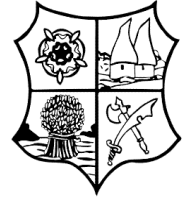


ALTON TOWN COUNCIL INVESTMENT STRATEGY

2023 - 2024



1. INTRODUCTION

Alton Town Council (the Council) acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community as part of its fiduciary duty. This Strategy complies with the revised requirements set out in the Department of Levelling Up, Housing and Communities *Guidance on Local Government Investments* (last published 2018) and takes into account Section 15 (1) (a) of the Local Government Act 2003 and guidance within Governance and Accountability for Local Councils *Practitioner's Guide 2023*.

The Local Government Act 2003 states that a local authority may invest:

- for any purpose relevant to its functions under any enactment
- for the purpose of prudent management of its financial affairs

The Council defines its treasury management activities as *"the management of the Council's cash flows, its banking and money market transactions, the effective control of the risks associated with those activities, and the pursuit of best value performance consistent with those risks."*

2. POLICY

2.1 This strategy establishes formal objectives, policies and practices and reporting arrangements for the effective management and control of the Council's treasury management activities and the associated risks

3. INVESTMENT OBJECTIVES

3.1 The Council's investment priorities are:

- the security of its reserves, and
- the adequate liquidity of its investments, and
- the return on investment - the Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity

3.2 All investments will be made in sterling.

3.3 The Department for Levelling Up, Housing and Communities maintains the borrowing of money purely to invest or to lend and make a return is unlawful and the Council will not engage in such activity. Authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed

3.3 The Council will monitor the risk of loss on investments by review of credit ratings on a regular basis. The Council will only invest in institutions of high credit quality – based on information from credit rating agencies (as defined).

3.4 Investments will be spread over different providers where appropriate to minimise risk. Please note, that local authorities are not eligible for protection under the FSCS unless they have an annual budget of less than €500,000. Alton Town Council's budget exceeds this figure.

4. SPECIFIED INVESTMENTS

4.1 Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year. Such short term investments made with the UK Government or a Local Authority (as defined) or a Town/Parish Council will automatically be Specified Investments.

4.2 The Council, for prudent management of its treasury balances may use

- Treasury Deposits with UK clearing banks
- Local Authorities or other Public Authorities
- Other approved public sector investment funds

4.3 The choice of institution and length of deposit will be at the approval of the Full Council

4.4 The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

5. NON SPECIFIED INVESTMENTS

5.1 These investments have greater potential risk – examples include investment in the money market, stocks and shares. Given the unpredictability and uncertainty surrounding such investments the Council will not use this type of investment.

6. LIQUIDITY OF INVESTMENTS

6.1 The Full Council in consultation with the Responsible Finance Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

6.2 Investments will be regarded as commencing on the date the commitment to invest is entered into rather than the date on which the funds are paid over to the counterparty.

7. LONG TERM INVESTMENTS

7.1 Long Term Investments are defined in the Guidance is greater than 36 months.

7.2 The Council currently holds funds in the Local Authorities Property Fund since 2017 and it is recommended that due to the long-term nature of this fund, this remains the preferred option to aim to achieve an optimum return on funds earmarked for the replacement of the 3G Football pitch at Anstey Park which will be required within a 2 year window.

8. INVESTMENT STRATEGY 2023 – 2024

8.1 For 2023-24, the Council will invest as much of its balance as possible in a low-risk product in order to achieve its investment objectives. The Public Sector Deposit Fund has been identified as a low risk, high liquidity option to continue to be used through this period of investment. The Council has been using this fund since 2016/17 and the current yield on the account is detailed in Appendix 1. This fund has been rated AAmmf by Fitch Ratings (Feb 2023)

8.2 For 2023-24 the Council will continue to use the Local Authorities Property Fund to aim to achieve an optimum return on funds earmarked for the replacement of the 3G Football pitch at Anstey. The monies invested in the fund are achieved through the rent charged in the lease agreement with Alton Football Club. The current investment in the fund as at 30th June 2023 is £375,986 as detailed on the Town Council asset register. This consists of £220,861 for the 3G replacement pitch, £50,000 from the Crownby Estate and £105,125 from the Barley Fields Housing Development S106 Commuted Sum. Details on the fund are found in Appendix 2.

9. END OF YEAR INVESTMENT REPORT

9.1 Investment forecasts for the coming year are accounted for when the budget was prepared. At the end of the financial year the Responsible Finance Officer will report on investment activity to the Full Council.

10. REVIEW AND AMENDMENT OF REGULATIONS

10.1 The Annual Investment Strategy must be reviewed annually and revised if considered necessary.

10.2 The Council reserves the right to make variations to the Investment Strategy at any time subject to the approval of Council. Any variations will be made available to the public.

11. FREEDOM OF INFORMATION

11.1 In accordance with the Freedom of Information Act 2000 this document will be posted on the Council's website: www.alton.gov.uk

Appendix 1 Public Sector Deposit Fund

The Public Sector Deposit Fund

Fund fact sheet – 30 June 2023

Investment objective

To maximise the current income consistent with the preservation of principal and liquidity.

Investment policy

The fund will be invested in a diversified portfolio of high-quality sterling denominated deposits and instruments. All investments at the time of purchase will have the highest short-term credit rating or an equivalent strong long-term rating. The fund is actively managed, which means the authorised corporate director uses their discretion to pick investments, in pursuit of the investment objective.

The weighted average maturity of the investments will not exceed 60 days. The fund will not invest in derivatives or other collective investment schemes.

Target investors

The fund is designed for investors who are looking for capital security and a competitive yield for their short-term investments.

Who can invest?

Any public sector organisation can invest in the fund, but it may be marketed to any retail or professional client.

Responsible investment policy

We monitor our counterparties' environmental, social and governance risk management on a regular basis. Our research utilises external data resources and our in-house Sustainability team.

Key risks

Investors should consider the following risk factors before investing: issuer/credit risk (issuer/financial institution may not pay), market risk (investment value affected by market conditions), operational risk (general business operational risks), maturity profile (timings of investment maturity), liquidity risk (investment in non-readily realisable assets), concentration risk (need for diversification and suitability of investment) and interest rate risk (changes to interest rate affecting income). Please see the fund prospectus for more details.

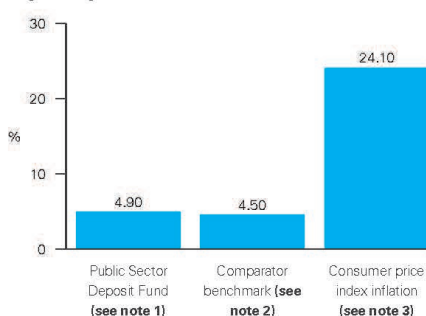
Top 10 counterparty exposures (%)

9.5%	Landesbank Baden-Wuerttemberg
9.5%	Royal Bank of Canada
9.5%	Yorkshire Building Society
7.4%	Nationwide Building Society
6.8%	DBS Bank Limited
3.7%	BNP Paribas
3.7%	Credit Agricole Corporate and Investment Bank
3.7%	Toronto Dominion Bank (The)
3.4%	Sumitomo Mitsui Trust Bank
3.0%	Lloyds Bank Corporate Markets plc

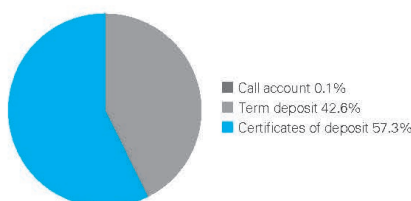
Share class 4 yield as at 30 June 2023

4.79%

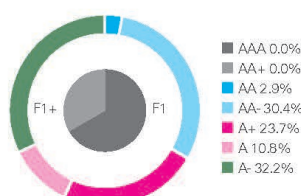
5 years performance



Asset type (%)



Credit rating (%) see note 4



Top 10 country exposures (%)

27.2%	UK
14.5%	Canada
11.8%	Japan
10.8%	Germany
10.8%	Singapore
10.7%	France
5.3%	Sweden
3.1%	Netherlands
2.3%	Australia
1.4%	Denmark

Note 1: Source: CCLA - Performance shown after management fees and other expenses, with the income reinvested. The daily yield on the fund will fluctuate, and past performance is not a reliable indicator of future results. Note 2: From 1 January 2021, the comparator benchmark is the Sterling Overnight Index Average. Before 1 January 2021, the comparator benchmark was the 7-Day Sterling London Interbank Bid Rate. Note 3: consumer price index inflation is lagged one month. Note 4: Using Fitch Ratings methodology.

Income

Average yield over the month	4.57%
Yield at the month-end shown	4.79%

Total return performance by year

12 months to 30 June	2019	2020	2021	2022	2023
The Public Sector Deposit Fund	+0.7%	+0.6%	+0.1%	+0.3%	+3.1%
Comparator benchmark	+0.6%	+0.4%	-0.0%	+0.3%	+3.1%
Relative (difference)	+0.1%	+0.2%	+0.1%	+0.0%	+0.0%

Annualised total return performance

Performance to 30 June	1 year	3 years	5 years
The Public Sector Deposit Fund	+3.1%	+1.1%	+1.0%
Comparator benchmark	+3.1%	+1.1%	+0.9%
Relative (difference)	+0.0%	+0.0%	+0.1%

Performance shown after management fees and other expenses, with the income reinvested. From 1 January 2021, the comparator benchmark is the Sterling Overnight Index Average. Before 1 January 2021, the comparator benchmark was 7-Day Sterling London Interbank Bid Rate. **Past performance is not a reliable indicator of future results.** Source: CCLA

Market update

Labour markets showed some signs of softening at the margins but remained tight by historical standards. In the UK the unemployment rate nudged upwards by 0.1 percentage point to 3.8%, but wages continued to rise strongly. The annual rate of consumer price inflation (CPI) remained at 8.7% in May, disappointing official forecasters who had been anticipating a lower figure. Policy makers and markets were especially concerned by a further rise in core inflation, which strips out volatile energy and food price movement from the headline rate, and which came in at 7.1% – the highest level since 1992.

The Bank of England responded to evidence of the UK's stubborn inflation with a hike of 0.5% in its policy rate, from 4.5% to 5%. Amid signals from central bank officials that further rises were likely to follow, markets moved to price in a peak of over 6% within the next twelve months.

Key facts

Authorised corporate director	CCLA Investment Management Limited
Fund size	£1,480m
Fitch money-market fund rating	AAAmmf
Weighted average maturity	47.41 days
Launch date	May 2011
Minimum initial investment	£25,000.00
Minimum subsequent investment	£5,000.00
Dealing day	Each business day (see note 5)
Withdrawals	On demand
Fund domicile	United Kingdom
ISIN (share class 4)	GB00B3LDFH01
Interest payment dates	End of each month
Ongoing charges figure	0.08% (see note 6)

Please Contact

Kelly Watson

Market Development
T: +44 (0)207 489 6105
M: +44 (0)7879 553 807
E: kelly.watson@ccla.co.uk

Jamie Charters

Market Development
T: +44 (0)207 489 6147
E: jamie.charters@ccla.co.uk

Lee Jagger

Market Development
T: +44 (0)207 489 6077
E: lee.jagger@ccla.co.uk

Note 5: Dealing instructions (including cleared funds for purchases) must be received by 11:30 am.

Note 6: The ongoing charges figure is based on the annual management charge but excludes portfolio transaction costs.

Please refer to <https://www.ccla.co.uk/glossary> for explanations of some of the terminology used in this document.

Risk warning and disclosures

This document is a financial promotion and is for information only. It does not provide financial, investment or other professional advice. The market update contained in this document represents CCLA's house view and should not be relied upon to form the basis of any investment decisions. To make sure you understand whether our product is suitable for you, please read the key investor information document and the prospectus and consider the risk factors identified in those documents. CCLA strongly recommend you get independent professional advice before investing. Under the UK money market funds regulation, the Public Sector Deposit Fund (PSDF) is a short-term low volatility net asset value money market fund. You should note that purchasing shares in the PSDF is not the same as making a deposit with a bank or other deposit taking body and is not a guaranteed investment. Although it is intended to maintain a stable net asset value per share (where £1 invested in the PSDF remains equal to £1 in value in the PSDF), there can be no assurance that it will be maintained. The value of the PSDF may be affected by interest rate changes. The PSDF does not rely on external support for guaranteeing the liquidity of the fund or stabilising the net asset value per share. The risk of loss of principal is borne by the shareholder. Past performance is not a reliable indicator of future results. The value of investments and the income from them may fall as well as rise. You may not get back the amount you originally invested and may lose money. Any forward-looking statements are based on our current opinions, expectations and projections. We may not update or amend these. Actual results could be significantly different than expected. The PSDF is authorised in the United Kingdom and regulated by the Financial Conduct Authority as a UK UCITS Scheme and is a Qualifying Money Market Fund. Issued by CCLA Investment Management Limited (registered in England and Wales number 2183088, at One Angel Lane, London EC4R 3AB), is authorised and regulated by the Financial Conduct Authority. For information about how we collect and use your personal information please see our privacy notice, which is available at <https://www.ccla.co.uk/our-policies/data-protection-privacy-notice>.

One Angel Lane | London | EC4R 3AB | Freephone: 0800 022 3505 | Website: www.ccla.co.uk

The Local Authorities' Property Fund

Fund fact sheet – 30 June 2023

Investment objective

The fund aims to provide a high level of income and capital growth over the long-term (defined as 5 years).

Investment policy

The fund is an actively managed, diversified portfolio of UK commercial property. It will principally invest in UK commercial properties, but may invest in other assets, which may be either liquid or illiquid in nature.

The fund may also invest some of its assets in instruments that are easier to buy and sell to maintain appropriate levels of liquidity. Instruments used for this purpose may include cash and near-cash, participation notes, UK real estate investment trusts, regulated or unregulated investment funds, and loan notes.

The fund is managed in line with CCLA's responsible property investment policy, which you can read in the policies and reports section on the website.

Target investors

The fund is designed for local authorities looking for exposure to UK commercial property for their long-term investments.

Independent governance

The trustee is the Local Authorities' Mutual Investment Trust, a body controlled by members and officers appointed by the Local Government Association, the Convention of Scottish Local Authorities, the Northern Ireland Local Government Officers' Superannuation Committee, the Welsh Local Government Association and investors in the fund.

Who can invest?

Any local authority in the United Kingdom.

Income

Gross dividend yield (see note 1) 4.44%

MSCI/AREF UK Other Balanced Open-Ended Quarterly Property Fund Index yield 3.57%

Note 1: Based on the fund's net asset value and historic annual dividend of 12.79 pence per unit.

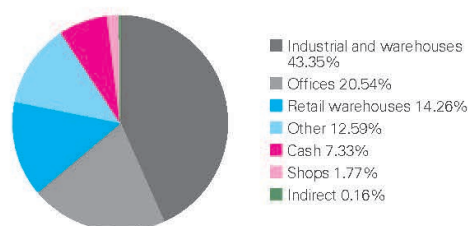
Fund update

Transactions in commercial property markets remained quiet in the second quarter of 2023. Following a subdued start to 2023, provisional data for the latest quarter indicates the market was on track for the lowest first-half transaction volume since the financial crisis of 2008-09. There were some signs of improving interest from buyers, seeking bargains after a fall in valuations in the second half of 2022, but there was a shortage of sellers willing to transact at depressed prices. Over the quarter the fund's total return (taking income and capital together) was +1.0% compared with a return on the comparator benchmark of +0.3%. Over the past 12 months the fund returned -17.4% compared to the benchmark return of -17.1%.

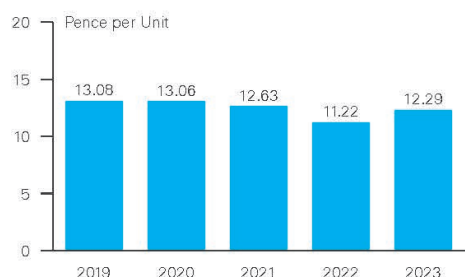
The fund's portfolio currently has a bias towards industrial assets, and retail warehouses are also well represented. There is little exposure to high street shops. One asset sale, an office property in Glasgow, was completed during the quarter as part of our planned portfolio reshaping to reduce the fund's exposure to the office sector. Elsewhere in the portfolio, several new leases were entered into or renewed, helping to secure future income flows.

Valuations are likely to remain under pressure until investors are confident that the peak of the interest rate cycle has been reached. Even then, with property yields now enjoying a lower premium over the bond market, capital growth is expected to be subdued. Income will therefore continue to be the key driver of total returns from property. The office sector faces particular challenges, with changing work patterns weakening demand and higher environmental standards adding to landlords' expenses.

Asset allocation at 30 June 23



12 month distributions to 31st March:



Total return performance by year

12 months to 30 June	2019	2020	2021	2022	2023
The Local Authorities' Property Fund	+5.46%	-3.47%	+11.73%	+23.70%	-17.39%
Comparator benchmark	+4.05%	-2.48%	+8.49%	+22.72%	-17.14%

Annualised total return performance

Performance to 30 June 2023	1 year	3 years	5 years
The Local Authorities' Property Fund	-17.39%	+4.52%	+3.06%
Comparator benchmark	-17.14%	+3.32%	+2.28%

Performance shown after management fees and other expenses. The comparator benchmark is MSCI/AREF UK Other Balanced Open-Ended Quarterly Property Fund Index. **Past performance is not a reliable indicator of future results.** Source: CCLA

Top 10 holdings at 30 June 23 – Total 33.77%

London, Beckton Retail Park	Leeds, 27 Industrial Estate
London, Goodman's Yard	Bristol, Gallagher Retail Park
London, Cathedral Street	Centennial Park, Elstree
London, Pickett's Lock	Coventry, Torrington Avenue
London, Imperial House	North Huntingdon, DHL Cardinal

Key facts

Manager	CCLA Fund Managers Limited
Investment Manager	CCLA Investment Management Limited
Fund size	£1,200
Number of holdings	75

Income units	
Offer (buying) price	307.30 pence
Net asset value	287.87 pence
Bid (selling) price	283.41 pence
Launch date	18 April 1972
Unit type	Income
Minimum initial investment	£25,000
Minimum subsequent investment	£10,000
Dealing day	Month-end valuation date (see note 2)
SEDOL	0521664
ISIN	GB0005216642
Dividend payment dates	End January, April, July, and October
Annual management charge (taken from income)	0.65%
Fund management fee (FMF)	0.72% (see note 3)
PRIPs other ongoing costs	0.72% (see note 4)

Note 2: Dealing instructions for the purchase of units must be received by 5pm on the business day before the valuation date. If the valuation date is a bank holiday, the dealing day will become the next business day. Whilst units can be sold on each monthly dealing date, all redemption requests are currently subject to a minimum notice period of 6 months (this may be reduced to 90 days at the manager's discretion) and will therefore be processed on the next available dealing day following expiry of the notice period.

Note 3: The FMF includes the annual management charge and other costs and expenses of operating and administering the fund, such as depositary, custody, audit, and regulatory fees.

Note 4: The packaged retail and insurance-based investment products (PRIPs) other ongoing costs include the FMF and, where relevant, synthetic charges. Synthetic charges are the effect that costs incurred as a result of investment in relevant underlying funds or similar investments have on the fund. The PRIPs other ongoing costs do not include transaction costs. For more information on costs, including transaction costs, please see the fund's key information document.

Please refer to <https://www.ccla.co.uk/glossary> for explanations of some of the terminology used in this document

Please Contact

Kelly Watson

Market Development
T: +44 (0)207 489 6105
M: +44 (0)7879 553 807
E: kelly.watson@ccla.co.uk

Jamie Charters

Market Development
T: +44 (0)207 489 6147
M: +44 (0)7468 560 680
E: jamie.charters@ccla.co.uk

Lee Jagger

Market Development
T: +44 (0)207 489 6077
E: lee.jagger@ccla.co.uk

Risk warning and disclosures

This document is a financial promotion and is for information only. It does not provide of financial, investment or other professional advice. To make sure you understand whether our product is suitable for you, please read the key information document and scheme information and consider the risk factors identified in those documents. CCLA strongly recommend you get independent professional advice before investing. Past performance is not a reliable indicator of future results. The value of investments and the income from them may fall as well as rise. You may not get back the amount you originally invested and may lose money. The properties held by the fund are valued by an external property valuer and any valuations are a matter of opinion rather than fact. The performance of the fund may be negatively affected by a downturn in the property market which could impact on the value of the fund. Any forward-looking statements are based on our current opinions, expectations and projections. We may not update or amend these. Actual results could be significantly different than expected. Investment in the fund is only available to eligible local authorities. The fund is an unauthorised UK alternative investment fund and an unregulated collective investment scheme established under a scheme approved by HM Treasury under Section 11 of the Trustee Investments Act 1961, together with the trust deed dated 6 April 1972 as amended by supplemental trust deeds dated 6 April 1972, 13 September 1978, 21 April 2016 and 23 September 2019. Issued by CCLA Investment Management Limited (registered in England and Wales, number 02183088, at One Angel Lane, London EC4R 3AB) is authorised and regulated by the Financial Conduct Authority. CCLA Fund Managers Limited (registered in England and Wales, number 8735639, at One Angel Lane, London EC4R 3AB) is authorised and regulated by the Financial Conduct Authority. For information about how we collect and use your personal information please see our privacy notice, which is available at <https://www.ccla.co.uk/our-policies/data-protection-privacy-notice>.