

11.6 INVESTMENT REPORT AS AT 31 DECEMBER 2022

Attachments: 1. Investment Statistics as at 31 December 2022

RECOMMENDATION:

That Council **NOTES** the Investment Statistics for the month ended 31 December 2022 as detailed in Attachment 1.

PURPOSE OF REPORT:

To advise Council of the nature and value of the City's Investments as at 31 December 2022 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 funds were invested in term deposits during December to manage at call cash levels and due to the timing of maturities around the Christmas shutdown period.

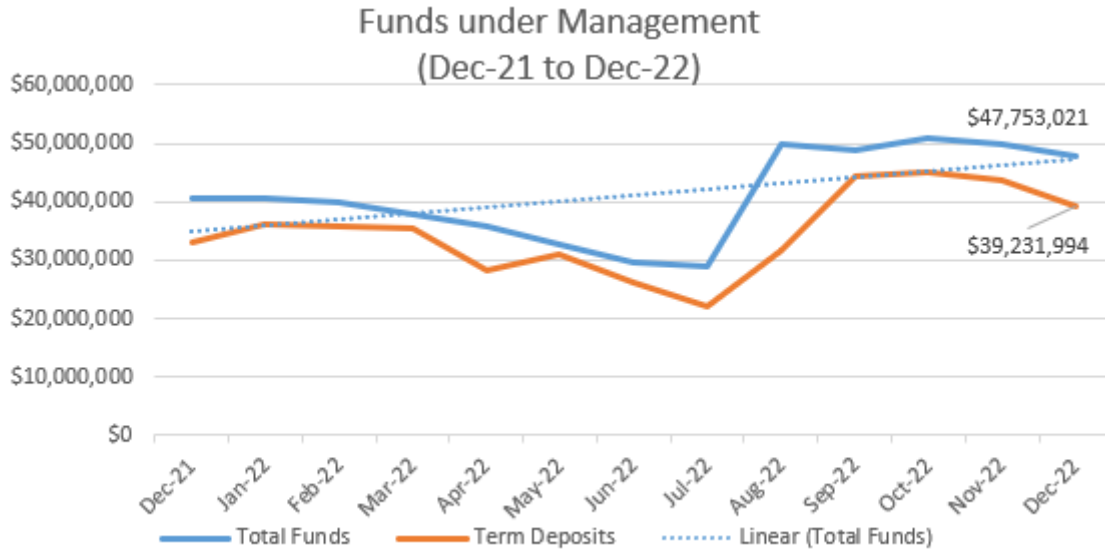
Investment Status

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

As at 31 December 2022, the total funds held in the City's operating accounts (including on call) was \$47,753,022 compared to \$40,661,218 for the period ended 31 December 2021. All funds are interest bearing as at 31 December 2022.

The total term deposit investments for the period ended 31 December 2022 were \$39,231,994 compared to \$32,931,264 for the period ended 31 December 2021.

The following chart shows funds under management from December 2021 to December 2022:



Interest Status

Total accrued interest earned on investments as at 31 December 2022 is:

Total Accrued Interest Earned on Investment	Budget Adopted	Budget YTD	Actual YTD	% of YTD Budget
Municipal	\$120,000	\$60,000	\$273,377	455.6%
Reserve	\$80,000	\$40,002	\$247,920	619.8%
Subtotal	\$200,000	\$100,002	\$521,297	521.3%
Leederville Gardens Inc Surplus Trust*	\$0	\$0	\$52,392	N/A
Total	\$200,000	\$100,002	\$573,689	573.7%

*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 3.20% for current investments compared to the Reserve Bank 90 day accepted bill rate for December 2022 of 3.17%.

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%	17.8%	90%	24.0%
A-1	25%	14.7%	90%	14.7%
A-2	20%	19.9%	90%	61.3%

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 31 DECEMBER 2022**

Funds	Institution	Investment Date	Maturity Date	Interest Rate	Principal \$
<u>OPERATING ACCOUNTS</u>					
Municipal	Commonwealth Bank of Australia		Ongoing	2.85%	4,958,605
Municipal	Commonwealth Bank of Australia			3.20%	3,562,422
Total Operating Funds					8,521,028
<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	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	National Australia Bank	12/01/2022	13/01/2023	0.70%	902,360
Municipal	AMP Bank	10/08/2022	08/02/2023	3.80%	3,000,000
Municipal	AMP Bank	28/09/2022	16/01/2023	3.95%	2,500,000
Municipal	Beyond Bank	04/11/2022	03/06/2023	4.40%	3,500,000
Municipal	Members Equity Bank	29/03/2022	04/01/2023	1.20%	2,000,000
Municipal	MyState Bank	29/09/2022	15/02/2023	3.90%	3,000,000
Municipal	MyState Bank	29/09/2022	12/04/2023	4.20%	4,500,000
Municipal	National Australia Bank	27/10/2022	23/02/2023	3.15%	2,000,000
Reserve	AMP Bank	04/08/2022	04/08/2023	4.20%	4,000,000
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	Macquarie Bank	22/03/2022	22/03/2023	1.25%	4,500,000
Total Term Deposits					39,231,994
Total Investment Including At Call					47,753,022

**CITY OF VINCENT
INVESTMENT PORTFOLIO
AS AT 31 DECEMBER 2022**

	Municipal	Reserve	Leederville Gardens Inc Surplus Trust	Total	Total
	\$	\$	\$	\$	%
BY INVESTMENT HOLDINGS					
Municipal Account	4,958,605	0	0	4,958,605	10.4%
Online Saver	3,562,422	0	0	3,562,422	7.5%
Term Deposits	20,500,000	15,000,000	3,731,994	39,231,994	82.2%
	29,021,028	15,000,000	3,731,994	47,753,022	100.0%

BY INSTITUTION					
Beyond Bank	3,500,000	0	850,117	4,350,117	9.1%
Commonwealth Bank of Australia	8,521,028	0	0	8,521,028	17.8%
Members Equity Bank	2,000,000	4,000,000	19,060	6,019,060	12.6%
National Australia Bank	2,000,000	0	902,360	2,902,360	6.1%
AMP Bank	5,500,000	4,000,000	0	9,500,000	19.9%
Macquarie Bank	0	7,000,000	0	7,000,000	14.7%
MyState Bank	7,500,000	0	1,960,457	9,460,457	19.8%
	29,021,028	15,000,000	3,731,994	47,753,022	100.0%

BY CREDIT RATINGS (SHORT-TERM ISSUE)					
A-1+	10,521,028	0	902,360	11,423,388	24.0%
A-1	0	7,000,000	0	7,000,000	14.7%
A-2	18,500,000	8,000,000	2,829,634	29,329,634	61.3%
	29,021,028	15,000,000	3,731,994	47,753,022	100.0%

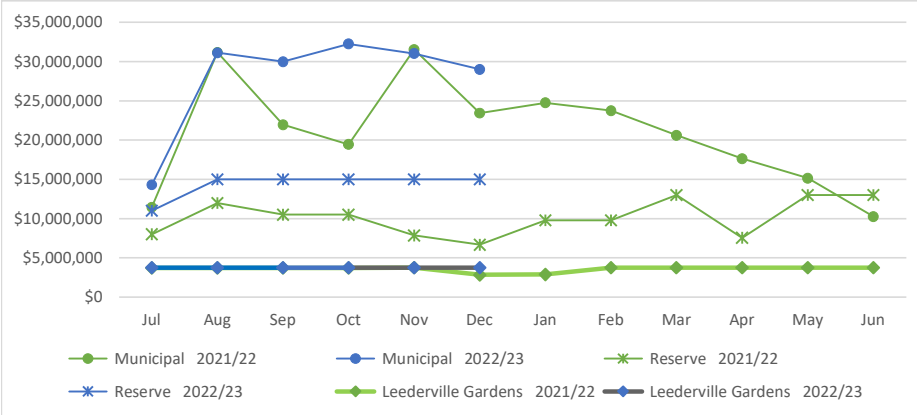
BY TERMS					
0-30 days	8,521,028	0	0	8,521,028	17.8%
91-180 days	7,500,000	0	0	7,500,000	15.7%
181-270 days	11,000,000	0	0	11,000,000	23.0%
271-365 days	2,000,000	15,000,000	3,731,994	20,731,994	43.4%
	29,021,028	15,000,000	3,731,994	47,753,022	100.0%

BY MATURITY					
0-30 days	13,021,028	0	902,360	13,923,388	29.2%
31-90 days	8,000,000	7,000,000	0	15,000,000	31.4%
91-180 days	8,000,000	4,000,000	19,060	12,019,060	25.2%
181-270 days	0	4,000,000	1,960,457	5,960,457	12.5%
271-365 days	0	0	850,117	850,117	1.8%
	29,021,028	15,000,000	3,731,994	47,753,022	100.0%

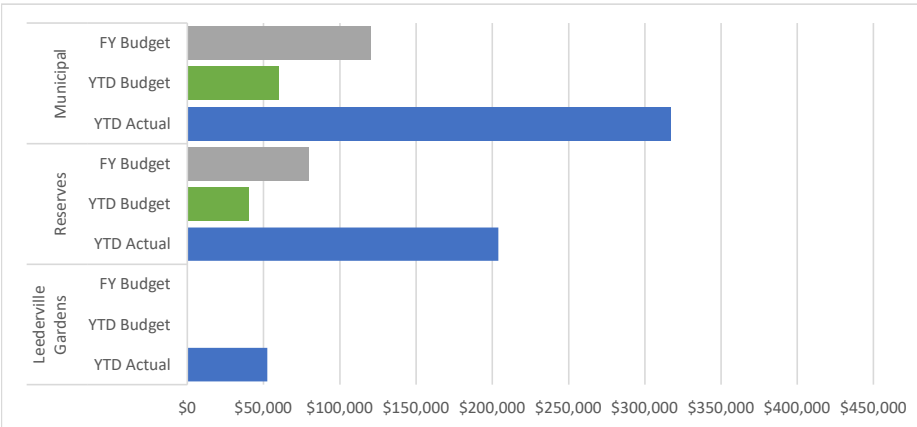
BY FOSSIL FUEL EXPOSURE (as determined by www.marketforces.org.au)					
Fossil Fuel Investments	16,021,028	11,000,000	902,360	27,923,388	58.5%
Non Fossil Fuel Investments	13,000,000	4,000,000	2,829,634	19,829,634	41.5%
	29,021,028	15,000,000	3,731,994	47,753,022	100.0%

**CITY OF VINCENT
INVESTMENT PERFORMANCE
AS AT 31 DECEMBER 2022**

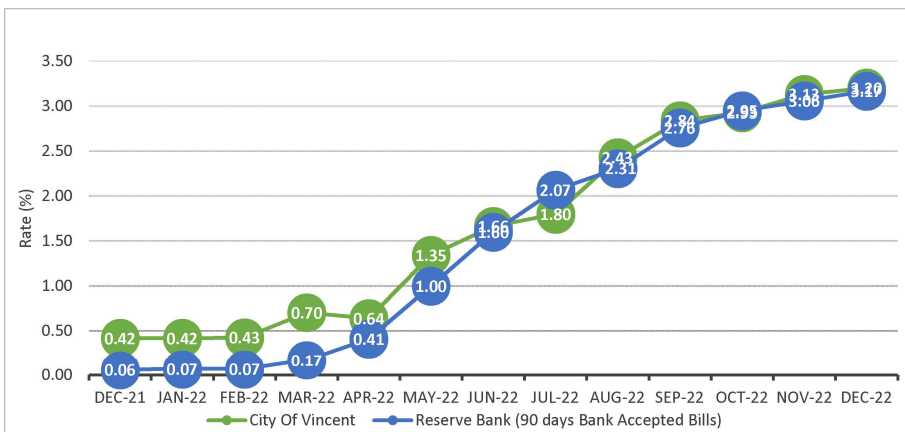
FUNDS INVESTED (ONLINE SAVER AND TERM DEPOSITS)



INTEREST EARNINGS

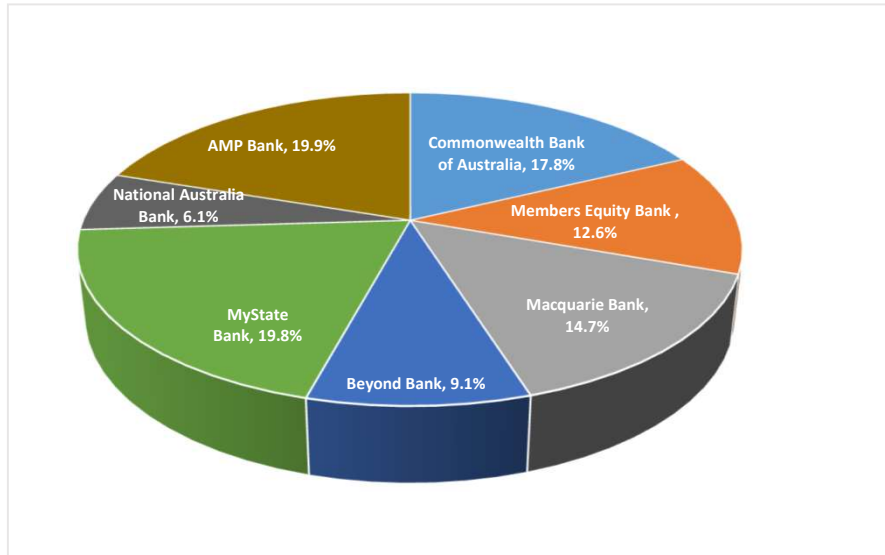


INTEREST RATE COMPARISON

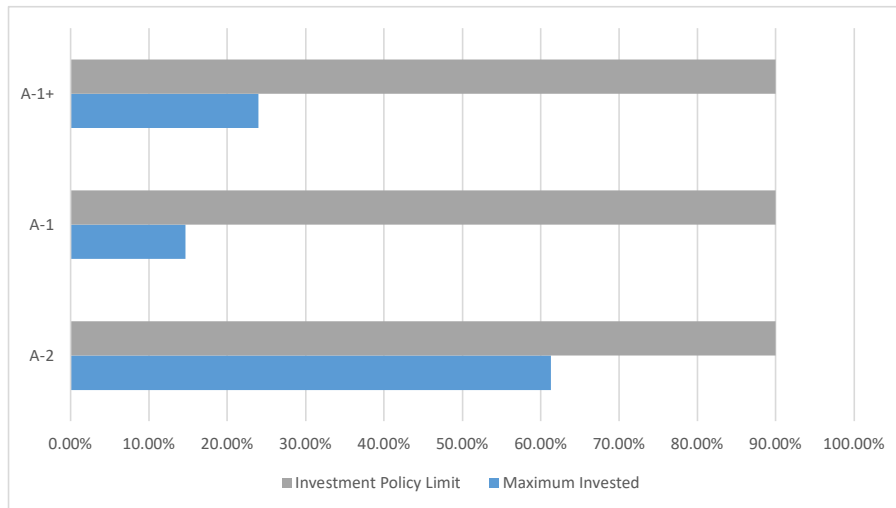


**CITY OF VINCENT
INVESTMENT POLICY COMPLIANCE
AS AT 31 DECEMBER 2022**

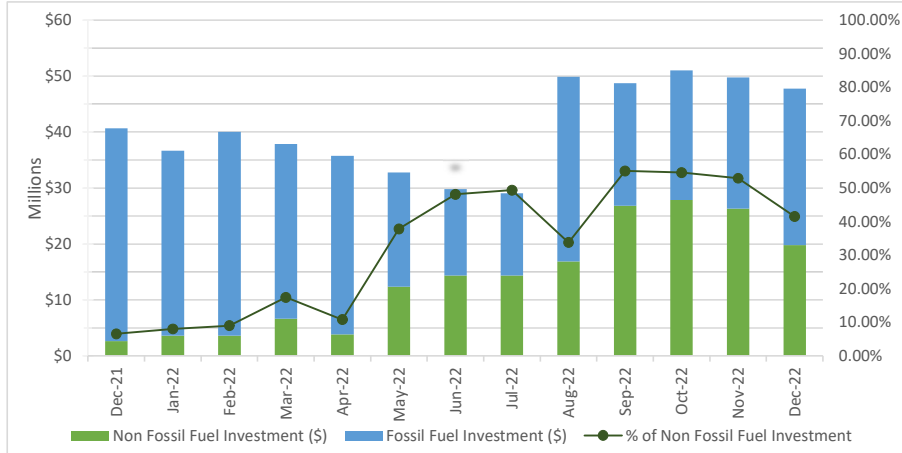
TOTAL PORTFOLIO EXPOSURE



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 DECEMBER 2022**

	YTD 31/12/2022	PY YTD 31/12/2021	FY 2022/23	PY FY 2021/22
	\$	\$	\$	\$
MUNICIPAL FUNDS				
Budget	60,000	29,646	120,000	100,000
Interest Earnings	273,377	39,879	273,377	98,791
% Income to Budget	455.6%	134.5%	227.8%	98.6%
RESERVE FUNDS				
Budget	40,002	39,246	80,000	100,000
Interest Earnings	247,920	22,902	247,920	80,469
% Income to Budget	619.8%	58.4%	309.9%	80.5%
LEEDERVILLE GARDENS INC SURPLUS TRUST				
Budget	0	0	0	0
Interest Earnings	52,392	34,913	52,392	58,921
% Income to Budget	0.0%	0.0%	0.0%	0.0%
TOTAL				
Budget	100,002	68,892	200,000	200,000
Interest Earnings	573,689	97,694	573,689	238,180
% Income to Budget	573.7%	141.8%	286.8%	119.1%
Variance	473,687	28,802	373,689	38,180
% Variance to Budget	473.7%	41.8%	186.8%	19.1%
TOTAL (EXCL. LEEDERVILLE GARDENS INC SURPLUS TRUST)				
Budget	100,002	68,892	200,000	200,000
Interest Earnings	521,297	62,781	521,297	179,259
% Income to Budget	521.3%	91.1%	260.7%	89.6%
Variance	421,295	(6,111)	321,297	(20,741)
% Variance to Budget	421.3%	(8.9%)	160.7%	(10.4%)