

City of Reno

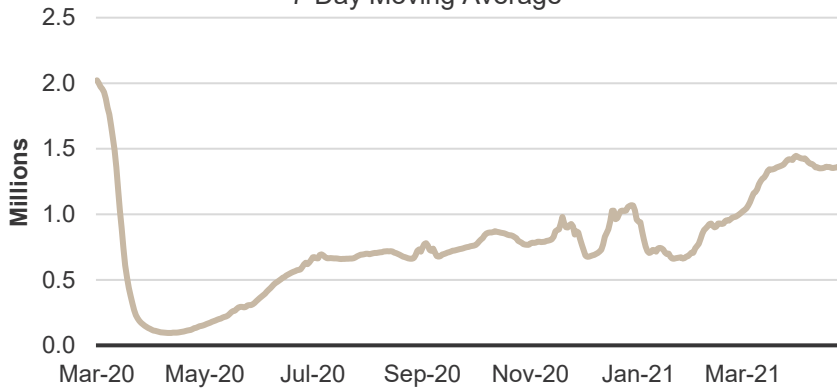
Monthly Investment Report

April 30, 2021

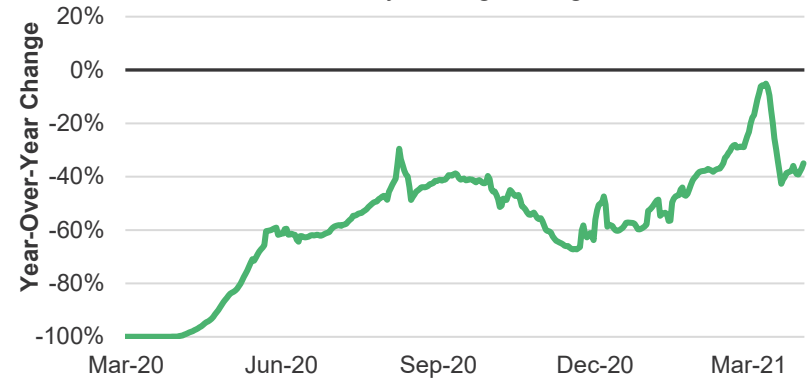


High Frequency Data Continuing to Recover

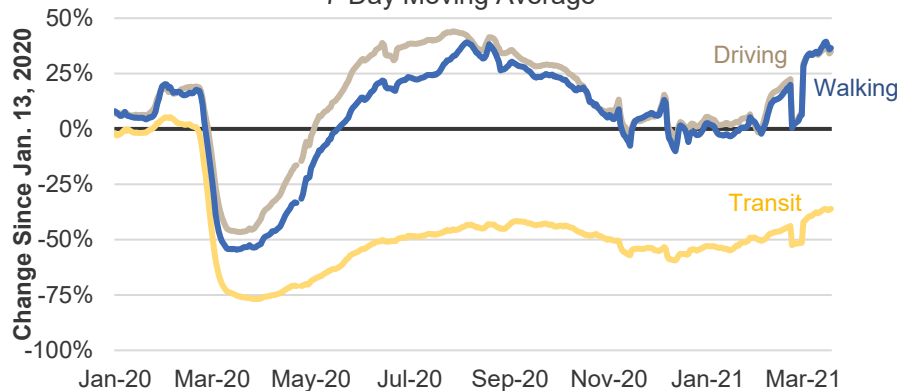
TSA Checkpoint Travel Numbers 7-Day Moving Average



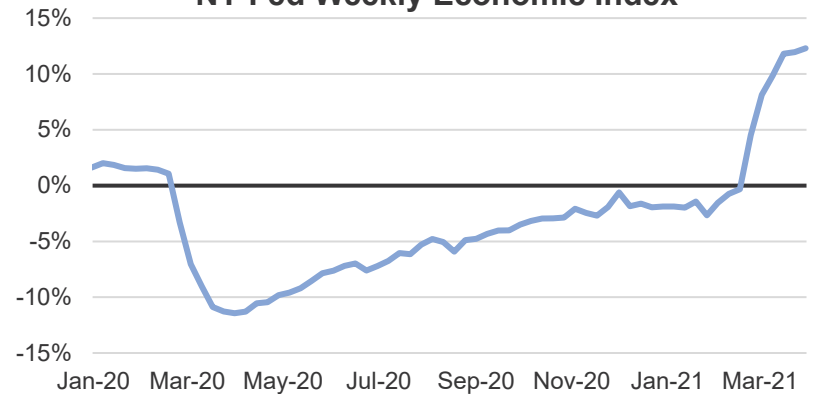
U.S. OpenTable Restaurant Reservations 7-Day Moving Average



Requests for Directions in Apple Maps 7-Day Moving Average



NY Fed Weekly Economic Index



Source: (top left) Transportation Security Administration, PFM calculations, as of 5/03/2021. (top right) Includes phone, online, and walk-in diners; OpenTable, PFM calculations, most recent data as of 5/03/2021. (bottom left) Data for May 11-12 not available; Apple, PFM calculations, most recent data as of 5/03/2021. (bottom right) Federal Reserve Bank of New York, most recent data as of 5/03/2021.



Market Summary

Economic Conditions

- The U.S. economy grew an annualized rate of 6.4% in the first quarter fueled by strong consumer spending. Personal consumption, the biggest GDP component and supported by recent stimulus measures, surged by nearly 11%, the second-fastest pace since the 1960s. Pent-up consumer demand is happening at the same time producers are experiencing material shortages and supply-chain challenges which is driving up commodity prices.
- At the April FOMC meeting, the Fed kept its easy monetary policy in place, holding interest rates near zero and maintaining \$120 billion per month in asset purchases. Fed Chair Powell acknowledged faster growth and remained cautiously optimistic while characterizing near-term inflationary pressures as “transitory.”
- The U.S. economy added only 266,000 jobs in April, far below the 1 million jobs projected by economists. The unemployment rate rose to 6.1% as more people returned to the workforce.

Market Reaction

- After steepening significantly in Q1, the U.S. Treasury yield curve flattened modestly in April. Long-term yields fell and short-term yields remained near zero, anchored by Fed Policy. The yield on the benchmark 10-year Treasury fell to 1.63%, after briefly rising to 1.75%, near pre-pandemic levels. For the 2nd quarter, the Treasury Department significantly increased its borrowing estimate and expects to need some \$1.3 trillion over the 2nd half of the fiscal year to help pay for pandemic-relief spending.
- Equity market indices advanced in April, supported by solid economic data and strong corporate earnings reports. The S&P 500 gained 5.3% over the month to end near records highs. For the same period, the Dow Jones Industrial Average returned 2.8%; while the Nasdaq climbed 5.4%.

Summary of the City's Funds

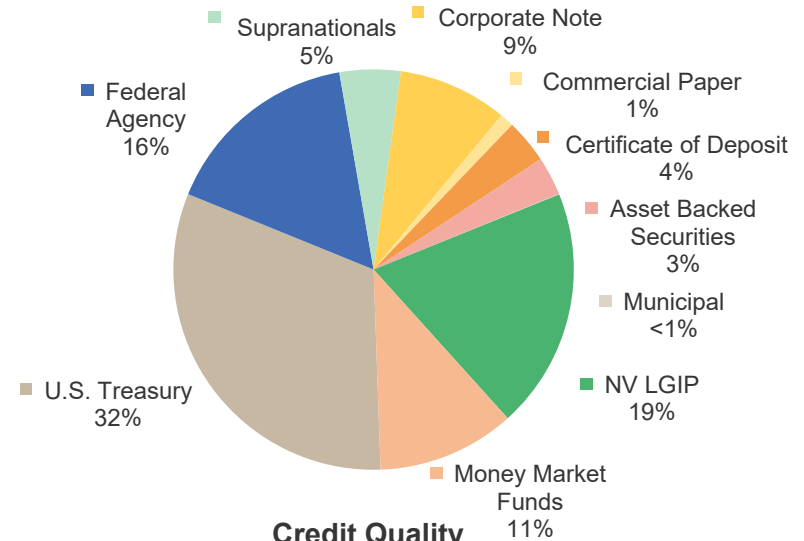
City of Reno Funds	Market Value ¹
Core Portfolio	\$243,548,892
Liquidity Portfolio	\$44,626,879
Liquid Funds	\$126,871,195
<i>Nevada LGIP</i>	<i>\$80,703,852</i>
<i>U.S. Bank</i>	<i>\$30,623,286</i>
<i>Bank of America</i>	<i>\$15,544,058</i>
Managed Account Subtotal	\$415,046,967
Reserve Fund Portfolios	\$13,884,660
Total	\$428,931,628

1. Market Values exclude accrued interest.

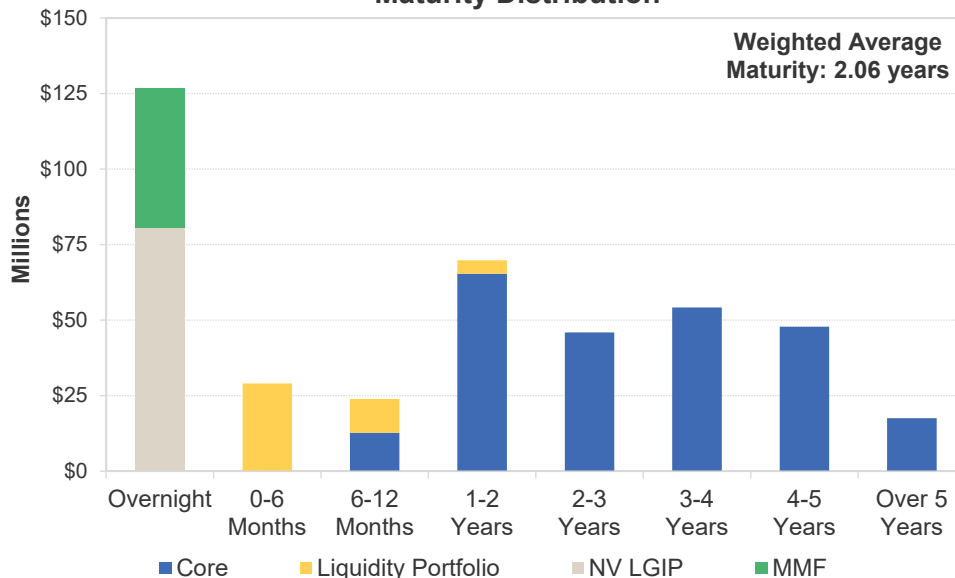
Executive Summary^{1,2,3}

Account Summary	Ending Values as of 3/31/21	Ending Values as of 4/30/21
Market Value	\$428,903,240	\$415,046,967
Book Value	\$426,325,337	\$412,202,252
Unrealized Gain/(Loss)	\$2,577,903	\$2,844,715
Yield at Market	0.57%	0.55%
Yield at Cost	1.15%	1.10%

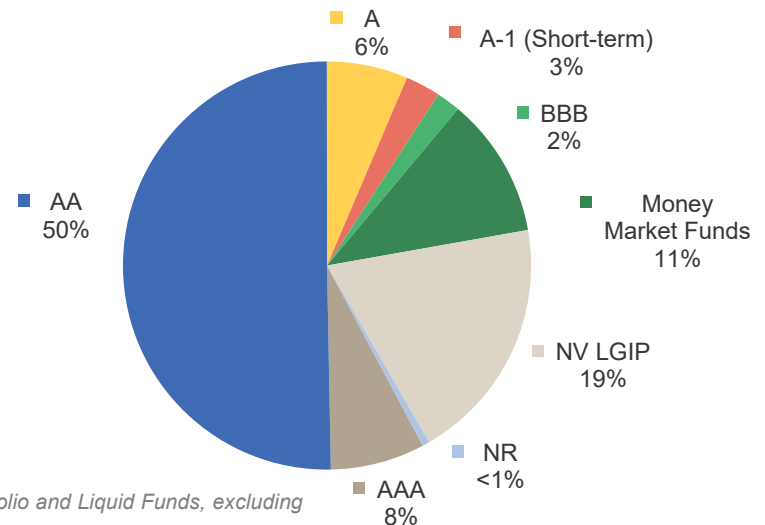
Allocation by Security Type



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	Maturity	Market Value	% of Portfolio	Permitted by Policy	Compliance
U.S. Treasury	\$131,579,733	31.7%	100%	✓	Overnight	\$126,871,195	30.6%	No Limit	✓
Federal Agency	\$66,861,129	16.1%	100%	✓	0-6 Months	\$29,033,807	7.0%	No Limit	✓
Supranationals	\$20,434,013	4.9%	30%	✓	6-12 Months	\$23,900,207	5.8%	No Limit	✓
Corporate Note	\$36,689,230	8.8%	20%	✓	1-2 Years	\$69,796,828	16.8%	No Limit	✓
Commercial Paper	\$4,698,634	1.1%	20%	✓	2-3 Years	\$45,908,292	11.1%	No Limit	✓
Certificate of Deposit	\$14,758,082	3.6%	30%	✓	3-4 Years	\$54,194,673	13.1%	No Limit	✓
Asset Backed Securities	\$12,969,726	3.1%	30%	✓	4-5 Years	\$47,802,864	11.5%	No Limit	✓
Municipal	\$185,224	<0.1%	20%	✓	Over 5 Years	\$17,539,101	4.2%	No Limit	✓
NV LGIP	\$80,703,852	19.4%	100%	✓					
Money Market Funds	\$46,167,344	11.1%	100%	✓					
Total Market Value	\$415,046,967	100.0%			Total Market Value	\$415,046,967	100.0%		

Accrual Basis Earnings ⁴	3/31/21 through 4/30/21
Total Estimated Earnings	\$279,455

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	\$131,579,733	31.7%	100%	✓
Nevada LGIP	\$80,703,852	19.4%	100%	✓
Money Market Funds	\$46,167,344	11.1%	100%	✓
Federal National Mortgage Association	\$37,077,337	8.9%	100%	✓
Federal Home Loan Mortgage Corporation	\$23,150,298	5.6%	100%	✓
Asian Development Bank	\$9,744,615	2.3%	100%	✓
Intl Bank Of Reconstruction And Dev	\$4,791,598	1.2%	100%	✓
Toyota Motor Corp	\$3,351,682	0.8%	5%	✓
Inter-American Development Bank	\$3,199,234	0.8%	100%	✓
Sumitomo Mitsui Financial Group Inc	\$3,169,897	0.8%	5%	✓
African Development Bank	\$2,698,566	0.7%	100%	✓
Bank Of New York Mellon	\$2,502,795	0.6%	5%	✓
Royal Bank Of Canada	\$2,500,553	0.6%	5%	✓
Government National Mortgage Association	\$2,439,680	0.6%	100%	✓
Blackrock Inc.	\$2,355,782	0.6%	5%	✓
JPMorgan Chase & Co	\$2,290,527	0.6%	5%	✓
Federal Home Loan Bank	\$2,190,383	0.5%	100%	✓
Federal Farm Credit Bank	\$2,003,430	0.5%	100%	✓
Burlington Northern Santa Fe	\$1,817,258	0.4%	5%	✓
Bank Of America Co	\$1,760,477	0.4%	5%	✓
Credit Suisse Group	\$1,639,747	0.4%	5%	✓
Novartis Capital Corp	\$1,550,276	0.4%	5%	✓
Skandinaviska Enskilda Banken Ab	\$1,532,922	0.4%	5%	✓
Nordea Bank Ab	\$1,532,724	0.4%	5%	✓
Toronto-Dominion Bank	\$1,500,618	0.4%	5%	✓
Barclays Bank	\$1,500,114	0.4%	5%	✓
Lloyds Bank Corp	\$1,499,571	0.4%	5%	✓
Carmax Auto Owner Trust	\$1,428,632	0.3%	5%	✓
Abbott Laboratories	\$1,344,195	0.3%	5%	✓
Citigroup Inc	\$1,343,095	0.3%	5%	✓
The Walt Disney Corporation	\$1,328,288	0.3%	5%	✓
Goldman Sachs Group Inc	\$1,319,906	0.3%	5%	✓
Societe Generale	\$1,299,109	0.3%	5%	✓
BB&T Corporation	\$1,291,912	0.3%	5%	✓
DNB Bank	\$1,285,783	0.3%	5%	✓
Morgan Stanley	\$1,282,634	0.3%	5%	✓
Verizon Owner Trust	\$1,280,783	0.3%	5%	✓
Capital One Financial Corp	\$1,269,420	0.3%	5%	✓

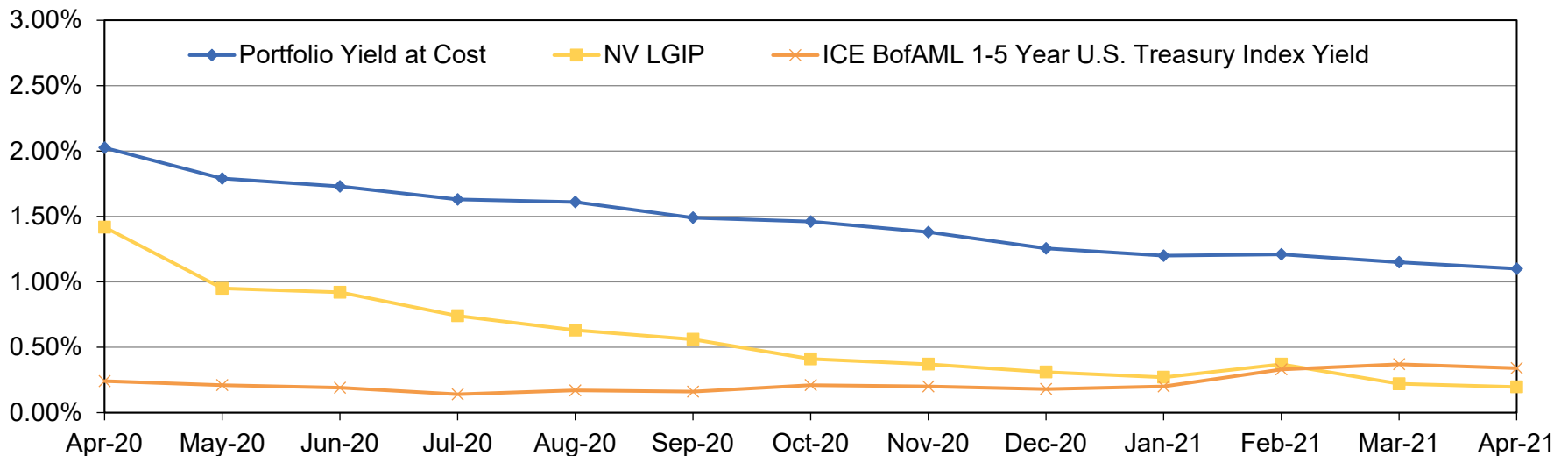
Issuer	Market Value	% of Portfolio	Permitted by Policy	Compliance
Wal-Mart Stores Inc	\$1,256,662	0.3%	5%	✓
American Express Co	\$1,215,534	0.3%	5%	✓
Caterpillar Inc	\$1,199,852	0.3%	5%	✓
IBM Corp	\$1,198,078	0.3%	5%	✓
General Dynamics Corp	\$1,100,844	0.3%	5%	✓
Charles Schwab	\$1,077,084	0.3%	5%	✓
US Bancorp	\$1,057,485	0.3%	5%	✓
Comcast Corp	\$1,051,466	0.3%	5%	✓
American Honda Finance	\$1,028,050	0.2%	5%	✓
PNC Financial Services Group	\$1,014,072	0.2%	5%	✓
UBS AG	\$996,593	0.2%	5%	✓
Wells Fargo & Company	\$923,113	0.2%	5%	✓
Apple Inc	\$911,759	0.2%	5%	✓
Chevron Corporation	\$827,578	0.2%	5%	✓
Gm Financial Securitized Term	\$825,476	0.2%	5%	✓
Hyundai Auto Receivables	\$729,952	0.2%	5%	✓
Mercedes-Benz Auto Lease Trust	\$664,717	0.2%	5%	✓
Honda Auto Receivables	\$566,103	0.1%	5%	✓
Verizon Communications	\$501,639	0.1%	5%	✓
CNH Equipment Trust	\$479,039	0.1%	5%	✓
Nissan Auto Receivables	\$471,386	0.1%	5%	✓
Lockheed Martin Corp	\$471,073	0.1%	5%	✓
John Deere Owner Trust	\$443,381	0.1%	5%	✓
World Omni Auto Rec Trust	\$441,317	0.1%	5%	✓
Ford Credit Auto Lease Trust	\$377,829	0.1%	5%	✓
Kubota Credit Owners Trust	\$375,200	0.1%	5%	✓
Amazon.Com Inc	\$351,144	0.1%	5%	✓
Fifth Third Auto Trust	\$338,350	0.1%	5%	✓
Deere & Company	\$322,550	0.1%	5%	✓
Pepsico Inc	\$302,894	0.1%	5%	✓
BMW Financial Services NA LLC	\$299,588	0.1%	5%	✓
Capital One Prime Auto Rec Trust	\$287,770	0.1%	5%	✓
Paccar Financial Corp	\$282,733	0.1%	5%	✓
Harley-Davidson Motorcycle Trust	\$279,101	0.1%	5%	✓
Bristol-Myers Squibb Co	\$239,304	0.1%	5%	✓
State of Mississippi	\$185,224	<0.1%	5%	✓
Adobe Inc	\$148,564	<0.1%	5%	✓
BMW Financial Services	\$79,695	<0.1%	5%	✓
Total	\$415,046,967			

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
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%
Jan-21	393,644,232	1.20%	2.13	0.27%	0.20%
Feb-21	400,398,176	1.21%	2.12	0.37%	0.33%
Mar-21	426,325,337	1.15%	2.22	0.22%	0.37%
Apr-21	412,202,252	1.10%	2.25	0.20%	0.34%

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.