

GREATER MANCHESTER PENSION FUND - POLICY AND DEVELOPMENT WORKING GROUP

23 November 2023

Commenced: 11:00am

Terminated: 12.25pm

IN ATTENDANCE

Councillor Cooney (Chair)	
Councillor North	
Councillor O'Neill	
Councillor Sheikh	
John Thompson	UNITE
Councillor John Taylor (Stockport)	Observer
Mark Powers	Advisor to the Fund
Peter Moizer	Advisor to the Fund
Sandra Stewart	Director of Pensions
Tom Harrington	Assistant Director of Pensions Investments
Paddy Dowdall	Assistant Director, Local Investment and Property
Steven Taylor	Assistant Director of Pensions (Special Projects)
Neil Cooper	Head of Pension Investment (Private Markets)
Kevin Etchells	Senior Investment Manager (Local Investments)
Michael Ashworth	Senior Investments Manager (Public Markets)
Abdul Bashir	Investment Manager (Public Markets)
Mushfiqur Rahman	Investments Manager (Public Markets)
Alex Jones	Investment Officer (Local Investments)

Apologies for absence: Councillor Fitzpatrick and Petula Herbert (MoJ)

31. DECLARATIONS OF INTEREST

There were no declarations of interest.

32. MINUTES

The minutes of the meeting of the Policy and Development Working Group held on the 7 September 2023, were approved as a correct record.

33. REPORT OF THE MANAGER – NINETY ONE

Jonathan Parker and Stephen Lee of Ninety One attended before Members and gave a presentation detailing their performance for the 12 months to 30 September 2023.

Mr Parker began by explaining that, in a challenging period for markets, the portfolio had outperformed the index.

Mr Parker gave details of underperforming and outperforming sectors for the period and outlined notable individual contributors. The key characteristics of the current portfolio against the index were also outlined.

Wide ranging discussion ensued with regard to the content of the presentation and the Advisors made particular reference to the overweighting in Technology stocks including the growth of AI and sought further information in respect of determining how long confidence would remain in those stocks.

The Chair thanked the representatives of Ninety One for their presentation.

RECOMMENDED

That the performance report be noted.

34. REPORT OF THE MANAGER – STONE HARBOR

David Scott, Paul Timlin and Simon Lau of Stone Harbor then attended before Members and gave a presentation detailing their performance up to 30 September 2023.

Mr Scott began by discussing the broad market environment and gave details of portfolio returns over the past 12 months.

Performance analysis to 30 September 2023 was given, including duration, credit beta weighted contributions and security selection. Mr Scott also gave details of portfolio positioning.

Advisors sought information in terms of the macroeconomic view and also discussed the drivers of returns in emerging markets. They further sought clarity on how the portfolio manager would meet the mandate's objective going forward.

The Chair thanked the representatives of Stone Harbor for their presentation.

RECOMMENDED

That the content of the presentation be noted.

35. MANAGER MONITORING REGIME INCLUDING MONITORING ESCALTION

Consideration was given to a report of the Assistant Director of Pensions Investments, which summarised the results from the Monitoring Escalation Protocol as at 30 September 2023.

The Overall Status Levels and courses of action taken (or to be taken) in relation to the results from the most recent Monitoring Escalation Protocol were provided for each manager in an appendix to the report.

It was explained that the Manager Escalation Protocol included performance as the sole metric by which the Securities Managers were initially assessed. There were a number of less quantitative, softer dimensions, which could be used to form a view on the Manager's prospects of outperforming going forward. These included the quality of the staff and turnover of key personnel, a coherent and robust approach to linking the underlying philosophy of investing to the actual purchases and sales made and the underlying investment philosophy itself.

In addition, a traffic light approach (Green, Amber, Red) had been developed to provide a single overall indicator that summarised Officers' current subjective assessment of People, Process and Philosophy for each Manager. The respective traffic light should be viewed as providing additional context to supplement the codified Status Levels of the Monitoring Escalation Protocol.

RECOMMENDED

That the content of the report be noted.

36. DATE OF NEXT MEETING

It was noted that the next meeting of the Policy & Development Working Group was scheduled to take place on Thursday 22 February 2024.

CHAIR