


EXEMPT - GMPF - EXECUTIVE DECISION NOTICE

SUBJECT MATTER:	IMPACT PORTFOLIO – SME DEBT FUND
DECISION:	To APPROVE, a commitment of £20m to an Investment Fund focussed on SME senior secured debt in sectors across the North which have been disrupted by Covid-19, subject to satisfactory completion of outstanding legal documentation.
DECISION TAKER:	Sandra Stewart
DESIGNATION OF DECISION TAKER:	Director of Pensions
DATE OF DECISION:	17 January 2022
REASON FOR DECISION:	<p>The Panel approved an allocation of up to 1-2% of total assets of total assets to the Impact Investment portfolio on 24 June 2021. The report includes an analysis of the required pacing of commitments necessary to meet the target allocation within a reasonable and sensible timeframe, whilst also prescribing appropriate diversification targets on the portfolio. The Local Investments team is responsible for selecting managers and funds consistent with the approved strategy.</p> <p>The Director has delegated authority to sign off investments of this nature.</p>
ALTERNATIVE OPTIONS REJECTED (if any):	The Local Investments team regularly review SME debt funds and Managers on an on-going basis. Recent competitor funds have been assessed but not progressed at this stage.
CONSULTEES:	The team has taken appropriate reference calls with relevant parties and consulted with GMPF's Investment Committee. There is a consensus that Tosca is a credible manager and that this constitutes an appropriate investment for GMPF's Impact Investment Portfolio.
FINANCIAL IMPLICATIONS:	<p>GMPF has allocated 1-2% of total assets to Impact Portfolio investments, to date £553m has been committed from this allocation. It is proposed that the investment into an SME Impact Debt Fund will come from this allocation and will be within the Impact Portfolio's target allocation for investment theme 'loans to SME businesses'.</p> <p>There are no issues arising from portfolio concentration or overall Impact Investing exposure from this investment.</p>

LEGAL IMPLICATIONS:	A Subscription Agreement and, as necessary, a side letter will be entered into to formalise the commitment to the Fund, subject to approval of the Head of Pension Fund Legal. The Limited Partnership Agreement is the main controlling document and is subject to review by GMPF officers and review and approval by Pension Fund Legal.
RISK MANAGEMENT:	<p>Whilst the fund manager is a well-regarded and long-standing credit investment manager, there is always a risk that any individual fund will not deliver on its promised returns due to either specific issues with investments or due to broader asset market factors.</p> <p>Associated risks with SME debt investing have been considered in the investment memo, with associated mitigants also described. The fund's strategy will provide additional diversification to the Impact Investment portfolio.</p>
CONFLICT OF INTEREST:	None
DISPENSATION GRANTED BY STANDARDS COMMITTEE ATTACHED:	N/A
ACCESS TO INFORMATION:	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 interests of the local taxpayer and/or the beneficiaries of the Fund.
REFERENCE DOCUMENTS:	Any further information can be obtained by contacting: Alex Jones, Investments Officer by phone on 0161 301 7269 or by email: alex.jones@gmpf.org.uk

Signed ...  Dated: 17 January 2022
 Sandra Stewart, Director of Pensions