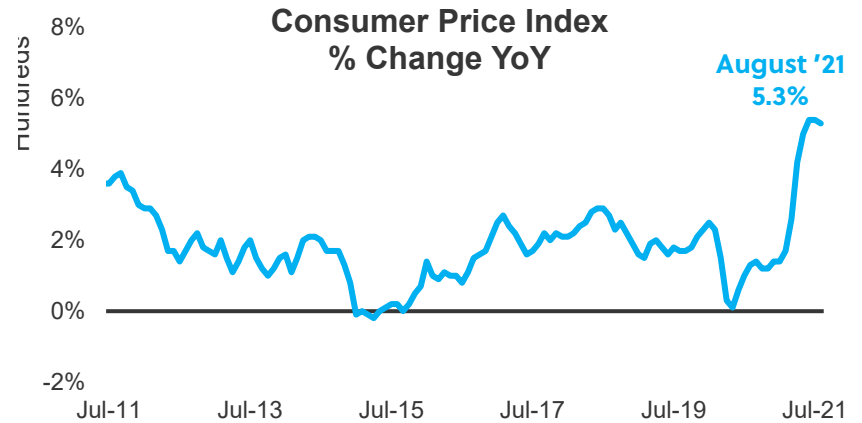
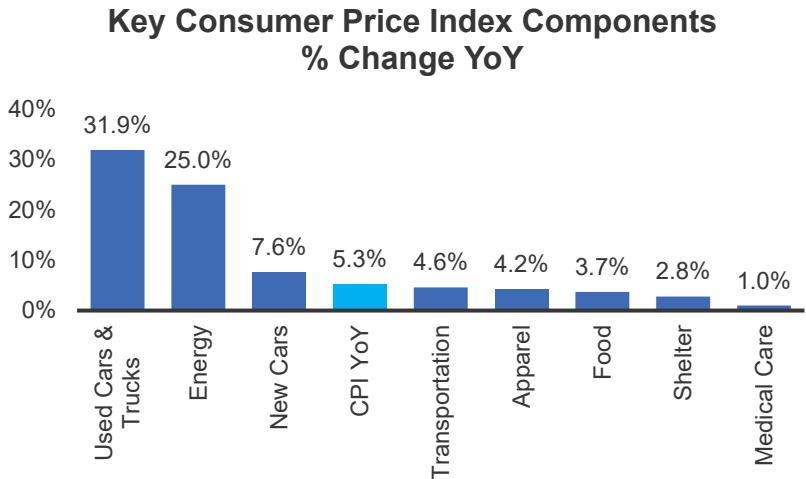
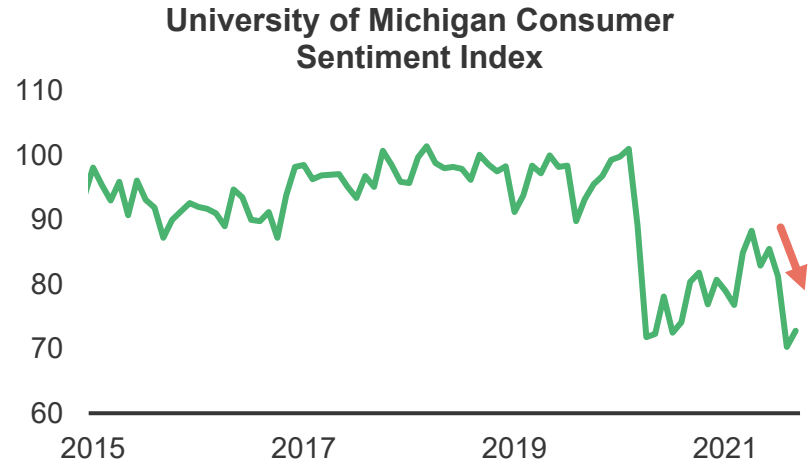
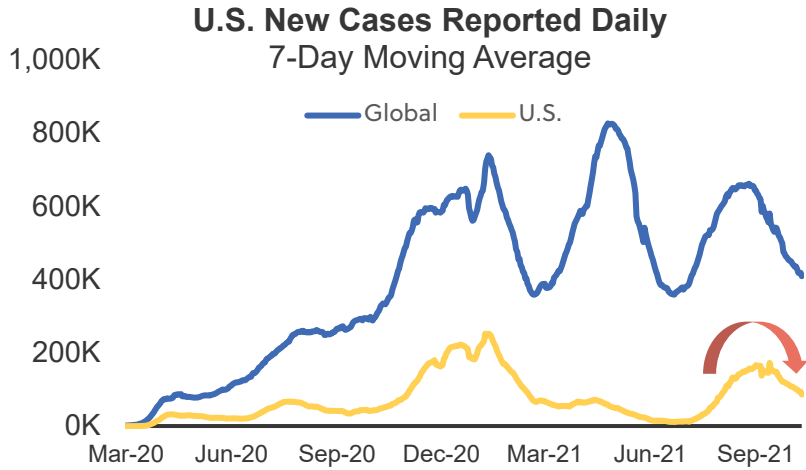


City of Reno

Monthly Investment Report

September 30, 2021

COVID Cases Impact Consumer Sentiment; Inflation Remains Elevated



Source: John Hopkins University Coronavirus Resource Center, PFM calculations; as of 10/12/2021 (top left). Bloomberg, University of Michigan Consumer Sentiment and underlying index components, as of October 2021 (top right). Bloomberg, as of August 2021. Data is seasonally adjusted (bottom left). Bloomberg, as of August 2021 (bottom right).



Current Market Themes

Economic Conditions

- U.S. economic conditions are characterized by:
 - Improving Covid-19 situation, but risks loom amid the seasonal trend of winter holiday travels
 - Slowing payroll growth and depressed consumer sentiment
 - Supply chain challenges, materials shortage, and transportation bottlenecks
 - Near-term tapering of asset purchases, and normalization of Fed's monetary policy
- Job gains disappointed for a second straight month as the U.S. economy added only 194,000 new jobs in September, far short of expectations for roughly 500,000 and well below the average of 641,000 for the first seven months of the year. There were job gains in leisure and hospitality, professional and business services, retail trade and transportation and warehousing, while employment in public education declined. Despite the weakness, the jobless rate fell 0.4% to 4.8%.
- On the inflation front, the consumer price index (CPI) rose 5.3% for the twelve months through August, down slightly from the prior month. Surging prices for energy and new and used cars accounted for more than half the overall gain. The producer price index (PPI) rose for the 8th straight month, reaching a whopping 8.3% increase over the past year as commodity prices remain elevated.
- At the September FOMC meeting, Fed Chair Powell said that the central bank could begin scaling back asset purchases as soon as November and complete the process by mid-2022. Powell reassured investors that tapering does not start the clock on interest rate hikes.

Market Reaction

- U.S. Treasury yields rose and the yield curve steepened as the bond market priced in the Fed's more aggressive tapering timetable. The yield on the benchmark 10-year note jumped 18 basis points (bps) to end the month at 1.49% . Meanwhile, the yield on the 2-year note rose by 7 bps to 0.28%, while the yield on the 3-month Treasury bill was unchanged at 0.03%.

Summary of the City's Funds

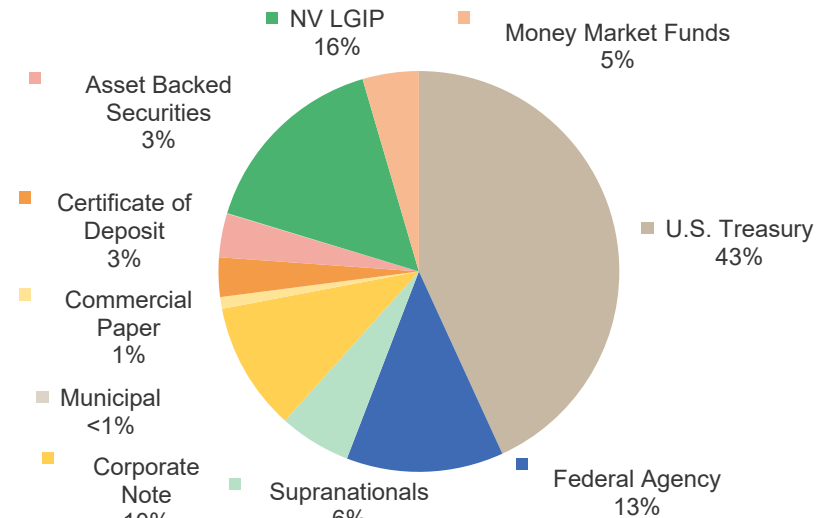
City of Reno Funds	Market Value ¹
Core Portfolio	\$316,462,485
Liquidity Portfolio	\$21,013,298
Liquid Funds	\$85,961,728
<i>Nevada LGIP</i>	\$66,752,161
<i>U.S. Bank</i>	\$1,273,302
<i>Bank of America</i>	\$17,936,265
Managed Account Subtotal	\$423,437,511
Reserve Fund Portfolios	\$12,713,100
Total	\$436,150,611

1. Market Values exclude accrued interest.

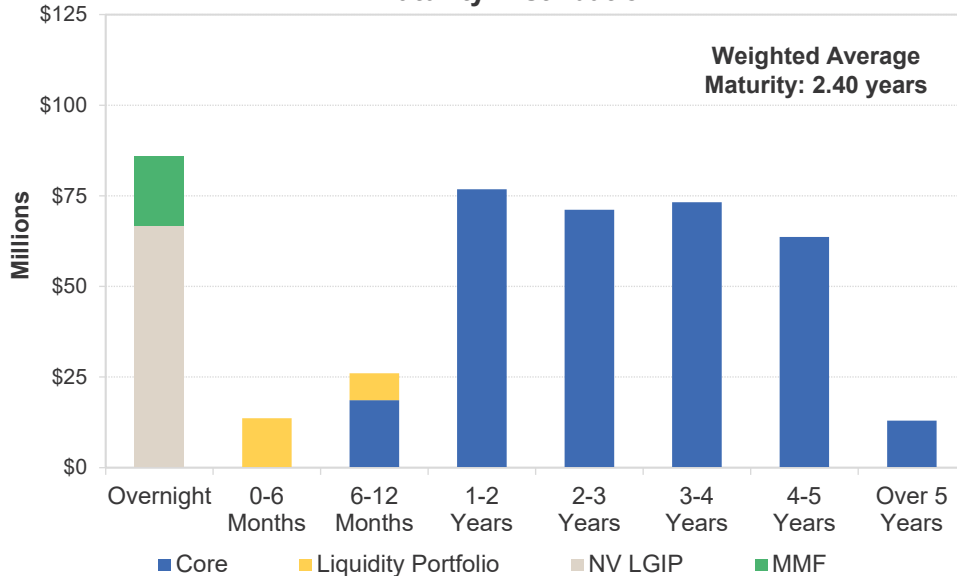
Executive Summary^{1,2,3}

Account Summary	Ending Values as of 8/31/21	Ending Values as of 9/30/21
Market Value	\$403,109,289	\$423,437,511
Book Value	\$400,672,279	\$422,085,711
Unrealized Gain/(Loss)	\$2,437,010	\$1,351,800
Yield at Market	0.52%	0.61%
Yield at Cost	0.90%	0.89%

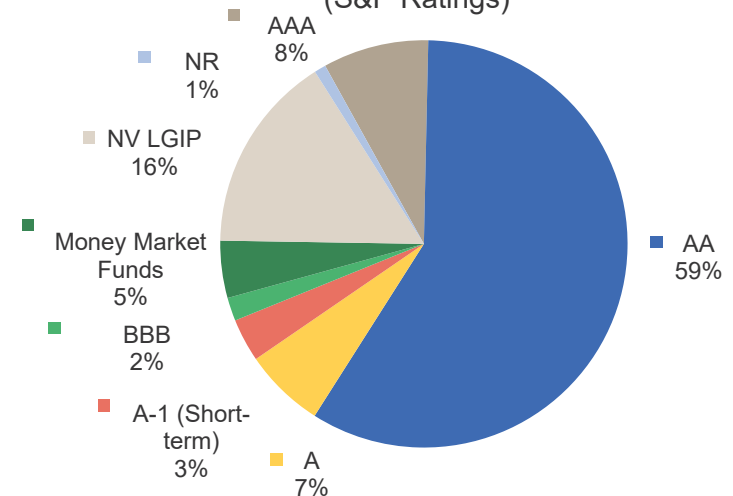
Allocation by Security Type



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	\$182,770,190	43.2%	100%	✓	Overnight	\$85,961,728	20.3%	No Limit	✓
Federal Agency	\$53,703,253	12.7%	100%	✓	0-6 Months	\$13,617,691	3.2%	No Limit	✓
Supranationals	\$24,555,833	5.8%	30%	✓	6-12 Months	\$26,017,202	6.1%	No Limit	✓
Corporate Note	\$43,897,718	10.4%	20%	✓	1-2 Years	\$76,810,944	18.1%	No Limit	✓
Commercial Paper	\$3,998,237	0.9%	20%	✓	2-3 Years	\$71,172,420	16.8%	No Limit	✓
Certificate of Deposit	\$13,435,345	3.2%	30%	✓	3-4 Years	\$73,220,245	17.3%	No Limit	✓
Asset Backed Securities	\$14,931,156	3.5%	30%	✓	4-5 Years	\$63,653,641	15.0%	No Limit	✓
Municipal	\$184,051	<0.1%	20%	✓	Over 5 Years	\$12,983,640	3.1%	No Limit	✓
NV LGIP	\$66,752,161	15.8%	100%	✓					
Money Market Funds	\$19,209,567	4.5%	100%	✓					
Total Market Value	\$423,437,511	100%			Total Market Value	\$423,437,511	100.00%		

Accrual Basis Earnings ⁴	8/31/21 through 9/30/21
Total Estimated Earnings	\$300,796

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	\$182,770,190	42.0%	100%	✓
Nevada LGIP	\$66,752,161	15.8%	100%	✓
Federal National Mortgage Association	\$28,902,489	6.8%	100%	✓
Federal Home Loan Mortgage Corporation	\$20,623,515	4.9%	100%	✓
Money Market Funds	\$19,209,567	4.5%	100%	✓
Inter-American Development Bank	\$7,541,330	1.8%	100%	✓
Asian Development Bank	\$5,761,806	1.4%	100%	✓
Intl Bank Of Reconstruction And Dev	\$5,680,906	1.3%	100%	✓
African Development Bank	\$5,571,790	1.3%	100%	✓
Toyota Motor Corp	\$4,000,118	0.9%	5%	✓
JPMorgan Chase & Co	\$3,373,279	0.8%	5%	✓
Credit Suisse Group	\$3,143,596	0.7%	5%	✓
Goldman Sachs Group Inc	\$2,806,043	0.7%	5%	✓
Bmw Financial Services Na Llc	\$2,646,923	0.6%	5%	✓
Royal Bank Of Canada	\$2,500,599	0.6%	5%	✓
Bank Of New York Mellon	\$2,464,638	0.6%	5%	✓
Blackrock Inc.	\$2,318,929	0.5%	5%	✓
Federal Home Loan Bank	\$2,182,372	0.5%	100%	✓
Government National Mortgage Association	\$1,994,877	0.5%	100%	✓
Amazon.Com Inc	\$1,852,726	0.4%	5%	✓
Burlington Northern Santa Fe	\$1,795,913	0.4%	5%	✓
Bank Of America Co	\$1,738,636	0.4%	5%	✓
AstraZeneca Finance LLC	\$1,596,832	0.4%	5%	✓
Novartis Capital Corp	\$1,539,440	0.4%	5%	✓
Skandinaviska Enskilda Banken Ab	\$1,522,274	0.4%	5%	✓
Nordea Bank Ab	\$1,522,139	0.4%	5%	✓
Barclays Bank	\$1,500,580	0.4%	5%	✓
Mizuho Financial Group Inc.	\$1,499,562	0.4%	5%	✓
Carmax Auto Owner Trust	\$1,425,909	0.3%	5%	✓
Kubota Credit Owners Trust	\$1,408,185	0.3%	5%	✓
Citigroup Inc	\$1,345,186	0.3%	5%	✓
Abbott Laboratories	\$1,328,252	0.3%	5%	✓
The Walt Disney Corporation	\$1,324,390	0.3%	5%	✓
CNH Equipment Trust	\$1,310,718	0.3%	5%	✓
BB&T Corporation	\$1,277,157	0.3%	5%	✓
DNB Bank	\$1,276,468	0.3%	5%	✓
Verizon Owner Trust	\$1,276,032	0.3%	5%	✓
Morgan Stanley	\$1,265,641	0.3%	5%	✓
Capital One Financial Corp	\$1,261,302	0.3%	5%	✓
Wal-Mart Stores Inc	\$1,245,320	0.3%	5%	✓
American Express Co	\$1,199,796	0.3%	5%	✓
Caterpillar Inc	\$1,189,357	0.3%	5%	✓

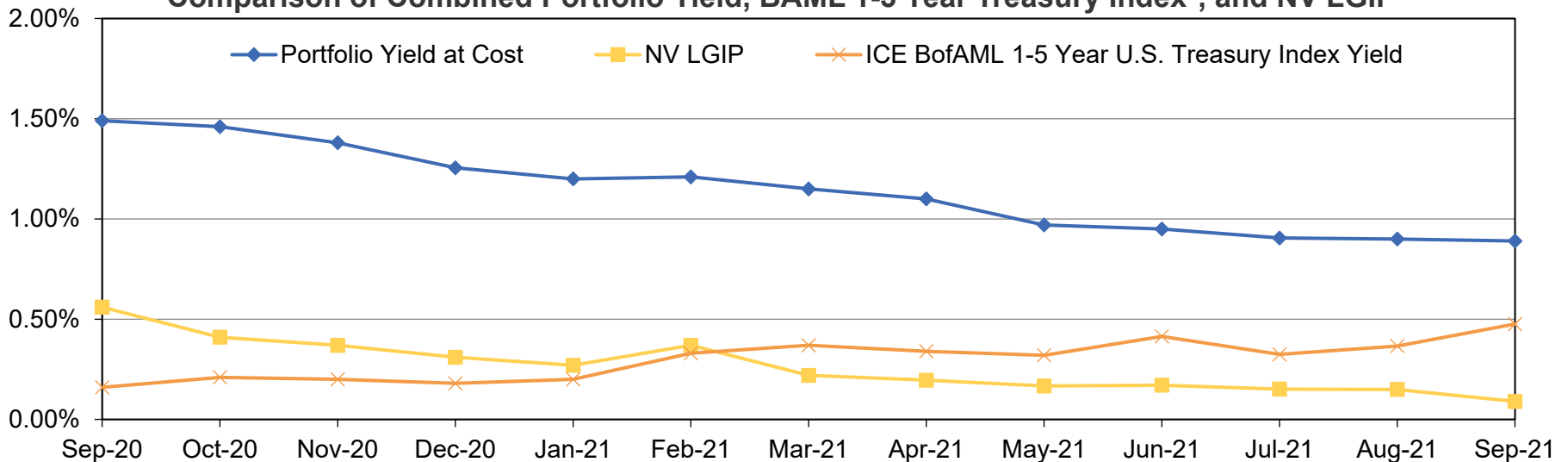
Issuer	Market Value	% of Portfolio	Permitted by Policy	Compliance
Deere & Company	\$1,136,986	0.3%	5%	✓
Discover Financial Services	\$1,107,158	0.3%	5%	✓
General Dynamics Corp	\$1,084,455	0.3%	5%	✓
Charles Schwab	\$1,061,028	0.3%	5%	✓
US Bancorp	\$1,048,545	0.2%	5%	✓
Comcast Corp	\$1,037,334	0.2%	5%	✓
PNC Financial Services Group	\$1,004,609	0.2%	5%	✓
UBS AG	\$999,900	0.2%	5%	✓
Sumitomo Mitsui Financial Group Inc	\$968,724	0.2%	5%	✓
Wells Fargo & Company	\$911,071	0.2%	5%	✓
Apple Inc	\$905,618	0.2%	5%	✓
Chevron Corporation	\$825,450	0.2%	5%	✓
Honda Auto Receivables	\$789,220	0.2%	5%	✓
Hyundai Auto Receivables	\$729,884	0.2%	5%	✓
Gm Financial Securitiz Term	\$693,475	0.2%	5%	✓
American Honda Finance	\$665,414	0.2%	5%	✓
Mercedes-Benz Auto Lease Trust	\$536,183	0.1%	5%	✓
Unilever Plc	\$510,793	0.1%	5%	✓
Verizon Communications	\$495,623	0.1%	5%	✓
Nissan Auto Receivables	\$471,124	0.1%	5%	✓
Lockheed Martin Corp	\$467,926	0.1%	5%	✓
IBM Corp	\$380,189	0.1%	5%	✓
John Deere Owner Trust	\$362,550	0.1%	5%	✓
Pepsico Inc	\$302,381	0.1%	5%	✓
Paccar Financial Corp	\$281,825	0.1%	5%	✓
World Omni Auto Rec Trust	\$275,304	0.1%	5%	✓
Ford Credit Auto Lease Trust	\$250,307	0.1%	5%	✓
Bristol-Myers Squibb Co	\$240,890	0.1%	5%	✓
Harley-Davidson Motorcycle Trust	\$221,231	0.1%	5%	✓
Fifth Third Auto Trust	\$198,775	<0.1%	5%	✓
State of Mississippi	\$184,051	<0.1%	5%	✓
Capital One Prime Auto Rec Trust	\$175,383	<0.1%	5%	✓
Adobe Inc	\$147,727	<0.1%	5%	✓
BMW Financial Services	\$19,437	<0.1%	5%	✓
Total Market Value	\$423,437,511			

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
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%
Sep-21	422,085,711	0.89%	2.41	0.09%	0.48%

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.