**Greater Manchester Pension Fund**

**Investment Strategy Statement**

**Draft for Consultation**

## 1. Introduction

This Investment Strategy Statement (ISS) has been prepared by Tameside Metropolitan Borough Council in its capacity as the Administering Authority of the Greater Manchester Pension Fund (GMPF).

The Statement has been prepared in accordance with the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026 and accompanying statutory guidance. It sets out GMPF's investment objectives, strategic asset allocation, responsible investment approach, stewardship priorities and local investment strategy.

This ISS should be read alongside:

- GMPF Funding Strategy Statement;
- GMPF Responsible Investment Policy;
- GMPF Governance Strategy Statement;
- GMPF Climate Risk and TCFD Reporting.

The primary purpose of GMPF's investment strategy is to achieve the long-term returns necessary to pay pensions as they fall due whilst maintaining stable and affordable employer contribution rates over the long term.

## 2. Governance

Tameside MBC is responsible for the investment strategy of GMPF and retains ultimate responsibility for GMPF’s assets.

The GMPF Management Panel is responsible for approving this ISS and reviewing it following each actuarial valuation or sooner where appropriate.

In developing and reviewing the ISS, GMPF:

- takes advice from Northern LGPS (when operational);
- considers advice from the Actuary and Independent Advisers;
- engages the Local Pension Board;
- consults employers, members and member representatives.

GMPF believes that robust governance, informed decision-making and access to appropriate expertise are essential to achieving successful long-term investment outcomes. This reflects GMPF's core belief that investment consultants, independent advisers and officers provide valuable expertise to support strategic decision making.

GMPF also believes there are significant benefits from collaboration with like-minded pension funds and will continue to work constructively through the Northern LGPS Pool.

## 3. Investment Objectives

In accordance with statutory guidance, GMPF has established the following high-level investment objectives.

### Return Objective

The primary purpose of GMPF's investment strategy is to ensure that sufficient assets are available to pay pension benefits as they fall due whilst maintaining stable and affordable employer contribution rates over the long term.

GMPF seeks to achieve long-term investment returns sufficient to:

- maintain full funding over the long term;
- support the long-term affordability and stability of employer contribution rates;
- provide resilience against adverse demographic, economic and financial experience; and
- preserve the real value of assets relative to inflation and liabilities.

For the purposes of strategic investment planning, GMPF has adopted a long-term investment objective of achieving returns of approximately **4% per annum above CPI inflation** over rolling long-term periods, recognising that actual outcomes will vary significantly over shorter time horizons.

GMPF's investment strategy is expected to generate returns materially in excess of the assumptions used by GMPF Actuary for funding purposes and is designed to support the delivery of long-term funding objectives while maintaining an appropriate balance between risk, return, liquidity and cashflow requirements.

### Risk Objective

To invest in a manner that balances the need for long-term returns against the risk of failing to meet pension obligations.

GMPF believes the most important investment risk is not short-term volatility but the risk of permanent capital loss and the risk of failing to meet funding objectives over the long term.

GMPF therefore adopts a long-term investment horizon supported by:

- diversified investment exposures;
- prudent risk management;
- consideration of liquidity requirements;
- regular monitoring of funding and investment outcomes.

### Cashflow Objective

GMPF will maintain sufficient liquidity to meet pension payments and operational requirements as they fall due. Strategic asset allocation decisions will consider GMPF's long-term cashflow profile and seek to minimise the risk of becoming a forced seller of assets during periods of market stress.

### Local Investment Objective

GMPF has adopted a strategic objective of investing 5% of assets in local investments. GMPF seeks to achieve this allocation through investments that contribute to economic growth, regeneration, infrastructure, housing and environmental sustainability within Greater Manchester and the wider Northern LGPS region, while delivering risk-adjusted returns consistent with GMPF's fiduciary duties, funding objectives and investment beliefs.

## 4. Investment Beliefs and the Role of Northern LGPS

GMPF's investment strategy is underpinned by the Core Belief Statement adopted by GMPF. These beliefs have been developed and refined over many years and have informed the strategic decisions that have contributed to GMPF's long-term investment performance, funding improvements and strong governance framework.

GMPF recognises that the LGPS pooling reforms introduce a clearer distinction between the responsibilities of the Administering Authority and those of the Northern LGPS Pool. Under the current regulatory framework, GMPF retains responsibility for setting GMPF's investment objectives, strategic asset allocation, responsible investment priorities and risk appetite, whilst the Pool is responsible for implementation and day-to-day investment management.

Notwithstanding this change in responsibilities, GMPF believes that all of the beliefs set out in its Core Belief Statement remain relevant in informing GMPF's approach to the investment strategy and the oversight of its implementation. Some beliefs relate directly to matters that remain the responsibility of GMPF, such as long-term investment horizons, risk appetite, diversification, responsible investment and the role of different asset classes within the portfolio. Other beliefs relate primarily to implementation matters, including investment management approaches, manager structures and governance arrangements, which are now principally matters for the Pool.

GMPF considers that these implementation-related beliefs have made an important contribution to its long-term success and remain valuable expressions of the experience accumulated by GMPF over many decades. Although GMPF will not seek to direct the Pool on matters that properly fall within its responsibilities, GMPF expects the Pool's approach to implementation to be broadly consistent with the principles reflected in GMPF's investment beliefs, including:

- the importance of strong governance, informed decision-making and access to appropriate investment expertise;
- a disciplined long-term investment approach focused on achieving sustainable funding objectives rather than short-term market movements;
- the benefits of diversification across asset classes, asset types and sources of return;
- the use of both passive and active investment approaches where each is appropriate to the characteristics of the market and the objectives of the mandate;
- recognition that active management can add value over the long term, particularly in less efficient or less researched markets, provided managers are selected through a rigorous and evidence-based process;
- the view that the case for value investing is compelling and that investors should be prepared to tolerate extended periods of relative underperformance in order to capture the long-term benefits associated with this investment style;

- the alignment of fees and incentives with the interests of GMPF stakeholders, ensuring that investment implementation delivers value for money;
- the evaluation of investment performance over appropriate long-term periods and with regard to the consistency and integrity of the investment process rather than short-term outcomes alone; and
- responsible stewardship and the promotion of sustainable business practices as important contributors to long-term value creation.

Accordingly, GMPF will continue to use its Core Belief Statement as an important reference point when assessing investment advice, reviewing the effectiveness of the investment strategy, monitoring the performance of Northern LGPS, and exercising its responsibilities as both a client and shareholder of the Northern LGPS Pool. GMPF will seek constructive dialogue with the Pool where implementation approaches appear inconsistent with GMPF's long-standing investment beliefs or its fiduciary responsibilities to members and employers.

GMPF therefore views the Core Belief Statement not only as a guide to investment strategy, but also as an important framework for governance, oversight and accountability within the pooled environment. While the respective roles of GMPF and the Pool will evolve, the underlying principles that have informed GMPF's investment approach over many years will continue to guide GMPF's stewardship of GMPF and its assessment of how the investment strategy is implemented in practice.

## 5. Strategic Asset Allocation

### 5.1 Overall Fund Structure

GMPF maintains two distinct investment allocations reflecting the differing characteristics, objectives and liability profiles of participating employers.

The **Main Fund** is the primary investment allocation and is designed to achieve the long-term returns required to support GMPF's funding objectives while maintaining stable and affordable employer contribution rates.

The **Designated Fund** is a lower-risk investment allocation designed for liabilities with a shorter time horizon, a reduced tolerance for investment risk, or specific funding objectives. The Designated Fund includes the assets relating to former employers that have ceased active participation in GMPF and also forms the basis of GMPF's Low Risk Designated Fund framework available to eligible employers.

As at the date of this Statement, approximately 94.5% of GMPF assets are invested within the Main Fund and approximately 5.5% within the Designated Fund, although these proportions may change over time as employer participation in the Bespoke Investment Strategies Framework evolves.

GMPF believes that maintaining separate strategic asset allocations for these two investment allocations better reflects the differing risk tolerances, maturity profiles and funding objectives of participating employers while remaining consistent with GMPF's fiduciary duty and long-term investment objectives.

### 5.2 Main Fund Strategic Asset Allocation

### 5.2.1 GMPF Strategic Allocation Framework

The Main Fund strategic asset allocation has to date been maintained and monitored at a more granular level than the statutory template to ensure that GMPF's long-term objectives, diversification benefits and risk exposures are appropriately managed.

| Asset Class | Strategic Allocation (%) | Benchmark Index |
|---|---|---|
| **Listed Equity** | **40.75** | MSCI ACWI |
| UK Government Bonds | 2.00 | FTSE UK Gilts All Stocks Index |
| Overseas Government Bonds | 2.00 | JPM World Ex UK Government Bond Index |
| UK Corporate Bonds | 4.03 | Barclays Inv Grade Sterling Non-Gilts All Mats Index |
| Overseas Corporate Bonds | 4.03 | Barclays Global Aggregate Credit Index |
| UK Index-Linked Bonds | 2.00 | FTSE UK Gilts IL All Stocks Index |
| US TIPS | 2.00 | Barclays US TIPS |
| Multi-Asset Credit | 5.00 | SONIA + 4% |
| **Total Bonds** | **21.05** | |
| Private Equity | 5.00 | MSCI ACWI |
| Private Debt | 5.00 | SONIA + 5% |
| Infrastructure Funds | 5.00 | RPI + 4% |
| GLIL Direct Infrastructure | 5.00 | RPI + 4% |
| Local & Impact Investments | 5.00 | CPI + 4% |
| Special Opportunities | 0.00 | RPI + 4% |
| **Total Alternatives** | **25.00** | |
| **Property** | **10.00** | IPD UK Monthly Property Index |
| **Investment Cash** | **3.20** | SONIA |
| **Total** | **100.00** | |

This represents GMPF's current "fully implemented benchmark" allocation and reflects the structure used within GMPF's existing strategic framework.  GMPF has a “current realistic benchmark” allocation that is two percentage points higher in listed equities and one percentage point lower in each of GLIL Direct Infrastructure and Local & Impact Investments.

### 5.2.2 Statutory Strategic Asset Allocation

For the purposes of Regulation 11 and the statutory guidance, the Main Fund strategic asset allocation is presented using the prescribed asset class categories.

| Asset Class | Strategic Allocation (%) | Tolerance Range (± %) |
|---|---|---|
| Listed Equity | 40.75 | 10.0 |
| Private Equity | 5.00 | 2.5 |
| Private Credit | 5.00 | 2.0 |
| Property / Real Estate | 10.00 | 2.5 |
| Infrastructure | 10.00 | 2.5 |
| Credit | 12.05 | 7.5 |
| UK Government Bonds | 4.00 | 2.0 |
| Other Alternatives | 10.00 | 3.0 |
| Investment Cash | 3.20 | +5 / -2 |
| **Total** | **100.00** | |

For the purposes of this table:

- Infrastructure includes GMPF's infrastructure funds and GLIL Direct Infrastructure allocation.
- Credit comprises the UK Corporate Bonds, Overseas Corporate Bonds, Overseas Government Bonds and US TIPS allocations.
- UK Government Bonds include conventional and index-linked government bond allocations.
- Other Alternatives comprise Local & Impact Investments, Special Opportunities and Multi-Asset Credit.

For completeness, cash includes both operational cash (held by GMPF for paying benefits and operational needs) and investment cash (managed by the Pool company in due course for portfolio purposes).

The Northern LGPS pool company shall actively manage the assets and seek compliance with the control ranges set out. Allocations may however deviate from policy ranges for shorter and longer periods due to market volatility and illiquidity in assets or to accommodate contributions, distributions or other cash needs. If an asset class allocation is outside the policy range, the Pool company will seek to get back within the control range in a reasonable time frame, considering transaction costs and liquidity.

### 5.3 Designated Fund Strategic Asset Allocation

#### 5.3.1 GMPF Strategic Allocation Framework

The Designated Fund is intended to provide a lower-risk strategy aligned to the liability profile of certain participating employers and exited employers.

Current implementation is entirely invested in index-linked government bonds.

| Asset Class | Strategic Allocation (%) | Benchmark Index |
|---|---|---|
| UK Index-Linked Gilts | 100 | FTSE UK Gilts IL All Stocks Index |
| **Total** | **100** | |

#### 5.3.2 Statutory Strategic Asset Allocation

For statutory reporting purposes the Designated Fund allocation is presented using the prescribed asset class framework.

| Asset Class | Strategic Allocation (%) | Tolerance Range (± %) |
|---|---|---|
| Listed Equity | 0 | 0 |
| Private Equity | 0 | 0 |
| Private Credit | 0 | 0 |
| Property / Real Estate | 0 | 0 |
| Infrastructure | 0 | 0 |
| Credit | 0 | 0 |
| UK Government Bonds | 100 | 0 |
| Other Alternatives | 0 | 0 |
| Investment Cash | 0 | 0 |
| **Total** | **100** | |

### 5.4 Bespoke Investment Strategies Framework

GMPF Strategic Framework

| Strategy | Main Fund (%) | Designated Fund (%) |
|---|---|---|
| Main Fund Strategy | 100 | 0 |
| Bespoke Strategy A | 50 | 50 |
| Bespoke Strategy B | 37.5 | 62.5 |
| Bespoke Strategy C | 25 | 75 |

This framework enables eligible employers to align investment risk more closely with their funding position and long-term objectives.

The Designated Fund also contains one legacy employer-specific investment mandate established to meet particular funding objectives. Owing to its immaterial size relative to GMPF as a whole, this mandate is not separately identified within the strategic asset allocation tables. GMPF does not expect to offer additional bespoke investment strategies to individual employers in the future.

### 5.5 Asset Allocation Governance

The strategic asset allocations set out above are intended to support GMPF's long-term investment objectives and have been developed having regard to:

- the 2025 actuarial valuation;
- asset liability modelling undertaken on behalf of GMPF;
- GMPF's cashflow requirements;
- employer covenant strength;
- GMPF's maturity profile;
- GMPF's Core Belief Statement; and
- advice received from relevant advisers.

Northern LGPS is responsible for implementing these strategic asset allocations, including determining the underlying investment mandates, manager arrangements, geographic allocations and portfolio construction decisions necessary to deliver the investment objectives set out within this Statement.

## 6. Responsible Investment and Stewardship

### Responsible Investment

GMPF believes that environmental, social and governance (ESG) factors can be financially material to long-term investment outcomes and therefore should be considered alongside other relevant financial factors when making investment decisions. GMPF regards responsible investment as an integral part of prudent risk management and long-term value creation.

GMPF seeks to integrate ESG considerations across all asset classes, recognising that the nature and materiality of ESG risks and opportunities may differ between investments. Responsible investment activities are undertaken in a manner consistent with GMPF's fiduciary duties and its primary objective of paying members' benefits as they fall due.

GMPF believes that companies and organisations that are well governed, operate responsibly and manage material ESG risks effectively are more likely to create sustainable long-term value for investors. GMPF therefore supports the integration of ESG considerations into investment analysis, decision-making, monitoring and stewardship activities.

GMPF recognises that its investment decisions can have impacts beyond financial returns and will seek, where consistent with its investment objectives and fiduciary responsibilities, to support investment opportunities that contribute positively to economic development, environmental sustainability and social outcomes.

GMPF's Responsible Investment Policy provides further detail on the responsible investment priorities, stewardship objectives, engagement themes and implementation expectations that guide GMPF and Northern LGPS in the exercise of their respective responsibilities.

### Climate Change

GMPF considers climate change to be a financially material investment risk and opportunity that has the potential to affect investment performance across all asset classes over the short, medium and long term. GMPF therefore incorporates climate-related considerations into its investment strategy, risk management framework and stewardship activities.

GMPF supports the transition to a low-carbon economy and, through its participation in Northern LGPS, is committed to achieving net zero greenhouse gas emissions across relevant investment portfolios by 2050 or sooner, consistent with maintaining long-term financial returns. GMPF will continue to monitor climate-related risks and opportunities and report on its progress through its climate-related disclosures and other responsible investment reporting.

### Stewardship

GMPF believes that effective stewardship is a key mechanism for protecting and enhancing long-term investment value. Stewardship encompasses the responsible allocation, management and oversight of capital through engagement, voting and constructive dialogue with investee companies, investment managers and other market participants.

GMPF regards engagement as its primary means of influencing corporate behaviour and promoting good governance, sustainable business practices and effective management of material ESG risks. GMPF believes that engagement is generally more effective than divestment in delivering positive long-term change and will normally seek to engage with companies before considering the withdrawal of capital.

GMPF supports a programme of both individual and collaborative engagement. Collaborative engagement may be undertaken through organisations and initiatives including:

- the Local Authority Pension Fund Forum (LAPFF);
- the Institutional Investors Group on Climate Change (IIGCC);
- the Principles for Responsible Investment (PRI);
- Climate Action 100+; and
- other investor groups and initiatives where participation is considered to be in the interests of GMPF.

**Voting and Investment Rights**

GMPF recognises voting rights as an important responsibility of ownership and seeks to exercise its voting rights in a considered and informed manner. Voting decisions will be guided by the objective of promoting the long-term success, sustainability and resilience of investee companies and protecting the interests of GMPF stakeholders.

The exercise of voting rights and other ownership responsibilities will generally be undertaken in accordance with GMPF's voting guidelines and stewardship policies. GMPF expects its investment managers and service providers to support effective stewardship and to demonstrate how stewardship activities contribute to the long-term interests of GMPF.

**Governance and Reporting**

GMPF is a signatory to the UK Stewardship Code and supports the Principles for Responsible Investment. GMPF will publish information on its responsible investment, stewardship, voting and engagement activities through its annual reporting arrangements and other disclosures as appropriate.

Responsibility for the implementation of responsible investment and stewardship activities forms part of Northern LGPS's investment management responsibilities. GMPF will continue to set responsible investment beliefs and policies, monitor delivery against those policies and review progress through its governance arrangements.

## 7. Local Investment

**Definition**

For the purposes of this Statement, GMPF defines local investment as investment within:

- Greater Manchester;
- the wider Northern LGPS Pool area; and
- associated regional economic areas that meet the statutory definition of local investment.

**Objective**

GMPF seeks to allocate capital to investments that support long-term economic growth, regeneration, infrastructure development and environmental sustainability within Greater Manchester and the wider Northern LGPS region, whilst generating appropriate risk-adjusted returns for GMPF stakeholders.

GMPF believes that local investments can provide attractive long-term investment opportunities that are consistent with its fiduciary duty and investment objectives, while also supporting broader economic and social outcomes within the communities served by participating employers and members.

**Target Allocation**

GMPF has adopted a strategic target allocation of:

- 5% of total Main Fund assets in local investments.

This target forms part of GMPF's long-term strategic asset allocation framework and reflects GMPF's commitment to maintaining a meaningful allocation to local investment opportunities.

Achievement of the target allocation will remain subject to the availability of suitable investment opportunities that meet GMPF's requirements for risk-adjusted returns, diversification, liquidity and responsible investment. GMPF will not invest solely for the purpose of achieving the target allocation where suitable opportunities are unavailable.

**Local Investment Priorities**

In establishing its local investment preferences, GMPF will have regard to:

- economic growth and productivity;
- housing delivery and regeneration;
- transport, utilities and critical infrastructure;
- innovation and the development of growth sectors;
- the transition to a low-carbon economy and climate resilience;
- employment, skills and inclusive growth; and
- opportunities to deliver measurable environmental and social benefits alongside financial returns.

GMPF will have regard to relevant regional economic strategies and growth plans when reviewing its local investment objectives and priorities.

**Governance and Delivery**

GMPF is responsible for setting its local investment objectives, target allocation and investment preferences through this Investment Strategy Statement. GMPF will keep these objectives under review, taking account of relevant economic, investment and policy developments.

Northern LGPS is responsible for advising GMPF on the development and implementation of its local investment strategy. This includes engagement with strategic authorities and other relevant stakeholders on potential investment opportunities, pipeline development and regional investment priorities. Northern LGPS will undertake opportunity assessment, due diligence, manager selection, portfolio construction, stewardship and ongoing monitoring on behalf of its partner funds.

GMPF recognises the importance of collaboration between investors, strategic authorities and other stakeholders in developing a sustainable pipeline of investable opportunities. Through its delegated arrangements, GMPF expects Northern LGPS to maintain appropriate engagement with strategic authorities and other relevant bodies to understand regional priorities, support the development of investable opportunities and identify investments capable of meeting institutional investment requirements.

GMPF will remain responsible for determining its local investment objectives and strategic preferences, while Northern LGPS will provide advice on how those objectives can most effectively be delivered through investment opportunities available across the region and more widely.

All investment decisions will be taken on a commercial and fiduciary basis. The identification of local priorities, projects or investment opportunities does not create any obligation to invest, and all investments must satisfy GMPF's risk, return and governance requirements.

**Monitoring and Reporting**

Northern LGPS will monitor and report on the implementation of GMPF's local investment allocation, including portfolio composition, investment performance and, where appropriate, economic, environmental and social outcomes. GMPF will use this information in monitoring the delivery of its local investment objectives and in meeting its own reporting obligations.

## 8. Monitoring and Review

This ISS will be reviewed:

- following each actuarial valuation;
- within 18 months of a valuation date;
- following any significant change affecting GMPF's liabilities, covenant or investment objectives.

The review process will include consultation with employers, members, the Local Pension Board, Northern LGPS and relevant strategic authorities as required by legislation.