

**11.3 INVESTMENT REPORT AS AT 31 OCTOBER 2023**

**Attachments:** 1. Investment Statistics as at 31 October 2023

**RECOMMENDATION:**

That Council **NOTES** the Investment Statistics for the month ended 31 October 2023 as detailed in Attachment 1.

**PURPOSE OF REPORT:**

To advise Council of the nature and value of the City's Investments as at 31 October 2023 and the interest amounts earned YTD.

**BACKGROUND:**

The City's surplus funds are invested in bank term deposits for various terms to facilitate maximum investment returns in accordance with the City's Investment Policy (No. 1.2.4).

Details of the investments are included in **Attachment 1** and outline the following information:

- Investment performance and policy compliance charts;
- Investment portfolio data;
- Investment interest earnings; and
- Current investment holdings.

**DETAILS:****Summary of key investment decisions in this reporting period**

There was one matured term deposit during the month of October 2023. No new investments were made during the month to maintain an optimum level of cash flow.

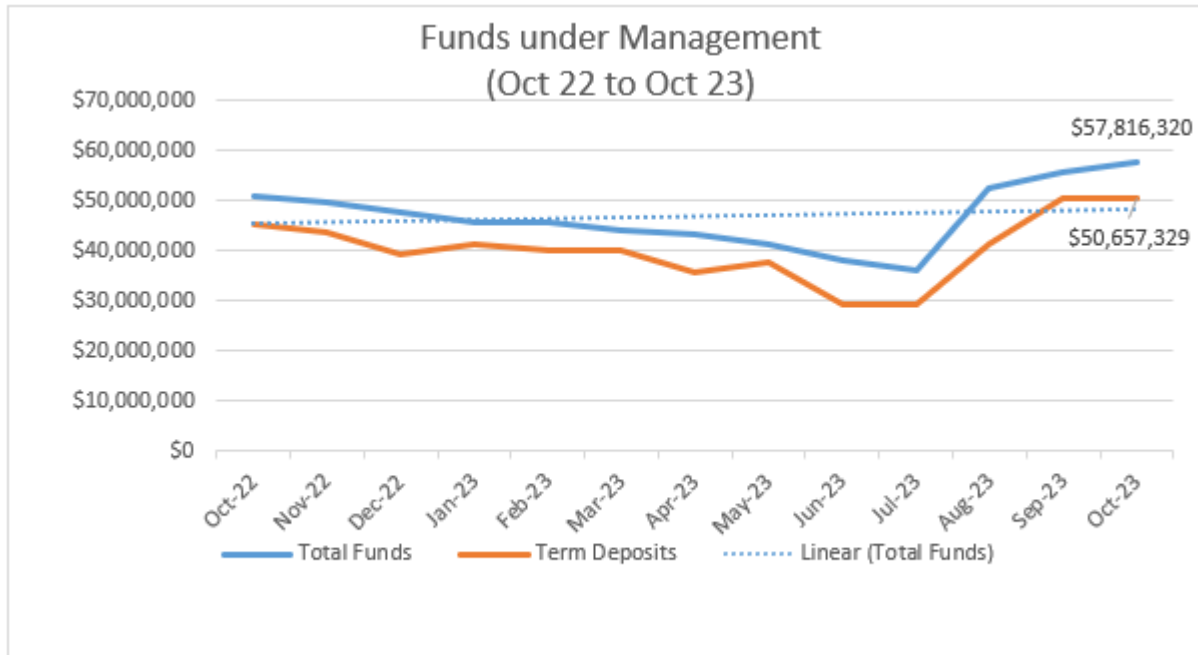
**Investment Status**

The City's investment portfolio is diversified across several accredited financial institutions.

As at 31 October 2023, the total funds held in the City's operating accounts (including on call) was \$57,816,321 compared to \$50,984,645 for the period ended 31 October 2022. All funds are interest bearing as at 31 October 2023.

The total term deposit investments for the period ended 31 October 2023 were \$50,657,329 compared to \$45,236,604 for the period ended 31 October 2022.

The following chart shows funds under management from October 2022 to October 2023:



**Interest Status**

Total accrued interest earned on investments as at 31 October 2023 is:

Total Accrued Interest Earned on Investment	Budget Adopted	Budget YTD	Actual YTD	% of YTD Budget
Municipal	\$400,000	\$240,000	\$433,125	180.5%
Reserve	\$350,000	\$220,000	\$269,246	122.4%
<b>Subtotal</b>	<b>\$750,000</b>	<b>\$460,000</b>	<b>\$702,371</b>	<b>152.7%</b>
Leederville Gardens Inc Surplus Trust*	\$0	\$0	\$63,811	N/A
<b>Total</b>	<b>\$750,000</b>	<b>\$460,000</b>	<b>\$766,182</b>	<b>166.6%</b>

\*Interest estimates for Leederville Gardens Inc. Surplus Trust were not included in the 2023/24 Budget as actual interest earned is restricted.

The City has a weighted average interest rate of 4.90% for current investments compared to the Reserve Bank 90 day accepted bill rate for October 2023 of 4.21%.

**Sustainable Investments**

The City's investment policy requires that in the first instance, the City considers rate of return of the fund. All things being equal, the City then prioritises funds with no current record of funding fossil fuels. The City can increase the number of non-fossil fuel investments but will potentially result in a lower rate of return.

Administration utilises a platform called 'Yield Hub' to ascertain the level of exposure banks have in fossil fuel activities and to determine daily interest rates published by banks.

The investment guidelines which is the supplementary document to the Council Investment Policy sets the maximum exposure limits to financial institutions at 90% as reflected in the below table. The majority of financial institutions lie within A-2 and A-1+ categories.

Short Term Rating (Standard & Poor's) or Equivalent	Direct Investments Maximum %with any one institution		Maximum % of Total Portfolio	
	Guideline	Current position	Guideline	Current position
A1+	30%	33.6%	90%	54.4%
A-1	25%	0%	90%	0%
A-2	20%	12.1%	90%	45.6%

The direct investment for A1+ institute is higher than normal due to rates revenue received for the month in the municipal operating account (Commonwealth Bank). Administration will continuously explore options to ascertain if a balanced investment strategy can be developed where investments in divested banks can be increased with a minimal opportunity cost of loss in interest rate returns for instances when banks not divested in fossil fuel activities offer a higher rate of return.

**RISK MANAGEMENT IMPLICATIONS**

Low: Administration has developed effective controls to ensure funds are invested in accordance with the City's Investment Policy. This report enhances transparency and accountability for the City's investments.

**STRATEGIC IMPLICATIONS:**

This is in keeping with the City's *Strategic Community Plan 2022-2032*:

Innovative and Accountable

*Our resources and assets are planned and managed in an efficient and sustainable manner.  
 Our community is aware of what we are doing and how we are meeting our goals.  
 Our community is satisfied with the service we provide.  
 We are open and accountable to an engaged community.*

**SUSTAINABILITY IMPLICATIONS:**

This does not contribute to any specific sustainability outcomes of the *City's Sustainable Environment Strategy 2019-2024*, however focussing on non-fossil fuel investments contributes to a Sustainable Environment.

This does not contribute to any specific sustainability outcomes of the *City's Sustainable Environment*

**PUBLIC HEALTH IMPLICATIONS:**

This does not contribute to any public health outcomes of the City's Public Health Plan 2020-2025.

**FINANCIAL/BUDGET IMPLICATIONS:**

The financial implications of this report are as noted in the details section of the report. Administration is satisfied that appropriate and responsible measures are in place to protect the City's financial assets.

**CITY OF VINCENT  
CURRENT INVESTMENT HOLDING  
AS AT 31 OCTOBER 2023**

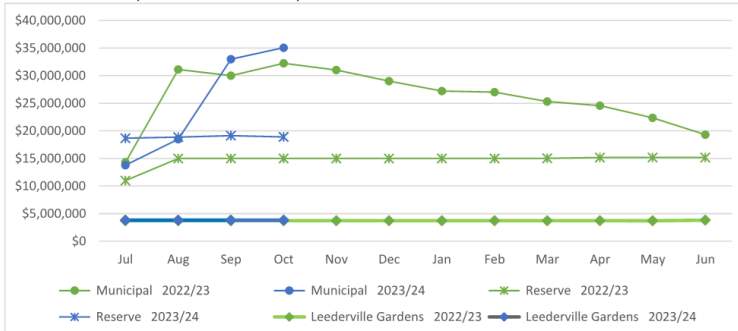
<b>Funds</b>	<b>Institution</b>	<b>Investment Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Principal \$</b>
<b><u>OPERATING ACCOUNTS</u></b>					
Municipal	Commonwealth Bank of Australia			3.85%	2,429,230
Municipal	Commonwealth Bank of Australia	Ongoing		4.10%	3,151,488
Reserve	Commonwealth Bank of Australia	Ongoing		4.10%	1,578,273
<b>Total Operating Funds</b>					<b>7,158,992</b>
<b><u>TERM DEPOSITS</u></b>					
Leederville Gardens Inc Surplus Trust	Beyond Bank	04/11/2022	03/11/2023	4.55%	850,117
Leederville Gardens Inc Surplus Trust	National Australia Bank	12/01/2023	11/01/2024	4.53%	908,677
Leederville Gardens Inc Surplus Trust	Commonwealth Bank of Australia	30/06/2023	28/06/2024	5.32%	2,058,536
Municipal	AMP Bank	29/03/2023	28/03/2024	4.90%	3,500,000
Municipal	Bank of Queensland	03/03/2023	05/03/2024	5.05%	1,000,000
Municipal	Bank of Queensland	24/08/2023	06/06/2024	4.95%	2,500,000
Municipal	Bank of Queensland	24/08/2023	19/06/2024	4.95%	2,500,000
Municipal	Commonwealth Bank of Australia	09/08/2023	08/04/2024	5.46%	2,500,000
Municipal	Commonwealth Bank of Australia	09/08/2023	08/07/2024	5.53%	2,500,000
Municipal	G&C Mutual	20/09/2023	22/04/2024	5.10%	2,500,000
Municipal	G&C Mutual	20/09/2023	06/05/2024	5.10%	4,500,000
Municipal	Hume Bank	20/09/2023	19/12/2023	4.85%	4,000,000
Municipal	National Australia Bank	20/02/2023	20/02/2024	4.83%	4,000,000
Reserve	Bendigo and Adelaide Bank	30/08/2023	29/04/2024	5.00%	2,500,000
Reserve	Commonwealth Bank of Australia	09/08/2023	08/08/2024	5.55%	5,200,000
Reserve	Hume Bank	29/03/2023	28/03/2024	4.78%	2,540,000
Reserve	National Australia Bank	12/01/2023	11/01/2024	4.53%	4,500,000
Reserve	National Australia Bank	24/05/2023	23/05/2024	4.87%	1,600,000
Reserve	National Australia Bank	24/08/2023	06/06/2024	5.12%	1,000,000
<b>Total Term Deposits</b>					<b>50,657,329</b>
<b>Total Funds available</b>					<b>57,816,320</b>

**CITY OF VINCENT  
INVESTMENT PORTFOLIO  
AS AT 31 OCTOBER 2023**

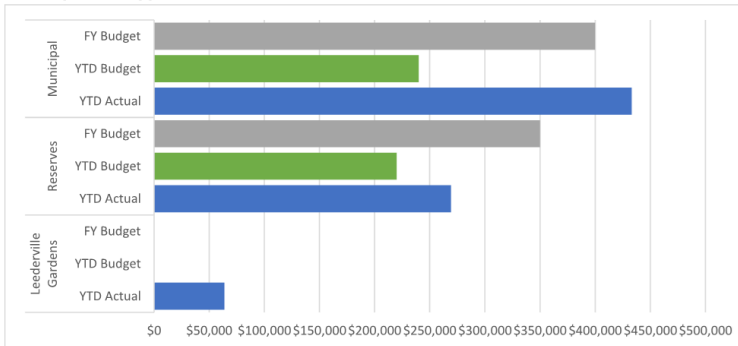
	<b>Municipal</b>	<b>Reserve</b>	<b>Leederville Gardens Inc Surplus Trust</b>	<b>Total</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<b>BY INVESTMENT HOLDINGS</b>					
Municipal Account	2,429,230	0	0	2,429,230	4.2%
Online Saver	3,151,488	1,578,273	0	4,729,761	8.2%
Term Deposits	29,500,000	17,340,000	3,817,329	50,657,329	87.6%
	<b>35,080,718</b>	<b>18,918,273</b>	<b>3,817,329</b>	<b>57,816,321</b>	<b>100.0%</b>
<b>BY INSTITUTION</b>					
Bank of Queensland	6,000,000	0	0	6,000,000	10.4%
Bendigo and Adelaide Bank	0	2,500,000	0	2,500,000	4.3%
Commonwealth Bank of Australia	10,580,718	6,778,273	2,058,536	19,417,527	33.6%
Beyond Bank	0	0	850,117	850,117	1.5%
National Australia Bank	4,000,000	7,100,000	908,677	12,008,677	20.8%
AMP Bank	3,500,000	0	0	3,500,000	6.1%
Hume Bank	4,000,000	2,540,000	0	6,540,000	11.3%
G&C Mutual	7,000,000	0	0	7,000,000	12.1%
	<b>35,080,718</b>	<b>18,918,273</b>	<b>3,817,329</b>	<b>57,816,321</b>	<b>100.0%</b>
<b>BY CREDIT RATINGS (SHORT-TERM ISSUE)</b>					
A-1+	14,580,718	13,878,273	2,967,212	31,426,204	54.4%
A-2	20,500,000	5,040,000	850,117	26,390,117	45.6%
	<b>35,080,718</b>	<b>18,918,273</b>	<b>3,817,329</b>	<b>57,816,321</b>	<b>100.0%</b>
<b>BY TERMS</b>					
0-30 days	5,580,718	1,578,273	0	7,158,992	12.4%
31-90 days	4,000,000	0	0	4,000,000	6.9%
181-270 days	9,500,000	2,500,000	0	12,000,000	20.8%
271-365 days	15,000,000	14,840,000	3,817,329	33,657,329	58.2%
> 1 year	1,000,000	0	0	1,000,000	1.7%
	<b>35,080,718</b>	<b>18,918,273</b>	<b>3,817,329</b>	<b>57,816,321</b>	<b>100.0%</b>
<b>BY MATURITY</b>					
0-30 days	5,580,718	1,578,273	850,116	8,009,108	13.9%
31-90 days	4,000,000	4,500,000	908,677	9,408,677	16.3%
91-180 days	13,500,000	2,540,000	0	16,040,000	27.7%
181-270 days	12,000,000	5,100,000	2,058,536	19,158,536	33.1%
271-365 days	0	5,200,000	0	5,200,000	9.0%
	<b>35,080,718</b>	<b>18,918,273</b>	<b>3,817,329</b>	<b>57,816,321</b>	<b>100.0%</b>
<b>BY FOSSIL FUEL EXPOSURE</b>					
Fossil Fuel Investments	22,080,718	16,418,273	2,967,212	41,466,204	71.7%
Non Fossil Fuel Investments	13,000,000	2,500,000	850,117	16,350,117	28.3%
	<b>35,080,718</b>	<b>18,918,273</b>	<b>3,817,329</b>	<b>57,816,321</b>	<b>100.0%</b>

**CITY OF VINCENT  
INVESTMENT PERFORMANCE  
AS AT 31 OCTOBER 2023**

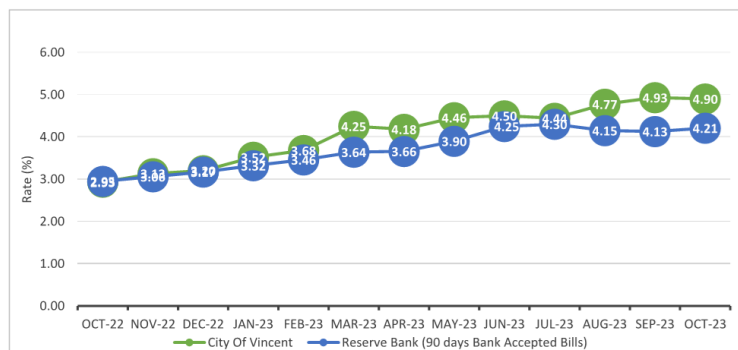
**FUNDS INVESTED (TERM DEPOSITS ONLY)**



**INTEREST EARNINGS**

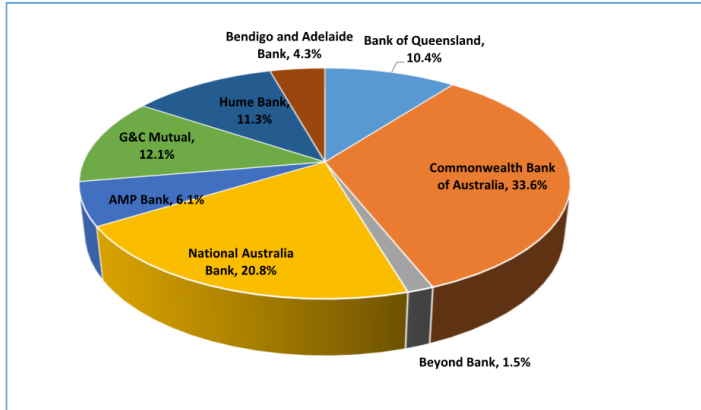


**INTEREST RATE COMPARISON**

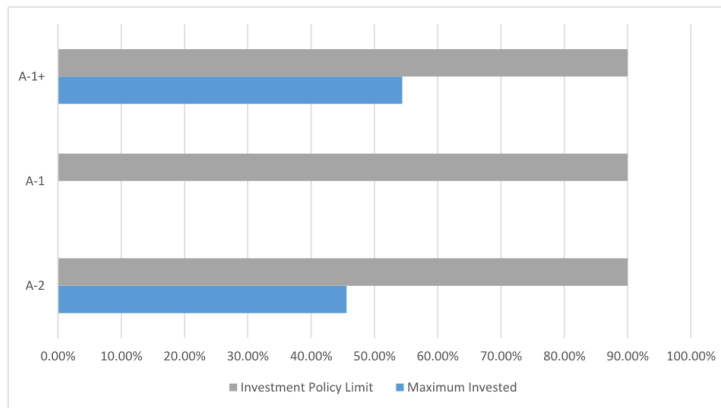


**CITY OF VINCENT  
INVESTMENT POLICY COMPLIANCE  
AS AT 31 OCTOBER 2023**

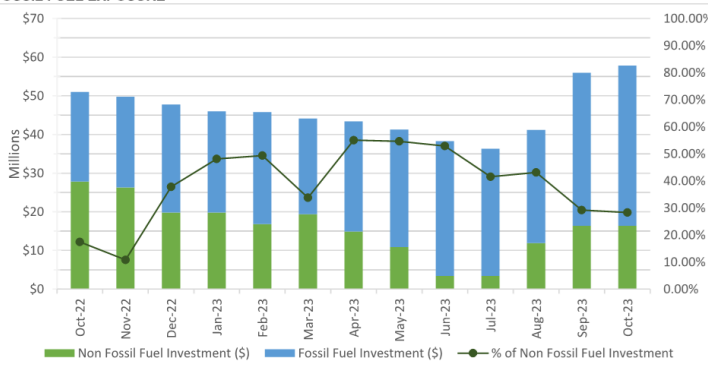
**TOTAL PORTFOLIO EXPOSURE**



**TOATL CREDIT EXPOSURE**



**FOSSIL FUEL EXPOSURE**



Selection of non fossil fuel investments is based on information provided by Yield Hub.

**CITY OF VINCENT  
INVESTMENT INTEREST EARNINGS  
AS AT 31 OCTOBER 2023**

	<b>YTD</b>	<b>PY YTD</b>	<b>FY</b>	<b>PY FY</b>
	<b>31/10/2023</b>	<b>31/10/2022</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>MUNICIPAL FUNDS</b>				
Budget	240,000	40,000	400,000	500,000
Interest Earnings	433,125	170,882	433,125	827,395
% Income to Budget	180.5%	427.2%	108.3%	165.5%
<b>RESERVE FUNDS</b>				
Budget	220,000	26,668	350,000	450,000
Interest Earnings	269,246	134,346	269,246	497,011
% Income to Budget	122.4%	503.8%	76.9%	110.5%
<b>LEEDERVILLE GARDENS INC SURPLUS TRUST</b>				
Budget	0	0	0	0
Interest Earnings	63,811	36,140	63,811	134,290
% Income to Budget	0.0%	0.0%	0.0%	0.0%
<b>TOTAL</b>				
Budget	460,000	66,668	750,000	950,000
Interest Earnings	766,182	341,368	766,182	1,458,696
% Income to Budget	166.6%	512.0%	102.2%	153.6%
Variance	306,182	274,700	16,182	508,696
% Variance to Budget	66.6%	412.0%	2.2%	53.6%
<b>TOTAL (EXCL. LEEDERVILLE GARDENS INC SURPLUS TRUST)</b>				
Budget	460,000	66,668	750,000	950,000
Interest Earnings	702,371	305,228	702,371	1,324,406
% Income to Budget	152.7%	457.8%	93.7%	139.4%
Variance	242,371	238,560	(47,629)	374,406
% Variance to Budget	52.7%	357.8%	(6.4%)	39.4%