

City of Reno

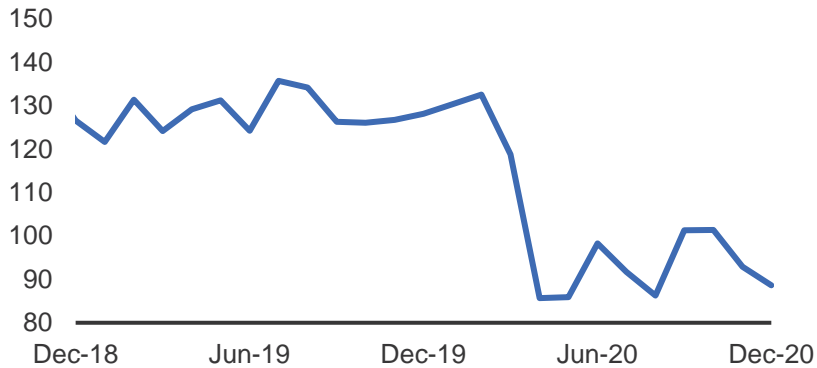
Monthly Investment Report

December 31, 2020

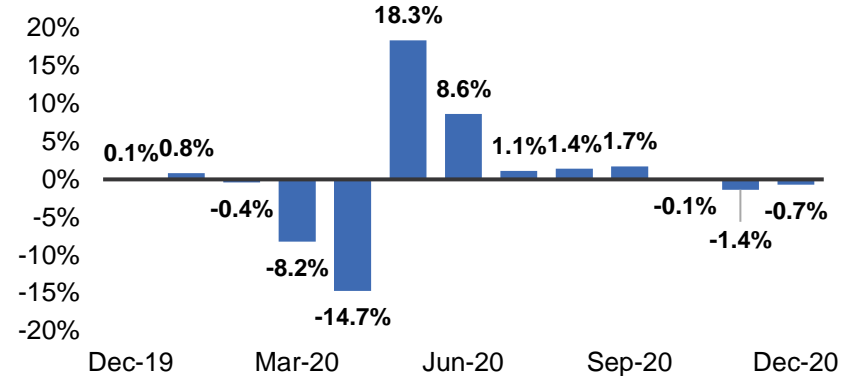


U.S. Economic Momentum Slows

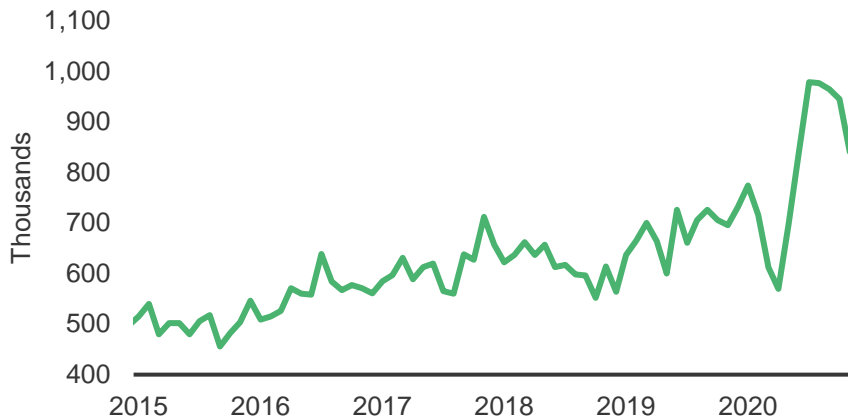
Conference Board Consumer Confidence



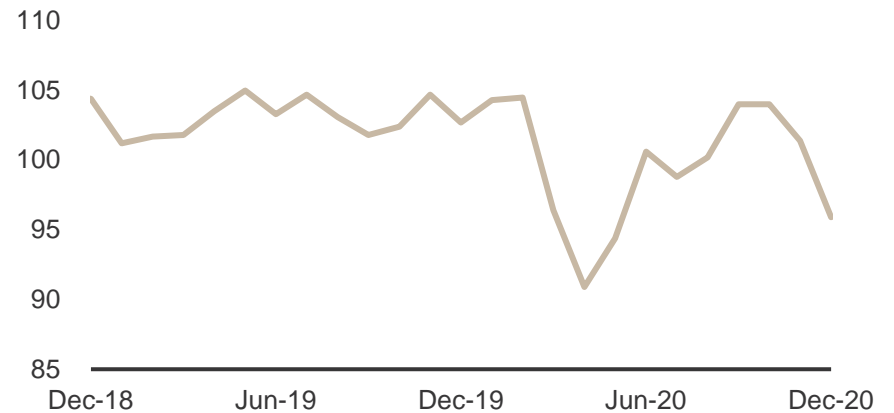
Retail Sales



New Home Sales (SAAR)



NFIB Small Business Optimism Index



Source: Bloomberg, and FRED, latest available data as of January 2020. SAAR is Seasonally Adjusted Annual Rate.



Market Summary

Economic Conditions

- Congress passed a \$900 billion economic relief package, including new household stimulus checks, expanded unemployment benefits, support for small businesses and schools, and resources for the vaccine effort.
- At its December meeting, the Federal Reserve held rates near zero and reaffirmed its commitment that monetary policy will continue to support the economy until the recovery is complete and the economy achieves maximum employment and inflation consistent with the Fed's new 2% average over time. Market expectations indicate short-term interest rates are likely to stay near zero through the foreseeable future.
- U.S. labor market weakened materially as the U.S. economy lost 140,000 jobs in December, driven by a sharp, COVID-induced losses in leisure and hospitality. The unemployment rate held at 6.7%.
- American consumers cut back spending on both goods and services. Meanwhile, personal income was dragged down as government loan programs ended and other social programs expired.

Market Reaction

- The U.S. Treasury yield curve steepened modestly in December as rates on 10-year and 30-year maturities rose, while shorter-term rates remained anchored near zero.
- Equity markets closed the curtain on 2020 with an impressive yearly gain despite the COVID-19 related plunge in the first quarter. For December, the S&P 500 advanced 3.8% to lift the year's performance to 18.4%; the Dow Jones Industrial Average rose 3.4% boosting full year performance to 9.7%; while the Nasdaq soared 5.7% to push the year's performance to a remarkable 45.1%.

Summary of the City's Funds

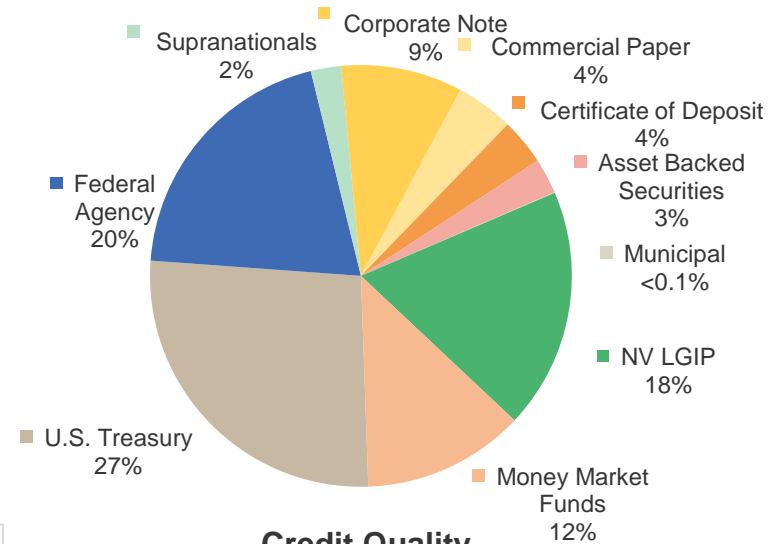
City of Reno Funds	Market Value ¹
Core Portfolio	\$204,984,703
Liquidity Portfolio	\$59,425,034
Liquid Funds	\$118,181,105
<i>Nevada LGIP</i>	<i>\$70,614,783</i>
<i>U.S. Bank</i>	<i>\$16,887,295</i>
<i>Bank of America</i>	<i>\$30,679,027</i>
Managed Account Subtotal	\$382,590,842
Reserve Fund Portfolios	\$13,914,869
Total	\$396,505,711

1. Market Values exclude accrued interest.

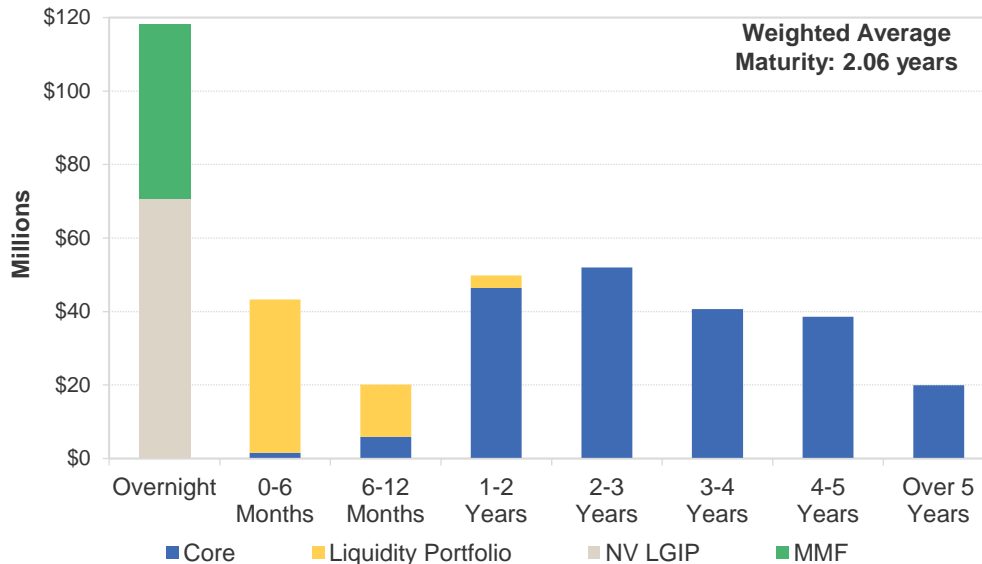
Executive Summary^{1,2,3}

Account Summary	Ending Values as of 11/30/20	Ending Values as of 12/31/20
Market Value	\$393,345,880	\$382,590,842
Book Value	\$388,723,179	\$378,147,818
Unrealized Gain/(Loss)	\$4,622,700	\$4,443,023
Yield at Market	0.47%	0.45%
Yield at Cost	1.38%	1.26%

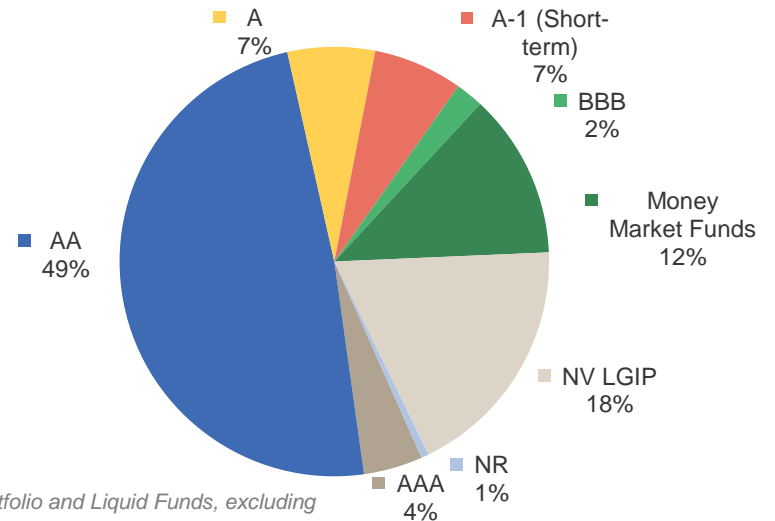
Allocation by Security Type



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	\$102,188,134	26.7%	100%	✓
Federal Agency	\$76,610,683	20.0%	100%	✓
Supranationals	\$8,871,539	2.3%	30%	✓
Corporate Note	\$35,696,120	9.3%	20%	✓
Commercial Paper	\$16,916,404	4.4%	20%	✓
Certificate of Deposit	\$13,626,578	3.6%	30%	✓
Asset Backed Securities	\$10,314,101	2.7%	30%	✓
Municipal	\$186,178	<0.1%	20%	✓
NV LGIP	\$70,614,783	18.5%	100%	✓
Money Market Funds	\$47,566,322	12.4%	100%	✓
Total Market Value	\$382,590,842	100.0%		

Maturity	Market Value	% of Portfolio	Permitted by Policy	Compliance
Overnight	\$118,181,105	30.9%	No Limit	✓
0-6 Months	\$43,306,453	11.3%	No Limit	✓
6-12 Months	\$20,080,212	5.2%	No Limit	✓
1-2 Years	\$49,836,709	13.0%	No Limit	✓
2-3 Years	\$51,965,969	13.6%	No Limit	✓
3-4 Years	\$40,693,003	10.6%	No Limit	✓
4-5 Years	\$38,598,673	10.1%	No Limit	✓
Over 5 Years	\$19,928,719	5.2%	No Limit	✓
Total Market Value	\$382,590,842	100.0%		

Accrual Basis Earnings ⁴	11/30/20 through 12/31/20
Total Estimated Earnings	\$461,200

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	\$102,188,134	26.7%	100%	✓
Nevada LGIP	\$70,614,783	18.5%	100%	✓
Money Market Funds	\$47,566,322	12.4%	100%	✓
Federal National Mortgage Association	\$43,089,455	11.3%	100%	✓
Federal Home Loan Mortgage Corporation	\$26,761,312	7.0%	100%	✓
Toyota Motor Corp	\$5,093,195	1.3%	5%	✓
Asian Development Bank	\$4,599,771	1.2%	30%	✓
JPMorgan Chase & Co	\$4,301,614	1.1%	5%	✓
Intl Bank Of Reconstruction And Dev	\$3,270,261	0.9%	30%	✓
Sumitomo Mitsui Financial Group Inc	\$3,165,726	0.8%	5%	✓
Canadian Imperial Bank Of Commerce	\$2,999,496	0.8%	5%	✓
Credit Agricole SA	\$2,999,016	0.8%	5%	✓
Government National Mortgage Association	\$2,552,006	0.7%	100%	✓
Bank Of New York Mellon	\$2,516,528	0.7%	5%	✓
Royal Bank Of Canada	\$2,498,886	0.7%	5%	✓
Blackrock Inc.	\$2,378,136	0.6%	5%	✓
Federal Home Loan Bank	\$2,204,668	0.6%	100%	✓
Federal Farm Credit Bank	\$2,003,242	0.5%	100%	✓
HSBC Holdings PLC	\$1,999,956	0.5%	5%	✓
BNP Paribas	\$1,999,229	0.5%	5%	✓
Burlington Northern Santa Fe	\$1,834,381	0.5%	5%	✓
Bank Of America Co	\$1,780,839	0.5%	5%	✓
Novartis Capital Corp	\$1,573,118	0.4%	5%	✓
Skandinaviska Enskilda Banken Ab	\$1,541,397	0.4%	5%	✓
Nordea Bank Ab	\$1,541,151	0.4%	5%	✓
Toronto-Dominion Bank	\$1,500,543	0.4%	5%	✓
Lloyds Bank Corp	\$1,497,305	0.4%	5%	✓
Abbott Laboratories	\$1,359,914	0.4%	5%	✓
Citigroup Inc	\$1,349,903	0.4%	5%	✓
The Walt Disney Corporation	\$1,337,810	0.3%	5%	✓
Goldman Sachs Group Inc	\$1,331,636	0.3%	5%	✓
BB&T Corporation	\$1,310,986	0.3%	5%	✓
Societe Generale	\$1,306,087	0.3%	5%	✓
Morgan Stanley	\$1,295,658	0.3%	5%	✓
DNB Bank	\$1,294,271	0.3%	5%	✓
Verizon Owner Trust	\$1,282,809	0.3%	5%	✓

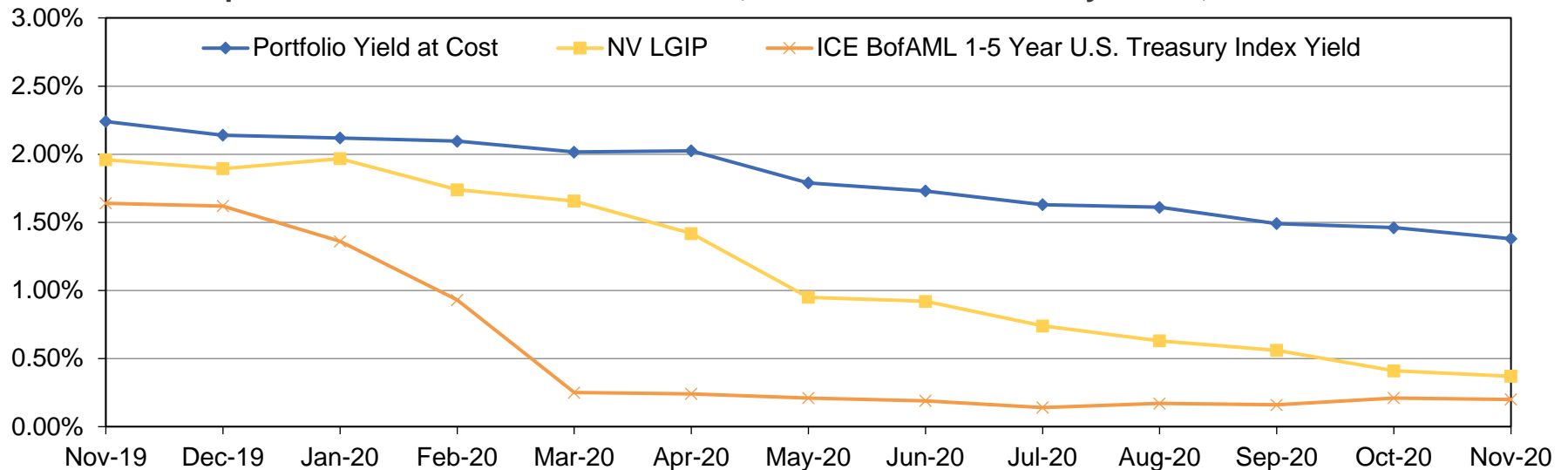
Issuer	Market Value	% of Portfolio	Permitted by Policy	Compliance
Capital One Financial Corp	\$1,275,413	0.3%	5%	✓
Wal-Mart Stores Inc	\$1,265,635	0.3%	5%	✓
American Express Co	\$1,227,264	0.3%	5%	✓
Caterpillar Inc	\$1,212,060	0.3%	5%	✓
IBM Corp	\$1,205,328	0.3%	5%	✓
Charles Schwab	\$1,082,953	0.3%	5%	✓
US Bancorp	\$1,063,943	0.3%	5%	✓
Comcast Corp	\$1,060,482	0.3%	5%	✓
American Honda Finance	\$1,033,370	0.3%	5%	✓
PNC Financial Services Group	\$1,017,571	0.3%	5%	✓
Inter-American Development Bank	\$1,001,507	0.3%	30%	✓
Credit Suisse Group	\$976,753	0.3%	5%	✓
Wells Fargo & Company	\$926,454	0.2%	5%	✓
Apple Inc	\$924,145	0.2%	5%	✓
Gm Financial Securitized Term	\$893,660	0.2%	5%	✓
Chevron Corporation	\$834,035	0.2%	5%	✓
Honda Auto Receivables	\$687,465	0.2%	5%	✓
Mercedes-Benz Auto Lease Trust	\$667,146	0.2%	5%	✓
World Omni Auto Rec Trust	\$554,153	0.1%	5%	✓
Carmax Auto Owner Trust	\$520,088	0.1%	5%	✓
Bristol-Myers Squibb Co	\$518,789	0.1%	5%	✓
Verizon Communications	\$510,598	0.1%	5%	✓
John Deere Owner Trust	\$491,150	0.1%	5%	✓
Nissan Auto Receivables	\$472,038	0.1%	5%	✓
Fifth Third Auto Trust	\$461,973	0.1%	5%	✓
Ford Credit Auto Lease Trust	\$379,799	0.1%	5%	✓
Capital One Prime Auto Rec Trust	\$376,303	0.1%	5%	✓
Amazon.Com Inc	\$351,870	0.1%	5%	✓
Deere & Company	\$323,205	0.1%	5%	✓
Pepsico Inc	\$303,754	0.1%	5%	✓
Paccar Financial Corp	\$282,807	0.1%	5%	✓
Harley-Davidson Motorcycle Trust	\$279,973	0.1%	5%	✓
State of Mississippi	\$186,178	<0.1%	5%	✓
Adobe Inc	\$149,134	<0.1%	5%	✓
BMW Financial Services	\$134,303	<0.1%	5%	✓
Total	\$382,590,842			

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
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%
Dec-20	378,147,818	1.26%	2.10	0.31%	0.18%

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.