



Monthly Report

Shoalhaven City Council

May 2016

Market

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

International Markets

Early May saw “risk-off” trading as investors sought safe assets. Corporate earnings remain very weak in most markets.

However, by month end the US S&P 500 and Dow Jones gained 1.80% and 0.49% respectively. The NASDAQ gained 3.83%.

The MSCI World ex-AUS returned 1.73% while the MSCI Emerging Markets Index finished -0.81% lower (both in local currency).

US 10-Year bond yields finished slightly higher at 1.84%, up 1bp in May.

Credit had another positive month, with High Yield especially strong.

Domestic

The RBA accelerated an anticipated official cash rate (to a record low 1.75%) in May’s board meeting – reacting immediately to very low Q1 core CPI (+1.5%) and a headline negative quarter. While talking about inflation, they probably targeted the \$A.

Wage growth was just +2.1% p.a. to March (a record low since the ABS statistics began in 1998). For the private sector, it rose just +1.9% p.a.

The RBA revised its forecast of underlying inflation lower, but kept their outlook of economic activity and unemployment unchanged. Total employment rose +10800 in April, taking unemployment to 5.7%.

Australian 10-year bonds set record levels mid-month, surpassing their previous low in February 2015 after the RBA cut rates. They finished 22bp lower at 2.30% at month-end.

Other Markets

Commodities were mixed in May.

WTI Crude Oil closed higher at \$49.10/bbl (+6.9%) aided by declines in US crude inventories and production.

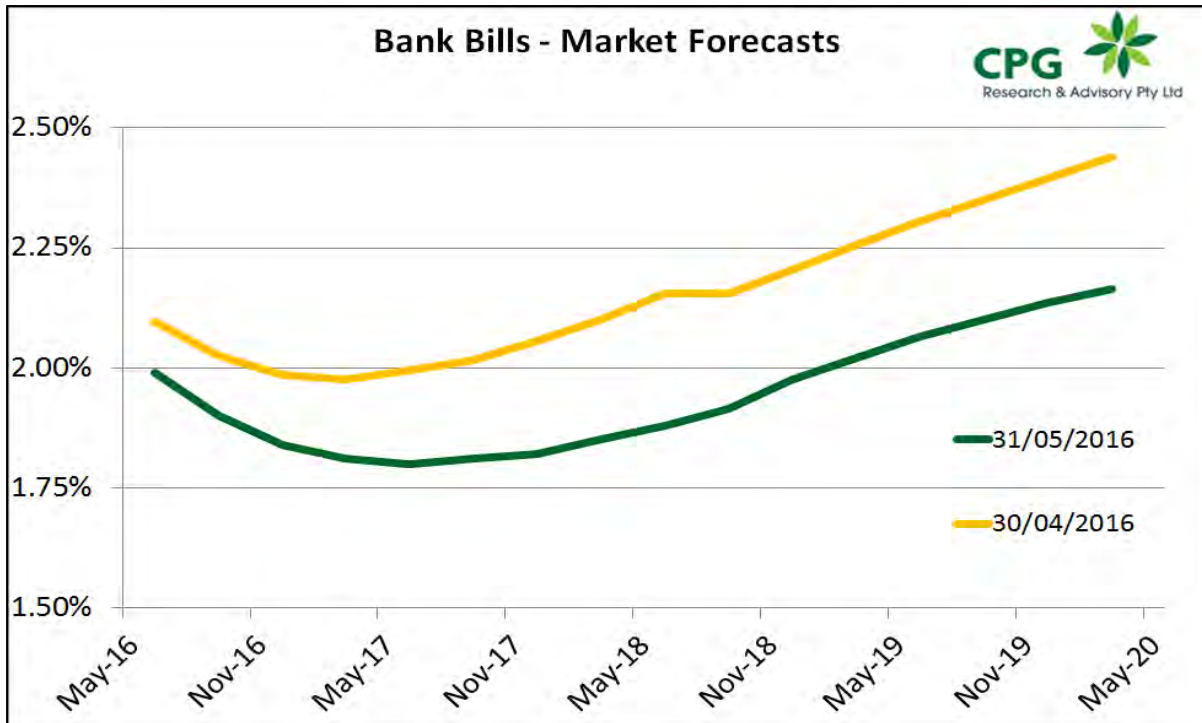
Gold lost ground on \$US strength, closing the month at US\$1,241 (-5.9%) – its lowest level in over three months.

Iron Ore closed lower at \$47.5 (down -20.3%) as inventories skyrocketed. Rising output in Australia alongside slowing Chinese demand saw the rally run out of steam.

Base Metals finished lower across the board in May. Copper finished -6.8% lower, Zinc -1.0%, Tin -7.0%, Aluminium -7.5% and nickel -10.5%.

The \$A finished at US72.42 cents (-5.4% in May), with the rate cut sending the \$A down from a high of US78c intra-month.

The market had expected a rate cut during 2016. Rather than bring it forward, the curve inverted and the market again expects a rate cut. This took bill futures to new records across the board during the month:



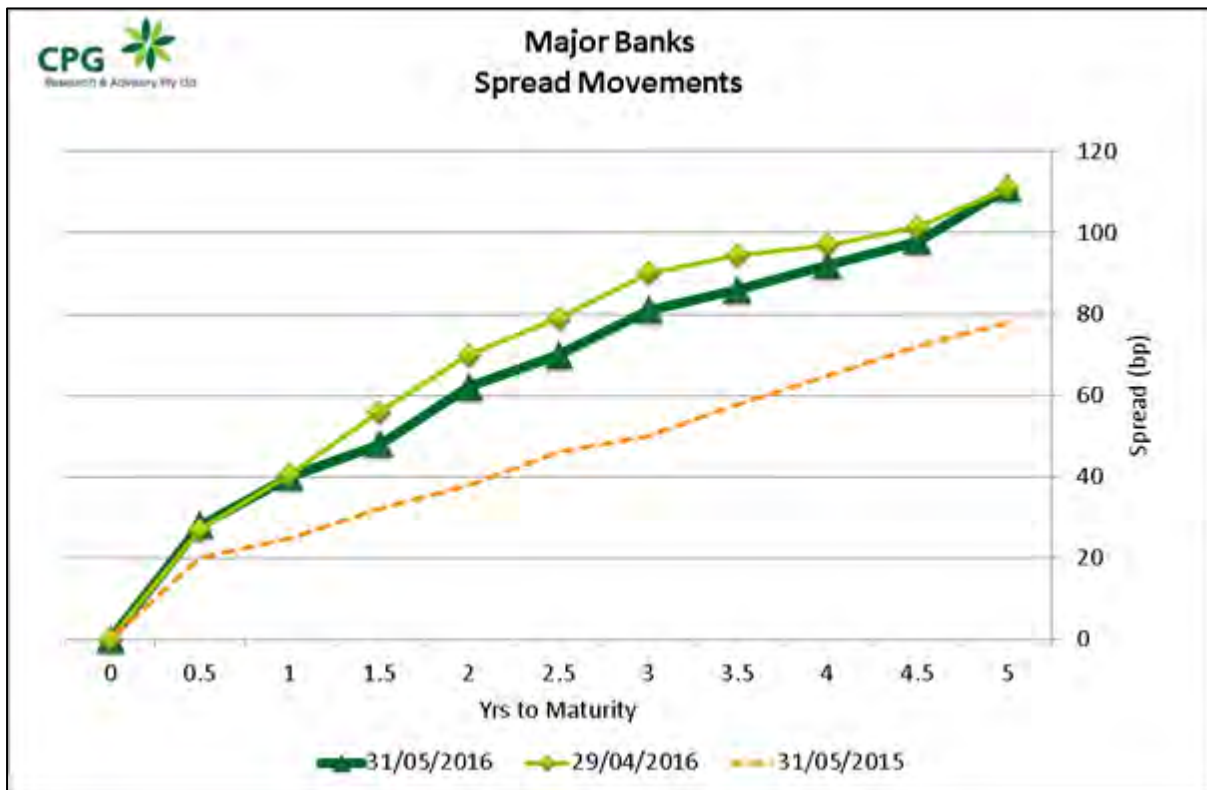
Credit Market

The CDX North American and European iTraxx indices held onto the gains of the previous 2 months, while the Australian iTraxx tightened a further 5bp. While still wider than a year ago, only the Australian index has significantly underperformed.

Credit Indices	31 May 16	30 Apr 16	31 May 15
iTraxx Australia 5 Yr CDS	127bp	132bp	90bp
iTraxx European 5 Yr CDS	72bp	73bp	66bp
CDX North American 5 Yr CDS	77bp	77bp	64bp

Source: MarkIt

AA bank senior FRNs tightened a little, concentrated in the middle of the curve – the longer end was flat mainly due to new issuance (senior and sub), creating additional steepness. The single-A curve was relatively flat across the curve.

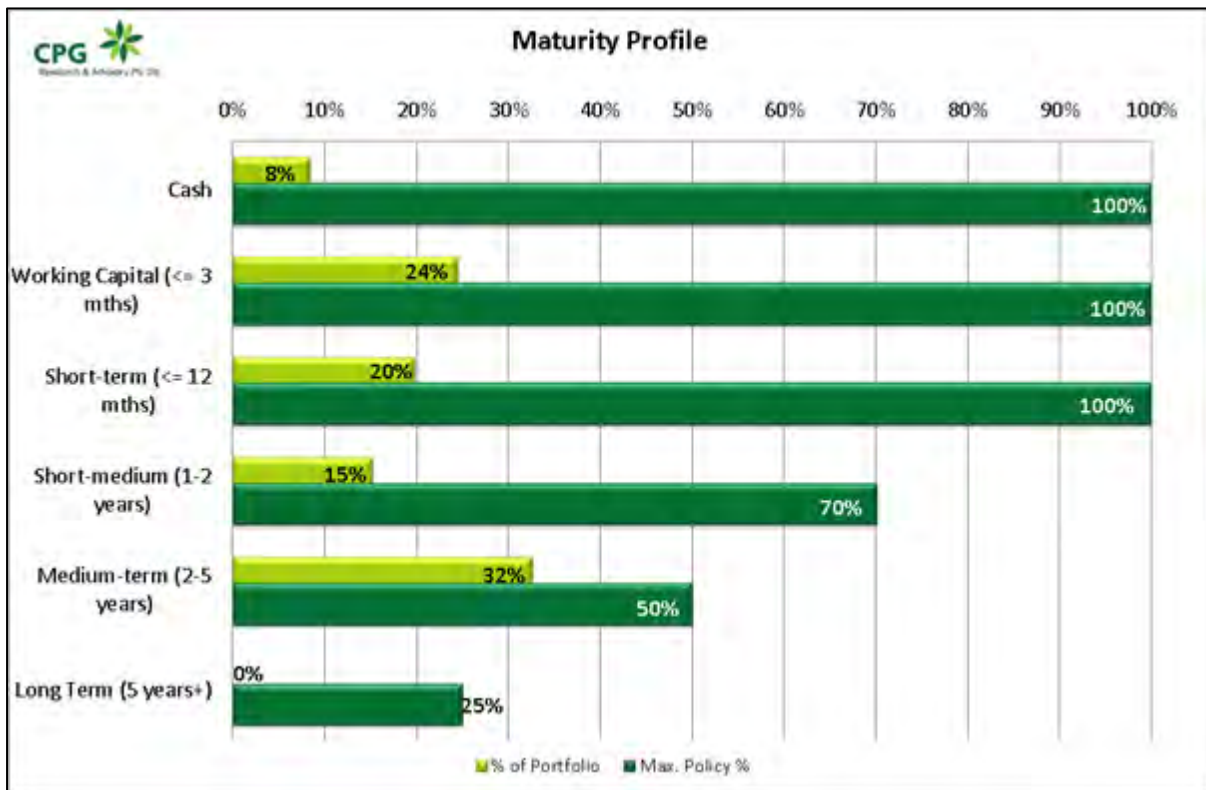


Council's Portfolio

The portfolio has 8% of investments available at-call and a further 24% of assets maturing within 3 months. Additional short-dated funds have been gradually redeployed into a portfolio now well diversified by term – ahead of what has been a considerable decline in deposit rates.

Approximately 32% of the portfolio is now in medium-term assets, with some capacity now freed up after previously being close to the maximum limits.

We currently recommend that this be deployed to a mixture of fixed deposits and new FRN issues as they are launched.



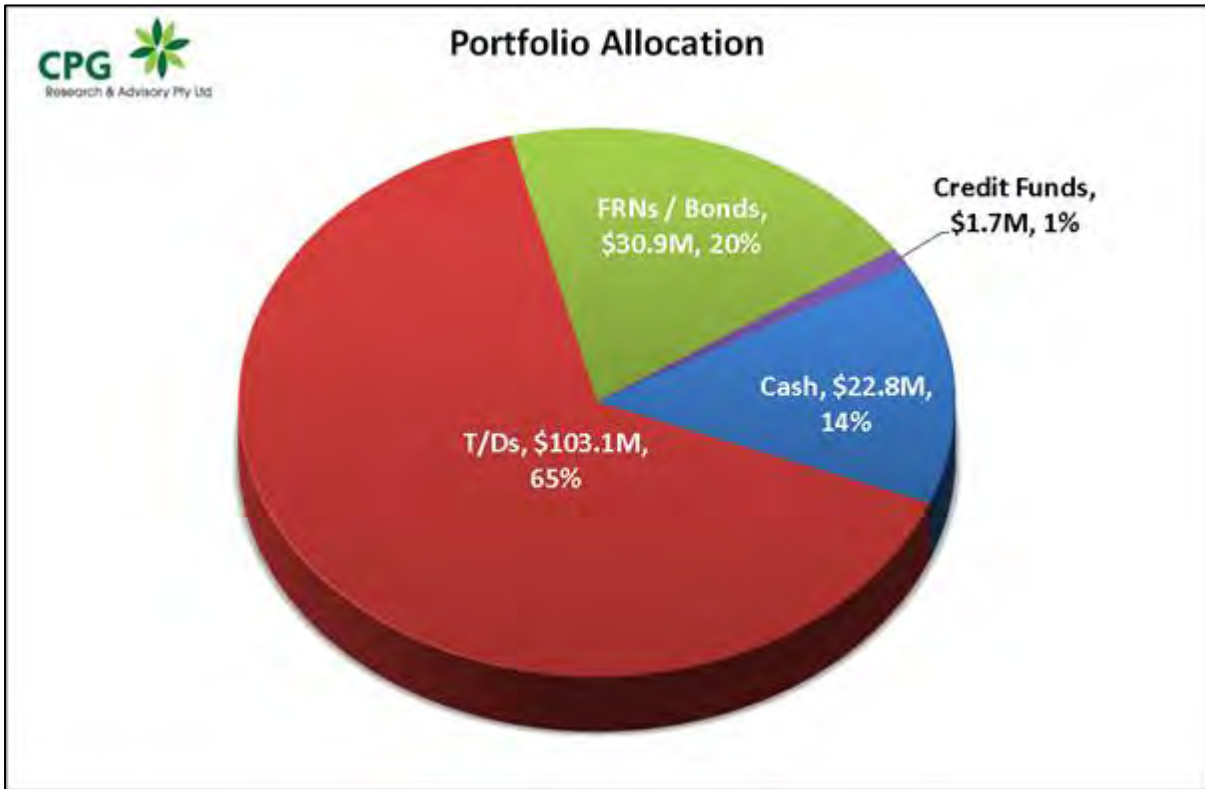
Council’s portfolio is dominated by term deposits across a broad range of counterparties; credit assets are around 20% of the portfolio and gradually growing.

Over the past few years, our advice has focused on fixed rate deposits as the core investment theme, supplemented by other fixed rate investments. This was justified by another rate cut in May, down to a record low of 1.75%. Council’s longer-dated investments invested in 2014 are now well above market returns, from which duration was significantly extended.

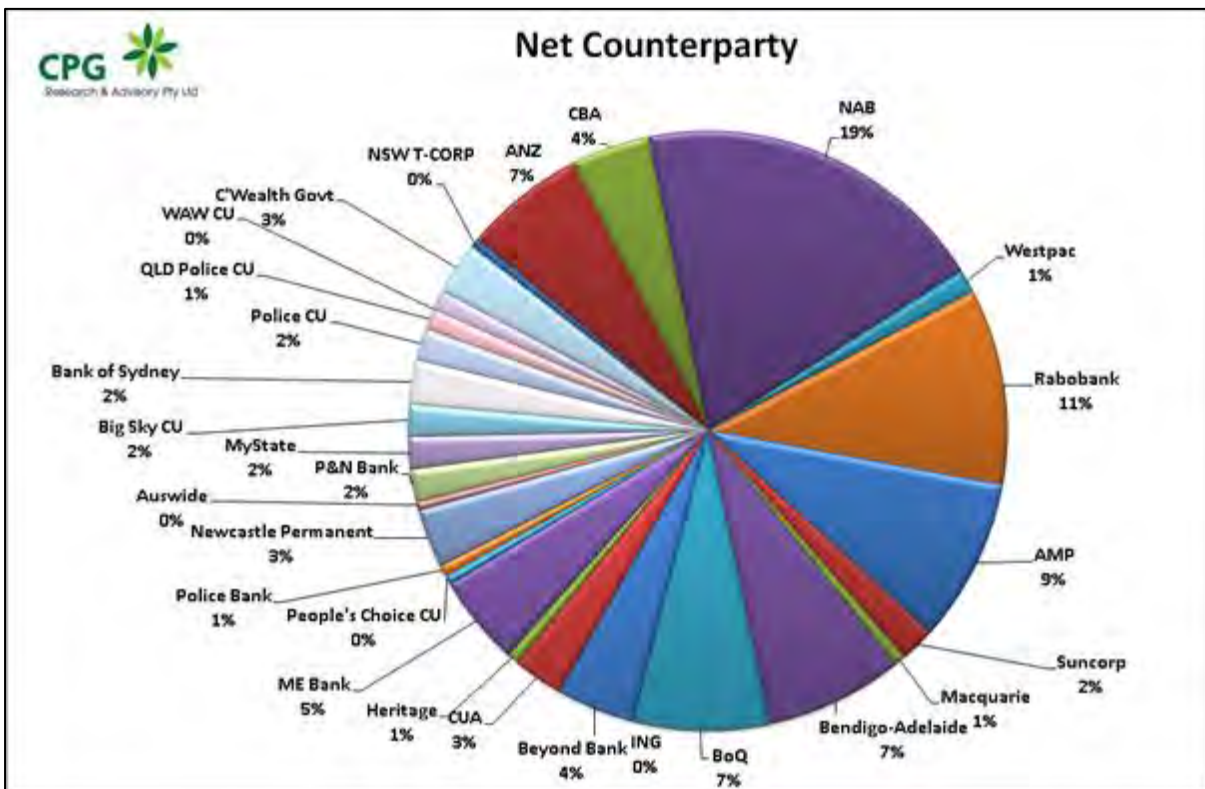
We have discussed a greater role for FRNs for 2016. These opened the year with some price weakness as spreads widened to mid-February; that has since largely reversed as data and sentiment improved.

While some issues initially traded at a small discount, others have performed well.

Currently we see value in both long deposits and FRNs. The deposit curve is steeper as banks competed more strongly at the longer end. FRNs also offer excellent initial yields with the prospect of additional gains. We have a positive view on increasing the Medium Term allocation in either major category.



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



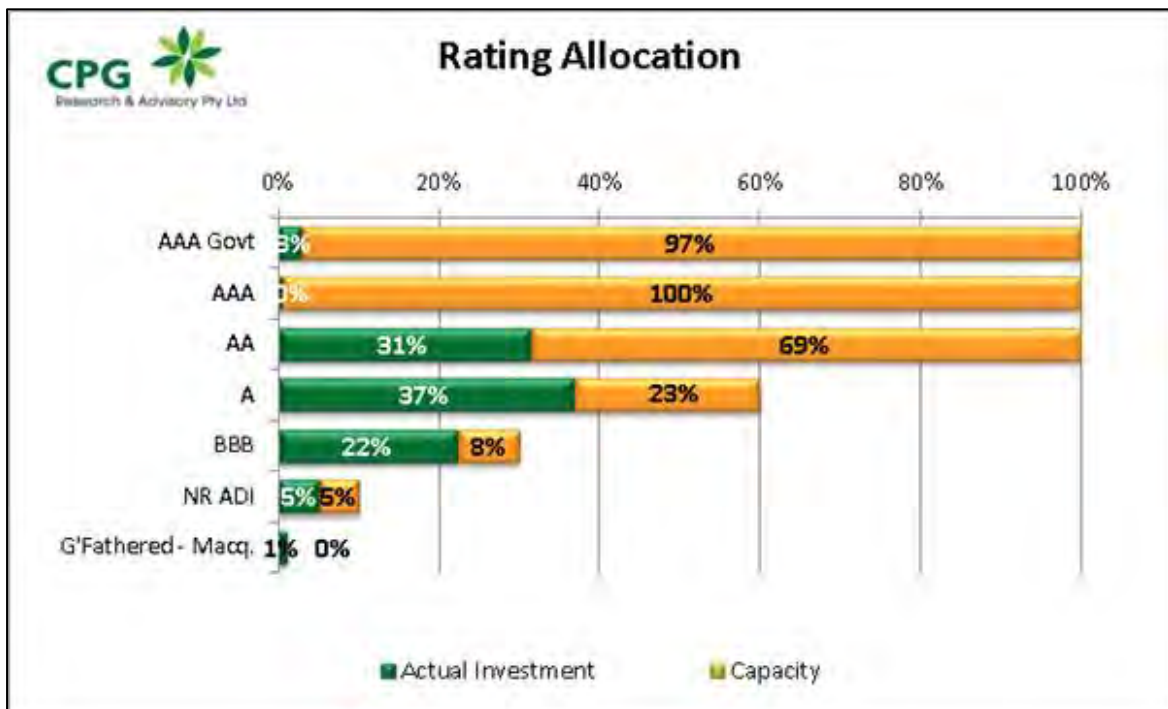
Credit Quality

The portfolio is diversified from a rating perspective. Credit quality is diversified and is predominately invested amongst the investment grade ADIs (BBB- or higher), with a smaller allocation to unrated ADIs.

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

There is still high capacity to invest across the higher rated counterparties (“A” or higher).

Rating Category	Actual	Per C/Party	Aggregate	Rating Category	Actual Investment	Capacity
AAA Govt	3%	100%	100%	AAA Govt	3%	97%
AAA	0%	40%	100%	AAA	0%	100%
AA	31%	30%	100%	AA	31%	69%
A	37%	15%	60%	A	37%	23%
BBB	22%	10%	30%	BBB	22%	8%
NR ADI	5%	5%	10%	NR ADI	5%	5%
G'Fathered - Macq.	1%	1%	1%	G'Fathered - Macq.	1%	0%
	100%				Complies	



All of these are well within Policy limits.

From time to time, broker specials continue to be offered with some BBB rated and unrated Credit Unions paying an additional premium above leading direct rates – **pricing is generally quite favourable, but often for short terms and/or restricted in parcel size**. Smaller institutions are also more inclined to publish “good until filled” orders, rather than publishing a rate for the day. This is covered in the daily emails and our advice at the time of investment.

Compliance

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

Individual counterparty exposures comply with the Policy.

Counterparties	Exposure \$M	FCS	Net	Rating	Policy Limit	Actual	Capacity
NSW T-CORP	\$1.03M	\$0.25M	\$0.78M	AAA	40%	0%	\$62.60M
ANZ	\$10.60M	\$0.25M	\$10.35M	AA-	30%	7%	\$37.18M
CBA	\$7.00M	\$0.25M	\$6.75M	AA-	30%	4%	\$40.78M
NAB	\$30.74M	\$0.25M	\$30.49M	AA-	30%	19%	\$17.04M
Westpac	\$2.00M	\$0.00M	\$2.00M	AA-	30%	1%	\$45.53M
Rabobank	\$17.00M	\$0.25M	\$16.75M	A+	15%	11%	\$7.02M
AMP	\$14.20M	\$0.25M	\$13.95M	A+	15%	9%	\$9.82M
Suncorp	\$3.00M	\$0.00M	\$3.00M	A+	15%	2%	\$20.77M
Macquarie	\$1.00M	\$0.00M	\$1.00M	A	15%	1%	\$22.77M
Bendigo-Adelaide	\$12.00M	\$0.25M	\$11.75M	A-	15%	7%	\$12.02M
BoQ	\$12.00M	\$0.25M	\$11.75M	A-	15%	7%	\$12.02M
ING	\$0.00M	\$0.00M	\$0.00M	A-	15%	0%	\$23.77M
Beyond Bank	\$6.90M	\$0.25M	\$6.65M	BBB+	10%	4%	\$9.19M
CUA	\$4.25M	\$0.00M	\$4.25M	BBB+	10%	3%	\$11.59M
Heritage	\$1.00M	\$0.00M	\$1.00M	BBB+	10%	1%	\$14.84M
ME Bank	\$8.00M	\$0.25M	\$7.75M	BBB+	10%	5%	\$8.09M
People's Choice CU	\$1.00M	\$0.25M	\$0.75M	BBB+	10%	0%	\$15.09M
Police Bank	\$1.00M	\$0.00M	\$1.00M	BBB+	5%	1%	\$6.92M
Newcastle Permanent	\$5.00M	\$0.00M	\$5.00M	BBB+	10%	3%	\$10.84M
Auswide	\$1.00M	\$0.25M	\$0.75M	BBB	10%	0%	\$15.09M
P&N Bank	\$3.00M	\$0.25M	\$2.75M	BBB	10%	2%	\$13.09M
MyState	\$3.00M	\$0.25M	\$2.75M	BBB	10%	2%	\$13.09M
Big Sky CU	\$3.00M	\$0.25M	\$2.75M	BBB	10%	2%	\$13.09M
Bank of Sydney	\$4.00M	\$0.25M	\$3.75M	NR	5%	2%	\$4.17M
Police CU	\$3.00M	\$0.25M	\$2.75M	NR	5%	2%	\$5.17M
QLD Police CU	\$2.00M	\$0.25M	\$1.75M	NR	5%	1%	\$6.17M
WAW CU	\$0.00M	\$0.00M	\$0.00M	NR	5%	0%	\$7.92M
Macquarie Fund	\$1.73M	\$0.00M	\$1.73M	NR	1%	1%	\$0.00M
C'wealth Govt	\$158.45M	\$4.5M	\$153.95M	AAA	100%	97%	
Total	\$158.45M		\$158.45M			100%	
Check	\$0.00M		\$0.00M				

Subsidiaries such as Rural Bank are grouped in the exposures of the parent (Bendigo-Adelaide Bank, rated A-).

From May 2015, new Rabobank Australia deposits are not guaranteed by the global group, but existing deposits have their guarantee grandfathered. They are generally not accepting new investments or rollovers from institutional investors.

Returns - Accrual

Actual							
	1 month	3 months	6 months	FYTD	1 year	2 years	3 years
Official Cash Rate	0.15%	0.48%	0.98%	1.82%	1.98%	2.19%	2.31%
Avg. 3m BBSW	0.17%	0.55%	1.12%	2.03%	2.21%	2.38%	2.47%
AusBond Bank Bill Index	0.19%	0.59%	1.17%	2.07%	2.25%	2.45%	2.53%
Council Cash	0.20%	0.62%	1.27%	2.36%	2.58%	2.85%	2.84%
Council T/Ds	0.30%	0.93%	1.86%	3.44%	3.76%	3.88%	3.89%
Council FRNs / Bonds	0.28%	0.86%	1.70%	3.12%	3.41%	3.79%	-
Council Credit Funds	0.51%	2.07%	1.70%	1.08%	0.97%	2.09%	3.25%
Council Total Portfolio	0.29%	0.89%	1.75%	3.23%	3.52%	3.69%	3.75%
Annualised							
	1 month	3 months	6 months	FYTD	1 year	2 years	3 years
Official Cash Rate	1.75%	1.92%	1.96%	1.98%	1.98%	2.19%	2.31%
Avg. 3m BBSW	2.01%	2.19%	2.25%	2.21%	2.21%	2.38%	2.47%
AusBond Bank Bill Index	2.30%	2.37%	2.36%	2.25%	2.25%	2.45%	2.53%
Council Cash	2.33%	2.48%	2.55%	2.57%	2.58%	2.85%	2.84%
Council T/Ds	3.62%	3.72%	3.74%	3.74%	3.76%	3.88%	3.89%
Council FRNs / Bonds	3.38%	3.46%	3.42%	3.39%	3.41%	3.79%	-
Council Credit Funds	6.13%	8.47%	3.42%	1.17%	0.97%	2.09%	3.25%
Council Total Portfolio	3.44%	3.57%	3.53%	3.51%	3.52%	3.69%	3.75%

The investment portfolio had another solid month, **returning +3.44% p.a. annualised**, outperforming the AusBond Bank Bill Index¹ which returned +2.30% p.a. Credit continued its strong recovery with the Macquarie Fund returning +0.51% (net actual).

Council's returns, while lower in absolute terms than historically the case, remains very strong compared to short deposits rolling in the high 2%'s. The highest 5-year deposit is now being offered around 3½% at best following the RBA's rate cut earlier in the month.

The portfolio's performance continues to be anchored by the longer-dated deposits invested above 4%. FRNs, purchased at attractive margins, have also contributed positively to overall performance.

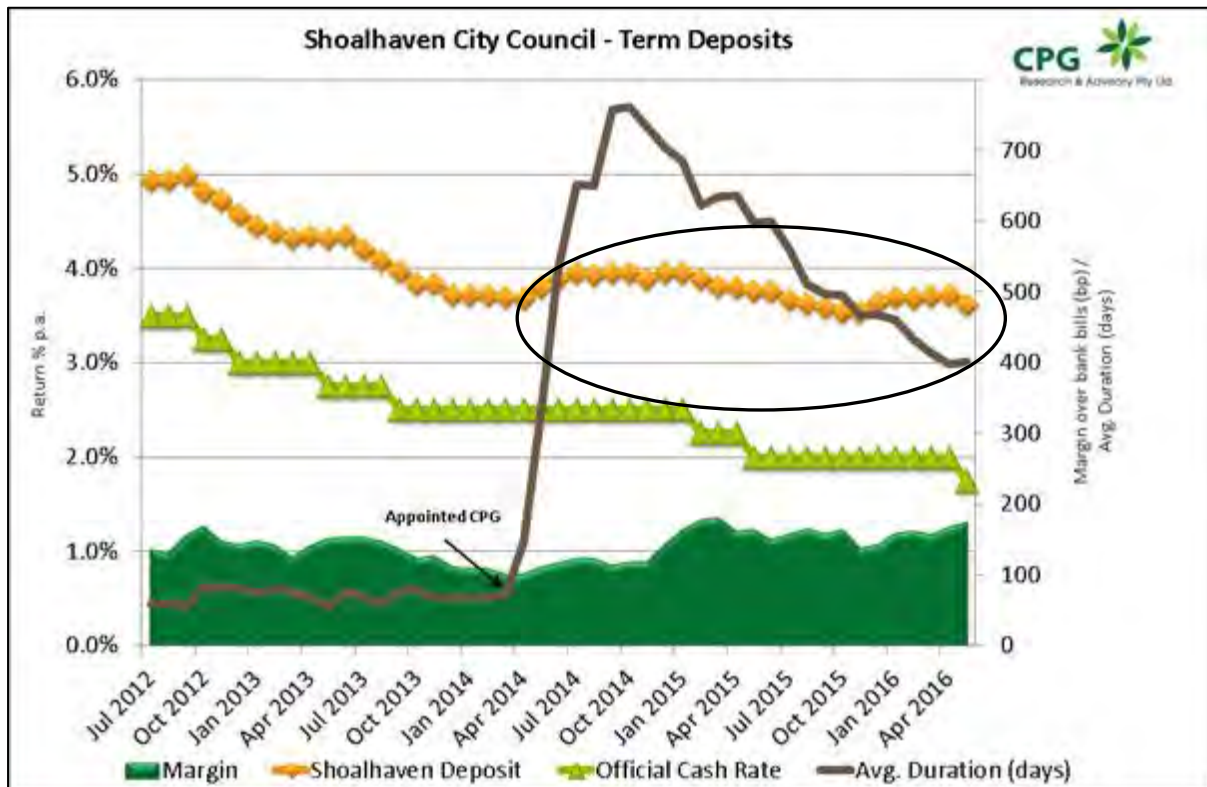
Despite a generally difficult year for credit, the Macquarie Fund has performed well over longer-time periods. We note the improvement in sentiment since mid-February and the strong rebound in credit since then. Over 6 months it has earned its running yield, and the more recent months are considerably stronger – with significant spread tightening and reversing capital discounts observed.

Cash drag has been mitigated through the switch into higher yielding accounts (requiring notice in return for the additional yield – they are not a substitute for at-call money).

¹ Previously UBS Bank Bill Index - the sale of the UBS index to Bloomberg, and subsequent change of names, is now effective.

Term Deposits

At month-end, deposits accounted for approximately 65% of the total investment portfolio. The weighted average duration of the deposit portfolio stood at approximately **1.1 years** - having been significantly lengthened since the appointment of CPG as its investment advisor and now paying strong rewards. At the point of fastest falls in the interest rate outlook, Council's deposits had been lengthened to around 2 years.



This has produced a measurable uplift in yield (circled) at a time when deposit rates have plunged, and cushioned the RBA's rate cutting cycle.

It will provide strong protection to Council's budgeted income as we head into FY17, which we will be looking to support over the next 12 months. An average yield of 3.61% p.a. (down 10bp from the previous month) **remains above the highest deposit of any term available today**. In fact, returns today remain close to when CPG was appointed – despite two rate cuts in 2015, followed by another one in May 2016. There is also the potential of another cut by year-end.

It is inevitable that absolute returns will again ease from here, and this will accelerate as the banks adjust their pricing. Money markets continue to factor in another rate cut by the end of 2016, although it would need to be confirmed by weakening economic data.

Most deposits that matured during the month were reinvested for shorter terms (less than 6 months) while one deposit with NPBS was invested for 3 years at 3.20% p.a., which was around 10bp above market.

Relevant portfolio data follows:

Term Deposit Statistics

Percentage of total portfolio	65%
Weighted Average Yield	3.61%
Weighted Average Duration	1.1 years

Credit Quality of Deposits

AAA [^]	1%
AA	30%
A	34%
BBB	26%
Unrated ADI	9%
Total	100%

[^] Calculation excludes the Financial Claims Scheme (FCS)

Across the longer-end of the curve, deposit margins remain relatively attractive due to lower bond yields and a number of “BBB” rated entities continuing to offer above market rates across 3-5 year terms. At the time of writing, **P&N Bank (BBB) was offering fixed term deposits at around +140-145bp over bank bills for 4-5 year terms through a broker intermediary. Newcastle PBS (BBB+) was offering 3.10% p.a. for 3 years, which remains around 10bp above the rest of the market.** Given the highly attractive rates on offer by both ADIs, we are recommending these deposits – particularly after the RBA’s rate cut in May.

The shape of the deposit curve is quite rational, but we consider the level quite elevated. Investors are now well rewarded for illiquidity, with the longer durations factoring in significantly more upside risk than we build into cash rate scenarios. **We have a “Buy” rating again on long T/Ds at these levels, after a period of a “Neutral” view.**

The relative opportunity is being driven by a combination of lower bond yields and difficult conditions for banks attempting to finance themselves in wholesale debt markets.

Market conditions are generally now much more favourable to FRN investments than at any time since 2012 – perhaps, since the immediate post-GFC period. This represents a significant reversal of what had been a long-standing theme for Councils dating back to as early as 2010.

Shorter-terms remain under pressure, although they did widen above +100bp during May as some ADI’s pricing lagged behind the fall in swap rates (e.g. AMP).

Some above market rates (“specials”) continue to be offered by the “BBB” and unrated ADIs, often through the broker intermediaries. Previously, A or AA banks tended to overpay relative to peers, providing a “free lunch” for yield and credit quality.

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

Fixed Bonds & FRNs

The wholesale senior bank FRNs marginally tightened during May. Given the multi-year wides on credit securities, we believe newly issued bank FRNs are likely to be one of the highest yielding (and complying) source of returns going forward.

Despite the general widening in physical credit securities earlier in the year, we continue to recommend selling any senior major bank FRNs maturing on or before 2017 as most are marked less than +50bp and the curve remains relatively steep. 2018 FRNs are now generally saleable at the higher credit qualities; lower rated institutions tend to see spreads converge only as they shorten very close to maturity – we flag the final year as the likely exit point for those. Still, switching may well be recommended opportunistically.

Apart from providing diversification and additional liquidity in a portfolio, this strategy has been highly lucrative - more so than (even unrated) ADI deposits over the past few years at times of most favourable pricing.

Primary issues continue to be favoured over secondary market offers in the wholesale market. As an example, ANZ (+118bp) and Credit Suisse (+195bp) both priced new 5-year issues substantially wider than the existing curve. In May, NAB and Westpac (+117bp) were the most recent 5-year issues being offered more than +5bp above secondary market equivalents.

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. Our FRN analytics suggest that the respective curves are relatively fair, with higher spread but greater difficulty extracting capital gains from regional bank FRNs. However, again the new issue discount provides additional value to investors.

Newcastle Permanent Building Society (BBB+) and Credit Union of Australia (BBB+) issued new 3 year FRNs at +160bp in the mid-March. We saw this as good value and recommended these issues, where there was capacity to do so.

This highlights that FRNs, across the various credit spectrum, remain ahead of deposit margins even without factoring in gains at exit - and that investors are being rewarded for supporting the primary issuance market.

Private placement FRNs or secondary market 'taps' can sometimes be offered, usually at a premium yield to the wholesale secondary market although we note they are generally less liquid due to their smaller issue sizes and daily turnover.

*During May, Council participated in the new 5-year BoQ (+148bp) and NAB (+117bp) issues. Each have debuted 7-8bp tighter, **equating to capital prices around \$100.30.***

We recommend that Council retain its FRN portfolio at this stage, and add to it in combination with longer deposits.

Other Credit

The Macquarie Global Income Opportunities Fund returned +0.51% (net actual) in May, outperforming the AusBond Bank Bill Index return of +0.19%.

The underlying valuations of the Fund's holdings of domestic and offshore credit continued their rally this month, as physical assets were marked tighter.

The Fund continues to hold a diverse range of securities across the global credit market. The manager has maintained modest credit hedges, seeking to minimise the effect of volatility on the Fund. Any spread contraction going forward allows credit and asset-backed holdings to enjoy significant capital gains. These have reduced returns but also significantly reduced risk.

Macquarie performed strongly over the longer-term and the manager feels they are well positioned going forward. We regard Macquarie's credit team as having strong research capabilities and a proven defensive style outperforming peers in down markets. At times, the fund has sacrificed some upside to protect against extreme events.

Given the solid running yield of the Fund at close to 4% 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*).

While we cannot categorically state that the cycle has ended, there is a much more favourable tone in credit and equity markets since mid-February.

Fixed Interest Market Background

The US Federal Reserve (Fed) will likely raise interest rates in June if economic data points to stronger second-quarter growth as well as firming inflation and employment, according to minutes from the US central bank's April policy meeting released on Wednesday.

It is likely that the Fed wants to see confirmation of stronger second-quarter growth (after two poor quarters) and strong employment data to hike rates a second time this cycle. Seasonal adjustments may capture winter poorly; Q1 has read low for 4 years in a row.

Data since the end of April has pointed to a pick-up in consumer spending and manufacturing output. The uncertainty surrounding Britain's June 23rd referendum on whether to leave the European Union was identified by the Fed in exercising "caution."

Domestically, mining investment was down 12% for the March quarter, and manufacturing fell more 10%. Outside these traditional areas, there was a 1.8% pick-up in capital expenditure. Total non-mining investment, however, fell 0.4% quarter-on-quarter but was up 0.7% year-on-year.

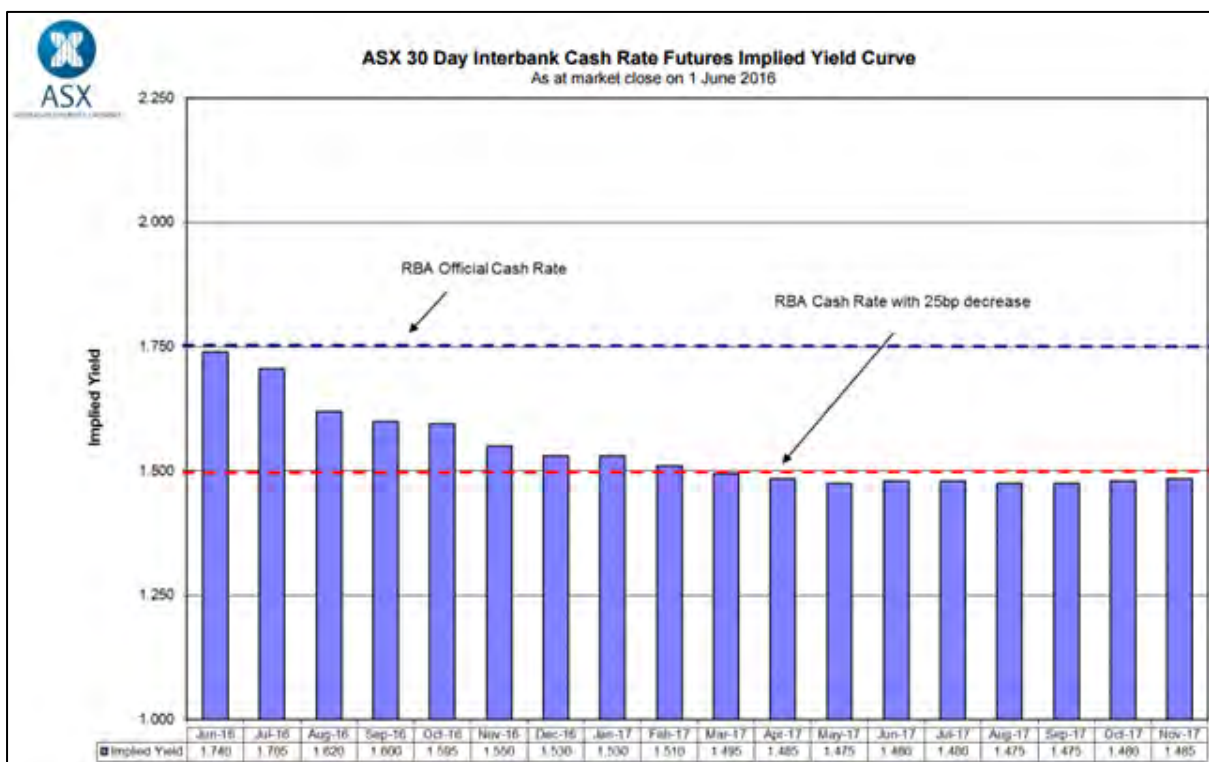
The Australian Bureau of Statistics (ABS) said that the seasonally adjusted wage price index rose 0.4% in Q1, for an annual rate of 2.1%. This is even lower than the 0.5% and 2.2% recorded in the

December quarter last year, making it the weakest rate of growth since the first full year of the current wage price index in 1998 (18 year low).

On the positive front, GDP expanded 1.1% in Q1 2016, compared with a revised 0.7% in Q4 2015. Year-on-year growth accelerated from 2.9% to 3.1%, its fastest pace in almost four years.

10-year Australian government bond yields traded around the 2.3% level at the time of writing, setting new record lows throughout the month of May.

Money markets continue to price in another rate cut by the end of 2016, with some possibility of another one in 2017. This however should be dependent upon confirmation of further economic weakness over coming months:



Source: SFE / ASX

Portfolio Listing

Shoalhaven City Council as at 31/05/2016							
Authorised Deposit-Taking Institution (ADI)	ST Rating	Security Type	Principal/ Current MF Value	Term	Interest Rate	Maturity Date	
ANZ	A1+	FRN	\$1,600,000.00	1827	3.11%	17-Apr-20	
ANZ	A1+	FRN	\$2,000,000.00	1826	2.84%	21-Nov-19	
Bank of Qld	A2	FRN	\$1,000,000.00	1926	3.46%	18-May-21	
Bank of Qld	A2	FRN	\$1,000,000.00	1826	3.11%	6-Nov-19	
Bendigo Bank	A2	FRN	\$1,000,000.00	1827	3.03%	18-Aug-20	
Bendigo Bank	A2	FRN	\$1,000,000.00	1826	3.25%	17-Sep-19	
Commonwealth Bank Australia	A1+	FRN	\$1,000,000.00	1827	3.19%	17-Jul-20	
Credit Union Australia	A2	FRN	\$2,250,000.00	1096	3.62%	20-Mar-17	
Credit Union Australia	A2	FRN	\$2,000,000.00	1187	3.51%	22-Dec-17	
Heritage Bank	A3	FRN	\$1,000,000.00	1096	3.16%	7-May-18	
Macquarie Bank	A1	FRN	\$1,000,000.00	1096	3.32%	26-Oct-18	
Members Equity Bank	A2	FRN	\$1,000,000.00	1461	3.59%	17-Apr-18	
National Australia Bank	A1+	FRN	\$2,000,000.00	1927	3.11%	3-Jun-20	
National Australia Bank	A1+	FRN	\$1,000,000.00	1096	2.58%	25-Feb-19	
National Australia Bank	A1+	FRN	\$1,000,000.00	1826	3.12%	12-May-21	
Newcastle Permanent Building Society	A2	FRN	\$1,000,000.00	1095	3.42%	22-Mar-19	
Newcastle Permanent Building Society	A2	FRN	\$2,000,000.00	1927	3.62%	7-Apr-20	
Police Bank	NR	FRN	\$1,000,000.00	1096	3.10%	21-Aug-17	
Rabobank	A1+	FRN	\$2,000,000.00	1826	3.73%	4-Mar-21	
Suncorp Metway Ltd Bank	A1	FRN	\$1,000,000.00	1826	2.93%	20-Aug-19	
Suncorp Metway Ltd Bank	A1	FRN	\$2,000,000.00	1827	3.53%	20-Oct-20	
Westpac Bank	A1+	FRN	\$1,000,000.00	1827	3.05%	28-Jul-20	
Westpac Bank	A1+	FRN	\$1,000,000.00	1155	3.00%	10-May-19	
National Australia Bank	A1+	TD	\$75,000.00	366	3.01%	23-Dec-16	
National Australia Bank	A1+	TD	\$105,321.34	366	3.01%	30-Jun-16	
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	
ANZ	A1+	TD	\$2,000,000.00	732	3.90%	27-Jun-16	
Auswide Bank	A2	TD	\$1,000,000.00	1096	3.15%	8-Apr-18	
Bank of Qld	A2	TD	\$2,000,000.00	176	3.10%	24-Aug-16	
Bank of Qld	A2	TD	\$1,000,000.00	1096	4.20%	9-May-17	
Bank of Qld	A2	TD	\$2,000,000.00	1827	4.75%	1-May-19	
Bank of Qld	A2	TD	\$2,000,000.00	1462	4.10%	3-Sep-18	
Bank of Qld	A2	TD	\$3,000,000.00	188	3.00%	23-Nov-16	
Bank of Sydney	NR	TD	\$1,000,000.00	281	3.15%	26-Sep-16	
Bank of Sydney	NR	TD	\$1,000,000.00	111	3.05%	14-Sep-16	
Bank of Sydney	NR	TD	\$2,000,000.00	90	3.10%	27-Jul-16	
Bendigo Bank	A2	TD	\$1,000,000.00	1097	4.05%	5-Jun-17	
Bendigo Bank	A2	TD	\$2,000,000.00	1099	4.15%	17-May-17	
Bendigo Bank (Nowra)	A2	TD	\$4,000,000.00	526	3.05%	22-Dec-16	
Bendigo Bank (Nowra)	A2	TD	\$3,000,000.00	442	3.05%	29-Sep-16	
Beyond Bank Australia	A2	TD	\$2,000,000.00	176	3.15%	26-Oct-16	
Beyond Bank Australia	A2	TD	\$2,000,000.00	194	3.01%	23-Nov-16	
Beyond Bank Australia	A2	TD	\$2,000,000.00	184	3.00%	1-Dec-16	
Beyond Bank Australia	A2	TD	\$900,000.00	731	3.45%	3-Mar-17	
Big Sky Building Society	NR	TD	\$1,000,000.00	194	3.04%	1-Dec-16	
Big Sky Building Society	NR	TD	\$2,000,000.00	733	3.30%	7-Mar-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	1104	4.05%	24-Jul-17	
Commonwealth Bank Australia	A1+	TD	\$1,000,000.00	1097	4.05%	17-Jul-17	
Commonwealth Bank Australia	A1+	TD	\$500,000.00	1097	4.05%	27-Jun-17	
Commonwealth Bank Australia	A1+	TD	\$1,000,000.00	1097	4.05%	10-Jul-17	
Commonwealth Bank Australia	A1+	TD	\$500,000.00	1106	4.05%	6-Jul-17	
Commonwealth Bank Australia	A1+	TD	\$500,000.00	1105	4.05%	5-Jul-17	
Commonwealth Bank Australia	A1+	TD	\$500,000.00	1099	4.05%	29-Jun-17	
Members Equity Bank	A2	TD	\$2,000,000.00	91	2.97%	10-Aug-16	
Members Equity Bank	A2	TD	\$2,000,000.00	1827	4.66%	29-May-19	
Members Equity Bank	A2	TD	\$1,000,000.00	1096	4.25%	9-May-17	
Members Equity Bank	A2	TD	\$2,000,000.00	1099	4.00%	27-Jul-17	
My State Financial	A2	TD	\$3,000,000.00	197	3.05%	15-Jun-16	
National Australia Bank	A1+	TD	\$3,000,000.00	107	3.00%	24-Aug-16	
National Australia Bank	A1+	TD	\$1,000,000.00	119	3.10%	10-Aug-16	
National Australia Bank	A1+	TD	\$3,000,000.00	93	3.08%	12-Jul-16	
National Australia Bank	A1+	TD	\$4,000,000.00	154	3.04%	27-Jul-16	
National Australia Bank	A1+	TD	\$4,000,000.00	126	3.05%	22-Jun-16	
National Australia Bank	A1+	TD	\$1,000,000.00	1097	4.05%	5-Jun-17	
National Australia Bank	A1+	TD	\$2,000,000.00	1822	4.11%	29-Aug-19	

Shoalhaven City Council as at 31/05/2016							
Authorised Deposit-Taking Institution (ADI)	ST Rating	Security Type	Principal/ Current MF Value	Term	Interest Rate	Maturity Date	
Newcastle Permanent Building Society	A2	TD	\$2,000,000.00	1091	3.20%	22-May-19	
NSW Treasury Corp	A1+	TD	\$1,026,000.00	182	3.07%	3-Oct-16	
People's Choice Credit Union	A2	TD	\$1,000,000.00	351	2.87%	30-Jun-16	
Police and Nurses Bank	A2	TD	\$2,000,000.00	1096	4.00%	18-Sep-17	
Police and Nurses Bank	A2	TD	\$1,000,000.00	732	3.95%	13-Jun-16	
Police Credit Union Ltd (SA)	NR	TD	\$2,000,000.00	1827	4.75%	30-May-19	
Police Credit Union Ltd (SA)	NR	TD	\$1,000,000.00	1098	4.25%	22-May-17	
Qld Police Credit Union	NR	TD	\$1,000,000.00	729	4.00%	21-Jul-16	
Qld Police Credit Union	NR	TD	\$1,000,000.00	1095	4.10%	17-Aug-17	
Rabobank	A1+	TD	\$1,000,000.00	1098	4.05%	22-May-17	
Rabobank	A1+	TD	\$2,000,000.00	1461	4.10%	21-Aug-18	
Rabobank	A1+	TD	\$2,000,000.00	1826	4.10%	2-Sep-19	
Rabobank	A1+	TD	\$2,000,000.00	1100	4.00%	30-Jun-17	
Rabobank	A1+	TD	\$2,000,000.00	1097	4.00%	26-Jun-17	
Rabobank	A1+	TD	\$2,000,000.00	1826	4.52%	19-Jun-19	
Rabobank	A1+	TD	\$2,000,000.00	1462	3.30%	2-Sep-19	
Rabobank	A1+	TD	\$2,000,000.00	1463	4.35%	6-Jun-19	
			\$133,956,921.34				
Grandfathered	STRating	SecurityType	Current Valuation			Maturity Date	
Macquarie Global Income Opportunities	NR	MF	\$1,730,479.00			T+3	
			\$1,730,479.00				
Product	STRating	SecurityType	Current Valuation			Maturity Date	
AMP At Call	A1	Cash	\$4,735,160.41			At-Call	
AMP Notice Account	A1	Cash	\$5,463,733.37			31 Days	
NAB Transaction Account	A1+	Cash	\$8,559,739.38			At-Call	
			\$22,758,633.16				
Total Investment Portfolio			\$158,446,033.50				

Disclaimer

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