

**LLOYD'S
TERCENTENARY FOUNDATION**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2019**

LLOYD'S TRICENTENARY FOUNDATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

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LLOYD'S TERCENTENARY FOUNDATION

LLOYD'S TERCENTENARY FOUNDATION

(Registered Number 298482)

TRUSTEES

Mr Dominic Christian (Chair)
Mr Andrew Carrier
Mr Ian Branagan
Mr Jean-Bernard Crozet
Mr Jon Hancock
Mr Anthony Hines (retired February 2019)
Professor Tom Welton
Dr Sarah Jane Fox
Dr Swenja Surminski (appointed October 2018)
Martin Burke (appointed October 2018)
Netsai Mangwende (appointed May 2019)

Secretary

Ms Michaela Hawkins

Investment Advisors

Cazenove Capital Management
12 Moorgate, London, EC2R 6DA

Auditors

Simpson Wreford & Partners
Suffolk House, George Street, Croydon, CR0 0YN

Bankers

National Westminster Bank PLC
P O Box 12258, 1 Princes Street, London EC2R 8PA

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LLOYD'S TRICENTENARY FOUNDATION

REPORT OF THE TRUSTEES

The Trustees of Lloyd's of London Tercentenary Foundation ("the Foundation") are pleased to present the report and audited financial statements of the Foundation for the year ended 30 September 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure

Lloyd's of London Tercentenary Foundation (LTRF) is constituted by Trust Deed dated 11 January 1988 and is a registered charity subject to the provisions of the Charities Act 2011. In 2011, Trustees agreed to use the working name of Lloyd's Tercentenary Research Foundation. The financial statements have been prepared in accordance with the accounting policies set out on page 17 and comply with the Foundation's trust deed and applicable law.

The Foundation is also guided by a separate term of reference, which covers issues such as number of trustees, frequency of meetings and quorate meetings.

Responsibility for carrying out the objectives of LTRF rests with the trustees. LTRF is supported by a Secretariat working under the direction of the Trustees, employed by the Corporation of Lloyd's and supported by the wider Responsible Business team. Delegated authority is given to the Responsible Business team at Lloyd's, Group Finance and Group Treasury to advise and assist, as per LTRF's Delegated Authority documentation. With the exception of audit fees, bank charges, insurance and investment management fees which are borne directly by LTRF, all administration costs of LTRF are borne in full by the Corporation of Lloyd's.

The disbursement of the Fund is at the sole discretion of the trustees unless funds have been given for a specific purpose.

Trustees

Trustees are selected for relevant experience either in academia or the Lloyd's market. New Trustees are nominated by the Council of Lloyd's in discussion with existing Trustees. Potential Trustees are invited to meet with the Chairman of the Foundation. Before agreeing to become a Trustee they will be informed of the Foundation's structure, objectives and activities, and their responsibilities as a Trustee.

Once appointed, Trustees will be supported by the Board of Trustees in any area of induction or training needed. Updates are provided at the meetings with regards to relevant governance issues or changes to charity regulations.

During the year there were three Trustee appointments: Dr Swenja Surminski and Martin Burke were invited to their first meetings on 16 October 2018. Netsai Mangwende attended her first meeting on 21 May 2019. Anthony Hines stepped down as a Trustee on 1 February 2019. The Trustees expressed their gratitude for the considerable contribution Anthony Hines had made to the work of the Foundation from its inception. There were no other changes to the composition of the Board of Trustees.

The Trustees are aware of the requirement to declare any conflict of interest and this is a standing agenda item.

Governance

New trustees are appointed by the Board of Trustees, following approval from the Council of Lloyd's.

As a charity established to provide charitable grants on behalf of the Lloyd's market, Trustees are drawn from across the Lloyd's market with the aim of representing different market constituencies – underwriters, brokers and members of Lloyd's governing body. Trustees external to the Lloyd's market are also on the board, and a significant number of trustees have academic experience directly or indirectly.

LTRF also aims to maintain diverse Board of Trustees, representing different voices as outlined in its Recruitment Policy, reviewed every three years. A formal external recruitment process was implemented in June 2019.

LLOYD'S TRICENTENARY FOUNDATION

REPORT OF THE TRUSTEES (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governance (continued)

Potential trustees apply and are then formally interviewed by LTRF's Trustee Recruitment subcommittee who then make decisions on who to put forward to the board. The board collectively agree what skills and knowledge gaps exist on the board and recruit candidates based on their experience and expertise, knowledge and interest in the sector.

Before agreeing to become a trustee, they will be informed of LTRF's structure, objectives and activities, and their responsibilities as a trustee. A full induction is undertaken for all new trustees that follows good practice and guidance from the Charity Commission. All new trustees are required to sign LTRF's Code of Conduct as part of their onboarding process.

Once appointed, trustees will be supported by the Secretary and the Board of Trustees in any area of induction or training needed. Regular updates are provided at the meetings with regards to governance issues and changes to charity regulations.

All trustees complete a Register of Interests and a skills audit on an annual basis, as well as alerting the Chair and Responsible Business team when there is a new potential conflict of interest.

Trustees meet three times a year as this is sufficient for the size and nature of the organisation. Four Trustees present at a meeting shall be quorum. As stated in the original Trust Deed, all matters and questions shall be determined by a majority vote of the Trustees present at any meeting, but in the event of a tie, the Chair shall have a second or casting vote.

At the Trustee meetings, the Trustees agree the broad strategy and areas of activity for LTRF, including consideration of governance, grant giving, charity partnerships, investment, reserve and risk management policies and performance. The day to day administration of grants and the processing and handling of applications prior to consideration by the relevant subcommittee is delegated to the Responsible Business team at Lloyd's.

LTRF has a number of subcommittees of which Trustees and the Responsible Business team are a part of, and they are chaired by a Trustee. These include:

- Trustee recruitment
- Research project selection
- Fulbright

Lead Trustees are allocated to lead on: the Risk Register, LTRF's investments and partaking in the Charities Investment Advisory Committee, and acting as lead Trustees for academic research partners.

Minutes are taken at each meeting, circulated to Trustees along with action points and responsibilities, and kept as a record.

Risk Management

The Trustees have considered the major risks to which the charity is exposed and reviewed those risks and established systems and procedures to manage those risks. LTRF's risk management approach is outlined in their Risk Management policy, reviewed every three years.

The Risk Register outlines the major risks to which the charity is exposed. The Risk Register is reviewed annually and Trustees are also alerted to any new risks.

Trustees approach to risk management concerning their investment income is outlined in the Financial Review on page 6.

LLOYD'S TRICENTENARY FOUNDATION

REPORT OF THE TRUSTEES (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk Management (continued)

As Lloyd's employees, all individuals administering Lloyd's Tercentenary Research Foundation are able to raise issues relating to fraud and financial crime in accordance with Lloyd's Speaking Up procedures.

LTRF has a Conflict of Interest policy and procedure which all Trustees and new Trustees are familiar with and follow. This is reviewed every three years.

LTRF also has a Complaints policy which outlines how complaints should be made and escalated within the Foundation and delegated authority to the Corporation of Lloyd's. This is reviewed every three years.

OBJECTIVES AND ACTIVITIES

The Foundation was established in 1988 with the objective of funding research in the fields of medicine, science, safety, the environment, engineering and business. For a number of years this was achieved by awarding research fellowships to post-doctoral candidates of outstanding merit (Lloyd's Fellows) and business scholarships.

Today, through its partnerships with specifically commissioned academic institutions and research organisations, Lloyd's Tercentenary Research Foundation continues its work of funding topflight academic research by supporting new programmes of research on risk related issues.

In 2012, Lloyd's Tercentenary Research Foundation entered into a partnership with the US-UK Fulbright Commission. The Fulbright-Lloyd's of London Scholar and Postgraduate Awards enable British academics or professionals to undertake risk-related research in the US. The Scholar Award offers funding to study for up to 12 months in a top higher education institute in the US, whilst the Postgraduate Award provides first-year funding for a UK post-graduate to pursue a master's degree in the US.

Lloyd's Tercentenary Research Foundation agreed to fund a two-year research project entitled *Utilisation of scenarios in the Insurance Industry and for developing countries* in July 2016 which commenced on 1 October 2016. Delays to the project meant that the funding did not begin until January 2018, meaning the project will run until December 2019.

In 2017, Lloyd's Tercentenary Research Foundation commissioned a two-year research project led by the Smithsonian Tropical Research Institute ("STRI") entitled '*Agua Salud: Science to advance risk mitigation and land use management strategies in tropical watersheds and landscapes*'. This project completed in March 2019.

In April 2019 Trustees agreed to fund a three-year project entitled '*Future Indonesian Tsunami's: Towards End-to-end Risk quantification (FITTER)*', led by University College London (UCL) in collaboration with Oxford Brookes University, Brunel University London and the Institute of Technology Bandung. Funding will begin in the 2019/20 financial year.

ACHIEVEMENTS AND PERFORMANCE

Fulbright – Lloyd's of London Awards

Lloyd's Tercentenary Research Foundation supported three academics to carry out risk-related research in the US during the 2019/20 academic year.

LLOYD'S TRICENTENARY FOUNDATION

REPORT OF THE TRUSTEES (continued)

ACHIEVEMENTS AND PERFORMANCE (continued)

Fulbright – Lloyd's of London Scholars:

- Freya George – *Grain boundary fluids in subduction zones: investigating the role of porosity in the deep volatile cycle*

Freya is a recent PhD graduate from Carleton University, Ottawa, Canada. As a geologist with a passion for the outdoors, Dr George interrogates the metamorphic rock record both in the field and in the laboratory to try to elucidate processes that occur deep within the earth. During her 12-month Fulbright at Johns Hopkins University, Freya will be applying spatially resolved microanalysis to rocks from the Dominican Republic to investigate the mechanism by which fluids are transferred from the surface of our planet into its interior. Results of Dr George's research aims to provide insight into the vital influence of plate tectonics on the volatile cycle, and has implications both for the development and evolution of the earth's atmosphere and habitability, and our understanding of subduction zone earthquakes along regions such as the western seaboard of the Americas.

- Jack Seddon – *The Rise of the Machines: Insurtech and Global Risk Management*

Jack is an Associate Professor of International Political Economy at Waseda University in Tokyo, Japan. He is originally from Bath and works on the intersection between international political economy and economic history. While at Georgetown, he will pursue research into global reinsurance markets, focusing on the impact of new technologies and actors. Jack has worked at the European University Institute in Florence, Italy and Queen's University Belfast and has also held visiting positions at the University of Pennsylvania, the Graduate Institute in Geneva and Exeter University. He received his M.Phil. and Ph.D. from the University of Oxford. Before beginning his graduate studies, Jack worked as a capital markets lawyer in London and Brussels.

Fulbright – Lloyd's of London Postgraduate:

- Cale Harrison – *Legislate or automate? Evaluating potential policymaker responses to automation and their impact on private sector risk*

Cale's Fulbright project will focus on the impact of automation for low earners and how public policy can reduce this. He firmly believes that good economics can use maths to explore solutions to everyday problems -economics is too important to be left to economists! Cale was particularly inspired in his undergraduate degree by the applied approaches of professors Daniel Hamermesh and Bjoern Hartig and chose Cornell because they combine quantitative excellence with a focus on tangible applied economics.

Smithsonian Tropical Research Institute

The project with the Smithsonian Tropical Research Institute (STRI) ended in February 2019.

The overall project goal was to advance the scientific research and analysis needed to support smart land use management and address risk mitigation needs for water management in Panama and in the tropics. To socialise the results of this research, STRI scientists worked with many stakeholders at different levels (e.g., Panama Canal Authority, Government of Panama, lending institutions, business community) to engage in conversations around the importance of forest ecosystem services to their future well-being and develop science-based scenarios for the future of the Panama Canal Watershed.

By leveraging decades of past and on-going research the STRI were able to produce and project two very different futures for the approximately two million people of Central Panama, with respect to their ability to rely on forests to sequester carbon (which combats climate change) and provide for both dry season water and flood protection. The team first developed a model to project land use change based on "Recent Trends" (first 11 years of the millennium). They then combined a unique data set on the forest distribution and carbon density with a locally derived forest growth model to both cut/eliminate and grow forests based on Recent Trend projections. The STRI then mapped on the changes in the forest "sponge effect" resulting from the different time steps of the five-decade projection. Finally, they produced similar projections based on land-use change rates leading up to the year 2000.

LLOYD'S TRICENTENARY FOUNDATION

REPORT OF THE TRUSTEES (continued)

ACHIEVEMENTS AND PERFORMANCE (continued)

The main project output was the ability to present two starkly different, but realistic, scenarios. This had tremendous impact on stakeholders and decision makers as it brought into clear focus their role (and/or culpability) in avoiding or exacerbating environmental disasters. For the researchers involved at STRI, and at Harvard Forest, the impact of this project was the ability to project carbon and water ecosystems services into the future in a way that can simply and apolitically present alternatives and the impacts of choices. To the extent that leadership use this information to make decisions, the indirect beneficiaries will include the approximately two million people who get their drinking water from the Panama Canal Watershed, and anyone who relies on the Panama Canal.

FINANCIAL REVIEW

Funding Sources and Reserves Policy

The capital base of the Foundation was originally derived from covenants and donations received from firms and individual members of the Lloyd's market. The dividend income from the invested capital is used to support the charity's funding programme.

The Trustees are confident that adequate funds are available to fund its commitments to the Lighthill Risk Network and Fulbright Commission. All reserves of the Foundation are unrestricted.

Investment Policy and Management

Investments are reviewed on a regular basis by the responsible Trustee and monitored by the Board of Trustees to ensure that they are meeting the Trustees' long-term objectives of maximising income available for charitable purposes whilst maintaining the real value of the capital.

Half yearly review meetings are held with LTRF's advisory investment manager, Cazenove Capital Management.

There are underlying fund management charges which are deducted from investment income or capital.

The cost of investment management is borne directly by the Fund and amounts to £19,040 (2018: £22,070). A report on the investments by Cazenove Capital Management is included on pages 10 to 12.

The cash element is placed with Morgan Stanley Funds PLC (Gartmore) as are any surplus funds from the General Fund.

Summary of Investment Changes and Capital Movement

The Foundation's assets are invested in the following funds:

- Scottish Widows Foundation Growth Fund
- Schroder UK Income Fund
- Trojan Income Fund
- Schroder Global Emerging Markets Fund
- Schroder QEP Global Active Value Fund

The Foundation also invests in two Common Investment Funds - The Charities Property Fund (manager: Savills Investment Management (UK) Ltd) and COIF Charities Property Fund (manager: CCLA Investment Management Ltd). There have been no investment changes during the year.

The asset mix as at 30 September 2019 for Lloyd's Tercentenary Research Foundation is 65.3% UK Equities, 5.2% Emerging Markets Equities, 13.8% Global Equities, 8.7% UK Property Funds and 7% cash.

LLOYD'S TRICENTENARY FOUNDATION

REPORT OF THE TRUSTEES (continued)

FINANCIAL REVIEW (continued)

During the year the net value of the Foundation's investment portfolio decreased by £380,054 (excluding cash movements and deployment in income resources).

Summary of investment changes and capital movement

The deficit for the year amounted to £62,261 this amount together with the disposition of the portfolio at the beginning and end of the year is shown in the following table: -

	Market value 01.10.18 £	Deployment of incoming resources £	Movements on cash account £	Unrealised gains / (losses) on Investments £	Market value 30.09.19 £	%
UK Property Fund	437,733	-	-	(1,284)	436,449	8%
Trojan Income Fund (GBP Equity)	594,434	-	-	21,446	615,880	11%
Aberdeen Foundation Growth Fund (GBP Equity)	2,414,243	-	-	(334,149)	2,080,094	39%
Schroder QEP Global Active Value Fund	705,349	-	-	(13,827)	691,522	13%
Schroder Income Fund (GBP Equity)	628,773	-	-	(62,937)	565,836	11%
Schroder Glob Emerging Markets	250,261	-	-	10,697	260,958	5%
Cash Account	117,285	-	229,013	-	346,298	6%
	5,148,078	-	229,013	(380,054)	4,997,037	93%
Net current assets	225,331	62,261	71,241	-	358,833	7%
	5,373,409	62,261	300,254	(380,054)	5,355,870	100%

Commitments and Liabilities

The Trustees have committed to funding two Fulbright – Lloyd's of London Scholar Awards and one Fulbright – Lloyd's of London Post-Graduate Award until the 2022/2023 academic year. These have a maximum cost of \$170,000 per year, plus inflationary increases as necessary.

PLANS FOR FUTURE PERIODS

The Trustees will continue to support the Fulbright – Lloyd's Awards programme. The 'Utilisation of scenarios in the Insurance Industry and for developing countries' research project has now been fully funded and Trustees will continue to receive reports until the end of the project in December 2019.

Trustees have agreed to fund the three-year project entitled 'Future Indonesian Tsunami's: Towards End-to-end Risk quantification (FITTER)', led by University College London (UCL) in collaboration with Oxford Brookes University, Brunel University London and the Institute of Technology Bandung.

Trustee response to COVID-19

LTRF currently divides its financial commitments between its investment income for Fulbright and its capital drawdown for additional projects. The reduction in investment income as a result of the COVID-19 will not

LLOYD'S TRICENTENARY FOUNDATION

REPORT OF THE TRUSTEES (continued)

PLANS FOR FUTURE PERIODS (continued)

materially affect any current projects committed to. Trustees will monitor the markets closely and have the option to divert drawdown funds to support Fulbright or any other projects as they see fit.

The Trustees will explore supporting and/or commissioning further academic research on the thematic focus areas identified.

Public Benefit

The Trustees have given due regard to the guidance on public benefit published by the Charity Commission when planning activities and considering grant applications and programmes for future funding.

The Trustees have delivered public benefit through their programme of grant making for the advancement of medical, scientific, technical or business-related education and research through its partnership with the US-UK Fulbright Commission and through its funding of the Smithsonian Tropical Research Institute and Lighthill Risk Network.

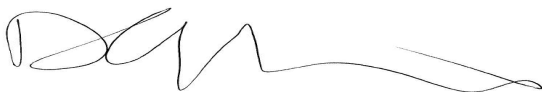
Whistleblowing

All individuals administering Lloyd's Tercentenary Research Foundation are employees of Lloyd's and able to raise issues relating to fraud and financial crime in accordance with Lloyd's whistle-blowing procedures.

Acknowledgement

The Trustees wish to record their thanks to members of the Corporation of Lloyd's staff who assist with the administration of the financial statements of the Foundation, and to the Corporation of Lloyd's which bears the bulk of the administration costs.

Approved by the Board of Trustees on 30 April 2020 and signed on its behalf by: -



Dominic Christian
Chairman



Trustee

LLOYD'S TRICENTENARY FOUNDATION

STATEMENT OF THE TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

TRUSTEES' RESPONSIBILITIES STATEMENT

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LLOYD'S TRICENTENARY FOUNDATION

REPORT OF THE INVESTMENT MANAGER TO THE TRUSTEES OF LLOYD'S OF LONDON TRICENTENARY FOUNDATION

YEAR ENDED 30 SEPTEMBER 2019

Overview

Investment Objective

The portfolio is designed to maximise income whilst protecting the real value of capital over the medium to long term. The portfolio shall be managed on an advisory basis with Cazenove Capital Management Ltd providing investment advice on an ad hoc basis, custody, reporting and administration services. The portfolio uses a broad range of investments and may allocate a high proportion of its assets to equity, or equity-like, investments in pursuing its aims. Whilst the majority of the portfolio is invested in readily tradeable assets, illiquid assets are considered part of the investable universe and the portfolio may have some exposure. Cash, fixed income and other defensive assets will normally account for only a small part of the portfolio.

Portfolio Summary

Description	Market Value £	Portfolio
Equities	4,221,384	84.4%
UK	3,268,903	65.3%
Aberdeen UK All Shs Tra -B-Net-GBP	2,080,094	41.6%
Schroder Income -S-GBP-Inc	572,929	11.4%
Trojan Income Fund -S-GBP-Inc	615,880	12.3%
Emerging Markets	260,959	5.2%
Schroder GI Em Mkts -S-GBP-Inc	260,959	5.2%
Global	691,522	13.8%
Schroder QEP GI Act Val -S-GBP-Inc	691,522	13.8%
Alternatives	436,449	8.7%
Property	436,449	8.7%
Charities Property Fund	436,449	8.7%
Cash	346,299	7.0%
Capital	286,386	5.7%
Income	59,913	1.3%
Total	5,004,130	100.0%

source, Cazenove Capital as at 30.09.19

LLOYD'S TRICENTENARY FOUNDATION

REPORT OF THE INVESTMENT MANAGER TO THE TRUSTEES OF LLOYD'S OF LONDON TRICENTENARY FOUNDATION (continued)

Portfolio Performance

The portfolio ended September with a value of £5,004,130.

Fund Performance 12 months to 30th September 2019

1-Year

UK Equities

Aberdeen UK All Share tracker	2.6%
Schroder Income Fund	-6.0%
Trojan Income Fund	8.0%
<i>FTSE All Share Index</i>	<i>2.6%</i>

Emerging Market Equities

Schroder Global Emerging Markets Fund	6.5%
<i>MSCI Emerging Markets Index</i>	<i>3.7%</i>

Global Equities

Schroder QEP Global Active Value Fund	0.7%
<i>MSCI AC World Index (Net dividends reinvested)</i>	<i>7.3%</i>

Property

Charities Property Fund	3.9%
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Performance is quoted net of underlying fund fees.

Source: Cazenove

Global market continues to move higher

Global equities ended 2019 at all-time highs. Investors have been encouraged by the prospect of a trade deal between the US and China, with a "phase one" deal now agreed. This is good news for global economic activity and we recently upgraded our growth forecast for 2020 to 2.6%. Despite the more optimistic economic backdrop, global government bonds have also remained in demand, with yields still at very low levels.

Central banks remain supportive

Equity and bond markets continue to benefit from accommodative monetary policy. In the US, the Fed has indicated that it expects to leave interest rates unchanged in 2020, following three rate cuts in 2019. We expect to see the benefit of last year's monetary policy easing have more visible impact on US growth in 2020. In Europe, the new president of the ECB, Christine Lagarde, used her first press conference to reaffirm the bank's commitment to keep interest rates at very low levels and maintain the pace of quantitative easing until inflation rises.

Brexit still a source of uncertainty in UK

The UK election resulted in a clear victory for the Conservative party. This provides markets with clarity about the near-term path of Brexit: the UK will be leaving the EU at the end of January. UK equities, particularly those with domestic exposure, have rallied in anticipation of improved UK activity. However, there remains significant uncertainty about the UK's future trading relationship with the EU and the rest of the world. The government has said it plans to legally prevent the extension of a trade transition period beyond 2020, raising the risk of disruption later in the year. In response, the pound quickly surrendered its post-election gains.

Remaining invested but with caution

The portfolio retains a high weighting to equities. Easing global trade tensions provide a tailwind for global growth in 2020. However, stock markets may already be "pricing in" the improved outlook. Over the course of 2019, share prices rose sharply but earnings expectations drifted lower. As a result, shares have become more expensive, leading us to become more cautious.

Cazenove Capital Management

30 September 2019

LLOYD'S TRICENTENARY FOUNDATION

Additional comment for investment managers regarding COVID-19 and implications for portfolios – 31st March 2020

As COVID-19 continues to spread, governments around the world have imposed unprecedented restrictions on their citizens, resulting in significantly reduced activity in the world's biggest economies. UK equities, as measured by the FTSE All Share Index have fallen approximately -25%, while Global Equities, as measured by the MSCI All Country World Index has fallen -16% since the start of the year, as investors digest the implications for company earnings and balance sheets.

Schroders' economists currently expect a contraction in global GDP of just over 3% in 2020, the worst outcome since the 1930s. This forecast envisages a very steep contraction in the second quarter, followed by a strong rebound in the second half of the year as restrictions on activity are lifted.

Investors will also experience lower income this year, as companies suspend distributions to preserve cash. Based on what we know and the current climate, currently we would estimate a circa 30% drop in overall portfolio income, although this figure will be subject to change.

Property Funds

Furthermore, many property funds have temporarily suspended trading. This suspension is not driven by illiquidity or redemption issues. The funds have suspended trading given property valuers have expressed material uncertainty around current valuations. The managers therefore feel it is difficult to price the fund units in a fair and accurate way. In such circumstances the regulator states that a price should not be quoted. Therefore, the suspension is imposed until a time when a fair and accurate price can be established. These moves help protect investors from mispricing.

Central banks are attempting to prevent the response to the health crisis from turning into a financial market crisis. Drawing on the lessons learned during the financial crisis of 2008, they have introduced a range of measures designed to protect market liquidity and the flow of credit. In the US, the Federal Reserve has said it will conduct open-ended quantitative easing. It will also, for the first time ever, support credit markets through purchases of corporate bonds. In Europe, the European Central Bank has relaxed some of the restrictions on its government bond purchase programme, allowing it to provide more support to the region's weaker economies.

In addition, governments around the world have recognised that monetary policy alone will not be able to respond to the economic threat of the pandemic. Jobs are already being lost, with the US recording the highest ever weekly unemployment claims in late March. Governments have announced a range of measures designed to support small businesses, employees and the self-employed. Speed will be critical to the success of these initiatives, as the benefits must reach their intended recipients before further jobs and businesses are lost.

Portfolio positioning

High volatility could persist over the coming months, but our base case remains that there will be a sharp economic rebound later in the year, which should support equity markets. Recent volatility has shown the value of a diversified approach to asset allocation. We also retain our exposure to commercial property. While the sector faces short-term challenges and many funds have been suspended temporarily, we expect its income-generating characteristics will return to favour in an environment of very low interest rates

LLOYD'S TRICENTENARY FOUNDATION

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF LLOYD'S OF LONDON TRICENTENARY FOUNDATION

Opinion

We have audited the financial statements of Lloyd's Tricentenary (the 'charity') for the year ended 30th September 2019 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30th September 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

LLOYD'S TRICENTENARY FOUNDATION

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF LLOYD'S OF LONDON TRICENTENARY FOUNDATION (continued)

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

LLOYD'S TRICENTENARY FOUNDATION

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF LLOYD'S OF LONDON TRICENTENARY FOUNDATION (continued)

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Simpson Wreford & Partners
Statutory Auditor
Suffolk House
George Street
Croydon
CR0 0YN

Simpson Wreford & Partners is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006
Date

LLOYD'S TERCENTENARY FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 SEPTEMBER 2019

INCOME AND EXPENDITURE	Note	2019 £	2018 £
INCOME:			
Investment income	2	<u>178,126</u>	<u>186,263</u>
Total income		<u>178,126</u>	<u>186,263</u>
EXPENDITURE:			
Cost of raising funds:			
Investment management fees		19,040	22,070
Charitable activities:			
Grants payable	3	94,850	299,257
Administrative Expenses		175	-
Audit fees		1,800	1,800
Total expenditure		<u>115,865</u>	<u>323,127</u>
Net expenditure and net movement in funds before gains on investments		62,261	(136,864)
Net loss on investments	4	<u>(79,800)</u>	<u>178,690</u>
NET MOVEMENT IN FUND		(17,539)	41,826
Reconciliation of Funds:			
Total fund brought forward		<u>5,373,409</u>	<u>5,331,583</u>
Total fund carried forward		<u>5,355,870</u>	<u>5,373,409</u>

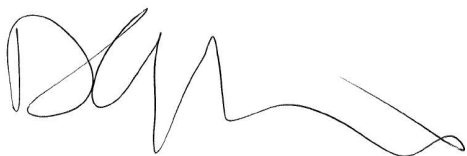
The notes on pages 17 to 21 form part of these financial statements.

LLOYD'S TRICENTENARY FOUNDATION

BALANCE SHEET AS AT 30 SEPTEMBER 2019

	Note	2019		2018	
		£	£	£	£
INVESTMENTS					
At Market Valuation	4		4,997,037		5,148,078
CURRENT ASSETS					
Debtors	5	7,093		10,877	
Short term deposits		18,433		18,433	
Cash at bank		<u>341,806</u>		<u>203,103</u>	
		<u>367,332</u>		<u>232,413</u>	
CURRENT LIABILITIES					
Creditors falling due within one year	6	<u>8,499</u>		<u>7,082</u>	
		<u>8,499</u>		<u>7,082</u>	
NET CURRENT ASSETS			<u>358,833</u>		<u>225,331</u>
NET ASSETS			<u>5,355,870</u>		<u>5,373,409</u>
FUNDS					
Unrestricted			<u>5,355,870</u>		<u>5,373,409</u>

Approved and authorised for issue by the Board of Trustees on 30 April 2020 and signed on their behalf:-



Dominic Christian
Chairman



Trustee

The notes on pages 17 to 21 form part of these financial statements.

LLOYD'S TRICENTENARY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019

1 ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING

The charity constitutes a public benefit entity as defined by FRS 102. In preparing the financial statements the fund follows best practice as laid down in the Statement of Recommended Practice "Accounting and Reporting by Charities" (Charities SORP FRS 102) in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011. They are drawn up on the historical accounting basis except that investments held as fixed assets are carried at market value.

b) INVESTMENT INCOME

Dividends from equity investments are taken into account on the due date of payment, all other income is included by reference to the amount due in respect of the accounting period.

c) GAINS AND LOSSES ON DISPOSAL OF INVESTMENTS

Gains and losses on disposals in the year are calculated by reference to the carrying value of the holding as at the date of sale.

d) ADMINISTRATION EXPENSES

The costs of the administration of the Foundation are borne in full by the Corporation of Lloyd's with the exception of investment management fees, audit fees and bank charges. The Trustees receive no remuneration, but the Foundation reimburses Trustees' travel expenses incurred when carrying out activities on behalf of the charity.

e) INVESTMENTS

Investments are stated at their market value at the date of balance sheet, this being the mid-point of the quotations on the Stock Exchange Daily Official List. Gains and losses on investments are taken directly to the statement of financial activities.

LLOYD'S TRICENTENARY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019 (continued)

1 ACCOUNTING POLICIES (continued)

f) TAXATION

The Foundation is established as an exempt approved charity for taxation purposes.

g) DEBTORS

Debtors are recognised at the settlement amount due.

h) SHORT TERM DEPOSITS

Short term deposits include short term highly liquid investments with a short maturity of three months or less from the date of acquisition.

i) CREDITORS

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount.

j) FINANCIAL INSTRUMENTS

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are recognised at amortised cost or as specified in the preceding accounting policies. As there are currently no long-term financial instruments, the transaction value and settlement value will be the same.

LLOYD'S TRICENTENARY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019 (continued)

2 INVESTMENT INCOME

	2019 £	2018 £
Property		
Dividends - Property Fund	13,572	24,524
Overseas		
Dividends - Schroders Global Emerging Market	5,005	20,635
Dividends - Schroders QEP Global	25,391	-
UK		
Dividends - Aberdeen Foundation Growth Fund	89,365	94,446
Dividends - Schroders Income Fund	18,551	21,877
Dividends - Trojan Income Fund	24,890	24,599
Gartmore Interest	116	84
Bank Interest	373	31
Miscellaneous Investment Income	863	67
	<u>178,126</u>	<u>186,263</u>

3 ANALYSIS OF GRANTS PAYABLE

	2019 £	2018 £
Risk related research projects:		
Fulbright Commission	94,850	145,639
Smithsonian Donation	-	50,000
Other Donations	-	103,618
	<u>94,850</u>	<u>299,257</u>

LLOYD'S TRICENTENARY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019 (continued)

4 QUOTED INVESTMENTS

	2019 £	2018 £
Market value brought forward	5,148,078	5,282,257
Disposals proceeds	(300,253)	(346,683)
Realised investment gain	36,762	48,626
Net unrealised gain/loss for the year	(116,562)	130,065
Movements on cash account	229,012	33,813
Market value carried forward	4,997,037	5,148,078

Investment portfolio:

Description	2019		2018	
	Book Value	Market Value	Book Value	Market Value
Trojan Income Fund (GBP Equity)	503,182	615,880	503,182	594,434
Aberdeen Foundation Growth Fund (GBP Equity)	1,840,392	2,080,094	2,103,884	2,414,243
Schroder QEP Global Active Value Fund	505,318	691,522	505,318	705,349
Schroder Global Emerging Markets	174,222	260,958	174,222	250,261
Schroder Income Fund (GBP Equity)	505,744	565,836	505,744	628,773
Schroder Cash Account Balance	346,298	346,298	117,285	117,285
UK Fixed Property Fund	356,663	436,449	356,663	437,733
Total	4,231,819	4,997,037	4,266,298	5,148,078

5 DEBTORS

	2019 £	2018 £
Cazenove income receivable	7,093	10,867
Gartmore interest receivable	-	10
Total	7,093	10,877

LLOYD'S TRICENTENARY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019 (continued)

6 CREDITORS

	2019 £	2018 £
Audit fee	3,600	1,800
Cazenove Management Fee	4,899	5,282
Total	8,499	7,082

7 COMMITMENTS

The Trustees have committed to funding two Fulbright – Lloyd's of London Scholar Awards until the 2018/19 academic year and one Fulbright – Lloyd's of London Post-Graduate Award for the 2018/19 academic year. These have a maximum cost of £106,000 per year, plus inflationary increases as necessary.

£100,000 was paid to the Lighthill Risk Network in January 2018 to fund the Utilisation of scenarios in the Insurance Industry and for developing countries project, lasting until December 2019.

8 DISCLOSURE OF RELATED PARTY TRANSACTIONS & TRUSTEE REMUNERATION

The trustees receive no remuneration, but the Foundation does reimburse trustees' travel expenses incurred when carrying out activities on behalf of the charity. No travel expenses were paid in 2019 (2018 – no travel expenses were paid).

There were no related party transactions in the year (2018 – none).