

MEETING	PENSIONS COMMITTEE
DATE	15 SEPTEMBER 2025
TITLE	WALES PENSION PARTNERSHIP UPDATE
PURPOSE	To receive and note a quarterly update from Wales Pension Partnership
RECOMMENDATION	RECEIVE AND NOTE THE INFORMATION
AUTHOR	DELYTH JONES-THOMAS, INVESTMENT MANAGER

1. INTRODUCTION

This is a regular report which provides the members of the Pensions Committee with an update on the work undertaken by the Wales Pension Partnership (WPP) on behalf of the eight LGPS funds in Wales.

The WPP is now well established, with Waystone as its operator to provide FCA regulated services and Russell Investments who provide investment management solutions to the WPP on all listed assets. Northern Trust are the appointed global custodian and depositary. Hymans Robertson are the governance and oversight advisor and Robeco provide voting and engagement services to the WPP in accordance with its stewardship responsibilities and commitments.

2. JGC QUARTERLY UPDATE

The WPP's decision making body, the Joint Governance Committee (JGC), last met formally on 16th July 2025. The host authority has provided a summary of the items discussed at that meeting which is attached as Appendix 1 to this report. The 2024/25 Business Plan was also presented and this can be seen in Appendix 2.

A presentation was received by Audit Wales on the Annual Return and there were no issues raised. In relation to Project Snowdon it was confirmed that the work was ongoing with the next deadline being the FCA submission deadline in September 2025. A review was undertaken of some of the risks within the Governance and Regulation section of the Risk Register, risks G8 to G15. Hymans presented the changes which were approved by the JGC. Finally, the following policies were reviewed and updated: responsible investing, climate and stewardship.

3. OPERATOR UPDATE

A copy of the latest quarterly update from the operator is attached under Appendix 3.

The update provides a snapshot of the full range of WPP investment sub-funds as at 31st March 2025.

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

- **Global Opportunities - £460.6m (14%)**
- **Global Growth- £418.9m (12%)**
- **Emerging Markets - £63.0m (23%)**
- **Multi Asset Credit - £241.9m (29%)**
- **Absolute Return Bond- £403.2m (76%)**
- **Global Credit Fund - £233.4m (23%)**
- **Sustainable Equity Fund- £317.7m (21%)**

4. PERFORMANCE REPORTS AS AT 31st MARCH 2025

The performance reports can be seen in Appendix 4.

Global equities and fixed income markets declined in sterling terms in the first quarter. Confusion over tariff implementation, geopolitical uncertainty and signs of weaker US consumer sentiment amplified market nervousness, sending investors in search of safe-haven assets. Global equities were weighed down by the US, with technology names underperforming.

UK gilt yields rose as markets adjusted to the prospect of fewer rate cuts than previously priced in, climbing further on concerns over US policies and the Federal Reserve's hawkish stance. Domestically, investor worries over the government's ability to boost growth and restore public finances. As the Bank of England lowered rates by 25 basis points (bps) to 4.5%, it also halved its 2025 growth forecast to 0.75% and warned of rising inflation, which touched 3.0% in January before slowing to 2.8% in February. Over the period the yield on benchmark 10 year gilts rose 11 bps to 4.68%. UK equities outperformed the global index and were second only to Europe as investors sought alternatives to richly valued US stocks. Energy and telecommunications were the best performing sectors. Sterling – like most currencies – strengthened against the US dollar but depreciated against the euro and Japanese yen.

5. PRIVATE MARKETS UPDATE

Most of the major private market investment programmes have now launched – Infrastructure, Private Credit and Private Equity. Real Estate managers have been appointed, and they are currently establishing the Real Estate investment programmes, due to be launched Autumn 2025.

6. PRIVATE EQUITY

Schroders Capital were appointed as WPP's Private Equity Allocation in September 2022. Schroders Capital provided an update on the progress on the Private Equity investment programme included in Appendix 5.

7. RECOMMENDATION

To receive and note the information.