

Islington Council Specified Investments

All "Specified Investments" listed below must be sterling-denominated, with maximum maturity one year.

** If forward deposits are to be made, the forward period plus the deal period should not exceed one year in aggregate.

Investment	Repayable/ Redeemable within 12 months?	Security / Minimum Credit Rating **	Circumstance of use	Max period
Debt Management Agency Deposit Facility* (DMADF) * this facility is at present available for investments up to 6 months	Yes	Government-backed.	In-house and by external fund managers	1 year *
Term Deposits with the UK Government or other UK Local Authorities	Yes	High security although the majority of Local Authorities do not have credit rating with one of the three recognised credit rating agencies.	In-house and by external fund managers	1 year
Term Deposits with credit-rated deposit or UK Government backed (banks and building societies), including callable deposits.	Yes	Minimum Short Term Ratings Fitch F1 Moodys P-1 S & P A-1 Minimum Long term Ratings Fitch A+ Moodys A1 S & P A+ Maximum Deposit £30 m per institution Plus Council Bankers Overnight, weekend & Public Sector Reserve – Maximum of £10m For late funds only	In-house and by external fund managers	1 year

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Investment	Repayable/ Redeemable within 12 months?	Security / Minimum Credit Rating **	Circumstance of use	Max period
Certificates of Deposit issued by credit-rated deposit takers (banks and building societies) up to 1 year. <i>Custodial arrangement required prior to purchase</i>	Yes	Fitch IBCA Short-term F1 Maximum 10% of fund with fund manager.	To be used in house or by fund managers;	1 year
Gilts : with maturities up to 1 year <i>Custodial arrangement required prior to purchase</i>	Yes	Government-backed Minimum credit rating: AA+	(1) Buy and hold to maturity or trade: to be used in-house after consultation / advice from Arlingclose. (2) trading by external cash fund manager(s) only subject to the guidelines agreed.	1 year
Money Market Funds <i>These funds do not have any maturity date</i>	Yes	Minimum credit rating: AAA	In-house and by external fund managers subject to the guidelines agreed.	subject to cash flow / liquidity
Forward deals with credit rated or UK government backed banks and building societies plus other Local Authorities < 1 year (i.e. negotiated deal period plus period of deposit)	Yes	Minimum Short Term Ratings Fitch F1 Moody's P-1 S & P A-1 Minimum Long term Ratings Fitch A+ Moody's A1 S & P A+ Maximum Deposit £30m per institution	In-house and fund managers	1 year in aggregate
Gilt Funds and other Bond Funds (dependent on set-up structure)	Yes	Minimum Rating: Fitch: A+ Moody's: A1 S&P: A+	External fund managers only subject to guidelines agreed *Important : In choosing the manager we	

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<p>*** These are open-end mutual funds investing predominantly in UK Government gilts and corporate bonds. These funds do not have any maturity date and would hold highly liquid instruments.</p>			will ensure that the fund is not a body corporate by virtue of its set up structure	
<p>Treasury bills [Government debt security with a maturity less than one year and issued through a competitive bidding process at a discount to par value]</p> <p><i>Custodial arrangement required prior to purchase</i></p>	Yes	Government-backed	In- house or External fund managers subject to the guidelines and parameters agreed	1 year
<p>Bonds issued by a financial institution that is guaranteed by the United Kingdom Government (as defined in SI 2004 No 534) with maturities under 12 months</p> <p><i>Custodial arrangement required prior to purchase</i></p>	Yes	AA+ (Government-backed)	<p>(1) Buy and hold to maturity or trade: to be used in-house after consultation / advice from Arlingclose</p> <p>(2) trading by external cash fund manager(s) only subject to guidelines agreed</p>	1 year
<p>Bonds issued by multilateral development banks (as defined in SI 2004 No 534) with maturities under 12 months</p>	Yes	AAA	<p>(1) Buy and hold to maturity or trade: to be used in-house after consultation/ advice from Arlingclose</p> <p>(2)) trading by external cash fund manager(s) only subject to guidelines agreed</p>	1 year

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Investment	Repayable/ Redeemable within 12 months?	Security / Minimum Credit Rating **	Circumstance of use	Max period
<i>Custodial arrangement required prior to purchase</i>				
UK Sterling Denominated Corporate Bonds issued by UK PLC's or Public Sector Bodies (From 01/04/2012)	Yes	Minimum Short Term Ratings Fitch F1 Moodys P-1 S & P A-1 Minimum Long Term Ratings Fitch A+ Moodys A1 S & P A+ Maximum Deposit £10m per institution	(1) Buy and hold to maturity or trade: to be used in-house after consultation/ advice from Arlingclose (2)) trading by external cash fund manager(s) only subject to guidelines agreed	1 year

*****Open ended funds continually create new units (or shares) to accommodate new monies as they flow into the funds and trade at net asset value (NAV).**

Islington Council Non Specified Investments

<u>Investment</u>	<u>Share/ Loan Capital?</u>	<u>Repayable/ Redeemable within 12 Months?</u>	<u>Security / Minimum Credit Rating **</u>	<u>Capital Expenditure?</u>	<u>Circumstance of Use</u>	<u>Maximum Held at Any One Time During the Year</u> £M	<u>Maximum Maturity of Investment</u>
Term deposits with UK government or other local authorities (with maturities in excess of 1 year)	No	No	High security although the majority of Local Authorities do not have credit rating with one of the three recognised credit rating agencies	No	In-house and fund managers	100	5 years
Term deposits with credit rated deposit takers or UK government backed (banks and building societies) with maturities greater than 1 year	No	No	Minimum Short Term Ratings Fitch F1 Moodys P-1 S & P A-1 Minimum Long term Ratings Fitch A+ Moodys A1 S & P A+ Maximum Deposit £30m per institution		In-house and fund managers	100	5 years
Certificates of Deposit with credit rated deposit takers or UK government backed (banks and building societies) with maturities greater than 1 year <i>Custodial arrangement required prior to purchase</i>	No	Yes	Minimum Short Term Ratings Fitch F1 Moodys P-1 S & P A-1 Minimum Long term Ratings Fitch A+ Moodys A1 S & P A+ Maximum Deposit £30m per institution	No	To be used by fund managers. To be used in-house “buy and hold” or trade after consultation / advice from Arlingclose.	100	5 years

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<u>Investment</u>	<u>Share/ Loan Capital?</u>	<u>Repayable/ Redeemable within 12 Months?</u>	<u>Security / Minimum Credit Rating **</u>	<u>Capital Expenditure?</u>	<u>Circumstance of Use</u>	<u>Maximum Held at Any One Time During the Year</u> £M	<u>Maximum Maturity of Investment</u>
Callable deposits with credit rated deposit takers or UK government backed (banks and building societies) with maturities greater than 1 year	No	No	Minimum Short Term Ratings Fitch F1 Moody's P-1 S & P A-1 Minimum Long Term Ratings Fitch A+ Moody's A1 S & P A+ Maximum Deposit £30m per institution .	NO	To be used by fund managers. To be used in-house "buy and hold" or trade after consultation / advice from Arlingclose.	100	5 years in aggregate
UK government gilts with maturities in excess of 1 year <i>Custodial arrangement required prior to purchase</i>	No	Yes	Government backed	No	(1) Buy and hold to maturity or trade: to be used in-house after consultation / advice from Arlingclose (2) for trading: by external cash fund manager(s) only subject to the guidelines and parameters agreed with them.	100	10 years including but also including the 10 year benchmark gilt
Sovereign issues ex UK Government gilts : any maturity <i>Custodial arrangement required prior to purchase</i>	No	Yes	AAA	No	(1) Buy and hold to maturity or trade: to be used in-house after consultation/ advice from Arlingclose	100	10 years

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Forward deposits with credit rated or UK government backed banks and building societies plus other Local Authorities for periods > 1 year (i.e. negotiated deal period plus period of deposit)	No	No	Minimum Short Term Ratings Fitch F1 Moody's P-1 S & P A-1 Minimum Long Term Ratings Fitch A+ Moody's A1 S & P A+ Maximum Deposit £30m per institution For Maturities > 2 years Long Term Minimum AA	No	(2) for trading: by external cash fund manager(s) only subject to the guidelines and parameters agreed with them To be used by fund managers. To be used in-house after consultation/ advice from Arlingclose	100	5 years in aggregate
Bonds issued by a financial institution that is guaranteed by the United Kingdom Government (as defined in SI 2004 No 534) with maturities in excess of 1 year <i>Custodial arrangement required prior to purchase</i>	Yes	Yes	AA+ / government guaranteed	No	(1) Buy and hold to maturity or trade: to be used in-house after consultation/ advice from Arlingclose (2) for trading: by external cash fund manager(s) only, subject to guidelines and parameters agreed	100	10 years
Bonds issued by multilateral development banks (as defined in SI 2004 No 534)	Yes	Yes	AAA or government guaranteed	No	(1) Buy and hold to maturity or trade: to be used in-house after consultation/ advice from Arlingclose	100	10 years

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with maturities in excess of 1 year <i>Custodial arrangement required prior to purchase</i>					(2) for trading: by external cash fund manager(s) only, subject to the guidelines and parameters agreed with them		
UK Sterling Denominated Corporate Bonds issued by UK PLC's or Public Sector Bodies (From 01/04/2012)	No	No	Minimum Short Term Ratings Fitch F1 Moody's P-1 S & P A-1 Minimum Long Term Ratings Fitch A+ Moody's A1 S & P A+ Maximum Deposit £10m per institution	No	(1) Buy and hold to maturity or trade: to be used in-house after consultation/ advice from Arlingclose (2) for trading: by external cash fund manager(s)	100 Max £10m per institution	10 years