

11.3 INVESTMENT REPORT AS AT 31 JULY 2023

Attachments: 1. Investment Statistics as at 31 July 2023

RECOMMENDATION:

That Council **NOTES** the Investment Statistics for the month ended 31 July 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 July 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**

No new investments were made in the month of July 2023.

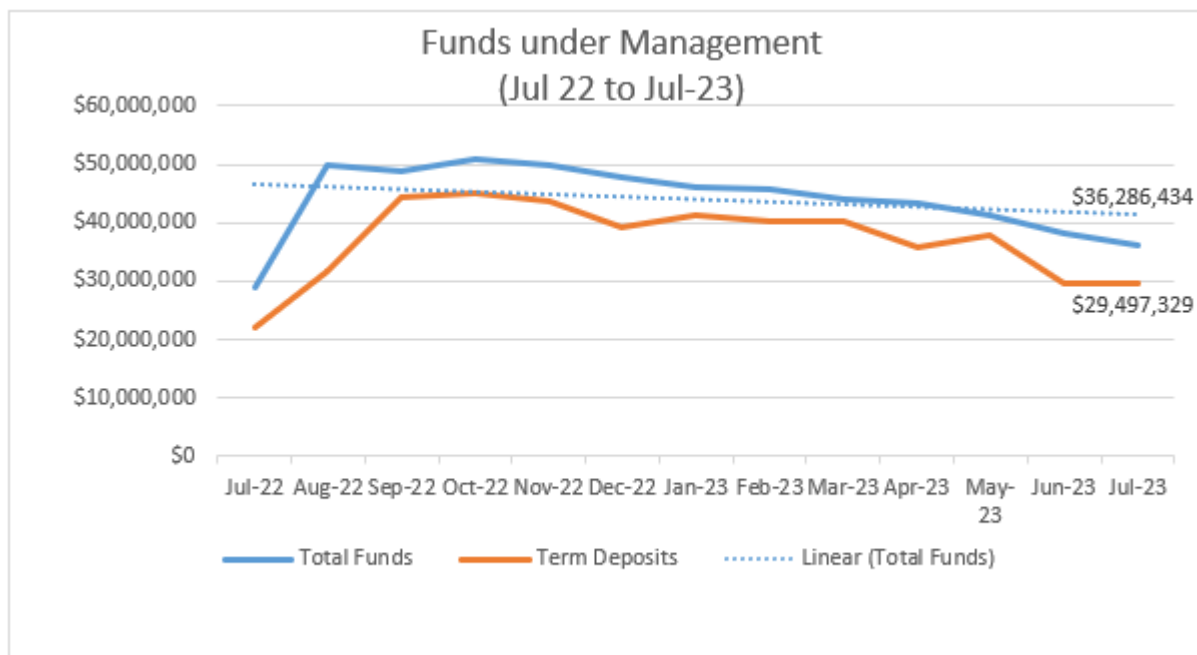
Investment Status

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

As at 31 July 2023, the total funds held in the City's operating accounts (including on call) was \$36,286,434 compared to \$29,048,188 for the period ended 31 July 2022. All funds are interest bearing as at 31 July 2023.

The total term deposit investments for the period ended 31 July 2023 were \$29,497,329 compared to \$22,236,604 for the period ended 31 July 2022.

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



Interest Status

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

Total Accrued Interest Earned on Investment	Budget Adopted	Budget YTD	Actual YTD	% of YTD Budget
Municipal	\$400,000	\$60,000	\$62,845	104.7%
Reserve	\$350,000	\$55,000	\$58,413	106.2%
Subtotal	\$750,000	\$115,000	\$121,258	105.4%
Leederville Gardens Inc Surplus Trust*	\$0	\$0	\$16,082	N/A
Total	\$750,000	\$115,000	\$137,341	119.4%

*Interest estimates for Leederville Gardens Inc. Surplus Trust were not included in the 2022/22 Budget as actual interest earned is restricted.

The City has a weighted average interest rate of 4.44% for current investments compared to the Reserve Bank 90 day accepted bill rate for July 2023 of 4.30%.

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 divested institutions at 90% as reflected in the below table. The majority of divested 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%	30.3%	90%	54.7%
A-1	25%	12.5%	90%	12.5%
A-2	20%	20.7%	90%	32.8%

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.

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 JULY 2023**

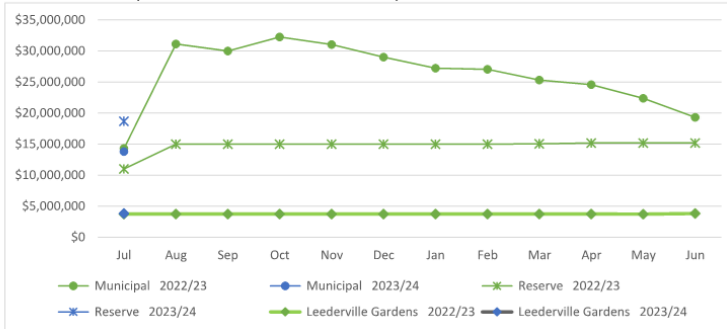
Funds	Institution	Investment Date	Maturity Date	Interest Rate	Principal \$
<u>OPERATING ACCOUNTS</u>					
Municipal	Commonwealth Bank of Australia			3.85%	4,188,371
Municipal	Commonwealth Bank of Australia	Ongoing		4.15%	2,600,734
Total Operating Funds					6,789,105
<u>TERM DEPOSITS</u>					
Leederville 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	Macquarie Bank	05/05/2023	03/08/2023	4.59%	1,000,000
Municipal	Macquarie Bank	05/05/2023	14/08/2023	4.59%	1,000,000
Municipal	National Australia Bank	20/02/2023	20/02/2024	4.83%	4,000,000
Municipal	Bank of Queensland	03/03/2023	05/03/2024	5.05%	1,000,000
Reserve	AMP Bank	29/03/2023	28/03/2024	4.90%	3,500,000
Reserve	AMP Bank	04/08/2022	04/08/2023	4.20%	4,000,000
Reserve	Macquarie Bank	05/05/2023	24/08/2023	4.59%	1,000,000
Reserve	Macquarie Bank	05/05/2023	04/09/2023	4.59%	1,000,000
Reserve	Macquarie Bank	05/05/2023	14/09/2023	4.59%	540,000
Reserve	National Australia Bank	12/01/2023	11/01/2024	4.53%	4,500,000
Reserve	Hume Bank	29/03/2023	28/03/2024	4.78%	2,540,000
Reserve	National Australia Bank	24/05/2023	23/05/2024	4.87%	1,600,000
Total Term Deposits					29,497,329
Total Investment Including At Call					36,286,434

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

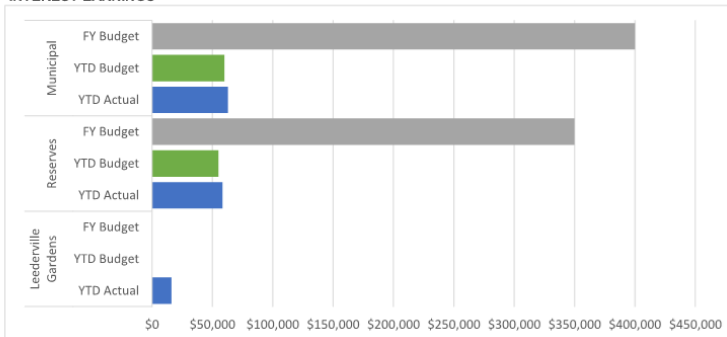
	Municipal	Reserve	Leederville Gardens Inc Surplus Trust	Total	Total
	\$	\$	\$	\$	%
BY INVESTMENT HOLDINGS					
Municipal Account	4,188,371	0	0	4,188,371	11.5%
Online Saver	2,600,734	0	0	2,600,734	7.2%
Term Deposits	7,000,000	18,680,000	3,817,329	29,497,329	81.3%
	13,789,105	18,680,000	3,817,329	36,286,434	100.0%
BY INSTITUTION					
Bank of Queensland	1,000,000	0	0	1,000,000	2.8%
Commonwealth Bank of Australia	6,789,105	0	2,058,536	8,847,641	24.4%
Beyond Bank	0	0	850,117	850,116	2.3%
National Australia Bank	4,000,000	6,100,000	908,677	11,008,677	30.3%
AMP Bank	0	7,500,000	0	7,500,000	20.7%
Hume Bank	0	2,540,000	0	2,540,000	7.0%
Macquarie Bank	2,000,000	2,540,000	0	4,540,000	12.5%
	13,789,105	18,680,000	3,817,329	36,286,434	100.0%
BY CREDIT RATINGS (SHORT-TERM ISSUE)					
A-1+	10,789,105	6,100,000	2,967,212	19,856,317	54.7%
A-1	2,000,000	2,540,000	0	4,540,000	12.5%
A-2	1,000,000	10,040,000	850,117	11,890,117	32.8%
	13,789,105	18,680,000	3,817,329	36,286,434	100.0%
BY TERMS					
0-30 days	6,789,105	0	0	6,789,105	18.7%
31-90 days	1,000,000	0	0	1,000,000	2.8%
91-180 days	1,000,000	2,540,000	0	3,540,000	9.7%
271-365 days	4,000,000	16,140,000	3,817,329	23,957,329	66.0%
> 1 year	1,000,000	0	0	1,000,000	2.8%
	13,789,105	18,680,000	3,817,329	36,286,434	100.0%
BY MATURITY					
0-30 days	8,789,105	5,000,000	0	13,789,105	38.0%
31-90 days	0	1,540,000	0	1,540,000	4.2%
91-180 days	0	4,500,000	1,758,793	6,258,793	17.3%
181-270 days	5,000,000	6,040,000	0	11,040,000	30.4%
271-365 days	0	1,600,000	2,058,536	3,658,536	10.1%
	13,789,105	18,680,000	3,817,329	36,286,434	100.0%
BY FOSSIL FUEL EXPOSURE (as determined by www.marketforces.org.au)					
Fossil Fuel Investments	12,789,105	16,140,000	2,967,212	31,896,317	87.9%
Non Fossil Fuel Investments	1,000,000	2,540,000	850,117	4,390,117	12.1%
	13,789,105	18,680,000	3,817,329	36,286,434	100.0%

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

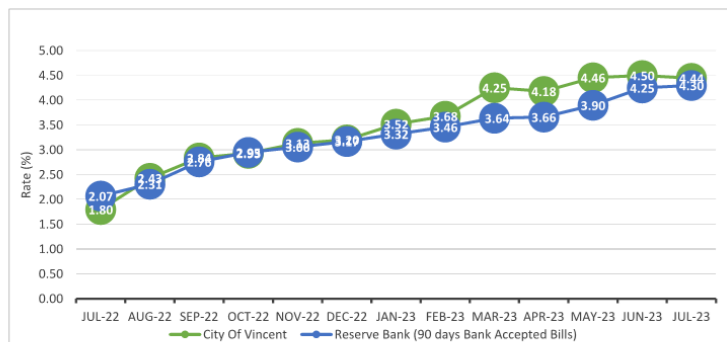
FUNDS INVESTED (ONLINE SAVER AND TERM DEPOSITS)



INTEREST EARNINGS

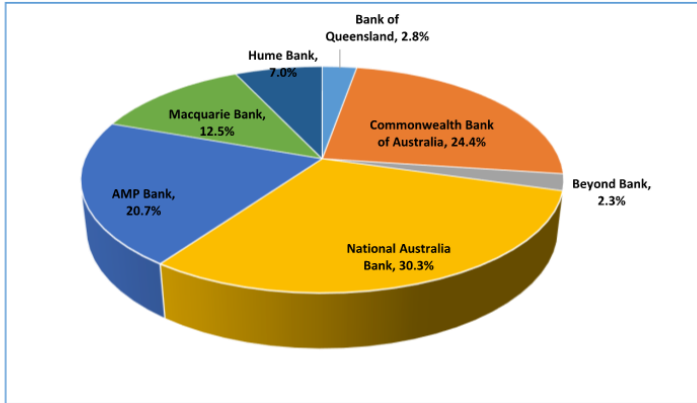


INTEREST RATE COMPARISON

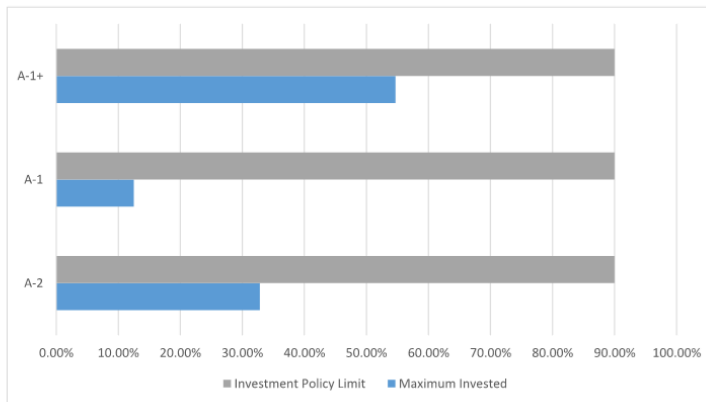


**CITY OF VINCENT
INVESTMENT POLICY COMPLIANCE
AS AT 31 JULY 2023**

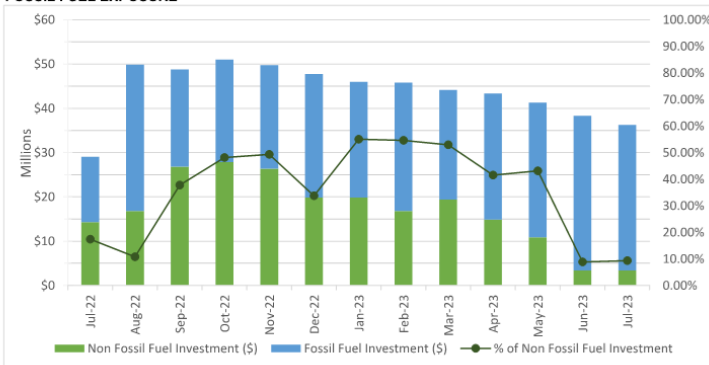
TOTAL PORTFOLIO EXPOSURE



TOATL CREDIT EXPOSURE



FOSSIL FUEL EXPOSURE



* Selection of non fossil fuel investments is based on information provided by www.marketforces.org.au.

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

	YTD 31/07/2023	PY YTD 31/07/2022	FY 2023/24	PY FY 2022/23
	\$	\$	\$	\$
MUNICIPAL FUNDS				
Budget	60,000	10,000	400,000	500,000
Interest Earnings	62,845	9,487	62,845	827,395
% Income to Budget	104.7%	94.9%	15.7%	165.5%
RESERVE FUNDS				
Budget	55,000	6,667	350,000	450,000
Interest Earnings	58,413	22,617	58,413	497,011
% Income to Budget	106.2%	339.2%	16.7%	110.5%
LEEDERVILLE GARDENS INC SURPLUS TRUST				
Budget	0	0	0	0
Interest Earnings	16,082	13,230	16,082	134,290
% Income to Budget	0.0%	0.0%	0.0%	0.0%
TOTAL				
Budget	115,000	16,667	750,000	950,000
Interest Earnings	137,341	45,335	137,341	1,458,696
% Income to Budget	119.4%	272.0%	18.3%	153.6%
Variance	22,341	28,668	(612,659)	508,696
% Variance to Budget	19.4%	172.0%	(81.7%)	53.6%
TOTAL (EXCL. LEEDERVILLE GARDENS INC SURPLUS TRUST)				
Budget	115,000	16,667	750,000	950,000
Interest Earnings	121,258	32,105	121,258	1,324,406
% Income to Budget	105.4%	192.6%	16.2%	139.4%
Variance	6,258	15,438	(628,742)	374,406
% Variance to Budget	5.4%	92.6%	(83.8%)	39.4%