

Appendix 2

Specified and Non Specified Investments

1.	<u>Specified Investments identified for use by the Council:</u>
1.1	Specified Investments will be those that meet the criteria in the ODPM Guidance, i.e. the investment
	<ul style="list-style-type: none">• is sterling denominated• has a maximum maturity of 1 year• meets the “high” credit criteria as determined by the Council or is made with the UK government or is made with a local authority in England, Wales and Scotland.• the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).
	Specified” Investments identified for the Council’s use are:
1.2	<ul style="list-style-type: none">▪ Deposits in the DMO’s Debt Management Account Deposit Facility▪ Deposits with UK local authorities▪ Deposits with banks and building societies▪ *Certificates of deposit with banks and building societies▪ *Gilts : (bonds issued by the UK government)▪ *Bonds issued by multilateral development banks▪ AAA-rated Money Market Funds with a Constant Net Asset Value (Constant NAV) investing predominantly in government securities▪ AAA-rated Money Market Funds with a Constant Net Asset Value (Constant NAV) investing in instruments issued primarily by financial institutions;▪ Other Money Market Funds and Collective Investment Schemes– i.e. credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573. <p><i>* Investments in these instruments will be on advice from the Council’s treasury advisor.</i></p> <p><i>The use of the above instruments by the Council’s fund manager(s) will be by reference to the fund guidelines contained in the agreement between the Council and the individual manager.</i></p> <p>For credit rated counterparties, the minimum criteria will be the short-term ratings assigned by one or more of the following agencies (Moody’s Investors Services, Standard & Poor’s, Fitch) <i>example : Long Term minimum : Aa3 (Moody’s) or AA- (S&P) or AA- (Fitch)</i></p> <p>The council will also take into account information on corporate developments of and market sentiment towards investment counterparties.</p>
2	<u>Non-Specified Investments identified for use by the Council:</u>
2.1	Having considered the rationale and risk associated with Non-Specified Investments, the following have been determined for the Council’s use :

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	In-house use	Maximum maturity	Max % of portfolio or £m	Capital expenditure?
<ul style="list-style-type: none"> ▪ Deposits with banks and building societies ▪ Certificates of deposit with banks and building societies 	✓	<u>5 yrs</u>	<u>60%</u> in aggregate	No
Gilts and bonds <ul style="list-style-type: none"> ▪ Gilts ▪ Bonds issued by multilateral development banks ▪ Bonds issued by financial institutions guaranteed by the UK government, e.g. GEFCO ▪ Sterling denominated bonds by non-UK sovereign governments 	✓ (on advice from treasury advisor)	<u>25 years</u>	<u>25%</u> in aggregate	No
Money Market Funds and Collective Investment Schemes (pooled funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573) but which are not credit rated	✓ (on advice from treasury advisor)	These funds do not have a defined maturity date	<u>25%</u>	No
Government guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies (e.g. govt bonds issued by HBOS/ RBS /Nationwide, etc)	✓	<u>10 years</u>	<u>£5M</u>	Yes
Non-guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies	✓	<u>10 years</u>	<u>£5M</u>	Yes
Collective Investment Schemes (Pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No 534 or SI 2007 No 573	✓ (on advice from treasury advisor)	These funds do not have a defined maturity date	<u>£5M</u>	Yes

1. In determining the period to maturity of an investment, the investment should be regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.