

MEETING	PENSIONS COMMITTEE
DATE	24 NOVEMBER 2025
TITLE	WALES PENSION PARTNERSHIP UPDATE
PURPOSE	To receive and note a quarterly update from Wales Pension Partnership
RECOMMENDATION	RECEIVE AND NOTE THE INFORMATION
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1. INTRODUCTION

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

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

2. JGC QUARTERLY UPDATE

The WPP's decision making body, the Joint Governance Committee (JGC), last met formally on 17th September 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 2025/26 Business Plan was also presented and this can be seen in Appendix 2.

Project Snowdon is developing quickly with the WPP IM Co now incorporated with Rob Lamb appointed as Chief Executive Offices and the headquarters located in Cardiff. The percentage of assets pooled was also presented and demonstrated that Gwynedd Pension Fund is in a strong position with 87% of the assets pooled. A review was undertaken of some of the risks within the Training & Resources and Communication risks. Hymans presented the changes which were approved by the JGC. Finally, the following policies were reviewed and updated: whistleblowing and risk.

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 30th June 2025.

Gwynedd Pension Fund currently has exposure to seven of the ten sub-funds and as of 30th June 2025, the sub fund values and percentage were as follows:

- **Global Opportunities - £442.7m (14%)**
- **Global Growth- £493.3m (12%)**
- **Emerging Markets - £67.6m (23%)**
- **Multi Asset Credit - £249.1m (29%)**
- **Absolute Return Bond- £406.6m (76%)**
- **Global Credit Fund - £239.6m (23%)**
- **Sustainable Equity Fund- £331.2m (21%)**

4. PERFORMANCE REPORTS AS AT 30th JUNE 2025

The performance reports can be seen in Appendix 4.

The MSCI World Net Index increased by 11.5% (USD) in a volatile but ultimately positive quarter for global equities as fears over aggressive US tariffs receded. All markets recorded gains, most in double-digits, rebounding from weakness in April. Canada and Asia Pacific led while the UK lagged. After reaching a new record high mid-June the global index dropped following Israel's military strikes on Iran. However, sentiment lifted following a US-brokered ceasefire, sending equities higher. Oil prices were volatile, soaring on fears of supply disruptions in the Middle East but fell back on the fragile truce. Amid the market nervousness gold reached a new high. The European Central Bank (ECB) cut rates by 25 basis points (bps) in April, and again in June when it indicated it was approaching the end of its rate-cutting cycle. The Federal Reserve (Fed) left interest rates unchanged while the Bank of England (BoE) cut its main rate in May by 25 bps to 4.25% but left rates unchanged in June.

In the UK, gilts were impacted by the US Treasury sell-off, amid growing doubts over the safe haven status of US assets. Long-term borrowing costs jumped with the yield on 30-year gilts rising to levels last seen in the late 1990s. Markets remained volatile as the belligerence between the US and China continued. Later, the yield on 10-year gilts yields dipped following the weaker-than-expected inflation data. Bond prices were further supported by the Debt Management Office's decision to reduce the issuance of new long-dated bond sales. In May the BoE reduced interest rates by 25 bps in a 5:4 majority vote. The yield on 10-year gilts rose following the bank's decision and on news of a new trade deal between the US and UK. Slowing wage growth and a rise in unemployment reinforced expectations that the BoE will continue its monetary easing path. Although preliminary data showed the economy expanded by 0.7% QoQ in the first quarter, GDP contracted 0.3% in April, down more than expected, driven by reduced services output and lower exports to the US. This, and other underwhelming economic data, sent gilt yields lower and strengthened expectations of further rate cuts by the BoE. Although the bank left rates unchanged in June, it indicated a possible cut as early as August given signs of weakness in the jobs market. Over the period the yield on benchmark 10-year gilts fell 19 bps to 4.49%.

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. INFRASTRUCTURE

GCM Grosvenor were appointed WPP's Infrastructure Allocator in March 2022. GCM Grosvenor provided a progress update on the Infrastructure Investment programmes included in Appendix 5.

7. RECOMMENDATION

To receive and note the information.