

7.5 INVESTMENT REPORT AS AT 30 NOVEMBER 2023

Attachments: 1. Investment Statistics as at 30 November 2023

RECOMMENDATION:

That Council **NOTES** the Investment Statistics for the month ended 30 November 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 November 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**

There was one matured term deposit and one investment made during the month of November 2023.

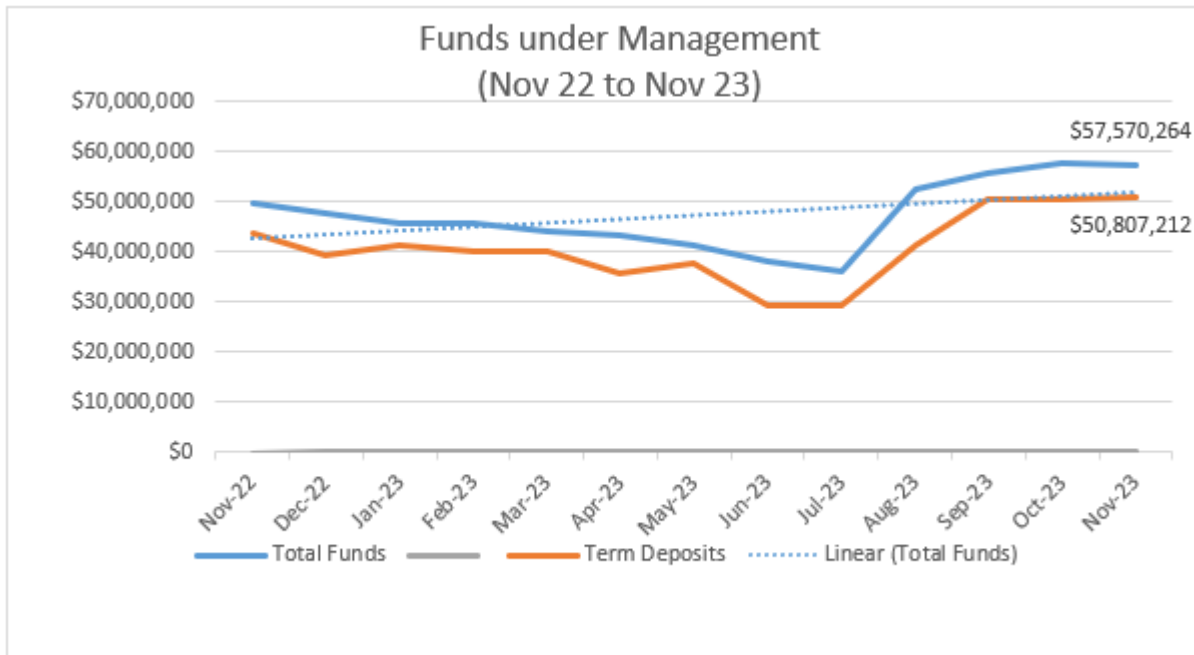
Investment Status

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

As at 30 November 2023, the total funds held in the City's operating accounts (including on call) was \$57,570,264 compared to \$49,762,257 for the period ended 30 November 2022. All funds are interest bearing as at 30 November 2023.

The total term deposit investments for the period ended 30 November 2023 were \$50,807,212 compared to \$43,731,994 for the period ended 30 November 2022.

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



Interest Status

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

Total Accrued Interest Earned on Investment	Budget Adopted	Budget YTD	Actual YTD	% of YTD Budget
Municipal	\$400,000	\$260,000	\$575,175	221.2%
Reserve	\$350,000	\$236,254	\$344,482	145.8%
Subtotal	\$750,000	\$496,254	\$919,657	185.3%
Leederville Gardens Inc Surplus Trust*	\$0	\$0	\$79,218	N/A
Total	\$750,000	\$496,254	\$998,875	201.3%

*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 4.95% for current investments compared to the Reserve Bank 90 day accepted bill rate for November 2023 of 4.38%.

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%	33.0%	90%	53.9%
A-1	25%	0%	90%	0%
A-2	20%	12.2%	90%	46.1%

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.

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 NOVEMBER 2023**

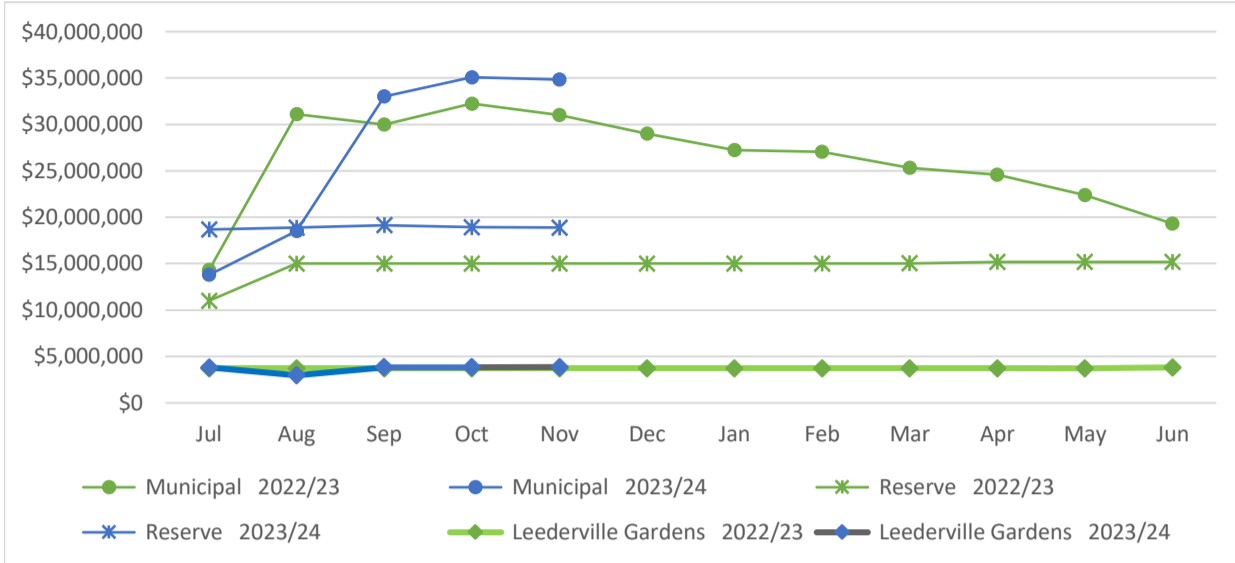
Funds	Institution	Investment Date	Maturity Date	Interest Rate	Principal \$
<u>OPERATING ACCOUNTS</u>					
Municipal	Commonwealth Bank of Australia			4.10%	2,002,700
Municipal	Commonwealth Bank of Australia	Ongoing		4.35%	2,320,064
Reserve	Commonwealth Bank of Australia	Ongoing		4.35%	1,551,597
Leederville Gardens Inc Surplus Trust	Commonwealth Bank of Australia	Ongoing		4.35%	888,691
Total Operating Funds					6,763,052
<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
Municipal	AMP Bank	29/03/2023	28/03/2024	4.90%	3,500,000
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	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	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	Hume Bank	20/09/2023	19/12/2023	4.85%	4,000,000
Municipal	National Australia Bank	20/02/2023	20/02/2024	4.83%	4,000,000
Municipal	Police and Nurses	01/11/2023	31/10/2024	5.50%	1,000,000
Reserve	Bendigo and Adelaide Bank	30/08/2023	29/04/2024	5.00%	2,500,000
Reserve	Commonwealth Bank of Australia	09/08/2023	08/08/2024	5.55%	5,200,000
Reserve	Hume Bank	29/03/2023	28/03/2024	4.78%	2,540,000
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
Total Term Deposits					50,807,212
Total Funds available					57,570,264

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

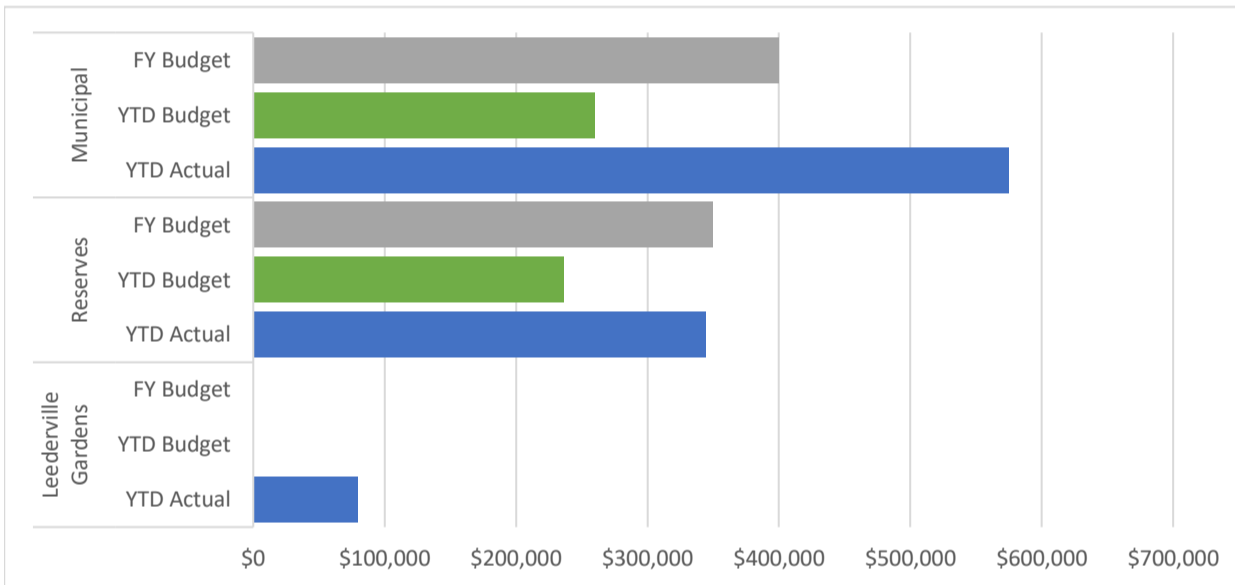
	Municipal	Reserve	Leederville Gardens Inc Surplus Trust	Total	Total
	\$	\$	\$	\$	%
BY INVESTMENT HOLDINGS					
Municipal Account	2,002,700	0	0	2,002,700	3.5%
Online Saver	2,320,064	1,551,597	888,691	4,760,352	8.3%
Term Deposits	30,500,000	17,340,000	2,967,212	50,807,212	88.2%
	34,822,765	18,891,597	3,855,903	57,570,264	100.0%
BY INSTITUTION					
Bank of Queensland	6,000,000	0	0	6,000,000	10.4%
Bendigo and Adelaide Bank	0	2,500,000	0	2,500,000	4.3%
Commonwealth Bank of Australia	9,322,765	6,751,597	2,947,227	19,021,587	33.0%
National Australia Bank	4,000,000	7,100,000	908,677	12,008,677	20.9%
AMP Bank	3,500,000	0	0	3,500,000	6.1%
Hume Bank	4,000,000	2,540,000	0	6,540,000	11.4%
G&C Mutual	7,000,000	0	0	7,000,000	12.2%
Police and Nurses	1,000,000	0	0	1,000,000	1.7%
	34,822,765	18,891,597	3,855,903	57,570,264	100.0%
BY CREDIT RATINGS (SHORT-TERM ISSUE)					
A-1+	13,322,765	13,851,597	3,855,903	31,030,264	53.9%
A-1	0	0	0	0	0.0%
A-2	21,500,000	5,040,000	0	26,540,000	46.1%
	34,822,765	18,891,597	3,855,903	57,570,264	100.0%
BY TERMS					
0-30 days	4,322,765	1,551,597	888,691	6,763,052	11.7%
31-90 days	4,000,000	0	0	4,000,000	6.9%
181-270 days	9,500,000	2,500,000	0	12,000,000	20.8%
271-365 days	16,000,000	14,840,000	2,967,212	33,807,212	58.7%
> 1 year	1,000,000	0	0	1,000,000	1.7%
	34,822,765	18,891,597	3,855,903	57,570,264	99.8%
BY MATURITY					
0-30 days	8,322,765	1,551,597	888,691	10,763,052	18.7%
31-90 days	4,000,000	4,500,000	908,677	9,408,677	16.3%
91-180 days	14,000,000	6,640,000	0	20,640,000	35.9%
181-270 days	7,500,000	6,200,000	2,058,535	15,758,535	27.4%
271-365 days	1,000,000	0	0	1,000,000	1.7%
	34,822,765	18,891,597	3,855,903	57,570,264	100.0%
BY FOSSIL FUEL EXPOSURE					
Fossil Fuel Investments	20,822,765	16,391,597	3,855,903	41,070,264	71.3%
Non Fossil Fuel Investments	14,000,000	2,500,000	0	16,500,000	28.7%
	34,822,765	18,891,597	3,855,903	57,570,264	100.0%

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

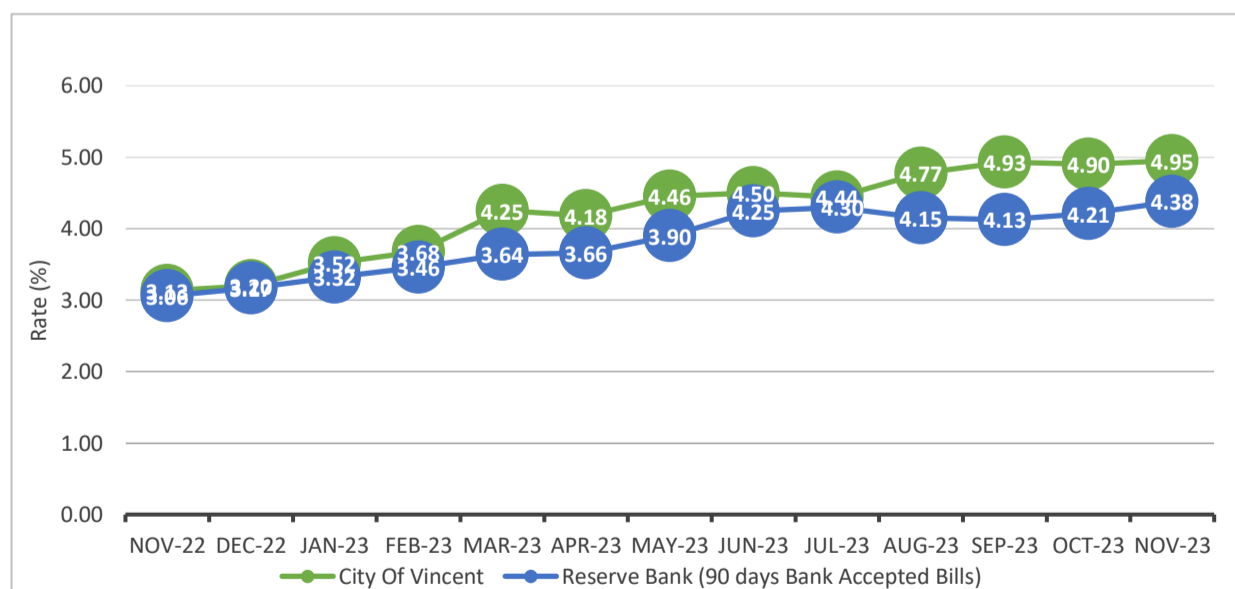
FUNDS INVESTED (TERM DEPOSITS ONLY)



INTEREST EARNINGS

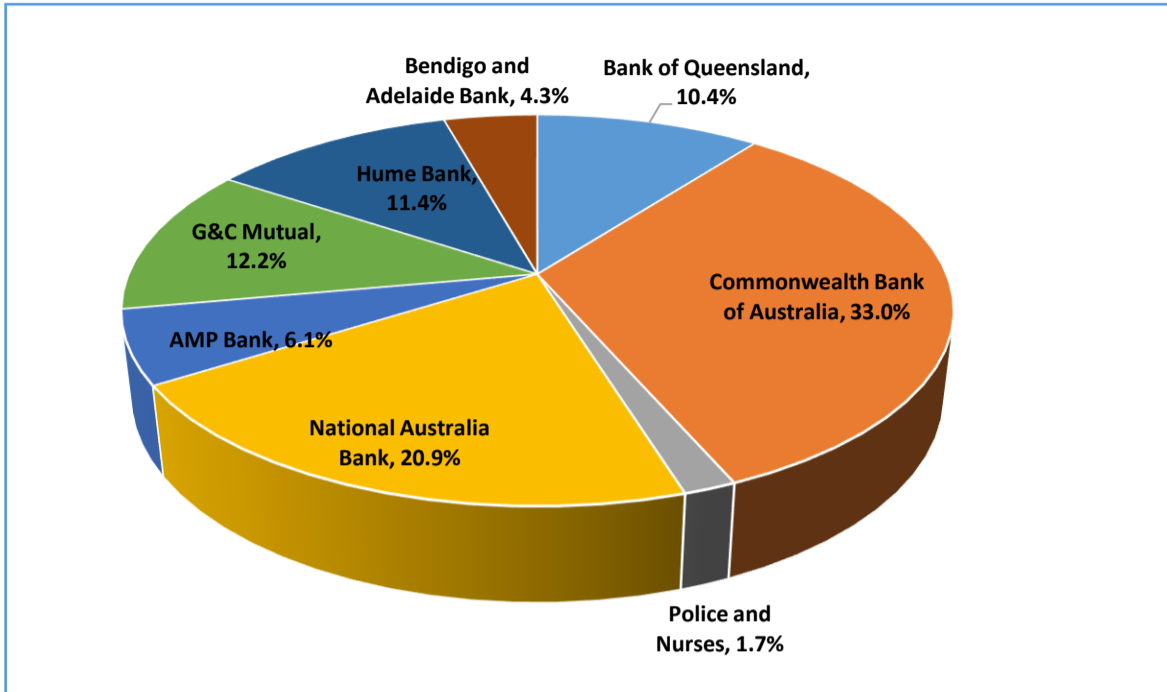


INTEREST RATE COMPARISON

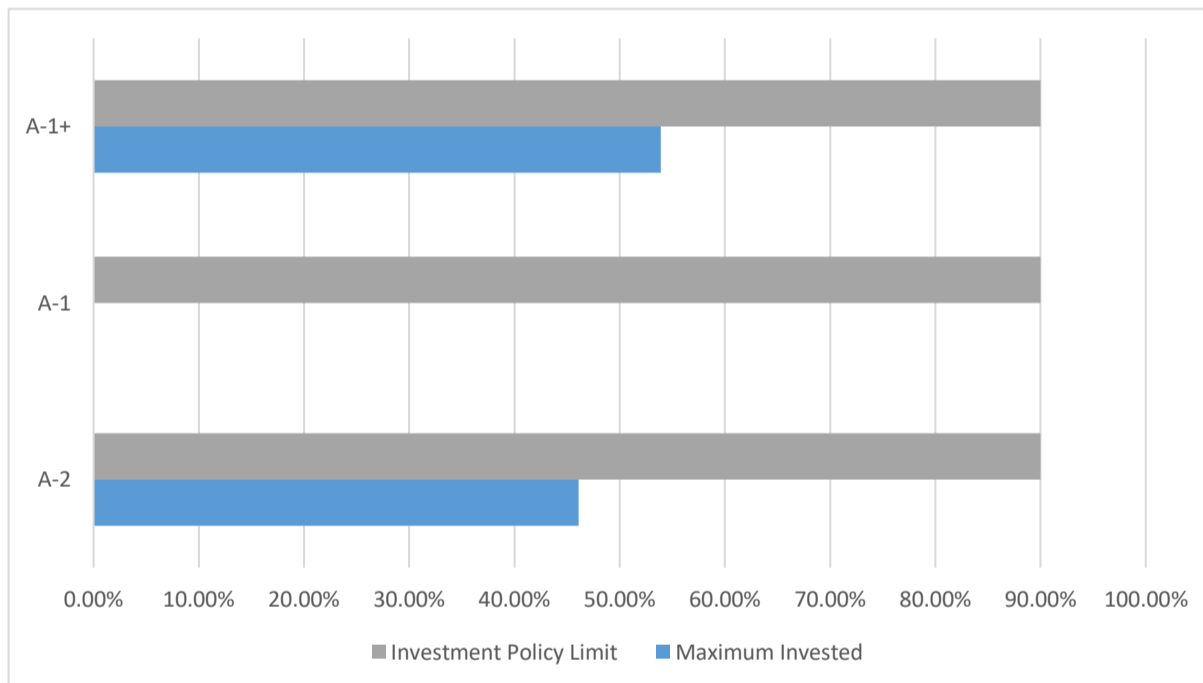


**CITY OF VINCENT
INVESTMENT POLICY COMPLIANCE
AS AT 30 NOVEMBER 2023**

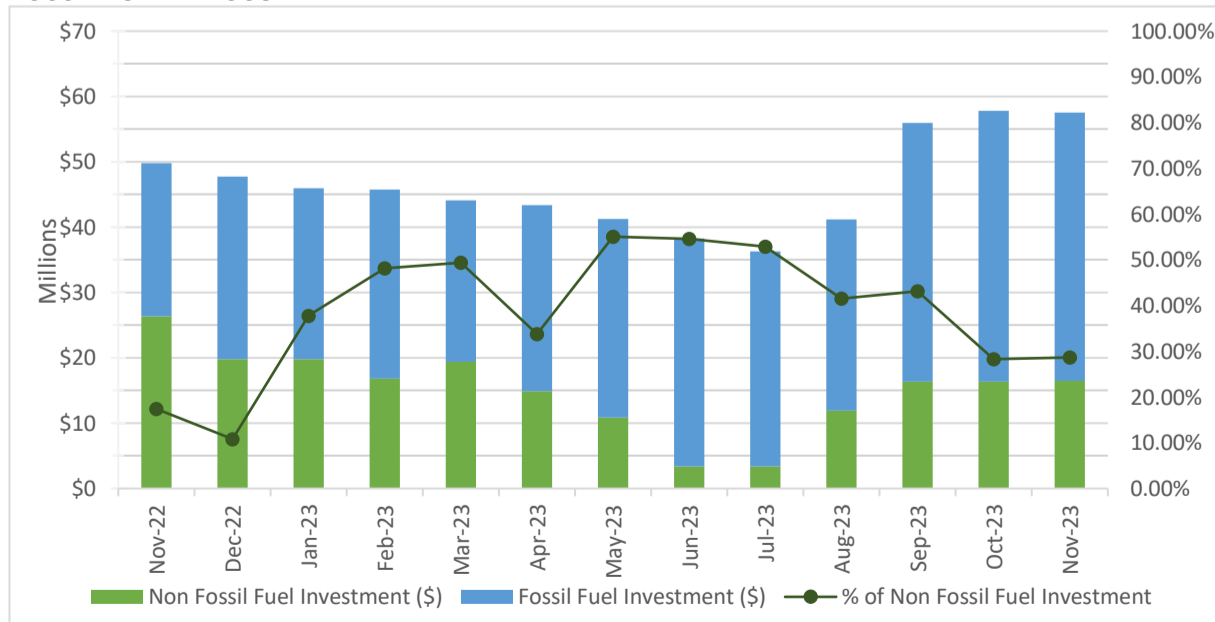
TOTAL PORTFOLIO EXPOSURE



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 NOVEMBER 2023**

	YTD 30/11/2023 \$	PY YTD 30/11/2022 \$	FY 2023/24 \$	PY FY 2022/23 \$
MUNICIPAL FUNDS				
Budget	260,000	50,000	400,000	500,000
Interest Earnings	575,175	253,400	575,175	827,395
% Income to Budget	221.2%	506.8%	143.8%	165.5%
RESERVE FUNDS				
Budget	236,254	33,335	350,000	450,000
Interest Earnings	344,482	171,230	344,482	497,011
% Income to Budget	145.8%	513.7%	98.4%	110.5%
LEEDERVILLE GARDENS INC SURPLUS TRUST				
Budget	0	0	0	0
Interest Earnings	79,218	41,859	79,218	134,290
% Income to Budget	0.0%	0.0%	0.0%	0.0%
TOTAL				
Budget	496,254	83,335	750,000	950,000
Interest Earnings	998,875	466,489	998,875	1,458,696
% Income to Budget	201.3%	559.8%	133.2%	153.6%
Variance	502,621	383,154	248,875	508,696
% Variance to Budget	101.3%	459.8%	33.2%	53.6%
TOTAL (EXCL. LEEDERVILLE GARDENS INC SURPLUS TRUST)				
Budget	496,254	83,335	750,000	950,000
Interest Earnings	919,657	424,630	919,657	1,324,406
% Income to Budget	185.3%	509.6%	122.6%	139.4%
Variance	423,403	341,295	169,657	374,406
% Variance to Budget	85.3%	409.6%	22.6%	39.4%