

**LLOYD'S OF LONDON
TERCENTENARY FOUNDATION**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2020**

LLOYD'S OF LONDON TRICENTENARY FOUNDATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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LLOYD'S OF LONDON TRICENTENARY FOUNDATION

LLOYD'S OF LONDON TRICENTENARY FOUNDATION

(Registered Number 298482)

TRUSTEES

Mr Andrew Carrier (Chair)
Mr Dominic Christian (Chair, retired 30 April 2020)
Mr Jon Hancock (retired 1 March 2020)
Mr Ian Branagan
Mr Jean-Bernard Crozet
Professor Tom Welton
Dr Sarah Jane Fox
Dr Swenja Surminski
Mr Martin Burke
Ms Netsai Mangwende
Dr Holly Hedgeland (appointed 7 December 2020)
Dr Nicola Haines (appointed 7 December 2020)
Ms Susan Kay (appointed 7 December 2020)

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 OF LONDON TRICENTENARY FOUNDATION

REPORT OF THE TRUSTEES

The trustees of Lloyd's of London Tricentenary Foundation ("the Foundation") are pleased to present the report and audited financial statements of the Foundation for the year ended 30 September 2020.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure

Lloyd's of London Tricentenary Foundation (LTRF) is constituted by a 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 Tricentenary Research Foundation. The financial statements have been prepared in accordance with the accounting policies set out on pages 16 and 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, Central Finance and Group Treasury teams at Lloyd's 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 Chair 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.

There were eight trustees as at 30 September 2020. During the year Dominic Christian stepped down as Chair and retired from the Board of Trustees at his last meeting on 30 April 2020. Andrew Carrier took on the role of Chair of LTRF. Jon Hancock stepped down as a trustee on 1 March 2020. The Trustees expressed their gratitude for the contribution both trustees had made to the work of the Foundation during their tenure. There were no other changes to the composition of the Board of Trustees.

According to the governing document, the number of trustees shall be twelve. In accordance with the governing document, the Board of Trustees began the process of recruiting new trustees in summer 2020. New trustees, Holly Hedgeland, Susan Kay, and Nicola Haines attended their first meeting in December 2020.

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. The Board of Trustees also includes members external to the Lloyd's market, and a significant number of trustees have academic experience directly or indirectly.

LLOYD'S OF LONDON TRICENTENARY FOUNDATION

REPORT OF THE TRUSTEES (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governance (continued)

LTRF also aims to maintain a 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.

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, which are convened as and when required. Lead trustees are also allocated to lead on LTRF's investments and sitting on the Charities Investment Advisory Committee and acting as lead trustees for academic research partners and Fulbright.

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 7.

As Lloyd's employees, all individuals administering Lloyd's Tercentenary Research Foundation are able to raise

LLOYD'S OF LONDON TRICENTENARY FOUNDATION

REPORT OF THE TRUSTEES (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk Management (continued)

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 the award of 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 top-flight 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 start until January 2018, with a revised end date of December 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. The project began on 1 August 2019 and will complete on 31 July 2022.

In December 2019 trustees agreed to fund three six-month proof of concept projects with a total budget of £116k. Upon completion, all three projects were invited to apply for further funding of £250k for a two-year project. The projects were:

- *Promoting Just and Sustainable Dividends of Resilience Investments at the Local Level in the Philippines*
- *From Reforestation to Resilience: Reducing Climate Risk through Science*
- *Closing the Disaster Insurance Risk Gap for Low Income Households*

At their meeting in September 2020 trustees chose Carolyn Kousky's "*Closing the Disaster Insurance Risk Gap for Low Income Households*" to receive the continuation of funding. The funding for this project will start on 1 October 2020 and finish on 30 September 2022.

Fulbright – Lloyd's Awards

Lloyd's Tercentenary Research Foundation has supported three academics to carry out their risk-related research in the US during the 2019/20 academic year. All students had already arrived in America prior to the emergence of COVID-19. Jack Seddon made the decision to leave two weeks earlier than planned, but both Freya George

LLOYD'S OF LONDON TRICENTENARY FOUNDATION

REPORT OF THE TRUSTEES (continued)

ACHIEVEMENTS AND PERFORMANCE

and Cale Harrison stayed on at their respective universities. The 2020/2021 Scholars have been unable to travel to the US at the time of writing. The Postgraduate students travelled to the US to begin their studies in the autumn term.

Fulbright – Lloyd's Scholars:

- Alex Best - *Modelling Coevolution in a Complex Infectious Disease System*

The aim of Alex's proposal is to develop mathematical models that will improve understanding of infectious disease dynamics in real-world populations. Specifically, to build, parametric and analyse mathematical models explicitly tailored to Prof Mike Boots' (UC Berkeley) insect-baculovirus experimental system.

- Neil Ferguson - *The Disengagement, Deradicalization and Reintegration of Violent Extremists*

Neil plans to bring knowledge and understanding of disengagement and reintegration processes developed in Northern Ireland to explore the data collected in the United States to produce novel insights and new perspectives on drivers and barriers to disengagement and reintegration. As well as developing current or new theoretical models of desistance and reintegration that can be established for use in other settings beyond the United Kingdom and the United States, and in the creation of guidance for countering violent extremism policy and practice.

- Makoto Takahashi - *The People and the Atom*

Makoto plans to critically examine the role that scientific advice plays in modern states by tracing ethnographic details about who is granted the cultural authority to speak for 'science' and how a given society expects 'science' to be presented. This will be done with specific reference to nuclear disaster management.

Fulbright – Lloyd's Postgraduate:

- Tam Minh Trinh - *The Impact of Technological Advancements on the Labour Market in the Next 20 Years*

Tam's interest in economics began just as the 2008 global financial crisis began to unfold and she aspires to strengthen her analytical and quantitative economics skills at postgraduate level in order to effectively cultivate economic insights and add greater value to policy.

- Katy Wilson - *Climate Change Management and Mitigation with a Focus on the Private Sector*

Katy's plan is to ultimately work in the private sector to promote green investments and support the transition to a low carbon economy for mutual economic and environmental benefit. Studying in the US will provide her with the opportunity to connect with several world leading environmental management programmes. As part of her programme she will study the relationship between the social and physical sciences to give a rounded view of the systems that have led to the current environmental state.

Utilisation of scenarios in the Insurance Industry and for developing countries

This project completed in December 2019. Two reports were launched offering valuable insight into how to provide best practice tools for catastrophic shock scenarios which trigger severe losses and adversely impact developing countries. An event, hosted by the Chartered Institute of Insurers and held at Lloyd's, supported the launch and was made available as a podcast.

Future Indonesian Tsunami's: Towards End-to-end Risk quantification (FITTER) - £70k

Due to scheduling conflicts and delays in the completion of the Memorandum of Understanding for this project,

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REPORT OF THE TRUSTEES (continued)

ACHIEVEMENTS AND PERFORMANCE (continued)

LTRF will receive their first full report from the project in November 2020.

The project aims to research and model physical loss and social vulnerability arising from tsunami events across all the islands of Indonesia. The focus is on co-developing, with other partners, local stakeholders and experts, a catastrophe model of Indonesian tsunamis comprising of an event set and vulnerability curves on the open platform Oasis.

As of June 2020 the project had produced an end-to-end proof-of-concept study, created a small set of meaningful local tsunami hazard footprints at high resolution from geophysical/numerical modelling over South Java, an economic vulnerability function of asset losses drawn from relevant events & surveys, and a real exposure data set of household (including individual locations from satellite surveys and a matching economic asset surveys at neighbourhood level) for the town of Cilacap (South Java). The study was submitted to an academic journal over the summer as a novel application of Oasis for both disaster preparedness and disaster financing, drawing expertise from Geophysics, Statistics, and Economics.

Proof of concept projects

In December 2019 trustees agreed to fund three six-month proof of concept projects with a total budget of £116k. They were:

Promoting Just and Sustainable Dividends of Resilience Investments at the Local Level in the Philippines - £16k

Using data containing various disaster risk reduction management (DRRM) activities of households, and the policies and programmes of local government units (LGUs) with regards to different types of disaster events caused by natural hazards in the Philippines, this project planned to generate evidence of the co-benefits of resilience investments, identify and examine the barriers to resilience investments; and explore the role resilience investments play in attaining equity and the sustainable development goals (SDGs).

Over 5 months the project was able to achieve the following:

- Build a collaborative multidisciplinary partnership between the Grantham Research Institute (GRI) and relevant organisations in the Philippines;
- Placed a researcher in one government agency;
- Identified and created a Project Advisory Committee (PAC) for potential round two of funding;
- Created dedicated research materials;
- Presented at GRI international seminars/workshops and international conferences.

From Reforestation to Resilience: Reducing Climate Risk through Science - £50k

Working in Panama, the project aimed to develop robust growth equations that could solidify calculations of carbon uptake in native trees and improve the ecological, social and economic success of different reforestation strategies, providing secure income streams that enable rural landowners to participate in climate change mitigation programmes such as carbon offsets.

The project generated data offering financial analysis and growth equations estimating wood volume for six timber species. Data showed that two native species showed promise in regards of financial returns under a range of timber prices and discount rates. The project further showed that minimal and targeted application of commonly available fertiliser improved growth of several species of wood even in infertile soils. This allowed the project leaders to initiate a project with the Panama Canal Authority to pilot carbon payments to rural landholders and test growth and survivorship of those species in young, naturally regenerating secondary forests. The project published, submitted or was in the process of preparing seven publications for peer review.

LLOYD'S OF LONDON TRICENTENARY FOUNDATION

REPORT OF THE TRUSTEES (continued)

ACHIEVEMENTS AND PERFORMANCE (continued)

Closing the Disaster Insurance Gap for Low-Income Households - £50k

The objective of the project was to design an implementable, scalable, sustainable, and economically viable parametric microinsurance programme for low-income families, coupled to disaster mitigation efforts, and implemented through a public-private partnership. In addition to designing a viable programme, the work aimed to identify potential local partners and firms interested in piloting the concept. The project focus was the United States, but the general design can be developed broadly to be used in other countries.

The project was able to produce a proof of concept paper on the potential for parametric microinsurance in a U.S. context to help financial recovery of low-income households. The paper documented the clear recovery gaps among the population studied, which threatens to send households deeper into poverty and financial insecurity, and negatively impact other aspects of well-being. The review demonstrated a large insurance gap among the population and highlighted that the current sources of financial support post disaster are not adequately targeting lower-income households. After a review of delivery models in other places around the world, and after completing several interviews with industry experts, the research team narrowed in on five potentially viable delivery models for parametric microinsurance in the U.S. involving both the private and public sectors. These include providing microinsurance via (1) an aggregator, (2) a mobile-based technology, (3) linking to other products or retailers, (4) a community captive, or (5) a public sector insurer.

As the successful beneficiary of further funding for two years, the project leads plan to spend the next two years developing the current research by identifying lessons from microinsurance programmes in other countries and apply them to a U.S. context. The team will undertake a household survey of disaster survivors, as well as semi-structured interviews with those assisting in recovery, in order to identify specifics of disaster costs and funding gaps and also risk and insurance literacy among the targeted population. They will also interview regulators and other stakeholders to develop a regulatory roadmap. They will facilitate collaborative processes for several U.S. jurisdictions to advance their consideration of parametric microinsurance models.

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 future commitments to the FITTER, the Closing the Disaster Insurance Gap for Low-Income Households projects and the 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 the Fund's advisory investment manager, Cazenove Capital. Fees are deducted based on the whole portfolio on a daily average market value at a rate of 0.325% subject to VAT. There are also 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 £18k (2019: £19k). A report on the investments by Cazenove Capital Management is included on pages 10 and 11.

LLOYD'S OF LONDON TRICENTENARY FOUNDATION

REPORT OF THE TRUSTEES (continued)

FINANCIAL REVIEW (continued)

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

During the year the market value of the Foundation's investment portfolio decreased to a total of £4,010k (2019: £4,997k). More detail of this can be found in the Investment Managers report, pages 10 and 11.

Commitments and Liabilities

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

PLANS FOR FUTURE PERIODS

The trustees will continue to support the Fulbright – Lloyd's Awards programme as well as the projects already committed to. The trustees will explore supporting and/or commissioning further academic research on the thematic focus areas identified.

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 currently materially affect any current projects committed to. If the investment income were to continue to be significantly low, then trustees would have to consider potentially reducing their commitment to Fulbright. 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. As a result of COVID-19, trustees expect that some of the research may see delays in its completion which is acceptable to trustees. COVID-19 has resulted in delays to Fulbright academics beginning their studies, but this has not impacted the application process for Fulbright who continue to recruit.

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 other research projects listed above.

Whistleblowing

All individuals administering Lloyd's Tricentenary 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 23 February 2021 and signed on its behalf by: -

Andrew Carrier
Chair

Trustee

LLOYD'S OF LONDON 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 OF LONDON TRICENTENARY FOUNDATION

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

YEAR ENDED 30 SEPTEMBER 2020

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 is managed on an advisory basis with Cazenove Capital 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 tradable 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 £'000	Allocation %
Equities	3,598	89.6
United Kingdom	1,795	44.7
Trojan Income Fund	546	13.6
ASI UK All Share Tracker	860	21.4
Schroder Income	389	9.6
Emerging Markets	275	6.9
Schroder Global Emerging Markets	275	6.9
Global	1,528	38.1
Schroder QEP Global Active Value	619	15.4
Schroder Global Sustainable Growth	909	22.6
Alternatives	411	10.2
Property	411	10.2
Charities Property Fund	411	10.2
Cash	6	0.2
Pound Sterling	6	0.2
Total	4,015	100.0

Source, Cazenove Capital.

Total market value above includes accrued income of £5K, which is presented as debtors in the Foundation financial statements.

LLOYD'S OF LONDON TRICENTENARY FOUNDATION

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

Portfolio Performance

Fund Performance 12 months to 30 September 2020

1-Year

UK Equities

ASI UK All Share Tracker Fund Net Return	-16.5%
Schroder Income Fund	-27.1%
Trojan Income Fund	-7.9%
<i>FTSE All Share Index</i>	<i>-16.6%</i>

Emerging Market Equities

Schroder Global Emerging Markets Fund	7.3%
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<i>MSCI Emerging Markets Index</i>	<i>5.4%</i>
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Global Equities

Schroder QEP Global Active Value Fund	-8.2%
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Schroder Global Sustainable Growth	13.4%
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<i>MSCI AC World</i>	<i>5.3%</i>
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Property

Charities Property Fund	-2.1%
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Source: Cazenove Capital. Performance is quoted net of underlying fund fees

Despite the renewed turmoil caused by a winter resurgence of Covid-19, global equities remain close to their recent highs. The market calm may be surprising – but it is not irrational; vaccines should put an end to the current acute phase of the pandemic in the first half of this year, while central banks and governments continue to provide significant support. For most of the big firms that dominate equity markets, another few months of disruption will be manageable – especially after significant capital raising in 2020.

Gradual economic recovery, combined with support from central banks, should continue to support global equity markets. However, we are mindful of the risk of renewed volatility given the various risks facing markets.

Cazenove Capital Management, 30 September 2020

LLOYD'S OF LONDON 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 of London Tricentenary Foundation (the 'charity') for the year ended 30th September 2020 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 2020, 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.

We have nothing to report in this regard.

LLOYD'S OF LONDON TRICENTENARY FOUNDATION

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

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, 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.

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 OF LONDON TRICENTENARY FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 SEPTEMBER 2020

INCOME AND EXPENDITURE	Note	2020 £'000	2019 £'000
INCOME:			
Investment income	2	<u>146</u>	<u>178</u>
Total income		<u>146</u>	<u>178</u>
EXPENDITURE:			
Cost of raising funds:			
Investment management fees		(18)	(19)
Charitable activities:			
Grants payable	3	(256)	(95)
Other Expenditure		(7)	(2)
Total expenditure		<u>(281)</u>	<u>(116)</u>
Net expenditure and net movement in funds before gains on investments		(135)	62
Realised (loss) / gain		(50)	37
Unrealised loss		<u>(600)</u>	<u>(117)</u>
Net loss on investments	4	<u>(650)</u>	<u>(80)</u>
NET MOVEMENT IN FUND		(785)	(18)
Reconciliation of Funds:			
Total fund brought forward		<u>5,355</u>	<u>5,373</u>
Total fund carried forward		<u><u>4,570</u></u>	<u><u>5,355</u></u>

The notes on pages 16 to 19 form part of these financial statements.

LLOYD'S OF LONDON TRICENTENARY FOUNDATION

BALANCE SHEET AS AT 30 SEPTEMBER 2020

	Note	2020		2019	
		£'000	£'000	£'000	£'000
INVESTMENTS					
At Market Valuation	4		4,010		4,997
CURRENT ASSETS					
Debtors	5	10		7	
Short term deposits		18		18	
Cash at bank		<u>608</u>		<u>342</u>	
		<u>636</u>		<u>367</u>	
CURRENT LIABILITIES					
Creditors falling due within one year	6	<u>(76)</u>		<u>(9)</u>	
		<u>(76)</u>		<u>(9)</u>	
NET CURRENT ASSETS			<u>560</u>		<u>358</u>
NET ASSETS			<u><u>4,570</u></u>		<u><u>5,355</u></u>
FUNDS					
Unrestricted			<u><u>4,570</u></u>		<u><u>5,355</u></u>

Approved and authorised for issue by the Board of Trustees on 23 February 2021 and signed on their behalf:-

Andrew Carrier
Chairman

Trustee

The notes on pages 16 to 19 form part of these financial statements.

LLOYD'S OF LONDON TRICENTENARY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2020

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 INVESTMENTS

Gains and losses on investments 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. Gains and losses on investments are taken directly to the statement of financial activities.

f) TAXATION

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

g) DEBTORS

Debtors relate to prepayments and accrued income. 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.

LLOYD'S OF LONDON TRICENTENARY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2020 (continued)

1 ACCOUNTING POLICIES continued

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.

2 INVESTMENT INCOME

	2020 £'000	2019 £'000
Fixed Property	17	14
Equity Fund Investments	128	163
Cash	1	1
Total	<u>146</u>	<u>178</u>

3 ANALYSIS OF GRANTS PAYABLE

	2020 £'000	2019 £'000
Risk related research projects:		
Fulbright Commission	70	95
Smithsonian Donation (Proof of Concept)	50	-
Kousky Project (Proof of Concept)	50	-
Brucal Project (Proof of Concept)	16	-
FITTER Project	70	-
Total	<u>256</u>	<u>95</u>

LLOYD'S OF LONDON TRICENTENARY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2020 (continued)

4 QUOTED INVESTMENTS

	2020			
	£'000	£'000	£'000	£'000
	Equity	Property	Cash	Total
Market value brought forward	4,214	437	346	4,997
Net proceeds	3	-	-	3
Realised investment (loss)/gain	(50)	-	-	(50)
Net unrealised loss for the year	(574)	(26)	-	(600)
Movements on cash account	-	-	(340)	(340)
Market value carried forward	3,593	411	6	4,010

5 DEBTORS

	2020 £'000	2019 £'000
Prepayments and other debtors	10	7
Total	10	7

6 CREDITORS

	2020 £'000	2019 £'000
Accruals and other creditors	6	9
Fulbright Donation	70	-
Total	76	9

7 COMMITMENTS

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

LLOYD'S OF LONDON TRICENTENARY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2020 (continued)

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 expense were paid in 2020 (2019 – no travel expenses were paid).

There were no related party transactions in the year (2019 – none).