

**APPROVED LIST OF INVESTMENTS, CREDITWORTHINESS AND USAGE FOR UNDERTAKING THE AUTHORITY'S INVESTMENT MANAGEMENT STRATEGY**

Extract from Treasury Management Practices

**1. Specified Investments**

1.1 Specified Investments are sterling investments of not more than one year maturity, or those which could be for a longer period, but where the Authority has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal is small.

<b>Investment</b>	<b>Security/Credit Rating</b>	<b>Use</b>
UK Government and Local Authorities	UK Sovereign rating	In House
Money Market Funds	Rated AAA	In House
UK Part Nationalised Banks	Government backed	In House
Banks	See table and criteria above Lowest common denominator matrix Meets sovereign criteria	In House
Building Societies	See table and criteria above Lowest common denominator matrix, or assets of at least £3bn	In House
Certificates of Deposit issued by banks and building societies	Short-term lowest common denominator matrix Sovereign rating criteria Government Backed	To be used in house / external fund manager
UK Gilt and Bond Funds	Sovereignty rating criteria and/ or AAA rated fund	To be used in house / external fund manager

**2. Non-Specified Investments**

2.1 Non Specified Investments are any other type of investments that do not fall under the Specified classification.

2.2 In accordance with the guidance issued by the Security of State effective from 1 April 2010, a limit must be stated for the upper limit that may be held in non-specified investments at any time. This limit has been set at 50% of the total portfolio as per the asset class limit set in the Investment Strategy Report.

2.3 Unrated banks, building societies and other institutions are classed as no-specified investments irrespective of the investment period.

<b>Investment</b>	<b>Security/Credit Rating</b>	<b>Maximum Term</b>	<b>Use</b>
Unrated Building Societies	Market capitalisation over £3bn	6 months	In House

2.4 Long-term investments must be undertaken within the approved creditworthiness criteria and total exposure constrained within the boundaries of the approved limits.

2.5 The table below details the total percentage of the Annual Principal Sums Invested for more than 364 days that can be held in each category of investment, for example 100% of the Principal Sums limit can be held with the UK Government at any one time.

<b>Investment (All in Sterling)</b>	<b>Security/Credit Rating</b>	<b>Maximum term</b>	<b>Use</b>	<b>Upper Limit % of the Total Principal sums for each year</b>
UK Government DMO	Sovereign rating criteria	3 years	In House	100%
UK Gilt and Bond Funds	Sovereign rating criteria / AAA mf	3 years	In House / external fund manager	50%
Local Authorities	High Security	3 years	In House	100%
Banks	See table and criteria above Long term credit matrix Meets sovereign criteria	3 years	In House	100%
Building Societies	See credit criteria table Long term credit matrix.	3 years	In House	50%
The Authority's own banker	Government backed	1 years	In house	50%