APPENDIX 4

Treasury Management Strategy Statement and Investment Strategy 2008/09

Approved Non-Specified Investments

A maximum of 75% may be held in aggregate in non-specified investments

Investment	(A) Why use it. (B) Associated risks.	Repayable/ Redeemable within 12 months?	Minimum credit, individual and support ratings.	Capital Expend -iture	Circumstance of use	Max % of overall investments. (The aggregate of all classes must not at any time exceed 75%)	Maximum maturity of investment
Fixed term deposits with UK government and Local Authorities with maturities of more than one year.	(A) High security although LAs not credit rated. (B) Interest rate risk	No	Government backed.	No	In-house.	40%	5 years
Fixed term deposits with banks and building socities with maturities of more than one year.	(A) High security. (B) Interest rate risk.	No	F1, Individual C, Support 1,2 or equivalent	No	In-house and external cash fund manager(s).	40% 30% 30%	Up to 2 years. 2 to 3 years. 3 to 5 years.
Fixed term deposits with variable rate and variable maturities, including callable deposits, range trades and snowballs of more than one year.	(A) High security. (B) Interest rate risk.	No	F1, Individual C, Support 1,2 or equivalent	No	In-house and external cash fund manager(s).	30% 20% 20%	Up to 2 years. 2 to 3 years. 3 to 5 years.
Certificates of Deposit with banks and building societies with maturities of more than one year.	(A) (i) High security. (ii) Although in theory tradable, are relatively illiquid. (B) (i) 'Market or interest rate risk': Yield	Yes	AA- Individual C, Support 1,2 or equivalent	No	In-house on a 'buy & hold basis' and fund manager(s).	10%	3 years.

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Investment	(A) Why use it. (B) Associated risks.	Repayable/ Redeemable within 12 months?	Minimum credit, individual and support ratings.	Capital Expend -iture	Circumstance of use	Max % of overall investments. (The aggregate of all classes must not at any time exceed 75%)	Maximum maturity of investment
	subject to movement during life of CD, which could negatively impact on price of the CD.						
UK government gilts with maturities of more than one year	(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. (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.	Yes	AAA	No	In-house on a 'buy & hold basis' and fund manager(s).	70%	5 years

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Investment	(A) Why use it. (B) Associated risks.	Repayable/ Redeemable within 12 months?	Minimum credit, individual and support ratings.	Capital Expend -iture	Circumstance of use	Max % of overall investments. (The aggregate of all classes must not at any time exceed 75%)	Maximum maturity of investment
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 one year	(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, 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.	Yes	AAA	No	In-house on a 'buy & hold basis' and fund manager(s).	10%	5 years.

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Investment	(A) Why use it. (B) Associated risks.	Repayable/ Redeemable within 12 months?	Minimum credit, individual and support ratings.	Capital Expend -iture	Circumstance of use	Max % of overall investments. (The aggregate of all classes must not at any time exceed 75%)	Maximum maturity of investment
Bonds issued by multilateral / supranational development banks (as defined in SI 2004 No 534) with maturities of more than one year *Custodial arrangement required prior to purchase*	As above.	Yes	AAA	No	In-house on a 'buy & hold basis' and fund manager(s)s.	25%	5 years
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	No	In-house subject to advice from treasury adviser and fund manager(s)s.	10%	5 years