

MEETING: **PENSION BOARD**

DATE : **12 OCTOBER 2026**

TITLE: **PENSION FUND INVESTMENT PERFORMANCE UP TO 30 JUNE 2026**

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	6.9	15.4
Benchmark	7.5	16.2
Relative Performance	-0.6	-0.8

The Fund returned -0.6% over the quarter, which was less than the benchmark return. Total assets shown in this report increased by c.£291.4m to c.£3.967bn. Performance was primarily driven by strong returns in listed equities, as global equities returned 14.2% over the quarter.

2.1 Equity Investment Managers

The table below summarises the performance of the individual equity Investment Managers as at 30 June 2026:

	Market Value 30/06/26 £m	Performance 3 Months %	Performance 1 Year %
Black Rock Aquila Life UK Equity Fund	315.1	4.7	22.1
Benchmark		4.7	21.9
Relative Performance		0.0	0.2
Black Rock World ESG Equity Fund	225.1	13.3	n/a
Benchmark		13.0	n/a
Relative Performance		0.3	n/a
WPP Emerging Markets Fund	104.0	25.7	53.3
Benchmark		23.7	48.8
Relative Performance		2.0	4.5
WPP Global Growth Fund	444.0	14.0	23.7
Benchmark		14.2	27.7
Relative Performance		-0.2	-4.0
WPP Global Opportunities Fund	454.6	12.5	27.0
Benchmark		14.2	27.7
Relative Performance		-1.7	-0.7
WPP Sustainable Active Equity Fund	411.9	14.5	25.3
Benchmark		14.2	27.7
Relative Performance		0.3	-2.4

The Black Rock UK Equity fund delivered positive absolute returns in line with the benchmark, while the WPP Black Rock World ESG Equity fund delivered positive absolute returns marginally ahead of the benchmark. The WPP Global Growth and WPP Global Opportunities funds produced positive absolute performance but lagged their respective benchmarks over the quarter, while the WPP Sustainable Equity fund and the WPP Emerging Markets equity fund delivered positive absolute performance ahead of their respective benchmarks.

2.2 Fixed Income Managers

	Market Value 30/06/26 £m	Performance 3 Months %	Performance 1 Year %
WPP Multi Asset Credit Fund	267.0	2.9	7.9
Benchmark		1.9	8.1
Relative Performance		1.0	-0.2
WPP Absolute Return Bond Fund	564.3	1.8	4.8
Benchmark		1.5	6.1
Relative Performance		0.3	-1.3
WPP Global Credit Fund	353.9	1.7	4.2
Benchmark		1.8	4.3
Relative Performance		-0.1	-0.1

The WPP Multi Asset Credit Fund produced positive returns and outperformed its benchmark over the quarter. The WPP Absolute Return Bond fund delivered positive returns on an absolute basis and outperformed its benchmark over the quarter, but continues to lag its benchmark over longer time periods. The WPP Global Credit fund also produced positive absolute returns marginally behind its benchmark over the quarter as credit spreads narrowed further, and continued to underperform the benchmark over longer time periods.

2.3 Property Investment Managers

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

	Market Value 30/06/26 £m	Performance 3 Months %	Performance 1 Year %
WPP Property Fund	311.7	n/a	n/a
Benchmark		0.5	3.3

During this quarter and last, the Fund moved all of its property holdings into the WPP Property fund managed by Schroders. The performance of this fund will be monitored in due course. The Lothbury fund, which was terminated on 30 May 2024, made its final distribution to investors on 30 April 2026.

2.4 Partners Group

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

	Market Value 30/06/26 £m
Partners Private Equity	128.0
Partners Infrastructure	64.6
Total	192.6

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 and will include the new WPP funds in the future.

2.5 Wales Pension Partnership Private Markets Managers

	Market Value 30/06/26 £m
WPP Private Equity	28.4
WPP Renewable Infrastructure	7.8
WPP Global Infrastructure	10.8
WPP Open Ended Infrastructure	128.3
WPP Private Credit	80.3
Total	255.6

These funds have been launched since 2023 with capital being called up regularly by the investment managers. Investments are expected to increase significantly over the upcoming years. Initial results have shown that the WPP funds are delivering positive returns.

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	15.4	10.9	8.1
Benchmark	16.2	11.8	7.9
Relative Performance	-0.8	-0.9	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 Fund's proposed strategic asset allocation was approved in the November 2025 Pensions Committee, including a new allocation to natural capital and gilts.

Since then, 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.

The WPP Investment Management Company has been established and it will be the company's responsibility to implement the strategic asset allocation by deciding on the tactical asset allocation, investment manager selection, stock selection, investment stewardship and cash management.

The WPP Investment Management Company will be reporting to the Committee on a regular basis.

4. RECOMMENDATION

The Board is asked to accept the information.