

ITEM NO: 3 (b)

GREATER MANCHESTER PENSION FUND MANAGEMENT PANEL

21st November 2008

(For the information of Members)

Commenced: 10.00am

Terminated: 12.25pm

Present: Councillor S R Oldham

Councillors: Baldwin (Wigan), Beeley, Bell, Buckley, Cooney, Doubleday, Harrison, Middleton, Mitchell (Trafford), Pantall (Stockport), Pennington (Salford), Ricci, Sweeton, Wareing, Whitley

Apologies for absence: Councillors: Fairweather (Manchester), Morris (Bolton), Lane, Quinn, Welsh

48. DECLARATION OF INTEREST

There were no declarations of interest.

49. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 12th September 2008, were signed as a correct record.

Further to Minute 27 – Elisabeth House update, the Director of Pensions informed Members that appointed list of Directors for the Elisabeth House project should now read:

Peter Morris - Director of Pensions
Nick Whipp – GVA Grimley
Councillor Whitley – Alternate Director

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 12th September 2008, were signed as a correct record.

The Minutes of the proceedings of the meeting of the Annual General Meeting held on 12th September 2008, were signed as a correct record.

50. ELISABETH HOUSE

The Director of Pensions informed Members that an architect had now been selected for the project and planning consent for demolition of the building was awaited.

51. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

(a) Urgent Items

The Chair announced that there were no urgent items for consideration at this meeting.

(b) Exempt Items

RESOLVED

That under Section 100 (A) of the Local Government Act 1972 the public be excluded for the following items of business on the grounds that:

- (i) they involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Act specified below; and
- (ii) in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information for reasons specified below:

<u>Items</u>	<u>Paragraphs</u>	<u>Justification</u>
7, 8, 10, 11	3&10, 3&10, 3&10, 1&10	Disclosure would or would be likely to prejudice the commercial interests of the Fund and/or its agents, which could in turn affect the interests of the beneficiaries and/or tax payers.

52. ETHICS AND AUDIT WORKING GROUP

The Minutes of the proceedings of the meeting of the Ethics and Audit Working Group held on 24th October 2008 were considered.

RESOLVED

That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

53. INFORMATION SERVICES WORKING GROUP

The Minutes of the proceedings of the meeting of the Information Services Working Group held on 24th October 2008 were considered.

RESOLVED

That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

54. LOCAL INITIATIVES AND VENTURE CAPITAL WORKING GROUP

The Minutes of the proceedings of the meeting of the Local Initiatives and Venture Capital Working Group held on 7th November 2008 were considered.

RESOLVED

That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

55. PROPERTY WORKING GROUP

The Minutes of the proceedings of the meeting of the Property Working Group held on 7th November 2008 were considered.

RESOLVED

That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

56. SUMMARY VALUATION OF THE PENSION FUND INVESTMENT PORTFOLIO AS AT 30th JUNE 2008 AND 30th SEPTEMBER 2008

A report of the Director of Pensions was submitted, detailing and comparing the market value of the Fund's investment portfolio as at 30th June 2008 and 30th September 2008.

RESOLVED

That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

57. UNDERWRITING, STOCKLENDING AND COMMISSION RECAPTURE

The Director of Pensions reported that the Fund accepted sub-underwriting via UBS of three issues in the quarter ended 30th September 2008. Capital International did not participate in underwriting activity. Total underwriting commission received in the quarter was £624,172.

In two of the three sub-underwritings accepted via UBS in the quarter, shares had to be taken up (one of these was reported as a significant event at the last Panel Meeting). The Fund is a long term owner of equities and in both cases of 'take-up', the immediate overall impact of each of the participations was a notional net profit.

He also informed Members that stocklending income during the quarter was £139,859 and that commission 'recaptured' during the quarter was £17,414.

The value of securities on loan at the end of the quarter was £23.7m, against which collateral of £24.8m was held.

With effect from 19th September 2008, GMPF temporarily suspended its stocklending programme pending a return to less volatile market conditions.

RESOLVED

That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

58. EXTERNAL MANAGERS PERFORMANCE

The Director of Pensions submitted a report which advised members of the recent performance of the External Fund Managers.

It was noted that in the quarter to 30th September 2008, Capital underperformed at -7.7% against their benchmark index of -7.1%. UBS had outperformed at -6.2% against their benchmark index of -8.3% and Legal and General succeeded in broadly tracking their benchmark.

Performance figures for the twelve months to 30th September 2008 were also detailed which showed that Capital International had underperformed their benchmark by 5.0%, UBS had also underperformed their benchmark by 2.3% and Legal and General had succeeded in broadly tracking the benchmark.

RESOLVED

That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

59. FUNDING UPDATE

The presentation of the Actuary was submitted.

60. MARKET TURMOIL – IMPLICATIONS FOR GMPF

The presentation of the Director of Pensions was submitted.

61. 'FLEET OF FOOT' PROPOSALS

The report and presentation of the Director of Pensions was submitted.

RESOLVED

That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

62. ADVISER COMMENTS

Mr Moizer agreed with the proposals and commented on the unprecedented volatility in the market at present, and the need for a long term view and approach. He added that the current situation could not be compared to any other recession and commented on the unbelievable level of personal and corporate borrowing. He reiterated that a long term strategy was needed.

Mr Hemingway concurred with Mr Moizer's comments and the recommendations above.

Mr Bowie made reference to risk and the importance of understanding what the risks to the Fund were. He also encouraged the Director of Pensions to ensure that the Fund was adequately resourced both internally and externally, given the additional burden of the 'Fleet of Foot' proposals.

63. REPORTS OF THE MANAGERS

Representatives of Capital International and UBS Global Asset Management attended before Members of the Panel to comment on their investment strategy and to answer questions raised by the Advisers and Members.

64. PROPERTY INVESTMENT QUARTERLY REPORT

The report of the Head of Property Investments was submitted.

RESOLVED

That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

65. PENSIONS INCREASE 2009

The report of the Director of Pensions was submitted.

RESOLVED

That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

66. MEMBERSHIP STATISTICS

The report of the Director of Pensions was submitted.

RESOLVED

That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

67. CIPFA BENCHMARKING REPORTS

The report of the Director of Pensions was submitted.

RESOLVED

That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

68. DATES OF FUTURE MEETINGS

The dates of future meetings for the 2008/09 municipal year were noted as follows:

6th March 2009

69. FUTURE TRAINING DATES

Future training dates were noted as follows:

3rd, 4th, 5th December 2008

13th Annual Local Authority Pension Fund Forum

4th December 2008

Capital International Training Day

23rd January 2009

General Member Training Day

CHAIR