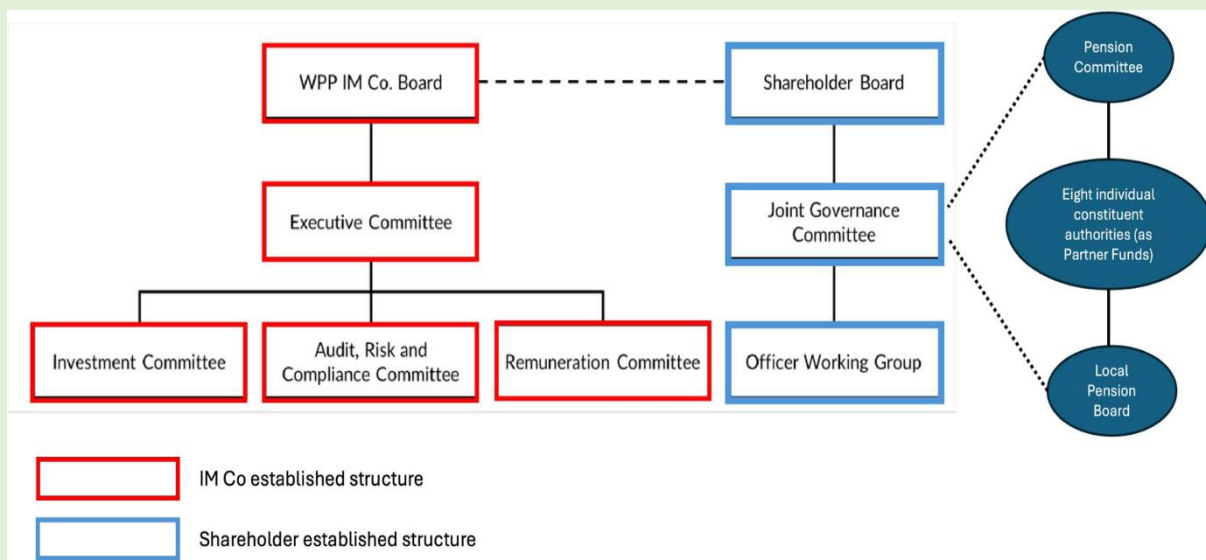
The IM Co will:

- implement all aspects of the CAs investment strategies
- provide investment advice to the CAs including strategic asset allocation
- have sole control of investment decision making and investment strategy implementation
- contract with providers of services, including Waystone who provide fund operator services for WPP's Authorised Contractual Scheme (ACS)
- be wholly owned by the WPP CAs

## Governance

The WPP is responsible for ensuring that its business is conducted in accordance with regulation and guidance. We must also ensure that: public money is safeguarded and properly accounted for, used economically, efficiently and effectively to ensure value for money. We also strive for continuous improvement and to conform with industry best practice.

The diagram below illustrates the WPP governance structure from 1st April 2026.



The Shareholder Board exists to exercise the rights of the Constituent Authorities as owners of the IM Co (e.g. appointment and removal of senior IM Co Directors, approval of IM Co budget, approval of remuneration policy, etc) and will consist of S151 or senior LGPS officers from all eight Constituent Authorities. The Shareholder Board will be supported by the Joint Governance Committee and Officers Working Group, comprising of elected members, scheme member representative and officer representatives from all eight Constituent Authorities. The Constituent Authorities remain involved in all aspects of WPP's governance structure. There will also be two shareholder representatives sitting on the IM Co Board.

The WPP details how it deals with all aspects of Governance through its Inter Authority Agreement (IAA), which defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers. The IAA includes a Scheme of Delegation outlining the decision-making process, taking into account the relevant legislation.

There is also a Shareholder Agreement and Client Services Agreement in place. The Shareholder Agreement details the relationship between the IM Co and Constituent Authorities, as shareholders, and regulates the operation and management of the Company. The Client Service Agreement details the terms and conditions of services to be provided by the IM Co for the Constituent Authorities.

The WPP believes in being open and transparent as well as regularly engaging with its key stakeholders. As such the WPP ensures the meetings of the Joint Governance Committee are accessible to the public via a live webcast stream. Meeting papers are also made publicly available. Local Pension Board Chairs engagement meetings are also held regularly as a means of fostering stakeholder engagement.

WPP personnel should obtain a degree of knowledge and understanding that ensures they are able to carry out their duties associate with the WPP. WPP personnel should also be aware of the WPP's framework, beliefs, policies, and decision-making process.

It is best practice for WPP personnel to have appropriate knowledge and understanding of:

- the regulations and markets relating to pensions;
- the pooling of Local Authority Pension Schemes; and
- relevant investment opportunities.

Local level training needs will continue to be addressed by individual Constituent Authorities while IM Co will offer training that is relevant to the WPP's pooling activities.

# Risk Management

The WPP recognises that it faces numerous risks which, if left unmanaged, can limit WPP's ability to meet its objectives and to act in the best interest of its stakeholders and beneficiaries. However, the WPP also understands that some risks cannot be fully mitigated and that in these instances' risks need to be embraced through active and effective management. IM Co will have a separate risk register that will be managed within the governance of the company and the regulatory framework within which it operates.

Risk management is a critical element of WPP's commitment to good governance, the WPP has developed a structured, extensive and robust risk strategy. This strategy will be embedded into the WPP's governance framework to ensure better decision-making, improved outcomes for stakeholders and greater efficiency.

The WPP's risk strategy seeks to identify and measure key risks and ensure that suitable controls and governance procedures are in place to manage these risks. The WPP believes that risks are fluid in nature and that the severity and probability of risks can change rapidly and without warning. To reflect this belief, the WPP's Risk Policy has been developed in such a way that risks can be anticipated and dealt with in a swift, effective manner to minimise potential loss or harm to the WPP and its stakeholders.

It is critical that prior to making decisions the WPP understands the associated risks and considers the means by which these risks could be managed.

The greatest risk to the WPP's continued operation is its ability to deliver on its primary objectives. The WPP's Business Plan is an additional means through which the WPP will give special recognition to risks that pose a material threat to the delivery of its objectives and the actions required to manage these risks.

During the course of this business plan the WPP will seek to develop mechanisms, frameworks and process for managing the following key risks:

- The service delivery and performance of IM Co
- The robustness of the WPP governance structure
- Risk associated with Responsible Investment

The WPP is well aware of the threat posed by cyber security breaches and the importance of data security. Carmarthenshire County Council, as the Host Authority for the WPP, has a robust framework in place to ensure the security of its network and information systems. The Council also has a detailed Cyber Incident Response Plan, which outlines procedures for preparing, identifying, restricting, and responding to cyber incidents, ensuring business continuity and the preservation of evidence. The Constituent Authorities retain responsibility for individual member data for their respective LGPS Pension Funds.

# Objectives

The WPP is proud to represent the eight Constituent Authorities and recognises its duty to ensure the needs and requirements of all stakeholders are met. The WPP, through consultation with all eight Constituent Authorities, has formulated a list of primary objectives these can be summarised as follows:

- Comply with “Fit for the Future” requirements in respect of LGPS investment pooling in a cost effective and sustainable way
- Exercise effective collective oversight of IM Co and its management
- Collective consideration of “reserved matters” including senior appointments, removal of directors and annual approval of the IM Co budget to assist CA’s in the exercise of their individual approval rights
- Exercise effective collective oversight of the IM Co service delivery to clients, including investment performance, investment costs, effective implementation services, quality of advice and effective implementation of WPP CA’s RI policy;
- Consider opportunities for investment in Wales and support appropriate opportunities (aligned with the local investment policies of CAs) for consideration by IM Co;
- Specify a common RI policy for implementation by IM Co; and
- Align with best practice in all of the above.

The eight Constituent Authorities recognise that their strength derives from their shared beliefs and their ability to work together to deliver on their unified objectives for the benefit of all WPP stakeholders.

# Beliefs

The WPP's Beliefs reflect the collaborative nature and shared values of the Constituent Authorities, they are as follows:

- The WPP believes that pooling LGPS investments delivers benefits in scale, cost efficiency and governance for the LGPS Funds in Wales and opportunities for using LGPS assets to benefit the local communities of Wales.
- The WPP believes that the CAs' role as shareholders and clients of WPP IM co is to ensure that the IM Co is properly resourced and delivering the services needed to meet the investment needs of WPP as administering authorities to the LGPS Funds in Wales and to provide oversight of IM Co and its governance. Good governance should lead to superior outcomes for the WPP's LGPS stakeholders
- Collaboration between the IM Co and Constituent Authorities, as shareholders and clients, is critical to achieving the WPP's objectives. External collaboration may also be beneficial in delivering cost savings and better outcomes for stakeholders
- Responsible Investment and effective Climate Risk mitigation strategies, alongside consideration and evidential management of broader Environmental, Social and Governance issues, should result in better outcomes for the WPP's stakeholders
- Effective internal and external communication is vital to achieving the WPP's objectives
- Fee and cost transparency will aid decision making and improve stakeholder outcomes
- Continuous learning, innovation and development will help the IM Co, WPP and its Constituent Authorities to evolve

The WPP's beliefs are the foundation for WPP's governance framework and have been used to guide all of the WPP's activities and decision making, including its objectives and policies.

# Policies

The WPP believes that good governance should lead to superior outcomes for the WPP’s stakeholders. In recognition of this belief, the WPP, in consultation with the Constituent Authorities, has developed a robust governance structure and framework and a set of governing policies. In all instances the WPP’s policies and procedures have been developed to either complement or supplement the existing procedures and policies of the Constituent Authorities.

The WPP’s key policies, registers and plans are listed below and can be found on the WPP website.



The WPP’s policies are reviewed on a regular basis and the WPP will continually assess whether any additional policies, registers or plans are required. In line with the establishment of IM Co, all of these policies will be reviewed during 2026/27. The policies play a vital role in the WPP’s governance arrangements and have been formulated with the sole purpose of providing a codified framework which will ensure that the WPP achieves its objectives in an effective and transparent means.

# Work Plan

The table below shows key priorities and objectives that the WPP aims to complete over the next financial year. The workplan has been broken down into a number of key sections which are all vital to the continued success of the WPP.

<b>Work to be completed</b>
<b>Governance</b>
Annual review of WPP's policies and plans
Six Monthly Risk Register reviews
Annual performance review of WPP Sub-Funds
Respond to any pooling related consultations and carry out any necessary changes as a result of consultation outcomes
<b>IM Co support and oversight</b>
IM Co set up support
IM Co oversight, assurance, risk management (KPIs) and benchmarking versus comparators
<b>Responsible Investment</b>
Stewardship Code reporting
Climate-related / TCFD reporting
On-going development, implementation and reporting of all stewardship activities
On-going communication and reporting of RI activity to all stakeholders
On-going Sub-Fund responsible investment and climate risk reporting
Collective Consideration of WPP's UK, local / impact opportunities
<b>Communication, Training and Budget</b>
Formulation of WPP's Annual Responsible Investment Progress Report
Formulation of WPP's Annual Update
Formulation of WPP's Annual Report
Deliver training on any new regulatory requirements
Formulation of Annual WPP Budget / Business Plan
Complete year end Annual Return

Please note this is a transitional workplan for 2026/27, some of these workplan items will move across to IM Co from 2027/28 onwards.

# Budget

The table below outlines the WPP's budget for the next financial year.

	Forecast 2025-26 outturn	2026-27
	£'000	£'000
Host Authority	194	173
External Advisors	1,162	834
Project Snowdon	2,600	N/A
<b>TOTAL to be recharged *</b>	<b>3,956</b>	<b>1,007</b>

*\*Costs are to be funded equally by all eight of the WPP's Constituent Authorities and these will be recharged on an annual basis.*

IM Co will have its own budget, which will be approved by the shareholders, as a reserved matter.

This budget is for the WPP client side only.

# Contact Details

If you require further information about anything in or related to this business plan, please contact the Wales Pension Partnership:

Postal Address - Wales Pension Partnership

Carmarthenshire County Council

Treasury & Pension Investments Section

County Hall

Carmarthen

SA31 1JP

E-mail - [WalesPensionPartnership@carmarthenshire.gov.uk](mailto:WalesPensionPartnership@carmarthenshire.gov.uk)

Telephone - (01267) 224136

Further information on the WPP and ongoing updates on the WPP's progress can be found on the website and LinkedIn page.

The website can be found here:

<https://www.walespensionpartnership.org/>



# **WPP Investment Management Company Limited**

## **Initial Business Plan Financial Year 2026/27**

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Submitted to the Shareholders  
February 2026

## Executive Summary

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WPP Investment Management Company Limited (WPP IM Co) will assume full FCA- authorised responsibility for investment management and advisory services across the combined Welsh LGPS portfolio of more than £25 billion on 31 March 2026. This document is the company's Initial Business Plan for FY2026/27, submitted to shareholders under clause 6.1 of the Shareholders' Agreement. A CEO letter providing the narrative context for shareholders is provided by separate cover.

The company's eight strategic objectives are: fiduciary duty and member welfare; investment implementation; investment advice; responsible investment and stewardship; local and Welsh investment; governance, accountability, and transparency; regulatory compliance; and team and capability development. All elements of this plan are structured around those objectives.

The governance framework is established by three inter-related agreements: the Shareholders' Agreement, which governs the relationship between the company and its shareholders; the Client Services Agreement, which governs the investment management and advisory relationship with each authority as client; and the Inter-Authority Agreement, which governs the relationship between the eight authorities. Day-to-day shareholder oversight is exercised through the Shareholder Board, the Joint Governance Committee, and the Officers Working Group.

The total operating budget for FY2026/27 is £9.0 million, against a Fit for the Future Business Case projection of £7.0 million, a difference of £2.0 million driven principally by staffing. The company goes live with 12 employees and 6 board directors on Day 1, reaching 24 employees by December 2026. Roles anticipated in Years 2 and 3 of the Business Case have been brought forward into Year 1. The full-year staffing run rate of approximately £4.6 million is close to the Business Case's projected endpoint. The revenue model is cost-plus, with fees received quarterly in advance.

The Year 1 investment management approach is focused on the active oversight of mandates inherited from the Partner Funds. The investment framework, which will cover investment beliefs, strategic asset allocation, manager selection principles, and the criteria against which performance will be assessed, will be developed in collaboration with Partner Funds during FY2026/27. Private markets capability is being built as a core part of the Year 1 build-out.

The operations and staffing build is on plan. The Day 1 leadership team is in place. Key executive appointments completing the team across the year include the General Counsel, the Director of Private Markets and Local Investments, and the Director of Operations. Total staffing costs for the year are £4.2 million on a pro-rated basis.

The principal risks for FY2026/27 are: staffing and capability; regulatory; budget and cost management; third-party dependency; operational; governance and conflict; and

operating model. The risk register will be developed into a structured format during the year as the compliance function is established.

The responsible investment programme is overseen by the CIO from Day 1. A common RI policy will be developed in collaboration with Partner Funds during FY2026/27. The company will exercise voting rights across its equity holdings, engage with investee companies on material ESG issues, and apply for UK Stewardship Code signatory status during the year.

## **1. About WPP Investment Management Company**

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WPP Investment Management Company Limited is the investment management company for the Wales Pension Partnership, on track for FCA authorisation before 31 March 2026. The company will manage investment assets on behalf of eight Welsh Local Government Pension Scheme administering authorities, with combined assets under management of more than £25 billion.

The company was established in direct response to the Fit for the Future consultation, which requires LGPS funds in England and Wales to pool their assets through FCA- authorised investment management companies and to delegate investment strategy to those companies. WPP IM Co is the vehicle through which the eight Welsh funds meet those requirements.

The company's revenue model is cost-plus: fees are set to cover the full operating cost of the business, received from shareholders quarterly in advance. The company holds no external revenue line. Its financial sustainability depends on operating within agreed budget parameters and on the cost discipline that implies.

From the point of authorisation, WPP IM Co will hold full responsibility for investment advice and investment implementation across the combined portfolio, operating under the FCA's Senior Managers and Certification Regime.

## 2. Strategic Objectives

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The company's strategic objectives are set out below. They are the framework within which this plan operates and the basis against which progress will be reported to shareholders under the Shareholders' Agreement.

- 1. Fiduciary duty and member welfare.** To act at all times in the best interests of LGPS members in Wales, placing fiduciary duty to scheme members at the centre of all investment decisions, governance structures, and operational conduct. Every investment, operational, and governance decision this company makes is made in service of that purpose. Shareholders are the mechanism; members are the purpose.
- 2. Investment implementation.** To effectively implement, in accordance with applicable law, statutory guidance, and relevant advice, the investment strategies (including high-level strategic asset allocation) set by each Partner Fund. The company holds full accountability for investment implementation end-to-end, including where delivery is delegated to external managers. In Year 1, the primary focus is oversight of the mandates inherited from the Partner Funds, establishing the framework and standards against which all implementations will be assessed going forward.
- 3. Investment advice.** To provide investment advice to each Partner Fund, supporting them in setting investment objectives, strategic asset allocation, and responsible investment policies. The advisory relationship with each of the eight Partner Funds is a core function of the company. Year 1 establishes the advisory framework, the governance through which advice is delivered, and the standards to which it will be held.
- 4. Responsible investment and stewardship.** To act as a responsible, long-term investor, exercising active stewardship of the assets under management in a manner consistent with high standards of corporate governance and the company's responsible investment policy. Responsible investment is integrated into the company's approach from Day 1, not treated as a supplementary activity. The company will exercise voting rights across its equity holdings, engage with investee companies on material ESG issues, and develop a comprehensive responsible investment policy in collaboration with Partner Funds during FY2026/27. Section 8 of this plan sets out the responsible investment programme in further detail.
- 5. Local and Welsh investment.** To allocate capital towards investments that deliver measurable economic, social, and environmental outcomes for Wales, in a manner consistent with fiduciary duty and the investment strategies set by each Partner Fund. The company holds a direct mandate from both central and local government to invest in ways that are impactful on the Welsh economy, Welsh society, and Welsh environment. That mandate will be pursued through the investment

framework, through manager mandates, and through the direct investment programme as it develops. It will not be pursued at the expense of fiduciary duty.

- 6. Governance, accountability, and transparency.** To operate in accordance with high standards of accountability, governance, and transparency, including through regular governance reviews, performance and cost reporting, and appropriate representation of shareholders and clients. The governance framework established by the Shareholders' Agreement, the Client Services Agreement, and the Inter-Authority Agreement provides the structure within which the company operates. The company will meet all reporting obligations to shareholders and will be proactive in providing the information that shareholders and clients need to exercise effective oversight.
- 7. Regulatory compliance.** To operate in full compliance with all applicable laws, FCA regulations, and relevant government guidance. Regulatory credibility is the licence to operate. From the point of FCA authorisation, the company will meet all obligations under the Senior Managers and Certification Regime, the Investment Firms Prudential Regime, and all ongoing regulatory reporting requirements.
- 8. Team and capability development.** To attract, develop, and retain a high-performing team with the skills, values, and capabilities required to deliver the company's mission to the highest standard. The company's long-term success depends on the quality of the people who build and run it. Year 1 is the critical year for bringing together the right team. This is a generational opportunity to build an investment manager of genuine quality with a uniquely Welsh purpose, and attracting people who are drawn to that purpose is the filter that matters most.

### **3. Governance and Oversight**

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Three inter-related agreements define the governance framework within which WPP IM Co operates, and each serves a distinct purpose. The Shareholders' Agreement (SHA) governs the relationship between the company and the eight authorities in their capacity as co-owners and shareholders of the company: it regulates the company's management and operation, the rights of shareholders, and the matters on which shareholder approval is required. The Client Services Agreement (CSA) governs the relationship between the company and each authority in its capacity as a client of the company, in receipt of investment management and advisory services. The Inter-Authority Agreement (IAA) governs the relationship between the eight authorities themselves. WPP IM Co is not a party to the IAA.

#### **Governance bodies**

The practical governance bodies through which the eight authorities exercise collective oversight of the company are established by the IAA. The Shareholder Board is the primary forum for shareholder oversight. The Joint Governance Committee (JGC) monitors the company's performance against agreed KPIs and handles operational matters. The Officers Working Group (OWG) provides officer-level support to both. These bodies operate alongside the SHA's formal shareholder decision-making structures and are the primary interface through which WPP IM Co reports to and engages with its shareholders.

#### **Board composition**

The IM Co board comprises eight directors: two executive directors, two shareholder representative non-executive directors, and four independent non-executive directors. An independent non-executive director chairs the board and has no casting vote. This structure meets FCA requirements under SM&CR. The board will establish an Audit, Risk and Compliance Committee and a Remuneration Committee, each chaired by an independent non-executive director. Quorum for board meetings is five directors.

#### **Shareholder reserved matters**

The SHA distinguishes between matters the board may decide unilaterally and matters that require shareholder approval. Reserved matters are divided into two categories. Unanimous consent is required for two matters: the winding up of the company and its merger or amalgamation with another entity. Shareholder Supermajority is required for 35 matters, including approval of the Annual Budget, approval of any new Business Plan, and approval of any material amendment to the Business Plan.

A material amendment to the Business Plan is defined in the SHA as any amendment that would, individually or in aggregate with other amendments, result in a 10% or more change in total forecast operating expenditure, capital expenditure, or funding requirements in any Financial Year. In-year, the board is authorised to incur expenditure

of up to 15% above the approved Annual Budget without further shareholder approval. Expenditure beyond that threshold requires a Shareholder Supermajority.

### **Reporting to shareholders**

The SHA requires the company to provide quarterly management accounts within 60 days of the end of each quarter, an annual report on progress against Strategic Objectives, and such other information as shareholders may reasonably require. This Initial Business Plan is produced under clause 6.1 of the SHA, which acknowledges the company's formative stage and does not require the same minimum content as subsequent Business Plans. The five-year Business Plan, due before 1 April 2027, will meet the full requirements of clause 6.2 of the SHA.

### **Governance independence**

The company exercises its investment management responsibilities independently of its shareholders. The governance framework distinguishes clearly between matters that require shareholder input and those that fall properly within the discretion of the IM Co board and executive team. Both sides of that distinction will be respected.

## 4. Financial Summary

The total budget for FY2026/27 is £9.0 million. This compares with the cost projection in the Business Case of £7.0 million, a difference of £2.0 million. The main driver of that increase is staffing.

The Business Case planned for 16 people from Day 1, with the team expected to grow to around 30 over two to three years. The budget reflects a different recruitment profile: the company goes live with 12 employees on Day 1 and reaches 24 employees by December 2026, with six board directors in place throughout the year. Hires the Business Case planned for Year 2 and Year 3 have been brought forward into Year 1 to ensure the company is properly resourced from the point of authorisation. The effect is that Year 1 staffing costs of £4.2 million on a pro-rated basis already approach the full-team run rate the Business Case projected as its endpoint.

The Business Case also assumed that certain business support functions, including HR, payroll, IT, and property, would be provided by a constituent authority at marginal cost. The budget provides for those functions on a standalone basis, reflecting the company's status as an independent regulated entity. This accounts for approximately £0.4 million of the remaining difference.

The fee for delegated implementation and related services provided by Russell Investments has increased from £1.0 million in the Business Case to £1.275 million, reflecting a more fully defined mandate. Investment advice costs remain in line with the Business Case at £1.5 million, though this figure is subject to confirmation once each Partner Fund's current spend has been assessed.

The company's revenue model is cost-plus: fees are set to recover the full operating cost of the business, received from shareholders quarterly in advance. A full financial model, including multi-year projections and sensitivity analysis, will form part of the Five-Year Business Plan due before 1 April 2027.

<b>Running costs</b>	<b>Estimated costs for 2026/27</b>	<b>Comments</b>
Staffing costs	£4.2m	12 employees on Day 1 with 24 employees in place by December 2026, with six board directors in place throughout the year
Delegated implementation and related services	£1.3m	Middle office and administration services, including rebalancing activity, cash flow management and private markets administration
Investment advice	£1.5m	Based on current spend across partner funds. There will be corresponding savings at partner funds
Business Support	£1.3m	HR, payroll, IT, property etc
Other	£0.7m	Insurance, licenses, fees etc

## 5. Investment Management Approach

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WPP IM Co holds full accountability for investment outcomes across the combined Welsh LGPS portfolio. Where delivery is delegated to external managers, accountability is retained. The company acts as investment manager of record and is responsible for the quality of every decision it takes, including the decision to delegate.

### Investment framework

The investment framework is being developed during FY2026/27. It will set out the company's investment beliefs, strategic asset allocation approach, manager selection principles, and the criteria against which performance will be assessed. The framework will be aligned with Fit for the Future requirements and with each Partner Fund's investment strategy statement. It will be developed in collaboration with Partner Funds.

### Manager selection and oversight

In Year 1, the company's primary focus is oversight of inherited mandates rather than new manager selection. The investment advisory and implementation mandates transferred from the Partner Funds on Day 1 will continue under active oversight from the outset. The CIO leads the development of the manager oversight framework and is responsible for the standard of oversight applied to all inherited arrangements.

Where mandates come up for review during FY2026/27, selection processes will be rigorous and documented. Performance will be measured against agreed benchmarks. Underperformance will be addressed.

### Private markets capability

The Fit for the Future consultation carries a specific expectation that pool companies develop meaningful private markets capability. WPP IM Co is building that capability as a core part of the Year 1 programme. The Director of Private Markets and Local Investments, joining in September 2026, will work closely with the CEO and the CIO to develop the private markets strategy and oversight framework.

### Local investment

Each of the eight Partner Funds has its own investment policies, priorities, and views on the allocation of capital towards Welsh economic, social, and environmental outcomes. The company recognises those policies and the central role of each Pension Committee in shaping the investment approach of their own fund. The company holds a mandate from shareholders and from central government to invest in ways that are impactful on Wales. That mandate will be pursued through close collaboration with Partner Funds as the implementation framework is developed, working with each fund to understand its position and build an approach that reflects it. It will not be pursued at the expense of fiduciary duty.

### **Responsible investment**

Responsible investment is integrated into the investment approach from Day 1. ESG factors, including climate risk, will be embedded in the investment framework as it is developed. The company will exercise active stewardship over the assets it manages, including engagement with companies and voting at shareholder meetings. The full RI policy, developed with Partner Funds during FY2026/27, will set the principles and standards that apply across all mandates. Section 8 of this plan sets out the company's responsible investment programme in further detail.

### **Partner Fund support**

The company's obligations to Partner Funds under the Client Services Agreement extend beyond investment management and advice. They include training and development support for Pension Fund Committee members and officers, covering investment strategy, responsible investment, and the governance of delegated investment management. WPP has provided this support to Partner Funds in the past and the company will continue to do so, developing a structured programme in collaboration with Partner Funds during FY2026/27.

## 6. Operations and Staffing

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### Recruitment programme

FY2026/27 is a year of operational build. The company enters the year with a substantive leadership team already in place: CEO, CIO, Director of Finance, Director of Risk, Head of People, and Head of Communications are all in post or joining by the end of March 2026. The planned headcount trajectory from that base is: Day 1, 12 employees; end of Q1 (June 2026), approximately 17; end of Q2 (September 2026), approximately 21; end of Q3 (December 2026), 24. These figures refer to employees only and do not include the six board directors in place throughout the year. All target start dates are subject to the outcome of recruitment processes and individual notice periods.

Key appointments completing the executive team and senior staff during the year include the General Counsel (target: June 2026), the Director of Private Markets and Local Investments (target: September 2026), and the Director of Operations (target: September 2026). The Head of Finance and Partner Fund Relations, Head of Investment Strategy and Stewardship, and Chief of Staff all join in April 2026.

The company is building its team with a clear mission filter. This is a generational opportunity: establishing a world-class investment manager with a uniquely Welsh purpose. That is the most powerful recruitment tool available. People who are drawn to that purpose are the right people for this company.

### Staffing costs

Total staff costs for FY2026/27 are estimated at £4,179k on a pro-rated basis, reflecting phased hiring across the year. The full-year run rate at planned headcount is approximately £4.6 million. This figure represents the Year 2 baseline against which future budgets will be set.

### Operational infrastructure

Operational infrastructure for FY2026/27 covers IT systems, risk and portfolio management platforms, compliance tools, and the office environment. Specialist consultants have been engaged to support the technology build and operational set-up phase. Key platform decisions will be finalised in Q1 and Q2.

### Recruitment costs

Recruitment fees for FY2026/27 are estimated at £282k, reflecting the scale of hiring required to bring the team from its Day 1 position to planned headcount across the year.

## 7. Risk Management and Compliance

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Risk management in FY2026/27 is at an early stage of maturity, consistent with the company's formative status. This section sets out the principal risks identified and the company's current mitigations. It is presented as the Initial Risk Register for FY2026/27 and will be developed into a structured register, aligned with the legacy WPP three-monthly review framework, as the compliance function is established during the year.

### Principal risks

**Staffing and capability risk.** The company's ability to execute its strategy depends on completing the executive team and board on the planned timeline. The CIO is in post. Key remaining executive appointments carry delivery risk if delayed: in particular the General Counsel (target: June 2026), the Director of Private Markets and Local Investments (target: September 2026), and the Director of Operations (target: September 2026). Board composition also carries risk: the appointment of independent non-executive directors is critical to establishing the governance framework on the required timeline. **Mitigation:** active recruitment processes underway for all key positions; interim support in place where required; the phased build programme is designed to manage dependency risk.

**Regulatory risk.** From the point of FCA authorisation, the company must meet all obligations under the Senior Managers and Certification Regime (SM&CR), complete the Internal Capital and Risk Assessment (ICARA) process required of all FCA-regulated investment firms under the Investment Firms Prudential Regime, and meet all ongoing regulatory reporting obligations. Any failure carries material consequences for the licence to operate. **Mitigation:** Director of Risk appointed; regulatory specialist support engaged; compliance monitoring framework in development; ICARA process initiated; FCA authorisation expected before 31 March 2026.

**Budget and cost management risk.** Year 1 costs include significant inherited elements: the investment advisory and implementation mandates transferred from Partner Funds on Day 1, one-off recruitment fees, and operational set-up. Managing the transition from one-off to recurring cost base, and maintaining discipline on all discretionary items, is a Year 1 management priority. **Mitigation:** Director of Finance appointed; full budget reconciliation underway; one-off costs clearly identified and separated in the Financial Summary; cost discipline maintained across the organisation.

**Third-party dependency risk.** Russell Investments has a long-standing relationship with the Partner Funds and is a well-established presence in the WPP structure. The investment implementation and middle office mandate with WPP IM Co is, however, a new arrangement: it has been put in place specifically to manage the operational requirements that come with the transition of assets

to the company's management, rather than being a legacy mandate carried over from the previous structure. The company enters a significant operational dependency on this new arrangement from Day 1. Any disruption to it would carry material consequences for investment continuity and operational stability.

**Mitigation:** close engagement with Russell through the transition planning process; clear contractual and operational frameworks being established ahead of Day 1; transition planning integrated into the operational build programme.

**Operational risk.** Platform and system selection, vendor management, and the build of operational infrastructure all carry delivery risk in a start-up environment. **Mitigation:** specialist consultants engaged for the technology build; key platform decisions being made in Q1 and Q2 to allow adequate implementation time.

**Governance and conflict risk.** Managing governance independence while meeting the legitimate expectations of eight institutional shareholders is an ongoing challenge. **Mitigation:** clear framework established by the SHA and CSA; board composition designed to provide independence; escalation routes established for matters where tensions arise.

**Operating model risk.** The company's operating model reflects the requirements of the Fit for the Future consultation as they are currently understood. Government policy in relation to LGPS pooling continues to develop, and future requirements from central government or other regulatory bodies could materially alter what the company is required to do or how it is required to do it. Any such change would carry implications for budget, regulatory capital, and the delivery timeline set out in this plan. Responding to material operating model change also requires the alignment of eight shareholders through the governance framework established by the Shareholders' Agreement; where change requires collective decision-making, the company's ability to respond within the required timeframe depends on that alignment being in place. **Mitigation:** government policy and regulatory developments are actively monitored; the company engages proactively with shareholders on the implications of any emerging requirements so that alignment can be built ahead of formal decisions being required.

## Compliance programme

The compliance monitoring framework for FY2026/27 is in development. It will cover SM&CR obligations, the ICARA process, transaction reporting, and the broader regulatory calendar. Compliance is led by the Director of Risk. The General Counsel, once appointed, will provide legal oversight and support to the compliance function.

## Risk management framework and policies

A functioning risk management framework is a prerequisite of FCA authorisation, not a product of it. In parallel with the compliance programme, the company is implementing

the full suite of policies required of a regulated investment firm: conflicts of interest, remuneration, best execution, business continuity, whistleblowing, and data protection, among others. Each is being reviewed, finalised, and embedded during FY2026/27.

The ICARA process, required under IFPR, sits at the centre of the risk framework. It requires the company to identify its material risks, assess the capital and liquid assets needed to manage them, and satisfy itself that its governance is adequate to that task. That work is led by the Director of Risk, with specialist external support engaged where the company's internal capability is still developing.

## 8. Responsible Investment

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Responsible investment is a core component of the company's investment approach; not a supplementary activity. The company holds the credentials appropriate to its stage of development and is building towards a more comprehensive programme as the team is established.

### TCFD

The company is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Climate-related financial risk is integrated into the investment process, consistent with the obligations on UK pension funds and their managers.

### ESG integration

Environmental, social, and governance factors are integrated into the company's investment process, not treated as a separate consideration. The investment framework being developed during FY2026/27 will embed ESG assessment into manager selection, oversight, and portfolio monitoring. The standard will apply to all asset classes and all mandates.

### Stewardship and engagement

The Head of Investment Strategy and Stewardship is in post from April 2026 and leads the development of the company's stewardship programme. Each Partner Fund has its own stewardship objectives and responsible investment priorities. The company's role is to implement those objectives in a manner consistent with FCA regulation and best practice, working in collaboration with Partner Funds as the programme develops. That collaborative approach is already in evidence: the Joint Governance Committee is considering an exclusionary framework in early 2026, and WPP IM Co will work with Partner Funds on the implementation approach that follows from it. The company will exercise voting rights across its equity holdings and engage with companies on material ESG issues. Building on the successful signatory status of the Partner Funds, application for UK Stewardship Code signatory status will be made during FY2026/27 once the stewardship framework and engagement programme are established to the required standard.

### RI policy

A common RI policy for WPP IM Co implementation will be developed in collaboration with Partner Funds during FY2026/27, as an extension of the work already done by the Wales Pension Partnership in its previous guise. The CSA provides the governance framework for this process. Each Partner Fund's Pension Committee will have the opportunity to input its own responsible investment policies and priorities before a common framework is agreed; the intent is to reflect those individual positions in the policy where they are compatible, rather than to impose a single approach. The policy

will cover investment integration, stewardship, engagement, and the Welsh mandate on local investment and environmental, social, and economic outcomes for Wales.

**Welsh investment mandate**

The primary obligation of the company is to safeguard the pensions of LGPS members in Wales. Within that obligation, the company carries a genuine mandate from shareholders and from central government to allocate capital towards investments that deliver measurable outcomes for Wales. That mandate will be pursued where it is consistent with fiduciary duty; it will not be pursued at its expense. A local investment programme will be developed in consultation with Partner Funds. Progress will be reported to shareholders as the investment programme develops.

## **Appendix A: KPI Framework (Initial)**

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The KPI framework for FY2026/27 will be agreed with the Joint Governance Committee. The framework will cover five areas: investment performance; operational delivery; regulatory compliance; staffing and capability build; and financial management.

KPIs will be set at levels appropriate to the company's stage of development and will be reviewed as the executive team is established and as the five-year Business Plan is developed.

### **PLACEHOLDER**

Full KPI schedule to follow on agreement with the JGC during FY2026/27.

## **Appendix B: Risk Register (Initial)**

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The narrative risk register for FY2026/27 is set out in Section 7 of this plan. The principal risks identified are: staffing and capability risk; regulatory risk; budget and cost management risk; third-party dependency risk; operational risk; governance and conflict risk; and operating model risk.

A structured risk register, aligned with the WPP three-monthly review framework and the format expected by the JGC, will be developed during FY2026/27 as the compliance function is established.

### **PLACEHOLDER**

Structured risk register to follow as the compliance framework is developed during FY2026/27.



# Wales Pension Partnership

Joint Governance Committee – Q4 2025 Review

10 March 2026

Presented by James Zealander



# Agenda

- 03 Corporate Update
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# Corporate Update

- Waystone continue to support WPP for the creation of the new Investment Company as part of the Government's "Fit for the Future" consultation. As the IMCo awaits their FCA approval, we continue to assist Mirador Solutions, the project lead, to ensure all aspects of the project are met and implemented, including any changes relating to the operation of the WPP ACS.
- Waystone has been named the UK's largest independent ManCo/ACD in Monterey Insight's 8th annual UK Fund Report. Retaining the top position in the industry's leading independent review of the UK-regulated fund market reflects the trust our investment managers and sponsors place in us, and the dedication of our expert team to delivering exceptional governance and oversight solutions. Waystone ranks first by both total assets under management, overseeing \$145bn, and by number of sub-funds, with 226 UK sub-funds under its governance (as of 31 December 2025).

The Monterey Insight report is the industry's leading independent review of the UK-regulated fund market, providing the most comprehensive assessment of ManCo/AIFM providers operating in the UK. The latest findings confirm that Waystone continues to lead the independent sector.

This position reflects a period of significant growth for Waystone's UK operations. During the timeframe covered by Monterey Insight's analysis, the firm surpassed £100bn in UK AUM and became the first independent Authorised Corporate Director (ACD) to secure FCA approval for a Long-Term Asset Fund (LTAF).

- Wahed, the world's leading Islamic fintech and investment manager, announced the launch of two UCITS ETFs that integrate Shariah compliance with an additional humanitarian and human rights screen. This dual framework is the first of its kind in the European ETF market, setting a new ethical standard for responsible investing. The funds, listed on the London Stock Exchange, have been launched via Waystone's white label ETF platform and are domiciled in Ireland.

# Compliance Updates

The below details recent regulatory compliance developments that are relevant to WMUK. Featured items are gathered from a variety of sources including consultation papers, press releases and speeches.

## 1. FCA authorised status of LGPS asset pools

The Government published the LGPS “Fit for the Future” technical consultation in November 2025, confirming the expectation that LGPS asset pools operate as FCA authorised and regulated investment management companies. This embeds the FCA as the primary conduct and prudential regulator of LGPS pools, alongside scheme specific oversight arrangements.

### Implications for LGPS

Pools must fully comply with FCA governance, capital adequacy, conflicts, systems and controls requirements. Administering authorities must ensure delegation and oversight arrangements reflect FCA regulatory expectations, not solely LGPS scheme regulations.

## 2. FCA Regulatory Initiatives Grid – December 2025

The FCA published the 9th edition of the Regulatory Initiatives Grid in December 2025, setting out the regulatory pipeline for pensions, asset management and investment governance over the next 24 months. The Grid confirms no withdrawal from pensions oversight despite a wider government focus on economic growth and regulatory simplification.

### LGPS relevant FCA initiatives include

- Continued supervision of Consumer Duty in asset management
- The Advice–Guidance Boundary Review (joint FCA, DWP and HMT initiative)
- Ongoing data collection reform and reporting simplification
- Increased coordination via the Pensions Reform Steering Group (FCA, TPR, DWP, HMT)

## 3. Consumer Duty – impact on LGPS pools and managers

By late 2025, FCA supervision shifted from Consumer Duty implementation to testing and evidencing fair value and outcomes across authorised firms. While LGPS DB schemes are outside the Consumer Duty regime, LGPS asset pools and external managers are within scope.

Practical impact - Increased scrutiny of:

- Fee levels and value for money assessments
- Performance reporting net of costs
- Cross subsidisation risks between LGPS and non LGPS mandates
- Higher expectations for clear, auditable explanations of investment outcomes.

## 4. FCA pensions consultation CP25/39 (issued December 2025)

The FCA launched CP25/39: Adapting our requirements for a changing pensions market in December 2025. The consultation primarily addresses DC pensions and digital engagement but demonstrates the FCA’s expanding role in shaping pensions regulation.

### Relevance for LGPS:

- Signals future regulatory focus on: Clear member communications, Digital tools and data integrity, Alignment across FCA and TPR pension regimes.

# Relationship Overview

## Relationship Overview

<b>Client</b>	Wales Pension Partnership	<b>AUM</b> (as at 31 December 2025)	<b>£14,842,356,465</b>	<b>Product Suite</b>	ACS – UK
<b>Contract Start Date</b>	December 2017	<b>Contract Expiry</b>	December 2029 (with further 2-year extension provision)	<b>Tenure of Relationship</b>	8 years
<b>Contract Renewal</b>	December 2024				

## Fund Range

### Wales Pension Partnership Sub-Fund Range

#### Equities

WS WPP Global Growth Fund  
 WS WPP Global Opportunities Equities Fund  
 WS Wales PP UK Opportunities Fund  
 WS Wales PP Emerging Markets Equity Fund  
 WS Wales PP Sustainable Active Equity Fund

#### Fixed Income

WS Wales PP Multi Asset Credit Fund  
 WS Wales PP Global Credit Fund  
 WS Wales PP Global Government Bond Fund  
 WS Wales PP Absolute Return Bond Fund  
 WS Wales PP Sterling Credit Fund

# WPP Sub Fund Values

## AUM & Quarterly

Fund	AUM (£)*
<b>Equities</b>	
WS WPP Global Growth Fund	£3,972,435,128
WS WPP Global Opportunities Equities Fund	£3,878,801,273
WS Wales PP UK Opportunities Fund	£ 902,105,052
WS Wales PP Emerging Markets Equity Fund	£ 351,022,816
WS Wales PP Sustainable Active Equity Fund	£ 1,744,934,599
<b>Fixed Income</b>	
WS Wales PP Multi Asset Credit Fund	£ 899,199,595
WS Wales PP Global Credit Fund	£ 1,150,905,649
WS Wales PP Global Government Bond Fund	£ 520,321,823
WS Wales PP Absolute Return Bond Fund	£ 652,843,553
WS Wales PP Sterling Credit Fund	£ 769,786,977
<b>Total</b>	<b>£14,842,356,465</b>

\* As at 31 December 2025

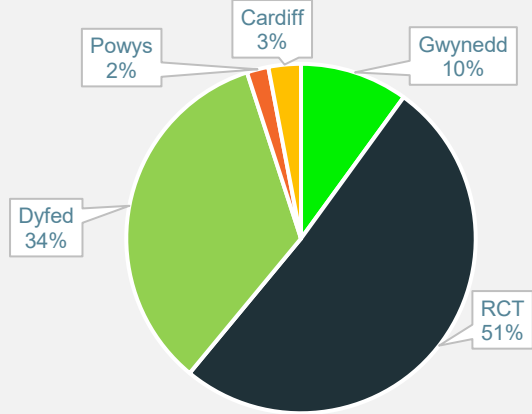
# WPP Sub Fund Values & Percentage Ownership\*

Fund name	Gwynedd	Powys	Clwyd	Swansea	Cardiff	Torfaen	RCT	Dyfed	Sub Fund Total
<b>Equities</b>									
	£397,243,513	£79,448,703			£119,173,054		£2,025,941,915	£1,350,627,943	<b>£3,972,435,128</b>
WS WPP Global Growth Fund	(10%)	(2%)			(3%)		(51%)	(34%)	<b>(100%)</b>
	£426,668,140			£1,396,368,458	£659,396,216	£814,548,267	£581,820,192		<b>£3,878,801,273</b>
WS WPP Global Opportunities Equities Fund	(11%)			(36%)	(17%)	(21%)	(15%)		<b>(100%)</b>
					£189,442,061	£712,662,991			<b>£ 902,105,052</b>
WS Wales PP UK Opportunities Fund					(21%)	(79%)			<b>(100%)</b>
	£80,735,248	£21,061,369			£154,450,039	£94,776,160			<b>£ 351,022,816</b>
WS Wales PP Emerging Markets Equity Fund	(23%)	(6%)			(44%)	(27%)			<b>(100%)</b>
	£366,436,266	£87,246,730	£418,784,303	£191,942,806	£157,044,114	£191,942,806	£122,145,422	£209,392,152	<b>£ 1,744,934,599</b>
WS Wales PP Sustainable Active Equity Fund	(21%)	(5%)	(24%)	(11%)	(9%)	(11%)	(7%)	(12%)	<b>(100%)</b>
<b>Fixed Income</b>									
	£260,767,883	£35,967,983	£341,695,846	£80,927,964	£179,839,919				<b>£ 899,199,595</b>
WS Wales PP Multi Asset Credit Fund	(29%)	(4%)	(38%)	(9%)	(20%)				<b>(100%)</b>
	£356,780,751	£23,018,113			£149,617,734	£276,217,356		£345,271,695	<b>£ 1,150,905,649</b>
WS Wales PP Global Credit Fund	(31%)	(2%)			(13%)	(24%)		(30%)	<b>(100%)</b>
					£249,754,475	£270,567,348			<b>£ 520,321,823</b>
WS Wales PP Global Government Bond Fund					(48%)	(52%)			<b>(100%)</b>
	£548,388,585	£26,113,742		£78,341,226					<b>£ 652,843,553</b>
WS Wales PP Absolute Return Bond Fund	(84%)	(4%)		(12%)					<b>(100%)</b>
							£769,786,977		<b>£ 769,786,977</b>
WS Wales PP Sterling Credit Fund							(100%)		<b>(100%)</b>
<b>Constituent Authority Total</b>	<b>£2,437,020,386</b>	<b>£272,856,640</b>	<b>£760,480,149</b>	<b>£1,747,580,454</b>	<b>£1,858,717,612</b>	<b>£2,360,714,928</b>	<b>£3,499,694,506</b>	<b>£1,905,291,790</b>	<b>£14,842,356,465</b>

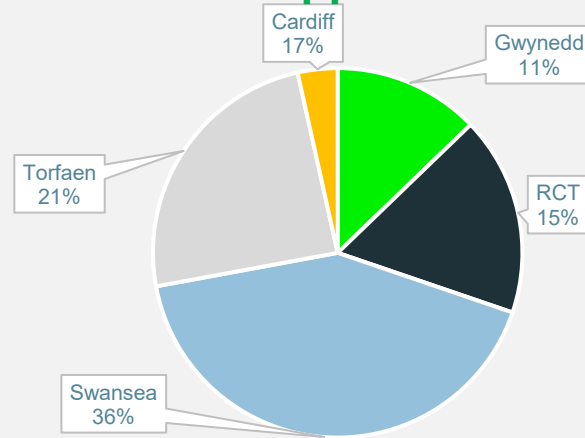
\* at 31 December 2025

# Fund Snapshot\* – Equities

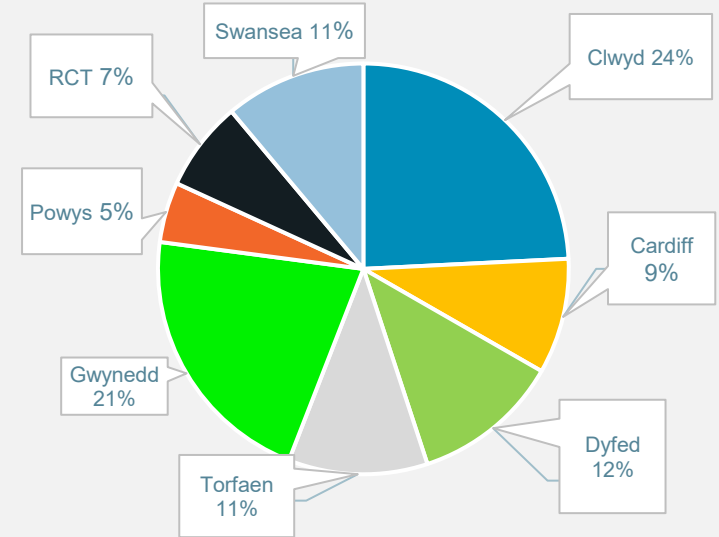
## Global Growth



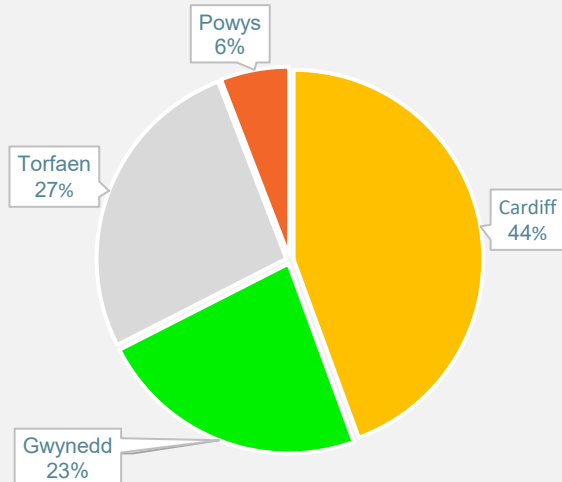
## Global Opportunities



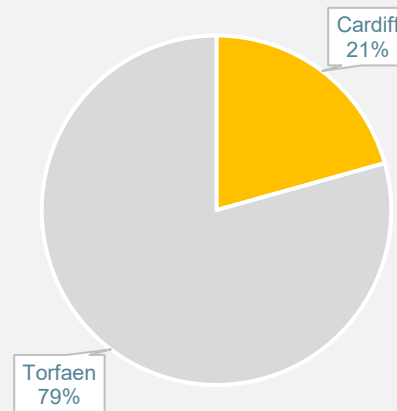
## Sustainable Active Equity



## Emerging Markets

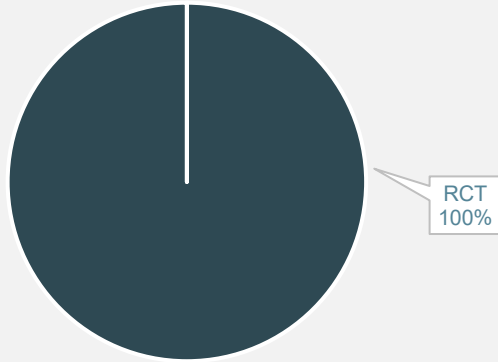


## UK Opportunities

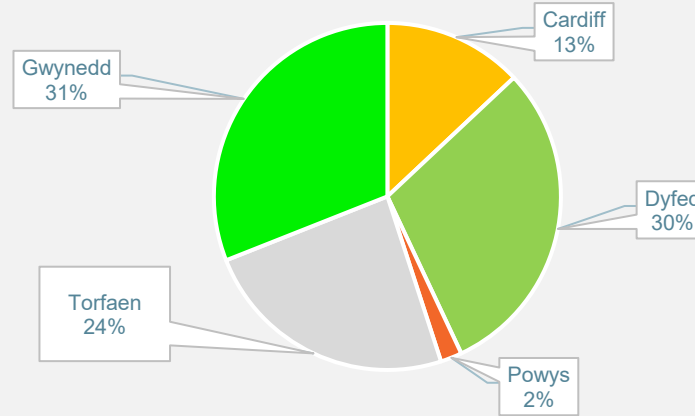


# Fund Snapshot\* - Fixed Income

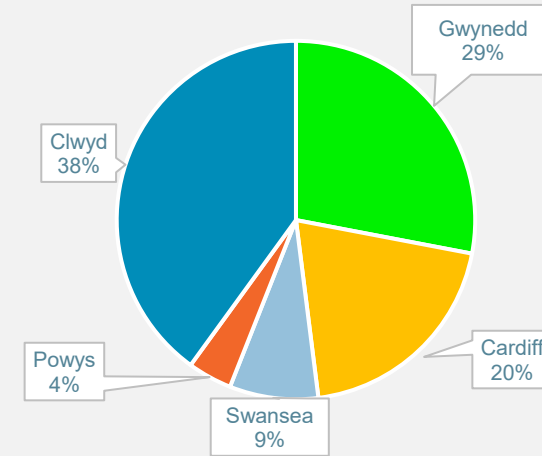
## Sterling Credit



## Global Credit



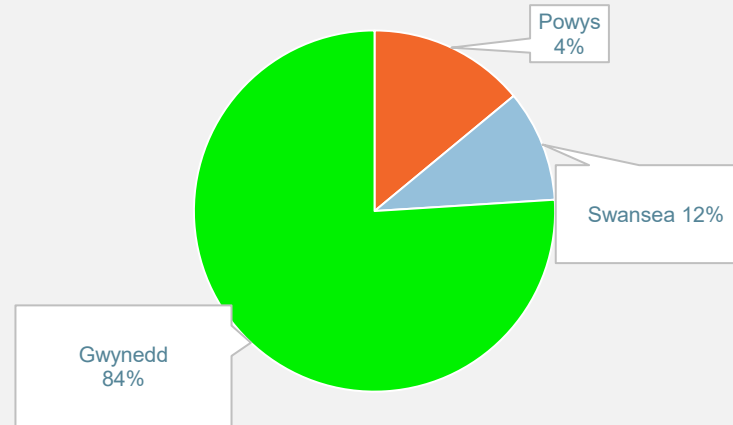
## Multi Asset Credit



## Global Gov. Bond



## Absolute Return Bond



\* As at 31 December 2025

# Initiatives

## Key Achievements & Updates

### Fund Launches/Wind ups & Changes

	Overview	Status	Details	Owner
Sub Fund Manager Update	WS Wales PP Global Sustainable Active Equity Fund Change of Sub Manager, removing Neuberger Berman replacing with Lazard.	Ongoing	<p>Introducing a new manager, Lazard, at an initial 21% strategic target weight, terminating Neuberger Berman and re-weighting existing strategies.</p> <p>Lazard's Climate Advantage Plus strategy is a multifactor quantitative strategy deploying both traditional and innovative signals to generate a consistent alpha profile over a market cycle.</p> <p>The strategy is expected to add a new, stable, diversifying alpha driver to the existing line-up.</p> <p>Looking at mid to late February for a live date.</p>	RI/WMUK
Sub Fund Manager Update	WS Wales PP Multi Asset Credit Fund Change of Sub Manager, removing Voya replacing with Aegon and Invesco.	Ongoing	<p>Introducing a new manager, Aegon Asset Management (Aegon) at a 15% strategic target weight, terminating Voya from the portfolio, and introducing an enhanced cash sleeve allocation with the Invesco US CLO AAA ETF at a 2.5% strategic target weight.</p> <p>Aegon's ABS Opportunity strategy provides access to higher-yielding European securitised credit, offering a broader opportunity set than the existing US securitized allocation.</p> <p>Invesco US CLO AAA ETF provides a high-quality securitised credit allocation that boosts portfolio yield as an enhanced cash sleeve while preserving the portfolio's strong credit rating profile.</p> <p>The change improves the portfolio's securitised exposure by moving from the constrained US market to a more resilient European one.</p> <p>Looking at mid to late February for a live date.</p>	RI/WMUK
Sub Fund Manager Update	WS Wales PP Global Opportunity Equity Fund Change of Sub Manager, removing Nissay replacing with Lazard.	Ongoing	<p>Introducing a new manager Lazard at an initial 8% strategic target weight and terminating Nissay in the Japanese equity space.</p> <p>Lazard's Strategic Japan Equities strategy follows a contrarian approach and seeks to identify undervalued stocks that offer meaningful mid to long term upside which may be overlooked by the market.</p> <p>The strategy will help retain the value exposure in Japan lost through termination of Nissay.</p> <p>Looking at mid to late February for a live date.</p>	RI/WMUK

# Market Updates

	Activity	Status	Commentary
Russia / Ukraine	Impact to ACS sub-funds holding Russian companies	Ongoing	WMUK continue to monitor the situation and will advise Constituent Authorities of any developments. WMUK's Fair Value Pricing Committee regularly discuss this, and assets are still priced accordingly. There are no Russian holdings in any of the WPP funds.
	Activity	Status	Commentary
Middle East	Impact to ACS sub-funds holding Israeli companies	Ongoing	<p>Currently 5 securities held in direct Israeli companies across two sub funds;            Global Opportunities Fund - 5 companies with 0.47% exposure across the total AUM.            Global Growth Fund – 2 companies with 0.09% exposure across the total AUM.</p> <p>BANK HAPOALIM            BANK LEUMI            ELBIT SYSTEMS LTD            PHOENIX FINANCE LTD            SHUFERSAL LTD</p> <p>One Bond held in the Global Government Bond Fund – Holding being a de minimis position</p> <p>Total value of approx. £21.8m.</p> <p>Situation currently being monitored as part of the BAU oversight process.</p> <ul style="list-style-type: none"> <li>• Figures from end of December 2025.</li> </ul>

# Oversight – Third Party Monitoring

## 2026 Plan

Third Party Provider	Reporting Period	Sub Fund	Location	Status
<b>Northern Trust</b>				
Transfer Agency	2026	All	Onsite, London – May 2026	N/a.
Fund Administration	2026	All	Onsite, London – November 2026	N/a
Price Analysis	2026	All	Onsite, Limerick – May 2026	N/a
Other 'Party' Questionnaire	2026	All	Questionnaire – March 2026	N/a
IT Security Questionnaire	2026	All	Questionnaire – September 2026	N/a
Annual Due Diligence	2026	All	Questionnaire – Date to be agreed	N/a
<b>Russell Investments</b>				
Annual Due Diligence	2026	All	Portal – February 2026 (date to be agreed)	N/a

# WMUK Engagement

## Key Q4 and future WPP Engagement

### **Waystone attendance at OWG/JGC meetings in period:**

- OWG 22 October 2025
- JGC 8 December 2025

### **Waystone attendance at OWG/JGC meetings in next quarter:**

- OWG 2 February 2026
- JGC 10 March 2026

### **Waystone attendance at Strategic Relationship Review:**

- 10 March 2026

### **Waystone - Pension Committee attendance in period:**

- Powys Pension Committee – Nov 2025.

### **Waystone - Pension Committee attendance in next quarter:**

- None planned for this period

### **WPP Pension Board Chairs Engagement meeting**

- None planned for this period

### **Other meetings in period**

- Host Authority update – occurs bi-weekly

### **Other meetings in next quarter**

- LGC Investment Seminar, Carden Park - March 2026

# Meeting Schedule

<p><b>Executive Review</b></p> <p><b>Attendees</b> WPP</p> <ul style="list-style-type: none"> <li>Chris Moore, Anthony Parnell &amp; Two Section 151 / Deputy Section 151 officers</li> </ul>	<p><b>Frequency</b></p> <ul style="list-style-type: none"> <li>Semi-annual</li> <li>Next: 10 March 2026</li> </ul>	<p><b>Objective</b></p> <ul style="list-style-type: none"> <li>Ensure strategic alignment</li> <li>Mutual review of business and strategic goals, priorities and objectives</li> </ul> <p>Waystone Management (UK) Limited</p> <ul style="list-style-type: none"> <li>Karl Midl, Country Head, UK and CEO, Waystone Management UK</li> <li>Rachel Wheeler, Global Product Head – Regulated Fund Solutions</li> </ul>
<p><b>Joint Governance Committee Meetings</b></p> <p><b>Attendees</b> WPP</p> <ul style="list-style-type: none"> <li>Joint Governance Committee (JGC)</li> </ul>	<p><b>Frequency</b></p> <ul style="list-style-type: none"> <li>Quarterly</li> </ul>	<p><b>Objective</b></p> <ul style="list-style-type: none"> <li>Key metrics</li> <li>Pertinent matters</li> <li>Strategic deliverables</li> </ul> <p>Waystone Management (UK) Limited</p> <ul style="list-style-type: none"> <li>Karl Midl, Country Head, UK and CEO, Waystone Management UK</li> <li>Richard Thornton, Head of Relationship Management, Asset Owners</li> <li>James Zealander, Senior Relationship Manager</li> <li>Russell Investments</li> </ul>
<p><b>Officers Working Group Meetings</b></p> <p><b>Attendees</b> WPP</p> <ul style="list-style-type: none"> <li>Officers Working Group (OWG)</li> </ul>	<p><b>Frequency</b></p> <ul style="list-style-type: none"> <li>Quarterly</li> </ul>	<p><b>Objective</b></p> <ul style="list-style-type: none"> <li>Identify and deliver on opportunities to improve and expand the relationship</li> <li>Provide update on open projects or issues</li> <li>Monthly KPI Review (Data supplied quarterly)</li> </ul> <p>Waystone Management (UK) Limited</p> <ul style="list-style-type: none"> <li>James Zealander, Senior Relationship Manager</li> <li>Richard Thornton, Head of Relationship Management, Asset Owners</li> <li>Heidi Robinson, Relationship Manager</li> <li>Ad-hoc Waystone attendance from functional departments (as required):               <ul style="list-style-type: none"> <li>CIO Investment Management Supervision</li> <li>Head of Product</li> <li>Head of Compliance</li> <li>Head of Oversight</li> </ul> </li> <li>Russell Investment</li> </ul>

# Meeting Schedule continued

<b>Host Authority Update</b>	<b>Frequency</b> - Semi-weekly	<b>Objective</b> - Regular Host Authority – WMUK to discuss deliverables and business updates
<b>Attendees</b> WPP		Waystone Management (UK) Limited
<ul style="list-style-type: none"> <li>▪ Anthony Parnell</li> <li>▪ Tracey Williams</li> </ul>		<ul style="list-style-type: none"> <li>- Richard Thornton, Head of Relationship Management, Asset Owners</li> <li>- James Zealander, Senior Relationship Manager</li> <li>- Heidi Robinson, Relationship Manager</li> <li>- Client Service Manager (as required)</li> </ul>
<b>Pension Committee Meetings</b>	<b>Frequency</b> - Annual	<b>Objective</b> - General update on the ACS and planned initiatives
<b>Attendees</b> WPP		Waystone Management (UK) Limited
<ul style="list-style-type: none"> <li>▪ Individual Pension Fund Committee members</li> </ul>		<ul style="list-style-type: none"> <li>- Richard Thornton, Head of Relationship Management, Asset Owners</li> <li>- James Zealander, Senior Relationship Manager</li> <li>- Heidi Robinson, Relationship Manager</li> <li>- Russell Investments</li> </ul>
<b>Pension Board Chairs Engagement</b>	<b>Frequency</b> - Semi-Annual	<b>Objective</b> - General update on the ACS and planned initiatives
<b>Attendees</b> WPP		Waystone Management (UK) Limited
<ul style="list-style-type: none"> <li>• Pension Board Chairs of the Constituent Authorities</li> <li>• Host Authority</li> </ul>		<ul style="list-style-type: none"> <li>- Waystone Relationship Team</li> <li>- Russell Investments</li> </ul>
<b>Manager Engagement Days</b>	<b>Frequency</b> - Annual	<b>Objective</b> - Open day for presentations on strategy and performance (with IM)
<b>Attendees</b> WPP		Waystone Management (UK) Limited
<ul style="list-style-type: none"> <li>▪ Open to all involved parties with WPP</li> </ul>		<ul style="list-style-type: none"> <li>- Waystone Client Team including Exec Team</li> <li>- Northern Trust</li> <li>- Russell Investments and other Investment Managers</li> <li>- Other consultants as required (e.g. bFinance/Hymans)</li> </ul>

# Thank you

## Relationship Team

Name: James Zealander  
Role: Senior Relationship Manager  
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Email: James.Zealander@waystone.com

Heidi Robinson  
Relationship Manager  
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Email: Heidi.Robinson@waystone.com

Name: Richard Thornton  
Role: Head of Relationship Management – Asset Owners  
Number: +44 (0) 7765 220277  
Email: Richard.Thornton@waystone.com

## Executive Contact

Name: Karl Midl  
Role: Country Head, UK and CEO  
Number: +44 (0)7951 266225  
Email: karl.midl@waystone.com

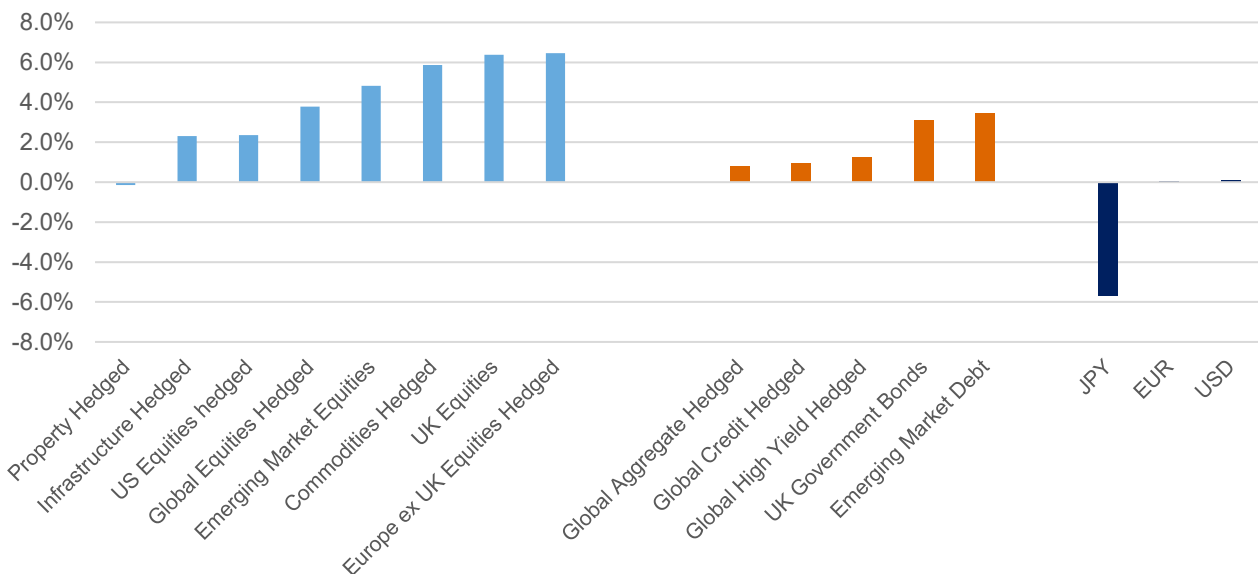
# JGC - WPP Performance Summary Q4 2025

## Global Market Commentary

The MSCI World Net Index rose by 3.1% (USD) over the fourth quarter. All regions saw gains in a volatile but ultimately positive end to the year. Canada, Europe, the UK and emerging markets were the best-performing markets. In contrast, the US underperformed all other regions and the global index, impacted by weakness in technology names as scepticism grew over the benefits and expected returns from massive investment in artificial intelligence (AI) capacity. Oil prices fell, ending the period below \$60 per barrel amid oversupply concerns. Gold rose by double-digits, after breaking through the \$4,000 per troy ounce threshold in October. The Federal Reserve (Fed) twice cut its benchmark interest rate by 25 basis points (bps). Both the Bank of England and Bank of Canada cut interest rates by 25 bps, while the European Central Bank (ECB) left rates unchanged. Towards year-end, the Bank of Japan (BoJ) raised its policy rate by 25 bps to 0.75%, a 30-year high.

In the UK, 10-year gilt yields fell in October on rising expectations of rate cuts and market-friendly messages from the Treasury. Comments from the BoE governor, Andrew Bailey, who said a weakening jobs market could help reduce inflation, also helped gilts to rally. Encouraging inflation figures heightened optimism over rate cuts, sending 10-year yields lower. As the BoE held rates in November, Governor Bailey fuelled expectations of a rate cut in December, indicating that risks had receded while September's 3.8% inflation was likely the peak. Weak jobs data and disappointing GDP growth strengthened expectations of an imminent rate cut. Gilts dropped sharply after Chancellor Rachel Reeves' apparent U-turn decision to scrap a rise in income tax in the Budget, which raised concerns about the fiscal outlook. After the Budget was announced gilt yields fell as investors were comforted by the decision to significantly raise the fiscal buffer to about £22 billion from £9 billion. The Budget encompassed £26 billion of tax rises but lacked pro-growth measures. Later, fresh data showed GDP unexpectedly fell by 0.1% MoM in October. This, and better than expected November inflation (at 3.2% YoY from 3.6%) prompted a dip in 10-year yields. As the BoE cut rates in December, the narrow 5:4 majority vote indicated ongoing inflation concerns prompting traders to recalibrate expectations of further rate cuts. Over the quarter the yield on benchmark 10-year gilts fell by 22 bps to 4.48%.

## Asset class performance – Quarter to Date (December 2025)



Benchmarks : Global equity hedged (MSCI World ACWI), UK equity (FTSE All Share), US equity hedged (Russell 1000 Net GBPH), Europe ex UK equity (MSCI Europe ex UK Equity Net GBPH), Japan equity (TOPIX Net GBPH), Emerging equity (MSCI Emerging Markets Net), Global HY bonds (BofAML Global High Yield 2% Constrained Index), EMD LC (JP Morgan GBI-EM Global Diversified Index), Global credit hedged (Bloomberg Barclays Global Aggregate Credit Index), Global aggregate hedged (Bloomberg Barclays Global Aggregate Bond Index GBPH), UK Government Bonds (ICEBofAML UK Gilts All Stocks (GB)), Property hedged (FTSEEPRA Nareit Dev Re GBP)

This document is prepared for officers of the WPP based on performance from Northern Trust. Inception dates are based on the starting NAV for the sub-fund. Inception dates (and therefore performance) may differ from the investment manager, who typically takes over following a transition period.

## WPP Sub-fund Summary (Gross):

WPP Gross Performance	Q4 2025			1 Year			3 Year			Since Inception			Inception Date
	Sub Fund	Bench-mark	Excess	Sub Fund	Bench-mark	Excess	Sub Fund	Bench-mark	Excess	Sub Fund	Bench-mark	Excess	
Global Growth Equity Fund	2.8	3.4	-0.6	12.9	13.9	-1.0	13.4	15.6	-2.2	10.9	12.3	-1.4	31/01/2019
Global Opportunities Equity Fund	3.5	3.4	0.1	16.2	13.9	2.3	16.2	16.3	-0.1	13.5	12.6	0.9	31/01/2019
Sustainable Active Equity Fund	4.0	3.4	0.6	10.1	13.9	-2.8	-	-	-	12.3	17.0	-4.7	23/06/2023
Emerging Markets Equity Fund	5.0	4.8	0.2	28.9	24.7	4.2	13.4	12.3	1.1	5.9	5.1	0.8	20/10/2021
UK Opportunities Equity Fund	4.7	6.4	-1.7	19.5	24.0	-4.5	14.0	13.6	-0.4	7.6	8.3	-0.7	23/09/2019
Global Government Bond Fund	0.6	0.7	-0.1	5.9	3.7	2.2	3.7	3.7	0.0	-0.3	-1.2	0.9	30/07/2020
Global Credit Fund	0.9	0.9	0.0	6.6	6.7	-0.1	5.6	5.8	-0.2	0.2	0.2	0.0	27/07/2020
Multi Asset Credit Fund	1.3	2.0	-0.7	9.9	8.5	1.4	9.9	9.0	0.9	4.5	7.0	-2.5	27/07/2020
Absolute Return Bond Strategy Fund	1.1	1.5	-0.4	5.0	6.5	-1.5	6.5	6.9	-0.4	4.5	5.1	-0.6	30/09/2020
Sterling Credit Fund	2.5	2.5	0.0	7.2	6.8	0.4	6.4	5.7	0.7	0.3	-0.6	0.9	27/07/2020

## WPP Sub-fund Summary (Net):

WPP Net Performance	Q4 2025			1 Year			3 Year			Since Inception			Inception Date
	Sub Fund	Bench-mark	Excess	Sub Fund	Bench-mark	Excess	Sub Fund	Bench-mark	Excess	Sub Fund	Bench-mark	Excess	
Global Growth Equity Fund	2.8	3.4	-0.6	12.6	13.9	-1.3	13.0	15.6	-2.6	10.5	12.3	-1.8	31/01/2019
Global Opportunities Equity Fund	3.5	3.4	0.1	15.9	13.9	2.0	15.9	16.3	-0.4	13.2	12.6	0.6	31/01/2019
Sustainable Active Equity Fund	4.0	3.4	0.6	9.7	13.9	-4.2	-	-	-	11.9	17.0	-5.1	23/06/2023
Emerging Markets Equity Fund	4.9	4.8	0.1	28.4	24.7	3.7	13.0	12.3	0.7	5.4	5.1	0.3	20/10/2021
UK Opportunities Equity Fund	4.6	6.4	-1.8	19.1	24.0	-4.9	13.6	13.6	0.0	7.2	8.3	-1.1	23/09/2019
Global Government Bond Fund	0.5	0.7	-0.2	5.6	3.7	1.9	3.5	3.7	-0.2	-0.5	-1.2	0.7	30/07/2020
Global Credit Fund	0.8	0.9	-0.1	6.4	6.7	-0.3	5.4	5.8	-0.4	0.0	0.2	-0.2	27/07/2020
Multi Asset Credit Fund	1.2	2.0	-0.8	9.5	8.5	1.0	9.6	9.0	0.6	4.2	7.0	-2.8	27/07/2020
Absolute Return Bond Strategy Fund	1.0	1.5	-0.5	4.7	6.5	-1.8	6.3	6.9	-0.6	4.2	5.1	-0.8	30/09/2020
Sterling Credit Fund	2.5	2.5	0.0	7.0	6.8	0.2	6.3	5.7	0.6	0.2	-0.6	0.8	27/07/2020

Note: Inception date is based starting NAV for the sub-fund. This inception date (and therefore actual performance) may differ from the investment manager, who typically takes over following a transition period.

## Global Growth Equity Fund:

The sub-fund has an expected outperformance of **2.0%** in excess of the sub-fund benchmark gross of fees, over the longer term.

	Q4 2025	1 Year	3 Year	5 Year	Since Inception
<b>Gross</b>	2.8	12.9	13.4	8.3	10.9
<b>Net</b>	2.8	12.6	13.0	7.9	10.5
<b>MSCI AC World Index Net*</b>	3.4	13.9	15.6	11.2	12.3
<b>Excess returns (gross)</b>	-0.6	-1.0	-2.2	-2.9	-1.4
<b>Excess returns (Net)</b>	-0.6	-1.3	-2.6	-3.3	-1.8

**Inception Date: 18<sup>th</sup> November 2024**

**Source: Northern Trust as of 31 December 2025**

**Benchmark: MSCI AC World Net Total Return Index GBP**

**\*Figures include a performance holiday in November 2024 around the transition of the Fund.**

Please note that Russell Investments took over the Global Growth Equity Fund mandate on 18 November 2024.

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager(s), who typically takes over following a transition period.

### Overall Fund Commentary

The Fund registered a positive absolute return over the fourth quarter but finished behind the benchmark on a relative basis.

The Fund underperformed, impacted by its growth and small cap tilts, which were headwinds in the period. At the sector level, overweight exposure to and stock selection within consumer discretionary detracted from relative returns, notably an overweight to AutoZone. Stock selection within industrials was also ineffective (overweight Carrier Global, Copart). In health care an underweight to pharmaceuticals giant Eli Lilly was unhelpful. Positive stock selection within communication services was helped by an overweight to Alphabet. At the manager level, Pzena was by far the best performer, rewarded for its value tilt. Positive contributions came from an underweight to and selection within information technology (overweight Samsung Electronics, Nokia). Further positive contribution came from an overweight to and stock selection within financials (overweight to Citigroup, Bank of Ireland). Baillie Gifford was the worst performer. Its growth focus was out of favour in the period. In sectors, overweight exposure to and stock selection within consumer discretionary was the main detractor, in particular, overweights to Prosus, DoorDash and Sea Ltd. Stock selection within communication services was also unhelpful (overweight Meta).

## Global Opportunities Equity Fund:

The sub-fund has an expected outperformance of **2.0%** in excess of the sub-fund benchmark gross of fees, over the longer term.

	Q4 2025	1 Year	3 Year	5 Year	Since Inception
<b>Gross</b>	3.5	16.2	16.2	12.4	13.5
<b>Net</b>	3.5	15.9	15.9	12.1	13.2
<b>MSCI AC World Index Net</b>	3.4	13.9	16.3	11.6	12.6
<b>Excess returns (gross)</b>	0.1	2.3	-0.1	0.8	0.9
<b>Excess returns (Net)</b>	0.1	2.0	-0.4	0.5	0.6

**Inception Date: COB 31<sup>st</sup> January 2019**

**Source: Northern Trust as of 31 December 2025**

**Benchmark: MSCI AC World Net Total Return Index GBP**

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager(s), who typically takes over following a transition period.

### Overall Fund Commentary

The Fund registered a positive absolute return over the fourth quarter and finished ahead of the benchmark on a relative basis.

The Fund outperformed benefitting from its value exposure. At the sector level, overweight exposure to and stock selection within materials was a key positive contributor as this sector continued to outperform. In particular, overweights to Aluminum Corporation of China and precious metals miner Fresnillo were rewarded. Stock selection within financials was also effective (overweight Lloyds Banking Group). In information technology, positive stock selection was seen in an overweight to Samsung Electronics and an underweight to Oracle although this was partly offset by underweights to SK Hynix and Micron Technology, which detracted. In health care, the best-performing sector, although an overweight to the sector was helpful, stock selection was negative (underweight Eli Lilly). However, an off-benchmark position in Nippon Shinyaku and an overweight to Roche mitigated some of the impact. The main detractors of relative returns were stock selection in consumer discretionary and industrials. In the former, an off-benchmark position in Coupang and an overweight to Alibaba were detrimental while an overweight to Uber in the industrials sector was unhelpful. At the manager level, Sanders was the best performer, helped by its value exposure and tilt to large caps. Stock selection was particularly effective, notably within technology. This included overweights to Samsung Electronics and Applied Materials. As in the previous quarter, Morgan Stanley was the worst performer. Negative stock selection was the key driver of underperformance. Relative performance was held back by an overweight to and stock selection within consumer discretionary (overweight DoorDash, off-benchmark exposure to Coupang). Selection within communication services (overweight Spotify) was also detrimental.

## Sustainable Active Equity Fund:

The sub-fund has an expected outperformance of **2.0%** in excess of the sub-fund benchmark gross of fees, over the longer term.

	Q4 2025	1 Year	Since Inception
<b>Gross</b>	4.0	10.1	12.3
<b>Net</b>	4.0	9.7	11.9
<b>MSCI AC World Index Net</b>	3.4	13.9	17.0
<b>Excess returns (gross)</b>	0.6	-3.8	-4.7
<b>Excess returns (Net)</b>	0.6	-4.2	-5.1

**Inception Date: COB 23<sup>rd</sup> June 2023**

**Source: Northern Trust as of 31 December 2025**

**Benchmark: MSCI AC World Net Total Return Index GBP**

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager(s), who typically takes over following a transition period.

### Overall Fund Commentary

The Fund registered a positive absolute return of 0.82% in the fourth quarter but finished behind the benchmark on a relative basis.

The Fund's factor positioning was marginally rewarded within this environment. The tilt towards value stocks contributed to positive relative returns. However, the preference for small capitalisation stocks detracted. On a regional basis, sStock selection was positive within Emerging Markets and US Exposure to US names Sandisk (off-benchmark), Alcoa (off-benchmark) and an underweight to Meta were notable contributors. At the sector level, stock selection was positive within information technology but was negative within financials (overweight to 3i Group) and industrials (overweight Owens Corning). Positioning and effective selection within the health care (overweight) and consumer discretionary (underweight) sectors was also rewarded. At the manager level, Sparinvest S.A. was the best-performing strategy. SNeuberger Berman and Wellington underperformed.

## EM Market Commentary

Emerging markets (EM) outperformed the MSCI World Net Index over the quarter. South Korea, Chile and Hungary were among the best performers. South Korea's equity market was boosted by strong performance in the technology sector, particularly among semiconductor manufacturers such as TSMC and SK Hynix. As well as its dominance in AI-related industries and strong positions in other sectors such as defence and shipbuilding, South Korea's equity market was rewarded for the government's corporate governance reforms, which boosted foreign investment flows. In addition, third quarter GDP growth positively surprised at 1.2% QoQ (1.7% YoY) in its best quarter since Q2 2024. Stronger exports underpinned growth. China, Turkey, and Middle East markets (Saudi Arabia, Qatar and Kuwait) underperformed, the latter impacted by lower oil prices, which fell below \$60 per barrel. China's market saw weakness in technology and communication services sectors. Lacklustre economic data also weighed. Earlier in the quarter, sentiment dropped following President Trump's warning of higher tariffs on China following the Chinese government's announcement of export controls on rare earths and critical minerals. Although progress was made at the subsequent US-China summit meeting in South Korea, some viewed the concessions as modest.

### EM Equity Fund:

The sub-fund has an expected outperformance of **2.0%** in excess of the sub-fund benchmark gross of fees, over the longer term.

	Q4 2025	1 Year	3 Year	Since Inception
<b>Gross</b>	5.0	28.9	13.4	5.9
<b>Net</b>	4.9	28.4	13.0	5.4
<b>MSCI Emerging Market Index</b>	4.8	24.7	12.3	5.1
<b>Excess returns (gross)</b>	0.2	4.2	1.1	0.8
<b>Excess returns (Net)</b>	0.1	3.7	0.7	0.4

**Inception Date: COB 20th October 2021**

**Source: Northern Trust as of 31 December 2025**

**Benchmark: MSCI Emerging Markets Index Net**

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager(s), who typically takes over following a transition period.

### Overall Fund Commentary

The Fund slightly outperformed the benchmark return. Factor positioning was a small detractor. Exposure to the smallest stocks within the index was unrewarded as large cap value names led the market higher. At the country level, an overweight to and positive stock selection within the strong-performing South Korean market was rewarded. This included overweight exposure to technology names SK Hynix and Samsung Electro-Mechanics. Stock selection within Taiwan, India and Indonesia was positive. An underweight to Saudi Arabia – the weakest-performing country this period – was a further contributor. However, weak stock selection within Brazil weighed on performance. . Elsewhere, an overweight to and effective selection within materials was a further contributor, driven by off-benchmark exposure to mining names (Fresnillo, Barrick Mining). At the manager level, Barrow Hanley was the standout performer, benefitting from its value tilt and effective country allocation and stock selection (Korea, China). Sands' growth strategy was the weakest-performer this quarter, with negative stock selection the key driver of underperformance.

## UK Market Commentary

UK equities outperformed the global index and all other markets except Canada, propelled higher by health care (AstraZeneca) and materials (Fresnillo) names. The UK market also benefitted from a lack of big technology companies amid growing concerns over high valuations and fears of an AI bubble. Shares fell mid-November, mirroring trends elsewhere, before regaining their positive momentum. Meanwhile, confusion over the November Budget weighed in response to apparent indecision within the government. The Budget itself prompted only a muted market response although participants welcomed a doubling of the fiscal headroom. It was largely a tax-raising affair that raised taxes by £26 billion partly via freezing personal income tax thresholds. In the economy, inflation encouraged, easing in November to 3.2% YoY from 3.6%, while core inflation slowed to 3.2% from 3.4%. PMIs also broadly improved although the construction sector faltered. In other signs of weakness, GDP unexpectedly fell by 0.1% MoM in October, partially impacted by a production shutdown at car maker Jaguar Land Rover in the late summer. The unemployment rate increased to 5.1% in the three months to October, up from 5.0% in the previous period and wage growth slowed. In addition, retail sales were weak as consumers held back spending ahead of the Budget.

### UK Opportunities Equity Fund:

The sub-fund has an expected outperformance of **2.0%** in excess of the sub-fund benchmark gross of fees, over the longer term.

	Q4 2025	1 Year	3 Year	5 Years	Since Inception
<b>Gross</b>	4.7	19.5	14.0	9.5	7.6
<b>Net</b>	4.6	19.1	13.6	9.2	7.2
<b>FTSE All Share</b>	6.4	24.0	13.6	11.7	8.3
<b>Excess returns (gross)</b>	-1.7	-4.5	0.4	-2.2	-0.7
<b>Excess returns (Net)</b>	-1.8	-4.9	0.0	-2.5	-1.1

**Inception Date: COB 23<sup>rd</sup> September 2019**

**Source: Northern Trust as of 31 December 2025**

**Benchmark: FTSE All Share Index**

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager(s), who typically takes over following a transition period.

\*Preliminary return figures as Russell Investments reconcile discrepancies with NT

### Overall Fund Commentary

The Fund underperformed the positive benchmark return in the fourth quarter.

The Fund's tilt towards small capitalisation stocks detracted from relative returns in a period where large capitalisation value names led the market higher. Sector positioning and stock selection was negative. This included positioning and selection within financials (underweight), health care (underweight), materials (underweight) and communication services (overweight). An underweight to AstraZeneca and an overweight to AJ Bell and Auto Trader were key detractors at the stock level. However, effective stock selection within industrials and consumer discretionary limited additional underperformance. This was underpinned by underweights to BAE Systems and RELX. Aside from Fidelity, most underlying managers underperformed this quarter, with Baillie Gifford the weakest-performer.

## Fixed Income Market Commentary

In the US, early in the quarter fears of a renewed trade war between the US and China, and the government shutdown weighed on sentiment. Uncertainty caused by the delays in economic data releases impacted the market's ability to judge the Fed's next move on interest rates. Following the Fed's rate cut in October, comments from Fed officials strengthened expectations of a December rate cut with concerns voiced over the strength of the labour market. Although the Fed cut rates as expected in December, the meeting was divisive, exposing opposing views over whether to prioritise tackling a weakening jobs market or high inflation. Delayed non-farm payrolls for October showed 105,000 jobs lost, much worse than the 25,000 decline expected, largely due to significant cuts to federal government jobs. Although 64,000 jobs were added in November, above the estimate, unemployment ticked up to 4.6% that month, the highest in over four years. Meanwhile, inflation eased in November to 2.7% YoY, well below the 3.1% forecast and September's 3.0% (no October data was available due to the government shutdown). Core inflation was 2.6% versus the 3.0% expectation. Over the quarter the yield on 10-year Treasuries rose two bps to 4.17%.

Credit markets were relatively benign over the quarter with spreads remaining tight. Hard currency emerging market debt (EMD) was the best performer with spreads tightening by 27 bps to 231. Generally high yield outperformed investment grade in a market that saw global high yield spreads narrow by 17 bps to 291. US and European high yield spreads were largely unchanged. In the investment grade market, European and UK spreads narrowed modestly (-3 bps to 66; -2 to bps to 68, respectively). US investment grade spreads widened by 3 bps to 73 while global investment grade spread widening was slight (1 bps to 72). Hard currency EMD, as measured by the JPM EMBI Global Index, rose by 3.0% while local currency EMD as measured by the JP Morgan GBI-EM Global Diversified Index increased by 3.3%.

### Global Government Bond Fund:

The sub-fund has an expected outperformance of **0.70%** in excess of the sub-fund benchmark gross of fees, over the longer term.

	Q4 2025	1 Year	3 Year	5 Year	Since Inception
<b>Gross</b>	0.6	5.9	3.7	-0.6	-0.3
<b>Net</b>	0.5	5.6	3.5	-0.8	-0.5
<b>FTSE World Gvt Bond Index (GBP Hedged)</b>	0.7	3.7	3.7	-1.2	-1.2
<b>Excess returns (gross)</b>	-0.1	2.2	0.0	0.6	0.9
<b>Excess returns (Net)</b>	-0.2	1.9	-0.2	0.4	0.7

**Inception Date: COB 30<sup>th</sup> July 2020**

**Source: Northern Trust as of 31 December 2025**

**Benchmark: FTSE World Government Bond Index (GBP Hedged)**

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager(s), who typically takes over following a transition period.

### Overall Fund Commentary

The Fund recorded a positive return.

Positioning to rates in Japan – particularly underweights to 5- and 10-year maturities – was a key contributor this quarter. The Japan government's stimulus package and an interest rate hike helped push yields to their highest since the late 1990s. Dynamic positioning towards core eurozone bonds and to UK gilts was rewarded. Exposure to smaller markets also contributed this quarter, including an overweight to rates in Poland and Indonesia and dynamic positioning in Colombia. An overweight to South African 10-year rates was a further contributor. An overweight to short-dated US T-bills and overweight to rates in Australia weighed on additional performance.

## Global Credit Fund:

The sub-fund has an expected outperformance of **0.75%** in excess of the sub-fund benchmark gross of fees, over the longer term.

	Q4 2025	1 Year	3 Year	5 Year	Since Inception
<b>Gross</b>	0.9	6.6	5.6	-0.3	0.2
<b>Net</b>	0.8	6.4	5.4	-0.4	0.0
<b>Bloomberg Barclays Global Agg Credit Index (GBP Hedged)</b>	0.9	6.7	5.8	-0.2	0.2
<b>Excess returns (gross)</b>	0.0	-0.1	-0.2	-0.1	0.0
<b>Excess returns (Net)</b>	-0.1	-0.2	-0.4	-0.2	-0.2

**Inception Date: COB 27<sup>th</sup> July 2020**

**Source: Northern Trust as of 31 December 2025**

**Benchmark: Bloomberg Barclays Global Aggregate Credit Index (GBP Hedged)**

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager(s), who typically takes over following a transition period.

### Overall Fund Commentary

The Fund underperformed the benchmark return over the fourth quarter.

Credit markets were relatively benign over the quarter with spreads remaining tight. Generally high yield outperformed investment grade in a market that saw global high yield spreads narrow by double digits. Although the Fund benefitted from allocations in corporate credit this was offset by negative impacts elsewhere. In US credit, overweight exposure to high yield industrials was a notable positive contributor. In European credit, overweight exposure to high yield financials and industrials was effective while an overweight to investment grade utilities detracted. An underweight to UK investment grade financials was helpful. Offsetting these contributions were negative impacts from underweight exposure to hard currency emerging market debt in Latin America and underweight exposure to Spanish sovereign debt. Elsewhere, in US securitized credit an overweight to passthrough credit was modestly helpful.

## Multi Asset Credit Fund:

The sub-funds aims to achieve a total return (the combination of income and capital growth), the equivalent of the 3 Month **GBP SONIA + 4%**, over any five-year period, after all costs and charges have been taken.

	Q4 2025	1 Year	3 Year	5 Year	Since Inception
<b>Gross</b>	1.3	9.9	9.9	3.6	4.5
<b>Net</b>	1.2	9.5	9.6	3.3	4.2
<b>3 Month GBP SONIA + 4%</b>	2.0	8.5	9.0	7.3	7.0
<b>Excess returns (gross)</b>	-0.7	1.4	0.9	-3.7	-2.5
<b>Excess returns (Net)</b>	-0.8	1.0	0.6	-4.0	-2.8
<b>Strategic asset allocation benchmark</b>	1.6	7.9	8.5	3.9	4.2

**Inception Date: COB 27<sup>th</sup> July 2020**

**Source: Northern Trust as of 31 December 2025**

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager(s), who typically takes over following a transition period.

\*EMD local currency exposure is not hedged in this SAA return.

## Overall Fund Commentary

The Fund recorded a positive return in the fourth quarter.

As in the previous quarter, both rates and credit positioning were rewarded while currency detracted. In rates, exposure to shorter term US Treasuries was particularly effective. Allocations to German bunds were also helpful. In credit, exposure to US and European high yield industrials was a notable positive contributor. Allocations to European high yield financials also helped. In UK credit, exposure to high yield financials and industrials was additive. Positioning in hard currency emerging market debt was effective with contributions from Latin America, Africa, the Middle East and to a lesser extent Europe while allocations to Asia detracted. Exposure to US securitised credit was rewarded with the biggest contribution from non-agency commercial mortgage-backed securities. Allocations to non-agency collateralised mortgage obligations, credit risk transfers and collateralised loan obligations were also positive. Elsewhere, exposure to shorter term bank loans contributed. In currencies, UK sterling had a notable negative impact. All the underlying managers recorded a positive return over the quarter.

## Absolute Return Bond Strategy Fund:

The sub-fund aims to achieve a total return (the combination of income and capital growth), the equivalent of the 3-month **GBP SONIA plus 2%**, over any five-year period, after all costs and charges have been taken.

	Q4 2025	1 Year	3 Year	5 Year	Since Inception
<b>Gross</b>	1.1	5.0	6.5	4.5	4.5
<b>Net</b>	1.0	4.7	6.3	4.3	4.2
<b>3 Month GBP SONIA + 2%</b>	1.5	6.5	6.9	5.2	5.1
<b>Excess returns (gross)</b>	-0.4	-1.5	-0.4	-0.7	-0.6
<b>Excess returns (Net)</b>	-0.5	-1.8	-0.7	-0.9	-0.9

**Inception Date: COB 30th September 2020**

**Source: Northern Trust as of 31 December 2025**

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager(s), who typically takes over following a transition period.

### Overall Fund Commentary

The Fund recorded a positive return.

Exposure to convertible bonds was rewarded. Convertible bonds benefitted from their equity market sensitivity as global equities climbed higher, supported by healthy corporate earnings and accommodative monetary policy. In credit markets, tight spreads moved broadly sideways and the credit curve flattened further. This followed strong third-quarter performance. Exposure to European asset-backed securities remained positive within this environment. Exposure to high yield credit was a further contributor as it generally outperformed investment grade credit. Global macro specialist Wellington recorded a negative return to weigh on further performance. Wellington suffered from its preference for Portuguese duration at the expense of French duration. A tactical overweight to the Japanese yen was also unrewarded.

## Sterling Credit Fund:

The sub-fund has an expected outperformance of **0.65%** in excess of the sub-fund benchmark net of fees, over the longer term.

	Q4 2025	1 Year	3 Year	5 Year	Since Inception
<b>Gross</b>	2.5	7.2	6.4	-0.3	0.3
<b>Net</b>	2.5	7.0	6.3	-0.4	0.2
<b>ICE Bank of America Merrill Lynch Euro-Sterling Index</b>	2.5	6.8	5.7	-1.2	-0.6
<b>Excess returns (gross)</b>	0.0	0.4	0.7	0.9	0.9
<b>Excess returns (Net)</b>	0.0	0.2	0.6	0.8	0.8

**Inception Date: COB 27<sup>th</sup> July 2020**

**Source: Northern Trust as of 31 December 2025**

**Benchmark: ICE Bank of America Merrill Lynch Euro-Sterling Index.**

Inception date is based starting NAV for the sub-fund. This inception date (and therefore performance) may differ from the investment manager(s), who typically takes over following a transition period.

### Overall Fund Commentary

The portfolio marginally underperformed the index over the quarter. Term structure positioning held back returns, with unfavourable positioning across the sterling yield curve weighing on returns. In addition, the long position in Japanese yen duration detracted following a rate hike by the Bank of Japan, which pushed yields higher, while unfavourable positioning via quant model also weighed on returns. These losses were partially offset by the short position in euro duration, and favourable position across the US treasury curve which added value.

Credit positioning resulted in broadly flat relative returns, as modest contributions from beta, allocation and security selection largely offset one another. No single sector generated a material contribution to relative performance. At the issuer level, overweight positions in New York Life Insurance and BMW were modest contributors, while the underweight positions in E.ON and HSBC weighed slightly on returns. Fidelity's structural underweight in selected quasi/supranational issuers also weighed on returns.

# WPP Global Private credit - Vintage I & II

JGC 10<sup>TH</sup> MARCH 2026



**AIDAN QUINN, CFA**

Senior Director, EMEA Client Team

**ALICE MURPHY,**

Senior Manager, EMEA Client Team

**KEITH BRAKEBILL, CFA**

Co-Head of Global Fixed Income

# WPP Private Credit Vintage I has been fully committed, and Vintage II has ample dry powder should rocky markets present opportunity



## THE SUCCESS OF VINTAGE I

- ✓ Successfully committed capital as per the WPP requirements
- ✓ Delivered a significant allocation to Impact



## OPPORTUNITY SET FOR PRIVATE CREDIT CONTINUES TO GROW

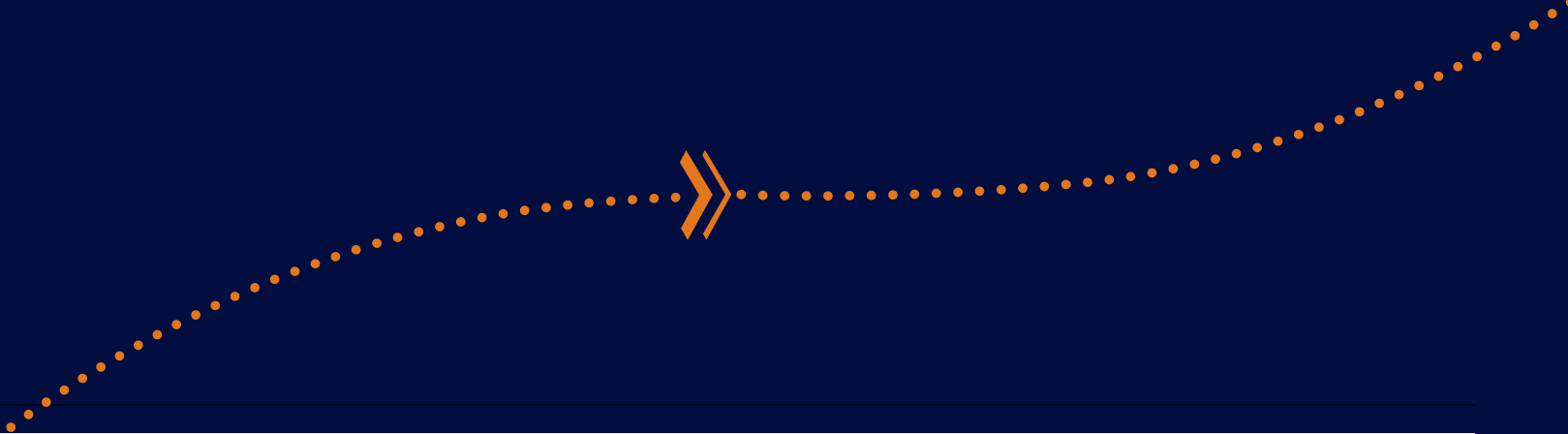
- ✓ Private credit remains a compelling asset class
- ✓ The structure WPP have put in place will allow us to tilt towards the attractive sectors of the market



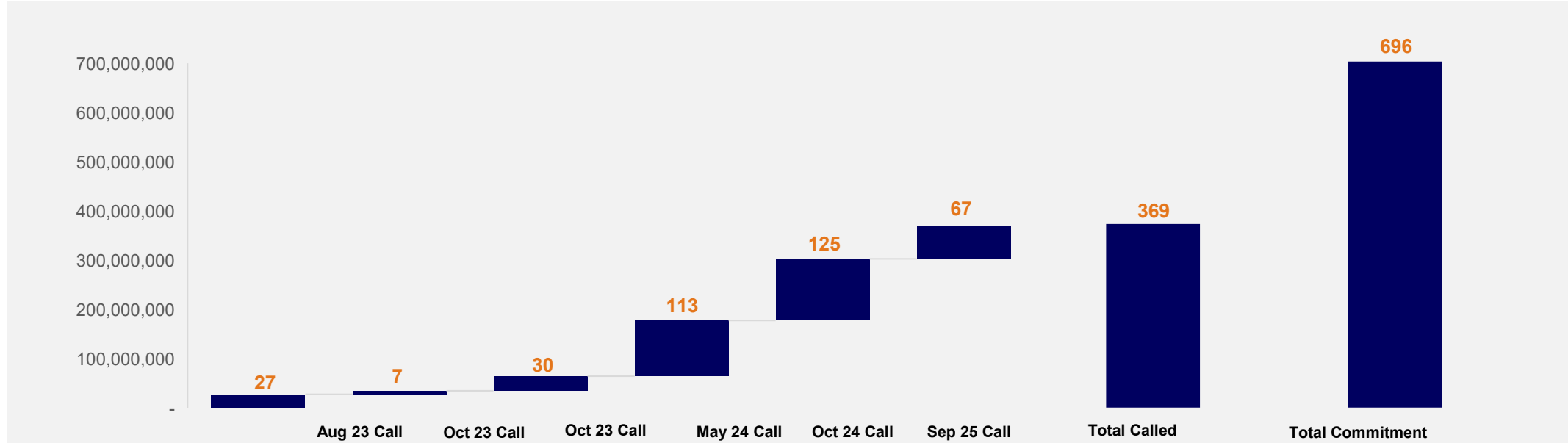
## INCREASED FOCUS ON LOCAL IMPACT INVESTMENTS

- ✓ Vintage I set the foundations for a programme into local (Wales) investments
- ✓ Vintage II will build on these foundations, and further establish the Welsh private credit ecosystem

# Vintage I



# Vintage I Deployment progress



CAPITAL CALL FORECAST:

Fund	Life to Date		2026		2027		2028		Balance	
	D/Down	Distrib	D/Down	Distrib	D/Down	Distrib	D/Down	Distrib	D/Down	Distrib
In (£m)										
<b>£696 Total Commitment</b>	<b>369</b>	<b>0</b>	<b>146</b>	<b>134</b>	<b>47</b>	<b>182</b>	<b>5</b>	<b>165</b>	<b>3</b>	<b>251</b>

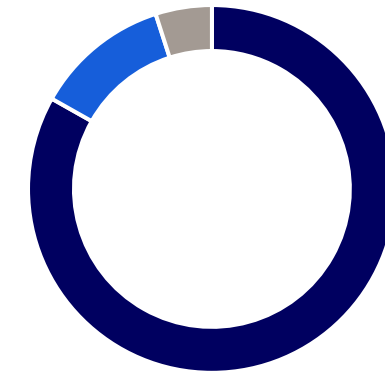
# Vintage I Portfolio

**Objective:** The Fund aims to provide a diversified exposure to eight highly rated specialist strategies. The Fund seeks to invest the majority of its commitments in senior and subordinated debt transactions of small to mid-sized companies globally as well as real estate and infrastructure projects commensurate with meeting the overall return objective of the mandate.

<b>Net IRR Target*</b>	8-11%
<b>Net Yield Target*</b>	6-8%
<b>Committed Capital</b>	£696mn in Vintage I
<b>Participating authorities</b>	7

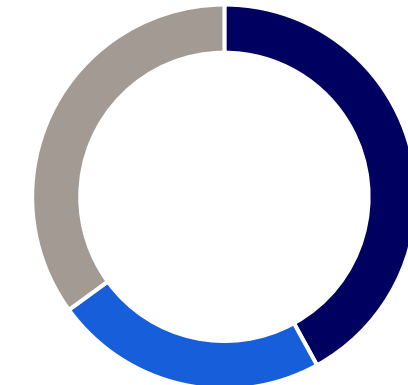
Fund	Capital Committed	Capital Called	Strategy Focus	Geography	Portfolio %	Performance
Pemberton Strategic Credit III	£78m	£100.0m	Corporate - SS	Europe	17.5%	11.17%
HIG Bayside Credit Opps VII	£80m	£32.8m	Corporate - SS	Europe	7.8%	15.96%
Hamilton Lane DC	\$255m	\$214.5m	Corporate - DL	Global	34.4%	10.2%
BX Green Credit III	\$63m	\$22.1m	Corporate - DL	Global	1.4%	13.42%
Ares Capital Europe VI	£90m	£38.4m	Corporate - DL	Europe	9.4%	10.57%
Capital Four PD V	£55m	£34.2m	Corporate - DL	Europe	7.6%	15.96%
Starwood EREDF II	£75m	£32.4m	Asset-Based - RE	Europe	6.9%	8.42%
Pluto UK REDF VIII	£15m	£15.0m	Asset-Based - RE	UK	4.2%	12.6%
Pluto Wales I	£15m	£5.0m	Asset-Based - RE	UK- Wales	1.2%	6.9%
LOIM Sustainable PC	\$66m	\$60.1m	Asset-Based - Div	Global	9.6%	11.1%
<b>10 funds</b>	<b>£702m</b>	<b>£490.6m</b>	<b>Diversified</b>	<b>Global</b>		

Impact & Local



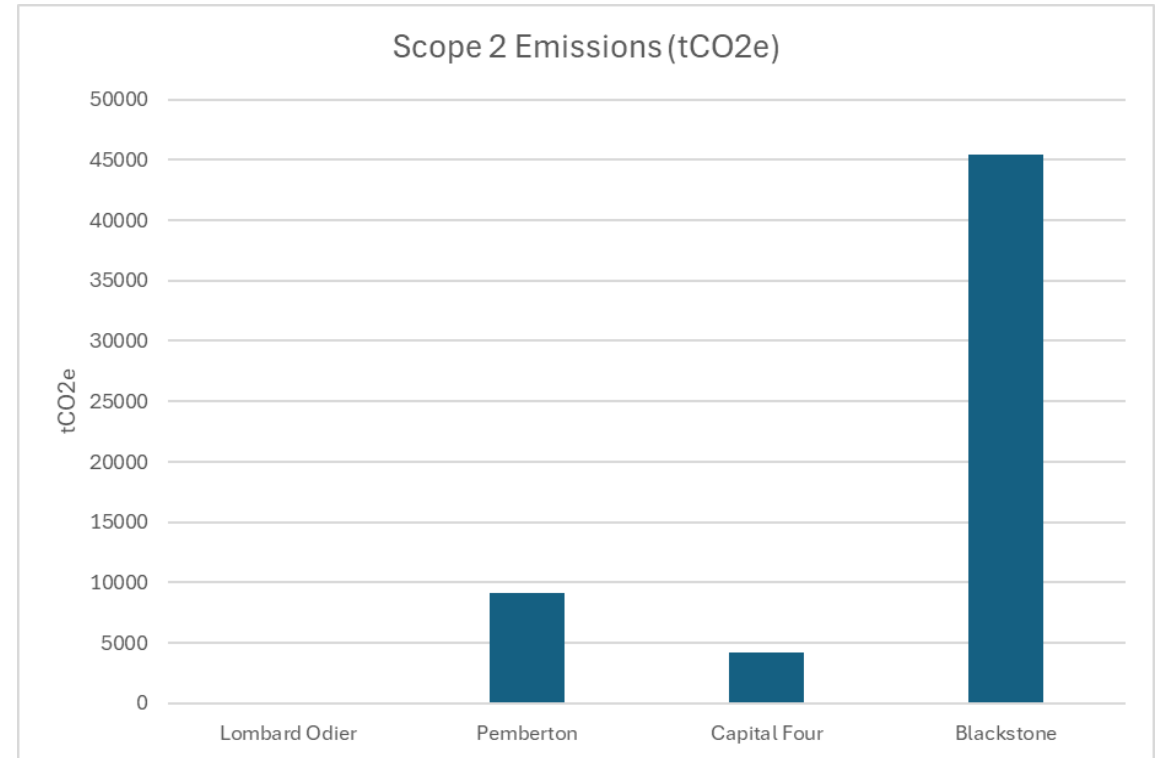
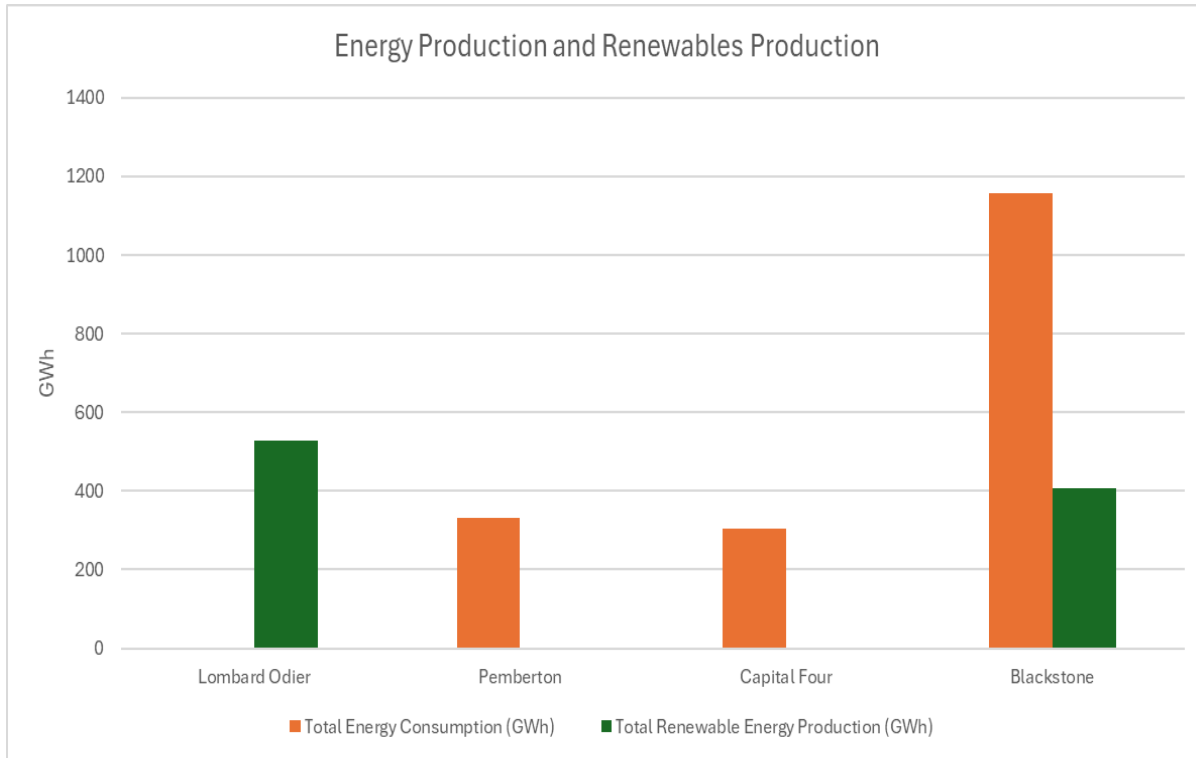
■ 84% Global Private Credit ■ 11% Impact ■ 5% Local

Regional Exposure



■ 42% North America ■ 23% United Kingdom ■ 35% Europe ex UK

# Sustainability data update



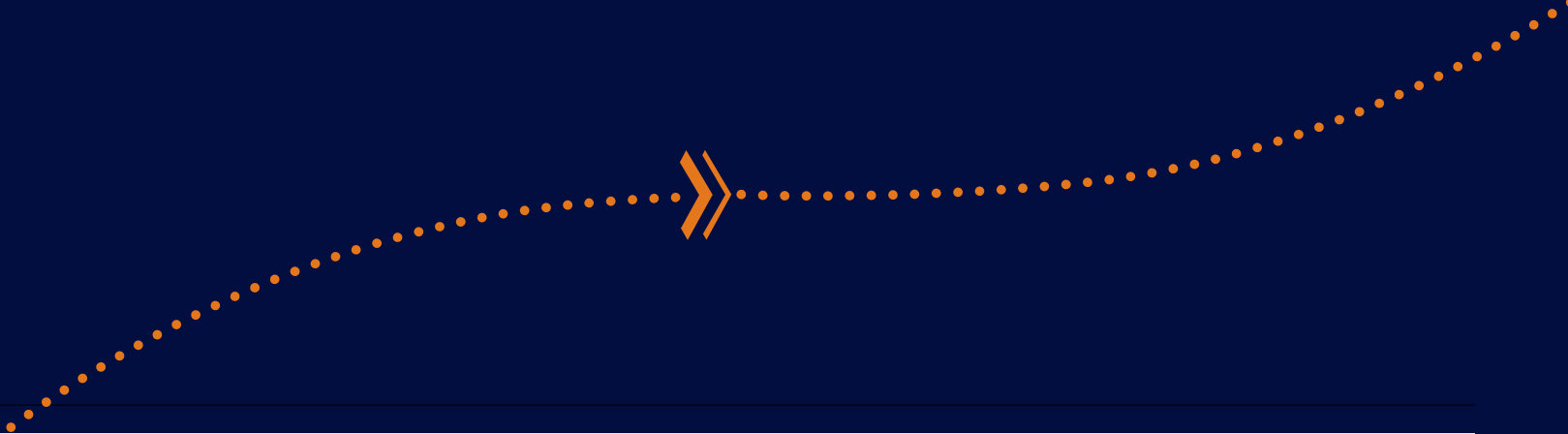
# Case Study: Obsidian, Kilgetty



<b>IMPACT</b>	<ul style="list-style-type: none"><li>• Family Homes in residential community, close to areas with large 2<sup>nd</sup> home market.</li><li>• 15 open market 4 affordable</li><li>• Local employment chain</li></ul>
<b>FINANCIALS</b>	<ul style="list-style-type: none"><li>• LTV 64%</li><li>• IRR 12.35%</li><li>• Loan size £4.58m</li></ul>



# Vintage II

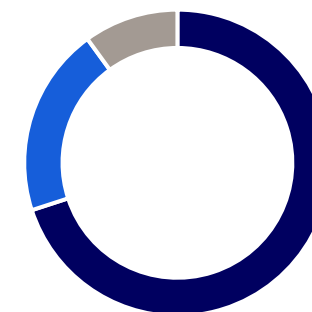


# Vintage II Portfolio

**Objective:** The Fund aims to provide a diversified exposure to eight highly rated specialist strategies. The Fund seeks to invest the majority of its commitments in senior and subordinated debt transactions of small to mid-sized companies globally as well as real estate and infrastructure projects commensurate with meeting the overall return objective of the mandate.

<b>Net IRR Target*</b>	8-11%
<b>Net Yield Target*</b>	6-8%
<b>Committed Capital</b>	£569mn in Vintage II
<b>Participating authorities</b>	7

## Impact & Local



■ 70% Global Private Credit ■ 20% Impact ■ 10% Local

Fund	Capital Committed	Capital Called	Strategy Focus	Geography	Portfolio %*	Performance**
Bayview Opportunity VII	\$100m	\$36.8m	Asset-Based - Div	US	76.0%	
Pluto UK REDF VIII	£25m	£2.3m	Asset-Based - RE	UK	6.2%	
Pluto Wales II	£25m	£2.3m	Asset-Based - RE	UK - Wales	4.0%	
Hamilton Lane DC	\$100m	\$6.9m	Corporate - DL	Global	13.8%	
***Harwood Private Capital II	£50m		Corporate - DL	UK		

\* Based on estimated NAVs as of 31 December 2025  
 \*\* Net IRRs unavailable given the Fund has been investing less than one year  
 \*\*\* Investment committee approved, but subject to complete legal review, side letter negotiation, and closing signatures.

# WPP Welsh Private Credit Loans

Vintage I

Vintage II

Vintage I & II

**Funding Circle**  
 Whole Loan: £19,600,000  
 GP: Bayview  
 Diversified SME Loans (300+) via  
 UK Originator to Welsh businesses  
 throughout Wales.

**Llanarth Housing Development**  
 WPP Investment: £2,200,000  
 Whole Loan: £3,900,000  
 Crowded in: £1,700,000  
 GP: Pluto  
 Status: Unrealized  
 Gross IRR: N/A

**Kilgetty Development Loan**  
 WPP Investment: £2,200,000  
 Whole Loan: £4,200,000  
 Crowded in: £2,000,000  
 GP: Pluto  
 Status: Unrealized  
 Gross IRR: N/A



**Iceland**  
 WPP Investment: £600,000  
 Whole Loan: £13,500,000  
 GP: HIG Bayside  
 Status: Realized  
 Gross IRR: 39.3%

**Veezu**  
 WPP Investment: £9,700,000  
 Whole Loan: £203,000,000  
 GP: Pemberton  
 Status: Unrealized  
 Gross IRR: N/A

**Cardiff PBSA Loan**  
 WPP Investment: £13,800,000  
 Whole Loan: £28,200,000  
 GP: Pluto  
 Status: Unrealized  
 Gross IRR: N/A

**Designer Outlet Bridgend**  
 WPP Loan: £8,300,000  
 Total Loan: £84,400,000  
 GP: Starwood  
 Status: Unrealized  
 Gross IRR: N/A

# Invest without boundaries™



Eich cyf / Your ref:

Gofynnwr am / Please ask for: Anthony Parnell

Dyddiad / Date: 16 March 2026

E-bost / E-mail: [Walespensionpartnership@carmarthenshire.gov.uk](mailto:Walespensionpartnership@carmarthenshire.gov.uk)

Dear Colleagues

The Wales Pension Partnership (WPP) has received a number of motions on notice from Welsh Local Authorities which were noted and discussed at WPP's Joint Governance Committee (JGC) meeting on 8 December 2025.

In November 2025, WPP published the following statement on its website:

*"WPP takes its responsibilities as an asset owner seriously. We aim to be responsible stewards and work closely with stakeholders to make sure our investments reflect our values and legal obligations. We build environmental, social and governance (ESG) factors into our investment and stewardship work. This covers issues such as climate change, human rights and violations of international law.*

*We are committed to listening to, understanding, and responding openly and responsibly to our members' concerns, following our legal duties and the latest guidance from the LGPS Scheme Advisory Board.*

*We take a multi-layered approach to stewardship. Robeco is our appointed Voting and Engagement Provider, and we are also members of the Local Authority Pension Fund Forum. Both parties engage with companies on our behalf to drive improvements in practices and reporting, and to help us reduce risks in our investments. We receive regular reports on their progress, which guide our decisions. If engagement with a company that does not reflect our values and legal obligations fails, we discuss potential courses of action with our investment managers, with divestment as a possible outcome.*

*Some of our investment strategies already have specific exclusions, meaning we don't invest in companies involved in, for example, tobacco, palm oil, controversial weapons and coal mining. We are currently reviewing our investment framework, including exclusions that could apply to all WPP investments, where possible. We expect to finish this review by early 2026."*

**Chris Moore FCCA**

Cyfarwyddwr y Gwasanaethau Corfforaethol,  
Neuadd y Sir, Caerfyrddin, Sir Gaerfyrddin SA31 1JP

Director of Corporate Services,  
County Hall, Carmarthen Carmarthenshire SA31 1JP



BUDDSODDWR | INVESTORS  
MEWN POBL | IN PEOPLE

Mae croeso i chi gysylltu â mi yn y Gymraeg neu'r Saesneg

You are welcome to contact me in Welsh or English

The review has now concluded, and section 7 (exclusion section) of the Responsible Investment Policy has been updated accordingly. WPP has worked with officers from the eight Constituent Authorities, Investment Managers and other providers to develop internal processes and rules to govern the scope and application of this policy.

The updated policy was approved by the JGC at the 10 March 2026 JGC meeting and will take effect from 1 April 2026. WPP will work with its Investment Managers to agree an appropriate window (expected to be circa three months) over which the policy should be implemented thereafter.

As the administering authorities of the LGPS in Wales, can I please ask you to share this response with your respective unitary authorities.

Yours Sincerely,

A handwritten signature in black ink, appearing to be 'Peter Lewis', written in a cursive style.

Cllr. Peter Lewis  
Chair of the Joint Governance Committee, Wales Pension Partnership

MEETING:	<b>PENSIONS COMMITTEE</b>
DATE:	<b>6 JULY 2026</b>
TITLE:	<b>LOCAL AUTHORITY PENSION FUND FORUM (LAPFF)</b>
PURPOSE:	<b>Present an update on the activities of the forum</b>
RECOMMENDATION:	<b>Note the content of the report</b>
AUTHOR:	<b>DELYTH JONES-THOMAS, INVESTMENT MANAGER COUNCILLOR STEPHEN CHURCHMAN</b>

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## 1. Introduction

The Local Authority Pension Fund Forum promotes the highest standards of corporate governance to protect the long-term value of local authority pension funds.

Councillor Stephen Churchman is a member of the LAPFF Executive Board and provides valuable input to the work of the forum.

## 2. Local Authority Pension Fund Forum (LAPFF)

The LAPFF is a collaborative shareholder group of UK public sector pension funds that uses its members' combined assets to promote high standards of corporate governance, environmental responsibility, and ethical business practices.

The key activities of the forum include:

- **Direct Company Engagement:** Engaging directly with company chairs and boards to influence business policies and board compositions.
- **ESG Advocacy:** Pressing major corporations to manage environmental, social, and governance (ESG) risks, including climate change and human rights issues.
- **Executive Compensation Oversight:** Challenging instances of excessive executive pay and ensuring reliable corporate accounting.
- **Policy Influence:** Responding to government and regulatory consultations to shape investment laws and protect shareholder rights.

Further information can be seen in Appendix 1.

Councillor Stephen Churchman will provide a verbal update on the work and latest developments of the forum/

## 3. Recommendation

The Committee is asked to note the content of the report.



# THE LOCAL AUTHORITY PENSION FUND FORUM

## Protecting local government pension funds

Seven million people depend on Local Government Pension Scheme (LGPS) funds now and in the future. These pensions support everyday livelihoods and long-term financial security across the UK.

Your pension fund depends on the success of companies in which it is invested. When those companies face sudden challenges, the repercussions are significant. Carillion, Thomas Cook and others ignored or mismanaged risks and faced the consequences. Investors and pension funds as well as employees, suppliers and local economies felt the impact.

All companies that your pension fund invests in face risks – to their business models, reputations, supply chains, and operations. These risks include financially important issues such as reliable accounts, environmental factors, and workforce matters, all of which need to be properly managed by company boards accountable to shareholders.

## Increasing expectations on pension funds

Regulators and government increasingly expect funds to show how they oversee and manage their investments and reduce their exposure to unnecessary risk. You are not just managing assets. You are stewards of pension savings.

As members of pension committees and boards your stewardship responsibilities include...

- meeting legal and regulatory expectations on asset owners
- accountability to beneficiaries and local communities
- safeguarding long-term value

**It is essential to protect against the unintended consequences of risks not being fully understood. This requires:**

- checking that companies are making the right decisions
- identifying issues before they escalate
- engaging with companies when concerns arise



LAPFF,  
Exchange Tower, 8th Floor,  
2 Harbour Exchange Square  
London E14 9GE

General Enquiries  
Email: [info@lapfforum.org](mailto:info@lapfforum.org)

## How LAPFF helps you meet your responsibilities

The Local Authority Pension Fund Forum (LAPFF) is a trusted network of peers - people facing the same responsibilities, challenges, and decisions - sharing insights, working together and providing support.

LAPFF has 88 LGPS funds and all six pools in its membership – representing £425 billion of assets. LAPFF helps you meet your responsibilities and because of its scale, influences corporate behaviour to deliver sustainable, long-term value for local pensions.

### LAPFF helps you manage risk and strengthen oversight.

- ✓ We engage directly with companies, usually led by a councillor or a practitioner member of the LAPFF Executive. We speak with FTSE boards and global companies to address concerns early.
- ✓ From governance at the top of companies through to their supply chains, LAPFF identifies financial risks that affect long-term value.
- ✓ LAPFF supports its members by working with other global institutional investors and escalates activity when needed.

### Supporting you with your responsibilities

LAPFF helps you demonstrate clear, effective stewardship:

- ✓ Input into policy discussions with government and regulators
- ✓ Reporting on engagement activity and outcomes
- ✓ Access to focused research and analysis

### Members collectively decide what to focus on, and also have:

- ✓ Direct access to expertise when needed
- ✓ Regular meetings to share intelligence and priorities
- ✓ A work plan built around member concerns

**In a changing and uncertain world, LAPFF is here to support you in meeting your responsibilities. By working together and collaborating with other major institutional investors, we help you manage risk and protect the long-term value of local pension funds.**

For more information, please contact: [info@lapfforum.org](mailto:info@lapfforum.org)

More information is available on the LAPFF website [lapfforum.org](http://lapfforum.org) and in the [LAPFF Annual Report 2025](#)

LAPFF is also available to present to member funds and pools.

MEETING	<b>PENSIONS COMMITTEE</b>
DATE	<b>6<sup>th</sup> JULY 2026</b>
TITLE	<b>Gwynedd Pension Fund's Draft Statement of Accounts for the year ended 31 March 2026</b>
PURPOSE	<b>To receive and note –</b> <ul style="list-style-type: none"><li>• <b>Draft Statement of Accounts</b></li></ul>
RECOMMENDATION	<b>Receive the information</b>
AUTHOR	<b>DELYTH JONES- THOMAS, INVESTMENT MANAGER</b>

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## **1. INTRODUCTION**

This report introduces the statutory Statement of Accounts for the 2025/26 financial year, which provides details of the Pension Fund's financial activities during the year which ended on 31 March 2026.

The document in Appendix A is the draft Statements of Accounts in the statutory format.

## **2. AUDIT BY AUDIT WALES**

The draft accounts here are currently subject to audit by Audit Wales. It is possible that some changes will be necessary before a final version is submitted for approval

## **3. RECOMMENDATION**

The Pensions Committee is asked to receive and note the Pension Fund Statement of Accounts (subject to audit) for 2025/26.

# **Gwynedd Pension Fund**

## **STATEMENT OF ACCOUNTS 2025/26**

**DRAFT**

# **NARRATIVE REPORT**

## **Introduction**

Gwynedd Pension Fund's accounts and notes for the year 2025/26 are presented here on pages 5 to 44.

The accounts consist of the Gwynedd Pension Fund Account and Net Assets Statement.

These accounts are supported by this Narrative Report, the Accounting Policies and various notes to the accounts.

The Pension Fund accounts, and accompanying notes, summarise the financial transactions and net assets related to the provision of pensions and other benefits payable to former employees of all the Fund's employers, including Anglesey, Conwy and Gwynedd Councils, Eryri National Park Authority, Police and Crime Commissioner for North Wales, Cartrefi Conwy, Adra, various town and community councils, and other scheduled and admitted bodies.

The Statement of Accounts and further information is available on Gwynedd Pension Fund's website [www.gwyneddpensionfund.wales](http://www.gwyneddpensionfund.wales).

The Fund has two important statements which set out the strategies for ensuring pensions are funded now and in the future as follows:

- Funding Strategy Statement – the statement sets out the fund-specific strategy which will identify how employer pensions liabilities are best met going forward. It is reviewed every three years after the triennial actuarial valuation and includes individual employer rates for the following period.
- Investment Strategy Statement - the statement sets out the types of investments and broad limits on each type of investment.

Both these statements are available on the Fund's website under the investments section.

An Actuarial Valuation is required every three years to establish the level of assets available to pay pensions now and in the future. The most recent valuation was at 31 March 2025 and any changes to employers' contributions will be made from 1 April 2026 onwards for three years.

Further information relating to the accounts is available from:

Delyth Jones-Thomas  
Investment Manager  
01286 679128  
[delythwynjonesthomas@gwynedd.llyw.cymru](mailto:delythwynjonesthomas@gwynedd.llyw.cymru)

Finance Department  
Cyngor Gwynedd  
Council Offices  
Caernarfon  
Gwynedd  
LL55 1SH

It is part of the Fund's policy to provide full information relating to the Fund's affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection will be notified on the Pension Fund website at the appropriate time.

### **Accessibility Statement**

We are aware that, due to the nature and format of the disclosures required to be included in this document, each of the tables is not fully compatible with accessibility standards. If you have any questions about this statement of accounts or would like any of the tables or disclosures to be provided in a more accessible format, please contact [investmentunit@gwynedd.llyw.cymru](mailto:investmentunit@gwynedd.llyw.cymru)

## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **THE PENSION FUND'S RESPONSIBILITIES**

Cyngor Gwynedd as administrating authority (effectively the trustee) for Gwynedd Pension Fund is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Cyngor Gwynedd, that "Section 151 Officer" is the Head of Finance. It is also the administrating authority's responsibility to manage its affairs to secure economic, efficient and effective use of its resources, to safeguard its assets, and to approve the Statement of Accounts.

### **THE HEAD OF FINANCE'S RESPONSIBILITIES**

The Head of Finance is responsible for the preparation of the Pension Fund Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* ("the Code").

In preparing the statement of accounts, the Head of Finance has selected suitable accounting policies and then applied them consistently; has made judgements and estimates that were reasonable and prudent; and complied with the Code.

The Head of Finance has also kept proper accounting records which were up to date, and has taken reasonable steps for the prevention and detection of fraud and other irregularities.

### **RESPONSIBLE FINANCIAL OFFICER'S CERTIFICATE**

I certify that the Statement of Accounts has been prepared in accordance with the arrangements set out above, and presents a true and fair view of the financial position of Gwynedd Pension Fund at 31 March 2026 and the Pension Fund's income and expenditure for the year then ended.



**Dewi Morgan CIPFA**

**Head of Finance, Cyngor Gwynedd**

**30 June 2026**

## GWYNEDD PENSION FUND ACCOUNTS

### THE FUND ACCOUNT

31 March 2025 £'000	Notes	31 March 2026 £'000
<b>Dealings with members, employers and others directly involved in the Fund</b>		
101,760	Contributions	7 101,495
3	Other income	8 5
9,156	Transfers in from other pension funds	9 9,378
<b>110,919</b>		<b>110,878</b>
(94,520)	Benefits	10 (95,546)
(7,870)	Payments to and on account of leavers	11 (8,147)
<b>(102,390)</b>		<b>(103,693)</b>
<b>8,529</b>	<b>Net additions/ (withdrawals) from dealings with members</b>	<b>7,185</b>
<b>(18,282)</b>	Management expenses	12 <b>(13,672)</b>
<b>(9,753)</b>	<b>Net additions/ (withdrawals) including fund management expenses</b>	<b>(6,487)</b>
<b>Returns on investments</b>		
65,847	Investment income	13 84,845
105,626	Profit and losses on disposal of investments and changes in the market value of investments	14 283,936
<b>171,473</b>	<b>Net returns on investments</b>	<b>368,781</b>
<b>161,720</b>	<b>Net Increase/ (Decrease) in the net assets available for benefits during the year</b>	<b>362,294</b>
<b>3,069,995</b>	<b>Opening net assets of the scheme</b>	<b>3,231,715</b>
<b>3,231,715</b>	<b>Closing net assets of the scheme</b>	<b>3,594,009</b>

The notes on pages 7 to 44 form part of these Financial Statements

## NET ASSETS STATEMENT

31 March 2025 £'000		Notes	31 March 2026 £'000
0	Long term investments	14	159
3,192,243	Investment assets	14	3,533,304
1,546	Cash deposits	14	7,208
(642)	Investment liabilities	14	0
<b>3,193,147</b>	<b>Total net investments</b>		<b>3,540,671</b>
42,580	Current assets	20	61,725
(4,012)	Current liabilities	21	(8,387)
<b>3,231,715</b>	<b>Net assets of the fund available to fund benefits at the end of the reporting period</b>		<b>3,594,009</b>

The Financial Statements do not take into account the Fund's liability to pay pensions and other benefits to all the present contributors to the Fund after the financial year-end, but rather summarises the transactions and net assets of the Fund. The liabilities of the Fund are taken into account in the periodic actuarial valuations of the Fund (most recently as at 31 March 2025) and are reflected in the levels of employers' contributions determined at the valuation, so that the Fund will be able to meet future liabilities. The actuarial present value of promised retirement benefits is shown in Note 19.

# **NOTES TO THE GWYNEDD PENSION FUND ACCOUNTS**

## **NOTE I – DESCRIPTION OF FUND**

The Gwynedd Pension Fund (“the Fund”) is part of the Local Government Pension Scheme (LGPS) and is administered by Cyngor Gwynedd.

### **a) General**

The Fund is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended);
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended);
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by Cyngor Gwynedd to provide pensions and other benefits for pensionable employees of Cyngor Gwynedd, two other local authorities and other scheduled, resolution and admission bodies within the former Gwynedd County Council area. Teachers, police officers and firefighters are not included as they are in other national pension schemes. The Fund is overseen by the Pensions Committee, which is a committee of Cyngor Gwynedd.

### **b) Membership**

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme. Organisations participating in the Gwynedd Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Resolution bodies, which are city, town and community councils. They have the power to decide if their employees can join the LGPS and pass a resolution accordingly.
- Admission bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant parameterized. Admission bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

## NOTE 1 – DESCRIPTION OF FUND (continued)

The following bodies are active employers within the Pension Fund:

<b>Scheduled Bodies</b>	
Cyngor Gwynedd	Eryri National Park Authority
Conwy County Borough Council	Bryn Eilian School
Isle of Anglesey County Council	Emrys ap Iwan School
Police and Crime Commissioner for North Wales	Pen y Bryn School
Llandrillo – Menai Group	Eirias High School
GwE (until 31/05/2025)	North and Mid Wales Trunk Road Agency
North Wales Corporate Joint Committee	
<b>Resolution Bodies</b>	
Llanllyfni Community Council	Ffestiniog Town Council
Bangor City Council	Llandudno Town Council
Abergele Town Council	Llangefni Town Council
Colwyn Bay Town Council	Menai Bridge Town Council
Beaumaris Town Council	Towyn and Kinmel Bay Town Council
Holyhead Town Council	Tywyn Town Council
Caernarfon Town Council	Conwy Town Council
Llanfairfechan Town Council	Llanrwst Town Council
Llanfair Mathafarn Eithaf Town Council	
<b>Admission Bodies</b>	
Adult Learning Wales	North Wales Society for the Blind
Adferiad Recovery	Community and Voluntary Support Conwy
Holyhead Joint Burial Committee	Careers Wales North West
Cwmni'r Fran Wen	Mantell Gwynedd
Menter Môn	Medrwn Môn
Menter Iaith Gwynedd	
<b>Community Admission Bodies</b>	
Cartrefi Conwy	Adra
Byw'n Iach	
<b>Transferee Admission Bodies</b>	
ABM Catering (until 31/07/2025)	A E & A T Lewis
Chartwells	

## NOTE I – DESCRIPTION OF FUND (continued)

Membership details are set out below:

	31 March 2025	31 March 2026
Number of employers	47	45
<b>Number of employees in scheme</b>		
County Council	15,198	15,356
Other employers	4,214	4,156
<b>Total</b>	<b>19,412</b>	<b>19,512</b>
<b>Number of pensioners</b>		
County Council	10,746	11,284
Other employers	2,530	2,688
<b>Total</b>	<b>13,276</b>	<b>13,972</b>
<b>Deferred pensioners</b>		
County Council	12,435	12,735
Other employers	2,411	2,456
<b>Total</b>	<b>14,846</b>	<b>15,191</b>
<b>Unclaimed benefits</b>		
County Council	4,055	4,152
Other employers	628	628
<b>Total</b>	<b>4,683</b>	<b>4,780</b>
<b>Undecided Leavers</b>		
County Council	1,604	1,355
Other employers	188	185
<b>Total</b>	<b>1,792</b>	<b>1,540</b>
<b>Total number of members in pension scheme</b>	<b>54,009</b>	<b>54,995</b>

### c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 2.75% to 12.5% of pensionable pay for the financial year ending 31 March 2026. Employer contributions are set based on triennial actuarial funding valuations. The valuation relating to this year was at 31 March 2022. The employer contribution rates range from 0.0% to 31.8% of pensionable pay.

## NOTE 1 – DESCRIPTION OF FUND (continued)

### d) Benefits

Prior to 1 April 2014 pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, I0arameteri below:

	<b>Service pre-1 April 2008</b>	<b>Service post-31 March 2008</b>
<b>Pension</b>	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
<b>Lump sum</b>	Automatic lump sum of 3 x salary. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1 April 2014, the Fund became a career average scheme as I0arameteri below:

	<b>Service post-31 March 2014</b>
<b>Pension</b>	Each year worked is worth 1/49 x career average revalued earnings (CARE)
<b>Lump Sum</b>	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

Accrued pension is increased annually in line with the Consumer Prices Index.

There are a number of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For more details, please refer to the Gwynedd Pension Fund scheme handbook available from Cyngor Gwynedd's Pensions Section.

## NOTE 2 – BASIS OF PREPARATION

The Statement of Accounts summarises the Fund's transactions for the 2025/26 financial year and its position at year-end as at 31 March 2026. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2025/26.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed at Note 19 of these accounts.

## NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Fund Account – revenue recognition

#### a) Contribution Income

Normal contributions are accounted for on an accrual basis as follows:

- Employee contributions rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommend by the fund actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the fund's actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

#### b) Transfers to and from other schemes

Transfer in and out relate to members who have joined or left the fund.

Individual transfers in/ out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (Note 9).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

Where an employer leaves the scheme, any contributions required or exit credit payable on closure is accrued in the year of departure.

#### c) Investment income

##### i) Interest income

Interest income is I Iarameteri in the Fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

##### ii) Dividend income

Dividend income is I Iarameteri on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

##### iii) Distributions from pooled funds including property

Distributions from pooled funds are I Iarameteri at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

##### iv) Movement in the net market value of investments

Changes in the net market value of investments are I Iarameteri as income and comprise all I Iaramete and I Iarameteri profits/losses during the year.

##### v) Accumulated funds

Income earned within the pooled investment is retained by fund managers as part of the capital assets of the fund and is reflected in a higher unit price.

## **NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Fund account – expense items**

#### **d) Benefits payable**

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, providing that payment has been approved.

#### **e) Management expenses**

The fund discloses its management expenses in line with CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the fund on an accrual basis as follows:

##### **Administrative expenses**

All staff costs of the pensions administration team are charged direct to the Fund. Council recharges for management, accommodation and other overhead costs are also accounted for as administrative expenses of the fund.

##### **Oversight and governance costs**

All costs associated with oversight and governance are separately identified, apportioned to this activity and charged as expenses to the fund.

##### **Investment management expenses**

Investment fees are charged directly to the fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off returns by investment managers, these expenses are grossed up to increase the change in value of investments.

Fees charges by external investment managers and custodians are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

Transaction costs are associated with the acquisition or disposal of fund assets and are disclosed in the notes to the accounts.

#### **f) Taxation**

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

## **NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Net assets statement**

#### **g) Financial assets**

All investment assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is I3arameteri in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. Any gains or losses on investment sales arising from changes in the fair value of the asset are I3arameteri in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirement of the Code and IFRS 13 (see note 15). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/ Investment Association, 2016).

The Gwynedd Pension Fund and the other seven shareholders each hold a 12.5% share in Wales Pension Partnership Investment Management Company Limited (Company Number 16645479). As such, no Fund is deemed to have a significant influence, and this long- term investment is accounted for at fair value. The asset is initially measured at cost and will be subsequently revalued for any impairment. The Fund advanced a contribution of £158,825 during 2025/26 to fund the initial set- up costs of the company.

#### **h) Foreign currency transactions**

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

#### **i) Cash and cash equivalents**

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers. All cash balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

#### **j) Financial liabilities**

A financial liability is I3arameteri in the net asset statement on the date the fund becomes legally responsible for that liability. The fund I3arameteri financial liabilities relating to investment trading at fair value and any gains and losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are I3arameteri in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net assets statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

#### **k) Actuarial present value of promised retirement benefits**

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the fund actuary in accordance with the requirements of IAS19 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 19).

## **NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **l) Additional voluntary contributions**

Gwynedd Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. There are three AVC funds. They are held with Clerical Medical, Utmost Life and Standard Life. The AVC providers secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in these arrangements each receive an annual statement made up to 31 March confirming the amounts held in their account and the movements in year.

AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed for information only in Note 22.

### **m) Contingent assets and contingent liabilities**

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by future events. A contingent liability arises where an event prior to the year end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise when it is not possible at the Balance Sheet to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not parameterised in the net asset statement but are disclosed by way of narrative in the notes.

## **NOTE 4 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

### **Unquoted private equity, private credit and infrastructure investments**

The fair value of private equity, private credit and infrastructure investments are inherently based on forward-looking estimates and judgements involving many factors. Unquoted private equities, private credit and infrastructure are valued by the investment managers using guidelines set out by IFRS accounting standards. The value of unquoted securities at 31 March 2026 was £432.5 million (£413.0 million at 31 March 2025).

### **Pension fund liability**

The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are parameterised in Note 18. This estimate is subject to significant variances based on changes to the underlying assumptions.

## NOTE 5 – ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations. However, actual outcomes could be different from assumptions and estimates made.

The items in the net assets statement for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 19)	Estimation of the net liability to pay pension depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and return on fund assets. Hymans Robertson is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways.
Private equity, private credit and infrastructure	Private equity, private credit and infrastructure investments are valued at fair value in accordance with British Venture Capital Association guidelines (December 2018). These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity, private credit and infrastructure investments in the financial statements are £432.5 million. There is a risk that this investment may be under or overstated in the accounts.

## NOTE 6 – EVENTS AFTER THE REPORTING DATE

The Fund has come together with the other 7 Welsh LGPS Funds to form the Wales Pension Partnership Investment Management Company (WPP IM Co), which is 1/8<sup>th</sup> owned by each Fund.

WPP IM Co (Company number 16645479) is seeking to become FCA regulated and to start providing services to each Fund during 2026/27. Once granted the necessary regulated status IM Co will take responsibility for managing and overseeing each Fund's investments.

Each Fund will be required to provide regulatory capital during 2026/27 and on an ongoing basis will be charged fees depending on services taken up and assets under management.

## NOTE 7 – CONTRIBUTIONS RECEIVED

### By category

2024/25		2025/26
£'000		£'000
24,831	Employees' contributions	26,040
	Employers' contributions:	
76,844	• Normal contributions	80,584
85	• Other*	(5,129)
<b>76,929</b>	<b>Total employers' contributions</b>	<b>75,455</b>
<b>101,760</b>	<b>Total contributions receivable</b>	<b>101,495</b>

### By type of employer

2024/25		2025/26
£'000		£'000
32,503	Cyngor Gwynedd	33,981
63,001	Other scheduled bodies	60,587
1,872	Admission bodies	2,380
3,691	Community admission bodies	3,895
150	Transferee admission bodies	147
458	Resolution bodies	505
85	Closed funds**	0
<b>101,760</b>		<b>101,495</b>

\* Other – this relates to exit credit transactions

\*\* Closed funds –the employer was previously an admission body but is now a closed fund.

## NOTE 8 – OTHER INCOME

2024/25		2025/26
£'000		£'000
3	Income from divorce calculations	5
<b>3</b>		<b>5</b>

## NOTE 9 – TRANSFERS IN FROM OTHER PENSION FUNDS

2024/25		2025/26
£'000		£'000
9,156	Individual transfers	9,378
<b>9,156</b>		<b>9,378</b>

## NOTE 10 – BENEFITS PAID

### By category

2024/25		2025/26
£'000		£'000
70,063	Pensions	74,126
21,597	Commutation and lump sum retirement benefits	19,330
2,860	Lump sum death benefits	2,090
<b>94,520</b>		<b>95,546</b>

### By type of employer

2024/25		2025/26
£'000		£'000
28,742	Cyngor Gwynedd	29,492
48,151	Other scheduled bodies	48,969
2,085	Admission bodies	1,896
2,417	Community admission bodies	2,558
56	Transferee admission bodies	23
133	Resolution bodies	163
12,936	Closed funds	12,445
<b>94,520</b>		<b>95,546</b>

## NOTE 11 – PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2024/25		2025/26
£'000		£'000
209	Refunds to members leaving service	328
0	Payments for members joining state scheme	(1)
7,661	Individual transfers	7,820
<b>7,870</b>		<b>8,147</b>

## NOTE 12 – MANAGEMENT EXPENSES

2024/25		2025/26
£'000		£'000
15,738	Investment management expenses	10,885
1,988	Administrative costs	2,145
556	Oversight and governance costs	642
<b>18,282</b>		<b>13,672</b>

## NOTE 12a – INVESTMENT MANAGEMENT EXPENSES

2025/26	Management Fees £'000	Transaction Costs £'000	Total £'000
<b>Pooled Funds</b>			
Fixed Income	626	0	<b>626</b>
Equities	949	1,136	<b>2,085</b>
<b>Other Investments</b>			
Pooled Property	1,162	5	<b>1,167</b>
Private Credit	1,089	0	<b>1,089</b>
Private Equity	1,865	0	<b>1,865</b>
Infrastructure	3,553	135	<b>3,688</b>
	9,244	1,276	<b>10,520</b>
<b>Custody Fees</b>			<b>365</b>
<b>Total</b>			<b>10,885</b>

2024/25	Management Fees £'000	Transaction Costs £'000	Total £'000
<b>Pooled Funds</b>			
Fixed Income	594	101	<b>695</b>
Equities	1,807	986	<b>2,793</b>
<b>Other Investments</b>			
Pooled Property	1,708	0	<b>1,708</b>
Private Credit	990	0	<b>990</b>
Private Equity	4,370	0	<b>4,370</b>
Infrastructure	4,763	88	<b>4,851</b>
	14,232	1,175	<b>15,407</b>
<b>Custody Fees</b>			<b>331</b>
<b>Total</b>			<b>15,738</b>

The management fees disclosed above include all investment management fees directly incurred by the Fund including those charged on pooled investment vehicles. There are no performance-related fees paid to investment managers. In addition to these costs, indirect costs are incurred through the bid-offer spread on investment sales and purchases. They are reflected in the cost of investment purchases and in the proceeds of sales of investments in Note 14a.

The WPP Global Growth, Global Opportunities, Sustainable Equity, Multi Asset Credit, Absolute Return Bond, Global Credit and Emerging Market funds are investments which are appointed via a manager of managers approach which have their own underlying fees. The return for this mandate are net of the underlying manager fees which is reflected in Note 14a within the 'Change in Market value'. For transparency, the fees in 2025/26 were £6,141,626 (£4,125,186 in 2024/25).

## NOTE 12b- ADMINISTRATIVE COSTS

2024/25		2025/26
£'000		£'000
903	Direct employee costs	951
648	Other direct costs	717
437	Support services, including IT	477
<b>1,988</b>		<b>2,145</b>

Administrative costs include amounts charged to the Pension Fund by Cyngor Gwynedd for staff costs, support services and accommodation.

## NOTE 12c- OVERSIGHT AND GOVERNANCE COSTS

2024/25		2025/26
£'000		£'000
143	Actuarial fees	213
68	Investment consultancy fees	69
47	Performance monitoring service	25
44	External audit fees	46
13	Pensions Committee and Local Pension Board	17
241	Wales Pensions Partnership	272
<b>556</b>		<b>642</b>

## NOTE 12d- WALES PENSION PARTNERSHIP

The investment management expenses in Note 12a are fees payable to Waystone (the WPP operator) and include fund manager fees (which also includes the operator fee and other associated costs), transaction costs and custody fees. These costs are based on each Fund's percentage share of WPP pooled assets and are deducted from the Net Asset Value (NAV).

The oversight and governance costs in Note 12c are the annual running costs of the pool which includes the host authority costs and other external advisor costs. These costs are funded equally by all eight of the local authority Pension Funds in Wales.

The following fees are included in Note 12 in relation to the Wales Pension Partnership and further details on the WPP can be found in the Annual Report.

	2024/25	2025/26
	£'000	£'000
<b>Investment Management Expenses</b>		
Fund Manager fees	5,624	4,808
Transaction costs	1,175	1,270
Custody fees	331	365
	<b>7,130</b>	<b>6,443</b>
<b>Oversight and governance costs</b>		
Running costs	241	272
<b>Total</b>	<b>7,371</b>	<b>6,715</b>

## NOTE 13 – INVESTMENT INCOME

2024/25		2025/26
£'000		£'000
28,082	Fixed Income	32,434
20,417	Equities	21,499
1,252	Private Credit	5,322
2,408	Private Equity	8,527
5,924	Infrastructure	9,908
6,242	Pooled property investments	4,993
1,522	Interest on cash deposits	2,162
<b>65,847</b>	<b>Total before taxes</b>	<b>84,845</b>

The Gwynedd Pension Fund has two bank accounts which are held as part of Cyngor Gwynedd's Group of Bank Accounts. The overall surplus cash held in the Group of Bank Accounts is invested on a daily basis. At the end of the financial year, Cyngor Gwynedd pays interest over to the Pension Fund, based on the Fund's daily balances over the year.

The Pension Fund also has a Euro account to deal with receipts and payments in Euros and to 20aramete exchange transactions and relevant costs.

## NOTE 14 – INVESTMENTS

31 March 2025 £'000		31 March 2026 £'000
<b>Long-term investment assets</b>		
0	WPP Investment Management Company	159
0		159
<b>Investment assets</b>		
<b>Pooled Funds</b>		
878,523	Fixed income	1,161,551
1,725,148	Equities	1,735,684
<b>Other Investments</b>		
175,589	Pooled property investments	203,619
50,748	Private Credit	63,291
162,518	Private Equity	156,659
199,717	Infrastructure	212,500
<b>3,192,243</b>		<b>3,533,304</b>
1,546	Cash deposits	7,208
<b>3,193,789</b>	<b>Total investment assets</b>	<b>3,540,671</b>
<b>Investment liabilities</b>		
(642)	Amounts payable for purchases	0
<b>(642)</b>	<b>Total investment liabilities</b>	<b>0</b>
<b>3,193,147</b>	<b>Net investment assets</b>	<b>3,540,671</b>

## NOTE 14a – RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

<b>2025/26</b>	<b>Market value at 1 April 2025</b>	<b>Purchases during the year</b>	<b>Sales during the year</b>	<b>Change in market value during the year</b>	<b>Market value at 31 March 2026</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Long term investments	0	159	0	0	159
Pooled investments	2,603,671	2,899,491	(2,886,084)	280,157	2,897,235
Pooled property investments	175,589	179,897	(148,319)	(3,548)	203,619
Private credit	50,748	14,531	(678)	(1,310)	63,291
Private equity / infrastructure	362,235	38,405	(33,552)	2,071	369,159
	<b>3,192,243</b>	<b>3,132,483</b>	<b>(3,068,633)</b>	<b>277,370</b>	<b>3,533,463</b>
Cash deposits	1,546				7,208
Amounts payable for purchases of Investments	(642)				
Fees within pooled vehicles				6,566	
<b>Net investment assets</b>	<b>3,193,147</b>			<b>283,936</b>	<b>3,540,671</b>

<b>2024/25</b>	<b>Market value at 1 April 2024</b>	<b>Purchases during the year</b>	<b>Sales during the year</b>	<b>Change in market value during the year</b>	<b>Market value at 31 March 2025</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Pooled investments	2,558,668	59,499	(90,100)	75,604	2,603,671
Pooled property investments	210,350	3,980	(45,410)	6,669	175,589
Private credit	10,235	37,642	0	2,871	50,748
Private equity / infrastructure	257,011	118,878	(22,930)	9,276	362,235
	<b>3,036,264</b>	<b>219,999</b>	<b>(158,440)</b>	<b>94,420</b>	<b>3,192,243</b>
Cash deposits	499				1,546
Amounts payable for purchases of Investments	(333)				(642)
Fees within pooled vehicles				11,206	
<b>Net investment assets</b>	<b>3,036,430</b>			<b>105,626</b>	<b>3,193,147</b>

No derivative instruments were held by Gwynedd Pension Fund at 31 March 2026 or at 31 March 2025.

## NOTE 14b – ANALYSIS OF INVESTMENTS

### Investments analysed by fund manager

Market Value at 31 March 2025			Market Value at 31 March 2026		
£'000	%		£'000	%	
2,326,430	72.9	Wales Pension Partnership	2,812,268	79.5	
521,850	16.3	BlackRock	500,194	14.1	
226,167	7.1	Partners Group	192,557	5.4	
36,337	1.1	Threadneedle	35,344	1.0	
6,263	0.2	Lothbury	149	0.0	
76,742	2.4	UBS	0	0.0	
<b>3,193,789</b>	<b>100.0</b>		<b>3,540,512</b>	<b>100.0</b>	

The following investments represent more than 5% of the net assets of the Fund:

Market Value at 31 March 2025			Market Value at 31 March 2026		
£'000	%		£'000	%	
403,246	12.5	WS Wales PP Absolute Return Bond Fund	554,275	15.4	
460,613	14.3	WS Wales PP Global Opportunities Equity Fund	403,967	11.2	
418,895	13.0	WS Wales PP Global Growth Fund	389,529	10.8	
317,658	9.8	WS Wales PP Sustainable Active Equity Fund	359,705	10.0	
233,417	7.2	WS Wales PP Global Credit Fund	347,858	9.7	
294,958	9.1	Black Rock Aquila Life UK Equity Index Fund	301,088	8.4	
241,859	7.5	WS Wales PP Multi Asset Credit Fund	259,418	7.2	
0	0.0	BlackRock Aquila Life WPP World ESG INS EQ Fund	198,675	5.5	
170,002	5.3	Black Rock ACS World Low Carbon Fund	0	0.0	

## NOTE 14c – STOCK LENDING

The Fund's investment strategy permits stock lending subject to specific approval. The income earned by the fund through stock lending was £215,750 (£135,500 in 2024/25). Currently the Fund has total quoted equities of £45.5m on loan (£44.7m at 31 March 2025). These equities continue to be 22arameteri in the Fund's financial statements. No liabilities are associated with the loaned assets.

## **NOTE 15 – FAIR VALUE- BASIS OF VALUATION**

All investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. There has been no change in the valuation techniques used during the year.

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

**Level 1** – where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities, comprising quoted equities, quoted bonds and unit trusts.

**Level 2** – where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data.

**Level 3** – where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

**NOTE 15 – FAIR VALUE- BASIS OF VALUATION (continued)**

Description of Asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the Valuations provided
Cash and cash equivalents	Level 1	Carrying value is deemed to be fair value because of the short- term nature of these financial instruments	Not required	Not required
Pooled investments- equity funds	Level 2	The ‘NAV’ (net asset value) is calculated based on the market value of the underlying assets	Evaluated price feeds	Not required
Pooled investments- fixed income	Level 2	The ‘NAV’ is calculated based on the market value of the underlying fixed income Securities	Evaluated price feeds	Not required
Pooled property funds	Level 3	Closing bid price where bid and offer prices are published; closing single price where single price is published	‘NAV’- based set on a forward pricing basis	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Private equities	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board’s Special Valuation Guidance (March 2020)	<ul style="list-style-type: none"> <li>• EBITDA multiple</li> <li>• Revenue multiple</li> <li>• Discount for lack of marketability</li> <li>• Control premium</li> </ul>	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Infrastructure	Level 3	Valued using discounted cashflow techniques to generate a net present value	Discount rate and cashflow used in the models	Rate of inflation, interest, tax and foreign exchange
Private credit	Level 3	Valuation techniques are used in accordance with U.S. GAAP to measure fair value that is consistent with market approach and/or income approach, depending on the type of security and the circumstance.	Private investments are fair valued initially based upon transaction price excluding expenses. The market approach uses prices generated by market transactions involving identical or comparable securities. The income approach	Valuations could be affected by changes to expected cash flows or by differences between audited and unaudited accounts.

			uses valuation techniques to discount estimated future cash flows to present value.	
Holdings in WPP IM Co	Level 3	Held at fair value	Initially measured at cost	Will be assessed in future for impairment

**Sensitivity of assets valued at level 3**

The values reported in the Level 3 valuations represent the most accurate estimation of the portfolio values as at 31 March 2026. Any subjectivity related to the investment value is incorporated into the valuation, and the sensitivity analysis can be seen in Note 17.

**Transfers between levels 1 and 2**

There were no transfers between levels 1 and 2 investments during 2025/26.

## NOTE 15a – FAIR VALUE HIERARCHY

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Gwynedd Pension Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

<b>Values at 31 March 2026</b>	<b>Quoted market price Level 1 £'000</b>	<b>Using observable inputs Level 2 £'000</b>	<b>With significant unobservable inputs Level 3 £'000</b>	<b>Total £'000</b>
<b>Financial assets at fair value through profit and loss</b>				
Long term investments	0	0	159	159
Fixed income	0	1,161,551	0	1,161,551
Equities	0	1,735,684	0	1,735,684
Pooled property investments	0	0	203,619	203,619
Private credit	0	0	63,291	63,291
Private equity	0	0	156,659	156,659
Infrastructure	0	0	212,500	212,500
Cash deposits	7,208	0	0	7,208
	<b>7,208</b>	<b>2,897,235</b>	<b>636,228</b>	<b>3,540,671</b>
<b>Financial liabilities at fair value through profit and loss</b>				
Payables for investment purchases	0	0	0	0
<b>Total</b>	<b>7,208</b>	<b>2,897,235</b>	<b>636,228</b>	<b>3,540,671</b>

## NOTE 15a – FAIR VALUE HIERARCHY (CONTINUED)

Values at 31 March 2025	Quoted market Price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit and loss</b>				
Fixed income	0	878,523	0	878,523
Equities	0	1,725,148	0	1,725,148
Pooled property investments	0	0	175,589	175,589
Private credit	0	0	50,748	50,748
Private equity	0	0	162,518	162,518
Infrastructure	0	0	199,717	199,717
Cash deposits	1,546	0	0	1,546
	<b>1,546</b>	<b>2,603,671</b>	<b>588,572</b>	<b>3,193,789</b>
<b>Financial liabilities at fair value through profit and loss</b>				
Payables for investment purchases	(642)	0	0	(642)
<b>Total</b>	<b>904</b>	<b>2,603,671</b>	<b>588,572</b>	<b>3,193,147</b>

## NOTE 15b – RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

	Market Value 1 April 2025 £'000	Transfers in/ out of Level 3 £'000	Purchases during the year £'000	Sales during the year £'000	Unrealised gains/ (losses) £'000	Realised (gains)/ losses £'000	Market Value 31 March 2026 £'000
Long term investment	0	0	159	0	0	0	159
Property	175,589	0	179,897	(152,900)	(3,548)	4,581	203,619
Private Credit	50,748	0	14,531	0	(1,310)	(678)	63,291
Private Equity	162,518	0	17,731	(8,240)	(5,279)	(10,071)	156,659
Infrastructure	199,717	0	20,674	(6,706)	7,350	(8,535)	212,500
<b>Total Level 3</b>	<b>588,572</b>	<b>0</b>	<b>232,992</b>	<b>(167,846)</b>	<b>(2,787)</b>	<b>(14,703)</b>	<b>636,228</b>

	Market Value 1 April 2024 £'000	Transfers in/ out of Level 3 £'000	Purchases during the year £'000	Sales during the year £'000	Unrealised gains/ (losses) £'000	Realised (gains)/ losses £'000	Market Value 31 March 2025 £'000
Property	210,350	0	3,980	(45,410)	6,669	0	175,589
Private Credit	10,235	0	37,642	0	2,871	0	50,748
Private Equity	167,029	0	12,230	(7,646)	1,177	(10,272)	162,518
Infrastructure	89,982	0	106,648	(1,552)	8,099	(3,460)	199,717
<b>Total Level 3</b>	<b>477,596</b>	<b>0</b>	<b>160,500</b>	<b>(54,608)</b>	<b>18,816</b>	<b>(13,732)</b>	<b>588,572</b>

## NOTE 16 – CLASSIFICATION OF FINANCIAL INSTRUMENTS

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are determined. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

As at 31 March 2025			As at 31 March 2026		
Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
£'000	£'000	£'000	£'000	£'000	£'000
<b>Financial assets</b>					
0	0	0	159	0	0
2,603,671	0	0	2,897,235	0	0
175,589	0	0	203,619	0	0
50,748	0	0	63,291	0	0
162,518	0	0	156,659	0	0
199,717	0	0	212,500	0	0
0	36,963	0	0	62,937	0
0	7,163	0	0	5,996	0
<b>3,192,243</b>	<b>44,126</b>	<b>0</b>	<b>3,533,463</b>	<b>68,933</b>	<b>0</b>
<b>Financial liabilities</b>					
0	0	(4,654)	0	0	(8,387)
<b>0</b>	<b>0</b>	<b>(4,654)</b>	<b>0</b>	<b>0</b>	<b>(8,387)</b>
<b>3,192,243</b>	<b>44,126</b>	<b>(4,654)</b>	<b>3,533,463</b>	<b>68,933</b>	<b>(8,387)</b>

## NOTE 16a – NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

31 March 2025		31 March 2026	
Fair value		Fair value	
£'000		£'000	
<b>Financial assets</b>			
94,420	Fair value through profit and loss	277,370	
0	Loans and receivables	0	
<b>94,420</b>	<b>Total financial assets</b>	<b>277,370</b>	
<b>Financial liabilities</b>			
0	Fair value through profit and loss	0	
0	Financial liabilities at cost	0	
<b>0</b>	<b>Total financial liabilities</b>	<b>0</b>	
<b>94,420</b>	<b>Net financial assets</b>	<b>277,370</b>	

## **NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

### **Risk and risk management**

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). The aim of investment risk management is to parameterise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall Pension Fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pensions Committee. Risk management policies are established to identify and analyse the risks faced by the Pension's Fund operations, then reviewed regularly to reflect changes in activity and market conditions.

### **a) Market risk**

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst parameterise investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in two ways:

- the exposure of the Fund to market risk is monitored through a risk factor analysis to ensure that risk remains within tolerable levels;
- specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

### **Other price risk**

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or by factors affecting all such instruments in the market.

The Fund is exposed to share price risk. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within the limits set in the Fund investment strategy.

## NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

### Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the 2024/25 and 2025/26 reporting period.

Asset type	Potential market movement (+/-)	
	31 March 2025	31 March 2026
	%	%
UK Equities	16.3	18.0
Global Equities	18.6	18.3
Emerging Markets Equities	24.3	26.9
Private Equity	26.6	27.0
Corporate Bonds	6.5	6.3
Senior Loans (Sub investment grade)	7.6	9.1
Absolute Return Bonds	2.7	2.7
Infrastructure	14.5	14.6
Property	15.2	15.9
Diversified Credit	6.3	6.1
Cash	0.3	0.3
<b>Total Fund</b>	<b>11.6</b>	<b>11.2</b>

The potential volatilities disclosed above are consistent with a one-standard deviation movement in the change of value of the assets over the latest three years. The total fund volatility takes into account the expected interactions between the different asset classes shown, based on the underlying volatilities and correlations of the assets, in line with mean variance portfolio theory.

## NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

Had the market price of the Fund investments increased/decreased in line with the above, the change in the market price of the net assets available to pay benefits would have been as follows:

Asset type	Value as at 31 March 2026 £'000	Percentage change %	Value on Increase £'000	Value on decrease £'000
UK Equities	301,088	18.0	355,284	246,892
Global Equities	1,351,876	18.3	1,599,269	1,104,483
Emerging Markets Equities	82,721	26.9	104,973	60,469
Private Equity*	156,659	27.0	198,957	114,361
Corporate Bonds	347,858	6.3	369,774	325,943
Senior Loans (sub investment grades)*	63,291	9.1	69,051	57,532
Absolute Return Bonds	554,275	2.7	569,240	539,309
Infrastructure*	212,500	14.6	243,525	181,475
Property*	203,619	15.9	235,994	171,243
Diversified Credit	259,418	6.1	275,242	243,593
Cash	62,936	0.3	63,125	62,748
Debtors and Creditors	(2,391)	0.0	(2,391)	(2,391)
Long Term Investments*	159	0.0	159	159
<b>Total assets available to pay Benefits</b>	<b>3,594,009</b>		<b>4,082,202</b>	<b>3,105,816</b>
*Level 3 assets	636,228		747,686	524,770

Asset type	Value as at 31 March 2025 £'000	Percentage change %	Value on Increase £'000	Value on decrease £'000
UK Equities	294,958	16.3	343,036	246,880
Global Equities	1,367,167	18.6	1,621,460	1,112,874
Emerging Markets Equities	63,023	24.3	78,338	47,709
Private Equity*	162,518	26.6	205,748	119,288
Corporate Bonds	233,417	6.5	248,589	218,245
Senior Loans (sub investment grades)*	50,748	7.6	54,605	46,891
Absolute Return Bonds	403,247	2.7	414,134	392,359
Infrastructure*	199,717	14.5	228,676	170,758
Property*	175,588	15.2	202,278	148,899
Diversified Credit	241,859	6.3	257,097	226,622
Cash	36,963	0.3	37,073	36,851
Debtors and Creditors	2,510	0.0	2,510	2,510
<b>Total assets available to pay Benefits</b>	<b>3,231,715</b>		<b>3,693,544</b>	<b>2,769,886</b>
*Level 3 assets	588,571		691,307	485,836

### Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's interest rate risk is routinely monitored in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

## NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

The Fund's direct exposure to interest rate movements as at 31 March 2025 and 31 March 2026 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

Asset type	As at 31 March 2025	As at 31 March 2026
	£'000	£'000
Cash and cash equivalents	35,417	55,729
Cash balances	1,546	7,208
Pooled Fixed Income	878,523	1,161,551
<b>Total</b>	<b>915,486</b>	<b>1,224,488</b>

### Interest rate risk sensitivity analysis

The Fund 32arameteri that interest rates can vary and can affect both income to the Fund and the value of net assets available to pay benefits. A 1% movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates:

Asset type	Carrying amount as at 31 March 2026	Change in year in the net assets available to pay benefits	
		+1%	-1%
		£'000	£'000
Cash and cash equivalents	55,729	557	(557)
Cash balances	7,208	72	(72)
Pooled Fixed Income *	1,161,551	11,616	(11,616)
<b>Total change in assets available</b>	<b>1,224,488</b>	<b>12,245</b>	<b>(12,245)</b>

Asset type	Carrying amount as at 31 March 2025	Change in year in the net assets available to pay benefits	
		+1%	-1%
		£'000	£'000
Cash and cash equivalents	35,417	354	(354)
Cash balances	1,546	15	(15)
Pooled Fixed Income *	878,523	8,785	(8,785)
<b>Total change in assets available</b>	<b>915,486</b>	<b>9,154</b>	<b>(9,154)</b>

\* A change of 1% in interest rate does not have a direct impact on fixed interest 32arameteri but does have a partial impact as calculated in the tables above.

The average interest rate received on cash during the year was 4.17% amounting to interest of £2,109,931 for the year (average interest rate of 5.07% and interest income of £1,087,938 in 2024/25).

## **NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)**

A 1% increase in interest rates will not affect the interest received on fixed income assets but will reduce their fair value, as shown in the tables above. Changes in interest rates do not impact on the value of cash / cash equivalents but they will affect the interest income received on those balances. Changes to both the fair value of assets and income received from investments impact on the net assets to pay benefits but as noted above this does not have a significant effect on the Fund.

### **Currency risk**

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£UK). The Fund holds assets denominated in currencies other than £UK.

The Fund has made commitments to private equity and infrastructure in foreign currency (€57.9 million and US\$15.7 million). These commitments are being drawn down on request from the investment manager over a number of years. The current commitments still outstanding are shown in Note 24. The risk is that the pound is weak relative to the dollar and euro at the time of the drawdown and then strengthens when the Fund is fully funded. The Fund has been funding the commitments since 2005 and therefore the liability is balanced out over a long period.

The Fund's currency rate risk has been calculated based on the volatility of the currencies which would affect the value of the investments and any cash held in those currencies.

### **Currency risk – sensitivity analysis**

Following analysis of historical data in consultation with the Fund investment advisors, the likely volatility associated with foreign exchange rate movements has been calculated with reference to the historic volatility of the currencies and their relative amounts in the Fund's investments.

The 1 year expected standard deviation for an individual currency as at 31 March 2026 is 8.7%. The equivalent rate for the year ended 31 March 2025 was 9.1%. This analysis assumes that all other variables, in particular interest rates, remain constant.

## NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

The tables below show a breakdown of the Fund's exposure to individual currencies as at 31 March 2026 and at the end of the previous financial year:

Currency exposure – by asset type	Carrying amount as at 31 March 2026	Change in year in the net assets available to pay benefits	
		Value on increase	Value on decrease
		£'000	£'000
Global Equities	1,351,876	1,469,489	1,234,263
Emerging Markets Equities	82,721	89,917	75,524
Private Equity	156,659	170,289	143,030
Corporate Bonds	347,858	378,122	317,595
Senior Loans (sub investment grades)	63,291	68,798	57,785
Absolute Return Bonds	554,275	602,497	506,053
Infrastructure	212,500	230,987	194,012
Diversified Credit	259,418	281,987	236,849
<b>Total change in assets available</b>	<b>3,028,598</b>	<b>3,292,086</b>	<b>2,765,111</b>

Currency exposure – by asset type	Carrying amount as at 31 March 2025	Change in year in the net assets available to pay benefits	
		Value on increase	Value on decrease
		£'000	£'000
Global Equities	1,367,167	1,491,579	1,242,755
Emerging Markets Equities	63,023	68,758	57,288
Private Equity	162,518	177,307	147,729
Corporate Bonds	233,417	254,658	212,176
Senior Loans (sub investment grades)	50,748	55,366	46,130
Absolute Return Bonds	403,247	439,942	366,551
Infrastructure	199,717	217,891	181,543
Diversified Credit	241,859	263,869	219,851
<b>Total change in assets available</b>	<b>2,721,696</b>	<b>2,969,370</b>	<b>2,474,023</b>

### b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence, the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high quality counterparties, brokers and financial institutions parameter credit risk that may occur through the failure to settle a transaction in a timely manner.

## NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

The benchmark for the concentration of the funds held with investment managers is as follows:

<b>Fund</b>	<b>Percentage of Portfolio</b>
UK Equities (BlackRock)	6.0%
Global Equities (BlackRock and Wales Pension Partnership)	27.0%
Emerging Markets (Wales Pension Partnership)	2.0%
Multi Asset Credit (Wales Pension Partnership)	7.5%
Absolute Return Bond (Wales Pension Partnership)	12.5%
Private Credit (Wales Pension Partnership)	7.5%
Global Credit (Wales Pension Partnership)	10.0%
Natural Capital (Not yet allocated)	5.0%
Property (Threadneedle and Wales Pension Partnership)	10.0%
Infrastructure (Wales Pension Partnership and Partners)	7.5%
Private Equity (Wales Pension Partnership and Partners)	5.0%

All investments held by investment managers are held in the name of the Pension Fund, so if the investment manager fails, the Fund's investments are not classed amongst their assets.

Contractual credit risk is represented by the net payment or receipt that remains outstanding. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

In order to maximise the returns from short-term investments and cash deposits, the Council invests any temporarily surplus funds in its bank accounts along with any surplus funds in the Gwynedd Pension Fund bank accounts. An appropriate share of the interest earned is paid to the Pension Fund and any losses on investment are shared with the Pension Fund in the same proportion. Due to the nature of the banking arrangements, any surplus cash in the Pension Fund bank accounts is not transferred to the Council's bank accounts.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the Council's credit criteria. The Council has also set limits as to the maximum percentage of deposits placed with any one class of financial institution. In addition, the Council invests an agreed percentage of funds in the money markets to provide diversification. Money market funds chosen all have AAA rating from a leading ratings agency.

## **NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)**

Employers in the Fund are not currently assessed for their creditworthiness or individual credit limits set. There is risk of being unable to collect contributions from employers with no contributing members (e.g. risk associated with employers with a small number of declining contributing members) so the Administering Authority monitors membership movements on an annual basis.

New employers to the Fund will need to agree to the provision of a bond or obtain a guarantee to reduce the risk of future financial loss to the Fund in the event of not being able to meet its pension liability on cessation. As shown in Note 25 two employers have provided bonds. Any future liabilities falling on the Fund as a result of cessation are borne by the whole Fund and spread across all employers. This is done to ensure that actuarial recovery periods and amounts are kept at a manageable level for smaller employers.

This risk has increased by a legal judgement, which potentially indicates that employers with no contributing members cannot be charged contributions under the LGPS Administration Regulations. This ruling, however, does not affect the ability to collect contributions following a cessation valuation under Regulation 38(2). The Actuary may be instructed to consider revising the rates and adjustments certificate to increase an employer's contributions under Regulation 38 of the LGPS (Administration) Regulations 2008 between triennial valuations.

### **c) Liquidity risk**

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Pension Fund has adequate cash resources to meet its commitments to pay pensions and other costs and to meet investment commitments.

The Council has a cash flow system that seeks to ensure that cash is available if needed. In addition, current contributions received from contributing employers and members far exceed the benefits being paid. Surplus cash is invested and cannot be paid back to employers. The Fund's Actuary establishes the contributions that should be paid in order that all future liabilities can be met.

There is no limit on the amount that the Pension Fund bank account can hold. The amounts held in this account should meet the normal liquidity needs of the Fund. Any temporary surplus is invested by the Council in accordance with the Treasury Management Strategy Statement to provide additional income to the Pension Fund. Surplus cash is invested in accordance with the Statement of Investment Principles.

The Fund also has access to an overdraft facility through the Council's group bank account arrangements. This facility would only be used to meet short-term timing differences on pension payments. As these borrowings would be of a limited short-term nature, the Fund's exposure to credit risk is considered negligible.

## **NOTE 17 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)**

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. As at 31 March 2026 the value of illiquid assets was £636m, which represented 17.7% of the total Fund assets (31 March 2025: £589m, which represented 18.2% of the total Fund assets).

Management prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy.

All financial liabilities at 31 March 2026 are due within one year as was the case at 31 March 2025.

### **Refinancing risk**

The key risk is that the Fund will be bound to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

## **NOTE 18 – FUNDING ARRANGEMENTS**

In line with the Local Government Pension Scheme (Administration) Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2025.

### **Description of Funding Policy**

The funding policy is set out in the Administering Authority's Funding Strategy Statement, dated March 2026.

In summary, the key funding principles are as follows:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependents
- use a balanced investment strategy to 37aramete long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

The Funding Strategy Statement sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable.

## NOTE 18 – FUNDING ARRANGEMENTS (continued)

For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been 38arameteri to have a sufficiently high likelihood of achieving the funding target over 17 years. Asset-liability modelling has been carried out which demonstrates that if these contribution rates are paid and future contribution changes are constrained as set out in the Funding Strategy Statement, there is at least a 80% likelihood that the Fund will achieve the funding target over 17 years.

### Funding Position as at the Last Formal Funding Valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was at 31 March 2025. This valuation revealed that the Fund's assets, which at 31 March 2025 were valued at £3,232 million, were sufficient to meet 166% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2025 valuation was £1,286 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and probability measure as per the Funding Strategy Statement. Individual employers' contributions for the period 1 April 2026 to 31 March 2029 were set in accordance with the Fund's funding policy as set out in its Funding Strategy Statement.

### Principal Actuarial Assumptions and Method used to Value the Liabilities

Full details of the methods and assumptions used are described in the 2025 valuation report and Funding Strategy Statement.

#### Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

#### Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2025 valuation were as follows:

Financial assumptions	31 March 2025
Discount rate	5.9% pa
Salary increase	2.8% pa
Benefit increase (CPI)	2.3% pa

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's *VitaCurves* with improvements in line with the CMI 2024 model, with core 38arameterization, except, initial adjustment of 0.25% and a long term rate of 1.50% pa. Based on these assumptions, the average future life expectancies at age 65 are as follows:

## NOTE 18 – FUNDING ARRANGEMENTS (continued)

<b>Mortality assumption</b>	<b>Male Years</b>	<b>Female Years</b>
Current pensioners	20.8	23.7
Future pensioners (aged 45 at the 2025 valuation)	21.8	25.3

Copies of the 2025 valuation report and the Funding Strategy Statement are available on the Pension Fund's website [www.gwyneddpensionfund.wales](http://www.gwyneddpensionfund.wales)

### **Experience over the period since 31 March 2025**

The increase in US tariffs on imports since March 2025 and the recent conflict in the Middle East have caused significant market volatility which feeds through to the investment returns achieved by the Fund's assets. The Fund's overall investment returns since March 2025 have been positive.

Observed inflation has been higher than anticipated over 2026, resulting in LGPS benefit increases of 3.8% in April 2026 and an increase in the value placed on the Fund's liabilities.

Overall, we estimate that the funding position is likely to be weaker than at the previous formal valuation at 31 March 2025.

The next actuarial valuation will be carried out as at 31 March 2028. The Funding Strategy Statement will also be reviewed at that time, and a revised version will come into effect from 1 April 2029.

## **NOTE 19 - ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS**

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund liabilities, on an IAS19 basis every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting Fund contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 18) and has also used them to provide the IAS19 and FRS102 reports for individual employers in the Fund. The actuary has also valued ill health and death benefits in line with IAS19.

## NOTE 19 - ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS (continued)

The actuarial present value of promised retirement benefits at 31 March 2025 and 2026 are shown below:

	31 March 2025	31 March 2026
	£m	£m
Active members	1,004	984
Deferred members	314	307
Pensioners	735	903
<b>Total</b>	<b>2,053</b>	<b>2,194</b>

The promised retirement benefits at 31 March 2026 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2025.

### Assumptions used

The assumptions used are those adopted for the Administering Authority's IAS19 report as shown below and are different as at 31 March 2025 and 31 March 2026. The actuary estimates that the impact of the change in financial assumptions to 31 March 2026 is to decrease the actuarial present value by £93m. It is estimated that the impact of the change in demographic and longevity assumptions is to decrease the actuarial present value by £61m.

	31 March 2025	31 March 2026
Assumption	%	%
Pension increase rate	2.75	3.00
Salary increase rate	3.25	3.50
Discount rate	5.80	6.30

The life expectancy for the longevity assumption is based on the Fund's VitaCurves with improvements in line with the CMI 2025 model, with core parameterisation, initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Male	Female
	Years	Years
Current pensioners	20.9	23.8
Future pensioners (assumed to be aged 45 at the latest valuation date)	21.9	25.4

All other demographic assumptions are unchanged from last year and are as per the latest funding valuation of the fund.

The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

Change in assumptions at 31 March 2026	Approximate increase to promised retirement benefits	Approximate monetary amount
	%	£m
0.1% p.a. increase in the rate of CPI inflation	2	36
0.1% p.a. increase in the salary increase rate	0	2
0.1% p.a. decrease in the discount rate	2	38
1 year increase in member life expectancy	4	88

## NOTE 20 – CURRENT ASSETS

<b>31 March 2025 £'000</b>		<b>31 March 2026 £'000</b>
966	Contributions due – employees	568
3,004	Contributions due – employers	1,662
3,193	Sundry debtors	3,766
<b>7,163</b>	<b>Total debtors</b>	<b>5,996</b>
35,417	Cash	55,729
<b>42,580</b>	<b>Total</b>	<b>61,725</b>

## NOTE 21 – CURRENT LIABILITIES

<b>31 March 2025 £'000</b>		<b>31 March 2026 £'000</b>
2,215	Sundry creditors	7,945
1,797	Benefits payable	442
<b>4,012</b>	<b>Total</b>	<b>8,387</b>

## NOTE 22 - ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC)

The market value of the funds is stated below:

	<b>Market value at 31 March 2025 £'000</b>	<b>Market value at 31 March 2026 £'000</b>
Clerical Medical	5,852	7,597
Utmost Life	125	80
Standard Life	5	6
<b>Total</b>	<b>5,982</b>	<b>7,683</b>

AVC contributions were paid directly to the following manager:

	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Clerical Medical	1,135	1,408
<b>Total</b>	<b>1,135</b>	<b>1,408</b>

## NOTE 23 - RELATED PARTY TRANSACTIONS

### Cyngor Gwynedd

The Gwynedd Pension Fund is administered by Cyngor Gwynedd. Consequently, there is a strong relationship between the Council and the Pension Fund.

The Council incurred costs of £1,941,377 (£1,787,170 in 2024/25) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also one of the largest employers of members of the Fund and contributed £34.0m to the Fund in 2025/26 (£32.5m in 2024/25). At the end of the year, the Council owed £2.2m to the Fund which was primarily in respect of interest paid on the Pension Fund's balances, and the Fund owed £2.9m to the Council which was primarily in respect of recharges to the Council for the administrative costs (£1.9m) and the GwE exit credit (£0.9m).

The Gwynedd Pension Fund has two bank accounts which are held as part of Cyngor Gwynedd's Group of Bank Accounts. The overall surplus cash held in the Group of Bank Accounts is invested on a daily basis. At the end of the financial year, Cyngor Gwynedd pays interest over to the Pension Fund, based on the Fund's daily balances over the year. During 2025/26, the Fund received interest of £2,109,931 (£1,087,938 in 2024/25) from Cyngor Gwynedd.

### Governance

Two members of the Pensions Committee who is in receipt of pension benefits from the Gwynedd Pension Fund during 2025/26 (committee members J.B.Hughes and G.Edwards). In addition, committee members S.W. Churchman, R.W.Williams, J.B.Hughes, I.Thomas, J.P.Roberts, R.M.Hughes, E.Hywel and G.Owen are active members of the Pension Fund. Committee member I.Huws is a deferred member of the pension fund.

Two members of the Pension Board were in receipt of pension benefits from the Gwynedd Pension Fund during 2025/26 (board members H.E.Jones and A.Deakin). In addition, Board members R.Thomas, O. Richards, N.Michael and S.E.Parry are active members of the Pension Fund.

### Wales Pension Partnership Investment Management Company Limited (WPP IM Co)

WPP IM Co (Company Number 16645479) was formed during 2025/26 with the expectation that it will manage and oversee the investments of each Welsh LGPS Fund commencing in 2026/27. Each Fund owns 12.5% of WPP IM Co. The Gwynedd Pension Fund advanced a contribution of £158, 825 during 2025/26 to fund the initial set up costs of the company.

### Key Management Personnel

The key management personnel of the fund are the Head of Finance (s151) and Chair of the Pensions Committee

The remuneration payable to key management personnel attributable to the fund is set out below:

2024/25 £'000		2025/26 £'000
31	Short-term benefits	33
5	Post-employment benefits	6
<b>36</b>		<b>39</b>

## NOTE 24 - COMMITMENTS UNDER INVESTMENT CONTRACTS

Outstanding capital commitments (investments) at 31 March were as follows:

	Total Commitments	Commitment at 31 March 2025	Commitment at 31 March 2026
	£'000	£'000	£'000
Schroders Capital WPP Global Private Equity I L.P	12,500	7,556	5,656
Schroders Capital WPP Global Private Equity II L.P	25,000	18,250	16,000
Schroders Capital WPP Global Private Equity III L.P	27,500	0	19,195
GCM WPP Global Infrastructure I L.P	15,000	7,551	5,337
GCM WPP Global Infrastructure II L.P	27,500	0	25,666
Capital Dynamics CEI (WPP), L.P	10,000	5,869	3,191
Octopus Renewables Infrastructure	34,500	0	0
Russell Investments WPP Global Private Credit I L.P	110,000	62,286	51,703
Russell Investments WPP Global Private Credit II L.P	130,000	0	130,000
IFM Global Infrastructure UK (GB) L.P	57,500	0	0
<b>Total GBP</b>	<b>449,500</b>	<b>101,512</b>	<b>256,748</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Partners Group Direct 2006	20,000	0	0
Partners Group Global Value 2006	50,000	3,477	0
Partners Group Secondary 2008	15,000	1,960	1,960
Partners Group Global Value 2011	15,000	2,096	2,096
Partners Group Global Infrastructure 2012	40,000	3,419	3,419
Partners Group Direct 2012	12,000	1,181	1,181
Partners Group Global Value 2014	12,000	1,531	1,531
Partners Group Direct Equity 2016	50,000	2,826	2,826
Partners Group Global Value 2017	42,000	11,570	11,570
Partners Group Global Infrastructure 2018	28,000	4,631	4,631
Partners Group Direct Equity 2019	48,000	4,992	4,992
Partners Group Direct Infrastructure 2020	32,000	9,120	7,584
Partners Group Direct Equity V	30,000	22,279	16,129
<b>Total Euros</b>	<b>394,000</b>	<b>69,082</b>	<b>57,919</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Partners Group Emerging Markets 2011	7,000	1,082	1,082
Partners Group Secondary 2015	38,000	11,420	7,620
Partners Group Direct Infrastructure 2015	43,600	6,986	6,986
CBRE Global Infrastructure Fund (International) L.P	29,075	10,932	0
<b>Total Dollars</b>	<b>117,675</b>	<b>30,420</b>	<b>15,688</b>

These commitments relate to outstanding call payments on unquoted funds held in the the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a number of years from the date of the original commitment.

## NOTE 25 – CONTINGENT ASSETS

Two admitted body employers in the Gwynedd Pension Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Fund and payment will only be triggered in the event of employer default.

**NOTE 26 – CONTINGENT LIABILITIES**

There are no contingent liabilities identified.

**NOTE 27 – IMPAIRMENT LOSSES**

There are no impairment losses identified.

MEETING: **PENSIONS COMMITTEE**

DATE: **6 JULY 2026**

TITLE: **GWYNEDD PENSION FUND AUDIT PLAN 2026**

PURPOSE: **To accept the plan**

RECOMMENDATION: **ACCEPT THE PLAN**

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

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## **1. INTRODUCTION**

The audit for the Gwynedd Pension Fund financial statements for year ending 31 March 2026 will be completed by Audit Wales. Please see the Audit Plan in Appendix 1.

## **2. AUDIT PLAN**

The plan details the work to be performed by the auditors in order to fulfill their statutory duty by highlighting the main risks.

## **3. RECOMMENDATION**

The Plan is accepted.

# Gwynedd Pension Fund– Detailed Audit Plan 2026

Date issued: May2026



# Contents

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For further information, or if you require any of our publications in an alternative format and/or language, please contact us by telephone on 029 2032 0500, or email [info@audit.wales](mailto:info@audit.wales).

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

# Introduction



**Adrian Crompton**

Auditor General  
for Wales

I am pleased to share my 2026 Audit Plan. The Plan sets out how I will undertake your audit.

My audit team has developed the Plan following a structured and risk-based planning process, which will remain ongoing throughout the audit. My Code of Audit Practice provides further detail on how my audit and certain other functions are to be carried out by my auditors.

At the core of all our work is our commitment to maintaining the highest standards of professional integrity, objectivity, independence and audit quality. Our three lines of assurance model (page 15) sets out how we will ensure those standards of quality are met. Our latest annual quality report, provides more information about our audit quality arrangements.




My audit team will work constructively with your staff to understand the issues you are facing, ensure the audit process operates as smoothly as possible, and provide valuable insights about any areas for improvement.

My work programme, as outlined in this Plan, sits alongside other national audit work that may include coverage of your organisation.





Should you have any questions about your audit my audit team will be happy to discuss them with you. They will also keep you regularly updated as work progresses.

# Our aims and ambitions

## Our purpose

 <p>Assure people that public money is being managed well</p>	 <p>Explain how that money is being spent</p>	 <p>Inspire the public sector to improve</p>
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## Our vision

 <p>Fully exploiting our unique perspective, expertise and depth of insight</p>	 <p>Strengthening our position as an authoritative, trusted and independent voice</p>	 <p>Increasing our visibility, influence, and relevance</p>	 <p>Being a model organisation for the public sector in Wales and beyond</p>
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## Our areas of focus

 <p>A strategic, dynamic, and high-quality audit programme</p>	 <p>A targeted and impactful approach to communications and influencing</p>	 <p>A culture and operating model that enables us to thrive</p>
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You can find out more about Audit Wales in our [Annual Plan 2025-26](#) and [Our Strategy 2022-27](#).

# Financial audit work

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## Audit of financial statements

I am required to issue a report on your financial statements which includes an opinion on their 'truth and fairness' and whether the statements have been 'properly prepared'.

I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#).

I also have responsibility to receive questions and objections to the financial statements from local electors (additional fees will be charged for this work, if necessary).

There have been no limitations imposed on me in planning the scope of this audit.

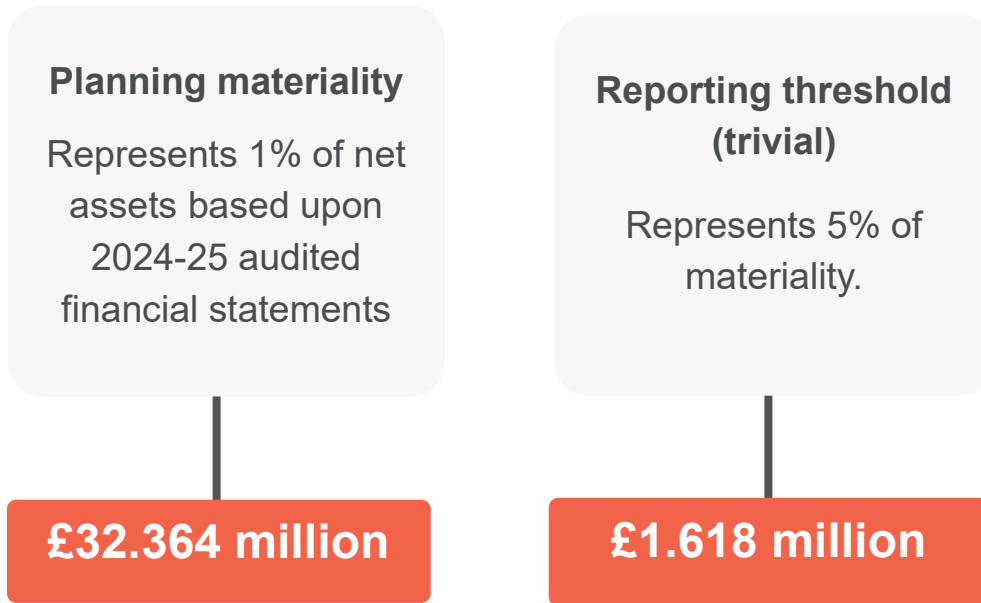
## Financial statements materiality

I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material and correct misstatements, that is, those that might result in a reader of the accounts being misled. Materiality applies not only to financial misstatements, but also to disclosure requirements and adherence to the applicable accounting framework and law.

I set planning and performance materiality to:

- determine the level of misstatement that could cause the user of the accounts to be misled;
- assist in the scoping of our audit approach and resultant audit tests;
- determine sample sizes;
- assess the effect of known and likely misstatements in the financial statements; and
- report to those charged with governance any unadjusted misstatements above a trivial level, our reporting threshold.

The levels at which I judge such misstatements to be material is set out below.



There is one area of the accounts that may be of more importance to the user of the accounts, and we have set a lower materiality level for this:

**Related party disclosures – key management personnel**  
£1,000

My audit team will assess materiality levels throughout the audit.

## Significant financial statements risks

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other International Standard on Auditing (ISAs). The ISAs require us to focus more attention on these significant risks.

### Risk of management override

The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].

#### Our planned response

My audit team will:

- test the appropriateness of journal entries and other adjustments made in preparing the financial statements;
- review accounting estimates for bias; and
- evaluate the rationale for any significant transactions outside the normal course of business.

## Other areas of focus

I set out below other identified risks of material misstatement which, although not determined to be significant risks as above, I would like to bring to your attention.

### Investment asset balances

The investment asset balance contains £3,192 million of investments (fixed income, equity, property, private credit, private equity and infrastructure) which are complex to value and there is subjectivity in their valuation.

There is therefore a risk that the investment balances are materially misstated.

## **Our planned response**

My audit team will:

- agree the valuations to appropriate supporting documentation;
- review ‘control assurance’ reports from the relevant fund managers; and
- evaluate the risk of residual material misstatement and the need for additional audit procedures.

## **Local Government Pension Scheme Reform**

Following the ‘Fit for the Future’ consultation in November 2024, a new FCA-regulated investment management company is being developed.

Throughout the 2025-26 financial year work has been underway to establish the company, and under the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026 all assets will be controlled and managed by the pool post 2025-26.

This means that, whilst there will still be assets managed locally at 31 March 2026, clear disclosures will be required in the fund’s financial statements to describe the progress during the 2025-26 financial year and future plans.

## **Our planned response**

My audit team will:

- continue to discuss and monitor developments in the establishment of the investment management company; and
- review disclosures made in the financial statements to ensure they fully and accurately describe progress and future plans.

## **Related party disclosures**

The financial statements must disclose any related party relationships along with the transactions and balances between Gwynedd Pension Fund and the other body/party.

Gwynedd Pension Fund has many relationships that could be considered a related party. Many are well known, for example, participating employers as contributors.

However, where related party relationships arise via individual officer or member relationships, there is likely to be less transparency regarding these relationships. These transactions are of high interest and are considered to be material by their nature

There is a risk of material misstatement due to incomplete or inaccurate disclosures, even where these are of relatively low value.

### **Our planned response**

My audit team will:

- review management’s process for identifying related party relationships and associated transactions and balances;
- undertake procedures to confirm the completeness of related party relationships; and
- ensure disclosures are complete, accurate, consistent with evidence and are in accordance with accounting requirements.

## Financial statements audit timetable

Below is a timetable showing the key stages of the audit and our key audit deliverables that we will provide to you.

### Exhibit 1: Financial statements audit timetable

<b>Planning</b>	Planning meeting High level risk assessment procedures Fraud risk assessment Accounting estimates planning IT environment risk assessment Indicative audit fee Audit Plan
<b>March to May 2026</b>	
<b>Fieldwork</b>	Update risk assessment Audit of financial statements to include narrative report and annual governance statement Complete audit testing Evaluate audit findings Audit closure meeting
<b>September to November 2026</b>	
<b>Reporting</b>	Audit of Accounts Report Recommendations for improvement Present findings to those charged with governance Auditor General certification Post project learning
<b>November 2026</b>	

## Other statutory audit functions

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In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. The Public Audit (Wales) Act 2004 sets out these responsibilities:

- Section 30 Inspection of documents and questions at audit; and
- Section 31 Right to make objections at audit.

As this work is reactive, I have made no allowance in the fee below. If I do receive questions and objections, my auditors will discuss the potential impact on audit fees with the Head of Finance.

# Audit fee

In January 2026 we published our [2026-27 Fee Scheme](#) following approval by the Senedd Finance Committee which details the average increase to fee rates of 5.3%.

The actual fee that any individual audited body will pay depends not just on our fee rates but on the quantum of work and the skill mix required.

**Your estimated audit fee: £46,071 (2024-25 £43,835)**

Your fee is exclusive of VAT.

Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without my auditors first discussing them with the Head of Finance.

## **I base my audit fee on the following assumptions:**

- The agreed audit deliverables set out the expected working paper requirements to support the financial statements and include timescales and responsibilities.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

# Audit team

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My audit team will continue to work and engage remotely using technology, but some on-site audit work will continue where it is appropriate to do so.

Audited bodies have a responsibility to ensure the safety and wellbeing of Audit Wales staff when they are on your premises.

The main members of my team, together with their contact details, are summarised in **Exhibit 2**.

## Exhibit 2: My local audit team

<b>Engagement Lead</b>	Matthew Edwards <a href="mailto:matthew.edwards@audit.wales">matthew.edwards@audit.wales</a>
<b>Audit Manager</b>	Yvonne Thomas <a href="mailto:yvonne.thomas@audit.wales">yvonne.thomas@audit.wales</a>
<b>Senior Auditor</b>	Osian Roberts <a href="mailto:osian.roberts@audit.wales">osian.roberts@audit.wales</a>

There are two potential conflicts of interest that I need to bring to your attention:

- The Audit Manager has friends and relatives who contribute to or receive a pension from the Gwynedd Pension Fund.
- The Senior Auditor has a relative who contributes to the Gwynedd Pension Fund.

Safeguards have been put in place to mitigate any independence risks arising

# Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by the Institute of Chartered Accountants in England and Wales and our Chair of the Board, acts as a link to our Board on audit quality. For more information see our annual [Audit Quality Report](#).



## Our People

- Selection of right team
- Use of specialists
- Supervisions and review



## Arrangements for achieving audit quality

### Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



## Independent assurance

- EQRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

## Further information

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Audit Wales has a range of resources to support the scrutiny of Welsh public bodies, and to support them in continuing to improve the services they provide to the people of Wales.

Visit our [website](#) to find:



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Information on our upcoming work and forward work programme for [performance audit](#).



[Data tools](#) to help you better understand public spending trends



Details of our [Good Practice](#) work and events including the sharing of emerging practice and insights from our audit work.



Our [newsletter](#) which provides you with regular updates on our public service audit work, good practice, and events.



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We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

