

City of Reno

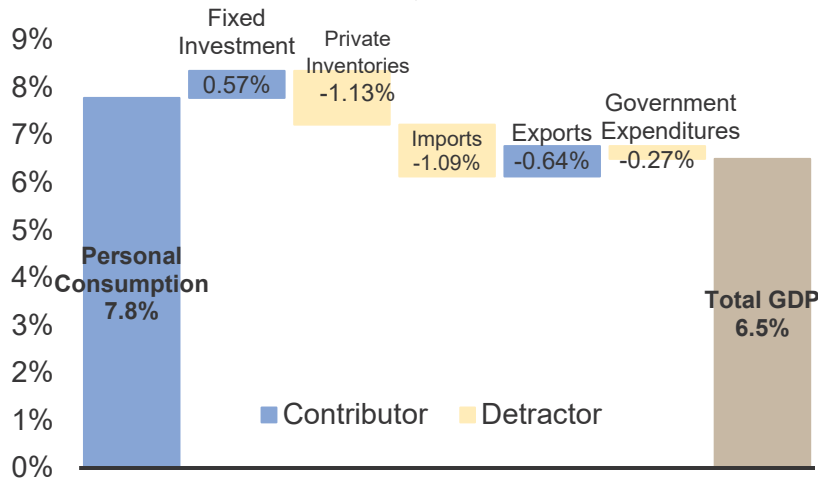
Monthly Investment Report

July 31, 2021

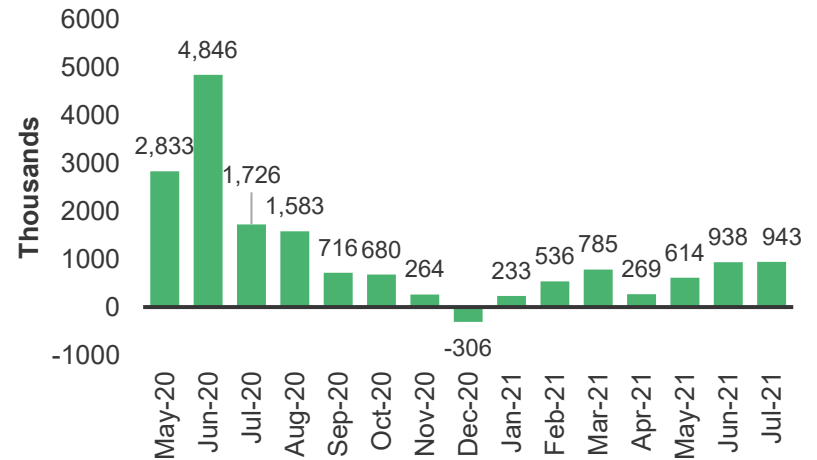


Growth Remained Strong, But Rising COVID Cases Present a Concern

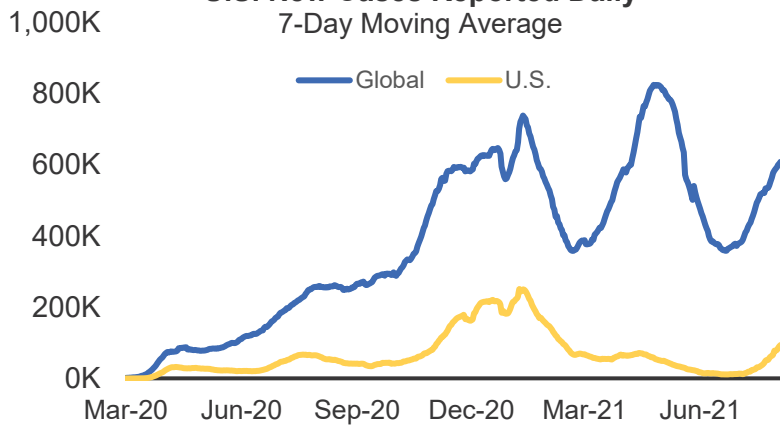
2021 Q2 GDP



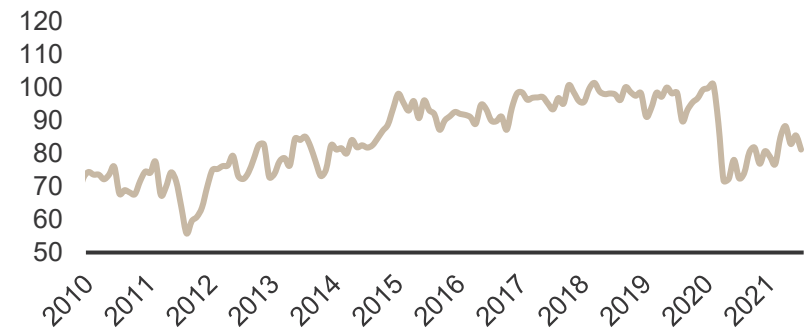
Monthly Nonfarm Payrolls



U.S. New Cases Reported Daily
7-Day Moving Average



University of Michigan Consumer Sentiment Index



Source: Bureau of Economic Analysis, advance estimate of GDP (top left). Bloomberg, as of 8/06/2021 (top right). Bloomberg, as of 7/31/2021 (bottom right). John Hopkins University Coronavirus Resource Center, as of 8/05/2021 (bottom left).



Market Summary

Economic Conditions

- U.S. economic conditions are characterized by strong GDP buoyed by consumer spending and business investment, resurging new COVID cases as delta variant spreads and vaccination rates slow, and low long-term rates, despite high inflation readings.
- U.S job growth was strong in July. The economy added 943,000 jobs, led once again by gains in service sectors. The unemployment rate fell a full half percent to 5.4%. Wages continued to increase, while the average manufacturing workweek matched the best reading since the onset of the pandemic.
- The Consumer Price Index (CPI) rose 5.4% over the 12 months through July, while core prices, excluding food and energy, dipped slightly to show a gain of 4.3% over the same period. Used cars, new cars, airline fares and tobacco products continued to show outsized price gains. Producer prices (PPI) rose 7.8% year over year, the largest advance since this data series was first calculated in 2010.
- At the July FOMC meeting, the Fed kept short-term rates near zero and asset purchases at \$120 billion per month. The Fed noted that the economy has made progress toward its employment and inflation goals and continues to view the recent surge in inflation as transitory.

Market Reaction

- Long-term Treasury yields continue to trend lower in July while short-term yields were unchanged, resulting in a flatter yield curve. The fall in the yield of the benchmark 10-year Treasury note (from 1.45% to 1.24%) marked the fourth consecutive month and biggest monthly decline since the onset of the pandemic in March 2020.
- Ignoring concerns about rising coronavirus cases, rising inflation, materials shortages, and supply-chain challenges, U.S. equity markets climbed to new record highs amid solid earnings reports. The S&P 500 rose 2.4% in July; the Nasdaq rose 1.2%; while the Dow Jones Industrial Average returned 1.3%.

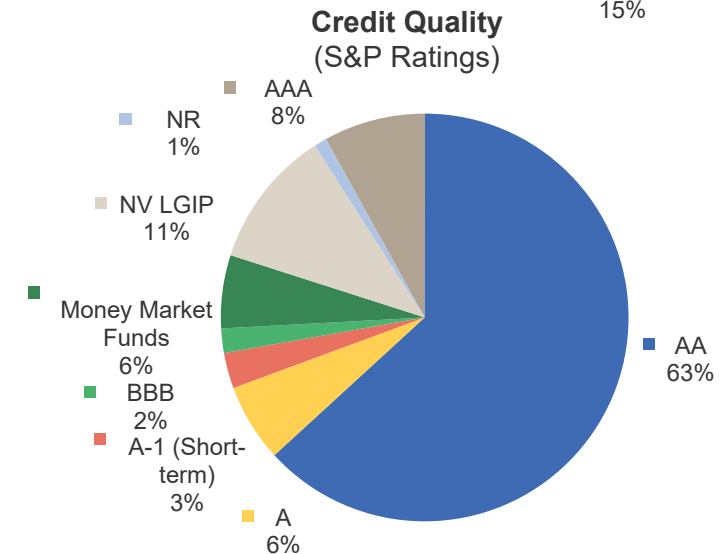
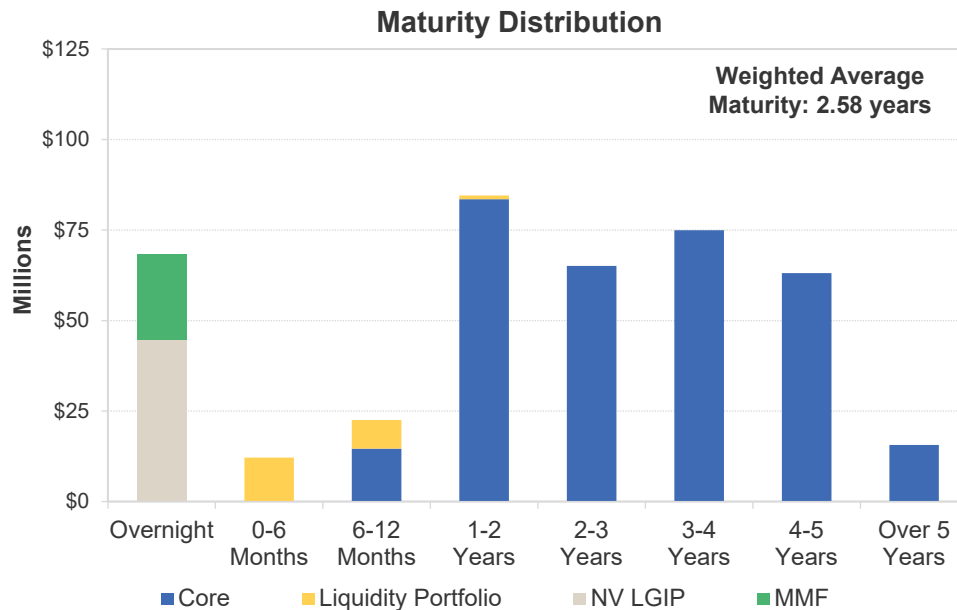
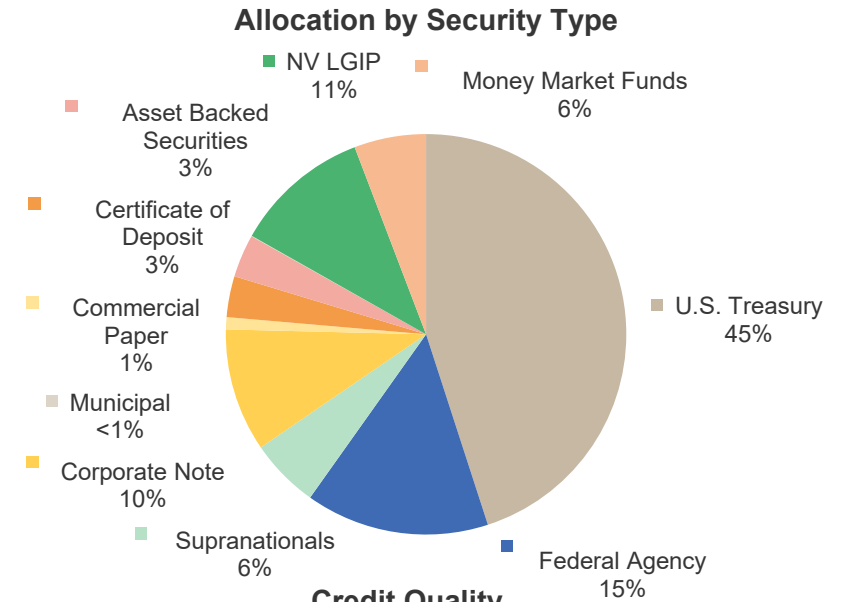
Summary of the City's Funds

City of Reno Funds	Market Value ¹
Core Portfolio	\$316,966,674
Liquidity Portfolio	\$21,041,983
Liquid Funds	\$68,320,170
<i>Nevada LGIP</i>	\$44,739,835
<i>U.S. Bank</i>	\$1,689,562
<i>Bank of America</i>	\$21,890,773
Managed Account Subtotal	\$406,328,827
Reserve Fund Portfolios	\$13,739,690
Total	\$420,068,518

1. Market Values exclude accrued interest.

Executive Summary^{1,2,3}

Account Summary	Ending Values as of 6/30/21	Ending Values as of 7/31/21
Market Value	\$412,947,196	\$406,328,827
Book Value	\$410,888,765	\$403,445,736
Unrealized Gain/(Loss)	\$2,058,431	\$2,883,091
Yield at Market	0.59%	0.50%
Yield at Cost	0.95%	0.91%



- 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	\$182,866,115	45.0%	100%	✓	Overnight	\$68,320,170	16.8%	No Limit	✓
Federal Agency	\$60,238,767	14.8%	100%	✓	0-6 Months	\$12,136,598	3.0%	No Limit	✓
Supranationals	\$22,822,693	5.6%	30%	✓	6-12 Months	\$22,523,921	5.5%	No Limit	✓
Corporate Note	\$40,399,596	9.9%	20%	✓	1-2 Years	\$84,543,802	20.8%	No Limit	✓
Commercial Paper	\$3,997,061	1.0%	20%	✓	2-3 Years	\$65,098,561	16.0%	No Limit	✓
Certificate of Deposit	\$13,444,495	3.3%	30%	✓	3-4 Years	\$74,948,533	18.4%	No Limit	✓
Asset Backed Securities	\$14,055,180	3.5%	30%	✓	4-5 Years	\$63,124,558	15.5%	No Limit	✓
Municipal	\$184,750	0.0%	20%	✓	Over 5 Years	\$15,632,683	3.8%	No Limit	✓
NV LGIP	\$44,739,835	11.0%	100%	✓					
Money Market Funds	\$23,580,335	5.8%	100%	✓					
Total Market Value	\$406,328,827	100.0%			Total Market Value	\$406,328,827	100.0%		

Accrual Basis Earnings ⁴	6/30/21 through 7/31/21
Total Estimated Earnings	\$277,908

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	\$182,866,115	45.0%	100%	✓
Nevada LGIP	\$44,739,835	11.0%	100%	✓
Federal National Mortgage Assoc	\$32,966,449	8.1%	100%	✓
Money Market Funds	\$23,580,335	5.8%	100%	✓
Federal Home Loan Mortg Corp	\$22,774,977	5.6%	100%	✓
Asian Development Bank	\$8,262,122	2.0%	100%	✓
Intl Bank Of Recons And Dev	\$5,705,771	1.4%	100%	✓
African Development Bank	\$5,635,365	1.4%	100%	✓
JPMorgan Chase & Co	\$3,380,668	0.8%	5%	✓
Toyota Motor Corp	\$3,219,789	0.8%	5%	✓
Inter-American Development Bank	\$3,219,435	0.8%	100%	✓
Credit Suisse Group	\$3,140,968	0.8%	5%	✓
Goldman Sachs Group Inc	\$2,810,726	0.7%	5%	✓
Royal Bank Of Canada	\$2,500,913	0.6%	5%	✓
Bank Of New York Mellon	\$2,482,314	0.6%	5%	✓
Blackrock Inc.	\$2,340,956	0.6%	5%	✓
Government National Mortg Assoc	\$2,306,823	0.6%	100%	✓
Federal Home Loan Bank	\$2,190,518	0.5%	100%	✓
Amazon.Com Inc	\$1,857,061	0.5%	5%	✓
Burlington Northern Santa Fe	\$1,810,965	0.4%	5%	✓
Bank Of America Co	\$1,748,338	0.4%	5%	✓
AstraZeneca Finance LLC	\$1,609,898	0.4%	5%	✓
Novartis Capital Corp	\$1,551,752	0.4%	5%	✓
Skandinaviska Enskilda Banken Ab	\$1,525,832	0.4%	5%	✓
Nordea Bank Ab	\$1,525,671	0.4%	5%	✓
Barclays Bank	\$1,500,706	0.4%	5%	✓
Mizuho Financial Group Inc.	\$1,499,109	0.4%	5%	✓
Carmax Auto Owner Trust	\$1,427,849	0.4%	5%	✓
Kubota Credit Owners Trust	\$1,410,899	0.3%	5%	✓
Citigroup Inc	\$1,345,253	0.3%	5%	✓
Abbott Laboratories	\$1,336,232	0.3%	5%	✓
The Walt Disney Corporation	\$1,329,613	0.3%	5%	✓
CNH Equipment Trust	\$1,315,422	0.3%	5%	✓
BB&T Corporation	\$1,285,176	0.3%	5%	✓
DNB Bank	\$1,279,690	0.3%	5%	✓
Verizon Owner Trust	\$1,278,866	0.3%	5%	✓
Morgan Stanley	\$1,272,084	0.3%	5%	✓
Capital One Financial Corp	\$1,265,032	0.3%	5%	✓

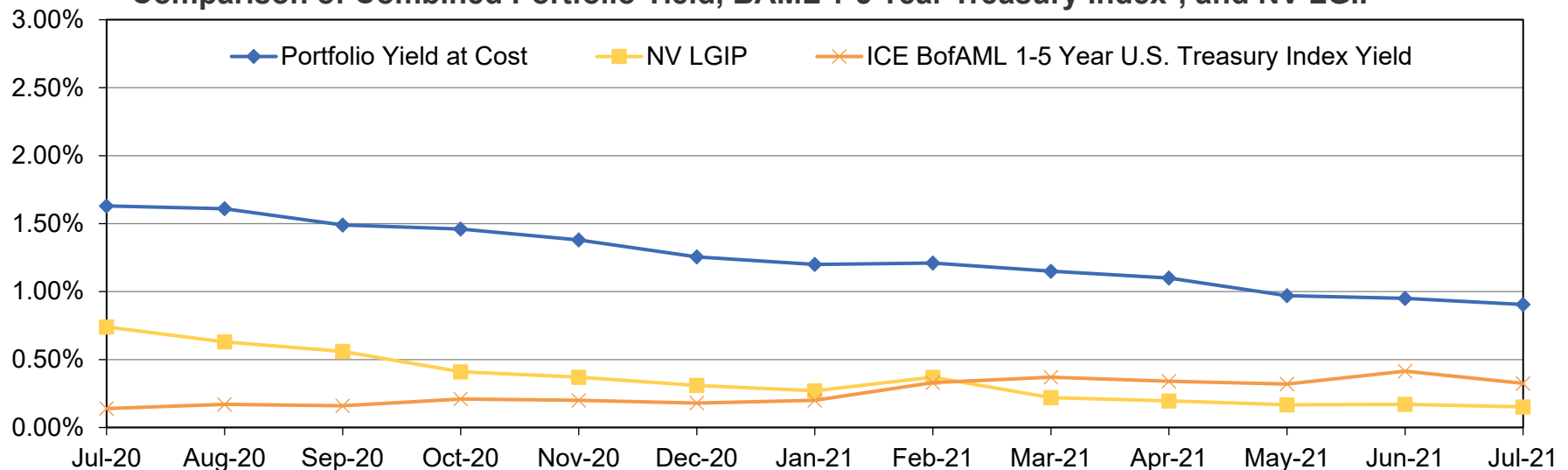
Issuer	Market Value	% of Portfolio	Permitted by Policy	Compliance
Wal-Mart Stores Inc	\$1,251,073	0.3%	5%	✓
American Express Co	\$1,206,750	0.3%	5%	✓
Caterpillar Inc	\$1,197,228	0.3%	5%	✓
IBM Corp	\$1,192,911	0.3%	5%	✓
General Dynamics Corp	\$1,097,086	0.3%	5%	✓
Charles Schwab	\$1,070,009	0.3%	5%	✓
US Bancorp	\$1,053,898	0.3%	5%	✓
Comcast Corp	\$1,045,257	0.3%	5%	✓
PNC Financial Services Group	\$1,008,069	0.2%	5%	✓
UBS AG	\$999,900	0.2%	5%	✓
Sumitomo Mitsui Financial Gr Inc	\$969,171	0.2%	5%	✓
Wells Fargo & Company	\$915,422	0.2%	5%	✓
Apple Inc	\$911,710	0.2%	5%	✓
Chevron Corporation	\$828,439	0.2%	5%	✓
Gm Financial Securitized Term	\$743,125	0.2%	5%	✓
Hyundai Auto Receivables	\$730,399	0.2%	5%	✓
American Honda Finance	\$667,960	0.2%	5%	✓
Mercedes-Benz Auto Lease Trus	\$631,451	0.2%	5%	✓
Verizon Communications	\$499,761	0.1%	5%	✓
Lockheed Martin Corp	\$472,670	0.1%	5%	✓
Nissan Auto Receivables	\$471,503	0.1%	5%	✓
Honda Auto Receivables	\$430,770	0.1%	5%	✓
John Deere Owner Trust	\$390,638	0.1%	5%	✓
Ford Credit Auto Lease Trust	\$348,048	0.1%	5%	✓
World Omni Auto Rec Trust	\$338,176	0.1%	5%	✓
Deere & Company	\$322,320	0.1%	5%	✓
Pepsico Inc	\$302,658	0.1%	5%	✓
BMW Financial Services NA LLC	\$300,258	0.1%	5%	✓
Paccar Financial Corp	\$282,392	0.1%	5%	✓
Harley-Davidson Motor Trust	\$262,768	0.1%	5%	✓
Fifth Third Auto Trust	\$250,532	0.1%	5%	✓
Bristol-Myers Squibb Co	\$243,614	0.1%	5%	✓
Capital One Prime Auto Rec Tr	\$217,879	0.1%	5%	✓
State of Mississippi	\$184,750	<0.1%	5%	✓
Adobe Inc	\$148,107	<0.1%	5%	✓
BMW Financial Services	\$42,602	<0.1%	5%	✓
Total Market Value	\$406,328,827			

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
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%
June-21	410,888,765	0.95%	2.48	0.17%	0.41%
Jul-21	403,445,736	0.91%	2.47	0.15%	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.