

City of Reno

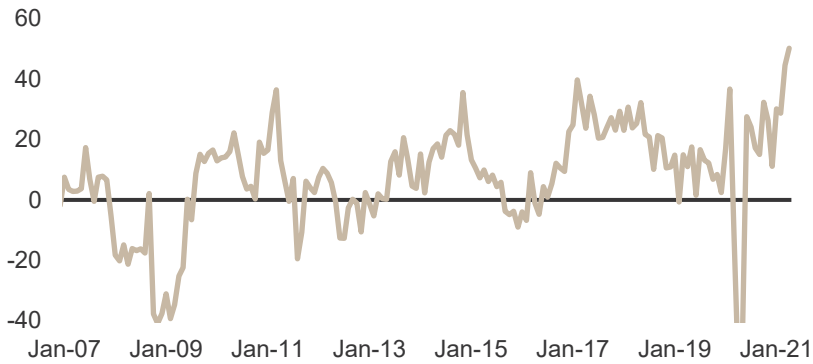
Monthly Investment Report

May 31, 2021

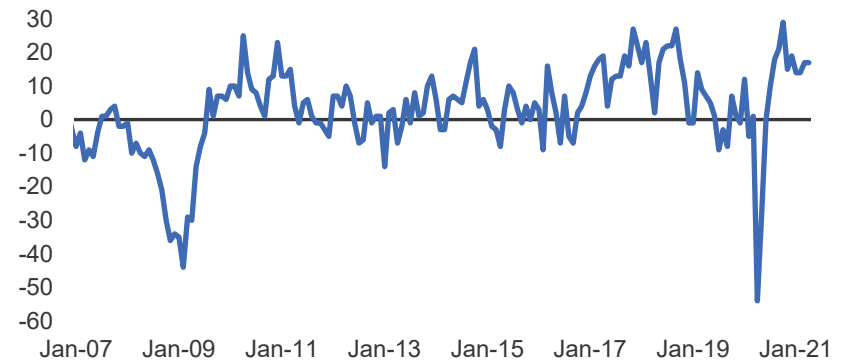


Regional Fed Indices

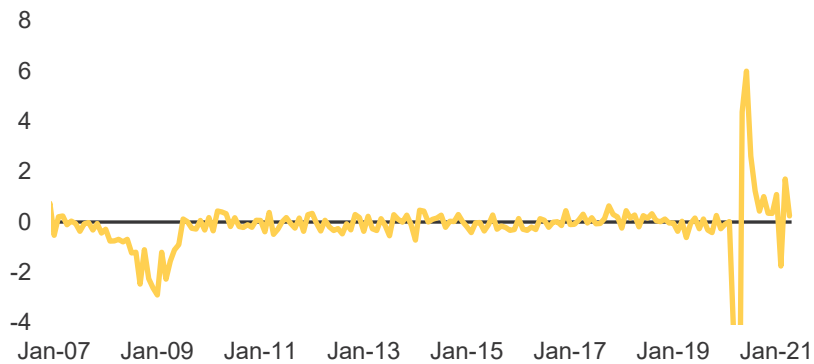
Philly Fed Business Conditions



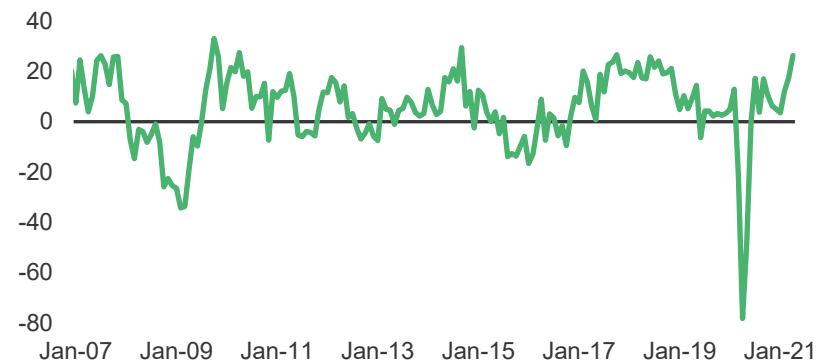
Richmond Fed Manufacturing Index



Chicago Fed National Activity Index



Empire Manufacturing Index



Source: Bloomberg, most recent data as of 5/31/2021.



Market Summary

Economic Conditions

- Minutes from the April FOMC meeting revealed contemplation from FOMC officials around the timing of potential asset purchase tapering. But considering the Fed's high threshold for action in this regard, it remains preliminary. The FOMC remains "attuned and attentive" to the inflation outlook amid supply shortages and other risk factors.
- U.S. economy added 559,000 jobs and the employment rate fell to 5.8% in May, a much better showing than April's disappointing print. There were notable job gains in leisure and hospitality, public and private education, and health care. For the first time in over a year, the number of Americans filing for first time unemployment benefits fell below 400,000.
- Retail sales stalled in April following a sharp climb in the prior month when spending was supported by pandemic-relief checks. Elevated savings should nevertheless support demand even as consumers begin to shift spending to services amid easing lockdown restrictions.
- Manufacturing and services surveys are highlighting rapid improvement in business activity despite supply constraints and rising input costs. Both ISM and Markit PMI surveys are near all-time highs.

Market Reaction

- The U.S. Treasury yield curve flattened modestly in May despite investor optimism on the loosening of lockdown restrictions. Short-term Treasury yields remained anchored near zero, while longer-term yields remained in a well-established trading range for now.
- Equity markets rallied into month end to close mixed to flat for May amid inflation concerns. The S&P 500 and Dow Jones Industrial Average reached record highs, advancing 0.7% and 2.2%, respectively for the month. The Nasdaq retreated 1.4% reflecting a shift in investor preference from growth to value stocks as the economy opens up.

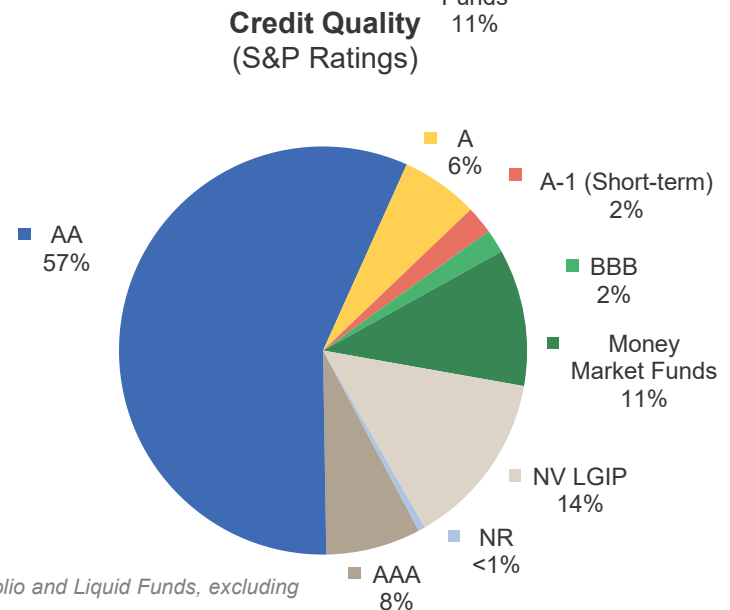
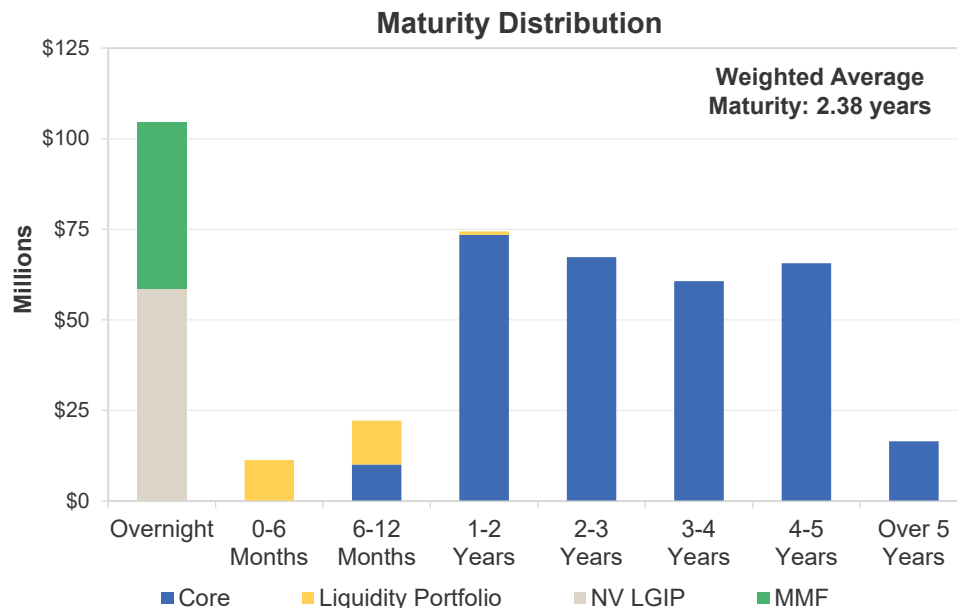
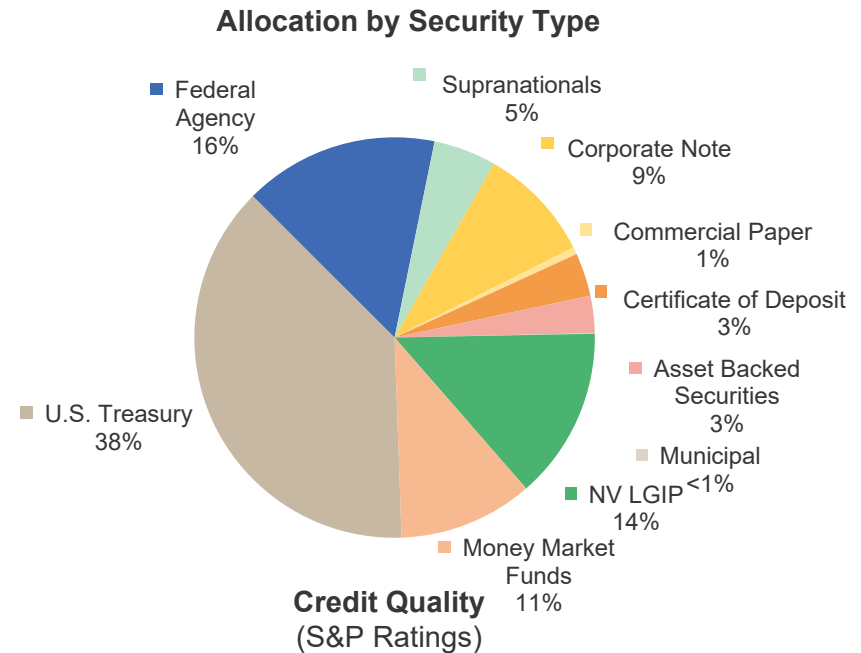
Summary of the City's Funds

City of Reno Funds	Market Value ¹
Core Portfolio	\$293,657,006
Liquidity Portfolio	\$24,393,241
Liquid Funds	\$104,590,134
<i>Nevada LGIP</i>	<i>\$58,719,768</i>
<i>U.S. Bank</i>	<i>\$21,501,350</i>
<i>Bank of America</i>	<i>\$24,369,016</i>
Managed Account Subtotal	\$422,640,381
Reserve Fund Portfolios	\$13,513,282
Total	\$436,153,664

1. Market Values exclude accrued interest.

Executive Summary^{1,2,3}

Account Summary	Ending Values as of 4/30/21	Ending Values as of 5/31/21
Market Value	\$415,046,967	\$422,640,381
Book Value	\$412,202,252	\$419,653,179
Unrealized Gain/(Loss)	\$2,844,715	\$2,987,202
Yield at Market	0.55%	0.50%
Yield at Cost	1.10%	0.97%



- 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	\$160,779,005	38.0%	100%	✓	Overnight	\$104,590,134	24.7%	No Limit	✓
Federal Agency	\$66,441,626	15.7%	100%	✓	0-6 Months	\$11,313,421	2.7%	No Limit	✓
Supranationals	\$21,366,088	5.1%	30%	✓	6-12 Months	\$22,191,232	5.3%	No Limit	✓
Corporate Note	\$39,304,015	9.3%	20%	✓	1-2 Years	\$74,438,917	17.6%	No Limit	✓
Commercial Paper	\$2,498,989	0.6%	20%	✓	2-3 Years	\$67,290,436	15.9%	No Limit	✓
Certificate of Deposit	\$14,759,148	3.5%	30%	✓	3-4 Years	\$60,670,640	14.4%	No Limit	✓
Asset Backed Securities	\$12,715,530	3.0%	30%	✓	4-5 Years	\$65,643,457	15.5%	No Limit	✓
Municipal	\$185,845	<0.1%	20%	✓	Over 5 Years	\$16,502,145	3.9%	No Limit	✓
NV LGIP	\$58,719,768	13.9%	100%	✓					
Money Market Funds	\$45,870,366	10.9%	100%	✓					
Total Market Value	\$422,640,381	100.0%			Total Market Value	\$422,640,381	100.0%		

Accrual Basis Earnings ⁴	4/30/21 through 5/31/21
Total Estimated Earnings	\$306,016

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	\$160,779,005	38.0%	100%	✓
Nevada LGIP	\$58,719,768	13.9%	100%	✓
Money Market Funds	\$45,870,366	10.9%	100%	✓
Federal National Mortgage Association	\$36,772,009	8.7%	100%	✓
Federal Home Loan Mortgage Corporation	\$23,077,563	5.5%	100%	✓
Asian Development Bank	\$9,756,580	2.3%	100%	✓
Intl Bank Of Reconstruction And Dev	\$5,696,358	1.3%	100%	✓
JPMorgan Chase & Co	\$3,391,906	0.8%	5%	✓
Toyota Motor Corp	\$3,305,647	0.8%	5%	✓
Inter-American Development Bank	\$3,207,585	0.8%	100%	✓
African Development Bank	\$2,705,565	0.6%	100%	✓
Royal Bank Of Canada	\$2,501,678	0.6%	5%	✓
Bank Of New York Mellon	\$2,496,870	0.6%	5%	✓
Government National Mortgage Association	\$2,395,697	0.6%	100%	✓
Blackrock Inc.	\$2,355,661	0.6%	5%	✓
Federal Home Loan Bank	\$2,192,913	0.5%	100%	✓
Federal Farm Credit Bank	\$2,003,444	0.5%	100%	✓
Amazon.Com Inc	\$1,858,790	0.4%	5%	✓
Burlington Northern Santa Fe	\$1,820,001	0.4%	5%	✓
Bank Of America Co	\$1,760,687	0.4%	5%	✓
Credit Suisse Group	\$1,641,853	0.4%	5%	✓
Novartis Capital Corp	\$1,554,741	0.4%	5%	✓
Skandinaviska Enskilda Banken Ab	\$1,532,132	0.4%	5%	✓
Nordea Bank Ab	\$1,531,946	0.4%	5%	✓
Barclays Bank	\$1,501,152	0.4%	5%	✓
Toronto-Dominion Bank	\$1,500,489	0.4%	5%	✓
Lloyds Bank Corp	\$1,499,741	0.4%	5%	✓
Carmax Auto Owner Trust	\$1,428,114	0.3%	5%	✓
Citigroup Inc	\$1,346,271	0.3%	5%	✓
Abbott Laboratories	\$1,343,373	0.3%	5%	✓
The Walt Disney Corporation	\$1,330,145	0.3%	5%	✓
Goldman Sachs Group Inc	\$1,322,802	0.3%	5%	✓
Societe Generale	\$1,298,428	0.3%	5%	✓
BB&T Corporation	\$1,290,788	0.3%	5%	✓
DNB Bank	\$1,284,608	0.3%	5%	✓
Verizon Owner Trust	\$1,280,693	0.3%	5%	✓
Morgan Stanley	\$1,279,282	0.3%	5%	✓
Capital One Financial Corp	\$1,268,252	0.3%	5%	✓
Wal-Mart Stores Inc	\$1,258,431	0.3%	5%	✓

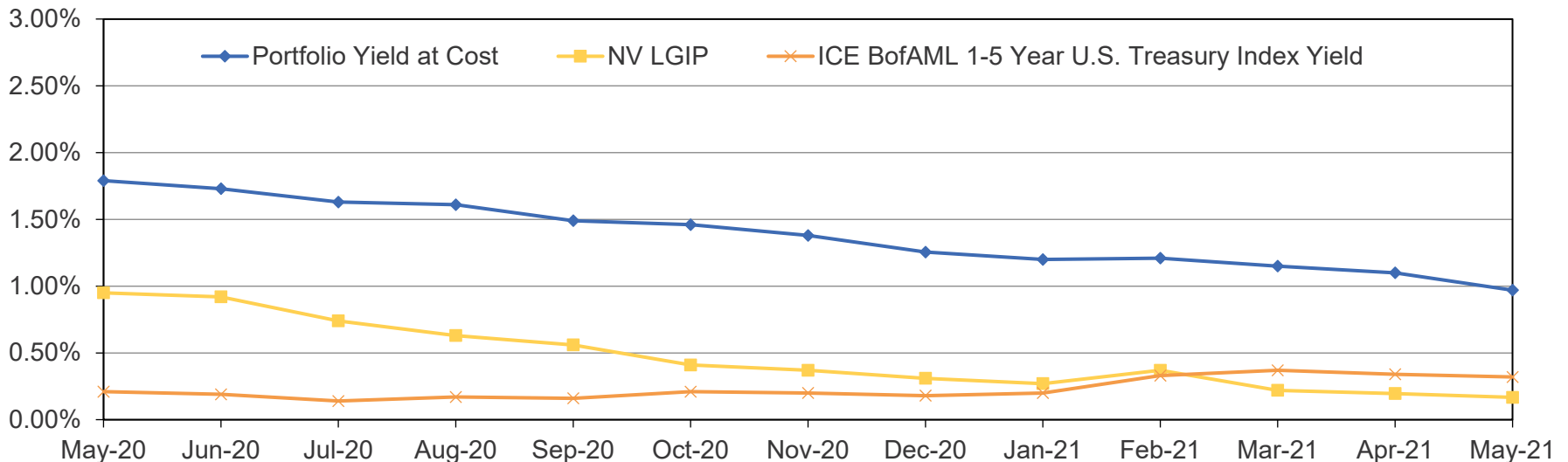
Issuer	Market Value	% of Portfolio	Permitted by Policy	Compliance
American Express Co	\$1,213,623	0.3%	5%	✓
Caterpillar Inc	\$1,203,443	0.3%	5%	✓
IBM Corp	\$1,197,606	0.3%	5%	✓
General Dynamics Corp	\$1,099,150	0.3%	5%	✓
Charles Schwab	\$1,075,023	0.3%	5%	✓
US Bancorp	\$1,057,761	0.3%	5%	✓
Comcast Corp	\$1,050,951	0.2%	5%	✓
American Honda Finance	\$1,028,600	0.2%	5%	✓
PNC Financial Services Group	\$1,012,597	0.2%	5%	✓
UBS AG	\$997,040	0.2%	5%	✓
Sumitomo Mitsui Financial Group Inc	\$969,823	0.2%	5%	✓
Wells Fargo & Company	\$919,457	0.2%	5%	✓
Apple Inc	\$913,373	0.2%	5%	✓
Chevron Corporation	\$830,237	0.2%	5%	✓
Gm Financial Securitized Term	\$798,748	0.2%	5%	✓
Hyundai Auto Receivables	\$730,559	0.2%	5%	✓
Mercedes-Benz Auto Lease Trust	\$664,752	0.2%	5%	✓
Honda Auto Receivables	\$517,831	0.1%	5%	✓
Verizon Communications	\$500,315	0.1%	5%	✓
CNH Equipment Trust	\$480,810	0.1%	5%	✓
Lockheed Martin Corp	\$473,920	0.1%	5%	✓
Nissan Auto Receivables	\$471,977	0.1%	5%	✓
John Deere Owner Trust	\$415,384	0.1%	5%	✓
World Omni Auto Rec Trust	\$403,839	0.1%	5%	✓
Ford Credit Auto Lease Trust	\$377,491	0.1%	5%	✓
Kubota Credit Owners Trust	\$375,220	0.1%	5%	✓
Deere & Company	\$323,118	0.1%	5%	✓
Fifth Third Auto Trust	\$307,360	0.1%	5%	✓
Pepsico Inc	\$302,963	0.1%	5%	✓
BMW Financial Services NA LLC	\$300,004	0.1%	5%	✓
Paccar Financial Corp	\$282,848	0.1%	5%	✓
Harley-Davidson Motorcycle Trust	\$278,358	0.1%	5%	✓
Capital One Prime Auto Rec Trust	\$262,914	0.1%	5%	✓
Bristol-Myers Squibb Co	\$240,574	0.1%	5%	✓
State of Mississippi	\$185,845	<0.1%	5%	✓
Adobe Inc	\$148,510	<0.1%	5%	✓
BMW Financial Services	\$67,024	<0.1%	5%	✓
Total Market Value	\$422,640,381			

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
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%
May-21	419,653,179	0.97%	2.49	0.17%	0.32%

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.