

11.3 INVESTMENT REPORT AS AT 31 JANUARY 2024

Attachments: 1. Investment Statistics as at 31 January 2024

RECOMMENDATION:

That Council **NOTES** the Investment Statistics for the month ended 31 January 2024 as detailed in Attachment 1.

PURPOSE OF REPORT:

To advise Council of the nature and value of the City's Investments as at 31 January 2024 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**

New investments of \$8.9m were made during January while \$5.4m of investments matured during the month.

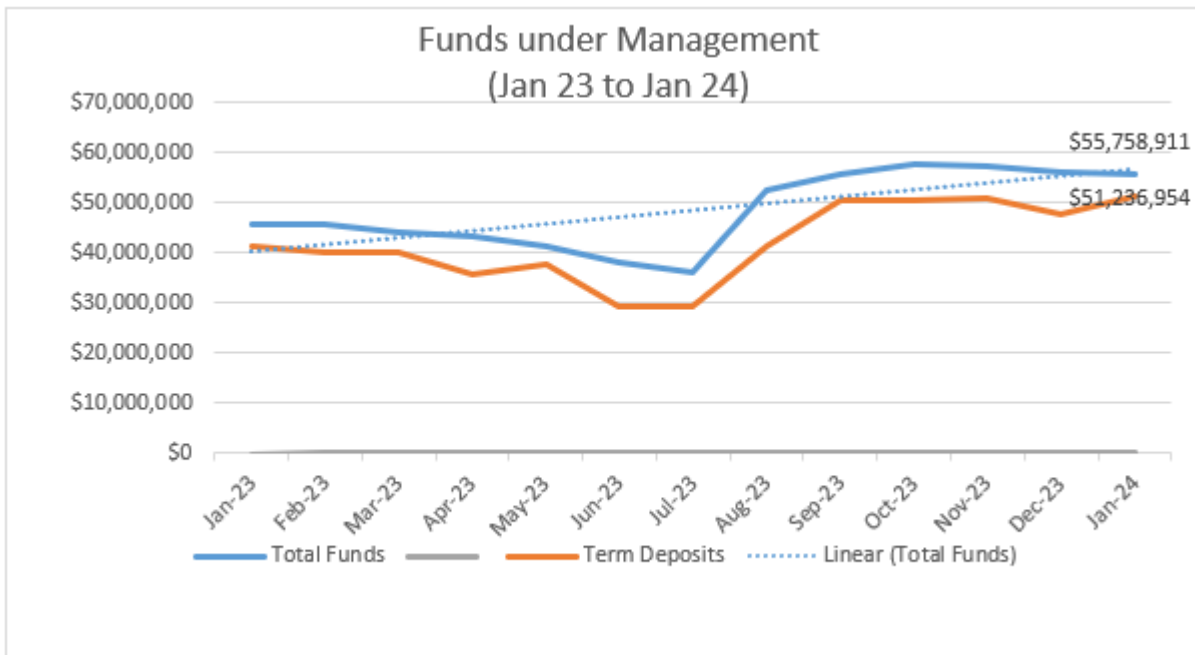
Investment Status

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

As at 31 January 2024, the total funds held in the City's operating accounts (including on call) was \$55,758,911 compared to \$45,964,440 for the period ended 31 January 2023. All funds are interest bearing as at 31 January 2024.

The total term deposit investments for the period ended 31 January 2024 were \$51,236,954 compared to \$41,238,310 for the period ended 31 January 2023.

The following chart shows funds under management from January 2023 to January 2024:



Interest Status

Total accrued interest earned on investments as at 31 January 2024 is:

Total Accrued Interest Earned on Investment	Budget Adopted	Budget YTD	Actual YTD	% of YTD Budget
Municipal	\$400,000	\$340,000	\$879,292	258.6%
Reserve	\$350,000	\$268,754	\$482,584	179.6%
Subtotal	\$750,000	\$608,754	\$1,361,876	223.7%
Leederville Gardens Inc Surplus Trust*	\$0	\$0	\$71,463	N/A
Total	\$750,000	\$608,754	\$1,433,339	235.5%

*Interest estimates for Leederville Gardens Inc. Surplus Trust were not included in the 2024/24 Budget as actual interest earned is restricted.

The City has a weighted average interest rate of 5.05% for current investments compared to the Reserve Bank 90 day accepted bill rate for January 2024 of 4.35%.

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%	30.1%	90%	56.3%
A-1	25%	0%	90%	0%
A-2	20%	12.6%	90%	43.7%

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 2023-2032*:

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 JANUARY 2024**

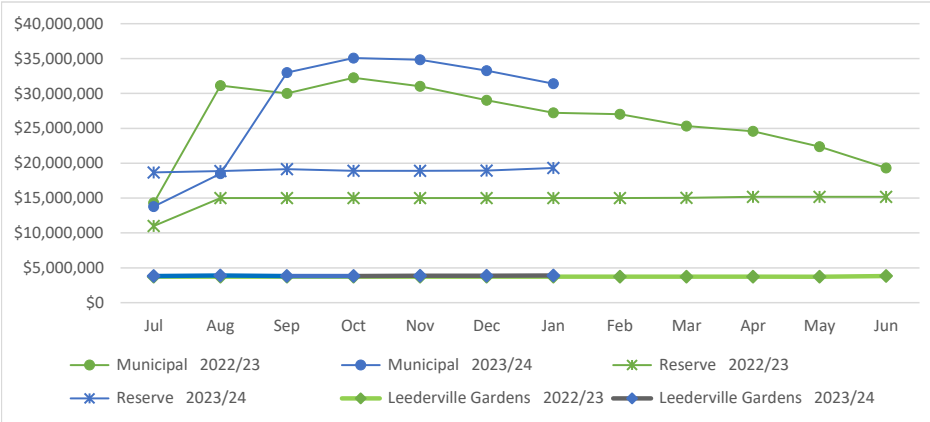
Funds	Institution	Investment Date	Maturity Date	Interest Rate	Principal \$
<u>OPERATING ACCOUNTS</u>					
Municipal	Commonwealth Bank of Australia	Ongoing		4.10%	430,698
Municipal	Commonwealth Bank of Australia	Ongoing		4.35%	1,473,795
Reserve	Commonwealth Bank of Australia	Ongoing		4.10%	2,617,464
Total Operating Funds					4,521,957
<u>TERM DEPOSITS</u>					
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	AMP Bank	19/12/2023	18/12/2024	5.25%	888,691
Leederville Gardens Inc Surplus Trust	AMP Bank	24/01/2024	23/01/2025	4.95%	949,727
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
Municipal	AMP Bank	29/03/2023	28/03/2024	4.90%	3,500,000
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	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	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	Police and Nurses	01/11/2023	31/10/2024	5.50%	1,000,000
Municipal	National Australia Bank	23/01/2024	22/01/2025	5.10%	3,000,000
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
Reserve	Commonwealth Bank of Australia	09/08/2023	08/08/2024	5.55%	5,200,000
Reserve	National Australia Bank	24/08/2023	06/06/2024	5.12%	1,000,000
Reserve	Bendigo and Adelaide Bank	30/08/2023	29/04/2024	5.00%	2,500,000
Reserve	National Australia Bank	23/01/2024	22/01/2025	5.10%	5,000,000
Total Term Deposits					51,236,954
Total Funds available					55,758,911

**CITY OF VINCENT
INVESTMENT PORTFOLIO
AS AT 31 JANUARY 2024**

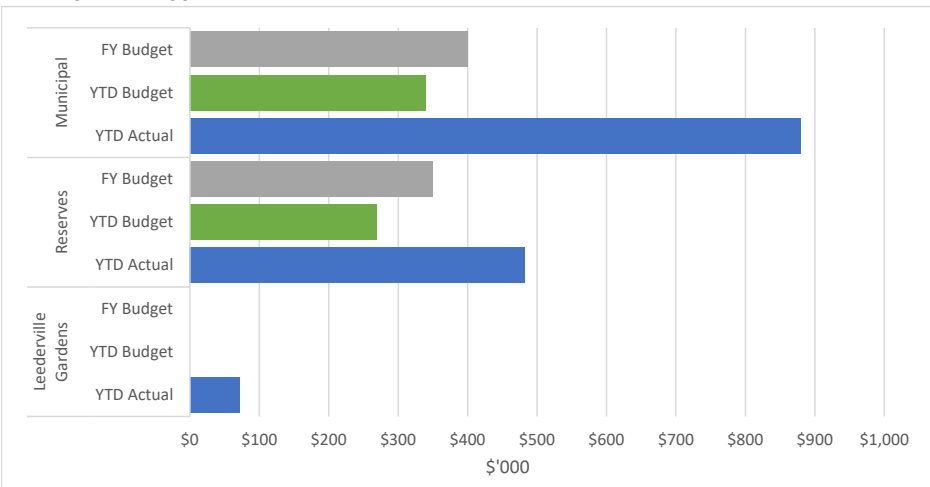
	Municipal	Reserve	Leederville Gardens Inc Surplus Trust	Total	Total
	\$	\$	\$	\$	%
BY INVESTMENT HOLDINGS					
Municipal Account	430,698	2,617,464	0	3,048,162	5.5%
Online Saver	1,473,795	0	0	1,473,795	2.6%
Term Deposits	29,500,000	17,840,000	3,896,954	51,236,954	91.9%
	31,404,493	20,457,464	3,896,954	55,758,911	100.0%
BY INSTITUTION					
Bank of Queensland	6,000,000	0	0	6,000,000	10.8%
Bendigo and Adelaide Bank	0	2,500,000	0	2,500,000	4.5%
Commonwealth Bank of Australia	6,904,493	7,817,464	2,058,536	16,780,493	30.1%
National Australia Bank	7,000,000	7,600,000	0	14,600,000	26.2%
AMP Bank	3,500,000	0	1,838,418	5,338,418	9.6%
Hume Bank	0	2,540,000	0	2,540,000	4.6%
G&C Mutual	7,000,000	0	0	7,000,000	12.6%
Police and Nurses	1,000,000	0	0	1,000,000	1.8%
	31,404,493	20,457,464	3,896,954	55,758,911	100.0%
BY CREDIT RATINGS (SHORT-TERM ISSUE)					
A-1+	13,904,493	15,417,464	2,058,536	31,380,493	56.3%
A-2	17,500,000	5,040,000	1,838,418	24,378,418	43.7%
	31,404,493	20,457,464	3,896,954	55,758,911	100.0%
BY TERMS					
0-30 days	1,904,493	2,617,464	0	4,521,957	8.1%
181-270 days	9,500,000	2,500,000	0	12,000,000	21.5%
271-365 days	19,000,000	15,340,000	3,896,954	38,236,954	68.6%
> 1 year	1,000,000	0	0	1,000,000	1.8%
	31,404,493	20,457,464	3,896,954	55,758,911	100.0%
BY MATURITY					
0-30 days	5,904,493	2,617,464	0	8,521,957	15.3%
31-90 days	9,500,000	5,040,000	0	14,540,000	26.1%
91-180 days	12,000,000	2,600,000	2,058,536	16,658,536	29.9%
181-270 days	0	5,200,000	0	5,200,000	9.3%
271-365 days	4,000,000	5,000,000	1,838,418	10,838,418	19.4%
	31,404,493	20,457,464	3,896,954	55,758,911	100.0%
BY FOSSIL FUEL EXPOSURE					
Fossil Fuel Investments	17,404,493	17,957,464	3,896,954	39,258,911	70.4%
Non Fossil Fuel Investments	14,000,000	2,500,000	0	16,500,000	29.6%
	31,404,493	20,457,464	3,896,954	55,758,911	100.0%

**CITY OF VINCENT
INVESTMENT PERFORMANCE
AS AT 31 JANUARY 2024**

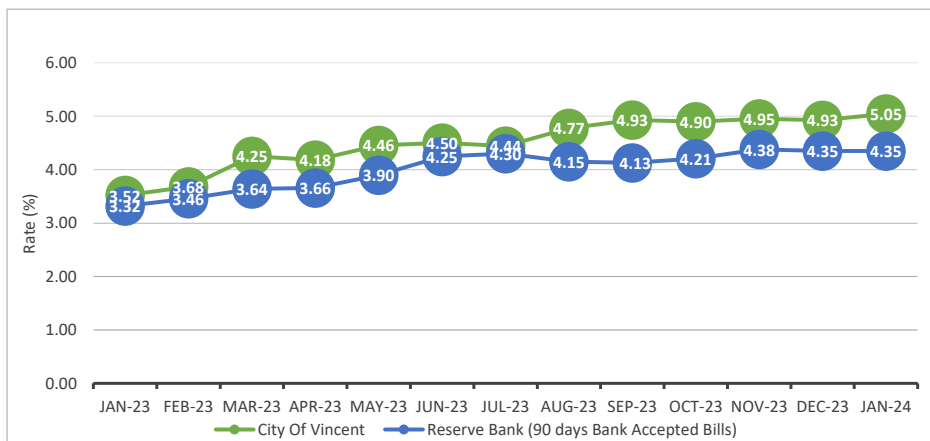
FUNDS INVESTED (TERM DEPOSITS ONLY)



INTEREST EARNINGS

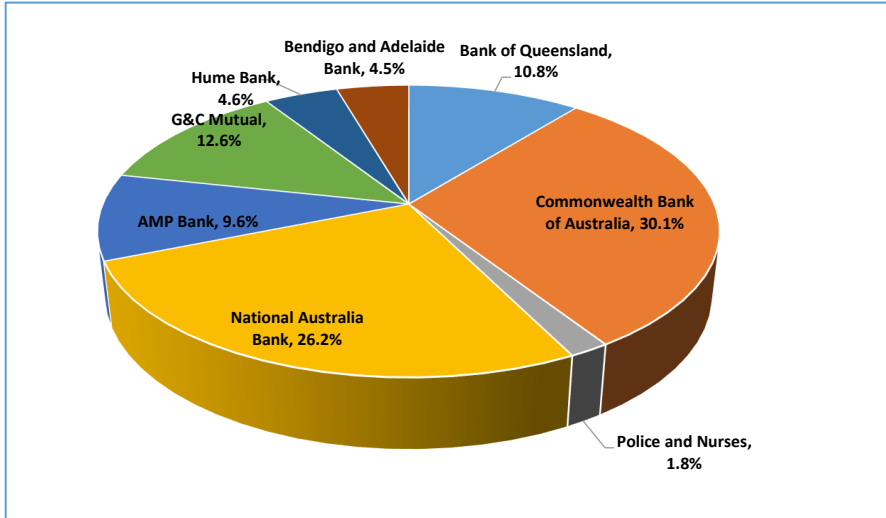


INTEREST RATE COMPARISON

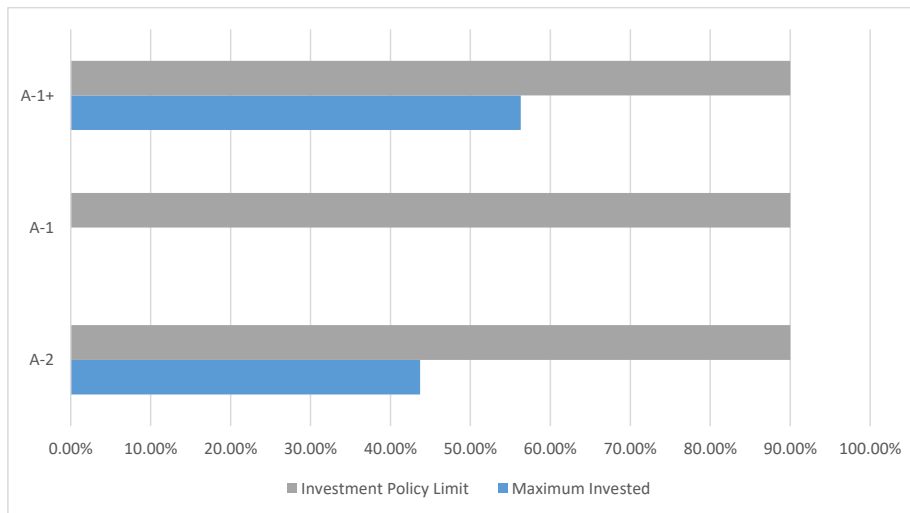


**CITY OF VINCENT
INVESTMENT POLICY COMPLIANCE
AS AT 31 JANUARY 2024**

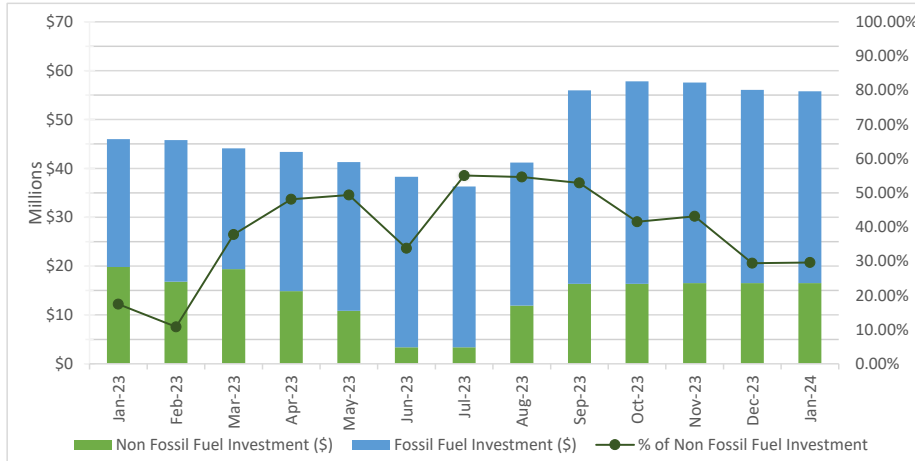
TOTAL PORTFOLIO EXPOSURE



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 JANUARY 2024**

	YTD 31/01/2024 \$	PY YTD 31/01/2023 \$	FY 2023/24 \$	PY FY 2022/23 \$
MUNICIPAL FUNDS				
Budget	340,000	50,000	400,000	500,000
Interest Earnings	879,292	253,400	879,292	827,395
% Income to Budget	258.6%	506.8%	219.8%	165.5%
RESERVE FUNDS				
Budget	268,754	33,335	350,000	450,000
Interest Earnings	482,584	171,230	482,584	497,011
% Income to Budget	179.6%	513.7%	137.9%	110.5%
LEEDERVILLE GARDENS INC SURPLUS TRUST				
Budget	0	0	0	0
Interest Earnings	71,463	41,859	71,463	134,290
% Income to Budget	0.0%	0.0%	0.0%	0.0%
TOTAL				
Budget	608,754	83,335	750,000	950,000
Interest Earnings	1,433,339	466,489	1,433,339	1,458,696
% Income to Budget	235.5%	559.8%	191.1%	153.6%
Variance	824,585	383,154	683,339	508,696
% Variance to Budget	135.5%	459.8%	91.1%	53.6%
TOTAL (EXCL. LEEDERVILLE GARDENS INC SURPLUS TRUST)				
Budget	608,754	83,335	750,000	950,000
Interest Earnings	1,361,876	424,630	1,361,876	1,324,406
% Income to Budget	223.7%	509.6%	181.6%	139.4%
Variance	753,122	341,295	611,876	374,406
% Variance to Budget	123.7%	409.6%	81.6%	39.4%