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# ITEM 13 STATEMENT OF INVESTMENT - OCTOBER 2024

This report provides an overview of Council's investment portfolio performance for the reporting period October 2024.

Council had an average weighted return for October 2024 of 0.33% which was just below the benchmark return of 0.37%. The result was primarily due to the negative valuations on the consolidated NSW TCorp investments that recognised increases in valuations earlier this financial year. The remainder of Council's portfolio continues to provide a high degree of credit quality and liquidity.

#### RECOMMENDATION

Council receive the Statement of Investment for October 2024.

#### REPORT AUTHORISATIONS

Report of:Brian Jenkins, Chief Financial OfficerAuthorised by:Renee Campbell, Director Corporate Services - Connected + Engaged City

## ATTACHMENTS

- 1 Statement of Investment October 2024
- 2 Investment Income Compared to Budget 2024-2025

#### BACKGROUND

Council staff monitor Council's cash flow on a daily basis and is mandated to invest surplus funds in accordance with the Ministerial Investment Order and Office of Local Government guidelines. The Order reflects a conservative investment approach and restricts investment types available to Council. In compliance with the Order and Office of Local Government guidelines Council adopted an Investment Policy on 12 December 2022. The Investment Policy provides a framework for Council to manage investment credit quality, institutional diversification and maturity constraints. Council's investment portfolio was controlled by Council's Finance Division during the period and has remained in compliance with the Investment Policy. Council's Audit, Risk and Improvement Committee (ARIC) provides oversight of the review of Council's Investment Policy and the Management Investment Strategy.

Council's Responsible Accounting Officer, the Chief Financial Officer, is required to sign the complying Statement of Investment contained within the report, certifying that all investments were made in accordance with the Local Government Act 1993 and the Local Government Regulation 2005.

Council's investment holdings at 25 October 2024 were \$181,684,853 (Statement of Investment attached) [27 October 2023 \$179,089,244] and includes Council's interest in CivicRisk Mutual Ltd recognised at fair value as at 30 June 2024.

Council had an average weighted return for October 2024 of 0.33% which was just below the benchmark return of 0.37%. The result was primarily due to the negative valuations on the consolidated NSW TCorp investments. The remainder of Council's portfolio continues to provide a high degree of credit quality and liquidity. The global markets are still experiencing levels of instability and volatility in interest rates, driven by the persistent inflation issues. Australia's inflation remains higher than its international comparisons, however medium-term predictions indicate modest contractions in inflation and interest rates. Rates available to Council on purchased investments are assessed regularly and across credit and maturity spread to maximise return on committed capital.

At 25 October 2024, year to date interest and investment revenue of \$3,174,397 was recognised compared to the year to date proposed budget of \$2,532,470. The investment budget is being reviewed through the September Quarterly Review process and reflects proposed changes.

Council's 21 floating rate notes had a net increase in value of \$65,491 for October 2024.



Council holds two Mortgaged Backed Securities (MBS) that recorded a net increase in value of \$9,321 for October 2024. The market value of this security considers the extended term of the security with limited liquidity, and the coupon margin reflects pre-Global Financial Crisis (GFC) pricing. While the maturity dates are outside Council's control, the investment advisors had previously indicated capital is not at risk at this stage and recommended a hold strategy due to the illiquid nature of the investment.

Council holds two investments within the NSW TCorp Hour Glass Facility; Long-Term Growth Fund and Medium-Term Growth Fund. The Long-Term Growth recorded a net increase in value of \$1,882 and the Medium-Term Growth Fund recorded a net decrease in value of \$25,903 in October 2024. The fluctuations in both the Long-Term Growth and Medium-Term Growth Funds are a reflection of the current share market volatility both domestically and internationally and is diversified across a number of different asset classes with differing risk and return characteristics.

The Reserve Bank of Australia (RBA) Board will meet eight times each year from February 2024. At their September 2024 meeting, the Reserve Bank of Australia (RBA) decided to hold the official cash rate at 4.35%. The RBA will continue to monitor uncertainties regarding the global economy, trends in demand, developments and adjust policy as needed as based on the data and evolving assessment of risks to return inflation to target of 2%–3%.

The current Investment Policy sets a 40% maximum exposure limit to individual institutions within the AAA category. This limit is currently considered to include funds held within the Commonwealth Bank (CBA), savings account which holds Council's operating cash balances. At the end of October 2024, the exposure to CBA was 13.24%, which is below the investment strategy target of 25%.

The current investment portfolio complies with Council's Investment Policy which was endorsed by Council on 12 December 2022. Council's Responsible Accounting Officer has signed the Statement of Investment contained within the report, certifying all investments were made in accordance with the Local Government Act 1993 and the Local Government Regulation 2005.

# PLANNING AND POLICY IMPACT

This report contributes to the delivery of Our Wollongong Our Future 2032 Goal 4 "We are a connected and engaged community". It specifically delivers on the following:

	Community Strategic Plan 2032	Delivery Program 2022-2026			
	Strategy	Service			
4.8	Council's resources are managed effectively to ensure long term financial sustainability.	Financial Services			

### CONCLUSION

The investments for October 2024 recorded an average weighted return that was below the AusBondBank Bill Index Benchmark and performed favourably when compared to the year-to-date budget.



4.90

6.07% 6.13% 5.16% 5.34% 5.45% 5.56%

5.49% 5.36% 5.35%

5.40%

5.71%

5.13%

940

			GONG CITY COUNCIL				
			ENT OF INVESTMENT				
			October 2024				
DIRECT INVESTMENTS							
Investment Body	Rating	Purchase Price \$	Fair Value of Holding \$	Security	Purchase Date	Maturity Date	Interest / Coupon Rate
CBA Business Online Saver	A1+	-	27,023,575	BOS A/c	25/10/2024	25/10/2024	
CBA General Fund A/c	A1+	-	1,100,306	General A/c	25/10/2024	25/10/2024	
NAB General Fund A/c	A1+	-	10,461	General A/c	25/10/2024	25/10/2024	
Auswide Bank Limited	Moodys ST P-2	2,000,000	2,000,000	T/Deposit	9/11/2023	8/11/2024	
Bank of Queensland Ltd Westpac Banking Corporation Ltd	Moodys A3 S&P AA-	2,000,000	2,000,000 2,000,000	T/Deposit T/Deposit	9/06/2023 2/12/2021	11/11/2024 2/12/2024	
Bank of Queensland Ltd	Moodys A3	4,000,000	4,000,000	T/Deposit	2/12/2021 2/06/2023	2/12/2024 2/12/2024	
Coastline Credit Union Ltd	Moodys Baa3	4,000,000	250,000	T/Deposit	5/06/2023	5/12/2024	
Bank of Sydney Ltd	Unrated UR	250,000	250,000	T/Deposit	11/12/2023	11/12/2024	
Bendigo & Adelaide Bank Ltd	Moodys ST P-2	3,000,000	3,000,000	T/Deposit	16/01/2024	20/12/2024	
ING Bank Australia Limited	5&P ST A1	3,000,000	3,000,000	T/Deposit	21/02/2024	21/01/2025	
Bank of Queensland Ltd	Moodys A3	2,000,000	2,000,000	T/Deposit	27/11/2023	28/01/2025	
Westpac Banking Corporation Ltd	S&P ST A1+	2,000,000	2,000,000	T/Deposit	23/08/2024	24/02/2025	
Westpac Banking Corporation Ltd	S&P ST A1+	2,000,000	2,000,000	T/Deposit	28/08/2024	28/02/2025	
Bank of Queensland Ltd	S&P ST A2	1,000,000	1,000,000	T/Deposit	28/08/2024	28/02/2025	
Judo Bank	S&P BBB-	2,200,000	2,200,000	T/Deposit	7/03/2022	11/03/2025	2.30%
Westpac Banking Corporation Ltd	S&P AA-	5,000,000	5,000,000	T/Deposit	7/03/2022	13/03/2025	
Bank of Queensland Ltd	S&P ST A2	3,000,000	3,000,000	T/Deposit	20/09/2024	20/03/2025	5.00%
Westpac Banking Corporation Ltd	S&P AA-	2,000,000	2,000,000	T/Deposit	4/12/2023	4/04/2025	5.32%
ING Bank Australia Limited	S&P STA1	1,000,000	1,000,000	T/Deposit	26/08/2024	28/04/2025	
National Australia Bank Ltd	S&P ST A1+	2,000,000	2,000,000	T/Deposit	28/08/2024	28/04/2025	
Bendigo & Adelaide Bank Ltd	Moodys A3	2,000,000	2,000,000	T/Deposit	9/06/2023	9/05/2025	
National Australia Bank Ltd	S&P ST A1+	2,000,000	2,000,000	T/Deposit	28/08/2024	26/05/2025	
Summerland Bank	Unrated ST UR	250,000	250,000	T/Deposit	6/06/2024	6/06/2025	
Bank of Queensland Ltd	Moodys A3	2,000,000	2,000,000	T/Deposit	30/06/2023	30/06/2025	
Westpac Banking Corporation Ltd	S&P AA-	2,000,000	2,000,000	T/Deposit	30/06/2023	30/06/2025	
Rabobank Australia Ltd	S&P ST A1	2,000,000	2,000,000	T/Deposit	10/07/2024	10/07/2025	
Rabobank Australia Ltd	5&P A+	2,000,000	2,000,000	T/Deposit	23/08/2024	25/08/2025	
National Australia Bank Ltd Judo Bank	S&P ST A1+	2,000,000	2,000,000	T/Deposit	28/08/2024	28/08/2025	
Judo Bank National Australia Bank Ltd	S&P ST A2	2,000,000	2,000,000	T/Deposit	17/09/2024	17/09/2025	
	S&P AA-	3,000,000	3,000,000	T/Deposit	20/09/2024	22/09/2025	
Westpac Banking Corporation Ltd Westpac Banking Corporation Ltd	5&P AA- 5&P AA-	3,000,000	3,000,000 2,000,000	T/Deposit T/Deposit	25/11/2022 20/09/2024	25/11/2025 20/04/2026	
Westpac Banking Corporation Ltd Westpac Banking Corporation Ltd	S&P AA- S&P AA-	2,000,000	2,000,000	T/Deposit	30/06/2023	20/04/2026 30/06/2026	
ING Bank Australia Limited	S&P AA- S&P A	2,000,000	2,000,000	T/Deposit	20/09/2024	20/07/2026	
Westpac Banking Corporation Ltd	S&P AA-	2,000,000	2,000,000	T/Deposit	30/06/2023	30/06/2027	
Westpac Banking Corporation Ltd	S&P AA-	5,000,000	5,000,000	T/Deposit	22/12/2023	22/12/2028	
ING Bank Australia Limited	S&P A	3,000,000	3,000,000	T/Deposit	21/02/2024	21/02/2029	
Total			105,084,342	.,		//	
			GONG CITY COUNCIL				
		STATEME	NT OF INVESTMENT				
			25 October 2024	continued			
Bond and Floating Rate Note	Securities						
DIRECT INVESTMENTS							
Investment Body	Rating	Purchase Price \$	Fair Value of Holding \$	Security	Purchase Date	Maturity Date	Interest / Coupon Rate
Macquarie Bank Ltd	S&P A+	2,000,000	2,024,280	FRN	12/02/2020	12/02/2025	
Bendigo & Adelaide Bank Ltd	S&P A-	1,700,000	1,712,750	FRN	2/12/2020	2/12/2025	
Macquarie Bank Ltd	S&P A+	6,500,000	6,544,590	FRN	11/03/2022	9/12/2025	
Suncorp Bank	5&P A+	2,100,000	2,117,304	FRN	24/02/2021	24/02/2026	
Newcastle Greater Mutual Group Ltd	S&P BBB+	5,000,000	5,024,550	FRN	4/03/2021	4/03/2026	
ANZ Banking Group Ltd	Moodys Aa2	2,500,000	2,524,075	FRN	31/03/2023	31/03/2026	
Teachers Mutual Bank Ltd	Moodys Baa1	1,100,000	1,103,982	FRN	16/06/2021	16/06/2026	
ANZ Banking Group Ltd	S&P AA-	2,500,000	2,527,925	FRN	11/09/2023	11/09/2026	5.18%
Macquarie Bank Ltd	S&P A+	4,000,000	4,042,200	FRN	14/09/2023	14/09/2026	5.27%

uncorp Bank S&P A+ 3,750,000 3,766,313 15/09/2021 15/09/2026 FRN 3,750,000 2,000,000 2,500,000 1,500,000 3,500,000 2,500,000 2,500,000 3,766,313 2,039,440 2,513,575 1,506,060 3,568,915 3,061,140 2,535,225 FRN FRN FRN QPCU LTD t/a QBANK S&P BBB-18/09/2023 18/09/2026 Illawarra Credit Union Ltd S&P BBB-20/09/2023 21/09/2026 Suncorp Bank ANZ Banking Group Ltd Suncorp Bank S&P A+ 11/03/2022 25/01/2027 S&P A+ Moodys Aa2 S&P A+ S&P A+ FRN FRN FRN 12/05/2022 24/11/2023 12/05/2027 24/05/2027 eratieve Rabobank U.A Australia Branch 19/01/2028 19/01/2023 ANZ Banking Group Ltd ANZ Banking Group Ltd Westpac Banking Corporation Ltd National Australia Bank Ltd Moodys Aa2 S&P AA-S&P AA-S&P AA-S&P AA-2,500,000 2,100,000 3,500,000 4,000,000 2,539,575 2,128,518 3,543,365 31/03/2023 11/09/2023 19/09/2023 31/03/2028 11/09/2028 19/09/2028 FRN FRN FRN FRN FRN MBS 4,203,880 16/11/2023 16/11/2028 Cooperatieve Rabobank U.A Australia Branch Emerald Reverse Mortgage Trust Emerald Reverse Mortgage Trust 3,159,750 269,605 1,318,260 S&P A+ 3,000,000 332,763 21/11/2023 17/07/2006 21/11/2028 Unrated UR Unrated UR 2,000,000 MBS 17/07/2006 21/08/2056

63,775,276

#### Managed Funds & Other

MANAGED FUNDS						
Investment Body	Rating	Purchase Price \$	Fair Value of Holding \$	Purchase Date	Monthly	FYTD (Actual)
Tcorp Long Term Growth Facility Fund	N/A		4,386,065	13/06/2007	-0.41%	4.10%
Tcorp Medium Term Growth Facility Fund	N/A		5,322,170	26/10/2021	-0.62%	2.09%
Total			9,708,234			

Membership interest in Investment Body	Fair Value of Holding \$			
CivicRisk Mutual Limited	N/A			3,117,000
	\$	181,684,853		

\* The maturity date provided is the weighted-average life of the security. This is the average amount of time that will elapse from the date of security's issuance until each dollar is repaid based on an actuarial assessment. Assessments are carried out on a regular basis which can potentially extend the life of the investment. Current assessments anticipate an extension of life of the investment.

This is to certify that all of the above investments have been placed in accordance with the Act, the regulations and Council's Investment Policies.

Brian Jenkins

RESPONSIBLE ACCOUNTING OFFICER





