

## Annual Treasury Management Strategy Statement and Investment Strategy 2006/07

### APPROVED SPECIFIED INVESTMENTS

All of the Specified Investments listed below must be sterling-denominated, with maturities up to a maximum of 1 year, meeting the minimum 'high' credit rating criteria where applicable.

<b>Investment</b>	<b>Share/ Loan Capital?</b>	<b>Repayable/ Redeemable within 12 months?</b>	<b>Minimum Credit, Individual and Support rating</b>	<b>Capital Expenditure</b>	<b>Circumstance of use</b>	<b>Maximum period</b>
<b>Debt Management Agency Deposit Facility*</b> (DMADF) <i>* this facility is at present available for investments up to 6 months</i>	No	Yes	Govt-backed	No	In-house	1 year
<b>Term deposits</b> with the UK government or with UK local authorities (i.e. local authorities as defined under Section 23 of the 2003 Act)	No	Yes	High security although LAs not credit rated.	No	In-house External cash fund managers	1 year
<b>Term deposits</b> with credit-rated banks and building societies, including callable deposits.	No	Yes	F1, Individual C, Support 1, 2, 3 or equivalent.	No	In-house External cash fund managers	1 year
<b>Certificates of Deposit</b> issued by credit-rated banks and building societies. <i>Custodial arrangement required prior to purchase</i>	No	Yes	Short-term F1, Individual C , Support 1,2,3 or equivalent	No	External cash fund managers only.	1 year
<b>UK Government Gilts</b>	No	Yes	Govt-backed	No	External cash fund manager only, subject to the guidelines and parameters agreed with them	1 year
<b>Reverse Gilt Repos</b> <i>[A transaction where gilts are bought with a commitment (as part of the same transaction) to sell equivalent gilts on a specified date, or at call, at a specified</i>	No	Yes	Govt-backed	No	External cash fund managers only, subject to the guidelines and parameters	1 year

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<i>price.]</i>					agreed with them	
<b>Money Market Funds</b> <i>These funds do not have any maturity date.</i>	No	Yes	AAA	No	In-house and by external cash fund managers.	The period of investment may not be determined at the outset.
<b>Forward deals</b> with credit rated banks and building societies (i.e. negotiated deal period plus period of deposit)	No	Yes	F1, Individual C, Support 1,2,3 or equivalent	No	External cash fund manager only, subject to the guidelines and parameters agreed with them	1 year in aggregate
<b>Commercial paper**</b> <i>[short-term obligations (generally with a maximum life of 9 months) which are issued by banks, corporations and other issuers]</i>	No	Yes	F1	No	External cash fund managers only, subject to the guidelines and parameters agreed with them	9 months
<b>Gilt Funds and other Bond Funds</b> (dependent on set-up structure) *** <i>These are open-end mutual funds investing predominantly in UK govt gilts and corporate bonds. These funds do not have any maturity date. The fund would hold highly liquid instruments and the Council's investment in these funds could</i>	No	Yes	Fitch : AA- Moody's : Aa3 S&P : AA-	No, provided <i>it is not a body corporate by virtue of its set up structure.</i>	External cash fund managers only, subject to the guidelines and parameters agreed with them. <b>Important: The</b>	The period of investment may not be determined at the outset.

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<i>be sold at any time.</i>					<b>cash fund manager will ensure that the fund is not a body corporate by virtue of its set up structure.</b>	
<b>Treasury bills</b> [Government debt security with a maturity less than one year and issued through a competitive bidding process at a discount to par value]	No	Yes	Govt-backed	No	External cash fund managers only, subject to the guidelines and parameters agreed with them.	1 year
<b>Bonds issued by a financial institution that is guaranteed by the United Kingdom Government</b> (as defined in SI 2004 No 534)	No	Yes	Govt-backed	No	External cash fund manager only, subject to the guidelines and parameters agreed with them	1 year
<b>Bonds issued by multilateral development banks</b> (as defined in SI 2004 No 534)	No	Yes	AAA	No	External cash fund manager only subject to the guidelines and parameters agreed with them	1 year