

MEETING: **PENSION BOARD**

DATE : **9 FEBRUARY 2026**

TITLE: **PENSION FUND INVESTMENT PERFORMANCE UP TO 30TH SEPTEMBER 2025**

PURPOSE: **TO INFORM BOARD MEMBERS OF THE PENSION FUND'S INVESTMENT PERFORMANCE**

RECOMMENDATION: **NOTE THE INFORMATION**

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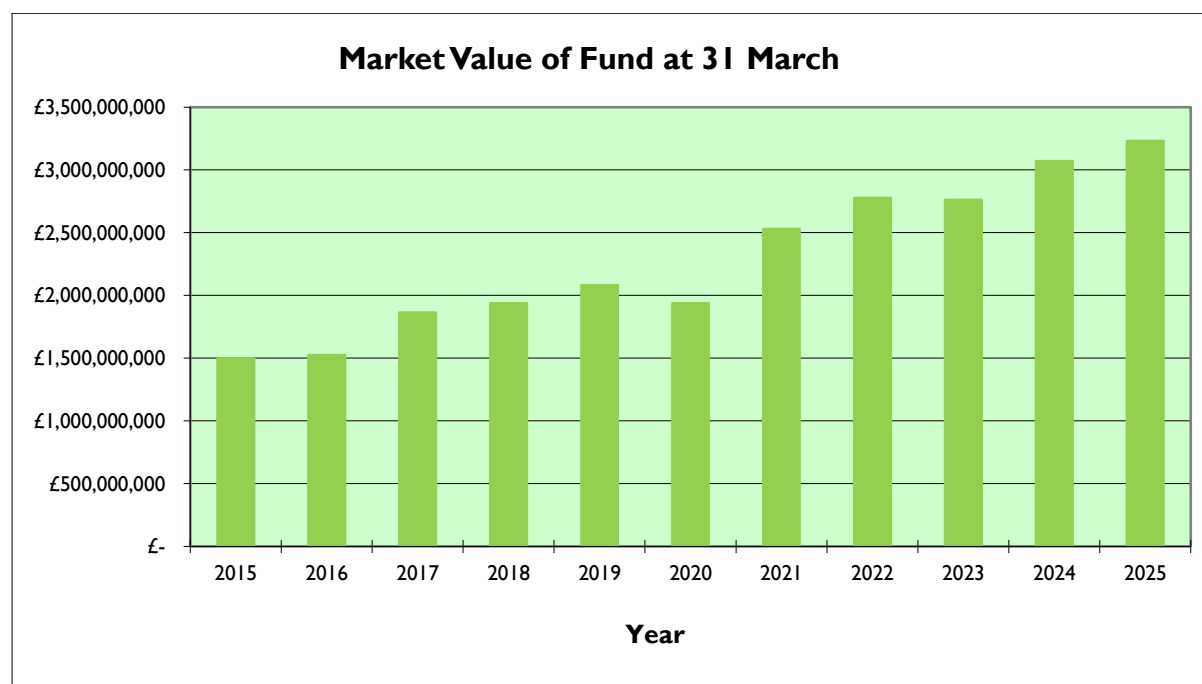
1. Introduction

The investment performance of individual asset managers is monitored by the Investment Panel on a quarterly basis. The asset managers are invited to present to the Panel in turn.

Whilst quarterly and annual monitoring takes place, it should be noted that pension fund returns over the longer term are the aim, and there will inevitably be some fluctuations from year to year, and more volatile performance from quarter to quarter. Generally, individual asset managers' performance is assessed over 3 years.

2. Gwynedd Pension Fund Market Value

The market value of the Gwynedd Pension Fund over recent years is shown in the graph below:



The Gwynedd Pension Fund is in a healthy position with the value of the fund increasing steadily over time. As at 31 March 2025, the market value of the Pension

Fund was £3.2 billion, with the value having risen to £3.5 billion by 30 September 2025.

3. Investment Performance of the Pension Fund up to 30 September 2025

The fund's performance against the benchmark is set out in the table below:

	3 Months %	1 Year %
Fund	5.6	10.7
Benchmark	5.2	10.9
Relative Performance	+0.4	-0.2

The Fund returned 5.6% over the quarter, outperforming the benchmark return. Total assets shown in this report increased by c.£186m to c.£3.501bn, as growth, income and protection assets increased in value.

The Fund saw positive returns over a year and while the absolute returns provided were strong, the fund failed to meet its benchmark. Most funds in England and Wales failed to meet their benchmark over the year period due to the challenging benchmark set, but the Gwynedd Pension Fund's performance was better than the average during the year.

Equity Investment Managers Performance

The table below summarises the performance of the individual equity Investment Managers as at 30th September 2025:

	Market Value 30/09/25 £m	Performance 3 Months %	Performance 1 Year %
Black Rock Aquila Life UK Equity Benchmark	329.2	6.9 6.9	16.2 16.2
Relative Performance		0.0	0.0
Black Rock ACS Low Carbon Benchmark	197.2	9.3 9.3	17.1 16.6
Relative Performance		0.0	0.5
WPP Emerging Markets Fund Benchmark	77.3	13.9 12.7	22.9 17.1
Relative Performance		1.2	5.8
WPP Global Growth Fund Benchmark	477.5	8.7 9.5	14.0 16.8
Relative Performance		0.8	2.8
WPP Global Opportunities Fund Benchmark	526.4	7.0 9.5	8.5 16.8
Relative Performance		0.8	1.2
WPP Sustainable Active Equity Fund Benchmark	352.1	7.0 9.5	8.5 16.8
Relative Performance		-2.5	-8.3

Equity markets rose over the quarter as trade tensions subsided. Markets were boosted by corporate earnings, AI momentum, resilient growth data and the Fed's first cut of the year. Performance from listed global equities was positive over the quarter, by performing better than the benchmark. This was driven by strong performance across regions, including North America which makes up much of indices, and emerging markets.

The WPP Emerging Markets equity mandate had the greatest absolute performance and outperformed the benchmark while the WPP Sustainable Equity, WPP Global Growth and WPP Global Opportunities mandates also delivered positive absolute returns, though performance relative to the global index was mixed.

The Black Rock UK equity fund and the Black Rock Low Carbon Equity fund delivered strong positive absolute returns, performing in line with their respective benchmarks.

Fixed Income Managers Performance

	Market Value 30/09/25 £m	Performance 3 Months %	Performance 1 Year %
WPP Multi Asset Credit Fund	257.8	4.2	7.3
Benchmark		2.0	8.8
Relative Performance		2.2	-1.5
WPP Absolute Return Bond Fund	412.3	1.1	6.5
Benchmark		1.6	6.7
Relative Performance		-0.5	-0.2
WPP Global Credit Fund	242.6	2.1	4.0
Benchmark		2.0	4.1
Relative Performance		0.1	-0.1

The fixed income funds launched in 2021 have had challenging times with market volatility due to Russia's invasion of Ukraine and a period in which inflation and the Bank of England's interest rates are at their highest in decades. Market conditions have now started to settle and the funds' performance is close to the benchmark.

Property Investment Managers Performance

The table below summarises the performance of the individual Property Asset Managers:

	Market Value 30/09/25 £m	Performance 3 Months %	Performance 1 Year %
UBS	79.2	1.2	5.0
Lothbury Property Trust	3.0	n/a	n/a
Black Rock Property Fund	57.6	0.9	5.2
Threadneedle Property Fund	37.1	1.0	5.7
Threadneedle Property Unit Trust		1.8	7.9

Benchmark		1.2	6.8
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The UK property market continues to face challenges including uneven demand, continued redemption pressure and high cost of capital. The Fund's mandates saw mixed returns, with Lothbury terminated on 30 May 2024.

Wales Pension Partnership Private Markets Managers Performance

	Market Value 30/09/25 £m
WPP Private Equity	15.2
WPP Sustainable Equity	5.8
WPP Global Infrastructure	8.6
WPP Open Ended Infrastructure	120.1
WPP Private Credit	51.7
Total	201.4

This fund has been launched since 2023 with capital being called up regularly by the investment managers. Investments are expected to increase significantly over the period and we will report on their performance in due course.

Partners Group

Partners Group is responsible for managing the Fund's private equity investments and infrastructure.

	Market Value 30/09/25 £m
Partners Private Equity	153.3
Partners Infrastructure	69.7
Total	223.0

Monitoring the performance of private equity and infrastructure investments is much more difficult than traditional assets, such as quoted bonds and equities. Private equity funds have a fixed life span of about 10-15 years. Real profits / returns can only be confirmed when individual assets are sold, so actual performance cannot be assessed until the fund is closed. The Fund's programme for private equity and infrastructure investments is reviewed annually by our consultants, Hymans Robertson and will include the new WPP funds in the future.

4. Pension Fund historical performance

It is widely recognised that longer-term performance is a more valid performance indicator than a single year because strategies designed for long-term good performance can occasionally suffer short-term losses.

The performance of the fund's investments has been lower than the benchmark in the year and over 3 years, mainly due to the performance of some of the equity, fixed income and property funds, but since inception, the performance has been higher than the benchmark, as seen in the table below:

	1 Year %	3 Years % p.a.	Since inception % p.a.
Fund	11.2	6.4	7.1
Benchmark	11.4	7.5	6.8
Relative Performance	-0.2	-1.1	+0.3

Even though the 3 year performance of the Fund has been behind benchmark, the performance was in the upper quartile of all LGPS funds. The benchmarks given are very challenging (i.e. MSCI AC World) and the fund is performing well in comparison to other LGPS funds.

5. Strategic Asset Allocation

The 2025 actuarial valuation once again showed that the Fund has a strong funding level and the Fund's proposed strategic asset allocation was approved at the last Pensions Committee.

This table shows the actual allocation as at 30 September 2025, the proposed interim allocation allowing for the earmarked portfolio (comprising 75% equity and 25% bonds and cash), and the proposed long-term target.

Asset class	Actual as at 30 Sep 2025	Proposed interim strategy	Proposed long term target (Alt 1)
Growth assets	60.80%	53.40%	40.00%
UK equities	9.40%	8.00%	6.00%
Global equities	44.40%	38.50%	27.00%
Emerging market equities	2.20%	2.00%	2.00%
Private equity	4.80%	4.80%	5.00%
Income assets	19.70%	19.70%	37.50%
Property	5.10%	5.10%	10.00%
Infrastructure	5.80%	5.80%	7.50%
Natural capital	0.00%	0.00%	5.00%
Private credit	1.50%	1.50%	7.50%
Multi- asset credit	7.40%	7.40%	7.50%
Protection assets	19.50%	27.00%	22.50%
Absolute return bonds	11.80%	17.90%	13.00%
Corporate bonds	6.90%	8.00%	8.00%
Gilts	0.00%	0.00%	2.50%

Cash	80.00%	1.10%	0.00%
Total	100.00%	100.00%	100.00%

It was agreed to reduce the risk of the Fund due to the strong level of funding by introducing investments in natural capital assets that will assist in reducing the Fund's net zero target. A plan has been developed to move the Fund towards the proposed long-term target over the next 12-18 months. Investments in income assets and absolute return bonds will increase over time as the money is called.

6. Recommendation

The Board is asked to note the information.