

MEETING: **PENSION BOARD**

DATE : **20 APRIL 2026**

TITLE: **PENSION FUND INVESTMENT PERFORMANCE UP TO 31ST DECEMBER 2025**

PURPOSE: **TO PRESENT THE FUND'S INVESTMENT PERFORMANCE**

RECOMMENDATION: **TO ACCEPT THE INFORMATION**

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1. INTRODUCTION

The investment performance of individual asset managers is monitored by the Pensions Committee on a quarterly basis and this report provides an update for the Board.

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 the longer term.

2. INVESTMENT PERFORMANCE

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

	3 Months %	1 Year %
Fund	2.5	10.4
Benchmark	2.5	10.6
Relative Performance	+0.0	-0.2

The Fund returned 2.5% over the quarter, equalling the benchmark return. Total assets shown in this report increased by c.£120m to c.£3.621bn as performance from listed global assets was positive over the quarter.

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.

2.1 Equity Investment Managers

The table below summarises the performance of the individual equity Investment Managers as at 31st December 2025:

	Market Value 31/12/25 £m	Performance 3 Months %	Performance 1 Year %
Black Rock Aquila Life UK Equity Fund	294.0	6.5	24.2
Benchmark		6.4	24.0
Relative Performance		0.1	0.2
Black Rock World ESG Equity Fund	204.6	0.9	n/a
Benchmark		0.3	n/a
Relative Performance		0.6	n/a
WPP Emerging Markets Fund	81.0	4.9	28.3
Benchmark		4.8	24.7
Relative Performance		0.1	3.6
WPP Global Growth Fund	400.7	2.8	12.6
Benchmark		3.4	13.9
Relative Performance		-0.6	-1.3
WPP Global Opportunities Fund	408.6	3.5	15.9
Benchmark		3.4	13.9
Relative Performance		0.1	2.0
WPP Sustainable Active Equity Fund	366.0	4.0	9.7
Benchmark		3.4	13.9
Relative Performance		0.6	-4.2

Performance from listed global equities was positive over Q4 2025. This was driven by strong performance across regions, including European markets and Asia Pacific markets, while US stocks lagged over Q4.

Each of the Fund's listed equity mandates delivered positive absolute returns and performed in line or ahead of their respective benchmarks, with the exception of the WPP Global Growth mandate, which lagged its benchmark over the quarter and longer time periods.

The Fund completed a switch between the Black Rock Low Carbon index-tracking equity allocation to the new Black Rock World ESG Equity fund which is a new climate-aware solution.

2.2 Fixed Income Managers

	Market Value 31/12/25 £m	Performance 3 Months %	Performance 1 Year %
WPP Multi Asset Credit Fund	260.9	1.2	9.5
Benchmark		2.0	8.5
Relative Performance		-0.8	-1.0
WPP Absolute Return Bond Fund	549.8	1.0	4.7
Benchmark		1.5	6.5
Relative Performance		-0.5	-1.8
WPP Global Credit Fund	349.7	0.8	6.4
Benchmark		0.9	6.7
Relative Performance		-0.1	-0.3

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 in the shorter term.

2.3 Property Investment Managers

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

	Market Value 31/12/25 £m	Performance 3 Months %	Performance 1 Year %
UBS	80.0	1.1	4.9
Lothbury Property Trust	0.5	n/a	n/a
Black Rock Property Fund	58.1	0.7	4.7
Threadneedle Property Unit Trust	35.3	1.5	5.3
Benchmark		0.8	5.1

UBS Property fund and Threadneedle Property Unit Trust outperformed their performance benchmarks. The Lothbury fund, which was terminated on 30 May 2024 has now returned the majority of capital.

2.4 Wales Pension Partnership Private Markets Managers

	Market Value 31/12/25 £m
WPP Private Equity	20.4
WPP Renewable Infrastructure	6.8
WPP Global Infrastructure	10.1
WPP Open Ended Infrastructure	121.2
WPP Private Credit	63.9
Total	222.4

These are relatively new funds with capital being called up regularly by the investment managers. Investments are expected to increase significantly over the upcoming years and we will report on their performance in due course.

2.5 Partners Group

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

	Market Value 31/12/25 £m
Partners Private Equity	154.0
Partners Infrastructure	71.8
Total	225.8

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.

2.6 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	10.4	10.2	7.9
Benchmark	10.6	10.5	7.7
Relative Performance	-0.2	-0.3	+0.2

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.

3. 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 in the November Pensions Committee.

The is new- long term strategic asset allocation established a new allocation to natural capital and gilts. The Fund reduced its overweight position to listed equities, reinvesting proceeds in protection assets. The Fund remains underweight to income assets, while existing commitments are drawn down- these will move towards target over time.

4. RECOMMENDATION

The Board is asked to accept the information.