

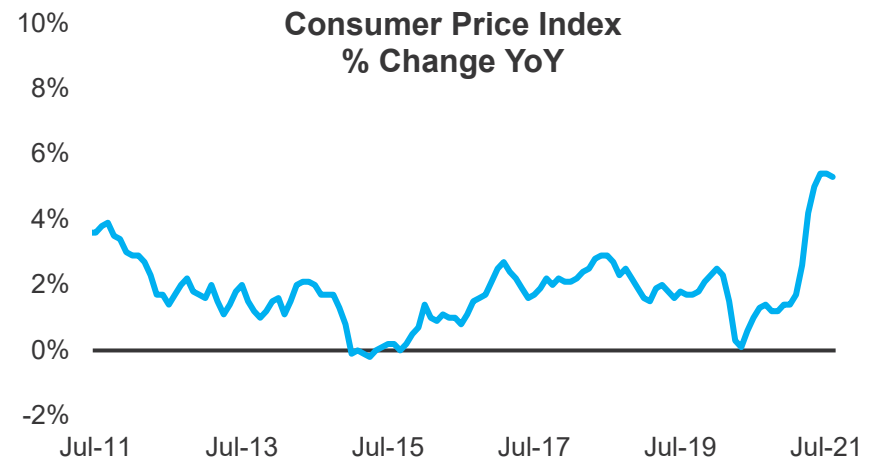
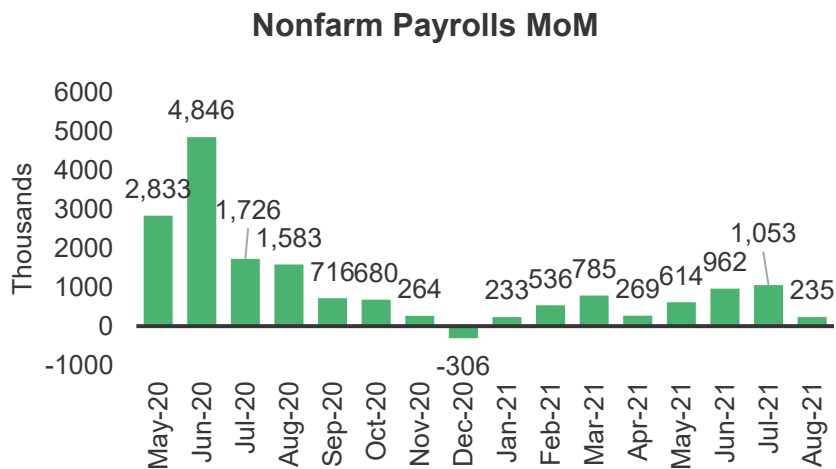
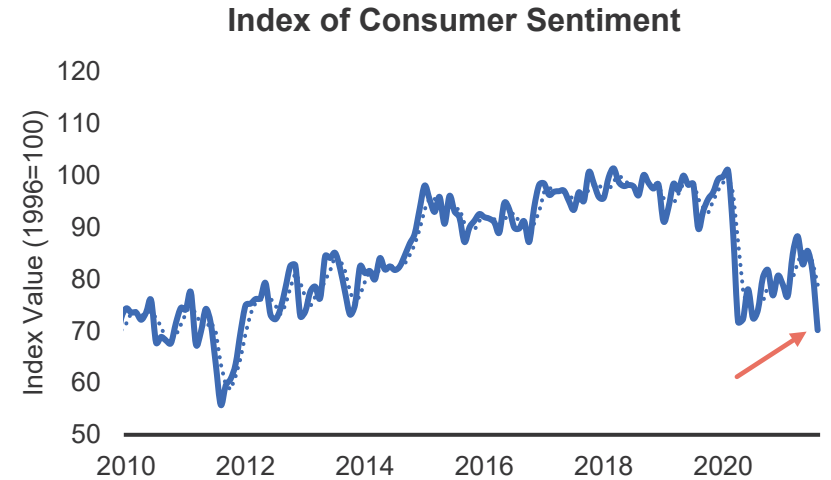
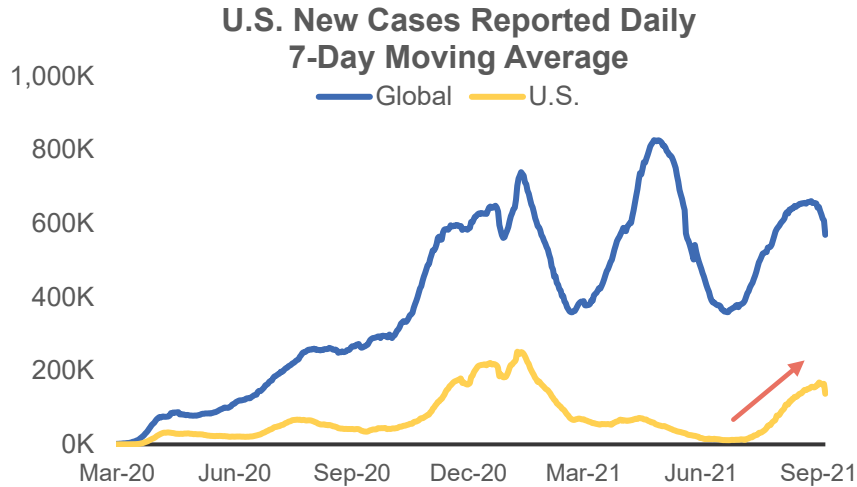
City of Reno

Monthly Investment Report

August 31, 2021



COVID Presenting a Concern for Economic Growth; Inflation Remains Elevated



Source: John Hopkins University Coronavirus Resource Center, PFM calculations; as of 9/07/2021 (top left). Bloomberg, University of Michigan Consumer Sentiment and underlying index components, as of August 2021 (top right). Bloomberg, as of August 2021. Data is seasonally adjusted (bottom left). Bloomberg, as of August 2021 (bottom right).



Market Summary

Economic Conditions

- U.S. economic conditions are characterized by cloudy economic outlook as COVID infections resurge, slowing consumer activity and payroll growth, and persistent supply chain challenges and materials shortage.
- The economy added only 235,000 jobs in August, falling far short of economists' estimates of 735,000, and the weakest posting since January. Although the unemployment rate fell to 5.2% from 5.4%, the labor force participation rate remained 1.6% below pre-pandemic levels and the number of persons unable to work because their employer closed or lost business due to the pandemic rose. Average hourly earnings rose 4.3% over the past year.
- Consumers tightened their purse strings as Delta variant concerns and renewed public health restrictions clouded financial prospects. Headline retail sales fell 1.1% in July. Meanwhile, supply-chain challenges, rising input costs, and materials and labor shortages are now weighing on business conditions. PMI surveys for August signaled slowing manufacturing and services activity, albeit both still expansionary.
- At the Jackson Hole symposium, Fed Chair Powell said the tapering of asset purchases could begin this year as the U.S. economy recovers from the pandemic, but the central bank will not be in a hurry to raise interest rates. He also reiterated the Fed's belief that the current spike in inflation readings is likely to be transitory.

Market Reaction

- Treasury yields generally rose during August, with yields on maturities between 5 and 10 years jumping by 6 to 9 basis points (0.06% to 0.09%). However, since peaking at the end of the 1st quarter, the 10-year Treasury note yield has declined 44 bps (0.44%), reflecting a more sanguine view about inflation, longer-term economic growth prospects, and a patient Fed.
- U.S. equity markets marched to new record highs – the 53rd new high this year for the S&P 500 – despite growing risks to the outlook. Equities shrugged off concerns about rising coronavirus infections, supply-chain challenges, materials shortages, Fed tapering uncertainty and a messy pullout from Afghanistan. The S&P 500 rose 3.0% in August which marked the seventh consecutive month of gains. The Nasdaq returned 4.1%, while the Dow Jones Industrial Average returned 1.5%.

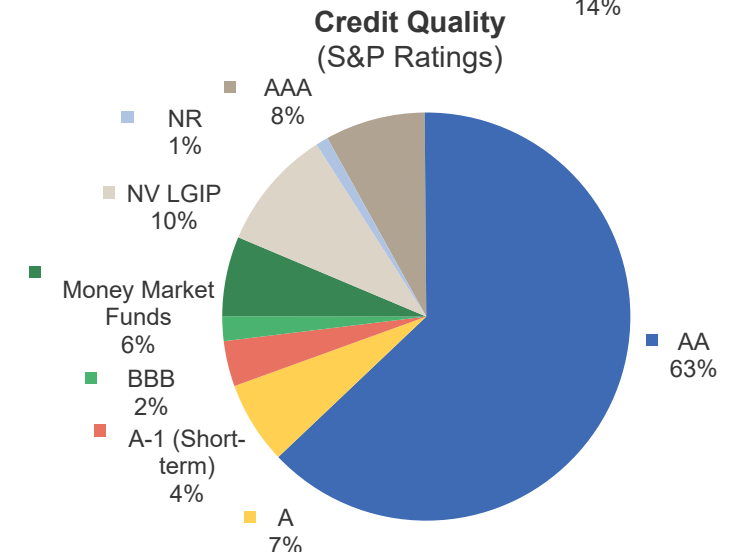
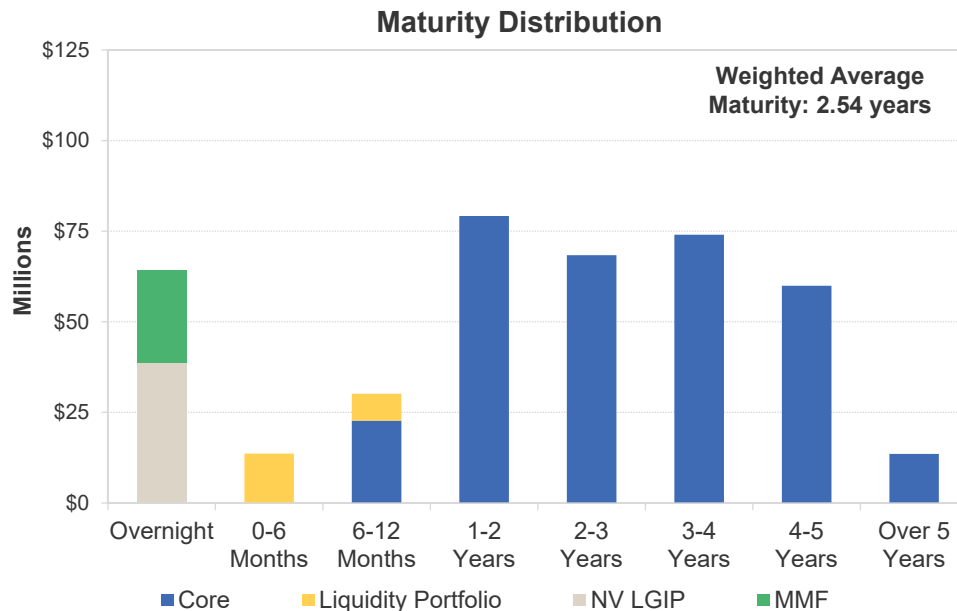
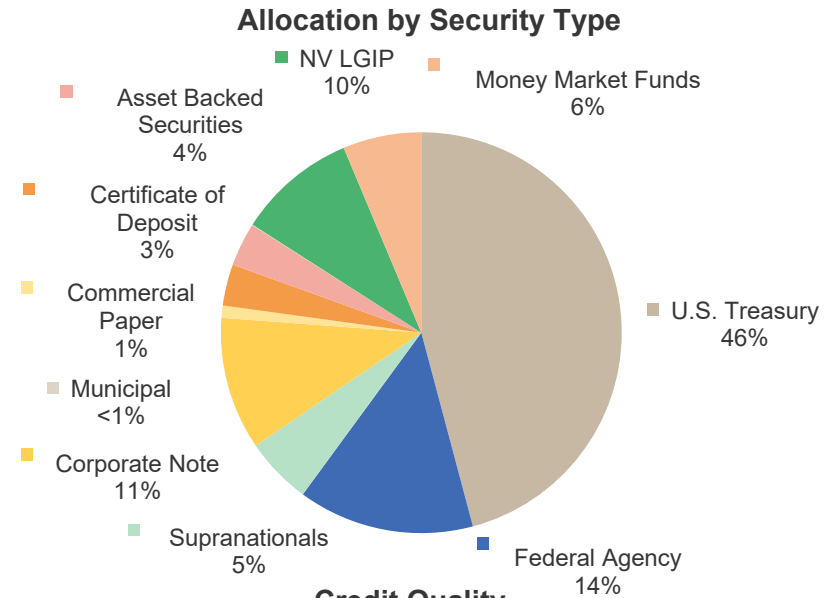
Summary of the City's Funds

City of Reno Funds	Market Value ¹
Core Portfolio	\$317,840,758
Liquidity Portfolio	\$21,027,635
Liquid Funds	\$64,240,896
<i>Nevada LGIP</i>	\$38,746,323
<i>U.S. Bank</i>	\$725,983
<i>Bank of America</i>	\$24,768,590
Managed Account Subtotal	\$403,109,289
Reserve Fund Portfolios	\$13,724,945
Total	\$416,834,234

1. Market Values exclude accrued interest.

Executive Summary^{1,2,3}

Account Summary	Ending Values as of 7/31/21	Ending Values as of 8/31/21
Market Value	\$406,328,827	\$403,109,289
Book Value	\$403,445,736	\$400,672,279
Unrealized Gain/(Loss)	\$2,883,091	\$2,437,010
Yield at Market	0.50%	0.52%
Yield at Cost	0.91%	0.90%



- 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	\$184,844,122	45.9%	100%	✓	Overnight	\$64,240,896	15.9%	No Limit	✓
Federal Agency	\$57,289,038	14.2%	100%	✓	0-6 Months	\$13,627,266	3.4%	No Limit	✓
Supranationals	\$21,780,511	5.4%	30%	✓	6-12 Months	\$30,146,706	7.5%	No Limit	✓
Corporate Note	\$43,182,340	10.7%	20%	✓	1-2 Years	\$79,191,832	19.6%	No Limit	✓
Commercial Paper	\$3,997,667	1.0%	20%	✓	2-3 Years	\$68,361,374	17.0%	No Limit	✓
Certificate of Deposit	\$13,438,659	3.3%	30%	✓	3-4 Years	\$74,032,345	18.4%	No Limit	✓
Asset Backed Securities	\$14,151,386	3.5%	30%	✓	4-5 Years	\$59,954,570	14.9%	No Limit	✓
Municipal	\$184,671	0.0%	20%	✓	Over 5 Years	\$13,554,300	3.4%	No Limit	✓
NV LGIP	\$38,746,323	9.6%	100%	✓					
Money Market Funds	\$25,494,573	6.3%	100%	✓					
Total Market Value	\$403,109,289	100%			Total Market Value	\$403,109,289	100.00%		

Accrual Basis Earnings ⁴	7/31/21 through 8/31/21
Total Estimated Earnings	\$267,542

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	\$184,844,122	45.9%	100%	✓
Nevada LGIP	\$38,746,323	9.6%	100%	✓
Federal National Mortgage Association	\$30,235,547	7.5%	100%	✓
Money Market Funds	\$25,494,573	6.3%	100%	✓
Federal Home Loan Mortgage Corporation	\$22,645,551	5.6%	100%	✓
Asian Development Bank	\$7,250,475	1.8%	100%	✓
Intl Bank Of Reconstruction And Dev	\$5,702,205	1.4%	100%	✓
African Development Bank	\$5,617,465	1.4%	100%	✓
JPMorgan Chase & Co	\$3,382,027	0.8%	5%	✓
Inter-American Development Bank	\$3,210,366	0.8%	100%	✓
Toyota Motor Corp	\$3,174,284	0.8%	5%	✓
Credit Suisse Group	\$3,140,828	0.8%	5%	✓
Goldman Sachs Group Inc	\$2,810,890	0.7%	5%	✓
Bmw Financial Services Na Llc	\$2,661,156	0.7%	5%	✓
Royal Bank Of Canada	\$2,500,865	0.6%	5%	✓
Bank Of New York Mellon	\$2,474,188	0.6%	5%	✓
Blackrock Inc.	\$2,332,967	0.6%	5%	✓
Government National Mortgage Association	\$2,220,103	0.6%	100%	✓
Federal Home Loan Bank	\$2,187,836	0.5%	100%	✓
Amazon.Com Inc	\$1,855,616	0.5%	5%	✓
Burlington Northern Santa Fe	\$1,804,210	0.4%	5%	✓
Bank Of America Co	\$1,746,256	0.4%	5%	✓
AstraZeneca Finance LLC	\$1,605,274	0.4%	5%	✓
Novartis Capital Corp	\$1,547,852	0.4%	5%	✓
Skandinaviska Enskilda Banken Ab	\$1,524,030	0.4%	5%	✓
Nordea Bank Ab	\$1,523,883	0.4%	5%	✓
Barclays Bank	\$1,500,717	0.4%	5%	✓
Mizuho Financial Group Inc.	\$1,499,303	0.4%	5%	✓
Carmax Auto Owner Trust	\$1,426,983	0.4%	5%	✓
Kubota Credit Owners Trust	\$1,403,258	0.3%	5%	✓
Citigroup Inc	\$1,344,181	0.3%	5%	✓
Abbott Laboratories	\$1,332,589	0.3%	5%	✓
The Walt Disney Corporation	\$1,328,910	0.3%	5%	✓
CNH Equipment Trust	\$1,314,638	0.3%	5%	✓
BB&T Corporation	\$1,280,746	0.3%	5%	✓
DNB Bank	\$1,278,039	0.3%	5%	✓
Verizon Owner Trust	\$1,277,988	0.3%	5%	✓
Morgan Stanley	\$1,269,919	0.3%	5%	✓
Capital One Financial Corp	\$1,263,592	0.3%	5%	✓
Wal-Mart Stores Inc	\$1,248,405	0.3%	5%	✓
American Express Co	\$1,203,602	0.3%	5%	✓
Caterpillar Inc	\$1,194,811	0.3%	5%	✓

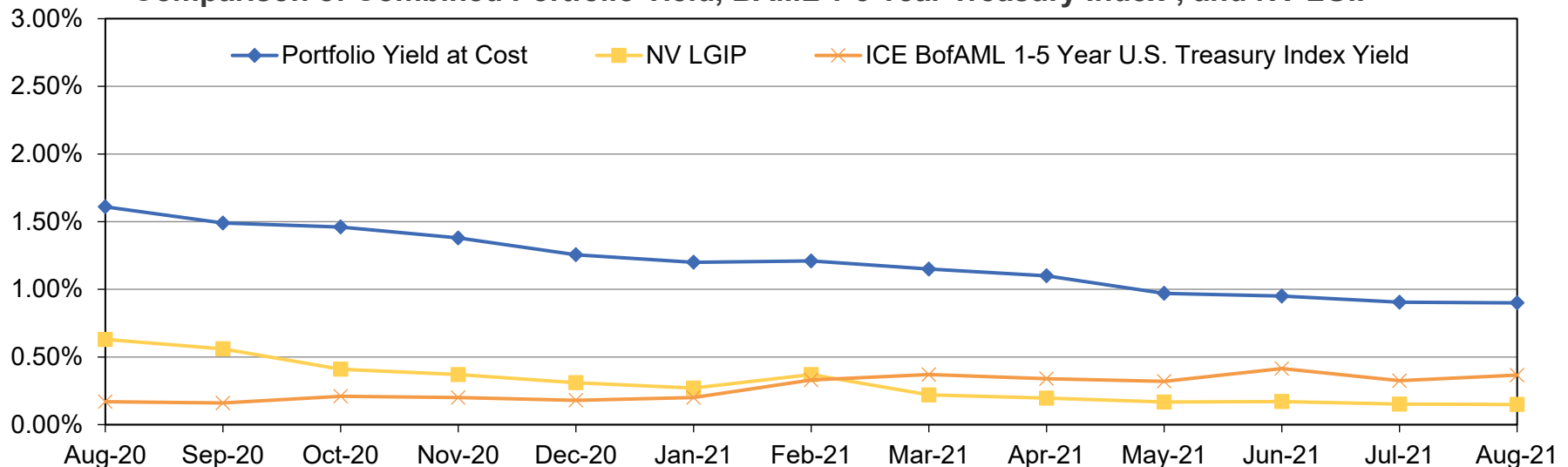
Issuer	Market Value	% of Portfolio	Permitted by Policy	Compliance
IBM Corp	\$1,193,372	0.3%	5%	✓
General Dynamics Corp	\$1,091,801	0.3%	5%	✓
Charles Schwab	\$1,066,335	0.3%	5%	✓
US Bancorp	\$1,051,397	0.3%	5%	✓
Comcast Corp	\$1,041,805	0.3%	5%	✓
PNC Financial Services Group	\$1,006,795	0.2%	5%	✓
UBS AG	\$999,900	0.2%	5%	✓
Sumitomo Mitsui Financial Group Inc	\$968,868	0.2%	5%	✓
Wells Fargo & Company	\$913,245	0.2%	5%	✓
Apple Inc	\$910,085	0.2%	5%	✓
Honda Auto Receivables	\$829,279	0.2%	5%	✓
Chevron Corporation	\$826,381	0.2%	5%	✓
Hyundai Auto Receivables	\$730,501	0.2%	5%	✓
Gm Financial Securitized Term	\$717,618	0.2%	5%	✓
American Honda Finance	\$667,188	0.2%	5%	✓
Mercedes-Benz Auto Lease Trust	\$585,606	0.1%	5%	✓
Unilever Plc	\$510,495	0.1%	5%	✓
Verizon Communications	\$496,766	0.1%	5%	✓
Nissan Auto Receivables	\$471,373	0.1%	5%	✓
Lockheed Martin Corp	\$470,040	0.1%	5%	✓
John Deere Owner Trust	\$374,580	0.1%	5%	✓
Deere & Company	\$322,119	0.1%	5%	✓
World Omni Auto Rec Trust	\$307,350	0.1%	5%	✓
Pepsico Inc	\$302,571	0.1%	5%	✓
Ford Credit Auto Lease Trust	\$297,604	0.1%	5%	✓
Paccar Financial Corp	\$282,101	0.1%	5%	✓
Bristol-Myers Squibb Co	\$242,862	0.1%	5%	✓
Harley-Davidson Motorcycle Trust	\$241,517	0.1%	5%	✓
Fifth Third Auto Trust	\$224,290	0.1%	5%	✓
Capital One Prime Auto Rec Trust	\$195,541	0.0%	5%	✓
State of Mississippi	\$184,671	0.0%	5%	✓
Adobe Inc	\$148,032	0.0%	5%	✓
BMW Financial Services	\$30,630	0.0%	5%	✓
Total Market Value	\$403,109,289			

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
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%
Jun-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%
Aug-21	400,672,279	0.90%	2.41	0.15%	0.37%

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.