

ITEM 12 STATEMENT OF INVESTMENT - JULY 2025

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

Council had an average weighted return for July 2025 of 0.40% which was above the benchmark return of 0.30%. The result was primarily due to the positive valuations on the consolidated Floating Rate Notes and on the consolidated 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 July 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 - July 2025
- 2 Investment Income Compared to Budget 2025-2026

ACRONYMS USED IN REPORT

Abbreviation	Meaning
CBA	Commonwealth Bank of Australia
Order	Ministerial Investment Order
RBA	Reserve Bank of Australia

BACKGROUND

Council staff monitor Council’s cash flow on a daily basis and 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 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 at 25 July 2025 were \$197,369,259 (Statement of Investment attached) [26 July 2024 \$160,394,331] and includes Council’s interest in CivicRisk Mutual Limited. Council’s interest increased by \$622k based on the outcome of an annual third-party actuary assessment of Council’s portion of fair value, with the associated movement recorded in Council’s Draft Annual Financial Statements for the period ended 30 June 2025.

Council had an average weighted return for July 2025 of 0.40% which was above the benchmark return of 0.30%. The result was primarily due to the positive valuations on the consolidated Floating Rate Notes and 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 experiencing levels of volatility in interest rates driven primarily by the persistent inflation issues, geo-political tensions and international trade policy developments.

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 July 2025 meeting, RBA decided to hold the official cash rate at 3.85%. The Board remains cautious about the outlook and wants to confirm that inflation remains on track to reach 2.5 per cent on a sustainable basis. Rates available to Council on purchased investments are assessed regularly and across credit and maturity spread to maximise returns on committed capital.

At 25 July 2025, year to date interest and investment revenue of \$653,023 was recognised compared to the year to date proposed budget of \$440,986.

Council’s 22 Floating Rate Notes had a net increase in value of \$115,303 for July 2025.

Council holds two Mortgaged Backed Securities that recorded a net increase in value of \$7,043 for July 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 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 \$62,833 and the Medium-Term Growth Fund recorded a net increase in value of \$28,527 in July 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 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 of Australia (CBA), savings account which holds Council’s operating cash balances. At the end of July 2025, the exposure to CBA was 15.37%, 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 have a healthy, respectful, and inclusive community”. It specifically delivers on the following:

Community Strategic Plan 2035	Delivery Program 2025-2029
Strategy	Service
4.14 Council demonstrates responsible leadership that is customer focused, demonstrates respect and inclusion, and uses resources that are managed effectively to ensure long-term sustainability.	Financial Services

CONCLUSION

The investments for July 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 25 July 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+	-	33,017,630	BOS A/c	25/07/2025	25/07/2025	4.10%
CBA General Fund A/c	A1+	-	1,208,706	General A/c	25/07/2025	25/07/2025	4.10%
NAB General Fund A/c	A1+	-	5,735	General A/c	25/07/2025	25/07/2025	
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	Moody's 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%
Bank of Sydney Ltd	Unrated ST UR	250,000	250,000	T/Deposit	9/07/2025	8/01/2026	4.45%
Rabobank Australia Ltd	S&P ST A1	3,000,000	3,000,000	T/Deposit	23/05/2025	23/01/2026	4.31%
Bank of Queensland Ltd	S&P ST A2	2,000,000	2,000,000	T/Deposit	30/06/2025	30/01/2026	4.30%
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%
Summerland Bank	Unrated UR	250,000	250,000	T/Deposit	6/06/2025	10/07/2026	4.25%
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%
Rabobank Australia Ltd	S&P A+	3,000,000	3,000,000	T/Deposit	23/05/2025	21/05/2027	4.16%
Westpac Banking Corporation Ltd	S&P AA-	2,000,000	2,000,000	T/Deposit	30/06/2023	30/06/2027	5.09%
Rabobank Australia Ltd	S&P A+	3,000,000	3,000,000	T/Deposit	23/05/2025	23/05/2028	4.32%
ING Bank Australia Limited	S&P A	3,000,000	3,000,000	T/Deposit	6/06/2025	6/07/2028	4.04%
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%
Rabobank Australia Ltd	S&P A+	3,000,000	3,000,000	T/Deposit	23/05/2025	23/05/2029	4.58%
ING Bank Australia Limited	S&P A	3,000,000	3,000,000	T/Deposit	6/06/2025	6/06/2029	4.20%
ING Bank Australia Limited	S&P A	4,000,000	4,000,000	T/Deposit	15/01/2025	15/01/2030	5.08%
Rabobank Australia Ltd	S&P A+	4,000,000	4,000,000	T/Deposit	12/02/2025	12/02/2030	5.10%
Rabobank Australia Ltd	S&P A+	2,000,000	2,000,000	T/Deposit	26/03/2025	26/03/2030	5.01%
Rabobank Australia Ltd	S&P A+	3,000,000	3,000,000	T/Deposit	23/05/2025	23/05/2030	4.74%
Rabobank Australia Ltd	S&P A+	4,000,000	4,000,000	T/Deposit	6/06/2025	6/06/2030	4.60%
Rabobank Australia Ltd	S&P A+	2,000,000	2,000,000	T/Deposit	10/07/2025	10/07/2030	4.68%
Total			114,982,071				

WOLLONGONG CITY COUNCIL STATEMENT OF INVESTMENT 25 July 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
Bendigo & Adelaide Bank Ltd	S&P A-	1,700,000	1,710,455	FRN	2/12/2020	2/12/2025	4.22%
Macquarie Bank Ltd	S&P A+	6,500,000	6,536,270	FRN	11/03/2022	9/12/2025	4.20%
Suncorp Bank (Norfina Ltd) - Subsidiary of ANZ	S&P AA-	2,100,000	2,114,322	FRN	24/02/2021	24/02/2026	4.16%
Newcastle Greater Mutual Group Ltd	S&P BBB+	5,000,000	5,026,050	FRN	4/03/2021	4/03/2026	4.34%
ANZ Banking Group Ltd	S&P AA-	2,500,000	2,515,300	FRN	31/03/2023	31/03/2026	4.43%
Teachers Mutual Bank Ltd	Moody's Baa1	1,100,000	1,105,346	FRN	16/06/2021	16/06/2026	4.39%
ANZ Banking Group Ltd	S&P AA-	2,500,000	2,523,475	FRN	11/09/2023	11/09/2026	4.48%
Macquarie Bank Ltd	S&P A+	4,000,000	4,036,400	FRN	14/09/2023	14/09/2026	4.56%
Suncorp Bank (Norfina Ltd) - Subsidiary of ANZ	S&P AA-	3,750,000	3,766,388	FRN	15/09/2021	15/09/2026	4.19%
QPCU LTD t/a QBANK	S&P BBB-	2,000,000	2,032,020	FRN	18/09/2023	18/09/2026	5.35%
Illawarra Credit Union Ltd	S&P BBB-	2,500,000	2,511,525	FRN	20/09/2023	21/09/2026	5.36%
Suncorp Bank (Norfina Ltd) - Subsidiary of ANZ	S&P AA-	1,500,000	1,505,460	FRN	11/03/2022	25/01/2027	4.50%
ANZ Banking Group Ltd	S&P AA-	3,500,000	3,562,300	FRN	12/05/2022	12/05/2027	4.77%
Suncorp Bank (Norfina Ltd) - Subsidiary of ANZ	S&P AA-	3,000,000	3,050,070	FRN	24/11/2023	24/05/2027	4.81%
Cooperative Rabobank U.A Australia Branch	S&P A+	2,500,000	2,529,950	FRN	19/01/2023	19/01/2028	4.86%
Beyond Bank Australia Ltd	Moody's Baa1	2,500,000	2,516,575	FRN	21/03/2025	21/03/2028	4.81%
ANZ Banking Group Ltd	S&P AA-	2,500,000	2,535,325	FRN	31/03/2023	31/03/2028	4.66%
Judo Bank	S&P BBB	4,000,000	4,031,240	FRN	13/06/2025	13/06/2028	5.17%
Emerald Reverse Mortgage Trust	Unrated UR	314,548	253,982	MBS	17/07/2006	30/06/2028	4.18%
ANZ Banking Group Ltd	S&P AA-	2,100,000	2,127,804	FRN	11/09/2023	11/09/2028	4.66%
Westpac Banking Corporation Ltd	S&P AA-	3,500,000	3,540,530	FRN	19/09/2023	19/09/2028	4.62%
National Australia Bank Ltd	S&P AA-	4,000,000	4,195,520	FRN	16/11/2023	16/11/2028	5.40%
Cooperative Rabobank U.A Australia Branch	S&P A+	3,000,000	3,169,230	FRN	21/11/2023	21/11/2028	5.71%
Emerald Reverse Mortgage Trust	Unrated UR	2,000,000	1,315,960	MBS	17/07/2006	21/08/2056	4.48%
Total			68,211,496				

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		4,779,335	13/06/2007	1.24%	1.24%
Tcorp Medium Term Growth Facility Fund	N/A		5,657,358	26/10/2021	0.61%	0.61%
Total			10,436,692			

Membership Interest in Investment Body		Fair Value of Holding \$
CivicRisk Mutual Limited	N/A	3,739,000

TOTAL INVESTMENTS \$ **197,369,259**

* 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

