



## Investment Update April 2026

### Investment Headlines & Comment

- An equity bounceback this month, with remarkable Pacific and Emerging Markets returns.
- A good month for Sterling against all the major currencies, and for trade-weighted too.
- A UK gilt market record with £15bn, the largest ever *single* transaction (a new 2036 issue).

### Feature Section

This month we welcome a guest contributor, Charlotte Scholes from law firm Pinsent Masons, on a recent Pensions Ombudsman (PO) determination with a focus on the misuse of some high-risk investments.

The decision has highlighted the need for clear and obvious delineation between administrator and trustee roles when advising on high-risk investments. The [ruling](#) comes in the wake of earlier findings around similar complaints, with the PO confirming the need for a robust and clearly defined approach to independent trustee duties when accessing unregulated alternative investments. It emphasised the need for clear delineation between administrator and trustee roles, with scrutiny from the regulators likely when there was a concentration of investments in high-risk alternatives.

The determination covered a large group of linked complaints brought by members of small self-administered schemes (SSASs) administered by Rowanmoor Group plc (Rowanmoor) with Rowanmoor Trustees Limited (RTL) acting as independent professional trustee. The applicants had complained about their pension schemes suffering substantial financial loss after being invested into high-risk unregulated investments. Each of the complainants had either established or converted to a SSAS, usually after receiving an unsolicited approach or advice from unregulated introducers.

Although the complainants were also trustees themselves, RTL was appointed as an independent trustee, and charged a fee for “professional responsibility” under the trust deed and rules of the scheme. The applicants had alleged maladministration and breach of trust due to a failure to conduct sufficient due diligence and allowing the investments to proceed. The claim against RTL as independent trustee was upheld by the PO. The ombudsman held that Rowanmoor, in its capacity as scheme administrator, had broadly discharged its role satisfactorily and did not uphold complaints against it in that respect.

The PO reviewed each investment category underlying the complaint and found many of the investments were high risk, speculative, unregulated and clearly unsuitable for pension schemes. Crucially, risk warning letters and member acknowledgements did not absolve RTL of liability. The exoneration and indemnity clauses in the trust deeds were also deemed ineffective. The ombudsman ruled that RTL had not met its duties as an independent trustee, failed to carry out sufficient due diligence and concluded – based on established case law – that no reasonable trustee would have allowed the schemes to take part in these investments.

RTL was heavily criticised for systemic failures in its role as an independent trustee by the ombudsman, which said the firm had either misunderstood or ignored its trustee role, failing to discharge its duties properly and breaching its duty of care. Although he recognised that applicants were also member-trustees, the PO held that RTL, as an independent trustee, was uniquely positioned to apply expertise and veto unsuitable investments as decisions required unanimity. In all but two complaints where investments were made following advice from a regulated advisor with additional expertise, the PO apportioned liability in a 80-20 percentage split between RTL and the member-trustees with RTL being predominantly liable.

RTL was directed to calculate compensation based on a comparison of what the pensions would have been worth had they remained in prior schemes against the actual value of the failed investments, and to pay the appropriate percentage of the loss back to the schemes. It was also ordered to take ownership of, or neutralise, any remaining high-risk investments and ensure applicants are not exposed to ongoing costs or liabilities, as well as to pay £1,000 compensation to each of the complainants for distress and inconvenience caused by a failure to apply clearly established principles in previous determinations.

The determination acts as a reminder that appointment as an ‘independent trustee’ requires active, expert judgment and trustees must actively refuse to proceed with unsuitable investments. The decision reinforces the ombudsman’s stance on high-risk, unregulated investments and independent trustee accountability. Significantly, risk warnings and member insistence do not override trustee duties.



**Asset Returns and Financial Measures [in Sterling unless marked otherwise]**

The cells in bold with light shading show the best and worst performing asset classes from each column. The commodities and \$-based and unhedged-£-conversion hedge fund returns are excluded from that.

[NB: Future returns cannot be inferred from this table alone, but coupled with other items within *Update*, readers can make inferences as to whether they should be higher or lower than the past returns shown below.]

**Table 1: Investment Data to 30 April 2026**

Asset Class	1 month (%)	3 months (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)	20 years (% p.a.)
UK Equities	2.8	2.1	25.2	13.1	10.8	8.8	6.8
Overseas Equities	7.4	5.4	31.0	17.8	11.8	14.0	10.5
US Equities	7.0	5.2	28.5	18.9	<b>13.2</b>	<b>16.1</b>	7.4
Europe ex UK Equities	4.6	0.0	18.8	10.6	8.4	10.3	<b>12.7</b>
Japan Equities	5.7	5.3	29.0	16.2	9.5	10.2	6.1
Pacific ex Japan Equities	<b>16.9</b>	<b>16.2</b>	<b>79.0</b>	<b>24.9</b>	11.3	13.2	10.4
Emerging Markets	11.7	6.1	45.0	18.2	7.1	10.5	7.7
UK Long-dated Gilts	-1.8	<b>-5.0</b>	<b>-3.2</b>	<b>-3.7</b>	<b>-11.0</b>	<b>-3.1</b>	<b>2.0</b>
UK Long-dated Corp. Bonds	-0.6	<b>-4.5</b>	1.1	1.0	<b>-6.6</b>	0.0	3.2
UK Over 5 Yrs Index-Linked Gilts	-1.9	<b>-1.9</b>	1.8	<b>-3.8</b>	<b>-9.2</b>	<b>-1.4</b>	3.1
High Yield (Global)	<b>-0.7</b>	1.2	7.1	6.5	3.8	6.1	7.9
Overseas Bonds	<b>-2.2</b>	0.0	<b>-2.0</b>	<b>-1.7</b>	<b>-2.4</b>	0.4	3.5
Property *	0.4	1.4	6.5	5.0	4.1	4.4	4.7
Cash	0.3	0.9	4.0	4.7	3.3	1.9	<b>2.0</b>
Commodities £-converted	3.6	36.7	63.4	17.9	19.8	10.4	0.6
Hedge Funds original \$ basis *	<b>-2.8</b>	1.0	14.0	10.0	6.1	6.8	5.1
Illustrative £-converted version *	<b>-0.9</b>	2.8	11.2	7.6	7.0	7.7	6.5
Euro relative to Sterling	<b>-1.2</b>	<b>-0.3</b>	1.4	<b>-0.6</b>	<b>-0.1</b>	1.0	1.1
US \$ relative to Sterling	<b>-2.6</b>	0.7	<b>-1.7</b>	<b>-2.6</b>	0.5	0.8	1.5
Japanese Yen relative to Sterling	<b>-1.4</b>	<b>-0.5</b>	<b>-10.5</b>	<b>-7.0</b>	<b>-6.5</b>	<b>-3.0</b>	<b>-0.1</b>
Sterling trade weighted	1.7	<b>-0.2</b>	0.0	2.2	1.0	<b>-0.1</b>	<b>-0.8</b>
Price Inflation (RPI) *	0.8	0.7	4.1	3.9	6.7	4.7	3.8
Price Inflation (CPI) *	0.6	0.6	3.3	3.0	5.2	3.5	2.9
Price Inflation (RPIX) *	0.8	0.6	4.0	3.4	6.3	4.5	3.8
Earnings Inflation **	1.5	4.6	3.6	4.9	5.4	4.1	2.9
All Share Capital Growth	2.4	0.9	21.1	9.1	6.9	5.0	3.0
Dividend Growth	0.2	2.9	5.3	5.2	9.1	3.2	3.4
Earnings Growth	2.8	22.7	11.2	3.6	20.6	10.0	2.4

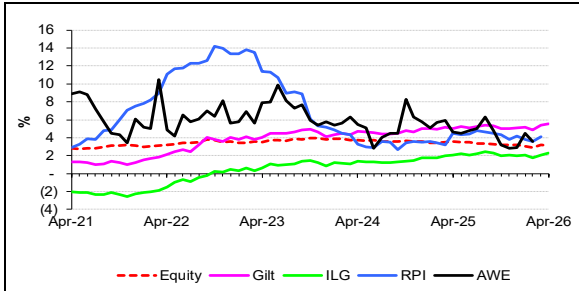
Note: All market returns are total returns for pension funds with income reinvested monthly. Indices used are as follows:

- UK Equities (incl. dividends and earnings) – FT-A All Share.
- Overseas Equities (incl. regions) – blend of FT All-World / World sub-indices
- Emerging Markets from MSCI US \$ based total return index (overall Index to 31 Oct 2001, Free Index from 1 Nov 2001 to take account of foreign investment restrictions), conversion to UK £ by J&A.
- UK Bonds – FT-A indices (Gilts Over 15 Years, ILG Over 5 Years)
- UK Corporate Bonds – iBoxx Non-Gilt **Over 15 Year** index (all credit ratings combined)
- High Yield – ICE Global, £ Unhedged
- Overseas Bonds – JP Morgan Traded Unhedged World ex UK
- Property – MSCI IPD UK Monthly Property Index
- Commodities – GSCI Total Return, converted to UK £ by J&A
- Hedge Funds Composite – HFRI US \$ based total return index plus converted to UK £ by J&A. **NB A smooth “cash + x%” return will only be shown in the base ‘hedged’ currency, here the US \$.**
- Cash – an indicative index based on the three-month London Interbank Sterling mid-rate, and SONIA since March 2021, calculated internally by J&A
- Price and earnings inflation – RPI, CPI, RPIX, and Average Weekly Earnings (whole economy, not seasonally adjusted, latest provisional data)
- Currency data – London close, from the Financial Times
- \* denotes data lagged by 1 month, \*\* by 2 months – these reflect the later publication dates of these data items.

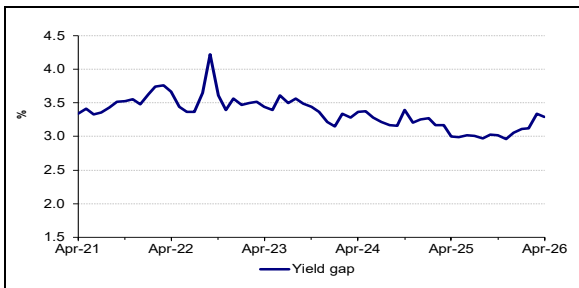


## Yields and Yield Gaps

Figure 2: Yields, Inflation and Yield Gaps



The yield gap is a measure of expected average future inflation, derived as long bond yield minus ILG yield.

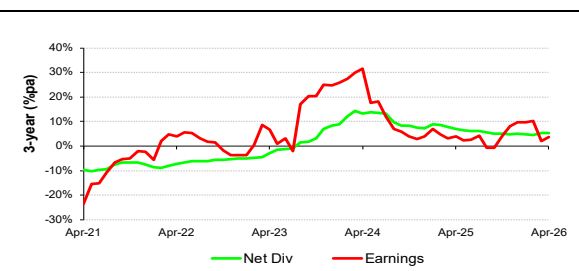
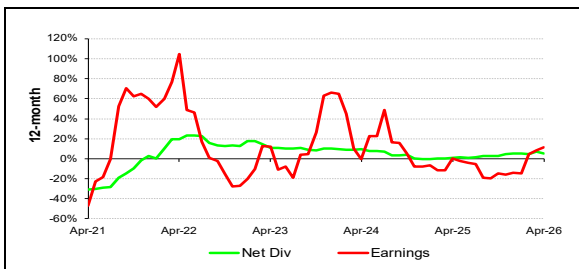


The gap gives a current expectation of around 3.4% p.a. for longer-term inflation including the (unknown) risk premium for gilts, relative to index-linked gilts.

## Growth in Earnings and Dividends

These charts show movements in rolling 12-month and 3-year dividend and earnings growth for UK Equities over the last 5 years. [NB the charts have different scales]

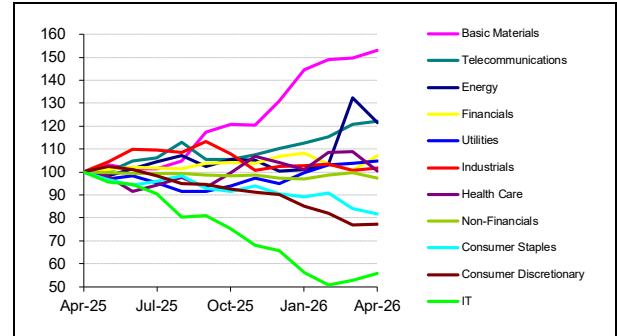
Figure 3: Dividend & Earnings Growth



Note: Earnings data from mid-2015 onwards is no longer reliable as one-off events may be affecting the prospective P/E ratios

## UK Equity Sector Returns

Figure 4a: Sectors relative to All Share



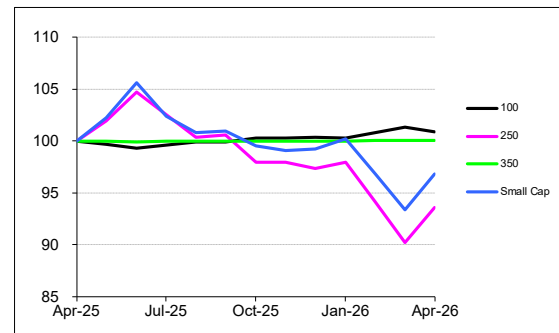
Note: Sector labels for relative lines are in end-value order

There was a rise this month in the rolling 12-month sector dispersion (up from 87% to 97%).

(% absolute return)	1 mth	3 mth	12 mth
Energy	-5.8	22.7	51.9
Basic Materials	5.1	8.1	91.8
Industrials	3.8	1.2	27.4
Consumer Staples	0.1	-6.2	2.4
Health Care	-5.4	1.4	25.6
Consumer Discretionary	2.9	-7.6	-3.5
Telecommunications	4.0	10.5	52.8
Utilities	3.6	7.1	31.1
Non-Finan	0.3	2.5	21.9
Financials	9.3	1.1	34.0
IT	8.8	1.3	-30.0
All Share	2.8	2.1	25.2

## UK Equity Size Returns

Figure 4b: Size groups relative to All Share



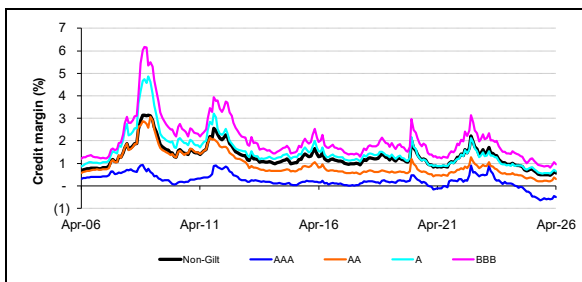
This month, both Mid and Small Cap rose relative to the All Share.

Sources for charts on this page:  
Financial Times, Office for National Statistics, J&A



**Bond market information**

**Figure 5: £ Non-Gilt Credit Margins**



**Table 2a: Over 15 Yr Corporate Yields & Margins**

Month End	iBoxx Corp AA Y'ld (%)	FT 20 yr Gilt (%)	Margin (%)
Nov '25	5.48	5.05	0.43
Dec '25	5.49	5.07	0.42
Jan '26	5.57	5.14	0.43
Feb '26	5.44	4.89	0.55
Mar '26	6.06	5.42	0.64
Apr '26	<b>6.15</b>	<b>5.56</b>	<b>0.59</b>

**Tables 2b, 2c: £ Market Size (£bn) and Maturity**

Category	Mkt Val (£bn @ Apr 26 & 23, 20)			Weight (%)
	Apr 26	Apr 23	Apr 20	
Gilts (65)	1,630	1,414	1,512	74.6
Non-Gilts (1,222)	556	549	656	25.4
AAA (135)	116	116	141	5.3
AA (152)	67	71	86	3.1
A (443)	171	152	188	7.8
BBB (492)	201	209	242	9.2

Category	Mkt Val (£bn @ Apr 26 & 23)		W't (%)	Dur'n (yrs)
Gilts (65)	1,630	1,414	74.6	8.1
< 5 Yrs (15)	539	455	24.6	2.8
5-15 Yrs (23)	656	449	30.0	7.6
> 15 Yrs (27)	435	511	19.9	15.6
Non-Gilts (1,222)	556	549	25.4	5.3
< 5 Yrs (551)	289	261	13.2	2.6
5-15 Yrs (468)	197	199	9.0	6.7
> 15 Yrs (203)	70	89	3.2	12.6

**Tables 2d, 2e: € Market Size and Maturity (Apr 26)**

Category	Mkt Val (€bn)	Weight (%)
Sovereigns (562)	8,124	56.0
Non-Sovereigns	6,392	44.0
AAA (1,449)	2,312	15.9
AA (730)	832	5.7
A (1,916)	1,673	11.5
BBB (2,214)	1,575	10.8

Category	Mkt Val (€bn)	Weight (%)
1 – 3 Yrs (1,890)	3,582	24.7
3 – 5 Yrs (1,825)	3,197	22.0
5 – 7 Yrs (1,283)	2,324	16.0
7 – 10 Yrs (1,064)	2,398	16.5
10+ Yrs (809)	3,014	20.8

**Table 2f: Breakdown of £ Index-Linked Market**

Category (Number of issues)	Mkt Val (£bn @ Apr 26 & 23)		W't (%)	Dur'n (yrs)
Gilts (34)	548	578	100.0	13.4
< 5 Yrs (4)	101	96	18.4	2.5
5 – 15 Yrs (11)	223	197	40.7	9.0
> 15 Yrs (19)	224	285	40.9	22.8

**Table 2g: High Yield bond yields (BB-B indices)**

Month End	US (%)	Euro (%)	Sterling (%)
Dec '25	6.45	5.09	7.49
Jan '26	6.49	5.02	7.33
Feb '26	6.56	5.02	7.35
Mar '26	7.00	5.93	8.34
Apr '26	<b>6.74</b>	<b>5.52</b>	<b>8.13</b>

Sources: DMO, FTSE, iBoxx, ICE, J&A

**£ Gilt Market “main” & “Green” Issuance**

- £1.00bn, 1/8% 2028 (4.28x, 4.22%, n/a, Jun '21)
- £5.00bn, 4% 2029 (3.35x, 4.24%, 0%, Mar '26)
- £1.25bn, 4 1/4% 2032 (3.67x, 4.58%, n/a, Dec '25)
- £4.53bn, 4 1/8% 2033 (3.30x, 4.51%, 13%, Oct '25)
- **£15.00bn**, 4 7/8% 2036 (**9.88x**, 4.92%, n/a, new)
- £1.13bn, 1 7/8% IL 2049 (3.20x, 2.17%, 25%, Mar '26)

Note: Issuance amounts are nominals. The second % figure in each row is the yield or real yield. The third % figure is the additional amount taken up under the Post Auction Option Facility (PAOF), as a % of the amount of the issue. No PAOF applies for Green Gilt (Gr), tender or syndication cases.

