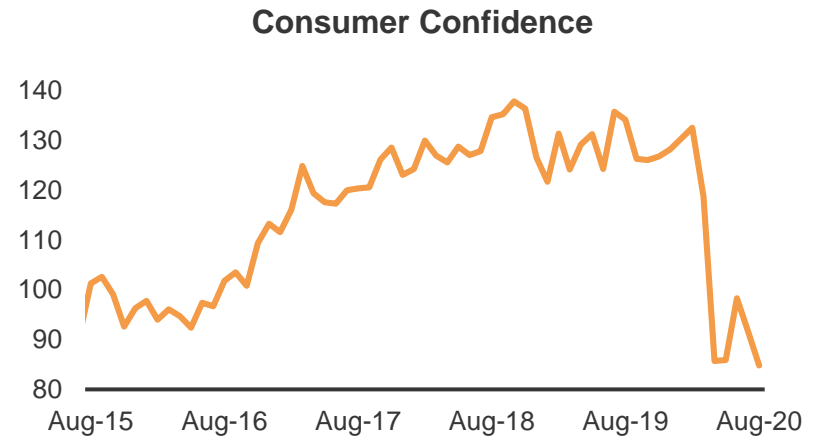
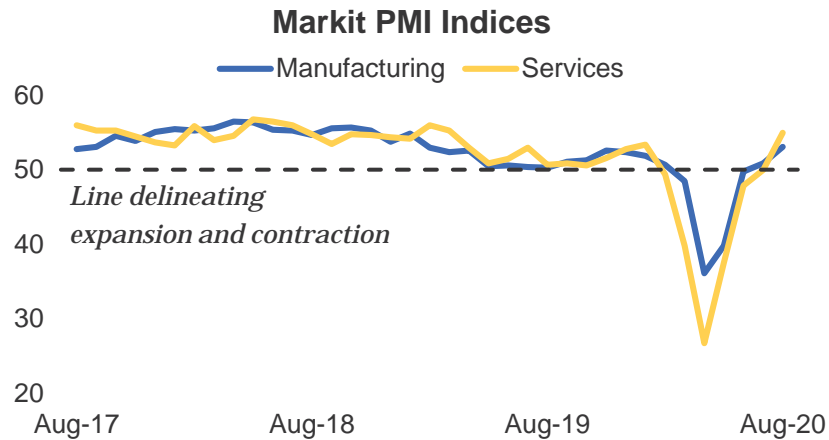
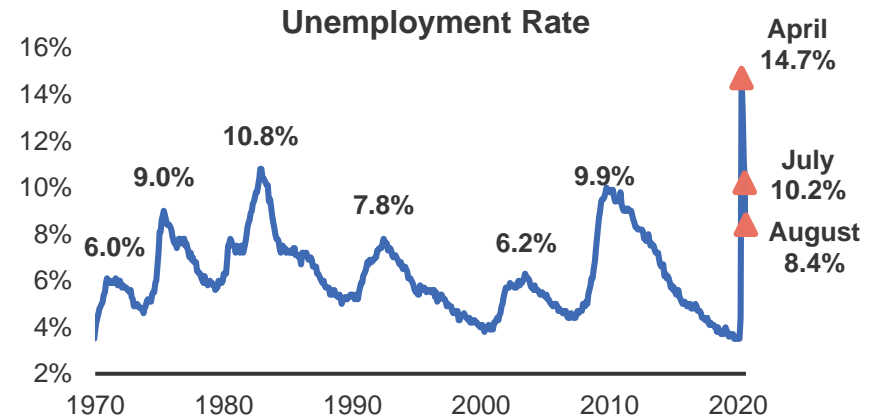
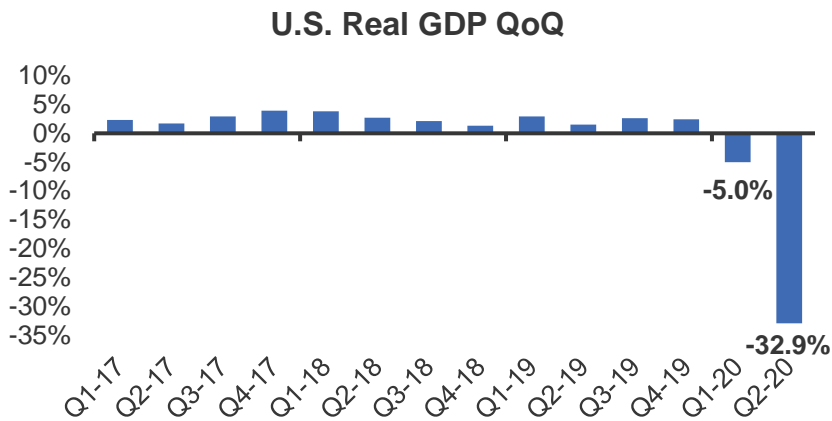


City of Reno

Monthly Investment Report

August 31, 2020

Current U.S. Economic Conditions



Source: Bloomberg, as of 8/31/2020.



Market Summary

Economic Conditions

- The Federal Reserve will now seek “to achieve inflation that averages 2 percent over time,” moving away from their prior point-in-time target approach. Since inflation has run below 2% for some time, the implication is that the Fed would let inflation run higher for a time as it seeks to promote recovery to maximum employment, which also means it could allow the Fed to keep rates lower for longer than they might have in the past.
- The U.S. economy added 1.4 million jobs in August, a strong but slowing pace of recovery. The headline unemployment rate fell to 8.4%. Government employment increased due to temporary census worker, while there were also notable gains in retail, business services, leisure and hospitality, and in education and health services sectors. Total employment remains more than 11.5 million below February’s pre-pandemic level.
- Consumers increased spending in July, albeit at a slower pace than prior months as Covid-19 concerns linger and the expiration of government aid programs loom. Confidence fell to a new pandemic low, and housing remained one of the few bright spots in the economy. Manufacturing activity expanded at the fastest pace since late 2018.

Market Reaction

- The U.S. Treasury yield curve steepened in August amid high levels of Treasury issuance and the Fed policy shifts on inflation. The front end of the curve remained relatively unchanged, with yields trading in a low and tight range.
- U.S. equities ascended to new record highs. August was a strong month for equities with the S&P 500 rising 7.0%, pushing year-to-date (YTD) performance to 8.3%. The NASDAQ soared 9.6%, lifting YTD performance to 31.2%. The Dow returned 7.6%, albeit leaving YTD performance down 0.4%.

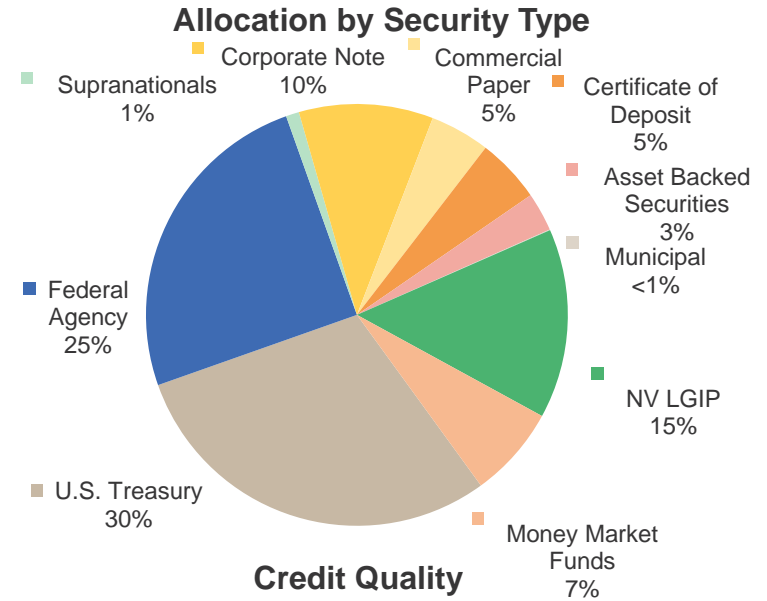
Summary of the City's Funds

City of Reno Funds	Market Value ¹
Core Portfolio	\$178,274,111
Liquidity Portfolio	\$91,337,242
Liquid Funds	\$74,196,720
<i>Nevada LGIP</i>	\$49,993,642
<i>U.S. Bank</i>	\$8,881,666
<i>Bank of America</i>	\$15,321,412
Managed Account Subtotal	\$343,808,074
Reserve Fund Portfolios	\$13,175,110
Total	\$356,983,184

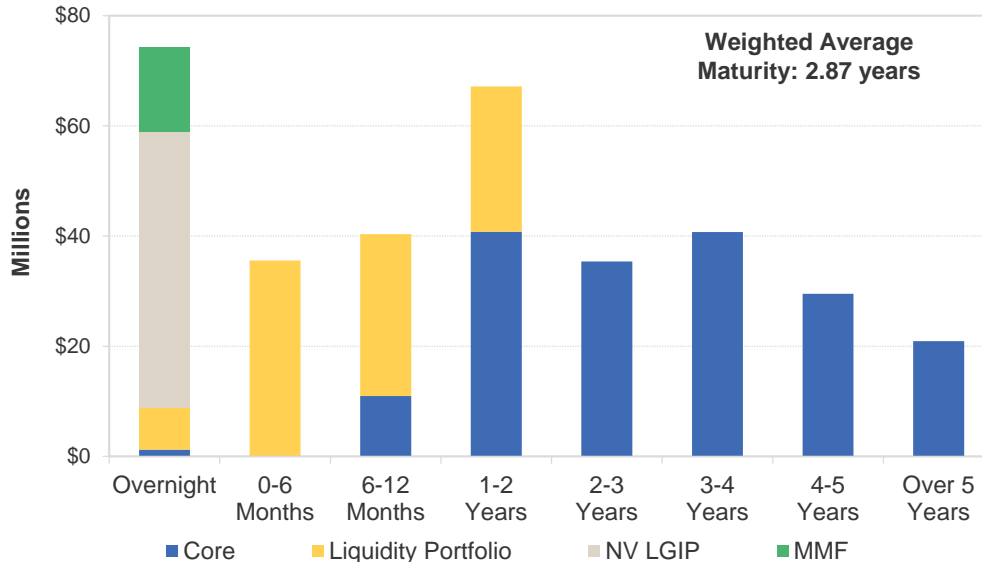
1. Market Values exclude accrued interest.

Executive Summary^{1,2,3}

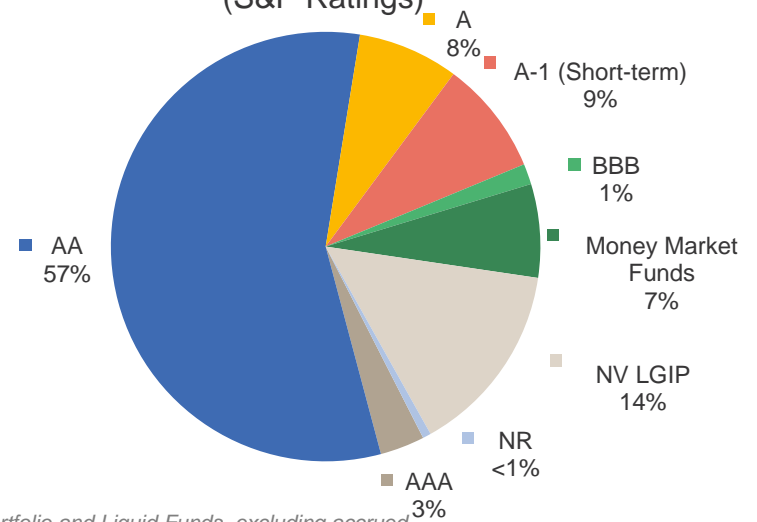
Account Summary	Ending Values as of 7/31/20	Ending Values as of 8/31/20
Market Value	\$324,732,072	\$343,808,074
Book Value	\$318,246,425	\$337,634,270
Unrealized Gain/(Loss)	\$6,485,647	\$6,173,803
Yield to Maturity	0.48%	0.48%
Yield at Cost	1.63%	1.61%



Maturity Distribution



Credit Quality (S&P Ratings)



1. Summary data includes Core Portfolio, Liquidity Portfolio and Liquid Funds, excluding accrued interest; excludes Reserve Fund Portfolios.

2. Money Market Funds include the Bank of America and U.S. Bank balances.

3. The weighted average yield to maturity and yield at cost excludes Liquid Funds.

Security Type and Issuer Compliance^{1,2,3}

Security Type	Market Value	% of Portfolio	Permitted by Policy	Compliance
U.S. Treasury	\$101,757,594	29.6%	100.0%	✓
Federal Agency	\$85,790,568	25.0%	100.0%	✓
Supranationals	\$3,470,562	1.0%	30.0%	✓
Corporate Note	\$35,395,037	10.3%	20.0%	✓
Commercial Paper	\$15,777,805	4.6%	20.0%	✓
Certificate of Deposit	\$17,031,941	5.0%	30.0%	✓
Asset Backed Securities	\$10,201,182	3.0%	30.0%	✓
Municipal	\$186,665	0.1%	20.0%	✓
NV LGIP	\$49,993,642	14.5%	100.0%	✓
Money Market Funds	\$24,203,078	7.0%	100.0%	✓
Total Market Value	\$343,808,074	100.0%		

Maturity	Market Value	% of Portfolio	Permitted by Policy	Compliance
Overnight	\$74,196,720	21.6%	No Limit	✓
0-6 Months	\$35,560,086	10.3%	No Limit	✓
6-12 Months	\$40,343,668	11.7%	No Limit	✓
1-2 Years	\$67,161,241	19.5%	No Limit	✓
2-3 Years	\$35,386,269	10.3%	No Limit	✓
3-4 Years	\$40,730,629	11.8%	No Limit	✓
4-5 Years	\$29,500,961	8.6%	No Limit	✓
Over 5 Years	\$20,928,499	6.1%	No Limit	✓
Total Market Value	\$343,808,074	100.0%		

Accrual Basis Earnings ⁴	7/31/20 through 8/31/20
Total Estimated Earnings	503,705.70

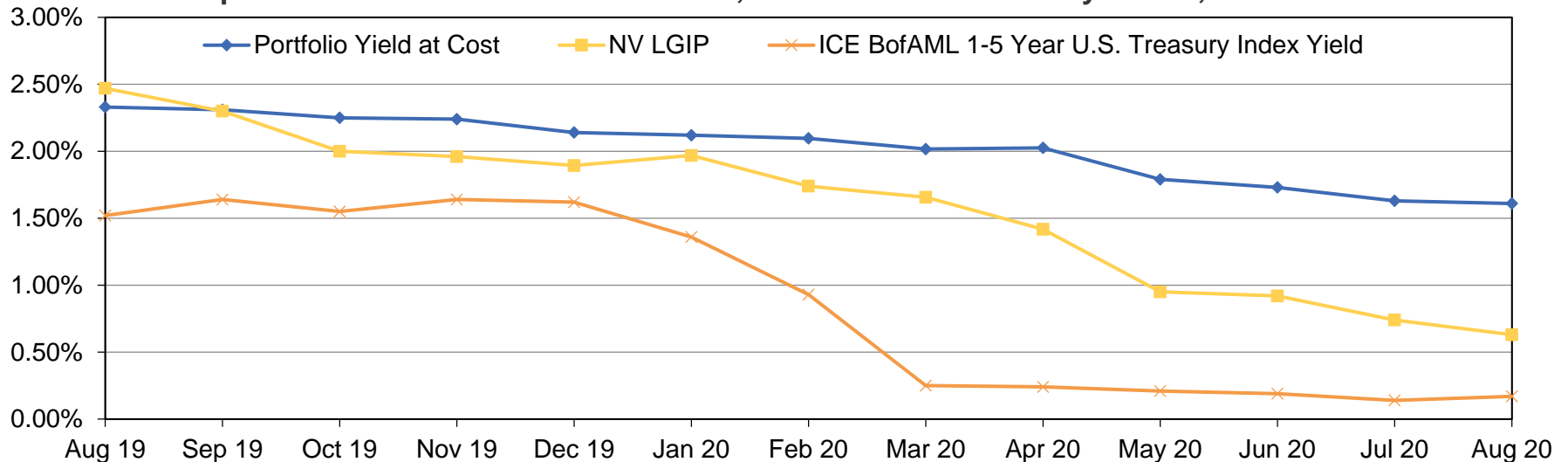
Issuer	Market Value	% of Portfolio	Permitted by Policy	Compliance
U.S. Treasury	\$ 101,757,594	29.6%	100%	✓
Nevada LGIP	\$ 49,993,642	14.5%	100%	✓
Federal National Mortgage Association	\$ 37,239,263	10.8%	100%	✓
Federal Home Loan Mortgage Corporation	\$ 34,047,793	9.9%	100%	✓
Money Market Funds	\$ 24,203,078	7.0%	100%	✓
Federal Farm Credit Bank	\$ 8,201,040	2.4%	100%	✓
Toyota Motor Corp	\$ 5,096,991	1.5%	5%	✓
Toronto-Dominion Bank	\$ 4,402,545	1.3%	5%	✓
Societe Generale	\$ 4,301,929	1.3%	5%	✓
Federal Home Loan Bank	\$ 3,728,592	1.1%	100%	✓
Sumitomo Mitsui Financial Group Inc	\$ 3,684,943	1.1%	5%	✓
JPMorgan Chase & Co	\$ 3,307,914	1.0%	5%	✓
Canadian Imperial Bank Of Commerce	\$ 2,997,459	0.9%	5%	✓
Credit Agricole SA	\$ 2,996,157	0.9%	5%	✓
Mizuho Financial Group Inc.	\$ 2,847,922	0.8%	5%	✓
Wal-Mart Stores Inc	\$ 2,689,283	0.8%	5%	✓
Government National Mortgage Association	\$ 2,573,881	0.7%	100%	✓
Bank Of New York Mellon	\$ 2,547,073	0.7%	5%	✓
Asian Development Bank	\$ 2,468,845	0.7%	100%	✓
Blackrock Inc.	\$ 2,385,960	0.7%	5%	✓
BNP Paribas	\$ 1,997,466	0.6%	5%	✓
Burlington Northern Santa Fe	\$ 1,850,711	0.5%	5%	✓
Bank Of America Co	\$ 1,796,901	0.5%	5%	✓
Novartis Capital Corp	\$ 1,568,918	0.5%	5%	✓
Skandinaviska Enskilda Banken Ab	\$ 1,545,338	0.4%	5%	✓
Nordea Bank Ab	\$ 1,545,042	0.4%	5%	✓
Abbott Laboratories	\$ 1,367,791	0.4%	5%	✓
Goldman Sachs Group Inc	\$ 1,337,156	0.4%	5%	✓
The Walt Disney Corporation	\$ 1,335,508	0.4%	5%	✓
BB&T Corporation	\$ 1,316,432	0.4%	5%	✓
Morgan Stanley	\$ 1,305,813	0.4%	5%	✓
DNB Bank	\$ 1,296,688	0.4%	5%	✓
Verizon Owner Trust	\$ 1,285,267	0.4%	5%	✓
Capital One Financial Corp	\$ 1,278,439	0.4%	5%	✓
American Express Co	\$ 1,235,434	0.4%	5%	✓
Caterpillar Inc	\$ 1,213,128	0.4%	5%	✓
IBM Corp	\$ 1,209,514	0.4%	5%	✓
Charles Schwab	\$ 1,090,896	0.3%	5%	✓
Comcast Corp	\$ 1,069,904	0.3%	5%	✓
US Bancorp	\$ 1,065,158	0.3%	5%	✓
American Honda Finance	\$ 1,034,696	0.3%	5%	✓
PNC Financial Services Group	\$ 1,022,549	0.3%	5%	✓
Inter-American Development Bank	\$ 1,001,716	0.3%	100%	✓
Credit Suisse Group	\$ 975,180	0.3%	5%	✓
Wells Fargo & Company	\$ 929,725	0.3%	5%	✓
Apple Inc	\$ 923,094	0.3%	5%	✓
Gm Financial Securitized Term	\$ 895,156	0.3%	5%	✓
Chevron Corporation	\$ 836,310	0.2%	5%	✓
Honda Auto Receivables	\$ 692,871	0.2%	5%	✓
World Omni Auto Rec Trust	\$ 560,683	0.2%	5%	✓
Carmax Auto Owner Trust	\$ 521,246	0.2%	5%	✓
Verizon Communications	\$ 513,868	0.1%	5%	✓
Mercedes-Benz Auto Lease Trust	\$ 508,415	0.1%	5%	✓
John Deere Owner Trust	\$ 492,155	0.1%	5%	✓
Nissan Auto Receivables	\$ 470,164	0.1%	5%	✓
Fifth Third Auto Trust	\$ 465,582	0.1%	5%	✓
Ford Credit Auto Lease Trust	\$ 380,526	0.1%	5%	✓
Capital One Prime Auto Rec Trust	\$ 378,992	0.1%	5%	✓
Amazon.Com Inc	\$ 351,250	0.1%	5%	✓
Deere & Company	\$ 322,915	0.1%	5%	✓
Pepsico Inc	\$ 303,885	0.1%	5%	✓
Paccar Financial Corp	\$ 281,291	0.1%	5%	✓
Harley-Davidson Motorcycle Trust	\$ 280,770	0.1%	5%	✓
State of Mississippi	\$ 186,665	0.1%	5%	✓
Adobe Inc	\$ 149,943	0.0%	5%	✓
BMW Financial Services	\$ 145,019	0.0%	5%	✓
Total Market Value	\$ 343,808,074			

1. Data includes Core Portfolio, Liquidity Portfolio and Liquid Funds, excluding accrued interest; excludes Reserve Fund Portfolios.
 2. Money Market Funds include the Bank of America and U.S. Bank balances.
 3. Investment policy dated February 2020.
 4. Excludes earnings on Liquid Funds.

Portfolio Yield Summary

Date	Book Value ¹	Portfolio Yield (Cost) ⁴	Portfolio Duration ⁴	NV LGIP Yield (Monthly) ³	1-5 Year Treasury Index Yield ²
Mar-20	350,599,266	2.02%	1.86	1.66%	0.25%
Apr-20	344,584,288	2.03%	1.84	1.42%	0.24%
May-20	340,860,666	1.79%	1.86	0.95%	0.21%
Jun-20	325,930,370	1.73%	1.87	0.92%	0.19%
Jul-20	318,246,425	1.63%	1.88	0.74%	0.14%
Aug-20	337,634,270	1.61%	1.85	0.63%	0.17%

Comparison of Combined Portfolio Yield, BAML 1-5 Year Treasury Index², and NV LGIP³



1. Security book values include Core Portfolio, Liquid Portfolio, and Liquid Funds, excluding accrued interest and balances in the reserve funds.
2. Source: ICE Bank of America/Merrill Lynch Global Bond Indices
3. Source: Nevada State Treasurer's website. Monthly net distributed interest rate.
4. The portfolio yield and duration exclude Liquid Funds.

City's Investment Objectives

- **Investment Objectives:** In accordance with the City's Investment Policy, the City's primary objectives in order of priority are:
 - **Safety** – Safety of principal is the foremost objective of the investment program. Investments for the City will be made in a manner that seeks to ensure the preservation of capital in the overall portfolio.
 - **Liquidity** – The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
 - **Yield** – The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints, liquidity needs, and cash flow characteristics of the portfolio.
- **Certification:** The City has sufficient funds to meet expenditures for the following six-month period.

City of Reno Investment Policy dated February 2020.

Portfolio Information Summary

Funds Included in Report

- The following report includes the City's funds held in overnight investment vehicles (savings accounts, money market funds, and Nevada Local Government Investment Pool) and portfolios of individual fixed income securities (Core Portfolio and Liquidity Portfolio).

Portfolio Summary and Characteristics

- Funds are shown on an amortized cost, and market value basis.
 - Amortized Cost Value (Book Value). Represents the original cost of an investment adjusted for amortization of premium or accretion of discount.
 - Market Value. The current price at which that security is trading between buyers and sellers. Valuation is highly dependent on interest rate movements.
- The investment sector, maturity, and credit ratings distribution is shown based on market value basis.
- Demonstrates level of diversification by investment type and credit quality. Additionally, illustrates active management of funds to optimize value in the current market.

Investment Program Maturity Summary

- The maturity distribution of the City's funds (market value plus accrued interest) from one-day to the ten-year mandated limit.
- Demonstrates level of diversification by maturity date. Shows placement of funds to take advantage of opportunities while ensuring that the City has funds to meet its cash flow needs.

Portfolio Yield Summary

- The historical yield and duration of the City's funds, monthly net distribution rate for the Nevada Local Government Investment Pool (NV LGIP), and the monthly yield for the Bank of America/Merrill Lynch 1 – 5 year Treasury Index is shown for the trailing six months.
- A historical record of the City's overall fund balance and earnings rates.

Investment Guidelines

- The City invests in permitted securities consistent with Nevada Revised Statutes (NRS) Chapter 355.170 – 355.200 and the Reno Municipal Code. The City’s Investment Policy includes additional sector allocation and maturity restrictions that reflect the City’s risk tolerances.

Security Type	Nevada Government Code	City’s Investment Policy
U.S. Treasury Notes	✓	✓
Federal Agencies	✓	✓
Supranationals	✓	✓
State and Local Municipal Obligations	✓	✓
Corporate Notes	✓	✓
Mortgage-Backed Securities	✓	✓
Commercial Paper	✓	✓
Time Certificates of Deposit	✓	✓
Negotiable Certificates of Deposit	✓	✓
Bankers’ Acceptances	✓	✓
Repurchase Agreements	✓	✓
Reverse Repurchase Agreements		
Mutual Funds	✓	✓
Money Market Funds	✓	✓
Nevada Local Government Investment Pool (NV LGIP)	✓	✓

City of Reno Investment Policy dated February 2020.