

**CLAUSE**      **CL13**

**TITLE**        **Investments as at 30 September 2024**

**FROM**        **Vanessa Edwards, Finance Manager**

**TRIM REF**    **24/129061**

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**SUMMARY** This report details Council's investments performance at the month of September 2024.

### **RECOMMENDATION**

**The report be noted by Council.**

### **REPORT**

In accordance with Section 212 of the Local Government (General) Regulation 2021, it is hereby certified that the investments detailed in the attached schedules have been made in accordance with Section 625 of the Local Government Act 1993, its Regulations and Council's current Investment Policy and Strategy which were last amended and adopted on 14 July 2023.

Management is striving to continuously build up cash and investment returns to ensure ongoing financial stability, allocate funds to reserves and provide ongoing liquidity into the future.

### **OPTIONS**

**OPTION 1**

As per the Recommendation.

**OPTION 2**

Any other Resolution of Council.

### **POLICY IMPLICATIONS**

The actions taken comply with Council's current investment policy and strategy, and the Ministerial Order as provided by the NSW Office of Local Government.

### **FINANCIAL IMPLICATIONS**

As at the 30 September 2024, Council had received a total of \$856,438 in interest coupon payments.

The overall net interest income recognised (when combining both interest received and mark-to-market entries) at 30 September 2024 was \$1,220,464. The annual adopted budget for 2024/25 was \$2,373,000.

Council has a mix of growth and fixed income investments in the portfolio and at certain times growth assets are exposed to equity market fluctuations (volatility) as well as rises in interest rates and may incur non-cash valuation reductions that can impact on reported profits. These are long term assets and Council has no intention of divesting any of these assets when at cyclical lows and therefore crystallising any losses. Invariably, these assets will regain and increase their values over time and they make up a valuable diversity in Council's portfolio overall.

Due to the high volatility across investment markets, it is difficult to obtain cash yields whilst maintaining appropriate diversification of investments and not be exposed to potential fluctuations in the carrying value of these assets. Council's investments are diversified primarily across TCorp Managed Funds, term deposits, fixed income bonds and floating rate notes which are largely determined by the restrictions in place by the Minister's Order. Council's investments are diversified, all highly rated and of high quality.

### **LEGAL/STATUTORY IMPLICATIONS**

Section 212 of the Local Government (General) Regulation 2021.

### **ENVIRONMENTAL IMPLICATIONS**

Not Applicable

### **COMMUNITY IMPLICATIONS**

Not Applicable

### **LINK TO STRATEGIC PLAN**

This item links to Council's Strategic Plan item 1.1 Provide clear, accessible, relevant information.

### **CONSULTATION**

Senior Management Team

### **ATTACHMENTS**

- (a) Statement of Funds at 30 September 2024
- (b) Investment Returns Analysis - 12 Month Annualised Yields
- (c) TCorp Monthly Economic Report - September 2024

(a) Statement of Funds at 30 September, 2024

**GRIFFITH CITY COUNCIL**  
Statement of Funds Invested under Section 625 of the Local Government Act, 1993  
30 September, 2024

INVESTMENTS

Annual Return	Type	Valuation Balance as at 30 September, 2024	Interest Recognised September, 2024	Revaluation Movements Recognised September, 2024	Fund as a Percentage of Total Investments
<b>Cash/Managed Funds</b>					
4.900%	Pendal Institutional Cash Fund	8,635.58		33.87	0.01%
7.540%	Perpetual Credit Income Fund	1,078,486.45		6,425.64	1.62%
4.48%*	NSW Treasury Corp -Long Term Growth Fund	1,771,074.20	19,983.61	2,131.95	2.66%
2.88%*	NSW Treasury Corp -Medium Term Growth Fund	5,857,084.08	128,407.64	(84,008.68)	8.81%
1.37%*	NSW Treasury Corp - Short Term Income Fund	3,955,971.19	34,329.37	(15,882.63)	5.95%
3.500%	UBS Cash Management Trust Account	72,379.63		318.19	0.11%
3.500%	ANZ Premium Business Saver Account	7,615.09	28.82		0.01%
<b>Term Deposits</b>					
5.050%	AMP 365 Day Term Deposit Maturity 5/6/25	2,000,000.00	8,416.66		3.01%
1.600%	BOQ 3 Yr Term Deposit Maturity 9/12/24	1,082,491.07	1,444.64		1.63%
4.300%	Westpac Bank 2 Yr Term Deposit Maturity 8/9/2024	3,000,000.00	10,308.22		4.51%
4.200%	NAB 2 Year Term Deposit Maturity 9/9/2024	2,000,000.00	7,249.29		3.01%
4.400%	BOQ 2 Yr Term Deposit Maturity 8/9/2024	2,000,000.00	7,373.58		3.01%
4.770%	Westpac Bank 2 Yr Term Deposit Maturity 30/9/2024	3,000,000.00	13,003.15		4.51%
4.820%	Westpac Bank 2 Yr Term Deposit Maturity 8/11/2024	3,000,000.00	12,050.00		4.51%
4.880%	ING 3 Yr Term Deposit Maturity 8/11/2025	4,000,000.00	16,311.23		6.01%
4.750%	Westpac Bank Notice Saver 60 Day	2,675,328.08	10,749.56		4.02%
4.600%	Westpac Bank Notice Saver 31 Day	5,663,669.07	22,040.99		8.52%
4.430%	Westpac Deposit Maturity 30/8/24				0.00%
5.000%	NAB 3 Yr Term Deposit Maturity 9/10/2026	3,500,000.00	14,583.33		5.26%
5.420%	Rabo Bank 1 Yr Term Deposit Maturity 27/06/2025	2,500,000.00	11,291.66		3.76%
5.450%	NAB 1 Yr Term Deposit Maturity 02/07/2025	2,000,000.00	9,083.32		3.01%
5.460%	Rabo Bank 1 Yr Term Deposit Maturity 02/07/2025	2,000,000.00	9,133.32		3.01%
5.250%	Rabo Bank 4 Yr Term Deposit Maturity 25/07/2029	2,000,000.00	10,637.49		3.01%
5.190%	NAB 2 Year Term Deposit Maturity 29/08/2026	2,000,000.00	8,650.00		3.01%
5.300%	Rabo Bank 4 Yr Term Deposit Maturity 29/08/2028	2,500,000.00	11,041.66		3.76%
<b>Bank Bonds/Floating Rate Notes #</b>					
1.250%	NSW Treasury Corp Bond (\$2.5M Face Value) Maturity 20/3/25	2,488,625.00	15,625.00	6,300.00	3.71%
1.250%	NSW Treasury Corp Bond (\$2M Face Value) Maturity 20/11/30	1,686,720.00		3,340.00	2.54%
2.000%	NSW Treasury Corp Bond (\$2M Face Value) Maturity 8/3/33	1,641,700.00	20,000.00	2,420.00	2.47%
1.750%	Government of the ACT Bond (\$600k Face Value) Maturity 17/5/31	527,052.00		702.00	0.79%
5.073%	NAB FRN (\$1.7M Face Value) Maturity 10/05/2027	1,703,893.00		308.00	2.56%
5.355%	Bendigo Adelaide Bank FRN (\$800k Face Value) Maturity 08/05/21	803,216.00		280.00	1.21%
<b>Total</b>		<b>66,501,940.44</b>	<b>400,358.73</b>	<b>(77,751.85)</b>	<b>100%</b>

\*YTD Fund Return

# Bank Bonds/Floating Rate Notes will have positive or negative revaluations from month to month. Upon maturity date the principal investment will be paid back in full.

Balance of Griffith City Council Trading Bank Account 14,054,748.89  
GHFL/HHF Bank Account Balances 24,033.95

**Total Cash & Investments at 31/08/2024 80,580,723.28**

RETURN ON INVESTMENTS

Return on Investments Analysis	Actual
Accumulated Return on Investments Brought Forward	849,260.94
Interest received on Griffith Health Facilities Limited Bank Accounts YTD September 2024	78.51
Return on Investments for the month of September 2024	322,606.88
Trading Bank Account Interest Received for the month of September 2024	48,517.73
<b>Total Return of Investments YTD September 2024</b>	<b>1,220,464.06</b>

Fund	Budget Annual Total	Budget YTD	Actual YTD
Ordinary Fund	1,200,000.00	300,000.00	340,990.72
Water Fund	670,000.00	167,499.00	488,291.38
Sewerage Fund	250,000.00	62,499.00	289,885.94
Waste Fund	250,000.00	62,499.00	99,367.28
Western Riverina Library	3,000.00	750.00	1,928.78
<b>Total</b>	<b>2,373,000.00</b>	<b>593,247.00</b>	<b>1,220,464.06</b>
		Percentage of Year at Report Date	25.00%

In accordance with Section 212 of the Local Government (General) Regulation 2021, I hereby certify that the investments detailed above are made in accordance with the Local Government Act, its regulations and Council's investment policy adopted on 14 July, 2023.

RESPONSIBLE ACCOUNTING OFFICER

**(b) Investments Returns Analysis - 12 month Annualised Yields**

<b>INVESTMENT RETURNS ANALYSIS - 12 MONTH ANNUALISED YIELDS</b>			
<b>Month</b>	<b>Average Funds Invested for the month</b>	<b>Return on Investment/ Revaluation Adjustments</b>	<b>Yield %</b>
Oct-23	\$63,449,129	-\$7,967	-0.01%
Nov-23	\$64,311,568	\$577,517	0.90%
Dec-23	\$64,699,621	\$523,235	0.81%
Jan-24	\$64,486,966	\$278,035	0.43%
Feb-24	\$62,632,743	\$228,370	0.36%
Mar-24	\$58,302,926	\$350,050	0.60%
Apr-24	\$54,803,438	-\$85,447	-0.16%
May-24	\$54,025,221	\$263,094	0.49%
Jun-24	\$57,401,074	\$202,223	0.35%
Jul-24	\$64,108,890	\$443,392	0.69%
Aug-24	\$66,824,501	\$321,454	0.48%
Sep-24	\$66,444,946	\$322,607	0.49%
<b>12 Month Annualised Performance</b>			<b>5.43%</b>
<b>Current Year Performance Jul 24 - Jun 25</b>			<b>1.66%</b>
<b>(Cash basis only, net of fees)</b>			



**September 2024**  
Published: 1 October 2024

## Monthly economic report

### The global economy

The US Federal Reserve (Fed) delivered its first rate cut in this cycle, lowering rates by 50bps. Fed Chair Powell noted that the larger rate cut was to increase the chances of a soft landing in the economy by preventing a further weakening of the labour market, rather than the Fed being concerned that the US economy was heading for a deeper downturn. Economic data over the past month has shown that the US economy remains resilient, especially consumer spending.

With inflation falling and the labour market gradually loosening, Fed policymakers expect to cut rates much more aggressively now compared to expectations 3 months ago. The Fed's median projection is for another 50bps of rate cuts before the end of 2025, followed by 100bps in 2025 and 50bps in 2026 (to 2.75-3%). Investors, however, expect US rates to fall faster than the Fed projects, with 75bps of cuts expected in 2024 and more than 100bps in 2025.

Central banks in several other advanced economies also cut rates in September. The central banks of Canada and Sweden lowered rates for the third time and the European Central Bank for the second time. The Bank of England kept rates on hold, after lowering rates for the first time in August. Most central banks continue to signal a cautious and gradual approach to rate cuts going forward, particularly in economies where services price inflation remains elevated.

Chinese authorities announced a suite of monetary and fiscal stimulus measures in late September aimed at boosting economic activity and ensuring the 5% annual GDP growth target is met. The measures included lower interest rates and increased liquidity in the banking system to support lending. Policies to directly support the ailing housing and equity markets were also introduced. The announcement of this broader suite of measures has fuelled investor optimism, after the policy initiatives announced earlier this year failed to have a material impact on economic growth.

### The Australian economy

The Reserve Bank of Australia (RBA) Board left interest rates unchanged at its September meeting, as was widely expected. Although the Board did not explicitly discuss the option of raising interest rates this month, the RBA remains concerned about inflation taking too long to return to the midpoint of its target range (2.5%). Reflecting this concern, the RBA does not expect to lower rates in 2024 but continues to emphasise that the economic outlook is very uncertain. A sharper slowdown in Australia's labour market is a key factor that would change the balance of risks for the RBA and increase the likelihood of a rate cut in 2024.

Despite the RBA's guidance, investors think that one 25bps rate cut by the RBA is likely in 2024 (with a 70% chance of this priced into bond markets). While inflation has continued to fall broadly in line with the RBA's latest forecasts, private sector activity was noticeably weaker in the June quarter. Household spending and residential construction – the 2 most interest-rate sensitive sectors of the economy – have been particularly weak. This is despite population growth remaining very strong in the first half of this year. All of the modest growth in the Australian economy in 2024 has been due to higher government spending, particularly on health services.

The NSW economy shrank in the June quarter due to weaker consumer spending. NSW has experienced the weakest consumption over the past 2 years, with the larger average size of mortgages exerting a greater financial burden on mortgage holders when interest rates are high.

## Financial market commentary

September was a positive month for investors, with many equity markets rising and bond yields declining in most advanced economies.

### Equity markets (performance in local currency, excluding dividends)

Global equity markets rose in September, with the MSCI World (excl. Australia) index gaining 1.6%. Investor sentiment was boosted by the Fed's 50bps rate cut and investors' expectations of further aggressive rate cuts, which are seen as increasing the likelihood of a soft landing in the US economy. The S&P500 gained 2%, but European equities ended the month a touch lower.

Equity markets in China and Hong Kong rose sharply in late September, ending the month around 17% higher, as a raft of stimulus measures announced by Chinese authorities boosted investor sentiment.

The increased optimism about China's growth prospects also triggered a rise in the share prices of Australian mining companies, with the ASX Resources index rising almost 10% in September. In contrast, the ASX Banks index fell by 1.4%, leading to a more modest increase in the overall ASX200 over the month (+2.2%).

Japan's equity market ended the month almost 2% lower, with investors having a negative reaction to the selection of the new leader of the ruling party, who will become Prime Minister on 1 October.

### Bond yields

The Fed's 50bps rate cut saw US bond yields fall further in September, with 10-year yields ending the month 12bps lower and 2-year yields declining 28bps. The US yield curve is now positively sloped, after being inverted for the past 2 years. European bond yields also fell in the month.

In contrast, Australian bond yields were little changed in September, with 10-year yields rising 3bps and 3-year yields declining 1bp. This reflects little change in the outlook for Australian interest rates, with the RBA remaining hawkish and investors still seeing a 75% chance of a rate cut before the end of this year. TCorp 10-year bond yields rose broadly in line with 10-year Commonwealth Government bond yields in the month (+2bps).

### Currency and commodity markets

The Australian dollar appreciated by 2.2% against the US dollar in September, to US\$0.69 – its highest level since early 2023. The Australian dollar was supported by increased optimism about China's economy, which would in turn increase demand for Australia's resource exports. Lower US bond yields also saw the US dollar weaken against a broad range of currencies.

Iron ore prices rose by 11% in September, rising strongly at the end of the month as China's stimulus measures boosted hopes of increased steel demand. Iron ore prices remain around 20% lower than at the start of this year.

Oil prices fell by a further 9% in August, reflecting concerns about weaker global oil demand combined with the prospect of increased supply from Saudi Arabia. Oil prices are now trading at their lowest levels in 2024, which should help put downward pressure on global inflation.

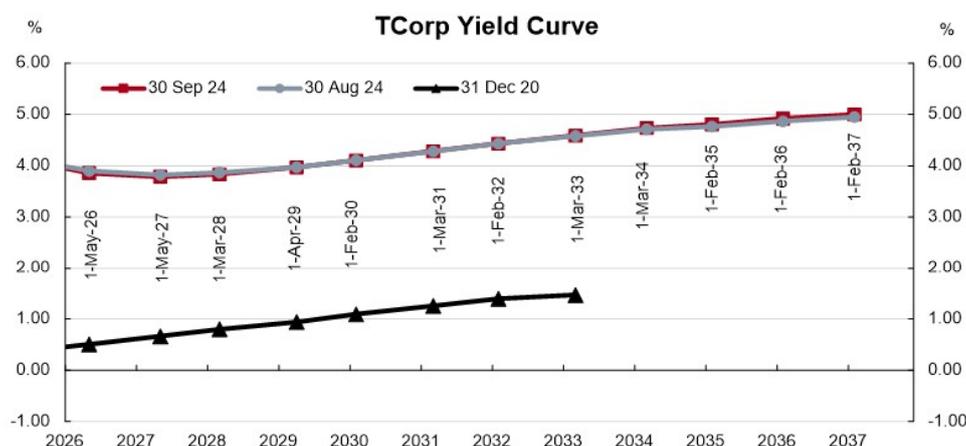
## Financial market performance

Currency markets September 2024	Previous month close	Month high	Month low	Month close	Month change
AUD/USD	0.677	0.691	0.665	<b>0.691</b>	2.2% ▲
AUD/EUR	0.612	0.621	0.602	<b>0.621</b>	1.4% ▲
AUD/JPY	98.88	99.86	94.43	<b>99.29</b>	0.4% ▲
AUD/GBP	0.515	0.517	0.508	<b>0.517</b>	0.3% ▲
AUD/BRL	3.793	3.815	3.694	<b>3.767</b>	-0.7% ▼
AUD/INR	56.74	57.93	55.86	<b>57.93</b>	2.1% ▲
AUD/CNY	4.797	4.852	4.735	<b>4.852</b>	1.1% ▲
Equity markets* September 2024	Previous month close	Month high	Month low	Month close	Month change
MSCI World ex Australia	3757	3824	3609	<b>3819</b>	1.6% ▲
MSCI Emerging Markets	1100	1175	1059	<b>1171</b>	6.4% ▲
S&P/ASX200	8092	8270	7950	<b>8270</b>	2.2% ▲
S&P/ASX Small Ordinaries	3006	3139	2886	<b>3138</b>	4.4% ▲
S&P500 (US)	5648	5762	5408	<b>5762</b>	2.0% ▲
FTSE 100 (UK)	8377	8364	8181	<b>8237</b>	-1.7% ▼
Stoxx600 (Europe)	525	528	507	<b>523</b>	-0.4% ▼
DAX (Germany)	18907	19474	18266	<b>19325</b>	2.2% ▲
CAC 40 (France)	7631	7792	7352	<b>7636</b>	0.1% ▲
Nikkei 225 (Japan)	38648	39830	35620	<b>37920</b>	-1.9% ▼
Hang Seng (HK)	17989	21134	17109	<b>21134</b>	17.5% ▲
Shanghai Composite (China)	2842	3336	2704	<b>3336</b>	17.4% ▲
Bovespa (Brazil)	136004	136502	130568	<b>131816</b>	-3.1% ▼
IPC (Mexico)	51986	53654	50973	<b>52477</b>	0.9% ▲
S&P/BSE Sensex (India)	82366	85836	81184	<b>84300</b>	2.3% ▲

\*Returns are in local currency, and exclude dividend payments

Bond markets (%) September 2024	Previous month close	Month high	Month low	Month close	Month change
RBA Official Cash Rate	4.35	4.35	4.35	<b>4.35</b>	0.00 –
90 Day Bank Bill	4.39	4.44	4.39	<b>4.43</b>	0.04 ▲
180 Day Bank Bill	4.53	4.64	4.52	<b>4.62</b>	0.09 ▲
New institutional term deposits	4.70	4.80	4.70	<b>4.80</b>	0.10 ▲
3 Year CGS Bond	3.55	3.61	3.41	<b>3.54</b>	-0.01 ▼
10 Year CGS Bond	3.97	4.01	3.81	<b>3.97</b>	0.01 ▲
10 Year US Bond	3.90	3.90	3.62	<b>3.78</b>	-0.12 ▼
10 Year German Bond	2.30	2.34	2.11	<b>2.12</b>	-0.18 ▼
10 Year Japanese Bond	0.90	0.93	0.82	<b>0.86</b>	-0.04 ▼

TCorp bonds (%)	Previous month close	Month high	Month low	Month close	Month change
<b>September 2024</b>					
20-May-26	3.90	3.96	3.74	<b>3.86</b>	-0.04 ▼
20-May-27	3.82	3.88	3.66	<b>3.79</b>	-0.03 ▼
20-Mar-28	3.87	3.92	3.68	<b>3.84</b>	-0.03 ▼
20-Apr-29	3.97	4.03	3.79	<b>3.97</b>	0.00 ▼
20-Feb-30	4.11	4.16	3.91	<b>4.10</b>	0.00 ▼
20-Mar-31	4.28	4.33	4.09	<b>4.28</b>	0.00 ▲
20-Feb-32	4.43	4.49	4.25	<b>4.43</b>	0.00 ▲
08-Mar-33	4.58	4.64	4.42	<b>4.59</b>	0.01 ▲
20-Mar-34	4.71	4.76	4.55	<b>4.73</b>	0.02 ▲
20-Feb-35	4.77	4.82	4.62	<b>4.81</b>	0.04 ▲
20-Feb-36	4.87	4.92	4.73	<b>4.92</b>	0.05 ▲
20-Feb-37	4.95	5.00	4.81	<b>5.00</b>	0.05 ▲
CIB 2.75% 20 Nov 25	1.56	1.56	1.52	<b>1.52</b>	-0.03 ▼
CIB 2.50% 20 Nov 35	2.36	2.43	2.24	<b>2.33</b>	-0.03 ▼



Source: TCorp

Commodity markets (US\$)	Previous month close	Month high	Month low	Month close	Month change
<b>September 2024</b>					
Brent Oil (per barrel)	78.8	77.5	69.2	<b>71.8</b>	-8.9% ▼
Iron Ore (per tonne)	96.6	107.1	91.1	<b>107.1</b>	10.9% ▲
<b>TCorp forecasts</b>		<b>Dec-24</b>	<b>Jun-25</b>	<b>Dec-25</b>	<b>Jun-26</b>
RBA Official Cash Rate		4.10	3.60	2.85	2.35
90 Day Bank Bill		4.00	3.10	2.50	2.50
10 Year CGS Bond		3.50	3.25	3.25	3.50

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### About TCorp

TCorp provides best-in-class investment management, financial management, solutions and advice to the New South Wales (NSW) public sector. With A\$112 billion of assets under management, TCorp is a top 10 Australian investment manager and is the central borrowing authority of the state of NSW, with a balance sheet of A\$183 billion. It is rated Aaa (Stable) by Moody's, AAA (Stable) by Fitch, and AA+ (Stable) by S&P.

### TCorp

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