Ordinary Meeting

Meeting Date: Tuesday, 23 March, 2021
Location: Council Chambers, City Administrative Building, Bridge Road, Nowra

Attachments (Under Separate Cover)

Index

Monthly Report

Shoalhaven City Council

February 2021

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Market and Economic Review

Leading Economies

US markets pared back early gains. The S&P500, Dow Jones and NASDAQ gained +2.8%, +3.4% and +1.0% respectively, setting records; MSCI World ex-AUS gained +2.7% in local terms. Emerging Markets rose +0.8% in $US with India up and Brazil down; Frontier Markets were +0.1%. Yields rattled investors at month end. Global property was stronger on vaccines.

US 10-year bonds sold off, closing at 1.44% (+33bp). High yield closed at +357bp (-27bp tighter), matched pre-COVID tights. Distressed credit was the tightest since 2007.

COVID-19 deaths reached 2.5m from 114m cases, but the 3rd wave has now clearly peaked. Vaccine rollouts are progressing, with very high take-up at vulnerable ages. At month end, Israel had vaccinated 92%, UAE 60% UK 30% and USA 22%. This will start to deliver reliable data on efficacy against new strains.

The US House sent a $1.9tr bill (9% of GDP) to the Senate. US Q4 GDP grew +1% (4.1% p.a.) on the 2nd estimate, meeting economists' forecasts. The year's GDP fell -2½%. US unemployment fell to 6.3% (-0.4%) in January, despite Non-farm payrolls just +49k. Youth unemployment dived to 11.2% (-1.3%). CPI rose +0.3% to remain +1.4% YoY; core inflation eased to 1.4% (-0.2%). CPI-linked bonds factored decade-high inflation expectations. Retail sales jumped +5%.

Eurozone unemployment was steady at 8.3% despite participation rebounding to 56.8% (+1.2%). YoY inflation reversed to +0.9%, from -0.3% with core inflation at +1.4% from 0.2%. Retail sales recovered +2%. December's current account surplus of +EUR51bn set a record.

Japan's CPI was -0.6% YoY after a +0.6% month, the highest in decades (barring GST events). 2020 GDP contracted just -1.2%. The 10-year bond reached +0.15%, and has not been negative since May.

Domestic News

Craig Kelly's resignation reduces the government numbers to 75 of 150 in the House.

The RBA announced an early extension of quantitative easing at the February meeting, extending it beyond April at an unchanged pace. They affirmed current policy rates until 2024 "*at the earliest*."

The ASX200 returned +1.45% while Smallcaps added +1.55%. The 10-year bond crashed to 1.87% (+78bp), almost touching 2% late in the month. This spooked the RBA, but the response (bringing forward next week's QE purchases) underwhelmed investors. Local REITs underperformed.

CoreLogic's home price index rose +2.1% in February, the strongest since 2003, with all capitals up.

Wages rose +3.2%, slightly offset by reduced overtime. AWOTE is inflated by loss of low-end jobs. The wage price index was steady at a record low 1.4%. Exports and imports both fell in Jan after one off factors in Dec, leaving the trade surplus estimated at $8.75bn. Retail sales rose +0.6% in January *vs* -4.2% in December to be +10.7% YoY. Unemployment fell to 6.4% (-0.2%) on +29k jobs in Jan; +59k were fulltime with a -30k reduction in part time. Underemployment fell -0.4% to 8.1%. Youth unemployment was steady at 13.9%.

Other Markets

WTI oil jumped to $US61.5/bbl (+18%), up 75% since the US election. Gold slid to $1735/oz (-6%). Iron ore closed $173 (+11%) on Brazilian supply difficulties. Base metals Nickel (+5%), Tin (+16.3%), Copper (+16.5%), Aluminium (+10.9%) and Zinc (+10%) all gained. The $A closed at US78.3c (+2.4%).

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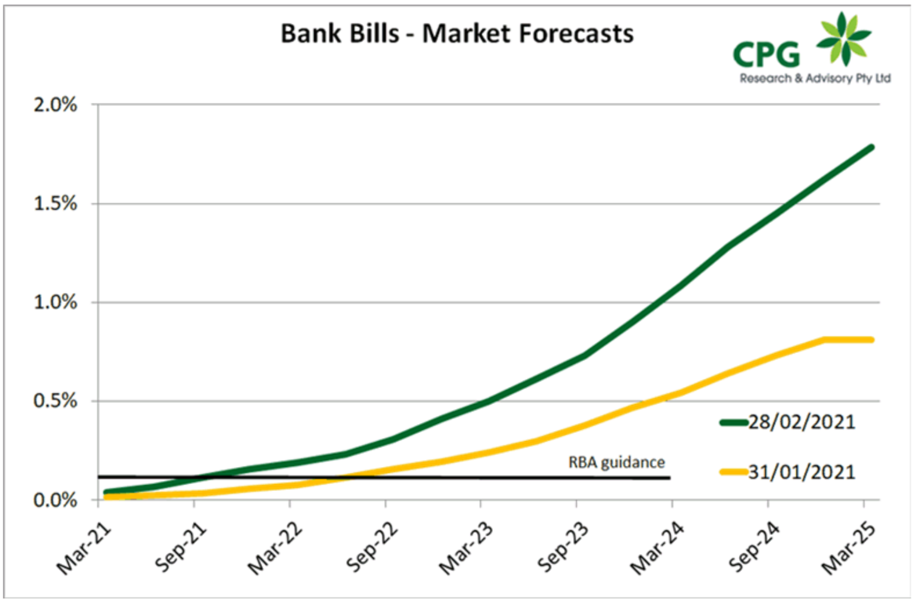
The impact of the bond market meltdown on interest rate expectations was **significant even at the middle of the yield curve – these rates are far above RBA guidance:**



Credit Market

Australian credit derivatives weakened in February, as the fixed interest market broke down. Offshore credit was flat:

Credit Indices	28 Feb 21	31 Jan 20	31 Dec 19
iTraxx Australia 5 Yr CDS	*62bp*	*52bp*	*47bp*
iTraxx European 5 Yr CDS	51bp	52bp	44bp
CDX IG North American 5 Yr CDS	56bp	55bp	45bp
CDX HY North American 5 Yr CDS	310bp	312bp	280bp

But physical bank credit weakened during fixed interest investor nervousness late in the month:

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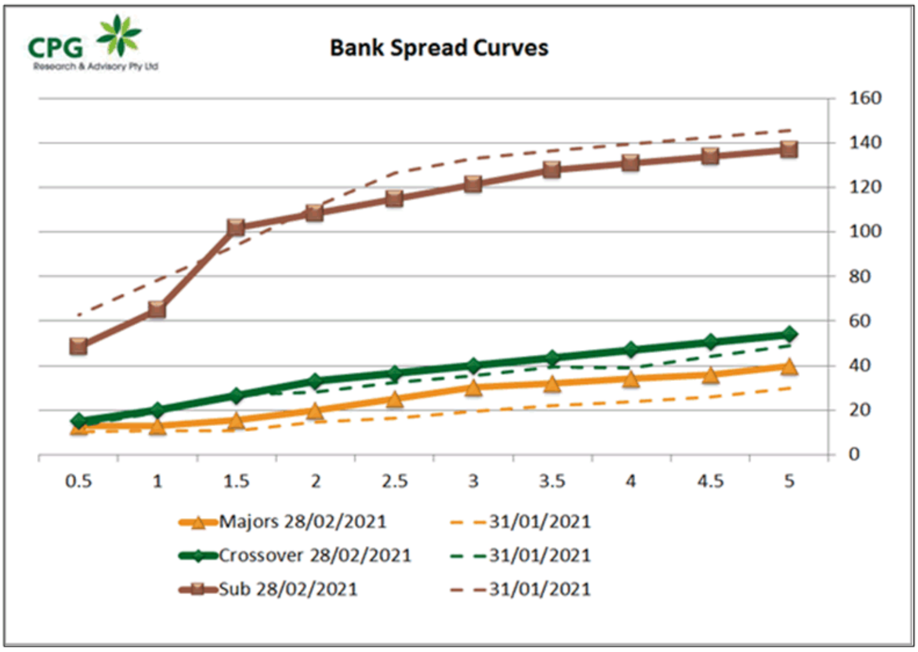

Physical high yield **firmed**, closing at +357bp *vs* +384bp in January (*BoAMLHY Index, option-adjusted*). ***We have a*** **Reduce** ***view*** inside 400bp, although moves in leveraged loans have been less extreme and we have a *Neutral* view on loans – currently at +425bp.

US 10-year bonds closed at 1.44% (+33bp), crashing to a ½% increase in yield over 2 months. Australian 10-year bonds were among the worst developed market performers, closing Sydney time +78bp higher at 1.87% before firming in US trading. 3-year bonds were slightly wider at 0.12% (+1bp), having traded beyond 0.18% and forcing the RBA to intervene to defend the 10bp target. **3m BBSW was 3bp, with the bank bill index in negative territory**.

Credit is now very expensive, at least among domestic banks with access to the TFF, and offshore major banks are also generally now trading at post-GFC record pricing.

Investors can budget with reasonable confidence that the Official Cash Rate should not move substantially until the out years – whether this is actually 2024 remains to be proven. Policy changes have been minimal in CY21. Changes to monetary policy are most likely to be centred on quantitative easing – programme expansion, more explicit yield targeting. Given recent market moves, the RBA may be forced into more creative policies such as extending yield curve targeting, but ***even existing guidance is no longer being treated as credible by markets***.

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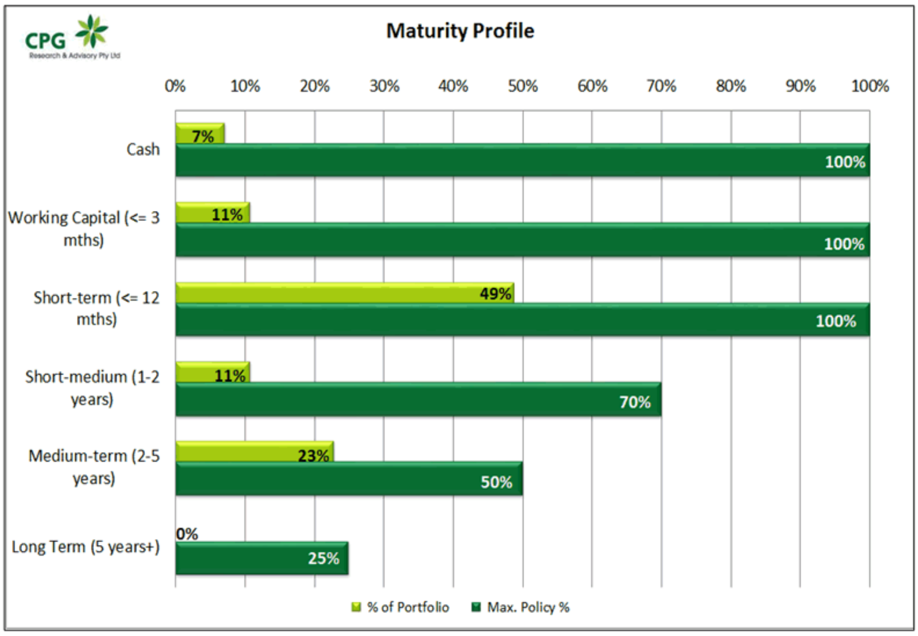
Council's Portfolio

7% of investments are available at-call and a further 11% of assets mature within 3 months. Another 49% of assets mature within 3-12 months. Longer-term allocation at 23% at 2-5 years with long term FRN purchase. Major bank paper is extremely expensive. Given the "flight to (domestic) safety" as well as the distortion of the RBA's Term Funding Facility, there is an unprecedented divergence, and foreign issuers significantly overpay for credit quality.

All investments are within the current Minister's Order, having closed out legacy fund positions at their peak. Bank credit lost ground February, but remains close to post-GFC records.

The RBA met, and while no change to policy rates was universally anticipated, their commentary was highly anticipated after a disastrous fortnight for bond markets.

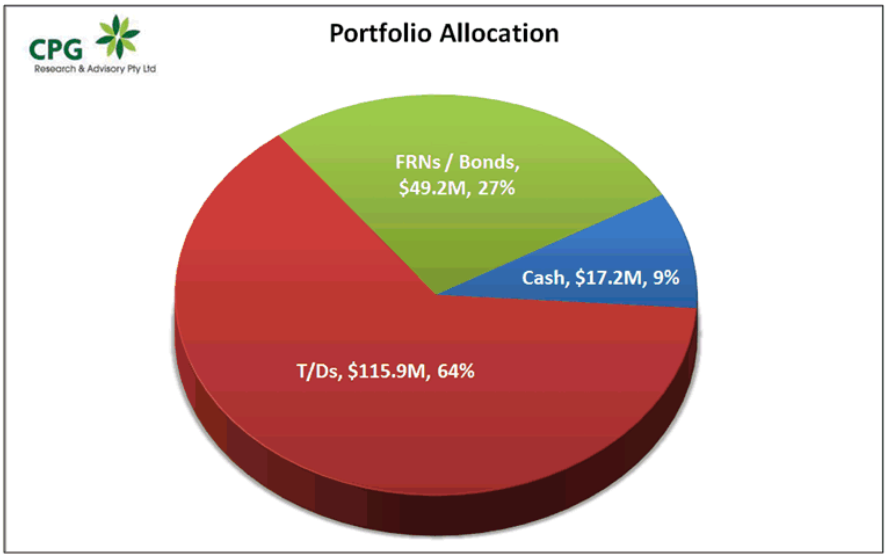
Deposit rates soared at the longer end, particularly late in the month. NAB pays around 1.25% for the longest term. The unusually large gap between highly rated ADIs and others during the panic has **converged to pre-COVID historical norms**, and then to new post-GFC lows. ***Deposit rates have not moved as far as bonds, and <u>may well have further to go</u>***.



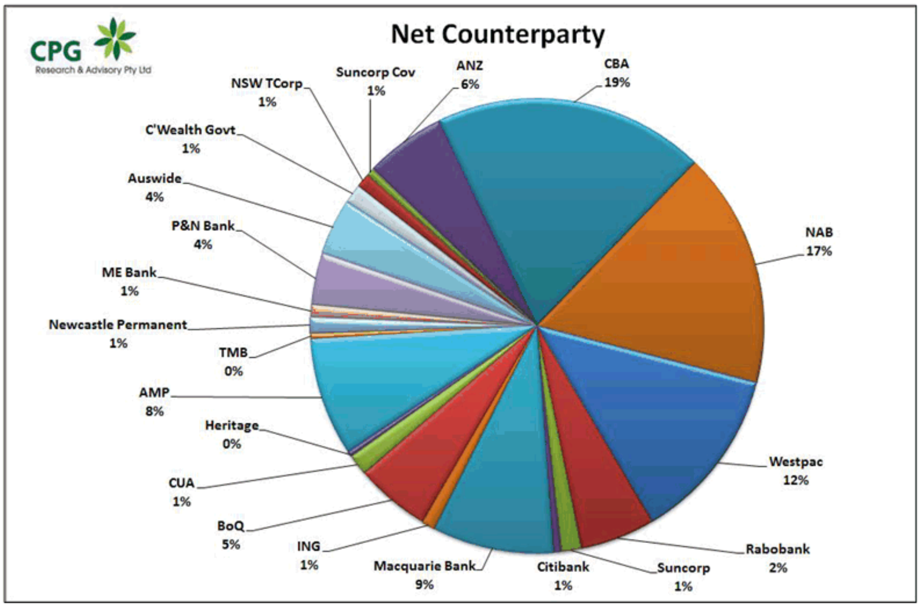
Council's investments are well spread across maturities, and diversified across the highly rated part of the eligible fixed interest universe. Capacity exists in all terms.

Council's portfolio is primarily in deposits (at 64%) along with a substantial liquid portfolio. Of the FRNs, market liquidity is now very strong, and credit funds continue to normalise their credit spreads.

A more diverse range of banks have come to market as FY21 progressed. **Cash reduced to 9%** (including AMP 31-day Notice Account).



The investment portfolio is well diversified in complying assets across the entire credit spectrum, with **major banks the largest exposures**.



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Returns - Accrual

Actual

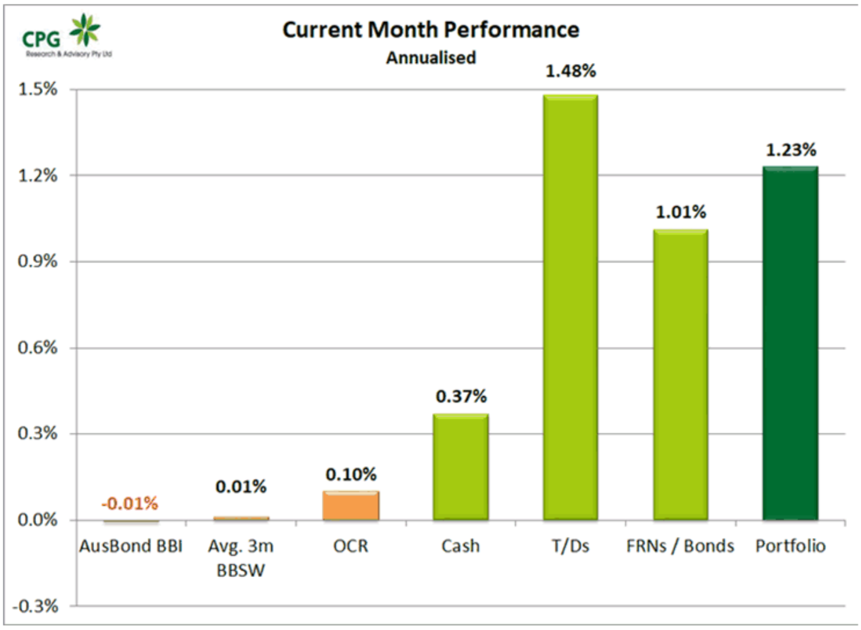
	1 month	3 months	6 months	FYTD	1 year	2 years	3 years	4 years	5 years
Official Cash Rate	0.01%	0.02%	0.07%	0.12%	0.20%	0.62%	0.91%	1.06%	1.18%
Avg. 3m BBSW	0.00%	0.00%	0.02%	0.04%	0.15%	0.66%	1.10%	1.26%	1.39%
AusBond Bank Bill Index	0.00%	0.00%	0.03%	0.05%	0.21%	0.75%	1.16%	1.31%	1.44%
Council Cash	0.03%	0.09%	0.22%	0.31%	0.59%	1.08%	1.40%	1.58%	1.72%
Council T/Ds	0.11%	0.37%	0.82%	1.17%	1.91%	2.34%	2.63%	2.81%	2.96%
Council FRNs / Bonds	0.08%	0.25%	0.54%	0.74%	1.27%	1.86%	2.33%	2.55%	-
Council Total Portfolio	0.09%	0.30%	0.65%	0.92%	1.54%	1.98%	2.29%	2.45%	2.62%

Annualised

	1 month	3 months	6 months	FYTD	1 year	2 years	3 years	4 years	5 years
Official Cash Rate	0.10%	0.10%	0.15%	0.18%	0.20%	0.62%	0.91%	1.06%	1.18%
Avg. 3m BBSW	0.01%	0.01%	0.04%	0.05%	0.15%	0.66%	1.10%	1.26%	1.39%
AusBond Bank Bill Index	-0.01%	0.01%	0.06%	0.07%	0.21%	0.75%	1.16%	1.31%	1.44%
Council Cash	0.37%	0.35%	0.44%	0.47%	0.59%	1.08%	1.40%	1.58%	1.72%
Council T/Ds	1.48%	1.53%	1.66%	1.76%	1.91%	2.34%	2.63%	2.81%	2.96%
Council FRNs / Bonds	1.01%	1.03%	1.09%	1.12%	1.27%	1.86%	2.33%	2.55%	-
Council Total Portfolio	1.23%	1.24%	1.32%	1.39%	1.54%	1.98%	2.29%	2.45%	2.62%

*The Investment portfolio returned a solid **1.23%** p.a. for the month of February 2021, exceeding the benchmark AusBond Bank Bill Index which went negative (-0.01% p.a.) by **+124bp**. It does not include any market value impact – while FRN prices were slightly lower in the month, they carry significant gains.*

Longer dated deposits continue to hold the total portfolio performance, with yields around ~1.5% – an excellent level, **far above any available deposit**. **Council's relative outperformance expanded through the falling rate cycle,** with cash almost literally paying zero (or even less). Term deposits have anchored very strong outperformance, although the typical 1-year duration mean that protection is also running off rapidly now.



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Credit Quality

The aggregate limit for BBB is 30% and in NR is 2% (over-riding single-name limits); there are no current unrated investments. Allocations were very conservative in any case. These are consistent with TCorp's criteria; Policy could readily be aligned to their more complex basis which integrates both tenor and ratio (with more bands). **Without unrated holdings, the migration would be trivial.**

We have tested the portfolio provided against Council's current Investment Policy and report the following:

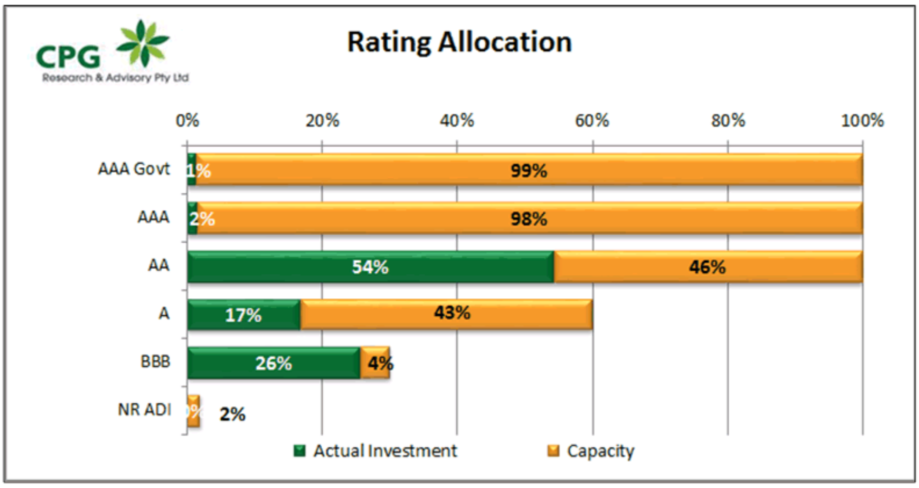
Aggregate credit limits are in compliance:

Rating Category	Actual	Per C/Party	Aggregate	Rating Category	Actual Investment	Capacity
AAA Govt	1%	100%	100%	AAA Govt	1%	99%
AAA	2%	40%	100%	AAA	2%	98%
AA	54%	30%	100%	AA	54%	46%
A	17%	15%	60%	A	17%	43%
BBB	26%	10%	30%	BBB	26%	4%
NR ADI	0%	5%	2%	NR ADI	0%	2%

Credit quality is mostly directed towards the higher rated ADIs, using the limited capacity in lower investment grade (BBB rated). This has been opportunistically utilised by locking in long term fixed rates ahead of dramatic falls in returns. Recent FRN purchases also trade well ahead of par.

AMP Bank downgrade to BBB is reflected in data; the Outlook is now *Stable*. Despite this downgrade, there is BBB capacity.

Given TCorp's more granular classifications subdividing even the BBB category, this could easily be managed towards the BBB+ banks specifically.



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Other Compliance

We have tested the portfolio provided against Council's current investment policy and report the following:

All counterparties comply, and all are rated.

Counterparties	Exposure $M	FCS	Net	Rating	Policy Limit	Actual	Capacity
TCorpIM Cash Fund	$0.00M	$0.00M	$0.00M	AAA	40%	0%	$72.92M
NSW TCorp	$1.91M	$0.00M	$1.91M	AAA	40%	1%	$71.00M
Suncorp Cov	$1.00M	$0.00M	$1.00M	AAA	39%	1%	$69.32M
ANZ	$10.50M	$0.00M	$10.50M	AA-	30%	6%	$44.19M
CBA	$35.53M	$0.25M	$35.28M	AA-	30%	19%	$19.40M
NAB	$30.80M	$0.25M	$30.55M	AA-	30%	17%	$24.14M
Westpac	$23.00M	$0.25M	$22.75M	AA-	30%	12%	$31.94M
Rabobank	$10.00M	$0.25M	$9.75M	A	15%	5%	$17.59M
Suncorp	$2.60M	$0.00M	$2.60M	A+	15%	1%	$24.74M
Citibank	$1.00M	$0.00M	$1.00M	A+	15%	1%	$26.34M
Macquarie Bank	$16.00M	$0.25M	$15.75M	A	15%	9%	$11.59M
ING	$2.00M	$0.25M	$1.75M	A	15%	1%	$25.59M
Bendigo-Adelaide	$0.00M	$0.00M	$0.00M	BBB+	10%	0%	$18.23M
BoQ	$10.00M	$0.25M	$9.75M	BBB+	10%	5%	$8.48M
CUA	$2.70M	$0.00M	$2.70M	BBB	10%	1%	$15.53M
Heritage	$0.70M	$0.00M	$0.70M	BBB+	10%	0%	$17.53M
AMP	$15.64M	$0.25M	$15.39M	BBB	10%	8%	$2.84M
TMB	$0.70M	$0.00M	$0.70M	BBB	10%	0%	$17.53M
Newcastle Permanent	$2.10M	$0.00M	$2.10M	BBB	10%	1%	$16.13M
ME Bank	$1.60M	$0.00M	$1.60M	BBB	10%	1%	$16.63M
Defence Bank	$0.00M	$0.00M	$0.00M	BBB	10%	0%	$18.23M
P&N Bank	$7.00M	$0.25M	$6.75M	BBB	10%	4%	$11.48M
Auswide	$7.50M	$0.25M	$7.25M	BBB-	10%	4%	$10.98M
Qbank	$0.00M	$0.00M	$0.00M	BBB-	10%	0%	$18.23M
	$182.29M		$179.79M			99%	
C'Wealth Govt		$2.5M	$2.50M	AAA	100%	1%	
Total	$182.29M		$182.29M			100%	

We have also tested Council's current investment exposure against the lower rated counterparties' net assets as Council's Policy prescribes maximum concentration. We report the following:

> ***Only P&N Bank & now Auswide is larger than the net assets % threshold for individual counterparty****; it will be run down over time. Its deposit has a longer term than the other ADIs originally affected by this limit, which have now been run off.*

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Counterparties	Exposure $M	Rating	Max port %	Actual	Net Assets $M	Max allowed % of net assets	Net Exposure	
AMP	$15.64M	BBB	10%	9%	$6,791	2%	0.230%	1.77%
Bendigo-Adelaide	$0.00M	BBB+	10%	0%	$5,632	2%	0.000%	2.00%
BoQ	$10.00M	BBB+	10%	5%	$3,885	2%	0.257%	1.74%
CUA	$2.70M	BBB	10%	1%	$1,037	2%	0.260%	1.74%
Heritage	$0.70M	BBB+	10%	0%	$487	2%	0.144%	1.86%
TMB	$0.70M	BBB	10%	0%	$493	2%	0.142%	1.86%
Newcastle Permanent	$2.10M	BBB	10%	1%	$925	2%	0.227%	1.77%
ME Bank	$1.60M	BBB	10%	1%	$1,485	2%	0.108%	1.89%
P&N Bank	$7.00M	BBB	10%	4%	$291	2%	2.408%	-0.41%
Qbank	$0.00M	BBB-	10%	0%	$78	2%	0.000%	2.00%
Auswide	$7.50M	BBB-	10%	4%	$237	2%	3.168%	-1.17%

We note that these are <u>before</u> application of the government insurance scheme (FCS), although the difference is trivial. TCorp's convention is to calculate allocation on a gross basis, and they set their recommended limits accordingly.

While the long duration is lengthening the final grandfathered asset, we note that these T/Ds were **placed at above 3½% yield, for 5 years**.

Term Deposits

At month-end, deposits accounted for approximately 64% of the total investment portfolio. The weighted average duration of the deposit portfolio is ~**0.9 year, unchanged from last month. It remains comparable to the peer group, at a very high interest rate relative to current offerings.**

Council has held its duration through term deposits rather than bonds – avoiding extremely large mark-to-market volatility in months such as this month. This placed Council in an extremely strong position in FY20, and FY21 opened very well with a **current yield still towards 1½%**. However, the term of these pre-COVID holdings is decaying over time, and they will be mostly gone in FY21.

Deposit margins contracted to new lows. *The gap between A-rated and lower deposits is small, with both at post-GFC lows*. *<u>We have previously noted that deposit rates lag in both directions. They have not reflected fully a rising interest rate environment</u>*.

<u>Forced migration to shorter and higher rated deposits imposed substantial costs during the year.</u>

Long rates soared, although in part this reflected a one-off special from P&N Bank.

We note (typically short-dated) broker specials for deposits around short-term investment requirements are advised in the T/D daily rate sheet regularly.

Relevant portfolio data follows:

Term Deposit Statistics

Percentage of total portfolio	64%
Weighted Average Yield	1.44%
Weighted Average Duration	0.9 yrs

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Credit Quality of Deposits

AAA^	2%
AA	53%
A	17%
BBB	28%
Unrated ADI	0%
Total	**100%**

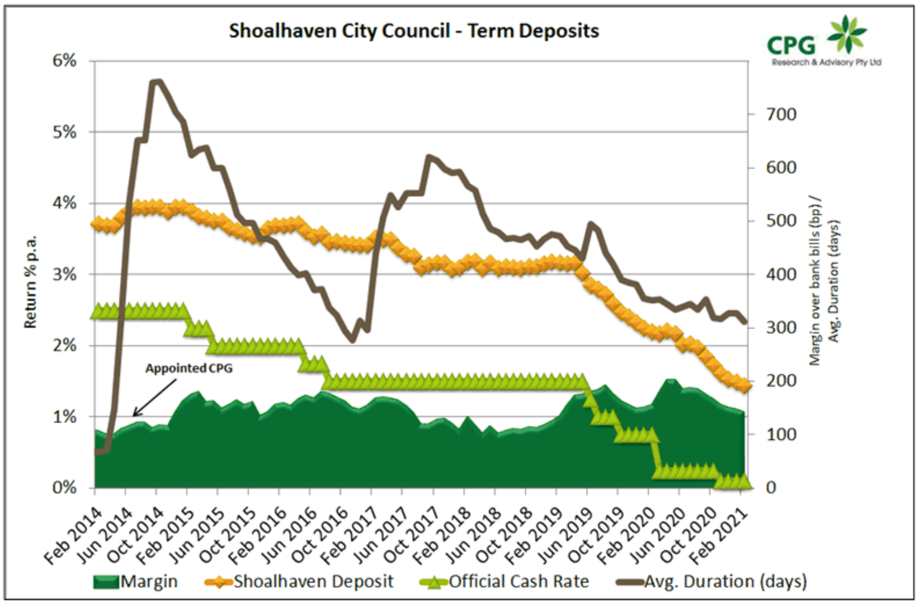
^ Calculation excludes the Financial Claims Scheme (FCS)

We refer to the detailed analysis in our February ***Fixed Interest Analytics***.

We also revisit some prior analysis. The long duration strategy was very successful, substantially lifting the average margin. Margins again expanded, with the average duration kept at 1 year until after the impact of the COVID-19 crisis was fully reflected in zero rates.

Duration has since been relatively static around the 300-350 day area.

Deposit margins have consistently exceeded 100bp since early 2019, which set up excellent FY20 – the best in 5 years. As deposits mature, average yield is again gradually reflecting policy interest rates with a lag.



FY21 is seeing strong excess performance from deposits (which have recently ranged from +150 to +200bp during the COVID-19 recession), as well as additional profits available from realising the embedded gains of the FRN book.

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Credit: FRNs & Fixed Bonds

Senior major FRN spreads widened during the fixed interest market distress.

Australian 10-year bond declined sharply in value, with yields trading to 1.87% (+78bp). 3-year bonds were little changed at 0.12% (+1bp), near the rate target but the RBA had to intervene as yields drifted to 0.18%. 3m BBSW was 3bp, with the **bank bill index** recording a negative benchmark return. US bonds closed at 1.44% (+33bp)**.**

The RBA reiterated around 3 years of zero interest rate policy, to at least 2024, *but the market no longer believes this* – rapid rate normalisation is now forecast with rising rates from bill futures.

We refer to the detailed analysis in our February ***Fixed Interest Analytics*** as well as other commentaries following the US election.

Council had no new FRN investment during the month, and new issues do not offer value.

Foreign institutions unable to access the TFF are by far the better value. ***We look to sell all existing FRNs from major banks.*** All major bank paper would show **substantial gains**.

Specifically:

- All AA and AAA 2021s ($4m)
- Subject to suitable bids, the BBB FRNs within a year of maturity
- 2022 FRNs of ANZ and Suncorp ($1.5m)
- 2023 major bank FRNs ($10m)
- Early 2024 major bank FRNs, priced as 3-year ($4.3m)

The spread between AA and the larger BBB names is back to pre-GFC levels – inside +20bp at the long end, and through +10bp for shorter dated securities. This provides the opportunity to also sell benchmark second tier issuers, with **ME Bank, BoQ and Suncorp likely to trade very strongly**. Smaller ADIs will tend to trade considerably wider than benchmark issues.

Given relative pricing, preferred exposures are likely to include major money-centre banks that also have branches (and are therefore eligible under the Minister's Order). **The pricing differential in the Australian market can be substantial**, with even larger and more systemically important banks paying a large premium.

We expect credit spreads to be wider after TFF funding is exhausted, probably weakening in 2022 as issuance recommences.

GSIBs (Global Systemically Important Banks) are relatively better value (potentially as much as +50bp), although increasingly only the Asian banks are overpaying with European names trading tightly.

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Fixed Interest Outlook

Bonds lost ground in virtually every country, in one of the worst months in decades.

Major 10Y	Yield		Day	Weekly	Monthly	YTD	Date
US	1.44	▼ 0.02	-0.02%	0.07%	0.33%	0.53%	Mar/01
UK	0.79	▼ 0.03	-0.03%	0.11%	0.44%	0.60%	Mar/01
Japan	0.16	▼ 0.01	-0.01%	0.04%	0.11%	0.14%	Mar/01
Germany	-0.30	▼ 0.00	0.00%	0.09%	0.22%	0.28%	Mar/01
Greece	1.04	▼ 0.07	-0.07%	0.15%	0.36%	0.41%	Mar/01
India	6.21	▼ 0.02	-0.02%	0.01%	0.08%	0.32%	Mar/01
Italy	0.71	▼ 0.06	-0.06%	0.12%	0.06%	0.19%	Mar/01
Australia	1.65	▼ 0.20	-0.20%	0.03%	0.47%	0.67%	Mar/01
Brazil	8.19	▲ 0.05	0.05%	0.13%	0.47%	1.21%	Feb/26
Canada	1.41	▲ 0.05	0.05%	0.18%	0.50%	0.73%	Mar/01
France	-0.06	▼ 0.05	-0.05%	0.04%	0.17%	0.28%	Mar/01
Mexico	6.25	▼ 0.06	-0.06%	0.52%	1.01%	0.95%	Feb/26
Netherlands	-0.24	▲ 0.05	0.05%	0.11%	0.24%	0.31%	Mar/01
New Zealand	1.78	▼ 0.15	-0.15%	0.11%	0.53%	0.76%	Mar/01
Portugal	0.27	▼ 0.05	-0.05%	0.05%	0.21%	0.21%	Mar/01
Spain	0.38	▲ 0.00	0.00%	0.11%	0.26%	0.32%	Mar/01
Switzerland	-0.20	▲ 0.08	0.08%	0.14%	0.26%	0.35%	Mar/01

Policymakers concluded after 2008 that:

- After a deflationary shock, it is **appropriate and safe to respond with immense reflationary policy**
- Disinflation is so persistent in such events that the **risk of a return to inflation is minimal** until **productive capacity is fully utilised**
- Any inflationary pressures will be well understood **long enough in advance** to enable stimulus to be calibrated down
- **Bond markets will always trust them**.

Effectively, they **renounced half a century of monetarist economic theory**. Monetary expansion is not inflationary (except for asset prices, which is a good thing).

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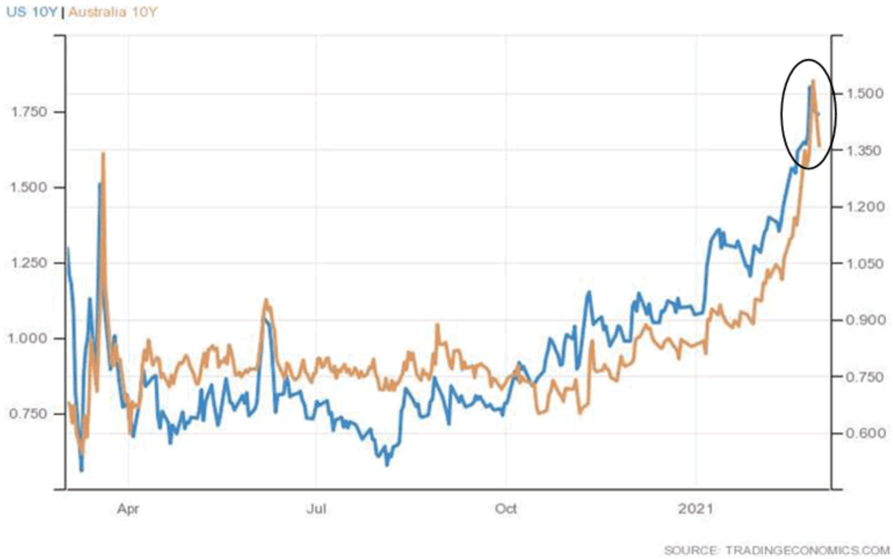
Maybe bond markets reached the limits of that trust, when USA flagged a second consecutive deficit of ~14% of GDP and openly debated a Modern Monetary Theory experiment favoured by much of Congress.



2021's deficit was already the **second largest since WWII** (with 2020 the largest) – **before the Inauguration**. Since then, another package of 9% of GDP has cleared the House, and appears likely to clear the Senate largely intact.

Right at month end came a sharp reversal – more so in Australia. In the daily rate sheet, our commentary suggested the collapse was so disorderly that central banks were likely to fight back. The RBA's response was to bring forward QE, doing two weeks' bond purchases in a week at the depths of the panic.

The sight of the RBA unexpectedly in the market ended the "one way bet" nature of the market. At least in the short term, traders covered their positions.

But it was somewhat tokenistic – some investors had been calling for an expansion in the QE programme and criticising the RBA for not doing as much as other central banks. This is not new – the RBA has been relatively hawkish by central bank standards.

The March meeting kept all policy parameters the same, and this was negatively received by markets, with **bonds weakening in disappointment on the policy announcement**.

Meanwhile, booming asset prices has seen a minority of economists talking about the unthinkable – ***early normalisation of monetary conditions.***

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Portfolio Listing

Shoalhaven City Council as at 28/02/2021						
Authorised Deposit-Taking Institution (ADI)	**ST Rating**	**Security Type**	**Principal/ Current MF Value**	**Term**	**Interest Rate**	**Maturity Date**
ING Bank (Australia) Ltd	A-1	TD	$2,000,000.00	365	1.50%	2-Mar-21
Auswide Bank	A-2	TD	$2,000,000.00	182	0.75%	24-Mar-21
Commonwealth Bank Australia	A-1+	TD	$25,000.00	120	0.37%	1-Apr-21
Commonwealth Bank Australia	A-1+	TD	$5,000,000.00	180	0.58%	28-Apr-21
AMP Bank	A-2	TD	$3,000,000.00	182	0.90%	31-May-21
Westpac Bank	A-1+	TD	$2,000,000.00	734	0.90%	9-Jun-21
Rabobank	A-1	TD	$2,000,000.00	1464	3.00%	16-Jun-21
National Australia Bank	A-1+	TD	$3,000,000.00	365	1.00%	22-Jun-21
National Australia Bank	A-1+	TD	$5,000,000.00	365	1.02%	24-Jun-21
Commonwealth Bank Australia	A-1+	TD	$5,000,000.00	210	0.41%	21-Jul-21
Westpac Green Bank	A-1+	TD	$4,000,000.00	367	0.78%	6-Sep-21
Macquarie Bank	A-1+	TD	$6,000,000.00	271	0.60%	13-Sep-21
National Australia Bank	A-1+	TD	$4,000,000.00	364	0.75%	17-Sep-21
Commonwealth Bank Australia	A-1+	TD	$3,000,000.00	365	0.70%	23-Sep-21
Macquarie Bank	A-1+	TD	$1,000,000.00	266	0.70%	6-Oct-21
State Insurance Regulatory Authority	A-1+	TD	$1,911,000.00	270	0.42%	21-Oct-21
National Australia Bank	A-1+	TD	$5,000,000.00	364	0.57%	29-Oct-21
AMP Bank	A-2	TD	$2,500,000.00	365	0.95%	16-Nov-21
National Australia Bank	A-1+	TD	$2,000,000.00	247	0.55%	25-Nov-21
Commonwealth Bank Australia	A-1+	TD	$5,000,000.00	365	0.56%	30-Nov-21
Macquarie Bank	A-1+	TD	$1,000,000.00	301	0.55%	15-Dec-21
Bank of Qld	A-2	TD	$2,000,000.00	1821	3.85%	15-Dec-21
AMP Bank	A-2	TD	$2,500,000.00	395	0.95%	16-Dec-21
Macquarie Bank	A-1+	TD	$1,000,000.00	357	1.55%	5-Jan-22
National Australia Bank	A-1+	TD	$2,000,000.00	365	0.45%	6-Jan-22
National Australia Bank	A-1+	TD	$3,000,000.00	365	0.47%	19-Jan-22
AMP Bank	A-2	TD	$2,000,000.00	365	0.70%	20-Jan-22
Auswide Bank	A-2	TD	$4,000,000.00	335	0.55%	25-Jan-22
Macquarie Bank	A-1+	TD	$1,000,000.00	365	0.55%	16-Feb-22
Bank of Qld	A-2	TD	$5,000,000.00	1827	3.80%	21-Feb-22
Police and Nurses Bank	A-2	TD	$5,000,000.00	1825	3.74%	22-Feb-22
Westpac Bank	A-1+	TD	$6,000,000.00	1826	3.00%	2-Mar-22
Bank of Qld	A-2	TD	$2,000,000.00	1826	3.80%	22-Mar-22
Westpac Bank	A-1+	TD	$2,000,000.00	1826	2.83%	24-Aug-22
Westpac Bank	A-1+	TD	$2,000,000.00	1826	3.00%	24-Aug-22
Rabobank	A-1	TD	$2,000,000.00	1826	3.39%	13-Sep-22
Police and Nurses Bank	A-2	TD	$2,000,000.00	1836	3.51%	28-Sep-22
Rabobank	A-1	TD	$2,000,000.00	1828	3.40%	23-Aug-23
Rabobank	A-1	TD	$2,000,000.00	1826	3.13%	21-Feb-24
Westpac Bank	A-1+	TD	$4,000,000.00	1827	2.21%	19-Jun-24
Total Term Deposits			**$115,936,000.00**			

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Authorised Deposit-Taking Institution (ADI)	ST Rating	Security Type	Principal/ Current MF Value	Term	Interest Rate	Maturity Date
Rabobank	A-1	FRN	$2,000,000.00	1826	1.51%	4-Mar-21
Heritage Bank	A-2	FRN	$700,000.00	1096	1.24%	29-Mar-21
Members Equity Bank	A-2	FRN	$1,600,000.00	1095	1.35%	17-Apr-21
National Australia Bank	A-1+	FRN	$1,000,000.00	1826	1.18%	12-May-21
Bank of Qld	A-2	FRN	$1,000,000.00	1826	1.49%	18-May-21
Suncorp Metway Ltd Bank	A-1	FRN	$1,000,000.00	1826	1.11%	22-Jun-21
Teachers Mutual Bank Limited	A-2	FRN	$700,000.00	1,096	1.46%	2-Jul-21
Commonwealth Bank Australia	A-1+	FRN	$1,000,000.00	1826	1.29%	12-Jul-21
ANZ	A-1+	FRN	$1,000,000.00	1826	1.14%	16-Aug-21
Credit Union Australia	A-2	FRN	$600,000.00	1096	1.27%	6-Sep-21
AMP Bank	A-2	FRN	$1,500,000.00	1096	1.10%	10-Sep-21
Credit Union Australia	A-2	FRN	$1,000,000.00	1096	1.24%	4-Mar-22
ANZ	A-1+	FRN	$1,000,000.00	1826	1.02%	7-Mar-22
Suncorp Metway Ltd Bank	A-1	FRN	$500,000.00	1826	0.98%	16-Aug-22
Credit Union Australia	A-2	FRN	$1,100,000.00	1096	0.94%	21-Feb-23
Westpac Bank	A-1+	FRN	$2,000,000.00	1826	0.85%	6-Mar-23
Auswide Bank	A-2	FRN	$1,500,000.00	1095	1.06%	17-Mar-23
Commonwealth Bank Australia	A-1+	FRN	$1,000,000.00	1916	0.86%	25-Apr-23
ANZ	A-1+	FRN	$1,000,000.00	1826	0.91%	9-May-23
Commonwealth Bank Australia	A-1+	FRN	$500,000.00	1826	0.94%	16-Aug-23
National Australia Bank	A-1+	FRN	$1,500,000.00	1826	0.94%	26-Sep-23
ANZ	A-1+	FRN	$4,000,000.00	1826	1.05%	6-Dec-23
Commonwealth Bank Australia	A-1+	FRN	$2,000,000.00	1826	1.21%	11-Jan-24
National Australia Bank	A-1+	FRN	$2,300,000.00	1826	1.07%	26-Feb-24
National Australia Bank	A-1+	FRN	$2,000,000.00	1827	0.93%	19-Jun-24
Westpac Bank	A-1+	FRN	$1,000,000.00	1919	0.91%	16-Aug-24
ANZ	A-1+	FRN	$3,500,000.00	1827	0.80%	29-Aug-24
Citibank	A-1	FRN	$1,000,000.00	1827	0.93%	14-Nov-24
Newcastle Permanent Building Society	A-2	FRN	$2,100,000.00	1827	1.13%	4-Feb-25
Macquarie Bank	A-1	FRN	$2,000,000.00	1827	0.85%	12-Feb-25
Macquarie Bank	A-1	FRN	$4,000,000.00	1827	0.50%	9-Dec-25
Suncorp Metway Ltd Bank	A-1	FRN	$2,100,000.00	1826	0.46%	24-Feb-26
Total Senior Securities			**$49,200,000.00**			
			$165,136,000.00			
Shoalhaven City Council as at 28/02/2021						
Grandfathered	**ST Rating**	**SecurityType**	**Current Valuation**			**Maturity Date**
Macquarie Global Income Opportunities	NR	MF	$0.00			T+3
TCorpIM Cash Fund	AAAm	MF	$0.00			T+0
			$0.00			
Product	**ST Rating**	**SecurityType**	**Current Valuation**			**Maturity Date**
AMP At Call	A-2	Cash	$709.32		0.85%	At-Call
AMP Notice Account	A-2	Cash	$4,141,431.02		0.90%	31 Days
CBA Operating Account	A-1+	Cash	$7,827,534.61		0.10%	At-Call
CBA Business Online Saver	A-1+	Cash	$5,182,030.82		0.30%	At-Call
			$17,151,705.77			
Total Investment Portfolio			**$182,287,705.77**			

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CL21.51 - Attachment 1

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