

7.3 INVESTMENT REPORT AS AT 30 SEPTEMBER 2022

Attachments: 1. Investment Statistics as at 30 September 2022

RECOMMENDATION:

That Council **NOTES** the Investment Statistics for the month ended 30 September 2022 as detailed in Attachment 1.

PURPOSE OF REPORT:

To advise Council of the nature and value of the City's Investments as at 30 September 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**

The City has invested a total of \$12.5m in the month of September 2022. This was after the receipt of the first rate instalment which was due on 26 August 2022.

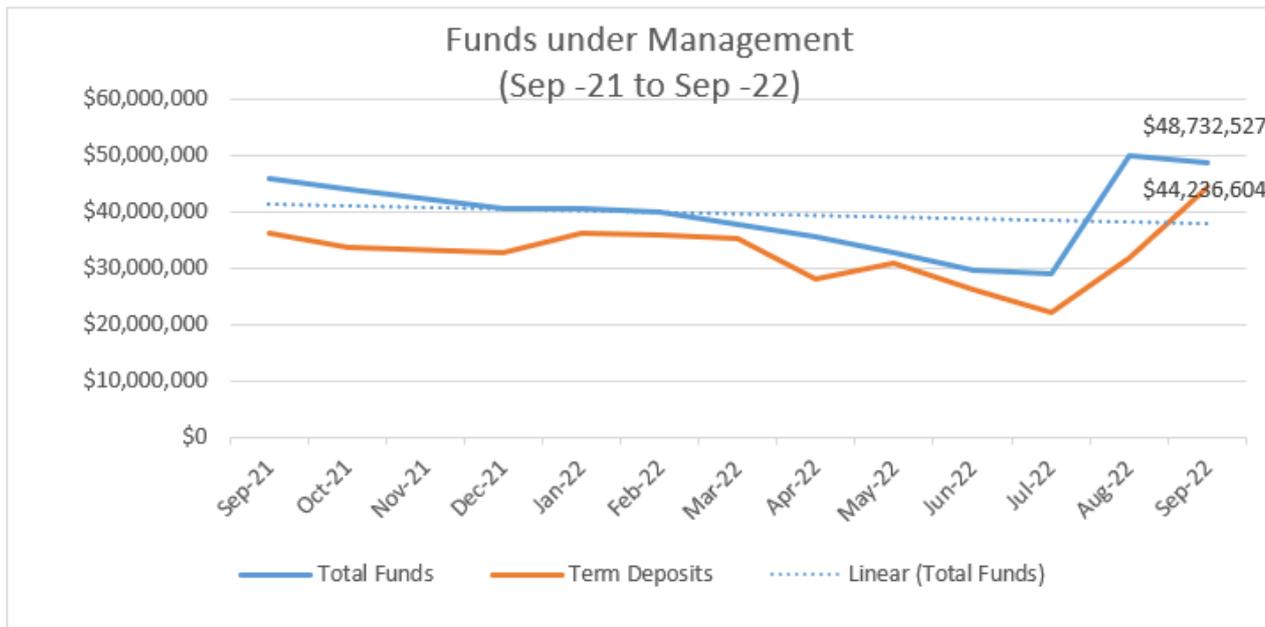
Investment Status

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

As at 30 September 2022, the total funds held in the City's operating accounts (including on call) was \$48,732,526 compared to \$45,978,677 for the period ended 30 September 2021. All funds are interest bearing as at 30 September 2022.

The total term deposit investments for the period ended 30 September 2022 were \$44,236,604 compared to \$36,150,633 for the period ended 30 September 2021.

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



Interest Status

Total accrued interest earned on investments as at 30 September 2022 is:

Total Accrued Interest Earned on Investment	Budget Adopted	Budget YTD	Actual YTD	% of YTD Budget
Municipal	\$120,000	\$30,000	\$59,160	197.2%
Reserve	\$80,000	\$20,001	\$96,233	481.1%
Subtotal	\$200,000	\$50,001	\$155,393	267.6%
Leederville Gardens Inc Surplus Trust*	\$0	\$0	\$28,420	N/A
Total	\$200,000	\$50,001	\$183,813	210.8%

*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 2.84% for current investments compared to the Reserve Bank 90 day accepted bill rate for September 2022 of 2.76%.

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 lenders but will potentially result in a lower rate of return.

Administration utilises 'Market Forces' to ascertain the level of exposure banks have in fossil fuel activities and utilises a platform called 'Yield Hub' 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%	9.1%	90%	11.1%
A-1	25%	14.4%	90%	14.4%
A-2	20%	19.5%	90%	74.5%

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
INVESTMENT PORTFOLIO
AS AT 30 SEPTEMBER 2022**

	Municipal	Reserve	Leederville Gardens Inc Surplus Trust	Total	Total
	\$	\$	\$	\$	%
BY INVESTMENT HOLDINGS					
Municipal Account	2,879,572	0	0	2,879,572	5.9%
Online Saver	1,616,350	0	0	1,616,350	3.3%
Term Deposits	25,500,000	15,000,000	3,736,604	44,236,604	90.8%
	29,995,922	15,000,000	3,736,604	48,732,526	100.0%
BY INSTITUTION					
Commonwealth Bank of Australia	4,495,922	0	0	4,495,922	9.10%
Members Equity Bank	3,000,000	4,000,000	873,787	7,873,787	16.02%
National Australia Bank	0	0	902,360	902,360	1.78%
AMP Bank	5,500,000	4,000,000	0	9,500,000	19.50%
Macquarie Bank	4,500,000	2,500,000	0	7,000,000	14.40%
Defence Bank	0	4,500,000	0	4,500,000	9.3%
Auswide Bank	2,500,000	0	0	2,500,000	5.2%
Police and Nurses	2,500,000	0	0	2,500,000	5.2%
MyState Bank	7,500,000	0	1,960,457	9,460,457	19.5%
	29,995,922	15,000,000	3,736,604	48,732,526	100.00%
BY CREDIT RATINGS (SHORT-TERM ISSUE)					
A-1+	4,495,922	0	902,360	5,398,282	11.1%
A-1	4,500,000	2,500,000	0	7,000,000	14.4%
A-2	21,000,000	12,500,000	2,834,244	36,334,244	74.5%
	29,995,922	15,000,000	3,736,604	48,732,526	100.0%
BY TERMS					
0-30 days	4,495,922	0	0	4,495,922	9.2%
91-180 days	8,000,000	0	0	8,000,000	16.4%
181-270 days	8,500,000	4,500,000	0	13,000,000	26.7%
271-365 days	6,500,000	10,500,000	3,736,604	20,736,604	42.6%
	29,995,922	15,000,000	3,736,604	48,732,526	100.0%
BY MATURITY					
0-30 days	5,495,922	0	0	5,495,922	11.3%
31-90 days	5,000,000	4,500,000	854,727	10,354,727	21.2%
91-180 days	15,000,000	2,500,000	902,360	18,402,360	37.8%
181-270 days	4,500,000	4,000,000	19,060	8,519,060	17.5%
271-365 days	0	4,000,000	1,960,457	5,960,457	12.2%
	29,995,922	15,000,000	3,736,604	48,732,526	100.0%
BY FOSSIL FUEL EXPOSURE (as determined by www.marketforces.org.au)					
Fossil Fuel Investments	14,495,922	6,500,000	902,360	21,898,282	44.9%
Non Fossil Fuel Investments	15,500,000	8,500,000	2,834,244	26,834,244	55.1%
	29,995,922	15,000,000	3,736,604	48,732,526	100.0%



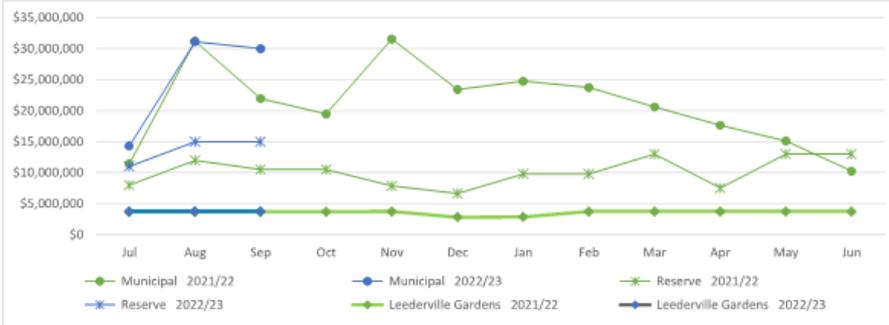
**CITY OF VINCENT
CURRENT INVESTMENT HOLDING
AS AT 30 SEPTEMBER 2022**

Funds	Institution	Investment Date	Maturity Date	Interest Rate	Principal \$
<u>OPERATING ACCOUNTS</u>					
Municipal	Commonwealth Bank of Australia			2.10%	2,879,572
Municipal	Commonwealth Bank of Australia	Ongoing		2.45%	1,616,350
Total Operating Funds					4,495,922
<u>TERM DEPOSITS</u>					
Leederville Gardens Inc Surplus Trust	Members Equity Bank	01/02/2022	01/11/2022	0.65%	854,727
Leederville Gardens Inc Surplus Trust	National Australia Bank	12/01/2022	13/01/2023	0.70%	902,360
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
Municipal	Members Equity Bank	22/03/2022	20/10/2022	0.90%	1,000,000
Municipal	AMP Bank	10/08/2022	08/02/2023	3.80%	3,000,000
Municipal	Members Equity Bank	29/03/2022	04/01/2023	1.20%	2,000,000
Municipal	Macquarie Bank	22/03/2022	22/03/2023	1.25%	4,500,000
Reserve	Defence Bank	19/05/2022	15/12/2022	2.55%	4,500,000
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
Municipal	Police and Nurses	29/09/2022	01/11/2022	2.79%	2,500,000
Municipal	AMP Bank	28/09/2022	16/01/2023	3.95%	2,500,000
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	Auswide Bank	26/08/2022	26/11/2022	2.75%	2,500,000
Reserve	AMP Bank	04/08/2022	04/08/2023	4.20%	4,000,000
Total Term Deposits					44,236,604
Total Investment Including At Call					48,732,526

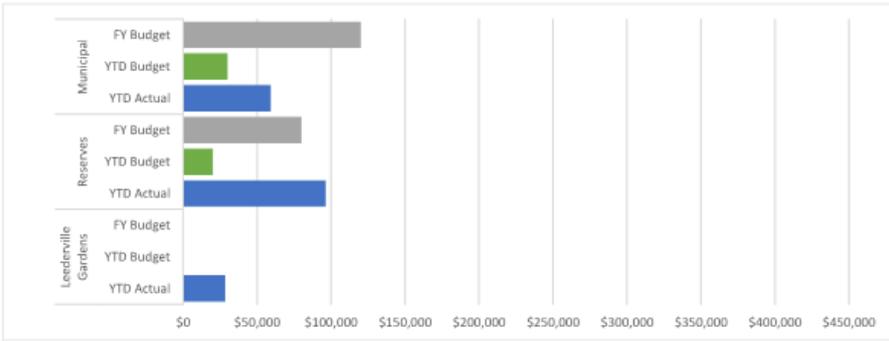


**CITY OF VINCENT
INVESTMENT PERFORMANCE
AS AT 30 SEPTEMBER 2022**

FUNDS INVESTED (ONLINE SAVER AND TERM DEPOSITS)



INTEREST EARNINGS



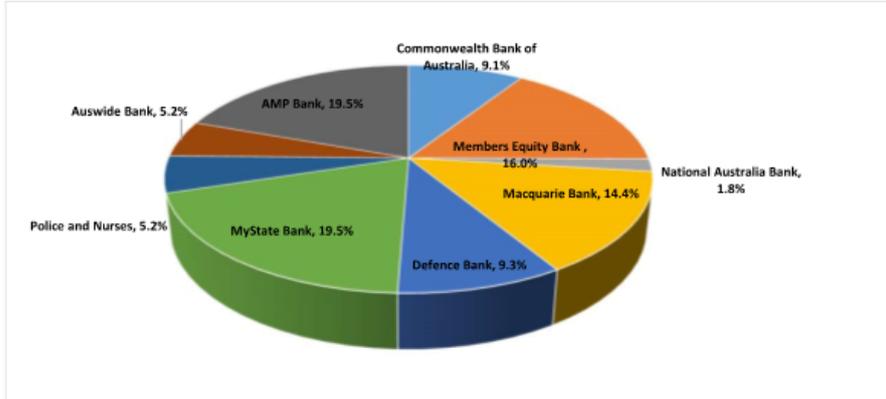
INTEREST RATE COMPARISON



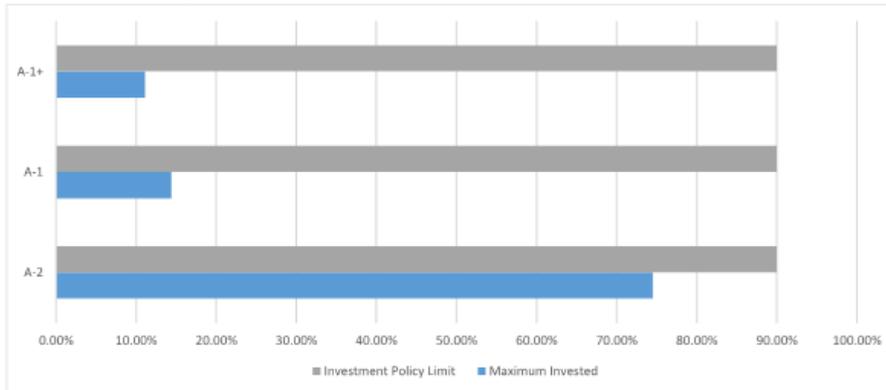


**CITY OF VINCENT
INVESTMENT POLICY COMPLIANCE
AS AT 30 SEPTEMBER 2022**

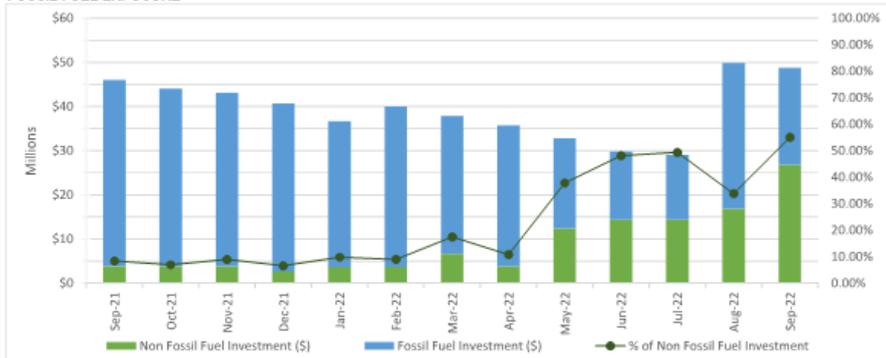
TOTAL PORTFOLIO EXPOSURE



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 30 SEPTEMBER 2022**



	YTD 30/09/2022	PY YTD 30/09/2021	FY 2022/23	PY FY 2021/22
	\$	\$	\$	\$
MUNICIPAL FUNDS				
Budget	30,000	9,596	120,000	100,000
Interest Earnings	59,160	13,708	59,160	98,791
% Income to Budget	197.2%	142.9%	49.3%	98.6%
RESERVE FUNDS				
Budget	20,001	21,640	80,000	100,000
Interest Earnings	96,233	11,240	96,233	80,469
% Income to Budget	481.1%	51.9%	120.3%	80.5%
LEEDERVILLE GARDENS INC SURPLUS TRUST				
Budget	0	0	0	0
Interest Earnings	28,420	21,348	28,420	58,921
% Income to Budget	0.0%	0.0%	0.0%	0.0%
TOTAL				
Budget	50,001	31,236	200,000	200,000
Interest Earnings	183,813	46,297	183,813	238,180
% Income to Budget	367.6%	148.2%	91.9%	119.1%
Variance	133,812	15,061	(16,187)	38,180
% Variance to Budget	267.6%	48.2%	(8.1%)	19.1%
TOTAL (EXCL. LEEDERVILLE GARDENS INC SURPLUS TRUST)				
Budget	50,001	31,236	200,000	200,000
Interest Earnings	155,393	24,948	155,393	179,259
% Income to Budget	310.8%	79.9%	77.7%	89.6%
Variance	105,392	(6,288)	(44,607)	(20,741)
% Variance to Budget	210.8%	(20.1%)	(22.3%)	(10.4%)