

LLOYD'S PATRIOTIC FUND
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2020

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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LLOYD'S PATRIOTIC FUND

(Registered Number 210173)

TRUSTEES

Mr Ed Butler (Chair)

Mr Bruce Carnegie-Brown (ex-officio)

Mr Simon Beale (retired 01.12.2019)

Mr Henry Dyson (retired 25.02.2020)

Mr Alexander Findlay

Mr William Roscoe

Air Commodore Wendy Rothery

Mr Duncan Welham

Mr Richard Williams MC

Mrs Caroline Sandeman-Allen (appointed 23.10.2019)

Mrs Michelle Alston (appointed 23.10.2019)

Mr Neil Maidment (appointed 25.02.2020)

Secretary

Ms Michaelae Hawkins

Investment Managers

Cazenove Capital Management

12 Moorgate, London EC2R 6DA

Auditors

Simpson Wreford & Partners

Suffolk House, George Street, Croydon CR0 0YN

Bankers

National Westminster Bank PLC

PO Box 12258, 1 Princes Street, London EC2R 8PA

LLOYD'S, LIME STREET, LONDON, EC3M 7HA

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LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES

The trustees of Lloyd's Patriotic Fund (the Fund) have pleasure in presenting their report together with the audited financial statements of the Fund for the year ended 30 June 2020.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Frequency of meetings and quorate meetings

Lloyd's Patriotic Fund (LPF) was established in 1803, constituted by a Trust Deed dated 28 May 1875 and is a registered charity subject to the provisions of the Charities Act 2011. The financial statements have been prepared in accordance with the accounting policies set out on pages 19-20 and comply with the Fund's Trust Deed and applicable law.

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

Responsibility for carrying out the objectives of LPF rests with the trustees. The Fund 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 the LPF Delegated Authority documentation. With the exception of audit fees, bank charges, insurance and investment management fees which are borne directly by the Fund, all administration costs of the Fund 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

There were ten trustees as at 30 June 2020. There were two retirements throughout the year; Mr Simon Beale on the 1st December 2019, and Mr Henry Dyson on the 25th February 2020. There were three appointments in the year; Mrs Caroline Sandeman-Allen and Mrs Michelle Alston on the 23rd October 2019 and Mr Neil Maidment on the 25th February 2020.

The trustees would like to record their thanks to retiring trustees for their contribution to the work of Lloyd's Patriotic Fund.

According to the governing document, upon the death, retirement or resignation of a trustee or when the number of trustees falls to seven, the trustees are required to appoint new trustees up to a maximum of fourteen. In accordance to the governing document, the Board of Trustees did not fall below seven or exceed fourteen trustees at any one time.

The maximum term of office is nine years and trustees are asked to serve a minimum of three years.

All trustees give their time freely and no trustee remuneration was paid in the year from the funds of LPF. Any reasonable travel expenses were covered for trustees, as a cost borne to the Corporation of Lloyd's.

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 the majority of trustees have military experience directly or indirectly.

The Fund also aims to be a diverse board of trustees, representing different voices as outlined in its Recruitment Policy, reviewed every three years. With a formal external recruitment process implemented in June 2019, potential trustees can apply and then the Fund has a Trustee Recruitment subcommittee who formally interview potential candidates and decide 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 charitable sector.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued) **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

Governance (continued)

Consideration is given to relevant experience such as military service as well as knowledge of Lloyd's and the London insurance market and their interest or experience in the military charitable sector.

Potential trustees are invited to meet with the Trustee Recruitment subcommittee (including the Chair and the Responsible Business team). Before agreeing to become a trustee, they will be informed of the Fund'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 the LPF'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 the Fund, 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 the Corporation of Lloyd's. The Charity Partners selection committee of trustees meet annually to review all applications for grants and shortlist applications and recommendations to take forward to trustee meetings.

LPF has a number of subcommittees of which trustees and the Responsible Business team are a part of, and they are each chaired by a trustee. These include:

- Trustee Recruitment
- Charity Partner Selection
- Fundraising & Marketing

Lead trustees are allocated to lead on: the Risk Register, LPF's investments and attend the Charities Investment Advisory Committee, and acting as lead trustees for charity 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. LPF'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.

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

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued) STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk Management (continued)

LPF has a Conflicts of Interests policy and procedure which all trustees and new trustees are familiar with and follow. This is reviewed every three years.

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

OBJECTIVES AND ACTIVITIES

Founded in 1803 to assist the many casualties of the Napoleonic Wars, Lloyd's Patriotic Fund is the oldest military charity of its kind and has been providing support to the Armed Forces Community on behalf of the Lloyd's market for over two hundred years. It continues to fulfil this purpose, using the investment income from its capital fund and donations from individuals and companies in the Lloyd's insurance market as well as an annual donation from the Council of Lloyd's.

Following a strategic review from January – June 2019 which included consultation with trustees and charity partners, as well as external research and sources, (including the Government's Veterans strategy) the following strategy was agreed:

Mission Statement

Lloyd's Patriotic Fund - Uniting the Lloyd's insurance market for the last two hundred years to support veterans and their families today.

Story

Founded in 1803, Lloyd's Patriotic Fund is the oldest military charity of its kind. We are proud of our history and contributions to support the armed forces community on behalf of the Lloyd's market. Today, we focus on improving the transition to civilian life for veterans and their families who need the most help. Lloyd's Patriotic Fund unites support from the market to aid the successful transition to civilian life for veterans and their families to ensure successful futures.

Focus

Each year, 17,000 personnel leave the UK Armed Forces and return to civilian life, and many of them have families. For the majority, the transition to civilian life is successful, but a quarter find it more difficult, leaving them in a position of vulnerability.

The Transition Mapping Study (FiMT and The Futures Company 2013) calculated the cost to the UK of unsuccessful transition to be almost £114m. We also know that the time between individuals leaving the Armed Forces and reaching out for help is far longer than it should be. Leaving the services can take a toll on the employment prospects and wellbeing of personnel's partners and we know that one in four armed forces families have sought mental health support and face barriers to access employment.

This is where we come in: supporting the transition to civilian life for veterans and their families who need it the most. As the needs of individuals and their families are increasingly complex, LPF will work with partners that take a holistic approach to improving this transition for the hardest to reach families.

We aim to help improve the transition for "at risk" groups (such as bereaved families, or early service leavers families) which focuses on mental health and building resilience, and employment support and financial independence to enable veterans and their families to build successful civilian lives and careers.

The trustees confirm that they have referred to the advice contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities.

The Fund is divided into a number of individual funds established for public benefit to achieve the Fund's strategic priorities:

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued) OBJECTIVES AND ACTIVITIES (continued)

General Fund (1803)

This Fund provides assistance to officers and men and women of the Royal Navy, the Army, Royal Marines and Royal Air Force or their families (partners, widows, orphans, dependants and relatives) who, at the trustees' discretion, are fitting recipients.

The Hugh Stewart McCorquodale Memorial Fund (1901)

A bequest of 1,000 guineas made by Lieutenant Hugh Stewart McCorquodale, killed during the South African War, whereby the use of income is at the discretion of trustees.

Edwin Hampson Mackintosh Fund (1916)

Lieutenant Edwin Hampson Mackintosh, killed on the first day of the Battle of Loos, bequeathed £1k with the stipulation that the income is used for the benefit of officers of the Royal Navy or Royal Marines or their dependants.

Janson Fund (1918)

A gift of £10k was made by the then Chair, Percy Janson. Trustees designated that the capital or income be used primarily to assist officers of the Royal Navy, the Army and Royal Marines or their dependants in the form of grants towards the education and maintenance of their children.

Charles Skey Fund (2013)

In May 2013, Charles Skey, former trustee and Chair of Lloyd's Patriotic Fund, made a bequest of £1m to Lloyd's Patriotic Fund. Mr Skey expressed the wish that the capital is invested and untouched, and that the income is used for the general charitable purposes of the Fund. All income arising from the fund is expended during the year.

ACHIEVEMENTS

From February 2019 onwards, LPF undertook a strategic review which set up the fund with a new strategy, approach to fundraising and grant giving and the way it works with its charity partners for the new financial year.

Governance and Fundraising

The Trustee Recruitment subcommittee and Responsible Business team ran a robust and open recruitment campaign to bring on new trustees who met the knowledge and skills gaps that the board identified through their annual skills audit. LPF trustees attended a two-day in-depth trustee and governance training in January 2020. A review was undertaken of the LPF individual funds to improve their governance and streamline the sub-funds. The Fundraising and Marketing subcommittee focused on its fundraising "slip" campaign this financial year to increase financial support from the Lloyd's market for the LPF, in collaboration with the Royal British Legion Lloyd's and City branch.

Partnerships and Grant Giving

In the second half of 2019, the Fund implemented a new partnership approach to achieve its objectives for the relevant individual funds to support the Armed Forces community. The Fund invited applications from the military and ex-military charity sector for a three-year partnership to focus on employment support and mental health. Charities were invited to apply with a clear application, criteria for the partnership and process. The Charity Partner Selection subcommittee plus the Responsible Business team reviewed and shortlisted the organisations that were then invited to present at the October 2019 board meeting. The trustees agreed who to partner with at this meeting.

Priority was given to funding:

- Projects which encourage collaboration within the sector.
- Projects which support COBSEO and the Government's Veteran's Strategy.
- Projects in which service users input into identifying the need for the project.
- Projects which support the most "at risk" groups that are hardest to reach.
- Projects which are evidenced by research to support the proposal.
- Projects which demonstrate long term sustainability once the project donation has ended.
- Projects which clearly demonstrate how they meet an unmet need and key issues in the sector.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued)

ACHIEVEMENTS (continued)

Partnerships and Grant Giving (continued)

- Organisations that offer engagement opportunities to the market in terms of business collaboration, fundraising, volunteering, and awareness raising.

As part of the change in strategy to a more focused approach, the Fund has been working with our partners beyond the grant funding, to utilise the skills and expertise in the Lloyd's market through volunteering, fundraising and pro-bono support.

Donations are provided for strategic charity partnerships to undertake an agreed project, subject to rigorous due diligence checks and a detailed Funding Agreement. The effectiveness of the grants and partnerships are monitored through good relationships with the Responsible Business team at the Corporation of Lloyd's, at least one trustee leading on the engagement with the large partners, project/site visits where possible, regular meetings and check ins and a satisfactory mid project update and an end of project or annual update report to trustees.

In addition, Lloyd's Patriotic Fund gave out small grants of £10k each to charities and projects that help improve the transition for "at risk" groups (such as bereaved families, or early service leavers families) which focuses on mental health and building resilience, and employment support and financial independence to enable veterans and their families to build successful civilian lives and careers. A thorough grant application process was put in place and the Charity Selection subcommittee agreed the funding priorities and made the decision on who to award grants to at their October 2019 meeting based on a number of criteria to mark the applications objectively.

In line with the new strategy of the Fund, funding was not renewed for 2019/2020 with Royal Navy and Royal Marines Children's Fund, The Royal Navy Officers Charity, The Gurkha's Welfare Trust and SSAFA.

Charity Partnerships

Funded by a £200k donation from the Council of Lloyd's, Lloyd's Patriotic Fund donated £100k each to Combat Stress and RFEA The Forces Employment Charity (RFEA) for 2019/2020, the first of a three-year partnership commitment, of £100k grant per year. An additional £10k was given as an unrestricted grant during 2020 to each partner in response to COVID-19 related funding gaps. The achievements in the twelve months of the partnerships are outlined below.

RFEA the Forces Employment Charity

In 2018, a donation of £48k was made to RFEA, to pilot a new Families Employment Project to support 50 spouses and family members of serving Armed Forces and ex-service personnel into employment. Building on the success of this project and the subsequent growth in demand, £100k per year from 2019 has been made to fund two Families Employment Advisor roles for three years.

The Families Employment Programme supports spouses and partners of serving personnel and veterans into employment. The pilot Families Advisor role previously funded by the Fund based in Plymouth had secured future funding to continue the work at a capacity of a caseload of 80 beneficiaries. Therefore, the two new advisor roles are based in Salisbury and Catterick, where there is high need and demand for support in both regions.

After an initial recruitment period for the two roles, the posts commenced between January and March 2020. The achievements of the team were; establishing local referral routes, developing and delivering media campaigns to advertise the service and work closely with other military charities and partners to gain referrals. The team then began registering beneficiaries and engaged with employers from March 2020, as the impact of COVID-19 hit the UK. Spouses and partners were registered and needs assessments were undertaken to understand their readiness for work, barriers to employment and aspirations. Each Families Employment Advisor aims to support 60 beneficiaries per year. The project aims to develop confidence towards employment, build social stability and address complex needs (mental health needs, debt and housing problems) and aims for 50% of beneficiaries to enter into a preferred vocational outcome.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued) ACHIEVEMENTS (continued) RFEA (continued)

Due to COVID-19, the employment market slowed, but the team still delivered advice and guidance and increased welfare support, despite the difficulties of childcare and home-schooling for many of their clients. Since March 2020, the advisors reported the following referrals and outcomes:

Catterick: 16 referrals

3 full time employment placements made, 3 cases are employed or underemployed and looking.

Tidworth: 12 referrals

2 part time employment placements made, 5 cases are employed/underemployed and looking.

Beyond the project, RFEA have been working with the Fund to deliver a range of volunteering initiatives to the Lloyd's market and working closely with the Lloyd's Military Network to expand their work placement programme and collaborate on joint initiatives.

Combat Stress

In 2018, LPF provided funding to Combat Stress to introduce and offer sensory modulation to their veterans and their families needing coping strategies for their complex mental health needs. The programme was delivered by occupational therapists to 1,324 veterans, as well as providing a sensory treatment room, training to all occupational therapists and mobile sensory suitcases containing tools for delivering treatment in the community. Each veteran was viewed through a 'sensory lens', receiving a 1:1 sensory profile assessment with specific recommendations regarding sensory modulation strategies. This helps adopt targeted coping strategies to use in daily life, including self-regulation, enhanced ability to participate in trauma therapy, increased skills to manage difficult situations, improved participation in meaningful activities (hobbies, work, home, relationships) and increased satisfaction at work.

Building on this work, over the three year period and with a grant of £100k per year, the project will focus on conducting pioneering research to create an evidence base of occupational therapy input that will enhance the civilian lives and careers of veterans with trauma related mental health conditions and their families. Evidence will be developed for:

- The use of sensory modulation by occupational therapists specifically for veterans experiencing trauma;
- Using occupational therapy to build resilience in veterans with mental health conditions.

The findings of this research will demonstrate how sensory modulation techniques can improve veterans' lives so that it is used more widely by other agencies such as the NHS and veteran charities. The research will include sensory modulation treatment for 100 individual veterans over 18 months through 20 hours of sensory modulation work per veteran. 100 veterans will also complete a series of resilience building workshops over 21 months. These will all be adapted to be delivered remotely where needed during COVID-19. Since January 2020, a Lead Research Occupational Therapist has been recruited, trained and placed in post for the role, during which she has focused on the literature review for the research and the development of the workshop content, codesigning with involvement from veterans and adaptations for COVID-19 delivery of workshops and therapy.

Beyond the project, Combat Stress are working with the Lloyd's market around supporting veterans with mental health needs in the workplace and managing mental health and wellbeing during the impacts of COVID-19, as well as a range of fundraising initiatives.

2019/2020 Grants

Income from LPF investments supports the Fund's small grant giving programme. At the October 2019 trustee meeting, it was agreed that the following projects would be supported with small grants of £10k to deliver their projects from January 2020 – January 2021.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued) ACHIEVEMENTS (continued) 2019/2020 Grants (continued)

FirstLight Trust

£10k was granted towards the 'Sustaining Borders Family Life' project. This focuses on collaborating with a range of partners in a more coordinated manner to improve outcomes and provide integrated support to veterans, their families and carers. Focusing on "at risk" families in isolated communities with mental health and complex needs, the project brings together organisations in the Scottish borders and Northumberland. The impact of COVID-19 has delayed this project as it has made it difficult to reach more remote organisations and the furloughing of staff has put this project on hold, although referrals have been made and this project delivery model is currently being revised.

Scotty's Little Soldiers

£10k was awarded towards its "Scotty's Therapeutic Retreat", providing 20 bereaved and vulnerable British service children aged 8-11 years old with a safe retreat experience. The retreat aims to provide a safe space for grieving, sharing stories, re-connecting with the military and learning coping strategies to improve mental wellbeing. 21 children have been selected for the trip and the retreat has been designed and organised. The date for the event has been postponed and is waiting for a suitable date when it is safe to deliver the trip.

Stoll

£10k was awarded towards their "Health and Wellbeing" programme to improve physical health, emotional and mental wellbeing and increase independence for veterans who are homeless or at risk of homelessness. The project consists of a range of classes for both veterans and their families. Due to COVID-19, activities have been adapted and digital access has been provided with 59 activity packs distributed.

The Ripple Pond

£10k was awarded towards their "Spreading the Ripple" project to expand their services outside of southern England from April 2020. The Ripple Pond aim to relieve the stress, distress and suffering of the loved ones of the Armed Forces Community; supporting those who are impacted by bereavement, injury, impairment, trauma, illness or Service life. Additional funding provided the resource to grow the reach beyond southern England, combined with the shift in digital services and support due to COVID-19.

COVID-19 Response

In March in response to COVID-19, trustees agreed to make a range of additional donations to support existing and previous charity partners of the Fund. These were made in recognition of the financial constraints that charity partners faced at a time when demand for their services were increasing and the need to adapt quickly was imperative. Unrestricted donations of £10,000 were awarded to: RFEA, Combat Stress, FirstLight Trust, Scotty's Little Soldier's, Stoll and The Ripple Pond.

An additional donation of £25k was awarded to SSAFA, the Armed Forces charity, who the Fund had supported from 1999-2019, towards their COVID-19 Emergency Relief Fund. The Emergency Relief Fund has helped a wide range of beneficiaries in crisis during COVID-19 including working age and elderly veterans, those suffering financial hardship and/or mental health issues, those who are disabled, those with housing issues, and their families. The grant has helped keep vital front-line services in operation at a critical time, including the case working service, which has continued, largely remotely, to help those who are in need with a range of issues as a result of the pandemic. The confidential helpline, Forces line, is now seeing more calls than this time last year, and additional urgent financial assistance has been provided to those in crisis such as food vouchers, essential items debt issues. The Fund has also enabled the Mentoring service to grow due to increase demand to support Army service leavers.

Trustees recognise the impact of COVID-19 on the projects that they are funding and are mindful of the constraints that the partner charities and their staff are working under. Trustees understand the need to be flexible and supportive of partners operating an approach guided by the needs of their partner charities and the best use of funding to support their beneficiaries.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued) FINANCIAL REVIEW

Additional financial support to Combat Stress and RFEA has been provided by the Corporation of Lloyd's of £100,000 each in recognition of the partnerships with LPF in response to the impact of COVID-19 on the charity sector.

Funding Sources and Reserves Policy

The revenue of the Fund is generated from investment income and legacies and donations from individuals and companies.

The General Fund of Lloyd's Patriotic Fund receives an annual donation of £200k from the Council of Lloyd's to support the grant giving programme. In December 2018, the Council of Lloyd's committed £200k to the Fund for a further three years (2019-2021) to continue its charitable work. At the end of June 2020, there was no amount to be carried forward to 2020/2021.

The charity aims to maintain the real capital value of its investments in its reserves, whilst fully expending its donation and investment derived income in pursuit of its aims and objectives. As part of the new strategy, trustees reviewed their level of reserves and reserves policy. Trustees have agreed a reserves policy of holding circa £125k in reserve at all times (plus or minus 10%). A resolution will need to be passed to approve taking the cash reserves lower than £100k. This permits cover for any unbudgeted expenditure during the year. Trustees wish to keep at least 70% of the assets in investments that can be realised within three months and a minimum of 2% of total assets should be kept in cash or near cash investments at all times.

Investment policy and management

The invested funds of Lloyd's Patriotic Fund are held in funds managed by Cazenove Capital Management, whereby the costs of the investment management are borne directly by the Fund and amount to £13k (2019: £13k). The cash element and any surplus funds from the General Fund and sub funds are placed with Morgan Stanley Funds PLC (Gartmore). Fees are deducted based on the whole portfolio on a daily average market value at a rate of 0.35% subject to VAT. There are also underlying fund management charges which are deducted from investment income or capital.

Investments are reviewed on a regular basis during the year by the relevant lead 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 protecting the capital value of the fund.

Bi-annual review meetings are held with the Fund's advisory investment manager, Cazenove Capital Management as part of the Charities Investment Advisory Committee, as well as additional meetings with the lead trustees for LPF's investments.

A report on the investments by Cazenove Capital Management is included on pages 13 to 14.

Summary of investment changes and capital movement

The asset mix as at 30 June 2020 for the consolidated Lloyd's Patriotic Fund is 39.54% UK Equities, 10.21% Global Equities, 14.59% UK Property Funds, 2.48% JP Morgan and 0.29% Cash. Part of the portfolio is the Charles Skey Fund which makes up 32.89% of the portfolio.

The overall gross annual investment income amounted to £147k (2019: £142k).

The excess of income over expenditure for the year amounted to £93k (2019: £277K) and during the year the market value of the Foundation's investment portfolio decreased to a total of £3,025k (2019: £3,494k). More detail of this can be found in the Investment Managers report, Page 13.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued) FINANCIAL REVIEW (continued)

Ethical Policies

The trustees reviewed their level of exposure to ethically sensitive investments in 2017 and agreed that the total sector exposure to ethically sensitive stocks should remain under 10%. The exposure level to ethically sensitive investments continues to be low and investment managers continue to engage with companies to encourage them to manage their ESG impact. This exposure rating was reviewed in 2019 and will be reviewed again in 2020 by the lead trustees for LPF's investments, who also sit on the Charities Investment Advisory Committee. The trustees do not wish to adopt an exclusionary policy, but individual investments may be excluded if perceived to conflict with the Fund's purpose. It is ensured that all investments are held with acceptable evidence of ESG integration and the board's ethical investments approach is monitored by the board of trustees regularly.

Commitments and Liabilities

Lloyd's Patriotic Fund has made a commitment to spend the annual donation from the Council of Lloyd's on charitable partnerships that achieve the strategy of LPF. The selected charity partners (Combat Stress and RFEA The Forces Employment Charity) were announced in November 2019 after a fair and open application process in line with the new strategy of LPF for 2019/2020.

The committed expenditure amounts to £200k per year for three years. Additional annual grant giving will be given each year for small £10k donations.

Any potential reduction in future investment income as a result of COVID-19 will not materially affect any current project commitments. Trustees will continue to monitor the markets closely and have the option to drawdown funds as they see fit.

PLANS FOR FUTURE PERIODS

The plans for the financial year 2020-2021 include:

- Growing LPF's cash reserves to provide additional security to the Board.
- Making additional donations of circa £10k to small military charities in the coming year, in addition to the £200k spend per year for three years from the Council of Lloyd's.
- Delivering robust trustee training to address knowledge and skills gaps.
- Continuing support from the Lloyd's market through company donations and improving the marketing of the Fund.
- Working with Combat Stress and RFEA The Forces Employment Charity around engagement opportunities for the Lloyd's market to support the partnerships beyond the grant; e.g. fundraising, volunteering, awareness raising.
- Continuing to support charity partners as much as possible as needed through COVID-19 response and recovery.

Public Benefit

The Trustees take full account of the published Charity Commission general guidance on public benefit and are satisfied that the aims of the charity are carried out wholly in pursuit of its charitable aims for the public benefit. Lloyd's Patriotic Fund's grant-making is of measurable benefit to individuals. Applications can be made by all military and ex-military charities that support serving and ex-service armed forces personnel and their dependants who are in need.

Acknowledgement

The trustees wish to record their sincere thanks to members of the Corporation of Lloyd's staff who assist with the administration of the financial statements of the Fund, and to the Corporation of Lloyd's which bears the majority of administration costs.

The trustees are grateful to the Corporation of Lloyd's for their agreement to provide Lloyd's Patriotic Fund with an annual donation from the Council of Lloyd's, on behalf of the Lloyd's market.

The Trustees are grateful to the individuals and companies who supported the Fund with donations which amounted to £94k during the year.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued) PLANS FOR FUTURE PERIODS (continued)

The Trustees also wish to thank our charity partners for all their tireless support and help to the military community, veterans and their families.

Approved by the Board of Trustees on 16 February 2021 and signed on its behalf by: -



Ed Butler
Chair

Trustee



Will Roscoe
Deputy Chair

Trustee

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 PATRIOTIC FUND

REPORT OF THE INVESTMENT MANAGER TO THE TRUSTEES OF LLOYD'S PATRIOTIC FUND

YEAR ENDED 30 JUNE 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	Portfolio Weight %
Equities	2,500	82.6%
UK	2,191	72.4%
ASI UK All Share Tracker Fund	1,094	36.2%
Schroder Income Fund	486	16.1%
Trojan Income Fund	611	20.2%
Global	309	10.2%
Vanguard FTSE All-World ETF	309	10.2%
Property	441	14.6%
Charities Property Fund	441	14.6%
Cash	84	2.8%
Income Capital	8	0.3%
JPMorgan Liquidity Fund	1	0.0%
Total	3,025	100%

Source: Cazenove Capital, as at 30.06.2020

Portfolio Performance

Fund Performance 12 months to 30 June 2020

Equities

UK

Fund	ASI UK All Share Tracker Fund	1 Year
	Trojan Income Fund	-12.7%
	Schroder Income Fund	-5.3%
Index	FTSE All Share Index	-22.6%
		-13.0%

Global

Fund	Vanguard FTSE All-World ETF	5.2%
Index	MSCI AC World	5.2%

Alternatives

Property

Fund	Charities Property Fund	-1.2%
Index	IPD UK All Balanced Property	-2.6%

Source: Cazenove Capital. Performance is quoted net of underlying fund fees.

LLOYD'S PATRIOTIC FUND

REPORT OF THE INVESTMENT MANAGER TO THE TRUSTEES OF LLOYD'S PATRIOTIC FUND (continued)

Pandemic forces further stimulus

The continued threat of COVID-19 means that governments are in no position to start scaling back fiscal support. In the US, Congress finally agreed on a new stimulus package. In the UK, the Chancellor of the Exchequer announced a new £4.6 billion business support scheme, just months after talking about the need for "hard choices" on spending and taxes. More recently, the OECD has suggested that governments should not rush to tighten fiscal policy, following similar advice from the IMF late last year.

Markets keep their cool

Stock markets can be remarkably cold-blooded. 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. Sadly, this may not be the case for many smaller organisations.

US politics remains a risk

Economic activities continue to be dampened by the management of the pandemic. This, coupled with the fallout from the elections and the final makeup of the senate, is another source of uncertainty

European policy makers focused on recovery

European central banks remain keen to support the recovery. The Bank of England continues to discuss negative interest rates, without giving a clear indication of its intentions. This ambiguity may be deliberate; the possibility of negative rates helps keep borrowing costs very low, while the BoE avoids the operational and political challenges of actually implementing the policy.

Portfolio positioning

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 June 2020

LLOYD'S PATRIOTIC FUND

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF LLOYD'S PATRIOTIC FUND

Opinion

We have audited the financial statements of Lloyd's Patriotic Fund (the 'charity') for the year ended 30th June 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 June 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 PATRIOTIC FUND

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF LLOYD'S PATRIOTIC FUND (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 PATRIOTIC FUND

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 30 JUNE 2020

		Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds			
	Note	General Fund £'000	Janson Fund £'000	Mackintosh Fund £'000	Mackintosh Fund £'000	McCorquodale Fund £'000	Skey Fund £'000	
Income and Expenditure								2020 Total £'000
								2019 Total £'000
INCOME:								
Donations and legacies	2	294	-	-	-	-	-	294
Investment income	3	87	3	5	-	2	50	142
Total Income		381	3	5	-	2	50	441
EXPENDITURE:								
Cost of raising funds:								
Investment management fees		(8)	-	(1)	-	-	(4)	(13)
CHARITABLE EXPENDITURE:								
Donations and grants payable	4	(332)	-	-	-	-	-	(332)
Other Expenses		(3)	-	-	-	-	-	(4)
Total Resources Expended		(343)	-	(1)	-	-	(4)	(105)
Net income and net movement in funds before gains and losses		38	3	4	-	2	46	93
Realised gains		11	1	-	1	-	-	13
Unrealised losses		(259)	(11)	-	(15)	(5)	(201)	(491)
Net losses	5	(248)	(10)	-	(14)	(5)	(201)	(478)
NET MOVEMENT IN FUNDS		(210)	(7)	4	(14)	(3)	(155)	(385)
Reconciliation of Funds								
Total funds brought forward		2,316	94	10	120	43	1,238	3,821
Total funds carried forward		2,106	87	14	106	40	1,083	3,821

The notes on pages 19 to 22 form part of these financial statements.

LLOYD'S PATRIOTIC FUND

BALANCE SHEET AT 30 JUNE 2020

	Note	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds				
		General Fund £'000	Janson Fund £'000	Mackintosh Income £'000	Mackintosh Fund £'000	McCorquodale Fund £'000	Skey Fund £'000	2020 Total £'000	2019 Total £'000
INVESTMENTS									
At Market Valuation	4	1,801	84	-	106	39	995	3,025	3,494
CURRENT ASSETS									
Debtors		-	-	-	-	-	-	-	12
Short term deposits		23	-	-	-	-	-	23	23
Cash at bank		390	3	14	-	1	89	497	298
		413	3	14	-	1	89	520	333
CURRENT LIABILITIES									
Creditors falling due within one year	6	(108)	-	-	-	-	(1)	(109)	(6)
		(108)	-	-	-	-	(1)	(109)	(6)
NET CURRENT ASSETS									
		305	3	14	-	1	88	411	327
NET ASSETS									
		2,106	87	14	106	40	1,083	3,436	3,821
FUNDS									
		2,106	87	14	106	40	1,083	3,436	3,821

LLOYD'S PATRIOTIC FUND

Approved and authorised for issue by the Board of Trustees on 16 February 2021 and signed on its behalf by



Ed Butler
Chair

Trustee



Will Roscoe
Vice Chair

Trustee

The notes on pages 19 to 22 form part of these financial statements.

LLOYD'S PATRIOTIC FUND

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 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) DONATIONS AND LEGACIES

Donations and legacies are included in the statement of financial activities when receivable.

C) 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.

Investment income in relation to the permanent endowment funds of Skey and McCorquodale are not restricted in use and are therefore included within the unrestricted income. Investment income in relation to the Mackintosh endowment fund is restricted in nature.

D) GAINS AND LOSSES ON DISPOSAL OF INVESTMENTS

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

E) GRANTS

Grants are accounted for by reference to the amount paid in respect of the accounting period. In relation to this annual report and reporting practices, grants are recognised at the point in which they are approved by trustees (e.g. at the meeting in which the decision was made, rather than the date in which grants were received by the charities).

F) ADMINISTRATION EXPENSES

The costs of the administration of the Fund are borne in full by the Corporation of Lloyd's with the exception of investment management fees, audit fees and bank charges. No remuneration was paid to the Trustees from Lloyd's Patriotic Fund, nor were any Trustees expenses reimbursed to them from the Fund. Reasonable travel expenses for trustees were reimbursed from the Corporation of Lloyd's.

G) INVESTMENTS

Investments are stated at their market value at the date of the 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 PATRIOTIC FUND

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

ACCOUNTING POLICIES (CONTINUED)

H) ALLOCATION BETWEEN FUNDS

The Charles Skey Fund has its own portfolio of investments which is reported separately. The remaining portfolio is allocated to the other individual funds in proportion to their share of the Fund account balance at the beginning of the year.

I) TAXATION

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

J) DEBTORS

Debtors are recognised at the settlement amount due.

K) 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.

L) 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.

M) 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 DONATIONS AND LEGACIES

	2020	2019
	£'000	£'000
Donation from the Corporation of Lloyd's	200	200
General donations	94	40
	294	240

LLOYD'S PATRIOTIC FUND

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

3 INVESTMENT INCOME

	2020	2019
	£'000	£'000
Equity Fund Investments	120	115
Property fund	26	26
UK fixed interest investments	1	1
	147	142

In 2020 of the investment income, £5k (2019: £5k) was attributable to restricted income funds, with the balance of £142k (2019: £137k) adding to unrestricted funds.

4 ANALYSIS OF CHARITABLE EXPENDITURE

	2020	2019
	£'000	£'000
Soldiers, Sailors, Airmen and Families Association	28	73
Combat Stress	110	-
Sir Oswald Stoll Foundation Fundraising	20	-
Royal Navy & Royal Marines Children's	-	5
RNOC	-	2
Gurkha Welfare Trust	-	8
RFEA	110	-
Not Forgotten Association	4	-
The Ripple Bond	20	-
Scotty's Little Soldiers	20	-
First Light Trust	20	-
	332	88

LLOYD'S PATRIOTIC FUND

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

5 QUOTED INVESTMENTS

	2020			
	£'000	£'000	£'000	£'000
	Equity	Property	Cash	Total
Market value brought forward	3,014	480	-	3,494
Realised investment gain (loss)	13	-	-	13
Net unrealised gain (loss) for the year	(452)	(39)	-	(491)
Movements on cash account	-	-	9	9
Market value carried forward	2,575	441	9	3,025

6 CREDITORS

	2020 £'000	2019 £'000
Investment management fee	3	4
Donations payable	100	-
Insurance	1	-
Audit fee	5	2
	109	6

7 DISCLOSURE OF RELATED PARTY TRANSACTIONS & TRUSTEE REMUNERATION

The trustees receive no remuneration and no expenses were reimbursed within the financial year from Lloyd's Patriotic Fund (2019 – none). Reasonable travel expenses for trustees were reimbursed from the Corporation of Lloyd's.

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

8 FUNDING COMMITMENTS

Lloyd's Patriotic Fund receives £200k from the Council of Lloyd's for a three-year commitment (2019, 2020, 2021). Lloyd's Patriotic Fund has made a commitment to spend this donation to fund its two partners, Combat Stress and RFEA The Forces Employment Charity. The donation from the Council of Lloyd's is approved annually subject to satisfactory performance reports from our partners to meet the commitment outlined in funding agreements with each partner. The payments are made in two instalments per 12-month period, subject to trustee satisfaction.