

Treasury Management Strategy Statement and Investment Strategy 2009/10
Approved Non-Specified Investments

A maximum of 60% of core funds may be held in aggregate in non-specified investments

<u>Investment</u>	<u>(A) Why use it.</u> <u>(B) Associated risks.</u>	Repayable/ Redeemable within 12 months?	Minimum credit, individual and support ratings.	Capital Expend- -iture	Circumstance of use <i>It is expected that core funds will be returned to the fund manager. As a consequence the in-house team is not expected to invest other than in call, fixed term and money market funds with duration of less than one year during 09/10.</i>	Max % of core funds. (The aggregate of all classes must not at any time exceed 60%)	Maximum duration of investment
Fixed term deposits with UK government and Local Authorities with maturities of more than 364 days.	(A) High security although LAs not credit rated. (B) Interest rate risk	No	Government backed.	No	In-house.	The combined limit shall be 40%	Up to 2 years.
Fixed term deposits with banks and building societies with maturities of more than 364 days.	(A) High security. (B) Interest rate risk.	No	F1, Individual C, Support 1,2 or equivalent. Sovereign rating AA-	No	In-house and external cash fund manager(s).	30%	Over 2 and up to 3 years.
Fixed term deposits with variable rate and variable maturities, including callable deposits, range trades and snowballs of more than 364 days.	(A) High security. (B) Interest rate risk.	No	F1, Individual C, Support 1,2 or equivalent. Sovereign rating AA-	No	In-house and external cash fund manager(s).	20%	Over 3 and up to 5 years.
						20%	Up to 2 years.
						15%	Over 2 and up to 3 years.

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Certificates of Deposit with banks and building societies with maturities of more than 364 days.	(A) (i) High security. (ii) Although in theory tradable, are relatively illiquid. (B) (i) 'Market or interest rate risk': Yield subject to movement during life of CD, which could negatively impact on price of the CD.	Yes	AA- Individual C, Support 1,2 or equivalent. Sovereign rating AA-	No	In-house on a 'buy & hold basis' and fund manager(s).	20%	2 years.
UK government gilts with maturities of more than 364 days.	(A) (i) Excellent credit quality. (ii) Very Liquid. (iii) If held to maturity, known yield (rate of return) per annum ~ aids forward planning. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity) (v) No currency risk.	Yes	AAA	No	In-house on a 'buy & hold basis' and fund manager(s).	50%	5 years

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	(B) (i) 'Market or interest rate risk': Yield subject to movement during life of sovereign bond, which could negatively impact on price of the bond i.e. potential for capital loss.						
Bonds issued by a financial institution that is guaranteed by the United Kingdom Government (as defined in SI 2004 No 534) with maturities of more than 364 days.	(A) (i) Excellent credit quality. (ii) relatively liquid. (although not as liquid as gilts) (iii) If held to maturity, known yield (rate of return) per annum, which would be higher than that on comparable gilt ~ aids forward planning,	Yes	AAA	No	In-house on a 'buy & hold basis' and fund manager(s).	15%	5 years.

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	enhanced return compared to gilts. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity) (B) (i) 'Market or interest rate risk: Yield subject to movement during life of bond, which could negatively impact on price of the bond i.e. potential for capital loss. (ii) Spread versus gilts could widen.						
Bonds issued by multilateral / supranational development banks (as defined in SI	As above.	Yes	AAA Sovereign rating AA-	No	In-house on a 'buy & hold basis' and fund manager(s).	25%	5 years

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2004 No 534) with maturities of more than one year <i>Custodial arrangement required prior to purchase</i>							
Collective Investment Schemes structured as Open Ended Investment Companies (OEIC) in the form of: Bond Funds Gilt Funds	(A) (i) High security. (ii) Although in theory tradable, are relatively illiquid. (B) (i) 'Market or interest rate risk': Yield subject to movement during life of bond, which could negatively impact on price of the bond i.e. potential for capital loss.	Yes	F1 Sovereign rating AA-	No	In-house subject to advice from treasury adviser and fund manager(s).	10%	5 years