

Committee(s):	Date(s):	Item no.
Committee of Aldermen to Administer the Sir William Coxen Trust Fund	3 December 2013	
Subject: Portfolio Review as at 31 October 2013	Non-Public	
Report of: The Chamberlain	For Information	
NOT FOR PUBLICATION		

Main Report

Introduction

1. Members will recall that at the meeting of the Trust on 4 November 2008 it was decided to switch the Fund's investments from Cazenove Capital Management into two Pooled Units Funds managed by Artemis Fund Managers Ltd.
2. It was decided to allocate 85% of the investments to the Artemis Income Fund, which has the objective to achieve a rising income combined with capital growth from a portfolio primarily made up of investments in the United Kingdom. The Manager actively manages the portfolio in order to achieve the objective with exposure to ordinary shares, preference shares, convertibles and fixed interest securities. The Manager is not restricted in respect of choice of investments either by company size or industry, or in terms of the geographical split of the portfolio.
3. The remaining 15% of the investments were to be allocated to the Artemis High Income Fund, which has the objective to achieve a higher than average yield, combined with the prospect of rising income and some capital growth over the long-term. The emphasis of the Fund will be investment in UK fixed-interest investments and preference shares; however, the Manager has the flexibility to invest in all economic sectors worldwide and in equities.

Initial Investment

4. The investments held by Cazenove were realised and the resulting funds were invested on 27 May 2009 with Artemis, as follows.

	Holding	Book Cost 27 May '09 £	Value 31 Oct. '12 £	Value 31 Oct. '13 £
Artemis Income Fund	988,442	1,308,896	1,692,214	2,092,287
Artemis High Income Fund	419,585	230,982	295,052	343,850
		1,539,878	1,987,266	2,436,137

5. The proportion of the funds invested in the Income Fund and the High Income Fund remain in the ratio of 85:15 as at 31 October 2013.
6. Fund Reviews as at 31 October 2013 have been provided by Artemis and these are attached to this report. Members will note the total returns for the year ended 31 October 2013 of 23.9% for the Income Fund and 16.3% for the High Income Fund which compare with the Fund benchmarks of 22.8% for the FTSE All-Share and the sector average of 5.1% for the fixed income portfolio. The results achieved represent an out-performance compared to the benchmarks.

Investment Performance

7. From the factsheets attached to this report as Annexes A and B, Members will note the longer-term top quartile performance of the Income Fund and particularly the number 1 ranking for the High Income Fund.
8. The comparative data up to 31 October 2013 is :

	Last 5 years %	Last 3 years %	Last 12 months %
Artemis Income Fund	+101.1	+42.7	+23.9
FTSE All Share	+96.7	+35.6	+22.8
Artemis High Income Fund	+89.5	+32.2	+16.3
Sector average	+54.5	+16.7	+5.1

Income

9. The financial statements for the Trust are being presented to this meeting. Income received during 2012/13 amounted to £111,815 (2011/12 - £103,597).

Money Available for Grants

10. At your meeting on 1 November 2011 it was resolved that it would be sensible to accumulate a year's worth of revenue in reserve. Accordingly, in 2011/12 and 2012/13 approximately £70,000 in aggregate of available income was not distributed and was added to revenue reserves. As at 31 March 2013 unrestricted revenue reserves of £106,948 had been accumulated in accordance with this policy.
11. At the meeting on 7 May 2013 grants totalling £35,000 were agreed. Dividend and interest income in 2013/14 is estimated at approximately £110,000 and as an adequate reserve has now been established, the Committee could, if it so wishes, agree further grants for the year up to £75,000. An analysis of grants awarded to various organisations over the previous thirteen years is attached as Annex C to this report.

Conclusion

12. It may be concluded that the performance of the Income Funds managed by Artemis is very favourable and there is no need to change the current arrangements, particularly in view of the relatively high levels of distributable income being achieved.

Recommendation

13. It is recommended that the situation with regard to the investments of the Trust continue to be monitored with potential changes to the current arrangements being reviewed by the Trustees on an annual basis. It is further recommended that the amount of income available to distribution today be noted.

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Adrian Frost
Since January 2002



Adrian Gosden
Since October 2003

Morningstar OSCR
Positive Rating
30 Jun 13

5Yr



cityWire AA
Adrian Frost

cityWire AA
Adrian Gosden

ARTEMIS Fund Review - class R

November 2013

Fund managers' comments

The US Federal government returned to work in October and stockmarkets rose. On balance, economic news from China seemed a little better while news from the US seemed a little worse. But, as the reaction to the recent reporting season showed, the UK market is very forgiving of poor news at present.

We continued to make small changes to the portfolio. We favour natural resources and banks and have been taking profits in other sectors where valuations looked stretched. The political pressure to reduce energy bills has created huge uncertainty for SSE and Centrica, the two utility companies in our portfolio. Shares in both companies underperformed.

The fund's aims

The fund aims to produce a rising income with capital growth from a portfolio primarily made up of investments in the UK including ordinary shares, convertibles and fixed interest securities

Key facts

Fund information

IMA sector	UK Equity Income
Sedol number acc units	3256792
Sedol number dist units	0657246
Fund size (mid-price basis)	£6,321.9m
Unit type	Accumulation and Distribution
Accumulation and Distribution dates	31 December, 30 June
Valuation point (UK business days)	12:00
Launch date	6 June 2000

Current prices and yield

Offer price acc	338.42p
Offer price dist	217.87p
Bid price acc	319.17p
Bid price dist	205.48p
Historic yield acc	3.7%
Historic yield dist	3.8%

Investment information

Minimum lump sum investment	£1,000
Minimum monthly investment	£50
Initial charge*	5.25%
Annual Management Charge (AMC)	1.50%
Ongoing charge acc (which includes AMC)	1.54%
Ongoing charge dist (which includes AMC)	1.54%

*The initial charge is currently waived. The ongoing charge includes the annual management charge and is shown as at the date of the Key Investor Information Document (KIID), where a full explanation of the fund's charges can be found.

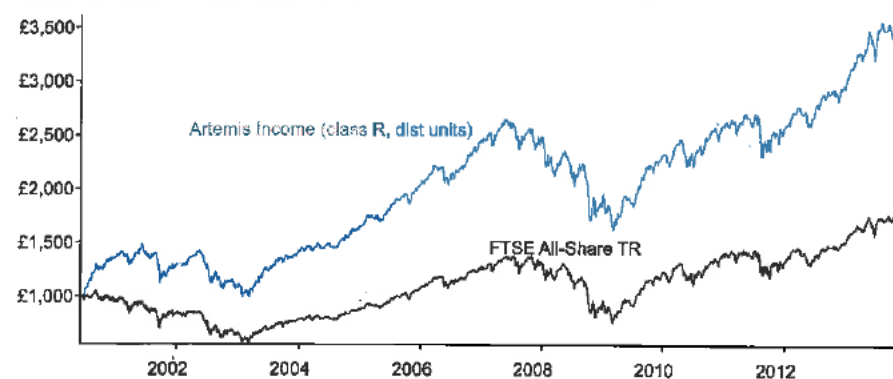
Performance (class R)

	Since launch*	5 years	3 years	1 year	6 months
Artemis Income	261.9%	101.1%	42.7%	23.9%	8.9%
FTSE All-Share TR	80.0%	96.7%	35.6%	22.8%	7.7%
FTSE 100 TR	62.9%	85.5%	32.3%	20.7%	6.6%
Sector average	103.4%	99.2%	40.0%	25.0%	9.7%
Position in sector	3/43	29/68	38/83	51/94	53/97
Quartile	1	2	2	3	3

Percentage growth Artemis Income Fund 12 months to 30 September

2013	2012	2011	2010	2009
20.1	19.2	-1.9	11.4	9.7

Value of £1,000 invested at launch to 31 October 2013



Please remember that past performance is not a guide to the future. *Data from 6 June 2000. Source: Lipper Limited, class R distribution units, bid to bid in sterling with net income reinvested to 31 October 2013. All figures show total returns. Sector is IMA UK Equity Income.

Top ten holdings	% fund	Market sector split*	% holding
HSBC	4.6	Healthcare	12.3
BP	4.4	Industrial Goods & Services	9.4
GlaxoSmithKline	4.2	Oil & Gas	9.1
Vodafone	3.2	Insurance	8.7
Royal Dutch Shell 'B'	3.2	Telecommunications	8.2
Legal & General	3.1	Banks	7.8
Rio Tinto	3.0	Basic Resources	6.5
BT	2.9	Media	5.7
Reed Elsevier	2.8	Personal & Household Goods	5.6
Centrica	2.6	Other	23.5

Asset allocation



Source: Artemis.

*Figures show top nine sectors. Please note that figures may not add up to 100% due to rounding and the cash holding.

Top five positive positions†	%
Legal & General Group	2.5
Reed Elsevier	2.3
RSA Insurance	2.0
Novartis	1.9
Centrica	1.8
Top five negative positions†	%
Royal Dutch Shell 'A'	-3.8
Diageo	-2.4
British American Tobacco	-2.2
Vodafone	-2.0
Prudential	-1.6

†Variance between stock % held in the fund versus FTSE All-Share. Source: Artemis.

This document is issued by Artemis Fund Managers Ltd which is authorised and regulated by the Financial Conduct Authority (www.fca.org.uk), 25 The North Colonnade, Canary Wharf, London E14 5HS. The value of an investment, and any income from it, can fall as well as rise as a result of market and currency fluctuations and you may not get back the

amount originally invested. The historic yield reflects distributions declared over the past twelve months as a percentage of the mid-market unit price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions. The fund's annual management charge is charged to capital. This has the effect of increasing

the distribution(s) for the year by 1.5% and constraining the fund's capital performance to an equivalent extent.

Citywire rating: Source & Copyright: CITYWIRE. Adrian Frost and Adrian Gosden are AA rated by Citywire for their 3 year risk adjusted performance for the period 31 October 2010 – 31 October 2013.



Adrian Frost
Since September 2002



Adrian Gosden
Since October 2005

Morningstar GISS
Positive Rating
30.1.13

5Yr



cityWire AA
Adrian Frost

cityWire AA
Adrian Gosden

November 2013

Fund managers' comments

Economic news in the UK seems to be improving, prompting observers to upgrade GDP forecasts. As the recent reporting season showed, there is still a good deal of uncertainty out there. But, on balance, the overall mood of both the bond and the equity market is one of optimism. Default rates remain extremely low. The new issue market remains alive and well and we continue to evaluate these new opportunities on a company-by-company basis.

One new issue we bought was EWOS, which provides fish feed to salmon farms. We sold some of our holding in an enhanced capital note issued by Lloyds Bank. Its yield to the hard call in 2016 had fallen below 4%, reflecting a significant improvement in the bank's financial situation.

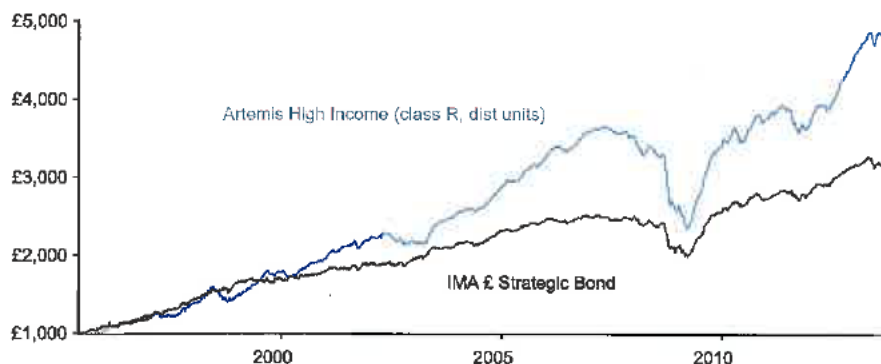
Performance (class R)

	Since launch*	5 years	3 years	1 year	6 months
Artemis High Income	401.1%	89.5%	32.2%	16.3%	4.1%
Sector average	225.0%	54.5%	16.7%	5.1%	-0.3%
Position in sector	1/5	5/46	1/56	1/62	1/68
Quartile	1	1	1	1	1

Percentage growth Artemis High Income Fund 12 months to 30 September

2013	2012	2011	2010	2009
16.0	17.4	-3.8	15.3	6.6

Value of £1,000 invested at launch to 31 October 2013



Please remember that past performance is not a guide to the future. *Data from 26 May 1995. Source: Lipper Limited, class R distribution units, bid to bid in sterling with net income reinvested to 31 October 2013. All figures show total returns. Sector is IMA £ Strategic Bond.

The fund's aims

The fund aims to achieve an above average level of income together with the prospect of rising income and some capital growth over the longer term.

Key facts

Fund information

IMA sector	£ Strategic Bond
Sedol number	0683809
Fund size (mid-price basis)	£754.7m
Unit type	Distribution
Distribution pay dates	7 Apr, 7 Jul 7 Oct, 7 Jan
Valuation point (UK business days)	12.00
Launch date	26 May 1995

Current prices and yield

Offer price	84.61p
Bid price	79.29p
Distribution yield	5.4%
Underlying yield	4.2%

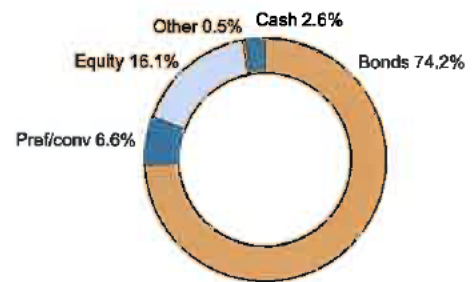
Investment information

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Annual Management Charge (AMC)	1.25%
Ongoing charge (which includes AMC)	1.33%

*The initial charge is currently waived. The ongoing charge includes the annual management charge and is shown as at the date of the Key Investor Information Document (KIID), where a full explanation of the fund's charges can be found.

Top ten holdings	% fund	Market sector split*	% holding
UK Treasury	7.6	Insurance	21.7
F&C Finance	2.3	Financial Services	21.0
Scottish Widows	2.2	Utilities	8.6
RSA Insurance GBP 0.275	2.1	Government Bonds	7.9
Lloyds Banking Group	2.0	Banks	7.5
RSA Insurance 6.701%	2.0	Industrial Goods & Services	6.6
Pearl Group	1.9	Telecommunications	5.7
Tullett Prebon	1.9	Healthcare	4.7
Investec Bank	1.8	Travel & Leisure	3.1
RWE AG	1.8	Other	10.5

Asset allocation



Source: Artemis.

*Figures show top nine sectors. Please note that figures may not add up to 100% due to rounding and the cash holding.

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levels can have a larger effect on the values of higher yielding bonds than other bonds. In the interests of providing a level of income consistent with the aims of the Artemis High Income Fund the periodic management charges are taken from capital. The effect of this will be to constrain ultimate capital growth over time and may lead to capital erosion. The distribution yield reflects the amounts that may be distributed over the next twelve months as a percentage of the mid-market unit price of the fund as at the date shown. It does not include any preliminary charge and investors may be subject to tax on

distributions. The distribution yield is higher than the underlying yield because the fund's annual management charge is charged to capital. This has the effect of increasing the distributions for the year by 1.25% and constraining the fund's capital performance to an equivalent extent.

Citywire rating: Source & Copyright: CITYWIRE. Adrian Frost and Adrian Gosden are AA rated by Citywire for their 3 year risk adjusted performance for the period 31 October 2010 – 31 October 2013.

SIR WILLIAM COXEN GRANTS	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Charity	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Abbey Court Special School														
Action for Kids		2000		2750	2500	5000	5000					2500		
Action Medical Research Council		2500	3500	3000										
Aidis Trust														
Arthritis Research Centre Appeal		2500												
Aspire														
Assoon For Spina Bifida & Hydr.			3500	2500	2500					5000		3000		
Avaton School														
Avon Riding Centre														
Bath Institute of Medical Engineering		2000												
Bat-1 about Kidz							4000							
Beds & Northants Multiple Sclerosis Soc.					2500			1000		2500				
Birmingham Childrens Hospital		1300	3500	2750	2500									
Birstanshaw Hall School														
Bobath Centre		2500			2500		4000			5000				
Bolton Hospitals Charity Proj.Fnd.														
Bradbury Childrens Respite Hospice														
Brain & Spine Foundation								3000						
Brain Injury Rehab. & Development - BIRD		2100									2000			
Brainwave		2000	3500	2500	2500	4000	5000	2500	3000	3500		1500	5000	
British Inst. for Brain Injured Children														
British Orthopaedic Association					2500		4000							
British School of Osteopathy			4000		2500	4000								
Brittle Bone Society										3500		3500	5000	8000
Burrwood Hospital						5000								
Calvert Trust Kleider														
Catch														
Centre for Brain Injury Rehab. &														2000
Challey Heritage		2000									3000			
Chartered Society of Physiotherapy								2500						
Charton Park School														
Children First														
Child Care Action Trust			4050		2500	5000					2500			
Children's Hope Foundation								2500						
Children with Aids														
Chaire House				2750								2500	5000	2000
Computer Applications for Special Edcn.														
Conductive Education			3500			2500								
Corrwall Friends Mobility Centre														
Daley Chain Children's Trust							2100							
Dame Vera Lynn Trust		2500												
David Lewis Forget Me Not Appeal														
David Tolkien Trust, Stoke Mandeville														
DEBRA														
DEMAND	2000		3500	2500			4000	2000	3000	3500	2000			
Diagnostic Invest of Spinal Conditions										2500				

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
SIR WILLIAM COXEN GRANTS														
Charity	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Strongbones	2500	2500	3500	2500	2500	5000	4000	2500	2500					
Sunflower Trust						2500		2500						
Sunny Days Children's Charity					2500		4000							
The Foundation For Conductive Education					2500			2500						
The Movement Foundation									2500					
The New Children's Hospital Appeal					2500			2500						
The Orthopaedic Research Fund					2500									
The Treloar Trust	6000			2750					5500		5000			
The Wave Appeal														
The West of England School														
Therapy Centre			3500											
Tiny Tim Trust														2000
Torch							5000							
University of Keele														
Valence School		2500												
Welsh School for Conductive Education												1500		2000
Wheelpower		2500												
Whizz-Kidz	2000	2500	3500	2000	2500	4000		2500	3000		3000	2500		2000
Whishbone Trust												5000		
Yorhill Scanner Appeal														
	35000	75720	69050	75000	70000	75000	79000	60000	68000	71334	68898	51470	74167	87274