



March 2019

### **West Midlands leads £1bn allocation to global sustainable equity mandate**

West Midlands Pension Fund (WMPF), recognised for being a leading asset owner in responsible investment, is continuing to build resilience through a dedicated strategy for investing in companies who demonstrate a forward-thinking approach to long term sustainable business.

Targeting additional return from some of the opportunities good corporate governance and transition to a lower carbon economy presents, the Fund continues to evolve the suite of measures deployed to deliver its investment strategy. The allocation reflects a broader strategic belief that effective engagement and management of financially material environmental, social and governance risks, enhances returns over the long term.

Councillor Ian Brookfield, Chair of WMPF commented *"We have a long history of engaging companies to protect and enhance fund assets; now we will actively target those who are alert to the changes on the horizon and align with our requirement for long term sustainable returns. It's great that we've been able to share this development across our investment pool, capturing the benefits more widely."*

In keeping with the Fund's leadership on cost transparency and disclosure, and recognising the evolving range of products together with the benefits of scale and collaboration, the Fund is launching a Sustainable Equity Framework. The Framework, awards five investment managers who surpassed rigorous assessment criteria and are committed to the LGPS code of transparency. It is accessible to all within the LGPS Central Pool, with total awards of £1bn across Partner funds, expected in the first year.

Michael Marshall, Director of Responsible Investment & Engagement at LGPS Central, said: *"This is the largest allocation to actively managed sustainable equities ever made in the UK. This shows tremendous leadership by our partner funds, who continue to demonstrate that responsible investment is truly integrated into their investment strategies. We look forward to working with the outstanding investment managers who have been selected for the mandate"*

Building on the partnerships created through LGPS Central investment pool, Partner Funds Cheshire, Derbyshire and Worcestershire, along with the Pool operating company LGPS Central Ltd collaborated with West Midlands Pension Fund on the development of the framework and procurement of managers.

The five managers appointed: AGF, Baillie Gifford, Impax, RBC Global Asset Management and WHEB Asset Management demonstrated a blend of approaches to meet the investment requirements of the Framework. Investment Advisors, Redington supported WMPF in their manager search, along with LGPS Central Ltd, speaking about the collaboration, Redington commented *“We were delighted to work with WMPF, LGPS Central and Partner Funds on this manager search. It's fantastic to see an allocation of this size made to sustainable active equities and within the Framework structure which enables future investments from Partner Funds.”*

## **Notes for Editors**

### **The West Midlands Pension Fund**

The West Midlands Pension Fund provides Local Government Pension Scheme services to over 310,000 members and more than 650 employers across the West Midlands region. It is one of the largest Local Government Pension funds in England and Wales, employing more than 145 FTE members of staff and as at 31 December 2018, the Fund was valued at £16 billion.

The Fund was praised by the Environmental Audit Committee in May 2018 for being “more engaged” in managing the risks of climate change and being a first mover in reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). The Fund was also heavily involved in supporting the work leading to the LGPS Scheme Advisory Board’s voluntary Code of Transparency on investment costs.

### **LGPS Central Investment Pool**

In December 2015 the Fund announced that it would be joining with funds across the Midlands region to create LGPS Central, a £35 billion investment pool, meeting the criteria set out by Government for pooling investment within the LGPS.

The nine Partner Funds Cheshire, Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands Integrated Transport Authority, West Midlands and Worcestershire, have established LGPS Central Limited, a separate legal entity and asset management company regulated by the Financial Conduct Authority, to support with implementation of investment strategy.

LGPS Central supported the West Midlands Pension Fund in developing the specification for the framework and will offer support to all participating Partner Funds in ongoing monitoring and performance review, through an investment advisory agreement.