

**11.5 INVESTMENT REPORT AS AT 30 NOVEMBER 2022**

**Attachments:** 1. Investment Statistics as at 30 November 2022

**RECOMMENDATION:**

That Council **NOTES** the Investment Statistics for the month ended 30 November 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 November 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 \$4.4m in the month of November 2022 to a non-fossil fuel funding bank.

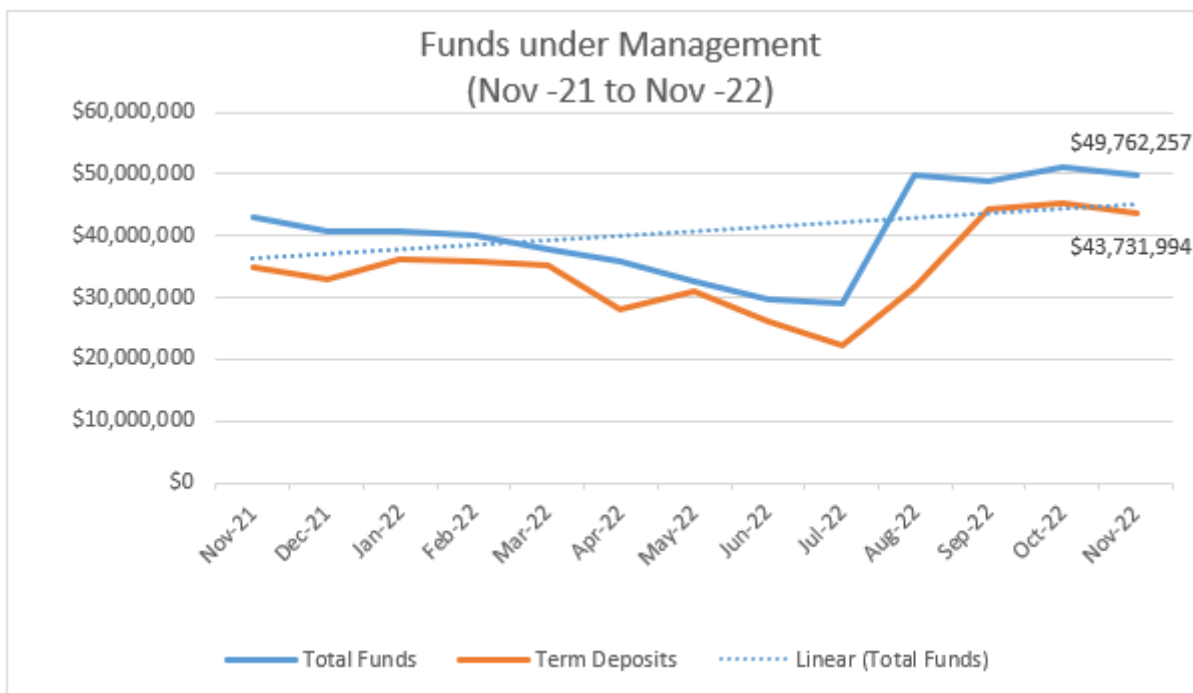
**Investment Status**

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

As at 30 November 2022, the total funds held in the City's operating accounts (including on call) was \$49,762,256 compared to \$43,126,708 for the period ended 30 November 2021. All funds are interest bearing as at 30 November 2022.

The total term deposit investments for the period ended 30 November 2022 were \$43,731,994 compared to \$35,022,223 for the period ended 30 November 2021.

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



**Interest Status**

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

Total Accrued Interest Earned on Investment	Budget Adopted	Budget YTD	Actual YTD	% of YTD Budget
Municipal	\$120,000	\$50,000	\$253,400	211.2%
Reserve	\$80,000	\$33,335	\$171,230	214.0%
<b>Subtotal</b>	<b>\$200,000</b>	<b>\$83,335</b>	<b>\$424,630</b>	<b>212.3%</b>
Leederville Gardens Inc Surplus Trust*	\$0	\$0	\$41,859	N/A
<b>Total</b>	<b>\$200,000</b>	<b>\$83,335</b>	<b>\$466,489</b>	<b>233.2%</b>

\*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 3.13% for current investments compared to the Reserve Bank 90 day accepted bill rate for November 2022 of 3.06%.

**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%	12.0%	90%	13.9%
A-1	25%	14.1%	90%	14.1%
A-2	20%	19.1%	90%	72.0%

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 30 NOVEMBER 2022**

<b>Funds</b>	<b>Institution</b>	<b>Investment Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Principal \$</b>
<b><u>OPERATING ACCOUNTS</u></b>					
Municipal	Commonwealth Bank of Australia		Ongoing	2.60%	4,975,776
Municipal	Commonwealth Bank of Australia			2.95%	1,054,487
<b>Total Operating Funds</b>					<b>6,030,263</b>
<b><u>TERM DEPOSITS</u></b>					
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	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
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
Leederville Gardens Inc Surplus Trust	Beyond Bank	04/11/2022	03/11/2023	4.55%	850,117
Municipal	Beyond Bank	04/11/2022	03/06/2023	4.40%	3,500,000
<b>Total Term Deposits</b>					<b>43,731,994</b>
<b>Total Investment Including At Call</b>					<b>49,762,257</b>



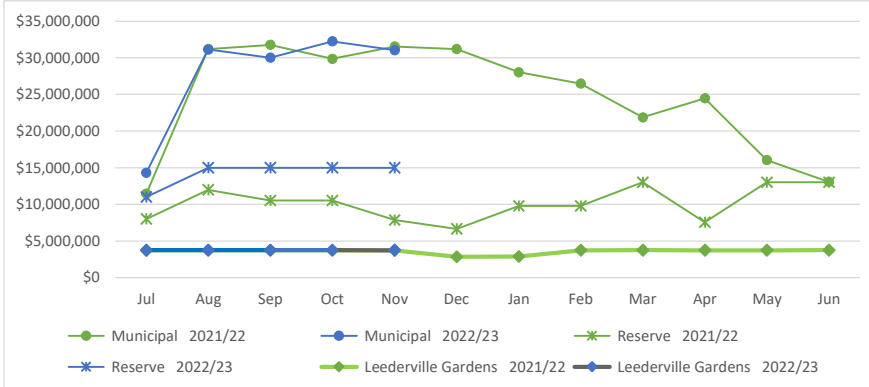
**CITY OF VINCENT  
INVESTMENT PORTFOLIO  
AS AT 30 NOVEMBER 2022**

	Municipal	Reserve	Leederville Gardens Inc Surplus Trust	Total	Total
	\$	\$	\$	\$	%
<b>BY INVESTMENT HOLDINGS</b>					
Municipal Account	4,975,776	0	0	4,975,776	10.0%
Online Saver	1,054,487	0	0	1,054,487	2.1%
Term Deposits	25,000,000	15,000,000	3,731,994	43,731,994	87.9%
	<b>31,030,263</b>	<b>15,000,000</b>	<b>3,731,994</b>	<b>49,762,257</b>	<b>100.0%</b>
<b>BY INSTITUTION</b>					
Commonwealth Bank of Australia	6,030,263	0	0	6,030,263	12.00%
Members Equity Bank	2,000,000	4,000,000	19,060	6,019,060	11.92%
National Australia Bank	0	0	902,360	902,360	1.78%
AMP Bank	5,500,000	4,000,000	0	9,500,000	19.10%
Beyond Bank	3,500,000	0	850,117	4,350,117	8.80%
Macquarie Bank	4,500,000	2,500,000	0	7,000,000	14.10%
Defence Bank	0	4,500,000	0	4,500,000	9.1%
Police and Nurses	2,000,000	0	0	2,000,000	4.1%
MyState Bank	7,500,000	0	1,960,457	9,460,457	19.1%
	<b>31,030,263</b>	<b>15,000,000</b>	<b>3,731,994</b>	<b>49,762,257</b>	<b>100.00%</b>
<b>BY CREDIT RATINGS (SHORT-TERM ISSUE)</b>					
A-1+	6,030,263	0	902,360	6,932,623	13.9%
A-1	4,500,000	2,500,000	0	7,000,000	14.1%
A-2	20,500,000	12,500,000	2,829,634	35,829,634	72.0%
	<b>31,030,263</b>	<b>15,000,000</b>	<b>3,731,994</b>	<b>49,762,257</b>	<b>100.0%</b>
<b>BY TERMS</b>					
0-30 days	6,030,263	0	0	6,030,263	12.1%
91-180 days	7,500,000	0	0	7,500,000	15.1%
181-270 days	11,000,000	4,500,000	0	15,500,000	31.1%
271-365 days	6,500,000	10,500,000	3,731,994	20,731,994	41.7%
	<b>31,030,263</b>	<b>15,000,000</b>	<b>3,731,994</b>	<b>49,762,257</b>	<b>100.0%</b>
<b>BY MATURITY</b>					
0-30 days	6,030,263	4,500,000	0	10,530,263	21.2%
31-90 days	12,500,000	0	902,360	13,402,360	26.9%
91-180 days	9,000,000	6,500,000	19,060	15,519,060	31.2%
181-270 days	3,500,000	4,000,000	1,960,457	9,460,457	19.0%
271-365 days	0	0	850,117	850,117	1.7%
	<b>31,030,263</b>	<b>15,000,000</b>	<b>3,731,994</b>	<b>49,762,257</b>	<b>100.0%</b>
<b>BY FOSSIL FUEL EXPOSURE</b>					
Fossil Fuel Investments	16,030,263	6,500,000	902,360	23,432,623	47.1%
Non Fossil Fuel Investments	15,000,000	8,500,000	2,829,634	26,329,634	52.9%
	<b>31,030,263</b>	<b>15,000,000</b>	<b>3,731,994</b>	<b>49,762,257</b>	<b>100.0%</b>

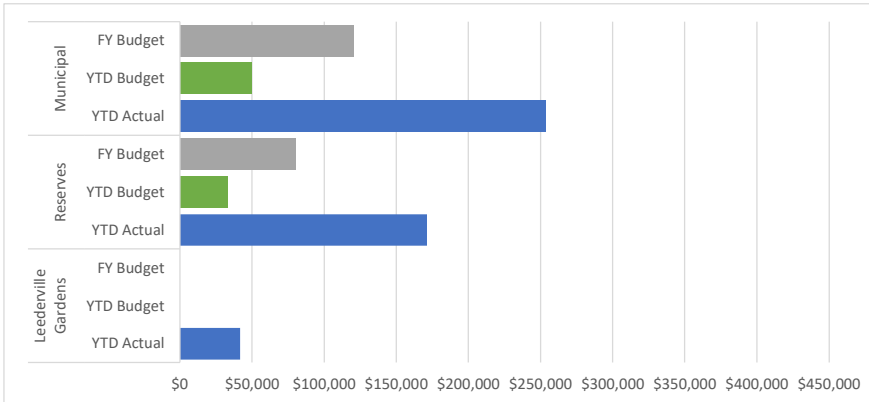


**CITY OF VINCENT  
INVESTMENT PERFORMANCE  
AS AT 30 NOVEMBER 2022**

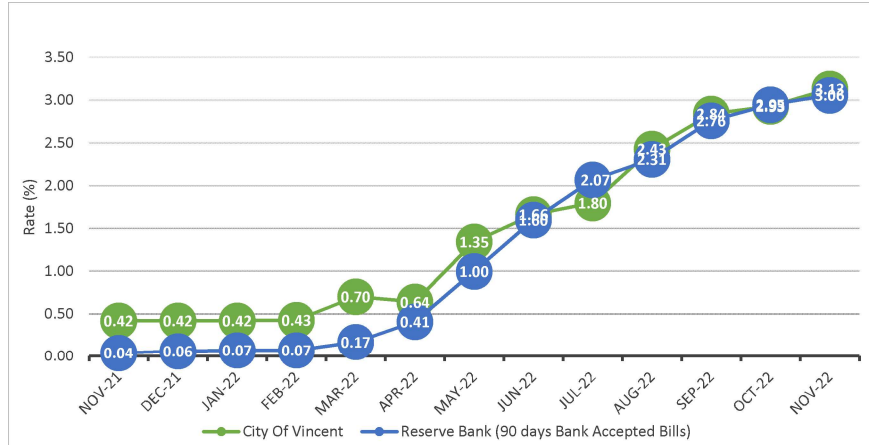
**FUNDS INVESTED**



**INTEREST EARNINGS**



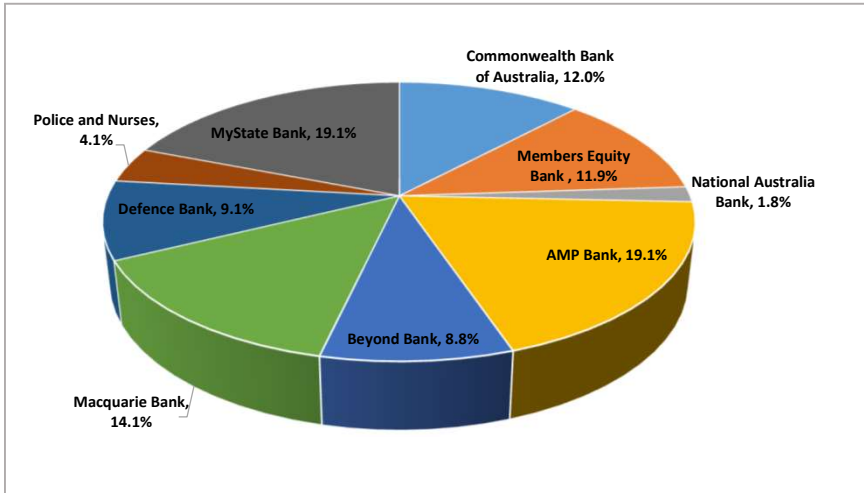
**INTEREST RATE COMPARISON**



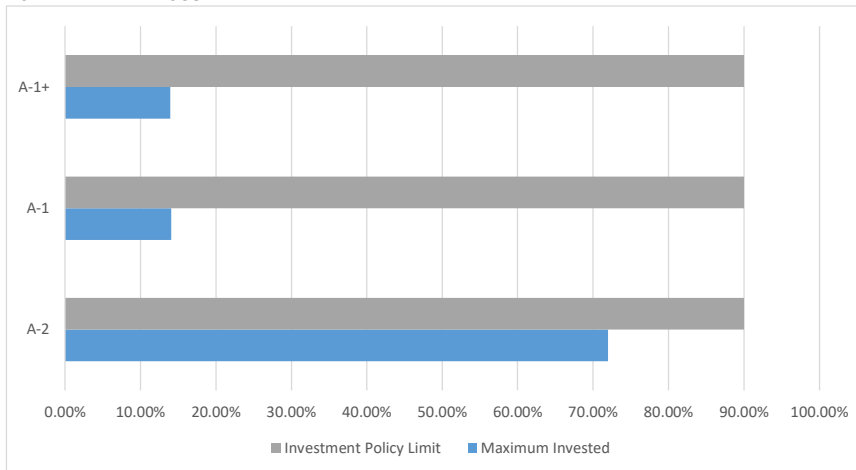
**CITY OF VINCENT  
INVESTMENT POLICY COMPLIANCE  
AS AT 30 NOVEMBER 2022**



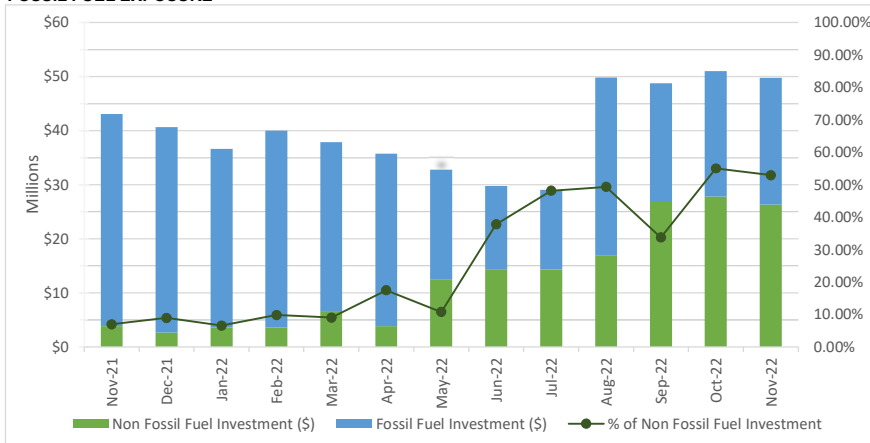
**TOTAL PORTFOLIO EXPOSURE**



**TOATL CREDIT EXPOSURE**



**FOSSIL FUEL EXPOSURE**





**CITY OF VINCENT  
INVESTMENT INTEREST EARNINGS  
AS AT 30 NOVEMBER 2022**

	YTD 30/11/2022	PY YTD 30/11/2021	FY 2022/23	PY FY 2021/22
	\$	\$	\$	\$
<b>MUNICIPAL FUNDS</b>				
Budget	50,000	18,109	120,000	100,000
Interest Earnings	253,400	30,080	253,400	98,791
% Income to Budget	506.8%	166.1%	211.2%	98.6%
<b>RESERVE FUNDS</b>				
Budget	33,335	34,567	80,000	100,000
Interest Earnings	171,230	19,073	171,230	80,469
% Income to Budget	513.7%	55.2%	214.0%	80.5%
<b>LEEDERVILLE GARDENS INC SURPLUS TRUST</b>				
Budget	0	0	0	0
Interest Earnings	41,859	31,128	41,859	58,921
% Income to Budget	0.0%	0.0%	0.0%	0.0%
<b>TOTAL</b>				
Budget	83,335	52,676	200,000	200,000
Interest Earnings	466,489	80,281	466,489	238,180
% Income to Budget	559.8%	152.4%	233.2%	119.1%
Variance	383,154	27,605	266,489	38,180
% Variance to Budget	459.8%	52.4%	133.2%	19.1%
<b>TOTAL (EXCL. LEEDERVILLE GARDENS INC SURPLUS TRUST)</b>				
Budget	83,335	52,676	200,000	200,000
Interest Earnings	424,630	49,153	424,630	179,259
% Income to Budget	509.6%	93.3%	212.3%	89.6%
Variance	341,295	(3,523)	224,630	(20,741)
% Variance to Budget	409.6%	(6.7%)	112.3%	(10.4%)