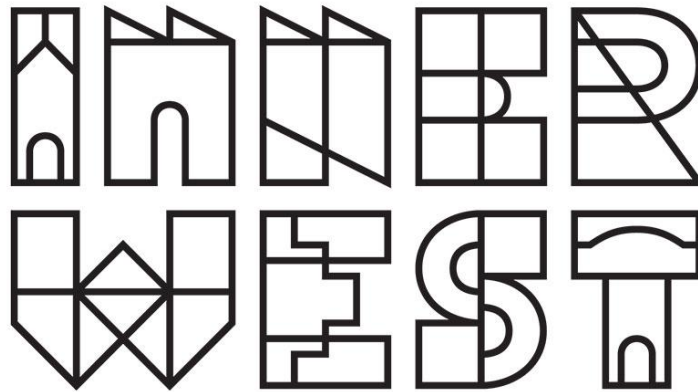


# **SUPPLEMENTARY AGENDA 1**

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Distributed on 16 September 2020



**COUNCIL MEETING**

**TUESDAY 22 SEPTEMBER 2020**

**6.30pm**

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Location: Remote Meeting

## MEETING AGENDA – PRECIS SUPPLEMENTARY ITEMS

The following report appears as late item as information required for the preparation of the report was not available at the time of distribution of the Business Paper.

### 1 Reports for Noting

ITEM	Page
C0920(2) Item 16 Investment Report as at 31 August 2020.	3

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**Item No:** C0920(2) Item 16  
**Subject:** INVESTMENT REPORT AS AT 31 AUGUST 2020.  
**Prepared By:** Daryl Jackson - Chief Financial Officer  
**Authorised By:** Michael Deegan - Chief Executive Officer

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Item 16

## RECOMMENDATION

**THAT the report be received and noted.**

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## DISCUSSION

Council's holding in various investment categories are listed in the table below. Council's portfolio size is \$223.4m. All Socially Responsible Investments (SRI's) are investments that comply with the Non-Fossil Fuel standards. Council's annualised return continues to exceed the bank bill index benchmark. Council's portfolio had a One-Month Portfolio Investment Return of 1.30%, above the UBSWA Bank Bill Index Benchmark (0.11%).

The attachments to this report summarise all investments held by Council and interest returns for periods ending 31 August 2020.

The Current Market value is required to be accounted for. The Current Market Value is a likely outcome if Council were to consider recalling the investment prior to its due date.

All investments made for the month of August 2020 have been made in accordance with the Local Government Act, Local Government Regulations and the Inner West Council Investment Policy.

ADI Lending Status *	Current Month (\$)		Previous Month (\$)	
Non Fossil Fuel Lending ADIs				
Bendigo and Adelaide Bank	4,000,000		9,000,000	
Credit Union Australia	2,000,000		2,000,000	
Emerald Reverse Mortgage 2006A	516,521		526,228	
Emerald Reverse Mortgage 2006B	1,000,000		1,000,000	
Heritage Bank	5,800,000		5,800,000	
Members Equity Bank	17,045,093		10,540,379	
Newcastle Permanent Building Society	1,700,000		1,700,000	
Suncorp Bank	39,250,000		40,750,000	
Suncorp Bank (Covered)	5,500,000		5,500,000	
Teachers Mutual Bank	4,000,000		4,000,000	
	80,811,614	36%	80,816,607	36%
Socially Responsible Investments				
Bank Australia (Sustainability)	6,000,000		6,000,000	
CBA (Climate)	18,200,000		18,200,000	
CBA (Green TD)	70,000,000		70,000,000	
National Australia Bank (Social)	7,444,000		7,444,000	
NSW T-Corp (Green)	5,000,000		5,000,000	
Westpac Group (Green TD)	36,000,000		36,000,000	
	142,644,000	64%	142,644,000	64%
	223,455,614		223,460,607	

\* source: <http://www.marketforces.org.au>  
Percentages may not add up to 100% due to rounding

## EXTERNAL / INTERNAL RESTRICTIONS

Restricted	August 20
External Restrictions	100,828,916
Internal Restrictions	122,626,698
<b>Total</b>	<b>223,455,614</b>

## ATTACHMENTS

1. [IWC August 2020](#)
2. [IWC Economic and Investment Portfolio Commentary August 2020](#)





**Investment Summary Report  
August 2020**

## Inner West Council Executive Summary - August 2020

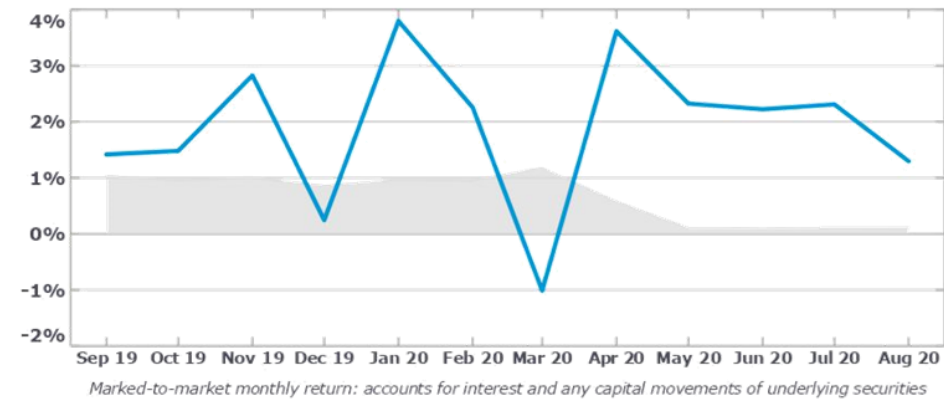


### Investment Holdings

By Product	Face Value (\$)	Current Value (\$)	Current Yield (%)
Bonds	32,444,000.00	34,935,144.46	3.2115
Cash	8,545,093.12	8,545,093.12	0.6500
Floating Rate Note	40,950,000.00	41,323,723.78	1.1815
Mortgage Backed Security	1,516,520.95	1,088,392.64	0.7463
Term Deposit	140,000,000.00	140,308,806.99	1.0731
	<b>223,455,614.07</b>	<b>226,201,160.99</b>	<b>1.3850</b>

Face Value = capital value to be repaid upon maturity  
Current Value = current market value + accrued interest  
Current Yield = weighted average interest rate

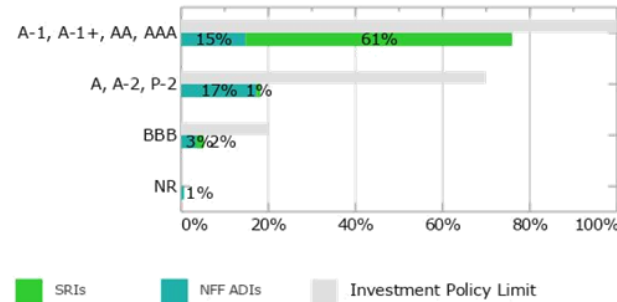
### Monthly Portfolio Return (%pa) based on Current Market Value of Securities



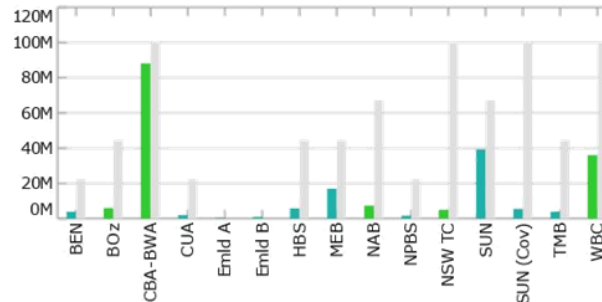
Portfolio Annualised Return Bloomberg BB Index Annualised Return

### Investment Policy Compliance sorted by Socially Responsible Investments (SRIs) and non-Fossil Fuel (NFF) banks

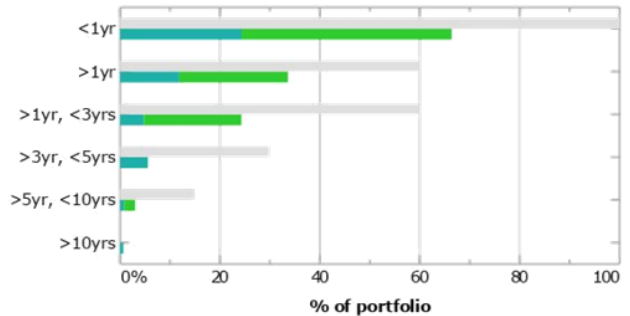
#### Total Credit Exposure



#### Individual Exposures



#### Term to Maturities

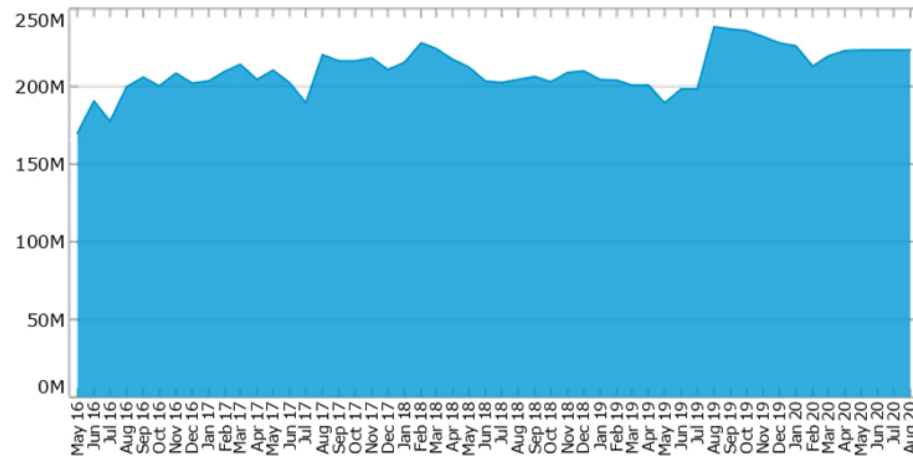


## Inner West Council

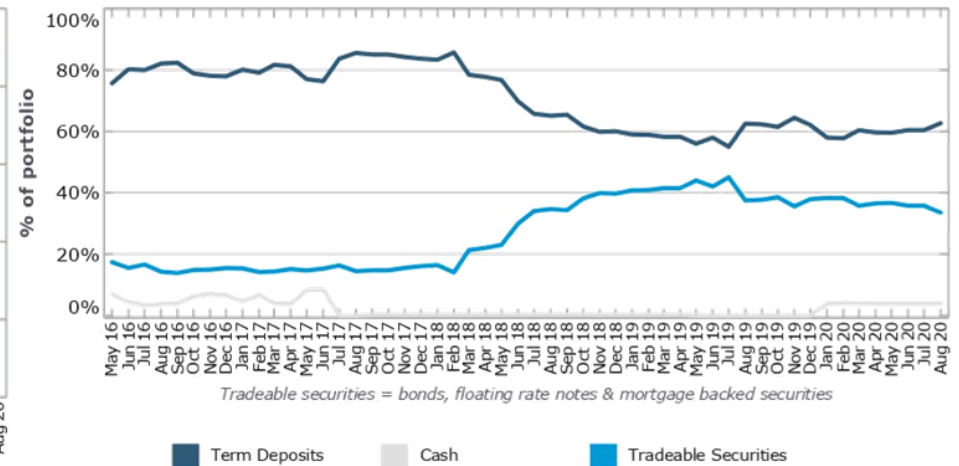
Historical Graphs - August 2020



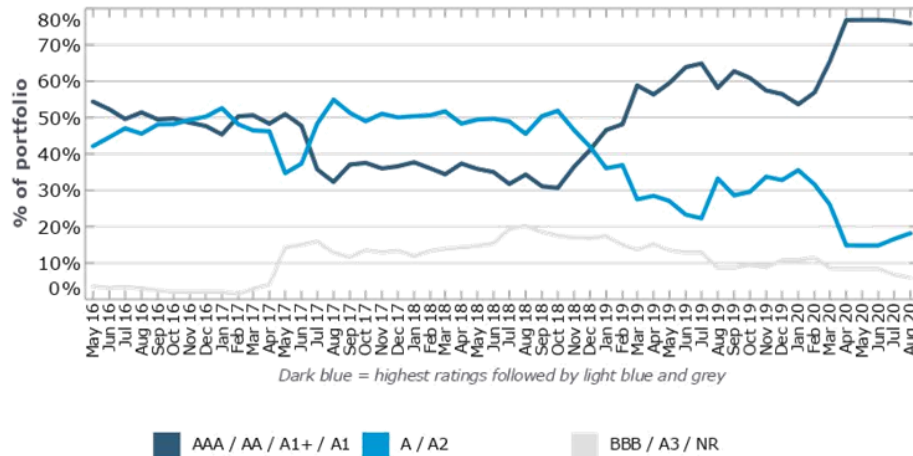
Month end investment balances since amalgamation



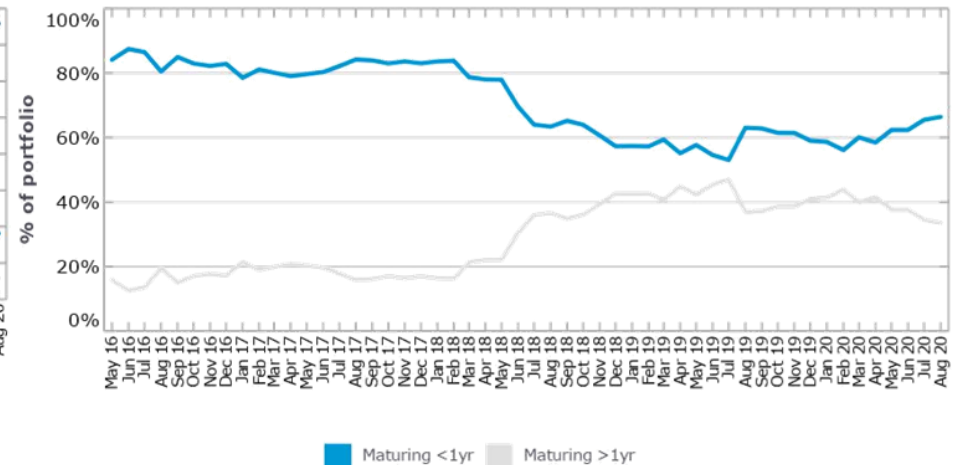
Composition of portfolio by asset type



Composition of portfolio by credit rating categories



Composition of portfolio by short (<1 yr) and long term (> 1 yr) holdings



## Inner West Council Investment Holdings Report - August 2020



### Cash Accounts

Face Value (\$)	Current Yield	Institution	Credit Rating	Current Value (\$)	Deal No.	Reference
8,545,093.12	0.6500%	ME Bank	A-2	8,545,093.12	539404	
<b>8,545,093.12</b>	<b>0.6500%</b>			<b>8,545,093.12</b>		

### Term Deposits

Maturity Date	Face Value (\$)	Rate	Institution	Credit Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Deal No.	Accrued Interest (\$)	Coupon Frequency	Reference
28-Sep-20	10,000,000.00	1.5600%	Westpac Group	A-1+	10,000,000.00	27-Sep-19	10,027,353.42	538559	27,353.42	Quarterly	Green
21-Oct-20	7,500,000.00	1.7000%	Suncorp Bank	A-1	7,500,000.00	17-Mar-20	7,558,684.93	539576	58,684.93	At Maturity	
18-Nov-20	5,000,000.00	1.6300%	Suncorp Bank	A-1	5,000,000.00	31-Mar-20	5,034,386.30	539605	34,386.30	At Maturity	
9-Dec-20	6,500,000.00	0.6500%	ME Bank	A-2	6,500,000.00	31-Aug-20	6,500,115.75	540163	115.75	At Maturity	
16-Dec-20	5,000,000.00	1.5800%	Suncorp Bank	A-1	5,000,000.00	31-Mar-20	5,033,331.51	539606	33,331.51	At Maturity	
27-Jan-21	15,000,000.00	0.7500%	Commonwealth Bank of Australia	A-1+	15,000,000.00	29-May-20	15,029,280.82	539858	29,280.82	At Maturity	Green
27-Jan-21	5,000,000.00	0.7300%	Commonwealth Bank of Australia	A-1+	5,000,000.00	30-Jul-20	5,003,300.00	540071	3,300.00	At Maturity	Green
17-Feb-21	10,000,000.00	0.7000%	Suncorp Bank	A-1	10,000,000.00	31-Aug-20	10,000,191.78	540161	191.78	At Maturity	
24-Feb-21	10,000,000.00	0.7700%	Commonwealth Bank of Australia	A-1+	10,000,000.00	29-May-20	10,020,041.10	539859	20,041.10	At Maturity	Green
27-Apr-21	20,000,000.00	0.8100%	Commonwealth Bank of Australia	A-1+	20,000,000.00	29-Apr-20	20,055,479.45	539647	55,479.45	At Maturity	Green
21-May-21	9,000,000.00	1.4100%	Westpac Group	A-1+	9,000,000.00	21-Nov-19	9,003,824.38	538748	3,824.38	Quarterly	Green
15-Jun-21	20,000,000.00	0.6700%	Commonwealth Bank of Australia	A-1+	20,000,000.00	31-Aug-20	20,000,367.12	540164	367.12	At Maturity	Green
26-Jul-21	3,000,000.00	1.5800%	Westpac Group	A-1+	3,000,000.00	31-Jul-19	3,004,155.62	538346	4,155.62	Quarterly	Green
28-Jun-22	10,000,000.00	1.8700%	Westpac Group	AA-	10,000,000.00	28-Jun-19	10,032,789.04	538091	32,789.04	Quarterly	Green
25-Jul-22	4,000,000.00	1.5700%	Westpac Group	AA-	4,000,000.00	31-Jul-19	4,005,505.75	538347	5,505.75	Quarterly	Green
<b>140,000,000.00</b>	<b>1.0731%</b>				<b>140,000,000.00</b>		<b>140,308,806.97</b>		<b>308,806.97</b>		

## Inner West Council Investment Holdings Report - August 2020



### Floating Rate Notes

Maturity Date	Face Value (\$)	Current Coupon	Security Name	Credit Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Deal No.	Accrued Interest (\$)	Next Coupon Reference Date
9-Nov-20	2,000,000.00	1.3521%	ME Bank Snr FRN (Nov20) BBSW+1.25%	A-2	2,000,000.00	9-Nov-17	2,004,509.93	535918	1,629.93	9-Nov-20
29-Mar-21	5,800,000.00	1.3300%	HBS Snr FRN (Mar21) BBSW+1.23%	P-2	5,800,000.00	29-Mar-18	5,839,915.92	536454	13,525.92	29-Sep-20
2-Jul-21	4,000,000.00	1.4700%	TMB Snr FRN (Jul21) BBSW+1.37%	A-2	4,000,000.00	2-Jul-18	4,041,626.85	536788	9,826.85	2-Oct-20
30-Aug-21	2,000,000.00	1.3900%	BOz 'SRI' Snr FRN (Aug21) BBSW+1.30%	A-2	2,000,000.00	30-Aug-18	2,011,716.16	536986	76.16	30-Nov-20
19-Jan-22	2,500,000.00	1.1149%	BEN Snr FRN (Jan22) BBSW+1.01%	BBB+	2,500,000.00	19-Oct-18	2,524,658.61	537202	3,283.61	19-Oct-20
16-Aug-22	1,000,000.00	1.0700%	SUN Snr FRN (Aug22) BBSW+0.97%	A+	1,000,000.00	16-Aug-17	1,012,109.73	535607	439.73	16-Nov-20
16-Aug-22	4,000,000.00	1.0700%	SUN Snr FRN (Aug22) BBSW+0.97%	A+	4,037,600.00	31-Oct-18	4,048,438.90	537263	1,758.90	16-Nov-20
2-Dec-22	4,000,000.00	0.9972%	BOz 'SRI' Snr FRN (Dec22) BBSW+0.90%	BBB	4,000,000.00	2-Dec-19	3,991,384.68	538824	9,944.68	2-Sep-20
25-Jan-23	1,500,000.00	1.1521%	BEN Snr FRN (Jan23) BBSW+1.05%	BBB+	1,500,000.00	25-Jan-18	1,521,354.48	536141	1,704.48	26-Oct-20
6-Feb-23	1,700,000.00	1.5000%	NPBS Snr FRN (Feb23) BBSW+1.40%	BBB	1,700,000.00	6-Feb-18	1,727,571.44	536175	1,816.44	6-Nov-20
30-Jul-24	6,000,000.00	0.8800%	SUN Snr FRN (Jul24) BBSW+0.78%	A+	6,000,000.00	30-Jul-19	6,044,193.70	538330	4,773.70	30-Oct-20
30-Jul-24	750,000.00	0.8800%	SUN Snr FRN (Jul24) BBSW+0.78%	A+	749,182.50	1-Oct-19	755,524.21	538563	596.71	30-Oct-20
24-Oct-24	2,000,000.00	1.2208%	CUA Snr FRN (Oct24) BBSW+1.12%	BBB	2,000,000.00	24-Oct-19	2,014,788.83	538603	2,608.83	26-Oct-20
24-Apr-25	3,700,000.00	1.2208%	SUN Cov FRN (Apr25) BBSW+1.12%	AAA	3,700,000.00	27-Apr-20	3,785,930.34	539640	4,826.34	26-Oct-20
<b>40,950,000.00</b>		<b>1.1815%</b>			<b>40,986,782.50</b>		<b>41,323,723.78</b>		<b>56,812.28</b>	

### Fixed Rate Bonds

Maturity Date	Face Value (\$)	Coupon	Security Name	Credit Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Deal No.	Accrued Interest (\$)	Purchase Yield Reference
24-Mar-22	3,444,000.00	3.2500%	NAB 'Social' Snr Bond (Mar22) 3.25%	AA-	3,502,479.12	26-Jun-18	3,646,434.02	536771	48,969.38	3.0000%
24-Mar-22	4,000,000.00	3.2500%	NAB 'Social' Snr Bond (Mar22) 3.25%	AA-	4,066,280.00	1-Nov-18	4,235,115.00	537279	56,875.00	2.8400%
31-Mar-22	10,000,000.00	3.2500%	CBA 'Climate' Snr Bond (Mar22) 3.25%	AA-	10,088,200.00	28-Mar-18	10,585,548.63	536469	136,748.63	3.0348%
31-Mar-22	1,100,000.00	3.2500%	CBA 'Climate' Snr Bond (Mar22) 3.25%	AA-	1,111,198.00	22-May-18	1,164,410.35	536652	15,042.35	3.1115%
31-Mar-22	3,100,000.00	3.2500%	CBA 'Climate' Snr Bond (Mar22) 3.25%	AA-	3,143,462.00	13-Jun-18	3,281,520.08	536721	42,392.08	3.0592%
31-Mar-22	4,000,000.00	3.2500%	CBA 'Climate' Snr Bond (Mar22) 3.25%	AA-	4,083,240.00	31-Jul-18	4,234,219.45	536896	54,699.45	2.9908%



**Inner West Council**  
Investment Holdings Report - August 2020



**Fixed Rate Bonds**

Maturity Date	Face Value (\$)	Coupon	Security Name	Credit Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Deal No.	Accrued Interest (\$)	Purchase Yield	Reference
24-Aug-26	1,300,000.00	3.2500%	SUN Cov Bond (Aug26) 3.25%	AAA	1,427,881.00	30-Apr-20	1,446,219.48	539692	918.48	1.7000%	
24-Aug-26	500,000.00	3.2500%	SUN Cov Bond (Aug26) 3.25%	AAA	549,310.00	5-May-20	556,238.26	539728	353.26	1.7000%	
15-Nov-28	5,000,000.00	3.0000%	NSWTC 'Green' Snr Bond (Nov28) 3.00%	AAA	5,000,000.00	15-Nov-18	5,785,439.19	537310	44,189.19	3.2350%	
<b>32,444,000.00</b>					<b>32,972,050.12</b>		<b>34,935,144.46</b>		<b>400,187.82</b>	<b>2.9634%</b>	

**Mortgage Backed Securities**

Maturity Date	Face Value (\$)	Current Coupon	Security Name	Rating	Purchase Price (\$)	Purchase Date	Current Value (\$)	Deal No.	Accrued Interest (\$)	Reference
21-Aug-51	516,520.95	0.5485%	Emerald Reverse Mortgage (2006A)	NR	1,000,000.00	17-Jul-06	408,136.93	310321	85.38	
21-Aug-56	1,000,000.00	0.8485%	Emerald Reverse Mortgage (2006B)	NR	1,000,000.00	17-Jul-06	680,255.71	310334	255.71	
<b>1,516,520.95</b>					<b>2,000,000.00</b>		<b>1,088,392.64</b>		<b>341.09</b>	

## Inner West Council Accrued Interest Report - August 2020



### Accrued Interest Report

Investment	Deal No.	Ref	Face Value (\$)	Settlement Date	Maturity Date	Interest Received (\$)	Days	Interest Accrued (\$)	Percentage Return
<b>Bonds</b>									
NAB 'Social' Snr Bond (Mar22) 3.25%	536771		3,444,000.00	26-Jun-18	24-Mar-22		31	9,428.89	3.22%
NAB 'Social' Snr Bond (Mar22) 3.25%	537279		4,000,000.00	01-Nov-18	24-Mar-22		31	10,951.09	3.22%
CBA 'Climate' Snr Bond (Mar22) 3.25%	536469		10,000,000.00	29-Mar-18	31-Mar-22		31	27,527.32	3.24%
CBA 'Climate' Snr Bond (Mar22) 3.25%	536652		1,100,000.00	24-May-18	31-Mar-22		31	3,028.01	3.24%
CBA 'Climate' Snr Bond (Mar22) 3.25%	536721		3,100,000.00	13-Jun-18	31-Mar-22		31	8,533.47	3.24%
CBA 'Climate' Snr Bond (Mar22) 3.25%	536896		4,000,000.00	31-Jul-18	31-Mar-22		31	11,010.93	3.24%
SUN Cov Bond (Aug26) 3.25%	539692		1,300,000.00	30-Apr-20	24-Aug-26	21,125.00	31	3,588.13	3.25%
SUN Cov Bond (Aug26) 3.25%	539728		500,000.00	05-May-20	24-Aug-26	8,125.00	31	1,380.05	3.25%
NSWTC 'Green' Snr Bond (Nov28) 3.00%	537310		5,000,000.00	15-Nov-18	15-Nov-28		31	12,567.57	2.96%
<b>Bonds Total</b>						<b>29,250.00</b>		<b>88,015.46</b>	<b>3.19%</b>
<b>Cash</b>									
ME Bank	539404		8,545,093.12			5,460.03	31	4,714.59	.65%
<b>Cash Total</b>						<b>5,460.03</b>		<b>4,714.59</b>	<b>.65%</b>
<b>Floating Rate Note</b>									
BEN Snr FRN (Aug20) BBSW+1.10%	505171		2,000,000.00	18-Aug-15	18-Aug-20	6,038.22	17	1,115.75	1.20%
BEN Snr FRN (Aug20) BBSW+1.10%	505174		1,000,000.00	18-Aug-15	18-Aug-20	3,019.11	17	557.88	1.20%
BEN Snr FRN (Aug20) BBSW+1.10%	505175		2,000,000.00	18-Aug-15	18-Aug-20	6,038.22	17	1,115.75	1.20%
ME Bank Snr FRN (Nov20) BBSW+1.25%	535918		2,000,000.00	09-Nov-17	09-Nov-20	6,712.56	31	2,293.81	1.35%
HBS Snr FRN (Mar21) BBSW+1.23%	536454		5,800,000.00	29-Mar-18	29-Mar-21		31	6,551.62	1.33%
TMB Snr FRN (Jul21) BBSW+1.37%	536788		4,000,000.00	02-Jul-18	02-Jul-21		31	4,993.97	1.47%
BOz 'SRI' Snr FRN (Aug21) BBSW+1.30%	536986		2,000,000.00	30-Aug-18	30-Aug-21	7,185.21	31	2,369.32	1.39%
BEN Snr FRN (Jan22) BBSW+1.01%	537202		2,500,000.00	19-Oct-18	19-Jan-22		31	2,367.25	1.11%

**Inner West Council**  
Accrued Interest Report - August 2020



Accrued Interest Report									
Investment	Deal No.	Ref	Face Value (\$)	Settlement Date	Maturity Date	Interest Received (\$)	Days	Interest Accrued (\$)	Percentage Return
SUN Snr FRN (Aug22) BBSW+0.97%	535607		1,000,000.00	16-Aug-17	16-Aug-22	2,662.19	31	907.81	1.07%
SUN Snr FRN (Aug22) BBSW+0.97%	537263		4,000,000.00	31-Oct-18	16-Aug-22	10,648.75	31	3,631.21	1.07%
BOz 'SRI' Snr FRN (Dec22) BBSW+0.90%	538824		4,000,000.00	02-Dec-19	02-Dec-22		31	3,387.75	1.00%
BEN Snr FRN (Jan23) BBSW+1.05%	536141		1,500,000.00	25-Jan-18	25-Jan-23		31	1,467.75	1.15%
NPBS Snr FRN (Feb23) BBSW+1.40%	536175		1,700,000.00	06-Feb-18	06-Feb-23	6,450.54	31	2,167.02	1.50%
SUN Snr FRN (Jul24) BBSW+0.78%	538330		6,000,000.00	30-Jul-19	30-Jul-24		31	4,484.38	.88%
SUN Snr FRN (Jul24) BBSW+0.78%	538563		750,000.00	01-Oct-19	30-Jul-24		31	560.55	.88%
CUA Snr FRN (Oct24) BBSW+1.12%	538603		2,000,000.00	24-Oct-19	24-Oct-24		31	2,073.68	1.22%
SUN Cov FRN (Apr25) BBSW+1.12%	539640		3,700,000.00	27-Apr-20	24-Apr-25		31	3,836.32	1.22%
<b>Floating Rate Note Total</b>						<b>48,754.80</b>		<b>43,881.82</b>	<b>1.18%</b>
<b><u>Mortgage Backed Securities</u></b>									
Emerald Reverse Mortgage Series 2006-1 Class A	310321		516,520.95	17-Jul-06	21-Aug-51	716.25	31	241.09	.55%
Emerald Reverse Mortgage Series 2006-1 Class B	310334		1,000,000.00	17-Jul-06	21-Aug-56	2,117.26	31	715.98	.84%
<b>Mortgage Backed Securities Total</b>						<b>2,833.51</b>		<b>957.07</b>	<b>.74%</b>
<b><u>Term Deposits</u></b>									
Suncorp Bank	539575		7,500,000.00	17-Mar-20	18-Aug-20	53,794.52	17	5,938.36	1.70%
Suncorp Bank	538848		4,000,000.00	29-Nov-19	25-Aug-20	44,383.56	24	3,945.20	1.50%
Commonwealth Bank of Australia	539976		20,000,000.00	30-Jun-20	25-Aug-20	18,410.96	24	7,890.41	.60%
Westpac Group	538559		10,000,000.00	27-Sep-19	28-Sep-20		31	13,249.31	1.56%
Suncorp Bank	539576		7,500,000.00	17-Mar-20	21-Oct-20		31	10,828.77	1.70%
Suncorp Bank	539605		5,000,000.00	31-Mar-20	18-Nov-20		31	6,921.92	1.63%
ME Bank	540163		6,500,000.00	31-Aug-20	09-Dec-20		1	115.75	.65%
Suncorp Bank	539606		5,000,000.00	31-Mar-20	16-Dec-20		31	6,709.59	1.58%

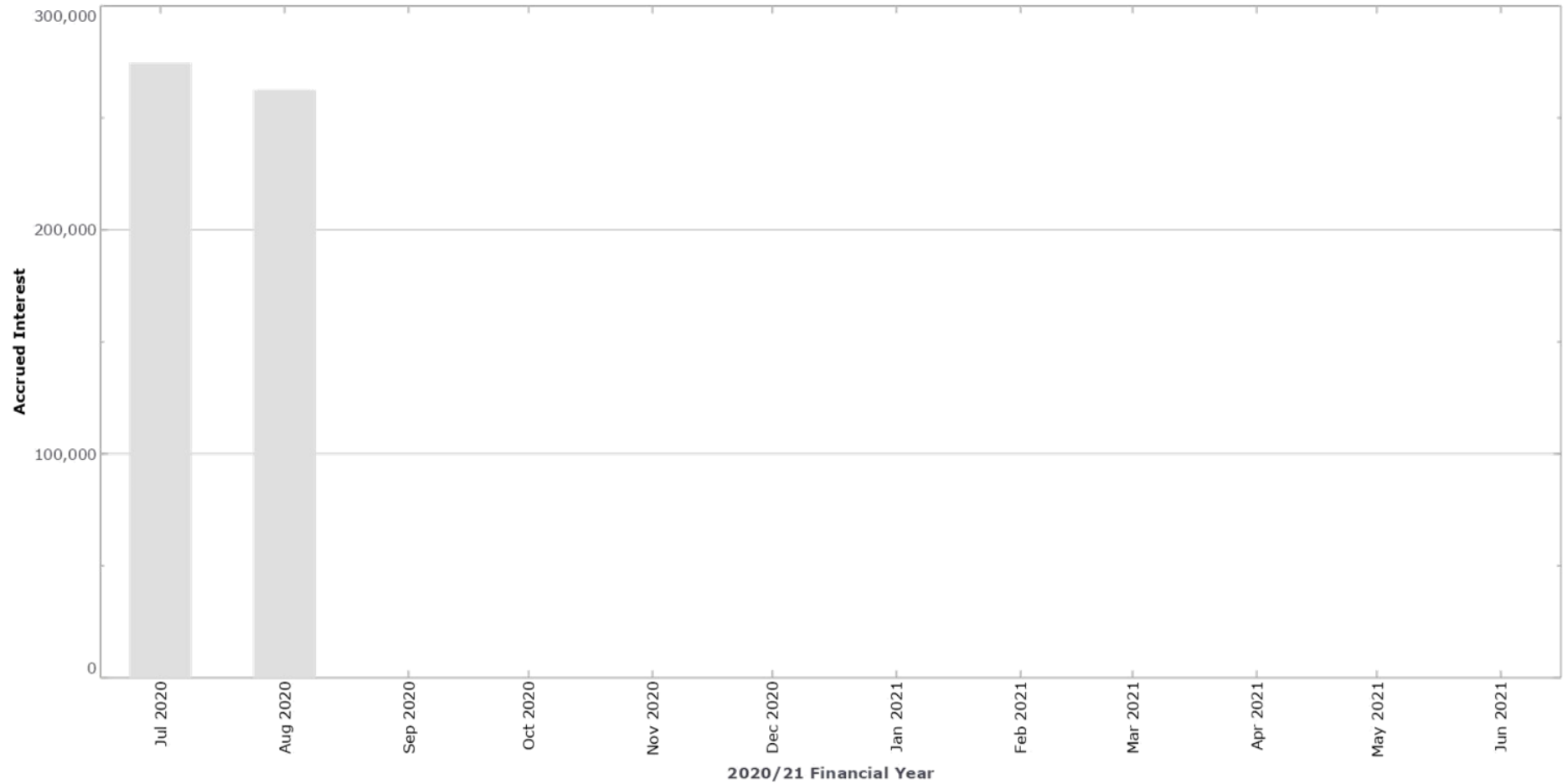


**Inner West Council**  
Accrued Interest Report - August 2020



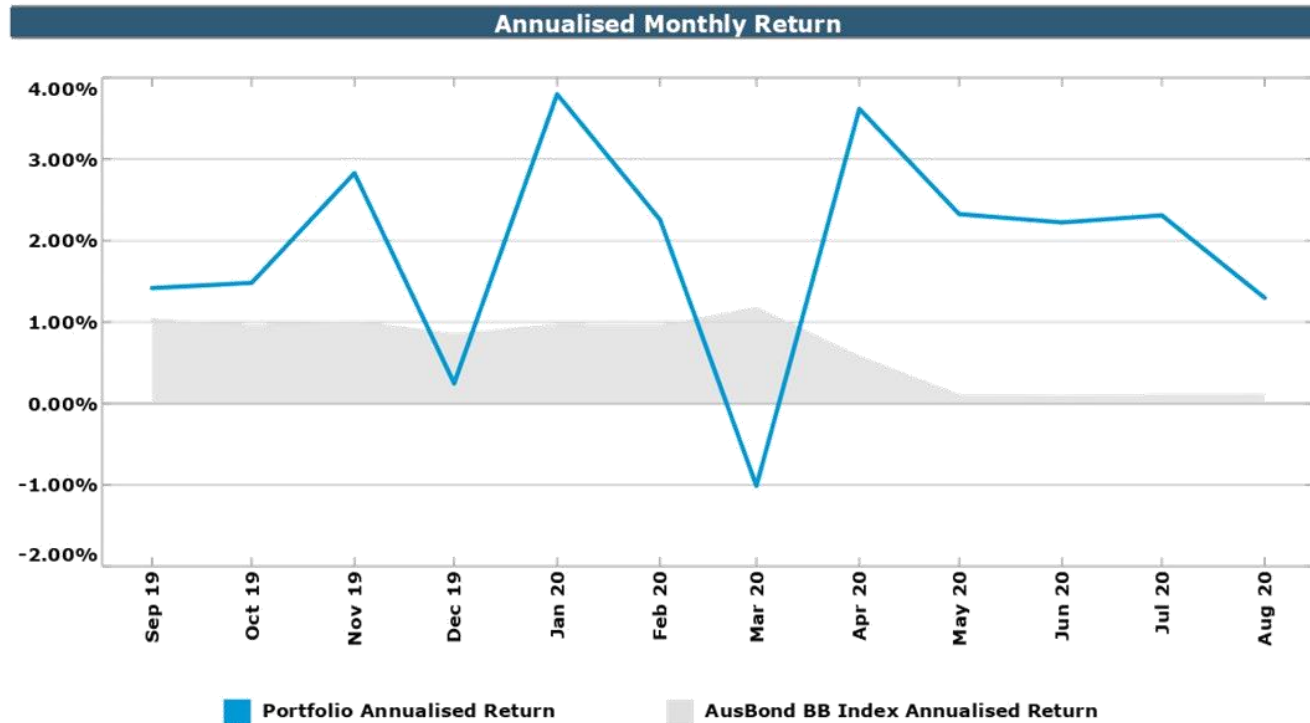
Accrued Interest Report									
Investment	Deal No.	Ref	Face Value (\$)	Settlement Date	Maturity Date	Interest Received (\$)	Days	Interest Accrued (\$)	Percentage Return
Commonwealth Bank of Australia	539858		15,000,000.00	29-May-20	27-Jan-21		31	9,554.79	.75%
Commonwealth Bank of Australia	540071		5,000,000.00	30-Jul-20	27-Jan-21		31	3,100.00	.73%
Suncorp Bank	540161		10,000,000.00	31-Aug-20	17-Feb-21		1	191.78	.70%
Commonwealth Bank of Australia	539859		10,000,000.00	29-May-20	24-Feb-21		31	6,539.73	.77%
Commonwealth Bank of Australia	539647		20,000,000.00	29-Apr-20	27-Apr-21		31	13,758.90	.81%
Westpac Group	538748		9,000,000.00	21-Nov-19	21-May-21	31,985.75	31	10,777.80	1.41%
Commonwealth Bank of Australia	540164		20,000,000.00	31-Aug-20	15-Jun-21		1	367.12	.67%
Westpac Group	538346		3,000,000.00	31-Jul-19	26-Jul-21		31	4,025.76	1.58%
Westpac Group	538091		10,000,000.00	28-Jun-19	28-Jun-22		31	15,882.19	1.87%
Westpac Group	538347		4,000,000.00	31-Jul-19	25-Jul-22		31	5,333.70	1.57%
<b>Term Deposits Total</b>						<b>148,574.79</b>		<b>125,131.08</b>	<b>1.16%</b>
						<b>234,873.13</b>		<b>262,700.02</b>	<b>1.45%</b>

**Inner West Council**  
Accrued Interest Report - August 2020



## Inner West Council

### Investment Performance Report - August 2020



#### Historical Performance Summary

	Portfolio	AusBond BB Index	Outperformance
Aug 2020	1.30%	0.11%	1.19%
Last 3 Months	1.94%	0.10%	1.84%
Last 6 Months	1.77%	0.36%	1.41%
Financial Year to Date	1.80%	0.11%	1.69%
Last 12 months	1.89%	0.66%	1.23%

## Inner West Council

### Environmental Commitments Report - August 2020

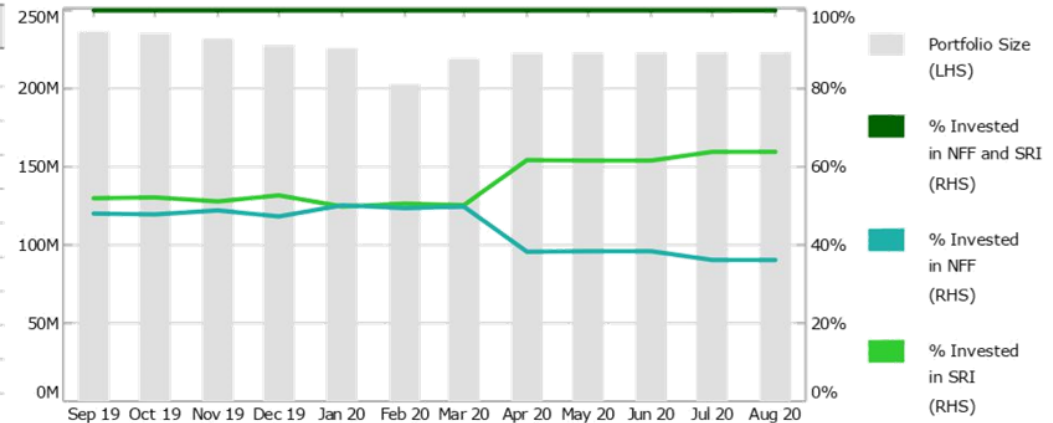


#### Current Breakdown

ADI Lending Status *	Current Month (\$)	Previous Month (\$)
<b>Non Fossil Fuel Lending ADIs</b>		
Bendigo and Adelaide Bank	4,000,000	9,000,000
Credit Union Australia	2,000,000	2,000,000
Emerald Reverse Mortgage 2006A	516,521	526,228
Emerald Reverse Mortgage 2006B	1,000,000	1,000,000
Heritage Bank	5,800,000	5,800,000
Members Equity Bank	17,045,093	10,540,379
Newcastle Permanent Building Society	1,700,000	1,700,000
Suncorp Bank	39,250,000	40,750,000
Suncorp Bank (Covered)	5,500,000	5,500,000
Teachers Mutual Bank	4,000,000	4,000,000
	<b>80,811,614</b>	<b>80,816,607</b>
	<b>36%</b>	<b>36%</b>
<b>Socially Responsible Investments</b>		
Bank Australia (Sustainability)	6,000,000	6,000,000
CBA (Climate)	18,200,000	18,200,000
CBA (Green TD)	70,000,000	70,000,000
National Australia Bank (Social)	7,444,000	7,444,000
NSW T-Corp (Green)	5,000,000	5,000,000
Westpac Group (Green TD)	36,000,000	36,000,000
	<b>142,644,000</b>	<b>142,644,000</b>
	<b>64%</b>	<b>64%</b>
	<b>223,455,614</b>	<b>223,460,607</b>

\* source: <http://www.marketforces.org.au>  
Percentages may not add up to 100% due to rounding

#### Historical Portfolio Exposure to NFF Lending ADIs and SRIs



#### Socially Responsible Investments Glossary

Investment	Use of Funds
Bank Australia (Sustainability)	Reduced Inequalities, sustainable cities and communities, life on land **
CBA (Climate)	Wind farms, low carbon transport, low carbon commercial buildings ***
CBA (Green TD)	Wind farms, low carbon transport, low carbon commercial buildings ***
National Australia Bank (Social)	Employers of Choice for Gender Equality ****
NSW T-Corp (Green)	Low carbon transport, water infrastructure ***
Westpac Group (Green TD)	Wind farms, low carbon commercial buildings ***

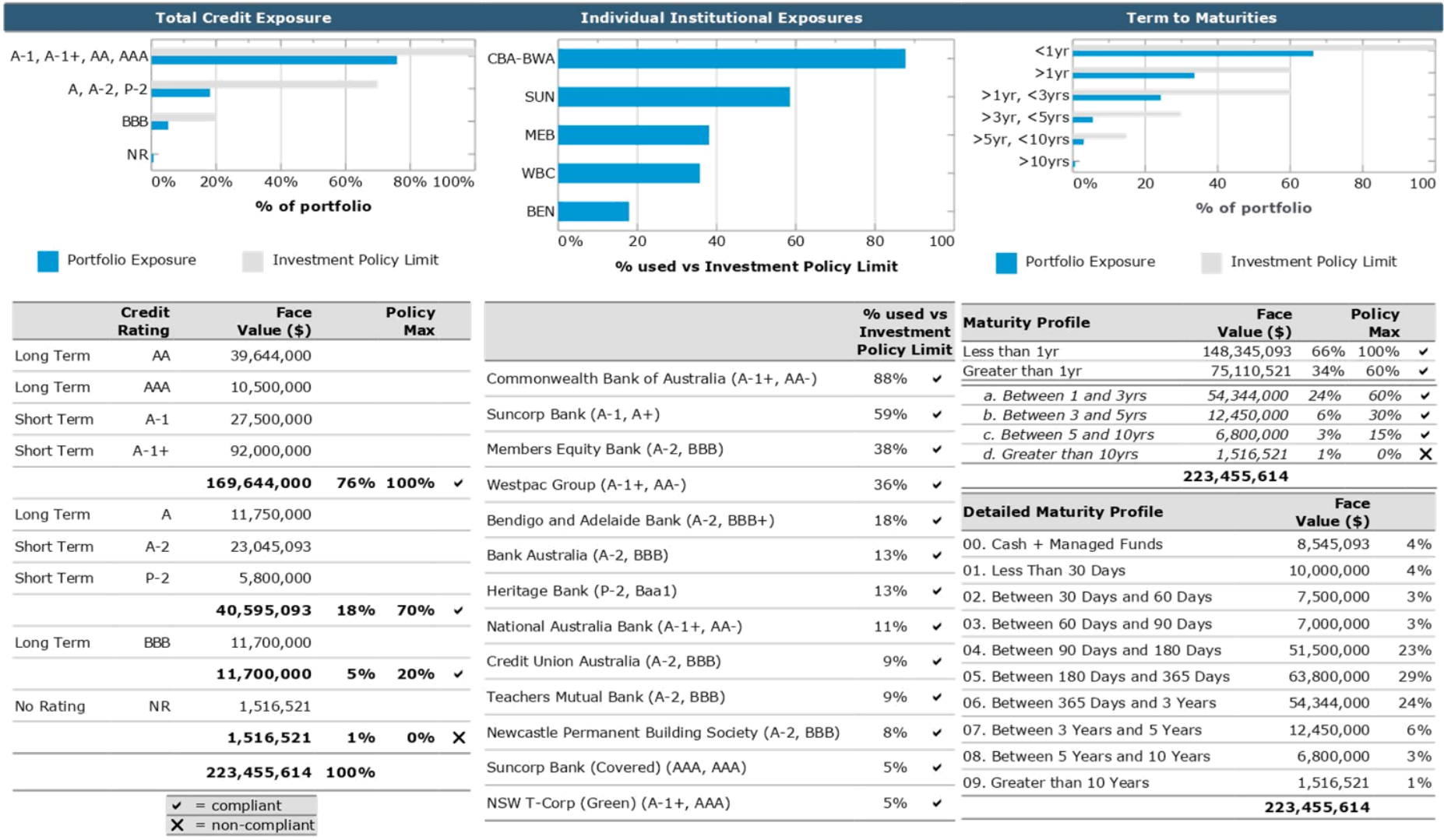
\*\* United Nations Sustainable Development Goals

\*\*\* Climate Bonds Standard

\*\*\*\* Cited by the Workplace Gender Equality Agency as Employers of Choice for Gender Equality

## Inner West Council

### Investment Policy Compliance Report - August 2020



## Inner West Council

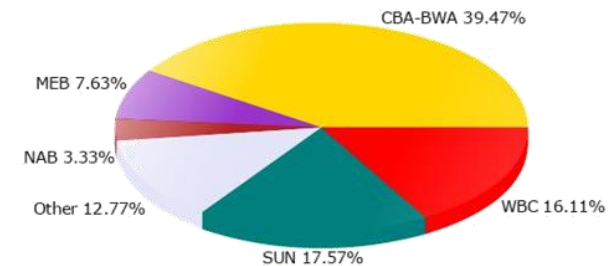
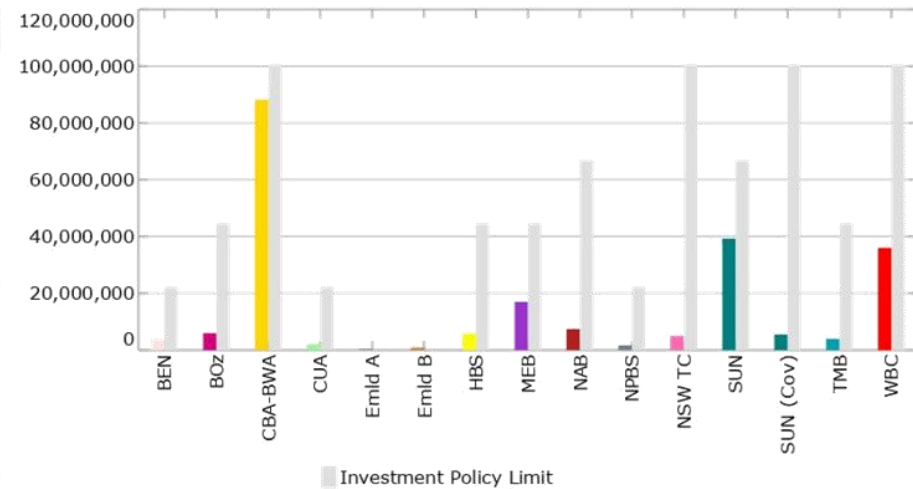
### Individual Institutional Exposures Report - August 2020



#### Individual Institutional Exposures

Parent Group	Credit Rating	Portfolio Exposure (\$)	Investment Policy Limit (\$)
Bank Australia	A-2, BBB	6,000,000	44,691,123
Bendigo and Adelaide Bank	A-2, BBB+	4,000,000	22,345,561
Commonwealth Bank of Australia	A-1+, AA-	88,200,000	100,555,026
Credit Union Australia	A-2, BBB	2,000,000	22,345,561
Emerald Reverse Mortgage 2006A	NR	516,521	0
Emerald Reverse Mortgage 2006B	NR	1,000,000	0
Heritage Bank	P-2, Baa1	5,800,000	44,691,123
Members Equity Bank	A-2, BBB	17,045,093	44,691,123
National Australia Bank	A-1+, AA-	7,444,000	67,036,684
Newcastle Permanent Building Society	A-2, BBB	1,700,000	22,345,561
NSW T-Corp (Green)	A-1+, AAA	5,000,000	100,555,026
Suncorp Bank	A-1, A+	39,250,000	67,036,684
Suncorp Bank (Covered)	AAA, AAA	5,500,000	100,555,026
Teachers Mutual Bank	A-2, BBB	4,000,000	44,691,123
Westpac Group	A-1+, AA-	36,000,000	100,555,026
		<b>223,455,614</b>	

#### Individual Institutional Exposure Charts





## Inner West Council Cash Flows Report - August 2020



### Current Month Cashflows

Transaction Date	Deal No.	Cashflow Counterparty	Asset Type	Cashflow Description	Cashflow Received
6-Aug-20	536175	Newcastle Permanent Building Society	Floating Rate Note	Coupon - Received	6,450.54
				<u>Deal Total</u>	<u>6,450.54</u>
				<b>Day Total</b>	<b>6,450.54</b>
10-Aug-20	535918	ME Bank	Floating Rate Note	Coupon - Received	6,712.56
				<u>Deal Total</u>	<u>6,712.56</u>
				<b>Day Total</b>	<b>6,712.56</b>
17-Aug-20	535607	Suncorp Bank	Floating Rate Note	Coupon - Received	2,662.19
				<u>Deal Total</u>	<u>2,662.19</u>
	537263	Suncorp Bank	Floating Rate Note	Coupon - Received	10,648.75
				<u>Deal Total</u>	<u>10,648.75</u>
				<b>Day Total</b>	<b>13,310.93</b>
18-Aug-20	505171	Bendigo and Adelaide Bank	Floating Rate Note	Coupon - Received	6,038.22
		Bendigo and Adelaide Bank	Floating Rate Note	Maturity Face Value - Received	2,000,000.00
				<u>Deal Total</u>	<u>2,006,038.22</u>
	505174	Bendigo and Adelaide Bank	Floating Rate Note	Coupon - Received	3,019.11
		Bendigo and Adelaide Bank	Floating Rate Note	Maturity Face Value - Received	1,000,000.00
				<u>Deal Total</u>	<u>1,003,019.11</u>
	505175	Bendigo and Adelaide Bank	Floating Rate Note	Coupon - Received	6,038.22
		Bendigo and Adelaide Bank	Floating Rate Note	Maturity Face Value - Received	2,000,000.00
				<u>Deal Total</u>	<u>2,006,038.22</u>
	539575	Suncorp Bank	Term Deposits	Maturity Face Value - Received	7,500,000.00
		Suncorp Bank	Term Deposits	Interest - Received	53,794.52
				<u>Deal Total</u>	<u>7,553,794.52</u>
				<b>Day Total</b>	<b>12,568,890.08</b>
21-Aug-20	310321	Emerald Reverse Mortgage (2006A)	Mortgage Backed Securities	Coupon - Received	716.25
		Emerald Reverse Mortgage (2006A)	Mortgage Backed Securities	Amortised Face Value - Received	9,707.02
				<u>Deal Total</u>	<u>10,423.27</u>
	310334	Emerald Reverse Mortgage (2006B)	Mortgage Backed Securities	Coupon - Received	2,117.26

## Inner West Council Cash Flows Report - August 2020



### Current Month Cashflows

Transaction Date	Deal No.	Cashflow Counterparty	Asset Type	Cashflow Description	Cashflow Received
				Deal Total	2,117.26
	538748	Westpac Group	Term Deposits	Interest - Received	31,985.75
				Deal Total	31,985.75
				<b>Day Total</b>	<b>44,526.28</b>
24-Aug-20	539692	Suncorp Bank (Covered)	Bonds	Coupon - Received	21,125.00
				Deal Total	21,125.00
	539728	Suncorp Bank (Covered)	Bonds	Coupon - Received	8,125.00
				Deal Total	8,125.00
				<b>Day Total</b>	<b>29,250.00</b>
25-Aug-20	538848	Suncorp Bank	Term Deposits	Maturity Face Value - Received	4,000,000.00
		Suncorp Bank	Term Deposits	Interest - Received	44,383.56
				Deal Total	4,044,383.56
	539976	Commonwealth Bank of Australia	Term Deposits	Maturity Face Value - Received	20,000,000.00
		Commonwealth Bank of Australia	Term Deposits	Interest - Received	18,410.96
				Deal Total	20,018,410.96
				<b>Day Total</b>	<b>24,062,794.52</b>
31-Aug-20	536986	Bank Australia	Floating Rate Note	Coupon - Received	7,185.21
				Deal Total	7,185.21
	540161	Suncorp Bank	Term Deposits	Settlement Face Value - Paid	-10,000,000.00
				Deal Total	-10,000,000.00
	540163	ME Bank	Term Deposits	Settlement Face Value - Paid	-6,500,000.00
				Deal Total	-6,500,000.00
	540164	Commonwealth Bank of Australia	Term Deposits	Settlement Face Value - Paid	-20,000,000.00
				Deal Total	-20,000,000.00
				<b>Day Total</b>	<b>-36,492,814.79</b>
				<b>Net Cash Movement for Period</b>	<b>239,120.11</b>



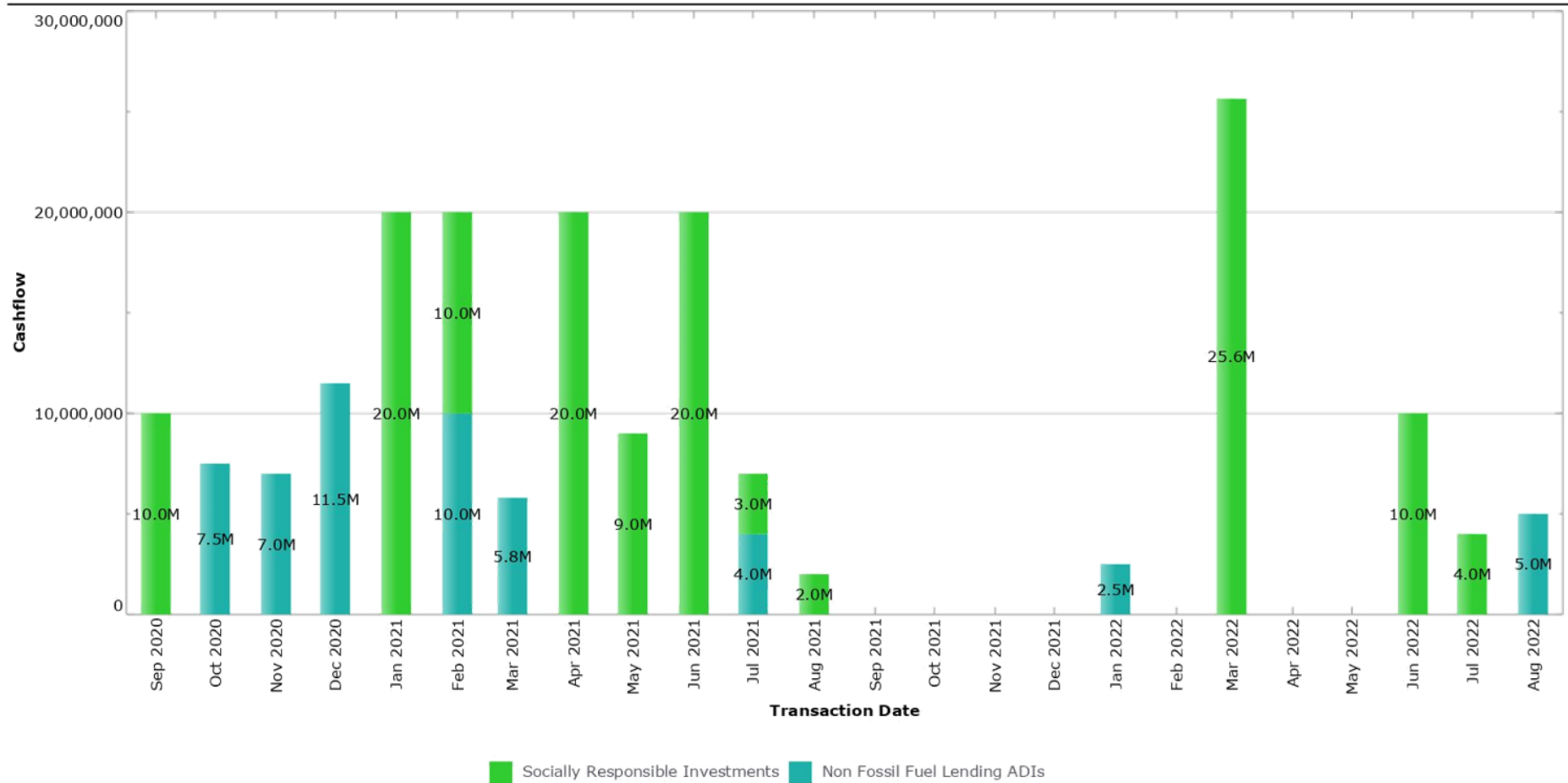
**Inner West Council**  
Cash Flows Report - August 2020



**Next Month Cashflows**

<u>Transaction Date</u>	<u>Deal No.</u>	<u>Cashflow Counterparty</u>	<u>Asset Type</u>	<u>Cashflow Description</u>	<u>Cashflow Due</u>
2-Sep-20	538824	Bank Australia	Floating Rate Note	Coupon - Received	10,053.96
				<u>Deal Total</u>	<u>10,053.96</u>
				<b>Day Total</b>	<b>10,053.96</b>
24-Sep-20	536771	National Australia Bank	Bonds	Coupon - Received	55,965.00
				<u>Deal Total</u>	<u>55,965.00</u>
	537279	National Australia Bank	Bonds	Coupon - Received	65,000.00
				<u>Deal Total</u>	<u>65,000.00</u>
				<b>Day Total</b>	<b>120,965.00</b>
28-Sep-20	538091	Westpac Group	Term Deposit	Interest - Received	46,621.92
				<u>Deal Total</u>	<u>46,621.92</u>
	538559	Westpac Group	Term Deposit	Maturity Face Value - Received	10,000,000.00
		Westpac Group	Term Deposit	Interest - Received	38,893.15
				<u>Deal Total</u>	<u>10,038,893.15</u>
				<b>Day Total</b>	<b>10,085,515.07</b>
29-Sep-20	536454	Heritage Bank	Floating Rate Note	Coupon - Received	19,443.51
				<u>Deal Total</u>	<u>19,443.51</u>
				<b>Day Total</b>	<b>19,443.51</b>
30-Sep-20	536469	Commonwealth Bank of Australia	Bonds	Coupon - Received	162,500.00
				<u>Deal Total</u>	<u>162,500.00</u>
	536652	Commonwealth Bank of Australia	Bonds	Coupon - Received	17,875.00
				<u>Deal Total</u>	<u>17,875.00</u>
	536721	Commonwealth Bank of Australia	Bonds	Coupon - Received	50,375.00
				<u>Deal Total</u>	<u>50,375.00</u>
	536896	Commonwealth Bank of Australia	Bonds	Coupon - Received	65,000.00
				<u>Deal Total</u>	<u>65,000.00</u>
				<b>Day Total</b>	<b>295,750.00</b>
				<b>Net Cash Movement for Period</b>	<b>10,531,727.54</b>

## Inner West Council Cash Flows Report - August 2020



## Inner West Council Economic and Investment Portfolio Commentary August 2020

### Investment Portfolio Commentary

Council's investment portfolio posted a return of 1.30%pa for the month of August versus the bank bill index benchmark return of 0.11%pa. For the past 12 months, the investment portfolio returned 1.89%pa, exceeding the bank bill index benchmark's 0.66%pa by 1.23%pa.

Without marked-to-market influences, Council's investment portfolio yielded 1.45%pa for the month. This is based on the actual interest rates being received on existing investments and excludes the underlying changes to the market value of the securities/deposits.

During August, Council's investment portfolio had a total of \$31.5m in 2, 5 & 9 month term deposits mature with a weighted average rate of 0.92%pa. Council made new deposits of \$36.5m in 3, 5 & 9 month "Green" and non-fossil fuel aligned bank deposits averaging 0.67%pa, reflective of the sharp drop in interest rates in the market.

Council's entire investment portfolio remains invested in non fossil fuel lending ADIs (36% of portfolio) and socially responsible investments (64% of portfolio).

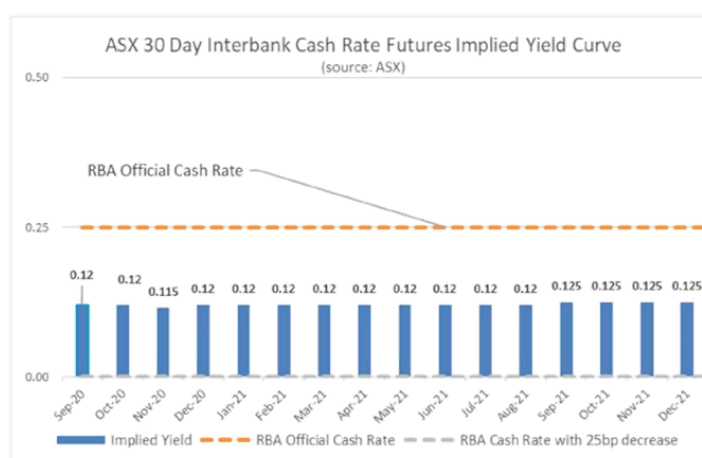
Over the past several months, Council has proactively reduced its exposure to banks with long term credit ratings in the BBB+ and BBB categories in order to comply with NSW TCorp loan covenant requirements. This goal has now been achieved on schedule and Council's portfolio is now in full compliance with the NSW TCorp requirements while continuing to be well-diversified among a range of term deposits, fixed and floating rate notes from highly rated Australian ADIs and NSW TCorp.

## Domestic issues:

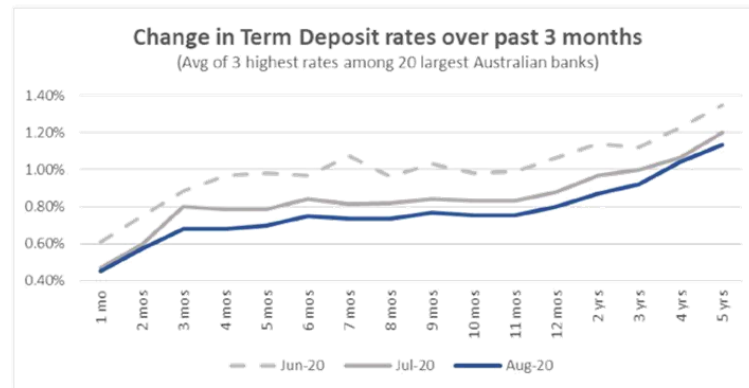
- In Australia, official GDP data confirmed what was largely already known, the nation is officially in a technical recession with two quarters of negative growth. The 7% contraction over the June quarter was driven primarily by households reducing their spending by 12%.
- Wage growth shrank by 2.5% due to the sharp drop in jobs, yet overall household income has risen due to the Government's Jobseeker & Jobkeeper stimulus packages.
- Consumers remain understandably cautious as the fiscal and monetary actions being taken cannot be maintained indefinitely. Latest construction activity, business investment and consumer confidence results have all fallen.
- Despite the economic gloom, the Australian share market recorded its fifth consecutive month of gains and the AUD/USD closed out the month just short of 74c, up 30% from its late-March low of 55c.

## Interest rates

- The RBA kept the official cash rate at 0.25%pa at its August meeting. The RBA stated that it will not increase the cash rate target until progress is being made towards full employment and it is confident that inflation will be sustainably within the 2-3% target band. Currently, the unemployment rate is 7.5%, and expected to increase, and inflation is negative 0.30%.
- Monetary stimulus measures are keeping cash rate futures below the official 0.25%pa level and term deposit rates are reflecting banks' ample liquidity and access to cheap RBA sourced funding.



- Average term deposit rates continued to slip lower across all maturities in August with the average of the best term deposit rates among large banks 7 basis points lower versus July month end:



## Global issues:

- In the US, despite the ongoing surge of new Covid-19 cases, the financial markets have taken comfort in the fall in death rates and the prospect of at least one of the many vaccines being worked on becoming viable within the next year.
- In Europe, like Australia, stimulus packages have supported household consumption, but weak job markets are contributing to a drop in consumer confidence. Governments across the continent have instituted “furlough schemes,” which subsidise companies that retain workers on their payrolls, like our own Jobkeeper. These programs are set to expire soon, creating a risk that the unemployment rate will soar, and personal income will plummet.
- In Asia, China’s industrial profits were up 20% over the year, reflecting the economic recovery taking place there. Meanwhile, Japan’s GDP contraction of 7.5% was better than other developed nations and the sudden resignation of Prime Minister Abe is expected to have little impact on the nation’s economic direction.

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