

**GREATER MANCHESTER PENSION FUND - ALTERNATIVE INVESTMENTS
WORKING GROUP**

2 February 2018

Commenced: 11.00 am

Terminated: 12.35 pm

Present: Councillors Cooney (Chair), Ward, Halliwell, Jabbar and Mr Drury

In Attendance:

Sandra Stewart	Director of Pensions
Tom Harrington	Assistant Director of Pensions (Investments)
Steven Taylor	Assistant Director of Pensions (Investments)
Neil Cooper	Senior Investments Manager
Nigel Frisby	Investments Manager
Raymond Holdsworth	Investments Manager
Nick Livingstone	Investments Manager

Apologies for Absence: Councillors Ricci and Barnes

Those in attendance joined the Chair in a one minutes silence in memory of Councillor Kieran Quinn, Executive Leader of Tameside Council and Chair of the Greater Manchester Pension Fund, who sadly passed away on 25 December 2017.

15. DECLARATIONS OF INTEREST

There were no declarations of interest.

16. MINUTES

The Minutes of the meeting of the Alternative Investments Working Group held on 20 October 2017 were approved as a correct record.

17. INFRARED CAPITAL PARTNERS

The Working Group welcomed Sandra Lowe of InfraRed Capital Partners who attended the meeting to present an overview of the firm's investment activities and of infrastructure generally.

The Working Group was informed that InfraRed Capital Partners was an independent, global investment manager focused on infrastructure and real estate. The business started in 1990 as part of Charterhouse Bank, investing initially in real estate and expanded to encompass infrastructure in 1997. In 2000, the business was acquired by HSBC and became, when the team completed its spin-out in 2011, was re-branded as InfraRed.

The firm had over 130 professionals operating out of offices in London, Hong Kong, New York, Sydney and Seoul. The team managed over \$10 billion of equity across a number of global funds,

had launched 17 funds and realised six of these. GMPF committed to InfraRed's first institutional infrastructure fund in 2001 and had subsequently committed to other funds, including one that closed in March 2017.

InfraRed had developed a strong approach to Responsible Investment and was firmly committed to Environmental, Social and Corporate Governance best practice as they believed such principles and sustainable investing were fundamental drivers of long term investment performance. InfraRed was also a signatory to the Principles of Responsible Investment and its infrastructure business had achieved an A+ rating.

The types of projects that InfraRed invested in fell within three main investment themes:-

1. Transportation, economic, social infrastructure
2. Renewable, low carbon energy generation
3. Energy-supporting infrastructure

InfraRed had an extensive and proven track record in adding value throughout every step of the investment cycle, from sourcing through to exit.

A case study was outlined and discussed with the Working Group.

RECOMMENDED:

That the information provided be noted.

18. ABERDEEN STANDARD INVESTMENTS - GLOBAL ABSOLUTE RETURN STRATEGIES FUND (GARS)

The Working Group welcomed Fraser Macnair and David Bint of Aberdeen Standard Investments who attended the meeting to present an overview of its Global Absolute Return Strategies Fund activities and investments generally.

Standard Life Investments merged with Aberdeen Asset Management in August 2017 to become Standard Life Aberdeen, one of the world's largest investment companies, and the largest active investment manager in the UK. Aberdeen Standard Investments was the initial brand of the investment businesses of the merged company and was located in Edinburgh with key locations globally. The firm was a long term responsible investor and Environmental, Social and Governance factors were embedded across its investment processes.

GMPF invested in the Global Absolute Return Strategies Fund in January 2016, which had a target of Cash + 5% per annum over a rolling three year period with low volatility. With robust and comprehensive risk controls it provided greater stability when compared to traditional equity-heavy portfolios. There were four broad components: market, security selection, relative value and directional, each of which were explained to the Group.

The investment performance of the Global Absolute Return Strategies Fund was presented. The gross return to GMPF since investment was 2% per annum, which was below the target of Cash + 5%. The key reasons for this relative underperformance were outlined. Since 2016 the performance of the fund had recovered and was now performing broadly in line with the long term target. Two case studies were detailed and discussed with the Working Group.

RECOMMENDED:

That the information provided be noted.

19. URGENT ITEMS

There were no urgent items.