

7.3 INVESTMENT REPORT AS AT 30 SEPTEMBER 2023

Attachments: 1. **Investment Statistics as at 30 September 2023**

RECOMMENDATION:

That Council NOTES the Investment Statistics for the month ended 30 September 2023 as detailed in Attachment 1.

PURPOSE OF REPORT:

To advise Council of the nature and value of the City's Investments as at 30 September 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 \$1.5m matured and \$11m was invested in September 2023 to capitalise on the favourable interest rates offered while maintaining an optimum level of cash flow.

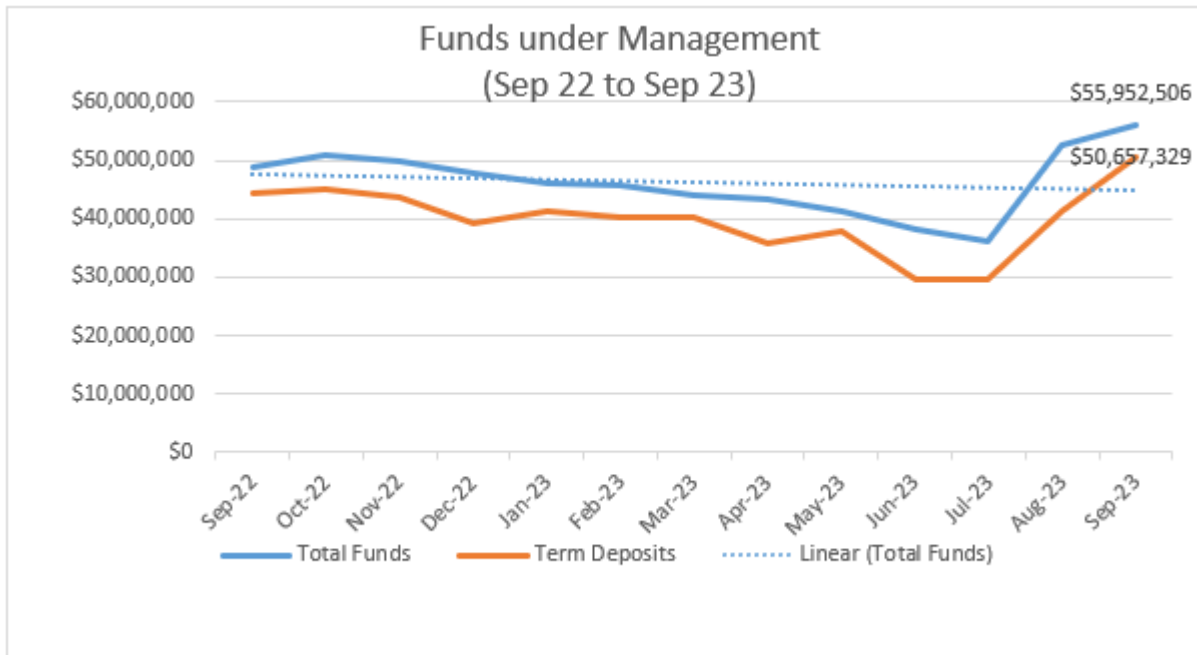
Investment Status

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

As at 30 September 2023, the total funds held in the City's operating accounts (including on call) was \$55,952,506 compared to \$48,732,527 for the period ended 30 September 2022. All funds are interest bearing as at 30 September 2023.

The total term deposit investments for the period ended 30 September 2023 were \$50,657,329 compared to \$44,236,604 for the period ended 30 September 2022.

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



Interest Status

Total accrued interest earned on investments as at 30 September 2023 is:

Total Accrued Interest Earned on Investment	Budget Adopted	Budget YTD	Actual YTD	% of YTD Budget
Municipal	\$400,000	\$180,000	\$285,016	158.3%
Reserve	\$350,000	\$165,000	\$195,527	118.5%
Subtotal	\$750,000	\$345,000	\$480,543	139.3%
Leederville Gardens Inc Surplus Trust*	\$0	\$0	\$47,728	N/A
Total	\$750,000	\$345,000	\$528,271	153.1%

*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 4.93% for current investments compared to the Reserve Bank 90 day accepted bill rate for September 2023 of 4.13%.

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%	31.4%	90%	52.9%
A-1	25%	0%	90%	0%
A-2	20%	12.5%	90%	47.1%

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 30 SEPTEMBER 2023**

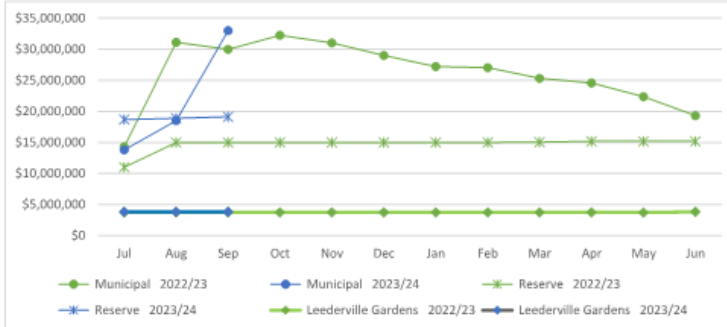
Funds	Institution	Investment Date	Maturity Date	Interest Rate	Principal \$
<u>OPERATING ACCOUNTS</u>					
Municipal	Commonwealth Bank of Australia			3.85%	2,066,907
Municipal	Commonwealth Bank of Australia	Ongoing		4.15%	1,433,737
Reserve	Commonwealth Bank of Australia	Ongoing		4.15%	1,794,533
Total Operating Funds					5,295,177
<u>TERM DEPOSITS</u>					
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
Leederville Gardens Inc Surplus Trust	Beyond Bank	04/11/2022	03/11/2023	4.55%	850,117
Municipal	National Australia Bank	20/02/2023	20/02/2024	4.83%	4,000,000
Municipal	Hume Bank	20/09/2023	19/12/2023	4.85%	4,000,000
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	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	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	AMP Bank	29/03/2023	28/03/2024	4.90%	3,500,000
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
Reserve	Hume Bank	29/03/2023	28/03/2024	4.78%	2,540,000
Reserve	Commonwealth Bank of Australia	09/08/2023	08/08/2024	5.55%	5,200,000
Reserve	Bendigo and Adelaide Bank	30/08/2023	29/04/2024	5.00%	2,500,000
Total Term Deposits					50,657,329
Total Funds available					55,952,506

**CITY OF VINCENT
INVESTMENT PORTFOLIO
AS AT 30 SEPTEMBER 2023**

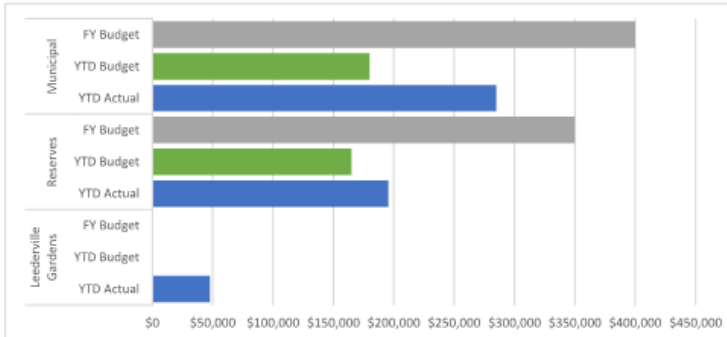
	Municipal	Reserve	Leederville Gardens Inc Surplus Trust	Total	Total
	\$	\$	\$	\$	%
BY INVESTMENT HOLDINGS					
Municipal Account	2,066,907	0	0	2,066,907	3.7%
Online Saver	1,433,737	1,794,533	0	3,228,270	5.8%
Term Deposits	29,500,000	17,340,000	3,817,329	50,657,329	90.5%
	33,000,644	19,134,533	3,817,329	55,952,506	100.0%
BY INSTITUTION					
Bank of Queensland	6,000,000	0	0	6,000,000	10.7%
Bendigo and Adelaide Bank	0	2,500,000	0	2,500,000	4.5%
Commonwealth Bank of Australia	8,500,644	6,994,533	2,058,536	17,553,712	31.4%
Beyond Bank	0	0	850,117	850,117	1.5%
National Australia Bank	4,000,000	7,100,000	908,677	12,008,677	21.5%
AMP Bank	3,500,000	0	0	3,500,000	6.3%
Hume Bank	4,000,000	2,540,000	0	6,540,000	11.7%
G&C Mutual	7,000,000	0	0	7,000,000	12.5%
	33,000,644	19,134,533	3,817,329	55,952,506	100.0%
BY CREDIT RATINGS (SHORT-TERM ISSUE)					
A-1+	12,500,644	14,094,533	2,967,212	29,562,389	52.9%
A-1	0	0	0	0	0.0%
A-2	20,500,000	5,040,000	850,117	26,390,117	47.2%
	33,000,644	19,134,533	3,817,329	55,952,506	100.0%
BY TERMS					
0-30 days	3,500,644	1,794,533	0	5,295,177	9.5%
31-90 days	4,000,000	0	0	4,000,000	7.1%
181-270 days	9,500,000	2,500,000	0	12,000,000	21.4%
271-365 days	15,000,000	14,840,000	3,817,329	33,657,329	60.2%
> 1 year	1,000,000	0	0	1,000,000	1.8%
	33,000,644	19,134,533	3,817,329	55,952,506	100.0%
BY MATURITY					
0-30 days	3,500,644	1,794,533	0	5,295,177	9.5%
31-90 days	4,000,000	0	850,117	4,850,117	8.7%
91-180 days	8,500,000	7,040,000	908,677	16,448,677	29.4%
181-270 days	14,500,000	5,100,000	0	19,600,000	35.0%
271-365 days	2,500,000	5,200,000	2,058,536	9,758,536	17.4%
	33,000,644	19,134,533	3,817,329	55,952,506	100.0%
BY FOSSIL FUEL EXPOSURE					
Fossil Fuel Investments	20,000,644	16,634,533	2,967,212	39,602,389	70.8%
Non Fossil Fuel Investments	13,000,000	2,500,000	850,117	16,350,117	29.2%
	33,000,644	19,134,533	3,817,329	55,952,506	100.0%

**CITY OF VINCENT
INVESTMENT PERFORMANCE
AS AT 30 SEPTEMBER 2023**

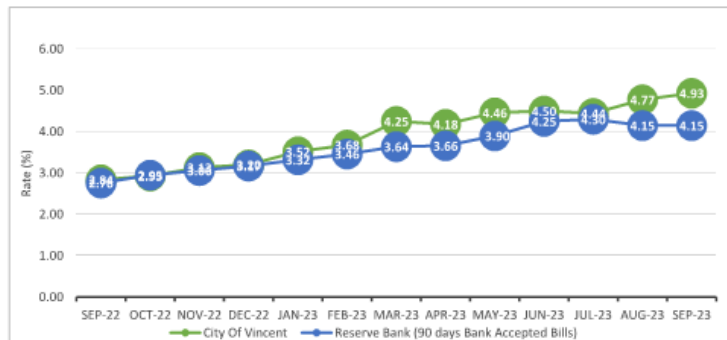
FUNDS INVESTED (TERM DEPOSITS ONLY)



INTEREST EARNINGS

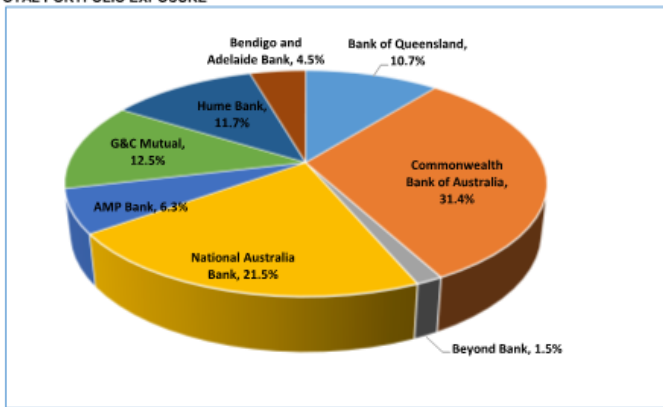


INTEREST RATE COMPARISON

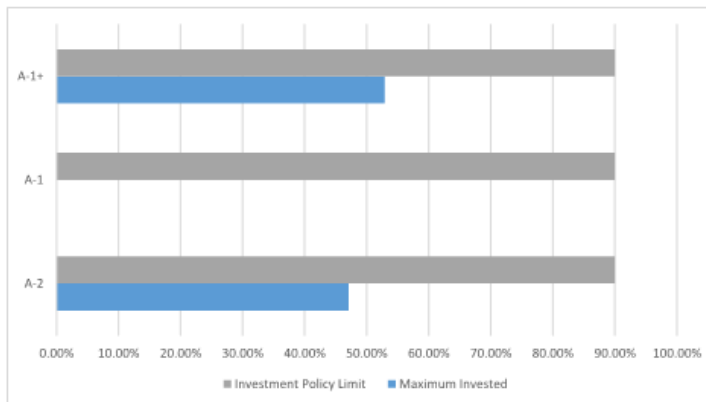


**CITY OF VINCENT
INVESTMENT POLICY COMPLIANCE
AS AT 30 SEPTEMBER 2023**

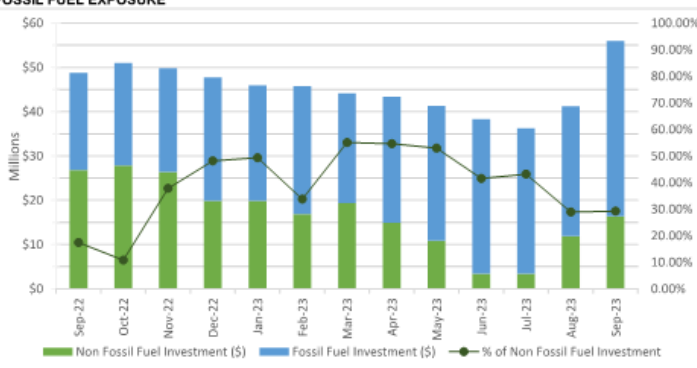
TOTAL PORTFOLIO EXPOSURE



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 30 SEPTEMBER 2023**

	YTD 30/09/2023	PY YTD 30/09/2022	FY 2023/24	PY FY 2022/23
	\$	\$	\$	\$
MUNICIPAL FUNDS				
Budget	180,000	30,000	400,000	500,000
Interest Earnings	285,016	59,160	285,016	827,395
% Income to Budget	158.3%	197.2%	71.3%	165.5%
RESERVE FUNDS				
Budget	165,000	20,001	350,000	450,000
Interest Earnings	195,527	96,233	195,527	497,011
% Income to Budget	118.5%	481.1%	55.9%	110.5%
LEEDERVILLE GARDENS INC SURPLUS TRUST				
Budget	0	0	0	0
Interest Earnings	47,728	28,420	47,728	134,290
% Income to Budget	0.0%	0.0%	0.0%	0.0%
TOTAL				
Budget	345,000	50,001	750,000	950,000
Interest Earnings	528,271	183,813	528,271	1,458,696
% Income to Budget	153.1%	367.6%	70.4%	153.6%
Variance	183,271	133,812	(221,729)	508,696
% Variance to Budget	53.1%	267.6%	(29.6%)	53.6%
TOTAL (EXCL. LEEDERVILLE GARDENS INC SURPLUS TRUST)				
Budget	345,000	50,001	750,000	950,000
Interest Earnings	480,543	155,393	480,543	1,324,406
% Income to Budget	139.3%	310.8%	64.1%	139.4%
Variance	135,543	105,392	(269,457)	374,406
% Variance to Budget	39.3%	210.8%	(35.9%)	39.4%