



KEMPSEY
Shire Council

DIRECTOR CORPORATE AND COMMUNITY SERVICES REPORT

11th September 2007

DCCS2 STATEMENT OF INVESTMENTS AS AT 31st AUGUST 2007

SUMMARY:

Reporting on the Statement of Investments as at 31st August 2007

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DESCRIPTION:

The Local Government Act 1993 requires that Council be notified at each Ordinary Meeting of details of all money invested by Council.

Attached at [\(Appendix B – Page J2\)](#) is the Statement of Investments.

Council would be aware of the high level of volatility affecting financial markets during the months of July and August. The volatility was triggered by losses on investment products linked to the United States sub-prime mortgage markets. The bout of volatility has adversely affected credit and income fund returns.

Kempsey Shire Council has no exposure to products linked to the sub prime mortgage market.

Council's uses Grove to advise in respect of its managed fund portfolio. Grove has advised that Council's investments in:

"UBS Cash Plus, Macquarie Diversified Treasury and ANZ Cash Plus are amongst the most defensively positioned funds in the credit rated cash fund market and as such have performed relatively well given the volatility in credit markets (the funds returned 5.87% in July). All managers hold significant cash exposure and see the recent volatility in the market as an opportunity to invest at much more attractive levels than in recent months."

REPORT IMPLICATIONS:

- *Environmental*

Nil

- *Social*

Nil

- *Economic (Financial)*

Nil

- *Policy or Statutory*

Nil

- *Director's Review*

Information noted as per Report.

RECOMMENDATION:

That the information be noted.

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G B Snape
DIRECTOR CORPORATE & COMMUNITY SERVICES