

MEETING: PENSIONS COMMITTEE

DATE : 21 JANUARY 2021

TITLE: BAILLIE GIFFORD GLOBAL ALPHA PARIS ALIGNED FUND

PURPOSE: To ask the Pensions Committee to agree the movement of its current Baillie Gifford core fund to the Baillie Gifford Global Alpha Paris Aligned fund.

RECOMMENDATION: AGREE TO THE NEW INVESTMENT

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1. Introduction

The Investment Panel of the Gwynedd Pension Fund met on 14th October 2020 where a presentation was received by Baillie Gifford on its Global Alpha Paris Aligned fund. Gwynedd Pension Fund is currently invested in Baillie Gifford's core fund which forms part of the Wales Pension Partnership Global Growth Fund.

2. Global Alpha Paris Aligned

Global Alpha Paris-Aligned is a lower carbon variant of the core model and it is aligned to the objectives of the Paris Agreement.

The Global Alpha Paris Aligned has the same team running the model, same investment philosophy and no change to either performance objective or fee, but has two carbon screens added:

- Within the existing Global Alpha portfolio, companies that are engaged in fossil fuel exploration and production are excluded within a certain revenue threshold.
- A qualitative framework to understand where carbon risk and opportunity lies in the portfolio, with a 3-question framework.

As a result, seven companies will be excluded.

The Global Alpha Paris Aligned has a lower Weighted Average Carbon Intensity (WACI) than the brand new MSCI ACWI Climate Paris Aligned index.

This new fund was introduced to the Investment Panel and it was agreed by our advisors that it would be beneficial to transfer our current holdings to this new fund.

All constituent pension funds within the Global Growth Fund must agree to the transfer, and the decision will be resolved officially by the JGC once a decision has been received by all constituents.

3. Recommendation

The Committee is asked approve the movement of our current holdings in the Baillie Gifford core fund to the Baillie Gifford Global Alpha Paris Aligned fund which forms part of the WPP Global Growth fund in accordance with the discussion at the most recent Investment Panel.