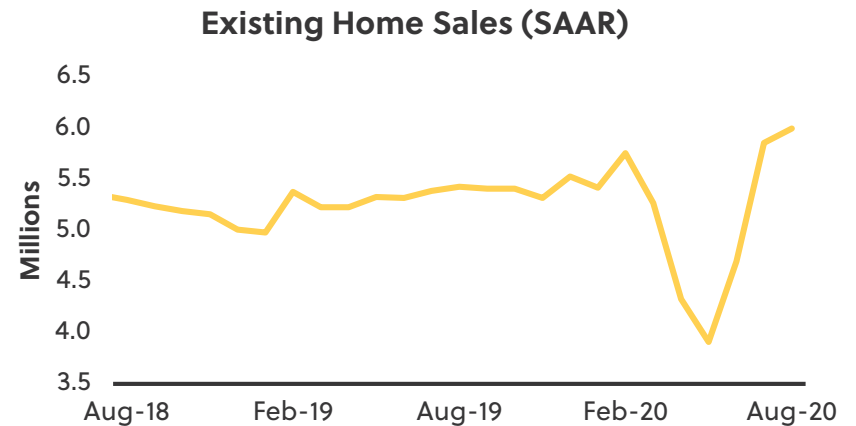
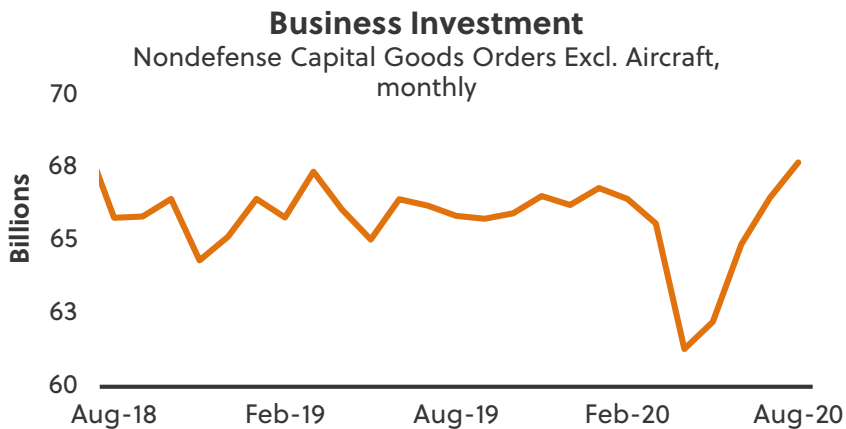
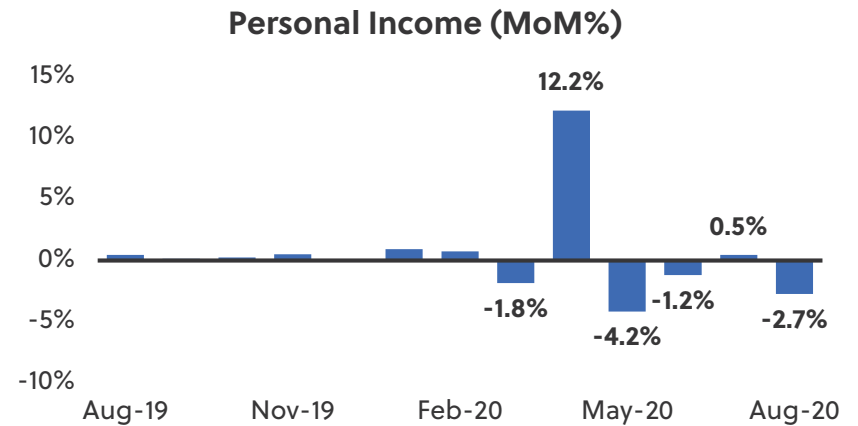
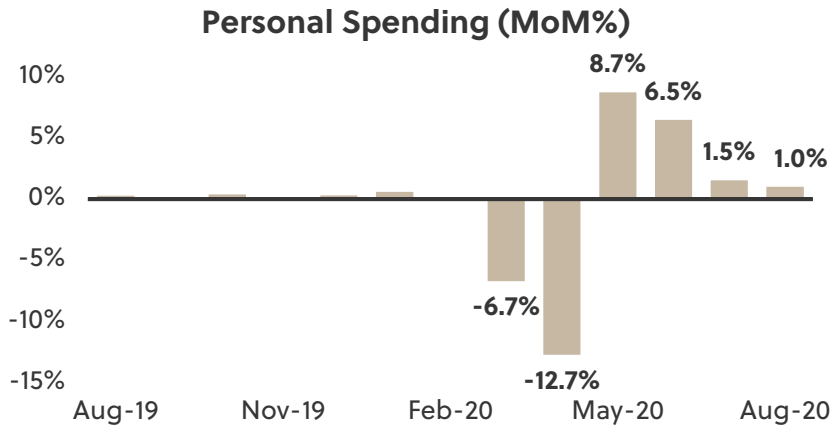


City of Reno

Monthly Investment Report

September 30, 2020

Economic Indicators Show Resilience, But Future Improvement May Slow



Source: Bloomberg, latest available data as of 10/2/2020.



Market Summary

Economic Conditions

- At the September FOMC meeting, the Federal Reserve continued to acknowledge the “tremendous human and economic hardship” as a result of COVID-19. FOMC policymakers extended the time period of expected zero rates through 2023, and in a major policy shift announced in August will now seek “to achieve inflation that averages 2% over time”. Moreover, policymakers are calling for additional fiscal stimulus as the country struggles to contain the virus.
- The labor market showed further improvement in the 3rd quarter, but troubling signs are emerging of a stalling recovery. After robust jobs growth in July and August, the economy added a less-than-forecast amount of jobs in September. The jobless rate has fallen from a pandemic high of 14.7% to 7.9%; but the number of people out of work and collecting unemployment compensation remains above 25 million, compared to just 1.4 million a year ago.
- Consumer spending rose at a decelerating pace in August, while personal income fell 2.7% as unemployment benefits from the government are expiring. With spending accounting for almost two-thirds of U.S. GDP, consumers might not have enough strength to set the economy back on track without fiscal support.

Market Reaction

- Interest rates were stable during the month of September. The yield on the benchmark 2-year Treasury note remained anchored at 0.13%, and the yield on the benchmark 10-year Treasury note slipped two basis points to 0.68%.
- Treasury index returns were muted as yields traded in a very tight range for most of the month. For the month, the 3-month Treasury index and the 5-year Treasury Index returned 0.01%, while the 10-year Treasury index returned 0.22%.
- September was another busy month for corporate issuance. Investment grade (IG) corporations continued to capitalize on the low borrowing rate environment and fortify balance sheets by locking in cheap financing. IG companies raised \$167 billion of debt, the most of any September in history. Meanwhile, IG corporate spreads ticked slightly higher as economic uncertainties took hold. The result was to depress returns compared with Treasury benchmarks.

Summary of the City's Funds

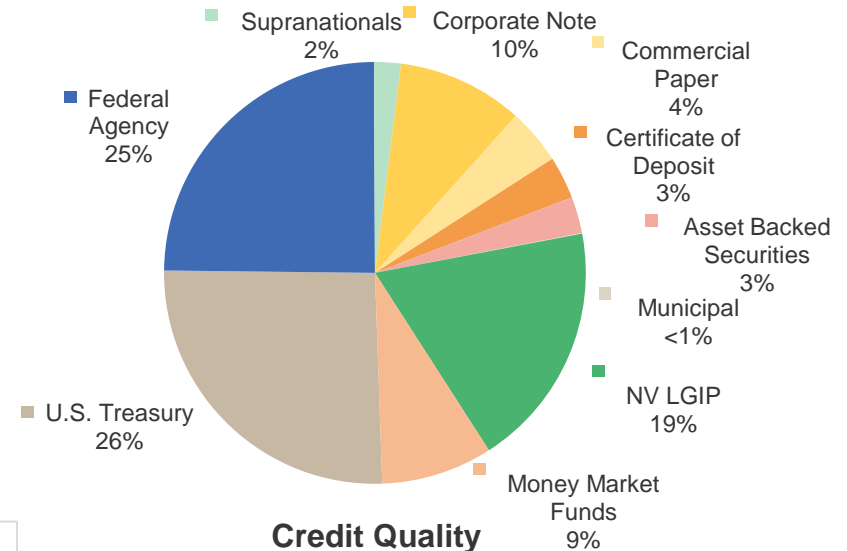
City of Reno Funds	Market Value ¹
Core Portfolio	\$180,623,999
Liquidity Portfolio	\$88,378,684
Liquid Funds	\$101,652,403
<i>Nevada LGIP</i>	<i>\$70,014,885</i>
<i>U.S. Bank</i>	<i>\$11,663,805</i>
<i>Bank of America</i>	<i>\$19,973,713</i>
Managed Account Subtotal	\$370,655,087
Reserve Fund Portfolios	\$13,149,202
Total	\$383,804,289

1. Market Values exclude accrued interest.

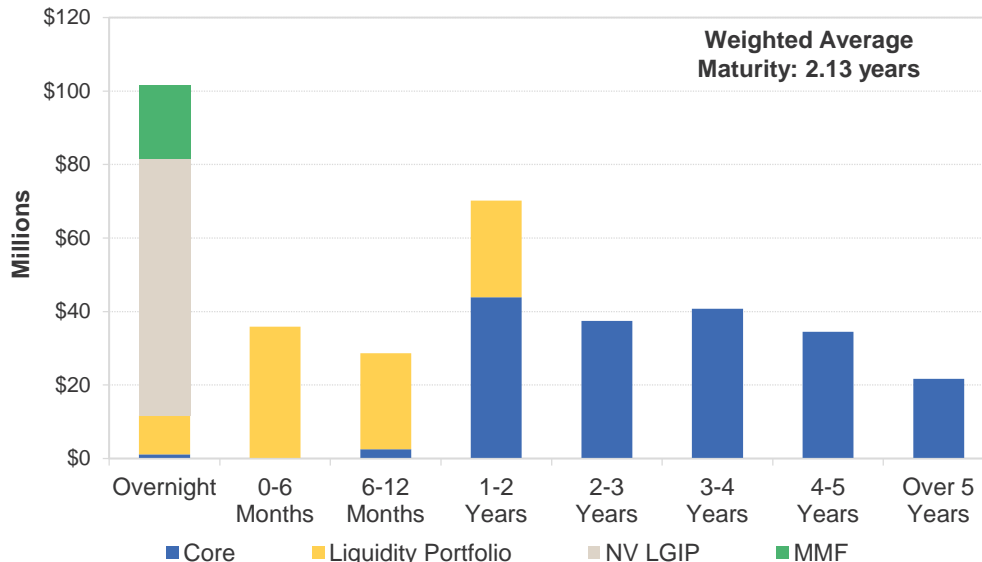
Executive Summary^{1,2,3}

Account Summary	Ending Values as of 8/31/20	Ending Values as of 9/30/20
Market Value	\$343,808,074	\$370,655,087
Book Value	\$337,634,270	\$365,279,053
Unrealized Gain/(Loss)	\$6,173,803	\$5,376,034
Yield at Market	0.48%	0.48%
Yield at Cost	1.61%	1.49%

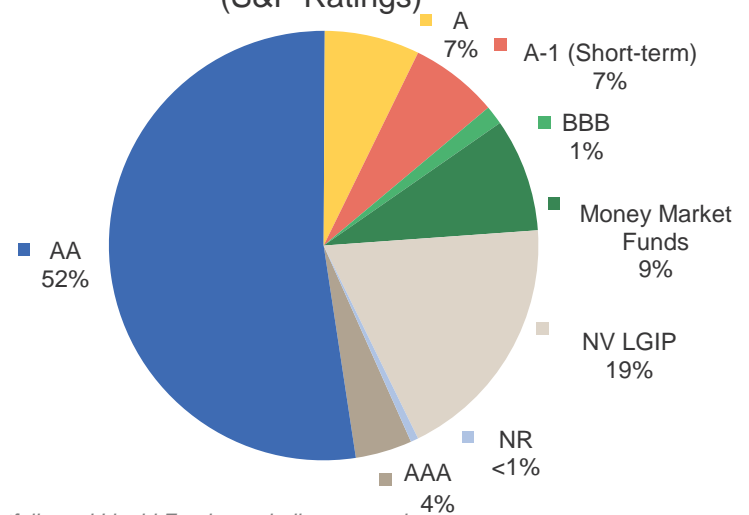
Allocation by Security Type



Maturity Distribution



Credit Quality (S&P Ratings)



- Summary data includes Core Portfolio, Liquidity Portfolio and Liquid Funds, excluding accrued interest; excludes Reserve Fund Portfolios.
- Money Market Funds include the Bank of America and U.S. Bank balances.
- The weighted average yield at market 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	\$95,391,168	25.7%	100.0%	✓
Federal Agency	\$91,730,711	24.7%	100.0%	✓
Supranationals	\$7,611,063	2.1%	30.0%	✓
Corporate Note	\$35,821,685	9.7%	20.0%	✓
Commercial Paper	\$15,783,522	4.3%	20.0%	✓
Certificate of Deposit	\$12,125,337	3.3%	30.0%	✓
Asset Backed Securities	\$10,354,047	2.8%	30.0%	✓
Municipal	\$185,150	<0.1%	20.0%	✓
NV LGIP	\$70,014,885	18.9%	100.0%	✓
Money Market Funds	\$31,637,518	8.5%	100.0%	✓
Total Market Value	\$370,655,087	100.0%		

Maturity	Market Value	% of Portfolio	Permitted by Policy	Compliance
Overnight	\$101,652,403	27.4%	No Limit	✓
0-6 Months	\$35,859,507	9.7%	No Limit	✓
6-12 Months	\$28,606,441	7.7%	No Limit	✓
1-2 Years	\$70,228,765	18.9%	No Limit	✓
2-3 Years	\$37,466,885	10.1%	No Limit	✓
3-4 Years	\$40,720,332	11.0%	No Limit	✓
4-5 Years	\$34,440,091	9.3%	No Limit	✓
Over 5 Years	\$21,680,664	5.8%	No Limit	✓
Total Market Value	\$370,655,087	100.0%		

Accrual Basis Earnings ⁴	8/31/20 through 9/30/20
Total Estimated Earnings	\$926,393

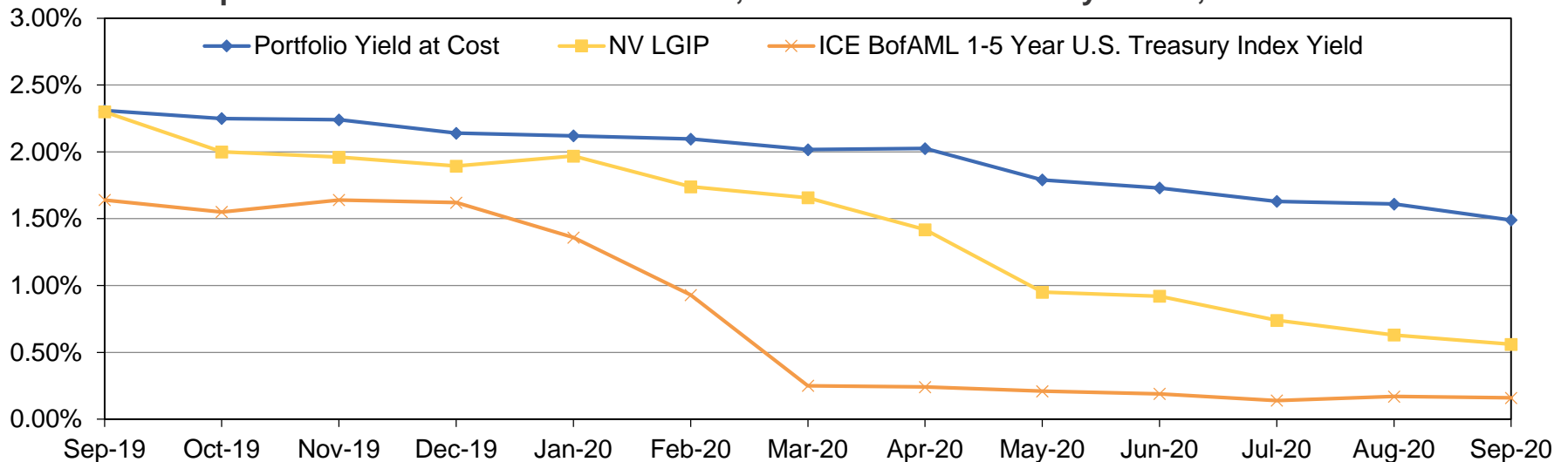
Issuer	Market Value	% of Portfolio	Permitted by Policy	Compliance
U.S. Treasury	\$ 95,391,168	25.7%	100%	✓
Nevada LGIP	\$ 70,014,885	18.9%	100%	✓
Federal National Mortgage Association	\$ 39,475,069	10.7%	100%	✓
Federal Home Loan Mortgage Corporation	\$ 38,777,535	10.5%	100%	✓
Money Market Funds	\$ 31,637,518	8.5%	100%	✓
Federal Farm Credit Bank	\$ 7,166,502	1.9%	100%	✓
Toyota Motor Corp	\$ 5,093,248	1.4%	5%	✓
Asian Development Bank	\$ 4,595,619	1.2%	100%	✓
Societe Generale	\$ 4,297,396	1.2%	5%	✓
Federal Home Loan Bank	\$ 3,726,388	1.0%	100%	✓
JPMorgan Chase & Co	\$ 3,305,492	0.9%	5%	✓
Canadian Imperial Bank Of Commerce	\$ 2,998,095	0.8%	5%	✓
Credit Agricole SA	\$ 2,997,843	0.8%	5%	✓
Mizuho Financial Group Inc.	\$ 2,848,692	0.8%	5%	✓
Wal-Mart Stores Inc	\$ 2,690,388	0.7%	5%	✓
Government National Mortgage Association	\$ 2,585,217	0.7%	100%	✓
Bank Of New York Mellon	\$ 2,533,895	0.7%	5%	✓
Blackrock Inc.	\$ 2,386,259	0.6%	5%	✓
Intl Bank Of Reconstruction And Dev	\$ 2,014,598	0.5%	100%	✓
BNP Paribas	\$ 1,997,954	0.5%	5%	✓
Burlington Northern Santa Fe	\$ 1,840,009	0.5%	5%	✓
Bank Of America Co	\$ 1,791,031	0.5%	5%	✓
Sumitomo Mitsui Financial Group Inc	\$ 1,685,953	0.5%	5%	✓
Novartis Capital Corp	\$ 1,569,873	0.4%	5%	✓
Skandinaviska Enskilda Banken Ab	\$ 1,544,604	0.4%	5%	✓
Nordea Bank Ab	\$ 1,544,319	0.4%	5%	✓
Toronto-Dominion Bank	\$ 1,500,794	0.4%	5%	✓
Abbott Laboratories	\$ 1,364,904	0.4%	5%	✓
The Walt Disney Corporation	\$ 1,337,451	0.4%	5%	✓
Goldman Sachs Group Inc	\$ 1,330,753	0.4%	5%	✓
BB&T Corporation	\$ 1,305,779	0.4%	5%	✓
Morgan Stanley	\$ 1,298,983	0.4%	5%	✓
DNB Bank	\$ 1,296,349	0.3%	5%	✓
Verizon Owner Trust	\$ 1,284,381	0.3%	5%	✓
Capital One Financial Corp	\$ 1,279,179	0.3%	5%	✓
American Express Co	\$ 1,229,616	0.3%	5%	✓
Caterpillar Inc	\$ 1,212,991	0.3%	5%	✓
IBM Corp	\$ 1,207,445	0.3%	5%	✓
Charles Schwab	\$ 1,085,461	0.3%	5%	✓
Comcast Corp	\$ 1,065,211	0.3%	5%	✓
US Bancorp	\$ 1,063,752	0.3%	5%	✓
American Honda Finance	\$ 1,033,413	0.3%	5%	✓
PNC Financial Services Group	\$ 1,017,676	0.3%	5%	✓
Inter-American Development Bank	\$ 1,000,847	0.3%	100%	✓
Credit Suisse Group	\$ 975,832	0.3%	5%	✓
Wells Fargo & Company	\$ 927,446	0.3%	5%	✓
Apple Inc	\$ 919,485	0.2%	5%	✓
Gm Financial Securitized Term	\$ 895,005	0.2%	5%	✓
Chevron Corporation	\$ 832,567	0.2%	5%	✓
Honda Auto Receivables	\$ 691,697	0.2%	5%	✓
Mercedes-Benz Auto Lease Trust	\$ 668,226	0.2%	5%	✓
World Omni Auto Rec Trust	\$ 559,637	0.2%	5%	✓
Bristol-Myers Squibb Co	\$ 521,931	0.1%	5%	✓
Carmax Auto Owner Trust	\$ 520,095	0.1%	5%	✓
Verizon Communications	\$ 512,847	0.1%	5%	✓
John Deere Owner Trust	\$ 492,184	0.1%	5%	✓
Nissan Auto Receivables	\$ 470,206	0.1%	5%	✓
Fifth Third Auto Trust	\$ 464,933	0.1%	5%	✓
Ford Credit Auto Lease Trust	\$ 381,328	0.1%	5%	✓
Capital One Prime Auto Rec Trust	\$ 378,342	0.1%	5%	✓
Amazon Com Inc	\$ 350,448	0.1%	5%	✓
Deere & Company	\$ 322,579	0.1%	5%	✓
Pepsico Inc	\$ 303,030	0.1%	5%	✓
Paccar Financial Corp	\$ 282,663	0.1%	5%	✓
Harley-Davidson Motorcycle Trust	\$ 280,466	0.1%	5%	✓
State of Mississippi	\$ 185,150	0.0%	5%	✓
Adobe Inc	\$ 149,371	0.0%	5%	✓
BMW Financial Services	\$ 145,085	0.0%	5%	✓
Total Market Value	\$ 370,655,087			

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
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%
Sep-20	365,279,053	1.49%	1.91	0.56%	0.16%

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.