



Financial Investment Board

Date: TUESDAY, 6 SEPTEMBER 2016
Time: 1.45 pm
Venue: COMMITTEE ROOMS - WEST WING, GUILDHALL

Members:

Andrew McMurtrie (Chairman)	Alderman Robert Howard
Nicholas Bensted-Smith (Deputy Chairman)	Clare James
Deputy Roger Chadwick	Edward Lord
Henry Colthurst	Deputy Henry Pollard
Simon Duckworth	James de Sausmarez
Alderman Peter Hewitt	Ian Seaton
Tom Hoffman	Philip Woodhouse

Enquiries: Philippa Sewell
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philippa.sewell@cityoflondon.gov.uk

Lunch will be served in Guildhall Club at 1PM
NB: Part of this meeting could be the subject of audio or video recording

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES OF THE PREVIOUS MEETING**
To agree the public minutes and non-public summary of the meeting held on 30 June 2016.
For Decision
(Pages 1 - 4)
4. **OUTSTANDING ACTIONS**
Report of the Town Clerk.
For Information
(Pages 5 - 6)
5. **RISK REGISTER FOR BRIDGE HOUSE ESTATES**
Report of the Chamberlain.
For Decision
(Pages 7 - 14)
6. **MONTHLY INVESTMENT ANALYSIS**
Report of the Chamberlain.
For Information
(Pages 15 - 28)
7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
9. **EXCLUSION OF THE PUBLIC**
MOTION - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.
For Decision

Part 2 - Non-Public Agenda

10. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
To agree the non-public minutes of the meeting held on 30 June 2016.
For Decision
(Pages 29 - 32)

11. **UK EQUITY TRANSITION: POST TRADE ANALYSIS**
To receive a report and presentation from BlackRock
For Information
(Pages 33 - 38)
12. **TRANSITION REVIEW**
Report of Aon Hewitt.
For Information
(Pages 39 - 46)
13. **RESPONSIBLE INVESTMENT**
To receive a report and presentation from Mercer.
For Information
(Pages 47 - 62)
14. **INVESTMENT PERFORMANCE MONITORING TO 30 JUNE 2016**
Report of the Chamberlain.
For Information
(Pages 63 - 92)
15. **QUARTERLY MONITORING REPORT**
Report of Mercer.
For Information
(Pages 93 - 110)
16. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
17. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

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FINANCIAL INVESTMENT BOARD

Thursday, 30 June 2016

Minutes of the meeting of the Financial Investment Board held at Committee Rooms
- West Wing, Guildhall on Thursday, 30 June 2016 at 1.45 pm

Present

Members:

Andrew McMurtrie (Chairman)	Clare James
Nicholas Bensted-Smith (Deputy Chairman)	Deputy Henry Pollard
Deputy Roger Chadwick	James de Sausmarez
Henry Colthurst	Ian Seaton
Alderman Peter Hewitt	Philip Woodhouse
Alderman Robert Howard	

Officers:

Philippa Sewell	- Town Clerk's Department
Peter Kane	- Chamberlain
Kate Limna	- Chamberlain's Department
Catrina Arbuckle	- Mercer
Steve Russell	- Ruffer
David Ballance	- Ruffer

1. **APOLOGIES**

Apologies were received from Simon Duckworth, Tom Hoffman and Edward Lord.

2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

Philip Woodhouse declared an interest in item 10, by virtue of being a client of Ruffer, and Ian Seaton declared a non-pecuniary interest in the same item by being acquainted with Jonathan Ruffer.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED - That the public minutes and non-public summary of the meeting held on 26 May 2016 be agreed as a correct record.

4. **OUTSTANDING ACTIONS**

RESOLVED – That the report be noted.

5. **MONTHLY INVESTMENT ANALYSIS REVIEW**

The Board received the monthly review for May 2016, which detailed the list of current investments.

Brexit

Members discussed the impact Brexit was having on investment markets, and was likely to have over the near future. The Chamberlain advised that, from a

treasury management perspective, the Corporation was in a good position. In response to a Member's question, it was noted that the Corporation's counterparty list was made up of small, high quality banks, and was based on the credit ratings of three organisations. Only one of these had downgraded any ratings, and Members were advised that these remained within the Corporation's parameters. Members noted that senior officers in the Chamberlain's department received daily updates on the counterparty list and met regularly to discuss the present situation and the next twelve months, and were satisfied with the Corporation's position.

RESOLVED – That the report be noted.

6. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

7. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There was no other business.

8. **EXCLUSION OF THE PUBLIC**

RESOLVED - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

Item No.	Paragraph(s) in Schedule 12A
9-14, 16	3
15	-

9. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

RESOLVED - That the non-public minutes of the meeting held on 26 May 2016 be agreed as a correct record.

10. **PRESENTATION FROM RUFFER**

The Board received a presentation from Steve Russell and David Ballance, Investment Directors of Ruffer.

11. **HAMPSTEAD HEATH TRUST & CHARITIES POOL INVESTMENT PERFORMANCE MONITORING TO 31 MARCH 2016**

The Board received a report of the Chamberlain regarding the performance of the Hampstead Heath and Charities Pool.

12. **INVESTMENT PERFORMANCE MONITORING TO 31 MARCH 2016**

The Board received a report of the Chamberlain regarding investment performance.

13. **QUARTERLY MONITORING REPORT**

The Board received a report of Mercer regarding investment performance.

14. **PROPERTY OPTIONS FOR PENSION FUND**

The Board received a report of Mercer regarding property investment options.

15. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no non-public questions.

16. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

There was one item of other business.

The meeting ended at 3.06 pm

Chairman

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Financial Investment Board – Outstanding Actions

Item	Date	Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
1.	2 July 2015	Hampstead Heath objectives	Corporate Treasurer / Chamberlain	Summer 2016	Officers at Hampstead Heath be contacted for their views.
2.	2 July 2015	Charities Pool objectives and allocations	Corporate Treasurer / Chamberlain	November 2016	Survey to be sent with accounts.
3.	9 Sep 2015	Review of Fees	Corporate Treasurer / Chamberlain	Postponed	Postponed until new Fund Managers are in place. This will also be the criteria for pooling the LPGS investments.
4.	30 Jun 2016	Brexit – consider the City’s position since previous meeting	N/A	September Board meeting	For Members’ discussion.
5.	30 Jun 2016	Charities Pool	Corporate Treasurer / Chamberlain	TBC	Presentation to be arranged for investors.
6.	30 Jun 2016	(Non-Public) Property Allocation	Corporate Treasurer / Chamberlain	October Board meeting	For Members’ consideration.
7.	30 Jun 2016	(Non-Public) Preliminary Research	Corporate Treasurer / Chamberlain	September Board meeting	Verbal update to be provided

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Committee	Dated:
Financial Investment Board	6 September 2016
Subject: Risk Register for Bridge House Estates (charity number: 1035628)	Public
Report of: The Chamberlain	For Decision
Report author: Steven Reynolds, Chamberlain's Department	

Summary

This report provides this Board's section of the key risks register for Bridge House Estates (BHE) for review. The Charity Commission's Statement of Recommended Practice (SORP) requires that the register is reviewed annually to ensure that existing risks are reconsidered, any new risks are identified and that appropriate measures are in place to mitigate those risks. BHE is managed by six Committees or Boards, each of which is required to review and monitor risks for the services they oversee e.g. the Planning and Transportation Committee manages risks relating to the five bridges maintained by the trust. Accordingly, a separate risk report has been prepared for each managing Committee or Board.

Two of the risks on the BHE risk register have been identified as relating to the services overseen by the Financial Investment Board. The first risk relates to a potential decline in income from non-property investments and the second to a potential reduction in income from cash balances – both risks are detailed at Appendix 2. The first risk is assessed as amber with a score of twelve (on a risk scale from one to the highest risk score of thirty two). The second risk is assessed as green with a score of three. Both assessments are unchanged from last year.

Recommendations

Members are asked to:

- review the two risks currently on the register for this Board, relating to a potential reduction in income from non-property investments and cash balances, and confirm that appropriate control measures are in place; and
- confirm that there are no other risks relating to the services overseen by the Financial Investment Board which should be added to the BHE risk register.

Main Report

Background

1. In accordance with the Charity Commission's Statement of Recommended Practice (SORP), trustees are required to confirm in the charity's annual report that any major risks to which the charity is exposed have been identified and reviewed and that systems are established to mitigate those risks. This Board's section of the key risks register for Bridge House Estates (BHE) is set out for review.
2. BHE is managed by six Committees or Boards each of which is required to review and monitor risks for the services they oversee e.g. the Planning and Transportation Committee manages risks relating to the five bridges maintained by the trust. Accordingly, a separate risk report has been prepared for each managing Committee or Board.
3. The Charities SORP requires that the register is reviewed annually to ensure that existing risks are reconsidered and any new risks are identified.

Review of Risks

4. The method of assessing risk reflects the City of London's standard approach to risk assessment as set out in its Risk Management Strategy approved by the Audit and Risk Management Committee. The City of London Corporation risk matrix, which explains how risks are assessed and scored, is attached at Appendix 1 of this report. Risk scores range from one, being lowest risk, to the highest risk score of thirty two. These scores are summarised into 3 broad groups, each with increasing risk, and categorised green, amber or red.
5. Each risk in the register has been considered by the responsible officer within the Corporation who is referred to as the 'Risk Owner' in the register.
6. The Financial Investment Board's element of the BHE risk register is shown at Appendix 2 and contains two risks, the first relating to a potential decline in income from non-property investments and the second to a potential reduction in income from cash balances. Controls are in place to mitigate these risks, including an investment strategy devised to reduce risk through use of a range of fund managers implementing different investment mandates. With regard to surplus cash, this is invested with a carefully selected and regularly reviewed range of counterparties and across various time periods to maximise returns. Returns from both managed investments and cash are closely monitored throughout the year. The first risk is assessed as amber with a score of twelve (on a risk scale from one to the highest risk score of thirty two). The second risk is assessed as green with a score of three. Both assessments are unchanged from last year. The current mitigating actions are considered appropriate at this time.

Conclusion

7. The risks faced by the charity have been reviewed and two of those risks have been identified as relating to the services overseen by the Financial Investment Board. The first risk relates to a potential decline in income from non-property

investments and the second to a potential reduction in income from cash balances. The Board is requested to confirm that appropriate control measures are in place for these risks and that there are no other risks that should be added to the BHE register in relation to services overseen by the Board.

Appendices

- Appendix 1 - City of London Corporation Risk Matrix
- Appendix 2 - Charity Risk Register

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City of London Corporation Risk Matrix (Black and white version)

Note: A risk score is calculated by assessing the risk in terms of likelihood and impact. By using the likelihood and impact criteria below (top left (A) and bottom right (B) respectively) it is possible to calculate a risk score. For example a risk assessed as Unlikely (2) and with an impact of Serious (2) can be plotted on the risk scoring grid, top right (C) to give an overall risk score of a green (4). Using the risk score definitions bottom right (D) below, a green risk is one that just requires actions to maintain that rating.

(A) Likelihood criteria

	Rare (1)	Unlikely (2)	Possible (3)	Likely (4)
Criteria	Less than 10%	10 – 40%	40 – 75%	More than 75%
Probability	Has happened rarely/never before	Unlikely to occur	Fairly likely to occur	More likely to occur than not
Time period	Unlikely to occur in a 10 year period	Likely to occur within a 10 year period	Likely to occur once within a one year period	Likely to occur once within three months
Numerical	Less than one chance in a hundred thousand (<10-5)	Less than one chance in ten thousand (<10-4)	Less than one chance in a thousand (<10-3)	Less than one chance in a hundred (<10-2)

Page 11

(B) Impact criteria

Impact title	Definitions
Minor (1)	Service delivery/performance: Minor impact on service, typically up to one day. Financial: financial loss up to 5% of budget. Reputation: Isolated service user/stakeholder complaints contained within business unit/division. Legal/statutory: Litigation claim or find less than £5000. Safety/health: Minor incident including injury to one or more individuals. Objectives: Failure to achieve team plan objectives.
Serious (2)	Service delivery/performance: Service disruption 2 to 5 days. Financial: Financial loss up to 10% of budget. Reputation: Adverse local media coverage/multiple service user/stakeholder complaints. Legal/statutory: Litigation claimable fine between £5000 and £50,000. Safety/health: Significant injury or illness causing short-term disability to one or more persons. Objectives: Failure to achieve one or more service plan objectives.
Major (4)	Service delivery/performance: Service disruption > 1 - 4 weeks. Financial: Financial loss up to 20% of budget. Reputation: Adverse national media coverage 1 to 3 days. Legal/statutory: Litigation claimable fine between £50,000 and £500,000. Safety/health: Major injury or illness/disease causing long-term disability to one or more people Objectives: Failure to achieve a strategic plan objective.
Extreme (8)	Service delivery/performance: Service disruption > 4 weeks. Financial: Financial loss up to 35% of budget. Reputation: National publicity more than three days. Possible resignation leading member or chief officer. Legal/statutory: Multiple civil or criminal suits. Litigation claim or find in excess of £500,000. Safety/health: Fatality or life-threatening illness/disease (e.g. mesothelioma) to one or more persons. Objectives: Failure to achieve a major corporate objective.

(C) Risk scoring grid

	X	Impact			
		Minor (1)	Serious (2)	Major (4)	Extreme (8)
Likelihood	Likely (4)	4 Green	8 Amber	16 Red	32 Red
	Possible (3)	3 Green	6 Amber	12 Amber	24 Red
	Unlikely (2)	2 Green	4 Green	8 Amber	16 Red
	Rare (1)	1 Green	2 Green	4 Green	8 Amber

(D) Risk score definitions

RED	Urgent action required to reduce rating
AMBER	Action required to maintain or reduce rating
GREEN	Action required to maintain rating

This is an extract from the City of London Corporate Risk Management Strategy, published in May 2014.

Contact the Corporate Risk Advisor for further information. Ext 1297

October 2015

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BHE Risks to be considered by the FINANCIAL INVESTMENT BOARD (2 risks)

Risk No.	Risk (Short description)	Risk Owner	Committee	Existing Controls	Current Risk				Planned Actions	Target Risk		
					Likelihood	Impact	Rating	Direction		Likelihood	Impact	Rating
Income												
1	The income from non-property investments may significantly decline.	Chamberlain	Financial Investment Board	Investment strategy devised to reduce financial risk through use of a range of Fund Managers implementing different investment mandates. Monitoring of fund managers' performance by Chamberlain/ Financial Investment Board.	Possible	Major	Amber 12	↔	Continue with current course of action	Possible	Major	Amber 12
2	Investment income from cash balances reduces significantly impacting on need to set a balanced budget.	Chamberlain	Financial Investment Board	Surplus cash invested with a carefully selected and regularly reviewed range of counterparties and across various time periods to maximise returns. Annual financial survey and financial forecast enables in-depth analysis of position, with actual returns being closely monitored throughout the year.	Possible	Minor	Green 3	↔	Continue with current course of action	Possible	Minor	Green 3

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City Of London Corporation
Monthly Investment Analysis Review
July 2016



General Economy

The UK's decision to leave the European Union dominated the headlines this month as the effects of the result started to manifest itself on various data releases. Brexit also had an impact on the political landscape. The June resignation of David Cameron as Prime Minister was followed by Theresa May being swiftly appointed in his place during July. Subsequently, this resulted in a restructuring of the Cabinet and the target of reaching a fiscal surplus by 2020 was abandoned.

The month began positively with UK manufacturing activity hitting a five month high in June. The UK manufacturing PMI rose to 52.1, from 50.4 in May, exceeding the 49.9 prediction of leading economists. This positive outlook for manufacturing provided some optimism for trade and employment leading in to the second half of the year. Conversely however, the construction industry had its worst contraction since 2009. The index plunged to 46.0 in June, the first time the index had fallen below 50 since April 2013. The Service sector PMI was similarly at its lowest since April 2013, dropping to 52.3 in June. While still in "expansion" territory (ie a reading above 50) this index had dropped back on uncertainty around the EU referendum, which had an adverse effect on consumer confidence and the value of the pound. It must be noted that the majority of all the data used for these indexes was collected before the 23rd June. This means these effects could be reversed (where positive) or amplified (where negative) in the coming months, with the latter more likely due to high levels of uncertainty in the economy after the UK's decision to leave the EU. On a more positive note, despite the weak PMI readings for June, the preliminary measure for Q2 GDP in the UK increased to 0.6% and 2.2% for this time a year ago. This rise was due primarily to the strong performance of the economy in the early stages of the period, before it tailed back in May and June.

UK unemployment also showed signs of improvement, falling to 4.9% in June, which was its lowest level since May 2005. With 31.705 million people now employed, the country will be waiting to see the effects of the referendum result on the labour market. Patriotic football fans flocking to watch the European Championships in France caused a surge in airfares - a major contributor to inflation's 0.5% rise last month. Again however, most of the data was collected before the referendum. The decision to leave is expected to push prices further up towards the Bank of England's 2% target as the impact of the sharp fall in the value of sterling filters through the economy. Elsewhere, the Bank of England surprised many investors by holding off on their first rate cut in seven years. Many expected a cut of 25 basis points after the UK's decision to leave, however the bank resisted these urges as they want to have more time to see and assess actual data releases before deciding on any policy change.

Eurozone jobs statistics showed unemployment continued at 10.1%, in June, its lowest level since 2011. The EU 28 also achieved their lowest levels since March 2009 with an unemployment rate of 8.6%. This fall was heavily influenced through the growth in manufacturing activity, leading to an increase in employment in the sector. Top economists are hoping that this will drive a large rise in consumer spending and thus help to limit the potential effects of 'Brexit'. A week after the Monetary Policy Committee decided to keep interest rates unchanged in the UK the European Central Bank followed suit. It maintained interest rates at a record low with the aim of reviving growth with the support of cheap credit into the economy. Continued support is provided by €80bn per month in asset purchasing to lower market bond yields and boost inflation, which only just returned to positive territory after four months of falling or stable prices. However, the hopes of the central bank were not reflected in growth data. This showed that the currency bloc's GDP grew by 0.3% this quarter, with an annual increase of 1.6%. These figures are lower than Q1's readings of 0.6% quarterly growth and a 1.7% annual rise, with little to suggest that performance will lift off in the near term.

UK retail sales were hit hard this month, falling 1.4% to 4.3%. The poor weather was cited as the main reason for this demise. However, there was little or no impact on overall growth as both April and May had been strong. It is still too early to assess the decision to leave the European Union has had on this sector as yet. Nevertheless, as with other parts of the economy, the outlook is somewhat uncertain, with a bias among expectations to the downside.

US nonfarm payrolls followed other positive employment figures with an increase of 287,000 in June a 4.9% level of unemployment. This was a significant improve on May's weakness. However, it was not enough to convince the Federal Reserve to alter its policy levels. This was maintained at the target range of 0.25%-0.5% in July. The aim of this accommodative monetary stance is to support further improvements in the labour market and help inflation return to the 2% target. The US economy wrapped up their month with weaker than expected GDP data as Q2 registered growth of 1.2% on an annual basis. Although this was a rise from Q1's figure of 0.8%, inventories fell for the first time since 2011 which was counterbalanced by solid consumer spending.

Housing

Halifax house prices were up 1.3% from May and up 8.4% compared with this time last year, however once again the data was collected before the referendum vote. Nationwide house prices increased by 0.5% from the previous month and 5.2% compared with July last year, the fastest annual pace in four months. However, Nationwide did state that these figures are unlikely to reflect any impact from last month's vote to leave the European Union.

Forecast

Both Capita Asset Services and Capital Economics altered its forecast this month. Capita Asset Services now expects a rate cut to come in Q3 2016 following UK's decision to leave the European Union. Capital Economics have also lowered their forecast and expect a rate cute in Q3 2016.

Bank Rate	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17
Capita Asset Services	0.25%	0.25%	0.25%	0.25%	0.25%
Capital Economics	0.25%	0.25%	0.25%	0.25%	0.25%

City Of London Corporation

Current Investment List

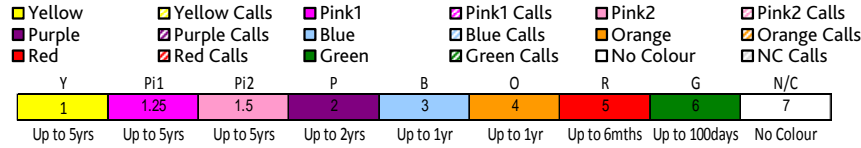
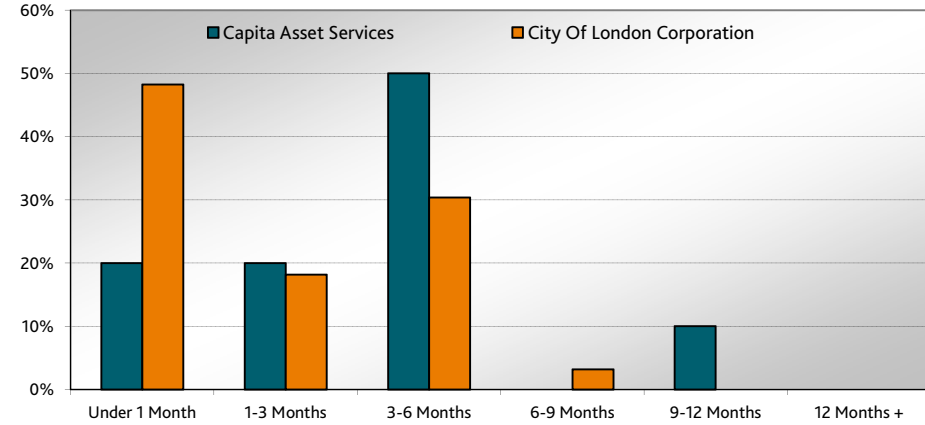
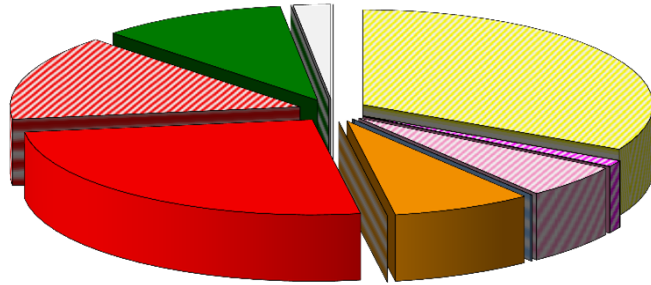
Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
MMF Aberdeen	58,800,000	0.58%		MMF	AAA	0.000%
MMF CCLA	10,000,000	0.45%		MMF	AAA	0.000%
MMF Deutsche	50,000,000	0.45%		MMF	AAA	0.000%
MMF Federated Investors (UK)	73,100,000	0.45%		MMF	AAA	0.000%
ECF Federated Sterling Cash Plus Fund	5,000,000	0.84%		ECF	AAA	0.000%
MMF Invesco	81,400,000	0.55%		MMF	AAA	0.000%
ECF Payden Sterling Reserve Fund	55,000,000	0.95%		ECF	AAA	0.000%
MMF Standard Life	42,300,000	0.47%		MMF	AAA	0.000%
ECF Standard Life Short Duration Cash Fund	5,000,000	0.76%		ECF	AAA	0.000%
Lloyds Bank Plc	40,700,000	0.50%		Call	A	0.000%
Lloyds Bank Plc	19,700,000	0.75%	02/02/2016	02/08/2016	A	0.000%
Nationwide Building Society	4,600,000	0.52%	04/05/2016	04/08/2016	A	0.001%
Nationwide Building Society	6,500,000	0.52%	05/05/2016	05/08/2016	A	0.001%
Coventry Building Society	5,300,000	0.50%	18/04/2016	15/08/2016	A	0.003%
Australia and New Zealand Banking Group Ltd	7,000,000	0.52%	31/05/2016	31/08/2016	AA-	0.001%
Nationwide Building Society	4,000,000	0.50%	01/06/2016	02/09/2016	A	0.006%
Nationwide Building Society	6,100,000	0.50%	03/06/2016	05/09/2016	A	0.006%
Nationwide Building Society	5,700,000	0.52%	06/06/2016	06/09/2016	A	0.006%
Lloyds Bank Plc	6,700,000	0.75%	07/03/2016	07/09/2016	A	0.006%
Nationwide Building Society	7,900,000	0.53%	07/06/2016	07/09/2016	A	0.006%
Nationwide Building Society	3,800,000	0.53%	01/06/2016	15/09/2016	A	0.008%
Svenska Handelsbanken AB	1,400,000	0.53%	15/06/2016	15/09/2016	AA-	0.001%
Svenska Handelsbanken AB	5,000,000	0.53%	15/06/2016	15/09/2016	AA-	0.001%
Nationwide Building Society	8,700,000	0.72%	16/03/2016	16/09/2016	A	0.008%
Nationwide Building Society	3,000,000	0.71%	18/03/2016	19/09/2016	A	0.008%
Lloyds Bank Plc	2,000,000	0.65%	17/06/2016	19/09/2016	A	0.008%
Lloyds Bank Plc	5,000,000	0.65%	22/06/2016	22/09/2016	A	0.009%
Coventry Building Society	2,300,000	0.50%	24/05/2016	23/09/2016	A	0.009%
Barclays Bank Plc	25,000,000	0.54%	30/06/2016	30/09/2016	A-	0.010%
National Australia Bank Ltd	14,100,000	0.60%	01/04/2016	03/10/2016	AA-	0.001%
Australia and New Zealand Banking Group Ltd	5,000,000	0.52%	30/06/2016	03/10/2016	AA-	0.001%
Coventry Building Society	6,800,000	0.61%	01/04/2016	04/10/2016	A	0.011%
Coventry Building Society	5,300,000	0.61%	05/04/2016	05/10/2016	A	0.011%
Nationwide Building Society	5,300,000	0.48%	01/07/2016	06/10/2016	A	0.011%
Nationwide Building Society	10,200,000	0.49%	01/07/2016	07/10/2016	A	0.012%
Lloyds Bank Plc	8,400,000	0.65%	07/07/2016	07/10/2016	A	0.012%

City Of London Corporation

Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
Australia and New Zealand Banking Group Ltd	13,000,000	0.52%	04/07/2016	11/10/2016	AA-	0.001%
Svenska Handelsbanken AB	18,600,000	0.47%	11/07/2016	12/10/2016	AA-	0.001%
Lloyds Bank Plc	1,700,000	0.65%	12/07/2016	12/10/2016	A	0.012%
Nationwide Building Society	23,700,000	0.50%	25/07/2016	02/11/2016	A	0.016%
Santander UK Plc	100,000,000	0.90%		Call95	A	0.016%
Barclays Bank Plc	39,000,000	1.00%	27/11/2015	28/11/2016	A-	0.020%
National Australia Bank Ltd	10,900,000	0.58%	09/06/2016	09/12/2016	AA-	0.002%
Barclays Bank Plc	36,000,000	1.03%	21/12/2015	21/12/2016	A-	0.024%
Lloyds Bank Plc	27,800,000	1.05%	22/12/2015	22/12/2016	A	0.024%
Lloyds Bank Plc	10,000,000	0.90%	01/04/2016	02/01/2017	A	0.026%
Leeds Building Society	7,000,000	0.66%	20/06/2016	03/01/2017	A-	0.026%
Leeds Building Society	5,000,000	0.66%	20/06/2016	03/01/2017	A-	0.026%
Nationwide Building Society	25,000,000	0.88%	06/04/2016	06/01/2017	A	0.027%
Leeds Building Society	8,000,000	0.66%	27/06/2016	11/01/2017	A-	0.028%
Lloyds Bank Plc	10,600,000	1.50%	01/02/2016	01/02/2017	A	0.031%
Skipton Building Society	20,000,000	1.05%	22/04/2016	24/04/2017	BBB	0.110%
Total Investments	£962,400,000	0.68%				0.010%

Portfolio Composition by Capita Asset Services' Suggested Lending Criteria



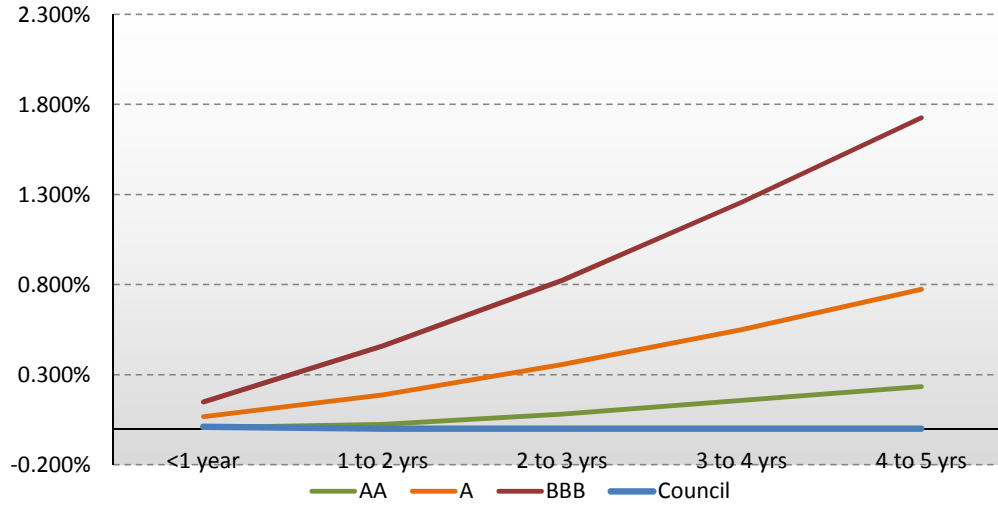
Portfolios weighted average risk number = **3.52**

WARoR = Weighted Average Rate of Return
 WAM = Weighted Average Time to Maturity

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs/ECFs	
									WAM	WAM at Execution
Yellow	32.79%	£315,600,000	100.00%	£315,600,000	32.79%	0.50%	0	0	0	0
Pink1	1.04%	£10,000,000	100.00%	£10,000,000	1.04%	0.80%	0	0	0	0
Pink2	5.71%	£55,000,000	100.00%	£55,000,000	5.71%	0.95%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Orange	7.79%	£75,000,000	0.00%	£0	0.00%	0.53%	73	124	73	124
Red	40.19%	£386,800,000	36.38%	£140,700,000	14.62%	0.75%	81	146	89	190
Green	10.39%	£100,000,000	0.00%	£0	0.00%	0.90%	114	298	114	298
No Colour	2.08%	£20,000,000	0.00%	£0	0.00%	1.05%	267	367	267	367
Total	100.00%	£962,400,000	54.17%	£521,300,000	54.17%	0.68%	56	107	92	212

Investment Risk and Rating Exposure

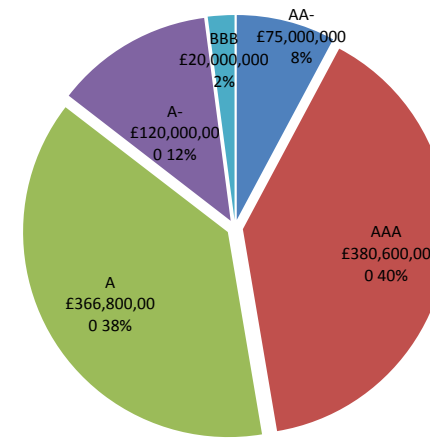
Investment Risk Vs. Rating Categories



Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.007%	0.024%	0.081%	0.158%	0.234%
A	0.067%	0.189%	0.356%	0.551%	0.775%
BBB	0.150%	0.460%	0.824%	1.257%	1.726%
Council	0.011%	0.000%	0.000%	0.000%	0.000%

Rating Exposure



Historic Risk of Default

This is a proxy for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment.

Chart Relative Risk

This is the authority's risk weightings compared to the average % risk of default for "AA", "A" and "BBB" rated investments.

Rating Exposures

This pie chart provides a clear view of your investment exposures to particular ratings.

City Of London Corporation

Monthly Credit Rating Changes
FITCH

Date	Update Number	Institution	Country	Rating Action
12/07/2016	1466	National Bank of Abu Dhabi	Abu Dhabi	Long Term Rating affirmed at 'AA-', 'Stable Outlook'. Short Term Rating affirmed at 'F1+'. Viability Rating 'a-', placed on 'Negative Watch'. Support Rating affirmed at '1'.
20/07/2016	1469	Qatar National Bank	Qatar	Long Term Rating affirmed at 'AA-', 'Stable Outlook'. Short Term Rating affirmed at 'F1+'. Viability Rating downgraded to 'a-' from 'a', removed from 'Negative Watch'. Support Rating affirmed at '1'.

City Of London Corporation

Monthly Credit Rating Changes MOODY'S

Date	Update Number	Institution	Country	Rating Action
20/07/2016	1468	Credit Agricole Corporate and Investment Bank	France	Long Term Rating upgraded to 'A1' from 'A2', Outlook changed to 'Stable' from 'Positive'. Short Term Rating affirmed at 'P-1'.
20/07/2016	1468	Credit Agricole SA	France	Long Term Rating upgraded to 'A1' from 'A2', Outlook changed to 'Stable' from 'Positive'. Short Term Rating affirmed at 'P-1'.

City Of London Corporation

Monthly Credit Rating Changes
S&P

Date	Update Number	Institution	Country	Rating Action
07/07/2016	1461	Sovereign Rating Australia	Australia	Sovereign Rating affirmed at 'AAA', Outlook changed to 'Negative' from 'Stable'.
07/07/2016	1462	Australia and New Zealand Banking Group Ltd	Australia	Long Term Rating affirmed at 'AA-', Outlook changed to 'Negative' from 'Stable'. Short Term Rating affirmed at 'A-1+'.
07/07/2016	1462	Commonwealth Bank of Australia	Australia	Long Term Rating affirmed at 'AA-', Outlook changed to 'Negative' from 'Stable'. Short Term Rating affirmed at 'A-1+'.
07/07/2016	1462	National Australia Bank Ltd	Australia	Long Term Rating affirmed at 'AA-', Outlook changed to 'Negative' from 'Stable'. Short Term Rating affirmed at 'A-1+'.
07/07/2016	1462	Westpac Banking Corporation	Australia	Long Term Rating affirmed at 'AA-', Outlook changed to 'Negative' from 'Stable'. Short Term Rating affirmed at 'A-1+'.
07/07/2016	1463	National Westminster Bank Plc	U.K.	Long Term Rating affirmed at 'BBB+', Outlook changed to 'Stable' from 'Positive'. Short Term Rating affirmed at 'A-2'.
07/07/2016	1463	Royal Bank of Scotland Group Plc	U.K.	Long Term Rating affirmed at 'BBB-', Outlook changed to 'Stable' from 'Positive'. Short Term Rating affirmed at 'A-3'.
07/07/2016	1463	The Royal Bank of Scotland Plc	U.K.	Long Term Rating affirmed at 'BBB+', Outlook changed to 'Stable' from 'Positive'. Short Term Rating affirmed at 'A-2'.
07/07/2016	1463	Ulster Bank Ltd	U.K.	Long Term Rating affirmed at 'BBB', Outlook changed to 'Stable' from 'Positive'. Short Term Rating affirmed at 'A-2'.
07/07/2016	1464	Bank of Scotland Plc	U.K.	Long Term Rating affirmed at 'A', Outlook changed to 'Negative' from 'Stable'. Short Term Rating affirmed at 'A-1'.
07/07/2016	1464	Barclays Bank Plc	U.K.	Long Term Rating affirmed at 'A-', Outlook changed to 'Negative' from 'Stable'. Short Term Rating affirmed at 'A-2'.
07/07/2016	1464	Clydesdale Bank	U.K.	Long Term Rating affirmed at 'BBB+', Outlook changed to 'Negative' from 'Stable'. Short Term Rating affirmed at 'A-2'.
07/07/2016	1464	HSBC Bank Plc	U.K.	Long Term Rating affirmed at 'AA-', Outlook changed to 'Negative' from 'Stable'. Short Term Rating affirmed at 'A-1+'.
07/07/2016	1464	Lloyds Bank Plc	U.K.	Long Term Rating affirmed at 'A', Outlook changed to 'Negative' from 'Stable'. Short Term Rating affirmed at 'A-1'.
07/07/2016	1464	Santander UK Plc	U.K.	Long Term Rating affirmed at 'A', Outlook changed to 'Negative' from 'Stable'. Short Term Rating affirmed at 'A-1'.

City Of London Corporation

Monthly Credit Rating Changes

S&P

07/07/2016	1464	Nationwide Building Society	U.K.	Long Term Rating affirmed at 'A', Outlook changed to 'Negative' from 'Stable'. Short Term Rating affirmed at 'A-1'.
11/07/2016	1465	National Bank of Abu Dhabi	Abu Dhabi	Long Term Rating 'AA-', removed from 'Stable Outlook' and placed on 'Negative Watch'. Short Term Rating 'A-1+', placed on 'Negative Watch'.
20/07/2016	1467	Deutsche Bank AG	Germany	Long Term Rating affirmed at 'BBB+', Outlook changed to 'Negative' from 'Stable'. Short Term Rating affirmed at 'A-2'.

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MONTHLY INVESTMENT REVIEW AS AT 31 JULY 2016

	Couterparty Limit	Total Invested as at 31-Jul-16
	£M	£M
<u>TOTAL INVESTED</u>		<u>962.40</u>
UK BANKS		
Barclays	100.0	100.0
HSBC	100.0	-
Lloyds	150.0	132.6
RBS	100.0	-
	<u>450.0</u>	<u>232.6</u>
BUILDING SOCIETIES		
Coventry	20.0	19.7
Leeds	20.0	20.0
Nationwide	120.0	114.5
Skipton	20.0	20.0
Yorkshire	20.0	-
	<u>200.0</u>	<u>174.2</u>
FOREIGN BANKS		
Australia & New Zealand	25.0	25.0
National Australia Bank	25.0	25.0
Svenska Handelsbanken	25.0	25.0
	<u>75.0</u>	<u>75.0</u>
LIQUIDITY FUNDS		
Aberdeen Liquidity Fund	100.0	58.8
CCLA - Public Sector Deposit Fund	100.0	10.0
Deutsche Global Liquidity Fund	100.0	50.0
Federated Prime Liquidity Fund	100.0	78.1
Invesco Sterling Liquidity Fund	100.0	81.4
Payden Sterling Reserve Fund	100.0	55.0
Standard Life (Ignis) Liquidity Fund	100.0	47.3
	<u>600.0</u>	<u>380.6</u>
NOTICE ACCOUNTS		
Santander 95 Days Account	100.0	100.0
LOCAL AUTHORITIES		
Any Local Authority	25.0	-

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