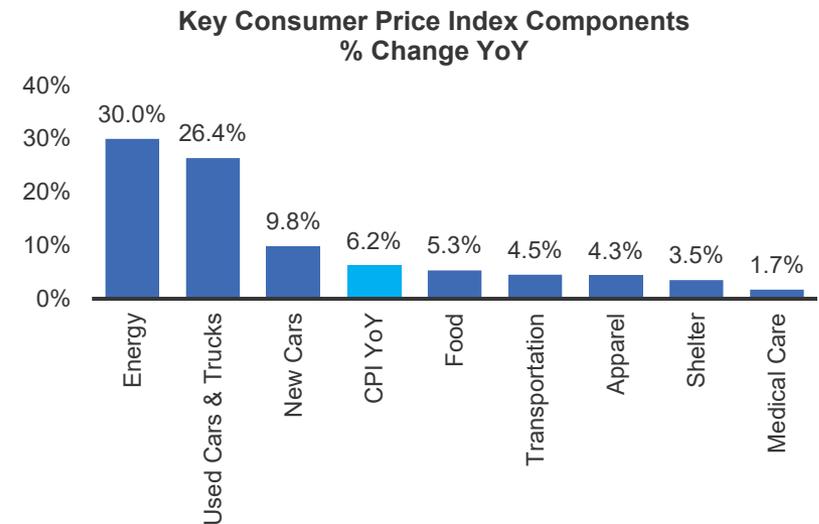
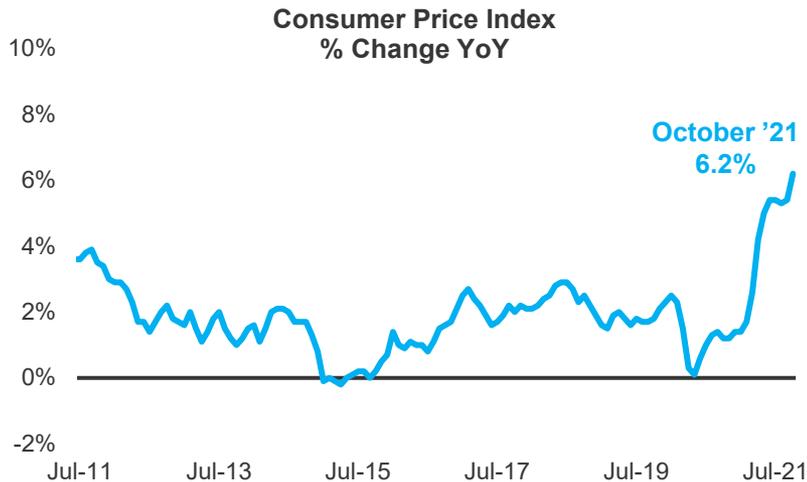
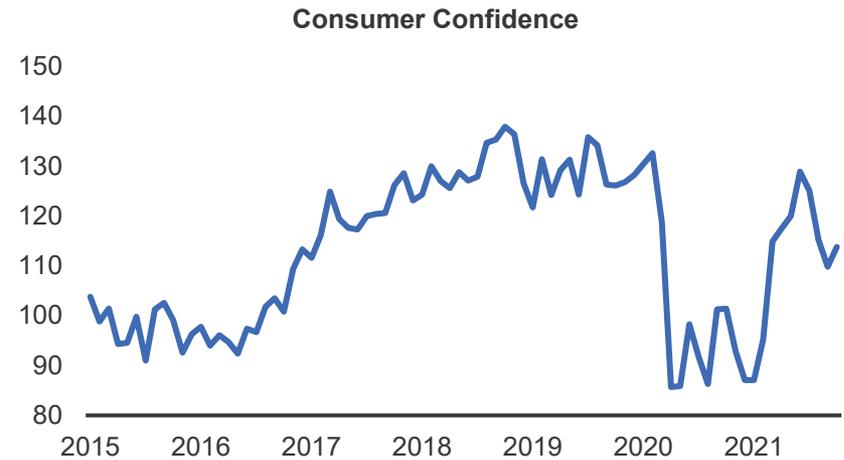
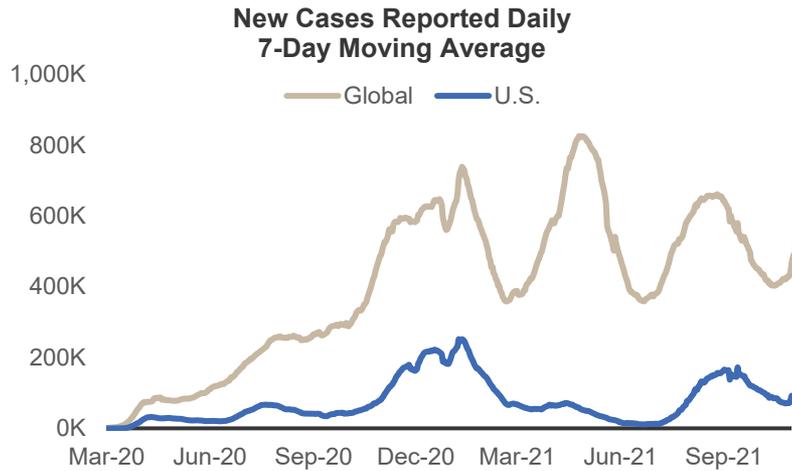


City of Reno

Monthly Investment Report

October 31, 2021

COVID Cases Impact Consumer Sentiment; Inflation Remains Elevated



Source: John Hopkins University Coronavirus Resource Center, PFM calculations; as of 10/31/2021 (top left). Bloomberg, Conference Board Consumer Confidence Survey, as of October 2021 (top right). Bloomberg, as of October 2021. Data is seasonally adjusted (bottom left). Bloomberg, as of October 2021 (bottom right).



Current Market Themes

- U.S. economic conditions are characterized by:
 - Slowing Covid-19 cases nationwide, but winter holiday travels could trigger another wave
 - Record job openings with record quits rate
 - Persistent high inflation readings, supply chain problems, elevated transportation costs and commodity prices
 - Fed begins tapering of asset purchases; timing of future rate hike remains uncertain
- U.S. Treasury yield curve “bear flattened” in October as yields on 2-5 year Treasuries moved higher while the yield on the 30-year Treasury bond moved lower. The Fed’s tapering of bond purchases will begin in November, but inflation is a bigger risk for interest rates. The debt ceiling is unresolved and will reappear in December.
- U.S. economic growth slowed more than expected in the third quarter of 2021, dampened by the delta-variant COVID surge and ongoing supply chain issues. Following a 6.7% pace in the second quarter, U.S. real GDP expanded at just a 2% annualized rate. The deceleration reflected a sharp slowdown in the pace of consumer spending, especially for durable goods, like autos and appliances.
- Strong employment gains resumed as the U.S. economy added 531,000 new jobs in October with notable gains in leisure and hospitality, professional and business services, manufacturing, and transportation and warehousing. The unemployment rate fell by 0.2% to a recovery-cycle low of 4.6%. Job openings are plentiful while the labor force participation rate remains depressed and the “quits rate” – one measure of workers’ willingness to leave or change jobs – reached a record high. Average hourly earnings rose 4.9% over the past year, reflecting the strong demand for labor.
- Consumer prices surged again in October, rising 6.2% YOY, the largest increase since 1990. High housing prices, continuing material shortages, and surging energy prices will likely keep inflationary pressures higher for longer.
- At its November 3 meeting, the FOMC announced the anticipated tapering of bond purchases, reducing purchases by a total of \$15 billion per month in November and December. Fed Chair Powell was careful to note that the tapering decision does not imply any direct signal regarding future interest rate policy.
- U.S. equity markets advanced in October and reached all-time highs. The S&P 500 rose 7.0%.

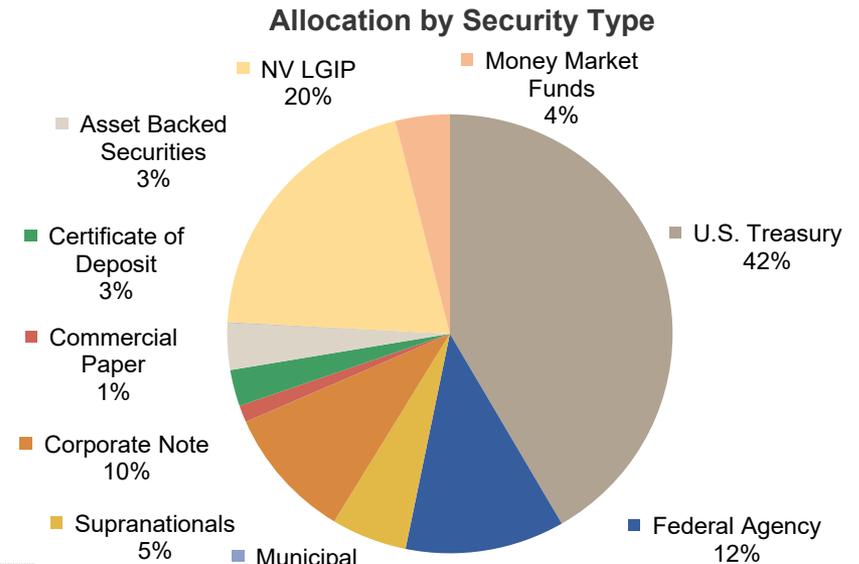
Summary of the City's Funds

City of Reno Funds	Market Value ¹
Core Portfolio	\$315,653,774
Liquidity Portfolio	\$20,994,541
Liquid Funds	\$107,276,366
<i>Nevada LGIP</i>	<i>\$89,757,715</i>
<i>U.S. Bank</i>	<i>\$1,283,141</i>
<i>Bank of America</i>	<i>\$16,235,510</i>
Managed Account Subtotal	\$443,924,681
Reserve Fund Portfolios	\$12,792,103
Total	\$456,716,783

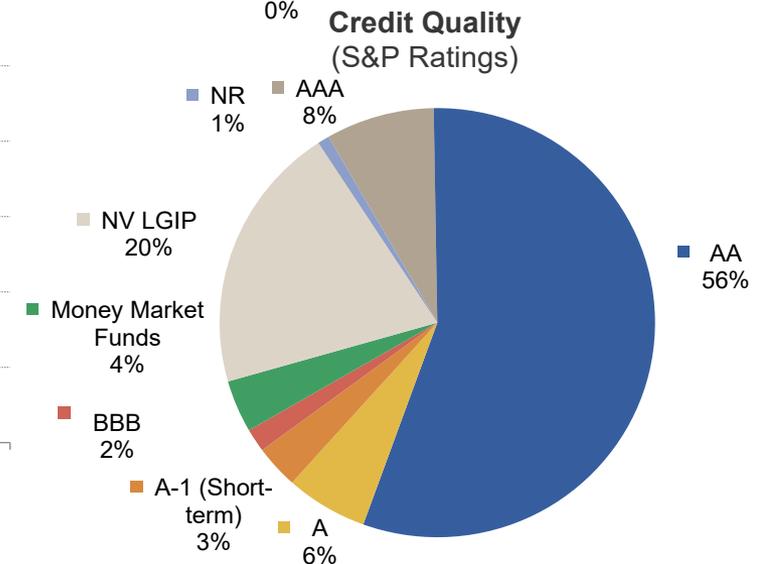
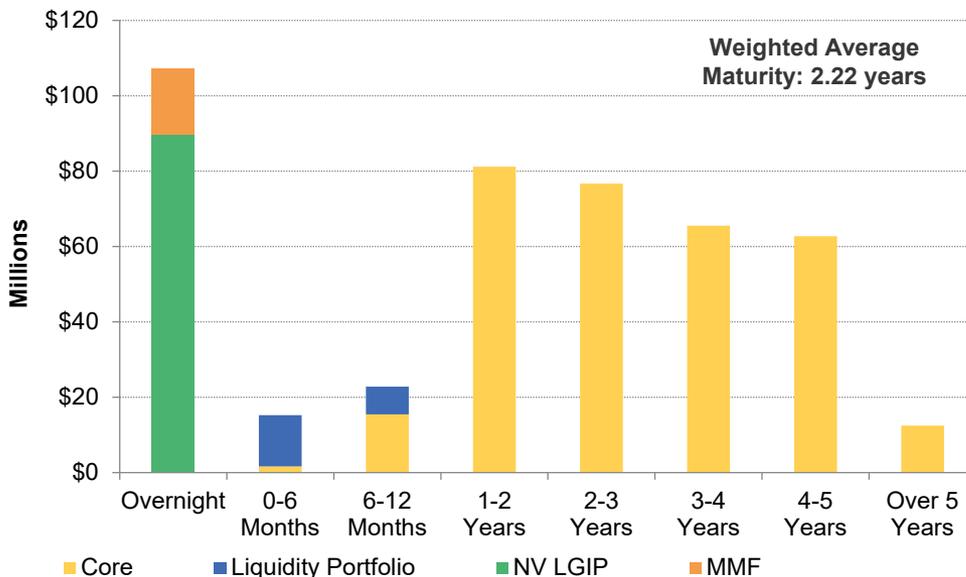
1. Market Values exclude accrued interest.

Executive Summary^{1,2,3}

Account Summary	Ending Values as of 9/30/21	Ending Values as of 10/31/21
Market Value	\$423,437,511	\$443,924,681
Book Value	\$422,085,711	\$443,308,528
Unrealized Gain/(Loss)	\$1,351,800	(\$383,847)
Yield at Market	0.61%	0.77%
Yield at Cost	0.89%	0.87%



Maturity Distribution



- 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 Analytics^{1,2,3}

Security Type	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$184,769,831	41.6%	100%
Federal Agency	\$51,376,440	11.6%	100%
Supranationals	\$24,393,468	5.5%	15%
Corporate Note	\$43,259,120	9.7%	20%
Commercial Paper	\$5,495,666	1.2%	20%
Certificate of Deposit	\$11,902,330	2.7%	30%
Asset Backed Securities	\$15,268,614	3.4%	30%
Municipal	\$182,847	<0.1%	20%
NV LGIP	\$89,757,715	20.2%	100%
Money Market Funds	\$17,518,651	3.9%	100%
Total Market Value	\$443,924,681	100%	

Maturity	Market Value	% of Portfolio	Permitted by Policy
Overnight	\$107,276,366	24.2%	No Limit
0-6 Months	\$15,253,227	3.4%	No Limit
6-12 Months	\$22,826,116	5.1%	No Limit
1-2 Years	\$81,183,145	18.3%	No Limit
2-3 Years	\$76,684,979	17.3%	No Limit
3-4 Years	\$65,528,931	14.8%	No Limit
4-5 Years	\$62,721,027	14.1%	No Limit
Over 5 Years	\$12,450,891	2.8%	No Limit
Total Market Value	\$443,924,681	100.00%	

Accrual Basis Earnings ⁴	9/30/21 through 10/31/21
Total Estimated Earnings	\$246,857

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 October 2021.
4. Excludes earnings on Liquid Funds.

Issuer Diversification^{1,2,3,4}

Issuer	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$184,769,831	41.3%	100%
Nevada LGIP	\$89,757,715	20.2%	100%
Federal National Mortgage Association	\$27,013,718	6.1%	100%
Federal Home Loan Mortgage Corporation	\$20,400,157	4.6%	100%
Money Market Funds	\$17,518,651	3.9%	100%
Inter-American Development Bank	\$7,498,309	1.7%	15%
Asian Development Bank	\$5,732,431	1.3%	0%
Intl Bank Of Reconstruction And Dev	\$5,646,467	1.3%	15%
African Development Bank	\$5,516,261	1.2%	0%
Toyota Motor Corp	\$3,944,399	0.9%	5%
JPMorgan Chase & Co	\$3,856,339	0.9%	5%
Credit Suisse Group	\$3,142,372	0.7%	5%
Goldman Sachs Group Inc	\$2,792,760	0.6%	5%
Bmw Financial Services Na Llc	\$2,631,987	0.6%	5%
Royal Bank Of Canada	\$2,500,237	0.6%	5%
Bank Of New York Mellon	\$2,452,733	0.6%	5%
Blackrock Inc.	\$2,306,004	0.5%	5%
Federal Home Loan Bank	\$2,173,692	0.5%	100%
Government National Mortgage Association	\$1,788,872	0.4%	100%
Burlington Northern Santa Fe	\$1,783,043	0.4%	5%
Bank Of America Co	\$1,726,602	0.4%	5%
AstraZeneca Finance LLC	\$1,584,387	0.4%	5%
Novartis Capital Corp	\$1,529,109	0.3%	5%
Skandinaviska Enskilda Banken Ab	\$1,519,376	0.3%	5%
Barclays Bank	\$1,500,202	0.3%	5%
Mizuho Financial Group Inc.	\$1,499,649	0.3%	5%
Amazon.Com Inc	\$1,492,203	0.3%	5%
Carmax Auto Owner Trust	\$1,421,327	0.3%	5%
Kubota Credit Owners Trust	\$1,394,737	0.3%	5%
Citigroup Inc	\$1,335,930	0.3%	5%
Abbott Laboratories	\$1,320,498	0.3%	5%
The Walt Disney Corporation	\$1,313,393	0.3%	5%
CNH Equipment Trust	\$1,303,171	0.3%	5%
Verizon Owner Trust	\$1,273,140	0.3%	5%
DNB Bank	\$1,272,911	0.3%	5%
BB&T Corporation	\$1,267,179	0.3%	5%
Morgan Stanley	\$1,259,788	0.3%	5%
Capital One Financial Corp	\$1,259,477	0.3%	5%
Wal-Mart Stores Inc	\$1,240,136	0.3%	5%
American Express Co	\$1,192,628	0.3%	5%
Caterpillar Inc	\$1,181,295	0.3%	5%
Deere & Company	\$1,129,863	0.3%	5%

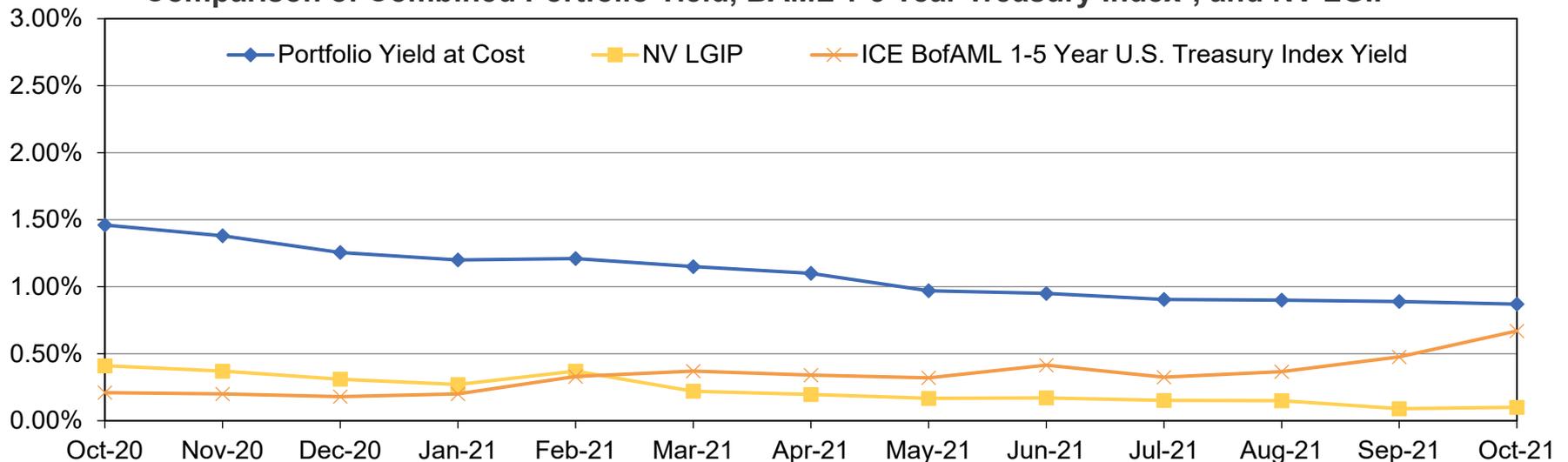
Issuer	Market Value	% of Portfolio	Permitted by Policy
Discover Financial Services	\$1,098,030	0.2%	5%
General Dynamics Corp	\$1,076,241	0.2%	5%
Charles Schwab	\$1,055,784	0.2%	5%
US Bancorp	\$1,038,719	0.2%	5%
Comcast Corp	\$1,028,717	0.2%	5%
UBS AG	\$999,590	0.2%	5%
Bank Of Montreal	\$999,356	0.2%	5%
PNC Financial Services Group	\$996,618	0.2%	5%
Sumitomo Mitsui Financial Group Inc	\$967,867	0.2%	5%
World Omni Auto Rec Trust	\$940,897	0.2%	5%
Wells Fargo & Company	\$905,645	0.2%	5%
Apple Inc	\$900,041	0.2%	5%
Chevron Corporation	\$819,269	0.2%	5%
Honda Auto Receivables	\$749,411	0.2%	5%
Hyundai Auto Receivables	\$726,632	0.2%	5%
Gm Financial Securitized Term	\$670,661	0.2%	5%
American Honda Finance	\$663,174	0.1%	5%
Unilever Plc	\$504,526	0.1%	5%
Verizon Communications	\$491,426	0.1%	5%
Mercedes-Benz Auto Lease Trust	\$487,413	0.1%	5%
Nissan Auto Receivables	\$470,664	0.1%	5%
Lockheed Martin Corp	\$464,075	0.1%	5%
IBM Corp	\$379,250	0.1%	5%
John Deere Owner Trust	\$350,288	0.1%	5%
Pepsico Inc	\$301,289	0.1%	5%
Paccar Financial Corp	\$280,940	0.1%	5%
Bristol-Myers Squibb Co	\$238,978	0.1%	5%
Harley-Davidson Motorcycle Trust	\$203,200	<0.1%	5%
Ford Credit Auto Lease Trust	\$201,934	<0.1%	5%
State of Mississippi	\$182,847	<0.1%	5%
Fifth Third Auto Trust	\$175,834	<0.1%	5%
Capital One Prime Auto Rec Trust	\$156,859	<0.1%	5%
Adobe Inc	\$147,188	<0.1%	5%
BMW Financial Services	\$8,339	<0.1%	5%
Total Market Value	\$443,924,681		

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 October 2021.
4. Securities issued by the Asian Development Bank and the African Development are compliant as they were purchased prior to the City's October 2021 investment policy update.

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
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%
Oct-21	\$444,308,528	0.87%	2.35	0.10%	0.67%

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.