KIAMA MUNICIPAL COUNCIL

Consolidated Income Statement

For the Period Ending 31 October 2025

	Year to Date					Full Year	
	Actual	Adopted Budget	---------- Variance ---------		Last Year Actual*	Last Year Actual*	Adopted Budget
	25-26	25-26	25-26		24-25	24-25	25-26
	$'000	$'000	$'000	%	$'000	$'000	$'000
Income							
Rates, Levies & Annual Charges	30,096	30,160	(64)	0%	28,460	28,740	30,387
User charges and fees	5,688	5,708	(20)	0%	5,741	18,317	18,845
Interest & Investment Revenue	623	640	(17)	-3%	820	2,382	1,836
Other Revenue	1,239	1,198	41	3%	1,365	4,415	4,029
Operating Grants and Contributions	1,017	1,005	12	1%	733	4,476	4,783
Capital Grants and Contributions	1,004	1,087	(83)	-8%	3,483	14,496	5,480
Net Gain / (Loss) from disposal of assets	0	42	(42)	-99%	240	(1,063)	536
Total Income from continuing operations	**39,668**	**39,840**	**(173)**	**0%**	**40,841**	**71,762**	**65,897**
Expenses							
Employee Benefits	9,900	9,366	(534)	-6%	9,988	29,760	27,809
Borrowing Costs	41	38	(3)	-8%	37	177	245
Materials & Contracts	9,126	9,529	402	4%	10,934	30,016	26,469
Other Expenses	135	194	59	30%	211	1,135	1,088
Total Expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**19,202**	**19,126**	**(76)**	**0%**	**21,169**	**61,088**	**55,611**
Operating result from continuing operations excluding deprecation, amortisation and impairment of non-financial assets	**20,466**	**20,714**	**(249)**	**-1%**	**19,672**	**10,674**	**10,285**
Depreciation & Amortisation	3,051	3,085	(33)	-1%	3,782	11,559	9,153
Operating result from continuing operations	**17,415**	**17,630**	**(215)**	**-1%**	**15,890**	**(885)**	**1,132**
Net Operating result before grants and contributions provided for capital purposes	16,410	16,543	(132)	**-1%**	12,407	(15,381)	(4,348)

**Last year actuals are preliminary and exclude discontinued operations (Blue Haven Bonaira and Hire Services Operations)*

KIAMA MUNICIPAL COUNCIL

Blue Haven Terralong Income Statement

For the Period Ending 31 October 2025

	Year to Date					Full Year	
	Actual	Adopted Budget	----------- Variance ----------		Last Year Actual	Last Year Actual	Adopted Budget
	25-26	25-26	25-26		24-25	24-25	25-26
	$'000	$'000	$'000	%	$'000	$'000	$'000
Income							
User charges and fees	351	374	(23)	-6%	378	1,110	1,121
Interest & Investment Revenue	2	-	2	100%	3	1	-
Other Revenue	632	679	(47)	-7%	677	2,001	2,244
Net Gain / (Loss) from disposal of assets	-	-			-	-	-
Internal Revenue	-	-	-	0%	-	-	-
Total Income from continuing operations	**985**	**1,053**	**(68)**	**-6%**	**1,058**	**3,111**	**3,366**
Expenses							
Employee Benefits	116	93	(22)	-24%	143	414	294
Materials & Contracts	327	296	(31)	-11%	332	1,954	539
Other Expenses	-	-	-	0%	-	14	-
Internal Expenditure	331	329	(2)	-1%	197	584	668
Total Expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**773**	**718**	**(56)**	**-8%**	**672**	**2,966**	**1,501**
Operating result from continuing operations excluding deprecation, amortisation and impairment of non-financial assets	**212**	**335**	**(123)**	**-37%**	**386**	**145**	**1,865**
Depreciation & Amortisation	-	-			-	-	-
Operating result from continuing operations	212	335	**(123)**	**-37%**	386	145	1,865
Net Operating result before grants and contributions provided for capital purposes	**212**	**335**	(123)	**-37%**	**386**	**145**	**1,865**

KIAMA MUNICIPAL COUNCIL

Holiday Parks Income Statement

For the Period Ending 31 October 2025

	Year to Date					Full Year	
	Actual 25-26 $'000	Adopted Budget 25-26 $'000	---------- Variance --------- 25-26 $'000	%	Last Year Actual 24-25 $'000	Last Year Actual 24-25 $'000	Adopted Budget 25-26 $'000
Income							
User charges and fees	3,451	3,458	(7)	0%	3,318	11,385	11,851
Other Revenue	1	1	0	18%	1	2	2
Operating Grants and Contributions	(0)	-	(0)	-100%	-	-	-
Net Gain / (Loss) from disposal of assets	-	-			-	(27)	-
Internal Revenue	1	-	1	100%	17	45	-
Total Income from continuing operations	**3,453**	**3,459**	**(5)**	**0%**	**3,336**	**11,406**	**11,853**
Expenses							
Employee Benefits	150	148	(2)	-1%	125	449	464
Borrowing Costs	8	9	0	2%	17	61	50
Materials & Contracts	1,851	2,014	163	8%	1,955	6,284	6,044
Other Expenses	-	-	-	0%	76	529	472
Internal Expenditure	1,409	1,407	(2)	0%	338	890	1,546
Total Expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**3,418**	**3,578**	**159**	**4%**	**2,509**	**8,213**	**8,576**
Operating result from continuing operations excluding deprecation, amortisation and impairment of non-financial assets	**35**	**(119)**	**154**	**129%**	**827**	**3,192**	**3,277**
Depreciation & Amortisation	199.11484	201.29696			193.699	593.78154	597.34475
Operating result from continuing operations	**(164)**	**(320)**	**156**	**49%**	**633**	**2,598**	**2,680**
Net Operating result before grants and contributions provided for capital purposes	**(164)**	**(320)**	156	**49%**	**633**	**2,598**	**2,680**

KIAMA MUNICIPAL COUNCIL

The Pavilion Income Statement

For the Period Ending 31 October 2025

	Year to Date					Full Year	
	Actual 25-26 $'000	Adopted Budget 25-26 $'000	---------- Variance ---------- 25-26 $'000	%	Last Year Actual 24-25 $'000	Last Year Actual 24-25 $'000	Adopted Budget 25-26 $'000
Income							
User charges and fees	202	193	9	5%	236	612	579
Capital Grants and Contributions	-	-	-	0%	-	24	-
Net Gain / (Loss) from disposal of assets	-	-			-	-	-
Internal Revenue	13	6	8	141%	7	37	17
Total Income from continuing operations	**215**	**199**	**17**	**8%**	**244**	**673**	**596**
Expenses							
Employee Benefits	92	90	(2)	-2%	74	284	278
Materials & Contracts	105	97	(8)	-9%	104	423	311
Internal Expenditure	614	613	(1)	0%	11	31	643
Total Expenses from continuing operations excluding depreciation, amortisation and impariment of non-financial assets	**811**	**800**	**(11)**	**-1%**	**189**	**737**	**1,232**
Operating result from continuing operations excluding deprecation, amortisation and impairment of non-financial assets	**(596)**	**(601)**	**5**	**1%**	**55**	**(65)**	**(636)**
Depreciation & Amortisation	-	-	-	0%	-	-	-
Operating result from continuing operations	**(596)**	**(601)**	**5**	**1%**	**55**	**(65)**	**(636)**
Net Operating result before grants and contributions provided for capital purposes	**(596)**	**(601)**	5	**1%**	**55**	**(40)**	**(636)**

KIAMA MUNICIPAL COUNCIL

Commercial Waste Income Statement

For the Period Ending 31 October 2025

	Year to Date					Full Year	
	Actual 25-26 $'000	Adopted Budget 25-26 $'000	----------- Variance --------- 25-26 $'000	%	Last Year Actual 24-25 $'000	Last Year Actual 24-25 $'000	Adopted Budget 25-26 $'000
Income							
Rates, Levies & Annual Charges	204	204	-	0%	198	196	204
User charges and fees	111	72	39	54%	56	176	240
Other Revenue	43	45	(2)	-4%	45	127	135
Net Gain / (Loss) from disposal of assets	-	-			-	-	-
Internal Revenue	96	88	8	9%	135	391	265
Total Income from continuing operations	**453**	**408**	**45**	**11%**	**434**	**890**	**843**
Expenses							
Employee Benefits	94	79	(15)	-19%	78	254	244
Materials & Contracts	65	86	21	24%	8	269	276
Internal Expenditure	161	161	-	0%	127	381	161
Total Expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**319**	**325**	**6**	**2%**	**214**	**903**	**682**
Operating result from continuing operations excluding deprecation, amortisation and impairment of non-financial assets	**134**	**83**	**51**	**61%**	**220**	**(13)**	**162**
Depreciation & Amortisation	0	0			0	0	0
Operating result from continuing operations	**134**	**83**	**51**	**61%**	**220**	**(13)**	**162**
Net Operating result before grants and contributions provided for capital purposes	**134**	**83**	51	**61%**	**220**	**(13)**	**162**

KIAMA MUNICIPAL COUNCIL

Leisure Centre Income Statement

For the Period Ending 31 October 2025

	Year to Date					Full Year	
	Actual 25-26 $'000	Adopted Budget 25-26 $'000	---------- Variance ---------- 25-26 $'000	%	Last Year Actual 24-25 $'000	Last Year Actual 24-25 $'000	Adopted Budget 25-26 $'000
Income							
User charges and fees	789	826	(37)	-4%	931	2,709	2,674
Capital Grants and Contributions	-	-	-	0%	-	72	-
Net Gain / (Loss) from disposal of assets	-	-			-	-	-
Internal Revenue	-	-	-	0%	-	-	-
Total Income from continuing operations	**789**	**826**	**(37)**	**-4%**	**931**	**2,781**	**2,674**
Expenses							
Employee Benefits	658	618	(40)	-6%	679	2,134	1,916
Borrowing Costs	2	2	(0)	-3%	2	9	9
Materials & Contracts	263	251	(12)	-5%	268	724	806
Internal Expenditure	823	819	(4)	-1%	227	685	859
Total Expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**1,746**	**1,690**	**(57)**	**-3%**	**1,177**	**3,553**	**3,591**
Operating result from continuing operations excluding deprecation, amortisation and impairment of non-financial assets	**(958)**	**(864)**	**(93)**	**-11%**	**(246)**	**(771)**	**(916)**
Depreciation & Amortisation	0	0			0	0	0
Operating result from continuing operations	**(958)**	**(864)**	**(93)**	**-11%**	**(246)**	**(771)**	**(916)**
Net Operating result before grants and contributions provided for capital purposes	**(958)**	**(864)**	(93)	**-11%**	**(246)**	**(771)**	**(916)**

KIAMA MUNICIPAL COUNCIL

Income Statement by Program & Service

For the Period Ending 31 October 2025

PROGRAM & SERVICE	REVENUE			EXPENDITURE			OPERATING RESULT		
	Actual 25/26 $'000	Budget 25/26 $'000	Variance $ 25/26 $'000	Actual 25/26 $'000	Budget 25/26 $'000	Variance $ 25/26 $'000	Actual 25/26 $'000	Budget 25/26 $'000	Variance $ 25/26 $'000
Business Operations									
Kendall Beach Holiday Park	606	606	1	594	654	60	12	(49)	(61)
Kiama Harbour Cabins	449	404	45	882	882	(0)	(433)	(477)	(44)
Seven Mile Beach Holiday Park	938	1,202	(264)	799	815	16	139	387	248
Showground Camping Grounds	0	-	0	0	-	(0)	(0)	-	0
Surf Beach Holiday Park	583	553	31	694	750	55	(111)	(197)	(86)
Werri Beach Holiday Park	876	694	182	647	678	31	229	16	(213)
Leisure Centre	789	826	(37)	1,746	1,690	(57)	(958)	(864)	93
The Pavilion	215	199	17	862	851	(11)	(646)	(652)	(6)
Blue Haven - Terralong ILU	985	1,053	(68)	773	718	(56)	212	335	123
Blue Haven - Community Services	-	-	-	0	-	(0)	(0)	-	0
Commercial Waste Services	453	408	45	320	325	5	133	83	(50)
Business Operations	**5,896**	**5,944**	**(48)**	**7,319**	**7,363**	**44**	**(1,423)**	**(1,418)**	**(5)**
Core Council Administration	**30,645**	**30,772**	**(127)**	**8,338**	**7,770**	**(568)**	**22,306**	**23,002**	**(695)**
Regulatory	**822**	**736**	**86**	**1,782**	**1,826**	**44**	**(959)**	**(1,090)**	**130**
Public Services & Amenities	**9,109**	**9,191**	**(82)**	**11,283**	**11,462**	**179**	**(2,174)**	**(2,271)**	**97**
Other Community Services	**452**	**393**	**58**	**787**	**987**	**200**	**(335)**	**(593)**	**258**
Total Council	**46,923**	**47,037**	**(113)**	**29,509**	**29,407**	**(102)**	**17,415**	**17,630**	**(215)**

Key:
Favourable
Unfavourable

**Details on the specific services contained under each program can be found on the following page.*

Enclosure 1

Item 14.2

KIAMA MUNICIPAL COUNCIL

Programs & Services

Contained below is a list of Kiama Council's main programs and the associated services which are provided under each.

Core Council Administration
Property Administration
Office of the CEO
Finance
Corporate Savings
Training & Development
Rates & Charges
Records Management
Fleet & Plant Administration
Supply & Store
Communications
Civic Activities
Information Technology
Geographic Information Systems
Customer Service
TechnologyOne Implementation and Maintenance
Corporate Planning
Governance
Human Resources
Organisational development
Risk Management
Operating Management

Business Operations
Kendalls Beach Holiday Park
Kiama Harbour Cabins
Seven Mile Beach Holiday Park
Showground Camping Ground
Surf Beach Holiday Park
Werri Beach Holiday Park
The Pavilion
Blue Haven ILU Terralong
Commercial Waste Services
Leisure Centre

Regulatory
Lifeguards
Internal Audit
Bushfire Services (RFS)
Building Development
Compliance
Environmental Administration
Environmental Health
Strategic Planning

Public Services & Ammenities
Depreciation
Building Services & Maintenance
Construction & Works
Engineering & Works Administration
Design Project Contract Management
Asset Management
Engineering Assessment & Approvals
Parks Services
Tree Preservation & Management
Kiama Works Depot
Library Services
Domestic Waste Services
Cleaning Services

Other Community Services
Road Safety
Community Development
Cultural Development
Youth Services
Tourism & Events
Visitor Information Centre
Economic Development

KIAMA MUNICIPAL COUNCIL

Consolidated Cash Flow Movements

For the Period Ending 31 October 2025

	Year to Date Actual 25-26 $'000	Full Year Adopted Budget 25-26 $'000
Operating result from continuing operations	**17,423**	**1,132**
Cash Adjustments		
Depreciation	3,051	9,153
Cost of Assets Sold - Plant & Equipment	-	1,195
Cost of Assets Sold - Property	-	14,614
Cost of Assets Sold - Other	-	-
Capital Works Program	(2,651)	(23,067)
Purchase of Investment Property	-	(1,933)
Loan Repayments	(169)	(679)
Deferred Management fees	(628)	(2,238)
Aged Care Bonds Movements	(1,713)	4,500
Net Movement in Debtors/Creditors	(17,416)	-
Net Inc/(Dec) in Funds before Transfers	**(2,104)**	**2,677**
Net Reserve Movements		
Externally Restricted	**(1,732)**	**(5,099)**
Unexpended Grants	128	(3,948)
Crown Land	(1,979)	(2,404)
Blue Haven Terralong ILU Maintenance Levy	(83)	(250)
Roads Reserve	-	-
Domestic waste management	(307)	948
Unspent Loan Funding	-	-
Stormwater Levy	93	(128)
Security bonds, Deposits & Retentions	(50)	-
Developer contributions (Unexpended)	362	683
Internally Restricted	**(1,859)**	**(758)**
Blue Haven ILU Prudential Cover	-	-
Terralong ILU Capital Works	(787)	1,000
Plant Replacement	-	(934)
Employee Leave Entitlements	(1,500)	(1,500)
Land Development	-	(15)
Council Elections	-	66
Waste Business Unit	-	-
Risk Improvement Incentive	(37)	(30)
Temporary Funding Disaster Recovery Funding Agreement Works	465	654
Total Net Reserve Movements	**(3,591)**	**(5,858)**
Net Inc/(Dec) in Unrestricted Funds	**1,488**	**8,534**
Net Inc/(Dec) in Unrestricted Funds excluding one-off sales	**1,488**	**(6,079)**

**Last year actuals are preliminary and exclude discontinued operations (Blue Haven Bonaira and Hire Services Operations)*

KIAMA MUNICIPAL COUNCIL
Consolidated
Statement of Financial Position
For the Period Ended 31 October 2025

	Notes	YTD Actual 31 October 2025 2025/26 $'000	Last year YTD Actual 31 October 2024 2024/25 $'000
ASSETS			
Current assets			
Cash and cash equivalants	C1-1	**19,121**	17,928
Investments	C1-2	**14,000**	19,000
Receivables	C1-4	**20,441**	2,964
Inventories	C1-5	**331**	347
Contract assets and contract cost assets	C1-6	**513**	513
Current assets classified as 'held for sale'	C1-7	**945**	945
Other		**1,436**	545
Total current assets		**56,787**	42,243
Non current assets			
Investments	C1-2	**3,465**	1,465
Receivables	C1-4	**2,953**	2,951
Infrastructure, property, plant and equipment	C1-8	**580,799**	583,589
Investment property	C1-9	**85,960**	85,960
Right of use assets	C2-1	**280**	280
Total non current assets		**673,457**	674,245
Total assets		**730,244**	716,487
LIABILITIES			
Current liabilities			
Payables	C3-1	**65,900**	70,129
Contract liabilities	C3-2	**5,598**	4,694
Lease liabilities	C2-1	**77**	77
Borrowings	C3-3	**2,520**	2,519
Employee benefit provisions	C3-4	**5,894**	6,022
Total current liabilities		**79,989**	83,441
Non current liabilities			
Lease liabilities	C2-1	**226**	226
Borrowings	C3-3	**7,984**	8,154
Employee benefit provisions	C3-4	**513**	513
Total non current liabilities		**8,723**	8,893
Total Liabilities		**88,712**	92,335
Net Assets		**641,532**	624,153
EQUITY			
Retained earnings		**151,619**	159,013
Revaluation reserves		**472,534**	472,534
Council equity interests			
Minority equity interests			
Current Year Net Earnings		**17,379**	-7,394
Total equity		**641,532**	624,153

Arlo Advisory

Monthly Investment Review

KIAMA MUNICIPAL COUNCIL
your council, your community

November 2025

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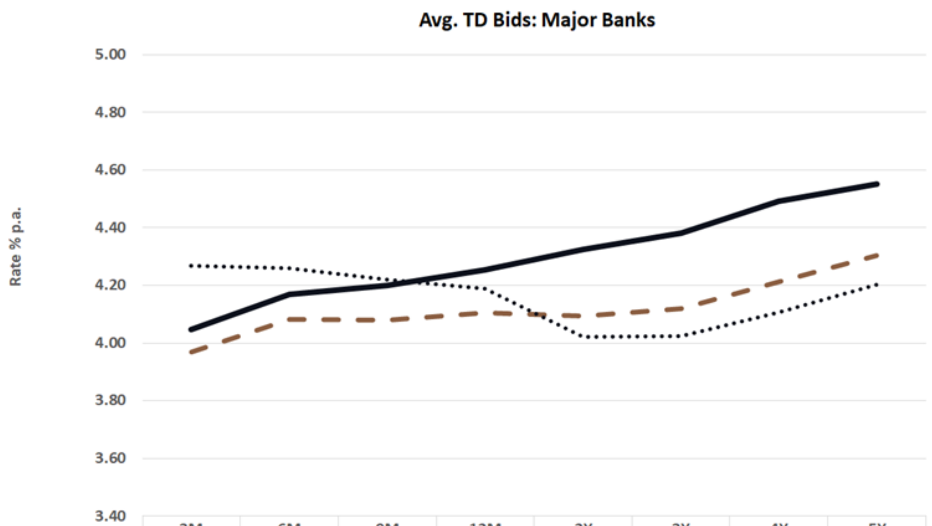
Market Update Summary

Financial markets were sold off this month on the notion that various global central banks (including Australia) have largely withdrawn their mild easing bias, with some now even forecasting the next move in official rates may be up next year should inflation continue to spike. Global equities lost momentum during the month, partly due to rising concerns surrounding AI optimism.

In the deposit market, over November, the average deposit rates offered by the domestic major banks was up to ~15bp higher compared to where they were the previous month (October). The market is not forecasting any more rate cuts this cycle. At the longer-end of the curve (2-5 years), the average rates rose up to ~25bp compared to where they were the previous month.



	3M	6M	9M	12M	2Y	3Y	4Y	5Y
Nov-2025	4.05	4.17	4.20	4.25	4.32	4.38	4.49	4.55
Oct-2025	3.97	4.08	4.08	4.10	4.09	4.12	4.21	4.30
May-2025	4.27	4.26	4.22	4.19	4.02	4.02	4.11	4.20

Source: Imperium Markets

Arlo Advisory

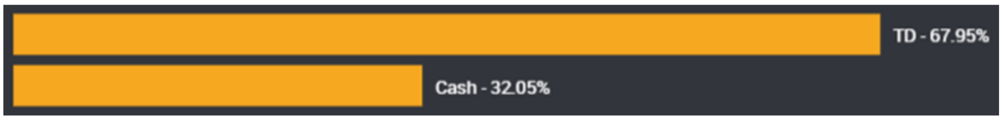
Kiama Municipal Council's Portfolio & Compliance

Asset Allocation

The majority of the portfolio is directed to term deposits (~68%), with the remainder in cash (~32%).

Senior FRNs are currently considered 'expensive' on a historical basis but new issuances should continue to be considered on a case by case scenario for diversification purposes. In the interim, staggering a mix of fixed deposits between 12 months to 3 years remains a more optimal strategy to maximise returns over a longer-term cycle.

With global central banks remaining on a mild easing bias, investors can choose to allocate a small proportion of medium to longer-term funds and undertake an insurance policy by investing across 1-3 year fixed assets, locking in and targeting yields above 4½% p.a. Should inflation be within the RBA's target band of 2-3% over the longer-term, returns around 4½% p.a. or higher should outperform benchmark.



Term to Maturity

The portfolio is highly liquid with the entire portfolio maturing within 12 months. We recommend a more diversified maturity profile to optimise the overall returns of the portfolio in the long-run.

All the maturity policy allocations are compliant, with substantial capacity to invest in 1-3 year terms particularly amongst the higher rated ADIs. Where ongoing liquidity requirements permit, we recommend Council to invest a higher proportion in deposits with a minimum term of 9-12 months, with a smaller allocation to 2-3 year deposits.

Compliant	Horizon	Invested ($)	Invested (%)	Min Limit (%)	Max Limit (%)	Available ($)
✓	0 - 365 days	$33,321,526	94.34%	0%	100%	$2,000,000
✓	1 - 3 years	$2,000,000	5.66%	0%	40%	$12,128,610
✓	3 - 5 years	$0	0.00%	0%	30%	$10,596,458
✓	5 - 10 years	$0	0.00%	0%	30%	$10,596,458
		$35,321,526	**100.00%**			

Counterparty

As at the end of the November, all individual counterparties were within policy limits. We stress that exposures are dependent on capital inflows/outflows which can be volatile and unexpected at times. Any potential 'breaches' are typically temporary and usually rectified within months.

Compliant	Issuer	Rating	Invested ($)	Invested (%)	Max. Limit (%)	Available ($)
✓	Westpac	AA-	$13,321,526	37.72%	40%	$807,084
✓	NAB	AA-	$6,000,000	16.99%	40%	$8,128,610
✓	ING	A	$7,000,000	19.82%	30%	$3,596,458
✓	BOQ	A-	$2,000,000	5.66%	30%	$8,596,458
✓	Bank of Us	BBB+	$1,000,000	2.83%	15%	$4,298,229
✓	Hume Bank	BBB+	$1,000,000	2.83%	15%	$4,298,229
✓	P&N Bank	BBB+	$1,000,000	2.83%	15%	$4,298,229
✓	State Bank of India	BBB	$4,000,000	11.32%	15%	$1,298,229
			$35,321,526	**100.00%**		

Fossil Fuel Investments

What is Council's current exposure to institutions that fund fossil fuels?

Using the following link http://www.marketforces.org.au/banks/compare, based on the Council's investment portfolio balance as at 30/11/2025 (~$35.3m), we can roughly estimate that ~75% of the institutions invested have some form of exposure. Note this is purely based on the institution/counterparty and not the actual underlying investments themselves.

Council's exposure is summarised as follows:

Counterparty	Rating	Funding Fossil Fuel
WBC	AA-	Yes
NAB	AA-	Yes
ING	A	Yes
BoQ	A-	No
Bank of Us	BBB+	No
Hume Bank	BBB+	No
P&N Bank	BBB+	No
State Bank of India	BBB	No

Source: https://www.marketforces.org.au/info/compare-bank-table/

Summary	Amount Invested	Invested (%)
Yes	$26,321,526	75%
No	$9,000,000	25%
Total	**$35,321,526**	**100%**

Transition to investments without major exposure to fossil fuels

Council has not made a formal decision to divest from the current portfolio of investments which have exposure to fossil fuels. To do so would have unfavourable implications to the credit quality, rating and interest income forecasts.

However, where possible, and within the ministerial and policy guidelines, Council will continue to favour newly issued fossil fuel free investment products, providing it does not compromise the risk and return profile.

In time, it is Councils intention to move to a more balanced portfolio which has less exposure to fossil fuels, providing it is prudent to do so.

What would be implications on our portfolio credit rating?

By adopting a free fossil fuel policy or an active divestment strategy, this would eliminate the major banks rated "AA-" as well as some other potential "A" rated banks (e.g. Macquarie and ING). Council would be left with a smaller sub-sector of banks to choose to invest with.

What would be risks and implications on Council's portfolio performance?

Some implications include:

- High concentration risk – limiting Council to a selected number of banks;
- Increased credit/counterparty risk;
- May lead to a reduction in performance (e.g. should Council choose to invest in securities, most of the senior FRN issues are with the higher rated ADIs);
- Underperformance compared to other Councils which could result in a significant loss of income generated – could be in excess of hundreds of thousands of dollars per annum.

It may actually be contrary to Council's primary objective to preserve capital as the investment portfolio's risk would increase (all things being equal). Council may not be maximising its returns – this is one of the primary objectives written in the Investment Policy.

Credit Quality

The portfolio is diversified from a credit ratings perspective, with exposure down to the BBB category. All ratings categories are within the Policy limits:

Compliant	Credit Rating	Invested ($)	Invested (%)	Max. Limit (%)	Available ($)
✓	AAA Category	$0	0.00%	100%	$35,321,526
✓	AA Category	$19,321,526	54.70%	100%	$16,000,000
✓	A Category	$9,000,000	25.48%	70%	$15,725,068
✓	BBB Category	$7,000,000	19.82%	30%	$3,596,458
✓	Unrated ADIs	$0	0.00%	0%	$0
		$35,321,526	**100.00%**		

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Performance

Council's performance (excluding cash holdings) for the month ending November 2025 is summarised as follows:

Performance (Actual)	1 month	3 months	6 months	FYTD	1 year
Cash Rate Index	0.29%	0.89%	1.83%	1.51%	3.91%
AusBond Bank Bill Index	0.30%	0.89%	1.84%	1.52%	4.04%
Council's Portfolio^	**0.39%**	**1.16%**	**2.38%**	**1.97%**	**4.93%**
Outperformance	**0.09%**	**0.27%**	**0.54%**	**0.45%**	**0.90%**

^Total portfolio performance excludes Council's cash account holdings.

Performance (Annualised)	1 month	3 months	6 months	FYTD	1 year
Cash Rate Index	3.60%	3.60%	3.68%	3.65%	3.91%
AusBond Bank Bill Index	3.66%	3.61%	3.70%	3.65%	4.04%
Council's Portfolio^	**4.79%**	**4.72%**	**4.80%**	**4.76%**	**4.93%**
Outperformance	**1.13%**	**1.11%**	**1.10%**	**1.10%**	**0.90%**

^Total portfolio performance excludes Council's cash account holdings.

For the month of November, excluding cash, the total portfolio provided a return of +0.39% (actual) or +4.79% p.a. (annualised), outperforming the benchmark AusBond Bank Bill Index return of +0.30% (actual) or +3.66% p.a. (annualised). All time periods are now comfortably above benchmark returns.

Recommendations for Council

Term Deposits

Going forward, Council may consider altering its longer-term strategy by placing a slightly larger proportion of deposits across 12-24 months terms. Over a cycle and in a normal market environment, this may earn up to ¼-½% p.a. higher compared to purely investing in shorter tenors (predominately under 6 months). Although we may be reaching (or potentially already at) the bottom of the rate cut cycle, locking in rates close to or above 4¼-4½% p.a. across 1-3 year tenors may provide some income protection against a relatively flat rate environment over coming years.

As at the end of November 2025, Council's deposit portfolio was yielding around 4.56% p.a. (down 9bp from the previous month), with a weighted average duration of 173 days (~6 months). ***We continue to recommend Council to increase the portfolio's duration closer to 9 months incrementally over the next year to optimise returns (with a view to extending closer to 12 months in the medium-term).***

Please refer to the section below for further details on the Term Deposit market.

Securities

Primary (new) **FRNs** (with maturities between 3-5 years) are expensive on a historical basis but remains an option (particularly for those investors with portfolios skewed towards fixed assets) and should be considered on a case by case scenario. **Fixed Bonds** may also provide attractive opportunities from new (primary and secondary) issuances.

Please refer to the sections below for further details on each market.

Term Deposit Market Review

Current Term Deposits Rates

As at the end of November, we see value in the following:

ADI	LT Credit Rating	Term	Rate % p.a.
ING	A	5 years	4.77%
Westpac	AA-	5 years	4.70%
NAB	AA-	5 years	4.60%
BoQ	A-	5 years	4.59%
ING	A	4 years	4.65%
Westpac	AA-	4 years	4.63%
BoQ	A-	4 years	4.54%
NAB	AA-	4 years	4.50%
Westpac	AA-	3 years	4.55%
ING	A	3 years	4.51%
BoQ	A-	3 years	4.49%
NAB	AA-	3 years	4.40%
Police CU	Unrated	2 years	4.53%
Westpac	AA-	2 years	4.46%
NAB	AA-	2 years	4.45%
ING	A	2 years	4.42%

The above deposits are suitable for investors looking to maintain diversification and lock-in a slight premium compared to purely investing short-term.

For terms under 12 months, we believe the strongest value is currently being offered by the following ADIs (*we stress that rates are indicative, dependent on daily funding requirements and different for industry segments*):

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ADI	LT Credit Rating	Term	Rate % p.a.
ICBC Sydney	A	12 months	4.50%
Police CU	Unrated	12 months	4.50%
Westpac	AA-	12 months	4.45%
NAB	AA-	12 months	4.36%
ANZ	AA-	12 months	4.35%
Police CU	Unrated	9 months	4.45%
Westpac	AA-	9 months	4.35%
NAB	AA-	9 months	4.30%
BoQ	A-	9 months	4.29%
Bank of Us	BBB+	9 months	4.28%
Police CU	Unrated	6 months	4.49%
Community First	BBB	6 months	4.36%
BoQ	A-	6 months	4.34%
Suncorp	AA-	6 months	4.33%
Bank of Sydney	Unrated	6 months	4.30%
Police CU	Unrated	3 months	4.24%
CBA	AA-	3 months	4.17%
Bank of Sydney	Unrated	3 months	4.15%
Westpac	AA-	3 months	4.11%
NAB	AA-	3 months	4.10%

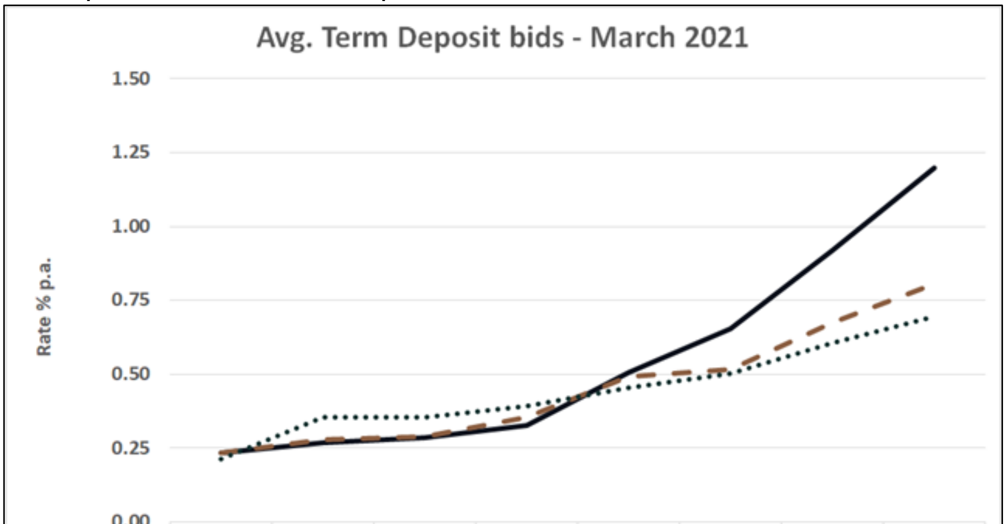
For those investors that do not require high levels of liquidity and can stagger their investments longer term, they will be rewarded over a longer-term cycle if they roll for an average min. term of 12 months, with a spread of investments out to 5 years (this is where we see current value). In a normal market environment (upward sloping yield curve), investors could earn over a cycle, on average, up to ¼-½% p.a. higher compared to those investors that entirely invest in short-dated deposits.

Despite no more rate cuts expected, investors should consider allocating some longer-term surplus funds and undertake an insurance policy by investing across 1-5 year fixed deposits and locking in rates above 4¼-4½% p.a. This will provide some income protection if official rates remain steady around current levels for the foreseeable future.

Term Deposits Analysis

Pre-pandemic (March 2020), a 'normal' marketplace meant the lower rated ADIs (i.e. BBB category) were offering higher rates on term deposits compared to the higher rated ADIs (i.e. A or AA rated). But due to the cheap funding available provided by the RBA via their Term Funding Facility (TFF) during mid-2020, allowing the ADIs to borrow as low as 0.10% p.a. fixed for 3 years, those lower rated ADIs (BBB rated) did not require deposit funding from the wholesale deposit. Given the higher rated banks had more capacity to lend (as they have a greater pool of mortgage borrowers), they subsequently were offering higher deposit rates. In fact, some of the lower rated banks were not even offering deposit rates at all. As a result, most investors placed a higher proportion of their deposit investments with the higher rated (A or AA) ADIs over the past three years.

Term Deposit Rates – 12 months after pandemic (March 2021)



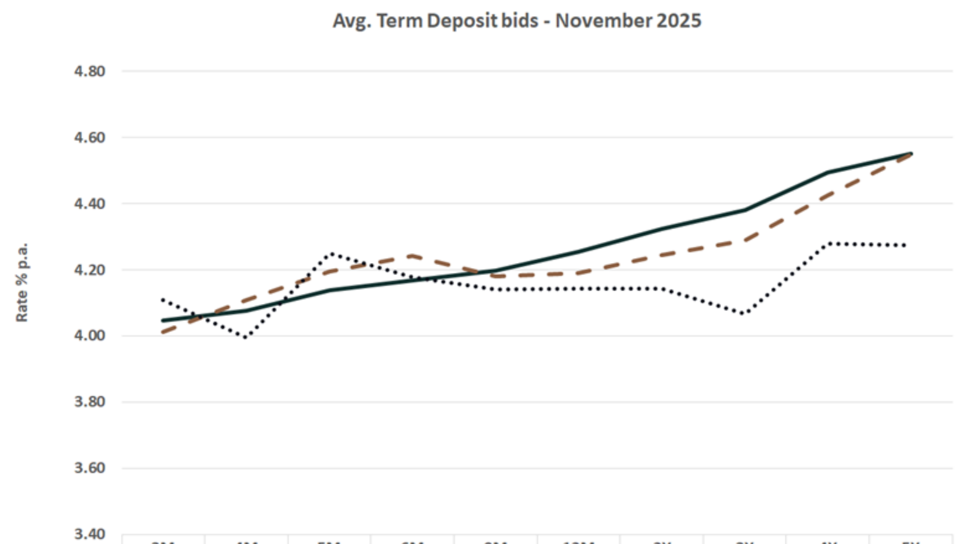
	3M	6M	9M	12M	2Y	3Y	4Y	5Y
Majors	0.23	0.27	0.29	0.33	0.51	0.65	0.92	1.20
A Rated	0.23	0.28	0.29	0.35	0.49	0.52	0.68	0.81
BBB Rated	0.21	0.36	0.35	0.39	0.45	0.50	0.61	0.70

Source: Imperium Markets

The abnormal marketplace experienced during the pandemic is starting to reverse as the competition for deposits slowly increases, partially driven by the RBA's term funding facility coming to an end. In recent months, we have started to periodically see some of the lower rated ADIs ("A" and "BBB" rated) offering slightly higher rates compared to the domestic major banks ("AA" rated) on different parts of the curve (i.e. pre-pandemic environment). Some of this has been attributed to lags in adjusting their deposit rates as some banks (mainly the lower rated ADIs) simply set their rates for the week.

Going forward, investors should have a larger opportunity to invest a higher proportion of its funds with the lower rated institutions (up to Policy limits), from which the majority are not lending to the Fossil Fuel industry or considered 'ethical'. We are slowly seeing this trend emerge, although the major banks always seem to react more quickly than the rest of the market during periods of volatility:

Term Deposit Rates – Currently (November 2025)



	3M	4M	5M	6M	9M	12M	2Y	3Y	4Y	5Y
Majors	4.05	4.08	4.14	4.17	4.20	4.25	4.32	4.38	4.49	4.55
A Rated	4.01	4.11	4.20	4.24	4.18	4.19	4.25	4.29	4.42	4.55
BBB Rated	4.11	4.00	4.25	4.18	4.14	4.14	4.14	4.07	4.28	4.28

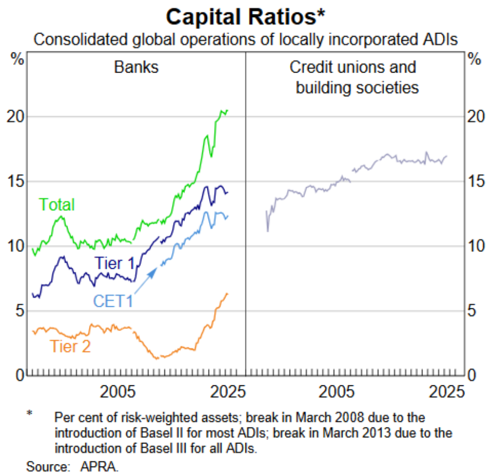
Source: Imperium Markets

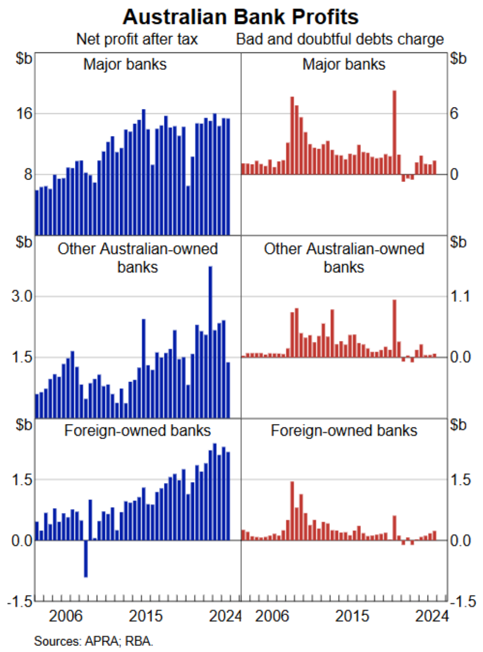
Financial Stability of the Banking (ADI) Sector

The RBA's Financial Stability reaffirms the strong balance sheet across the ADI sector. They noted that the risk of widespread financial stress remains limited due to the generally strong financial positions of most (individual) borrowers. Very few mortgage borrowers are in negative equity, limiting the impact on lenders (ADIs) in the event of default and supporting their ability to continue providing credit to the economy. Most businesses that have entered insolvency are small and have little debt, limiting the broader impact on the labour market and thus household incomes, and on the capital position of lenders (ADIs).

Australian banks (collectively the APRA regulated ADIs) have maintained prudent lending standards and are well positioned to continue supplying credit to the economy. A deterioration in economic conditions or temporary disruption to funding markets is unlikely to halt lending activity. Banks have anticipated an increase in loan arrears and have capital and liquidity buffers well above regulatory requirements (*see Capita Ratios chart below*). APRA's mandate is to "*protect depositors*" and provide "*financial stability*".

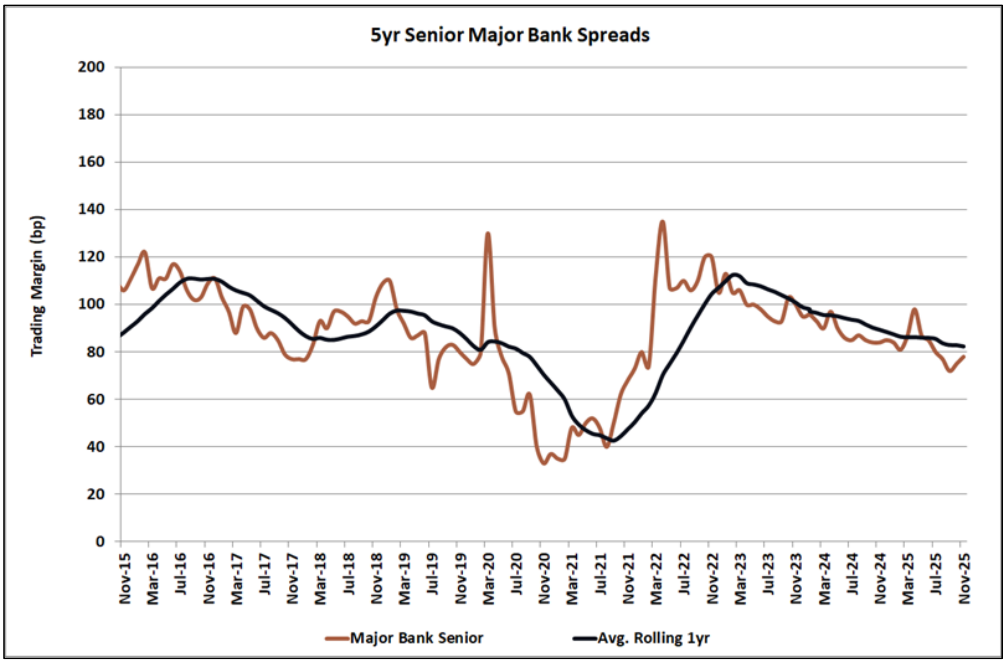
Over the past two decades, both domestic and international banks continue to operate and demonstrate high levels of profitability (*see Australian Bank Profits chart below*), which also covers two stress-test environments being the GFC (September 2008) and the COVID pandemic period (March 2020):





Senior FRNs Market Review

Over November, amongst the senior major bank FRNs, physical credit securities widened up to 3bp at the long-end of the curve. During the month, ANZ (AA-) issued a new short 3 year senior deal at +61bp, whilst Suncorp (AA-) issued a new 5 year senior deal at +80bp. Long-term major bank senior securities are looking 'expensive' on a historical basis, noting the 5yr margin has averaged around the +92bp level over a cycle (currently around +78bp).



Source: IBS Capital

During the month, there was a handful of new issuances:

- Bank of Queensland (A-): 3 year senior FRN at +77bp
- Agricultural Bank of China (A): 5 year senior FRN at +73bp
- Bank Australia (BBB+): 3 year senior FRN at +103bp

Amongst the "A" rated sector, the securities widened up to 5bp at the 3-5 year part of the curve. Within the "BBB" rated sector, margins widened up to 10bp at the 3 year part of the curve, partly driven by the new primary issuances.

Overall, credit securities are slightly expensive on a historical basis but remain a good option for diversification purposes. FRNs will continue to play a role in investors' portfolios mainly based on their liquidity and the ability to roll down the curve and gross up returns over ensuing years (in a relatively stable credit environment), whilst also providing some diversification to those investors skewed towards fixed assets (and especially if the RBA's easing cycle is over).

Senior FRNs (ADIs)	30/11/2025	31/10/2025
"AA" rated – 5yrs	+78bp	+75bp
"AA" rated – 3yrs	+61bp	+60bp
"A" rated – 5yrs	+85bp	+80bp
"A" rated – 3yrs	+70bp	+67bp
"BBB" rated – 3yrs	+105bp	+93bp

Source: IBS Capital

We now generally recommend switches ('benchmark' issues only) into new primary issues, out of the following senior FRNs that are maturing:

- On or before mid-2028 for the "AA" rated ADIs (domestic major banks);
- On or before 2026 for the "A" rated ADIs; and
- Within 6-9 months for the "BBB" rated ADIs (consider case by case).

Investors holding onto the above senior FRNs ('benchmark' issues only) in their last few years are now generally holding sub optimal investments and are not maximising returns by foregoing realised capital gains. In the current challenging economic environment, any boost in overall returns should be locked in when it is advantageous to do so, particularly as switch opportunities become available.

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Senior Fixed Bonds – ADIs (Secondary Market)

With global central banks remaining on a mild easing bias, investors may look at some opportunities in the secondary market. We currently see value in the following fixed bond lines (please note supply in the secondary market may be limited on any day):

ISIN	Issuer	Rating	Capital Structure	Maturity Date	~Remain. Term (yrs)	Fixed Coupon	Indicative Yield
AU3CB0314763	Bendigo	A-	Senior	24/10/2028	2.91	4.79%	4.66%
AU3CB0308955	BoQ	A-	Senior	30/04/2029	3.42	5.30%	4.79%
AU3CB0319879	Nova Sco.	A-	Senior	21/03/2030	4.32	5.23%	5.18%

Economic Commentary

International Market

Financial markets were sold off this month on the notion that various global central banks (including Australia) have largely withdrawn their mild easing bias, with some now even forecasting the next move in official rates may be up next year should inflation continue to spike. Global equities lost momentum during the month, partly due to rising concerns surrounding AI optimism.

Across equity markets, the US S&P 500 Index marginally rose +0.13%, whilst the NASDAQ declined -2.15%. Europe's main indices also lost ground, with falls in Germany's DAX (-0.51%), whilst France's CAC (+0.02%) and UK's FTSE (+0.03%) were flat.

The US announced a 28-point Russia-Ukraine peace plan which US President Trump said he had given Ukraine until 27 November to accept.

The October US FOMC Minutes revealed many Fed officials thought it would likely be appropriate to keep interest rates steady for the remainder of 2025.

US President Donald Trump signed a bill ending the longest government shutdown in US history (43 days).

Canada's annual CPI inflation fell by slightly less than expected from +2.4% to +2.2% in October, while the core measure (average of trim and median) fell slightly more than expected to +2.95%.

Japan's GDP contracted by -0.4% q/q in Q3, albeit a smaller contraction than the -0.6% expected by the consensus.

The Bank of England held rates in a tight 5-4 decision. The statement repeated the line that rates are on a "*gradual downward path*" but removed the word "*careful*". UK CPI inflation fell to +3.6% in October, in line with BoE forecasts, with energy prices the main drag. Services inflation eased to +4.5%, below expectations, while food inflation ticked up.

New Zealand's unemployment rate ticked up to 5.3%, its highest rate in nearly nine years. The RBNZ cut rates by 25bp to 2.25% as expected, but signals their easing cycle is now likely complete.

The MSCI World ex-Aus Index rose +0.37% for the month of November:

Index	1m	3m	1yr	3yr	5yr	10yr
S&P 500 Index	+0.13%	+6.02%	+13.54%	+18.85%	+13.59%	+12.65%
MSCI World ex-AUS	+0.37%	+5.85%	+17.76%	+19.88%	+13.53%	+12.53%
S&P ASX 200 Accum. Index	-2.66%	-3.05%	+5.47%	+9.71%	+9.87%	+9.46%

Source: S&P, MSCI

Domestic Market

In a unanimous decision, the RBA Monetary Policy Board left the cash rate unchanged at 3.60% as expected. The RBA has not hit the panic button on inflation just yet, noting that *"…some of the increase in underlying inflation in the September quarter was due to temporary factors"*. The RBA's inflation outlook was revised higher, now seen above the 2-3% target range until mid-2026 before falling to 2.6% by end 2027.

The November minutes are broadly in line with recent RBA communication. The RBA remains "*cautious and data dependent*". It does not expect the September quarter pace of inflation to persist, but noted the outcome across a number of persistent components "*that there could be a little more underlying inflationary pressure*" with "*slightly more capacity pressure in the economy than previously assessed*"

The unemployment rate fell to 4.3% in October from 4.5% in September, below expectations of a drop to 4.4%. the number of unemployed people fell by 17,000 over October, while the number of employed people rose by 42,000. The participation rate remained steady at 67.0% in October.

Elevated and broad-based inflation pressures evident in Q3 were largely sustained in October. Headline CPI came in at +3.8% y/y in October whilst the trimmed mean printed at +3.3% y/y (from +3.2% y/y in September).

Q3 wage price index (WPI) came in on the softer side of +0.8% q/q and +3.4% y/y, which is in line with the RBA's November SoMP forecast. Private sector wage growth slowed to +0.7% q/q and +3.2% y/y, while public sector growth continued to grow a little more strongly at +0.9% q/q and +3.8% y/y. In annual terms, wage growth is now 0.54% below its peak in Q3 2023.

The Australian dollar fell around -0.27%, finishing the month at US65.33 cents (from US65.51 cents the previous month).

Credit Market

The global credit indices marginally widened this month. They remain near the levels seen in early-mid 2022 (prior to the rate hike cycle from most central banks):

Index	November 2025	October 2025
CDX North American 5yr CDS	52bp	52bp
iTraxx Europe 5yr CDS	54bp	54bp
iTraxx Australia 5yr CDS	69bp	66bp

Source: Markit

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Fixed Interest Review

Benchmark Index Returns

Index	November 2025	October 2025
Bloomberg AusBond Bank Bill Index (0+YR)	+0.30%	+0.30%
Bloomberg AusBond Composite Bond Index (0+YR)	-0.88%	+0.36%
Bloomberg AusBond Credit FRN Index (0+YR)	+0.34%	+0.33%
Bloomberg AusBond Credit Index (0+YR)	-0.49%	+0.27%
Bloomberg AusBond Treasury Index (0+YR)	-0.93%	+0.34%
Bloomberg AusBond Inflation Gov't Index (0+YR)	-0.76%	+0.44%

Source: Bloomberg

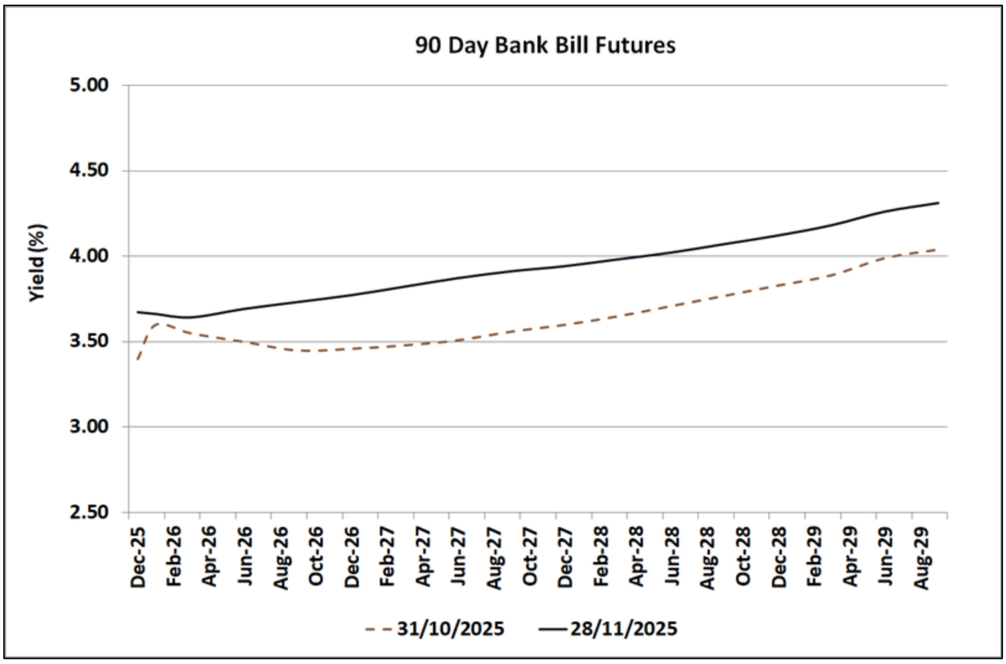
Other Key Rates

Index	November 2025	October 2025
RBA Official Cash Rate	3.60%	3.60%
90 Day (3 month) BBSW Rate	3.66%	3.64%
3yr Australian Government Bonds	3.87%	3.60%
10yr Australian Government Bonds	4.52%	4.29%
US Fed Funds Rate	3.75%-4.00%	3.75%-4.00%
2yr US Treasury Bonds	3.47%	3.60%
10yr US Treasury Bonds	4.02%	4.11%

Source: RBA, ASX, US Department of Treasury

90 Day Bill Futures

Bill futures rose across the board this month following the ongoing spike in inflation (latest monthly reading came in higher than expected). The market has all but quashed any chances of another rate cut in 2026, with some now forecasting the chance of a rate hike should inflation remain elevated:



Source: ASX

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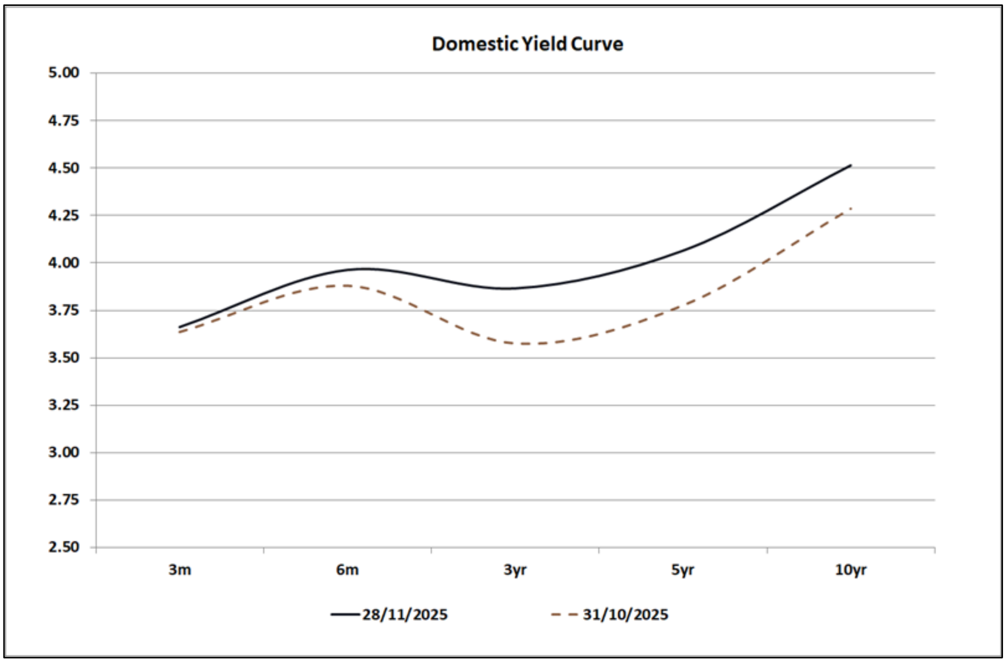
Fixed Interest Outlook

US Federal Reserve Chair Jerome Powell said that a rate cut in December is "*far from*" a foregone conclusion and that there were some strongly differing views amongst the members. Powell said he believes that the ex-tariff inflation is close to the Fed's 2% target, commenting that they are seeing a continual "*very gradual*" cooling in the labour market. The clear inference is that labour market deterioration is at a somewhat faster pace that has been observed recently, and it will be a key indicator of how monetary policy evolves from here. Pricing for the December 10 meeting predicts around an 80% chance of a 25bp cut.

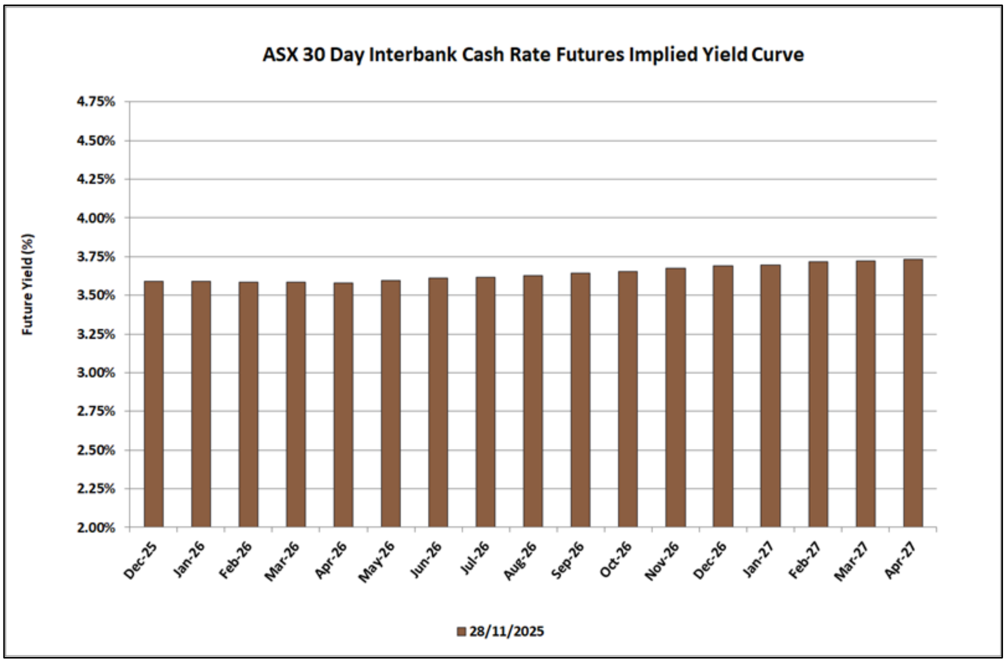
Domestically, the RBA's latest Minutes stated that "*members judged that financial conditions were still slightly restrictive but that it was also possible this was no longer the case*". The RBA sees core inflation sitting above 3% through to mid-2026, before returning to 2.6% by mid-2027. The return to 2.6% core inflation has been pushed out by 18 months relative to the August Statement of Monetary Policy. These forecasts are likely to change following the higher than expected quarterly and monthly inflation prints.

Yields rose up to 29bp at the longer-end of the curve this month:



Source: ASX, RBA

Financial markets are now calling this the bottom of the RBA's easing cycle after recent inflation prints have proven to be higher than previously anticipated. In fact, markets are now factoring the small possibility that the next move may potentially be a hike in mid-late 2026:



Source: ASX

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