

**ITEM 14 STATEMENT OF INVESTMENT - JANUARY 2025**

This report provides an overview of Council's investment portfolio performance for the reporting period January 2025.

Council had an average weighted return for January 2025 of 0.51% which was above the benchmark return of 0.38%. The result was primarily due to the positive valuations on the consolidated NSW TCorp investments and positive valuations of the consolidated Floating Rate Notes. 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 January 2025.

**REPORT AUTHORISATIONS**

Report of: Brian Jenkins, Chief Financial Officer

Authorised by: Renee Campbell, Director Corporate Services - Connected + Engaged City

**ATTACHMENTS**

- 1 Statement of Investment - January 2025
- 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 31 January 2025 were \$180,360,627 (Statement of Investment attached) [26 January 2024 \$171,514,366] 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 January 2025 of 0.51% which was above the benchmark return of 0.38%. The result was primarily due to the positive valuations on the consolidated NSW TCorp investments and positive valuations of the consolidated Floating Rate Notes. 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 31 January 2025, year to date interest and investment revenue of \$5,784,199 was recognised compared to the year to date proposed budget of \$5,078,837.

Council's 21 floating rate notes had a net increase in value of \$202,525 for January 2025.

Council holds two Mortgaged Backed Securities (MBS) that recorded a net increase in value of \$11,397 for January 2025. 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 TCorpIM Funds; Long-Term Growth Fund and Medium-Term Growth Fund. The Long-Term Growth Fund recorded a net increase in value of \$91,894 and the Medium-Term Growth Fund recorded a net increase in value of \$64,863 in January 2025. 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 effective from February 2024, in order to spread monetary policy decisions across fewer meetings and allow the board to gather more information. At their February 2025 meeting, the Reserve Bank of Australia (RBA) decided to reduce the official cash rate by 0.25% to 4.10%. 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 January 2025, the exposure to CBA was 17.16%, 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 January 2025 recorded an average weighted return that was above the AusBondBank Bill Index Benchmark and performed favourably when compared to the year-to-date budget.

WOLLONGONG CITY COUNCIL STATEMENT OF INVESTMENT 31 January 2025								
DIRECT INVESTMENTS								
Investment Body	Rating	Purchase Price \$	Fair Value of Holding \$	Security	Purchase Date	Maturity Date	Interest / Coupon Rate	
CBA Business Online Saver	A1+	-	30,199,922	BOS A/c	31/01/2025	31/01/2025	4.60%	
CBA General Fund A/c	A1+	-	2,302,686	General A/c	31/01/2025	31/01/2025	4.60%	
NAB General Fund A/c	A1+	-	5,791	General A/c	31/01/2025	31/01/2025	4.60%	
Westpac Banking Corporation Ltd	S&P ST A1+	2,000,000	2,000,000	T/Deposit	23/08/2024	24/02/2025	4.91%	
Westpac Banking Corporation Ltd	S&P ST A1+	2,000,000	2,000,000	T/Deposit	28/08/2024	28/02/2025	4.89%	
Bank of Queensland Ltd	S&P ST A2	1,000,000	1,000,000	T/Deposit	28/08/2024	28/02/2025	4.85%	
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	2.03%	
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 ST A1	1,000,000	1,000,000	T/Deposit	26/08/2024	28/04/2025	4.88%	
National Australia Bank Ltd	S&P ST A1+	2,000,000	2,000,000	T/Deposit	28/08/2024	28/04/2025	5.00%	
Bendigo & Adelaide Bank Ltd	Moodys A3	2,000,000	2,000,000	T/Deposit	9/06/2023	9/05/2025	5.45%	
National Australia Bank Ltd	S&P ST A1+	2,000,000	2,000,000	T/Deposit	28/08/2024	26/05/2025	5.00%	
Sumnerland Bank	Unrated ST UR	250,000	250,000	T/Deposit	6/06/2024	6/06/2025	5.36%	
Bank of Queensland Ltd	Moodys A3	2,000,000	2,000,000	T/Deposit	30/06/2023	30/06/2025	5.50%	
Westpac Banking Corporation Ltd	S&P AA-	2,000,000	2,000,000	T/Deposit	30/06/2023	30/06/2025	5.35%	
Bank of Sydney Ltd	Unrated ST UR	250,000	250,000	T/Deposit	11/12/2024	9/07/2025	5.00%	
Rabobank Australia Ltd	S&P ST A1	2,000,000	2,000,000	T/Deposit	10/07/2024	10/07/2025	5.43%	
Rabobank Australia Ltd	S&P A+	2,000,000	2,000,000	T/Deposit	23/08/2024	25/08/2025	4.94%	
National Australia Bank Ltd	S&P ST A1+	2,000,000	2,000,000	T/Deposit	28/08/2024	28/08/2025	5.00%	
Judo Bank	S&P ST A2	2,000,000	2,000,000	T/Deposit	17/09/2024	17/09/2025	4.60%	
National Australia Bank Ltd	S&P AA-	3,000,000	3,000,000	T/Deposit	20/09/2024	22/09/2025	4.90%	
Auswide Bank Limited	Moodys ST P-2	2,000,000	2,000,000	T/Deposit	15/01/2025	15/10/2025	5.00%	
Westpac Banking Corporation Ltd	S&P AA-	3,000,000	3,000,000	T/Deposit	25/11/2022	25/11/2025	4.59%	
Bank of Queensland Ltd	S&P ST A2	4,000,000	4,000,000	T/Deposit	2/12/2024	2/12/2025	5.03%	
Coastline Credit Union Ltd	Unrated ST UR	250,000	250,000	T/Deposit	5/12/2024	5/12/2025	5.15%	
Westpac Banking Corporation Ltd	S&P AA-	2,000,000	2,000,000	T/Deposit	20/09/2024	20/04/2026	4.62%	
Westpac Banking Corporation Ltd	S&P AA-	2,000,000	2,000,000	T/Deposit	30/06/2023	30/06/2026	5.19%	
ING Bank Australia Limited	S&P A	2,000,000	2,000,000	T/Deposit	20/09/2024	20/07/2026	4.46%	
ING Bank Australia Limited	S&P A	2,000,000	2,000,000	T/Deposit	15/01/2025	15/12/2026	4.84%	
Westpac Banking Corporation Ltd	S&P AA-	2,000,000	2,000,000	T/Deposit	30/06/2023	30/06/2027	5.09%	
Westpac Banking Corporation Ltd	S&P AA-	5,000,000	5,000,000	T/Deposit	22/12/2023	22/12/2028	4.90%	
ING Bank Australia Limited	S&P A	3,000,000	3,000,000	T/Deposit	21/02/2024	21/02/2029	5.19%	
ING Bank Australia Limited	S&P A	4,000,000	4,000,000	T/Deposit	15/01/2025	15/01/2030	5.08%	
<b>Total</b>			<b>103,458,399</b>					

WOLLONGONG CITY COUNCIL  
STATEMENT OF INVESTMENT  
31 January 2025 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	2,023,400	FRN	12/02/2020	12/02/2025	5.26%	
Bendigo & Adelaide Bank Ltd	S&P A-	1,700,000	1,714,586	FRN	2/12/2020	2/12/2025	4.96%	
Macquarie Bank Ltd	S&P A+	6,500,000	6,549,010	FRN	11/03/2022	9/12/2025	4.92%	
Suncorp Bank (Norfina Ltd) - Subsidiary of ANZ	S&P AA-	2,100,000	2,118,207	FRN	24/02/2021	24/02/2026	4.87%	
Newcastle Greater Mutual Group Ltd	S&P BBB+	5,000,000	5,036,150	FRN	4/03/2021	4/03/2026	5.05%	
ANZ Banking Group Ltd	S&P AA-	2,500,000	2,522,975	FRN	31/03/2023	31/03/2026	5.25%	
Teachers Mutual Bank Ltd	Moodys Baa 1	1,100,000	1,105,896	FRN	16/06/2021	16/06/2026	5.14%	
ANZ Banking Group Ltd	S&P AA-	2,500,000	2,528,525	FRN	11/09/2023	11/09/2026	5.19%	
Macquarie Bank Ltd	S&P A+	4,000,000	4,044,880	FRN	14/09/2023	14/09/2026	5.31%	
Suncorp Bank (Norfina Ltd) - Subsidiary of ANZ	S&P AA-	3,750,000	3,770,925	FRN	15/09/2021	15/09/2026	4.94%	
QPCU LTD t/a QBANK	S&P BBB-	2,000,000	2,039,140	FRN	18/09/2023	18/09/2026	6.12%	
Illawarra Credit Union Ltd	S&P BBB-	2,500,000	2,516,950	FRN	20/09/2023	21/09/2026	6.15%	
Suncorp Bank (Norfina Ltd) - Subsidiary of ANZ	S&P AA-	1,500,000	1,506,075	FRN	11/03/2022	25/01/2027	5.07%	
ANZ Banking Group Ltd	S&P AA-	3,500,000	3,570,105	FRN	12/05/2022	12/05/2027	5.39%	
Suncorp Bank (Norfina Ltd) - Subsidiary of ANZ	S&P AA-	3,000,000	3,058,890	FRN	24/11/2023	24/05/2027	5.52%	
Cooperative Rabobank U.A Australia Branch	S&P A+	2,500,000	2,532,175	FRN	19/01/2023	19/01/2028	5.51%	
ANZ Banking Group Ltd	S&P AA-	2,500,000	2,539,300	FRN	31/03/2023	31/03/2028	5.48%	
ANZ Banking Group Ltd	S&P AA-	2,100,000	2,129,232	FRN	11/09/2023	11/09/2028	5.37%	
Westpac Banking Corporation Ltd	S&P AA-	3,500,000	3,545,080	FRN	19/09/2023	19/09/2028	5.39%	
National Australia Bank Ltd	S&P AA-	4,000,000	4,158,360	FRN	16/11/2023	16/11/2028	5.40%	
Cooperative Rabobank U.A Australia Branch	S&P A+	3,000,000	3,139,650	FRN	21/11/2023	21/11/2028	5.71%	
Emerald Reverse Mortgage Trust	Unrated UR	316,186	255,946	MBS	17/07/2006	30/06/2028	4.87%	
Emerald Reverse Mortgage Trust	Unrated UR	2,000,000	1,320,120	MBS	17/07/2006	21/08/2056	5.17%	
<b>Total</b>			<b>63,725,577</b>					

**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		4,583,267	13/06/2007	2.12%	9.28%
Tcorp Medium Term Growth Facility Fund	N/A		5,476,383	26/10/2021	1.07%	5.19%
<b>Total</b>			<b>10,059,650</b>			

Membership Interest in Investment Body	Fair Value of Holding \$
CivicRisk Mutual Limited	3,117,000

**TOTAL INVESTMENTS** \$ **180,360,627**

\* 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**

