

MEETING	<b>PENSIONS COMMITTEE</b>
DATE	<b>9 FEBRUARY 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 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 8<sup>th</sup> December 2025. The host authority has provided a summary of the items discussed at that meeting which is attached as Appendix 1 to this report.

Project Snowdon is progressing rapidly in order to establish the investment company (WPP IM Co) with the FCA application submitted and regular recruitment and engagement taking place. The Business Plan for 2025/26 has been reviewed and can be found at Appendix 2. A review of some of the risks was carried out within the Investment section. Hymans introduced the changes approved by the JGC. Finally, the following policies were reviewed and updated: Conflicts of interest and the Policy procedure, and Training Policy.

## **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 30<sup>th</sup> September 2025.

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

- **Global Opportunities - £442.7m (13%)**

- **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 30<sup>th</sup> SEPTEMBER 2025**

The performance reports can be seen in Appendix 4.

The MSCI World Net Index rose by 7.3% (USD) in a positive quarter for global equities. Progress on trade talks with President Trump's administration and solid corporate earnings results buoyed sentiment, helping to push major indices to new all-time highs. All regions made gains with Asia and emerging markets the best performers in USD terms. US and Japan also outperformed the global index while Europe and the UK lagged. Oil prices dropped back after peaking near \$70 per barrel in July. Gold hit new records, breaking through the \$3,500 barrier, and climbing to \$3,800 at quarter-end, benefitting from its safe-haven status. The Federal Reserve (Fed) cut its interest rate by 25 basis points (bps) to 4.25% in September, as expected. Fed Chair Jerome Powell argued downside employment risks had increased. The Bank of Canada and the Bank of England (BoE) also cut interest rates by 25 bps in the quarter while the European Central Bank left rates unchanged.

In the UK, markets were volatile early in the period, triggered by the government's reversal on planned welfare cuts – and subsequent pressure on its own fiscal rules. 10-year gilt yields climbed sharply on speculation about Chancellor Rachel Reeves future. Although yields fell back following supportive comments from the prime minister, concerns over the fiscal outlook remained. This, together with higher-than-expected inflation and further signs of a weakening jobs market pushed yields higher. The BoE's narrow-majority second vote for a 25 bps rate cut at its August meeting also contributed to a rise in gilt yields. Higher than expected inflation and encouraging GDP growth figures prompted traders to scale back rate cut expectations. Inflation increased to 3.8% YoY in July from 3.6%, ahead of expectations, although was unchanged in August. Early in September 10-year gilt yields reached highs last seen in January and the 30-year yield hit the highest since 1998 due to concerns over public finances and economic stagnation. Political upheaval added to the mix as the deputy prime minister's resignation forced the prime minister into a premature cabinet reshuffle. As the BoE retained its 4.0% interest rate in September it announced a slower pace of quantitative tightening, reducing its balance sheet by £70 billion in the 12 months from October. Over the quarter the yield on benchmark 10-year gilts rose by 21 bps to 4.70%.

#### **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 in 2026. Schroders Capital provided a progress update (Appendix 5).

## **6. NOTICE OF MOTION FROM WELSH LOCAL AUTHORITIES**

The Wales Pension Partnership has received a number of notice of motions from local councils in Wales, including Cyngor Gwynedd (Full Council, October 2025). These proposals have been considered, and in light of the work currently being done in relation to the WPP exclusions policy, it was agreed that a response will be issued to all eight Constituent Authorities and the updated policy will be shared after approval by the LAG in March 2026.

## **7. RECOMMENDATION**

To receive and note the information.