

Appendix 2**Investment Portfolio as at 30 June 2017 (compared to the counterparty list)**

Borrower	Amount (£m)	Interest Rate	Terms	Capita Credit Rating
Nationwide Building Society	8.00	0.36	Fixed to 03/07/2017	Red - 6 months
Qatar National Bank	8.00	0.66	Fixed to 14/08/2017	Green - 100 days
National Bank of Abu Dhabi	8.00	0.48	Fixed to 14/09/2017	Orange - 12 months
DBS Bank Ltd.	8.00	0.43	Fixed to 18/09/2017	Orange - 12 months
Lloyds TSB Bank	8.00	0.55	Fixed to 18/10/2017	Red - 6 months
Coventry Building Society	8.00	0.4	Fixed to 27/10/2017	Red - 6 months
Barclays Bank	8.00	0.36	Fixed to 06/11/2017	Red - 6 months
Salford City Council	5.00	0.38	Fixed to 13/12/2017	Local Authority - 60 months
Australia and New Zealand Banking Group	8.00	0.45	Fixed to 23/02/2018	Orange - 12 months
Rhondda Cynon Taff Council	5.00	0.37	Fixed to 27/11/2017	Local Authority - 60 months
Black Rock Money Market Fund	10.11	0.24	No fixed maturity date	AAA
JP Morgan Money Market Fund	0.01	0.21	No fixed maturity date	AAA
Prime Rate Money Market Fund	14.97	0.27	No fixed maturity date	AAA
Goldman Sachs Money Market Fund	0.15	0.21	No fixed maturity date	AAA
Standard Life Investments Liquidity Funds	14.97	0.28	No fixed maturity date	AAA
Total	114.21			

Capita provide a creditworthiness service, which employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- a) credit watches and credit outlooks from credit rating agencies;
- b) CDS spreads to give early warning of likely changes in credit ratings;
- c) sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- a) Yellow – 5 years (this category is for AAA rated Government debt or its equivalent, including an investment instrument – collateralised deposits, where the investment is secured only against local authority debt, namely LOBOs, making them effectively government exposure);
- b) Dark pink – 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.25
- c) Light pink – 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
- d) Purple – 2 years;
- e) Blue – 1 year (only applies to nationalised or semi nationalised UK Banks and their subsidiaries);
- f) Orange – 1 year;
- g) Red – 6 months;
- h) Green – 100 days; and
- i) No Colour – not to be used.

The advisor's creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.