



## Financial Investment Board

**Date:** MONDAY, 13 JULY 2020  
**Time:** 1.45 pm  
**Venue:** VIRTUAL PUBLIC MEETING (ACCESSIBLE REMOTELY)

**Members:** Nicholas Bensted-Smith (Chairman)  
Henry Colthurst (Deputy Chairman)  
Simon Duckworth  
Alderman Robert Howard  
Alderman Robert Hughes-Penney  
Deputy Jamie Ingham Clark  
Deputy Clare James  
Tim Levene  
Andrien Meyers  
Deputy Henry Pollard  
James de Sausmarez  
Ian Seaton  
Deputy Philip Woodhouse

**Next Meetings:** 23 Sept 2020 25 Nov 2020 9 Feb 2021

**Enquiries:** Joseph Anstee  
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### Accessing the virtual public meeting

Members of the public can observe this virtual public meeting at the below link:

<https://youtu.be/9XWKAoJrVMY>

**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 3 June 2020.  
**For Decision**  
(Pages 1 - 4)
4. **OUTSTANDING ACTIONS**  
Report of the Town Clerk  
**For Information**  
(Pages 5 - 6)
5. **RISK REGISTER FOR FINANCIAL INVESTMENT BOARD**  
Report of the Chamberlain  
**For Decision**  
(Pages 7 - 28)
6. **MONTHLY INVESTMENT ANALYSIS REVIEW**  
Report of the Chamberlain  
**For Information**  
(Pages 29 - 50)
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 3 June 2020.  
**For Decision**  
(Pages 51 - 56)

11. **NON-PUBLIC OUTSTANDING ACTIONS**  
Report of the Town Clerk  
**For Information**  
(Pages 57 - 58)
12. **SIR WILLIAM COXEN TRUST FUND PERFORMANCE MONITORING TO 31 MARCH 2020**  
Report of the Chamberlain  
**For Decision**  
(Pages 59 - 64)
13. **PENSION FUND STRATEGY REVIEW**
- a) **Pension Fund - Rebalancing of the Multi Asset Allocation**  
Report of the Chamberlain  
**For Decision**  
(Pages 65 - 72)
- b) **Pension Fund Investment Strategy Review Update**  
Report of Mercer  
**For Discussion**  
(Pages 73 - 122)
14. **GREEN FINANCE WORKSHOP UPDATE - TO FOLLOW**  
Report of the Chamberlain  
**For Discussion**
15. **INVESTMENT PERFORMANCE MONITORING REPORTS**
- a) **Performance Monitoring to 31 May 2020: Pension Fund**  
Report of the Chamberlain  
**For Information**  
(Pages 123 - 136)
- b) **Performance Monitoring to 31 May 2020: City's Cash and Bridge House Estates**  
Report of the Chamberlain  
**For Information**  
(Pages 137 - 156)
16. **2020 STEWARDSHIP ASSESSMENT**  
Report of the Chamberlain  
**For Information**  
(Pages 157 - 172)

17. **HAMPSTEAD HEATH TRUST & CHARITIES POOL INVESTMENT  
PERFORMANCE MONITORING TO 31 MARCH 2020**

Report of the Chamberlain

**For Information**  
(Pages 173 - 178)

18. **NON-PUBLIC REPORT OF ACTION TAKEN**

Report of the Town Clerk

**For Information**  
(Pages 179 - 180)

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

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

## FINANCIAL INVESTMENT BOARD

Wednesday, 3 June 2020

Minutes of the virtual meeting of the Financial Investment Board held on  
Wednesday, 3 June 2020 at 1.45 pm

### Present

#### Members:

Nicholas Bensted-Smith (Chairman)  
Henry Colthurst (Deputy Chairman)  
Simon Duckworth  
Alderman Robert Howard  
Alderman Robert Hughes-Penney  
Deputy Jamie Ingham Clark  
Deputy Clare James  
Tim Levene  
Andrien Meyers  
Deputy Henry Pollard  
James de Sausmarez  
Ian Seaton  
Deputy Philip Woodhouse

#### Officers:

Joseph Anstee	- Town Clerk's Department
Peter Kane	- Chamberlain
Kate Limna	- Chamberlain's Department
James Graham	- Chamberlain's Department
Catrina Arbuckle	- Mercer
Deborah Cairney	- Mercer

At the start of the meeting, the Chairman welcomed Members and those watching the live broadcast of the meeting via YouTube, before reminding Members of the guidance circulated for the conducting of remote meetings.

#### 1. APOLOGIES

There were no apologies.

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

There were no declarations.

#### 3. MINUTES OF THE PREVIOUS MEETING

**RESOLVED** - That the public minutes and non-public summary of the meeting held on 11 February 2020 be agreed as a correct record.

Matters Arising

#### Outstanding Actions

The Chairman advised that of the Board's outstanding actions, the Risk Register was on the agenda, and that the Board would now provide an update to the Local Government Pensions Board in September, due to the cancellation of the Local Government Pensions Board's July meeting.

#### 4. **MONTHLY INVESTMENT ANALYSIS REVIEW**

The Board received a report of the Chamberlain concerning the monthly investment analysis review for April 2020. The Board noted the current investment list, total investment values and average rate of return set out in the report.

**RESOLVED** – That the report be noted.

#### 5. **RISK REGISTER FOR FINANCIAL INVESTMENT BOARD**

The Board considered a report of the Chamberlain reviewing the Financial Investment Board's risk register. The Chamberlain introduced the report and outlined each amendment made to the risk register since the last review in turn, for the Board's information.

A Member suggested amending the wording of Risk CHB FIB 02, particularly to strengthen the distinction between target and absolute returns. The Board then discussed whether the risk of insufficient cash as set out in Risk CHB FIB 05 had increased due to the current climate and related City of London Corporation activity elsewhere. The Chamberlain advised that there was some pressure in this area, but that officers were comfortable with the current level of liquidity due to cash balances. Members suggested that the Board periodically receive a balance sheet review to inform their deliberations related to this risk as it had implications for assets, even if decisions related to cash management were the remit of other Committees.

In response to a Member in respect of CHB FIB 07, the Chamberlain advised that updated guidance and changes to draft regulations were expected, which would also pick up clarifications arising from a recent Supreme Court ruling on directing investments.

**RESOLVED** – That the Financial Investment Board:

- a) Note the existing risks and actions present on the Financial Investment Board's Risk Register, and confirm that appropriate control measures are in place;
- b) Confirm that there are no further risks relating to the services overseen by the Financial Investment Board; and
- c) Request that officers amend the Register as suggested and submit the Risk Register to the next meeting of the Board for further review.

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 - 13	3
14 - 15	-

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

**RESOLVED** - That the non-public minutes of the meeting held on 11 February 2020 be agreed as a correct record.

10. **INVESTMENT MONITORING REPORTS**

a) **Performance Monitoring to 31 March 2020: Pension Fund**

The Board received a report of the Chamberlain.

b) **Performance Monitoring to 31 March 2020: City's Cash and Bridge House Estates**

The Board received a report of the Chamberlain.

c) **Quarterly Monitoring Report**

The Board received a report of Mercer.

11. **CHARITIES POOL: UPDATE**

The Board considered a report of the Chamberlain.

12. **GREEN FINANCE INITIAL WORKSHOP**

The Board received an oral update.

13. **PENSION FUND INVESTMENT STRATEGY REVIEW WORKSHOP**

The Board discussed a report of Mercer.

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

There were no non-public questions.

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

There was other business.

**The meeting ended at 3.36 pm**

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Chairman

**Contact Officer: Joseph Anstee**  
**tel. no.: 020 7332 1480**  
**[joseph.anstee@cityoflondon.gov.uk](mailto:joseph.anstee@cityoflondon.gov.uk)**



### Financial Investment Board – Outstanding Actions

Item	Date	Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
1.	29 November 2019	<b>Risk Register</b>	Corporate Treasurer / Town Clerk	July 2020	An updated Risk Register is on today's agenda.
2.	11 February 2020	<b>Local Government Pensions Board</b>	Corporate Treasurer / Town Clerk	Sept 2020	Officers to provide a note on the Board's activities to the Local Government Pensions Board on behalf of the Financial Investment Board.

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<b>Committee:</b>	<b>Date:</b>
Financial Investment Board	13 July 2020
<b>Subject:</b>	<b>Public</b>
Risk Register for Financial Investment Board	
<b>Report of:</b>	<b>For Decision</b>
The Chamberlain	
<b>Report author:</b>	
James Graham – Chamberlain’s Department	

## Summary

The Risk Register was presented to the Financial Investment Board for review at its meeting on 3 June 2020. Members provided feedback and requested amendments be made and for the revised Risk Register to be brought back to the next Board meeting.

The Risk Register is included at Appendix 2 with risk updates underlined throughout. The Risk Register is reviewed semi-annually by the Financial Investment Board and more frequently by officers, who report any material changes or new risks identified in between reviews on an exceptions basis.

## Recommendations

Members are asked to review the amended risks and actions for the Financial Investment Board’s revised Risk Register and confirm that appropriate control measures are in place.

## Main Report

### Background

1. At the meeting of the Financial Investment Board on 3 June 2020, Members reviewed the Board’s Risk Register and considered whether appropriate control measures were in place. Officers were asked to incorporate several changes to the Risk Register following feedback from Members and to bring a revised version to the next Board meeting.

### Review of Risks

2. 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 in May 2014. 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”.

### Amendments

3. The revised Risk Register is attached at Appendix 2 and the amendments have been highlighted. The changes relate to two risks as follows:

#### CHB FIB 05 Insufficient cash – treasury management

4. This risk has been expanded to acknowledge the importance of longer-term cash flow planning. Foresight on the Corporation's long-term cash position is necessary to avoid inefficient treasury management decisions and to ensure any requirements to liquidate investment assets are managed appropriately.
5. A risk action has been added around the completion of a balance sheet review exercise which will support the Corporation's longer-term cash flow forecasting. This work will rely upon the medium-term financial planning exercise that is currently underway.

#### CHB FIB 07 Failure to discharge responsible investment duties

6. The name of this risk has been changed to more accurately capture the precise nature of the risk.
7. The risk update has also been revised to reflect an important legal development in the Local Government Pension Scheme: namely the Supreme Court's ruling that the Secretary of State for Housing, Communities and Local Government exceeded his powers when issuing guidance in 2016 to LGPS administering authorities which purported to prohibit the adoption of investment policies that are contrary to UK foreign policy or UK defence policy. The Scheme Advisory Board has published a summary of the decision in order to attempt to clarify the impact of the judgement on administering authorities which is available at the following address:

<https://lgpsboard.org/index.php/board-publications/legal-opinions>

8. The judgement clarifies that the responsibility for investment decisions resides with administering authorities (who are described as "quasi-trustees") rather than the Government, or anyone else. This is important because a potential ramification of the judgment is to misconstrue Lord Wilson's assertion that LGPS funds represent employees' money rather than public money so as to mean that the funds are owned or controlled by members. They are not and it is clear that the LGPS is a statutory pension scheme and that the primary responsibility for delivering the functions of the LGPS rests with administer authorities.
9. The Financial Investment Board already recognises that this responsibility rests with the Corporation, having identified the failure to discharge its responsible investment duties as a key risk. The adoption of a formal responsible investment policy is an important mitigation of this risk.

#### **Conclusion**

10. The Board is requested to review the risks and confirm that appropriate control measures are in place for these risks and that there are no other risks that should be added to the Risk Register.

## **Appendices**

- Appendix 1 - City of London Corporation Risk Matrix
- Appendix 2 – Financial Investment Board Risk Register

## **Background papers**

- Supreme Court decision on LGPS investment guidance, 29 April 2020 (<https://www.supremecourt.uk/cases/docs/uksc-2018-0133-judgment.pdf>)
- City of London Corporation Responsible Investment Policy (<https://www.cityoflondon.gov.uk/business/responsible-city/Documents/responsible-investment-policy.pdf>)

## **James Graham**

Group Accountant – Pensions & Treasury Management  
Chamberlains Department

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## Appendix 1

### 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)

#### (B) Impact criteria

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

#### (C) Risk scoring grid

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

#### (D) Risk score definitions

<b>RED</b>	Urgent action required to reduce rating
<b>AMBER</b>	Action required to maintain or reduce rating
<b>GREEN</b>	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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## CHB FIB Detailed risk register EXCLUDING COMPLETED ACTIONS

Report Author: James Graham

Generated on: 1 July 2020



Rows are sorted by Risk Score

### Code CHB FIB 01

Department Description: Chamberlain's 1




Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB FIB 01 Insufficient assets - Pension Fund, City's Cash and Bridge House Estates	<p><b>Cause:</b> The asset allocation of each investment portfolio (Pension Fund, City's Cash and Bridge House Estates) are unable to fund long term liabilities and expenditure requirements due to market movements.</p> <p><b>Event:</b> There are insufficient assets to meet liabilities or expenditure requirements.</p> <p><b>Effect:</b> Reduced income or lower than anticipated growth which could impact on the Corporation's medium term financial plans. Employers of the Pension Fund are required to provide further funding through contributions to finance liabilities. City's Cash and Bridge House Estates would be required to sell financial assets to fund expenditure requirements.</p>	<p>Likelihood</p> <p>Impact</p>	12	The Pension Fund's absolute return target was set at 5.7% annually from 1st April 2018 whilst the absolute return target for City's Cash and Bridge House Estate was set at CPI +4% from the same date. All three funds were impacted in the first quarter of 2020 by the downturn in financial markets related to COVID-19 and accordingly, as at 31 March 2020, the three portfolios now trail their absolute return targets in all time periods. It is worth noting that asset values have recorded somewhat since the end of March but heightened volatility remains and there is notable uncertainty about the long term	<p>Likelihood</p> <p>Impact</p>	8	31-Mar-2021	↑

08-Mar-2018 Peter Kane				<p>impact of the virus on the global economic and, by extension, asset values. Given these conditions the score for this risk has been changed to reflect the judgement that the likelihood of this risk materialising is now "possible" rather than "unlikely".</p> <p><b>19 May 2020</b></p>				Increasing
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB FIB 01a Page 14	The Investment strategy of the Pension Fund, Bridge House Estates and City's Cash is reviewed at least every three years by the Financial Investment Board.	The Pension Fund's triennial valuation is carried out by the Fund's actuary as required by statute every three years and this serves as foundation for the Pension Fund's Investment Strategy, which in turn provides the basic themes and framework for the City's Cash and Bridge House Estates' Investment Strategy reviews. The actuary completed the latest triennial valuation in March 2020 and the Board is now in a position to review the Pension Fund's investment strategy. This will be given initial consideration at the Board's meeting on 3 June 2020 and the strategy review will be completed in the coming months. Following this, the Board will review the City's Cash and Bridge House Estates investment strategies.	Caroline Al-Beyerty; Kate Limna	19-May-2020	23-Sep-2020
CHB FIB 01b	The investment performance of the Pension Fund, City's Cash and the Bridge House Estates is measured against absolute return targets required to meet long term objectives. This is reported to the Financial Investment Board throughout the year and is supplemented by market insight from the Corporation's investment consultants which will assist any strategic decisions required in between the three-year formal strategy reviews.	Individual Fund investment performance is brought to each Financial Investment Board for consideration.	James Graham; Kate Limna	19-May-2020	31-Mar-2021

**Code CHB FIB 02**

Department Description: Chamberlain's 1

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB FIB 02 Targeted returns - Pension Fund, City's Cash and Bridge House Estates  Page 15  08-Mar-2018 Peter Kane	<b>Cause:</b> Fund managers fail to achieve the targeted investment returns because <ul style="list-style-type: none"><li>the Board appoints unsuitable fund managers,</li><li>individual fund managers underperform against the benchmarks agreed by the Board,</li><li>aggregate fund manager performance fails to achieve the Board's long-term targets</li></ul> <b>Event:</b> Failure to be seen to manage the funds responsibly. <b>Effect:</b> Supervisory intervention over management of the Funds.	 Likelihood Impact	6	The performance of fund managers and their aggregate performance is reported against target to each Financial Investment Board. Most managers are currently outperforming their assigned targets over longer term time horizons, although several are not. Where relative returns are negative, Members and officers seek to understand why in order to determine whether there is continued conviction in the manager's strategy to recover performance.	 Likelihood Impact	6	31-Mar-2021	
				19 May 2020				Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB FIB 02a	Investment managers' performance and their aggregate performance is measured against appropriate benchmarks and monitored by the Financial Investment Board throughout the year. It is supplemented by market insight from the Corporation's investment consultants which provides peer group comparisons; checks on	The latest performance reports to the Board from officers and the investment consultant Mercer detail appointed manager and fund level performance up to 31 March 2020. Recent, Member-level meetings have taken place with CQS and Pyrford (February 2020) whilst a further ESG-specific meeting was held with Pyrford in April 2020.	James Graham; Kate Limna	19-May-2020	31-Mar-2021

	<p>movement of key officers; and reviews on the incorporation of ESG considerations in implementing their investment strategies.</p> <p>Fund managers are invited to meet with Officers and Members to account for their performance as and when the Board deem this necessary/as required.</p>				
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**Code CHB FIB 03**

## Department Description: Chamberlain's 1

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<b>CHB FIB 03 Service provider failure - Pension Fund, City's Cash and Bridge House Estates</b>  <div>Page 17</div>	<b>Cause:</b> Corporate, financial, economic or cybersecurity threats result in service provision withdrawal or liquidation of partner organisations. <b>Event:</b> Failure of fund manager, investment consultant or other service provider without notice. <b>Effect:</b> Pension Fund, City's Cash or Bridge House Estates' asset valuations at risk or a period of time without service provision.	<div> <div>Likelihood</div> <div>Impact</div> </div>	4	<p>Officers meet regularly with fund managers, investment consultants and other service providers. Officers write to all counterparties requesting latest internal control report from fund managers and custodian ahead of the closure of accounts.</p> <p>In March 2020, officers contacted appointed fund managers to confirm that arrangements were in place to protect business continuity in the event of restrictions on physical movement in response to COVID-19. Appropriate assurances were received.</p> <p><b>19 May 2020</b></p>	<div> <div>Likelihood</div> <div>Impact</div> </div>	4	31-Mar-2021	<div> <div>Constant</div> </div>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB FIB 03a	Detailed due diligence is carried out when new fund managers, investment consultant or other service provider are appointed.	New manager due diligence undertaken in consultation with investment consultant. There are currently no plans to appoint any additional managers. The investment consultant was appointed via the National LGPS procurement framework in 2015.	James Graham; Kate Limna	19-May-2020	31-Mar-2021
CHB FIB 03b	Review of internal control reports on annual basis.	Corporate Treasury compile an archive of the most up to date relevant annual internal control reports issued by all issuing fund managers and custodian as part of statement of	James Graham;	19-May-2020	31-Mar-2021

		account compilation across Funds. All internal control reports from the pooled fund managers have been received where available.	Kate Limna		
CHB FIB03c	Monitor markets regularly through financial publications and seek advice of managers and investment consultant when appropriate.	Officers regularly monitor financial press and industry publications particularly in search of any news regarding entities that have an existing relationship across the Corporation's Funds.	James Graham; Kate Limna	19-May-2020	31-Mar-2021

**Code CHB FIB 04**

Department Description: Chamberlain's 1

[illegible]

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB FIB 04a	Detailed due diligence is carried out when new counterparties are onboarded.	Independent analysis and consultation with treasury investment advisor when adding additional counterparties.	James Graham; Kate Limna	19-May-2020	31-Mar-2021

		<p>Where the Corporation invests in money market funds, officers have increased monitoring of the funds' daily and weekly liquidity profiles to ensure the vehicles retain adequate liquidity. At present, there are no liquidity concerns with any of the Corporation's existing fund counterparties. These funds invest in very short term and very high-quality instruments, so default risk is low.</p> <p>The Corporation's short dated bond fund investments are more sensitive to changes in economic conditions and this inevitably had an impact on valuations during March. However, these investments are much longer term in nature and therefore the Corporation has a greater tolerance for volatility in returns. Notwithstanding this however, in light of the current credit conditions, officers have increased monitoring of the funds' daily price movements.</p> <p>Officers also continue to monitor changes in the credit standing of direct counterparties via ratings changes from the three main credit rating agencies and other news.</p>			
CHB FIB 04b	When lending directly to counterparties, ensure they meet the minimum credit criteria as set out in the most recent Treasury Management Strategy Statement.	All lending continues to be conducted within the parameters of the 2020/21 Treasury Management Strategy Statement as agreed by Court of Common Council on 5th March 2020. Additionally, officers have implemented financial metric-based criteria for determining the eligibility of local authority borrowers.	James Graham; Kate Limna	19-May-2020	31-Mar-2021
CHB FIB 04c	Monitor markets regularly through credit rating updates and financial publications, plus seeking the advice of treasury investment advisors when appropriate	Officers continually monitor for credit rating updates, also financial press and industry publications in search of any news regarding the Corporation's counterparties. Treasury investment advisors provide rating agency credit watches and other market data including Credit Default Swap prices on money market participants.	James Graham; Kate Limna	19-May-2020	31-Mar-2021



**Code CHB FIB 05**

Department Description: Chamberlain's 1

[illegible]

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB FIB 05a	Combined cashflow daily forecast maintained to project inflows and outflows over the year forward to ensure a sufficient level of on-going liquidity. Cashflow requirement is the fundamental consideration when agreeing duration of fixed term deposits or placing capital in money market funds.	<p>Cash flow model maintained daily, incorporating known flows and estimating payments and income of uncertain timing based on historic cash flow profiles and estimations for the timing and value of future payments and receipts.</p> <p>There is clearly uncertainty around the ongoing impact of COVID-19 and the timing of any potential relaxation of measures designed to manage the pandemic. Under these conditions cash flow forecasting will be subject to increased uncertainty. Officers have therefore reduced the overall duration of the portfolio (i.e. increased the amount of funds available at short-term notice).</p>	James Graham; Kate Limna	19-May-2020	31-Mar-2021
<u>CHB FIB05b</u>	<u>A balance sheet review exercise enables the Corporation to further understand the likely timing of any future need to liquidate long term investment assets or external borrowing requirement.</u>	<u>Officers plan to conduct a balance sheet review using the 2019/20 accounts and based on the outcome of the medium-term financial planning process that is currently underway.</u>	<u>James Graham;</u> <u>Kate Limna</u>	<u>01-Jul-2020</u>	<u>25-Nov-2020</u>



	training opportunities via courses, seminars and conferences.				
CHB FIB 06c	Training plans in place for all staff as part of the performance appraisal arrangements, which are reviewed every six months.	Appraisals for all relevant staff are up to date. Appraisals include a review of individual training requirements.	Caroline Al-Beyerty; Kate Limna	19-May-2020	31-Mar-2021
CHB FIB 06d	External professional advice sought where required.	Investment consultants provide focused training sessions as and when required. The next training event will occur on 3 June 2020 when the Investment consultant will lead an review of the Pension Fund investment strategy.	James Graham; Kate Limna	19-May-2020	31-Mar-2021
CHB FIB 06e	The Board maintains regular oversight of the London CIV.	Senior management of the London CIV met the Financial Investment Board in September 2019. Officers monitor developments at the London CIV and report meaningful developments at each Board meeting via a dedicated section of the Pension Fund Investment Monitoring Report (or in between Board meetings if necessary).	James Graham; Kate Limna	19-May-2020	31-Mar-2021

## Code CHB FIB 07

Department Description: Chamberlain's 1

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<b>CHB FIB 07</b> <b>Failure to discharge responsible investment duties</b>	<p><b>Cause:</b> Insufficient attention is paid to the environmental, social and governance (ESG) dimensions of the Corporation's financial investments.</p> <p><b>Event:</b> The Corporations' financial investments include an underappreciated exposure to negative ESG risks and the means to effectively manage such risks is not understood.</p> <p><b>Effect:</b> The Corporation suffers reputational or financial damage.</p>	<p>Likelihood</p> <p>Impact</p>	4	<p>The Board has formally recognised its asset stewardship role and the need to manage ESG risks through its Responsible Investment Policy which also outlines the Board's approach in this area. The City of London Corporation is a signatory to the Principles for Responsible Investment through which the Board seeks to generate appropriate disclosure on ESG issues amongst its investments. The City of London has agreed a statement of commitment to the UK Stewardship Code and has been assessed as a tier 1 signatory.</p> <p>The Board incorporates ESG considerations into investment manager selection and appointment criteria (most recently with the appointment of Baillie Gifford) and monitors ESG developments in its existing mandates on a quarterly basis. ESG risks are also discussed at Member and officer level meetings with managers. Furthermore the Board conducts an annual stewardship review of its investment managers which it uses to encourage progress amongst its managers</p>	<p>Likelihood</p> <p>Impact</p>			

<div>Page 26</div> <div>Jun-2019</div>				<p><u>LGPS ONLY: In April 2020 the Supreme Court ruled that the Government had exceeded its powers when issuing LGPS investment guidance in 2016 which purported to prohibit the adoption of investment policies that are contrary to UK foreign or defence policy. The ruling clarifies that LGPS funds are not public monies and confirms that LGPS administering authorities are responsible for investment decisions. As such, the City of London Corporation must remain aware of its lawful responsibilities and ensure it is able to articulate its approach to civil society and other stakeholders. The Corporation addresses this through the adoption and publication of its Responsible Investment Policy.</u></p> <p><u>1 July 2020</u></p>				Constant
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB FIB 07a	Reporting on responsible investment activities to the Principles for Responsible Investment is completed on an annual basis. The Board receives an annual Transparency Report from the PRI from which it can evaluate progress against responsible investment goals.	A complete response for 2020 was submitted to the PRI before the 1 April 2020 deadline and the Corporation will receive its second (private) transparency report in the coming months before being required to prepare its first public submission in 2021. The PRI is currently overhauling its assessment framework in time for the 2021 reporting cycle and will provide updates to signatories later in the year.	James Graham; Kate Limna	19-May-2020	31-Mar-2021
CHB FIB 07b	The Board formally reviews asset stewardship across its investment mandates on an annual basis and uses the exercise encourage better ESG outcomes amongst its existing managers.	The Board agreed to conduct an interim stewardship assessment of its equity and multi-asset managers in 2020, mindful of the fact that most asset managers are preparing compliance towards the new UK Stewardship Code 2020 ahead of the initial reporting deadline of March 2021. Appointed asset managers have been given until the end of May to respond to the interim assessment and the results of the exercise will be reported to the Board at its meeting on 13 July 2020.	James Graham; Kate Limna	19-May-2020	13-Jul-2020

CHB FIB 07c	As part of the regular management and monitoring of investment mandates, the Board and responsible officers challenge investment managers on ESG issues arising in the portfolio. The Investment Consultant reports to the Board on its monitoring of ESG risks on a quarterly basis.	The Board receives regular updates on ESG standings amongst its appointed investment managers from the Investment Consultant on a quarterly basis. In April, Members held a dedicated ESG meeting with Pyrford (multi asset manager). Members also met with CQS earlier in the year and discussed the credit multi asset manager's approach to ESG.	James Graham; Kate Limna	19-May-2020	31-Mar-2021
CHB FIB 07d	The Financial Reporting Council (FRC) has substantially revised the UK Stewardship Code. The City will review the new Code's requirements and consider how to demonstrate its commitment to the new Code	Organisations wanting to become signatories to the Code will be required to produce an annual Stewardship Report explaining how they have applied the Code in the previous 12 months. The FRC will evaluate these Reports against its assessment framework, and those that meet the reporting expectations will be listed as signatories to the Code. To be included in the first list of signatories, the Board must submit a <i>final</i> report for the prior year to the FRC by 31 March 2021.		19-May-2020	03-Jun-2020

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# City of London Corporation

## Monthly Investment Analysis Review

May 2020

**General Economy**

Although the Flash Manufacturing PMI for May rose to 40.6 from April's Final release of 32.6, it still pointed to the second steepest contraction in the manufacturing sector since 2009. In a similar vein, the Flash Services PMI rose to 27.8 from April's Final release of 13.4 – but this was still the second lowest reading since the survey began. As a result of these gains, the Flash Composite PMI for May rose to 28.9 from April's 13.8 – but still indicated that manufacturing output and service sector activity both contracted faster than during the financial crisis, with new orders and employment contracting at the second fastest rate since the survey began in 1998. The Construction PMI, meanwhile, (which is released on a different timescale to the main service and manufacturing reports) plunged to 8.2 in April from 39.3 in March – pointing to the steepest pace of contraction in the sector since the survey began in 1997.

GDP data revealed that the UK economy shrank by 2.0% in the three months to March after stagnating in the three months to February, but this was slightly better than market expectations of a 2.6% contraction. Nevertheless, it was still the steepest decline in GDP since Q4 2008. The broad-based nature of declines in activity illustrated the impact of the measures taken to reduce transmission of the coronavirus. As a result, the economy contracted by 5.7% in the twelve months to March, down significantly from the upwardly revised 0.2% y/y growth recorded in February – but, once again, this was better than the market's expectation of a 7.2% contraction. Meanwhile, a 12.9% m/m fall in exports saw the UK record a trade deficit of £6.68 billion in March, compared to a downwardly revised £1.54 billion deficit in February.

Against this backdrop, the UK's unemployment rate surprisingly fell to 3.9% in the three months to March from 4.0% in the three months to February, below market expectations of 4.4%. However, the data was based on surveys covering only one week of the coronavirus lockdown. More recent data showed that the number of people claiming unemployment related benefits rose by a record 856,500 during April, compared to 12,100 people in March. Average earnings in the three months to March rose by 2.4% from a year earlier, easing from a 2.8% rise in the previous period. Excluding bonuses, average earnings increased by 2.7%, which was also lower than the 2.9% gain recorded in the three months to February.

Consumer Price Inflation (CPI) fell to 0.8% y/y in April from 1.5% y/y in March, due in part to falls in energy and utility prices (the latter the result of the decline in Ofgem's price cap). However, the core CPI rate - which strips out the more volatile components - eased to 1.4% y/y in April from 1.6% y/y in March, also indicating easing underlying price pressures. As such, inflation is currently well below the Bank of England's 2% target. In monthly terms, the CPI fell 0.2% during April after being unchanged during March.

Retail sales, meanwhile, plunged a record 18.1% m/m during April, as many stores ceased trading in response to the coronavirus pandemic. This outturn was significantly worse than the 5.2% decline recorded in March, and less than expectations of a 16% decline. The year-on-year fall in retail sales of 22.6% was also a record. Mirroring the worsening impact of the coronavirus upon activity, the GfK Consumer Confidence index eased to a preliminary reading of -34 in May from -33 in April, reaching its lowest level since 2009. Against this economic backdrop, it was no surprise to see the MPC leave the Bank

Rate unchanged at 0.1% during their May meeting.

The UK also reported a record £61.36 billion monthly budget deficit in April, compared to a £10.2 billion deficit in the same month last year, and higher than expectations of a £35 billion shortfall. Excluding public sector-owned banks, borrowing was £62.1 billion, £51.1 billion more than in April 2019, and another monthly record. Future borrowing may also remain elevated, depending upon the extent to which the coronavirus pandemic continues to impact economic activity.

In the US, non-farm payrolls fell by a record 20.5 million during April after falling by 870,000 in March, as business closures designed to stem the spread of the coronavirus prompted mass staff layoffs. As a result, the US unemployment rate jumped to a record 14.7% in April from 4.4% in March, with the number of unemployed jumping by a staggering 15.9 million to 23.1 million.

According to the Second Estimate, the US economy shrank by an annualised 5.0% rate during Q1 – slightly below the Advance Estimate of a 4.8% contraction - ending the longest period of expansion in the country's history. The Fed's preferred measure of inflation (the core Personal Consumption Expenditure deflator), meanwhile, fell to 1% y/y in April from 1.7% y/y in March, below the Fed's 2% target rate.

In a similar vein, the second estimate of Q1 GDP confirmed that the Eurozone economy contracted by 3.8% q/q during Q1, representing the steepest contraction since comparable records began in 1995. However, the rebound in the Eurozone Composite PMI to 30.5 in May from an upwardly revised all-time low of 13.6 in April, suggests at least that the pace of decline moderated in May. A flash estimate of Eurozone inflation, meanwhile, suggested that prices rose just 0.1% y/y in May compared to a downwardly revised 0.3% y/y rate in April, as the coronavirus pandemic dampened price pressures.

## Housing

Although both the Halifax and Nationwide surveys reported that house prices rose in the 12 months to April, by 2.7% y/y and 3.7% respectively, neither survey fully reflected the impact of the coronavirus nor subsequent government advice not to enter into housing transactions during this period, which saw activity fall. This government advice was subsequently lifted towards the end of the month.

## Currency

The combination of weak economic data and a re-surfacing of some concerns over the potential for a no deal Brexit saw Sterling ease slightly lower against both the Dollar and the Euro over the month.

February	Start	End	High	Low
GBP/USD	\$1.2547	\$1.2363	\$1.2547	\$1.2125
GBP/EUR	€1.1458	€1.1114	€1.1489	€1.1114

## Forecast

Both LAS and Capital Economics have maintained their interest rate forecasts amid the coronavirus outbreak. The Bank Rate remains unchanged at 0.1% throughout 2020 and 2021.

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# City of London Corporation

## Current Investment List

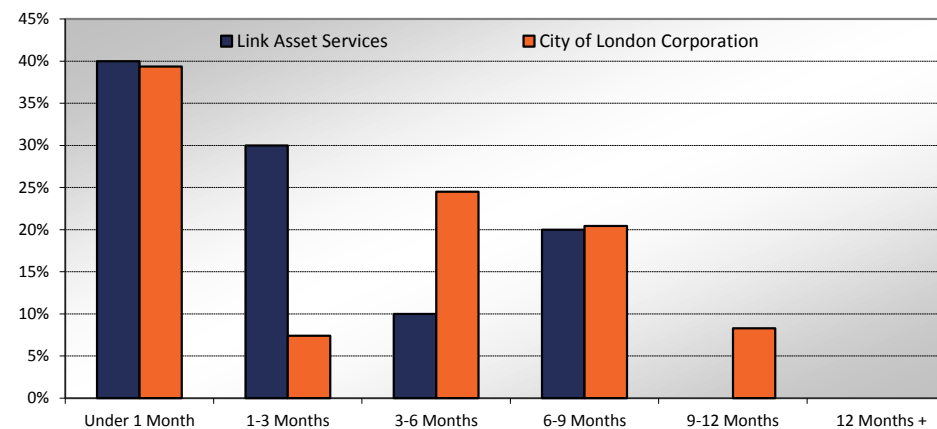
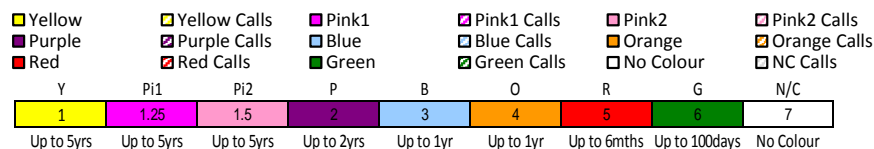
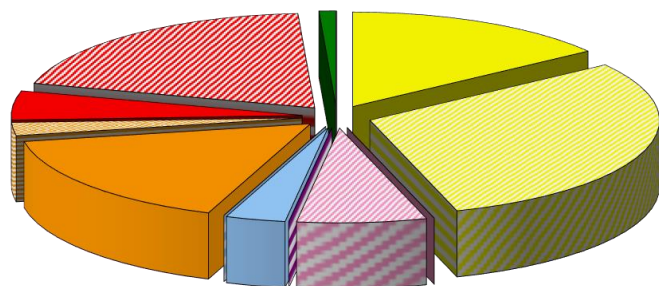
	Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
	MMF Aberdeen Standard Investments	58,600,000	0.31%		MMF	AAA	0.000%
	MMF CCLA	10,000,000	0.32%		MMF	AAA	0.000%
	MMF Deutsche	71,600,000	0.32%		MMF	AAA	0.000%
	MMF Federated Investors (UK)	34,300,000	0.31%		MMF	AAA	0.000%
	MMF Invesco	98,500,000	0.33%		MMF	AAA	0.000%
	USDBF Aberdeen Standard Investments	5,000,000	0.74%		USDBF	AAA	0.000%
	USDBF Federated Sterling Cash Plus Fund	5,000,000	0.99%		USDBF	AAA	0.000%
	USDBF Payden Sterling Reserve Fund	55,000,000	0.65%		USDBF	AAA	0.000%
	Leeds Building Society	8,400,000	0.92%	12/12/2019	12/06/2020	A-	0.002%
	Rushmoor Borough Council	10,000,000	0.90%	18/12/2019	18/06/2020	AA-	0.001%
	Australia and New Zealand Banking Group Ltd	12,000,000	1.02%	29/07/2019	29/07/2020	A+	0.009%
	Lloyds Bank Plc (RFB)	20,000,000	1.10%	06/08/2019	06/08/2020	A+	0.010%
	London Borough of Haringey	5,000,000	0.95%	14/02/2020	14/08/2020	AA-	0.005%
	Plymouth City Council	10,000,000	0.92%	14/02/2020	14/08/2020	AA-	0.005%
	Australia and New Zealand Banking Group Ltd	10,000,000	0.80%	17/02/2020	17/08/2020	A+	0.011%
	National Westminster Bank Plc (RFB)	10,000,000	0.95%	01/11/2019	28/08/2020	A	0.013%
	Santander UK Plc	20,000,000	0.90%		Call95	A	0.014%
	Plymouth City Council	10,000,000	0.95%	23/12/2019	23/09/2020	AA-	0.008%
	London Borough of Waltham Forest	5,000,000	0.80%	30/04/2020	30/09/2020	AA-	0.008%
	Goldman Sachs International Bank	20,000,000	1.04%	02/01/2020	02/10/2020	A+	0.018%
	National Westminster Bank Plc (RFB)	20,000,000	0.93%	06/01/2020	06/10/2020	A	0.018%
	Barclays Bank Plc (NRFB)	25,000,000	1.01%	29/10/2019	29/10/2020	A	0.022%
	Fife Council	6,000,000	0.95%	29/01/2020	29/10/2020	AA-	0.010%
	London Borough of Waltham Forest	5,000,000	0.85%	30/04/2020	30/10/2020	AA-	0.010%
	Lloyds Bank Plc (RFB)	10,000,000	1.10%	01/11/2019	02/11/2020	A+	0.022%
	Lloyds Bank Plc (RFB)	15,900,000	1.10%	04/11/2019	04/11/2020	A+	0.023%
	Lloyds Bank Plc (RFB)	20,000,000	1.10%	06/11/2019	06/11/2020	A+	0.023%
	London Borough of Southwark	15,000,000	0.85%	11/05/2020	11/11/2020	AA-	0.011%
	Santander UK Plc	30,000,000	1.00%		Call180	A	0.026%
	Lloyds Bank Plc (RFB)	20,000,000	1.10%	27/11/2019	27/11/2020	A+	0.026%
	Australia and New Zealand Banking Group Ltd	20,000,000	0.40%		Call185	A+	0.027%
	Goldman Sachs International Bank	20,000,000	1.00%		Call185	A+	0.027%
	Goldman Sachs International Bank	20,000,000	0.99%		Call185	A+	0.027%
	Goldman Sachs International Bank	20,000,000	1.00%		Call185	A+	0.027%
	Lloyds Bank Plc (RFB)	20,000,000	1.10%	27/12/2019	29/12/2020	A+	0.031%
	Lloyds Bank Plc (RFB)	10,000,000	1.10%	02/01/2020	04/01/2021	A+	0.031%
	Australia and New Zealand Banking Group Ltd	10,000,000	0.98%	06/01/2020	06/01/2021	A+	0.032%
	Goldman Sachs International Bank	20,000,000	0.96%		Call270	A+	0.039%
	Northumberland County Council	5,000,000	1.00%	27/02/2020	25/02/2021	AA-	0.018%
	Birmingham City Council	15,000,000	1.20%	28/02/2020	26/02/2021	AA-	0.018%

## City of London Corporation

### Current Investment List

	Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
	Stockport Metropolitan Borough Council	15,000,000	1.05%	28/02/2020	26/02/2021	AA-	0.018%
	Birmingham City Council	10,000,000	1.20%	02/03/2020	01/03/2021	AA-	0.018%
	Manchester City Council	25,000,000	1.20%	26/03/2020	25/03/2021	AA-	0.020%
	Santander UK Plc	50,000,000	1.15%		Call365	A	0.053%
	<b>Borrower - Funds</b>	<b>Principal (£)</b>	<b>Interest Rate</b>	<b>Start Date</b>	<b>Maturity Date</b>		
	L&G	75,000,000	1.91%				
	ROYAL LONDON	75,000,000	1.94%				
	<b>Total Investments</b>	<b>£1,055,300,000</b>	<b>0.94%</b>				
	<b>Total Investments - excluding Funds</b>	<b>£905,300,000</b>	<b>0.78%</b>				0.014%
	<b>Total Investments - Funds Only</b>	<b>£150,000,000</b>	<b>1.93%</b>				

# Portfolio Composition by Link Asset Services' Suggested Lending Criteria



Portfolios weighted average risk number = **2.70**

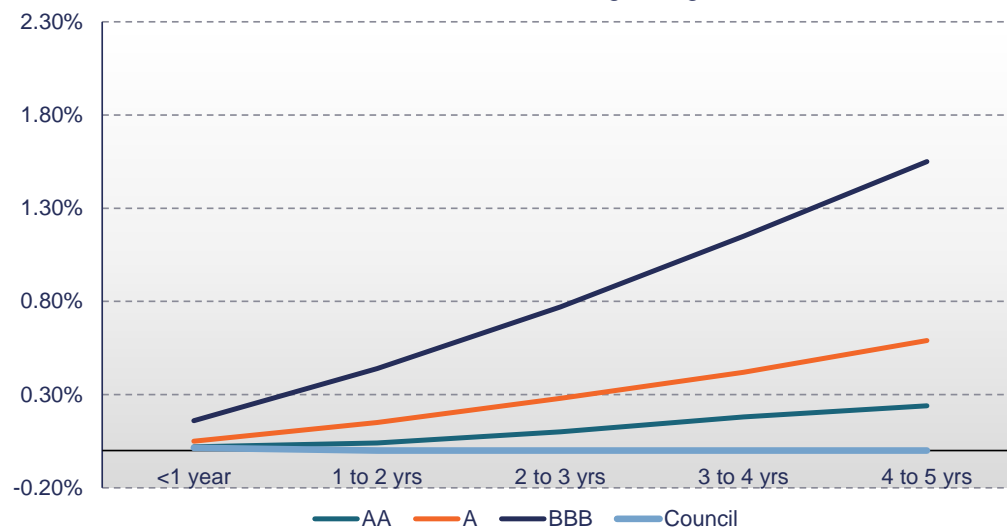
WARoR = Weighted Average Rate of Return  
WAM = Weighted Average Time to Maturity

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs/USDBFs	
									WAM	WAM at Execution
Yellow	45.18%	£409,000,000	66.75%	£273,000,000	30.16%	0.56%	66	95	198	286
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	7.18%	£65,000,000	100.00%	£65,000,000	7.18%	0.68%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	3.31%	£30,000,000	0.00%	£0	0.00%	0.93%	115	283	115	283
Orange	18.55%	£167,900,000	11.91%	£20,000,000	2.21%	0.99%	155	334	151	354
Red	24.85%	£225,000,000	80.00%	£180,000,000	19.88%	1.02%	215	252	139	325
Green	0.93%	£8,400,000	0.00%	£0	0.00%	0.92%	12	183	12	183
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
<b>Total</b>	<b>100.00%</b>	<b>£905,300,000</b>	<b>59.43%</b>	<b>£538,000,000</b>	<b>59.43%</b>	<b>0.78%</b>	<b>116</b>	<b>179</b>	<b>160</b>	<b>316</b>

# City of London Corporation

## Investment Risk and Rating Exposure

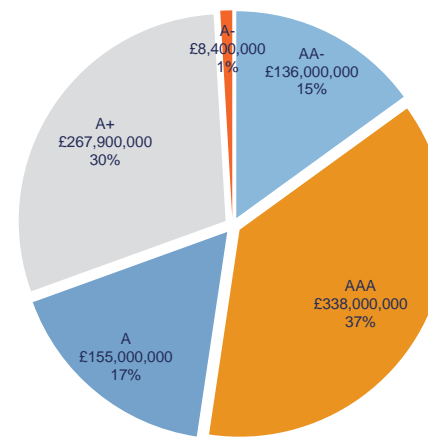
Investment Risk Vs. Rating Categories



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	0.02%	0.04%	0.10%	0.18%	0.24%
A	0.05%	0.15%	0.28%	0.42%	0.59%
BBB	0.16%	0.44%	0.77%	1.15%	1.55%
Council	0.014%	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
18/05/2020	1758	France Sovereign Rating	France	The Outlook on the Sovereign Rating was changed to Negative from Stable.
22/05/2020	1761	Australia Sovereign Rating	Australia	The Outlook on the Sovereign Rating was changed to Negative from Stable.
26/05/2020	1762	Macquarie Bank Ltd.	Australia	The Outlook on the Long Term Rating was changed to Negative from Stable.
29/05/2020	1763	Societe Generale	France	The Long Term Rating was downgraded to 'A-' from 'A' and was removed from Negative Watch and placed on Stable Outlook. The Viability Rating was downgraded to 'a-' from 'a' and was removed from Negative Watch.
29/05/2020	1764	Deutsche Bank AG	Germany	The Long Term, Short Term and Viability ratings were removed from Negative Watch and the Long Term Rating was placed on Negative Outlook.



## City of London Corporation

### Monthly Credit Rating Changes MOODY'S

Date	Update Number	Institution	Country	Rating Action
01/05/2020	1756	Nationwide Building Society	United Kingdom	The Long Term Rating was downgraded to 'A1' from 'Aa3' and the Outlook was changed to Stable from Negative.
01/05/2020	1756	Nottingham Building Society	United Kingdom	The Long Term Rating was downgraded to 'Baa2' from 'Baa1'.
01/05/2020	1756	Principality Building Society	United Kingdom	The Outlook on the Long Term Rating was changed to Negative from Stable.

## City of London Corporation

### Monthly Credit Rating Changes S&P

Date	Update Number	Institution	Country	Rating Action
14/05/2020	1757	HSBC Bank PLC	United Kingdom	The Long Term Rating was downgraded to 'A+' from 'AA-' and the Outlook was changed to Stable from Negative. The Short Term Rating was downgraded to 'A-1' from 'A-1+'.
14/05/2020	1757	HSBC UK Bank PLC	United Kingdom	The Long Term Rating was downgraded to 'A+' from 'AA-' and the Outlook was changed to Stable from Negative. The Short Term Rating was downgraded to 'A-1' from 'A-1+'.
18/05/2020	1759	Societe Generale	France	The Outlook on the Long Term Rating was changed to Negative from Stable.
19/05/2020	1760	OP Corporate Bank PLC	Finland	The Outlook on the Long Term Rating was changed to Negative from Stable.

Whilst Link Asset Services makes every effort to ensure that all the information it provides is accurate and complete, it does not guarantee the correctness or the due receipt of such information and will not be held responsible for any errors therein or omissions arising there from. All information supplied by Link Asset Services should only be used as a factor to assist in the making of a business decision and should not be used as a sole basis for any decision. The Client should not regard the advice or information as a substitute for the exercise by the Client of its own judgement.

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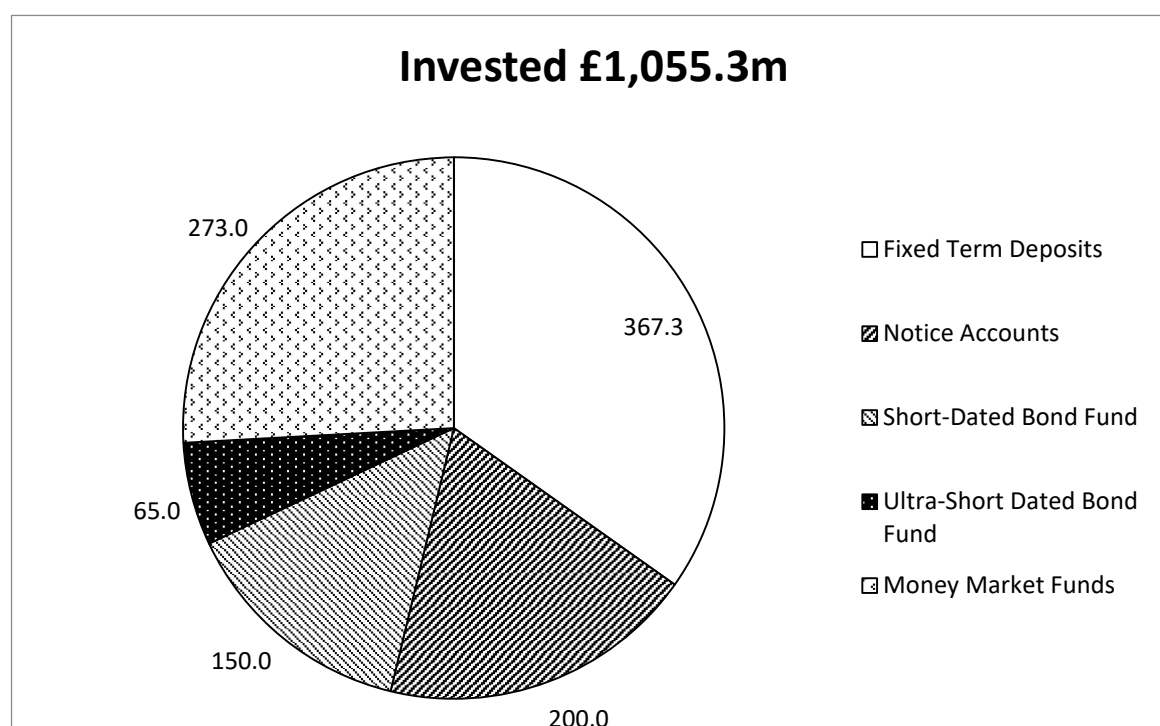
**MONTHLY INVESTMENT REVIEW AS AT 31 MAY 2020**

	<b>Counterparty Limit</b>	<b>Total Invested as at 31-May-20</b>	<b>Average Rate of Return</b>
	<b>£M</b>	<b>£M</b>	<b>%</b>
<b><u>TOTAL INVESTED</u></b>		<b><u>1,055.3</u></b>	<b><u>0.94%</u></b>
<b><u>UK BANKS</u></b>			
Barclays	100.0	25.0	1.01%
Goldman Sachs	100.0	20.0	1.04%
Lloyds	150.0	115.9	1.10%
NatWest	100.0	30.0	0.93%
		<u>190.9</u>	
<b><u>BUILDING SOCIETIES</u></b>			
Leeds	20.0	8.4	0.92%
		<u>8.4</u>	
<b><u>FOREIGN BANKS</u></b>			
Australia & New Zealand	100.0	32.0	0.94%
		<u>32.0</u>	
<b><u>LIQUIDITY FUNDS</u></b>			
Aberdeen SLI Liquidity Fund	100.0	58.6	0.31%
CCLA - Public Sector Deposit Fund	100.0	10.0	0.32%
Deutsche Global Liquidity Fund	100.0	71.6	0.32%
Federated Prime Liquidity Fund*	100.0	34.3	0.31%
Invesco Sterling Liquidity Fund	100.0	98.5	0.33%
		<u>273.0</u>	
<b><u>ULTRA SHORT DATED BOND FUNDS</u></b>			
Payden Sterling Reserve Fund	100.0	55.0	0.65%
Aberdeen SLI Short Duration Fund*	100.0	5.0	0.74%
Federated Sterling Cash Plus Fund*	100.0	5.0	0.99%
		<u>65.0</u>	
<b><u>SHORT DATED BOND FUNDS</u></b>			
L&G	100.0	75.0	1.91%
Royal London	100.0	75.0	1.94%
		<u>150.0</u>	
<b><u>NOTICE ACCOUNTS</u></b>			
Australia and New Zealand 185 Days Account	100.0	20.0	0.40%
Goldman Sachs 185 Days Account	100.0	20.0	1.00%
Goldman Sachs 185 Days Account	100.0	20.0	0.33%
Goldman Sachs 185 Days Account	100.0	20.0	1.91%
Goldman Sachs 270 Days Account	100.0	20.0	0.96%
Santander 95 Days Account	100.0	20.0	0.90%
Santander 180 Days Account	100.0	30.0	1.00%
Santander 365 Days Account	100.0	50.0	1.15%
		<u>200.0</u>	
<b><u>LOCAL AUTHORITIES</u></b>			
Birmingham City	25.0	25.0	1.20%
Fife Council	25.0	6.0	0.95%
LB Haringey	25.0	5.0	0.95%
LB Southwark	25.0	15.0	0.85%
Manchester CC	25.0	25.0	1.20%
Northumberland CC	25.0	5.0	1.00%
Plymouth CC	25.0	20.0	0.94%
Rushmoor BC	25.0	10.0	0.90%
Stockport CC	25.0	15.0	1.05%
LB Waltham Forest	25.0	10.0	0.83%
		<u>136.0</u>	
<b><u>TOTAL</u></b>		<b><u>1,055.3</u></b>	

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**MONTH BY MONTH REPAYMENT PROFILE**

	Invested as at 31-May-20 £M	Average Rate of Return %
<b>Total</b>	<b>1,055.3</b>	<b>0.94%</b>
<b>Fixed Term Deposits</b>		
June 2020	18.4	
July 2020	12.0	
August 2020	55.0	
September 2020	15.0	
October 2020	76.0	
November 2020	80.9	
December 2020	20.0	
January 2021	20.0	
February 2021	35.0	
March 2021	35.0	
	<b>367.3</b>	1.03%
<b>Money Market Funds</b>	273.0	0.24%
<b>Ultra-Short Dated Bond Fund</b>	65.0	0.12%
<b>Short-Dated Bond Fund</b>	150.0	0.79%
<b>Notice Accounts</b>		
- ANZ 185 Days	20.0	
- Goldman Sachs 185 Days	60.0	
- Goldman Sachs 270 Days	20.0	
- Santander 95 Days	20.0	
- Santander 180 Days	30.0	
- Santander 365 Days	50.0	
- Lloyds 32 Days	-	
	<b>200.0</b>	0.52%
	<b>688.0</b>	







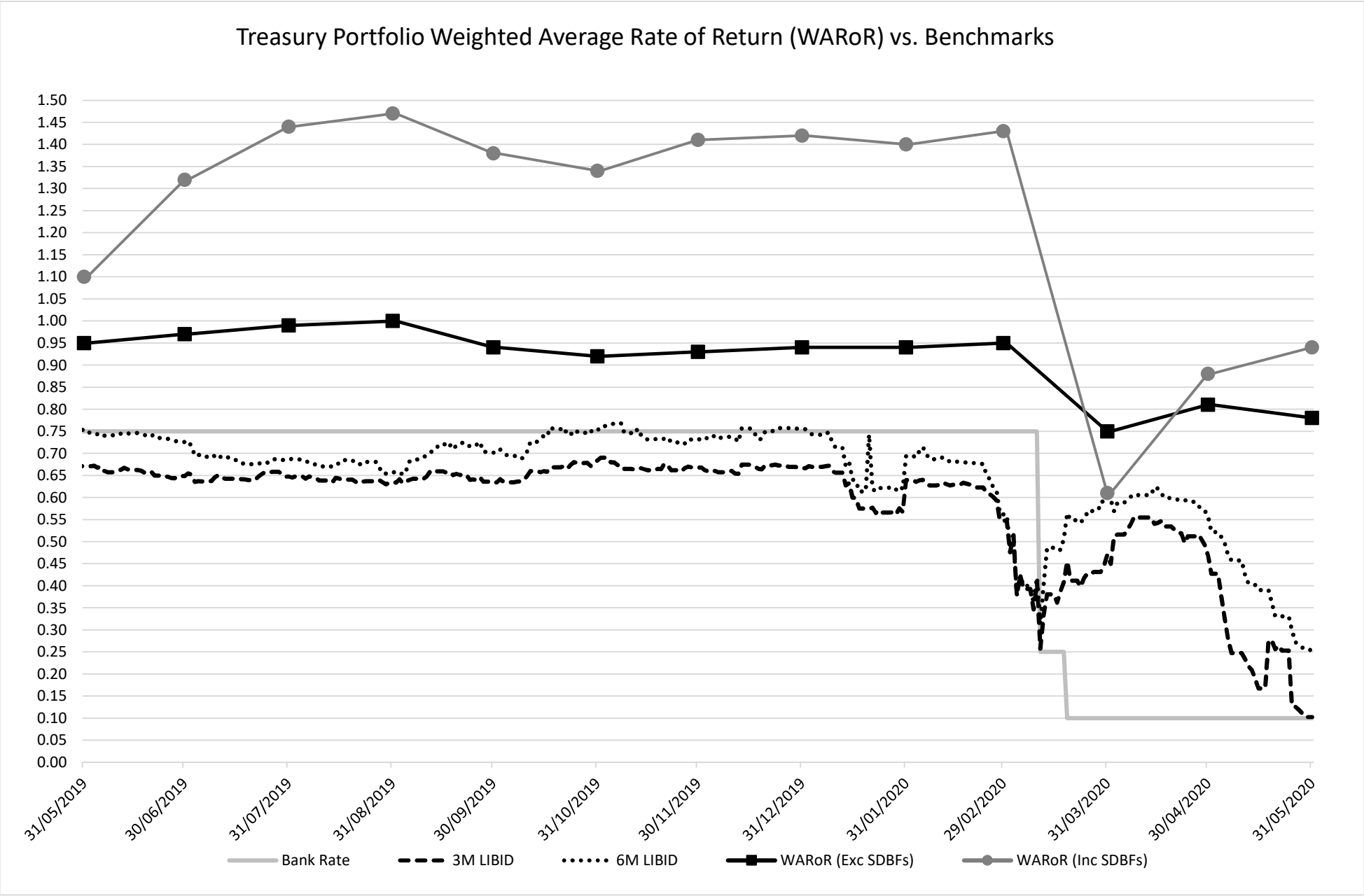
	Invested £m
Fixed Term Deposits	367.3
Notice Accounts	200.0
Short-Dated Bond Fund	150.0
Ultra-Short Dated Bond Fund	65.0
Money Market Funds	273.0
chk	1,055.3

	£m	31-Mar-20
City Fund	874.84	82.90%
Bridge House Estates	84.00	7.96%
City's Cash	65.96	6.25%
Other	30.50	2.89%
	<b>1,055.3</b>	



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