

7.6 INVESTMENT REPORT AS AT 31 DECEMBER 2023

Attachments: 1. **Investment Statistics as at 31 December 2023**

RECOMMENDATION:

That Council NOTES the Investment Statistics for the month ended 31 December 2023 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 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**

One term deposit matured, and one investment was made during the month of December 2023.

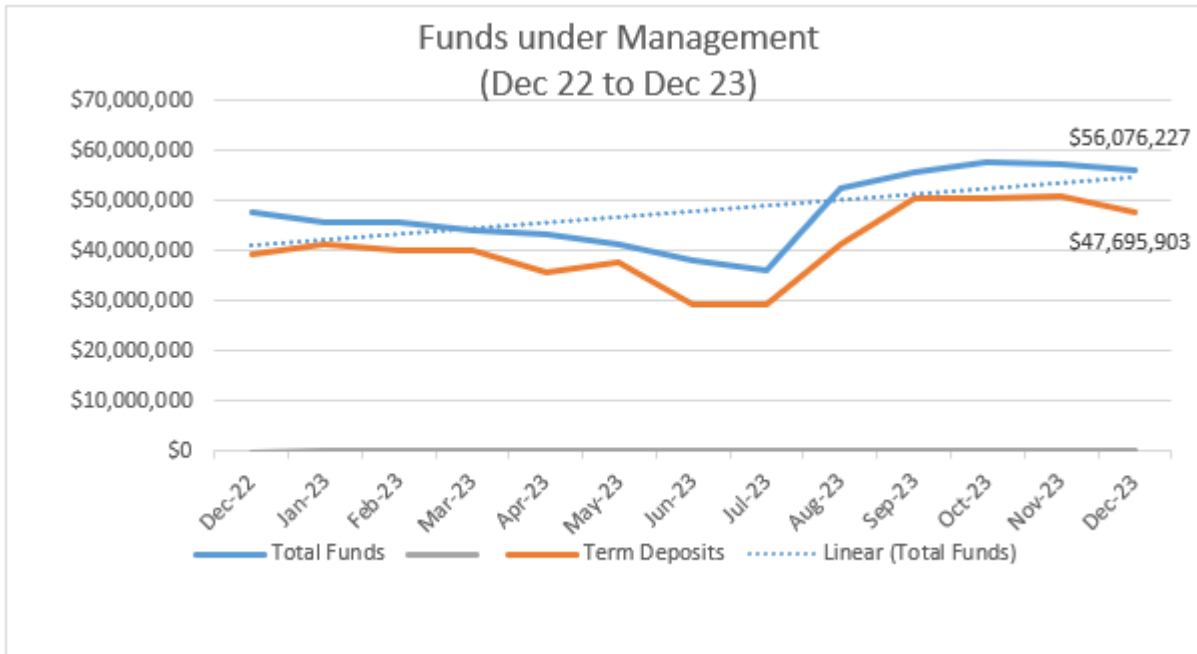
Investment Status

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

As at 31 December 2023, the total funds held in the City's operating accounts (including on call) was \$56,076,227 compared to \$47,753,021 for the period ended 31 December 2022. All funds are interest bearing as at 31 December 2023.

The total term deposit investments for the period ended 31 December 2023 were \$47,695,903 compared to \$39,231,994 for the period ended 31 December 2022.

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



Interest Status

Total accrued interest earned on investments as at 31 December 2023 is:

Total Accrued Interest Earned on Investment	Budget Adopted	Budget YTD	Actual YTD	% of YTD Budget
Municipal	\$400,000	\$320,000	\$710,880	222.2%
Reserve	\$350,000	\$252,504	\$414,305	164.1%
Subtotal	\$750,000	\$572,504	\$1,125,185	196.5%
Leederville Gardens Inc Surplus Trust*	\$0	\$0	\$97,091	N/A
Total	\$750,000	\$572,504	\$1,222,276	213.5%

*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 December 2023 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%	36.8%	90%	58.2%
A-1	25%	0%	90%	0%
A-2	20%	12.5%	90%	41.8%

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 31 DECEMBER 2023**

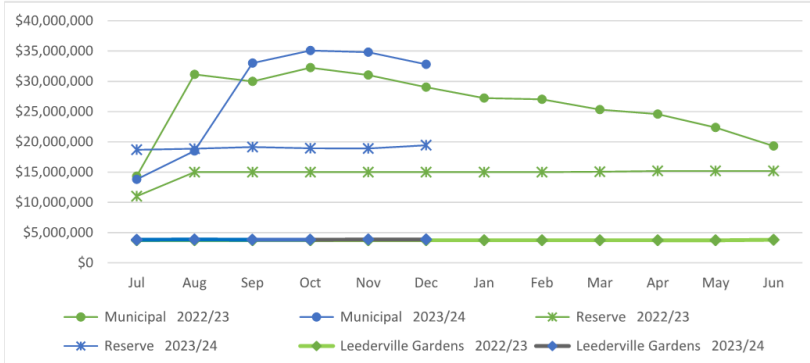
Funds	Institution	Investment Date	Maturity Date	Interest Rate	Principal \$
<u>OPERATING ACCOUNTS</u>					
Municipal	Commonwealth Bank of Australia	Ongoing		4.10%	4,832,516
Reserve	Commonwealth Bank of Australia	Ongoing		4.10%	2,087,456
Municipal	Commonwealth Bank of Australia	Ongoing		4.35%	1,460,352
Total Operating Funds					8,380,324
<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	AMP Bank	19/12/2023	18/12/2024	5.25%	888,691
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	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					47,695,903
Total Funds available					56,076,227

**CITY OF VINCENT
INVESTMENT PORTFOLIO
AS AT 31 DECEMBER 2023**

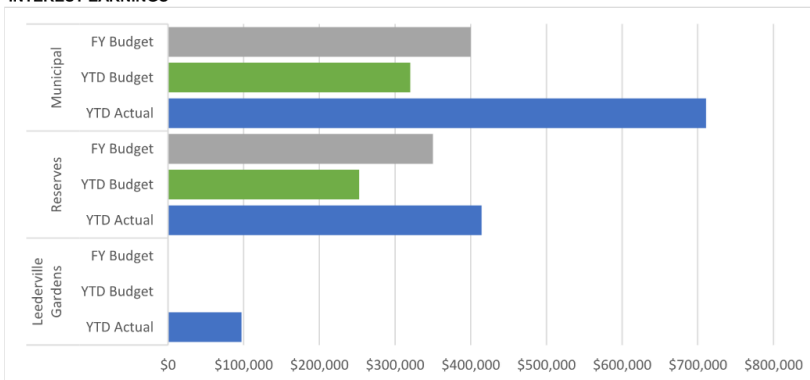
	Municipal	Reserve	Leederville Gardens Inc Surplus Trust	Total	Total
	\$	\$	\$	\$	%
BY INVESTMENT HOLDINGS					
Municipal Account	4,832,516	2,087,456	0	6,919,972	12.3%
Online Saver	1,460,352	0	0	1,460,352	2.6%
Term Deposits	26,500,000	17,340,000	3,855,903	47,695,903	85.1%
	32,792,868	19,427,456	3,855,903	56,076,227	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	11,292,868	7,287,456	2,058,536	20,638,859	36.8%
National Australia Bank	4,000,000	7,100,000	908,677	12,008,677	21.4%
AMP Bank	3,500,000	0	888,691	4,388,691	7.8%
Hume Bank	0	2,540,000	0	2,540,000	4.5%
G&C Mutual	7,000,000	0	0	7,000,000	12.5%
Police and Nurses	1,000,000	0	0	1,000,000	1.8%
	32,792,868	19,427,456	3,855,903	56,076,227	100.0%
BY CREDIT RATINGS (SHORT-TERM ISSUE)					
A-1+	15,292,868	14,387,456	2,967,212	32,647,536	58.2%
A-1	0	0	0	0	0.0%
A-2	17,500,000	5,040,000	888,691	23,428,691	41.8%
	32,792,868	19,427,456	3,855,903	56,076,227	100.0%
BY TERMS					
0-30 days	6,292,868	2,087,456	0	8,380,324	14.9%
181-270 days	9,500,000	2,500,000	0	12,000,000	21.4%
271-365 days	16,000,000	14,840,000	3,855,903	34,695,903	61.9%
> 1 year	1,000,000	0	0	1,000,000	1.8%
	32,792,868	19,427,456	3,855,903	56,076,227	100.0%
BY MATURITY					
0-30 days	6,292,868	6,587,456	908,677	13,789,001	24.6%
31-90 days	8,500,000	2,540,000	0	11,040,000	19.7%
91-180 days	14,500,000	5,100,000	2,058,535	21,658,535	38.6%
181-270 days	2,500,000	5,200,000	0	7,700,000	13.7%
271-365 days	1,000,000	0	888,691	1,888,691	3.4%
	32,792,868	19,427,456	3,855,903	56,076,227	100.0%
BY FOSSIL FUEL EXPOSURE					
Fossil Fuel Investments	18,792,868	16,927,456	3,855,903	39,576,227	70.6%
Non Fossil Fuel Investments	14,000,000	2,500,000	0	16,500,000	29.4%
	32,792,868	19,427,456	3,855,903	56,076,227	100.0%

**CITY OF VINCENT
INVESTMENT PERFORMANCE
AS AT 31 DECEMBER 2023**

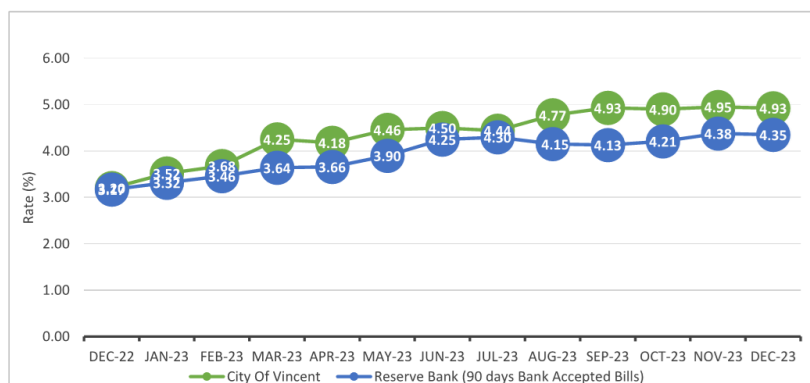
FUNDS INVESTED (TERM DEPOSITS ONLY)



INTEREST EARNINGS

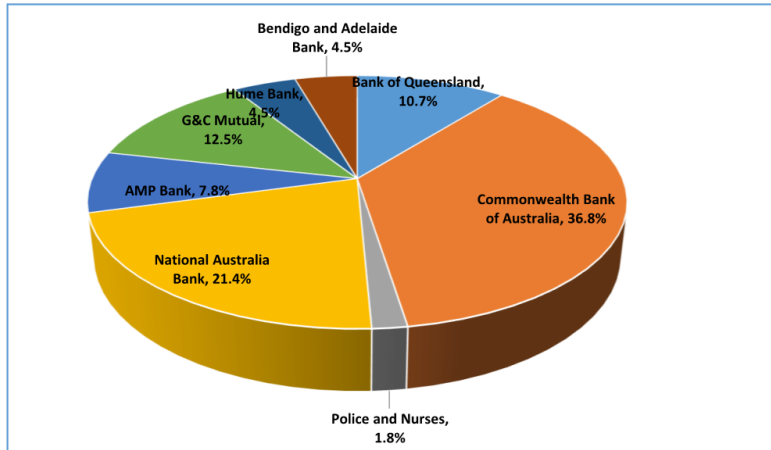


INTEREST RATE COMPARISON

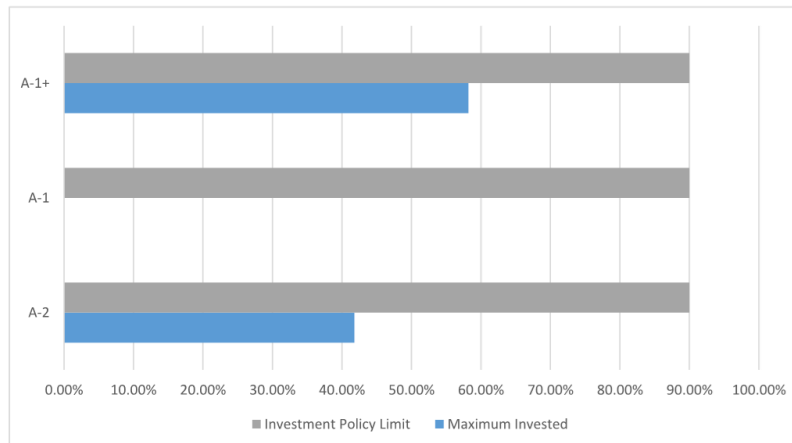


**CITY OF VINCENT
INVESTMENT POLICY COMPLIANCE
AS AT 31 DECEMBER 2023**

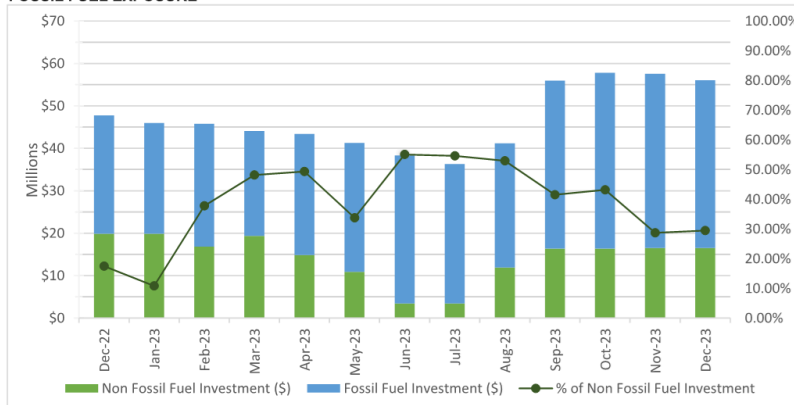
TOTAL PORTFOLIO EXPOSURE



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 31 DECEMBER 2023**

	YTD 31/12/2023	PY YTD 31/12/2022	FY 2023/24	PY FY 2022/23
	\$	\$	\$	\$
MUNICIPAL FUNDS				
Budget	320,000	50,000	400,000	500,000
Interest Earnings	710,880	253,400	710,880	827,395
% Income to Budget	222.2%	506.8%	177.7%	165.5%
RESERVE FUNDS				
Budget	252,504	33,335	350,000	450,000
Interest Earnings	414,305	171,230	414,305	497,011
% Income to Budget	164.1%	513.7%	118.4%	110.5%
LEEDERVILLE GARDENS INC SURPLUS TRUST				
Budget	0	0	0	0
Interest Earnings	97,091	41,859	97,091	134,290
% Income to Budget	0.0%	0.0%	0.0%	0.0%
TOTAL				
Budget	572,504	83,335	750,000	950,000
Interest Earnings	1,222,276	466,489	1,222,276	1,458,696
% Income to Budget	213.5%	559.8%	163.0%	153.6%
Variance	649,772	383,154	472,276	508,696
% Variance to Budget	113.5%	459.8%	63.0%	53.6%
TOTAL (EXCL. LEEDERVILLE GARDENS INC SURPLUS TRUST)				
Budget	572,504	83,335	750,000	950,000
Interest Earnings	1,125,185	424,630	1,125,185	1,324,406
% Income to Budget	196.5%	509.6%	150.0%	139.4%
Variance	552,681	341,295	375,185	374,406
% Variance to Budget	96.5%	409.6%	50.0%	39.4%