

11.3 INVESTMENT REPORT AS AT 31 MAY 2024

Attachments: 1. Investment Statistics as at 31 May 2024

RECOMMENDATION:

That Council **NOTES** the Investment Statistics for the month ended 31 May 2024 as detailed in Attachment 1.

PURPOSE OF REPORT:

To advise Council of the nature and value of the City's Investments as at 31 May 2024 and the interest amounts earned YTD.

DELEGATION:

Regulation 34 (4) of the Local Government (Financial Management) Regulations 1996 requires the local government to prepare a statement of financial activity each month, which is to be presented to Council within 2 months after the end of the relevant month.

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**

\$6.1m of investments matured and \$4m was invested in the month of May 2024.

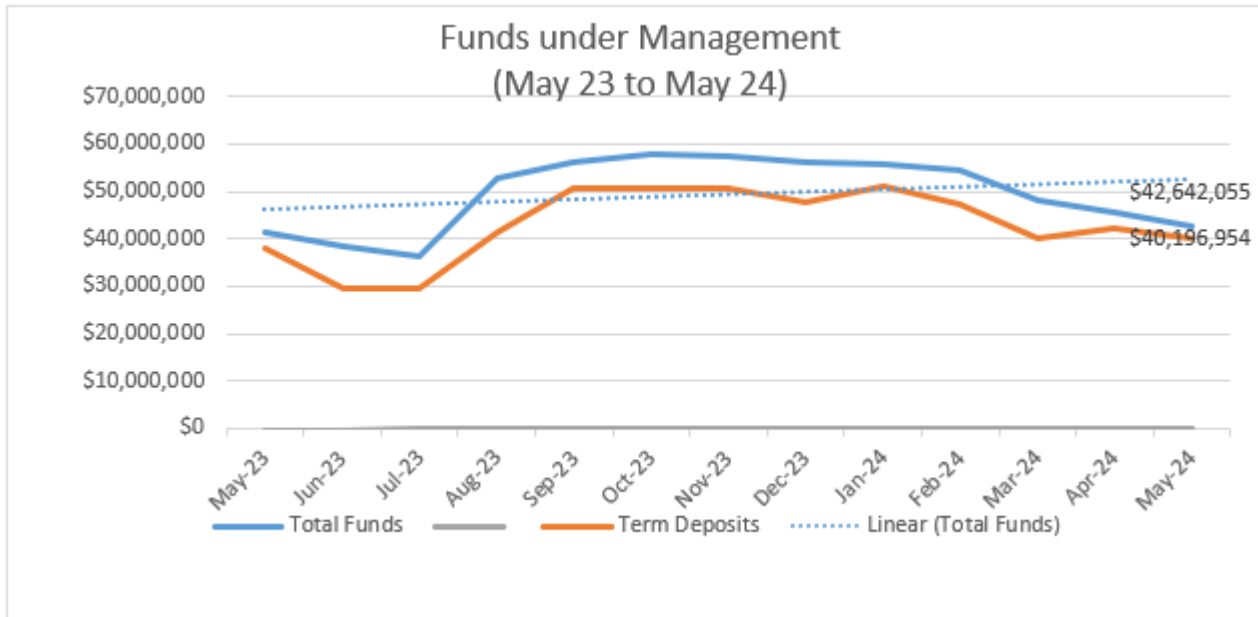
Investment Status

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

As at 31 May 2024, the total funds held in the City's operating accounts (including on call) was \$42,642,055 compared to \$41,280,937 for the period ended 31 May 2023. All funds are interest bearing as at 31 May 2024.

The total term deposit investments for the period ended 31 May 2024 were \$40,196,954 compared to \$37,899,250 for the period ended 31 May 2023.

The following chart shows funds under management from May 2023 to May 2024:



Interest Status

Total accrued interest earned on investments as at 31 May 2024 is:

Total Accrued Interest Earned on Investment	Budget Revised	Budget YTD	Actual YTD	% of YTD Budget	FY22/23 Actual
Municipal	850,000	771,248	1,318,554	170.96%	827,395
Reserve	800,000	700,000	803,059	114.72%	497,011
Subtotal	1,650,000	1,471,248	2,121,613	144.20%	1,324,406
Leederville Gardens Inc Surplus Trust*	\$0	\$0	173,644	N/A	134,290
Total	1,650,000	1,471,248	2,295,257	156.01%	1,458,696

*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 5.14% for current investments compared to the Reserve Bank 90 day accepted bill rate for May 2024 of 4.36%.

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%	35.7%	90%	62.9%
A-1	25%	0%	90%	0%
A-2	20%	16.4%	90%	37.1%

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.

CONSULTATION/ADVERTISING:

Nil

LEGAL/POLICY:

Section 19(2)(b) of the *Local Government (Financial Management) Regulations 1996* requires that a local government establish and document procedures to enable the identification of the nature and location of all investments.

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 2023-2032*:

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 MAY 2024**

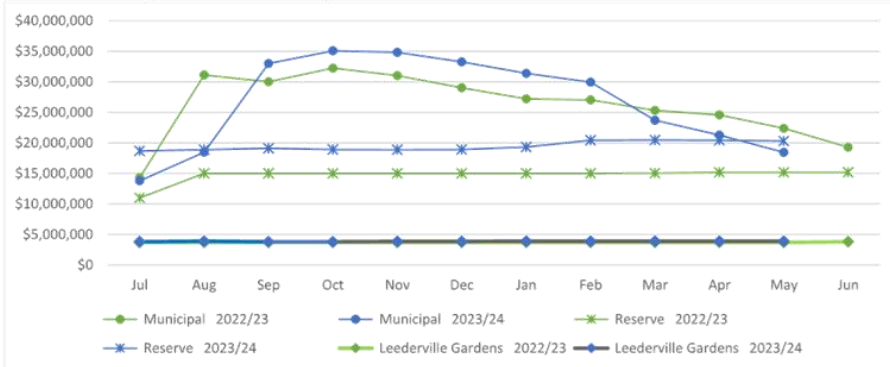
Funds	Institution	Investment Date	Maturity Date	Interest Rate	Principal \$
<u>OPERATING ACCOUNTS</u>					
Municipal	Commonwealth Bank of Australia	Ongoing		4.10%	1,152,255
Municipal	Commonwealth Bank of Australia	Ongoing		4.35%	803,461
Reserve	Commonwealth Bank of Australia	Ongoing		4.10%	489,386
Total Operating Funds					2,445,102
<u>TERM DEPOSITS</u>					
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
Leederville Gardens Inc Surplus Trust	AMP Bank	24/01/2024	23/01/2025	4.95%	949,727
Municipal	Commonwealth Bank of Australia	24/08/2023	6/06/2024	4.95%	2,500,000
Municipal	Bank of Queensland	24/08/2023	19/06/2024	4.95%	2,500,000
Municipal	Bank of Queensland	9/08/2023	8/07/2024	5.53%	2,500,000
Municipal	G&C Mutual	9/05/2024	9/05/2025	4.99%	3,000,000
Municipal	Police and Nurses	5/04/2024	4/10/2024	5.15%	2,000,000
Municipal	National Australia Bank	1/11/2023	31/10/2024	5.50%	1,000,000
Municipal	Judo Bank	23/01/2024	22/01/2025	5.10%	3,000,000
Reserve	Bank of Queensland	30/04/2024	29/04/2025	5.10%	2,000,000
Reserve	National Australia Bank	9/08/2023	8/08/2024	5.55%	5,200,000
Reserve	Judo Bank	9/05/2024	9/05/2025	5.35%	1,000,000
Reserve	National Australia Bank	5/04/2024	4/10/2024	5.15%	3,000,000
Reserve	Commonwealth Bank of Australia	30/04/2024	29/04/2025	5.20%	2,600,000
Reserve	National Australia Bank	24/08/2023	6/06/2024	5.12%	1,000,000
Reserve	National Australia Bank	23/01/2024	22/01/2025	5.10%	5,000,000
Total Term Deposits					40,196,954
Total Funds available					42,642,055

**CITY OF VINCENT
INVESTMENT PORTFOLIO
AS AT 31 MAY 2024**

	Municipal	Reserve	Leederville Gardens Inc Surplus Trust	Total	Total
	\$	\$	\$	\$	%
BY INVESTMENT HOLDINGS					
Municipal Account	1,152,255	489,386	0	1,641,641	3.8%
Online Saver	803,461	0	0	803,461	1.9%
Term Deposits	16,500,000	19,800,000	3,896,954	40,196,954	94.3%
	18,455,716	20,289,386	3,896,954	42,642,056	100.0%
BY INSTITUTION					
Bank of Queensland	5,000,000	2,000,000	0	7,000,000	16.4%
Commonwealth Bank of Australia	7,455,716	5,689,386	2,058,536	15,203,638	35.7%
National Australia Bank	3,000,000	8,600,000	0	11,600,000	27.2%
AMP Bank	0	0	1,838,418	1,838,418	4.3%
Judo Bank	2,000,000	3,000,000	0	5,000,000	11.7%
G&C Mutual	0	1,000,000	0	1,000,000	2.4%
Police and Nurses	1,000,000	0	0	1,000,000	2.4%
	18,455,716	20,289,386	3,896,954	42,642,056	100.0%
BY CREDIT RATINGS (SHORT-TERM ISSUE)					
A-1+	10,455,716	14,289,386	2,058,536	26,803,638	62.9%
A-2	8,000,000	6,000,000	1,838,418	15,838,418	37.1%
	18,455,716	20,289,386	3,896,954	42,642,056	100.0%
BY TERMS					
0-30 days	1,955,716	489,386	0	2,445,102	5.7%
181-270 days	2,000,000	3,000,000	0	5,000,000	11.7%
271-365 days	14,500,000	16,800,000	3,896,954	35,196,954	82.5%
> 1 year	0	0	0	0	0.0%
	18,455,716	20,289,386	3,896,954	42,642,056	100.0%
BY MATURITY					
0-30 days	6,955,716	1,489,386	2,058,536	10,503,638	24.6%
31-90 days	2,500,000	5,200,000	0	7,700,000	18.1%
91-180 days	3,000,000	3,000,000	0	6,000,000	14.1%
181-270 days	3,000,000	5,000,000	1,838,418	9,838,418	23.1%
271-365 days	3,000,000	5,600,000	0	8,600,000	20.2%
	18,455,716	20,289,386	3,896,954	42,642,056	100.0%
BY FOSSIL FUEL EXPOSURE					
Fossil Fuel Investments	10,455,716	14,289,386	3,896,954	28,642,056	67.2%
Non Fossil Fuel Investments	8,000,000	6,000,000	0	14,000,000	32.8%
	18,455,716	20,289,386	3,896,954	42,642,056	100.0%

**CITY OF VINCENT
INVESTMENT PERFORMANCE
AS AT 31 MAY 2024**

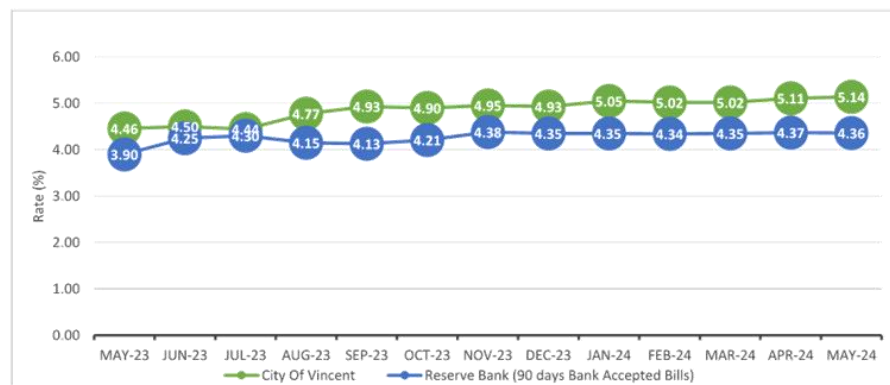
FUNDS INVESTED (TERM DEPOSITS ONLY)



INTEREST EARNINGS

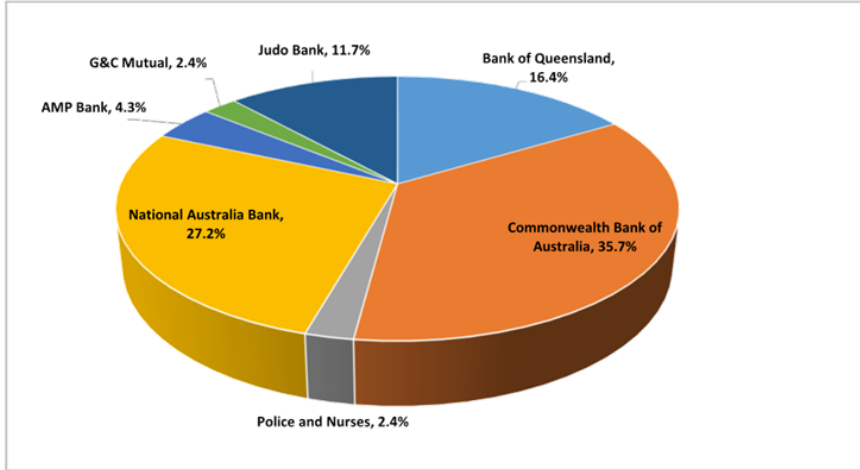


INTEREST RATE COMPARISON

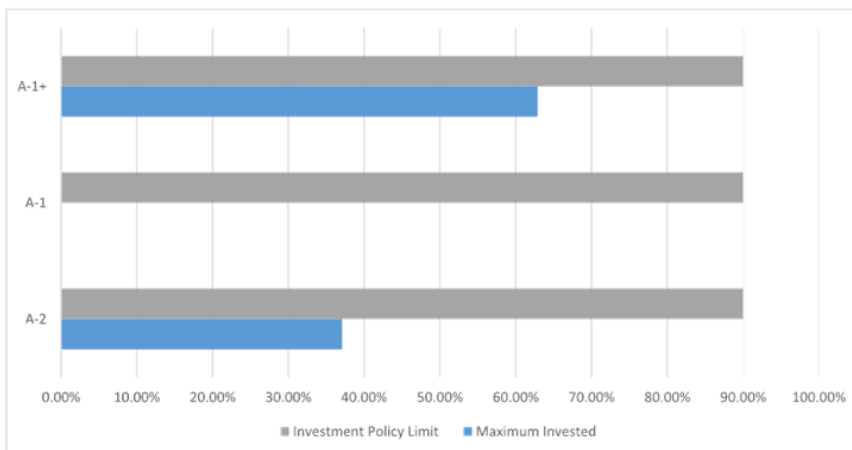


**CITY OF VINCENT
INVESTMENT POLICY COMPLIANCE
AS AT 31 MAY 2024**

TOTAL PORTFOLIO EXPOSURE



TOATL CREDIT EXPOSURE



FOSSIL FUEL EXPOSURE

