

INVESTMENT COMMITTEE - CHB Corporate Treasury Risk Register

Report Type: Risks Report
Report Author: Jenny Wong
Generated on: 09 September 2025



Rows are sorted by Risk Score

Risk Level Description Service

Risk Code	CHB IC 01	Risk Title	<i>Insufficient assets - City's Estate</i>
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Description	Cause: The asset allocation of the City's Estate investment portfolio is unable to fund long term expenditure requirements due to market movements. Event: There are insufficient assets to meet expenditure requirements. Effect: Reduced income or lower than anticipated growth which could impact on the Corporation's medium term financial plans. City's Estate would be required to sell financial assets to fund expenditure requirements.
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Current Risk		
Risk Score	Likelihood	Impact
12	Possible	Major
Amber	Trend	Constant

Target Risk		
Risk Score	Likelihood	Impact
8	Unlikely	Major
Amber	Target Date	31-Mar-2026

Original Risk		
Risk Score	Likelihood	Impact
8	Rare	Extreme
Amber	Creation Date	08-Mar-2018

Latest Note	From 1 April 2024 the return target for City's Estate has been set at CPI+4% on a rolling 5-year basis. An Investment Beliefs Survey has been was circulated to Members to help the investment consultant to better understand the collective views of the Committee and to help guide City Estate's strategic asset allocation implementation. <u>Results from the survey were presented at the July 2025 meeting and following this, there are two separate reports on the agenda today covering: an Investment Business Plan, setting out next steps for financial investments, and a report on Exploring Investment Opportunities.</u>	09-Sep-2025
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Risk Level	Service
Department	Chamberlain's

Risk Approach	Avoid
Risk Owner	Kate Limna; Jenny Wong

Associated Actions

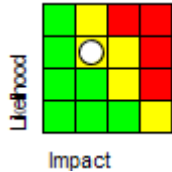
Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
CHB IC 01a Investment Strategy	The City's Estate investment strategy is reviewed at least every three years by the Investment Committee.	The City appointed Stanhope Capital as the outsourced Chief Investment Officer function (OCIO) reporting to the Chamberlain and covering City Fund (property) and City's Estate (property and financial investments) in February 2023. Their work was completed in February 2025 but they have been retained to produce the quarterly performance dashboard.	09-Sep-2025	Caroline Al-Beyerty; Kate Limna	31-Mar-2026
CHB IC 01b Fund performance management	The investment performance is measured against absolute return targets required to meet long term objectives. This is reported to the Investment Committee throughout the year and is supplemented by market	City's Estate investment performance will be brought to each meeting of the Investment Committee for consideration.	09-Sep-2025	Kate Limna	31-Mar-2026

	insight from the Corporation's investment consultants which will assist any strategic decisions required in between the three-year formal strategy reviews.				
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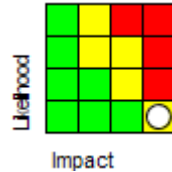
Risk Code	CHB IC 02
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Risk Title	<i>Targeted returns - City's Estate</i>
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Description	Cause: Fund managers fail to achieve the targeted investment returns because • the Committee appoints unsuitable fund managers, • individual fund managers underperform against the benchmarks agreed by the Committee, • aggregate fund manager performance fails to achieve the Committee's long-term targets Event: Failure to be seen to manage the fund responsibly. Effect: Supervisory intervention over management of the funds.
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Current Risk		
Risk Score	Likelihood	Impact
6	Possible	Serious
Amber	Trend	Constant

Target Risk		
Risk Score	Likelihood	Impact
6	Possible	Serious
Amber	Target Date	31-Mar-2026

Original Risk		
Risk Score	Likelihood	Impact
8	Rare	Extreme
Amber	Creation Date	08-Mar-2018

Latest Note	The performance of fund managers and their aggregate performance is reported against target to each Investment Committee. The Committee sets a diversified investment strategy to mitigate volatility and as such it expects different parts of the strategy to outperform at different times. 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.	<i>09-Sep-2025</i>
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Risk Level	Service
Department	Chamberlain's

Risk Approach	Reduce
Risk Owner	Kate Limna; Jenny Wong

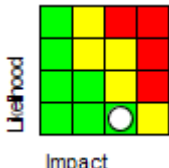
Associated Actions

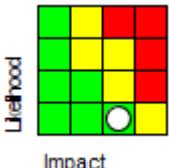
Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
CHB IC 02a IC Monitoring	Investment managers' performance and their aggregate performance is measured against appropriate benchmarks and monitored by the Investment Committee throughout the year. It is supplemented by market insight from the Corporation's investment consultants which provides peer group comparisons; checks on movement of key officers; and reviews on the incorporation of ESG considerations in implementing their investment strategies. Fund managers are invited to meet with Officers and Members to account for their performance as and when the Committee deem this necessary/as required.	The latest performance for City's Estate Fund to 31 May 2025 <u>31 July 2025</u> is reported to the Investment Committee on 21 July 2025 <u>6 October 2025</u> .	09-Sep-2025	Kate Limna	31-Mar-2026

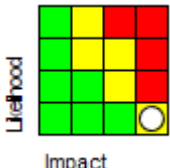
Risk Code	CHB IC 03
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Risk Title	<i>Service provider failure</i>
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Description	Cause: Corporate, financial, economic or cybersecurity threats result in service provision withdrawal or liquidation of partner organisations. Event: Failure of fund manager, investment consultant or other service provider without notice. Effect: Asset valuations at risk or a period of time without service provision.
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Current Risk		
Risk Score	Likelihood	Impact
4	Rare	Major
Green	Trend	Constant

Target Risk		
Risk Score	Likelihood	Impact
4	Rare	Major
Green	Target Date	31-Mar-2026

Original Risk		
Risk Score	Likelihood	Impact
8	Rare	Extreme
Amber	Creation Date	08-Mar-2018

Latest Note	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.	09-Sep-2025
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Risk Level	Service
Department	Chamberlain's

Risk Approach	Avoid
Risk Owner	Kate Limna; Jenny Wong

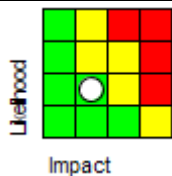
Associated Actions

Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
CHB IC 03a Due Diligence Checks	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. The current investment consultant contract was re-rendered via the National LGPS procurement framework. Following a rigorous and competitive exercise Mercer were appointed to the role in October 2021.	09-Sep-2025	Kate Limna	31-Mar-2026
CHB IC 03b Internal control report	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 account compilation across Funds. All internal control reports from the pooled fund managers have been received where available. Officers are in the process of reviewing the findings of the reports to ensure they remain satisfied with the control environments operated by the Corporation's appointed asset managers.	09-Sep-2025	Kate Limna	31-Mar-2026
CHB IC 03c Market monitoring	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.	09-Sep-2025	Kate Limna	31-Mar-2026

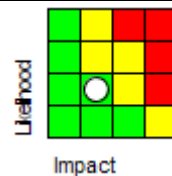
Risk Code	CHB IC 07
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Risk Title	<i>Failure to discharge responsible investment duties</i>
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Description	Cause: Insufficient attention is paid to the environmental, social and governance (ESG) dimensions of the Corporation's financial investments. Event: The Corporations' financial investments include an underappreciated exposure to negative ESG risks and the means to effectively manage such risks is not understood. Effect: The Corporation suffers reputational or financial damage.
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Current Risk		
Risk Score	Likelihood	Impact
4	Unlikely	Serious
Green	Trend	Constant

Target Risk		
Risk Score	Likelihood	Impact
4	Unlikely	Serious
Green	Target Date	31-Mar-2026

Original Risk		
Risk Score	Likelihood	Impact
4	Unlikely	Serious
Green	Creation Date	20-Jun-2019

Latest Note	The Investment Committee inherits an advanced approach to responsible investment and asset stewardship. The Corporation has formally recognised its asset stewardship role and the need to manage ESG risks through its Responsible Investment Policy which also outlines the Corporation's approach in this area. The City of London Corporation (as a whole) is a signatory to the Principles for Responsible Investment (PRI).	09-Sep-2025
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Risk Level	Service
Department	Chamberlain's

Risk Approach	Reduce
Risk Owner	Jenny Wong

Associated Actions

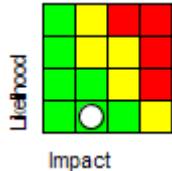
Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
CHB IC 07a PRI Reporting	Reporting on responsible investment activities to the Principles for Responsible Investment is completed on an annual basis. The Committee (along with other relevant Committees/Boards) receives an annual Transparency Report from the PRI from which it can evaluate progress against responsible investment goals.	The PRI released results for 2024 in November 2024 and this was reported to the Investment Committee on 17 February 2025. The PRI 2025 reporting period opened on 7 May 2025 and closes <u>closed</u> on 30 July 2025. The Corporation will be making <u>made</u> its submission by this deadline. <u>The PRI have not commented on when the results will be published.</u> <u>The PRI have stated that the reporting period for 2026 is expected to be broadly aligned with that of the 2025 assessment (May to July).</u>	09-Sep-2025	Kate Limna	31-Mar-2026
CHB IC 07c Manager engagement	As part of the regular management and monitoring of investment mandates, the Committee and responsible officers challenge investment managers on ESG issues arising in the portfolio. The Investment Consultant reports to the Committee on its monitoring of ESG risks on a quarterly basis.	The Committee receives regular updates on ESG standings amongst its appointed investment managers from the Investment Consultant on a quarterly basis. The Committee has established new climate risk expectations for existing and potential investment managers and these form part of the regular ongoing monitoring of managers' performance.	09-Sep-2025	Kate Limna	31-Mar-2026
CHB IC 07e Asset stewardship	The Board has committed to meeting the standards of the new 2020 UK Stewardship Code and	City's Estate's UK-based pooled fund managers (i.e. excluding the alternative assets portfolio) are signatories to the UK	09-Sep-2025	Kate Limna	31-Mar-2026

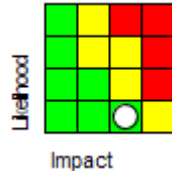
	needs to ensure compliance is developed. The Board reviews asset stewardship across its investment mandates on an annual basis and uses the exercise encourage better ESG outcomes amongst its existing managers (this will need to be done in conjunction with other committees which now have investment oversight responsibilities).	Stewardship Code.			
CHB IC 07f Climate action strategy	The Committee (along with other relevant Committees/Boards) has been assigned several key actions which will enable the Corporation to deliver its Climate Action Strategy. Key to this is achieving a clear plan on how to achieve Paris-alignment by 2040.	The current pathway to net zero in 2040 and existing interim targets are currently under review and will inform actions for the period beyond 2027. These will be brought to this Committee in due course for consideration.	09-Sep-2025	Kate Limna	31-Mar-2026

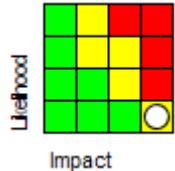
Risk Code	CHB IC 04
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Risk Title	<i>Counterparty failure - Treasury Management</i>
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Description	Cause: External events, including cybersecurity incidents, threaten the solvency of counterparties the Corporation has lent to. Event: Failure of counterparty to fulfil obligation to the Corporation, i.e. default on repayments. Effect: Asset valuations at risk.
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Current Risk		
Risk Score	Likelihood	Impact
2	Rare	Serious
Green	Trend	Constant

Target Risk		
Risk Score	Likelihood	Impact
4	Rare	Major
Green	Target Date	31-Mar-2026

Original Risk		
Risk Score	Likelihood	Impact
8	Rare	Extreme
Amber	Creation Date	08-Mar-2018

Latest Note	The current Treasury Management Strategy restricts lending to high-quality counterparties and remains fit for purpose. External credit ratings for existing counterparties are currently at acceptable levels.	09-Sep-2025
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Risk Level	Service
Department	Chamberlain's

Risk Approach	Reduce
Risk Owner	Kate Limna; Jenny Wong

Associated Actions

Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
CHB IC 04a Counterparty due diligence	Detailed due diligence is carried out when new counterparties are onboarded.	Independent analysis and consultation with treasury investment advisor when adding additional counterparties.	09-Sep-2025	Kate Limna	31-Mar-2026

		Where the Corporation invests in money market funds, officers monitor the funds' 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. The Corporation's short-dated bond fund investments are more sensitive to changes in economic conditions and performance is more volatile. The Corporation invests in these instruments on a longer-term basis (at least three years) where there is a greater tolerance for volatility in returns, and these only impact City Fund. 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.			
CHB IC 04b Minimum credit criteria	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 is conducted within the parameters of the current 2025/26 Treasury Management Strategy Statement & Annual Investment Strategy (relating to Treasury Management) (TMSS) as agreed by Court of Common Council (CoCoCo) on 6 March 2025. Additionally, officers have implemented financial metric-based criteria for determining	09-Sep-2025	Kate Limna	31-Mar-2026

		the eligibility of local authority borrowers. When onboarding new financial institutions, officers review banks' financial standing including standard financial reporting ratios for assessing capitalisation and liquidity.			
CHB IC 04c Monitor markets	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 as well as the 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.	09-Sep-2025	Kate Limna	31-Mar-2026