

Attachment C

Credit Rating Structure Comparison

Comparison - Credit Rating Structure under current Investment Policy and proposed amended Investment Policy

Credit rating structure as per current policy		
Thresholds – Portfolio Percentage Limits		
Credit rating / Organisation	Direct investment products (as a % of Total Portfolio)	Exposure to a single institution (as a % of Total Portfolio)
AAA	100%	33 ⅓ %
ADIs within either the ‘Big Four’ (i.e. ANZ Bank, Commonwealth Bank, National Australia Bank or Westpac Banking Group)	100%	33 ⅓ %
AA	100%	25%
A	60%	20% (Maximum is the lesser of: \$75M or 5% of Net Equity as per the latest published financial statements)
Below A (to minimum investment grade rating – currently BBB)	10%	Maximum is the lesser \$10M or 10% of the City's total portfolio

Thresholds as per August 2023 Investment report - based on current policy			
Rating	Total	Percentage of total portfolio	Threshold of Direct Investment Products (% of the Portfolio)
AA *	\$558,508,959	68.32%	100.00%
A	\$218,250,010	26.70%	60.00%
BBB	\$40,750,000	4.98%	10.00%
Grand Total	\$817,508,969		

Proposed amendment to credit rating structure		
Thresholds – Portfolio Percentage Limits		
Credit rating / Organisation	Direct investment products (as a % of Total Portfolio)	Exposure to a single institution (as a % of Total Portfolio)
AAA to AA-	100%	33 ⅓ %
ADIs within either the ‘Big Four’ (i.e. ANZ Bank, Commonwealth Bank, National Australia Bank or Westpac Banking Group)	100%	33 ⅓ %
A+ to A	60%	Maximum is the lesser of \$100M or 5% of Net Equity as per the latest published annual financial statements
A- to BBB+	25%	Maximum is the lesser of \$75M or 5% of Net Equity as per the latest published annual financial statements
BBB to BBB-	10%	Maximum is the lesser \$10M or 10% of the City's total portfolio

Thresholds as per August 2023 Investment report - as per proposed policy amendments			
Rating	Total	Percentage of total portfolio	Threshold of Direct Investment Products (% of the Portfolio)
Big 4's	\$548,508,959	67%	100%
AAA to AA- *	\$10,000,000	1%	100%
A+ to A	\$63,250,010	8%	60%
A- to BBB+	\$182,000,000	22%	25%
BBB to BBB-	\$13,750,000	2%	10%
Grand Total	\$817,508,969		

* Included in the AA Rating grouping under the current policy are two investment parcels (\$10M total) held with the Northern Territory Treasury Corporation. While rated AA-, these investments do not constitute 'Big 4' investments as described under the proposed amended policy