

7.3 INVESTMENT REPORT AS AT 31 OCTOBER 2022

Attachments: 1. Investment Statistics as at 31 October 2022

RECOMMENDATION:

That Council **NOTES** the Investment Statistics for the month ended 31 October 2022 as detailed in Attachment 1.

PURPOSE OF REPORT:

To advise Council of the nature and value of the City's Investments as at 31 October 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 \$2m in the month of October 2022 to a non-fossil fuel funding bank.

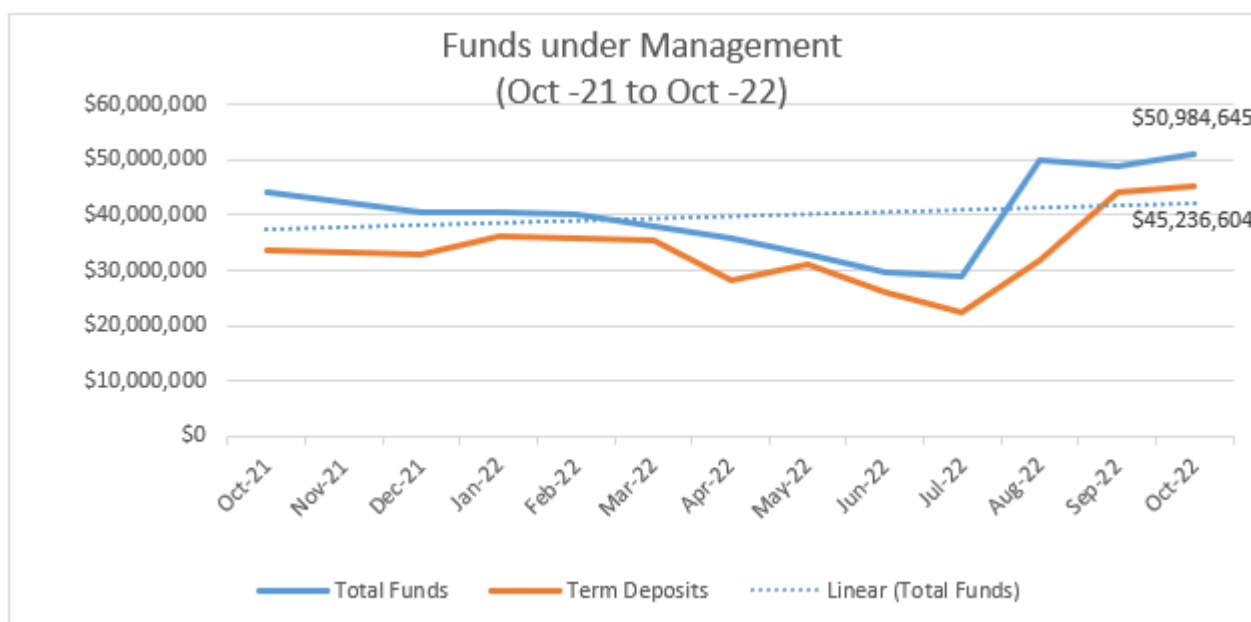
Investment Status

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

As at 31 October 2022, the total funds held in the City's operating accounts (including on call) was \$50,984,645 compared to \$44,071,001 for the period ended 31 October 2021. All funds are interest bearing as at 31 October 2022.

The total term deposit investments for the period ended 31 October 2022 were \$45,236,604 compared to \$33,650,633 for the period ended 31 October 2021.

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



Interest Status

Total accrued interest earned on investments as at 31 October 2022 is:

Total Accrued Interest Earned on Investment	Budget Adopted	Budget YTD	Actual YTD	% of YTD Budget
Municipal	\$120,000	\$40,000	\$170,882	427.2%
Reserve	\$80,000	\$26,668	\$134,346	503.8%
Subtotal	\$200,000	\$66,668	\$305,228	457.8%
Leederville Gardens Inc Surplus Trust*	\$0	\$0	\$36,140	N/A
Total	\$200,000	\$66,668	\$341,368	512.0%

*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 2.93% for current investments compared to the Reserve Bank 90 day accepted bill rate for October 2022 of 2.95%.

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 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 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%	11.1%	90%	13.1%
A-1	25%	13.7%	90%	13.7%
A-2	20%	18.7%	90%	73.2%

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
CURRENT INVESTMENT HOLDING
AS AT 31 OCTOBER 2022**

Funds	Institution	Investment Date	Maturity Date	Interest Rate	Principal \$
<u>OPERATING ACCOUNTS</u>					
Municipal	Commonwealth Bank of Australia			2.35%	3,200,309
Municipal	Commonwealth Bank of Australia		Ongoing	2.70%	2,547,732
Total Operating Funds					5,748,041
<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	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
Municipal	Police and Nurses	27/10/2022	23/02/2023	3.64%	2,000,000
Total Term Deposits					45,236,604
Total Investment Including At Call					50,984,645



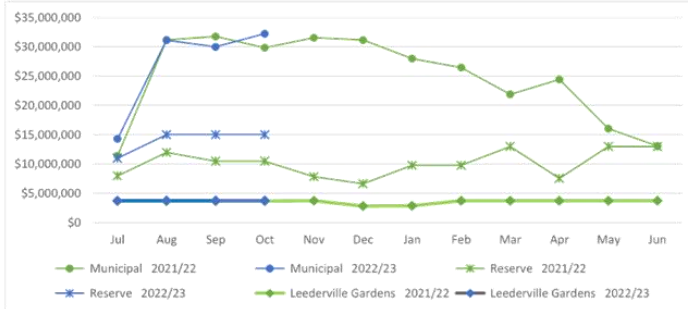
**CITY OF VINCENT
INVESTMENT PORTFOLIO
AS AT 31 OCTOBER 2022**

	Municipal	Reserve	Leederville Gardens Inc Surplus Trust	Total	Total
	\$	\$	\$	\$	%
BY INVESTMENT HOLDINGS					
Municipal Account	3,200,309	0	0	3,200,309	6.3%
Online Saver	2,547,732	0	0	2,547,732	5.0%
Term Deposits	26,500,000	15,000,000	3,736,604	45,236,604	88.7%
	32,248,041	15,000,000	3,736,604	50,984,645	100.0%
BY INSTITUTION					
Commonwealth Bank of Australia	5,748,041	0	0	5,748,041	11.10%
Members Equity Bank	2,000,000	4,000,000	873,787	6,873,787	13.32%
National Australia Bank	0	0	902,360	902,360	1.68%
AMP Bank	5,500,000	4,000,000	0	9,500,000	18.70%
Macquarie Bank	4,500,000	2,500,000	0	7,000,000	13.80%
Defence Bank	0	4,500,000	0	4,500,000	8.9%
Auswide Bank	2,500,000	0	0	2,500,000	5.0%
Police and Nurses	4,500,000	0	0	4,500,000	8.9%
MyState Bank	7,500,000	0	1,960,457	9,460,457	18.6%
	32,248,041	15,000,000	3,736,604	50,984,645	100.0%
BY CREDIT RATINGS (SHORT-TERM ISSUE)					
A-1+	5,748,041	0	902,360	6,650,401	13.1%
A-1	4,500,000	2,500,000	0	7,000,000	13.7%
A-2	22,000,000	12,500,000	2,834,244	37,334,244	73.2%
	32,248,041	15,000,000	3,736,604	50,984,645	100.0%
BY TERMS					
0-30 days	5,748,041	0	0	5,748,041	11.3%
31-90 days	2,500,000	0	0	2,500,000	4.9%
91-180 days	10,000,000	0	0	10,000,000	19.6%
181-270 days	7,500,000	4,500,000	0	12,000,000	23.5%
271-365 days	6,500,000	10,500,000	3,736,604	20,736,604	40.7%
	32,248,041	15,000,000	3,736,604	50,984,645	100.0%
BY MATURITY					
0-30 days	10,748,041	0	854,727	11,602,768	22.8%
31-90 days	4,500,000	4,500,000	902,360	9,902,360	19.4%
91-180 days	17,000,000	2,500,000	0	19,500,000	38.2%
181-270 days	0	4,000,000	1,979,517	5,979,517	11.7%
271-365 days	0	4,000,000	0	4,000,000	7.8%
	32,248,041	15,000,000	3,736,604	50,984,645	100.0%
BY FOSSIL FUEL EXPOSURE					
Fossil Fuel Investments	15,748,041	6,500,000	902,360	23,150,401	45.4%
Non Fossil Fuel Investments	16,500,000	8,500,000	2,834,244	27,834,244	54.6%
	32,248,041	15,000,000	3,736,604	50,984,645	100.0%

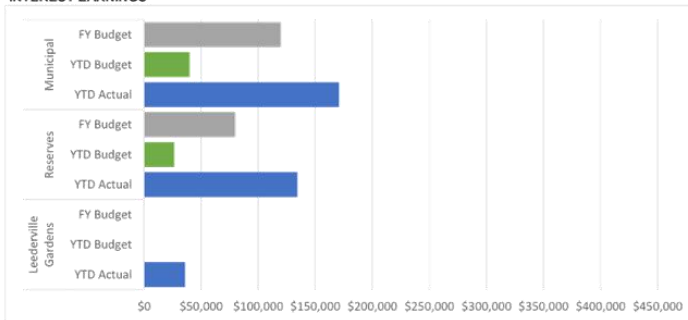


**CITY OF VINCENT
INVESTMENT PERFORMANCE
AS AT 31 OCTOBER 2022**

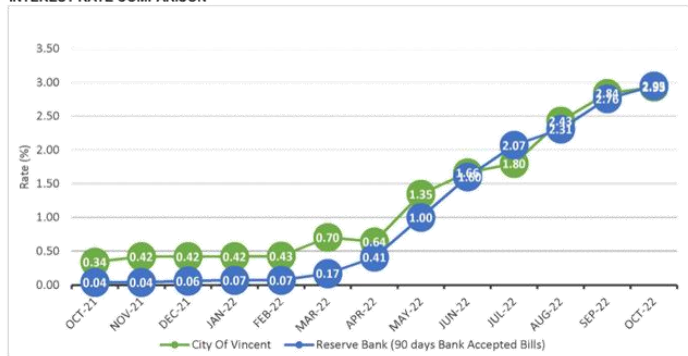
FUNDS INVESTED



INTEREST EARNINGS



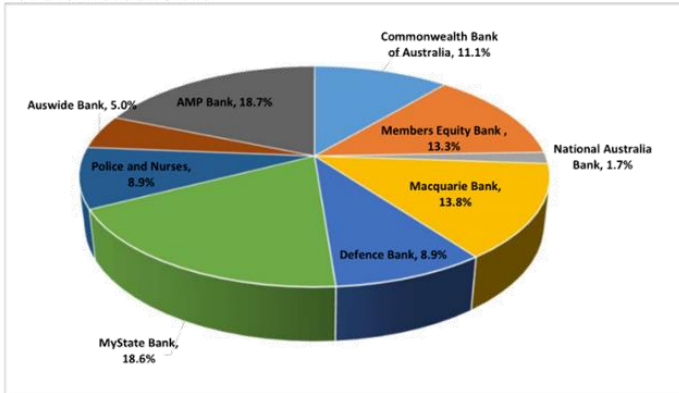
INTEREST RATE COMPARISON



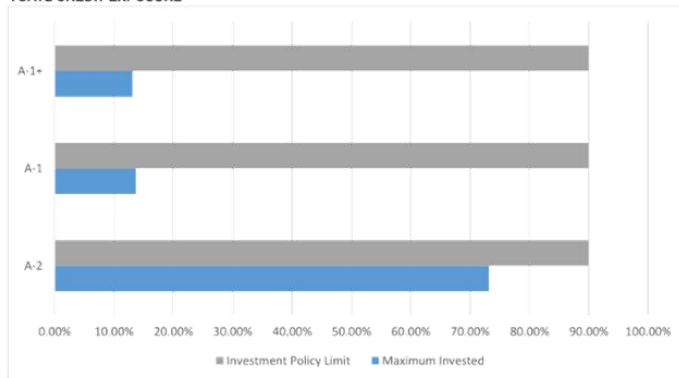


**CITY OF VINCENT
INVESTMENT POLICY COMPLIANCE
AS AT 31 OCTOBER 2022**

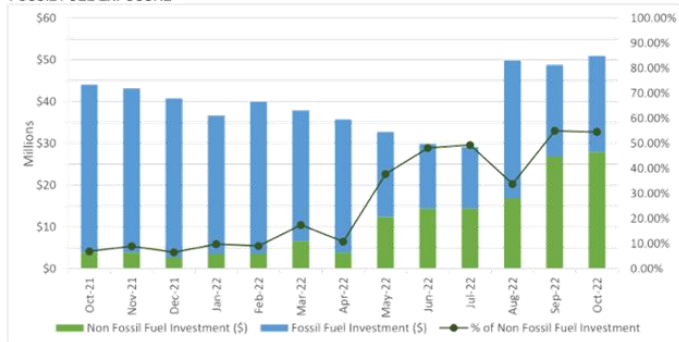
TOTAL PORTFOLIO EXPOSURE



TOATL CREDIT EXPOSURE



FOSSIL FUEL EXPOSURE





**CITY OF VINCENT
INVESTMENT INTEREST EARNINGS
AS AT 31 OCTOBER 2022**

	YTD 31/10/2022	PY YTD 31/10/2021	FY 2022/23	PY FY 2021/22
	\$	\$	\$	\$
MUNICIPAL FUNDS				
Budget	40,000	14,146	120,000	100,000
Interest Earnings	170,882	21,107	170,882	98,791
% Income to Budget	427.2%	149.2%	142.4%	98.6%
RESERVE FUNDS				
Budget	26,668	28,161	80,000	100,000
Interest Earnings	134,346	15,170	134,346	80,469
% Income to Budget	503.8%	53.9%	167.9%	80.5%
LEEDERVILLE GARDENS INC SURPLUS TRUST				
Budget	0	0	0	0
Interest Earnings	36,140	25,671	36,140	58,921
% Income to Budget	0.0%	0.0%	0.0%	0.0%
TOTAL				
Budget	66,668	42,307	200,000	200,000
Interest Earnings	341,368	61,948	341,368	238,180
% Income to Budget	512.0%	146.4%	170.7%	119.1%
Variance	274,700	19,641	141,368	38,180
% Variance to Budget	412.0%	46.4%	70.7%	19.1%
TOTAL (EXCL. LEEDERVILLE GARDENS INC SURPLUS TRUST)				
Budget	66,668	42,307	200,000	200,000
Interest Earnings	305,228	36,277	305,228	179,259
% Income to Budget	457.8%	85.8%	152.6%	89.6%
Variance	238,560	(6,030)	105,228	(20,741)
% Variance to Budget	357.8%	(14.3%)	52.6%	(10.4%)