



Arlingclose Ltd:
Independent treasury management services

Treasury Management Workshop

Bolsover District Council

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28th November 2019

Treasury Management - a quick re-cap

CIPFA definition

“The management of the organisation’s investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”

Management of the Council’s

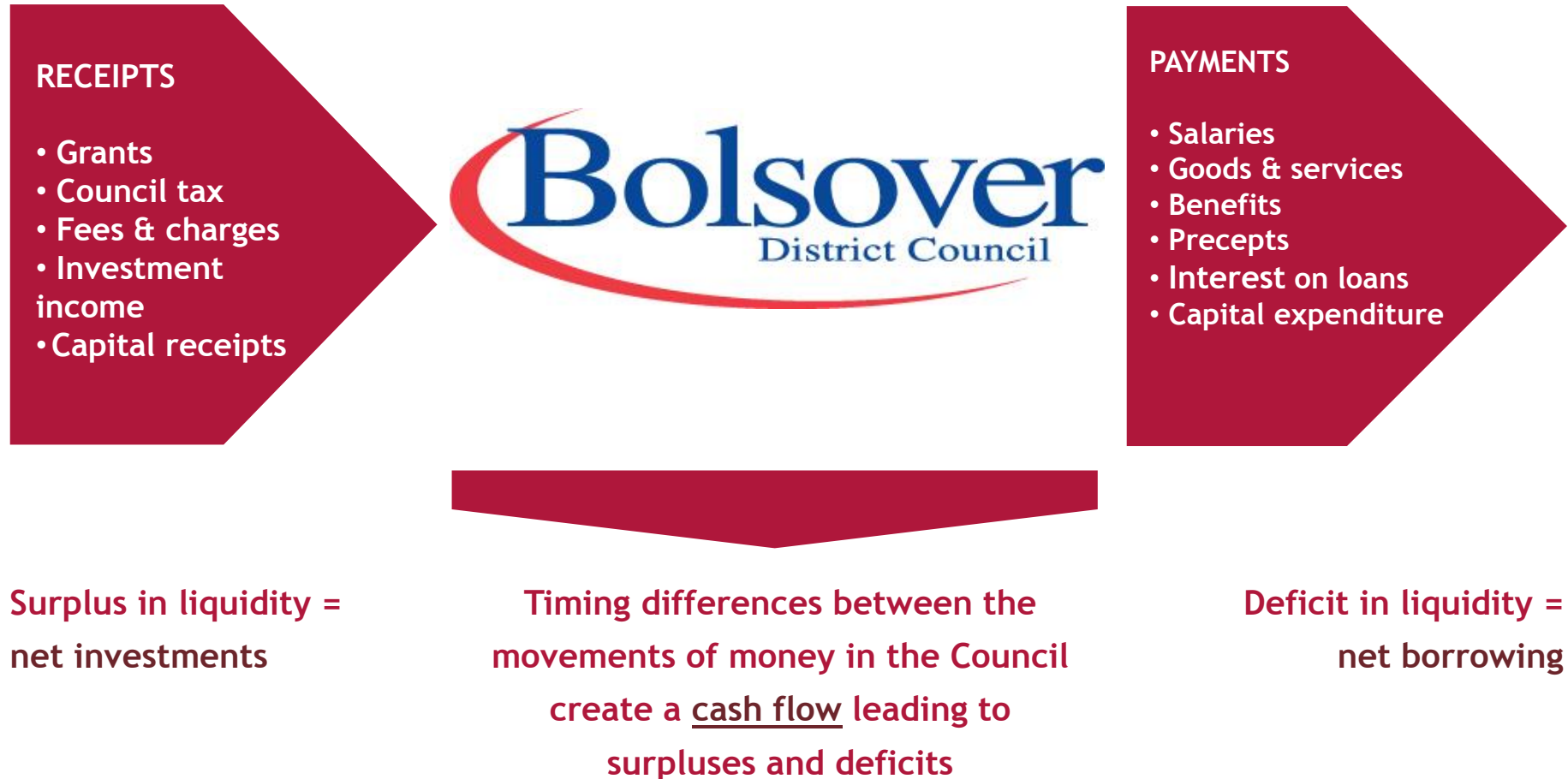
- Investments
- Cash flows
- Banking arrangements
- Money market transactions (short term)
- Capital market transactions (long term)

Effective control of the associated risks

Pursuit of optimum performance

- Within the context of effective risk management

Treasury Management



Legislation

Local Authorities MAY:

- invest money or borrow money for:
 - relevant purposes
 - prudent management
- do anything individuals do

Local Authorities MUST:

- Set affordable borrowing limits
- Have regard to guidance published by MHCLG and CIPFA
- supply MHCLG with information requested

MHCLG Department MAY:

- set borrowing limits
- issue regulations, guidance or directions

Local Authorities MUST NOT:

- exceed their affordable borrowing limit
- borrow in foreign currency
- mortgage property
- delegate the approval of an annual strategy to any committee or person

Treasury Management

Capital Expenditure Plans should be:

- **Prudent** in meeting service needs and providing value for money
- **Affordable** in terms of acceptable Council Tax levels
- **Sustainable** over the long-term - requiring asset management plans
- Value for Money
- Stewardship of Assets

The guiding principles of the Prudential Code



Investments give priority to:

- **Security** - minimising risk of loss of invested monies
- **Liquidity** - ensuring money is available when needed
- **Yield** - earning a return consistent with the above

Published Codes and Guidance

- CIPFA Treasury Management Code (2017)
- CIPFA Prudential Code for Capital Finance (2017)
- Communities and Local Government (CLG) Investment Guidance (revision expected 2018)

Members' Responsibilities

What is your role as Elected Members?

Role of the Council

- Set the **budget** and **capital programme**
- Receive a **capital strategy**
- Approve the **Treasury Management Strategy**
- Approve the **Investment Strategy**
- Approve the **Prudential Indicators** including
 - Capital Financing Requirement
 - the Authorised Limit
- Approve **Treasury Management Indicators**
- Receive mid-year and annual reports (minimum)

Role of Elected Members

- Decide the Council's appetite for **risk and return**
- Review policies, strategies and budgets
- Approve division of responsibilities
- Receive and review reports
 - Performance reports
 - Audit reports, acting on recommendations
- **Challenge, where appropriate**

What are you determining?

Capital Strategy and Prudential Indicators

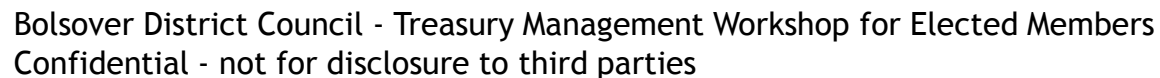
- **Projected capital expenditure** and how it will be financed or funded
- The **Capital Financing Requirement (CFR)** ~ the underlying need to borrow
- **Affordability**
 - Ongoing impact of the capital programme
 - **Authorised Limit** (overall limit for indebtedness)
 - Estimates, limits of future debt levels
- Now a requirement for a **Capital Strategy** to be taken to full Council

The Treasury Strategy highlights:

- External influences: the current and anticipated economic and interest rate environment
- Local Context: Issues specific to the Council
- Projected levels of debt and investment
- Strategy for borrowing and investment
- Criteria and limits
- Inherent and potential risks to the strategy and their management

You have ownership of your Budget, Capital Programme and Treasury Strategy

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Bolsover's Plans

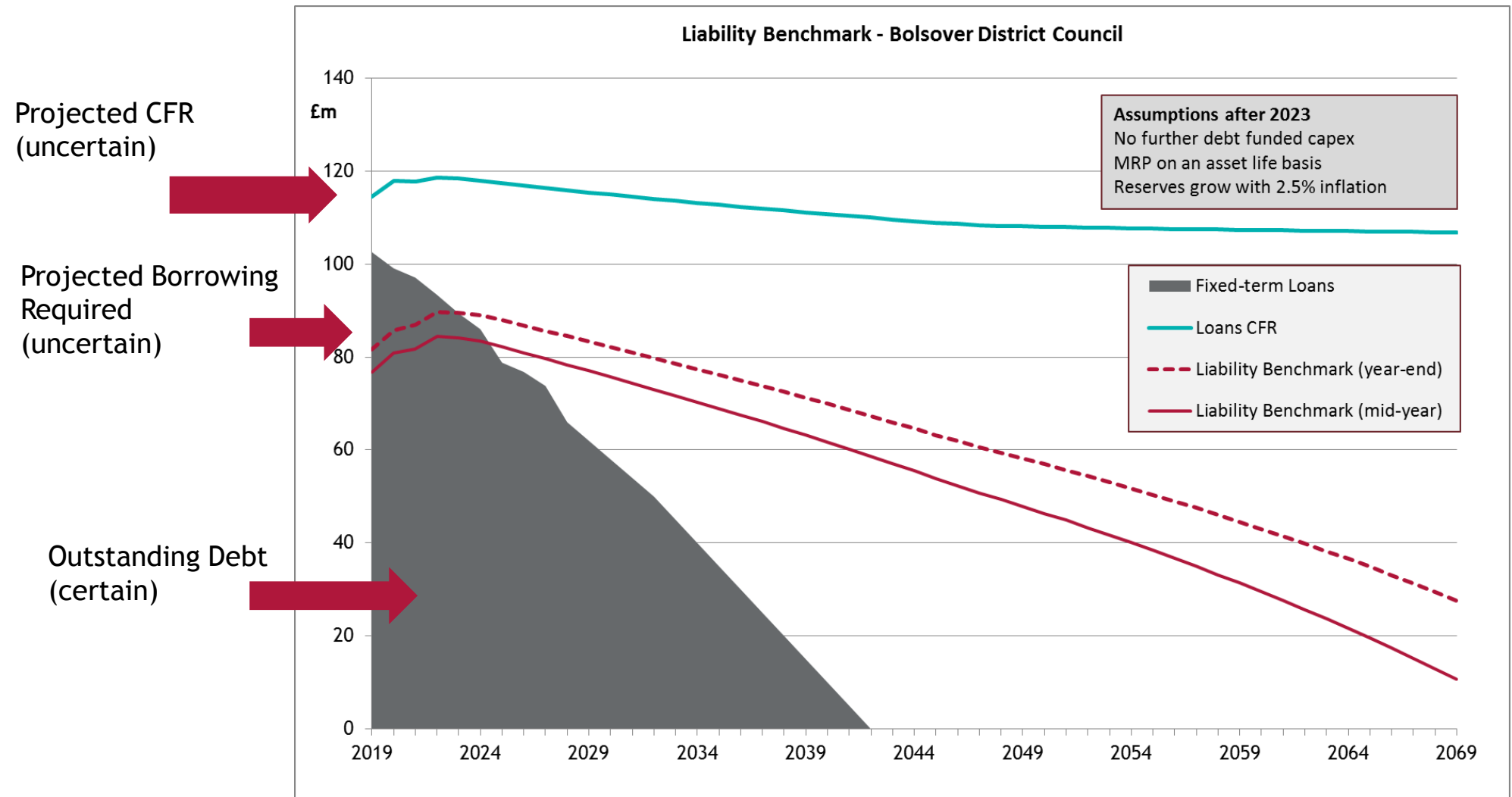
- *Factors within your control*

Does Bolsover DC need to borrow?

Bolsover District Council					
Balance Sheet Summary and Projections in £millions - last updated 19 Nov 2019					
31st March:	2019	2020	2021	2022	2023
Loans Capital Financing Req.	114.5	117.9	117.7	118.6	118.4
Less: External Borrowing	-102.6	-99.1	-97.1	-93.4	-89.4
Internal (Over) Borrowing	11.9	18.8	20.6	25.2	29.0
Less: Usable Reserves	-42.5	-41.8	-40.5	-38.6	-38.5
Less: Working Capital Surplus	-0.3	-0.3	-0.3	-0.3	-0.3
Investments / (New Borrowing)	30.9	23.3	20.2	13.7	9.8

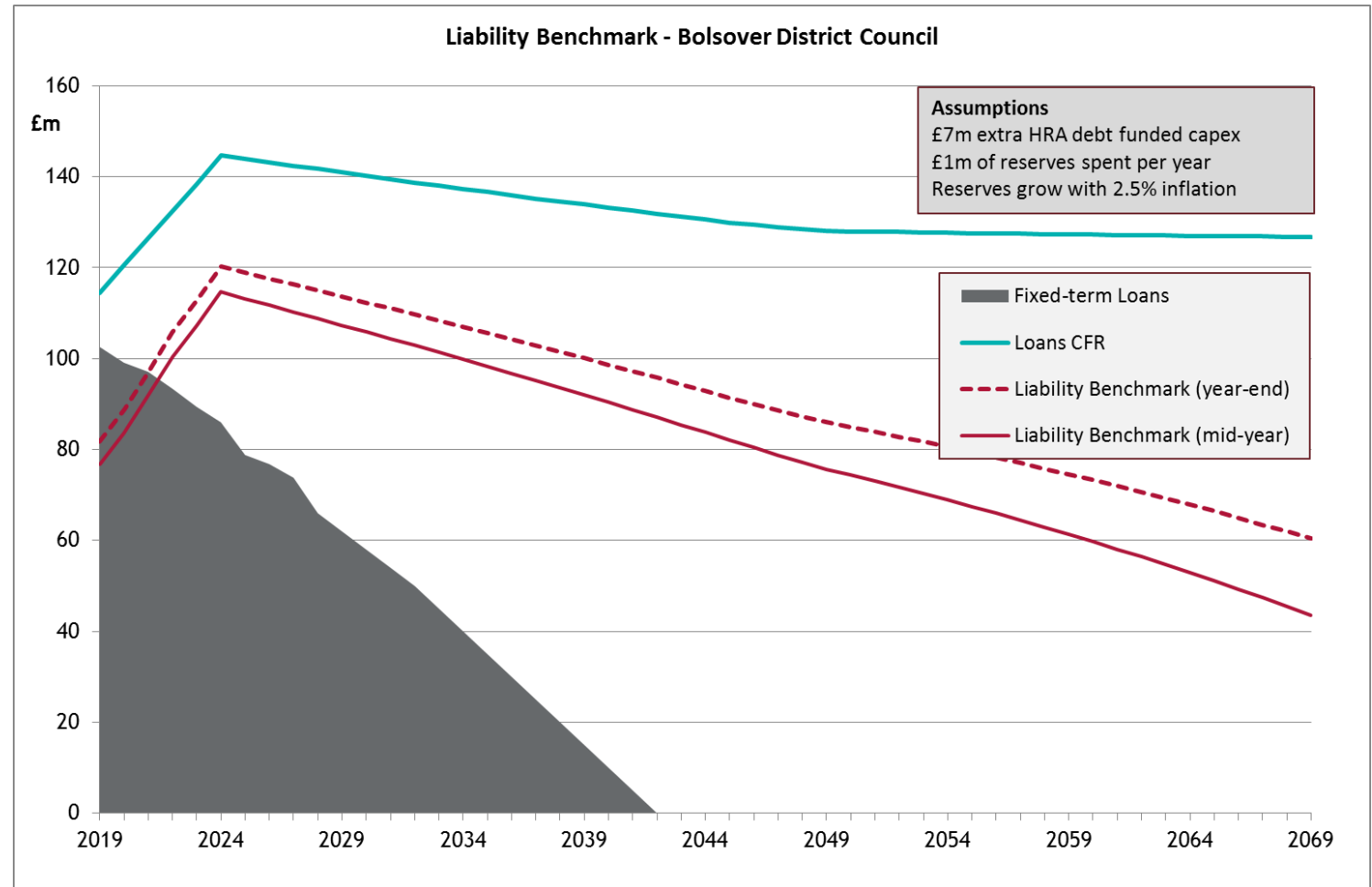
- The majority of Bolsover's debt comes from HRA reform, when the council was required to take out debt to "buy out" the subsidy regime
- Current plans lead to a modest increase in the CFR, and therefore underlying need to borrow
- However, that doesn't necessarily mean that external borrowing is required
- The council has the option to spend cash it has on hand, generated by reserves i.e. "internally borrow"
- If plans remain the same, then the council will be a net investor, but will plans remain the same, especially reserves?

Does Bolsover need to borrow?



What if the plans change?

- Reserves drawdown more quickly than expected
- Capital expenditure plans change
- Borrowing requirement appears sooner

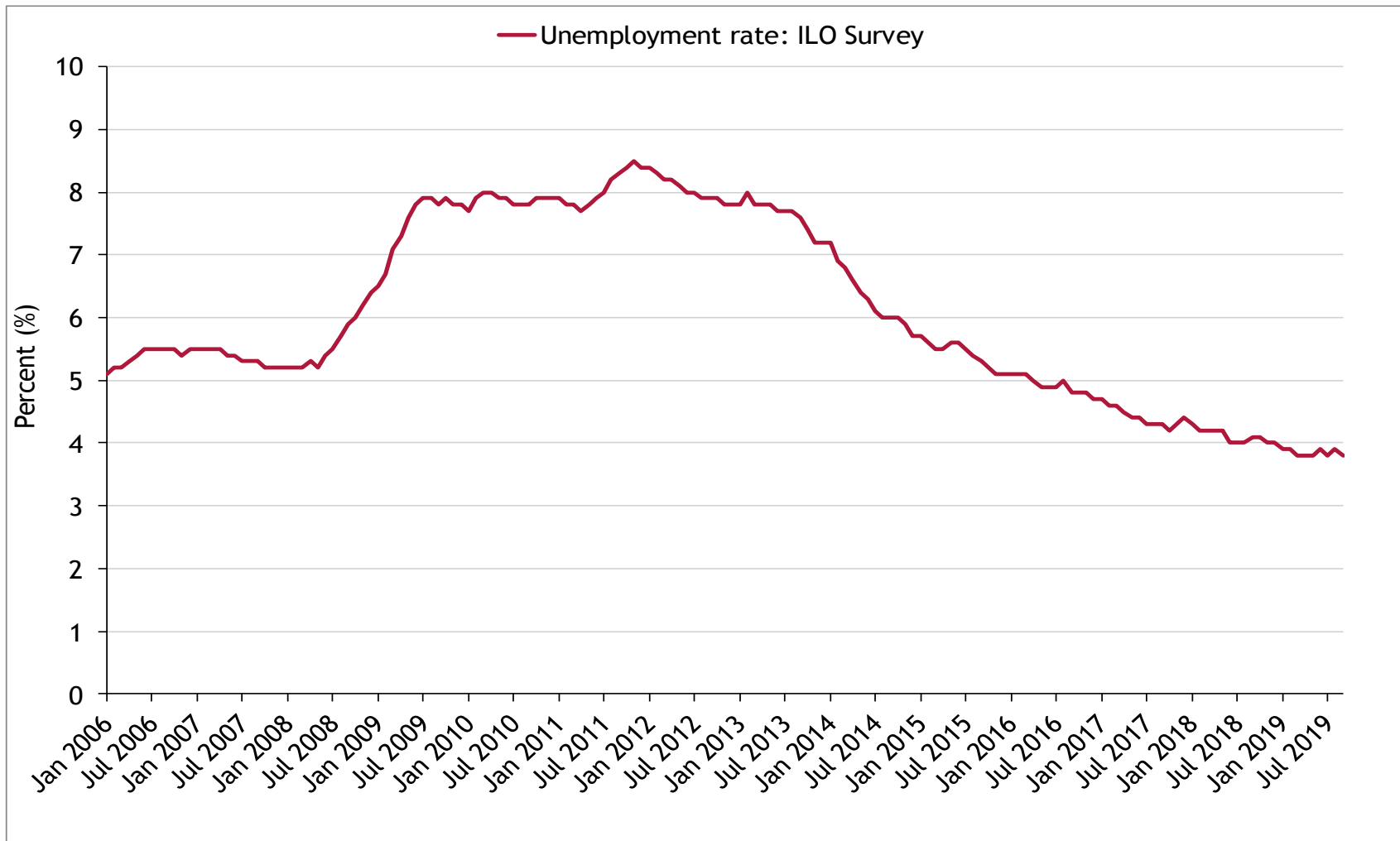


Economic Outlook

- *Factors outside your control*

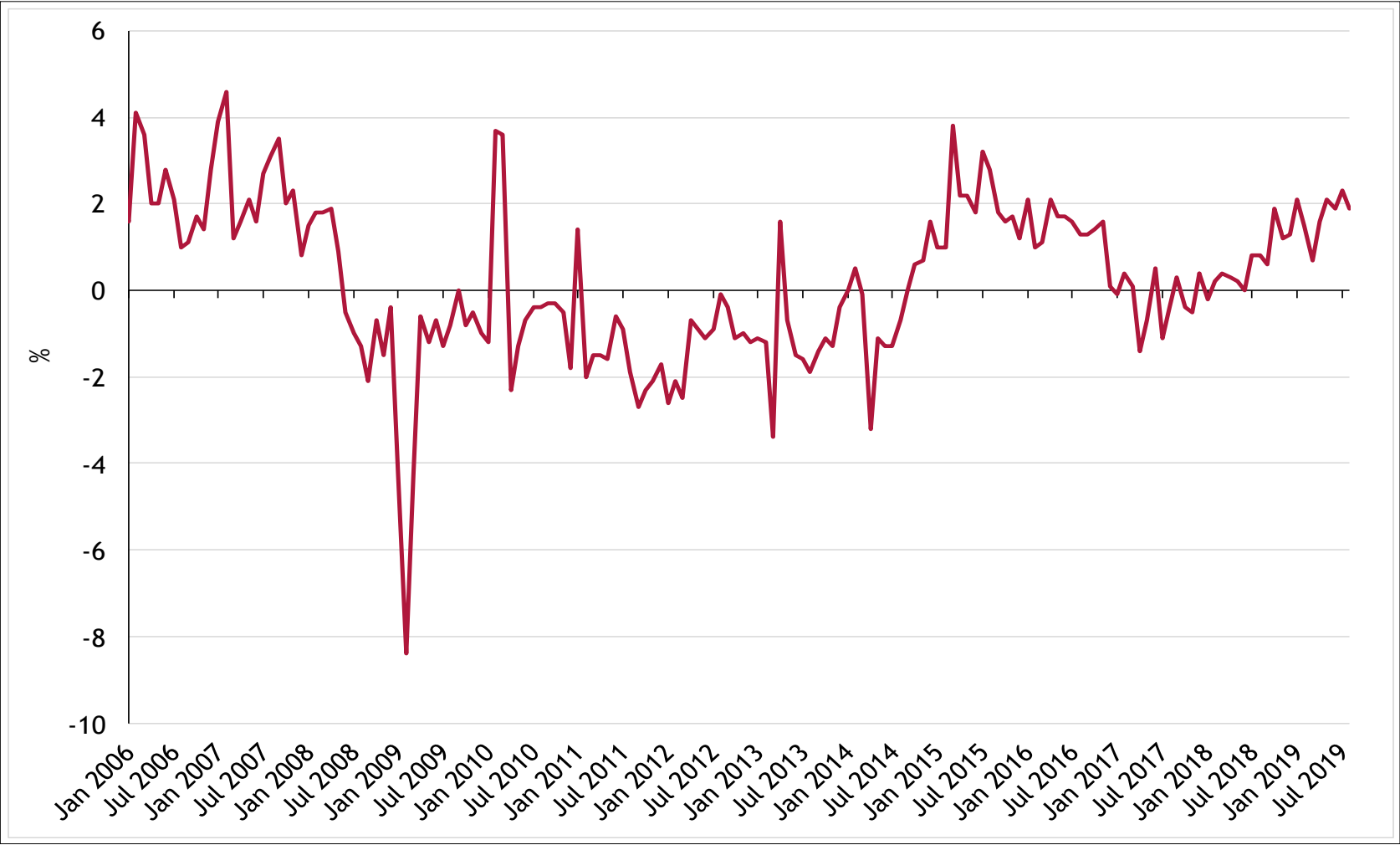
UK Unemployment: ILO Survey (monthly)

Unemployment: ILO Survey			
Current Value	3.80	Maximum	8.50
Date	30/09/2019	Date	30/11/2011
Average	5.91	Minimum	3.80
Ticker	UKUEILOT Index	Date	31/03/2019



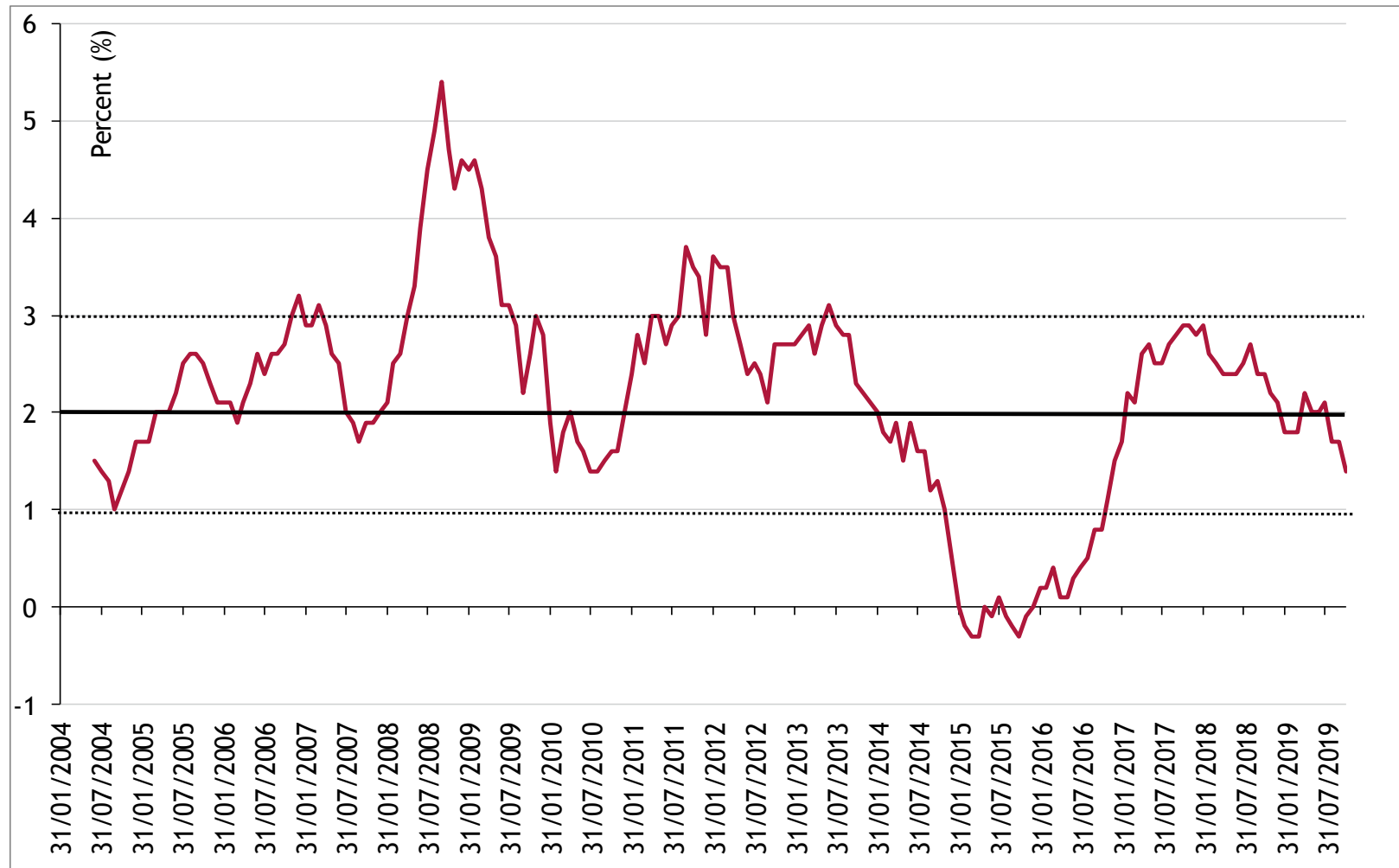
Real Average Earnings Growth (CPI adjusted, year-on-year, monthly)

UK Real Average Weekly Earnings YoY			
Current Value	1.90	Maximum	4.60
Date	31/08/2019	Date	28/02/2007
Average	0.56	Minimum	-8.40
Ticker	UKAWA3WV Index	Date	28/02/2009



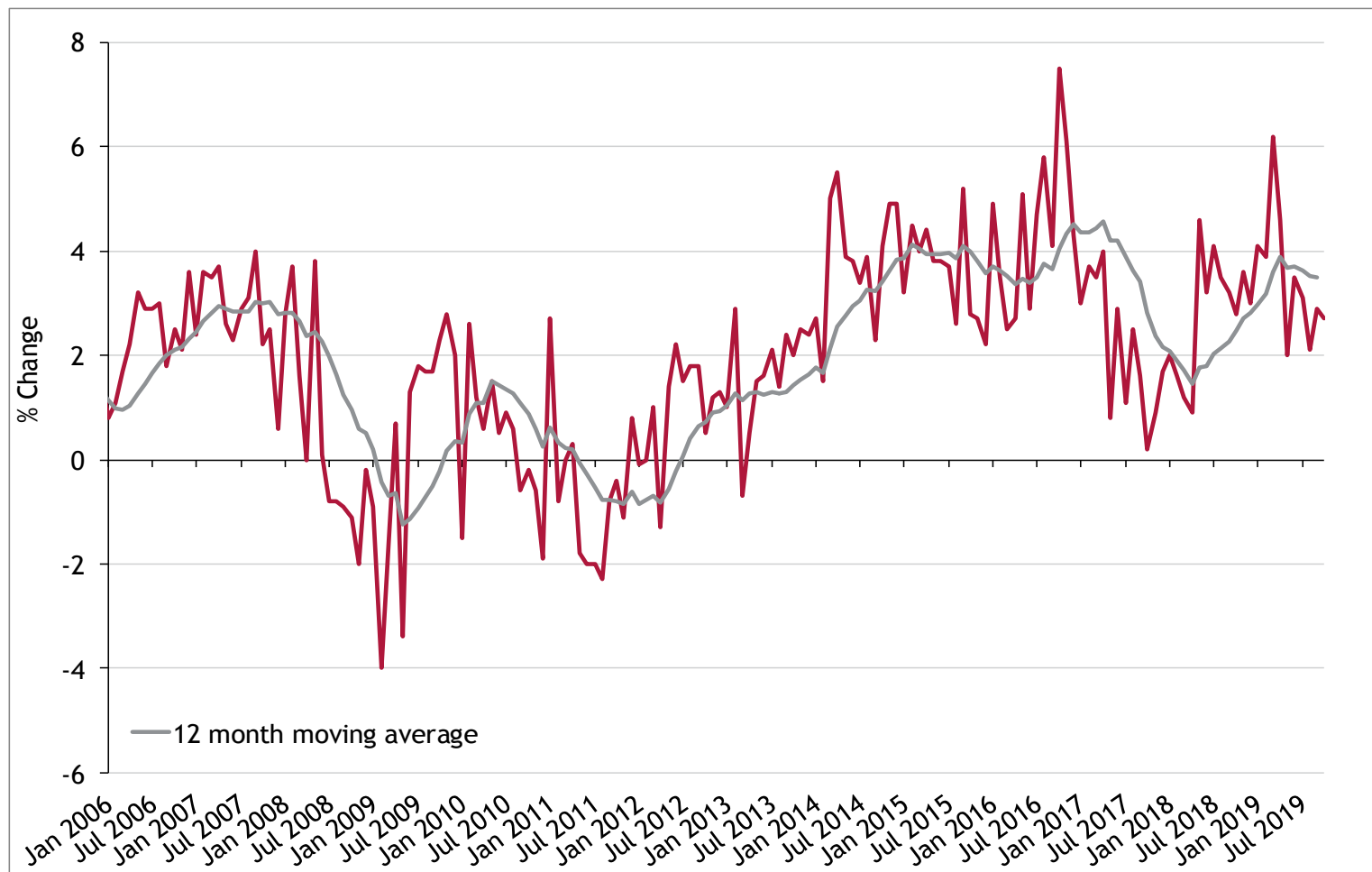
CPI YOY (monthly)

UK CPI YOY			
Current Value	1.50	Maximum	5.20
Date	31/10/2019	Date	30/09/2008
Average	2.27	Minimum	-0.10
Ticker	UKRPCJYR Index	Date	30/04/2015



Retail Sales Excluding Auto Fuel YOY (monthly)

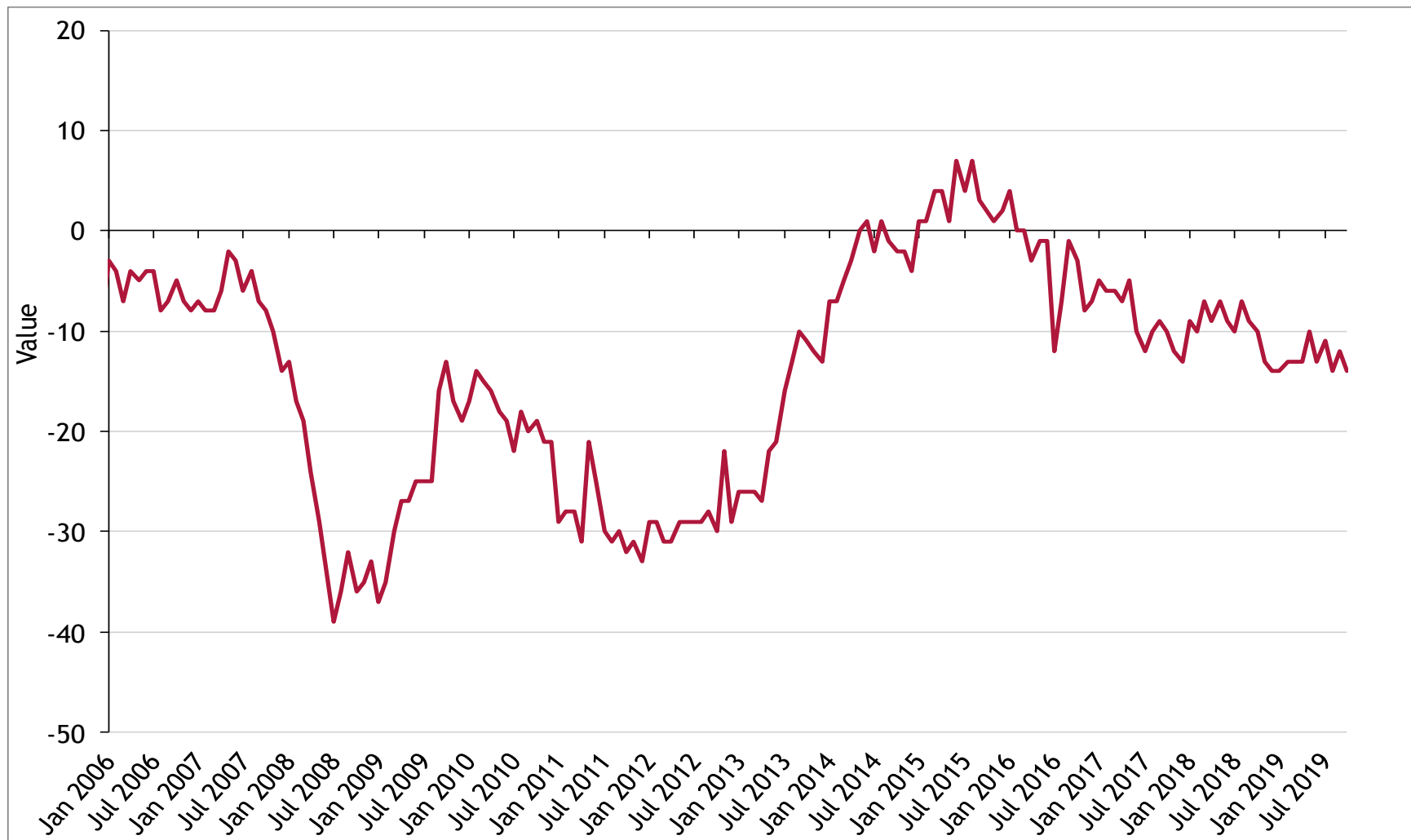
UK Retail Sales Excluding Auto Fuel YoY			
Current Value	2.70	Maximum	7.50
Date	31/10/2019	Date	31/10/2016
Average	2.22	Minimum	-4.00
Ticker	UKRVAYOY Index	Date	28/02/2009



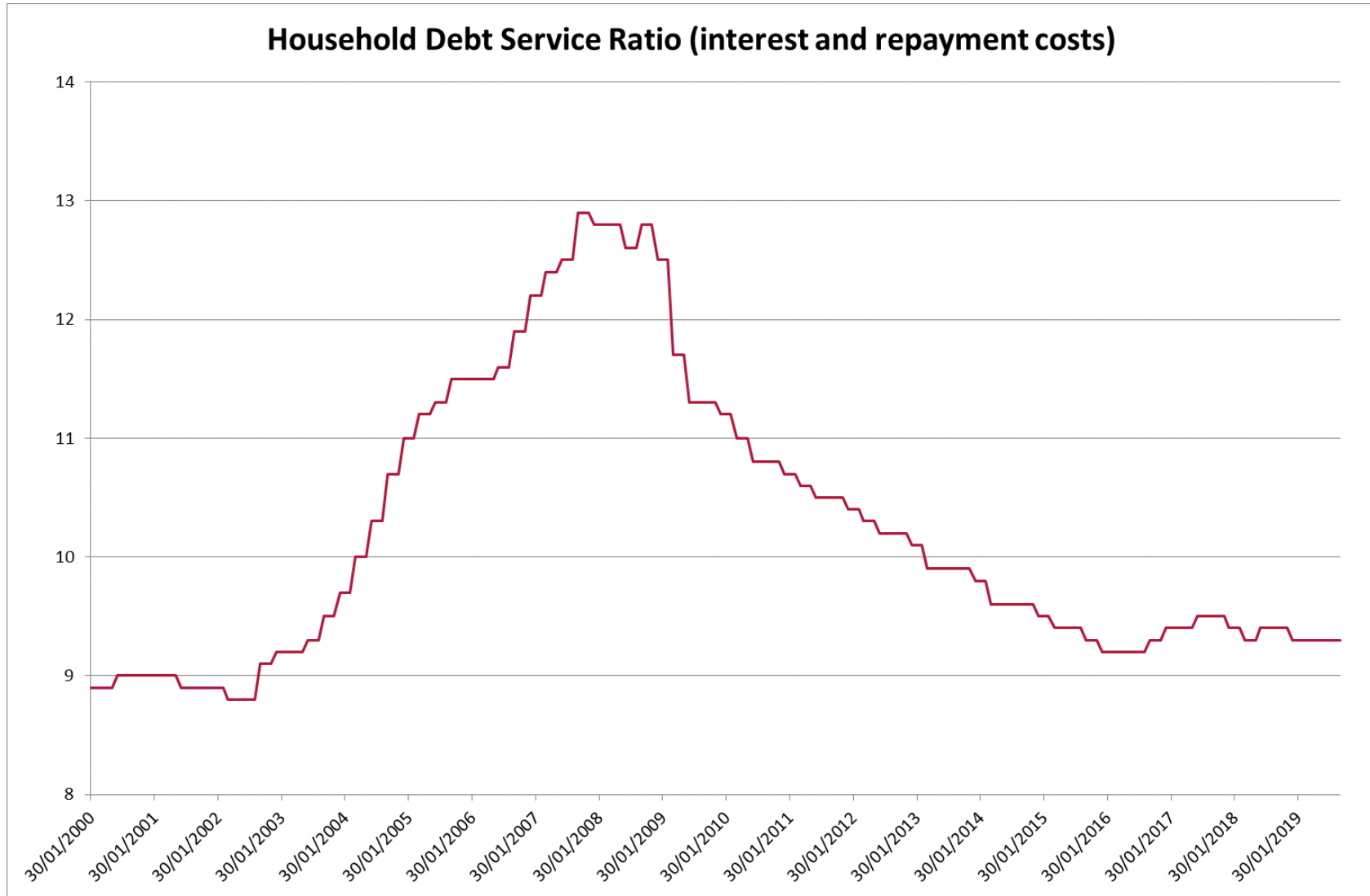
Retail Sales Monthly	
07/2018	1.0%
08/2018	0.4%
09/2018	-0.4%
10/2018	-0.5%
11/2018	1.2%
12/2018	-1.2%
01/2019	1.1%
02/2019	0.2%
03/2019	1.4%
04/2019	-0.4%
05/2019	-0.3%
06/2019	0.8%
07/2019	0.4%
08/2019	-0.3%
09/2019	0.2%

GFK UK Consumer Confidence (monthly)

GFK UK Consumer Confidence			
Current Value	-14.00	Maximum	7.00
Date	31/10/2019	Date	30/06/2015
Average	-12.56	Minimum	-39.00
Ticker	UKCCI Index	Date	31/07/2008

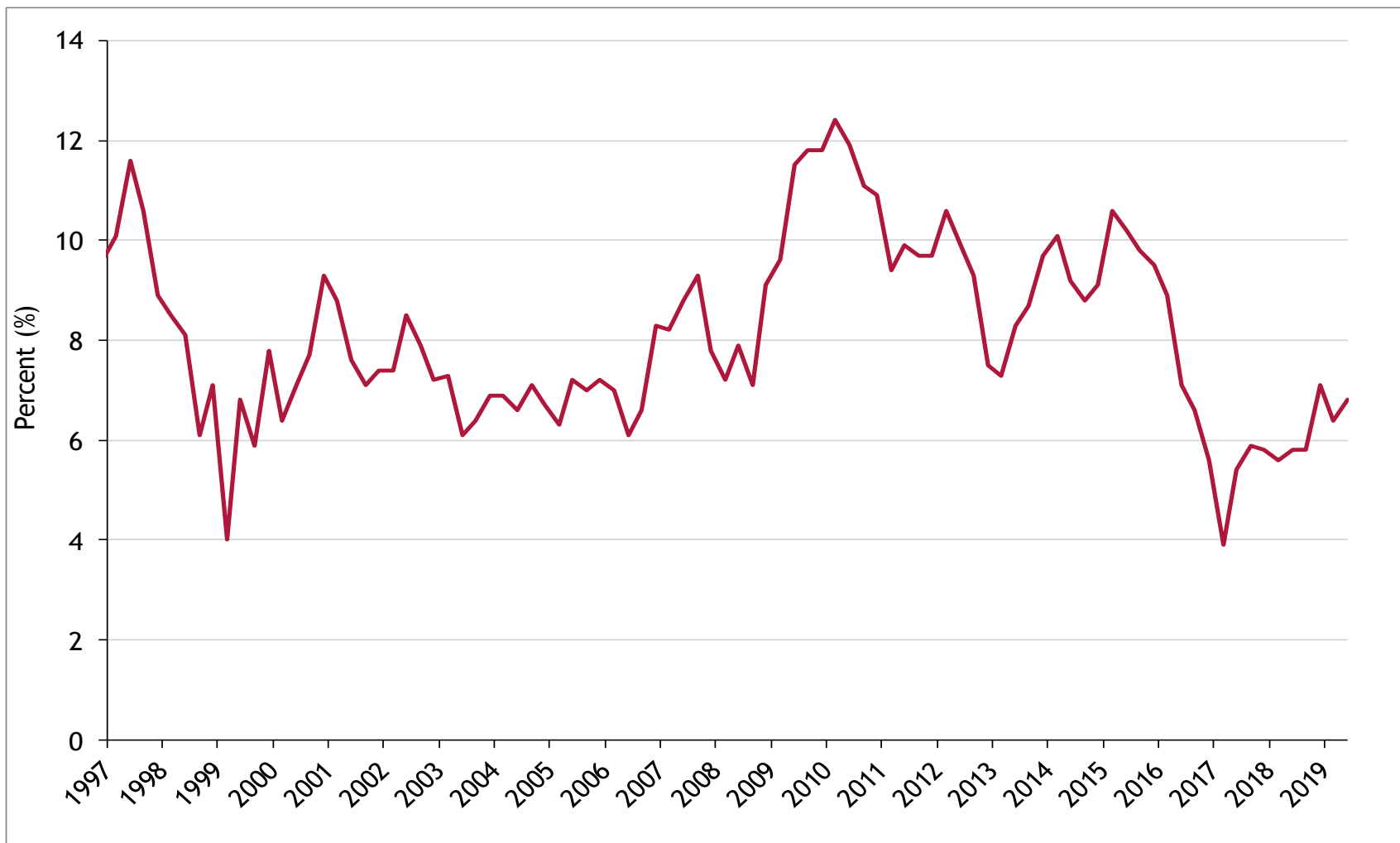


UK Household Debt Service Ratio



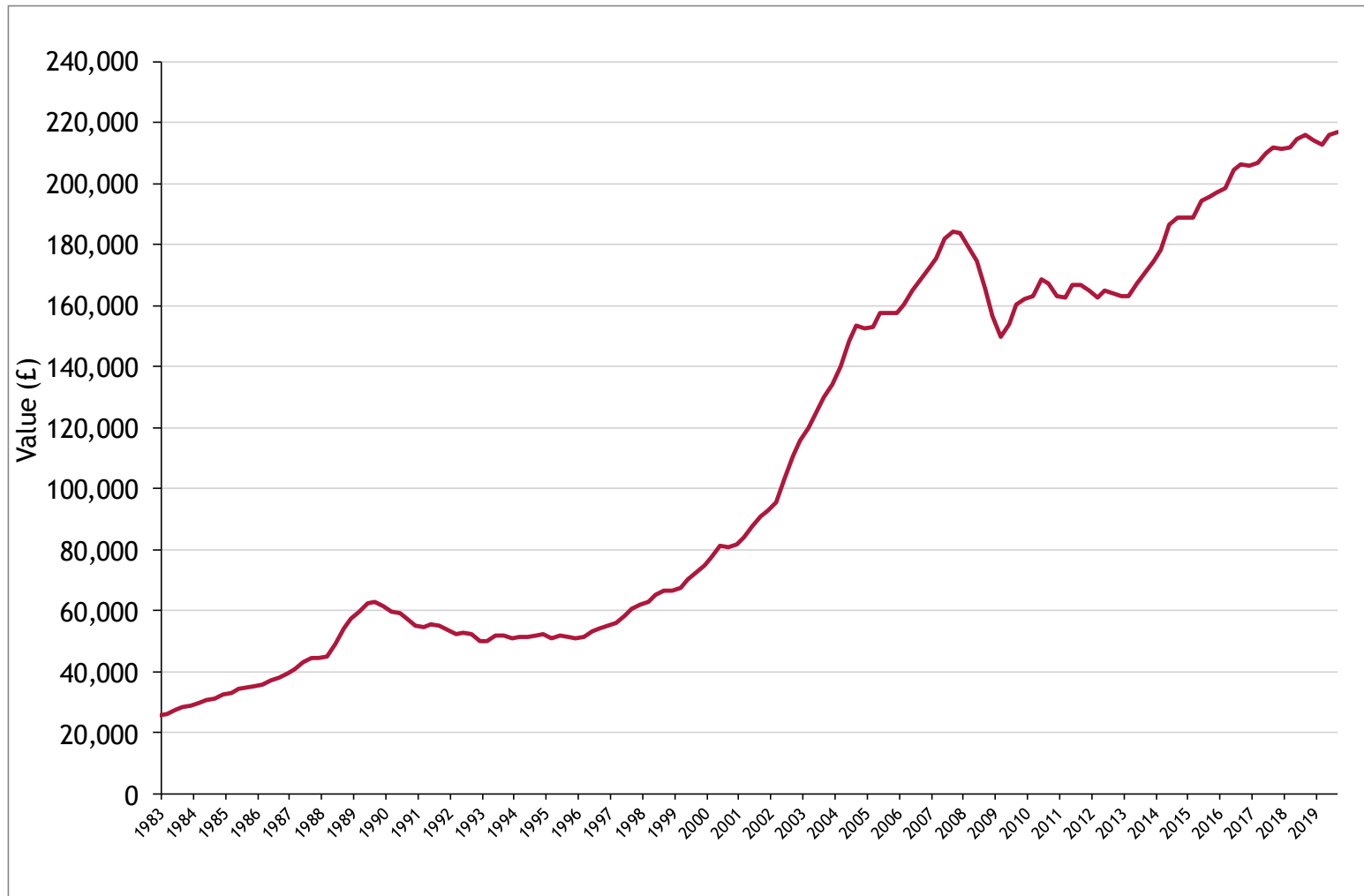
UK Savings Ratio (quarterly)

UK Savings Ratio			
Current Value	6.80	Maximum	13.40
Date	28/06/2019	Date	31/03/1995
Average	8.43	Minimum	3.90
Ticker	UKSVRATI Index	Date	31/03/2017



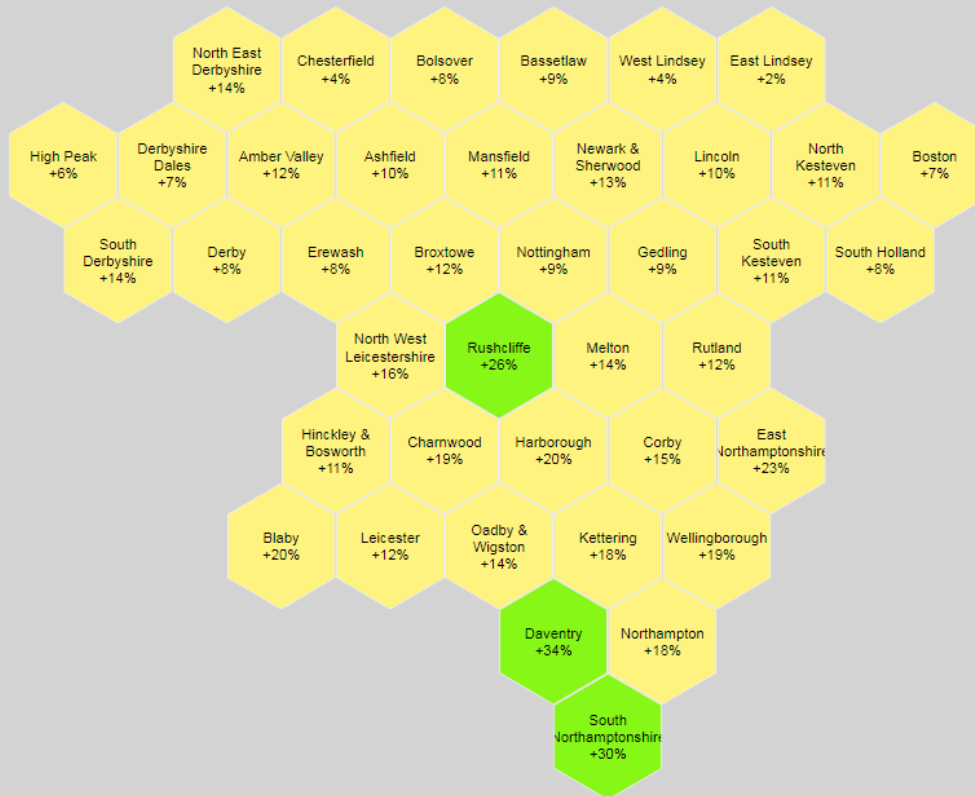
UK Nationwide Average House Price (monthly)

UK Nationwide Average House Prices			
Current Value	216,805	Maximum	216,805
Date	30/09/2019	Date	30/09/2019
Average	104,127	Minimum	22,677
Ticker	UKNAUKP Index	Date	31/01/1983



Local House Price Changes (%)

Median house price % change (2007 to 2016) in East Midlands

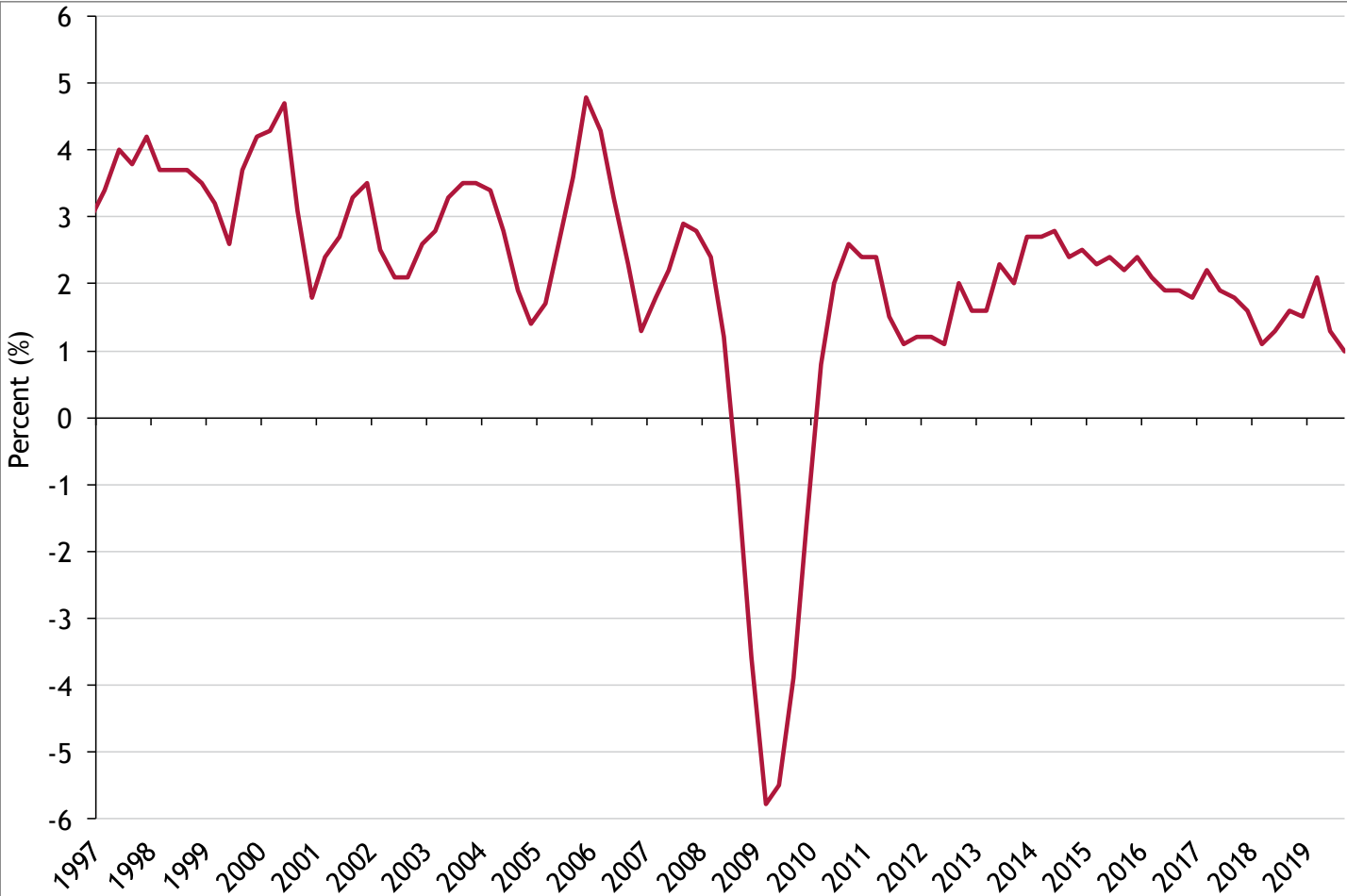


Median house price % change (2007 to 2016) in Bolsover



UK GDP YOY (quarterly)

UK GDP YOY			
Current Value	1.00	Maximum	4.80
Date	30/09/2019	Date	30/12/2005
Average	2.13	Minimum	-5.80
Ticker	UKGRABIY Index	Date	31/03/2009

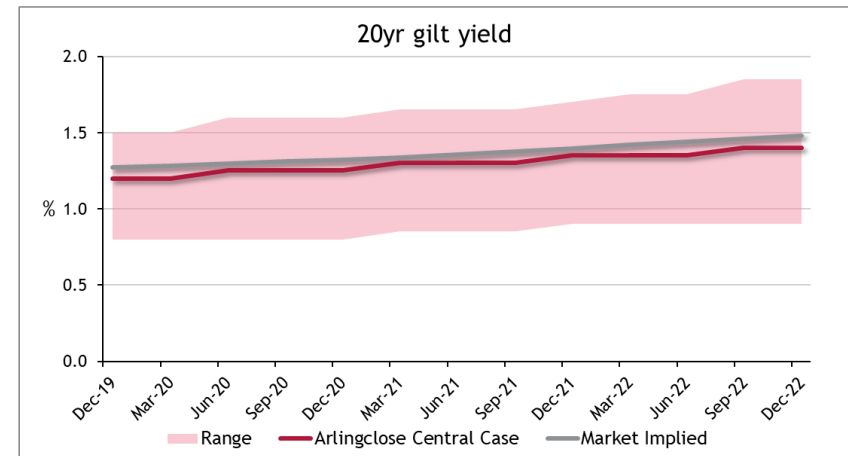
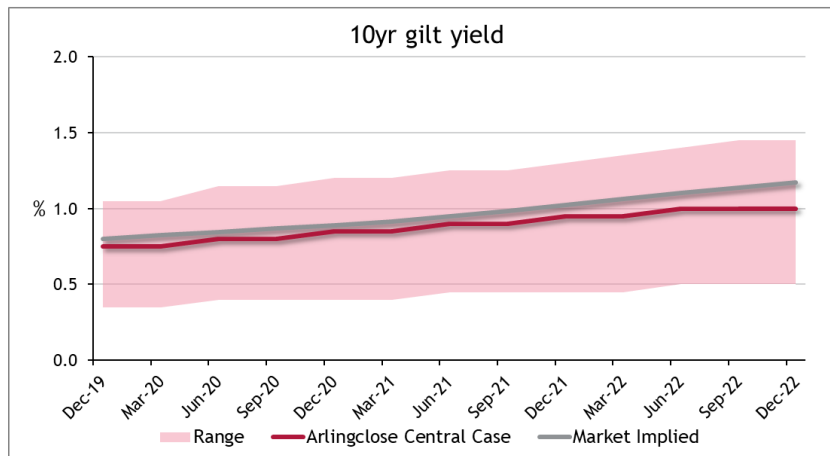
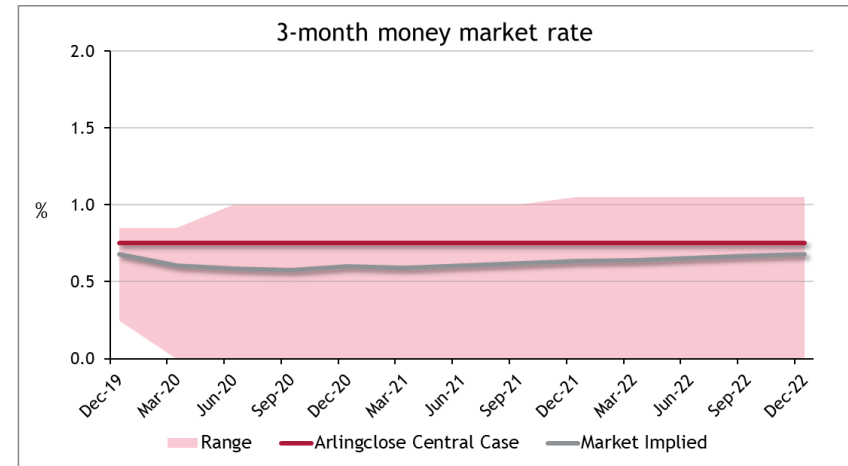
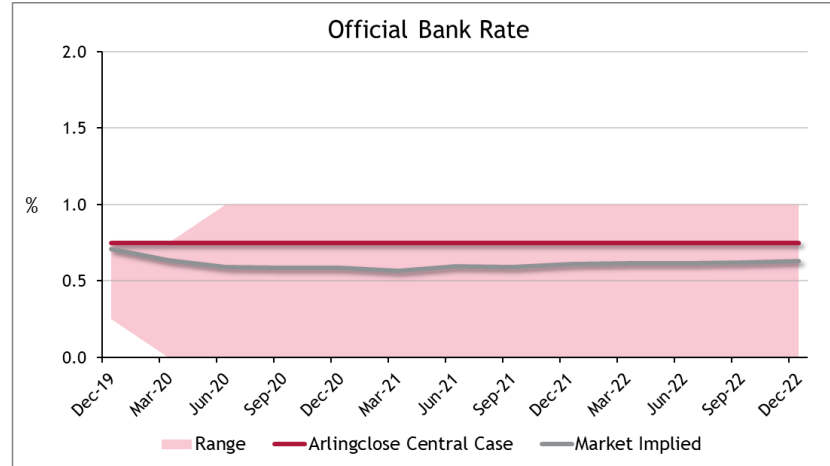


UK GDP QoQ	
Q2 2016	0.2%
Q3 2016	0.5%
Q4 2016	0.7%
Q1 2017	0.4%
Q2 2017	0.2%
Q3 2017	0.4%
Q4 2017	0.4%
Q1 2018	0.1%
Q2 2018	0.4%
Q3 2018	0.7%
Q4 2018	0.2%
Q1 2019	0.5%
Q2 2019	-0.2%
Q2 2019	0.3%

Arlingclose and Market Projections November 2019

Charts show the Arlingclose central case along with upside and downside risks:

Arlingclose judges that the risks around the Bank Rate forecast are weighted to the downside



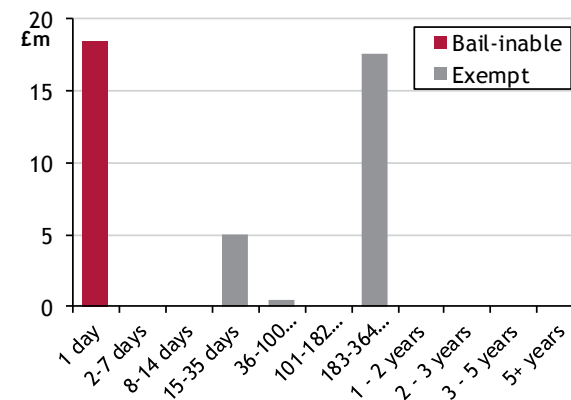
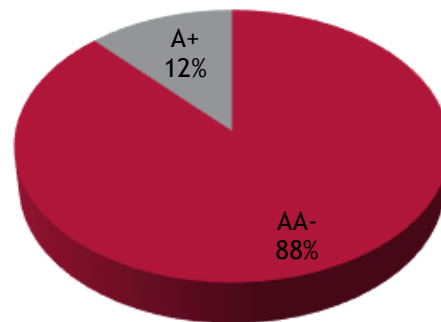
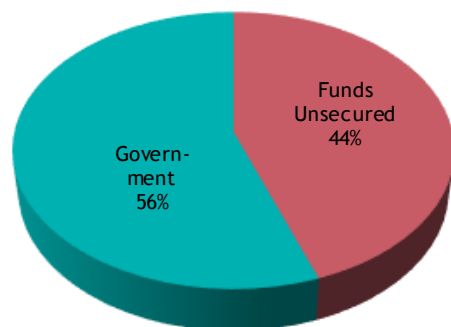
PWLB Certainty Rate (Maturity Loans) = Gilt yield + 1.80%

PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Current Investments & Future Options

Current Investments

Summary of Investments - 18 November 2019									
Type of Investment	Number	Principal	Total Return	Income Return	Days to Maturity	Days to Next Rate Reset	Average Credit Rating	Average Credit Score	Volatility
Bank Accounts	-	£ -	-	-	-	-	-	-	-
Bank Deposits	-	£ -	-	-	-	-	-	-	-
Money Market Funds	4	£ 18,400,000	0.72%	-	1	50	AA-	4.4	-
Reverse Repo	-	£ -	-	-	-	-	-	-	-
DMO Deposits	-	£ -	-	-	-	-	-	-	-
Local Authorities	6	£ 22,952,055	0.86%	-	183	183	AA-	3.8	-
Government Bonds	-	£ -	-	-	-	-	-	-	-
Covered Bonds	-	£ -	-	-	-	-	-	-	-
Corporate Bonds	-	£ -	-	-	-	-	-	-	-
Company Loans	-	£ -	-	-	-	-	-	-	-
Total Internal Investments	10	£ 41,352,055	0.80%	0.80%	102	124	AA-	4.0	-
Cash Plus and Short Bond Funds	-	£ -	-	-	-	-	-	-	-
Strategic Pooled Funds	-	£ -	-	-	-	-	-	-	-
Total Investment Portfolio	10	£ 41,352,055	0.80%	0.80%					



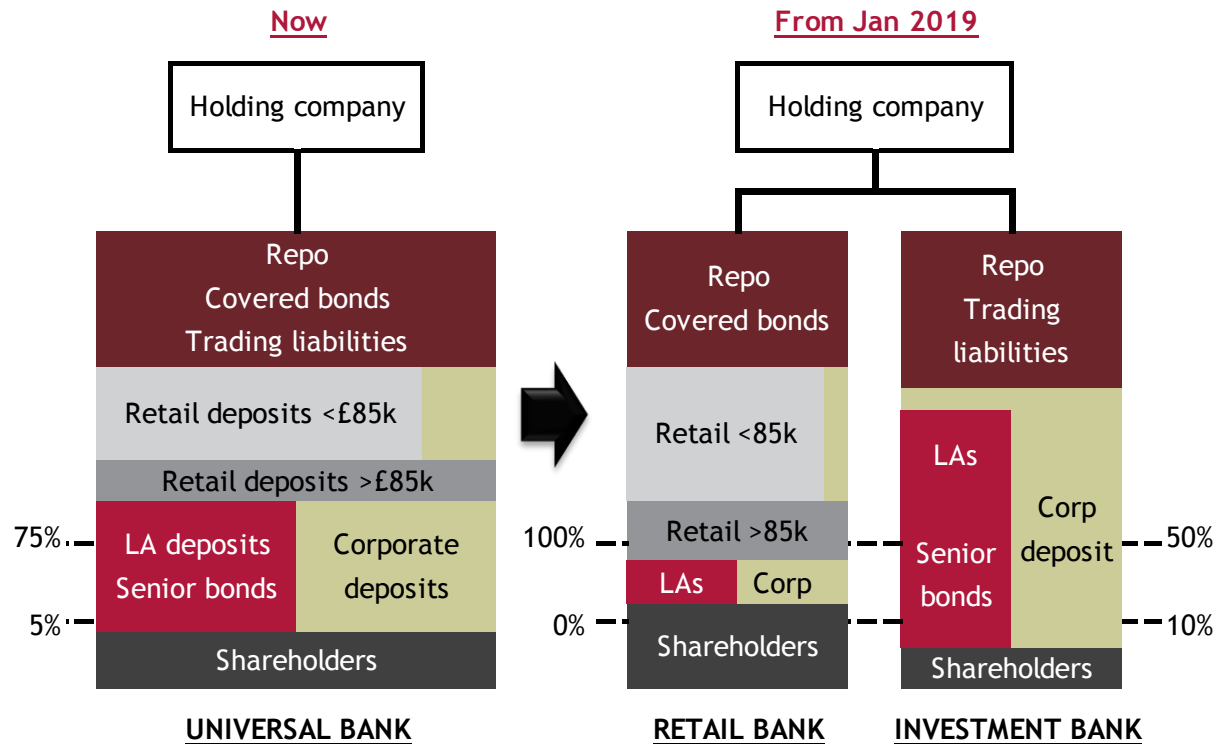
Bail-in and Ringfencing

Bail-in

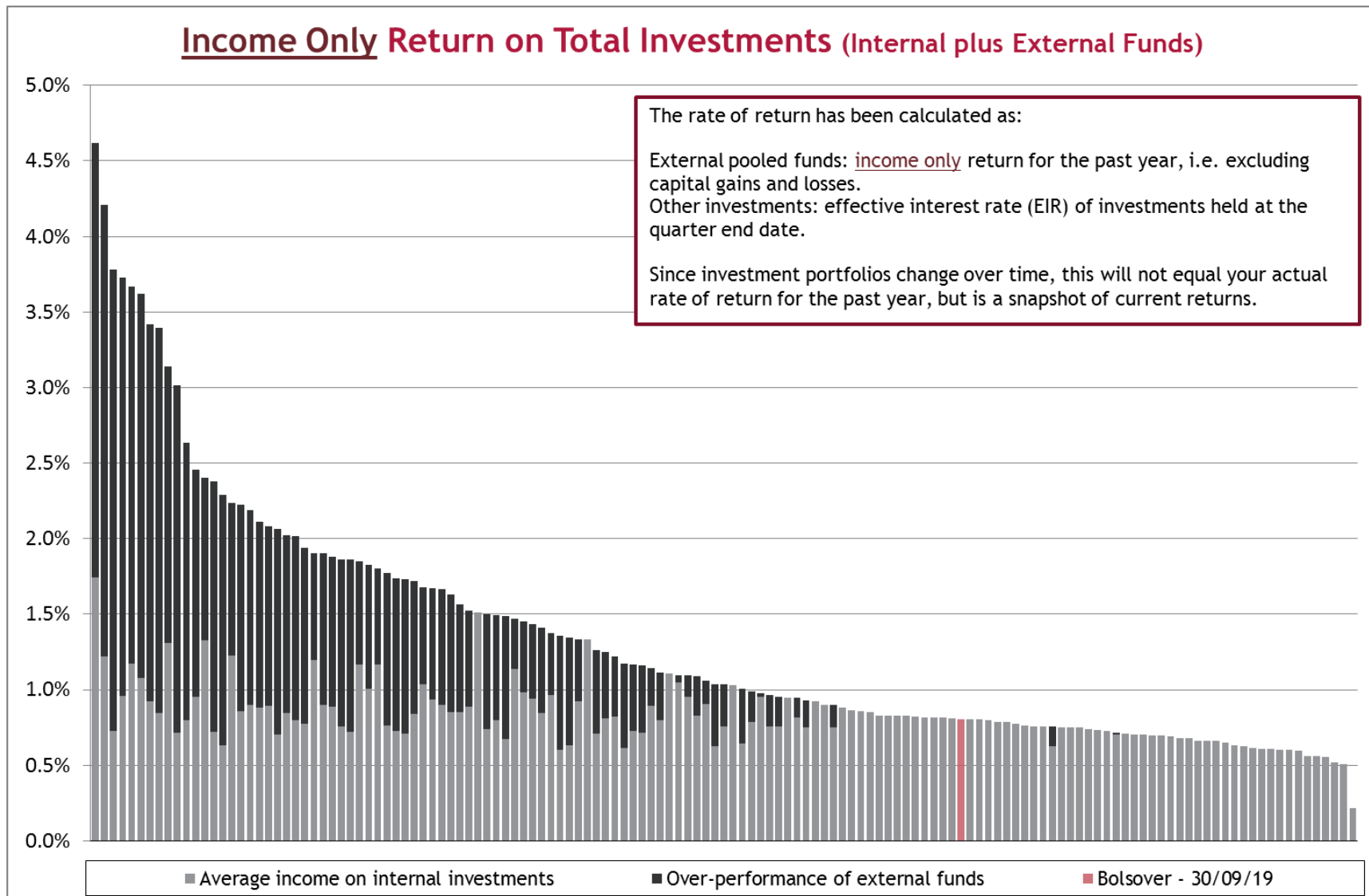
- **Failing** banks will be bailed in, before they fail
- Creditors wiped out from the bottom up
- LA deposits remain near bottom of hierarchy

Ring-fencing

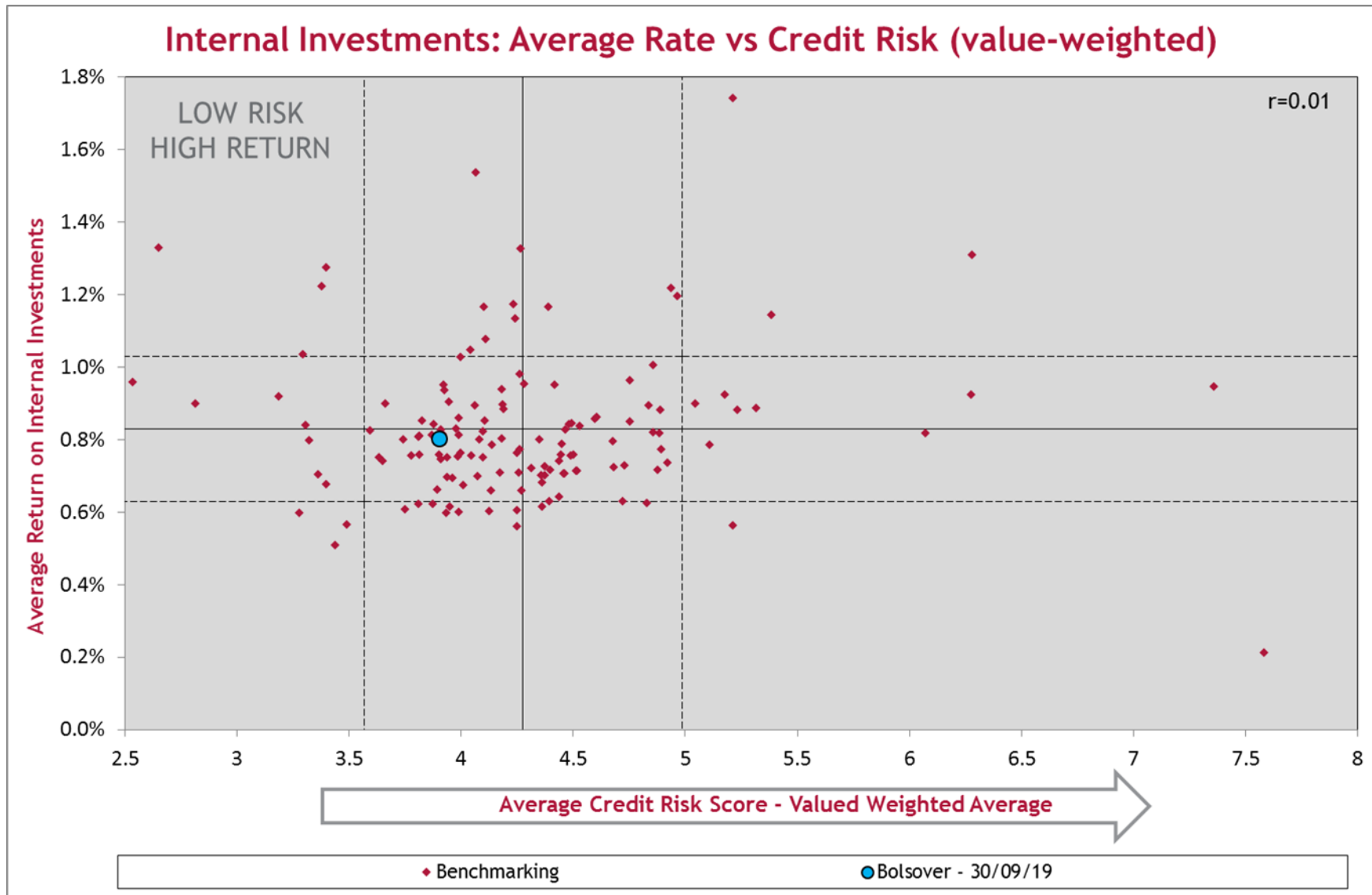
- All UK banks with more than £25bn retail deposits are required to split into two banks by end 2018:
 - A ringfenced "retail" bank, providing basic services to individuals and SMEs
 - A non-ringfenced "investment" bank conducting higher risk activities
- The law permits both banks to accept deposits from local authorities
- We expect bail-ins to be rarer, but larger, at retail banks than investment banks



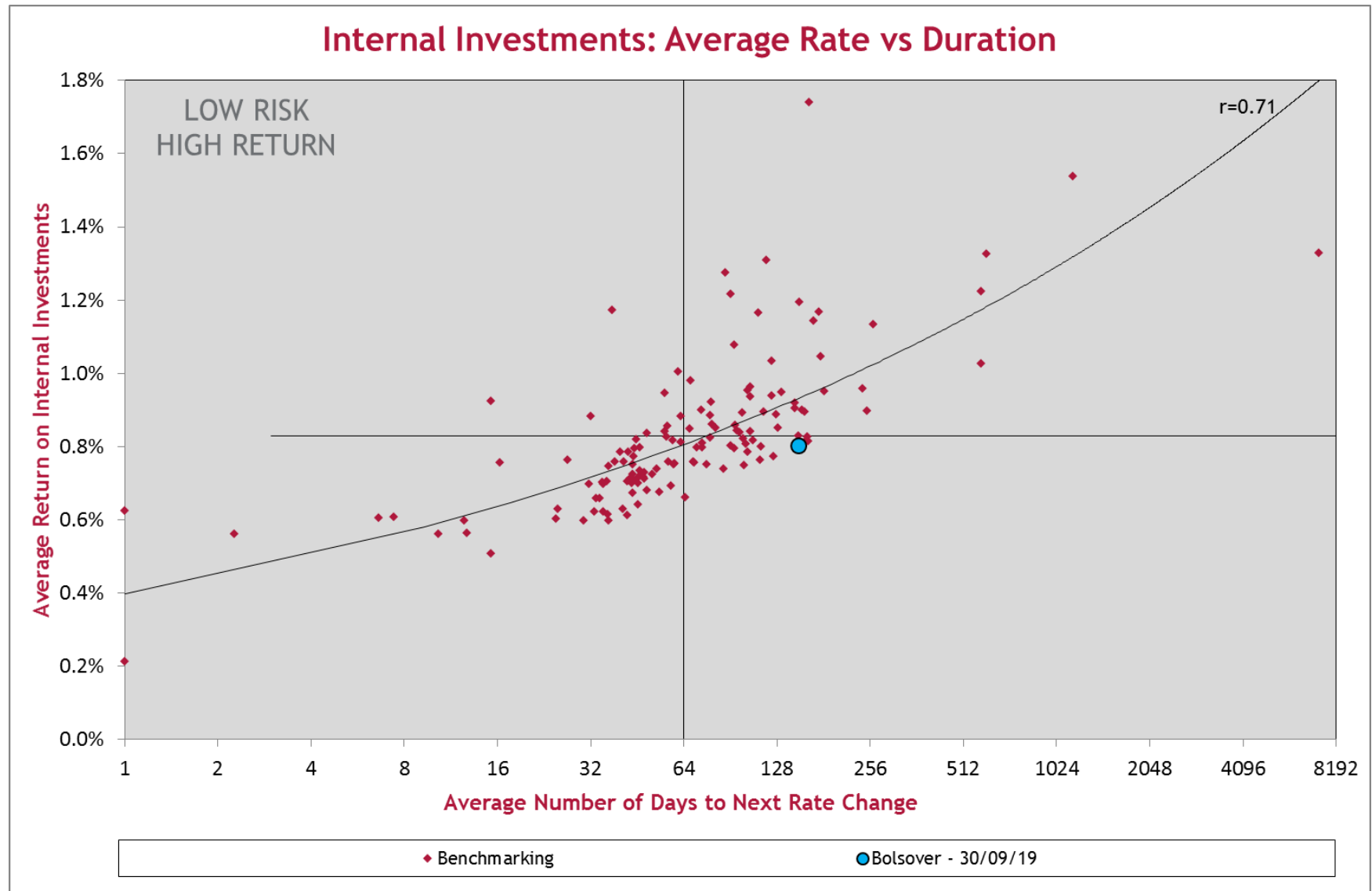
Investment Return



Risk vs Return



Duration vs Return



How does Bolsover compare?



Investment Benchmarking 30 September 2019

	Bolsover	53 English Non-Met Districts Average	139 LAs Average
Internal Investments	£40.6m	£30.2m	£65.2m
Cash Plus & Short Bond Funds	£0.0m	£1.7m	£1.8m
Strategic Pooled Funds	£0.0m	£10.9m	£11.1m
TOTAL INVESTMENTS	£40.6m	£42.7m	£78.1m

Security

Average Credit Score	3.90	4.26	4.28
Average Credit Rating	AA-	AA-	AA-
Average Credit Score (time-weighted)	3.75	4.22	4.19
Average Credit Rating (time-weighted)	AA-	AA-	AA-
Number of Counterparties / Funds	10	15	14
Proportion Exposed to Bail-in	31%	61%	62%

Liquidity

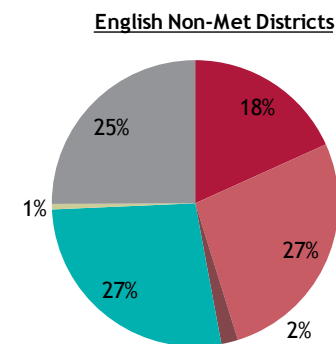
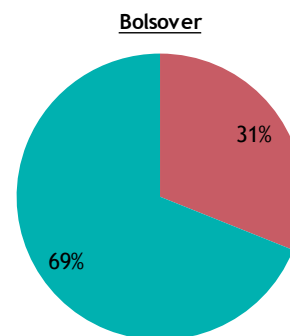
Proportion Available within 7 days	31%	33%	42%
Proportion Available within 100 days	56%	55%	68%
Average Days to Maturity	135	80	28

Market Risks

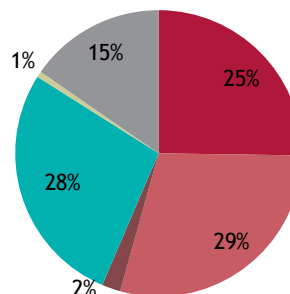
Average Days to Next Rate Reset	150	91	64
Strategic Fund Volatility	-	2.0%	2.8%

Yield

Internal Investment Return	0.80%	0.86%	0.83%
Cash Plus & Short Bond Fund - Total Return	-	1.32%	1.27%
Strategic Funds - Total Return	-	3.58%	3.32%
Total Investments - Total Return	0.80%	1.58%	1.22%
All External Funds - Income Only Return	-	3.73%	3.69%
All External Funds - Capital Gains/Losses	-	-0.56%	-0.79%
Total Investments - Income Only Return	0.80%	1.68%	1.34%



All Arlingclose Clients

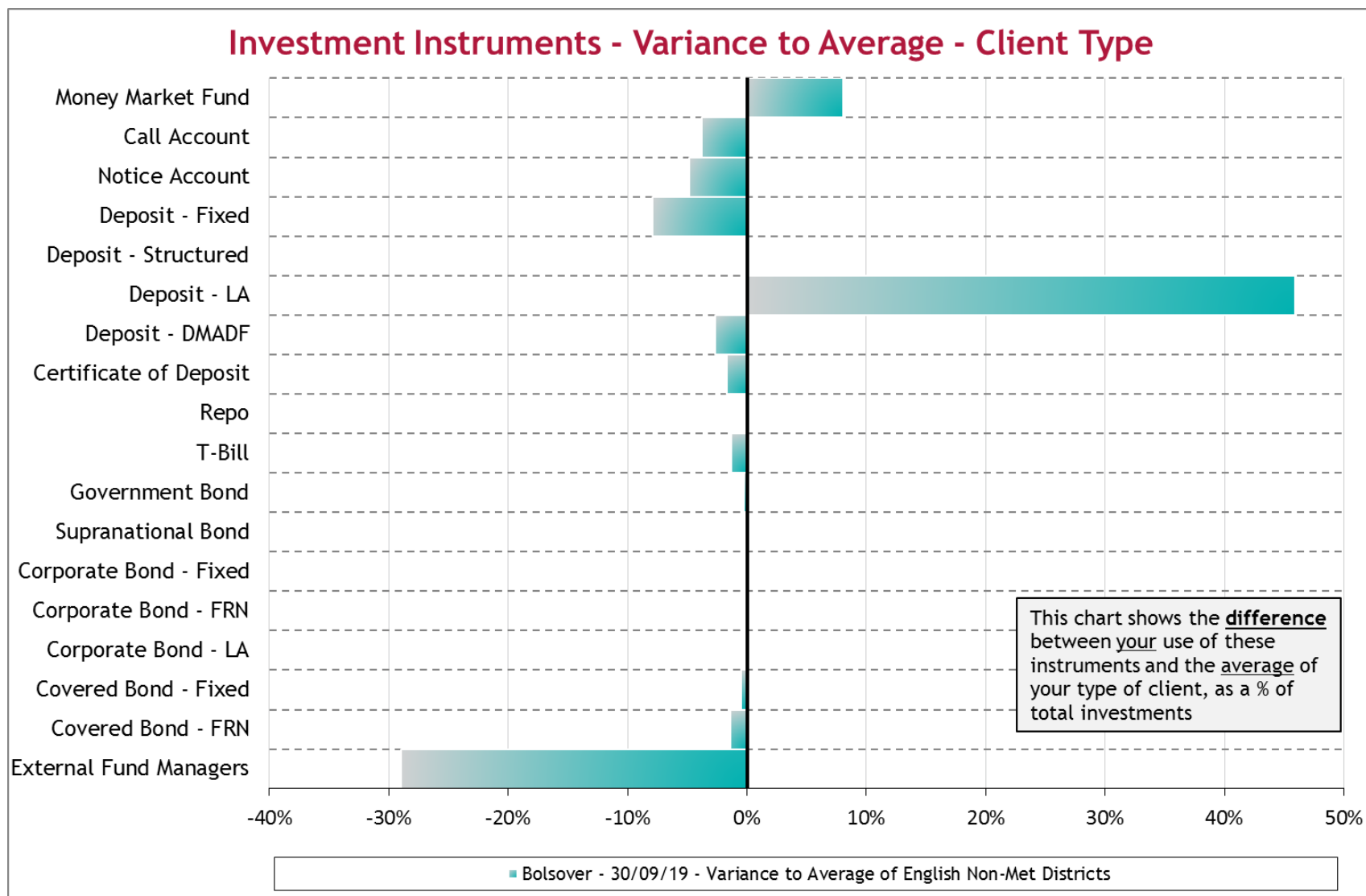


- Bank Unsecured
- Fund Unsecured
- Bank Secured
- Government
- Corporate / RP
- Strategic Funds

Notes

- Unless otherwise stated, all measures relate to internally managed investments only, i.e. excluding external pooled funds.
- Averages within a portfolio are weighted by size of investment, but averages across authorities are not weighted.
- Credit scores are calculated as AAA = 1, AA+ = 2, etc.
- Volatility is the standard deviation of weekly total returns, annualised.

How does Bolsover compare?



Arlingclose Investment Advice

Where treasury strategies permit, Arlingclose is comfortable with clients investing with the following:

SECURED	Treasury Bills	Repo Lloyds Bank Lloyds Bank Corporate Markets Other Banks TBA		Covered Bonds BoS, Barclays, Clydesdale Coventry BS, HSBC, Leeds BS Lloyds, Nationwide BS, NatWest Santander UK, TSB, Yorkshire BS BMO, BNS, RBC, TD ANZ, CBA, NAB, OCBC, UOB Danske, Swedbank Hypotek		Local Authorities Incl. TfL		
	DMADF					Supranational CEDB, EBRD, EIB IADB, IBRD, NIB		
UNSECURED	Cash Plus Funds		Bank Deposits: 6 months Close Bros, Handelsbanken, HSBC, Lloyds/BoS, San UK, StanChart Coventry BS, Nationwide BS ANZ, CBA, NAB, Westpac BMO, BNS, CIBC, RBC, TD BayernLB, DZ Bank, Helaba LBBW, Nordea, OP Corporate Rabobank		Government Agencies EDC, FMS, KfW, L-Bank, NRIF 3 x Nordic LG Bond Agencies			
	Bank Deposits: 100 days Barclays, GSIB, Leeds BS NatWest/RBS/Ulster 12 x unrated BS				Banks: 5 yrs BNG, NWB, SEK		Corporate Temasek Wellcome	
	Money Market Funds				Property Funds Equity Funds Bond Funds Multi-asset Funds			
	Corporate Bonds 8 x Corporate Bond Issuers		Bank Deposits: 13 months DBS, OCBC, UOB					
SHORT-TERM			MEDIUM-TERM			LONG-TERM		

Covered Bonds

Long-term secured investment with a bank

- In the form of a market tradable bond
- Secured on the bank's residential mortgages
- Investors have dual recourse to the bank and then the collateral, in the event of default
- Exempt from bail-in

Collateral

- Prime domestic mortgages or LA/RP loans meeting multiple criteria
- Collateral pool must be over-collateralised
- Non-compliant mortgages are substituted
- Bonds usually rated AAA as a result

Covered Bond £100m

Mortgages £128m (over-collateral 28%)

Houses £211m (loan-to-value 61%)

Example Bond
Lloyds Bank plc
31.03.2022
1.45%

Housing Associations/Registered Providers

Lending to Housing Associations can provide substantial pick-up in return over traditional investments

- For investment secured on residential properties, interest rates are around 1.0% over LIBOR
- Spreads are higher for unsecured investment: 1.0% to 1.5% depending on credit quality and term
- Investments arranged by Arlingclose and covered by full investment agreement

Structure

- Investment is generally structured as a revolving credit facility (RCF)
- Fixed rate term investment also possible at 1.0% to 1.5% above gilt yields

Recent Investment Opportunity

- London RP
 - Unrated English registered provider
 - Following an in-depth credit assessment, approved by Arlingclose for client investment up to two years
- 2-year unsecured RCF at 1.2% over Bank Rate, non-utilisation fee of 0.4%
 - £10m invested over 2 LAs
- 12-month fixed rate at 1.9%
 - £20m invested over three LAs

Asset Class Return

Rank by % return	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (6 months) non-annualised
1	All Gilts 13.05%	UK Equities 26.34%	Property 14.50%	All Gilts 16.92%	Corporate Bonds 13.33%	UK Equities 20.86%	Property 16.40%	Property 12.00%	UK Equities 29.44%	UK Equities 13.10%	Property 7.45%	UK Equities 10.39%
2	Cash 6.30%	Hedge 18.57%	UK Equities 12.31%	Corporate Bonds 7.16%	UK Equities 12.40%	Hedge 9.73%	All Gilts 14.68%	Corporate Bonds 0.72%	All Gilts 10.60%	Property 9.70%	All Gilts 0.53%	Hedge 6.43%
3	Corporate Bonds (3.62%)	Corporate Bonds 11.09%	Hedge 10.95%	Property 6.70%	Hedge 6.67%	Property 9.00%	Corporate Bonds 12.35%	All Gilts 0.47%	Corporate Bonds 10.60%	Hedge 7.11%	Cash 0.51%	Corporate Bonds 6.31%
4	Hedge (19.07%)	Cash 1.62%	Corporate Bonds 8.41%	Cash 0.67%	All Gilts 2.80%	Corporate Bonds 0.76%	Hedge 4.13%	Cash 0.45%	Property 2.30%	Corporates 4.34%	Corporate Bonds (1.57%)	All Gilts 5.03%
5	UK Equities (27.71%)	All Gilts (1.26%)	All Gilts 7.60%	Hedge (2.52%)	Cash 0.84%	Cash 0.39%	UK Equities 1.47%	Hedge (0.71%)	Hedge 1.24%	All Gilts 1.99%	Hedge (3.19%)	Property 1.02%
6	Property (32.00%)	Property (5.40%)	Cash 0.54%	UK Equities (3.07%)	Property 0.20%	All Gilts (4.25%)	Cash 0.42%	UK Equities (2.50%)	Cash 0.44%	Cash 0.23%	UK Equities (12.80%)	Cash 0.40%
Average	(10.51%)	8.49%	9.05%	4.31%	6.04%	6.08%	8.24%	1.74%	9.10%	6.08%	(1.51%)	4.93%
Cash	6.30%	1.62%	0.54%	0.67%	0.84%	0.39%	0.42%	0.45%	0.44%	0.23%	0.51%	0.40%
Relative	(16.81%)	6.87%	8.51%	3.64%	5.20%	5.69%	7.83%	1.29%	8.67%	5.85%	(2.02%)	4.53%

Cash is not a suitable asset class for long-term investment

— It is the only asset class to offer consistently positive returns, but on average it is the lowest yielding

Other asset classes are more volatile, but better performing over the long run

— A portfolio diversified over asset classes is likely to be a consistent performer in most circumstances

Cash Plus and Ultra Short-dated Bond Funds - Performance Analysis

				PERFORMANCE ANALYSIS												Data since
				1 year to 31/03/2019				3 years to 31/03/2019 (annualised)				5 years to 31/03/2019 (annualised)				
				Capital Return % p.a.	Income Return % p.a.	Total Return % p.a.	Volatility	Capital Return % p.a.	Income Return % p.a.	Total Return % p.a.	Volatility	Capital Return % p.a.	Income Return % p.a.	Total Return % p.a.	Volatility	
	30/06/2019	Rated	Current duration (yrs)													
Cash Plus																
Aberdeen Standard Short Duration Sterling Fu	£5.2bn	AAAf	0.2	0.87%	--	0.87%	0.10%	0.72%	--	0.72%	0.10%	0.72%	--	0.72%	0.10%	* share class Jun-14
Federated Sterling Cash Plus Fund	£874.3m	AAAf	0.3	0.87%	--	0.87%	0.00%	0.70%	--	0.70%	0.10%	0.73%	--	0.73%	0.10%	
Insight - ILF Liquidity Plus Fund	£5.1bn	AAAf/AA+f	0.2	-0.06%	0.62%	0.57%	0.20%	0.11%	0.49%	0.60%	0.20%	-0.03%	0.63%	0.60%	0.10%	
Royal London Cash Plus Fund	£5.7bn	AAAf	0.3	0.09%	0.80%	0.89%	0.10%	0.07%	0.58%	0.65%	0.10%	0.06%	0.57%	0.63%	0.10%	
Royal London Enhanced Cash Plus Fund	£1.9bn	AAf	0.8	-0.11%	1.64%	1.53%	0.30%	-0.20%	1.32%	1.12%	0.30%	-0.18%	1.20%	1.02%	0.50%	
Short-dated Bond Funds																
Payden & Rygel Sterling Reserve Fund	£283.5m	AAAf	0.7	-0.01%	0.95%	0.94%	0.20%	0.01%	0.79%	0.80%	0.30%	0.09%	0.82%	0.91%	0.30%	
Volatility scale																
LowMediumHigh																
Ratings : AAAf = S&P. AAAf = Fitch. AAAbf = Moody's																

Strategic and Long-dated Funds - Performance Analysis

			PERFORMANCE ANALYSIS												Data from
30/06/2019	Duration (years)	1 year to 30/06/2019				3 years to 30/06/2019 (annualised)				5 years to 30/06/2019 (annualised)					
		Capital Return % p.a.	Income Return % p.a.	Total Return % p.a.	Volatility	Capital Return % p.a.	Income Return % p.a.	Total Return % p.a.	Volatility	Capital Return % p.a.	Income Return % p.a.	Total Return % p.a.	Volatility		
<u>Absolute Return Bond Funds</u>															
Payden & Rygel Absolute Return Bond Fund	\$2.6bn	1.8	-0.75%	3.35%	2.60%	0.9%	-1.21%	2.34%	1.13%	1.2%	1.63%	--	1.63%	1.3%	Jun-13
<u>Strategic Bond Funds</u>															
ColumbiaThreadneedle Sterling Short-dated Corporate Bond Fund	£1.4bn	2.5	1.12%	1.93%	3.05%	0.9%	0.45%	1.81%	2.26%	1.3%	0.38%	1.91%	2.29%	1.3%	
ColumbiaThreadneedle Strategic Bond Fund	£242m	2.6	1.84%	2.96%	4.80%	1.8%	0.84%	3.37%	4.21%	2.6%	-0.29%	3.52%	3.22%	3.0%	
M&G Optimal Income Fund	£3.6bn	1.6	0.07%	3.29%	3.36%	3.2%	1.51%	3.12%	4.63%	3.1%	0.46%	2.59%	3.06%	3.3%	
M&G Strategic Corporate Bond Fund	£2.7bn	5.2	1.89%	3.76%	5.65%	3.0%	0.67%	3.47%	4.14%	3.6%	0.93%	3.09%	4.02%	3.5%	
Royal London Investment Grade Short-dated Credit Fund	£981.0m	2.4	0.20%	2.69%	2.89%	0.8%	-0.10%	2.45%	2.35%	1.2%					Dec-15
<u>Equity Income Funds - UK</u>															
ColumbiaThreadneedle UK Equity Income Fund	£4.1bn	--	-7.46%	3.88%	-3.59%	10.1%	2.89%	4.29%	7.18%	10.6%	1.81%	4.04%	5.85%	10.6%	
M&G UK Income Distribution Fund	£600.0m	--	-2.99%	4.76%	1.77%	6.5%	2.32%	4.77%	7.09%	7.9%	1.16%	4.37%	5.53%	7.8%	
Schroder Income Maximiser Fund	£1.2bn	--	-10.26%	7.14%	-3.13%	8.8%	1.25%	7.59%	8.83%	8.4%	-2.04%	6.26%	4.23%	9.4%	
<u>Equity Income Funds - Global</u>															
ColumbiaThreadneedle Global Equity Fund	£397.5m	--	5.01%	3.43%	8.45%	10.6%	5.79%	3.76%	9.55%	10.1%	5.73%	3.92%	9.66%	11.4%	
Fidelity Global Enhanced Income Fund	£273.0m	--	10.24%	5.04%	15.27%	9.3%	5.17%	5.65%	10.82%	8.6%	6.84%	5.28%	12.13%	9.8%	
M&G Global Dividend Fund	£2.4bn	--	3.03%	3.17%	6.20%	13.3%	10.37%	3.68%	14.05%	12.3%	6.32%	3.37%	9.69%	14.1%	
UBS Global Income Fund (USD, GBP Hedged)	£764.8m	--	-4.43%	8.75%	4.32%	8.9%	-2.26%	7.32%	5.06%	6.8%	-2.59%	7.11%	4.51%	6.6%	Nov-14
<u>Multi Asset Income Funds</u>															
CCLA Diversified Income Fund*	£156.0m	--	3.04%	3.34%	6.39%	3.2%	0.76%	3.13%	3.89%	3.4%					Mar-17
Investec Diversified Income Fund	£998.9m	--	-0.70%	4.42%	3.72%	2.3%	-0.87%	4.11%	3.24%	2.6%	-0.40%	3.78%	3.37%	3.6%	
Kames Diversified Monthly Income Fund	£705.0m	--	2.78%	4.98%	7.75%	6.1%	2.43%	5.05%	7.48%	5.0%	1.58%	4.78%	6.36%	5.5%	
UBS Multi-Asset Income Fund	£41.0m	--	0.70%	4.36%	5.06%	3.6%	-0.71%	4.02%	3.31%	3.7%	-1.47%	3.59%	2.13%	4.3%	*Jun-13
<u>Property Funds</u>															
Aviva Lime Property Fund	£2.3bn	--	2.76%	3.98%	6.74%	2.6%	3.25%	4.12%	7.37%	1.9%	3.02%	4.26%	7.28%	1.9%	
CCLA Local Authorities' Property Fund	£1.2bn	--	1.10%	4.34%	5.44%	1.8%	2.67%	4.53%	7.19%	1.3%	3.84%	4.89%	8.73%	3.0%	
ColumbiaThreadneedle Property Unit Trust	£1.6bn	--	-0.88%	4.67%	3.79%	2.0%	0.93%	4.59%	5.52%	3.0%	3.50%	5.06%	8.55%	3.3%	
Savills Income and Growth Fund	£130.0m	--	2.04%	4.08%	6.13%	2.0%	3.81%	4.18%	7.99%	1.9%	3.74%	4.43%	8.16%	2.0%	
Volatility scale															
Low Medium High															
0.50%															

Borrowing Options

Debt Management Objectives

Matching the need for cash

- Do you really need to borrow?

Low Cost

- Over the whole life of the loan / asset being financed / CFR

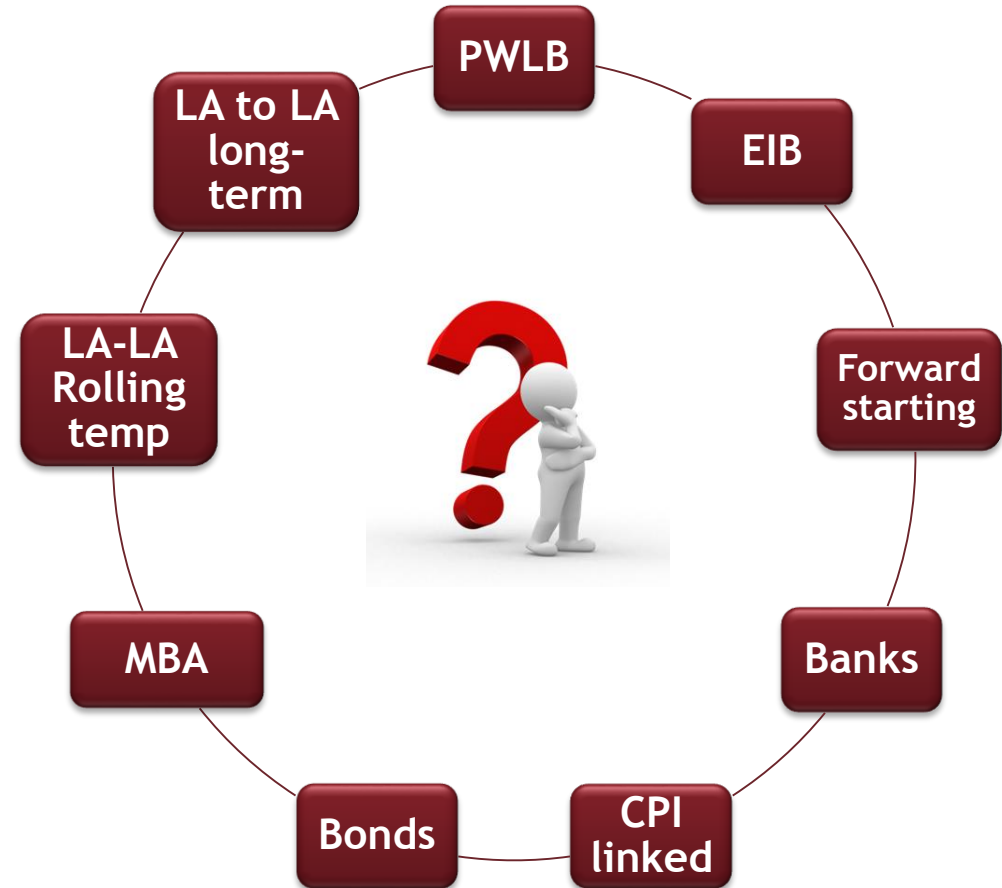
Certainty of Cost

- In absolute terms
- Relative to income generated by asset
- At what price?

Administrative ease

Flexibility

- In case things change
- Early repayment terms



MBA = Municipal Bonds Agency
EIB = European Investment Bank

Fixed or Variable Rate Borrowing

	Long-term Fixed	Long-term Variable	Rolling Short-term	Index-linked
Current rates	2.5% to 3.5% (10-50 yrs)	1.30%	0.3% - 0.7%	
Certainty of cost	Certain	Uncertain	Uncertain	Uncertain
Continued availability	Certain	Certain	Highly likely	Certain
Repayment penalty	High	None	None	Moderate
Economic hedge	No	Yes	Yes	Partly
Accounting	Simple	Simple	Simple	Complex

Key considerations

- How much are you willing to pay for certainty?
- What is your overall exposure to interest rate risk?

All data has been sourced from Bloomberg and other publicly available information.

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