

**ITEM 7 STATEMENT OF INVESTMENT - FEBRUARY 2024**

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

Council had an average weighted return for February 2024 of 0.49% which was above the benchmark return of 0.34%. The result was primarily driven by positive valuations of the consolidated Floating Rate Notes and NSW TCorp investments. 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 February 2024.

**REPORT AUTHORISATIONS**

Report of: Brian Jenkins, Chief Financial Officer

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

**ATTACHMENTS**

- 1 Statement of Investment - February 2024
- 2 Investment Income Compared to Budget 2023-2024

**BACKGROUND**

Council 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 to ensure 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 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 23 February 2024 were \$173,386,073 (Statement of Investment attached) [24 February 2023 \$163,884,844] which includes Council's interest in CivicRisk Mutual Ltd recognised at fair value as at 30 June 2023.

Council had an average weighted return for February 2024 of 0.49% which was above the benchmark return of 0.34%. The result was primarily driven by positive valuations of the consolidated Floating Rate Notes and 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 sticky inflation is still tracking higher by international comparison and is providing levels of uncertainty in rates of return for the foreseeable future.

At 23 February 2024, year to date interest and investment revenue of \$5,870,473 was recognised compared to the year to date budget of \$4,375,333.

Council's 23 floating rate notes had a net increase in value of \$304,475 for February 2024.

Council holds two Mortgaged Backed Securities (MBS) that recorded a net decrease in value of \$18,491 for February 2024. The market value of this security takes into account the extended term of the security along with the 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 that 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 \$91,340 and the Medium-Term Growth Fund recorded a net increase in value of \$58,350 in February 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.

As announced by the Reserve Bank of Australia (RBA) Governor, from February 2024 the Reserve Bank Board will meet eight times each year, with meetings starting on the Monday afternoon and continuing on the Tuesday morning. The outcome of the RBA meeting and cash rate decision will be announced at 2.30pm on the second day. At their February 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. Through the banking services contract with the CBA, that includes a fixed margin over the current cash rate, Council’s savings account provides a higher return than alternate short- to medium-term investments available to Council. At the end of February 2024, the exposure to CBA was 14.56%, which is below the 25% target set in the Investment Strategy.

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 February 2024 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  
23 February 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+	-	23,462,231	BOS A/c	23/02/2024	23/02/2024	4.60%
CBA General Fund A/c	A1+	-	1,790,371	General A/c	23/02/2024	23/02/2024	4.60%
NAB General Fund A/c	A1+	-	-	General A/c	23/02/2024	23/02/2024	-
Southern Cross CU	Unrated ST UR	250,000	250,000	T/Deposit	5/12/2023	4/03/2024	5.15%
Westpac Banking Corporation Ltd	S&P AA-	2,000,000	2,000,000	T/Deposit	6/03/2019	6/03/2024	5.35%
Bendigo & Adelaide Bank Ltd	Moody's ST P-2	3,000,000	3,000,000	T/Deposit	16/03/2023	15/03/2024	4.50%
IMB Ltd	Moody's Baa1	3,000,000	3,000,000	T/Deposit	28/03/2023	26/04/2024	4.51%
Westpac Banking Corporation Ltd	S&P ST A1+	2,000,000	2,000,000	T/Deposit	4/12/2023	6/05/2024	5.20%
Bank of Queensland Ltd	Moody's A3	2,000,000	2,000,000	T/Deposit	23/05/2023	24/06/2024	5.11%
Australian Unity Bank (BPSS20)	S&P ST A2	750,000	750,000	T/Deposit	10/07/2023	9/07/2024	5.75%
Bank of Queensland Ltd	Moody's A3	3,000,000	3,000,000	T/Deposit	16/08/2023	16/08/2024	5.05%
Judo Bank	S&P BBB-	2,000,000	2,000,000	T/Deposit	17/09/2021	17/09/2024	1.20%
Westpac Banking Corporation Ltd	S&P ST A1+	1,000,000	1,000,000	T/Deposit	4/12/2023	4/10/2024	5.24%
Auswide Bank Limited	Moody's ST P-2	2,000,000	2,000,000	T/Deposit	9/11/2023	8/11/2024	5.50%
Bank of Queensland Ltd	Moody's A3	2,000,000	2,000,000	T/Deposit	9/06/2023	11/01/2024	5.50%
Westpac Banking Corporation Ltd	S&P AA-	2,000,000	2,000,000	T/Deposit	2/12/2021	2/12/2024	1.63%
Bank of Queensland Ltd	Moody's A3	4,000,000	4,000,000	T/Deposit	2/06/2023	2/12/2024	5.25%
Coastline Credit Union Ltd	Moody's Baa3	250,000	250,000	T/Deposit	5/06/2023	5/12/2024	5.25%
Bank of Sydney Ltd	Unrated UR	250,000	250,000	T/Deposit	11/12/2023	11/12/2024	5.40%
Bendigo & Adelaide Bank Ltd	Moody's ST P-2	3,000,000	3,000,000	T/Deposit	16/01/2024	20/12/2024	5.06%
ING Bank Australia Limited	S&P ST A1	3,000,000	3,000,000	T/Deposit	21/02/2024	21/01/2025	5.11%
Bank of Queensland Ltd	Moody's A3	2,000,000	2,000,000	T/Deposit	27/11/2023	28/01/2025	5.40%
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%
Westpac Banking Corporation Ltd	S&P AA-	2,000,000	2,000,000	T/Deposit	4/12/2023	4/04/2025	5.32%
Bendigo & Adelaide Bank Ltd	Moody's A3	2,000,000	2,000,000	T/Deposit	9/06/2023	9/05/2025	5.45%
Bank of Queensland Ltd	Moody's 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%
Westpac Banking Corporation Ltd	S&P AA-	3,000,000	3,000,000	T/Deposit	25/11/2022	25/11/2025	4.59%
Westpac Banking Corporation Ltd	S&P AA-	2,000,000	2,000,000	T/Deposit	30/06/2023	30/06/2026	5.19%
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%
<b>Total</b>			<b>92,952,602</b>				

**WOLLONGONG CITY COUNCIL  
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23 February 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
National Australia Bank Ltd	S&P AA-	2,000,000	2,023,300	FRN	19/06/2019	19/06/2024	5.29%
Auswide Bank Limited	Moody's Baa2	3,000,000	3,002,490	FRN	22/08/2023	23/08/2024	5.29%
Macquarie Bank Ltd	S&P A+	2,000,000	2,010,140	FRN	12/02/2020	12/02/2025	5.19%
Bendigo & Adelaide Bank Ltd	Moody's A3	1,700,000	1,708,653	FRN	2/12/2020	2/12/2025	4.89%
Macquarie Bank Ltd	S&P A+	6,500,000	6,543,745	FRN	11/03/2022	9/12/2025	4.84%
Suncorp-Metway Ltd	S&P A+	2,100,000	2,116,086	FRN	24/02/2021	24/02/2026	4.83%
Newcastle Greater Mutual Group Ltd	S&P BBB	5,000,000	4,996,200	FRN	4/03/2021	4/03/2026	5.00%
ANZ Banking Group Ltd	Moody's Aa3	2,500,000	2,530,350	FRN	31/03/2023	31/03/2026	5.19%
Teachers Mutual Bank Ltd	Moody's Baa1	1,100,000	1,095,655	FRN	16/06/2021	16/06/2026	5.04%
ANZ Banking Group Ltd	S&P AA-	2,500,000	2,530,075	FRN	11/09/2023	11/09/2026	5.11%
Macquarie Bank Ltd	S&P A+	4,000,000	4,047,160	FRN	14/09/2023	14/09/2026	5.20%
Suncorp-Metway Ltd	S&P A+	3,750,000	3,763,163	FRN	15/09/2021	15/09/2026	4.83%
QPCU LTD t/a QBANK	S&P BBB-	2,000,000	2,033,480	FRN	18/09/2023	18/09/2026	6.01%
Illawarra Credit Union Ltd	S&P BBB-	2,500,000	2,526,575	FRN	20/09/2023	21/09/2026	6.06%
Suncorp-Metway Ltd	S&P A+	1,500,000	1,505,325	FRN	11/03/2022	25/01/2027	5.13%
ANZ Banking Group Ltd	Moody's Aa3	3,500,000	3,526,425	FRN	12/05/2022	12/05/2027	5.32%
Suncorp-Metway Ltd	S&P A+	3,000,000	3,064,320	FRN	24/11/2023	24/05/2027	5.48%
Cooperative Rabobank U.A Australia Branch	S&P A+	2,500,000	2,537,000	FRN	19/01/2023	19/01/2028	5.52%
ANZ Banking Group Ltd	Moody's Aa3	2,500,000	2,541,075	FRN	31/03/2023	31/03/2028	5.42%
ANZ Banking Group Ltd	S&P AA-	2,100,000	2,127,594	FRN	11/09/2023	11/09/2028	5.29%
Westpac Banking Corporation Ltd	S&P AA-	3,500,000	3,542,070	FRN	19/09/2023	19/09/2028	5.30%
National Australia Bank Ltd	S&P AA-	4,000,000	4,146,600	FRN	16/11/2023	16/11/2028	5.40%
Cooperative Rabobank U.A Australia Branch	S&P A+	3,000,000	3,134,310	FRN	21/11/2023	21/11/2028	5.71%
Emerald Reverse Mortgage Trust	Unrated UR	364,167	291,429	MBS	17/07/2006	21/08/2051	4.78%
Emerald Reverse Mortgage Trust	Unrated UR	2,000,000	1,300,560	MBS	17/07/2006	21/08/2056	5.08%
<b>Total</b>			<b>68,643,779</b>				

**Managed Funds & Other**

MANAGED FUNDS						
Investment Body	Rating	Purchase Price \$	Fair Value of Holding \$	Purchase Date	Monthly Return (Actual)	FYTD (Actual)
Tcorp Long Term Growth Facility Fund	N/A		4,100,399	13/06/2007	2.60%	8.78%
Tcorp Medium Term Growth Facility Fund	N/A		5,159,293	26/10/2021	0.96%	5.81%
<b>Total</b>			<b>9,259,693</b>			

Membership interest in Investment Body	Fair Value of Holding \$
CivicRisk Mutual Limited	2,530,000

**TOTAL INVESTMENTS \$ 173,386,073**

\* 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

