

Ordinary Meeting

Meeting Date: Tuesday, 25 July, 2017

Location: Council Chambers, City Administrative Building, Bridge Road, Nowra

Attachments (Under Separate Cover)

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Monthly Report

Shoalhaven City Council

June 2017

CL17.197 - Attachment 1



Market

We refer to our more detailed *Economic Commentary* for the month.

International Markets

US 10-year bonds closed at 2.31% (+10bp), and Australia at 2.6% (+21bp) after Europe flagged tighter monetary policy. The US S&P500 ended +0.62% higher and set record closes intra-month along with the Dow Jones and NASDAQ, with the ASX200 +0.17% and the MSCI World ex-AUS just +0.03%.

US politics brought draft Articles of Impeachment, an implied (tweeted) threat of imminent attacks on North Korea, and possible collaboration as Qatar was blockaded by its neighbours, led by Saudi Arabia (for terrorism sponsorship). Europe brought bank collapses, bail-ins, more terrorist attacks and a disaster which cast doubt on fire safety regulations. Theresa May's early election backfired, losing her majority 3 years early.

US unemployment fell to pre-9/11 levels at 4.3% (-0.1%) despite a shrinking public sector payroll, with a 36-year low in Germany and 42-year low in the UK – while still on emergency monetary policy! The US Fed raised rates ¼%, despite a weak +1.4% p.a. Q1 GDP and Core CPI +1.7%. The draft 2018 Budget forecast a return to balance within a decade, although before tax cuts to be legislated.

Domestic

The RBA left the cash rate unchanged in June. Former RBA board member John Edwards indicated in an interview that a 2-year path to 3½% is under consideration although later distanced himself from some of the reporting.

Moody's followed S&P with a series of bank downgrades – again citing banks' vulnerability to the property boom ending. Residential prices rose +2.2% in Q1 to be up double digits nationally. Perth and Darwin were down in the quarter and year. Dwelling commitments by occupiers fell -1.9% to a year's low.

Retail trade jumped +1.0%. Unemployment fell to 5.5% in May after an implausible reported +52,100 full time jobs and +1.87% increase in total hours. Unemployment plus underemployment fell -0.4% to 14.4%. Job vacancies increased +1.5% (private)/ +3.2% (public) in the May quarter.

Engineering work rebounded +2.8% in Q1 but is down -12.5% over a year (public engineering up +10.2% but private -22.4%).

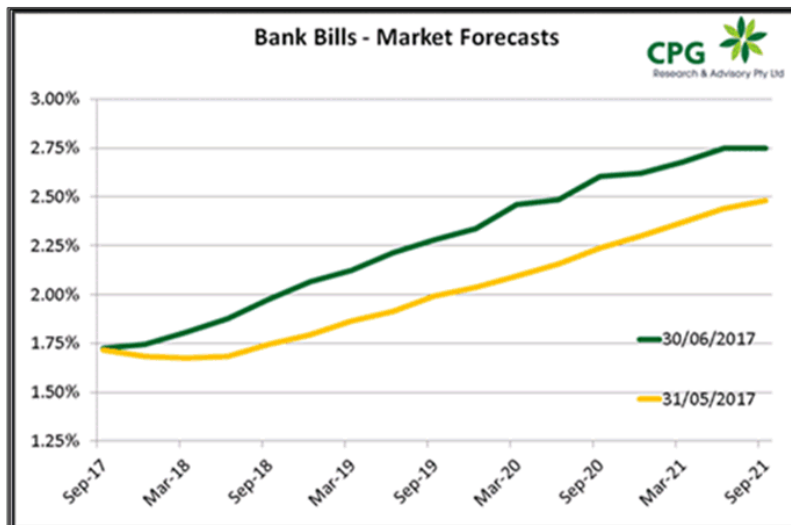
The current account surplus almost evaporated in April on lower commodity prices, falling from \$3.17bn to \$0.56bn.

Other Markets

WTI oil continued its weakness, closing \$46/bbl (-4.7%) after a low of \$42.50. Gold eased to US\$1,241 (-2.5%). Iron Ore rebounded to \$63 (+12%).

Base metals generally gained, with Zinc (+9.3%), Nickel (+5.5%) and Copper (+6%) all sharply higher. The AUD finished well up at US76.92c (+3.25%).

Bill futures were spooked by offshore leads and the Edwards interview, moving to factor in higher rates (although nothing like the 3.5% by 2019 he was quoted as saying was being debated:



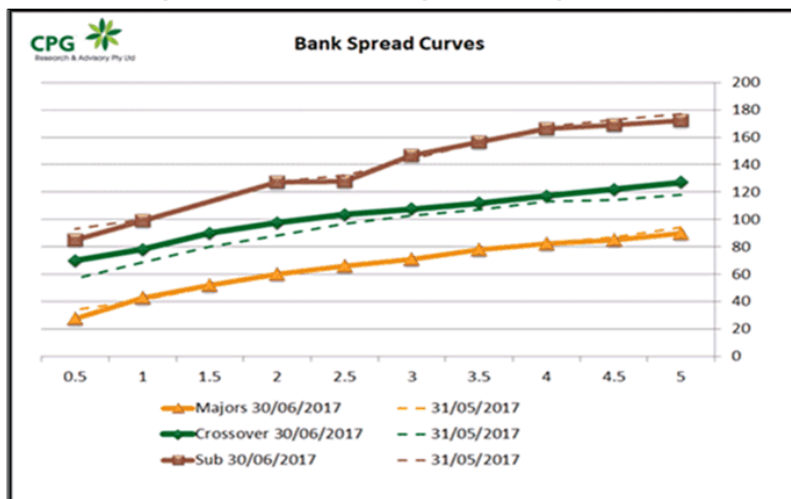
Credit Market

Credit spreads were generally tighter. Credit derivative indices firmed.

Credit Indices	30 Jun 17	31 May 17	30 Jun 16
iTraxx Australia 5 Yr CDS	84bp	86bp	132bp
iTraxx European 5 Yr CDS	56bp	62bp	73bp
CDX IG North American 5 Yr CDS	61bp	62bp	77bp
CDX HY North American 5 Yr CDS	339bp	328bp	433bp

Source: Markit

Bank credit also generally traded well. Major bank sub debt shrugged off Moody's downgrade, but the S&P downgrades continued to weigh on Bendigo and BoQ which traded wider:





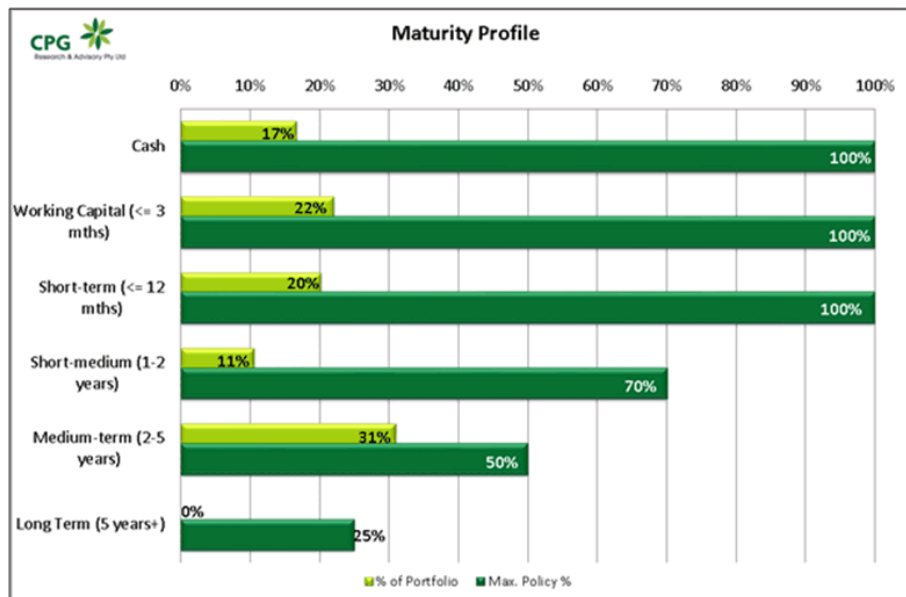
Council's Portfolio

The portfolio has 38% of investments available at or near call including TCorpIM funds and a further 22% of assets maturing within 3 months.

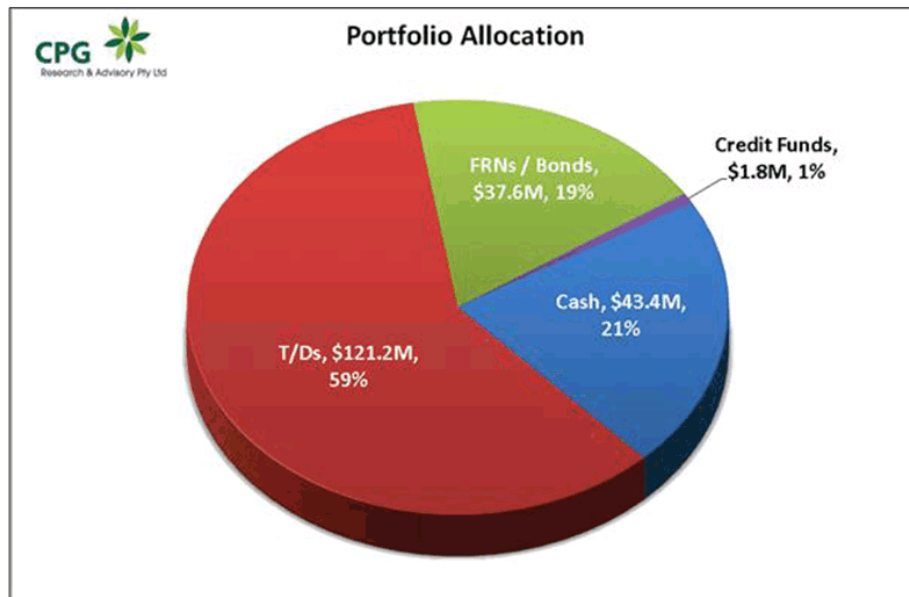
Additionally, there are 19% in liquid securities.

Lower rated ADI margins were little changed (+116bp for a 4 or 5 year deposit). But highly rated banks reduced margins during a period of forced buying by rating-constrained investors. Majors were down to +70bp at 5 years, other than Westpac with +88bp (and prepared to negotiate "off-sheet" from there).

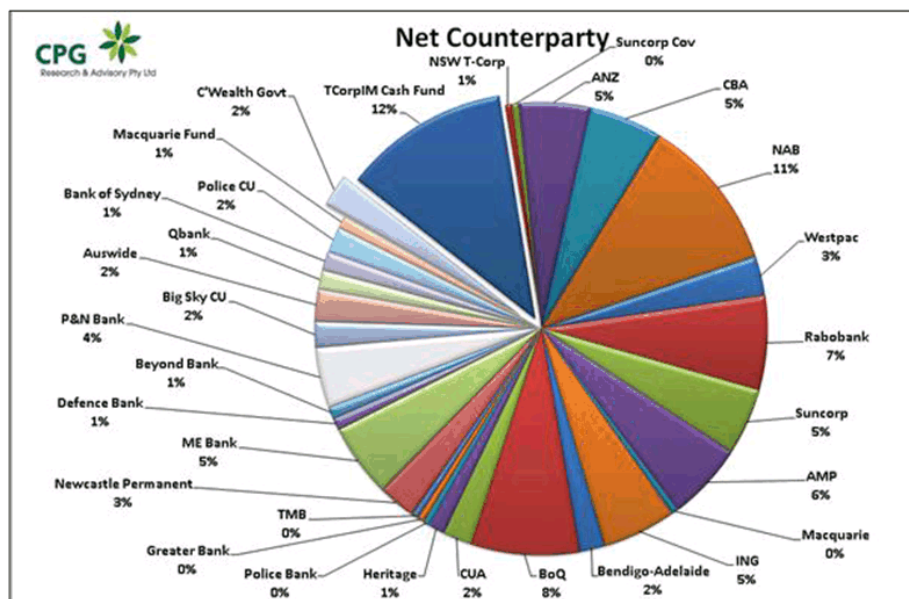
Council strategically increasing allocation towards medium term assets, now increased to 31%, with sufficient capacity to utilise for further investments.



Council's portfolio is dominated by term deposits holding 59% of the total portfolio; direct credit assets are around 19%, and TCorpIM cash is an unusually high 21%.



The investment portfolio is well diversified in complying assets across the entire credit spectrum, with the major banks dominant:





Credit Quality

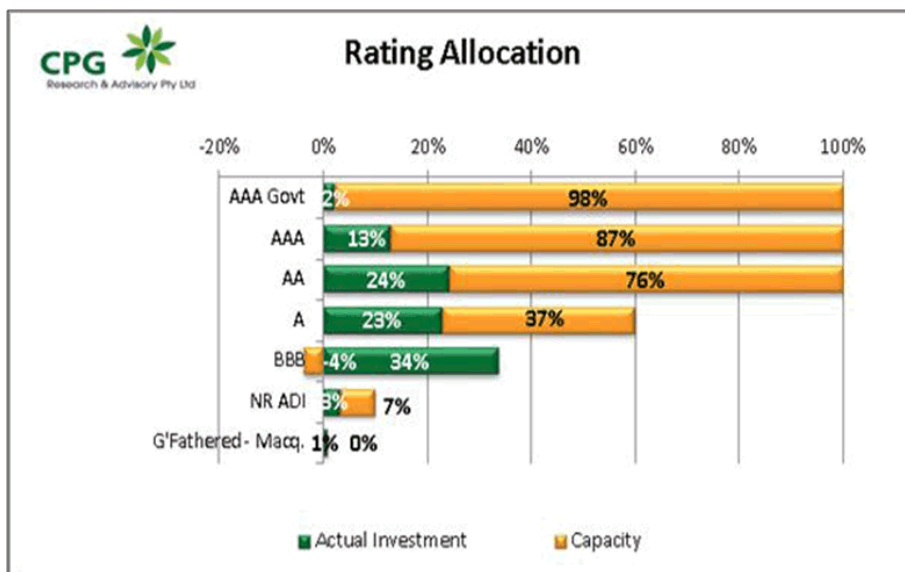
Only the Macquarie credit fund is now classified as a “Grandfathered” legacy asset.

Moody’s followed S&P’s May downgrades, but again it was not a “blanket Australian downgrade.” The numbers of banks affected were smaller than S&P, typically being realignments where Moody’s was well above consensus.

Council’s current position is as follows:

S&P ‘BBB’ ADIs target remains slightly exceeded, halting new investment in the absence of policy change.

Rating Category	Actual	Per C/Party	Aggregate	Rating Category	Actual Investment	Capacity
AAA Govt	2%	100%	100%	AAA Govt	2%	98%
AAA	13%	40%	100%	AAA	13%	87%
AA	24%	30%	100%	AA	24%	76%
A	23%	15%	60%	A	23%	37%
BBB	34%	10%	30%	BBB	34%	-4%
NR ADI	3%	5%	10%	NR ADI	3%	7%
G’Fathered - Macq.	1%	1%	1%	G’Fathered - Macq.	1%	0%



^ Under the Financial Claims Scheme (FCS), the first \$250,000 is guaranteed by the Federal Government (rated AAA by S&P), per investor, per ADI.



Maturities in 2017 will relatively assist in falling back to the capacity levels in lower rated ADIs. We note the limitation but confirm that there is no breach of Policy given the recognition of split ratings where there has been a downgrade.

We believe the majority of Bank universe will align at BBB range or below.

'A' or higher rated counterparties have been ungenerous, with their headline deposit rates not following the bond market. However, Westpac's floating rate deposit, and highly rated bank FRNs can also be looked at to balance credit quality in the short term.

Compliance

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

All counterparties comply despite downgrades (fossil fuel exposures are highlighted).

Counterparties	Exposure \$M	FCS	Net	Rating	Policy Limit	Actual	Capacity
TCorpIM Cash Fund	\$24.25M	\$0.00M	\$24.25M	AAA	40%	12%	\$57.37M
NSW T-Corp	\$1.03M	\$0.00M	\$1.03M	AAA	40%	1%	\$80.59M
Suncorp Cov	\$1.00M	\$0.00M	\$1.00M	AAA	35%	0%	\$70.87M
ANZ	\$10.60M	\$0.25M	\$10.35M	AA-	30%	5%	\$50.86M
CBA	\$11.00M	\$0.25M	\$10.75M	AA-	30%	5%	\$50.46M
NAB	\$22.85M	\$0.25M	\$22.60M	AA-	30%	11%	\$38.61M
Westpac	\$6.00M	\$0.25M	\$5.75M	AA-	30%	3%	\$55.46M
Rabobank	\$14.00M	\$0.25M	\$13.75M	A+	15%	7%	\$16.86M
Suncorp	\$10.00M	\$0.25M	\$9.75M	A+	15%	5%	\$20.86M
AMP	\$11.51M	\$0.25M	\$11.26M	A	15%	6%	\$19.34M
Macquarie	\$1.00M	\$0.00M	\$1.00M	A	15%	0%	\$29.61M
ING	\$11.00M	\$0.25M	\$10.75M	A-	15%	5%	\$19.86M
Bendigo-Adelaide	\$4.00M	\$0.25M	\$3.75M	BBB+	10%	2%	\$16.65M
BoQ	\$16.00M	\$0.25M	\$15.75M	BBB+	10%	8%	\$4.65M
CUA	\$4.25M	\$0.00M	\$4.25M	BBB+	10%	2%	\$16.15M
Heritage	\$2.25M	\$0.00M	\$2.25M	BBB+	10%	1%	\$18.15M
Police Bank	\$1.00M	\$0.00M	\$1.00M	BBB+	10%	0%	\$19.40M
Greater Bank	\$1.00M	\$0.00M	\$1.00M	BBB+	10%	0%	\$19.40M
TMB	\$1.00M	\$0.00M	\$1.00M	BBB+	10%	0%	\$19.40M
Newcastle Permanent	\$5.50M	\$0.00M	\$5.50M	BBB	10%	3%	\$14.90M
ME Bank	\$11.00M	\$0.25M	\$10.75M	BBB	10%	5%	\$9.65M
Defence Bank	\$2.00M	\$0.25M	\$1.75M	BBB	10%	1%	\$18.65M
Beyond Bank	\$2.00M	\$0.25M	\$1.75M	BBB	10%	1%	\$18.65M
P&N Bank	\$9.00M	\$0.25M	\$8.75M	BBB	10%	4%	\$11.65M
Big Sky CU	\$4.00M	\$0.25M	\$3.75M	BBB	10%	2%	\$16.65M
Auswide	\$5.00M	\$0.25M	\$4.75M	BBB-	10%	2%	\$15.65M
Qbank	\$3.00M	\$0.25M	\$2.75M	BBB-	10%	1%	\$17.65M
Bank of Sydney	\$3.00M	\$0.25M	\$2.75M	NR	5%	1%	\$7.45M
Police CU	\$4.00M	\$0.25M	\$3.75M	NR	5%	2%	\$6.45M
Macquarie Fund	\$1.81M	\$0.00M	\$1.81M	NR	1%	1%	\$0.00M
	\$204.05M		\$199.30M			98%	
C'wealth Govt		\$4.8M	\$4.75M	AAA	100%	2%	
Total	\$204.05M		\$204.05M			100%	



ESG and Divestment

Council has introduced a “soft divestment” instruction which looks to identify, and preferentially direct investment away from, lenders to fossil fuels.

As at June 2017, the institutions totalled 48% of Council’s investment portfolio, including TCorpIM Cash fund.

Highlighted List:

Fossil Fuel Counterparties	Exposure \$M	FCS	Net	Rating	Policy Limit	Gross	Invested in Fossils
ANZ	\$10.60M	\$0.25M	\$10.35M	AA-	30%	5%	Yes
CBA	\$11.00M	\$0.25M	\$10.75M	AA-	30%	5%	Yes
NAB	\$22.85M	\$0.25M	\$22.60M	AA-	30%	11%	Yes
Westpac	\$6.00M	\$0.25M	\$5.75M	AA-	30%	3%	Yes
AMP	\$11.51M	\$0.25M	\$11.26M	A	15%	6%	Yes*
Macquarie	\$1.00M	\$0.00M	\$1.00M	A	15%	0.5%	Yes
ING	\$11.00M	\$0.25M	\$10.75M	Split A	15%	5%	Yes
TCorpIM Cash Fund	\$24.25M	\$0.00M	\$24.25M	AAA	40%	12%	Yes
	\$98.21M		\$96.71M			48%	
Total	\$204.05M		\$204.05M				

* Note also AMP Life, AMP Capital have investments in coal and gas companies

Issues we raised at a recent meeting include:

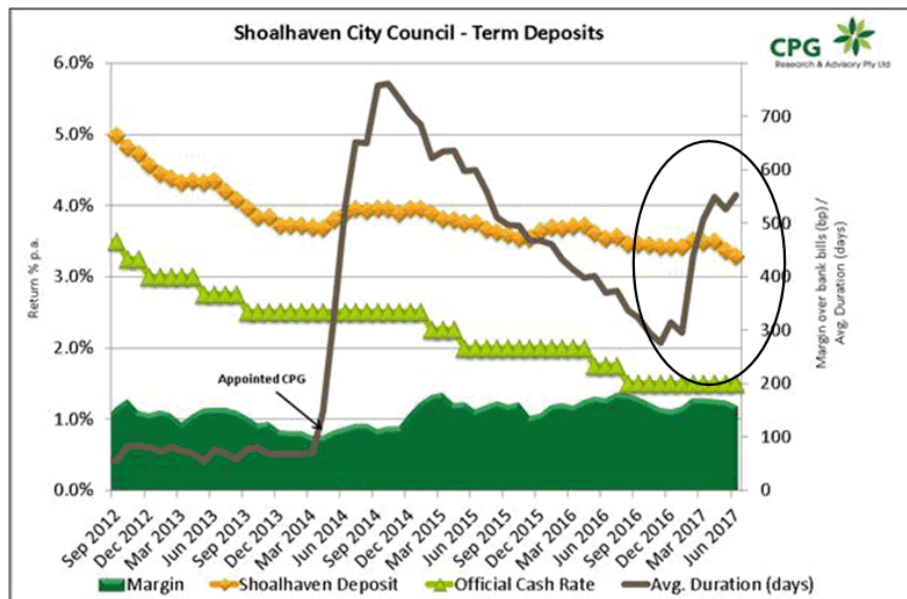
- The effect of divesting effective all of the A or AA banks, and that a greater BBB limit would assist with transition over time.
- Inclusion of TCorpIM – it was concluded that the funds are significantly directed to assets that directly participate (major banks, the NSW government)
- Whether it is appropriate to look through AMP Capital (which includes index funds) when assessing AMP Bank
- The treatment of a bank that ceased lending to fossil fuel industries, during the period over which loans are being run off (whether the objective of the Policy was in fact to get banks to stop lending)
- The hypothetical impact on Policy should a bank declare itself “coal free” – would this interim step be recognised and rewarded?



Term Deposits

At month-end, deposits accounted for approximately 59% of the total investment portfolio. The weighted average duration of the deposit portfolio stood at approximately **1.5 years (slightly lengthened from the previous month)**.

Council has again built up deposit duration as rates increased post US election:



Relevant portfolio data follows:

Term Deposit Statistics

Percentage of total portfolio	59%
Weighted Average Yield	3.28%
Weighted Average Duration	1.5 yrs

Credit Quality of Deposits

AAA^	1%
AA	27%
A	25%
BBB	42%
Unrated ADI	6%
Total	100%

^ Calculation excludes the Financial Claims Scheme (FCS)



At the long end, deposit rates followed bond yields higher during the month – with BoQ's 5 year deposit now quoting at 3.6%, from 3.4% last month. There is a large gap to the highest A rated at around 3.2%.

Shorter-dated terms (6 months or less) also remain around +75bp but with occasional specials.

We refer to the detailed analysis in our June *Fixed Interest Analytics*. It is important to note the increased uncertainty – with both high commodity prices and ultra-low inflation (especially in wages), the RBA's path is less clear and there are increasingly risks to a fixed rate strategy but similarly less attractive returns on FRNs.

Bond yields soared globally, based on increased expectation of tightening monetary policy – the US Fed has been normalising interest rates, but may soon be joined by the European Central Bank.

This has triggered selling of bonds late in the month, breaking a downtrend in yields. We note the suggestion from former RBA Board member Edwards that aggressive tightening could be debated.

The potential for a central bank turning point makes us cautious about further fixed rates, and so floating rate T/Ds are worth consideration – e.g. Westpac 5-year floating at as much as +105bp is good value.

Returns - Accrual

Actual	1 month	3 months	6 months	FYTD	1 year	2 years	3 years	4 years
Official Cash Rate	0.12%	0.37%	0.74%	1.52%	1.52%	1.74%	1.95%	2.09%
Avg. 3m BBSW	0.14%	0.43%	0.87%	1.77%	1.77%	1.99%	2.16%	2.28%
AusBond Bank Bill Index	0.14%	0.44%	0.89%	1.82%	1.82%	2.03%	2.22%	2.34%
Council Cash	0.19%	0.54%	1.14%	2.19%	2.19%	2.38%	2.61%	2.67%
Council T/Ds	0.28%	0.86%	1.72%	3.52%	3.52%	3.63%	3.75%	3.79%
Council FRNs / Bonds	0.24%	0.75%	1.49%	3.05%	3.05%	3.22%	3.54%	-
Council Credit Funds	0.30%	1.47%	3.10%	5.73%	5.73%	3.31%	3.07%	3.64%
Council Total Portfolio	0.24%	0.73%	1.50%	3.15%	3.15%	3.33%	3.50%	3.58%
Annualised	1 month	3 months	6 months	FYTD	1 year	2 years	3 years	4 years
Official Cash Rate	1.45%	1.48%	1.49%	1.66%	1.52%	1.74%	1.95%	2.09%
Avg. 3m BBSW	1.68%	1.73%	1.75%	1.93%	1.77%	1.99%	2.16%	2.28%
AusBond Bank Bill Index	1.70%	1.76%	1.78%	1.98%	1.82%	2.03%	2.22%	2.34%
Council Cash	2.23%	2.18%	2.30%	2.39%	2.19%	2.38%	2.61%	2.67%
Council T/Ds	3.39%	3.47%	3.49%	3.84%	3.52%	3.63%	3.75%	3.78%
Council FRNs / Bonds	2.86%	3.02%	3.00%	3.33%	3.05%	3.22%	3.54%	-
Council Credit Funds	3.56%	5.95%	6.31%	6.25%	5.73%	3.31%	3.07%	3.64%
Council Total Portfolio	2.82%	2.94%	3.04%	3.44%	3.15%	3.33%	3.50%	3.58%

The investment portfolio had a strong month, **returning +2.80% p.a. annualised**, outperforming the AusBond Bank Bill Index¹ which returned +1.76% p.a. This reflects some drag from the large TCorpIM Cash balance.

Macquarie Fund returned +0.30% (net actual) for June, lower than the previous month but still annualising in the high 3's. **Longer dated deposits also continue to support the total portfolio performance; we anticipate realising capital gains from FRN sale closer to their maturities.**

¹ Previously UBS Bank Bill Index.



FRNs

Spreads in the downgraded banks were 8-10bp wider across most of the curve, in a delayed reaction to the May downgrade. Major banks traded firmly.

The curve is relatively flat, with the expectation of deposit-like returns. Anything maturing in the 2019 area is now sub-economic, and even the 2020s are only accruing in line with deposits of equivalent term.

That said, ratings are often now the dominant criterion, FRNs will be useful to maintain ratings and liquidity for investors post downgrades. However, **as rating limits permit and as new issues become available, the gap between the FRNs of Bendigo or BoQ to the majors now appears very good value.**

We remain of a Neutral view if the pricing is considered in isolation – holding major bank FRNs is primarily for liquidity, not for performance.

CBA and Westpac issued 5-year paper this year at +111bp, which have tightened to low-90's in the secondary market. NAB issued a 5-year paper at +90bp in June end, the tightest for some years. For new issues, the regional ADIs (rated A or BBB) naturally offer a higher spread compared to the major banks due to their lower credit rating.

The ANZ 17/04/2020 and NAB 03/06/2020 would suit outright sale at these levels. We look to sell / switch major bank securities up to mid-2020, as well as the short-dated Macquarie 2018 if possible.

Post downgrades, the credit curve is higher and flatter in the BBB and split-A banks. This makes them more difficult to sell, even in the later stages.

There were no new FRN purchases or switch during the month.



Fixed Interest Market Background

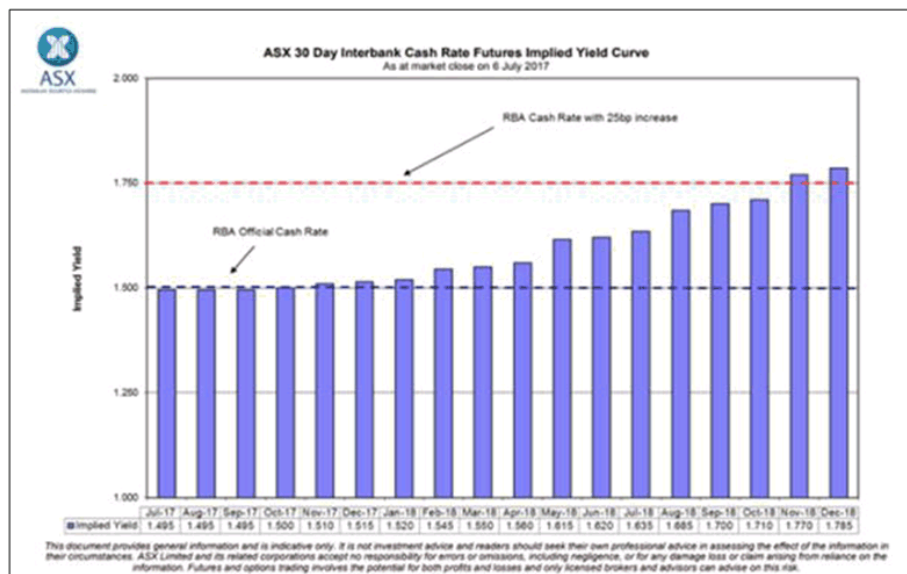
US 10-year bond yields closed at 2.31%, +10bp from last month. This was one of the smaller moves in bond markets, with much of Europe at least 20bp wider.

The increasingly dysfunctional US Administration flagged a very contractionary 2018 Budget, aiming at a medium-term return to balance. Recall that bond markets feared very stimulatory policy would see higher inflation during a Trump presidency – to date, there are no such concerns and this has been supportive for bonds up to the point where central banks appear to be moving to policy normalisation.

The Federal Reserve raised rates again in June despite a poor Q1 GDP (revised to +1.4%) - in the process, contradicting earlier statements. Slower employment growth and a weak Q1 GDP were mentioned by Yellen – not the “acceleration” she claimed to discern in March. More members think there will be one more 2017 hike, than who expect two.

The BarCap Global Agg lost ground, falling -22bp in June (in \$A hedged), with most markets weaker on the EU lead. Australian bonds performed far worse, in losing -90bp as yields soared.

The RBA left the cash rate unchanged at 1.5% in June with little in the wording to suggest any firm views. So the bond market paid more attention to the comments of people who don’t even work there any longer – building in an early rate hike into what is now again a gently rising interest rate outlook:



Source: SFE / ASX



Other Credit

The Macquarie Global Income Opportunities Fund returned +0.30% (net actual) in June, significantly outperforming the AusBond Bank Bill Index return of +0.14%.

Global shares were flat, but credit ground slightly tighter. Notably, markets were unperturbed by the collapse of three European banks, accompanied by bail-in of junior debt including sub-debt. Events that would once have caused hysteria are being largely ignored – there were no losses to depositors in these bail-ins, and therefore no systemic impact.

Over the longer-term, the fund has **returned +3.56% p.a., near Council's long deposits but with full liquidity.**

Given the solid running yield of the Fund at ~3.29% p.a., and the additional liquidity it provides, we recommend Council retain this Fund. (Its performance relative to index and to peers is covered in our monthly *Performance Survey*.) ***This is above what can be achieved at comparable rating.***

We note that 2017 is likely to have less supportive macro conditions than 2016, and valuations in credit are far more stretched.



Portfolio Listing

Shoalhaven City Council as at 30/06/2017						
Authorised Deposit-Taking Institution (ADI)	ST Rating	Security Type	Principal/ Current MF Value	Term	Interest Rate	Maturity Date
ANZ	A1+	FRN	\$1,000,000.00	1826	2.79%	7-Mar-22
ANZ	A1+	FRN	\$2,000,000.00	1826	2.59%	11-Nov-19
ANZ	A1+	FRN	\$1,000,000.00	1826	2.87%	16-Aug-21
ANZ	A1+	FRN	\$1,600,000.00	1827	2.59%	17-Apr-20
Bank of Qld	A2	FRN	\$1,000,000.00	1826	3.22%	18-May-21
Bank of Qld	A2	FRN	\$1,000,000.00	1461	2.92%	26-Oct-20
Bank of Qld	A2	FRN	\$1,000,000.00	1826	2.81%	6-Nov-19
Bendigo Bank	A2	FRN	\$1,000,000.00	1826	2.65%	17-Sep-19
Bendigo Bank	A2	FRN	\$1,000,000.00	1827	2.84%	18-Aug-20
Commonwealth Bank Australia	A1+	FRN	\$1,000,000.00	1827	2.66%	17-Jul-20
Commonwealth Bank Australia	A1+	FRN	\$1,000,000.00	1826	2.98%	12-Jul-21
Credit Union Australia	A2	FRN	\$2,250,000.00	1096	3.02%	20-Mar-20
Credit Union Australia	A2	FRN	\$2,000,000.00	1187	2.92%	22-Dec-17
Greater Bank Limited	A2	FRN	\$1,000,000.00	1095	3.34%	7-Jun-19
Heritage Bank	A3	FRN	\$1,250,000.00	1096	3.00%	4-May-20
Heritage Bank	A3	FRN	\$1,000,000.00	1096	2.89%	7-May-18
Macquarie Bank	A1	FRN	\$1,000,000.00	1096	2.80%	26-Oct-18
Members Equity Bank	A2	FRN	\$1,000,000.00	1096	2.90%	6-Apr-20
Members Equity Bank	A2	FRN	\$1,000,000.00	1461	3.07%	17-Apr-18
National Australia Bank	A1+	FRN	\$1,000,000.00	1826	2.91%	12-May-21
National Australia Bank	A1+	FRN	\$2,000,000.00	1827	2.53%	3-Jun-20
Newcastle Permanent Building Society	A2	FRN	\$1,000,000.00	1095	3.32%	22-Mar-19
Newcastle Permanent Building Society	A2	FRN	\$500,000.00	1064	3.14%	7-Apr-20
Newcastle Permanent Building Society	A2	FRN	\$2,000,000.00	1827	3.14%	7-Apr-20
Police Bank	NR	FRN	\$1,000,000.00	1096	2.84%	21-Aug-17
Rabobank	A1+	FRN	\$2,000,000.00	1826	3.23%	4-Mar-21
Suncorp Metway Ltd Bank	A1	FRN	\$2,000,000.00	1827	3.00%	20-Oct-20
Suncorp Metway Ltd Bank	A1	FRN	\$1,000,000.00	1826	2.68%	20-Aug-19
Suncorp Metway Ltd Bank	A1	FRN	\$1,000,000.00	1826	2.82%	22-Jun-21
Teachers Mutual Bank Limited	A3	FRN	\$1,000,000.00	1095	3.15%	28-Oct-19
ANZ	A1+	TD	\$4,000,000.00	1462	4.15%	27-Jun-18
ANZ	A1+	TD	\$1,000,000.00	1099	4.01%	3-Jul-17
Auswide Bank	A3	TD	\$1,000,000.00	1096	3.15%	8-Apr-18
Auswide Bank	A3	TD	\$4,000,000.00	196	2.75%	25-Oct-17
Bank of Qld	A2	TD	\$2,000,000.00	1462	4.10%	3-Sep-18
Bank of Qld	A2	TD	\$2,000,000.00	1827	4.75%	1-May-19
Bank of Qld	A2	TD	\$2,000,000.00	1826	3.80%	22-Mar-22
Bank of Qld	A2	TD	\$2,000,000.00	1821	3.85%	15-Dec-21
Bank of Qld	A2	TD	\$5,000,000.00	1827	3.80%	21-Feb-22
Bank of Sydney	NR	TD	\$3,000,000.00	161	2.75%	26-Jul-17
Bendigo Bank	A2	TD	\$2,000,000.00	560	2.80%	28-Nov-18
Beyond Bank Australia	A2	TD	\$2,000,000.00	196	2.75%	25-Oct-17
Big Sky Building Society	NR	TD	\$2,000,000.00	288	2.75%	20-Dec-17
Big Sky Building Society	NR	TD	\$2,000,000.00	217	2.60%	29-Nov-17
Commonwealth Bank Australia	A1+	TD	\$1,000,000.00	1104	4.05%	24-Jul-17
Commonwealth Bank Australia	A1+	TD	\$500,000.00	1106	4.05%	6-Jul-17
Commonwealth Bank Australia	A1+	TD	\$1,000,000.00	1097	4.05%	17-Jul-17
Commonwealth Bank Australia	A1+	TD	\$1,000,000.00	1104	4.05%	17-Jul-17
Commonwealth Bank Australia	A1+	TD	\$1,000,000.00	1097	4.05%	10-Jul-17
Commonwealth Bank Australia	A1+	TD	\$500,000.00	1105	4.05%	5-Jul-17
Commonwealth Bank Australia	A1+	TD	\$2,000,000.00	730	2.76%	26-Apr-19
Commonwealth Bank Australia	A1+	TD	\$2,000,000.00	1094	2.77%	11-Jun-20
Defence Bank	NR	TD	\$2,000,000.00	365	2.75%	18-May-18
ING Bank (Australia) Ltd	A2	TD	\$2,000,000.00	181	2.80%	31-Jul-17
ING Bank (Australia) Ltd	A2	TD	\$3,000,000.00	174	2.75%	24-Aug-17
ING Bank (Australia) Ltd	A2	TD	\$3,000,000.00	189	2.70%	27-Sep-17
ING Bank (Australia) Ltd	A2	TD	\$3,000,000.00	204	2.60%	20-Dec-17
Members Equity Bank	A2	TD	\$2,000,000.00	1099	4.00%	27-Jul-17
Members Equity Bank	A2	TD	\$2,000,000.00	1827	4.66%	28-May-19
Members Equity Bank	A2	TD	\$1,000,000.00	367	2.62%	5-Mar-18
Members Equity Bank	A2	TD	\$4,000,000.00	161	2.55%	23-Aug-17



Shoalhaven City Council as at 30/06/2017						
Authorised Deposit-Taking Institution (ADI)	ST Rating	Security Type	Principal/ Current MF Value	Term	Interest Rate	Maturity Date
National Australia Bank	A1+	TD	\$75,000.00	365	2.55%	23-Dec-17
National Australia Bank	A1+	TD	\$103,360.07	7	1.52%	7-Jul-17
National Australia Bank	A1+	TD	\$2,000,000.00	1822	4.11%	29-Aug-19
National Australia Bank	A1+	TD	\$2,000,000.00	92	2.52%	2-Aug-17
National Australia Bank	A1+	TD	\$4,000,000.00	92	2.46%	13-Sep-17
National Australia Bank	A1+	TD	\$2,000,000.00	217	2.55%	29-Nov-17
National Australia Bank	A1+	TD	\$2,000,000.00	92	2.52%	9-Aug-17
Newcastle Permanent Building Society	A2	TD	\$2,000,000.00	1091	3.20%	22-May-19
Police and Nurses Bank	A2	TD	\$2,000,000.00	1096	4.00%	18-Sep-17
Police and Nurses Bank	A2	TD	\$5,000,000.00	1825	3.74%	22-Feb-22
Police and Nurses Bank	A2	TD	\$2,000,000.00	1459	3.50%	18-Dec-20
Police Credit Union Ltd (SA)	NR	TD	\$2,000,000.00	1827	4.75%	30-May-19
Police Credit Union Ltd (SA)	NR	TD	\$2,000,000.00	372	2.90%	20-Jun-18
Qbank	NR	TD	\$2,000,000.00	365	2.75%	18-May-18
Old Police Credit Union	NR	TD	\$1,000,000.00	1095	4.10%	17-Aug-17
Rabobank	A1+	TD	\$2,000,000.00	1826	4.52%	19-Jun-19
Rabobank	A1+	TD	\$2,000,000.00	1463	4.35%	6-Jun-18
Rabobank	A1+	TD	\$2,000,000.00	1826	4.10%	2-Sep-19
Rabobank	A1+	TD	\$2,000,000.00	1462	3.30%	2-Sep-19
Rabobank	A1+	TD	\$2,000,000.00	1461	4.10%	21-Aug-18
Rabobank	A1+	TD	\$2,000,000.00	1464	3.00%	16-Jun-21
State Insurance Regulatory Authority	A1+	TD	\$1,026,000.00	365	2.72%	4-Oct-17
Suncorp Metway Ltd Bank	A1	TD	\$2,000,000.00	155	2.60%	15-Nov-17
Suncorp Metway Ltd Bank	A1	TD	\$3,000,000.00	214	2.60%	30-Dec-17
Suncorp Metway Ltd Bank	A1	TD	\$2,000,000.00	233	2.60%	24-Jan-18
Westpac Bank	A1+	TD	\$6,000,000.00	1826	3.00%	2-Mar-22
			\$158,804,360.07			
Shoalhaven City Council as at 30/06/2017						
Grandfathered	ST Rating	Security Type	Current Valuation			Maturity Date
Macquarie Global Income Opportunities	NR	MF	\$1,808,926.89			T+3
TCorpIM Cash Fund	AAAm	MF	\$24,247,063.13			T+0
AMP At Call	A1	Cash	\$1,845,783.14			At-Call
AMP Notice Account	A1	Cash	\$9,668,548.78			31 Days
NAB Transaction Account	A1+	Cash	\$7,672,321.88			At-Call
			\$19,186,653.80			
Total Investment Portfolio			\$204,047,003.89			

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