

**11.3 INVESTMENT REPORT AS AT 28 FEBRUARY 2023**

**Attachments:** 1. Investment Statistics as at 28 February 2023

**RECOMMENDATION:**

That Council **NOTES** the Investment Statistics for the month ended 28 February 2023 as detailed in Attachment 1.

**PURPOSE OF REPORT:**

To advise Council of the nature and value of the City's Investments as at 28 February 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**

A total of \$8m matured and \$7m was invested in February 2023 to capitalise on the favourable interest rates offered while maintaining an optimum level of cash flow.

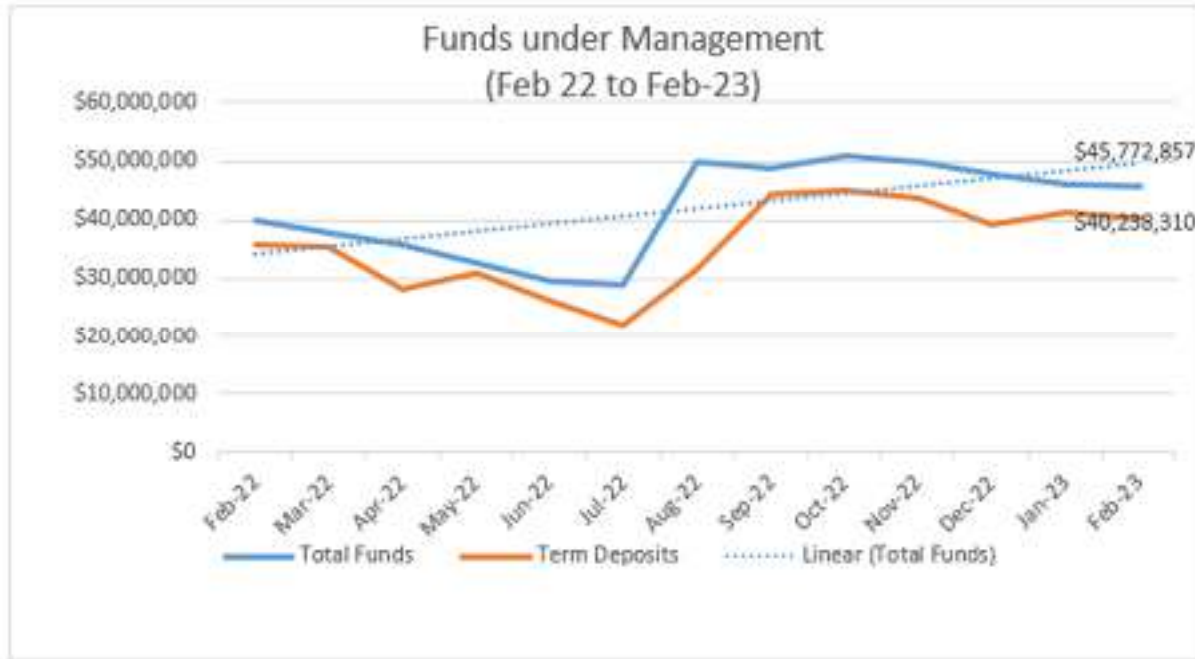
**Investment Status**

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

As at 28 February 2023, the total funds held in the City's operating accounts (including on call) was \$45,772,857 compared to \$39,989,322 for the period ended 28 February 2022. All funds are interest bearing as at 28 February 2023.

The total term deposit investments for the period ended 28 February 2023 were \$40,238,310 compared to \$35,964,808 for the period ended 28 February 2022.

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



**Interest Status**

Total accrued interest earned on investments as at 28 February 2023 is:

Total Accrued Interest Earned on Investment	Budget Adopted	Budget YTD	Actual YTD	% of YTD Budget
Municipal	\$120,000	\$80,000	\$502,804	628.5%
Reserve	\$80,000	\$53,336	\$284,795	534.0%
<b>Subtotal</b>	<b>\$200,000</b>	<b>\$133,336</b>	<b>\$787,599</b>	<b>590,7%</b>
Leederville Gardens Inc Surplus Trust*	\$0	\$0	\$70,705	N/A
<b>Total</b>	<b>\$200,000</b>	<b>\$133,336</b>	<b>\$858,304</b>	<b>643,7%</b>

\*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 3.68% for current investments compared to the Reserve Bank 90 day accepted bill rate for February 2023 of 3.46%.

**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 has been updated to increase the maximum exposure limits to divested institutions, this has now been increased to 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%	20.6%	90%	32.7%
A-1	25%	15.3%	90%	15.3%
A-2	20%	14.1%	90%	52.0%

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 2018-2028*:

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 28 FEBRUARY 2023**

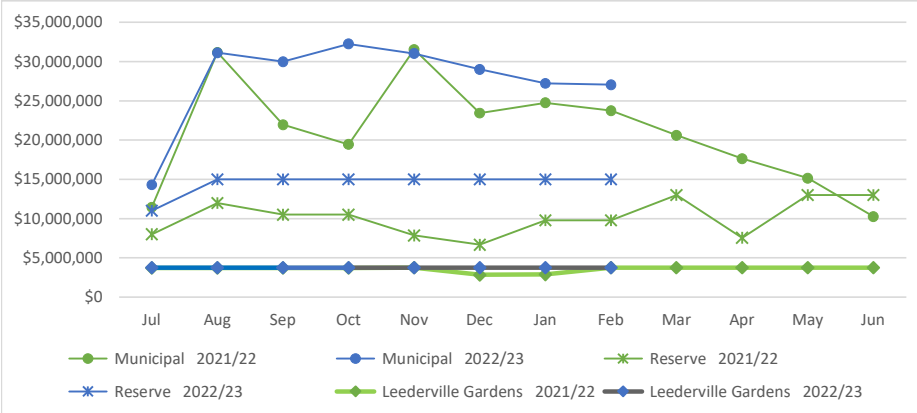
<b>Funds</b>	<b>Institution</b>	<b>Investment Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Principal \$</b>
<b><u>OPERATING ACCOUNTS</u></b>					
Municipal	Commonwealth Bank of Australia			3.10%	1,461,158
Municipal	Commonwealth Bank of Australia	Ongoing		3.45%	4,073,389
<b>Total Operating Funds</b>					<b>5,534,547</b>
<b><u>TERM DEPOSITS</u></b>					
Leederville Gardens Inc Surplus Trust	Members Equity Bank	19/05/2022	19/05/2023	3.15%	19,060
Leederville Gardens Inc Surplus Trust	MyState Bank	30/06/2022	30/06/2023	4.00%	1,960,457
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
Municipal	Macquarie Bank	22/03/2022	22/03/2023	1.25%	4,500,000
Municipal	MyState Bank	29/09/2022	12/04/2023	4.20%	4,500,000
Municipal	Beyond Bank	04/11/2022	03/06/2023	4.40%	3,500,000
Municipal	Beyond Bank	13/01/2023	13/06/2023	4.21%	2,000,000
Reserve	Macquarie Bank	29/03/2022	29/03/2023	1.60%	2,500,000
Reserve	Members Equity Bank	19/05/2022	19/05/2023	3.15%	4,000,000
Reserve	AMP Bank	04/08/2022	04/08/2023	4.20%	4,000,000
Reserve	National Australia Bank	12/01/2023	11/01/2024	4.53%	4,500,000
Municipal	Bank of Queensland	20/02/2023	30/06/2023	4.20%	3,000,000
Municipal	National Australia Bank	20/02/2023	20/02/2024	4.80%	4,000,000
<b>Total Term Deposits</b>					<b>40,238,310</b>
<b>Total Investment Including At Call</b>					<b>45,772,857</b>

**CITY OF VINCENT  
INVESTMENT PORTFOLIO  
AS AT 28 FEBRUARY 2023**

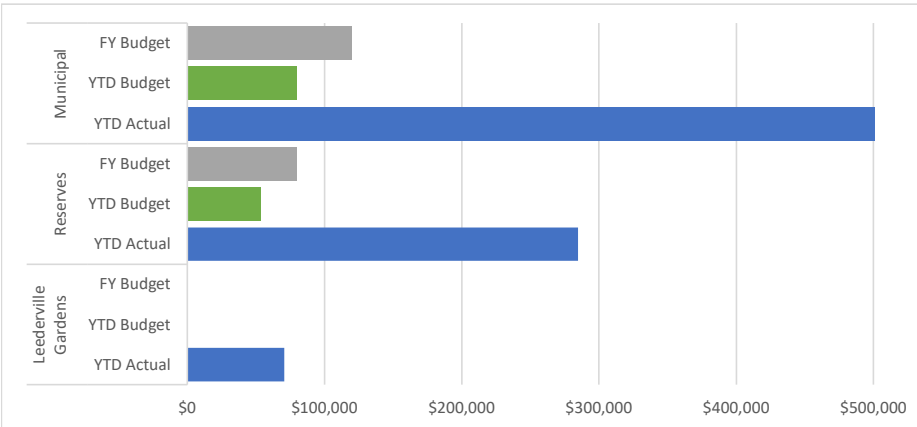
	Municipal	Reserve	Leederville Gardens Inc Surplus Trust	Total	Total
	\$	\$	\$	\$	%
<b>BY INVESTMENT HOLDINGS</b>					
Municipal Account	1,461,158	0	0	1,461,158	3.2%
Online Saver	4,073,389	0	0	4,073,389	8.9%
Term Deposits	21,500,000	15,000,000	3,738,310	40,238,310	87.9%
	<b>27,034,547</b>	<b>15,000,000</b>	<b>3,738,310</b>	<b>45,772,857</b>	<b>100.0%</b>
<b>BY INSTITUTION</b>					
Bank of Queensland	3,000,000	0	0	3,000,000	6.6%
Commonwealth Bank of Australia	5,534,547	0	0	5,534,547	12.1%
Beyond Bank	5,500,000	0	850,117	6,350,116	13.9%
Members Equity Bank	0	4,000,000	19,060	4,019,060	8.8%
National Australia Bank	4,000,000	4,500,000	908,677	9,408,677	20.6%
Macquarie Bank	4,500,000	2,500,000	0	7,000,000	15.3%
MyState Bank	4,500,000	0	1,960,457	6,460,457	14.1%
	<b>27,034,547</b>	<b>11,000,000</b>	<b>3,738,310</b>	<b>41,772,857</b>	<b>91.26%</b>
<b>BY CREDIT RATINGS (SHORT-TERM ISSUE)</b>					
A-1+	9,534,547	4,500,000	908,676	14,943,223	32.7%
A-1	4,500,000	2,500,000	0	7,000,000	15.3%
A-2	13,000,000	8,000,000	2,829,634	23,829,634	52.0%
	<b>27,034,547</b>	<b>15,000,000</b>	<b>3,738,310</b>	<b>45,772,857</b>	<b>100.0%</b>
<b>BY TERMS</b>					
0-30 days	5,534,547	0	0	5,534,547	12.1%
91-180 days	5,000,000	0	0	5,000,000	10.9%
181-270 days	8,000,000	0	0	8,000,000	17.5%
271-365 days	8,500,000	15,000,000	3,738,310	27,238,310	59.5%
	<b>27,034,547</b>	<b>15,000,000</b>	<b>3,738,310</b>	<b>45,772,857</b>	<b>100.0%</b>
<b>BY MATURITY</b>					
0-30 days	10,034,547	2,500,000	0	12,534,547	27.4%
31-90 days	4,500,000	4,000,000	19,059	8,519,059	18.6%
91-180 days	8,500,000	4,000,000	1,960,457	14,460,457	31.6%
181-270 days	0	0	850,117	850,117	1.9%
271-365 days	4,000,000	4,500,000	908,677	9,408,677	20.6%
	<b>27,034,547</b>	<b>15,000,000</b>	<b>3,738,310</b>	<b>45,772,857</b>	<b>100.0%</b>
<b>BY FOSSIL FUEL EXPOSURE (as determined by <a href="http://www.marketforces.org.au">www.marketforces.org.au</a>)</b>					
Fossil Fuel Investments	17,034,547	11,000,000	908,676	28,943,223	63.2%
Non Fossil Fuel Investments	10,000,000	4,000,000	2,829,634	16,829,634	36.8%
	<b>27,034,547</b>	<b>15,000,000</b>	<b>3,738,310</b>	<b>45,772,857</b>	<b>100.0%</b>

**CITY OF VINCENT  
INVESTMENT PERFORMANCE  
AS AT 28 FEBRUARY 2023**

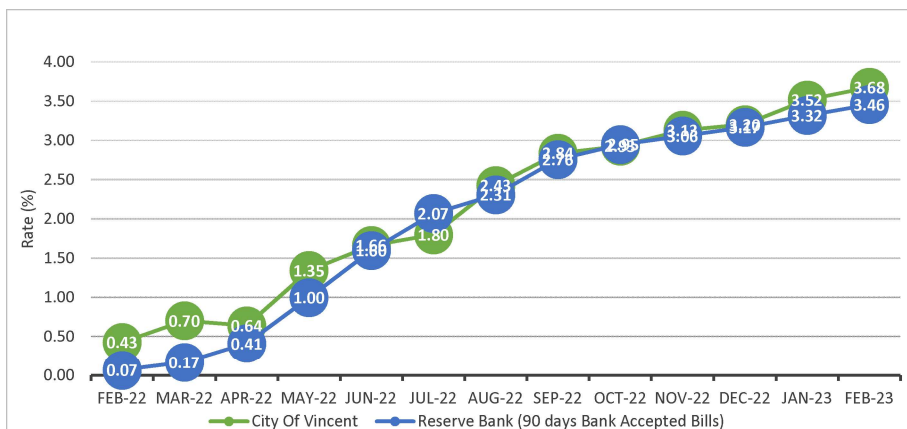
**FUNDS INVESTED (ONLINE SAVER AND TERM DEPOSITS)**



**INTEREST EARNINGS**

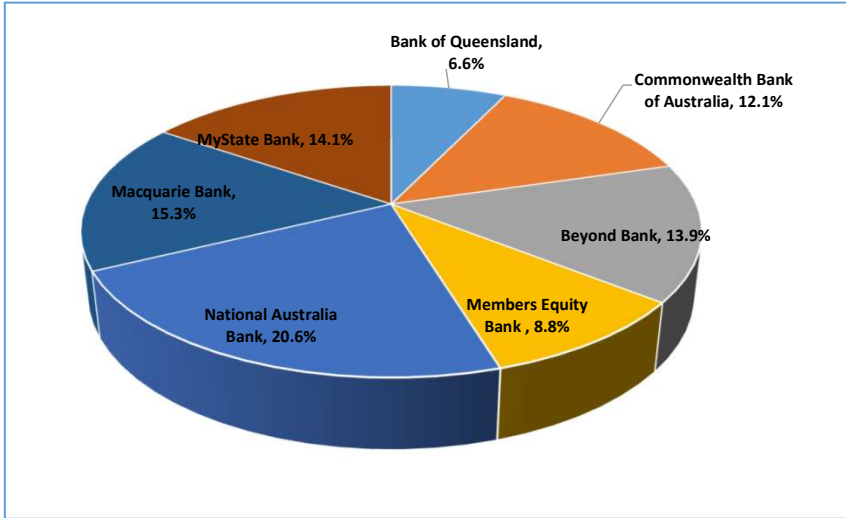


**INTEREST RATE COMPARISON**

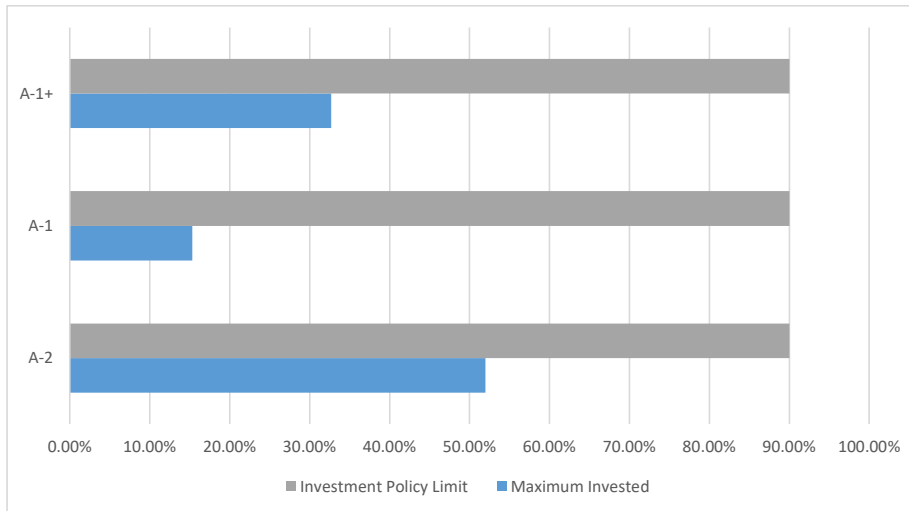


**CITY OF VINCENT  
INVESTMENT POLICY COMPLIANCE  
AS AT 28 FEBRUARY 2023**

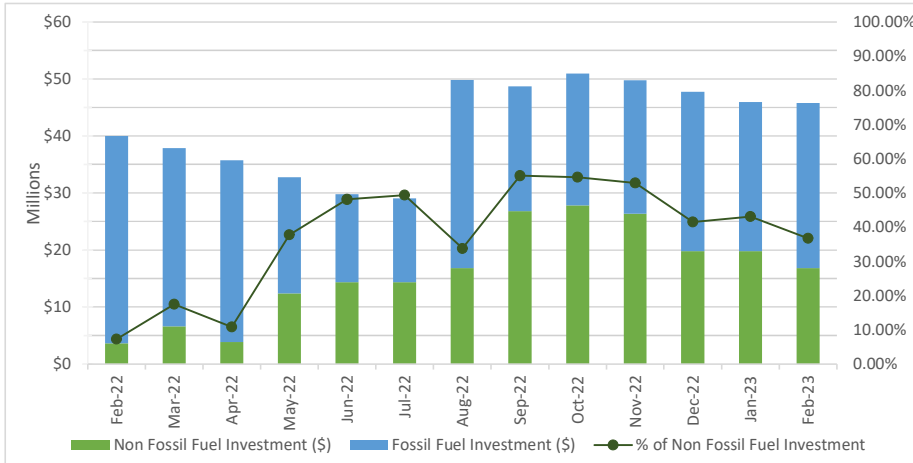
**TOTAL PORTFOLIO EXPOSURE**



**TOATL CREDIT EXPOSURE**



**FOSSIL FUEL EXPOSURE**



\* Selection of non fossil fuel investments is based on information provided by [www.marketforces.org.au](http://www.marketforces.org.au).

**CITY OF VINCENT  
INVESTMENT INTEREST EARNINGS  
AS AT 28 FEBRUARY 2023**

	<b>YTD 28/02/2023</b>	<b>PY YTD 28/02/2022</b>	<b>FY 2022/23</b>	<b>PY FY 2021/22</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>MUNICIPAL FUNDS</b>				
Budget	80,000	53,098	120,000	100,000
Interest Earnings	502,804	57,986	502,804	98,791
% Income to Budget	628.5%	109.2%	419.0%	98.6%
<b>RESERVE FUNDS</b>				
Budget	53,336	72,832	80,000	100,000
Interest Earnings	284,795	30,945	284,795	80,469
% Income to Budget	534.0%	42.5%	356.0%	80.5%
<b>LEEDERVILLE GARDENS INC SURPLUS TRUST</b>				
Budget	0	0	0	0
Interest Earnings	70,705	50,090	70,705	58,921
% Income to Budget	0.0%	0.0%	0.0%	0.0%
<b>TOTAL</b>				
Budget	133,336	125,930	200,000	200,000
Interest Earnings	858,304	139,021	858,304	238,180
% Income to Budget	643.7%	110.4%	429.2%	119.1%
<b>TOTAL (EXCL. LEEDERVILLE GARDENS INC SURPLUS TRUST)</b>				
Budget	133,336	125,930	200,000	200,000
Interest Earnings	787,599	88,931	787,599	179,259
% Income to Budget	590.7%	70.6%	393.8%	89.6%
Variance	654,263	(36,999)	587,599	(20,741)
% Variance to Budget	490.7%	(29.4%)	293.8%	(10.4%)