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| MEETING | PENSIONS COMMITTEE |
| DATE | 6 JULY 2026 |
| 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's decision making body, the Joint Governance Committee (JGC), last met formally on 10th March 2026. As a result of the Fit for the Future changes, the governance arrangements will change and this was the last JGC in its original format.

2. JGC QUARTERLY UPDATE

The host authority has provided a summary of the items discussed at that meeting which is attached as Appendix 1 to this report.

The Business Plan for 2025/26 has been reviewed and can be found at Appendix 2.

3. WPP BUSINESS PLAN 2026/27

A transitional operational business plan has been drafted in line with Section 6 of the Inter Authority Agreement. (Appendix 3)

The purpose of the business plan is to:

- Explain the background and governance structure of the WPP
- Outline the priorities and objectives of the WPP
- Outline the financial budget for the relevant Business Plan period

This Business Plan was approved by the Gwynedd Pension Fund Committee on 16th March 2026, and has been approved by all 8 constituent authorities.

4. **WPP IM Co BUSINESS PLAN 2026/27**

IM Co has drafted an initial business plan for financial year 2026/27, which details IM Co's:

- Strategic objectives
- Governance and oversight
- Financial summary
- Investment management approach
- Operations and staffing
- Risk management and compliance
- Responsible Investment

Rob Lamb, CEO of IM Co presented the business Plan (Appendix 4) which was approved by the JGC. The Business Plan has now been sent to all eight Constituent Authorities for their written approval.

A five-year business plan will be produced before 1 April 2027 to cover the next five financial years.

This Business Plan was approved by the Gwynedd Pension Fund Committee on 16th March 2026, and has been approved by all 8 constituent authorities.

5. **OPERATOR UPDATE**

A copy of the latest quarterly update from the operator is attached under Appendix 5.

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

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

- **Global Opportunities - £426.7m (11%)**
- **Global Growth- £397.2m (10%)**
- **Emerging Markets - £80.7m (23%)**
- **Multi Asset Credit - £260.8m (29%)**
- **Absolute Return Bond- £548.4m (84%)**
- **Global Credit Fund - £356.8m (31%)**
- **Sustainable Equity Fund- £366.4m (21%)**

6. **PERFORMANCE REPORTS AS AT 31st DECEMBER 2025**

The performance reports can be seen in Appendix 6.

The MSCI World Net Index rose by 3.1% (USD) over the fourth quarter. All regions saw gains in a volatile but ultimately positive end to the year. Canada, Europe, the UK and emerging markets were the best-performing markets. In contrast, the US underperformed all other regions and the global index, impacted by weakness in

technology names as scepticism grew over the benefits and expected returns from massive investment in artificial intelligence (AI) capacity. Oil prices fell, ending the period below \$60 per barrel amid oversupply concerns. Gold rose by double-digits, after breaking through the \$4,000 per troy ounce threshold in October. The Federal Reserve (Fed) twice cut its benchmark interest rate by 25 basis points (bps). Both the Bank of England and Bank of Canada cut interest rates by 25 bps, while the European Central Bank (ECB) left rates unchanged. Towards year-end, the Bank of Japan (BoJ) raised its policy rate by 25 bps to 0.75%, a 30-year high.

In the UK, 10-year gilt yields fell in October on rising expectations of rate cuts and market-friendly messages from the Treasury. Comments from the BoE governor, Andrew Bailey, who said a weakening jobs market could help reduce inflation, also helped gilts to rally. Encouraging inflation figures heightened optimism over rate cuts, sending 10-year yields lower. As the BoE held rates in November, Governor Bailey fuelled expectations of a rate cut in December, indicating that risks had receded while September's 3.8% inflation was likely the peak. Weak jobs data and disappointing GDP growth strengthened expectations of an imminent rate cut. Gilts dropped sharply after Chancellor Rachel Reeves' apparent U-turn decision to scrap a rise in income tax in the Budget, which raised concerns about the fiscal outlook. After the Budget was announced gilt yields fell as investors were comforted by the decision to significantly raise the fiscal buffer to about £22 billion from £9 billion. The Budget encompassed £26 billion of tax rises but lacked pro-growth measures. Later, fresh data showed GDP unexpectedly fell by 0.1% MoM in October. This, and better than expected November inflation (at 3.2% YoY from 3.6%) prompted a dip in 10-year yields. As the BoE cut rates in December, the narrow 5:4 majority vote indicated ongoing inflation concerns prompting traders to recalibrate expectations of further rate cuts. Over the quarter the yield on benchmark 10-year gilts fell by 22 bps to 4.48%.

7. PRIVATE MARKETS UPDATE

Russell Investments were appointed WPP's Private Credit Allocator in March 2022, and the Private Credit Investment programme was launched in April 2023. Russell Investments provided a Private Credit progress update (Appendix 7).

8. RESPONSIBLE INVESTMENT AND STEWARDSHIP UPDATE

Over the last 12 months, the WPP has undertaken a detailed review of its approach to exclusions. As a consequence of this review, the Responsible Investment and Stewardship Policies have been updated accordingly.

The changes will see exclusions applied to investments in companies involved in:

- the extraction/generation of power from thermal coal;
- the extraction of unconventional oil & gas reserves;
- involvement in the production of controversial weapons; and
- companies in persistent breach of global norms.

The updated policies have been uploaded on the WPP website.

A number of motions of notice have been received from a number of Welsh Local Authorities, including Cyngor Gwynedd. These were noted and discussed at the 8

December 2025 JGC meeting. The response sent to the constituent authorities can be seen in Appendix 8.

9. RECOMMENDATION

To receive and note the information.