

# ITEM 14 STATEMENT OF INVESTMENT - MARCH 2025

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

Council had an average weighted return for March 2025 of 0.20% which was below the benchmark return of 0.35%. The result was primarily due to the negative valuations on the consolidated NSW TCorp investments and negative 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 March 2025.

## REPORT AUTHORISATIONS

Report of: Brian Jenkins, Chief Financial Officer

Authorised by: Todd Hopwood, Director Corporate Services - Connected + Engaged City (Acting)

# **ATTACHMENTS**

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

### **BACKGROUND**

Council staff monitor Council's cash flow on a daily basis and are 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) provide oversight of Council's Investment Policy and Investment Management 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 as at 28 March 2025 were \$190,105,371 (Statement of Investment attached) [29 March 2024 \$179,222,565] 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 March 2025 of 0.20% which was below the benchmark return of 0.35%. The result was primarily due to the negative valuations on the consolidated NSW TCorp investments and negative 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 volatility in interest rates, driven by the persistent inflation issues. Australia's inflation has fallen substantially since the peak in 2022, and longer-term inflation expectations remain on target, however, the medium-term predictions have been revised upward slightly as the Reserve Bank of Australia (RBA) Board remains cautious about the outlook, with underlying factors easing. Rates available to Council on purchased investments are assessed regularly and across credit and maturity spread to maximise returns on committed capital.

At 28 March 2025, year to date interest and investment revenue of \$6,942,081 was recognised compared to the year-to-date proposed budget of \$6,529,933.

Council's 21 floating rate notes had a net decrease in value of \$250,168 for March 2025.

Council holds two Mortgaged Backed Securities (MBS) that recorded a net increase in value of \$8,607 for March 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 decrease in value of \$100,503 and the Medium-Term Growth Fund recorded a net decrease in value of \$45,462 in March 2025. The fluctuations in both the Long-Term Growth and Medium-Term Growth Funds reflect 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 RBA Board now meets eight times each year in order to spread monetary policy decisions across fewer meetings and allow the Board to gather more information. At their April 2025 meeting, the RBA decided to hold the official cash rate at 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 March 2025, the exposure to CBA was 23.05%, 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 (General) Regulation 2021.

# 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 March 2025 recorded an average weighted return that was below the AusBond Bank Bill Index Benchmark and performed favourably when compared to the year-to-date budget.



WOLLONGONG CITY COUNCIL STATEMENT OF INVESTMENT									
28 March 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+	=	43,084,703	BOS A/c	28/03/2025	28/03/2025	4.35%		
CBA General Fund A/c	A1+	-	1,123,067	General A/c	28/03/2025	28/03/2025	4.35%		
NAB General Fund A/c	A1+	-	5,422	General A/c	28/03/2025	28/03/2025			
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%		
Summerland 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%		
IMB Ltd	Moodys ST P-2	2,000,000	2,000,000	T/Deposit	26/03/2025	3/07/2025	4.75%		
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%		
ING Bank Australia Limited	S&P A	5,000,000	5,000,000	T/Deposit	13/03/2025	13/05/2026	4.69%		
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			
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			
ING Bank Australia Limited	S&P A	3,000,000	3,000,000	T/Deposit	21/02/2024	21/02/2029			
ING Bank Australia Limited	S&P A	4,000,000	4,000,000	T/Deposit	15/01/2025	15/01/2030			
Rabobank Australia Ltd	S&P A+	4,000,000	4,000,000	T/Deposit	12/02/2025	12/02/2030			
Rabobank Australia Ltd	S&P A+	2.000.000	2,000,000	T/Deposit	26/03/2025	26/03/2030			
Total		_,,,,,,,	112,963,193	.,	,,	,,	3.017		

**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		
Bendigo & Adelaide Bank Ltd	S&P A-	1,700,000	1,705,474	FRN	2/12/2020	2/12/2025	4.64%		
Macquarie Bank Ltd	S&P A+	6,500,000	6,516,705	FRN	11/03/2022	9/12/2025	4.59%		
Suncorp Bank (Norfina Ltd) - Subsidiary of ANZ	S&P AA-	2,100,000	2,107,917	FRN	24/02/2021	24/02/2026	4.58%		
Newcastle Greater Mutual Group Ltd	S&P BBB+	5,000,000	5,009,300	FRN	4/03/2021	4/03/2026	4.75%		
ANZ Banking Group Ltd	S&P AA-	2,500,000	2,542,375	FRN	31/03/2023	31/03/2026	5.25%		
Teachers Mutual Bank Ltd	Moodys Baa1	1,100,000	1,100,517	FRN	16/06/2021	16/06/2026	4.79%		
ANZ Banking Group Ltd	S&P AA-	2,500,000	2,516,100	FRN	11/09/2023	11/09/2026	4.86%		
Macquarie Bank Ltd	S&P A+	4,000,000	4,024,480	FRN	14/09/2023	14/09/2026	4.96%		
Suncorp Bank (Norfina Ltd) - Subsidiary of ANZ	S&P AA-	3,750,000	3,751,050	FRN	15/09/2021	15/09/2026	4.59%		
QPCU LTD t/a QBANK	S&P BBB-	2,000,000	2,024,880	FRN	18/09/2023	18/09/2026	5.76%		
Illawarra Credit Union Ltd	S&P BBB-	2,500,000	2,502,650	FRN	20/09/2023	21/09/2026	5.81%		
Suncorp Bank (Norfina Ltd) - Subsidiary of ANZ	S&P AA-	1,500,000	1,516,035	FRN	11/03/2022	25/01/2027	5.07%		
ANZ Banking Group Ltd	S&P AA-	3,500,000	3,551,135	FRN	12/05/2022	12/05/2027	5.17%		
Suncorp Bank (Norfina Ltd) - Subsidiary of ANZ	S&P AA-	3,000,000	3,041,580	FRN	24/11/2023	24/05/2027	5.23%		
Cooperatieve Rabobank U.A Australia Branch	S&P A+	2,500,000	2,555,275	FRN	19/01/2023	19/01/2028	5.51%		
ANZ Banking Group Ltd	S&P AA-	2,500,000	2,559,325	FRN	31/03/2023	31/03/2028	5.48%		
Emerald Reverse Mortgage Trust	Unrated UR	314,548	253,022	MBS	17/07/2006	30/06/2028	4.59%		
ANZ Banking Group Ltd	S&P AA-	2,100,000	2,118,207	FRN	11/09/2023	11/09/2028	5.04%		
Westpac Banking Corporation Ltd	S&P AA-	3,500,000	3,526,600	FRN	19/09/2023	19/09/2028	5.04%		
National Australia Bank Ltd	S&P AA-	4,000,000	4,197,640	FRN	16/11/2023	16/11/2028	5.40%		
Cooperatieve Rabobank U.A Australia Branch	S&P A+	3,000,000	3,171,360	FRN	21/11/2023	21/11/2028	5.71%		
Beyond Bank Australia Ltd	Moodys Baa1	2,500,000	2,504,450	FRN	21/03/2025	21/03/2028	5.26%		
Emerald Reverse Mortgage Trust	Unrated UR	2,000,000	1,309,380	MBS	17/07/2006	21/08/2056	4.89%		
Total			64,105,457			·			

## 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		4,467,669	13/06/2007	-2.20%	6.52%
Tcorp Medium Term Growth Facility Fund	N/A		5,452,053	26/10/2021	-0.83%	4.72%
Total			9,919,721			

Membership interest in Investment Body Fair Value of Holding \$						
CivicRisk Mutual Limited	N/A			3,117,000		
	TOTAL INVESTMENTS		\$	190,105,371		

<sup>\*</sup> 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

