



Greater Manchester  
Pension Fund

# Local Investmen ts Briefing Breakfast

26  
January  
2023



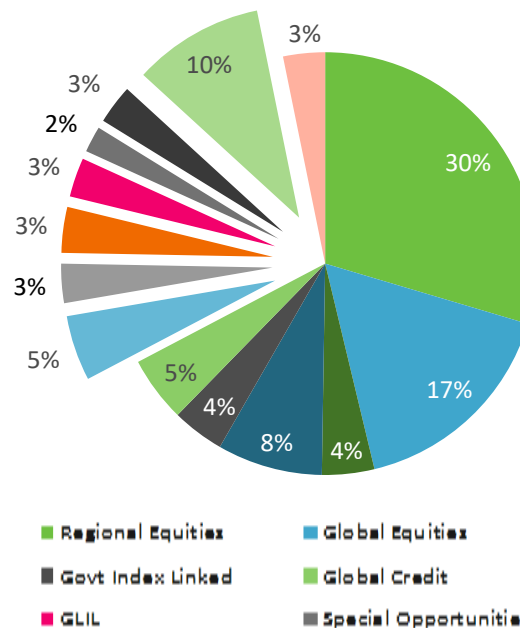
# Long-term target asset allocation

## Strategic asset allocation

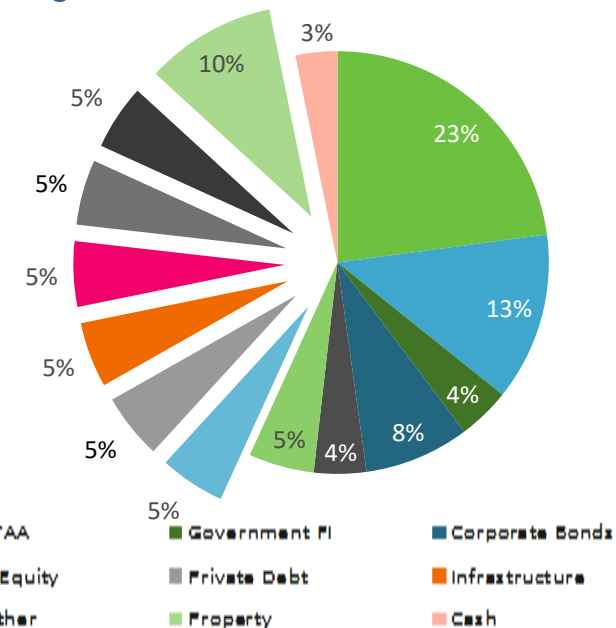
Asset class	Benchmark allocation %	Target allocation %	Difference %
Regional Equities	29.6	22.9	6.7
Global Equities	16.7	12.9	3.8
Equity TAA	0.0	0.0	0.0
Government FI	4.0	4.0	0.0
Corporate Bonds	8.1	8.1	0.0
Govt Index Linked	4.0	4.0	0.0
Global Credit	5.0	5.0	0.0
Private Equity	5.0	5.0	0.0
Private Debt	3.0	5.0	-2.0
Infrastructure	3.5	5.0	-1.5
GLIL	3.0	5.0	-2.0
Special Opportunities	2.0	5.0	-3.0
Local Other	3.0	5.0	-2.0
Property	10.0	10.0	0.0
Cash	3.2	3.2	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>

-10% 0 10%

Benchmark allocation



Target allocation

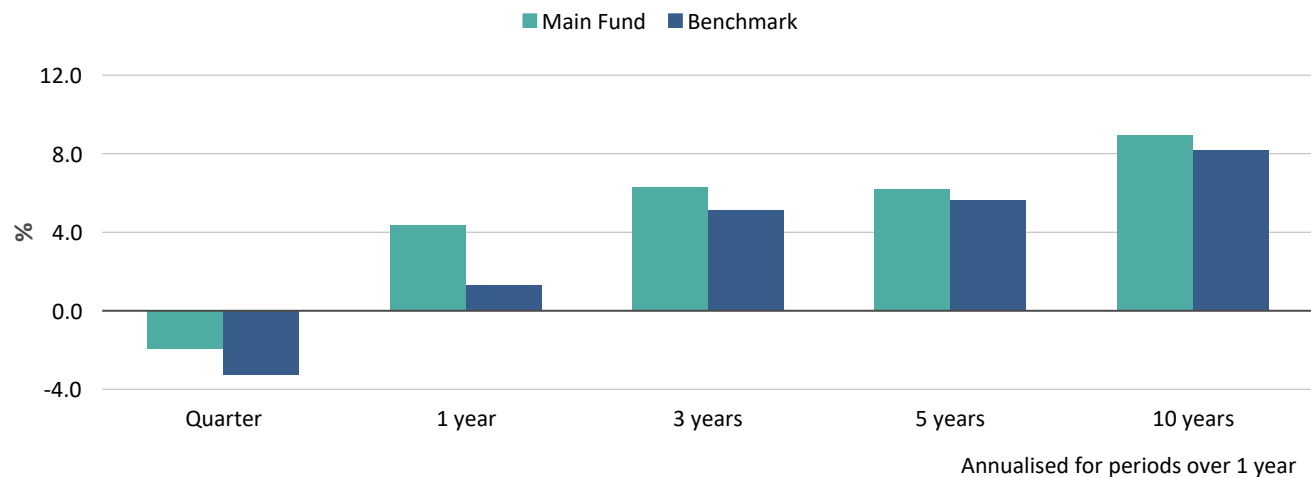


\* Target allocation is a maximum limit (upper bound) for Special Opportunities and Local Investments

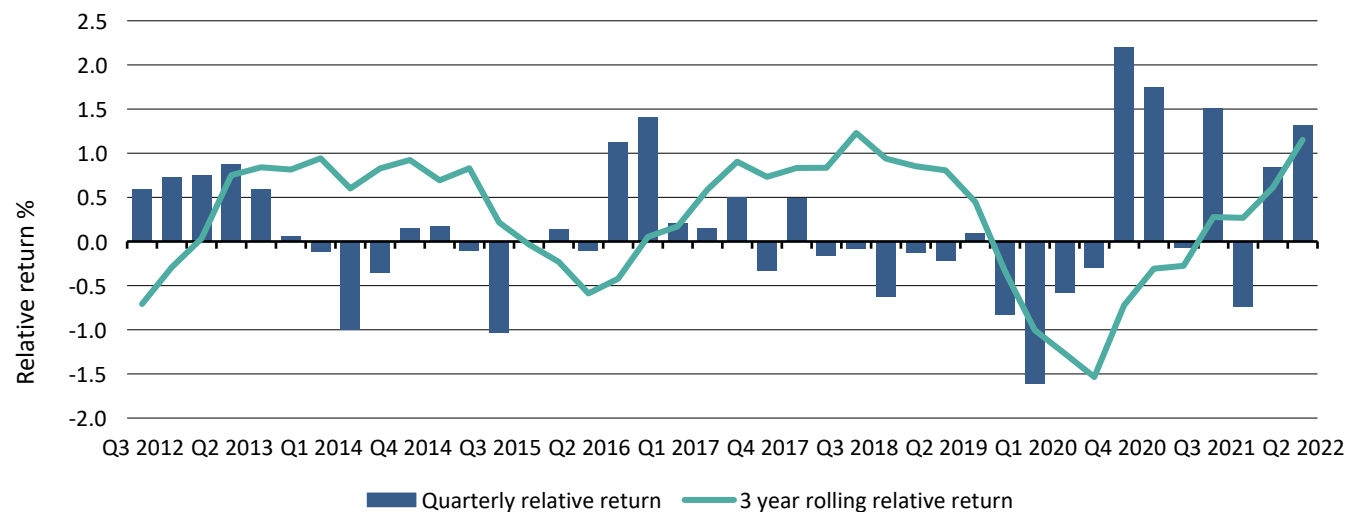
## Update

- The Fund has a diversified portfolio
- The Fund has made a target allocation of 5% to local investments with a current benchmark of 3%

# Main Fund performance



## Rolling relative quarterly performance history

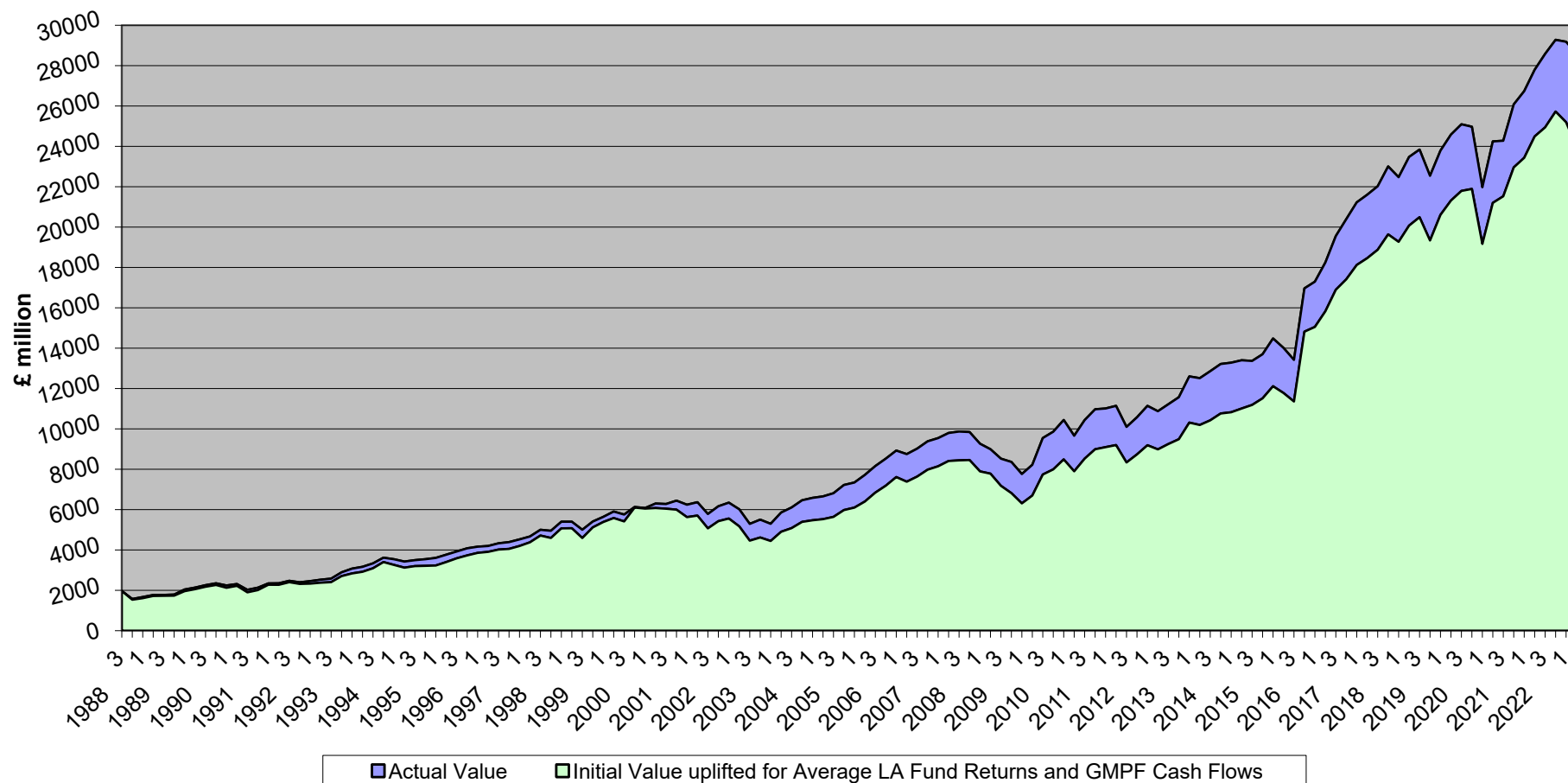


## Performance summary

- The Main Fund outperformed its benchmark over Q2 2022
- Relative performance over 1 year and 3 years is positive
- The Main Fund is also ahead of its benchmark over 5 and 10 years and performance since inception remains strong
- Over the quarter, stock selection accounted for the majority of the outperformance (asset allocation also added marginally)
- 30 year annualised absolute Main Fund performance is 8.8% pa

# Long-term Main Fund performance

GMPF Values since September 1987

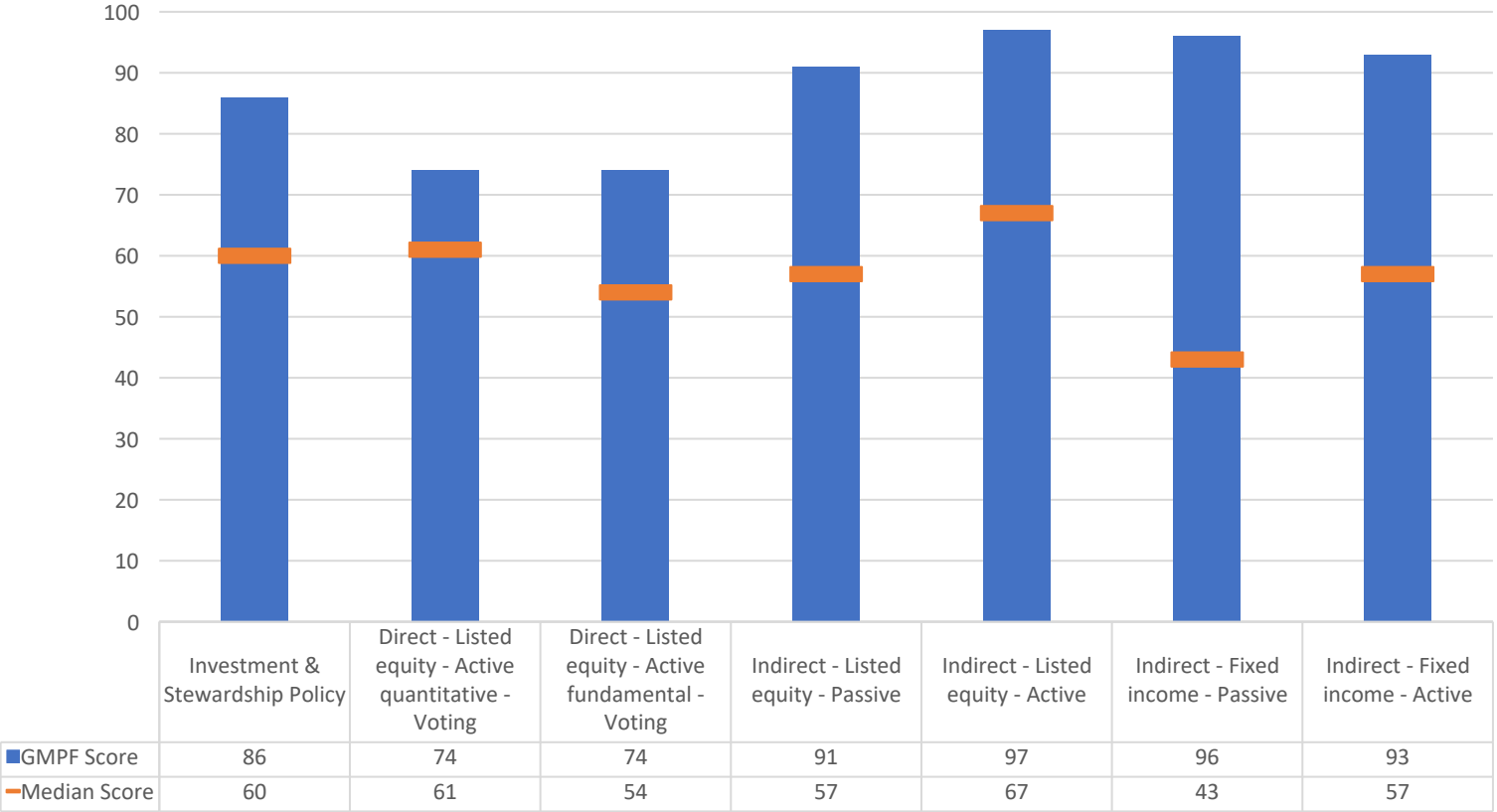


## Comment

On a cumulative basis, over the period since September 1987, the Main Fund has outperformed the average LA fund, equating to over £4.6 billion of additional assets

# PRI REPORTING

GMPF Scorecard Summary



# Impact Investment

GMPF and its Northern Pool Partners have experience in Impact Investment and are keen to take this forward and share experience with others



## **Clear Opportunity**

Twin Aims of Returns  
And Positive Impact  
Robust Governance  
arrangements



## **Risk Management**

Share risk through  
working with others



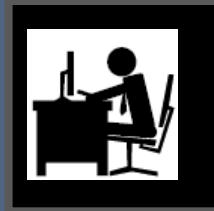
## **Locality**

Is Key to  
investment  
selection and asset  
management



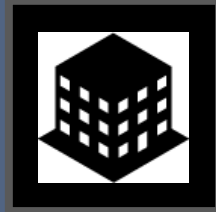
# GREATER MANCHESTER ECONOMY

2.8m people  
+300,000 since  
2000



1.3m working in GM  
+100,000 over next 10 years

124,000 businesses

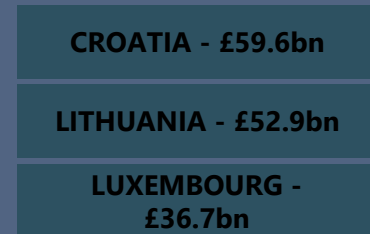


Over 100,000 Higher  
Education Students  
at 6 HE Institutions

## Gross Value Added



BIGGER THAN



Source: ONS and GMFM

# KEY FINDINGS GM PROSPERITY REVIEW

Greater Manchester is the most economically diverse city in the UK

Greater Manchester has world-class strengths in advanced materials and health innovation

The employment rate of GM adults with long-term health issues is 13% points less than for the GM population as a whole

Greater Manchester is the best performing city-region outside London for business births

For two decades, Greater Manchester's productivity has consistently remained at 90% of UK level

Qualification levels are improving but 1 in 10 in Greater Manchester still have no qualifications



# Property Venture Fund Aims

- Promoting economic development
- Sustainable property development
- Improving housing offer focus on affordable
- Supporting Sustainable Living

# Impact Portfolio Aims

- Targeting underserved markets
- Promoting health and well being
- Supporting Improvement in Education and Skills
- Supporting Sustainable Living

# GM Property Venture Fund – Performance Report Sept 2022



	to 31 Dec 2021				To Dec 2020	
	NAV £m	Exit proceeds £m	IRR (%)	<u>Bmk</u> (%)	IRR (%)	<u>Bmk</u> (%)
Income Generating Property	192	-	10.5	7.1	5.8	6.8
Future Development Sites	6	-	-3.7	6.9	-2.3	6.7
Active Developments	17	-	6.0	6.9	5.7	6.3
Development Loans	94	-	8.9	7.5	9.0	6.6
Partner in development JVs	61	-	2.4	7.2	3.7	6.7
Exited Investments	-	277	6.1	6.9	6.4	6.7
<b>All Portfolio</b>	<b>370</b>	<b>277</b>	<b>6.2</b>	<b>6.8</b>	<b>5.3</b>	<b>6.7</b>

# Impact Portfolio – Financial Performance as at 31.12.21

## Current

Impact Portfolio	31-Dec-21 £m
Portfolio Value	241.7
Distributions	13.2
Portfolio Value + Distributions	255.0
Paid in capital	217.4
Multiple	1.17
IRR	6.0%

## Exits

Impact Portfolio	31-Dec-21 £m
Sales	23.5
Distributions	5.7
Sales + Distributions	29.2
Capital Invested	24.0
Multiple	1.22
IRR	8.5%

Total Current IRR inc Exits	6.3%
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