

## TOSCA DEBT CAPITAL FUND III

Meeting Date: 18 March 2019

### EXEMPT - GMPF - EXECUTIVE DECISION NOTICE

<b>SUBJECT MATTER:</b>	<b>TOSCA DEBT CAPITAL FUND III</b>
<b>DECISION:</b>	DETERMINED that as part of the 1.5% Impact Portfolio allocation approved by Panel on 21 July 2017, to approve a commitment of £20m to Tosca Debt Capital Fund III subject to satisfactory completion of outstanding legal documentation.
<b>DECISION TAKER:</b>	Sandra Stewart
<b>DESIGNATION OF DECISION TAKER:</b>	Director of Pensions
<b>DATE OF DECISION:</b>	18 March 2019
<b>REASON FOR DECISION:</b>	<p>An allocation of 1.5% to the Impact Portfolio was ratified by Panel 21 July 2017.</p> <p>An annual pacing strategy has been agreed by Policy &amp; Development Working Group on 20 December 2018, which outlines the pacing of commitments necessary to meet the target allocation within a reasonable and sensible time frame, whilst also prescribing appropriate diversification targets for the portfolio. The Local Investments team are responsible for selecting managers and funds consistent with the approved strategy.</p> <p>The Director of Pensions has delegated authority to sign off investments of this nature.</p>
<b>ALTERNATIVE OPTIONS REJECTED (if any):</b>	The Local Investments team regularly review private debt funds and Managers on an on-going basis. Recent competitor funds have been assessed but not progressed at this stage.
<b>CONSULTEES:</b>	The Local Investment team has discussed the opportunity internally, have taken appropriate reference calls with relevant parties and consulted with GMPF's Investment Committee. There was a consensus on Tosca Debt Capital being a credible manager and this being an appropriate investment for GMPF's local investments portfolio.
<b>FINANCIAL IMPLICATIONS:</b>	GMPF allocated 1.5% to Impact Portfolio investments, to date £327.5m has been committed from this allocation. It is proposed that the investment into the Tosca Debt Capital Fund III will come from this allocation and will be within the Impact Portfolio's target allocation for investment theme 'loans to SME businesses'.

<b>LEGAL IMPLICATIONS:</b>	A subscription Agreement and, as necessary, a side letter will be entered into to formalise the commitment to the Fund, subject to approval by Pension Fund Legal. The Limited Partnership Agreement is the main controlling document and is subject to review by GMPF officers and review by Pension Fund Legal.
<b>RISK MANAGEMENT:</b>	Associated risks with private debt investing have been discussed in the due diligence paper. The associated mitigants to some of the risks have also been considered and deemed appropriate. The Fund manager is an established, regulated AIFM (FCA registration number 764023) which provides some comfort in that the Fund will be managed suitably and the Fund strategy provides diversification to the portfolio.
<b>CONFLICT OF INTEREST:</b>	None
<b>DISPENSATION GRANTED BY STANDARDS COMMITTEE ATTACHED:</b>	N/A
<b>ACCESS TO INFORMATION:</b>	Not for Publication: This report contains exempt information relating to paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). On balance, under paragraph 10 of Part 2 of Schedule 12A, it would not be in the public interest to disclose this information to the public because disclosure would, or would likely to, prejudice the commercial interests of the Fund and/or its agents which, in turn, could impact upon the interest of the local taxpayer and/or the beneficiaries of the Fund.
<b>REFERENCE DOCUMENTS:</b>	Any further information can be obtained by contacting: Andrew Hall, Investment Manager by phone on 0161 301 7203 or by email: Andrew.hall@tameside.gov.uk