

11.6 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.

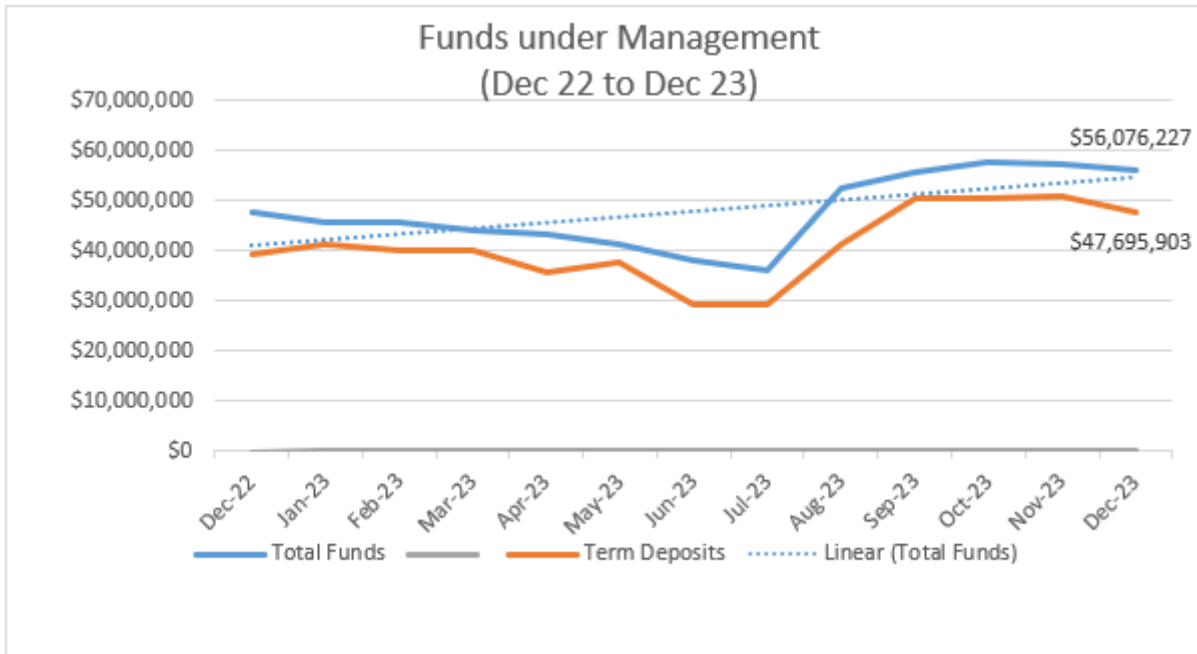
Investment Status

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**

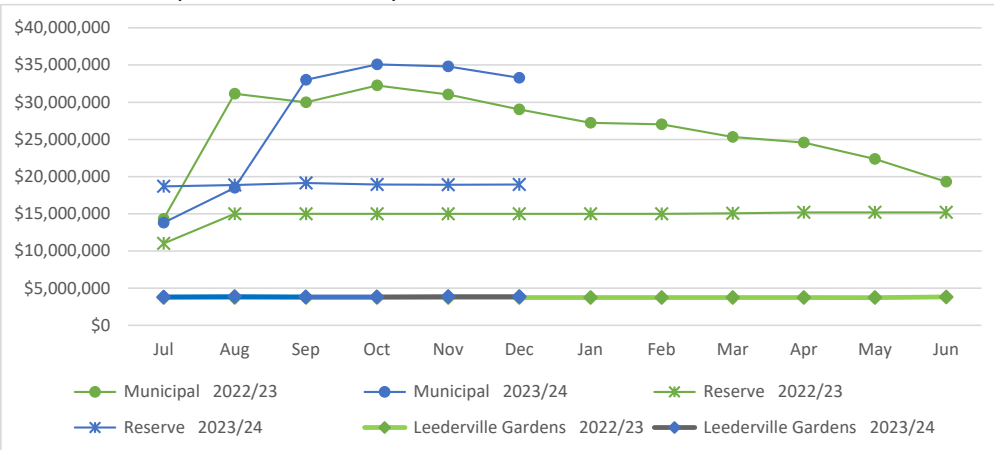
| Funds | Institution | Investment Date | Maturity Date | Interest Rate | Principal \$ |
|---------------------------------------|--------------------------------|------------------------|----------------------|----------------------|---------------------|
| <u>OPERATING ACCOUNTS</u> | | | | | |
| Municipal | Commonwealth Bank of Australia | Ongoing | | 4.10% | 5,323,336 |
| Reserve | Commonwealth Bank of Australia | Ongoing | | 4.10% | 1,596,636 |
| 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**

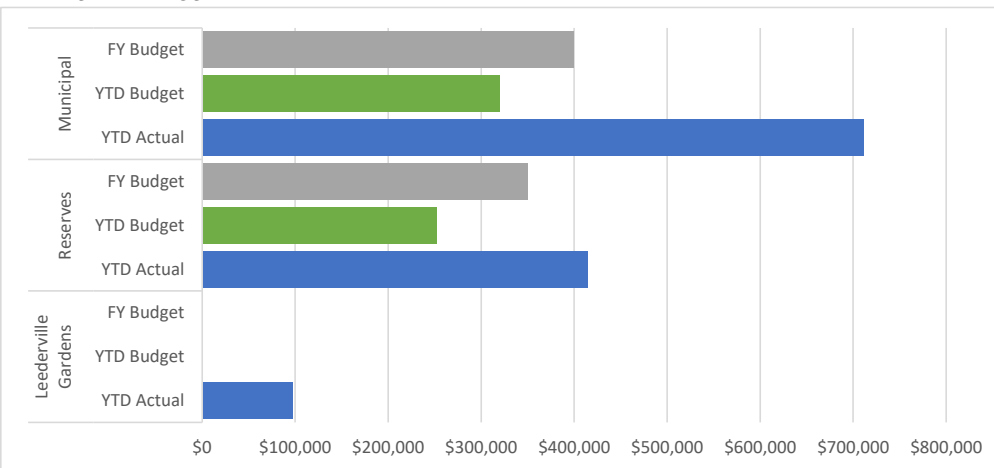
| | Municipal | Reserve | Leederville Gardens Inc Surplus Trust | Total | Total |
|---|-------------------|-------------------|---|-------------------|---------------|
| | \$ | \$ | \$ | \$ | % |
| BY INVESTMENT HOLDINGS | | | | | |
| Municipal Account | 5,323,336 | 1,596,636 | 0 | 6,919,972 | 12.3% |
| 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% |
| | 33,283,688 | 18,936,636 | 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 | 11,783,688 | 6,796,636 | 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% |
| | 33,283,688 | 18,936,636 | 3,855,903 | 56,076,227 | 100.0% |
| BY CREDIT RATINGS (SHORT-TERM ISSUE) | | | | | |
| A-1+ | 15,783,688 | 13,896,636 | 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% |
| | 33,283,688 | 18,936,636 | 3,855,903 | 56,076,227 | 100.0% |
| BY TERMS | | | | | |
| 0-30 days | 6,783,688 | 1,596,636 | 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% |
| | 33,283,688 | 18,936,636 | 3,855,903 | 56,076,227 | 100.0% |
| BY MATURITY | | | | | |
| 0-30 days | 6,783,688 | 6,096,636 | 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% |
| | 33,283,688 | 18,936,636 | 3,855,903 | 56,076,227 | 100.0% |
| BY FOSSIL FUEL EXPOSURE | | | | | |
| Fossil Fuel Investments | 19,283,688 | 16,436,636 | 3,855,903 | 39,576,227 | 70.6% |
| Non Fossil Fuel Investments | 14,000,000 | 2,500,000 | 0 | 16,500,000 | 29.4% |
| | 33,283,688 | 18,936,636 | 3,855,903 | 56,076,227 | 100.0% |

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

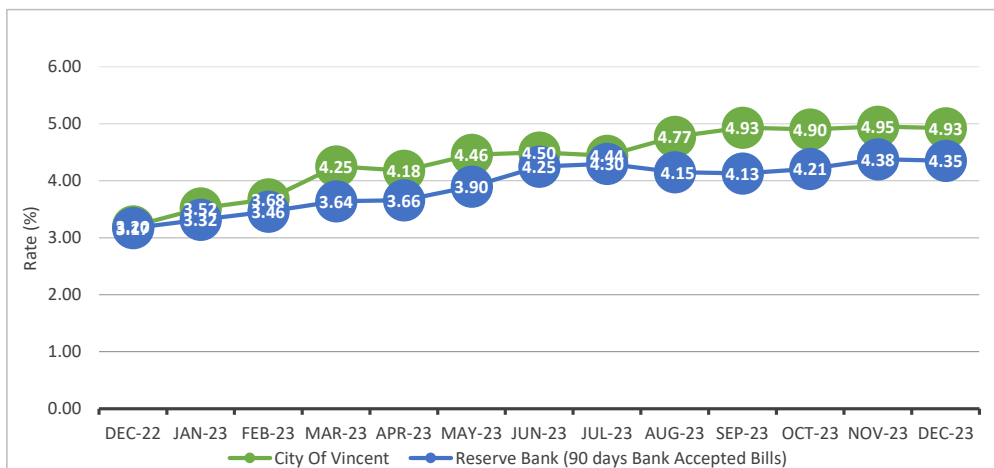
FUNDS INVESTED (TERM DEPOSITS ONLY)



INTEREST EARNINGS

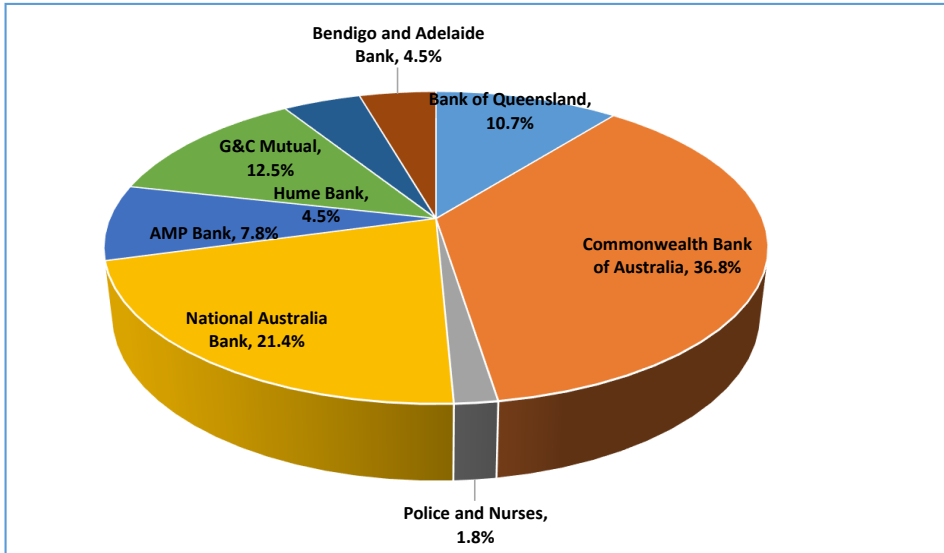


INTEREST RATE COMPARISON

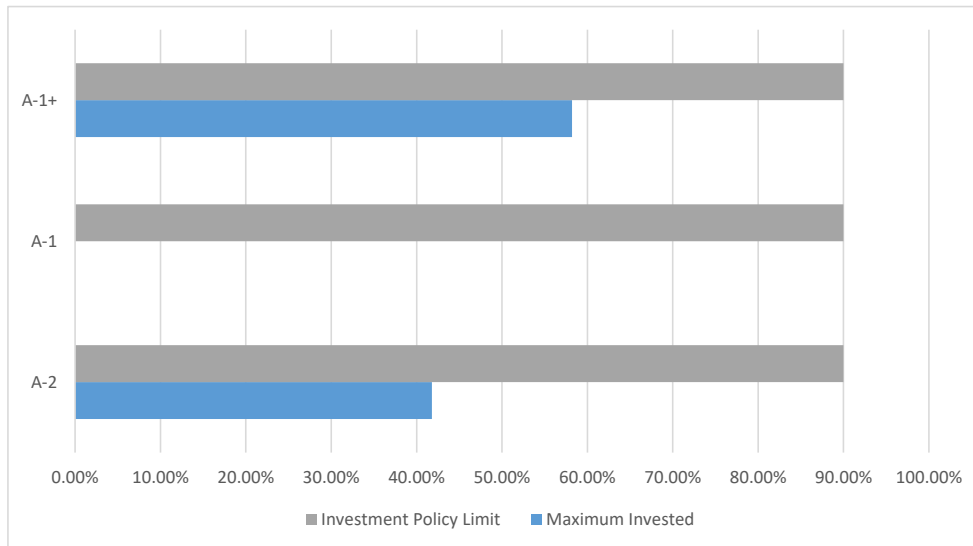


**CITY OF VINCENT
INVESTMENT POLICY COMPLIANCE
AS AT 31 DECEMBER 2023**

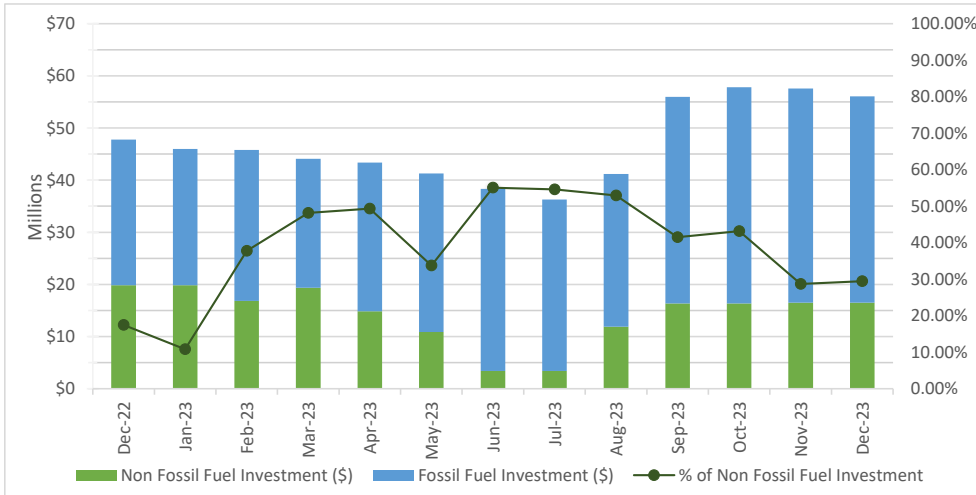
TOTAL PORTFOLIO EXPOSURE



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% |