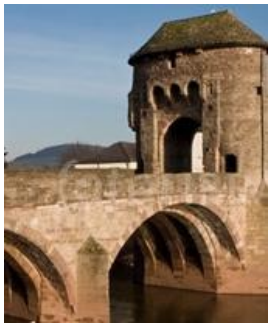
Greater Gwent (Torfaen) Pension Fund
Annual Report & Accounts

Cronfa Bensiwn Gwent Fwyaf (Torfaen)
Adroddiad Blynyddol a Chyfrifon

2025/2026

Andrew Lovegrove, FCA
Strategic Director Resources




www.gwentpensionfund.co.uk

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STATEMENT OF RESPONSIBILITIES FOR THE PENSION FUND ACCOUNTS

The Council's responsibilities as Administering Authority

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers (known as the Section 151 Officer) has the responsibility for the administration of those affairs; in this Council, the Section 151 Officer is the Strategic Director of Resources
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets
- Approve the Pension Fund accounts

The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Pension Fund accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing the Pension Fund accounts, the Section 151 Officer has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Code

The Section 151 Officer has also:

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

The Section 151 Officer's Certificate

I certify that the Pension Fund accounts give a true and fair view of the financial position of the Greater Gwent (Torfaen) Pension Fund at the accounting date and its income and expenditure for the year ended 31 March 2026.

Signed by:



Andrew Lovegrove, FCA
Strategic Director Resources (S151 Officer)
Date: 3 November 2026



CHAIR'S FOREWORD

Chair, The Greater Gwent (Torfaen) Pension Fund
Councillor Nathan Yeowell

If there is one thing I have learned during my time as Chair, it is that pension funds have an uncanny ability to make every year feel simultaneously familiar and completely unprecedented. Just as you think you have finally mastered terms like actuarial assumptions, investment pooling and regulatory compliance, along comes another reform, another acronym and another challenge to keep everyone on their toes.

Thankfully, I continue to be surrounded by officers, advisers, Board members and Committee colleagues whose expertise means that, whilst I may not always understand every technical detail immediately, I can remain confident that the Fund is in safe hands.

And what a year it has been.

The headline story is undoubtedly one of strength and resilience. A key milestone during the year was the completion of the 2025 actuarial valuation. The results demonstrated the continued financial health of the Fund, with its funding position improving substantially since the last valuation and enabling contribution rates to reduce for many employers. At a time when many organisations continue to face financial pressures, that is a particularly welcome achievement.

Of course, strong funding outcomes do not happen by accident. Behind every valuation result sits years of prudent investment decision-making, careful monitoring and a willingness to adapt as circumstances change. During 2025/26, the Fund continued to benefit from strong investment performance and disciplined long-term stewardship of assets. Whilst financial markets rarely travel in a straight line, the Fund's diversified investment strategy has again proven capable of navigating uncertainty whilst maintaining focus on delivering sustainable returns for members and employers alike.

The year also saw significant progress in establishing the Wales Pension Partnership Investment Management Company (IM Co.), an important development in the evolution of Welsh asset pooling. A substantial amount of work took place behind the scenes to prepare for this transition and ensure that Welsh pension funds were well positioned for the new arrangements. The new company is expected to strengthen governance and oversight and provide access to a wider range of investment opportunities in the years ahead.

Away from the investment world, the administration team has once again demonstrated why it is one of the Fund's greatest strengths. The scale and complexity of pension administration can often go unseen, but it is fundamental to the effective operation of the Fund. During the year, the team made significant progress in preparing for Pensions Dashboards, implemented a range of regulatory changes, expanded digital services and continued to improve the quality and timeliness of information provided to members and employers. In an environment where expectations continue to rise, the team's work to improve services while maintaining high standards deserves particular recognition.

I am also especially pleased with the progress made in strengthening the Fund's governance arrangements. This year saw a comprehensive review of our risk management framework, including the introduction of a formal Risk Appetite Statement and various other impactful improvements to our risk reporting. These may not be the sort of developments that attract headlines, but they are essential foundations of a well-run pension fund.

The Local Pension Board has continued to provide constructive challenge, independent oversight and valuable scrutiny throughout the year. I remain grateful for the commitment shown by Board members who devote significant time to ensuring the Fund continues to operate to the highest standards. Their role as both critical friend and guardian of good governance remains as important as ever.

Looking ahead, there is certainly no sign of the pace slowing. Asset pooling reforms will continue to develop, technology will continue to reshape how we interact with members, and the regulatory landscape will no doubt present its next set of challenges. Yet I leave another year feeling confident that the Fund is exceptionally well placed to meet those challenges.

I would like to thank everyone involved in the governance and operation of the Fund. To the Pension Committee, Local Pension Board, officers, advisers, employers and service providers: thank you for your dedication, professionalism and patience. Most importantly, thank you for the work you do on behalf of the tens of thousands of members who rely upon us to protect and safeguard their pension benefits.

A final thank you must go to Alex Bull, who left the Fund in March to take up a role with the Wales Pension Partnership Investment Management Company. Many of the successes highlighted in this report owe something to his leadership, and whilst we will miss him greatly, at least he hasn't escaped the world of LGPS pensions entirely. We wish him every success in his new adventure. In the same light, I'd like to congratulate Joanne Griffiths on her appointment as the Fund's new Head of Pensions. Under Jo's leadership, I've no doubt that the Fund will be in safe hands.



CHIEF OFFICER'S INTRODUCTION

Strategic Director Resources (S151 Officer)
Andrew Lovegrove

I am pleased to present, as Section 151 Officer of the Greater Gwent (Torfaen) Pension Fund, the annual report and accounts for the period to 31 March 2026.

The 2025/26 financial year was a period of significant change and progress for the Fund. The key achievements for the year are summarised below:

One of the Fund's most significant achievements during the year was the completion of the 2025 actuarial valuation. The valuation confirmed a marked improvement in the Fund's financial position, with the funding level increasing from 97% in 2022 to 134% in 2025, resulting in a funding surplus of £1.135 billion. This outcome strengthens the Fund's ability to meet its pension obligations and supports its long-term financial sustainability. The improved funding position also enabled contribution rates to be reduced for many scheme employers, subject to their individual circumstances.

A major milestone during the year was the establishment of the Wales Pension Partnership Investment Management Company (WPP IM Co). Progress was made towards FCA authorisation and operational readiness, ahead of the company assuming responsibility for investment implementation and advisory services on behalf of the eight Welsh LGPS funds.

We have continued to enhance the member experience during the year through the launch of a redesigned My Pensions Online service. Enhancements included multi-factor authentication, electronic identity verification, retirement planning tools and personalised annual benefit statement videos. By the year-end, more than 30,000 members had registered, reflecting increased digital engagement.

The Fund achieved a key regulatory milestone by connecting to the pensions dashboards ecosystem. This involved appointing and implementing an Integrated Service Provider and working with AVC providers and other stakeholders to meet the required connection standards.

Work continued to implement the McCloud remedy, a complex national LGPS administration project. The Fund identified affected pensioners, began recalculating benefits and made corrective payments where required, while maintaining day-to-day services.

The Fund strengthened its administration infrastructure through greater use of Altair workflow automation, data cleansing and enrichment services, and enhanced cybersecurity controls. Common and scheme-specific data scores both exceeded 98%, demonstrating the quality of the Fund's data and supporting effective administration.

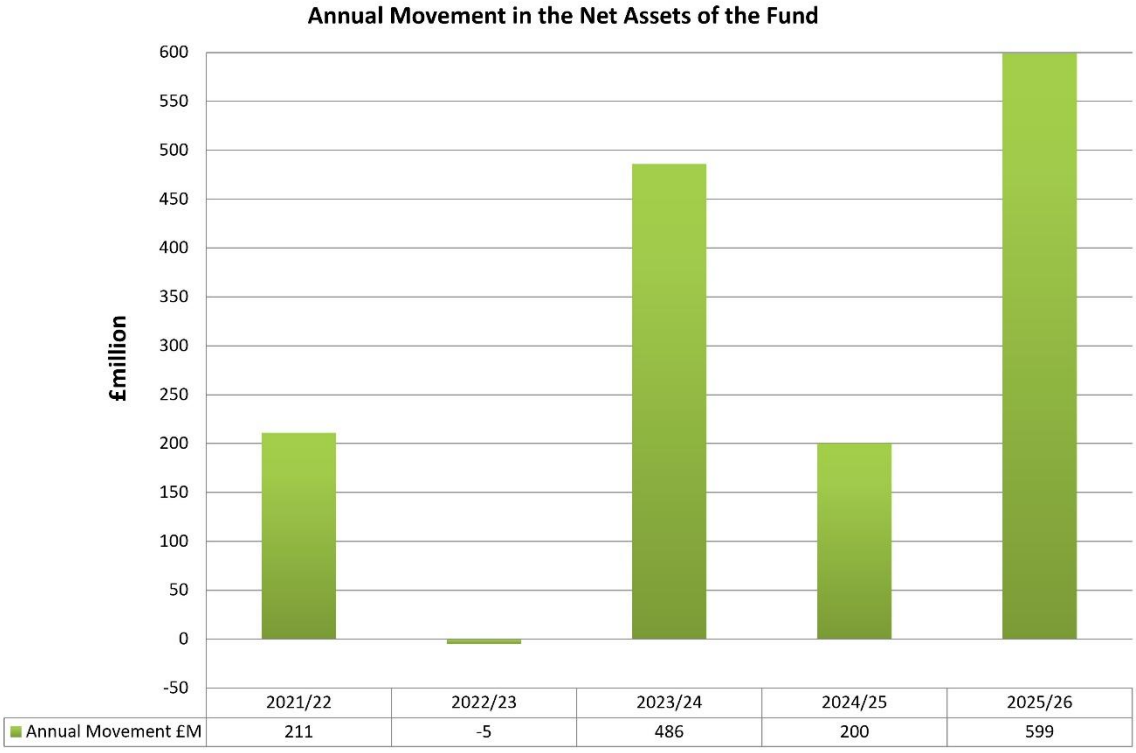
These achievements reflect significant progress across funding, investment, administration and governance. The Fund enters 2026/27 in a strong position to meet the needs of members and employers and to respond to a changing regulatory and investment environment.

I would like to thank all those involved in the management and oversight of the Fund for their professionalism and dedication. I hope that you find this year's annual report informative, and I look forward to reporting on further progress in due course.

OVERVIEW

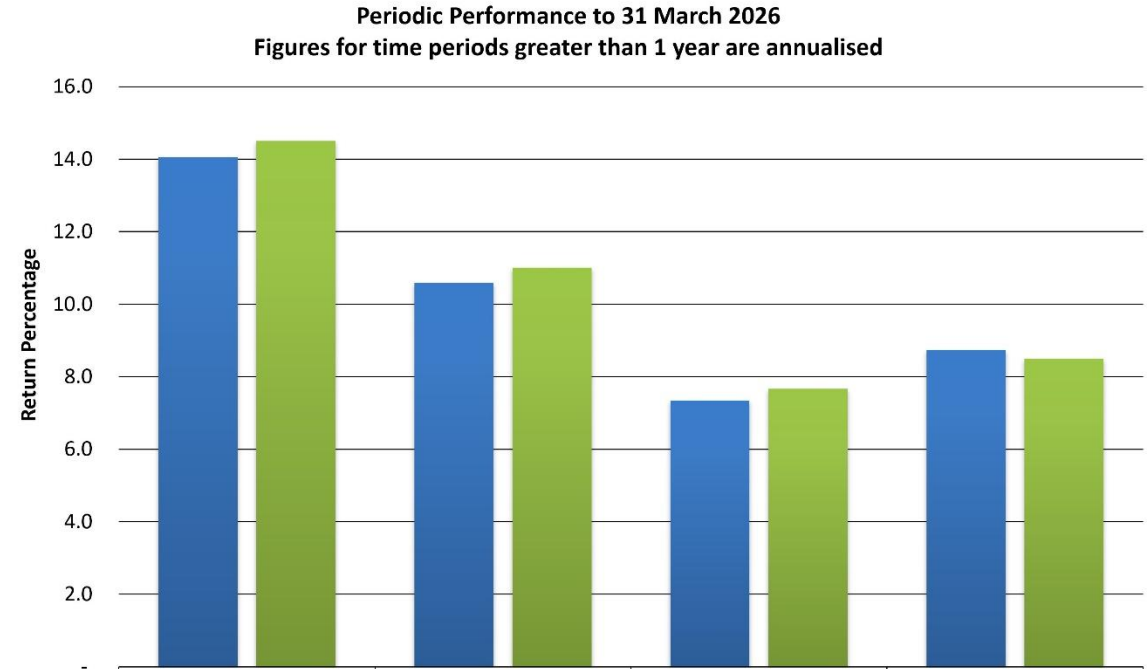
1. 2025/2026 in summary

Total Scheme Members	Net Assets of the Fund	Payments to Pensioners	Total Contributions
69,078	£5.05bn	£186.169m	£188.111m

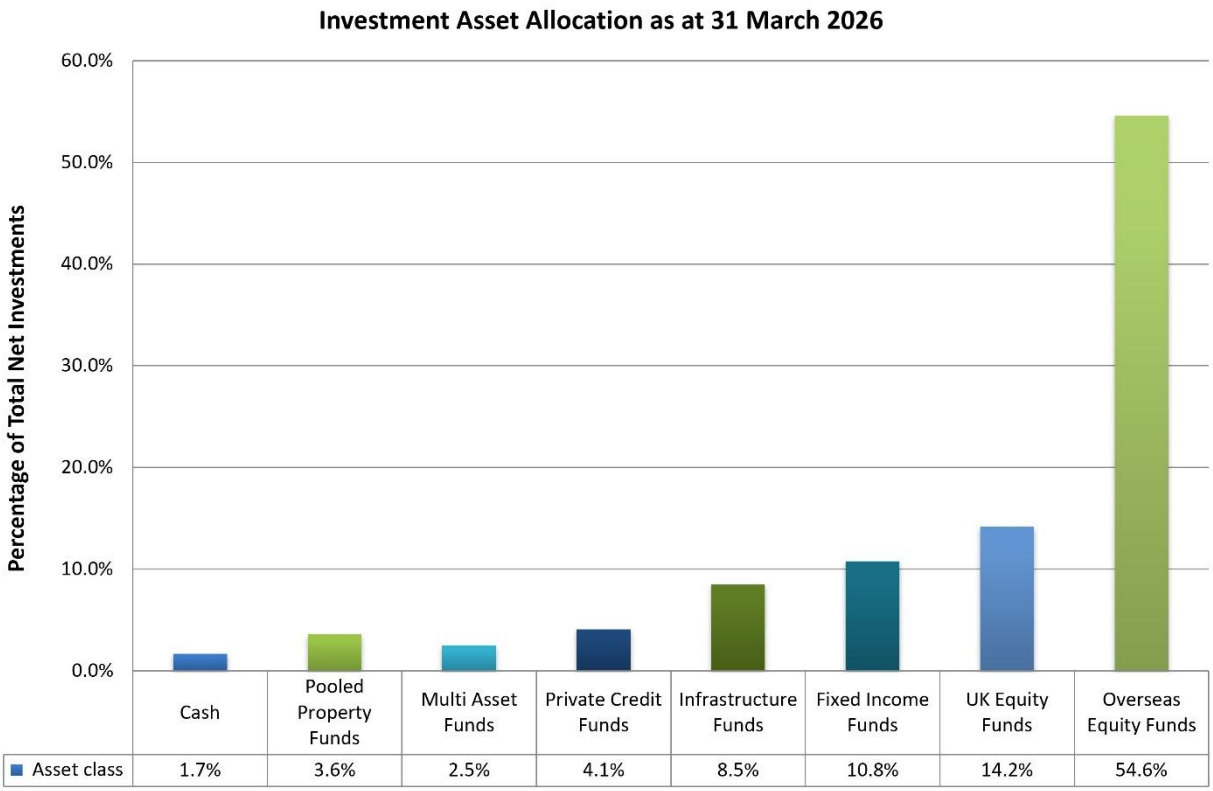


	2021/22	2022/23	2023/24	2024/25	2025/26
Annual Movement £M	211	-5	486	200	599

2. Investments



	1 Year	3 Years	5 Years	10 Years
Fund	14.05	10.59	7.34	8.74
Benchmark	14.50	11.01	7.67	8.49



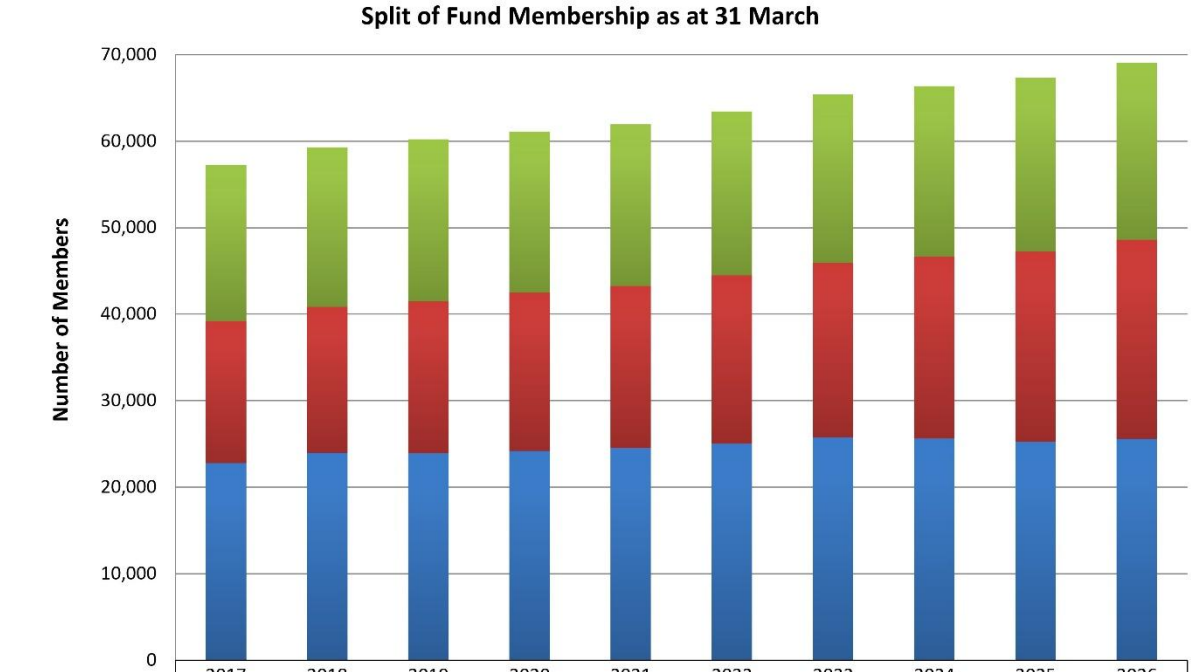
	Cash	Pooled Property Funds	Multi Asset Funds	Private Credit Funds	Infrastructure Funds	Fixed Income Funds	UK Equity Funds	Overseas Equity Funds
Asset class	1.7%	3.6%	2.5%	4.1%	8.5%	10.8%	14.2%	54.6%

3. Membership

Contributing Members 25,590

Members in Receipt of Pension 23,009

Members with Deferred Benefits 20,479



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Deferred benefits	18,068	18,455	18,749	18,621	18,685	18,963	19,422	19,700	20,128	20,479
Pensioners	16,388	16,848	17,533	18,299	18,718	19,474	20,190	21,047	21,983	23,009
Contributors	22,788	23,991	23,932	24,200	24,539	25,015	25,760	25,610	25,248	25,590

OVERALL FUND MANAGEMENT

1. Scheme management and advisors

1.1 The Greater Gwent (Torfaen) Pension Fund is administered in accordance with the Local Government Pension Scheme Regulations 2013 (as amended) (The 2013 Regulations), and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) (The Transitional Regulations). It is the appropriate occupational pension scheme for employees of local authorities in the Greater Gwent area except for teachers and lecturers, who have a separate scheme which applies to them. In addition, the employees of certain bodies providing public services are admitted to the Fund. Details of the authorities covered by the scheme are given on page 84.

1.2 Torfaen County Borough Council has established a Pension Committee to discharge the duties of the Council as administering authority of the Fund. The Pension Committee operates within the Council's constitutional arrangements. In addition, the Local Pension Board was established in accordance with the Public Service Pensions Act 2013. The role and purpose of the Board is to ensure compliance with the regulations, and other legislation relating to the governance and administration of the Scheme as imposed by the Pensions Regulator and to ensure effective and efficient governance and administration of the Scheme.

1.3 The Committee deals with all matters relating to the Fund. As at 31 March 2026 the membership of the Pension Committee, together with advisors and dedicated internal officers for the Fund are as follows: -

Chair

Councillor Nathan Yeowell

Committee Members

Councillor Alfie Best
Councillor Jon Horlor
Councillor Chris Tew
Councillor David Williams

Administrator (S151 Officer)

Andrew Lovegrove, FCA, Strategic Director Resources

Head of Pensions

Joanne Griffiths, Head of Pension Fund Management and Investment



Joanne Griffiths
Tel: 01495 766280
E-mail: joanne.griffiths@torfaen.gov.uk

External Investment Advisors

Aoifinn Devitt, Independent Consultant
Elizabeth Carey CFA, Independent Research Analyst

Consulting Actuary
Hymans Robertson

Solicitor and Legal Advisor to the Fund
Polly Ellis, Head of Legal Services
Delyth Harries, Monitoring Officer

Investment Fund Managers
BlackRock
Fidelity International
Invesco Perpetual
Russell Investments
Capital Dynamics
GCM Grosvenor
Gresham House Asset Management
Quinbrook Infrastructure Partners
Schroders Capital
Octopus
CBRE
IFM
Bridges Fund Management

Fund Custodian
Northern Trust

Wales Pension Partnership FCA Authorised Operator
Waystone Management (UK) Ltd

Wales Pension Partnership Investment Management and Advisory Services
Russell Investments (Investment Management Solutions Provider)
Hymans Robertson (Oversight & Governance Advisor)
Burges Salmon (Legal Advisor)
Robeco Institutional Asset Management B.V. (Voting & Engagement Provider)

Fund Auditor as at 31 March 2026
Audit Wales

Bankers to the Fund as at 31 March 2026
Lloyds Bank
1 Gwent Square
New Town Centre
Cwmbran, South Wales
NP44 1XN

AVC Providers to the Fund as at 31 March 2026
Standard Life
Clerical Medical
Utmost Life and Pensions (previously Equitable Life)

If you need more information you can email: pensions@torfaen.gov.uk

You can also write to: Pensions Section
Torfaen County Borough Council
Civic Centre, Pontypool, Torfaen NP4 6YB

Or visit the website: - www.gwentpensionfund.co.uk

ANNUAL GOVERNANCE STATEMENT 2025/26

Torfaen County Borough Council ("the Council") has statutory responsibility for administering the Greater Gwent (Torfaen) Pension Fund ("the Fund") on behalf of five local authorities (Newport City Council, Torfaen, Blaenau Gwent, Caerphilly and Monmouthshire County Councils) as well as 51 other active employers in the Gwent region.

The primary responsibility of the Fund is to provide retirement and death benefits for Local Government employees and those employed in similar or related bodies. In addition, the Fund is responsible for administering scheme benefits and managing its investment assets.

Scope of responsibility

As administering authority of the Fund, the Council is responsible for ensuring that its business in managing Fund activity is conducted in accordance with the law and appropriate standards. In accordance with Part 2 (Administration) Regulation 55 and Part 3 (Governance) Regulation 106 of LGPS Regulations 2013, the Fund is required to prepare a written statement setting out the governance arrangements in place.

In discharging these responsibilities, elected members, senior officers, and external advisors are responsible for implementing effective arrangements for governing the affairs of the Fund which extends to appropriate risk management. The Pension Committee, comprising elected members of the Council, has delegated responsibility for overseeing the administration of the Fund.

The Fund has adopted the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) framework which ensures the delivery of good governance in Local Government. This statement explains how the Fund has complied with this framework and how it meets the CIPFA Code of Practice on Local Authority Accounting in the UK.

Governance arrangements

The governance arrangements detailed within this statement apply equally to the Fund as they do the Council and are detailed within the Council's Annual Governance Statement which can be accessed here:

Council Annual Governance Statement

In addition, there are specific governance requirements for the Fund which are detailed within several key policy documents, all of which can be accessed via the Fund website:

Forms and Publications | Greater Gwent (Torfaen) Pension Fund (gwentpensionfund.co.uk)

1) Governance Compliance Statement
2) Funding Strategy Statement
3) Investment Strategy Statement
4) Communications Policy
5) Risk Management Policy

Furthermore, other aspects of the governance arrangements specifically relating to the Fund include:

- The roles and responsibilities of the Pension Committee and Local Pension Board operating within the Council's constitutional framework and set out within the Constitution.
- A systemic approach to monitoring performance by the Pension Committee, Local Pension Board (which is independently chaired), Independent Advisors and Senior Officers.
- An appropriate level of oversight relating to the Wales Pension Partnership (WPP) pooling arrangements.

- The responsibility of Pension Committee, Local Pension Board, Officers, and Independent Advisors to regularly consider, scrutinise and challenge the risk framework.
- A structured training programme to ensure Pension Committee and Local Pension Board members have the required standard of knowledge and understanding of the Local Government Pension Scheme (LGPS) to discharge their duties effectively.
- All investment assets, including assets pooled with the WPP, being under the custodial arrangements of a globally recognised Custodian with appropriate expertise, resources, and a substantial internal control framework.
- Being subject to internal audit review in accordance with the Council's internal audit work plan as agreed by the Audit and Governance Committee each year.
- A review of third-party assurance reports on an annual basis which are prepared in accordance with appropriate standards and cover internal processes and procedures as well as details of the audit testing performed during the year. The reports are reviewed by officers and are used to gain assurance that all third-party internal controls are sufficient and are operating effectively.

A significant aspect of the governance framework is the system of internal controls which is based on an ongoing process of identifying, prioritising, and managing risks in accordance with the Council's objectives. This includes objectives specifically relevant to the Fund.

Review of effectiveness of governance framework

The Pension Committee is responsible for ensuring the effectiveness of the governance framework and system of internal control within which the Fund operates. Supported by the Local Pension Board in their oversight capacity, the Committee, in discharging the responsibilities of the Council, relies on the assurances of officers, financial monitoring and other reports, as well as the work of internal and external audit.

The Fund maintains and reviews its Governance Policy and Compliance Statement as part of its year-end reporting activity. The review of this policy measures the extent to which the Fund's governance arrangements comply with CIPFA requirements and the SOLACE framework.

Internal Audit Opinion

The Fund utilises the Council's internal audit services and is subject to audit in accordance with the agreed annual plan. During 2025/26, the Fund was subject to an internal audit of its administration function. Based on the audit work undertaken during the period, full (absolute) assurance was provided by the Head of Audit and Procurement, indicating that the internal control environment was sound and designed to achieve system objectives with no evidence of controls being inconsistently applied or operating unsatisfactorily.

Where recommendations have been made for further improvement following the outcome of an audit, subsequent progress reports have been issued to the Local Pension Board and Pension Committee members for information and comment in their roles of oversight and governance, and steps have been taken to implement recommendations accordingly.

Update on significant governance issues previously reported

No significant governance issues were reported in 2025/26 relating specifically to the Fund.

Member approval and publication dates

The Fund is required to prepare and publish its annual report in accordance with Regulation 57 of the Local Government Pension Scheme Regulations 2013 (England and Wales).

Following the conclusion of the audit process, the Pension Fund annual report and financial statements are considered by the Local Pension Board as those charged with governance, followed by the Pension Committee for its approval. The Pension Committee Chair and Council's Strategic Director Resources (section 151 officer) will also sign the letter of representation following approval by Pension Committee.

The audited annual report is published on both the Fund and Council websites by 1st December each year in accordance with statutory deadlines.

Certification

Based on the audit work undertaken by internal audit on behalf of the Fund, and the assurances provided to the Strategic Director Resources and the Head of Pensions, reasonable assurance can be placed on the adequacy and effectiveness of the governance and internal control environment in operation during 2025/26.

Andrew Lovegrove, FCA
Strategic Director Resources (Section 151 Officer)

Joanne Griffiths
Head of Pension Fund Management and Investment

GOVERNANCE AND TRAINING

1. Local Pension Board Annual Report

This section constitutes the Annual Report of the Local Pension Board 2025/26 and was agreed by the Pension Board on 28 April 2026.

1.1 Background

The Board was constituted under the Public Service Pensions Act 2013 and held its first meeting, as required under the Act, by 31 July 2015. It was established in the interests of the Fund, by the Council as administering authority and operates independently of the Pension Committee.

- The Local Pension Board operates in accordance with its Terms of Reference (ToR) and consists of five representatives of the scheme employers and five representatives of scheme members. In addition, it has a non-voting Independent Chair.

1.2 Functions and Operation of the Board

- The two primary functions of a Local Pension Board are to assist the administering authority in:

  1) Ensuring effective and efficient governance and administration of the LGPS
  2) Ensuring compliance with relevant laws and regulations

- The Local Pension Board has a monitoring, assisting, and reviewing purpose, rather than being a decision-making body. It could be seen as being a critical friend. As such, its general approach is to seek assurances, with evidence provided by officers and from other sources, that the Pension Fund is meeting its objectives, producing all required statements, and adequately managing risks.

- In so doing, the Local Pension Board is helping to manage the reputational risk of the Pension Fund, and of the administering authority, which is under the regulatory responsibility of the Ministry of Housing, Communities and Local Government (MHCLG), the Pensions Regulator (TPR) and the LGPS Scheme Advisory Board (SAB).

1.3 **Detailed Work of the Board**

i) Overview

Since its inception the Local Pension Board has become increasingly visible, as have the expectations placed on it by both the Pensions Regulator (TPR) and the Scheme Advisory Board (SAB).

During 2025/26, the work of the Board included:

- **Risk Management -** oversaw and contributed to a comprehensive review of the Fund's pre-existing risk management approach. This review included: the adoption of a Risk Appetite Statement (RAS), more explicit recognition of Key Risk Indicators (KRIs) in the context of the broader risk management framework and enhancements to the way in which the risk register is presented on a quarterly basis.
- **Cyber Security -** receiving regular updates on the cyber security arrangements in place to safeguard the Fund's core activities and operations, including cyber security policies, measures and incidents and training.
- **The Pension Regulator's General Code of Practice -** overseeing the Fund's assessment of compliance against the requirements of the new General Code**.**
- **McCloud Remedy -** received regular updates on the implementation of the McCloud remedy. These included legislative and statutory guidance updates, project and resources updates. The Board were also consulted on the discretion to extend the deadline for completing the McCloud implementation to 31st August 2026.
- **Breach Reporting -** Received quarterly updates of breaches related to the Fund's activities in accordance with policy.
- **Training -** regular training participation which included in-house, external training and webinars, conferences, and panel discussions in accordance with the Fund's training policy.
- **Pension Dashboard -** receiving regular updates on the Pension Dashboard including confirmation that the Fund and its AVC providers successfully connected to the Pension Dashboard.
- **Actuarial Valuation Oversight -** the Board received regular updates and had frequent oversight of the Fund's triennial valuation exercise, conducted by Hymans Robertson as the Fund's actuary. This included receiving training provided by Hymans Robertson on the various assumptions chosen that underpin the Fund's current funding position.
- **Internal Audit Input -** consideration of the report of the Head of Internal Audit and Procurement following the conclusion of a detailed audit on the administration function of the Pension Fund. The Board were pleased to receive a report confirming full assurance of the adequacy and effectiveness of the current control environment.
- **WPP Oversight -** quarterly oversight of developments in respect of pooling arrangements in Wales, including review of the Joint Governance Committee papers and updates from Waystone as the WPP's operator.
- **WPP Investment Management Company (IM Co) Mobilisation -** the Board had continuous oversight of the key milestones that were achieved on the road to mobilising the WPP Investment Management Company (IM Co.) in accordance with the 2026 regulations in respect of Asset Pooling.
- **Government Consultations -** oversight of the Fund's response to the Access and Fairness Consultation that closed on 7th August 2025.

Fit for the Future

In January 2025, the Board had oversight of the Fund's response to the MHCLG 'Fit for the Future' ('FftF') consultation. The consultation was issued as part of a broader Pensions Review launched in July 2024 with the aim of improving pension outcomes and increasing investment in the UK. The government set out 18 proposals for LGPS pooling, investment, and governance, with the goal of putting the LGPS on a clearer, firmer trajectory to scale and consolidation.

During 2025/26, the Board played a pivotal role in overseeing the action taken by the Fund, in collaboration with the WPP, to adhere to the FftF requirements and the subsequent legislation passed by MHCLG. This included frequent monitoring and oversight of key milestones achieved in respect of mobilising WPP IM Co.

ii) Scheme Documents

The Local Pension Board is satisfied with the suite of policy documents the Fund currently has in place and is content with the arrangements for further review, which are outlined in the 2026-2029 Pension Fund Business Plan.

However, the Board recommends that work is undertaken during 2026/27 to refresh a host of dated Fund policy documents including the Governance Policy & Compliance Statement, Training Policy and Risk Management Policy. In accordance with the new 2026 regulations, the Board also expect the Fund to produce a revised Investment Strategy Statement.

iii) Risk Management and the Risk Register

Following a recommendation by the Local Pension Board in 2016, it was recognised that:

1) Management should maintain a clear risk management approach on behalf of the Fund.
2) This risk management approach should specifically relate to the Fund and not form part of the Council's policies and procedures.
3) The risk register should be a standard quarterly item on all future agendas with all active risks being considered at least annually.

During the year, the Board oversaw a significant evolution of the Fund's risk management framework. This review resulted in the following key changes to the existing approach:

1) Refreshed Risk Scoring Matrix and Evaluation Criteria
2) Reframing of Risk Categories
3) Further embedding of Key Risk Indicators (KRIs) within the framework
4) Addition of new components and presentational changes to the Risk Register to make it more impactful and easier to read

Part of this review also involved the establishment of a Risk Appetite Statement, which was approved by the Pension Committee in December 2025. The RAS acts as a strategic framework that supports the Local Pension Board, Pension Committee and officers to make consistent, proportionate and transparent decisions. Ultimately, the RAS ensures that all stakeholders understand how the Fund balances risk and reward and that this balance aligns with its fiduciary responsibilities and long-term funding strategy.

During the year ahead, part of the Board's remit will be to ensure that the recent operational enhancements implemented as part of the recent risk management framework review are appropriately reflected within a revised Risk Management Policy.

The Board would expect further work to be undertaken during 2026/27 to ensure the Fund's risk register reflects the significant changes in respect of investment implementation and governance arrangements amid the formal launch of WPP IM Co.

iv) Recording and Reporting Breaches

The Local Pension Board and its members have a responsibility to report breaches of law to TPR. During the year the Board examined the recording and reporting procedures and challenged management but identified no breaches which required reporting to TPR.

v) Wales Pension Partnership

Operation of the WPP and the development of the governance and reporting arrangements, continues to be a key area of interest for the Local Pension Board, which reviews the minutes of the WPP's Joint Governance Committee (JGC) on a quarterly basis.

Developments at the WPP which were kept under review during 2025/26 by the Board included:

- Reviewing the minutes of the Joint Governance Committee on a quarterly basis
- Oversight of the WPP's annual policy review process
- Oversight of the WPP's annual Business Plan objectives
- Quarterly oversight of Waystone Management (UK) Ltd) as operator, including regular corporate updates
- Key sector updates as they related to the UK Government's broader pensions review, including outcomes of the 'Fit for the Future' consultation

vi) Wales Pension Partnership Investment Management Company (IM Co)

The Board had continuous oversight of the key milestones that were achieved on the road to mobilising the WPP Investment Management Company, referred to throughout the year as 'Project Snowdon', in accordance with the 2026 MHCLG's 'Fit for the Future' proposals and subsequent reforms. Key milestones during the year that were monitored by the Board in respect of Project Snowdon included:

- Submission of a successful business case to Government
- Incorporation of IM Co. and registry with Companies House
- Establishing a transitionary Board of Directors and hiring of a Chief Executive Officer (CEO)
- Submission of an application to the Financial Conduct Authority (FCA) requesting formal regulatory approval
- Establishing key governance documents including the Shareholder Agreement (SHA) and Client Services Agreement (CSA)

Part of the Board's remit during 2026/27 will include ensuring the newly established WPP IM Co. governance arrangements and reporting capabilities are appropriate and align with the newly introduced regulations in respect of asset pooling and governance.

vii) Pension Committee Agenda and Attendance

At each meeting, the Local Pension Board considers the minutes of the previous Pension Committee agenda to identify items for inclusion on their own work plan. During 2025/26, reciprocal arrangements remained in place between the Local Pension Board and Pension Committee, enabling members to attend and oversee their counterparts' meetings. This enabled the Local Pension Board to have access to all papers (including exempt from disclosure items), ensuring that members continued to maintain knowledge and understanding of activities of the Fund.

1.4 Pension Fund Budget

- The Local Pension Board must ensure that it has sufficient resources made available by the Fund to carry out its duties effectively. During 2025/26, a budget of £35,000 was made available to cover the costs of an Independent Chair, ensure accessibility to training events and seminars, and give effect to the newly implemented Local Pension Board remuneration policy which covers compensating qualifying members for their time devoted to the Board.

- As at 31 March 2026, the Local Pension Board contained its expenditure within the approved budget having spent £17,922 during the year. The Board is mindful of delivering value for money and has identified means of working in a cost-effective manner. By doing so, it is seeking ways of saving administration costs, plus the valuable time of officers, without compromising its functionality.

- The table below illustrates the hourly cost of Local Pension Board member time attending formal meetings, informal briefings, conferences, seminars and training events considered necessary to carry out their role. The hourly rate is calculated on a best endeavour basis using cumulative hours spent by all members serving the Board during the year, divided by the total annual cost.

Local Pension Board Expenditure 2025/26	Cumulative Hours Serving the Board 2025/26[1]	Hourly Rate (per member)[2]
£17,922	198	£90.51

1.5 **Training**

- A key expectation of the Local Pension Board is to participate in training and to maintain a sufficient level of knowledge of the LGPS to undertake their role effectively. TPR's revised General Code of Practice, recommendations of the Good Governance review and Hymans Robertson's LGPS Online Learning Academy (LOLA) actively encourages Local Pension Board members to undertake frequent and appropriate training, including induction training, on taking up their role.

- During 2025/26, Board members actively participated in a range of training in accordance with the Fund's training programme and records of all attendance have been shared with management for publication in the annual report.

1.6 **Thanks**

I wish to thank all my colleagues who have given up their time and energy to serve on the Board during the year. I would also like to express my thanks to Fund management who have supported the Local Pension Board. Lastly, I would like to thank Alex Bull, who has recently joined the WPP Investment Management Company, for his professionalism, support and competence as the Fund's Head of Pensions over the last five years. I wish him success within his new role.

Chair of the Local Pension Board
Ian Coleman

1 *The cumulative hours spent serving the Local Pension Board throughout 2025/26. This includes preparation time and attendance at standard quarterly meetings, various training and LGPS conferences and has been calculated using best estimates*
2 *Calculated by dividing the total Local Pension Board expenditure by the cumulative hours serving the Board during 2025/26*

2. Member meeting attendance 2025/26

	Pension Committee meetings attended	Pension Board meetings attended
Number of meetings during the year 2025/26	**5**	**3[3]**
Pension Committee		
Councillor Nathan Yeowell (Chair)	5	
Councillor Alfie Best	2	
Councillor Jon Horlor	5	
Councillor Stuart Keyte	4	
Councillor Chris Tew	2	
Councillor David Williams	5	
Local Pension Board		
Ian Coleman (Chair)		3
Employee Representatives		
Bob Campbell		2
Ian Reese		1
Anthea Wellington		3
John Wright		3
Dianne Morley		-
Employer Representatives		
Steve Harford		3
Rhian Hayden		2
Clive Rogers (left in July 2025)		1
Meirion Rushworth		2
Jane Waters		2

3. Risk management

3.1 Effective risk management is an essential part of any governance framework as it identifies risks, and the actions required to mitigate their potential impact. For the Pension Fund, those risks will come from a range of sources including the long-term investment strategy, the funding position, investment performance, benefits administration, membership changes, communications, financial systems and, increasingly, cyber security. The availability of good information is essential in order to ensure the complete and effective identification of significant risks and the ability to monitor them accordingly.

3.2 The Fund's approach to risk is informed by the Pension Committee, the Local Pension Board, its advisors, and officers. The Fund's statutory documentation and accounts contain the required sections detailing the Fund's approach to risk management. In particular: -

- The Governance Policy and Compliance Statement reviews the risk areas and mitigation approach within the Fund's management and governance structure.
- The Investment Strategy Statement covers investment risk measurement and management.
- The Funding Strategy Statement includes a section (prepared in conjunction with the Fund's actuary) on the identification of risks and countermeasures in relation to the Fund's funding position and investment strategy.
- The Pension Fund accounts contain a detailed section on the nature and extent of risks arising from Financial Instruments, including detailed sensitivity analysis of the potential monetary impact to the Fund of the varying financial risks.

[3] Meeting not quorate in January 2026

- The Pension Fund has established a Risk Management Policy that documents the Fund's approach to managing and mitigating risk. The policy also outlines our philosophy which is centred upon recognising that it is not possible, or even desirable, to eliminate all risks and that accepting and actively managing risk is therefore a key part of the overall risk management approach.
- The Pension Fund is subject to the Council's internal audit function which is in place to review and test Fund control measures and to report back to management. To help inform and assist their work, the internal audit function refers to the Fund's Risk Register to assess the risks identified and control measures in place.

Risk Management Policy

The Fund maintains a Risk Management policy setting out the approach to monitor, manage and mitigate risk effectively.

The policy details the risk management strategy for the Fund, including:

- Risk philosophy
- How risk management is implemented
- Risk management responsibilities
- The procedures that are adopted in the risk management process

The Council, as administering authority of the Fund, recognises that effective risk management is an essential element of good governance in the LGPS. By identifying and managing risks through an effective policy and risk management strategy, we can:

- Demonstrate best practice in governance
- Ensure high-quality administration
- Improve financial management
- Minimise the risk and effect of adverse conditions
- Identify and maximise opportunities that might arise
- Minimise threats

During 2025/2026, Fund officers conducted a comprehensive review of the Fund's broader risk management framework to ensure that: a) it aligns with standards of best practice across the LGPS, b) it remains fit for purpose in a changing risk landscape, and c) it enables the most efficient allocation of resources to mitigate inherent risks, such that the Fund is operating within its risk appetite.

The updated and enhanced approach to risk management, at a high level, comprised the following changes:

i) Refreshed Risk Scoring Matrix and Evaluation Criteria
ii) Reframing of Risk Categories
iii) Further embedding of Key Risk Indicators (KRIs) within the framework
iv) Addition of new components and presentational changes to the risk register to make it more impactful and easier to read
v) Adoption of a Risk Appetite Statement (RAS)

As part of this review, the Fund revised its pre-existing Risk Management policy to reflect the abovementioned enhancements. The Fund's recently revised Risk management policy can be accessed here:
https://gwentpensionfund.co.uk/forms-and-publications/risk-management-policy

In line with best practice, the Pension Fund also maintains a Risk Register which is monitored and reviewed on a regular basis by both the Pension Committee and Local Pension Board. Risks are assessed in terms of their potential impact and likelihood of occurring. Each risk is initially scored assuming that no mitigating controls exist and is then scored again based on the mitigation in place. On a quarterly basis, the Pension Committee and Pension Board receive a detailed account of the Fund's most significant risks (according to the respective residual risk scores of each) alongside a presentation of risks that pertain to a given theme – a 'risk in theme' review. This reporting style, which is explained in more detail within the Fund's Risk Management policy, ensures that members receive a thorough account of the entire risk register over a 12–15-month period.

3.3 A summary of the Fund's most significant risks, covering the Fund's recently revised five risk categories during the 2025/26 financial year, are shown in the table below.

Risk Area / Type	Risk Detail	Risk Mitigation Measures
Investment Risk		
Inappropriate long-term investment strategy	The risk that the Fund fails to meet funding objectives in the long-term to fund pension liabilities.	• A comprehensive investment strategy review is undertaken at least every three years following the conclusion of the triennial valuation exercise. This ensures that an assessment of the Fund's strategic asset allocation remains fit for purpose and can meet the actuarial discount rate which underpins the funding strategy. • Quarterly monitoring of investment performance (as a minimum) across all mandates. • Enhanced and collaborative oversight of investment performance related to WPP sub-funds. • Regular monitoring of external market conditions including the presentation of a macro-outlook report prepared by the Fund's Independent Advisor.
Pension Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities over the long-term	The risk that the Fund's funding level could deteriorate in the short-term, increasing the pressure on employer contribution rates to fund pension liabilities.	• Only anticipate long-term returns on a relatively prudent basis to reduce the risk of under-performance. • Assets are invested based on specialist advice, in a suitably diversified manner across asset classes, geographies, managers etc. • Progress is analysed at three yearly valuations for all employers. Inter-valuation roll-forward of liabilities between valuations at a whole Fund level.

Risk Area / Type	Risk Detail	Risk Mitigation Measures
Investment pooling with the Wales Pension Partnership (WPP) fails to deliver long-term investment returns	The WPP fails to deliver long-term investment returns above and beyond what the Fund could have been expected to return had pooling not occurred.	• Governance arrangements have been established by the WPP and agreed with Constituent Authorities to ensure that: i) At a minimum, a quarterly review of investment performance will be undertaken by the Officer Working Group (OWG) supported by Hymans Robertson as Oversight Advisor ii) Investment managers are invited to attend OWG and JGC meetings to provide performance updates and to respond to questions as required iii) A review of contractual arrangements is undertaken on a regular basis to ensure WPP operational activity remains fit for purpose and aligned to objectives iv) Local investment advisors oversee Fund performance and raise questions as required
Inadequate consideration of Environmental, Social and Governance (ESG) risks within the Fund's investments	Failure to incorporate ESG into investment processes as well as broader Responsible Investment (RI) considerations could result in public pressure, political criticism as well as the risk of substantial financial losses because of holding stranded assets in the various portfolios.	• The Fund is focused on addressing its published policy objectives, analysing existing Fund investment exposure to a range of ESG metrics, considering new sustainable investment opportunities and improving reporting output to meet certain Code requirements (i.e. UK Stewardship Code, TCFD). Mechanisms in place to help achieve this are: i) Fund officer representation on the WPP RI sub-group which meets regularly ii) Ongoing monitoring and maintenance of Fund policies concerning RI, Climate Risk, and Impact Investment to be undertaken by officers and advisors, with formal review in accordance with the Fund's policy timetable iii) Undertake, through the support of Hymans Robertson, carbon and ESG analysis of existing investments to aid future decision making iv) Consult existing and prospective investment managers on new sustainable investment opportunities both via the Fund's listed and unlisted (real assets) asset allocations

Risk Area / Type	Risk Detail	Risk Mitigation Measures
Funding & Employer Covenant Risk		
Maturing Fund - i.e. proportion of actively contributing employees declines relative to retired employees	Cashflow implications as benefit payments could exceed contribution and investment income. There is a need to review the investment strategy statement, particularly the strategic asset allocation, to maintain confidence in the level of cash available. The Fund may need to sell investment holdings to realise cash on a short-term basis to meet liabilities.	• Member profile is monitored each triennial valuation, seeking monetary amounts rather than % of pay to offset the risk of falling payrolls on the total level of contributions received. • Between valuations, regularly monitor level of active members on both a total Fund basis and by individual employer. • Regular monitoring of Fund's cash flow position by the Pension Fund Accountant and Investment Team • Regularly review investment strategy to ensure it remains fit for purpose
Insufficient Fund cash flow to meet liabilities as they fall due	Negative cash flow would require the use of investment income to the cost of providing pension benefits rather than being reinvested. There is also the risk of forced selling of assets to meet short-term cash flow needs, potentially in adverse market conditions.	• The Council and Pension Fund have a contract with MUFG Pension & Market Services who provide treasury advice on current and prospective investment opportunities. MUFG provide real time updates on counterparties and advise of any changes to their creditworthiness in a timely manner. • The Pension Fund has a long-term allocation to cash investments of up to 1%. The recently revised strategic asset allocation includes provision for the Fund to maintain a cash allocation of up to 5% should circumstances arise, where the key criteria would be to ensure the return on cash would exceed the discount rate set by the scheme actuary. • The Fund's allocation to cash is closely monitored monthly to ensure that all obligations can be met as they fall due. • Fund officers frequently liaise with private market managers to obtain quarterly capital call forecasts to ensure that sufficient cash is available to meet any investment-related cash flow requirements that are supplementary to monthly pension liabilities.

Risk Area / Type	Risk Detail	Risk Mitigation Measures
Administrative & Operational Risks		
A serious cyberattack, leading to disruption to the discharge of administering authority functions	Compromised data because of a cyberattack could lead to its potential misuse, resulting in several consequences including a reputational risk to the Fund.	• Business continuity measures are in place and frequently reviewed by the Fund's ICT team. • The Council operates a firewall which protects the Council's IT facilities from external threats and provides a control mechanism for access to internal Council data. • A full disaster recovery plan and a Business Continuity plan for the Fund's administration software is in place and tested/updated annually. • Annual testing/assessment of systems, hardware and software providers resilience to cyber threats and controls in place. • Provision of training for officers and members on at least an annual basis, utilising both internal and external training providers to ensure a comprehensive overview.
Failure to collect and account for pension contributions being paid over to the Fund on time by Fund employers.	Criticism by the Pensions Regulator, adverse audit opinion, potential delays to Fund employer FRS17/IAS19 reporting; and potential delay to production of annual report and accounts.	• Contributions received by employers are monitored monthly by the Fund accountant. • All additional lump sum payments as set by the valuation are also frequently monitored to ensure they are received within the year.
Failure to pay pensions and lump sums on time	Financial difficulty for members who are financially dependent on the Fund to pay benefits Reputational risk to the Pension Fund Risk of additional costs to employers where interest is payable because of late payment.	• A robust and thorough workflow procedure is in place and carried out within Altair pensions administration system. • Independent checking at senior officer level to mitigate the risk of error. • The Fund participates in a National Fraud Initiative. • The Fund uses Western Union to carry out annual checks on overseas pensioners. • External/Internal Audit of the process at least annually.

Risk Area / Type	Risk Detail	Risk Mitigation Measures
Compliance & Regulatory Risks		
Failure to comply with the General Data Protection Regulations (GDPR) resulting in breaches which must be reported to the Pensions Regulator and the Information Commissioners Office resulting in complaints from scheme members and/or significant financial fines	Reputational risk to the Fund and complaints from members Breach of the regulations resulting in possible fines.	• The Fund has prepared its own GDPR documentation, separate to that of the County Council, and this can be accessed on the pension fund website: Privacy Notice | Greater Gwent (Torfaen) Pension Fund • In addition, the Fund uses the Council's designated Data Protection Officer, as required by the legislation, to remain compliant with the regulations and to ensure an appropriately qualified person can assist with reporting and disclosure.
Failure to administer the Local Government Pension Scheme in accordance with the Regulations and the Pensions Regulator's New Code of Practice	Financial and reputational risk to the Fund and miss information, or lack of communications resulting in members making wrong or untimely decisions.	• The Fund has several control measures in place to mitigate this risk, summarised by the following: i) Processes and procedures in place to calculate and check benefits ii) Security profiles to ensure segregation of duties iii) Good working relationship with all Fund employers, pension information submitted to the Fund monthly and reconciled by the Investment and Finance Team iv) External Audit of Pension Administration carried out every 3 years v) Communication Strategy in place which sets out the Fund's communication methods vi) Bilingual Website and My Pensions Online

Risk Area / Type	Risk Detail	Risk Mitigation Measures
Governance Risks		
Lack of relevant expertise, knowledge, skills and resources at officer and member level in relation to administering the LGPS	Insufficient knowledge, experience, skills, or resource to ensure statutory responsibilities are met Failure to provide an acceptable level of service to stakeholders.	• The Fund subscribes to the CIPFA Knowledge and Skills Framework for the LGPS and makes this information available to all members of the Pension Committee and relevant officers. • Appropriately qualified external advisers and consultants are used as required. A review of resource requirements is periodically undertaken to ensure that: i) skills and knowledge are appropriately distributed across the full range of service delivery ii) succession planning and resource resilience is actively considered and maintained iii) internal development and progression opportunities are available to maximise staff retention and ensure staff satisfaction is preserved iv) resource levels continue to meet the short, medium, and long-term needs of the service
Loss of funds through fraud or misappropriation	Financial loss to the Fund.	• Procedures and processes are in place and applied in relation to checking for "ghost" scheme members, multiple levels of authorisation for claims and Fund payments plus secondary checking of lump sum payments. • Procedures are documented and staff are trained and managed in carrying these out; the Fund's internal auditors carry out regular reviews.
The use of "Third Party" external services within Fund operations Also referred to as "Other Provider Risk" within Funding Strategy Statements	Fund assets at risk through: a) Poor external investment management experience b) Security of Assets c) Inappropriate advice	• This risk relates to areas such as transitions, custody, and stock lending. The Fund measures and manages these Other Provider risks through: i) A process of regular scrutiny and engagement ii) Audit of the operations the provider conducts for the Fund, or the delegation of such monitoring and management of risk to the appointed investment managers as appropriate (e.g. custody risk in relation to pooled funds) iii) Retaining the power to replace certain providers should serious concerns exist.

3.4 **Control assurance reports**

The Fund has outsourced the following functions of the Fund:

a) Investment management
b) Custodianship of assets

As these functions are outsourced, the Pension Fund is exposed to third party risk, and this is also acknowledged within the Risk Register. A range of investment managers are used to diversify manager risk. On at least an annual basis, the Fund obtains independent internal controls assurance reports from the relevant service providers. These independent reports are prepared in accordance with international standards. Any weaknesses in internal controls highlighted by the assurance reports are reviewed. The Council's internal audit service undertakes planned programmes of audits of all Pension Fund operations on a phased basis, and the review of internal controls assurance reports is within the scope of these audits.

FINANCIAL PERFORMANCE

1. Fund Account

1.1 The Fund account (page 82) indicates an increase in the net assets of the scheme available to fund benefits during the year of £598.588million for 2025/26, this follows a £199.990million increase in the Fund assets in 2024/25. The summarised figures are shown in the table below.

Fund account 31 March 2026	£000
Employees/employers contributions	(188,111)
Benefit payments	186,169
Net transfer values and refunds	3,765
Net return on investments	(622,290)
Other income/expenses	21,879
Net (increase)/decrease in the Fund	**(598,588)**

1.2 Contributions from members and employers increased by £8.65million, from £179.461million in 2024/25 to £188.111million in 2025/26. Payments to beneficiaries in respect of pension benefits increased by £11.154million, from £175.015million in 2024/25 to £186.169million in 2025/26.

1.3 Transfer values received into the Fund increased by £1.977million, from £11.933million in 2024/25 to £13.910million in 2025/26. Transfer values paid out by the Fund reduced by £1.089million, from £18.325million in 2024/25 to £17.236million in 2025/26.

1.4 The total assets of the Fund include the £9.378million net current assets as shown in the Fund account. These are the net creditor and debtor amounts owing at year end as detailed in notes 20 and 21 on pages 117 and 118 of the accounts.

Asset values as at 31 March 2026	Pooled £000	Under pool management[4] £000	Not pooled £000	Total £000
Equities	1,802,987	980,957	684,849	3,468,793
Bonds	546,156			546,156
Property	135,003		50,608	185,611
Multi-asset funds			126,986	126,986
Private credit	93,360		111,495	204,855
Infrastructure	236,027		187,256	423,283
Long term investments	159			159
Cash and net current assets			91,326	91,326
Total net assets	**2,813,692**	**980,957**	**1,252,520**	**5,047,169**

The allocation to investment in the UK within the total assets of the Fund has been evaluated by looking at the country of issue of the underlying holdings in the pooled investment vehicles.

Asset values as at 31 March 2026	Pooled £000	Under pool management £000	Not pooled £000	Total £000
UK Listed Equities	1,398,547	31,283		1,429,830
UK Government Bonds	14,443			14,443
UK Corporate Bonds	7,758			7,758
UK Property	35,149		50,608	85,757
UK Private credit	26,141			26,141
UK Infrastructure	63,810		187,256	251,066
Total UK assets	**1,545,848**	**31,283**	**237,864**	**1,814,995**

[4] Pre-pooling investment initiative whereby the 8 Welsh LGPS funds issued a joint procurement exercise and appointed Blackrock as the manager to manage the passive equity mandates

1.5 **Timeliness of receipt of contributions**

The table below sets out the percentage of contributions received from employers on or before the due date during 2025/26. The Pensions Regulator requires that contributions deducted from pay must be paid to the Fund no later than the 22nd day (19th if paying by cheque) of the next month.

	2025/2026
Percentage of contributions received on or before the due date	99.99%

The option to levy interest on overdue contributions has not been exercised.

1.6 **Forecasts**

The following tables show the forecasts and outturn for the fund account and net asset statement for the 3 years to 31 March 2027. Contributions and payments are based on current expectations, the administration and investment management expenses are based on current budgets, and the net investment income and change in market value are based on the long-term forecast returns for each asset class. A report is taken to Pension Committee in March to analyse the income and expenditure forecasts and to approve the following year's budget: Budget report to Pension Committee March 2026

Fund account	**2024/2025 Forecast £000**	**2024/2025 Actual £000**	**2025/2026 Forecast £000**	**2025/2026 Actual £000**	**2026/2027 Forecast £000**
Income					
Contributions receivable	(176,388)	(179,461)	(183,400)	(188,111)	(174,281)
Transfers in/other	(10,935)	(11,933)	(12,621)	(13,961)	(12,572)
Investment income	(66,982)	(70,582)	(70,352)	(78,674)	(33,374)
Total income to the Fund	**(254,305)**	**(261,976)**	**(266,373)**	**(280,746)**	**(220,227)**
Spending					
Benefits payable	167,145	175,015	183,484	186,169	193,356
Transfers out/refunds/other	6,878	38,552	19,990	17,675	39,780
Management expenses	14,936	17,012	18,594	21,930	23,266
Total spending for the Fund	**188,959**	**230,579**	**222,068**	**225,774**	**256,402**
Profit and losses on disposal of investments and changes in the market value of investments	**(314,394)**	**(168,593)**	**(359,821)**	**(543,616)**	**(387,972)**
Net (increase)/decrease in the Fund	**(379,740)**	**(199,990)**	**(404,126)**	**(598,588)**	**(351,797)**

Investment assets	**2024/2025 Forecast £000**	**2024/2025 Actual £000**	**2025/2026 Forecast £000**	**2025/2026 Actual £000**	**2026/2027 Forecast £000**
Equities	3,393,984	3,155,628	3,425,797	3,468,793	3,748,339
Government bonds	266,668	262,059	277,258	268,580	284,963
Corporate bonds	267,618	266,269	283,576	277,576	296,174
Property	74,945	71,688	76,921	185,611	198,233
Cash and alternatives	552,548	682,777	734,690	837,231	898,054
Total	**4,555,763**	**4,438,421**	**4,798,242**	**5,037,791**	**5,425,763**

The 2026/2027 forecasts for total investment assets are based on the actual assets under management for 31 March 2026, multiplied by the forecast long term returns for each asset class as provided by the Fund's Actuary.

Expected return on assets	Long term performance Assumptions (20 years annualised)
UK Equities	7.9%
Overseas Equities (inc. EM)	8.1%
Government Bonds (Medium Term)	6.1%
Corporate Bonds (Medium Term)	6.7%
Property	6.8%
Multi Asset Funds	6.9%
Alternatives (Private Credit)	7.9%
Alternatives (Infrastructure)	7.7%
Cash	4.0%

1.7 Operational expenses

	2024/2025 Forecast £000	2024/2025 Actual £000	2025/2026 Forecast £000	2025/2026 Actual £000	2026/2027 Forecast £000
Administrative costs	1,896	1,759	1,919	2,054	2,115
Investment management expenses	11,497	13,723	14,694	18,105	18,231
Oversight and governance costs	1,543	1,530	1,981	1,771	2,964
Total	**14,936**	**17,012**	**18,594**	**21,930**	**23,310**

Administrative costs relate to the costs associated with administering the pension scheme on behalf of its members, pensioners, and scheme employers. In 2025/26 there were unexpected salary savings from vacant posts and reduced hours posts. In relation to 2026/27, it is assumed that the administrative costs will rise as vacant posts are filled and allowing for pay inflation and increments for staff. Also included in this increase are additional software costs primarily due to implementation of the Pensions Dashboard, which is a new legislative requirement for pension schemes.

Investment management expenses generally increase as the Fund value grows because most external fund managers have fee structures based on the market value of the managed assets, rather than a fixed fee. However, as the Fund continues to meet its obligations to its alternative assets, these costs also include partnership expenses associated with setting up and operating the private market funds. Projected investment manager fees for 2026/27 have been uplifted by 6% which is the long-term actuarial investment performance assumption set by the actuary during the 2025 triennial valuation exercise. The estimate should be considered as modest because private market management expenses will increase as further capital is called.

Oversight and governance costs incorporate the operation, training and support of the Pension Committee and the Local Pension Board, together with costs of the Investment Team, Accountancy, and Senior Management. It also includes external services such as independent investment advisors, consultants, auditors, legal services, benchmarking, and performance measurement services. The cost of our involvement in the Wales Pension Partnership (WPP) falls into this category. The 2026/27 WPP client-side budget estimates the costs expected to be incurred by the Host Authority, Carmarthenshire County Council, as well as the professional advisors responsible for providing the regulatory framework, investment management, custodian, depositary and legal services. These costs are expected to reduce significantly going forward as the WPP Investment Management Company (IM Co) launches in September 2026. A separate budget for WPP IM Co is included for 2026/27 which will initially be split equally between the eight Welsh funds. This budget covers the running costs of IM Co, including staffing, middle office and administrative services, investment advice and business support.

ASSET POOLING

1. Investment Pooling – Wales Pension Partnership (WPP)

1.1 The Pension Fund is a participating scheme in the Wales Pension Partnership (WPP). The existing governance structure and basis by which it operates was set out in the July 2016 submission to government and has since been extensively considered and developed. The final arrangements are set out in an Inter Authority Agreement initially approved by both the Pension Committee and administering authority's full Council in March 2017 and again in 2021 reflecting an addendum to the agreement. The objective is to deliver:

- economies of scale
- strong governance and decision making
- reduced costs and excellent value for money, and
- an improved capacity and capability to invest in infrastructure

1.2 The WPP is one of the eight Local Government Pension pools nationally and is a collaboration of the eight LGPS funds in Wales including Cardiff and the Vale of Glamorgan, Clwyd, Dyfed, Greater Gwent (Torfaen), Gwynedd, Powys, Rhondda Cynon Taff and Swansea. The eight funds have a long, successful history of collaboration including a collaborative tender for a single passive equity provider for the Welsh funds pre-dating the Government's pooling initiative.

1.3 Collective investment management offers the potential for investment fee savings, opportunities to broaden investment portfolios, enhanced voting and engagement activity as well as access to shared knowledge and best practice. Whilst the WPP is responsible for providing collaborative investment solutions, each constituent authority remains responsible for setting their own investment strategy.

1.4 WPP's operating model is designed to be flexible and deliver value for money. WPP appointed an external fund Operator and makes use of external advisers to bring best of breed expertise to support the running of the Pool. The Operator is Waystone Management (UK) Limited (Waystone), and they have partnered with Russell Investments to deliver investment management solutions with the aim to provide strong, net of fee performance for all the Constituent Authorities.

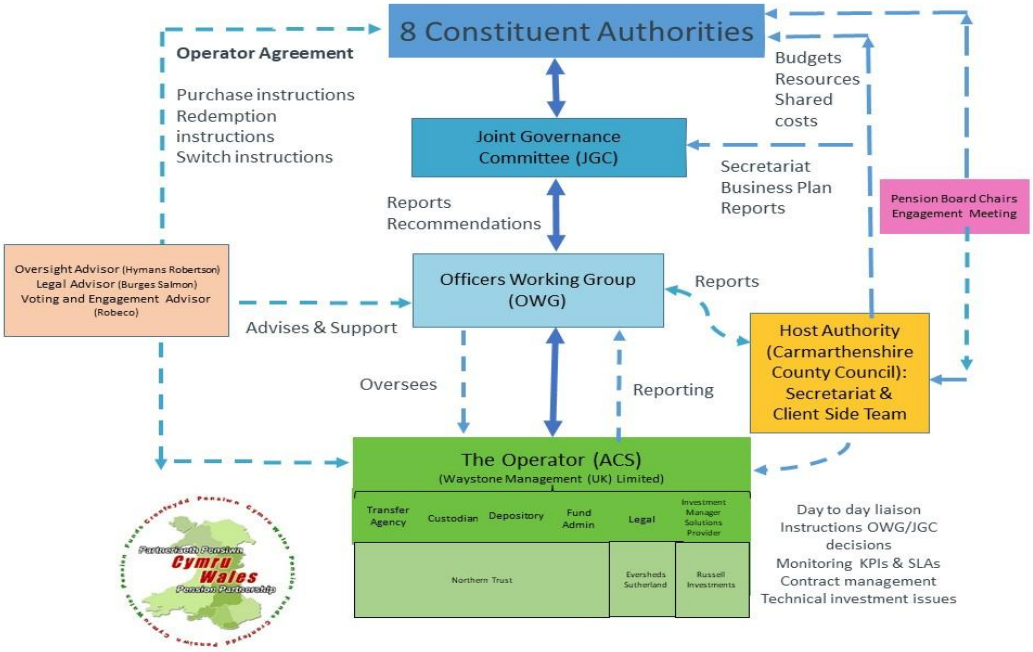
2. Governance Arrangements of the WPP

2.1 The WPP details how it deals with all aspects of Governance through its Inter Authority Agreement (IAA) which was approved by all eight Constituent Authorities in March 2017. The IAA defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers and includes a Scheme of Delegation outlining the decision-making process. In line with its belief that good governance should lead to superior outcomes for stakeholders, the WPP has put in place a robust governance structure.

2.2 The Constituent Authorities sit at the top of the WPP's governance structure. They retain control of all activity carried out by the WPP and remain responsible for approving the WPP's Business Plan, which outlines the WPP's budget and workplan, as well at its Beliefs and Objectives. The Joint Governance Committee (JGC) oversees and reports on the WPP and is comprised of one elected member from each of the eight Constituent Authorities and a co-opted (non-voting) scheme member representative. The OWG provides support and advice to the Joint Governance Committee and is comprised of practitioners and Section 151 officers from all eight Constituent Authorities.

The eight Constituent Authorities of the WPP are:

- Carmarthenshire County Council (Host)
- Swansea Council
- City of Cardiff Council
- Flintshire County Council
- Cyngor Gwynedd
- Powys County Council
- Rhondda Cynon Taff County Borough Council
- Torfaen County Borough Council



2.3 Carmarthenshire County Council is the Host Authority for the WPP and is responsible for providing administrative and secretarial support to the JGC and the OWG, and liaising day to day with the Operator on behalf of all the Welsh LGPS funds.

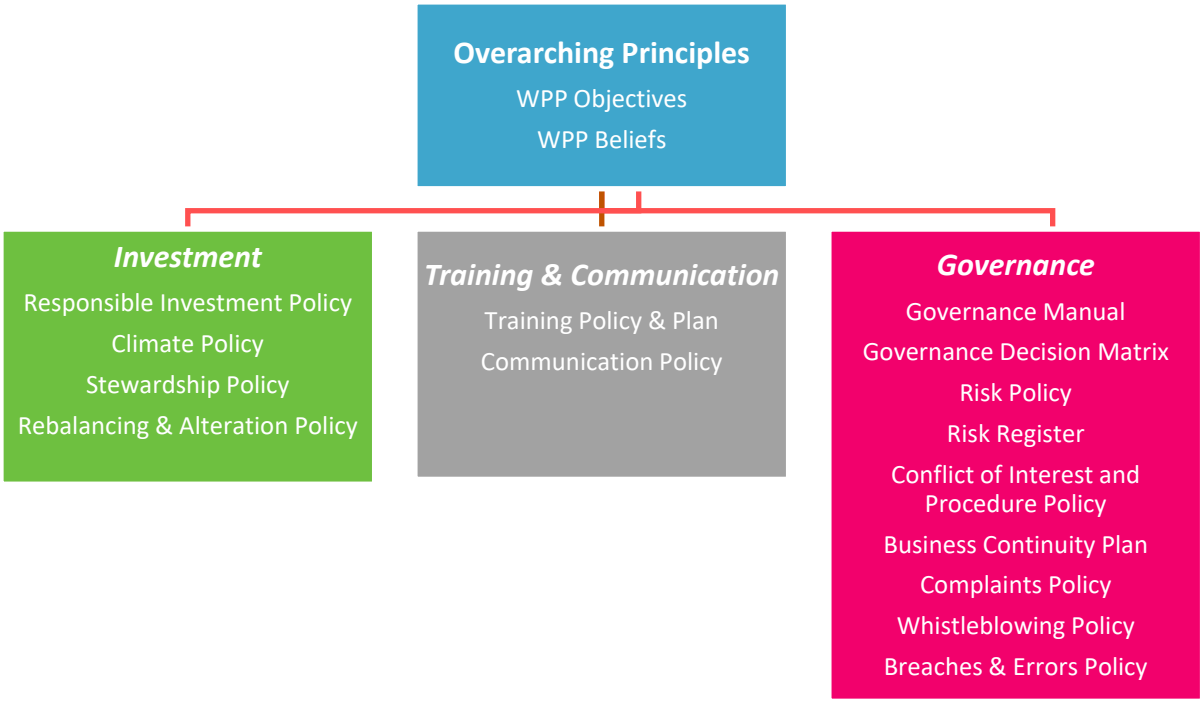
2.4 Waystone (The Operator) carries out a broad range of services for the WPP, which includes facilitating investment vehicles & sub-funds, performance reporting, transition implementation and manager monitoring and fee negotiations. There is an Operator Agreement in place which sets out the contractual duties of the Operator and governs the relationship between the Operator and the WPP. The JGC and OWG, with the support of Hymans Robertson, oversee the work that Waystone carries out on behalf of the WPP. Waystone engages with the Constituent Authorities by:

- Direct engagement – attendance at annual pension committee meetings
- Indirect engagement – with CAs collectively, through the JGC and OWG

2.5 In collaboration with Waystone, Russell Investments provide investment management solution services to the WPP, and they work in consultation with WPP's eight Constituent Authorities to establish investment vehicles.

2.6 Northern Trust is the Depository for the WPP ACS vehicle and provides numerous services including securities lending, fund administration, compliance monitoring and reporting. Hymans Robertson are WPP's Oversight Advisor and their role spans oversight and advice on governance arrangements, operator services, strategic investment aspects and project management support. Burges Salmon are WPP's legal advisors, and they provide legal advice in relation to FCA regulated funds, tax and governance arrangements, including assisting with complex procurement processes. Robeco UK has been appointed as WPP's Voting and Engagement provider and are responsible for implementing the Voting Policy across WPP's portfolio and undertaking engagement activity on behalf of the WPP.

2.7 The WPP's beliefs are the foundation for WPP's governance framework and have been used to guide all of the WPP's activities and decision making, including its objectives and policies. The WPP, in consultation with the Constituent Authorities, has developed a set of governing policies. In all instances the WPP's policies and procedures have been developed to either complement or supplement the existing procedures and policies of the Constituent Authorities. The WPP's key policies, registers and plans are listed below and can be found on the WPP website: https://www.walespensionpartnership.org/



2.8 Responsible Investment has been a key priority for the WPP since it was established in 2017. Various activities have been undertaken to work towards WPP's ambition of becoming a leader in Responsible Investment. Initially the focus was on formulating a Responsible Investment Policy and since then the WPP has formulated its own Climate Risk Policy and has worked with its Voting and Engagement Provider, Robeco, to agree a Voting Policy. A WPP RI Sub-Group has been established to take ownership of RI related workstreams and actions that are required to achieve the commitments made in the WPP's RI and Climate Risk Policies.

2.9 The WPP has its own training policy and develops an annual training plan which is designed to supplement existing Constituent Authority training plans. Local level training needs will continue to be addressed by Constituent Authorities while the WPP training plan will offer training that is relevant to the WPP's pooling activities. Induction training is also provided to all new JGC members.

3. Pooling Progress

3.1 The WPP aims to deliver investment solutions that allow the Constituent Authorities to implement their own investment strategies with material cost savings while continuing to deliver investment performance to their stakeholders. The WPP has a range of Equity and Fixed Income sub funds, as well as a number of Private Markets Investment programmes. Alongside the Constituent Authorities existing passive investments, this means that that the WPP now has 81.6% of assets under pool management.

3.2 As at 31 March 2026, WPP's Constituent Authorities has total assets worth £28.8bn, £23.5bn of which sits under pool management, see breakdown below:

Asset Class	Managed By	Launch Date	31 March 2026	2025/26
			£000	%
Global Growth Equity Fund	Russell Investments	February 2019	3,777,538	13.1
Global Opportunities Equity Fund	Russell Investments	February 2019	3,518,894	12.2
UK Opportunities Equity Fund	Russell Investments	September 2019	898,662	3.1
Emerging Markets Equity Fund	Russell Investments	October 2021	358,345	1.2
Sustainable Active Equity Fund	Russell Investments	June 2023	1,714,186	6.0
Global Credit Fund	Russell Investments	July 2020	1,348,780	4.7
Global Government Bond Fund	Russell Investments	July 2020	515,955	1.8
UK Credit Fund	Waystone Management (UK) Ltd	July 2020	888,276	3.1
Multi-Asset Credit Fund	Russell Investments	July 2020	974,694	3.4
Absolute Return Bond Fund	Russell Investments	September 2020	812,857	2.8
Infrastructure	GCM Grosvenor, IFM, CBRE and Octopus	March 2023	926,220	3.2
Private Credit	Russell Investments	April 2023	424,331	1.5
Private Equity	Schroders Capital	October 2023	245,641	0.9
Real Estate	Schroders, CBRE	February 2026	1,181,140	4.1
Passive Investments	BlackRock	March 2016	5,881,749	20.5
Total Assets under WPP Arrangements			**23,467,268**	**81.6**
Total Non-Pooled Investments			**5,278,710**	**18.4**
Total Investments across Constituent Authorities			**28,745,978**	**100**

3.3 The WPP's actively managed investment sub-funds are held in an Authorised Contractual Scheme (ACS) structure operated by Waystone, with several underlying managers appointed by Russell Investments to manage each sub-fund.

3.4 There was a pre-pooling (i.e. pre WPP) investment initiative whereby the eight Constituent Authorities collectively appointed Blackrock following a joint procurement exercise to manage the passive equity mandate. This is recognised as a WPP pooled investment due to the fee savings gained in exchange for scale of capital. Over time, the Fund has worked with colleagues across the WPP, and Blackrock, to evolve the product offering and the Aquila Life WPP World ESG Insights Equity Fund is the current passive investment held by the Pension Fund.

3.5 **Investment assets split between Greater Gwent (Torfaen) Fund and WPP**

The table below gives a further analysis of note 14b to the accounts on page 99 to breakdown the Fund's investments managed by Russell Investments under the structure operated by Waystone, together with the passive investments managed by BlackRock and the assets that remain under the direct oversight of the Fund.

Asset Class	Managed By	31 March 2025	31 March 2026	31 March 2026
		£000	£000	%
Pooled Assets				
Global Opportunities Equity Fund	Russell Investments	685,246	801,102	15.9
UK Opportunities Equity Fund	Russell Investments	607,320	712,975	14.2
Global Credit Fund	Russell Investments	266,269	277,576	5.5
Global Government Bond Fund	Russell Investments	262,059	268,580	5.3
Global Sustainable Equity Fund	Russell Investments	170,848	193,463	3.8
Emerging Markets Equity Fund	Russell Investments	72,719	95,447	1.9
Global Infrastructure	GCM Grosvenor	77,975	115,776	2.3
Open Ended Infrastructure	Octopus Renewables	30,674	32,586	0.6
Open Ended Infrastructure	CBRE	20,448	22,677	0.5
Open Ended Infrastructure	IFM Investors	54,052	57,212	1.1
Infrastructure	Capital Dynamics	4,393	7,776	0.2
Private Credit	Russell Investments	69,558	93,360	1.9
Real Estate	Schroders, CBRE	-	135,003	2.6
Long Term Investments	WPP IM Co	-	159	-
Total Pooled Assets			**2,813,692**	**55.8**
Under Pool Management[5]				
Global Passive Equity Fund	BlackRock	1,048,723	980,957	19.5
Total Under Pool Management			**980,957**	**19.5**
Total Assets under WPP Arrangements			**3,794,649**	**75.3**
Total Non-Pooled Investments			**1,243,142**	**24.7**
Total Investments across Greater Gwent (Torfaen) Fund			**5,037,791**	**100**

3.6 New Investment Offerings

During 2025/26, WPP continued to expand the range of products offered within its pooling programme through the launch of its global real estate offering, managed by CBRE Investment Management. The new mandate was developed to provide partner funds with access to a diversified global real estate portfolio, offering exposure to a broad range of property sectors and geographies through a single pooled investment vehicle. Following approval by the Pension Fund Committee, the Fund committed £140million to the strategy, representing the Fund's most significant capital allocation during the year. The commitment reflects the Fund's continued conviction in the long-term benefits of real estate investment, including diversification, inflation protection and the potential to generate sustainable income and capital growth.

[5] Pre-pooling investment initiative whereby the 8 Welsh LGPS funds issued a joint procurement exercise and appointed Blackrock as the manager to manage the passive equity mandate

The allocation to the CBRE Global Alpha strategy also represented a significant step towards achieving the Fund's strategic asset allocation objectives. Prior to the commitment, the Fund's exposure to real estate had been substantially below its 8% target weighting following a period of portfolio restructuring and changes in market valuations. The £140million investment has materially increased the Fund's property exposure and moved the Fund closer to its strategic target allocation for the asset class, thereby improving alignment with the investment strategy approved by the Pension Committee. The investment also demonstrates the growing maturity of the Wales Pension Partnership's pooled investment arrangements, enabling partner funds to access high-quality institutional real estate opportunities through a collaborative and cost-effective platform.

Building on the recommendations of the first All-Wales Climate Report, WPP also launched its own bespoke global passive equity fund with BlackRock - the Aquilla Life WPP World ESG Insights Fund. This offering represents a key evolution of the WPP's pre-existing passive product, which: reduces or eliminates exposure to certain companies and activities that do not meet a specified ESG criteria; lowers the portfolio's carbon intensity relative to the benchmark and increases the Fund's exposure to companies generating "green" revenue. The Fund re-allocated its entire passively managed equity exposure into this evolved offering in October 2025.

3.7 Wales Pension Partnership Investment Management Company (WPP IM Co.)

As at the 31st March 2026 reporting date, 75.3% of the Fund's assets are pooled via the existing WPP platform. However, From September 2026, WPP Investment Management Company Limited (WPP IM Co) will assume responsibility for the investment management and oversight of all Fund assets, alongside those of the other seven Welsh LGPS funds. Managing a combined portfolio in excess of £28billion, WPP IM Co. will be responsible for investment implementation, manager oversight, stewardship activities and the provision of investment advice under the new FCA-regulated pooling model. This transition represents a significant milestone in the evolution of the Wales Pension Partnership and the implementation of the Government's Fit for the Future reforms. More information about WPP IM Co. can be found on page 38.

4. Pooling Costs

4.1 Carmarthenshire County Council, as the Host Authority for the Wales Pension Partnership is responsible for providing administrative and secretarial support and liaising day to day with the Operator on behalf of all of the LGPS funds in Wales. The WPP budget is included in the WPP Business Plan and approved annually by all eight Constituent Authorities.

4.2 The Host Authority and External Advisor costs (the running costs) are funded equally (unless specific projects have been agreed for individual Funds) by all eight of the Constituent Authorities and recharged on an annual basis. The amount recharged to the Greater Gwent (Torfaen) Pension Fund for the financial year ending 31 March 2026 was £272k, see table below.

4.3 Details of costs recharged directly to the Greater Gwent (Torfaen) Pension Fund in respect of the WPP are detailed below.

2024/25 £000	WPP Pooling Costs	2025/26 £000
217	External Advisor Costs	248
23	Host Authority Costs	24
240		**272**

4.4 In addition to the running costs, there are also transition costs associated with the transition of assets into the pool, these costs can be categorised in terms of direct and indirect costs. Direct costs include the costs of appointing a transition manager to undertake the transition, together with any additional oversight of this process undertaken from a research and reflection perspective. Indirect costs include both explicit and implicit costs, such as commissions, spread and impact and opportunity costs known as Implementation Shortfall. Transition costs are directly attributable to the assets undergoing the transition and are therefore deducted from their net asset value as opposed to a direct charge to the Fund.

4.5 **Investment Fee Savings from Pooling**

The table below reflects the estimated investment fee savings achieved as a result of pooling investment assets in the Wales Pension Partnership.

Pooled assets managed by the Wales Pension Partnership	Value as at 31 March 2026 £000	Fee Saving 2025/26 £000	Fee Saving Cumulative (2018/19 – 2025/26) £000
Equities	1,802,987	2,281	8,384
Bonds	546,156	409	2,893
Total	**2,349,143**	**2,690**	**11,277**

5. Asset Allocation and Performance

5.1 The following table shows how each of the investment mandates have performed during the year, with opening and closing values as well as one-year performance where available. In addition, the table splits out investments under pooled arrangements with the WPP and those that remain under non-pooled investment arrangements with the Fund's legacy managers as at 31 March 2026.

Investment Assets	Opening Value 1 April 2025		Closing Value 31 March 2026		1 Year Performance[6]	
					Net	Benchmark
	£000	%	£000	%	%	%
Pooled Assets						
WPP Global Opportunities Equity Fund	685,246	15.4	801,102	15.9	16.91	17.47
WPP UK Opportunities Equity Fund	607,320	13.7	712,975	14.2	17.40	21.54
WPP Emerging Markets Equity Fund	72,719	1.6	95,447	1.9	31.25	26.81
WPP Global Credit Fund	266,269	6.0	277,576	5.5	4.25	4.45
WPP Global Government Bond Fund	262,059	5.9	268,580	5.3	2.49	2.58
WPP Sustainable Active Equity Fund	170,848	3.8	193,463	3.8	13.24	17.47
GCM WPP Global Infrastructure, L.P.	77,975	1.8	108,431	2.2	n/a	n/a
GCM WPP Global Infrastructure II, L.P.			7,345	0.1	n/a	n/a
Octopus Renewables Infrastructure SCSp	30,674	0.7	32,586	0.6	n/a	n/a
CBRE Global Infrastructure Fund	20,448	0.5	22,677	0.5	n/a	n/a
IFM Global Infrastructure, UK	54,052	1.2	57,212	1.1	n/a	n/a
Capital Dynamics CEI (WPP), LP	4,393	0.1	7,776	0.2	n/a	n/a
Russell Investments WPP Global Private Credit LP	69,558	1.6	93,360	1.9	n/a	n/a
CBRE Global Alpha Parallel Fund III FCP-SIF			102,942	2.0	n/a	n/a
WPP UK Diversified Real Estate Fund			32,061	0.6	n/a	n/a
Total Pooled Assets	**2,321,561**	**52.3**	**2,813,533**	**55.8**		
Under Pool Management (Passive Equity)						
BlackRock ACS World Low Carbon Tracker Equity Fund	1,048,723	23.6	-	-	-	-
BlackRock Aquila Life WPP World ESG Insights Equity Fund	-	-	980,957	19.5	16.12	15.73
Total Assets under WPP Arrangements	**3,370,284**	**75.9**	**3,794,490**	**75.3**		
Non-Pooled Investments						
BlackRock Ascent Life European Equity Fund[7]	224,506	5.1	238,505	4.7	19.37	16.26
Invesco Asian Fund	311,945	7.0	399,251	7.9	27.99	24.63
Fidelity Emerging Markets Fund	34,321	0.8	47,093	0.9	37.08	26.81
Fidelity Multi Asset Income Fund	115,809	2.6	126,986	2.5	9.61	4.15
Invesco Credit Partners (Cayman) II, L.P.	66,914	1.5	66,797	1.3	n/a	n/a
Invesco Credit Partners (Cayman) III, L.P.	46,089	1.0	44,698	0.9	n/a	n/a
Gresham House BSI Infrastructure L.P.	23,482	0.5	19,222	0.4	n/a	n/a
Gresham House BSI Infrastructure II L.P.	57,919	1.3	36,568	0.7	n/a	n/a
Gresham House BSI Infrastructure III L.P.	22,524	0.5	40,881	0.8	n/a	n/a
Gresham House Forest Fund VI LP			23,132	0.5	n/a	n/a
Quinbrook Renewables Impact Fund L.P.	55,391	1.3	59,432	1.2	n/a	n/a
Quinbrook Renewables Impact Fund II L.P.	9,229	0.2	8,021	0.2	n/a	n/a
Bridges Property Alternatives Fund			9,204	0.2	n/a	n/a
Pooled Property Funds	71,688	1.6	41404	0.8	n/a	n/a
Cash and other investment balances	28,320	0.7	81948	1.7	n/a	n/a
Total Non-Pooled Investments	**1,068,137**	**24.1**	**1,243,142**	**24.7**		

[6] Where no performance return is available this is due to the nature and timing of mandate

[7] This mandate is a long-term strategic divestment priority in accordance with the Fund's SAA. Gradual divestment is conducted in a timely manner and where opportunities arise to rebalance accordingly

6. Objectives 2026/27

6.1 During 2025/26, the WPP submitted its fifth annual Stewardship Report and was successful in retaining its signatory status to the UK Stewardship Code. WPP published its second all-Wales Climate Report (AWCR) and, building on the recommendations of the first AWCR, launched its own bespoke global passive-equity fund with BlackRock, as well as launching the first Real Estate investment programmes. The WPP is also in the process of completing its first all-Wales Impact Report, which it will complete during 2026/27.

6.2 WPP won both the LGC and LAPF Investment Innovation awards this year, in recognition of WPP's locally focused approach to local impact investing in Wales – stimulating economic growth, supporting SMEs and creating long-term employment opportunities. Excellent feedback was received from both judging panels, with one quoting, "Our winner provided a best-in-class example of concrete, innovative, place-based investing with rigour and keen focus on returns required to meet fiduciary requirements" and the other praising WPP's creativity in connecting institutional investment with the real economy, describing it as a scalable model that could inspire similar initiatives elsewhere, a standout example of innovation with tangible social and economic outcomes. Local impact investing continues to be a key objective for WPP in 2026/27.

6.3 Following the 2024 Fit for the Future Consultation, the Government has approved WPP's business case to remain a stand-alone investment pool for Wales. This creates a unique opportunity to establish a material centre of excellence in LGPS investment in Wales, creating valuable career opportunities while enhancing the Welsh financial services sector. Progressing the implementation of the business case has been a key focus for WPP over the last twelve months. The Wales Pension Partnership Investment Management Company (WPP IM Co) was established in August 2025, with Rob Lamb appointed as the CEO in September 2025. The FCA application was submitted in November 2025 and all required Senior Management Functions have been appointed. The initial WPP IM Co business plan for financial year 2026/27 was presented at the 10 March JGC meeting and has subsequently been approved by all Constituent Authorities. The company is ready to operate as soon as FCA approval is received.

6.4 A comprehensive breakdown of the WPP's key objectives and priorities for the next financial year can be found within its 2026/2027 Transitionary Business Plan:
WPP Business Plan 2026/27

7. WPP Risk Management

7.1 Risk management is a critical element of WPP's commitment to good governance. The WPP has developed a structured, extensive and robust risk strategy which seeks to identify and measure key risks and ensure that suitable controls and governance procedures are in place to manage these risks. The WPP's Risk Policy has been developed in such a way that risks can be anticipated and dealt with in a swift, effective manner to minimise potential loss or harm to the WPP and its stakeholders. WPP maintains a Risk Register which is reviewed regularly by a dedicated Risk Sub-Group which reports back to the OWG and JGC on a quarterly basis:

Wales Pension Fund | Risk Policy and Risk Register (walespensionpartnership.org)

7.2 At Fund level, two specific significant risks have been identified and are monitored on a regular basis, and the following risk table provides further information regarding these risks and the controls in place to manage them. Further details of the risk process in place for the Fund can be located on page 17.

Risk Ref	Risk Identified	Potential Consequence	Risk Score Range	Controls/Mitigation
I1	Investment pooling with the Wales Pension Partnership (soon to be WPP IM Co.) fails to deliver long-term investment return	The WPP fails to deliver long-term investment returns beyond what the Fund would have expected to generate had pooling not occurred This would result in a longer payback period on the initial investment envisaged, and the likelihood of needing to increase employer contribution rates as a result to ensure pension liabilities are fully funded in the future.	Medium	Substantial governance arrangements are in place at both officer (Officer Working Group) and shareholder (Joint Governance Committee) level which ensures that: • Both the WPP and the constituent authorities take appropriate professional advice on any investment decisions put before Pension Committee. • Quarterly investment performance monitoring is undertaken as a minimum by both the WPP and local advisors to the Fund. • A review of contractual arrangements undertaken on a regular basis to ensure WPP operational activity remains fit for purpose and aligned to objectives. • Investment Managers are invited to attend OWG and JGC meetings to provide performance update and to respond to questions as required. • The Fund's independent investment advisors oversee Fund performance and raise questions as required.
I8	Financial losses experienced during the process of transitioning Fund assets into the Wales Pension Partnership pool	Poorly executed transitions of pension assets could result in high trading costs or loss of Net Asset Value in the short-term.	Medium	• A reconciliation of assets transferred to the pool is undertaken by the investments team following each transition. • A detailed report from the appointed transition experts commissioned by the WPP will be produced following each transition to provide added assurance to constituent Funds and their elected members. • The external auditor is informed of all transitional activity undertaken during the reporting period and undertakes their own reconciliation work which is reflected in their audit report to management.

7.3 Whilst the risk score range attributable to the above is categorised as medium, the Pension Committee is comfortable with the level of mitigation in place to manage the risks. The Pension Committee recognises that the process of transitioning assets will continue and will be expedited once WPP IM Co becomes fully operational, so this risk will continue to be monitored as appropriate. However, it is anticipated that assets will be rebalanced in the most cost-effective way once WPP IM Co assume investment management responsibility of all the Fund's assets.

7.4 The risk of the WPP (or WPP IM Co.) failing to deliver long-term performance remains slightly elevated as this underpins the justification for asset pooling and is likely to remain the case for the foreseeable future. However, once WPP IM Co. is fully operational, established and as its governance arrangements mature, it is expected that this level of risk will be reduced over-time to a more acceptable level.

8. Securities Lending

8.1 Securities lending commenced in March 2020. Revenue is split on an 85:15 basis between WPP and Northern Trust with all costs for running the securities lending programme taken from Northern Trust's share of the fee split. A minimum of 5% of the nominal quantity of each individual equity holding is held back and a maximum of 25% of total AUM is on loan at any one time. A proxy recall service was implemented in December 2023.

8.2 Total revenue of LF Wales during 2025/26 was £2,017,927(gross)/£1,715,305(net) with £415,345,172 out on loan as at 31 March 2026.

8.3 More detailed information can be found in WPP's Annual Return which is published on the WPP website - Wales Pension Fund | Home (walespensionpartnership.org)

9. WPP Investment Management Company (IM Co)

9.1 During 2025/26, a significant area of activity for the Wales Pension Partnership (WPP) was the development of a new FCA-authorised investment management company, now known as WPP Investment Management Company Limited (WPP IM Co). This work was undertaken in response to the UK Government's LGPS: Fit for the Future reforms, published in November 2024, which set out proposals requiring LGPS asset pools to operate through FCA-regulated investment management companies and demonstrate a clear path towards greater scale, resilience and investment oversight. In response, WPP established 'Project Snowdon', a dedicated programme involving all eight Welsh administering authorities and specialist advisers to assess the available options and develop a long-term operating model for the Welsh LGPS pool. The preferred approach was to establish a stand-alone Welsh investment management company capable of meeting the new regulatory requirements whilst retaining local accountability and existing investment arrangements.

9.2 Key milestones were achieved throughout the year. WPP's business case was submitted to Government in February 2025 and subsequently approved in April 2025, allowing implementation work to commence. During the remainder of the year, the Partnership progressed the incorporation of WPP IM Co, established transitional governance arrangements, commenced recruitment to key Senior Management Function roles, and prepared the application for Financial Conduct Authority authorisation. By year-end, the foundations had been established for the transition to the new operating model, with WPP IM Co expected to assume responsibility for investment management and advisory activities on behalf of the eight Welsh LGPS funds from 1 September 2026, managing a pooled portfolio of more than £28 billion.

9.3 Key priorities for the inaugural year include expanding the organisation from an initial team of 12 employees to approximately 24 by December 2026, establishing its regulatory and compliance framework, embedding governance arrangements with the eight administering authorities, and developing a comprehensive investment framework covering strategic asset allocation, manager oversight, responsible investment and performance assessment.

9.4 In 2027, the company also intends to build its private markets and local investment capabilities, develop a common responsible investment policy in collaboration with partner funds, establish a structured training programme for Pension Committee members and officers, and seek signatory status to the UK Stewardship Code. Alongside these strategic developments, the company will focus on maintaining effective oversight of inherited investment mandates, strengthening its risk management framework and delivering a robust shareholder reporting regime ahead of the preparation of a comprehensive five-year business plan in 2027. These activities will represent the first full year of operation under the new pooling arrangements and are expected to be critical in demonstrating compliance with the Government's Fit for the Future reforms whilst supporting the long-term investment objectives of the eight Welsh LGPS funds.

INVESTMENT POLICY AND PERFORMANCE REPORT

1. Fund and Market Performance

General market overview and outlook 2025/26

1.1 For the 12 months ended 31 March 2026, global financial markets experienced a year of contrasting fortunes. Equity markets delivered generally positive returns for much of the period, supported by resilient corporate earnings, moderating inflation and a gradual shift by major central banks towards lower interest rates. Unlike the previous year, market leadership broadened beyond the large U.S. technology stocks that had dominated returns, with stronger performance emerging from parts of Europe, Japan and selected emerging markets. Fixed income markets also benefited from expectations of monetary easing, although government bond yields remained volatile as investors assessed the pace and extent of future rate cuts. The year was nevertheless characterised by heightened geopolitical and trade-related uncertainty, including renewed tariff concerns, regional conflicts and questions surrounding global economic growth. These factors contributed to periods of elevated market volatility and intermittent risk aversion among investors.

1.2 **Equities -** Equity performance was particularly strong during the year; The MSCI All Country World Index (MSCI ACWI) returned +17.5% reflecting the resilience of corporate earnings, easing inflationary pressures and increasing expectations that major central banks would move towards a more accommodative monetary policy environment. Market leadership broadened during the year beyond the large U.S. technology companies that had dominated returns in previous periods, with developed and emerging markets both contributing positively to overall performance. Investor confidence was supported by improving economic conditions, falling interest rate expectations and continued advances in artificial intelligence and other structural growth themes. However, sentiment weakened towards the end of the financial year as concerns over global trade, regional conflicts and energy market disruption triggered a sharp market correction during March 2026. Despite this late-period volatility, global equities finished the year with robust gains, underlining the underlying strength of the global economy and corporate sector.

1.3 **Fixed Income -** For the 12 months to 31 March 2026, the FTSE World Government Bond Index returned 2.49% and the Bloomberg Barclays Global Aggregate Index delivered 4.45%. Global fixed income markets experienced a volatile year as investors balanced expectations of monetary easing against persistent inflationary pressures and rising geopolitical uncertainty. Government bonds generally benefited from a more accommodative interest rate outlook for much of the period as major central banks moved closer to reducing policy rates following the significant tightening cycle of recent years. However, bond market performance became more challenging towards the end of the financial year as geopolitical tensions in the Middle East intensified and energy prices rose, prompting concerns that inflation could remain elevated for longer than previously expected.

1.4 **Real Estate -** For the 12 months to March 31st, the MSCI All Balanced Property Fund Index, comprised exclusively of UK Real Estate, posted a return of +4.29%. The UK property market continued its recovery during the year as inflation moderated and expectations of lower interest rates improved investor sentiment towards real assets. Performance remained relatively subdued compared with global equity markets but demonstrated increased stability following the significant repricing experienced in previous years. Transaction activity showed signs of improvement and investor appetite gradually returned to selected sectors as market participants gained confidence that interest rates were nearing their peak. While geopolitical uncertainty and economic headwinds continued to influence investor behaviour, the UK real estate market benefited from improving pricing conditions and attractive income yields. Overall, the asset class continued its transition from a period of market correction towards a more balanced and sustainable growth environment, offering long-term investors a combination of income generation, diversification and potential capital appreciation.

1.5 **2026/2027 Outlook -** The outlook for the year ahead reflects a period of cautious optimism, underpinned by continued normalisation of interest rates, moderating inflation and shifting global power dynamics. While economic fundamentals show resilience in key markets, persistent structural headwinds and geopolitical friction are likely to shape market volatility. The Fund will continue to deploy active risk management and ensure that its portfolio is sufficiently diversified to navigate through this important phase of transition.

How did the Fund perform during 2025/26?

1.6 **Absolute & Relative Fund performance -** Despite a volatile final quarter of the year, the Fund recorded a year-end investment valuation of £5,038m, representing an increase in value of approximately £599m compared to the close of 2024/25. The Fund produced an excellent absolute return of 14.05% during the year despite underperforming its customised strategic benchmark by 0.44%. For context, a large proportion of active asset managers, particularly those tasked with outperforming global indices, failed to outperform their respective benchmarks because of how concentrated markets became during the year; a very small cohort of (largely technology/software-related) companies drove overall market returns which made outperformance challenging. Despite this, the Fund remains ahead of its strategic benchmark over the long term (the last 10 years and since inception). Most Importantly though, absolute returns across both short and long-term time horizons remain comfortably ahead of the discount rate of 6% set by the Fund's actuary during the 2025 triennial valuation exercise. Achieving consistent annualised returns that exceed the 6% discount rate is paramount to maintain the Fund's healthy funding position.

1.7 **Peer Group Comparison -** The Fund's performance, according to the annual analysis prepared by the Pensions & Investment Research Consultants (PIRC) on behalf of the LGPS universe, the average LGPS return was 9.6% in 2025/26. Pleasingly, the Fund's absolute performance was considerably (+4.5%) ahead of the universe benchmark and was ranked 2nd among the peer group of 63 LGPS funds within the PIRC league table analysis. In addition, not a single LGPS fund within the analysis was able to beat their respective benchmarks, most of which underperformed by a substantially larger margin relative to the Fund. This further contextualises the Fund's underperformance relative to its benchmark and reinforces the challenges faced by active managers during the period. Notably, the Fund remains comfortably above the median LGPS performance across all long-term time horizons and, to our delight, has achieved the single highest return among all LGPS funds within the analysis over the last three-year period.

How did each of the Fund's assets perform?

1.8 At the individual asset class level, each asset class generated positive absolute returns, albeit in different proportions. On aggregate, equities delivered, by far, the strongest absolute returns, with the Fund's large current allocation to the asset class proving to once again be a key driver of aggregate performance. The Fund's investment within equities is sufficiently diversified across different sectors, geographies and management styles. Fixed income, multi-asset and real estate performance was also encouraging, despite expectedly lagging equity returns. Most of the Fund's various private market investments, comprised of infrastructure, private credit, and forestry are still in their infancy and so it is difficult to draw meaningful conclusions about the performance of these assets. However, early indications are that most of these investments are performing in line with expectations.

How did our Managers Perform?

1.9 In addition to investment performance from the markets themselves, the Fund strives to generate additional investment returns across the majority (over 80%) of its asset allocation via active investment management, where the Fund's investment managers look to out-perform the respective market returns. Whilst this cannot be guaranteed and will vary from year to year, the Fund expects active management to add value over the long-term.

The following table details both market (benchmark) and Fund performance over the reporting period. The Fund's Private Credit and infrastructure investments remain in their infancy and as such meaningful conclusions about performance cannot be drawn at the reporting date. As these investments are built out and fully committed over the next several years, accurate performance data will be provided.

Asset Class	Manager	Fund allocation 31 March 2026 %	Fund return 12 months[8] %	Benchmark chosen for asset class	Benchmark return 12 months %	Relative return 12 months %
Equities						
WPP World ESG Insights Equity Fund (passive)	BlackRock	19.5	16.12	MSCI World	15.73	**0.39**
UK	WPP/Russell Investments	14.2	17.40	FTSE All-Share	21.54	**(4.14)**
Europe	BlackRock	4.7	19.37	FTSE All-World Dev Europe ex UK	16.26	**3.11**
Asia	Invesco	7.9	27.99	MSCI AC Asia Pacific ex Japan	24.63	**3.36**
Emerging Markets	Fidelity	0.9	37.08	MSCI Emerging Markets	26.81	**10.27**
Emerging Markets	WPP/Russell Investments	1.9	31.25	MSCI Emerging Markets	26.81	**4.44**
Global	WPP/Russell Investments	15.9	16.91	MSCI ACWI	17.47	**(0.56)**
Global Sustainable	WPP/Russell Investments	3.8	13.24	MSCI ACWI	17.47	**(4.23)**
Fixed Income						
Global Government	WPP/Russell Investments	5.3	2.49	FTSE World Government Bond	2.58	**(0.09)**
Global Credit	WPP/Russell Investments	5.5	4.25	Bloomberg Barclays Global Aggregate	4.45	**(0.20)**
Other						
Multi Asset	Fidelity MAI	2.5	9.61	SONIA	4.15	**5.46**
Infrastructure	Various	8.5	n/a	SONIA	n/a	**n/a**
Private Credit	Various	4.1	n/a	SONIA	n/a	**n/a**
Pooled Property	Various	3.6	n/a	MSCI All Bal Property Fund	n/a	**n/a**
Cash and other investment balances	Various	1.7	n/a	SONIA	n/a	**n/a**

[8] Where performance is not available this is due to the nature and/or timing of mandate

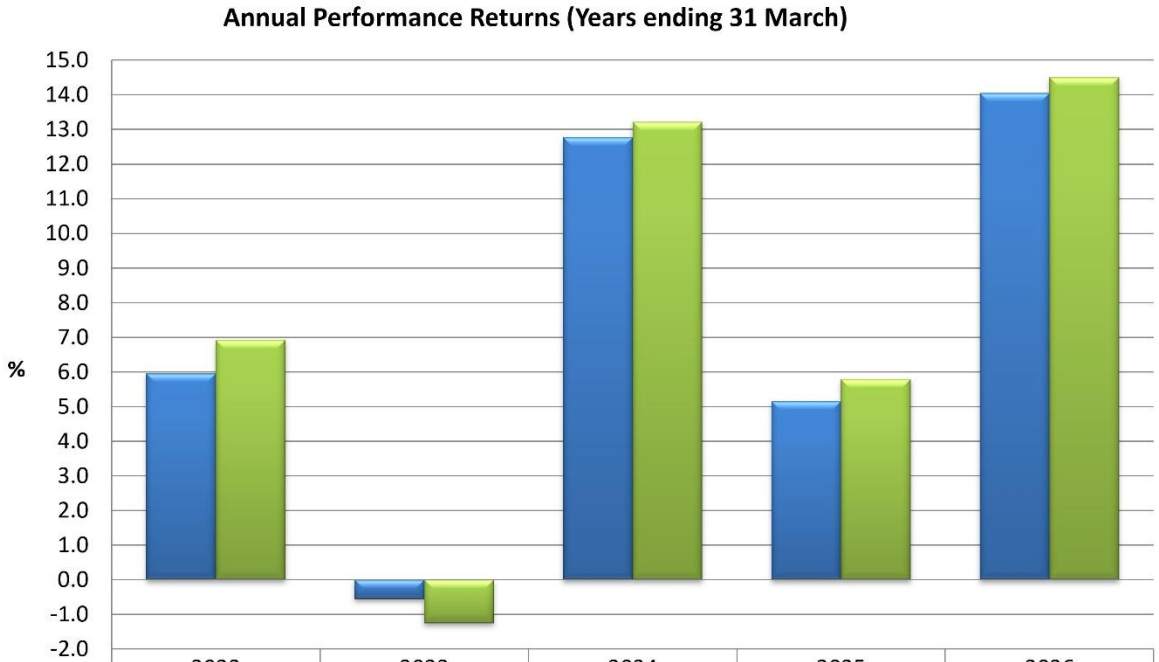
Long-term Performance

1.10 The table below shows, at a total fund level, the Fund's investment performance over historical periods, measured to 31 March 2026, versus the Fund's bespoke investment benchmark net of all fees and charges.

Annualised % Performance	1 Year	3 Years	5 Years	10 Years
Greater Gwent (Torfaen)	14.05	10.59	7.34	8.74
Strategic Benchmark	14.50	11.01	7.67	8.49
Out/(Under) Performance	**(0.45)**	**(0.42)**	**(0.33)**	**0.25**

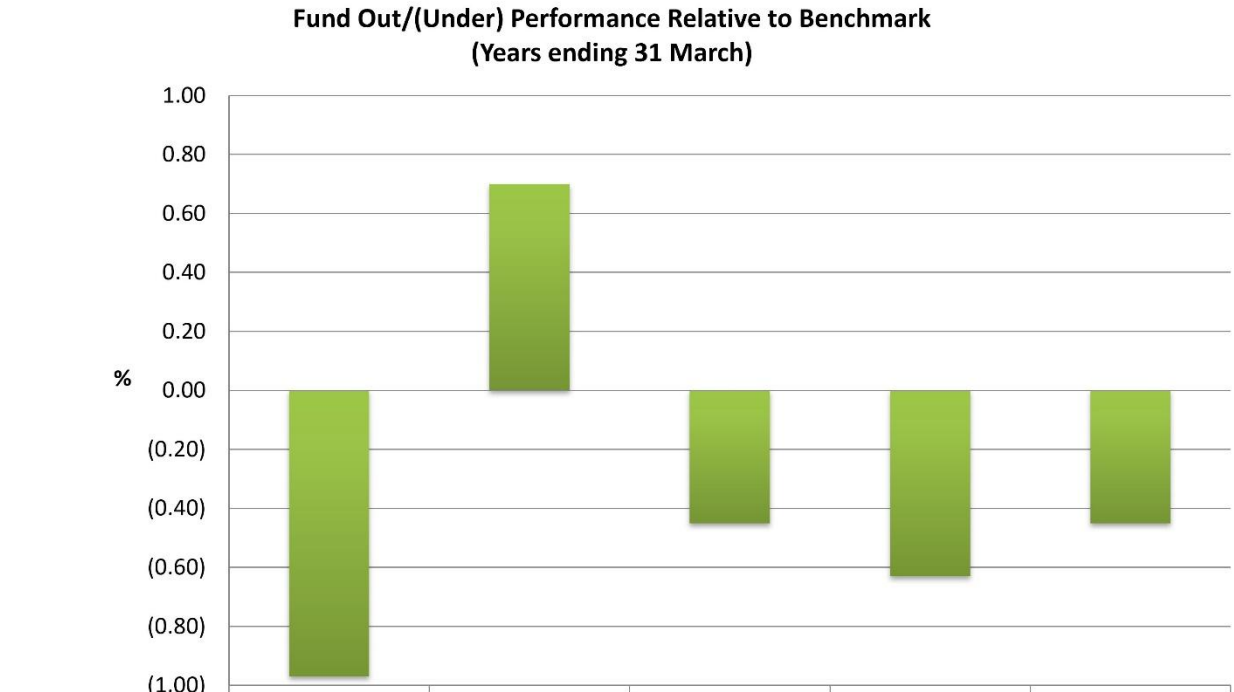
1.11 The following graphs illustrate the Greater Gwent (Torfaen) Pension Fund annual performance returns as compared to the Northern Trust benchmark returns over the last five financial years. The absolute return is the performance return for an asset or portfolio over a certain period. Relative return is the difference between the absolute return and the performance of the market, which is measured by a benchmark or index. Longer term returns can be seen in the graph on page 5.

a) Absolute performance returns



	2022	2023	2024	2025	2026
Fund (%)	5.95	-0.55	12.77	5.16	14.05
Benchmark (%)	6.92	-1.25	13.22	5.79	14.50

b) Relative performance returns



	2022	2023	2024	2025	2026
Relative Return (%)	(0.97)	0.70	(0.45)	(0.63)	(0.45)

2. Investment Asset Allocation

2.1 Asset allocation sets out how the Fund invests in a range of listed and unlisted assets, both in the UK and overseas, to achieve its investment objectives. The last significant asset allocation review took place in 2023/24 as part of the broader Investment Strategy Review.

2.2 During 2026/27, the Fund will undertake a comprehensive review of its asset allocation and wider investment strategy, informed by the results of the 2025 triennial valuation, further details of which are provided on page 48. For the first time, WPP IM Co will provide principal strategic advice to the Fund as part of this review. The outcomes, including any revisions to the Fund's strategic asset allocation (SAA), will be reported in next year's Annual Report.

2.3 The following table shows the Fund's actual asset allocation as of 31 March 2026 compared to the strategic asset allocation (SAA) as set out in the Fund's Investment Strategy Statement.

Asset Class / Mandate	Approach	Manager	Strategic allocation (SAA) (%)	Interim range to achieve SAA[9] (%)	Actual Allocation 31 March 2026 (%)
Equities			**57**	**57-64**	**68.8**
UK Equities	Active	WPP			14.2
WPP World ESG Insights Equity	Passive	BlackRock			19.5
Global Equities	Active	WPP			15.9
Global Sustainable Equities	Active	WPP			3.8
European Equities	Active	BlackRock			4.7
Asian Equities	Active	Invesco			7.9
Emerging Markets	Active	WPP/Fidelity			2.8
Fixed Income & Private Credit			**17**	**15-17**	**14.9**
Government Bonds	Active	WPP			5.3
Corporate Bonds	Active	WPP			5.5
Private Credit Funds	Active	WPP/Various			4.1
Multi Asset			**5**	**3-7**	**2.5**
Multi Asset Fund	Active	Fidelity			2.5
Real Assets			**20**	**14-20**	**12.1**
Pooled Property Funds	Active	WPP/Various			3.6
Infrastructure Funds	Active	WPP/Various			8.5
Cash			**1**	**1-5**	**1.7**
Cash/Accruals	Active	Various			1.7
Total			**100**	**100**	**100**

- **Equities** - the long-term direction of travel is for the Fund to reduce its equity allocation to a target of 57%. Strong equity market performance over the past five years has resulted in a disproportionate increase in the Fund's equity allocation versus the allocation to other asset classes. The European and global passive equity products have and will continue to be the main sources of liquidity used to increase the Fund's exposure to real assets and private credit in line with the SAA. It is expected that this rebalancing will occur over the next 2-3 years, depending on the rate at which capital is deployed into more illiquid strategies. The Fund decreased its equity weighting by c.2.8% during the year, demonstrating notable progress towards achieving the target weight of 57%.

- **Listed Fixed Income and Private Credit -** the Fund is c.4.8% overweight to listed fixed income and c.6.9% underweight to private credit relative to its strategic allocation. Over the next few years, the Fund will look to rebalance its credit exposure to meet its long-term listed and private credit target allocations accordingly. The Fund's listed fixed-income allocation decreased by c.1.1% during the year, although this movement was caused by disproportionate increases to the Fund's equity holdings rather than specific reallocation or divestment decisions. The Fund's private credit exposure increased by c.£22m in nominal terms, which resulted in little movement in terms of its allocation as a proportion of the Fund's broader portfolio. We expect this allocation to increase noticeably over the next few years.

- **Real Assets (Infrastructure and Real Estate) -** the Fund is c. 3.6% underweight to infrastructure and c.4.3% underweight to real estate relative to its SAA. The Fund's infrastructure holdings have grown significantly over the past five years and span across 12 individual mandates. The ambition is to continually increase exposure to infrastructure over the coming years, and we expect this to be achieved through investment in follow up vintages of existing commitments.

[9] Interim range intended to offer flexibility to achieving the long-term SAA

In 2025/2026, the Fund introduced notable additions and changes to its existing real estate portfolio. Firstly, just shy of half of the Fund's real estate exposure was redeemed and amalgamated into the new Schroders Diversified UK Property fund as part of the initial 'Lot 1' solution agreed by the WPP. Moreover, the Fund made a substantial commitment of $180m (approximately £140m) to the CBRE Global Alpha Real Estate fund and 75% of this commitment (totalling just over £102m) was deployed in March 2026. This marks the first major new addition to the Fund's real estate portfolio in over thirty years and represents our preliminary investment in global property assets. In addition, the Fund made a £30m commitment (c.£9m of which was deployed as of March 31st 2026) to the Bridges Alternatives Property fund VI - a mandate that targets property and property-backed operating businesses in needs-driven sectors where a value-add / opportunistic strategy can generate attractive financial returns alongside societal benefits. During the year, the Fund increased its infrastructure allocation by c.0.4% and increased its allocation to real estate by c.2%, reflecting the abovementioned portfolio additions.

- **Multi-Asset -** the Fund is c.2.5% underweight to multi-asset as an asset class and is comprised entirely of a single mandate – the Fidelity Multi-Asset Income fund. This is because two of the Fund's pre-existing multi-asset investments, the Abrdn Global Absolute Return Strategy (GARS) and Invesco Global Targeted Return (GTR) Fund were liquidated two years prior, and the Fund is yet to have filled this gap. Because of this, the Fund's multi-asset exposure remained constant throughout 2025/26.

- **Cash -** during the 2023/24 investment strategy review, the Pension Committee agreed to an interim range of 1-5% for the Fund's cash allocation. This is to allow greater flexibility in the event of extenuating circumstances (such as fund liquidations) and to capitalise on short-term investment returns during periods where interest rates exceed the actuarial discount rate. Although, given that the Fund's newly prescribed discount rate post the 2025 valuation exercise is 6%, it is now quite unlikely that the latter scenario above would materialise.

  Following the conclusion of the 2025 triennial valuation exercise and the significant improvement in funding position, the Fund has agreed employer contribution reductions with the majority of its scheme employers from 1st April 2026. The reduction in these contribution rates has seen the Fund projected to shift into a cash flow negative position for the first time, which is not uncommon in an open-ended defined benefit pension scheme. As part of the 2026/27 investment strategy review, The Fund will, in conjunction with WPP IM Co, develop a more sophisticated approach to cash management that will feature mechanisms that compensate this shortfall, such as drawing cash income from its investments rather than simply divesting when a shortfall is identified. The outcomes of this exercise will be clearly detailed in next year's report.

  As at the March 31st 2026 reporting date the Fund was 0.7% (£35m in nominal terms) overweight to cash. A large redemption was made from the Fund's global passive exposure in early March amid the expectation of substantial cash requirements in respect of various private market commitments, including the CBRE Global Alpha Real Estate Fund (mentioned above). A portion (25%) of this commitment remains and once satisfied, it is expected that the Fund's cash levels will return to operational levels and within the 1% allocation.

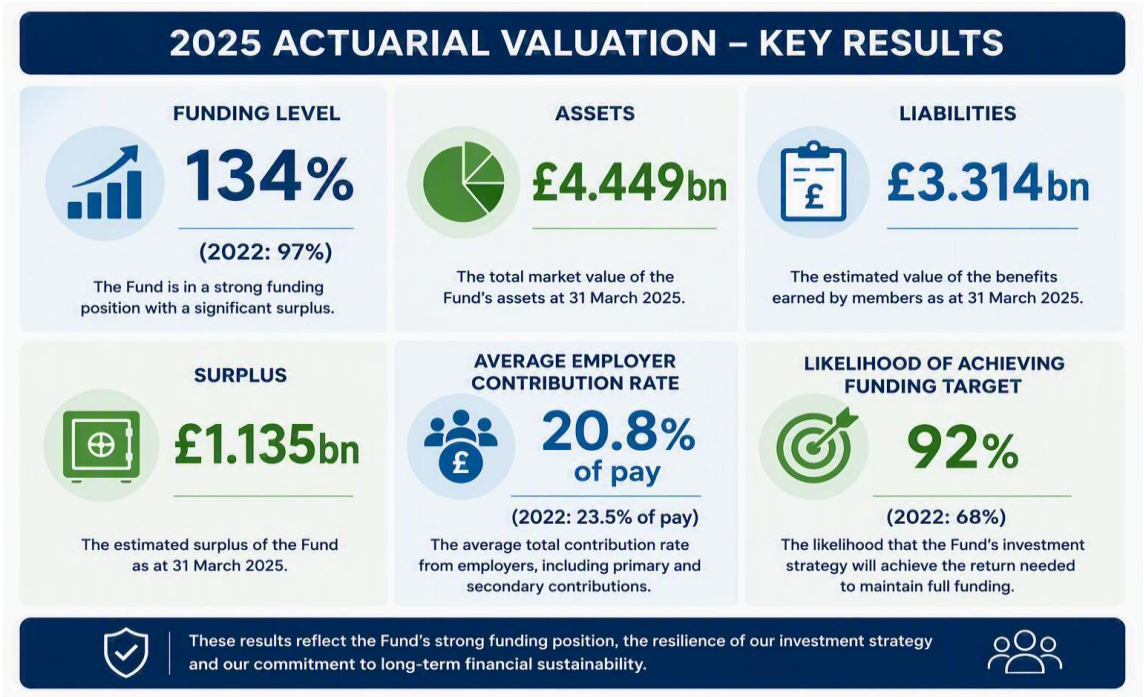
2.4 As at 31 March 2026 the net investment assets of the Fund were held as follows.

BID Valuation 31 March 2026	%	£000	Portfolios held
Wales Pension Partnership			
	15.9	801,102	Global Opportunities Fund
	3.8	193,463	Global Sustainable Equity Fund
	14.2	712,975	UK Opportunities Fund
	1.9	95,447	Emerging Markets Equities Fund
	5.5	277,576	Global Credit Fund
	5.3	268,580	Global Government Bond Fund
	1.9	93,360	Russell Investments WPP Global Private Credit
	0.2	7,776	Capital Dynamics CEI (WPP), L.P.
	2.2	108,431	GCM WPP Global Infrastructure, L.P.
	0.1	7,345	GCM WPP Global Infrastructure II L.P.
	0.6	32,586	Octopus Renewables Infrastructure SCSp
	0.5	22,677	CBRE Global Infrastructure Fund
	2.0	102,942	CBRE Global Alpha Parallel Fund III FCP-SIF
	1.1	57,212	IFM Global Infrastructure UK
	0.6	32,061	UK Diversified Real Estate Fund
	-	159	Long Term Investments
Wales Pension Partnership	**55.8**	**2,813,692**	
Investments administered outside of the Wales Pension Partnership			
BlackRock	19.5	980,957	World ESG Insights Equity Fund
	4.7	238,505	European Equities Fund
	-	68	Cash
Assets held by BlackRock	**24.2**	**1,219,530**	
Invesco Perpetual	7.9	399,251	Far East Equities Fund
Assets held by Invesco	**7.9**	**399,251**	
Fidelity Worldwide Investment	0.9	47,093	Emerging Markets Equities Fund
	2.5	126,986	Multi Asset Income Fund
Assets held by Fidelity	**3.4**	**174,079**	
Schroders Capital	-	13	Hermes Property Unit Trust
	0.8	41,391	Legal & General Managed Property Fund
	0.1	1,424	Cash
Assets held by Schroders	**0.9**	**42,828**	
Managed In-House	0.4	19,222	Gresham House BSI Infrastructure L.P.
	0.7	36,568	Gresham House BSI Infrastructure II L.P.
	0.8	40,881	Gresham House BSI Infrastructure III L.P.
	0.5	23,132	Gresham House Forest Fund VI L.P.
	1.3	66,797	Invesco Credit Partners (Cayman) II, L.P.
	0.9	44,698	Invesco Credit Partners (Cayman) III, L.P.
	1.2	59,432	Quinbrook Renewables Impact Fund L.P.
	0.2	8,021	Quinbrook Renewables Impact Fund II L.P.
	0.2	9,204	Bridges Property Alternatives Fund VI Unit Trust
	1.6	80,456	Cash and other investment balances
Administering Authority	**7.8**	**388,411**	
Net Investment Assets	**100**	**5,037,791**	

3. Investment objectives & progress 2025/26

Funding Strategy – 2025 Triennial Valuation Exercise

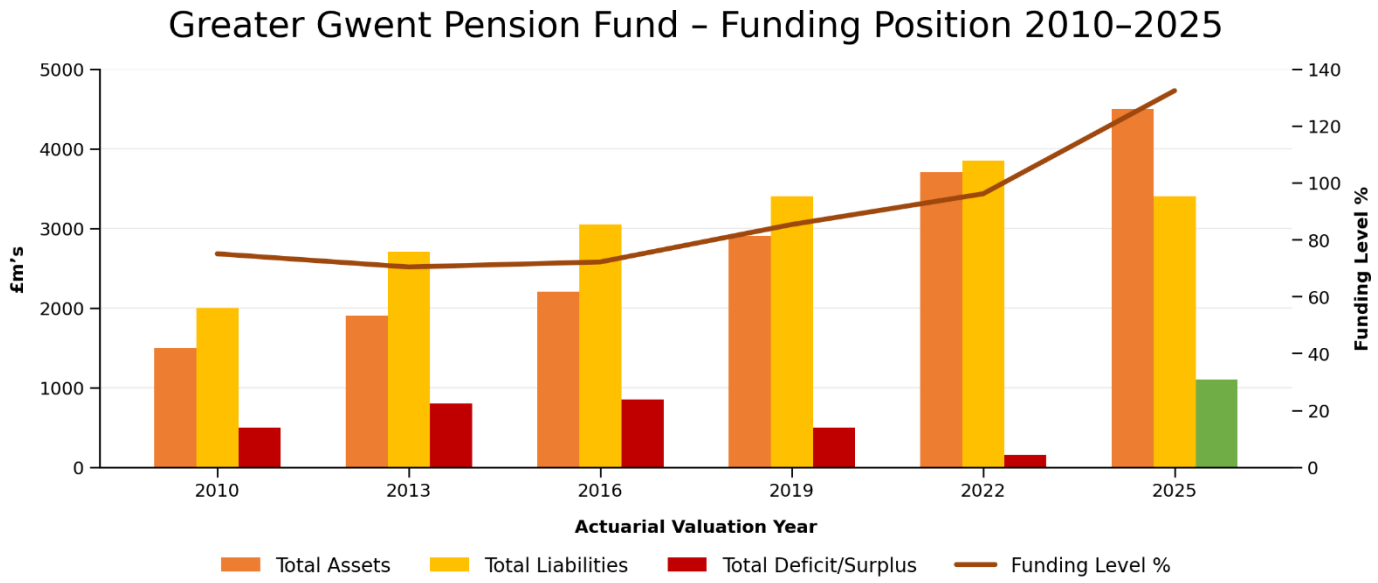
3.1 Every three years, LGPS funds are required to undertake a formal actuarial valuation to assess their financial health and determine the level of employer contributions required to meet the cost of pension benefits. The valuation is a fundamental element of the Fund's funding and risk management framework, providing assurance that sufficient assets are expected to be available to meet current and future pension obligations. The valuation also plays an important role in informing the Fund's Funding Strategy Statement and is closely linked to the Investment Strategy Statement, as long-term investment return expectations are a key factor in determining the Fund's funding position and employer contribution requirements. The 2025 valuation was carried out by the Fund's actuary, Hymans Robertson, as at 31 March 2025 in accordance with Regulation 62 of the Local Government Pension Scheme Regulation. The key outcomes of the 2025 valuation exercise are summarised by the infographic below:



3.2 **Funding Level -** The results of the 2025 valuation demonstrated a significant strengthening of the Fund's financial position since the previous valuation undertaken as at 31 March 2022. On the Fund's funding basis, assets increased to £4.449 billion, while liabilities were valued at £3.314 billion, resulting in a funding surplus of £1.135 billion and a funding level of 134%. This compares favourably with the 2022 valuation, which reported assets of £3.768 billion, liabilities of £3.886 billion, a funding deficit of £118 million and a funding level of 97%.

Valuation Date	31 March 2025	31 March 2022
Assets (£m)	4,449	3,768
Liabilities (£m)	3,314	3,886
Surplus / (Deficit) (£m)	1,135	(118)
Funding Level	134%	97%

3.3 The improvement in the funding position was driven primarily by changes in future investment return expectations and the higher discount rate used to value liabilities. While investment markets delivered returns above those assumed at the previous valuation, this was partially offset by higher-than-expected inflation and salary increases over the inter-valuation period. Overall, the revised outlook for future investment returns contributed significantly to the improvement in the Fund's funding level and the emergence of a substantial actuarial surplus. For comparison purposes, the Fund is also required to report its funding level using a standardised set of assumptions prescribed by the Scheme Advisory Board (SAB). On this basis, the Fund reported a funding level of 108% at 31 March 2025.



3.4 **Employer Contribution Rates -** The valuation also determined employer contribution rates for the three-year period commencing on 1 April 2026. Employer contribution rates are intended to ensure that sufficient funds are available to meet pension benefits as they fall due while seeking to maintain affordability and stability for participating employers. Contribution rates continue to be determined using the Fund's risk-based funding approach, which incorporates detailed asset-liability modelling and a range of economic scenarios.

3.5 The average primary contribution rate, representing the estimated cost of benefits expected to accrue in the future, reduced from 20.6% of pensionable pay at the 2022 valuation to 17.6% at the 2025 valuation. In addition, the average secondary contribution rate was set at 3.4%, 3.2% and 3.0% of payroll for 2026/27, 2027/28 and 2028/29 respectively. The reduction in overall employer contributions largely reflects the improved funding position and the higher level of expected future investment returns incorporated within the valuation assumptions.

3.6 **Funding Strategy & Investment Outlook -** The key feature of the 2025 valuation was the adoption of updated economic assumptions that recognise changes in the investment environment since the 2022 valuation. The Fund's discount rate increased from 4.3% per annum to 6.0% per annum, reflecting higher expected long-term investment returns. At the same time, the Fund increased the level of prudence within its funding strategy in recognition of continuing uncertainty arising from geopolitical events, inflationary pressures and financial market volatility.

3.7 The Fund's actuary estimated that a future investment return of 4.4% per annum would be sufficient to maintain full funding as at 31 March 2025, compared with 4.5% per annum at the previous valuation. The likelihood of the Fund's investment strategy achieving this required return increased significantly from 68% at the 2022 valuation to 92% at the 2025 valuation, providing further evidence of the strength of the Fund's funding position and the resilience of its investment strategy.

3.8 **Risk Management -** Although the valuation confirms that the Fund is in a strong funding position, the funding level remains sensitive to future economic and demographic developments. Changes in investment returns, inflation, salary growth and life expectancy could all affect future funding outcomes. The Fund's funding strategy therefore continues to balance three key objectives: maintaining long-term solvency, supporting employer affordability and promoting stable contribution rates over time. These considerations remain central to the Fund's ongoing governance, risk management and investment decision-making processes.

3.9 The valuation also included climate scenario analysis, which concluded that although climate-related risks may affect future funding outcomes, the Fund's current funding strategy remains broadly resilient across a range of potential climate transition scenarios.

3.10 **Looking Ahead -** The positive outcome of the 2025 valuation represents a significant milestone for the Fund and reflects the combined impact of strong asset growth, a prudent funding strategy and the long-term effectiveness of the Fund's investment arrangements. The next formal actuarial valuation will be undertaken as at 31 March 2028 and will establish employer contribution rates payable from 1 April 2029.

3.11 More information about the key outcomes of the Fund's 2025 triennial valuation exercise can be found here:
Actuarial Valuation Report March 2025

Primary Investment Objectives

3.12 The objective of investing Pension Fund assets is to maximise returns within acceptable levels of risk. The portfolio's investment performance directly influences the contribution that employers need to make to the Fund to pay for the statutory benefits payable from it. However, two factors need to be borne in mind. Firstly, the Pension Fund's liabilities are very long term, and those liabilities will increase with inflation and the rising level of employees' salaries and wages to the time of retirement. Secondly is the need to ensure liquidity to pay benefits as they fall due which is a significant factor in the triennial valuation process which was last carried out in 2025 (see above for more information).

3.13 **Cash Flow** - The Fund is forecasted to enter a negative cash flow position for the first time in 2026/27. This is mostly due to a switch from income units to accumulation units for the WPP pooled funds in March 2026 but also reflects contribution rate reductions that have been agreed for some scheme employers following strong improvements to the Fund's funding position (see above). As a result, a key objective of the Fund's 2026 Investment Strategy Review will be to ensure that the investment portfolio continues to generate sufficient liquidity to meet benefit payments and operational requirements as they fall due, whilst maintaining the Fund's long-term investment objectives. The review will consider the balance between return-seeking and income-generating assets, the timing of cash flows from private market investments, and the overall resilience of the Fund's cash management framework to support the payment of members' benefits in a cost-effective and sustainable manner over the long term.

3.14 The Pension Committee seeks to meet the Fund's objectives by maintaining an appropriate mix of investment across equities, listed fixed income, private credit, real assets (including property, infrastructure & forestry), multi-asset and cash. The Fund's investment policy, principles and arrangements are set out in its Investment Strategy Statement (ISS) (see page 68). The ISS sets out how the Fund invests in accordance with the investment regulations, including its approach to assets allocation, risk, diversification and responsible investment.

In addition to setting the Fund's investment strategy, the Pension Committee delegates day to day investment management and oversight to the Fund's officers, in conjunction with its independent investment advisors. Working with the WPP pool, officers and advisors determine the most appropriate mix of investment management arrangements for the Fund aligned to its long-term objectives.

The objectives of the Fund's investment strategy are summarised below:

- To enable employer contribution rates to be kept as stable, affordable and sustainable as possible
- To manage employers' liabilities effectively
- To ensure that sufficient resources are available to meet all liabilities as they fall due
- To maximise the returns from investments within reasonable risk parameters
- To ensure that all statutory payments made from the pension fund are at minimal cost to scheme employers
- To ensure the Fund has a credible funding plan in place over the longer term which strives for a sustainable funding level in excess of 100%
- To aim for consistent above median investment returns over rolling 3-year periods; and
- To ensure that the Fund maintains sufficient levels of liquidity to meet the demands of its pension liabilities and private market investment commitments.

Following the completion of the 2025 actuarial valuation, which confirmed a significantly improved funding position and a funding level of 134%, the Fund will undertake a comprehensive review of its ISS during 2026. The revised ISS will reflect the Fund's strengthened funding position, increased maturity and evolving cash flow requirements, ensuring that the investment strategy remains aligned with the Fund's long-term funding objectives and risk appetite. The review will also provide an opportunity to incorporate the requirements of the new LGPS investment regulations and statutory guidance, including the enhanced focus on asset pooling and the transfer of investment management responsibilities to the FCA-authorised Wales Pension Partnership Investment Management Company (WPP IM Co). The updated strategy will also set out how the Fund intends to balance risk, return, liquidity, responsible investment and local investment priorities and considerations within this new regulatory framework, while continuing to deliver sustainable long-term outcomes for employers and scheme members.

Investment within the WPP

3.15 As of 31 March 2026, the Fund's commitment to WPP actively managed sub-funds sits at 55.8% pooled which, together with the existing passive investments under WPP management of 19.5%, representing a total pooled exposure of 75.3%. This places the Fund comfortably within the median across the eight Welsh Constituent Authorities from a pooling perspective.

3.16 During 2026/27, the Wales Pension Partnership (WPP) will enter a new phase in its development as the management of pooled LGPS assets transitions away from the existing Authorised Contractual Scheme (ACS) model operated through Waystone. Historically, participating Welsh funds (including the Fund) have achieved pooling by investing through WPP sub-funds established within the ACS structure. However, following the establishment of the FCA-authorised Wales Pension Partnership Investment Management Company (WPP IM Co), responsibility for the management and oversight of Welsh LGPS pooled assets will progressively transfer to WPP IM Co as it becomes fully operational. This represents a significant evolution to the pre-existing pooling model.

3.17 Further details of the progress made in pooling assets with the WPP during the year and more information about formation of WPP IM Co, together with performance, costs and savings can be found in the section on Asset Pooling on page 28 of the report.

4. Responsible investment

4.1 The Pension Committee recognises the importance of investing responsibly and continues to embed its importance into the core part of the Fund's investment policy. The Fund invests in the interests of its beneficiaries and employers and has a fiduciary duty to act in a financially prudent manner, taking Environmental, Social and Governance (ESG) factors into consideration in the context of the financial risk that arises from investment decision-making.

4.2 The Pension Committee recognises its role in striving for high standards of transparency within the constraints of commercial sensitivities and understands the need for scrutiny of our investments. The Pension Committee also understands the importance of stewardship, defined broadly as the responsible management and allocation of member capital and recognises the need to deploy the principles of active ownership across the Fund's investment portfolio where applicable. More information about the Fund's approach to RI can be found on page 70.

4.3 During 2025/26, the Fund continued to demonstrate strong adherence to RI principles through stewardship and active ownership through voting & engagement (V&E) via the WPP's dedicated V&E provider, Robeco.

4.4 Additionally, the Fund continued to deploy capital into infrastructure funds with dedicated sustainability-related characteristics focusing on investment in renewable energy generation, grid stability and transition, vertical farming and waste to energy solutions.

4.5 As one of the eight Welsh funds that comprise the WPP, the pool's objectives are largely a reflection of contributions made by the Fund. In that respect, the WPP (and the Fund) achieved the following in 2025/2026:

i. Launched the WPP World ESG Insights Equity Fund, replacing the previous low-carbon strategy with a bespoke solution developed specifically for the Welsh LGPS funds. This new mandate targets a 50% reduction in portfolio carbon emissions by 2030 and alignment with an implied temperature rise of 2°C or below. This strengthened the WPP's ESG integration by increasing exposure to companies generating green revenues, improving portfolio ESG characteristics and introducing enhanced exclusion criteria for selected sectors and activities.

ii. Approved a Partnership-wide investment exclusions policy, establishing a consistent responsible investment framework across the Welsh LGPS funds.

iii. Produced the second iteration of the All-Wales Climate Report covering the period from 2022-2025. The outcome of this report demonstrates the positive progress made by the WPP in terms of mitigating climate risk (2026 WPP All Wales Climate Report).

iv. Retained its status as a signatory to the UK Stewardship Code for the fifth consecutive year following the successful application of the 2024/25 Stewardship report (2024/25 WPP Stewardship Report).

v. Further embedded active stewardship, with investment managers operating in line with the WPP's voting policy, engagement priorities and escalation framework.

vi. Expanded responsible investment reporting and oversight through enhanced climate and ESG monitoring across pooled assets and continued development of climate-related disclosures.

vii. Formalised the WPP Climate Framework, providing a consistent approach to assessing and monitoring climate-related risks and opportunities across the Partnership's investments.

viii. Established the foundations for the next phase of responsible investment through the creation of WPP Investment Management Company (WPP IM Co), which will provide enhanced control over investment implementation, stewardship and responsible investment delivery across pooled assets.

4.6 A comprehensive breakdown of the WPP's achievements and progress updates in respect of RI during 2025/2026 can be found here: WPP 2025/26 RI Progress Update

5. Impact & Local Investment

5.1 In 2024, the Fund established a bespoke Impact Investment policy that sets out how the Fund will approach investment in opportunities that support the UK Government's ambition to spread equality and prosperity across the country. The policy can be considered a statement of intent from the Pension Committee and aims to provide a framework for the Fund to pursue impact investment opportunities and to outline the various parameters that will be factored into this process. Impact investments are widely defined as investments that aim to generate positive, measurable, social, and environmental benefits to society, alongside a financial return.

5.2 With each impact investment, the Fund applies the concepts of intentionality and additionality. The Pension Committee defines intentionality as the intent to achieve a social or environmental goal, which is clearly expressed throughout the investment process. Additionality then refers to how the Fund's actions help to achieve a given social or environmental benefit, including the added value created because of an investment and how the impact generated would not have occurred without intentionality.

5.3 The Fund is flexible in its approach to impact investment, recognising that some investments may contain a mix of assets, of which only part will represent "impact". In such cases, Fund officers and advisors will adopt a look-through approach to ensure that the underlying assets within an investment fund or portfolio can be genuinely categorised as purporting to deliver impact, rather than characterise the whole allocation as capable of delivering positive impact, and where this isn't the case, making sure that this is reflected in reporting.

5.4 During 2026/27, the Fund will review and refresh its existing Impact Investment Policy to ensure it remains aligned with the evolving LGPS regulatory framework and the Fund's long-term strategic objectives. Reflecting the increasing emphasis placed on local investment within recent LGPS reforms and guidance, the revised policy is expected to broaden its focus beyond traditional impact investing and provide a clearer framework for identifying, assessing and monitoring investments that support economic growth and wider benefits within Wales (and where appropriate, the Greater Gwent footprint). As part of this work, the Fund will ensure that its policies, including Investment Strategy Statement (ISS), explicitly sets out its approach to local investment, including the extent of any strategic allocation to local investment opportunities and how these investments support the Fund's fiduciary duty to deliver risk-adjusted returns for members and employers. The review will also seek to align the Fund's approach with the enhanced role of WPP IM Co in identifying and implementing suitable local investment opportunities on behalf of the Welsh LGPS funds.

5.5 Whilst at the time of writing this report the Fund does not have a designated target investment allocation to impact or local investments, this is something that will be explored as part of the 2026/27 investment strategy review in accordance with the new 2026 LGPS Regulations.

5.6 Noting that this will be subject to substantive review in 2026/2027, the Fund's current Impact Policy can be found here:
Impact Investment Policy - January 2024 | Greater Gwent (Torfaen) Pension Fund (gwentpensionfund.co.uk)

Impact Investment Examples & Case Studies

5.7 As a long-term institutional investor, the Fund recognises that well-governed investment can play an important role in addressing environmental and social challenges while continuing to deliver the financial returns required to pay members' pensions. Through its Impact Investment Policy, the Fund seeks opportunities where capital can support the transition to a lower-carbon economy, enhance environmental sustainability, promote social wellbeing and support resilient communities and infrastructure. During 2025/26, the Fund continued to invest in a range of private market opportunities that not only contribute to portfolio diversification and long-term value creation but also demonstrate how pension capital can generate tangible and measurable real-world outcomes.

Strategy	Total Commitment	Key Outcomes
Quinbrook Renewables Impact Fund I & II	£100m	Renewable energy, battery storage, energy security, biodiversity
Gresham House Forest Fund VI	£25m	Forestry, carbon sequestration, biodiversity, natural capital
Gresham House British Sustainable Infrastructure Fund I, II & III	£120m	Digital inclusion, social infrastructure, community regeneration, sustainable waste solutions

£245m Invested in Impact-Oriented Strategies

🌍 Climate Transition
🌳 Biodiversity & Nature Recovery
⚡ Clean Energy Infrastructure
📶 Digital Inclusion
🏘️ Stronger Communities
♻️ Resource Efficiency

Case Study 1

Supporting the UK's Energy Transition Through Renewable Infrastructure - £100m Commitment

Our first example is the Fund's investment in the Quinbrook Renewables Impact Fund (QRIF), which focuses on renewable energy generation, battery storage and related energy infrastructure. The strategy invests in projects that support the decarbonisation of the electricity system and enhance long-term energy security through the development of critical infrastructure. The Fund's exposure to Quinbrook aligns closely with the environmental sustainability and climate transition objectives within the Impact Investment Policy, helping to support the transition to a low-carbon economy whilst maintaining an emphasis on sustainable long-term investment returns.

This strategy focuses on a number of sustainability initiatives that are implemented across the portfolio, including biodiversity monitoring, climate risk assessment and community funding programmes. The portfolio also includes significant UK renewable energy developments, including projects such as Cleve Hill Solar Park and Uskmouth, which contribute towards increasing renewable electricity generation and supporting the resilience of the national energy system. Through investments such as these, the Fund is helping to finance infrastructure that is expected to play an important role in achieving the UK's long-term net zero ambitions.

Case Study 2

Sustainable Forestry and Natural Capital - £25m Commitment

The Fund also committed capital during the year to Gresham House Forest Fund VI, a strategy focused on sustainable forestry and natural capital assets. Forestry offers a unique combination of long-term return potential alongside environmental benefits, with returns supported by biological tree growth, timber production and wider natural capital opportunities. The strategy is managed in accordance with recognised sustainability standards and seeks to ensure that forest assets are managed responsibly throughout the investment lifecycle.

Sustainable forestry assets can contribute to long-term carbon sequestration, habitat protection and environmental resilience whilst providing a productive real asset capable of generating stable, inflation-linked returns. Investment materials also highlight opportunities associated with carbon markets, sustainable land management and potential renewable energy initiatives, demonstrating how environmental impact and long-term value creation can be mutually reinforcing objectives.

Case Study 3:

Investing in Sustainable Communities and Social Infrastructure - £120m Commitment

The Fund's investments in Gresham House's British Sustainable Infrastructure Funds (BSIFs) provide a further example of how pension capital can support positive social outcomes. The BSIF strategy was specifically developed to invest in UK infrastructure and businesses that generate both financial returns and measurable environmental or social benefits. The underlying investments span a range of sectors including digital connectivity, healthcare and education facilities, sustainable food production, waste recycling and biodiversity enhancement initiatives.

Specific projects within this strategy include Wildanet - a company focusing on rural broadband infrastructure that improves digital inclusion; WasteKnot - a company focusing on waste and recycling facilities that support resource efficiency, and AuremCare - a company focusing on childcare and educational facilities that contribute to stronger local communities. By investing in essential infrastructure and services, the strategy demonstrates how long-term institutional capital can help address societal challenges whilst supporting employment, innovation and regional development across the UK.

Collectively, these investments illustrate the Fund's commitment to responsible and impact-oriented investment. While the Fund's primary fiduciary duty remains the delivery of long-term investment returns for members and employers, the examples above demonstrate that carefully selected investments can also contribute to wider environmental and social objectives. By allocating capital to renewable energy infrastructure, sustainable forestry and social infrastructure projects, the Fund continues to support initiatives that seek to create long-term value for both beneficiaries and society more broadly.

ADMINISTRATION REPORT

1. Summary of activity of the service in the year

The Administration report has been produced in line with CIPFA's 'Preparing the Annual Report April 2024' guidance and reflects national development, changes in terms of governance guidance issued under the Public Service Pension Act 2013 and CIPFA's working group on pension fund administration.

1.1 Work undertaken by the Administration Section

a) Major projects

Valuation

A key focus for the Pension Fund (the Fund) during 2025/26 was the completion of the actuarial valuation as at 31 March 2025. The valuation assesses the overall funding position of the Fund, as well as the funding position for each participating employer, and determines employer contribution rates for the three-year period beginning on 1 April 2026.

An employer valuation meeting was held on 7 November 2025, attended by the Actuary. Following this meeting, correspondence was issued to all participating employers setting out their position at the valuation date, including an individual schedule of results. The Fund also launched a consultation on the draft Funding Strategy Statement and associated policies in January 2026, which remained open until 9 March 2026.

McCloud

The Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023, commonly referred to as the McCloud remedy, came into force on 1 October 2023 and apply retrospectively from 1 April 2014. The Fund began processing McCloud cases in March 2024 and has embedded McCloud considerations into business-as-usual casework.

A dedicated McCloud project team was established during 2025/26 to review retrospective cases and support implementation of the remedy. During the year, the team undertook the following work:

- reviewed all active and deferred member records with an estimated Final Guarantee Amount before Annual Benefit Statements were issued in August;
- carried out preparatory work on pensioner records where the member had died, to check whether an underpin amount applied;
- identified members with previous service in another Local Government Pension Scheme (LGPS) and requested the relevant data from previous pension funds;
- reviewed all pensioner members with a Final Guarantee Amount;
- provided data to other Local Government Pension Funds in relation to transfers out; and
- completed comprehensive testing and developed procedures to support recalculation of member benefits where the underpin applies.

In July 2025, with the support of the Local Pension Board, the Fund determined that it would exercise its discretion not to include McCloud projections in the 2025 Annual Benefit Statements for individual members or groups of members.

Recalculations for members where the underpin applies commenced in 2026/27.

Processes
The Fund has continued to review and refine its processes and procedures to improve efficiency. During the year several workflows and documents were updated to make greater use of automation within Altair, helping to reduce manual processing, improve consistency and accuracy, and support more timely administration.

Legislative changes
Ongoing legislative change continues to create challenges for the Fund, particularly where new requirements are introduced retrospectively or require changes to existing processes, systems, and communications. The Fund will continue to monitor developments closely, update its policies and procedures where required, and work with scheme employers, software providers and other LGPS funds nationally to ensure new requirements are implemented effectively and consistently.

Consultations
During 2025/26 a number of national consultations were published which had implications for the LGPS. These included Fit for the Future – technical consultation, Access and Fairness and Access and Protection. The Fund submitted responses to all three consultations either directly on behalf of the Fund or collectively through the Welsh Pension Officers Group.

The consultations covered important areas such as scheme access, member protections, fairness, governance and the future direction of the LGPS. The Fund's engagement with these consultations helped ensure that the views and operational considerations of the Fund were reflected in national discussions.

b) IT/Pension administration developments

i-Connect
As at 31 March 2026, 49 employers were submitting data to the Fund through i-Connect, including three of the five local authorities. The remaining employers continue to submit monthly data directly to the Fund. Fund officers continue to work with employers that have not yet onboarded to i-Connect with the aim of encouraging wider take-up and improving efficiency, accuracy and timeliness of employer data submissions.

My Pension Online
On 6 August 2025, the Fund launched its new My Pension Online (MPO) system. The new system provides members with an improved online experience, including a refreshed look and feel, enhanced security through SMS multi-factor authentication, faster registration using electronic identification verification, and access to retirement planning tools. The system also includes video Annual Benefit Statements, using personalised videos with a digital presenter to explain members' statements.

Prior to launch, the Fund ran a communications campaign to inform members about the new system. During the week commencing 11 August 2025, members with registered email addresses were notified that the new system was available and invited to log in to access their Annual Benefits Statements. During the week commencing 18 August a similar process was carried out for members without an email address.

As at 31 March, 30,400 members had registered for MPO, representing 44% of the total membership. Of these, 15,967 members have migrated to the new system.

Pensions Dashboard
The Pensions Dashboard is a national initiative designed to allow individuals to access information about all their pensions online, securely and in one place. For members of the LGPS, this will mean being able to view their LGPS benefits alongside any other pension arrangements they may hold. The LGPS was required to connect to the Pension Dashboard's ecosystem by 31 October 2025.

To support connection to the Pensions Dashboard, the Fund procured an Integrated Service Provider (ISP). An ISP provides the technical connection between the Fund's administration system and the pensions dashboard ecosystem and supports the secure transmission of pensions data. The Fund procured Heywood Pension Technologies as its ISP, with implementation taking place during 2024/2025.

On 12 May 2025, the Fund received its registration codes from The Pensions Regulator. The onboarding request was then submitted to the Money and Pensions Service and was approved on 1 July 2025.

The Fund is responsible for ensuring that the pension data it holds is available through the Pensions Dashboard. In addition to LGPS pension data, members must also be able to view their Additional Voluntary Contributions (AVCs). The Fund has three AVC Providers: Standard Life, Clerical Medical and Utmost. Standard Life connected to the Pensions Dashboard on the 31 October 2025, Clerical Medical in November 2025 and Utmost in January 2026.

The Fund is now connected to the Pensions Dashboard ecosystem and is awaiting confirmation of when the Pensions Dashboard will be made available to the public.

c) Data quality

Good quality data is essential to the effective administration of the Fund. It helps ensure members receive the correct benefit entitlement and supports the Fund Actuary in calculating accurate employer contribution rates.

In line with the General Code of Practice and the Public Service Pensions (Record Keeping & Miscellaneous Amendments) Regulations 2014, the Fund undertakes an annual review of the data it holds. The results of this review are reported to The Pensions Regulator through its annual scheme return.

The Fund reports on both common data and scheme specific data. Common data is defined by The Pensions Regulator and includes core member information, while scheme specific data is based on a standard data set of 22 core tests agreed with the Local Government Association.

The Fund last carried out a review of its data in December 2025. The results, which are set out in the key performance indicators in Table E below, demonstrated a high level of data quality. However, Fund officers have developed a data improvement plan to further strengthen overall data quality. The plan sets out the actions required to improve and maintain the accuracy of the Fund's data in preparation for future reviews and regulatory reporting.

In November 2025, the Fund procured Heywood Pension Technologies' Data Cleansing and Enrichment Service. This service supports the Fund in maintaining up-to-date member addresses and enhancing member records with telephone numbers and email addresses. This will help improve the accuracy of member data and support compliance with regulatory requirements, including those relating to the Pensions Dashboard.

1.2 Key services

a) Key information

The Fund uses Altair as its pension administration system. Altair is provided and hosted by Heywood Pension Technologies which delivers four system upgrades each year to ensure the system remains aligned with regulatory and legislative requirements. In addition to the core administration system, the Fund uses a number of Altair modules, including Pensioner Payroll, Workflow, and Image (Scanning).

The Fund also provides scheme members with access to online services through MPO which is hosted by Heywood Pension Technologies. MPO enables members to view their pension record, check the value of pension benefits they have built up, review the personal information held by the Fund and update certain details, including their address, email address and nominations. Active members can also use the system to run retirement estimates including the potential impact of retiring early or exchanging annual pension for a one-off lump sum. Pensioner members can access their payslips and P60s through the system.

i-Connect enables scheme employers to submit data to the Fund regularly and securely. It automatically identifies new starters, opt outs and leavers, allowing employers to provide a single set of data to support accurate and timely administration.

The Fund has its own website which is hosted by Hymans Robertson which provides information for active, deferred, pensioner and dependant members, as well as links to member self-service. http://gwentpensionfund.co.uk

The Fund's policy and guidance document for granting Admitted Body Status is available on the Fund's website:
Policy for Granting Admitted Body Status

b) Undertake duties

The Fund comprises of five teams and a total of 31 posts. The Pension Administration Section has 27 posts on the establishment list, including the Pension Manager and Operations Manager equating to 23.25 full-time equivalent (FTE) members of staff.

In addition, there are four FTE posts supporting pension investment and the wider governance of the Fund, together with three posts, equating to 1.61 FTE, within the McCloud project team.

Contact details for the Fund are available on the Fund's website. The Fund provides three helpdesk options for members. one for benefit queries, one for MPO and one for payroll queries:
Contact us | Greater Gwent (Torfaen) Pension Fund (gwentpensionfund.co.uk)

- The Payroll Team

  The Payroll Team have averaged 2.90 FTE staff during the year. The team are responsible for calculating and checking pensions into payment, processing monthly pension payroll and immediate payments, and ensuring the correct pensions amounts are paid to the correct pensioners.

- The Benefits Team

  The Benefits Team have averaged 10.97 FTE staff during the year. The team are responsible for processing and checking a wide range of benefit calculations including retirements, early leavers, deferred benefits, deaths, divorces, transfers into and out of the Fund, refunds, estimates, additional voluntary contributions, and additional pension contributions. The team also provides guidance to scheme employers and members on LGPS regulations and related legislation.

- The Systems Team

  The Systems Team have averaged 4.81 FTE staff during the year. The team are responsible for maintaining data quality, undertaking data cleansing activities, processing monthly and year end employer files and supporting the electronic exchange of data between scheme employers, the Fund and My Pensions Online.

- The Communications Team

  The Communications Team have averaged 2.06 FTE staff during the year. In December 2025 the team was expanded to include a new Communications Team Leader post. The team are responsible for managing incoming post and emails received through the central inbox, communicating changes to regulations and guidance to employers and scheme members, delivering training for members and employers, updating Fund letter templates and forms and maintaining Fund specific information on the Fund's website.

c) Accuracy/cyber security & confidentiality

The Pension Fund has robust systems and processes in place to protect its data. The Fund adheres to the General Data Protection Regulations (GDPR), and a copy of the Fund's Privacy Notice is available on the website:
Privacy Notice | Greater Gwent (Torfaen) Pension Fund

The Fund uses the Government's "Tell Us Once" service and ATMOS to help identify deceased members and participates in the National Insurance Database to comply with LGPS governing regulations. These services support the Fund in checking for duplicate death grants, confirming eligibility for transfers, refunds, and trivial commutation payments, identifying interfund options for re-joining members and tracing members who have lost contact with the Fund.

In February 2026, the Fund started using the Validate function within Paygate. Bank account details are now checked for every new pensioner, dependant or child's pension as well as where an existing pensioner changes their bank account details. The validation process is also applied to one off payments including lump sums and refunds paid through immediate payments.

All team members complete annual mandatory Data Protection/GDPR Awareness training. Torfaen County Borough Council also provides regular training and guidance to staff to promote good data protection practice and strengthen awareness of information security responsibilities. In addition, an annual phishing exercise is carried out to assess staff awareness of phishing risks, with further training provided where required.

Each user has secure login credentials for the network and supporting systems. Security profiles are set up for individual users to ensure appropriate access and segregation of duties.

Every two years the Fund participates in the National Fraud Initiative which matches electronic data within and between public and private sector bodies to help prevent and detect fraud.

During 2025/26, the Fund has continued to work with the Local Pension Board, Pension Committee, and the Chief Information Security Officer to understand and manage cyber risk. The Pension Manager meets with the Chief Information Security Officer monthly and cyber security updates are provided to the Local Pension Board and Pension Committee on a quarterly basis. Cyber security risks are also recorded in the Fund's Risk Register and are monitored on an ongoing basis.

In June 2025, the Fund carried out its annual tabletop exercise with Heywood Pension Technologies. This exercise was designed to test cyber resilience and provide assurance to stakeholders about the measures Heywood Pension Technologies had in place. It involved testing business continuity plans in a controlled environment using a cyber-incident scenario. Following the exercise the Chief Information Security Officer reported stating that Heywood Pension Technologies had appropriate policies and plans in place to respond to a cyber-attack, and no issues were identified.

2. Key performance indicators

2.1 Table A – Total number of case work

Casework KPI	Total number of cases open as at 31 March (starting position)	Total number of new cases created in the year (1 April to 30 March)	Total number of cases completed in year	Total % of cases completed in year	Total number of cases in previous year	Total % of cases completed in previous year
Deaths recorded of active, deferred, pensioner and dependent members	150	860	709	82.44%	705	82.40%
New dependent member benefits	1	221	221	100%	255	100%
Deferred member retirements	405	1,444	1,169	80.96%	1,234	75.30%
Active member retirements	132	998	828	82.97%	844	85.80%
Deferred benefits	136	1,680	1,567	93.27%	1,798	92.80%
Transfers in (including interfunds in, club transfers)	455	1,013	588	58.05%	598	56.00%
Transfers out (including interfunds out, club transfers)	96	1,026	917	89.38%	928	90.30%
Refunds	262	1,240	1,089	87.82%	1,132	80.60%
Divorce quotations issued	3	175	166	94.86%	152	98.10%
Actual divorce cases	2	7	6	85.71%	4	57.10%
Member estimates requested either by scheme member or employer	526	3,611	3,441	95.29%	3,450	87.50%
New joiner notifications	613	5,137	4,410	85.85%	4,202	87.20%
Aggregation cases	310	1,515	1,145	75.58%	1,481	80.80%
Optants out received after 3 months membership	8	395	390	98.73%	231	96.70%

2.2 Table B – Time taken to process casework

Casework KPI	Fund target	% Completed within Fund target in year	% Completed in previous year
Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5 days	81.90%	77.8%
Communication issued confirming the amount of dependents pension	10 days	80.60%	81.4%
Communication issued to deferred member with pension and lump sum options (quotation)	15 days	92.10%	75.0%
Communication issued to active member with pension and lump sum options (quotation)	15 days	94.30%	92.6%
Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15 days	95.60%	94.6%
Communication issued to active member with confirmation of pension and lump sum options (actual)	15 days	98.90%	96.9%
Payment of lump sum (both actives and deferreds)	15 days	97.74%	95.9%
Communication issued with deferred benefit options	30 days	79.20%	68.4%
Communication issued to scheme member with completion of transfer in	15 days	58.10%	47.9%
Communication issued to scheme member with completion of transfer out	15 days	69.70%	67.8%
Payment of refund	15 days	62.70%	56.7%
Divorce quotation	45 days	98.80%	100%
Communication issued following actual divorce proceedings i.e. application of a Pension Sharing Order	15 days	66.70%	50.0%
Communication issued to new starters	40 days	98.50%	99.3%
Member estimates requested by scheme member and employer	15 days	89.10%	85.3%

2.3 Table C – Communications and engagement

Engagement with online portals	Percentage as at 31 March
% of active members registered	58.63%
% of deferred member registered	40.41%
% of pensioner and survivor members registered	30.27%
% total of all scheme members registered for self-service	44.00%
Number of registered users by age:	
0-20	131
21-25	623
26-30	1,281
31-35	1,940
36-40	2,549
41-45	2,999
46-50	3,122
51-55	4,069
56-60	5,139
61-65	4,463
66-70	2,629
71-75	896
76-80	390
81-85	123
85-90	35
Over 90	11
% of all registered users that have logged onto the service in the last 12 months	52.53%

Communication	Total
Total number of telephone calls received in year	23,591
Total number of emails and online channel queries received	27,495
Number of scheme member events held in year (total of in-person and online)	10
Number of employer engagement events held in year (in-person and online)	0
Number of active members who received a one-to-one (in-person and online)	N/A*
Number of times a communication (i.e. newsletter) issued to:	
a) Active members	1
b) Deferred members	1
c) Pensioners	1

* We do not currently record this, but it will be included in the 2026/2027 Annual Report

Table D – Resources

Resources	Total
Total number of all administration staff (FTE)	24.60
Average service length of all administration staff	12 years 12 days
Staff vacancy rate as %	3%
Ratio of all administration staff to total number of scheme members (all staff including management)	1:2808
Ratio of administration staff (excluding management) to total number of scheme members	1:3056

2.4 Table E – Data Quality

Annual Benefit Statements	Total
Percentage of annual benefit statements issued as at 31 August	100%

Data Category	Total
Common data score	98.20%
Scheme specific data score	98.31%
Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date	2%
Percentage of active, deferred and pensioner members with an email address held on file	75%

Employer performance	Total
Percentage of employers set up to make monthly data submissions	100%
Percentage of employers who submitted monthly data on time during the reporting year	89%

3. Fund members and employers

3.1 Fund members

The total number of scheme members, and the number of members in each category (active, deferred, pensioner (including survivor beneficiaries) is shown in the Fund Membership table in the notes to the accounts on page 84.

3.2 Fund employers

A list of the contributing employer names can be found in the Fund Membership table in the notes to the accounts on page 84. Details of contributions paid and benefits payable per employer can be found in the notes to the accounts on page 93.

Analysis of employers in the Fund

This table provides a summary of the number of employers in the Fund with active members and ceased (no active members but some outstanding liabilities).

	Active	Ceased	Total
Scheduled Body	35	8	43
Deemed Body	1	1	2
Admitted Body	20	30	50
Total	**56**	**39**	**95**

4. Communications

4.1 Communication Policy

Communications is at the heart of everything the Fund does and is key to it achieving its administrative objectives.

The Fund's communication aims are to:

- Tailor communications to each of our various audience groups using a variety of different tools.

- Provide timely and accurate information to all our audiences and stakeholders using plain English and avoiding unnecessary jargon.
- Provide our audiences and stakeholders with an ability to give feedback to enable the Fund to evaluate its effectiveness and improve going forward.
- Support members to enable them to make informed decisions about their pensions.
- Become a digital communication-based Fund, utilising new communication technology (web, email, My Pensions Online, i-Connect).

4.2 **Employer newsletters**

The Fund issues quarterly newsletters to all employers in the Fund. During 2025/26, four newsletters were sent to the Fund's employers. These newsletters ensure employers are kept up to date and informed about the latest topics in the Local Government Pension Scheme and include advertising material to promote the pension fund's My Pensions Online service. Topics covered during the year included the LGA annual update bulletin, contributions bandings, year-end requirements, member and employer training, pension surgeries, flexible retirement, estimate requests, MPO, the LGPS Informer document and the McCloud remedy

4.3 **Active & Deferred newsletter**

A bilingual newsletter was issued to all active and deferred members in August 2025. The newsletter provided instructions on how to register for MPO and access Annual Benefit Statements alongside updates on the latest developments within the LGPS and other topical matters. Articles included the McCloud remedy, Lump Sum Allowance, cohabiting partners, the 50/50 Section, cyber security and pension scams.

4.4 **Pensioner newsletters**

A bilingual Gwent Grapevine newsletter was issued to pensioner members in December 2025. The newsletter provided updates on a range of relevant topics including pensions increase, how to register for MPO, The National Fraud Initiative, Public Service Pension Scheme membership forms, payslips and P60s, changes to address and bank details, Tell Us Once, tax code queries, and cyber security and pension scams.

4.5 **Member and employer training**

The Fund provides regular training opportunities for scheme members and employers, promoted through its quarterly newsletters and other communication channels. During 2025/26, the Fund delivered a range of training sessions covering key topics including the employer Role, an introduction to the LGPS, the benefits of LGPS membership, options for topping up pension benefits and pension awareness events.

5. Value for money statement

5.1 The Greater Gwent (Torfaen) Pension Fund is committed to achieving and enhancing value for money to ensure that the administration functions are as efficient and cost effective as possible. The Fund is committed to investing in staff and technology to reduce costs, improve member experience and streamline administration processes to improve efficiency. The Fund continues to collaborate with the other seven LGPS funds within Wales to ensure efficiency and improve the consistency, effectiveness, communication, and administration of the services provided through the All-Wales Communication Group and Pension Officers Group.

5.2 The table below illustrates the cost per scheme member and has been calculated as the total management expenses divided by the total number of scheme members.

	31 March 2026 Number of members	2025/26 Total expenses £000	2025/26 Cost per member £
Membership as at 31 March 2026			
Contributors	25,590		
Pensioners	23,009		
Deferred benefits	20,479		
Total scheme members	**69,078**		
Administrative costs		2,054	29.73
Investment management expenses		18,105	262.10
Oversight and governance costs		1,771	25.64
Total management expenses		**21,930**	**317.47**
Total cost per scheme member including investment costs			**317.47**
Total cost per scheme member excluding investment costs			**55.37**

5.3 The following table shows the total cost per scheme member for prior years compared to the average cost for Welsh LGPS pension funds using SF3 data:

Process	2020/21	2021/22	2022/23	2023/24	2024/25	Wales 2024/25
Investment management expenses						
Total Cost (£'000)	8,608	9,495	10,170	15,094	13,723	111,544
Total Membership (number)	61,942	63,452	65,372	66,357	67,359	414,792
Sub cost per member (£)	138.97	149.64	155.57	227.47	203.73	268.91
Administration costs						
Total Cost (£'000)	1,433	1,372	1,513	1,506	1,759	16,858
Total Membership (number)	61,942	63,452	65,372	66,357	67,359	414,792
Sub cost per member (£)	23.13	21.62	23.14	22.69	26.11	40.64
Oversight and governance costs						
Total Cost (£'000)	1,028	1,135	1,256	1,313	1,530	8,926
Total Membership (number)	61,942	63,452	65,372	66,357	67,359	414,792
Sub cost per member (£)	16.60	17.89	19.21	19.79	22.71	21.52
Total cost per member £	**178.70**	**189.15**	**197.92**	**269.95**	**252.56**	**331.08**

6. Dispute resolution

6.1 The Pensions Section operates a two-stage Internal Dispute Resolution Procedure which can be found on the website. The website also contains links to the Pension Advisory Service and the Pensions Ombudsman:
Internal Dispute Resolution Procedure Guide - (IDRP) | Greater Gwent (Torfaen) Pension Fund

The tables below set out the number of Stage 1 and Stage 2 appeals the Fund received in 2025/26 and 2024/25.

IDPR cases reported 2025/26

Stage	Cases submitted	Dismissed	Upheld	Ongoing
1	0	0	0	0
2	3	3	0	0

IDPR cases reported 2024/25

Stage	Cases submitted	Dismissed	Upheld	Ongoing
1	0	0	0	0
2	2	0	0	2

FUND POLICIES

1. Investment Strategy Statement

1.1 Background

The 2016 LGPS investment regulations require administering authorities to prepare, publish and review from time to time a written Statement recording the investment policy of the Pension Fund (Investment Strategy Statement or ISS). The ISS documents and puts into effect the Fund's principal powers to invest in accordance with the investment regulations, but within an updated statutory framework that allows more flexibility with increased prudential responsibility in determining the investments the Fund makes. The Fund revised and published its ISS for 2024/25 which can be found on our website:
Investment Strategy Statement | Greater Gwent (Torfaen) Pension Fund (gwentpensionfund.co.uk)

The review has not resulted in any fundamental changes to the document or structure but has instead sought to articulate the revised Strategic Asset Allocation formally agreed in December 2023, together with more substantial consideration of the Fund's liquidity profile, RI and Impact Investing. The revised ISS also sets out minor modifications to the Pension Committee's investment beliefs and objectives, including increased focus on the abovementioned areas alongside greater consideration for the risks and opportunities presented by climate change.

In 2026/27, the Fund will conduct a comprehensive review of its ISS and broader investment strategy. The outcomes of this review will be reflected in next year's annual report.

1.2 Introduction

The ISS confirms that the Committee seeks to invest, in accordance with the ISS, any Fund money that is not needed immediately to make payments from the Fund. The ISS should be read in conjunction with the Fund's Funding Strategy Statement (see paragraph 3 below).

1.3 The suitability of particular investments and types of investments

The Committee has translated its objectives into a suitable strategic asset allocation benchmark for the Fund. This benchmark is consistent with the Committee's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities. The Committee monitors the investment strategy on a regular basis, focusing on factors including, but not limited to: -

- Suitability given the Fund's level of funding and liability profile
- Potential impact of market conditions on long term levels of expected risk
- Outlook for asset returns

Within its general consideration of strategic approach, the Fund's Investment Objectives can be summarised as: -

- To enable employer contribution rates to be kept as stable, affordable and sustainable as possible
- To manage employers' liabilities effectively
- To ensure that sufficient resources are available to meet all liabilities as they fall due
- To maximise the returns from investments within reasonable risk parameters
- To ensure that all statutory payments made from the pension fund are at minimal cost to all scheme employers
- To ensure the Fund has a credible funding plan in place with the aim over the longer term of achieving full funding of all liabilities as they fall due (i.e. 100% funding)

- To aim for consistent above median investment returns over rolling 3-year periods
- To ensure that the Fund maintains sufficient levels of liquidity to meet the demands of its pension liabilities and private market investment commitments

1.4 **Investment of money in a wide variety of investments**

The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities, fixed income securities and index linked bonds, cash, property, and commodities either directly or through pooled funds.

The Fund's target investment strategy is set out within this section of the ISS including the maximum percentage of total Fund value that it will invest in these asset classes, and at which point re-alignment to strategy needs to be considered. At regular intervals, and certainly at each review point of the investment strategy, projections of anticipated return and risk levels are undertaken to ensure these continue to meet the actuarial requirements versus the Fund's assessed liabilities.

1.5 **Investment management arrangements**

The ISS notes that the Committee has appointed a number of appropriately authorised external investment managers to manage the vast majority of the Fund's investments. The residual is allocated internally to manage the Fund's strategic allocations to property and cash. At present there are several investment managers appointed via individual Investment Management Agreements. The Committee, after seeking appropriate investment advice, has agreed specific benchmarks with each manager so that in aggregate they are consistent with the overall asset allocation for the Fund. The Fund's investment managers will hold a mix of investments which reflects their views relative to their respective benchmarks. Within each major market and asset class, the managers will maintain diversified portfolios through direct investment or pooled vehicles. The manager of the passive funds in which the Fund invests holds a mix of investments within each pooled fund that reflects that of their respective benchmark indices.

1.6 **The approach to risk, including the ways in which risks are to be measured and managed**

The ISS includes a detailed section noting the various types of risk the Fund faces and the measures in place to mitigate those risks. The risks are analysed across multiple different headings including (but not limited to) Investment performance, LGPS pooling, liquidity and compliance with relevant legislation. As well as being included within the ISS, specific asset and provider risks are summarised within Note 17 to the Fund's Accounts on Page 107 of this report.

1.7 **The approach to pooling investments, including the use of collective investment vehicles and shared services**

The Fund is a participating scheme in the Wales Pension Partnership (WPP). The Fund's intention is to invest its assets through the WPP as and when suitable Pool investment solutions become available; and provided the solution meets the Fund's investment objectives and criteria. The ISS provides details of the structure and governance arrangements of the WPP together with the collectively agreed objectives of the partnership and confirmation of the transition activity to date. While not explicitly referenced in the ISS, the Annual Report provides an indicative timetable of investable solutions expected to be made available via the WPP in the future.

1.8 **How social, environmental, or corporate governance (ESG) considerations are taken into account in the selection, non-selection, retention, and realisation of investments**

It is recognised that ESG factors influence long term investment performance and the ability to achieve long term sustainable returns. The ISS details the Fund's approach to the consideration of ESG Factors and Sustainable Investment as well as its approach to the Stewardship of its assets.

In addition, this section also reflects the views and work of the WPP in establishing its own policies and objectives. Further details of this are included within Section 2 (below) but it should be noted that this is an area under active review by the Fund's RIWG.

1.9 **Feedback and review**

The Pension Committee reviewed the Statement following the 2023/24 investment strategy review and will continue to regularly review the Statement going forward, with appropriate stakeholder consultation, including the advice of the Fund's independent investment advisors, actuary and Section 151 Officer.

2. Responsible Investment Policy

2.1 **Responsible Investment ('RI')**

RI is the term used to describe the incorporation of Environmental, Social and Governance (ESG) considerations into investment decision-making which, in turn, allows for better risk management and sustainable long-term returns. The Fund's approach to RI is set out within the Responsible Investment (RI) policy which is available on the Fund's website:

Responsible Investment Policy

This policy sets out the Fund's approach to RI activity. Our approach is informed by a number of widely recognised industry initiatives, most notably the aims and objectives of the Stewardship Code and Principles of Responsible Investment (PRI).

The Committee recognises that this policy, over time, will continue to evolve to reflect best practice, prospective developments and increasingly sophisticated methods of analysis and research. As such, the Committee is committed to reviewing this policy on at least an annual basis.

The Fund's purpose in developing and implementing this policy is to demonstrate to stakeholders that the Committee recognises the importance of making the Fund resilient to ESG risks and enable the appropriate steps to be taken towards this goal.

The Committee recognises that RI considerations may pose financially material risks and opportunities to investment assets held within various investment mandates. Such considerations are relevant both in the way the Fund invests its assets and in the exercise of its stewardship responsibilities. The Fund will seek to apply this RI policy to all asset classes over time, working through third parties where relevant.

Within the Fund's governance structure, the Pension Committee set up a Responsible Investment Working Group (RIWG), made up of members of the Pension Committee and Pension Board, including the Chairs of each, which has an advisory role and makes recommendations to the Committee and Local Pension Board. The remit of the RIWG focuses on a range of ESG issues, including how the Fund can best meet its fiduciary duties with the risks posed by challenges such as climate change. In order to be best placed to understand and make informed decisions about responsible and sustainable investments, the Fund's Pension Committee and Local Pension Board members continue to receive training on ESG matters from specialist advisers.

The RIWG have assisted the Pension Committee and Local Pension Board in establishing and refining the Fund's RI objectives and beliefs. These are included in full within the RI policy.

You can read the Fund's RI and Climate Change policies on our website:
Responsible and Sustainable Investment Policy | Greater Gwent (Torfaen) Pension Fund

You can read the Wales Pension Partnership's RI Policy on their website:
Wales Pension Fund | Responsible Investment Policy

During 2026/27, the Fund will undertake a comprehensive review of its investment strategy, working in association with WPP IM Co. The review will include an update of the current ISS and revisions to the Fund's existing Responsible Investment (RI) and Impact Investment policies. The revised RI and Impact/Local Investment policies will be published in next year's Annual Report.

2.2 **Myners Compliance**

In accordance with LGPS Regulations, the Fund is required to state the extent to which it complies with the principles of investment practice issued by the Government in response to the recommendations of a review of institutional investment in the UK originally undertaken by Sir Paul Myners. The original review by Myners prompted the Government in 2001 to issue 10 principles of investment practice and earlier versions of the Fund's Statement of Investment Principles showed the extent of the Fund's compliance against these.

However, the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 require the Fund to state the extent of compliance with a revised set of 6 Myners principles covering pension fund investment; scheme governance; consultation and disclosure. The Fund fully supports and endorses both the original and revised Myners principles that have influenced various sections of the Fund's Statement. In addition, the Fund recognises the Myners Principles on its Risk Register, and this is periodically reviewed to ensure compliance is maintained.

3. Governance Policy and Compliance Statement

3.1 The LGPS Regulations 2013 require Pension Funds to prepare, publish and maintain a governance compliance statement; and to measure the governance arrangements in place against a set of best practice principles. This measurement should result in a statement of full, partial or non-compliance with a further explanation provided for any non or partial compliance.

The key issues covered by the best practice principles are:

- Formal committee structure, membership, and representation
- The role of the Local Pension Board and membership
- Voting rights
- The role of Management
- The role of External Advisors
- The role of Audit (both Internal and External)

The Fund's Governance Compliance statement can be accessed here:

Governance Policy and Compliance Statement 2023 | Greater Gwent (Torfaen) Pension Fund

In 2026/27, the Fund will conduct a comprehensive review of its existing governance arrangements to ensure adherence with the new 2026 regulations that came into force on June 30th, 2026. This review will culminate in the adoption of new Training and Conflicts of Interest policies, alongside the establishment of a broader, all-encompassing Governance Strategy that will replace the pre-existing Governance & Compliance Statement.

4. Funding Strategy Statement

4.1 Local Government Pension Funds are required to produce a Funding Strategy Statement (FSS) under Section 58 of the Local Government Pension Scheme Regulations 2013. Under the regulations, the administering authority must prepare, maintain, and publish a written statement setting out their Funding Strategy. The Statement includes: -

- The purpose of the Funding Strategy Statement in policy terms
- Aims and purpose of the Pension Fund
- Responsibilities of the key parties
- Solvency issues and target funding levels
- Links to the investment policy set out in the Statement of Investment Principles
- Identification of risks and counter measures

The FSS is prepared in collaboration with the Fund's Actuary, Hymans Robertson, and forms an integral part of the framework within which they carry out triennial valuations to set employers contributions and to provide recommendations on funding decisions.

Following the 2025 triennial valuation, the FSS was extensively updated and revised. A refreshed (the current) iteration was published in April 2026. In summary, the key updates to the policy included:

- A revised set of funding risks following their review during the triennial valuation process
- Updates to the funding target basis, time horizons, assumed inflation rates, discount rate as well as longevity and demographic assumptions
- Recognition and update of regulation changes
- A review of the approach that the Fund will take to funding the different employer types participating in the scheme

Within these headings, the Statement sets out to establish a clear and transparent strategy, specific to the Fund, which will identify how employers' pension liabilities are best met going forward. The Strategy is geared to: -

- Ensure that sufficient resources are available to meet all liabilities as they fall due
- Manage employers' liabilities effectively
- Enable employer contribution rates to be kept as nearly constant as possible and at reasonable cost, and
- Maximise the returns from investments within reasonable risk parameters

In accordance with regulation 64 of the Local Government Pension Scheme Regulations 2013 (as amended) and as advised by the scheme actuary, the Fund also prepared two satellite policies to supplement the FSS as part of its review.

The Cessation Policy - sets out the approach to dealing with circumstances where a scheme employer leaves the Fund or becomes an exiting employer. Although each cessation event will be considered on its own merit, the purpose of this policy is to establish several principles that will apply as governed by the regulatory framework. This includes:

- A detailed summary of regulation 64 of the Local Government Pension Scheme Regulations 2013 (as amended) which contains the relevant provisions regarding scheme employers leaving the Fund

- A statement of principles, setting out the Fund's preferred method of dealing with cessation events including the determination to minimise exit debts or credits, to request full payment to settle an exit debt promptly following their exit from the scheme and confirmation that the Fund will consider reasonable circumstances of the exiting employer and all options permissible within the regulations

- The Fund's approach to cessation calculations, as advised by the Actuary

- The Fund's discretion to be flexible with scheme employers in terms of how they repay any exit debt owing to the Fund. This includes consideration for written requests from exiting scheme employers to spread an exit payment over an agreed period via a debt spreading arrangement or a deferred debt arrangement; and

- The Fund's approach to the repayment of an exit credit to a scheme employer, whereby they exit the scheme with surplus assets relative to the calculated liabilities.

The Contribution Review Policy - has been produced to set out the Fund's approach to reviewing contribution rates between formal valuation cycles. The aim and objectives of the policy are:

- To provide scheme employers with clarity around the circumstances where contribution rates may be reviewed between formal valuations; and

- To outline specific circumstances where contribution rates will not be reviewed.

The Contribution Review Policy allows the Fund the discretion to amend scheme employer contribution rates between formal valuations in instances where 'significant change' to their liabilities or covenant have occurred. This approach is intended to allow sufficient flexibility for the Fund to act at an appropriate time whilst continuing to work with the scheme employer to support their needs.

The Contribution Review Policy sets out clearly the circumstances in which a review could occur, and the rights that scheme employers have to request such a review. The Fund will continue to be advised by the Actuary and only proceed in accordance with this advice

Further details are contained in the Fund's full FSS, which reflects the results of the Fund's most recent triennial actuarial valuation and is available on the website:

Funding Strategy Statement - April 2026 | Greater Gwent (Torfaen) Pension Fund

Cessation Policy - April 2026 | Greater Gwent (Torfaen) Pension Fund

Contributions Review Policy - April 2026 | Greater Gwent (Torfaen) Pension Fund

5. Communications Policy Statement

5.1 The Fund's Communications Policy Statement (CPS) is produced under Section 61 of the LGPS Regulations 2013. It was last extensively reviewed and updated during 2020/21 to reflect several changes in respect of developing communication methods, RI activity and communication, clarity with regards to the role of both the Pension Committee and Local Pension Board and some additional formatting changes intended to enhance readability for users. The full document can be accessed here: -

Communications Policy

5.2 The current CPS continues to address the points below that have been noted within recent annual reports: -

- The increased complexity of the LGPS
- The increased demand from scheme employers for guidance in relation to the application of LGPS Regulations
- The increased demand from scheme employers for guidance in relation to budget restrictions and the impact on pension costs
- The increased demand from scheme members in relation to the application of the LGPS Regulations and wider pension and tax planning issues

- The increase in the level of reporting to DCLG, the Scheme Advisory Board, the Local Pension Board, and the Pensions Regulator
- The desire to make better use of the opportunities available in relation to electronic communication, including conference calls and webinars

5.3 The updated Communications Policy reflects the significant improvements in the area of electronic communication which have been introduced by the Fund. These include an upgrade to the Pension Fund website as well as the roll out of Employer Self Service and Member Self Service. Employer Self Service enables employers to submit year end and monthly data through a secure portal but also provides a secure means of communication between the Pension Fund and the Employers. Member Self Service enables members to view their pension records and plan more effectively for their retirement and enables the Fund to communicate with the scheme members in a secure, cost-effective manner.

5.4 The Policy aims remain focused on ensuring that the Fund delivers proactive communications to our stakeholders which are targeted, clear, and accessible, accurate and timely and easily understood. The Fund recognises that there are a diverse range of scheme employers within the Fund with different levels of resource and understanding of pension issues.

5.5 The Employer self-service facility has improved the flow of information to and from, in particular, the larger employers. However, the Fund recognises the need to maintain other forms of communication which are tailored to meet the differing needs of scheme employers including individual face to face meetings, employer forums, training workshops and guides as well as telephone and email engagement

5.6 The 'My Pension Online' facility has proved popular with members, particularly those who are approaching retirement as the benefit calculator enables them to plan more effectively for their retirement. The Pension Fund website is the main source of information for scheme members and can now be used effectively on different devices including smart phones and tablet devices. The Fund encourages members to utilise the electronic communication facilities whilst recognising the need to utilise other forms of communication including face to face meetings, presentations and workshops, letters, newsletters, and telephone.

6. Pension Fund Administration Strategy

6.1 The Local Government Pension Scheme (LGPS) Regulations 2013 allow Pension Fund Administering Authorities to prepare a Pensions Administration Strategy for the sole purpose of improving the administrative processes within their LGPS Fund. In discharging their roles and responsibilities under these regulations, the Fund and Scheme Employers are also required to comply with any related overriding legislation and have regard for any regulatory guidance or Code of Practice issued by the Pensions Regulator (TPR).

6.2 The Pension Administration Strategy sets out the requirements for liaison and communication between Scheme Employers and the Pension Fund to ensure regulatory compliance is achieved and best value service standards are delivered to scheme members and other parties.

6.3 The full document can be accessed here: -

Greater Gwent (Torfaen) Pension Fund Administration Strategy

7. Annual Report

7.1 Section 57 of the LGPS Regulations 2013 requires the administering authority to publish a Pension Fund annual report; something we have always done. The regulations also prescribe their content. Recent regulation within Wales also provides external auditors with the means to undertake separate audits of LGPS pension funds. Advice from the Ministry for Housing, Communities and Local Government is that in meeting this policy objective, care has been taken to ensure that as far as possible, the way in which administering authorities already prepare and publish Fund annual reports can continue as before. With this in mind, although regulation 76B (1) requires an administering authority to prepare a document including the items listed in regulation 76(B) (a) to (k), primarily for the use of external auditors, new regulation 76(B) (2) also refers to the reports being published which, in the context of the regulation as a whole, enable an authority to "signpost" the individual items in a simpler document, as an alternative to the hard copy report.

7.2 The Fund has therefore included in the annual report a summary of the required key documents which are available in full using this hyperlink to the Pension Fund website: -

Forms and Publications | Greater Gwent (Torfaen) Pension Fund

HYMANS ROBERTSON

Greater Gwent (Torfaen) Pension Fund ("The Fund")
Actuarial Statement for 2025/26

13 May 2026

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2018. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated April 2026.

- to ensure the long-term solvency of the overall Fund
- to ensure the solvency of each individual employers' share of the Fund based on their expected term of participation in the Fund
- to maximise the returns from investments within reasonable and considered risk parameters, and hence minimise the cost to the employer
- to minimise the degree of short-term change in employer contribution rates
- to ensure that sufficient cash is available to meet all liabilities as they fall due for payment
- to help employers manage their pension liabilities
- where practical and cost effective, to make allowance for the different characteristics of different employers and groups of employers

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrates that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least an 80% likelihood that the Fund will achieve the funding target over 20 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2025. This valuation revealed that the Fund's assets, which at 31 March 2025 were valued at £4,449 million, were sufficient to meet 134% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2025 valuation was £1,135 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers' contributions for the period 1 April 2026 to 31 March 2029 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2025 valuation report.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value. The key financial assumptions adopted for the 2025 valuation were as follows:

Financial assumptions	31 March 2025
Discount rate	6.0%
Salary increase assumption	3.0%
Benefit increase assumption (CPI)	2.3%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2024 model, with core parameterisation, except, initial addition of 0.25% and a long-term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	20.6 years	23.5 years
Future Pensioners*	21.5 years	25.1 years

**Aged 45 at the 2025 Valuation.*

Copies of the 2025 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund's website.

Experience over the period since 31 March 2025

The increase in US tariffs on imports since March 2025 and the recent conflict in the Middle East have caused significant market volatility which feeds through to the investment returns achieved by the Fund's assets. The Fund's overall investment returns since March 2025 have been positive. Observed inflation has been higher than anticipated over 2026, resulting in LGPS benefit increases of 3.8% in April 2026 and an increase in the value placed on the Fund's liabilities. Overall, we estimate that the funding position is likely to be slightly weaker than at the previous formal valuation at 31 March 2025. The next actuarial valuation will be carried out as at 31 March 2028 and will be finalised by 31 March 2029. The Funding Strategy Statement will also be reviewed during the valuation, and a revised version will come into effect from 1 April 2029.

Prepared by:
Barry Dodds FFA C.Act
13 May 2026
For and on behalf of Hymans Robertson LLP

The Report of The Auditor General for Wales to The Members of Torfaen Council Borough Council as Administering Authority for Greater Gwent (Torfaen) Pension Fund

Opinion on financial statements

I have audited the financial statements of Greater Gwent (Torfaen) Pension Fund for the year ended 31st March 2026 under the Public Audit (Wales) Act 2004. Greater Gwent (Torfaen) Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including the material accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26.

In my opinion the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31st March 2026, and of the amount and disposition at that date of its assets and liabilities;
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of financial statements and regularity of public sector bodies in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue. My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Local Government Pension Scheme Regulations 2013.

Matters on which I report by exception

In the light of the knowledge and understanding of the pension fund and its environment obtained in the course of the audit, I have not identified material misstatements in the annual report.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the financial statements set out on page 1, the responsible financial officer is responsible for:

- the preparation of the financial statements, which give a true and fair view;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Greater Gwent (Torfaen) Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by Greater Gwent (Torfaen) Pension Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. My procedures included the following:

- Enquiring of management, Torfaen County Borough Council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Greater Gwent (Torfaen) Pension Fund's policies and procedures concerned with:

    - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud; and

  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition, posting of unusual journals and (add as appropriate to the audit);
- Obtaining an understanding of Greater Gwent (Torfaen) Pension Fund's framework of authority as well as other legal and regulatory frameworks that Greater Gwent (Torfaen) Pension Fund operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Greater Gwent (Torfaen) Pension Fund;
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the audit committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the administering authority;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Greater Gwent (Torfaen) Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Greater Gwent (Torfaen) Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.



Catherine Mealing-Jones
Auditor General for Wales

6 November 2026

1 Capital Quarter
Tyndall Street
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Electronic publication of financial statements
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Pension Fund Accounts

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Pension Fund Accounts 2025/2026

Fund Account for the Year Ended 31 March 2026

	Note	2024/2025 £000	2025/2026 £000
Dealings with members, employers and others directly involved in the Fund			
Contributions	7	(179,461)	(188,111)
Transfers in from other pension funds	8	(11,933)	(13,910)
Other income			(51)
		(191,394)	(202,072)
Benefits	9	175,015	186,169
Payments to and on account of leavers	10	18,741	17,675
Other payments	13b	19,811	-
		213,567	203,844
Net (additions)/withdrawals from dealings with members		**22,173**	**1,772**
Management expenses	11	17,012	21,930
Net (additions)/withdrawals including fund management expenses		**39,185**	**23,702**
Returns on investments			
Investment income	12	(70,582)	(78,674)
Profit and losses on disposal of investments and changes in the market value of investments	14a	(168,593)	(543,616)
Net return on investments		**(239,175)**	**(622,290)**
Net (increase)/decrease in the net assets available for benefits during the year		**(199,990)**	**(598,588)**
Opening net assets of the scheme		**(4,248,591)**	**(4,448,581)**
Closing net assets of the scheme		**(4,448,581)**	**(5,047,169)**

Net Assets Statement for the Year Ended 31 March 2026

	Note	2024/25 £000	2025/26 £000
Investment assets	14	4,410,987	4,956,020
Long term investments		-	159
Cash deposits		27,434	81,612
Investment liabilities	14	-	-
Total net investments		**4,438,421**	**5,037,791**
Current assets	20	16,447	17,215
Current liabilities	21	(6,287)	(7,837)
Net assets of the Scheme available to fund benefits at 31 March		**4,448,581**	**5,047,169**

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the end of the financial year. The actuarial present value of promised retirement benefits is disclosed at Note 19.

NOTES TO THE ACCOUNTS

1. Description of Fund

The Greater Gwent (Torfaen) Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by Torfaen County Borough Council.

The following description of the Fund is designed to be a summary only. For more detail, reference should be made to the 'signposting' to the Fund's statutory documentation on pages 68 to 75.

1.1 General

The Fund is governed by the Public Service Pension Act 2013 and administered in accordance with the following secondary legislation: -

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

The Fund is an occupational, contributory, defined benefit pension scheme for pensionable employees of local authorities in Greater Gwent, except for teachers who have a separate scheme. Employees of a range of other organisations providing public services in Greater Gwent are also allowed to join the Fund as scheduled or admitted bodies. The scheme is financed by contributions paid by the employees, their employers, and earnings from the investment of the Fund's money. The type of investment is decided by legislation and not by the local authorities.

As administering authority, Torfaen County Borough Council is responsible for interpreting all pension laws, keeping accurate records, calculating, and paying benefits, and providing information to employees, employers, and other relevant bodies. Torfaen County Borough Council has established within its Constitution a Pension Committee to discharge its duties as administering authority of the Fund. The Fund's primary stakeholder representative body is its Local Pension Board. The Public Service Pensions Act 2013, and subsequently the LGPS (Amendment) (Governance) Regulations 2015, required all LGPS funds to form such a Board. As with the Pension Committee, the Local Pension Board is formally established within the Council's constitution. The Board has a statutory role to assist the Council in its role as the Scheme Manager of the pension fund.

1.2 Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside of the scheme.

Organisations participating in the Greater Gwent (Torfaen) Pension Fund include the following:

- Scheduled bodies, which are automatically entitled to be members of the Fund.
- Admitted bodies, which participate in the Fund under the terms of an admission agreement between the Fund and the employer.

There are 56 active employer organisations within the Greater Gwent (Torfaen) Pension Fund, including the administering authority itself. The table below provides some further details in terms of membership.

Fund Membership

	Active Members 31/03/25	Active Members 31/03/26
Administering Authority		
Torfaen CBC	3,280	3,386
Current Scheduled Bodies		
Blaenau Gwent CBC	2,796	2,915
Caerphilly CBC	7,099	6,953
Monmouthshire CC	3,531	3,432
Newport City Council	4,649	4,780
Valuation Panel	11	13
Coleg Gwent	665	717
Chepstow Town Council	10	7
Brynmawr Town Council	1	1
Chief Constable (Gwent)	952	1,009
Police & Crime Commissioner (Gwent)	25	25
Caldicot Town Council	3	2
Nantyglo & Blaina Town Council	1	2
Monmouth Town Council	3	4
Gwent Cremation Committee	9	10
Cwmbran Community Council	9	10
Pontypool Community Council	9	8
Tredegar Town Council	2	2
Rogerstone Community Council	5	4
Bargoed Town Council	2	2
Portskewett Community Council	1	1
Shirenewton Community Council	1	1
Magor with Undy Community Council	3	3
Llanfoist Fawr Community Council	1	1
BTM Community Council	2	2
Abertillery & Llanhillith Community Council	3	3
Abergavenny Town Council	3	4
Croesyceiliog & Llanyrafon Community Council	2	2
Shared Resource Service	233	283
Llanbradach & Pwll-y-pant Community Council	1	1
Vann Community Council	1	1
Rogiet Community Council	1	1
Blaenavon Town Council	2	3
Devauden Community Council	1	1
Blackwood Town Council	0	3
Deemed Bodies		
Newport Transport	3	1
Admitted Bodies		
Careers Wales Gwent	101	98
Citizen Advice Bureau Caerphilly	3	2
Archives	19	18
Monmouthshire Housing	205	194
Tai Hedyn Ltd	431	351
Tai Calon	141	130

	Active Members 31/03/25	Active Members 31/03/26
Admitted Bodies continued		
Drive	2	2
Vinci	1	1
Compass Catering	11	9
EAS	66	58
Just Perfect Catering	5	5
Churchill	3	3
Torfaen Leisure Trust	192	0
NCS Norse	137	0
Life Leisure	307	315
Newport Live	280	294
Radis	21	15
Arwen Cultural Trust	3	3
Mitie	0	9
Atlas	0	2
Cyson Cymru	0	198
Halo Leisure	0	290
Total Active Membership	25,248	25,590
Total Deferred Members	20,128	20,479
Total Pensioners and Dependants	21,983	23,009
Total Membership	**67,359**	**69,078**

1.3 **Benefits**

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uplifted annually in line with the Consumer Prices Index. A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the Fund website: Home | Greater Gwent (Torfaen) Pension Fund

1.4 **Funding**

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2026. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022 which set employer contribution rates from 1 April 2023. Currently, employer contribution rates range from 0% to 49.4% of pensionable pay. An Actuarial Valuation was carried out as at March 2025 and these results will affect employers' rates from April 2026.

2. Basis of preparation

2.1 The statement of accounts summarises the Fund's transactions for the 2025/26 financial year and its financial position at 31 March 2026. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

2.2 The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they consider the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 19.

3. Summary of significant accounting policies

3.1 Fund Account – Revenue Recognition

The Fund Account is prepared on an accruals basis unless otherwise stated below.

i) Contribution Income

Normal contributions, both from the members and from the employers, are accounted for on an accruals basis at the percentage rate recommended by the Fund actuary in the payroll period to which they relate.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Early retirement strain costs due from employers are accounted for in the period in which the liability arises, with any amount due in year but unpaid classed as a current financial asset.

ii) Transfers To and From Other Schemes

Transfers in and out relate to members who have either joined or left the Fund.

Individual transfer values are accounted for on a cash basis due to the liabilities not transferring until payments are made or received.

Group (bulk) transfers are accounted for on an accrual's basis in accordance with the terms of the agreement.

Annual allowance tax charges that are paid to HMRC by the Fund on behalf of employees are accounted for as transfers out as their benefits are reduced accordingly.

iii) Investment Income

- Interest income from cash deposits is recognised in the fund account on an accruals basis.
- Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- Income earned within the pooled investments is retained by the fund manager as part of the capital assets of the fund and reflected in the higher unit price, with the following exceptions:

  a) The Fidelity Multi Asset Income Fund generates monthly dividend payments, and the income is reinvested as a purchase of additional units in the fund.
  b) Historically, WPP / Waystone investments were held as income units, with quarterly distributions automatically reinvested to purchase additional units in each fund. For the 2025/26 accounts, this income was recognised on a cash basis. However, in March 2026, these holdings were converted to accumulation units. Under this new structure, income is retained within the fund to increase the overall unit value, meaning no further cash distributions will be received.
  c) Dividends paid by property pooled funds are recognised as cash income.

- Any accrued dividend entitlements and tax reclaim amounts receivable as at 31 March are included in 'other investment balances' and disclosed in the investment assets.

- The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

3.2 Fund Account – Expense Items

i) Benefits Payable

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the end of the financial year. Pensions and lump sum benefits payable include all amounts due as at 31st of March in any year. The Fund does not normally account for, or disclose the effects on, benefits payable of any former employee decisions that occur post 24th of April in any year, unless the total value is material.

The Fund's financial statements do not include CAY (Compensatory Added Years), and the related pension increases as the pension fund acts as an agent for the employing authority when making these payments.

ii) Management Expenses

The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance 'Accounting for Local Government Pension Scheme Management Expenses (2016)'. All items of expenditure are charged to the Fund on an accruals basis as follows.

- **Administrative Expenses**

All staff costs of the pension administration section are charged directly to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and recharged as administrative expenses of the Fund in accordance with council policy.

- **Oversight and Governance Costs**

All costs associated with governance and oversight are separately identified, apportioned to this activity, and charged as expenses to the Fund. This figure also includes the cost of our involvement in the LGPS pooling collaboration in Wales via the Wales Pension Partnership. Further details on the Wales Pension Partnership can be found on page 28 and in Note 13(a) on page 97.

- **Investment Management Expenses**

Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Fees charged by external investment managers and custodians are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. In addition, the Fund has negotiated with Fidelity International that an element of their fees be performance related. Where an investment manager's fee invoice has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account. In 2025/26 £0.72m of management expenses are based on such estimates (£3.37m in 2024/25) primarily due to increased investment in private markets where current fee information is not available as at the Fund's year end date.

- **Transaction Costs**

Transaction costs are associated with the acquisition or disposal of fund assets. Explicit costs typically include the commission that a broker charges, clearing costs, exchange fees, or any taxes or levies payable. Implicit transaction costs arise from the bid-offer spread, which is the difference between the highest price that a buyer is willing to pay for an asset and the lowest price that a seller is willing to accept. The Fund is working with the Scheme Advisory Board on a cost transparency initiative to identify and report these costs in a future disclosure note to reflect the true cost of ownership. Transaction costs incurred by a pooled fund are reflected in the value of purchases and sales in the reconciliation of movements in investments table (see Note 14a).

- **LGPS Code of Transparency**

The Scheme Advisory Board (SAB) launched the LGPS Code of Transparency in 2017. The objectives of the Code are consistent with CIPFA's accounting standards for administering authorities' statutory annual reporting and the government's criteria for LGPS investment pooling. Under the Code, investment managers are required, in a timely manner, to provide portfolio information in prescribed format to ensure clarity, transparency, consistency and comparability across the LGPS in accordance with the Cost Transparency Initiative (CTI).

All the Fund's investment managers are signatories to the Code and have provided CTI templates that demonstrate a comprehensive list of direct and indirect management costs charged throughout the year.

In accordance with year-end processes, a review of CTI template data is undertaken, and any queries are raised with the respective investment managers to ensure that all costs (direct and indirect) associated with the management of Fund capital have been recorded and reported accurately.

iii) **Taxation**

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

The Fund operates in the VAT registration for Torfaen County Borough Council, and the accounts are shown exclusive of VAT. We can recover VAT input tax on all Fund activities.

3.3 Net assets statement

i) **Financial Assets**

All investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net asset statement on the date the Fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades not settled as at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments in Note 14(a). Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 16). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

ii) **Cash and Cash Equivalents**

Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers. All cash balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value. The administering authority has the option of investing fixed term in specified investments or alternatively in instant access money market fund accounts, in accordance with the Fund's Cash Management Strategy which is reviewed and approved annually by the Pension Committee. (The lending party is the pension fund rather than Torfaen County Borough Council as administering authority).

iii) **Financial Liabilities**

A financial liability is recognised in the net assets statement on the date the Fund becomes legally responsible for that liability. The Fund recognises financial liabilities relating to investment trading at fair value, and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments.

3.4 Wales Pension Partnership

The Wales Pension Partnership (WPP) is an established LGPS pool. A Joint Governance Committee formed from Elected Member representatives of the eight participating Constituent Authorities governs the WPP and a regulated third-party operator, Waystone, has been appointed to administer the pooling arrangements. Each Fund retains responsibility for its own funding requirements and investment strategy but then uses the WPP to implement its investment requirements thereby aiming to achieve economies of scale in fees. The costs of running the WPP are shared by the eight partners (see Note 13(a) page 97).

The eight Welsh LGPS funds each hold a 12.5% share in the Wales Pension Partnership Investment Management Company (WPP IM Co) which is being formed in line with Government criteria. A £158,825 cash contribution to fund the initial setup costs of WPP IM Co has been recognised in the accounts as a long-term investment in 2025/26. The asset is initially measured at cost and will be subsequently revalued for any impairment. WPP IM Co is seeking to become FCA regulated and to start providing services to each Fund during 2026/27. Once granted the necessary regulated status WPP IM Co will take responsibility for managing and overseeing each Fund's investments.

3.5 Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of International Accounting Standard (IAS) 19 and relevant actuarial standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 19, page 116).

3.6 Additional Voluntary Contributions

The Greater Gwent (Torfaen) Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. The Fund has appointed Standard Life and Clerical Medical as its AVC providers. Some AVC contributions from prior years are also held with Equitable Life who were taken over by Utmost Life and Pensions in January 2020. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year. AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of funds) Regulations 2016 but are disclosed for information in Note 22, page 118.

3.7 Contingent Assets and Contingent Liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by future events. A contingent liability arises where an event prior to the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise when it is not possible at the Balance Sheet date to measure the value of the financial obligation reliably. Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes.

4. Critical judgement in applying accounting policies

4.1 Pension Fund Liability

The triennial valuation of the Fund carried out under Regulation 62 of the LGPS Regulations 2013 differs from the IAS19 annual valuations of the promised retirement benefits at the balance sheet date. The pension fund valuation is calculated every three years by the appointed actuary. Assumptions underpinning the valuations are agreed with the Actuary and are summarised in Note 18, page 115. This estimate is subject to significant variances based on changes to the underlying assumptions. The Code requires disclosure of the actuarial value of promised retirement benefits for the whole Fund at balance sheet date. See paragraph 3.5 above and Note 19, page 116. Since this depends upon several complex judgements, an actuary advises on the assumptions employed and carries out the calculation.

The assumptions employed for IAS19 accounting purposes can differ from those employed for the triennial valuation of the Fund and could affect the value calculated.

5. Assumptions made about the future and other major sources of estimation uncertainty

5.1 The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations, however actual outcomes could be different from the assumptions and estimates made. The items in the net asset statement for which there is a significant risk of material adjustment the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 19)	Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. The Fund's Actuary, Hymans Robertson, is engaged to provide the Fund with expert advice about the assumptions to be applied. They also provide a sensitivity analysis.	The sensitivity to the financial assumptions used to measure the pension fund liabilities can be measured. For the year ended 31 March 2026; a 0.1% decrease in the discount rate assumption would increase the value of liabilities by approximately £65m; a 0.1% increase in assumed salary inflation would increase the value of liabilities by approximately £3m; and a 0.1% increase in the pension increase rate would increase the liabilities by approximately £61m. The principal demographic assumption is the longevity assumption, and for sensitivity purposes a 1-year increase in life expectancy would approximately increase the liabilities by c. 4% or £153m.
Item	**Uncertainties**	**Effect if actual results differ from assumptions**
Level 3 investments (Note 15)	Level 3 investments are not publicly listed and as such there is a degree of estimation involved in the valuation. Obtaining a timely valuation is an issue with private funds where the valuation of investment vehicles is often 'stale' due to the unavailability of current pricing information as at the Fund's year end date. Valuations as of 31 March are by necessity estimated and may not fully reflect the performance of the vehicles underlying portfolio of investments.	The use of estimates for investment values is greatest for those assets classified at Level 3 which means there is a risk that these investments may be over/under stated in the accounts. The total value of Level 3 investments is £740.443m as of 31 March 2026. The assets classified as Level 3 and the sensitivity of the valuation methods employed is described in note 15.

6. Events after the reporting date

6.1 The accounting statements are required to reflect the conditions applying at the end of the financial year; however, the Fund investment assets will move in line with the value of securities quoted on world stock exchanges which could increase or decrease. As the pension fund time horizon is long term and the true value of investments is only realised when investments are sold, no adjustments are made for any changes in the fair value of investments between 31 March 2026 and the date that the accounting statements are authorised for issue. This is known as a non-adjusting event after the reporting period.

In September 2026, WPP IM Co obtained FCA authorisation to commence regulated activities. As this occurred after the reporting date of 31 March 2026, it has been disclosed as an event after the reporting period. Further information on the Fund's relationship and transactions with the Wales Pension Partnership (WPP) is provided in Note 3.4.

7. Contributions receivable

7.1 The primary employer contribution rates for the Fund for 2025/26 ranged from 0% to 49.4% of pensionable pay for individual employers. Also payable is the secondary rate which is made up of additional lump sums or contribution rates applicable, again to individual employers. During the year some employers have paid additional contributions over and above the rate set for them by the Actuary. The deficit recovery contribution (i.e., the secondary rate) contains lump sum payments and contributions paid over the primary rates.

By category

2024/25 £000		2025/26 £000
(37,107)	Employees normal contributions	(38,603)
(214)	Employees 50:50 contributions	(182)
(25)	Employees additional contributions	(9)
(37,346)	**Total Employees contributions**	**(38,794)**
(115,583)	Employers normal contributions	(117,107)
(24,203)	Employers deficit recovery contributions	(26,917)
(2,329)	Employers augmentation contributions	(5,293)
(142,115)	**Total Employers contributions**	**(149,317)**
(179,461)	**Total contributions receivable**	**(188,111)**

By type of employer

2024/25 £000		2025/26 £000
(25,102)	Administering Authority	(26,139)
(140,991)	Scheduled bodies	(149,503)
(40)	Deemed bodies	(16)
(13,328)	Admitted bodies	(12,453)
(179,461)		**(188,111)**

Pension Fund Accounts 2025/2026

Contributions received in 2025/26 split by employers and employees

Authorities	Employees Contributions £000	Employers Contributions £000	Total Contributions £000	Benefits Payable £000
Administering Authority				
Torfaen CBC	5,057	21,082	26,139	25,264
Scheduled Bodies				
Blaenau Gwent CBC	4,204	17,864	22,068	22,491
Caerphilly CBC	10,185	42,043	52,228	47,137
Monmouthshire CC	4,840	19,486	24,326	21,540
Newport City Council	6,785	26,310	33,095	29,022
Valuation Panel	30	98	128	43
Coleg Gwent	1,075	3,752	4,827	4,075
Coleg Gwent Training	0	0	0	19
Chepstow Town Council	11	41	52	22
Brynmawr Town Council	1	0	1	10
Gwent Police Authority	0	0	0	2,409
Chief Constable (Gwent)	2,294	6,911	9,205	3,706
Police & Crime Comm (Gwent)	94	240	334	114
Gwent Magistrates	0	0	0	531
Caldicot Town Council	8	15	23	19
Nantyglo & Blaina Town Council	3	10	13	10
Monmouth Town Council	5	18	23	11
Gwent Cremation Committee	18	27	45	87
Cwmbran Community Council	17	61	78	63
Pontypool Community Council	16	59	75	86
Tredegar Town Council	3	8	11	6
Rogerstone Community Council	8	34	42	19
Bargoed Town Council	2	8	10	11
Portskewett Community Council	1	3	4	2
Shirenewton Community Council	1	3	4	2
Henllys Community Council	0	0	0	1
Magor with Undy Com Council	4	18	22	42
Caerwent Community Council	0	0	0	5
Llanfoist Fawr Community Council	1	2	3	0
Croesyceiliog & LLanyrafon CC	1	8	9	2
Abergavenny Town Council	6	19	25	0
BTM Community Council	3	11	14	0
Abertillery & LLanhilleth CC	5	21	26	0
Shared Resource Service	669	2,103	2,772	637
Llanbradach & Pwll-y-pant CC	1	3	4	0
Vann Community Council	1	2	3	0
Rogiet Community Council	1	4	5	0
Blaenavon Town Council	4	14	18	0
Devauden Community Council	1	2	3	0
Blackwood Town Council	1	3	4	0
Grosmont Community Council	1	2	3	0
Former Scheduled Bodies				
Gwent County Council	0	0	0	7,824
Commission for New Towns	0	0	0	453
Deemed Bodies				
Islwyn Transport	0	0	0	172
Newport Transport	3	13	16	1,328

Pension Fund Accounts 2025/2026

Contributions received in 2025/26 split by employers and employees

Authorities	Employees Contributions £000	Employers Contributions £000	Total Contributions £000	Benefits Payable £000
Admitted Bodies				
Big Pit	0	0	0	11
Melin Homes (formerly EVHA)	0	0	0	653
Careers Wales Gwent	215	650	865	1,489
Citizen Advice Bureau Caerphilly	5	133	138	193
Mitie (formerly Ballast)	0	0	0	15
CWVYS	0	3	3	26
Canllaw	0	0	0	17
Capita Gwent Consultancy	0	0	0	1,935
Hafod Care	0	0	0	489
Archives	32	65	97	203
Monitor	0	0	0	26
OCS Ex Monmouth CC	0	0	0	18
OCS Ex UWN	0	0	0	4
United Response	0	0	0	55
Monmouthshire HA	464	1,172	1,636	1,305
Bron Afon	0	0	0	3,479
Tai Hedyn Ltd	1,001	1,332	2,333	2,496
Tai Calon	342	1,389	1,731	2,339
Manpower UK Ltd	0	0	0	4
DRIVE	4	0	4	88
Regent Ex Mon CC	0	0	0	4
Regent Ex Monmouth Cluster	0	0	0	1
Regent Ex Abergavenny Cluster	0	0	0	5
Regent Ex Chepstow Cluster	0	0	0	10
Vinci	2	15	17	1
Compass Catering Newport	7	0	7	242
Compass Catering St Albans	0	0	0	6
National Trust	0	0	0	48
Barnardo's	0	0	0	93
Education Achievement Service	265	1,206	1,471	1,113
Just Perfect Catering	3	8	11	11
Caterlink NCC Caerleon	0	0	0	32
Caterlink NCC Newport High	0	0	0	5
Churchill	3	0	3	10
Monwell Ltd	0	0	0	83
Torfaen Leisure Trust	0	0	0	163
Borough Theatre	0	0	0	18
NCS – Norse	236	689	925	657
NPS – Newport	0	0	0	39
Life Leisure	287	605	892	616
Newport Live	307	741	1,048	260
Alliance in Partnership	0	0	0	4
Glyncoed Catering	0	0	0	6
Radis	21	85	106	208
Arwen Cultural Trust	6	12	18	19
MITIE	48	87	135	0
Atlas	1	5	6	0
Cyson Cymru	87	585	672	430
Halo Leisure	98	237	335	77
Totals	**38,794**	**149,317**	**188,111**	**186,169**

8. Transfers in from other pension funds

2024/25		2025/26
£000		£000
(11,933)	Individual transfers	(13,910)
(11,933)		**(13,910)**

9. Benefits payable

By category

2024/25		2025/26
£000		£000
133,973	Pensions	141,566
34,736	Commutation of pensions and lump sum retirement benefits	37,321
3,352	Lump sum death benefits	4,337
2,954	Additional allowances	2,945
175,015		**186,169**

By type of employer

2024/25		2025/26
£000		£000
24,141	Administering Authority	25,264
132,255	Scheduled Bodies	140,399
1,300	Deemed Bodies	1,500
17,319	Admitted Bodies	19,006
175,015		**186,169**

10. Payments to and on account of leavers

2024/25		2025/26
£000		£000
417	Refunds to members leaving service	439
(1)	Payments for members joining state scheme	0
18,325	Individual transfers	17,236
18,741		**17,675**

11. Management expenses

2024/25		2025/26
£000		£000
1,759	Administrative costs	2,054
13,723	Investment management expenses	18,105
1,530	Oversight and governance costs	1,771
17,012		**21,930**

a) Investment management expenses

2025/26	Total	Management fees	Performance related fees	Transaction costs
	£000	£000	£000	£000
Pooled investments	16,103	15,955	148	-
Pooled property investments	1,614	1,614	-	-
	17,717	17,569	148	-
Custody fees	388			
Total	**18,105**			

2024/25	Total	Management fees	Performance related fees	Transaction costs
	£000	£000	£000	£000
Pooled investments	13,075	13,075	-	-
Pooled property investments	306	306	-	-
	13,381	13,381	-	-
Custody fees	342			
Total	**13,723**			

Transaction costs incurred within underlying holdings of pooled vehicles reduce the market value of our holding and are not a direct cost to the Fund.

Management expenses for pooled investments include the costs of joining additional private market investments during the year. These costs include partnership expenses associated with set up and operation as well as equalisation payments. In the context of alternative investment funds, the equalisation process is an accounting methodology which enables each individual investor, or group of investors, who invest in a fund over the course of its lifetime to be individually assessed for their own incentive fee liability and charged accordingly. Equalisation receipts and payments ensure that all Limited Partners are treated as if they had been admitted to the Partnership at the first closing date and are expected to be offset by the investment performance of these investments over time.

12. Investment income

2024/25		2025/26
£000		£000
(66,650)	Pooled investments	(75,771)
(2,285)	Pooled property investments	(1,697)
(1,647)	Interest on cash deposits	(1,206)
(70,582)		**(78,674)**

Prior to March 2026, the Wales Pension Partnership (WPP) pooled funds were held as income units, with quarterly distributions paid and automatically reinvested into the funds. In March 2026, the holdings were converted to accumulation units, under which income is retained within the fund and reflected through increased unit values. WPP income has historically been recognised in the Fund Accounts on a cash basis. As a result, the 2025/26 accounts include income of £13.489m received in May 2025 in respect of the quarter ended 31 March 2025. The final distribution under the income unit structure was received and reinvested in February 2026 in respect of the quarter ended 31 December 2025. Following the conversion to accumulation units, no further cash distributions will be received from these holdings.

13. Other fund account disclosures

a) Wales Pension Partnership

2024/25 £000		2025/26 £000
	WPP oversight and governance costs	
415	Operator fees	565
217	Set up and oversight costs	248
23	Host Authority costs	24
	WPP investment management expenses	
4,919	Fund management fees	5,286
316	Depositary and custody fees	363
5,890		**6,486**

Oversight and governance costs include the host authority costs and other external advisor costs. These costs are funded equally by all eight LGPS funds in Wales. Fees are also payable to Waystone as the FCA authorised WPP Operator, providing operational, governance, compliance, oversight and reporting services to the pool.

Investment management expenses include fund manager fees and depositary and custody fees. These costs are based on each Fund's percentage share of WPP pooled assets and are deducted from the Net Asset Value (NAV).

For further information on costs for the Wales Pension Partnership please refer to the Asset Pooling section on page 28.

b) Other payments

2024/25 £000		2025/26 £000
19,811	Cessation Payment	-
19,811		**-**

14. Investments

Value at 31.03.25 bid price £000		Value at 31.03.26 bid price £000
	Long term investments	
-	WPP Investment Management Company Ltd[10]	159
-		**159**
	Investment assets	
	Pooled funds	
528,328	Fixed Income	546,156
1,048,723	Global Passive Equity	980,957
856,094	Global Equity	994,565
224,506	European Equity	238,505
607,320	UK Equity	712,975
311,945	Asian Equity	399,251
107,040	Global Emerging Markets Equity	142,540
115,809	Multi Asset Funds	126,986
182,561	Private Credit	204,855
356,087	Infrastructure	423,283
4,338,413		**4,770,073**
	Other investments	
71,688	Pooled property investments	185,611
71,688		**185,611**
27,434	Cash deposits	81,612
886	Investment income due	336
28,320		**81,948**
4,438,421	**Total investment assets**	**5,037,791**
	Investment liabilities	
-	Amounts payable	-
-	**Total investment liabilities**	**-**
4,438,421	**Total investment assets**	**5,037,791**

[10] A cash contribution to fund the initial setup costs of WPP IM Co has been recognised in the accounts as a long-term investment

a) Reconciliation of movements in investments

Period 2025/26	Market Value 31 March 2025	Purchases during the year	Sales during the year	Investment management expenses deducted at source	Change in value during the year	Market Value 31 March 2026
	£000	£000	£000	£000	£000	£000
Pooled funds	4,338,413	1,357,910	(1,438,994)	(26,972)	539,716	4,770,073
Pooled property investments	71,688	217,567	(107,357)	(187)	3,900	185,611
Long term investments	-	159	-	-	-	159
	4,410,101	1,575,636	(1,546,351)	(27,159)	543,616	**4,955,843**
Other investment balances:						
• Cash deposits	27,434					81,612
• Investment income due	886					336
Net investment assets	**4,438,421**				**543,616**	**5,037,791**

Period 2024/25	Market Value 31 March 2024	Purchases during the year	Sales during the year	Investment management expenses deducted at source	Change in value during the year	Market Value 31 March 2025
	£000	£000	£000	£000	£000	£000
Pooled funds	4,039,955	334,265	(189,741)	(13,223)	167,157	4,338,413
Pooled property investments	70,239			13	1,436	71,688
	4,110,194	334,265	(189,741)	(13,210)	168,593	**4,410,101**
Other investment balances:						
• Cash deposits	129,346					27,434
• Investment income due	1,829					886
Net investment assets	**4,241,369**				**168,593**	**4,438,421**

Schroders Capital was appointed by the Wales Pension Partnership (WPP) to manage its UK real estate investments as part of WPP's new real estate arrangements. When Schroders Capital assumed investment management responsibility, the existing legacy property fund holdings were required to be transferred into Schroders Capital's name. As the historical transaction data could not be transferred, this was recorded as a sale and corresponding purchase of £73.800m in June 2025. This was an administrative transfer and did not represent an actual disposal and reinvestment of the underlying assets. The WPP UK Diversified Real Estate Fund launched in February 2026, and the transition of the legacy property investments into the new fund commenced during 2025/26. During the year ended 31 March 2026, £32.060m of legacy property investments were transitioned, resulting in sales of £32.060m from the legacy property funds and corresponding purchases of £32.060m into the WPP UK Diversified Real Estate Fund. In addition, £111.707m was invested in alternative real estate funds during 2025/26, while £1.497m of sales related to returns of capital from alternative real estate investments. The transition of the legacy property investments was not fully complete at 31 March 2026, with some legacy property investments remaining at the year end. The remaining assets were subsequently transitioned during 2026/27, with the final legacy fund transferring in July 2026, completing the transition.

Purchases and sales of pooled funds during 2025/26 include an in-specie transfer completed in Q4 2025, comprising £1,157.0m into the BlackRock Aquila Life WPP World ESG Insights Equity Fund and £1,146.4m out of the BlackRock ACS World Low Carbon Equity Fund. The transfer reflected the transition to WPP's bespoke ESG passive equity fund, incorporating enhanced stewardship, voting and engagement arrangements.

b) Investments analysed by Fund Manager

Market value 31 March 2025 £000	%	Fund Manager	Market value 31 March 2026 £000	%
WPP Investment Management Company Ltd				
-	-	Long term investments	159	-
-	**-**		**159**	**-**
Investments managed by the Wales Pension Partnership				
2,134,019	48.0	Russell Investments	2,442,503	48.5
-	-	Schroders UK Diversified Real Estate Fund	32,061	0.6
77,975	1.8	GCM Grosvenor	115,776	2.3
30,674	0.7	Octopus Renewables	32,586	0.6
20,448	0.5	CBRE	125,619	2.5
54,052	1.2	IFM Investors	57,212	1.1
4,393	0.1	Capital Dynamics	7,776	0.2
2,321,561	**52.3**		**2,813,533**	**55.8**
Investments managed outside of the Wales Pension Partnership				
1,273,296	28.7	BlackRock[11]	1,219,530	24.2
311,945	7.0	Invesco Perpetual	399,251	7.9
150,130	3.4	Fidelity International	174,079	3.4
71,688	1.6	Schroders legacy property funds	42,828	0.9
-	-	Bridges Fund Management	9,204	0.2
103,925	2.3	Gresham House	119,803	2.4
113,003	2.5	Invesco Credit Partners (Cayman)	111,495	2.2
64,620	1.5	Quinbrook	67,453	1.4
27,367	0.6	Cash at Administering Authority	80,120	1.6
886	0.1	Other investment balances	336	-
2,116,860	**47.7**		**2,224,099**	**44.2**
4,438,421	**100**	**Total**	**5,037,791**	**100**

The following investments represent more than 5% of the net assets of the Fund.

	Market value 31 March 2025 £000	% of total Fund	Market value 31 March 2026 £000	% of total Fund
BlackRock ACS World Low Carbon Equity	1,048,723	23.6	-	-
BlackRock WPP World ESG Insights Equity Fund	-	-	980,957	19.5
WPP Global Opportunities Fund	685,246	15.4	801,102	15.9
WPP UK Opportunities Fund	607,320	13.7	712,975	14.2
Invesco Perpetual Asian Equity Fund	311,945	7.0	399,251	7.9
WPP Global Credit Fund	266,269	6.0	277,576	5.5
WPP Global Government Bond Fund	262,059	5.9	268,580	5.3
Blackrock Ascent Life European Equity Fund	224,506	5.1	238,505	4.7
Total value of investments	**4,438,421**		**5,037,791**	

[11] Includes the Low Carbon Tracker Equity Fund which was a pre-pooling investment initiative whereby the 8 Welsh LGPS funds issued a joint procurement exercise and appointed Blackrock as the manager to manage the passive equity mandates. The World ESG Insights Equity Fund is a recent bespoke evolution of the pre-existing Low Carbon product.

15. Fair value – basis of valuation

All investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. There has been no change in the valuation techniques used during the year.

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1 – where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. The Fund does not hold any level 1 assets as all equities are held within pooled fund arrangements.

Level 2 – where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data. Level 2 is deemed the most appropriate classification where an investment vehicle is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data. The pooled funds, including the WPP ACS held by the Fund at the reporting date, fall into this category as they are not exchange traded and the valuations are based on the quoted prices of the underlying holdings.

Level 3 – this classification incorporates the financial assets and liabilities which are considered to be the most illiquid and hardest to value, and where fair value for these assets cannot be determined by using readily observable inputs or measures, such as market prices or models. Instead, they are calculated using valuation techniques which are open to interpretation and detailed within the table below.

Basis of valuations and estimation techniques

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled Investments - Equity Funds UK and Overseas	Level 2	The NAV is calculated based on the market value of the underlying equity assets.	Evaluated price feeds.	Not required.
Pooled Investments - Fixed Income Funds UK and Overseas	Level 2	The NAV is calculated based on the market value of the underlying fixed income securities.	Evaluated price feeds.	Not required.
Pooled Investments - Multi Asset Funds	Level 2	The NAV is calculated based on the market value of the underlying investments and financial instruments.	Evaluated price feeds.	Not required.
Pooled Investments - Property Funds (valuations of underlying property investments)	Level 2	Valuations are based primarily on observable market inputs, including independent property appraisals and comparable market transactions.	Relies on comparable property transactions, market yields, rental evidence and independent appraisals supported by observable market activity.	Not required
Pooled Investments - Property Funds (values assets according to their development stage) Methods used to estimate fair value may vary between funds, but estimation techniques are broadly consistent.	Level 3	Investments are valued using the most appropriate method based on the nature and stage of the underlying asset. Valuations may be based on cost, independent third-party appraisals, quoted market prices, or recognised valuation techniques, including discounted cash flow methodologies and industry valuation guidelines.	Where available, valuations use observable inputs such as quoted market prices, publicly available data and independent third-party appraisals. Where market information is limited or unavailable, unobservable inputs, estimates and assumptions are used to determine fair value.	Valuations are sensitive to the availability and timing of market data and independent appraisals, as well as the assumptions and estimates applied where observable inputs are limited. For investments with limited market activity or no liquid market, realised values may differ materially from the reported valuations.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled Investments - Private Credit Funds Methods used to estimate fair value may vary between funds, but estimation techniques are broadly consistent.	Level 3	Investments are valued using quoted market prices and other verifiable data where available. Where market data is unavailable, fair value is determined using valuation techniques, including discounted cash flow models and counterparty valuations.	Observable inputs include quoted market prices and other verifiable market data. Unobservable inputs are used when such information is not available and are incorporated through valuation techniques.	Valuations are sensitive to the availability of market data and, where unavailable, to the assumptions used in valuation techniques, including discounted cash flow models and counterparty valuations. For quoted debt instruments, valuations may also be sensitive to trade prices and quoted bid/ask prices.
Pooled Investments - Infrastructure Funds Methods used to estimate fair value may vary between funds, but estimation techniques are broadly consistent.	Level 3	Investments are measured at fair value and valued in accordance with the International Private Equity and Venture Capital Valuation (IPEV) Guidelines. Where active market quotes are not available, fair value is primarily determined using discounted cash flow methodologies.	Valuations are based on observable data where available. In the absence of active market quotes or sufficient market activity, unobservable inputs, estimates and assumptions are used to determine fair value.	Valuations require significant management judgement due to the absence of quoted market values, limited market activity and the long-term nature of investments. Actual proceeds realised on sale may differ significantly from the reported fair values.
Holdings in WPP IM Co	Level 3	Held at fair value	Initially measured at cost	Will be assessed in future for impairment.

Sensitivity of assets valued at level 3

The Fund has determined that the valuation methods described above are likely to be accurate within the following ranges and has set out below the consequent potential impact on the closing value of investments held at 31 March 2025 and 31 March 2026.

	Potential variation in fair value (+/-)	Value at 31 March 2026 £000	Potential value on increase £000	Potential value on decrease £000
Pooled Investments – Private Credit	7.40%	204,855	220,014	189,696
Pooled Investments – Infrastructure	14.60%	423,283	485,082	361,484
Pooled Property - Other	15.90%	112,146	129,977	94,315
Long term investments	0.30%	159	159	159
Total		**740,443**	**835,232**	**645,654**

	Potential variation in fair value (+/-)	Value at 31 March 2025 £000	Potential value on increase £000	Potential value on decrease £000
Pooled Investments – Private Credit	7.62%	182,561	196,472	168,650
Pooled Investments – Infrastructure	14.53%	356,087	407,826	304,348
Total		**538,648**	**604,298**	**472,998**

a) Fair value hierarchy

The following tables provide an analysis of the assets and liabilities of the Pension Fund grouped into Levels 1 to 3, based on the level at which the fair value is observable. This excludes cash deposits and other investment balances and liabilities.

Values at 31 March 2026	Quoted market price **Level 1** £000	Using observable inputs **Level 2** £000	With significant unobservable inputs **Level 3** £000	**Total** £000
Financial assets at fair value through profit and loss	-	4,215,400	740,443	4,955,843
Net investment assets	**-**	**4,215,400**	**740,443**	**4,955,843**

Values at 31 March 2025	Quoted market price **Level 1** £000	Using observable inputs **Level 2** £000	With significant unobservable inputs **Level 3** £000	**Total** £000
Financial assets at fair value through profit and loss	-	3,871,453	538,648	4,410,101
Net investment assets	**-**	**3,871,453**	**538,648**	**4,410,101**

b) Transfers between levels 1 and 2

No transfers took place in the financial year ending 31 March 2026.

c) Reconciliation of fair value measurements within level 3

Movements 2025/26	Infrastructure Funds	Private Credit Funds	Level 3 Property Funds	Level 3 Other	Total
	£000	£000	£000	£000	£000
Starting Value 31 March 2025	**356,087**	**182,561**	**-**		**538,648**
Transfers into level 3					
Transfers out of level 3					
Capital calls (purchases)	94,544	36,864	111,707	159	243,274
Return of investment (sales)	(7,420)	(14,156)	(1,496)		(23,072)
Unrealised gains and losses	(19,928)	(414)	1,935		(18,407)
Realised gains and losses					
Ending Value 31 March 2026	**423,283**	**204,855**	**112,146**	**159**	**740,443**

Movements 2024/25	Infrastructure Funds	Private Credit Funds	Level 3 Property Funds	Level 3 Other	Total
	£000	£000	£000	£000	£000
Starting Value 31 March 2024	**181,407**	**95,553**			**276,960**
Transfers into level 3					
Transfers out of level 3					
Capital calls (purchases)	177,890	91,527			269,417
Return of investment (sales)	(15,604)	(9,137)			(24,741)
Unrealised gains and losses	12,394	4,618			17,012
Realised gains and losses					
Ending Value 31 March 2025	**356,087**	**182,561**	**-**	**-**	**538,648**

16. Financial instruments

a) Classification of financial instruments

The following table analyses the carrying amounts of financial instruments by category and net assets statement heading. No financial instruments were reclassified during the accounting period.

Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost		Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
31 March 2025				**31 March 2026**		
£000	£000	£000		£000	£000	£000
			Financial Assets			
4,338,413			Pooled investments	4,770,073		
71,688			Pooled property investments	185,611		
			Long term investments	159		
	27,434		Cash		81,612	
886			Other investment balances	336		
	16,447		Debtors		17,215	
4,410,987	**43,881**	**-**		**4,956,179**	**98,827**	**-**
			Financial liabilities			
		(6,287)	Creditors			(7,837)
-	**-**	**(6,287)**		**-**	**-**	**(7,837)**
4,410,987	**43,881**	**(6,287)**	**Total**	**4,956,179**	**98,827**	**(7,837)**
	4,448,581				**5,047,169**	

b) Net gains and losses on financial instruments

All realised gains and losses arise from the sale or disposal of financial assets which have been derecognised in the financial statements. The Fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

31 March 2025 £000		31 March 2026 £000
	Financial assets	
168,593	Fair value through profit and loss	543,616
-	Amortised cost – realised gains on derecognition of assets	-
-	Amortised cost – unrealised gains	-
	Financial liabilities	
-	Fair value through profit and loss	-
-	Amortised cost – realised losses on derecognition of assets	-
-	Amortised cost – unrealised losses	-
168,593	**Total**	**543,616**

17. Nature and extent of risks arising from financial instruments

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). The aim of investment risk management is to minimise the risk of an overall reduction in the value of The Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Committee. Risk management policies are established to identify and analyse the risks faced by the pension fund's operations, then reviewed regularly to reflect changes in activity and market conditions.

Overall procedures for managing risk

The principal powers to invest are contained in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 which require an administering authority to invest, in accordance with its investment strategy, any pension fund money that is not needed immediately to make payments from the pension fund. The unpredictability of financial markets means that all forms of investment carry a degree of risk. The Fund therefore needs to be risk aware within its investment strategy, implementation and monitoring to ensure it meets one of its primary objectives - to maximise the returns from its investments within reasonable risk parameters.

The Fund prepares statutory documents detailing its investment strategy and how it implements and monitors this. The Fund's Investment Strategy Statement (ISS) specifically sets out the Fund's policy on the type of investments to be held; investment restrictions and limits; the balance and diversification between these and the detail of the Fund's investment management arrangements in implementing its strategy. The ISS also includes a specific section on how the Fund measures and manages the different types of risks it faces. This is analysed as required by investment regulations across the headings of Funding Risk, Asset Risk and Other Provider Risk. The following summary from the relevant section of the current ISS summarises how the Fund seeks to reduce these risks to a minimum where it is possible to do so without compromising returns:

Funding risks

- Financial mismatch - The risk that pension fund assets fail to grow in line with the developing cost of meeting the liabilities.
- Changing demographics - The risk that longevity improves, and other demographic factors change, increasing the cost of fund benefits.
- Systemic risk - The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting the Fund's liabilities.

The Fund manages these funding risks by: -

- Setting a strategic asset allocation benchmark that considers asset liability modelling focused on probability of success and level of downside risk.
- Assessing risk relative to the strategic benchmark by monitoring the Fund's asset allocation and investment returns relative to this.
- Seeking to understand the assumptions used in any analysis and modelling (including that relating to the demographics of its liabilities) so they can be compared to the Fund's own views and the level of risks associated with these assumptions.
- Seeking to mitigate systemic risk through a diversified portfolio.

Asset risks

- Concentration - The risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.
- Illiquidity - The risk that the pension fund cannot meet its immediate liabilities because it has insufficient liquid assets.
- Currency risk - The risk that the currency of the Fund's assets underperforms relative to Sterling (i.e. the currency of the liabilities).
- Environmental, social and governance ('ESG') - The risk that ESG related factors reduce the Fund's ability to generate the long-term returns.
- Manager underperformance - The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.

The Fund measures and manages these Asset risks by: -

- Setting a strategic asset allocation benchmark that ensures investment in a diversified range of asset classes. Regular monitoring and review of this allocation ensures that the Fund's 'actual allocation' does not deviate substantially from its target.
- Investing in a range of investment mandates each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, help reduce the Fund's asset concentration risk.
- Investing across a range of assets, including liquid quoted equities and bonds, as well as property, and recognising the need for access to liquidity in the short term.
- Investing in a range of overseas markets which provides a diversified approach to currency markets.
- Documenting within the ISS its approach to managing ESG risks.
- Considering the risk of underperformance by any single investment manager and attempting to reduce this risk by appointing more than one manager and, where market conditions are deemed supportive, having a proportion of the Scheme's assets managed on a passive basis.
- Formally assessing the Fund's managers' performance on a quarterly basis, and taking steps, including potentially replacing managers, if underperformance persists.

Other provider risk

- Transition risk - The risk of incurring unexpected costs in relation to the transition of assets among managers. When carrying out significant transitions, the pension fund seeks suitable professional advice.
- Custody risk - The risk of losing economic rights to fund assets, when held in custody or when being traded.
- Credit default - The possibility of default of a counterparty in meeting its obligations.
- Stock-lending - The possibility of default and loss of economic rights to fund assets.

The Fund measures and manages these Other Provider risks by: -

- Monitoring and managing these risks through a process of regular scrutiny of its providers.
- Audit of the operations the provider conducts for the Fund, or the delegation of such monitoring and management of risk to the appointed investment managers as appropriate (e.g. custody risk in relation to pooled funds).
- Retaining the power to replace a provider should serious concerns exist.

The full version of the Investment Strategy Statement is available on the Pension Fund's website:

Investment Strategy Statement

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising investment return.

The pension fund's funding position is sensitive to market price changes on two levels. Changes in the market price of investments such as equities, affect the net assets available to fund promised member benefits. Changes in the yields (and thus price) of bonds, as well as affecting asset values, also affect the value placed on the pension fund's liabilities within its overall funding calculations.

The Fund's investment strategy requires it to maximise the returns from its investments within reasonable risk parameters and, to achieve the level of investment return required, the strategy requires a significant level of equity investment. Though it is recognised that the risk levels (price volatility) will be greater for equities than bonds, the strategy recognises the longer-term belief that equities will out-perform bond holdings. The Fund does however take steps to manage this market risk as noted below: -

- LGPS investment regulations set restrictions on the type of investments funds can hold. The statutory Investment Strategy Statement (ISS) requires each fund to implement its own prudential framework, requiring a diversified prudent approach to managing market risk.
- The Fund has a diversified strategic asset allocation which is monitored to ensure the diversification levels are within acceptable tolerances of the strategy and the reasons for any deviation understood.
- The asset allocation is designed to diversify risk and minimise the impact of poor market performance in a particular asset class.
- The Fund's investment portfolio is further diversified by geographical region; investment manager; manager style etc. to further optimise the diversification of both return and risk.
- The Fund's ISS also defines the limits/parameters that the Fund can hold in any one security and the Fund's investment managers monitor their portfolio daily to ensure that these limits, designed to further minimise market risk, are not breached.

The above provides a general overview of the potential impact of market risk and how the Fund looks to manage these risks. The following sections provide some further detail of this across the 3 principal areas of market risk – asset price, interest rates and currency.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or by factors affecting all such instruments in the market.

The Fund is exposed to indirect UK/Overseas share and bond price risk within its pooled fund holdings. The risks arise from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The selection of investments is controlled and monitored by the council relative to limits specified by the Fund's investment strategy and the Fund's investment managers further mitigate this risk through diversification and by investing in line with the confines of the Fund's Investment Strategy Statement.

Other price risk – sensitivity analysis

In consultation with its actuary, the Fund has determined that the following movements in market price risk are reasonably possible as at 31 March 2026.

Asset type	1 year expected volatility
Total Fund	13.2%
UK Equities	18.0%
Overseas Equities	18.6%
Emerging Market Equities	26.9%
Government Bonds[12]	5.4%
Corporate Bonds[13]	6.3%
Pooled Property investments	15.9%
Multi Asset Funds	8.7%
Alternatives (Private Credit)	7.4%
Alternatives (Infrastructure)	14.6%
Cash	0.3%

The total Fund volatility takes into account the expected interactions between the different asset classes shown, based on the underlying volatilities and correlations of the assets, in line with mean variance portfolio theory.

To provide some context to this, the Fund actuary's recent view on long term positive performance assumptions of the various asset classes in which the Fund invests are noted within the table below:

Asset type	Long term performance Assumptions (20 years annualised)
UK Equities	7.9%
Overseas Equities (inc. EM)	8.1%
Government Bonds (Medium Term)	6.1%
Corporate Bonds (Medium Term)	6.7%
Property	6.8%
Multi Asset Funds	6.9%
Alternatives (Private Credit)	7.9%
Alternatives (Infrastructure)	7.7%
Cash	4.0%

[12] Includes exposure to Overseas Government Bonds. The total exposure to Overseas Government Bonds is £254.5m.
[13] Includes exposure to Overseas Corporate Bonds. The total exposure to Overseas Corporate Bonds is £257.8m.

Ignoring the potential for long term positive performance, however, and considering potential market price changes only, should the market price of the Fund investments increase/decrease in line with the potential market movements noted above, the change in the net assets available to pay benefits would be as shown in the table below. The Fund has used the services of its actuary to calculate the potential sensitivity levels within this section of the accounts.

Asset type	Value as at 31 March 2026 £000	Potential market movements %	Potential value on increase £000	Potential value on decrease £000
Cash and accruals	81,948	0.30	82,194	81,702
Investment portfolio assets:				
UK Equities	712,975	18.00	841,311	584,640
Overseas Equities	2,613,278	18.60	3,099,348	2,127,208
Emerging Market Equities	142,540	26.90	180,883	104,197
Government Bonds	268,580	5.40	283,083	254,077
Corporate Bonds	277,576	6.30	295,063	260,089
Pooled Property Investments	185,611	15.90	215,123	156,099
Multi Asset Funds	126,986	8.70	138,034	115,938
Alternatives (Private Credit)	204,855	7.40	220,014	189,696
Alternatives (Infrastructure)	423,283	14.60	485,082	361,484
Cash advance to WPP IM Co	159	0.30	159	159
Total Fund	**5,037,791**		**5,840,294**	**4,235,289**

Asset type	Value as at 31 March 2025 £000	Potential market movements %	Potential value on increase £000	Potential value on decrease £000
Cash and accruals	28,320	0.30	28,405	28,235
Investment portfolio assets:				
UK Equities	607,320	16.26	706,070	508,570
Overseas Equities	2,441,268	18.64	2,896,320	1,986,216
Emerging Market Equities	107,040	24.30	133,051	81,029
Government Bonds	262,059	5.47	276,394	247,724
Corporate Bonds	266,269	6.54	283,683	248,855
Pooled Property Investments	71,688	15.20	82,585	60,791
Multi Asset Funds	115,809	8.57	125,734	105,884
Alternatives (Private Credit)	182,561	7.62	196,472	168,650
Alternatives (Infrastructure)	356,087	14.53	407,826	304,348
Total Fund	**4,438,421**		**5,136,540**	**3,740,302**

Interest rate risk

The Fund recognises that interest rates can vary and can affect both income to the Fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. The Fund's actuary has suggested that a +/- 100bps (1%) change in interest rates is sensible for the interest rate risk sensitivity analysis. A 1% movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy.

Interest rate risk - sensitivity analysis

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/– 1% change in interest rates. The analysis demonstrates that an increase in the interest rate does not affect the interest received on fixed interest assets, but it does result in a decrease in the fair value of the bond portfolio and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Assets exposed to interest rate risk[14]:

Exposure to interest rate risk	Asset Values as at 31 March 2026	Impact of 1% increase	Impact of 1% decrease
	£000	£000	£000
Cash in house and with managers	81,948	81,948	81,948
Cash advance to WPP IM Co	159	159	159
LF Wales PP Global Government Bond Fund	268,580	251,928	285,231
LF Wales PP Global Credit Fund	277,576	261,477	293,675
Total	**628,263**	**595,512**	**661,013**

Exposure to interest rate risk	Asset Values as at 31 March 2025	Impact of 1% increase	Impact of 1% decrease
	£000	£000	£000
Cash in house and with managers	28,320	28,320	28,320
LF Wales PP Global Government Bond Fund	262,059	245,549	278,569
LF Wales PP Global Credit Fund	266,269	250,026	282,511
Total	**556,648**	**523,895**	**589,400**

Exposure to interest rate risk	Interest receivable 2025/26	Value on 1% increase	Value on 1% decrease
	£000	£000	£000
Cash in house and with managers	1,206	1,218	1,194
Cash advance to WPP IM Co	-	-	-
LF Wales PP Global Government Bond Fund	-	-	-
LF Wales PP Global Credit Fund	-	-	-
Total	**1,206**	**1,218**	**1,194**

Exposure to interest rate risk	Interest receivable 2024/25	Value on 1% increase	Value on 1% decrease
	£000	£000	£000
Cash in house and with managers	1,647	1,664	1,631
LF Wales PP Global Government Bond Fund	-	-	-
LF Wales PP Global Credit Fund	-	-	-
Total	**1,647**	**1,664**	**1,631**

Currency risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. In terms of currency risk however it is important to note that the Fund's investments are diversified across all the world's major markets and currencies and, as one currency may fall in value, another will increase. This fact is seen as a major element of intrinsic risk control within the Fund's overseas investments. In terms of indirect, sterling denominated pooled funds therefore, the following table summarises the value of the Fund's potential underlying currency exposure for the last two financial years.

Following analysis of historical data by the Fund's Actuary, the 1 year expected standard deviation for an individual currency as at 31 March 2026 is 8.7% (9.1% as at 31 March 2025). This assumes no diversification with other assets and that interest rates remain constant.

[14] Interest rate sensitivity information for fixed income is calculated by the Fund's actuary based on the duration of bonds within the Fund's portfolio.

An 8.7% strengthening/weakening of the pound against the various currencies in which the Fund holds overseas investments would increase/decrease the net assets available to pay benefits as follows:

Currency risk - sensitivity analysis[15]

Assets exposed to currency risk	Asset value as at 31 March 2026	Potential market movement	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas Equities	2,613,278	8.7	2,840,633	2,385,923
Emerging Market Equities	254,485	8.7	276,625	232,345
Overseas Government Bonds	257,768	8.7	280,194	235,342
Overseas Corporate Bonds	142,540	8.7	154,941	130,139
Multi Asset Income Fund	126,986	8.7	138,034	115,938
Global Private Credit Funds	204,855	8.7	222,677	187,033
Global Infrastructure Funds	228,251	8.7	248,109	208,393
Global Property Fund	102,942	8.7	111,898	93,986
Total change in assets available to pay benefits	**3,931,105**		**4,273,111**	**3,589,099**

Assets exposed to currency risk	Asset value as at 31 March 2025	Potential market movement	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas Equities	2,441,268	9.1	2,663,423	2,219,113
Emerging Market Equities	255,691	9.1	278,959	232,423
Overseas Government Bonds	230,056	9.1	250,991	209,121
Overseas Corporate Bonds	107,040	9.1	116,781	97,299
Multi Asset Income Fund	115,809	9.1	126,348	105,270
Global Private Credit Funds	182,561	9.1	199,174	165,948
Global Infrastructure Funds	183,148	9.1	199,814	166,482
Total change in assets available to pay benefits	**3,515,573**		**3,835,490**	**3,195,656**

b) Credit risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. Assets potentially affected by this risk are investment assets and cash deposits. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk and the market values of investments generally reflect an assessment of credit risk. The pension fund reviews its exposure to its investment manager, credit, and counterparty risk by the review of the managers' annual internal control reports. These documents are themselves subject to independent review by the investment managers' own appointed auditors to help provide assurance that managers exercise reasonable care and due diligence in its activities for the pension fund, such as in the selection and use of brokers. The most tangible element of credit risk faced by the Fund is however in the form of its cash investments placed with banks and other financial institutions. These investments are managed in-house and, to minimise the credit risk in respect of these investments, a specific Cash Management Strategy is annually put before the Pension Committee for their consideration and approval followed by regular review. The Pension Fund's Cash Management Strategy is prepared and presented to the Pension Committee annually and sets out the criteria for investments; the institutions with which they can be placed; the maximum value that can be placed with each institution and the maximum period for which money can be invested.

[15] Overseas exposure in bond funds based on valuations as at 31 March 2026 and regional asset allocation as at 31 December 2025

The strategy references and details the Fund's processes and procedures in terms of its cash management and how specialist external advice is used within the process.

The Pension Fund utilises the services of MUFG Pension & Market Services for formulating and monitoring the Fund's list of approved counterparties. MUFG Pension & Market Services use a comprehensive method of assessing counterparty's credit ratings which includes overlaying the three credit rating agencies' scores with additional data, relative to each institution, such as rating watches and CDS spreads where available to advise of a maximum suggested investment period with that counterparty.

The Fund believes that it has, through a continuing difficult period for financial markets and institutions, adequately managed its exposure to credit risk. The Fund has experienced no defaults from fund managers, brokers, or bank accounts. The Fund's cash holding under its treasury management arrangements at 31 March 2026 was £80.120m (31 March 2025 was £27.367m) and this was held with financial institutions as follows:

Cash on deposit with Administering Authority financial institutions[16]	**Rating (Fitch Long Term)** (at 31 March 2026)	**Balances as at 31 March 2025** £000	**Balances as at 31 March 2026** £000
Money Market Funds			
Aberdeen Standard Liquidity Fund	AAA	15,000	25,000
Blackrock Institutional Sterling Liquidity Fund	AAA	10,000	13,500
Deutsche Managed Sterling Fund	AAA	-	9,500
Invesco Sterling Liquidity Portfolio	AAA	-	25,000
State Street GBP Liquidity Fund	AAA	-	6,500
Bank Current Accounts			
TCBC Pension Fund		2,367	620
Total		**27,367**	**80,120**

c) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The main risk for the pension fund is not having the funds available to meet its commitments to make pension payments to its members. To manage this risk, the Fund monitors its cash flow to ensure that cash is available when needed. The Fund further manages its liquidity risk by maintaining its cash investments within money market funds allowing same day access to cash deposited without penalty. Indeed, at 31 March 2026, all pension fund cash balances were spread across such immediate access accounts. The Fund still retains the option to invest within fixed term deposits but, in accordance with the cash management strategy, these must currently be of maximum 6 months duration and placed with UK banks. At any point in time the whole of the Fund's cash investments can therefore be deemed to be reasonably liquid in that they could be 100% redeemed within a six-month period if required. In practice, however, most cash deposits will be available to a much shorter timescale, as demonstrated at the year-end when all cash deposits were immediately available should this have been required.

The Pension Fund has a strategic allocation of 0-5% for cash. The cash balance is routinely monitored and rebalanced as necessary in accordance with the Fund's strategy. In general, levels of cash on hand are kept to a minimum and used primarily for operational purposes and to meet private market transactions, which are increasingly material as the Fund shifts its strategic allocation. However, the Fund allocated 1.6% (£80.12m) of fund assets to cash at Torfaen at year end to cover a transitional period as the WPP establishes a stand-alone Financial Conduct Authority authorised investment management company (WPP IM Co) in line with Government criteria.

[16] Excludes cash held and managed at 31 March 2026 by external investment managers BlackRock and Schroders

External Investment Managers have substantial discretionary powers regarding their individual portfolios and the management of their cash positions. Both the Fund and its managers are however aware of the very low interest rates available on cash deposits and therefore the desire is to be as fully invested as possible in higher yielding assets whilst ensuring adequate liquidity to meet cash commitments when they fall due.

Refinancing risk

The key risk is that the pension fund will need to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The pension fund does not have any financial instruments that have a refinancing risk as part of its investment strategy.

18. Funding arrangements

In line with the Local Government Pension Scheme Regulations 2013, the Fund's Actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The key elements of the Funding Strategy Statement (FSS) are:

a) To ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment.
b) To ensure that employer contribution rates are as stable as possible.
c) To minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return.
d) To reflect the different characteristics of employing bodies in determining contribution rates where it is reasonable to do so and
e) To use reasonable measures to reduce the risk to other employers and ultimately to the council-tax payer from an employer defaulting on its pension obligations.

18.2 The Fund, through its governance arrangements and discussion with the appointed Actuary, produce a FSS which focuses on how employer liabilities are measured, the pace at which these liabilities are funded, and how employers or pools of employers pay for their own liabilities.

18.3 The Actuarial valuation that affected these accounts was carried out as at 31 March 2022. That valuation showed that the employers would need to pay different contributions to the Fund from 1 April 2023 until 31 March 2026. The primary contribution rate is 20.6% of pensionable pay. Individual employer rates vary from the common rate depending on demographic and actuarial factors particular to each employer. Members' contribution rates range from 5.5% to 12.5% depending on their salary.

18.4 Full details of the contribution rates payable can be found in the 2022 Actuarial Valuation report and the Funding Strategy Statement in the 'Funding' section on the Fund's website:

Funding Strategy Statement

These rates of contribution are the rates which, in addition to the contributions paid by the members, are sufficient to meet:

- 100% of the pension liabilities, plus
- An adjustment over a long period to reflect the shortfall in our share of the Fund's assets and future pay increases

18.5 The 2022 Actuarial Valuation was carried out as at 31 March 2022 and the resulting changes to contribution rates applied from 1 April 2023. The market value of the Fund's assets as at the 2022 valuation was £3,768million. At the valuation date, the Fund's liabilities exceeded the assets by £118million giving a revised funding level of 97% (the funding level at the 2019 valuation was 86%) and the funding deficit declined in monetary terms. The main reason for the increase in the funding position once again was the positive investment returns during the period.

18.6 The Actuary (Hymans Robertson) has used a Risk Based Method for this valuation. For most employers, the contribution rates which apply are based upon recovery of the deficit over a maximum period of 20 years.

18.7 A new Actuarial Valuation was carried out as at 31 March 2025 and the resulting changes to contribution rates will apply from 1 April 2026. The market value of the Fund's assets as at the 2025 valuation was £4,449million. At the valuation date, the Fund's assets exceeded the liabilities by £1,135million giving a revised funding level of 134% (the funding level at the 2022 valuation was 97%). The main reason for the increase in the funding position once again was the positive investment returns during the period.

18.8 The financial assumptions adopted by the Actuary were as follows: -

	Funding Target	
	2022	**2025**
Discount Rate	4.3%	6.0%
Pensionable pay increases	3.2%	3.0%
Pension increases	2.7%	2.3%

18.9 The demographic assumptions employed by the Actuary were complicated and dealt with rates of withdrawal from the scheme, mortality for both active and retired members and commutations. Further details are provided in the full Actuarial Valuation report that can be found on the pension fund's website: -

Actuarial valuation at 31 March 2022

Actuarial valuation at 31 March 2025

19. Actuarial present value of promised retirement benefits

19.1 The Code requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS19 rather than the assumptions and methodology used for funding purposes. To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2026 (the 31 March 2025 assumptions are included for comparison).

	31 March 2025	**31 March 2026**
Discount rate (return on investments)	5.80% per annum	6.20% per annum
Rate of salary increases	3.25% per annum	3.70% per annum
Rate of increase in pensions	2.75% per annum	3.00% per annum

19.2 The demographic assumptions are the same as those used for funding purposes. Full details of these assumptions are set out in the formal report on the actuarial valuation dated March 2025:

Actuarial valuation at 31 March 2025

19.3 During the year, investment returns have increased compared to last year's assumption and this has led to a positive return for IAS26 purposes (6.20% p.a. versus 5.80% p.a.). The expected long-term rate of CPI inflation (RPI-CPI gap) has increased during the year resulting in a decrease in the assumption for pension increases (3.00% p.a. versus 2.75%). The other experience items show a loss in applying the Pensions Increase Order for 2025 of 3.8% as it was higher than the assumption used in the obligations at the start of the period.

19.4 The value of the Fund's promised retirement benefits for the purposes of IAS26 as at 31 March 2025 was estimated as £3,575million. The impact of the changes in financial assumptions between 31 March 2025 and 31 March 2026 as described above is to decrease the Fund liabilities by £92million.

19.5 There are also changes to demographic assumptions, which have further decreased the liabilities by £65million. The remaining increase in obligation of £406million includes the accrual of benefits for active members over 2025/26 and an increase with interest over the year of the obligations value at 2025.

19.6 The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2026 is therefore £3,824million.

20. Current assets

31 March 2025 £000		31 March 2026 £000
	Short term debtors	
3,049	Contributions due - employees	3,227
11,404	Contributions due - employers	11,978
14,453		15,205
1,527	Early retirement costs	1,387
299	Fund manager fee rebates	381
168	Sundry debtors	242
16,447		**17,215**

a) Funding of early retirement costs

During 2025/26 the cost to the pension fund of early retirements arising in the year was £5,156,407 which is paid by the employers in instalments over periods of up to five years. The cost includes the extra years of pension payments because of employees retiring early. The cost of early retirements is worked out by specialist computer software and is recovered from the respective employers. The Actuary has reflected this approach in the contribution levels.

The amounts included within the accounts are the instalments that are due in 2025/26 and in future financial years for early retirements known as at 31 March 2026. These are summarised in the following table: -

	£000	£000
Instalments falling due in 2025/26 in respect of:		
Prior Years	372	
Current Year	4,962	5,334
Balances b/f 1 April 2025	1,527	
Payments Received in 2025/26	(5,433)	
Reversal of previous instalments due	(1,169)	(5,075)
Instalments due for 2026/27	425	
Instalments due for 2027/28 & later years	703	1,128
2025/26 Debtor		**1,387**

The instalments due for 2026/27 and future years have been included in accordance with the guidance notes issued with the Code of Practice on Local Authority Accounting 2025/26.

21. Current liabilities

31 March 2025 £000		31 March 2026 £000
(5,016)	Benefits payable	(5,686)
(1,006)	Management expenses	(1,556)
(265)	Sundry creditors	(595)
(6,287)		**(7,837)**

22. Additional voluntary contributions

22.1 Members of the pension fund may pay additional voluntary contributions (AVCs) to obtain improved benefits on retirement. Torfaen County Borough Council is prevented by regulations from consolidating the amounts of AVC investments into the published Fund accounts. However, as the administering authority we oversee the following AVC arrangements.

Market value 31 March 2025 £000	AVC provider	Market value 31 March 2026 £000
4,973	Standard Life	5,529
1,900	Clerical Medical	1,885
478	Utmost Life and Pensions (previously Equitable Life)	437
7,351		**7,851**

Contribution Received 31 March 2025 £000	AVC provider	Contribution Received 31 March 2026 £000
1,020	Standard Life	1,595
309	Clerical Medical	369
1	Utmost Life and Pensions (previously Equitable Life)	1
1,330		**1,965**

The above AVC investments are excluded from the financial statements of the Greater Gwent (Torfaen) Pension Fund in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

23. Agency services

23.1 The Pensions Section make the following payments in respect of unfunded pensions benefits and unfunded teachers benefits. These payments relate to additional benefits granted to employees on retirement by their employer and are recovered from the employer.

31 March 2025 £000		31 March 2026 £000
11	Central Government	12
8,935	Other Local Authorities	8,650
19	Other entities and individuals	37
8,965		**8,699**

24. Related party transactions

24.1 While fulfilling its role as administering authority, Torfaen CBC provide services to the Fund. Costs are normally in respect of those staff employed in ensuring the pension service is delivered and are included in the accounts within management expenses (Note 11, page 95). Related parties to the pension fund include all employers within the Fund and members of the Pension Committee. There have been no financial transactions between any of these parties and the Fund apart from the routine contributions and benefits payable that are defined by statutory regulation and are therefore not within the direct control of any party.

Further information on the Fund's relationship and transactions with the Wales Pension Partnership (WPP) is provided in Note 3.4. As at 31 March 2026, the Fund's Section 151 Officer served as a member of the transitional Board of WPP IM Co.

24.2 **Governance**

Four members of the Pension Committee are active members of the Fund, with one of those members also being in receipt of a pension. Every member of the Pension Committee is required to declare their interest at each meeting.

24.3 **Key management personnel**

There are two employees of Torfaen CBC who hold key positions in the financial management of the Fund. They are the Section 151 Officer and the Head of Pensions. The proportion of their time allocated to the management of the Fund is 15% and 100% respectively. Total remuneration payable for 2024/25 and 2025/26 is set out below for their time apportioned to the Fund.

31 March 2025 £000		31 March 2026 £000
96	Short-term benefits	111
(7)	Post-employment benefits	12
89		**123**

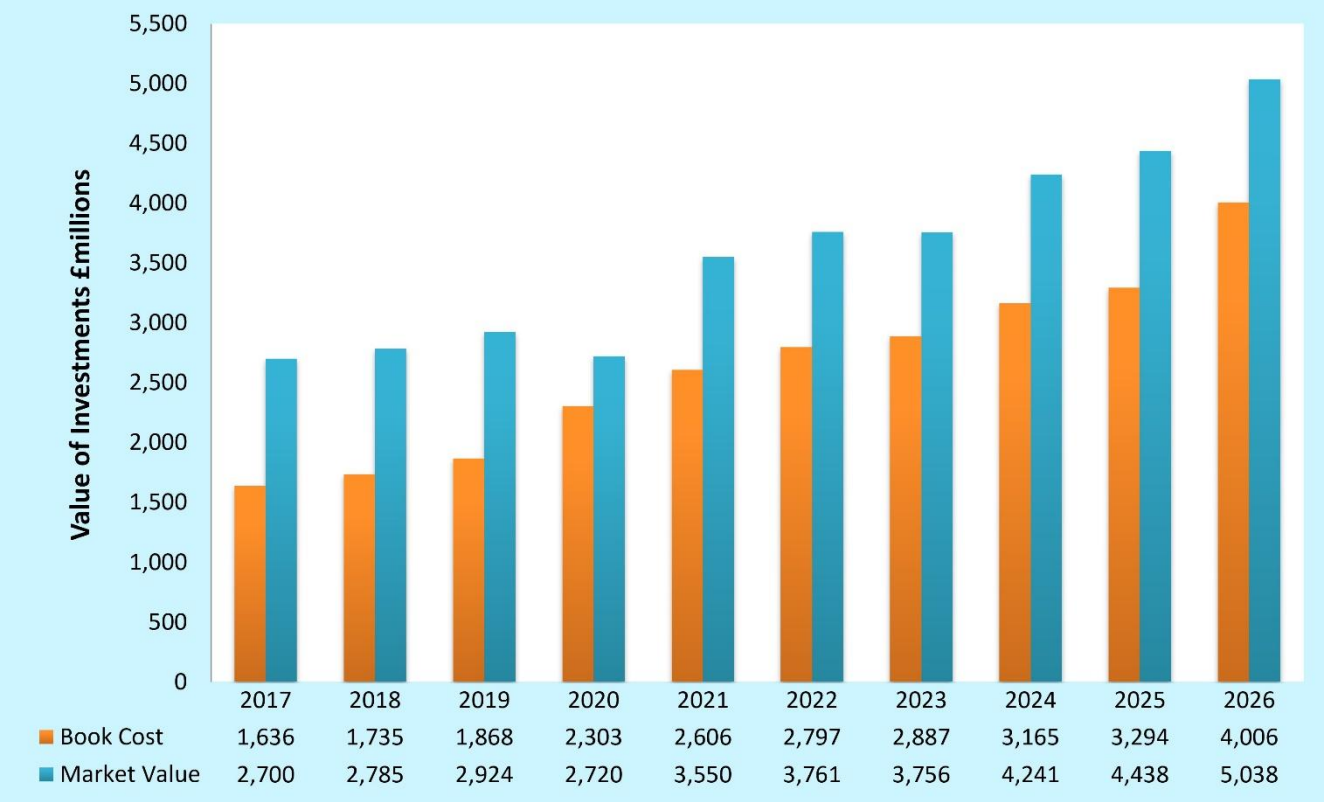
Please note that within the post-employment benefits earned in the table above, the values present the movements between financial periods relating to key management personnel as required by the code.

Appendices

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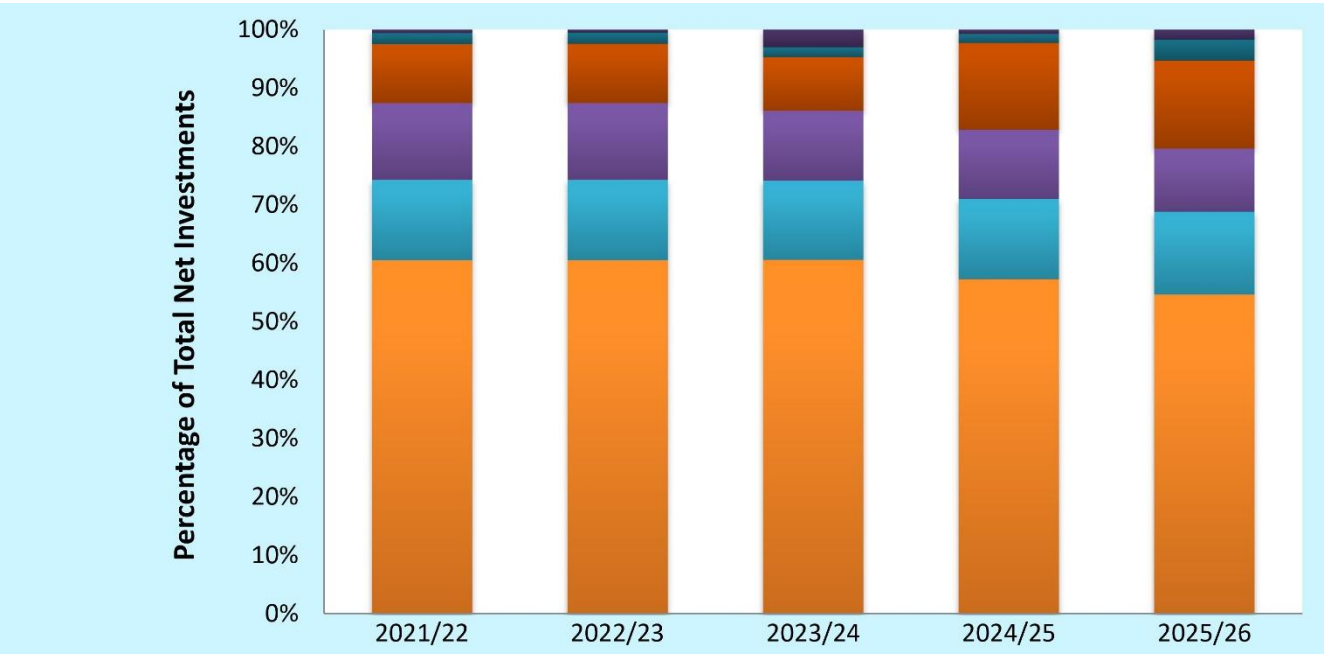
Appendix 1

Ten-Year Valuation of Investments



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Book Cost	1,636	1,735	1,868	2,303	2,606	2,797	2,887	3,165	3,294	4,006
Market Value	2,700	2,785	2,924	2,720	3,550	3,761	3,756	4,241	4,438	5,038

Tactical Asset Allocation



	2021/22	2022/23	2023/24	2024/25	2025/26
Cash	0.6	0.5	3.0	0.7	1.7
Pooled Property Funds	1.9	1.9	1.7	1.6	3.6
Alternatives	10.1	10.1	9.2	14.8	15.1
Fixed Interest	13.1	13.1	12.0	11.9	10.8
UK Equities	13.8	13.8	13.5	13.7	14.2
Overseas Equities	60.5	60.5	60.6	57.3	54.6

Ten Year Summary of Statistics

Revenue Account	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Contributions	107,205	114,118	118,047	129,790	130,301	136,924	154,503	168,556	179,461	188,111
Transfer Values Received	5,573	5,704	6,280	7,939	3,932	8,631	9,122	11,751	11,933	13,910
Investment Income and Other	19,283	21,318	27,215	18,893	31,446	34,209	47,894	60,933	70,582	78,725
Total Income	**132,061**	**141,140**	**151,542**	**156,622**	**165,679**	**179,764**	**211,519**	**241,240**	**261,976**	**280,746**
Pensions and Other Benefits	108,881	111,419	118,602	123,185	123,182	132,359	137,782	158,937	175,015	186,169
Transfer Values Paid	7,138	7,553	7,576	6,512	5,619	8,059	6,357	8,427	18,325	17,236
Refunds of Contributions	248	250	266	272	178	258	417	460	416	439
Fees and Other	8,933	9,366	9,550	10,503	11,069	12,580	13,004	20,673	36,823	21,930
Total Expenditure	**125,200**	**128,588**	**135,994**	**140,472**	**140,048**	**153,256**	**157,560**	**188,497**	**230,579**	**225,774**
Net Surplus for Year	6,861	12,552	15,548	16,150	25,631	26,508	53,959	52,743	31,397	54,972
Net Profit/(Loss) on Sale of Investments	99,726	80,416	117,298	421,489	277,203	164,416	35,393	227,621	99,086	655,922
Unrealised Change in Market Value	387,623	(1,776)	5,310	(639,014)	526,805	19,903	(94,541)	205,349	69,507	(112,306)
Increase/(Decrease) in the Fund	**494,210**	**91,192**	**138,156**	**(201,375)**	**829,639**	**210,827**	**(5,189)**	**485,713**	**199,990**	**598,588**

Investment Assets	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Book Cost at 31 March	1,635,895	1,734,570	1,867,699	2,302,779	2,605,923	2,797,056	2,886,554	3,165,152	3,293,626	4,005,888
Market Value at 31 March	2,700,194	2,785,140	2,923,582	2,719,630	3,550,036	3,761,255	3,756,274	4,241,369	4,438,421	5,037,791

Membership										
Contributors	22,788	23,991	23,932	24,200	24,539	25,015	25,760	25,610	25,248	25,590
Pensioners	16,388	16,848	17,533	18,299	18,718	19,474	20,190	21,047	21,983	23,009
Number of Preserved Benefits	18,068	18,455	18,749	18,621	18,685	18,963	19,422	19,700	20,128	20,479
Total	**57,244**	**59,294**	**60,214**	**61,120**	**61,942**	**63,452**	**65,372**	**66,357**	**67,359**	**69,078**