

City of Reno

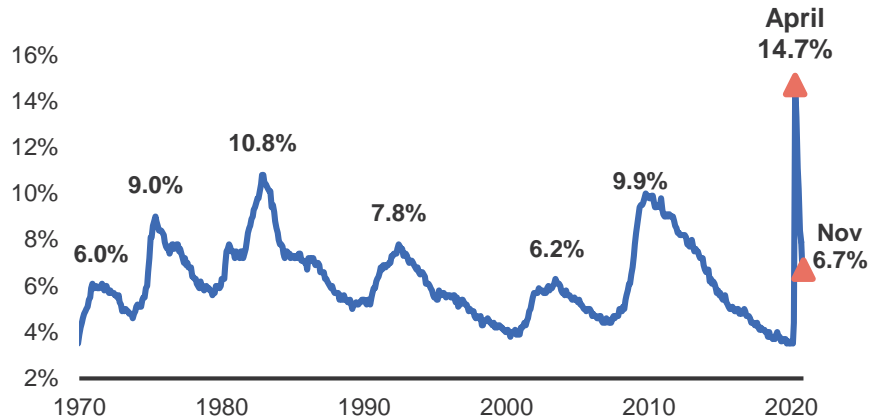
Monthly Investment Report

November 30, 2020

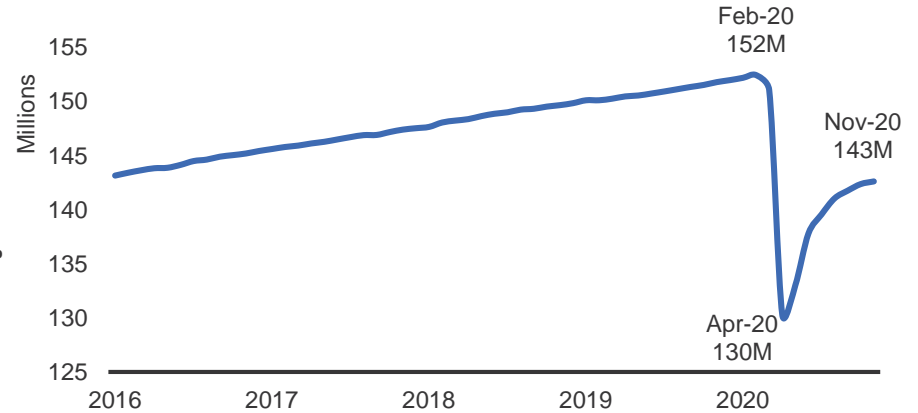


Labor Market Recovery Far From Complete

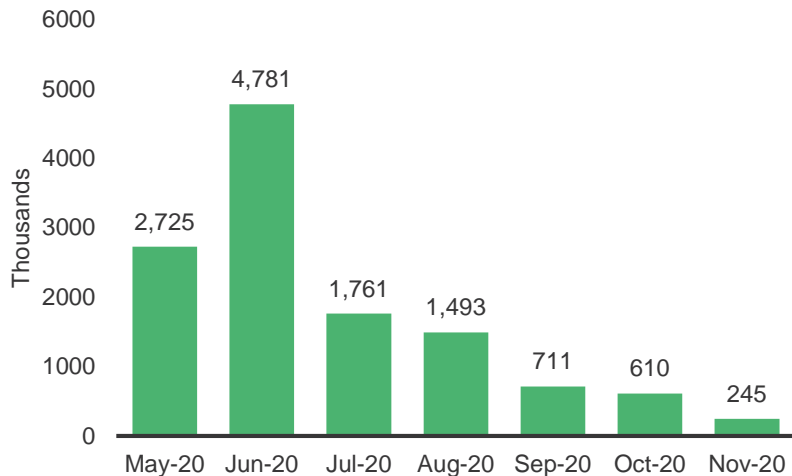
Unemployment Rate



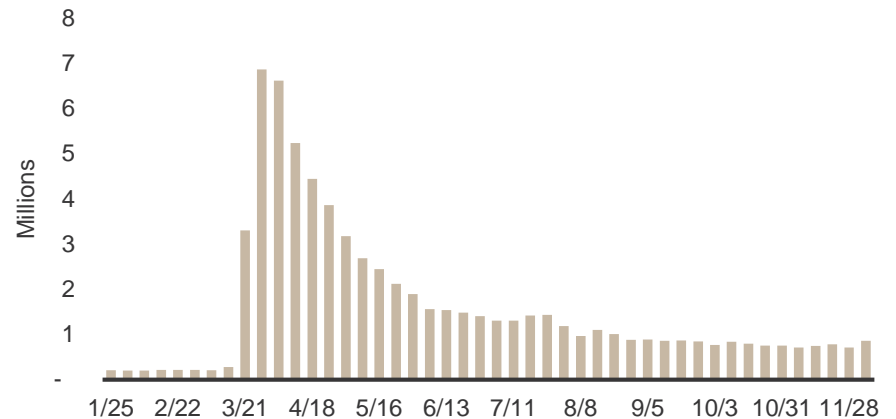
Total Nonfarm Payrolls



Nonfarm Payrolls MoM



U.S. Initial Jobless Claims



Source: Bloomberg, latest available data as of 12/14/2020.



Market Summary

Economic Conditions

- Congressional lawmakers are currently working on a relief bill. Provisions may include federal unemployment benefits, stimulus checks, additional assistance for small businesses, funding for cash-strapped state and local governments, new healthcare and vaccine-related funds, and a contentious provision providing temporary liability protections for companies from Covid-19 lawsuits.
- On December 1, 2020, the Federal Reserve Chair Jerome Powell testified before the Senate Committee on Banking, Housing, and Urban Affairs. Powell commented that the economic outlook is "extraordinarily uncertain" and urged Congress to approve additional Covid-19 relief funds.
- The labor market showed signs of slowing momentum as the U.S. economy added 245,000 jobs in November, well shy of the 460,000 estimate and down sharply from October's reading. The unemployment rate fell to 6.7% as the labor force shrunk. The number of Americans collecting unemployment benefits remains elevated.
- Retail sales fell -1.1% in November, representing a larger-than-expected decline. The forecast by analysts was -0.4% for November. October sales were also revised down to show a small decline instead of a small increase. This is the first pullback in retail sales since April.

Market Reaction

- The U.S. Treasury yield curve flattened modestly over the month amid a record surge in coronavirus infections. While the front-end of the yield curve (maturities less than two years) remained relatively unchanged and anchored near zero, longer-term yields drifted lower by approximately five to ten basis points (0.05% to 0.10%).
- Equity indices posted a record month of gains as vaccine developments overshadowed the record surge in coronavirus infections. For November, S&P 500 rose 10.8%; NASDAQ surged 11.8%; and the Dow soared 11.8%.

Summary of the City's Funds

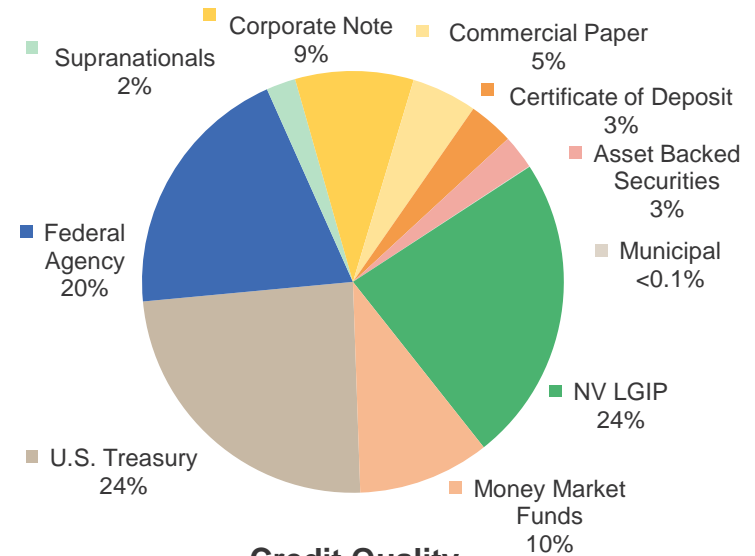
City of Reno Funds	Market Value ¹
Core Portfolio	\$193,047,307
Liquidity Portfolio	\$67,998,393
Liquid Funds	\$132,300,181
<i>Nevada LGIP</i>	<i>\$92,583,597</i>
<i>U.S. Bank</i>	<i>\$18,058,045</i>
<i>Bank of America</i>	<i>\$21,658,539</i>
Managed Account Subtotal	\$393,345,880
Reserve Fund Portfolios	\$13,900,246
Total	\$407,246,126

1. Market Values exclude accrued interest.

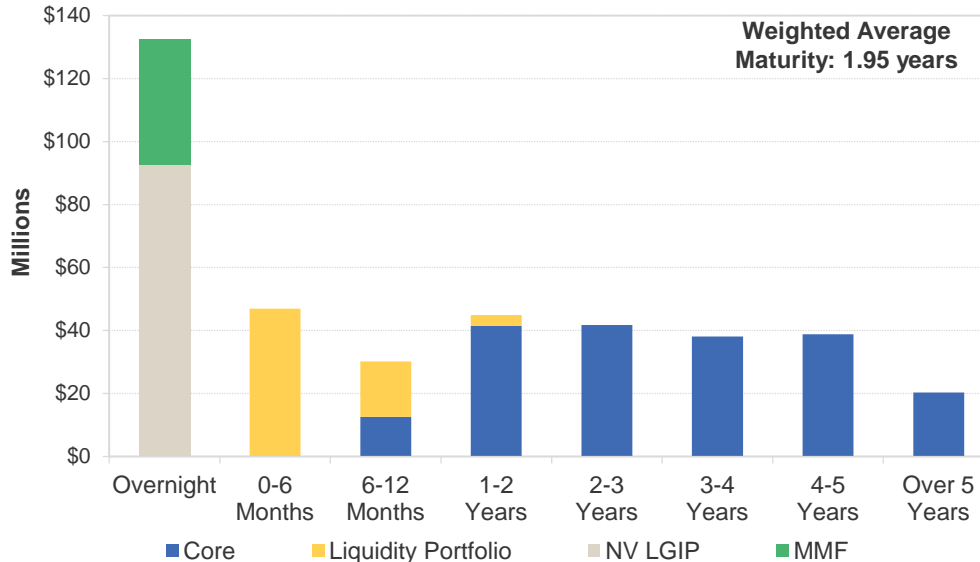
Executive Summary^{1,2,3}

Account Summary	Ending Values as of 10/31/20	Ending Values as of 11/30/20
Market Value	\$400,529,124	\$393,345,880
Book Value	\$395,599,258	\$388,723,179
Unrealized Gain/(Loss)	\$4,929,866	\$4,622,700
Yield at Market	0.48%	0.47%
Yield at Cost	1.46%	1.38%

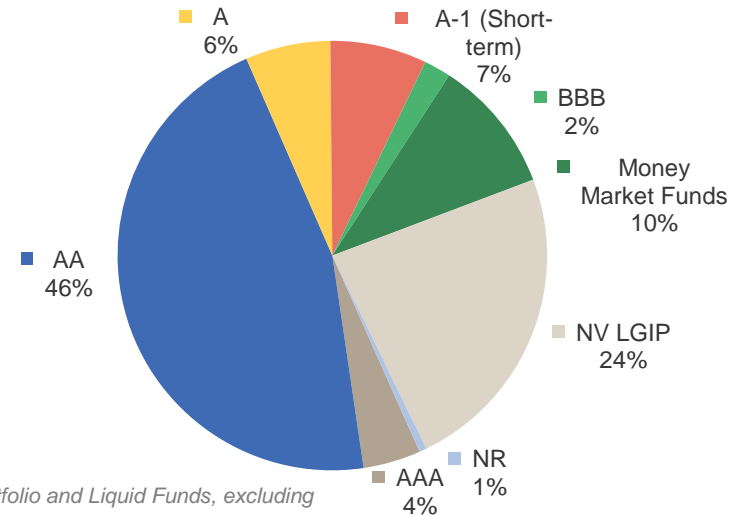
Allocation by Security Type



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 Maturity Compliance^{1,2,3}

Security Type	Market Value	% of Portfolio	Permitted by Policy	Compliance
U.S. Treasury	\$94,687,894	24.1%	100.0%	✓
Federal Agency	\$77,890,552	19.8%	100.0%	✓
Supranationals	\$8,869,648	2.3%	30.0%	✓
Corporate Note	\$35,708,652	9.1%	20.0%	✓
Commercial Paper	\$19,762,410	5.0%	20.0%	✓
Certificate of Deposit	\$13,617,041	3.5%	30.0%	✓
Asset Backed Securities	\$10,323,706	2.6%	30.0%	✓
Municipal	\$185,796	<0.1%	20.0%	✓
NV LGIP	\$92,583,597	23.5%	100.0%	✓
Money Market Funds	\$39,716,583	10.1%	100.0%	✓
Total Market Value	\$393,345,880	100.0%		

Maturity	Market Value	% of Portfolio	Permitted by Policy	Compliance
Overnight	\$132,300,181	33.6%	No Limit	✓
0-6 Months	\$46,971,725	11.9%	No Limit	✓
6-12 Months	\$30,140,143	7.7%	No Limit	✓
1-2 Years	\$44,916,787	11.4%	No Limit	✓
2-3 Years	\$41,785,152	10.6%	No Limit	✓
3-4 Years	\$38,090,852	9.7%	No Limit	✓
4-5 Years	\$38,805,792	9.9%	No Limit	✓
Over 5 Years	\$20,335,248	5.2%	No Limit	✓
Total Market Value	\$393,345,880	100.0%		

Accrual Basis Earnings ⁴	10/31/20 through 11/30/20
Total Estimated Earnings	\$588,121

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.

Issuer Compliance^{1,2,3}

Issuer	Market Value	% of Portfolio	Permitted by Policy	Compliance
U.S. Treasury	\$94,687,894	24.1%	100%	✓
Nevada LGIP	\$92,583,597	23.5%	100%	✓
Federal National Mortgage Association	\$40,952,238	10.4%	100%	✓
Money Market Funds	\$39,716,583	10.1%	100%	✓
Federal Home Loan Mortgage Corporation	\$25,007,293	6.4%	100%	✓
Federal Farm Credit Bank	\$7,141,321	1.8%	100%	✓
Toyota Motor Corp	\$5,091,232	1.3%	5%	✓
Asian Development Bank	\$4,597,272	1.2%	100%	✓
JPMorgan Chase & Co	\$4,302,693	1.1%	5%	✓
Intl Bank Of Reconstruction And Dev	\$3,271,198	0.8%	100%	✓
Sumitomo Mitsui Financial Group Inc	\$3,164,498	0.8%	5%	✓
Canadian Imperial Bank Of Commerce	\$2,999,178	0.8%	5%	✓
Credit Agricole SA	\$2,998,152	0.8%	5%	✓
Mizuho Financial Group Inc.	\$2,849,590	0.7%	5%	✓
Government National Mortgage Association	\$2,585,264	0.7%	100%	✓
Bank Of New York Mellon	\$2,526,170	0.6%	5%	✓
Royal Bank Of Canada	\$2,499,756	0.6%	5%	✓
Blackrock Inc.	\$2,382,373	0.6%	5%	✓
Federal Home Loan Bank	\$2,204,436	0.6%	100%	✓
HSBC Holdings PLC	\$2,000,000	0.5%	5%	✓
BNP Paribas	\$1,998,651	0.5%	5%	✓
Burlington Northern Santa Fe	\$1,838,931	0.5%	5%	✓
Bank Of America Co	\$1,786,777	0.5%	5%	✓
Novartis Capital Corp	\$1,570,958	0.4%	5%	✓
Skandinaviska Enskilda Banken Ab	\$1,540,371	0.4%	5%	✓
Nordea Bank Ab	\$1,540,112	0.4%	5%	✓
Toronto-Dominion Bank	\$1,500,725	0.4%	5%	✓
Lloyds Bank Corp	\$1,497,029	0.4%	5%	✓
Abbott Laboratories	\$1,361,006	0.3%	5%	✓
Citigroup Inc	\$1,344,248	0.3%	5%	✓
Goldman Sachs Group Inc	\$1,336,966	0.3%	5%	✓
The Walt Disney Corporation	\$1,330,756	0.3%	5%	✓
BB&T Corporation	\$1,305,420	0.3%	5%	✓
Societe Generale	\$1,299,893	0.3%	5%	✓
Morgan Stanley	\$1,296,295	0.3%	5%	✓
DNB Bank	\$1,292,948	0.3%	5%	✓
Verizon Owner Trust	\$1,282,637	0.3%	5%	✓

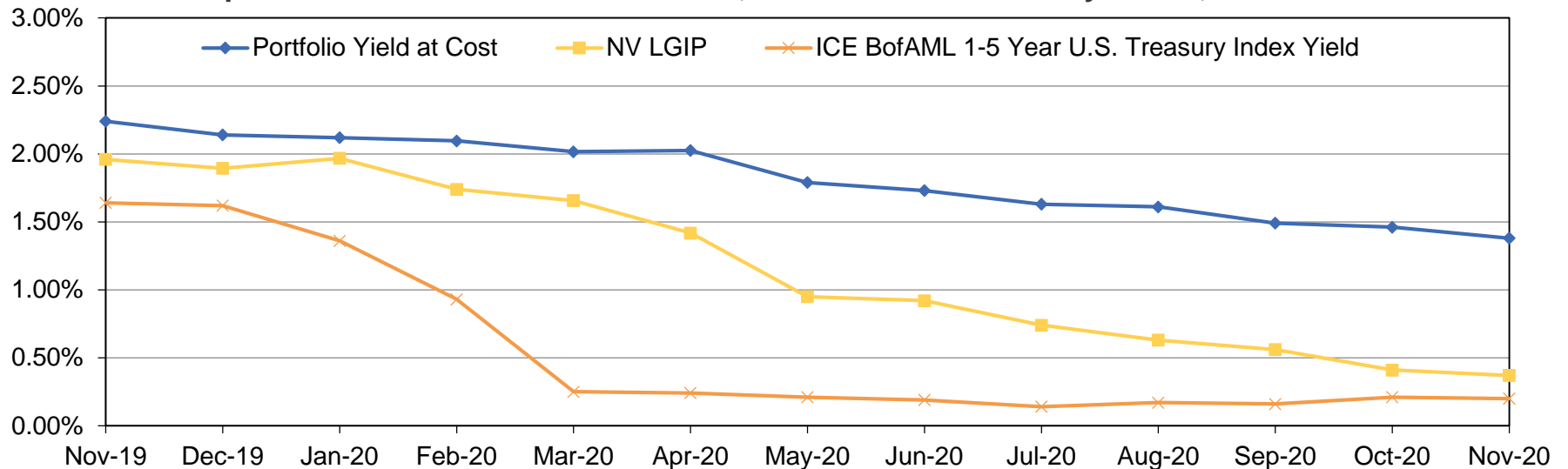
Issuer	Market Value	% of Portfolio	Permitted by Policy	Compliance
Capital One Financial Corp	\$1,271,833	0.3%	5%	✓
Wal-Mart Stores Inc	\$1,266,803	0.3%	5%	✓
American Express Co	\$1,231,887	0.3%	5%	✓
Caterpillar Inc	\$1,213,219	0.3%	5%	✓
IBM Corp	\$1,205,840	0.3%	5%	✓
Charles Schwab	\$1,083,496	0.3%	5%	✓
Comcast Corp	\$1,062,222	0.3%	5%	✓
US Bancorp	\$1,060,903	0.3%	5%	✓
American Honda Finance	\$1,033,382	0.3%	5%	✓
PNC Financial Services Group	\$1,013,849	0.3%	5%	✓
Inter-American Development Bank	\$1,001,177	0.3%	100%	✓
Credit Suisse Group	\$976,192	0.2%	5%	✓
Wells Fargo & Company	\$927,616	0.2%	5%	✓
Apple Inc	\$920,069	0.2%	5%	✓
Gm Financial Securitized Term	\$894,050	0.2%	5%	✓
Chevron Corporation	\$834,913	0.2%	5%	✓
Honda Auto Receivables	\$688,679	0.2%	5%	✓
Mercedes-Benz Auto Lease Trust	\$667,530	0.2%	5%	✓
World Omni Auto Rec Trust	\$555,219	0.1%	5%	✓
Bristol-Myers Squibb Co	\$521,553	0.1%	5%	✓
Carmax Auto Owner Trust	\$519,349	0.1%	5%	✓
Verizon Communications	\$510,518	0.1%	5%	✓
John Deere Owner Trust	\$491,109	0.1%	5%	✓
Nissan Auto Receivables	\$470,155	0.1%	5%	✓
Fifth Third Auto Trust	\$462,791	0.1%	5%	✓
Ford Credit Auto Lease Trust	\$380,149	0.1%	5%	✓
Capital One Prime Auto Rec Trust	\$376,773	0.1%	5%	✓
Amazon.Com Inc	\$351,217	0.1%	5%	✓
Deere & Company	\$322,777	0.1%	5%	✓
Pepsico Inc	\$303,526	0.1%	5%	✓
Paccar Financial Corp	\$283,155	0.1%	5%	✓
Harley-Davidson Motorcycle Trust	\$279,009	0.1%	5%	✓
State of Mississippi	\$185,796	0.0%	5%	✓
Adobe Inc	\$149,544	0.0%	5%	✓
BMW Financial Services	\$145,119	0.0%	5%	✓
Total Market Value	\$393,345,880			

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.

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
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%
Oct-20	395,599,258	1.46%	1.84	0.41%	0.21%
Nov-20	388,723,179	1.38%	2.03	0.37%	0.20%

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.