

City of Reno

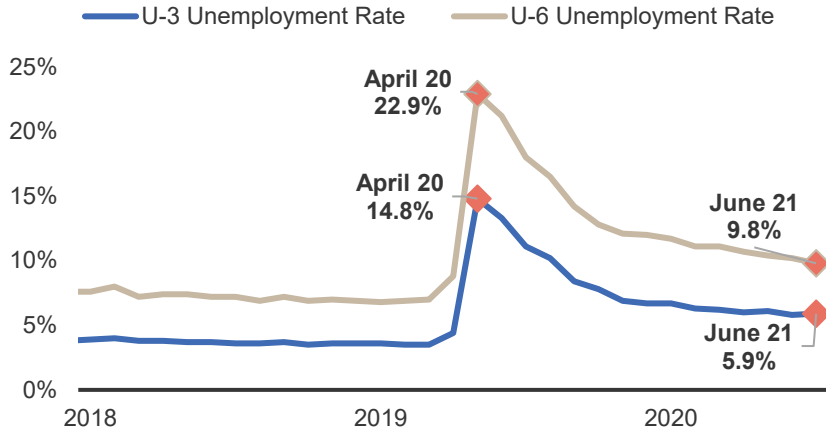
Monthly Investment Report

June 30, 2021

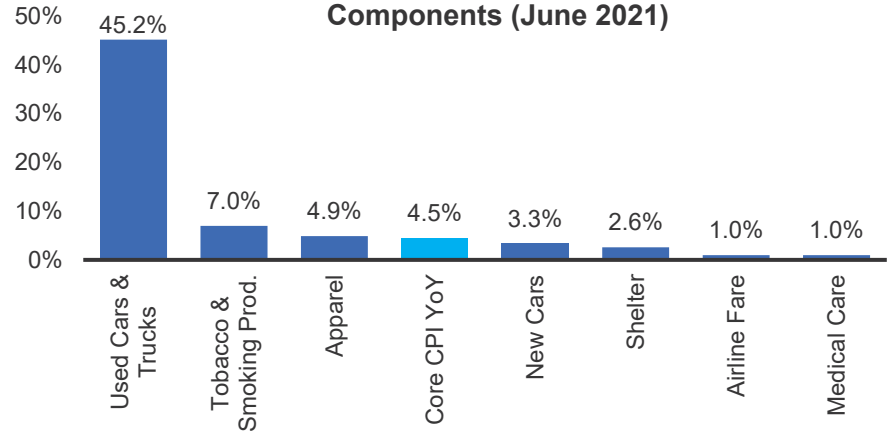


Current Market Conditions

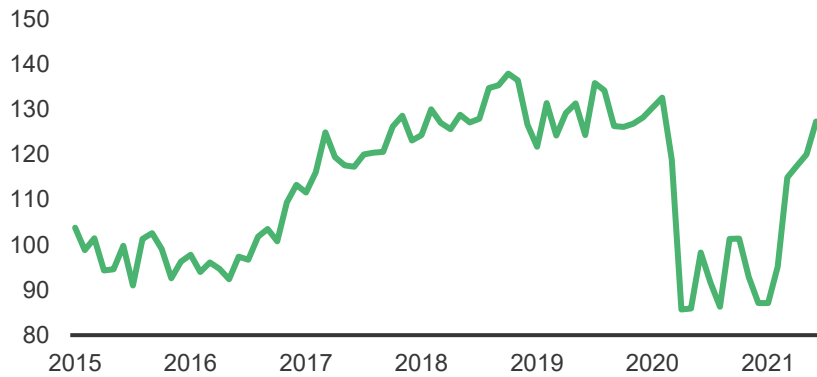
Unemployment Rate



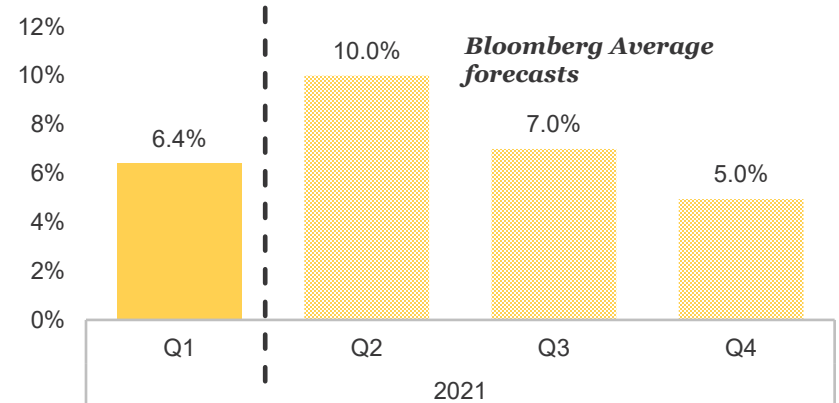
YOY Price Change in Key Consumer Price Index Components (June 2021)



Consumer Confidence



U.S. GDP Forecasts Annualized Rate



Source: Bloomberg, as of 6/30/2021. Data is seasonally adjusted (top left). Bloomberg, as of 6/30/2021 (top right). Bloomberg, Conference Board Consumer Confidence Survey, as of July 2021 (bottom left). Bloomberg, Bureau of Economic Analysis, as of 7/13/2021 (bottom right).



Market Summary

Economic Conditions

- U.S job growth accelerated in June. The economy added 850,000 jobs, with strong gains in leisure and hospitality amid the economy's reopening. So far in 2021, the service sector has led the job recovery, with leisure and hospitality accounting for almost half of the year's payroll gains. The unemployment rate rose slightly to 5.9%.
- Retail sales declined in May following stimulus-fueled spending in earlier months. But, total sales over the trailing three months were 36% more than a year ago. The details reflected the ongoing shift in consumer preferences away from goods and toward services as the economy reopens. Meanwhile, consumer sentiment has improved considerably since the start of this year.
- Inflation continues to run hot, with strong price increases in energy, housing, commodities, and consumer goods. The June CPI posted its largest one-month increase since 2008, contributing to a 5.4% increase over the past year.
- Federal Reserve policymakers accelerated the anticipated timing of the first post-pandemic interest rate rise as the U.S. makes strong progress on vaccination efforts and inflation heats up. In its updated June projections, thirteen of eighteen Fed officials indicated they expect to lift short-term rates by the end of 2023, up from only seven in March. Furthermore, seven officials expected to raise rates by the end of 2022. None projected any rate changes this year. More immediately, the Fed may soon begin discussing the timing of tapering its large-scale bond purchase program.

Market Reaction

- Despite higher inflation expectations and concerns about tapering, the U.S. Treasury yield curve flattened over the month, with yields on long tenors continuing to retreat. The 10-year Treasury yield fell 13 basis points (0.13%) to 1.47%. The market is grappling with a variety of uncertainties, including concerns about the Delta COVID variant, downward growth momentum, short covering in the bond market, foreign demand, a more hawkish Fed, and reduced expectations for additional fiscal stimulus.

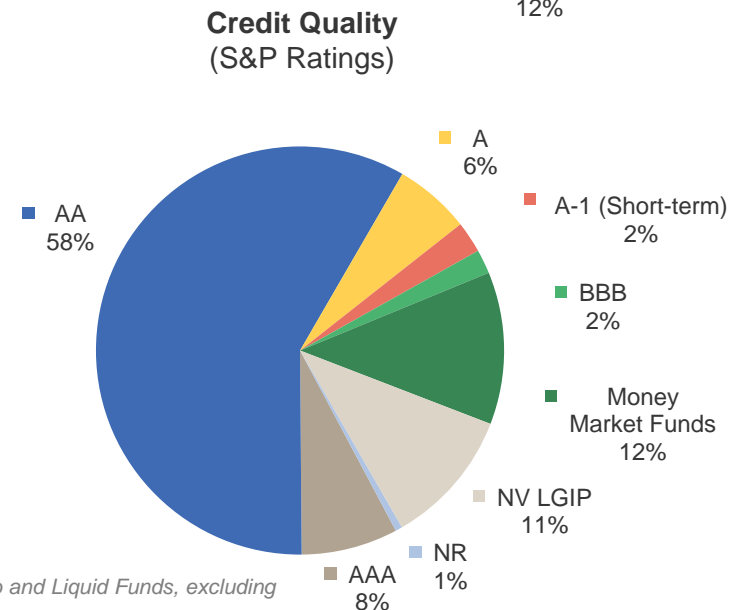
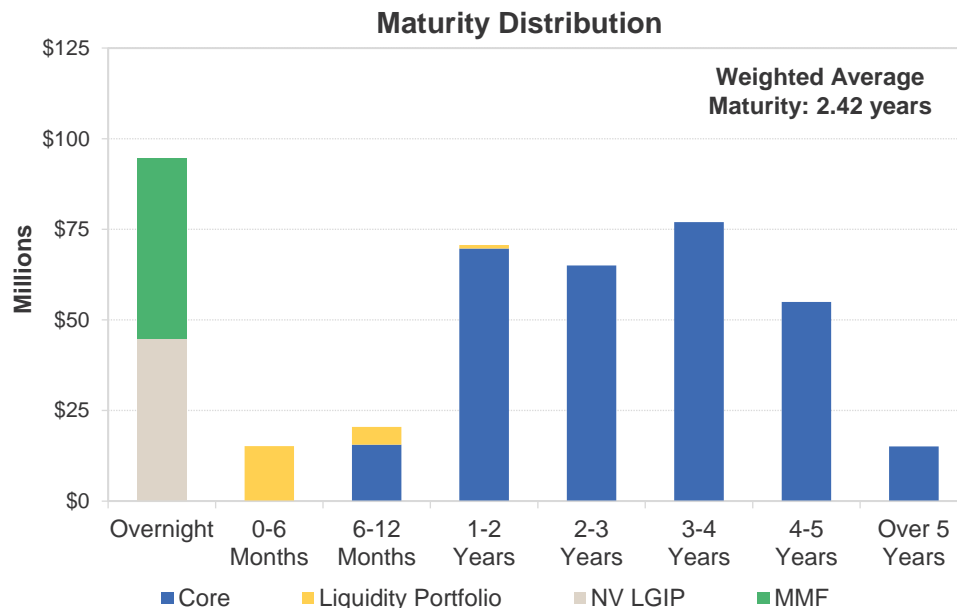
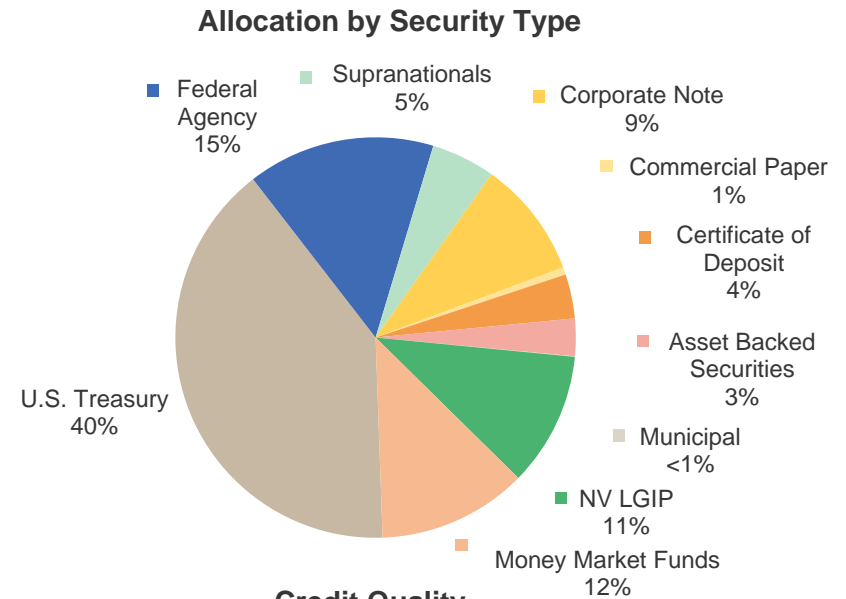
Summary of the City's Funds

City of Reno Funds	Market Value ¹
Core Portfolio	\$297,296,613
Liquidity Portfolio	\$21,068,137
Liquid Funds	\$94,582,446
<i>Nevada LGIP</i>	<i>\$44,731,997</i>
<i>U.S. Bank</i>	<i>\$20,341,899</i>
<i>Bank of America</i>	<i>\$29,508,550</i>
Managed Account Subtotal	\$412,947,196
Reserve Fund Portfolios	\$12,325,114
Total	\$425,272,311

1. Market Values exclude accrued interest.

Executive Summary^{1,2,3}

Account Summary	Ending Values as of 5/31/21	Ending Values as of 6/30/21
Market Value	\$422,640,381	\$412,947,196
Book Value	\$419,653,179	\$410,888,765
Unrealized Gain/(Loss)	\$2,987,202	\$2,058,431
Yield at Market	0.50%	0.59%
Yield at Cost	0.97%	0.95%



- 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	\$165,473,466	40.1%	100%	✓	Overnight	\$94,582,446	24.7%	No Limit	✓
Federal Agency	\$62,521,615	15.1%	100%	✓	0-6 Months	\$15,159,226	2.7%	No Limit	✓
Supranationals	\$21,326,411	5.2%	30%	✓	6-12 Months	\$20,465,642	5.3%	No Limit	✓
Corporate Note	\$39,127,710	9.5%	20%	✓	1-2 Years	\$70,672,253	17.6%	No Limit	✓
Commercial Paper	\$2,499,278	0.6%	20%	✓	2-3 Years	\$65,036,263	15.9%	No Limit	✓
Certificate of Deposit	\$14,748,401	3.6%	30%	✓	3-4 Years	\$76,998,074	14.4%	No Limit	✓
Asset Backed Securities	\$12,483,872	3.0%	30%	✓	4-5 Years	\$54,928,459	15.5%	No Limit	✓
Municipal	\$183,997	<0.1%	20%	✓	Over 5 Years	\$15,104,832	3.9%	No Limit	✓
NV LGIP	\$44,731,997	10.8%	100%	✓					
Money Market Funds	\$49,850,449	12.1%	100%	✓					
Total Market Value	\$412,947,196	100.0%			Total Market Value	\$412,947,196	100.0%		

Accrual Basis Earnings ⁴	5/31/21 through 6/30/21
Total Estimated Earnings	\$238,211

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	\$165,473,466	40.1%	100%	✓
Money Market Funds	\$49,850,449	12.1%	100%	✓
Nevada LGIP	\$44,731,997	10.8%	100%	✓
Federal National Mortgage Association	\$33,099,354	8.0%	100%	✓
Federal Home Loan Mortgage Corporation	\$22,896,484	5.5%	100%	✓
Asian Development Bank	\$9,742,056	2.4%	100%	✓
Intl Bank Of Reconstruction And Dev	\$5,688,706	1.4%	100%	✓
JPMorgan Chase & Co	\$3,382,151	0.8%	5%	✓
Toyota Motor Corp	\$3,260,195	0.8%	5%	✓
Inter-American Development Bank	\$3,199,346	0.8%	100%	✓
African Development Bank	\$2,696,304	0.7%	100%	✓
Royal Bank Of Canada	\$2,501,260	0.6%	5%	✓
Bank Of New York Mellon	\$2,485,207	0.6%	5%	✓
Blackrock Inc.	\$2,339,493	0.6%	5%	✓
Government National Mortgage Association	\$2,337,118	0.6%	100%	✓
Federal Home Loan Bank	\$2,186,201	0.5%	100%	✓
Federal Farm Credit Bank	\$2,002,458	0.5%	100%	✓
Amazon.Com Inc	\$1,852,433	0.4%	5%	✓
Burlington Northern Santa Fe	\$1,810,652	0.4%	5%	✓
Bank Of America Co	\$1,750,860	0.4%	5%	✓
Credit Suisse Group	\$1,642,616	0.4%	5%	✓
Novartis Capital Corp	\$1,547,700	0.4%	5%	✓
Skandinaviska Enskilda Banken Ab	\$1,528,892	0.4%	5%	✓
Nordea Bank Ab	\$1,528,719	0.4%	5%	✓
Barclays Bank	\$1,500,727	0.4%	5%	✓
Toronto-Dominion Bank	\$1,500,179	0.4%	5%	✓
Lloyds Bank Corp	\$1,499,918	0.4%	5%	✓
Carmax Auto Owner Trust	\$1,428,256	0.3%	5%	✓
Citigroup Inc	\$1,343,645	0.3%	5%	✓
Abbott Laboratories	\$1,337,319	0.3%	5%	✓
The Walt Disney Corporation	\$1,325,735	0.3%	5%	✓
Goldman Sachs Group Inc	\$1,313,055	0.3%	5%	✓
Societe Generale	\$1,296,591	0.3%	5%	✓
BB&T Corporation	\$1,284,593	0.3%	5%	✓
DNB Bank	\$1,282,626	0.3%	5%	✓
Verizon Owner Trust	\$1,279,225	0.3%	5%	✓
Morgan Stanley	\$1,273,584	0.3%	5%	✓
Capital One Financial Corp	\$1,266,297	0.3%	5%	✓
Wal-Mart Stores Inc	\$1,252,461	0.3%	5%	✓

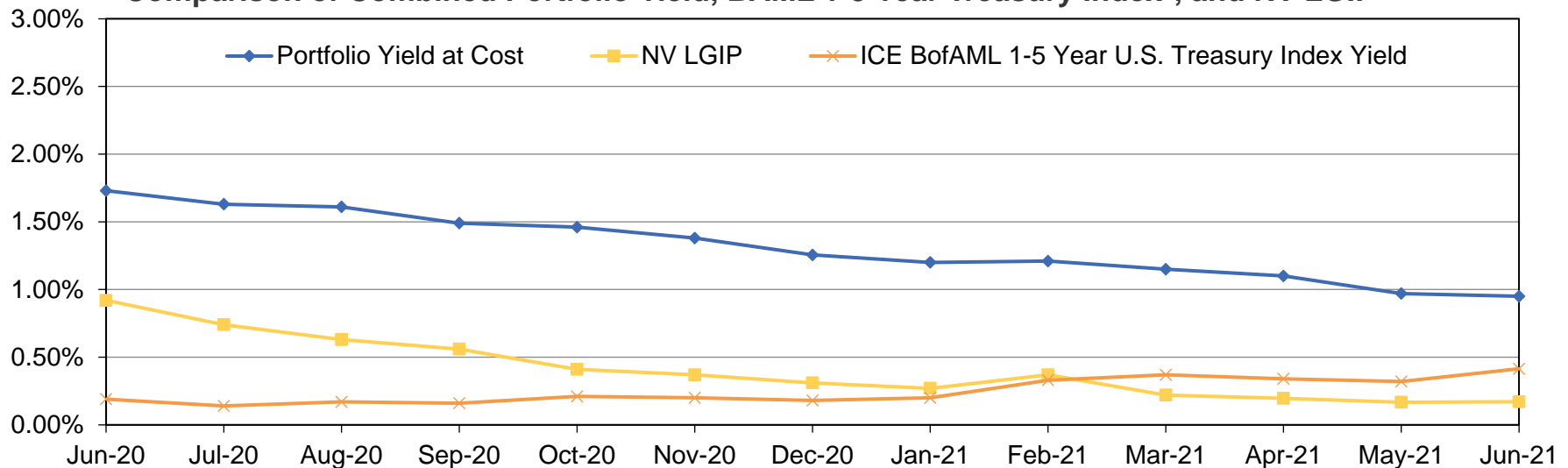
Issuer	Market Value	% of Portfolio	Permitted by Policy	Compliance
American Express Co	\$1,208,375	0.3%	5%	✓
Caterpillar Inc	\$1,197,898	0.3%	5%	✓
IBM Corp	\$1,194,974	0.3%	5%	✓
General Dynamics Corp	\$1,095,842	0.3%	5%	✓
Charles Schwab	\$1,069,971	0.3%	5%	✓
US Bancorp	\$1,051,824	0.3%	5%	✓
Comcast Corp	\$1,044,953	0.3%	5%	✓
American Honda Finance	\$1,025,285	0.2%	5%	✓
PNC Financial Services Group	\$1,002,946	0.2%	5%	✓
UBS AG	\$997,259	0.2%	5%	✓
Sumitomo Mitsui Financial Group Inc	\$969,534	0.2%	5%	✓
Wells Fargo & Company	\$916,476	0.2%	5%	✓
Apple Inc	\$910,321	0.2%	5%	✓
Chevron Corporation	\$826,358	0.2%	5%	✓
Gm Financial Securitized Term	\$770,689	0.2%	5%	✓
Hyundai Auto Receivables	\$730,006	0.2%	5%	✓
Mercedes-Benz Auto Lease Trust	\$663,908	0.2%	5%	✓
Verizon Communications	\$498,284	0.1%	5%	✓
CNH Equipment Trust	\$479,614	0.1%	5%	✓
Honda Auto Receivables	\$475,100	0.1%	5%	✓
Nissan Auto Receivables	\$471,497	0.1%	5%	✓
Lockheed Martin Corp	\$470,686	0.1%	5%	✓
John Deere Owner Trust	\$401,530	0.1%	5%	✓
Ford Credit Auto Lease Trust	\$376,904	0.1%	5%	✓
Kubota Credit Owners Trust	\$374,753	0.1%	5%	✓
World Omni Auto Rec Trust	\$370,420	0.1%	5%	✓
Deere & Company	\$322,002	0.1%	5%	✓
Pepsico Inc	\$302,343	0.1%	5%	✓
BMW Financial Services NA LLC	\$299,527	0.1%	5%	✓
Paccar Financial Corp	\$282,374	0.1%	5%	✓
Fifth Third Auto Trust	\$279,426	0.1%	5%	✓
Harley-Davidson Motorcycle Trust	\$277,786	0.1%	5%	✓
Bristol-Myers Squibb Co	\$242,113	0.1%	5%	✓
Capital One Prime Auto Rec Trust	\$240,691	0.1%	5%	✓
State of Mississippi	\$183,997	<0.1%	5%	✓
Adobe Inc	\$148,158	<0.1%	5%	✓
BMW Financial Services	\$55,048	<0.1%	5%	✓
Total Market Value	\$412,947,196			

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
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%
June-21	410,888,765	0.95%	2.48	0.17%	0.41%

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.