

Penrith City Council
Summary of Investments
September 2016

Commentary

Australia's economic transition away from mining continues at a steady pace with the services sector in particular achieving encouraging results. On the other hand the consumer confidence index has not performed as well as some would have hoped given the extraordinarily low level of interest rates in the Australian economy. Economists have blamed the slow growth in household income as one of the key dampeners of consumer confidence and unfortunately businesses are having to contend with both subdued retail spending and a relatively high Australian Dollar. In the opinion of many economists, recent data makes any further Reserve Bank of Australia (RBA) rate cuts less likely than a month ago and the new RBA Governor agreed he is not overly concerned if inflation is a little below the RBA's 2-3% inflation target as long as the unemployment rate is not rising. The RBA Board left rates unchanged in October.

US rates were also left unchanged but again this month a number of Federal Reserve Board members voted in favour of raising rates. It is expected that the majority of the Board will support an increase, before much longer depending of course on the relative strength of the economic data and the absence of any big disruption in global financial markets. In the world's second biggest economy, China, there had been slight signs that growth may be stabilising but latest figures show trade still slowing. In the UK, the falling value of its currency is causing concern as Sterling has not been this low since the mid 1980s.

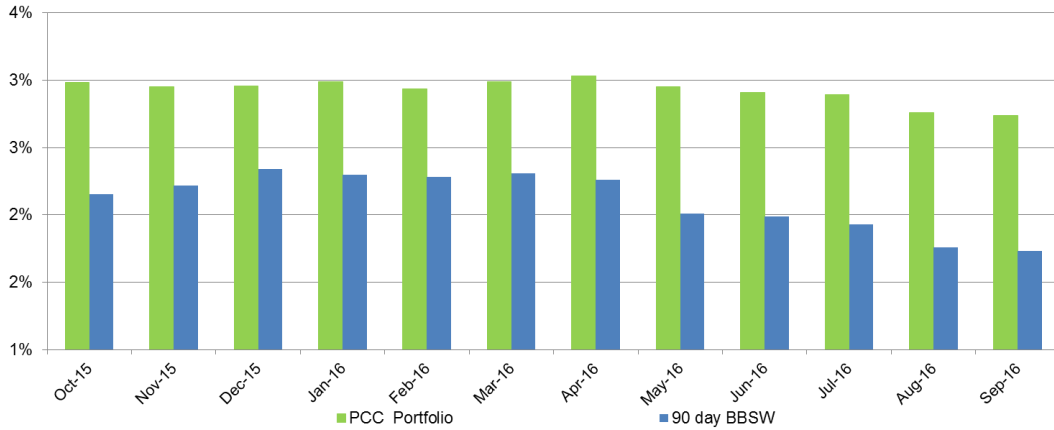
Council's portfolio once again outperformed its benchmark during September. It continues to be monitored closely to ensure returns are maximised as opportunities become available.

Council portfolio current yield	2.74%
90 day Bank Bill Swap rate	1.73%
Floating Rate Notes	3.04%

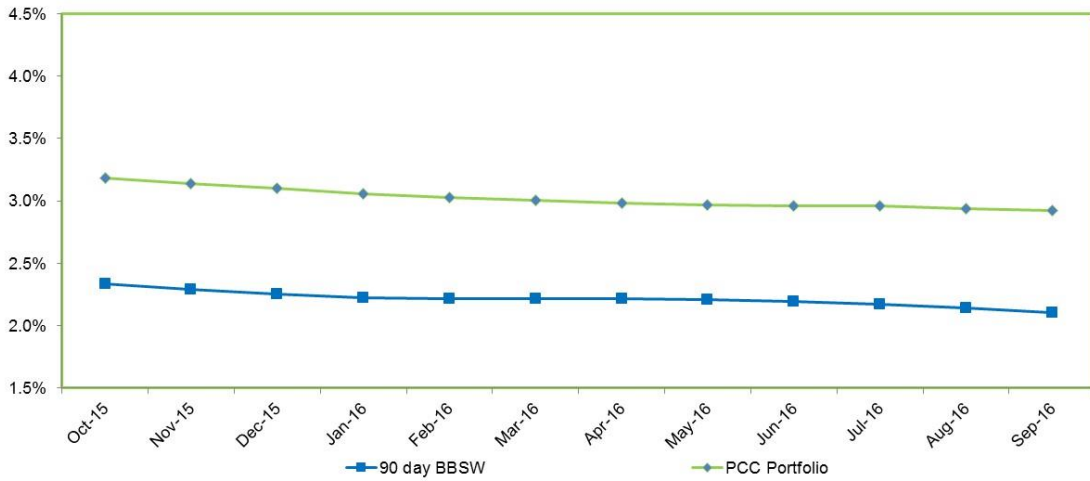
Penrith City Council
Historical Investment Performance

	Portfolio	Benchmark (BBSW)
Current portfolio yield	2.74%	1.73%
Past 12 month portfolio performance	2.92%	2.11%
Portfolio return for the period	0.23%	0.14%

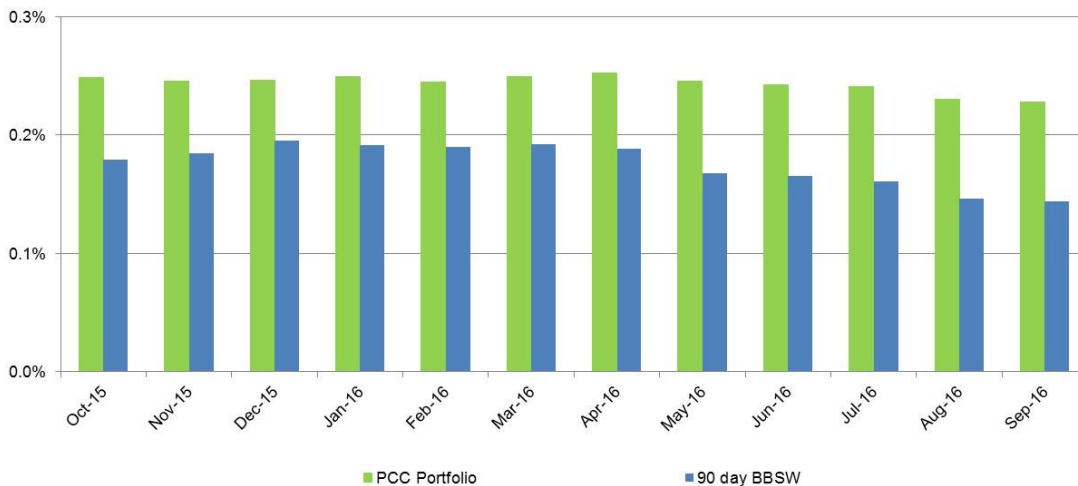
Portfolio Yield



Past 12 month Portfolio Performance



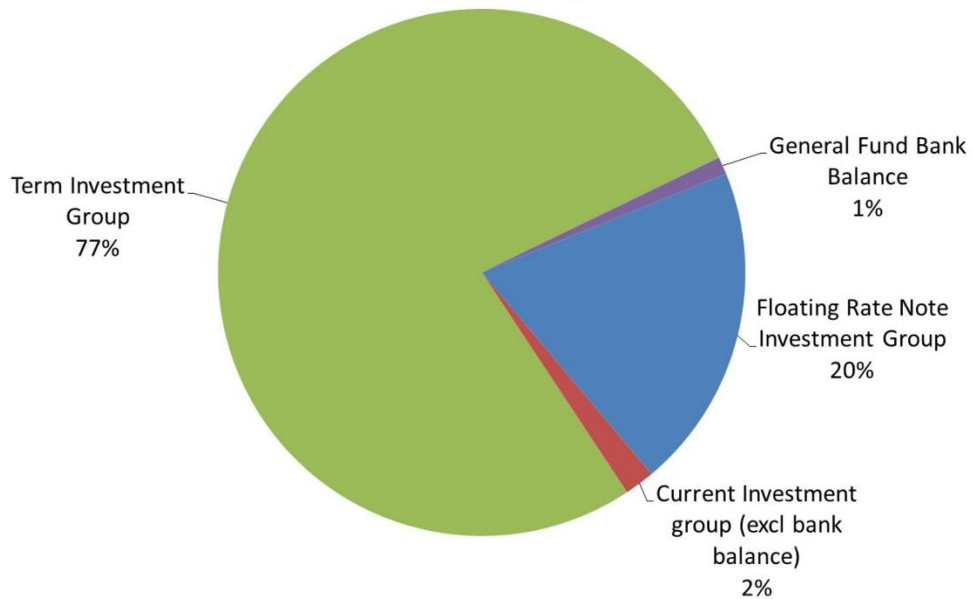
Portfolio Return for Period



Penrith City Council
Investment Summary

Asset Group	Closing Value (Face value) 31 August 2016	Closing Value (Face Value) 30 September 2016
Floating Rate Note Investment Group	\$24,858,325	\$24,858,325
Current Investment group (excl bank balance)	\$3,100,000	\$2,300,000
Term Investment Group	\$92,000,000	\$96,000,000
Total Investments	\$119,958,325	\$123,158,325
General Fund Bank Balance	\$3,659,346	\$1,324,260
Total	\$123,617,671	\$124,482,585

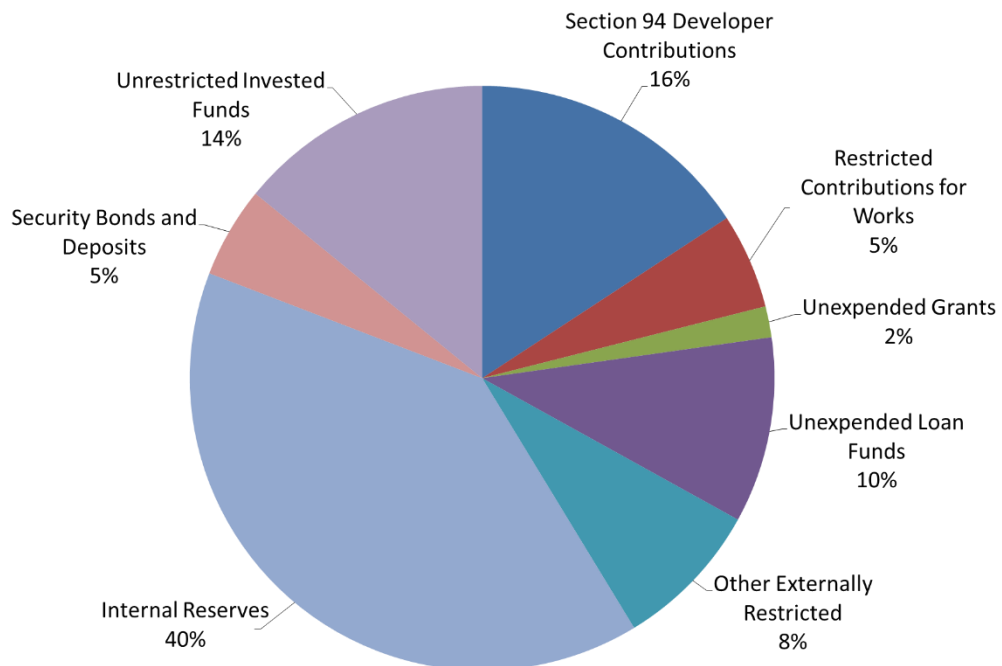
Current Period Closing Balances



Penrith City Council
Reconciliation of Invested Funds

	31 August 2016	30 September 2016
Externally restricted Assets	\$	\$
Section 94 Developer Contributions	17,608,431	19,640,548
Restricted Contributions for Works	6,554,675	6,560,410
Unexpended Grants	2,814,962	2,134,374
Unexpended Loan Funds	13,045,996	12,796,739
Other Externally Restricted	10,040,936	10,277,098
	50,065,000	51,409,169
		Sinking Funds
Internal Reserves	46,916,575	49,223,297
Security Bonds and Deposits	6,101,411	6,264,507
Restricted Assets Utilised in Operations	53,017,986	55,487,804
Unrestricted Invested Funds	20,534,685	17,585,612
Invested Funds	\$123,617,671	\$124,482,585

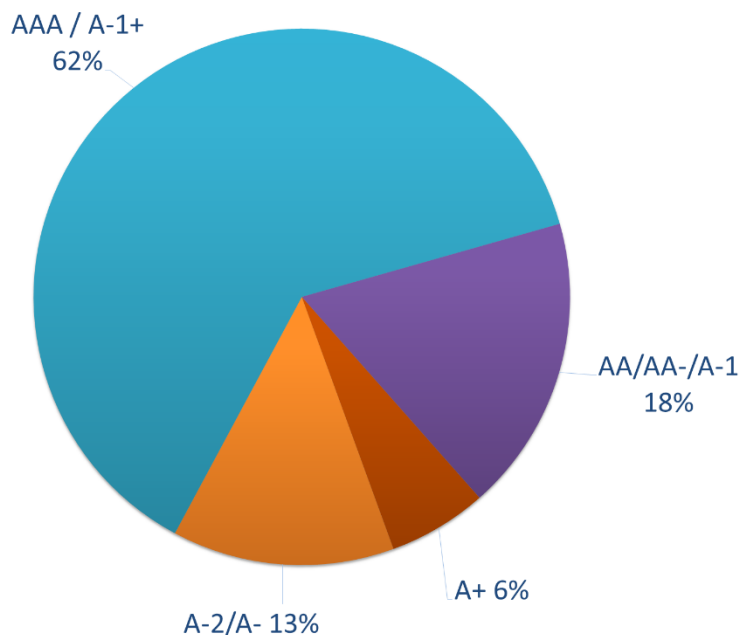
Current Period Closing Balances



Penrith City Council
Investment Summary
(Graphed to reflect fund ratings as % of portfolio)

Global Credit Exposure	Bank/Financial Institution	\$ Utilised	% Portfolio	% Policy Maximum
A-1+	CBA, NAB, BankWest, St George, Westpac	75,300,000	61.14%	100% (25% per institution)
A-1	Macquarie Bank, Suncorp Bank	12,000,000	9.74%	100% (20% per institution)
A-2	Bendigo & Adelaide Bank	11,000,000	8.93%	100% (20% per institution)
Long Term				
A+	Floating Rate Note (Barclays Capital)	1,358,325	1.10%	100% (20% per institution)
AAA	Floating Rate Covered Bonds (CBA)	2,000,000	1.62%	100% (25% per institution)
AA-	Deposit Plus Flexible Security (CBA)	7,000,000	5.68%	100% (25% per institution)
A+	Floating Rate Note (Barclays Capital)	1,000,000	0.81%	100% (20% per institution)
AA-	Floating Rate Bonds (CBA)	1,000,000	0.81%	100% (25% per institution)
AA-	Floating Rate Bonds (NAB)	2,000,000	1.62%	100% (25% per institution)
A+	Floating Rate Note (Suncorp Metway)	5,000,000	4.06%	100% (20% per institution)
A-	Floating Rate Note (Bank of Queensland)	2,000,000	1.62%	100% (20% per institution)
A-	Floating Rate Note (Bendigo & Adelaide Bank)	3,500,000	2.84%	100% (20% per institution)
Total Portfolio		123,158,325	100%	

Portfolio shown as rated by Moodys/S & P



Penrith City Council
Diversification of Portfolio
(graphed to reflect fund ratings as % of portfolio)

Dealing Bank	Short Term	Long Term	Investment \$	%
BankWest	A-1+	AA-	24,000,000	19%
Barclays Bank	A-1	A+	2,358,325	2%
Bendigo & Adelaide Bank	A-2	A-	14,500,000	12%
National Australia Bank	A-1+	AA-	23,000,000	19%
Westpac Banking Corporation	A-1+	AA-	20,000,000	16%
Commonwealth Bank of Australia	A-1+	AA-	20,300,000	16%
Macquarie Bank	A-1	A	1,000,000	1%
Bank of Queensland	A-2	A-	2,000,000	2%
Suncorp Metway	A-1	A+	16,000,000	13%
Total Investment			123,158,325	100%

Diversification of Portfolio by Financial Institution

