

City of Reno

Monthly Investment Report

April 30, 2022

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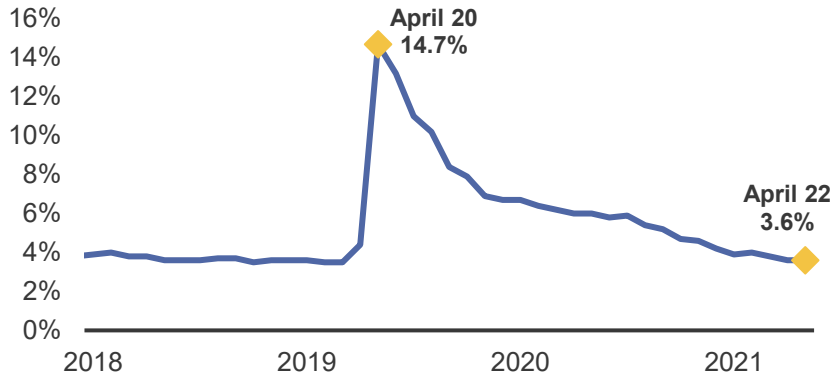
PFM Asset Management LLC

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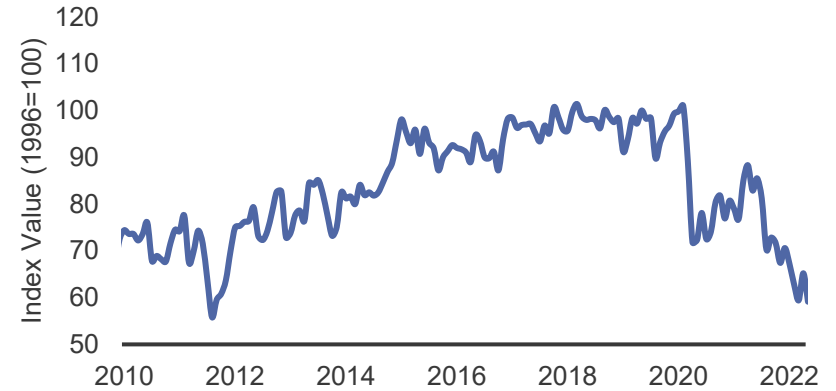
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Consumer Sentiment Dropped to the Lowest Level Since 2011 As Inflation Remains High

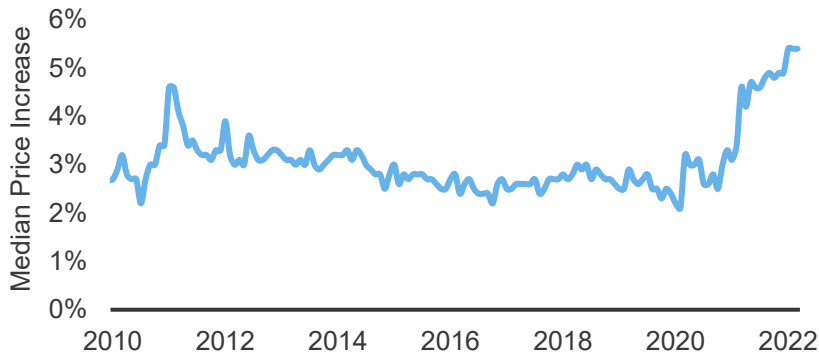
Unemployment Rate



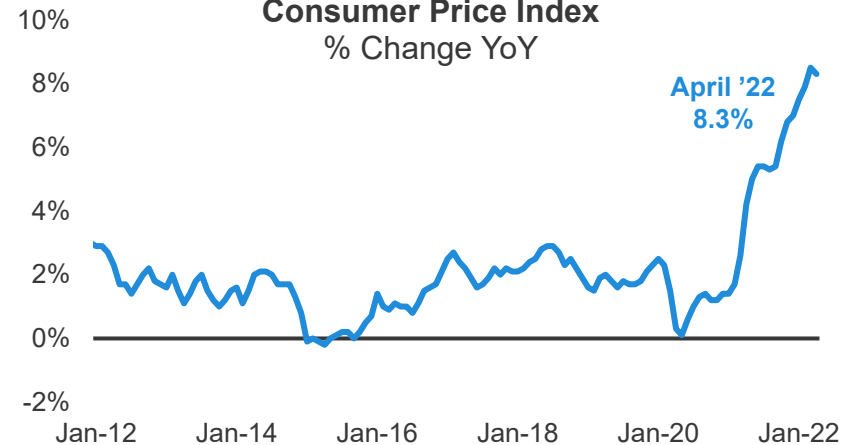
Index of Consumer Sentiment



Expected Change in Prices During Next Year



Consumer Price Index % Change YoY



Source: Bloomberg, as of April 2022. Data is seasonally adjusted (top left). Bloomberg, University of Michigan Consumer Sentiment and underlying index components, as of May 2022. (top right). Bloomberg, as of May 2022 (bottom left). Bloomberg, data as of April 2022 (bottom right).

Current Market Themes

- ▶ U.S. economic conditions are characterized by:
 - Unresolved Russia-Ukraine crisis; volatile commodity prices
 - Strong labor market; high inflation; depressed consumer confidence
 - Federal Reserve tightening monetary policy;
- ▶ April consumer price index (CPI) year over year came out at 8.3%, implying that policymakers still have a long way to bring persistent inflation under control. Core CPI (excluding food and energy) rose 0.6% month over month, quicker than 0.3% increase in March.
- ▶ Labor markets remained strong. The U.S. economy added 428,000 jobs in April beating estimates of 380,000 and in line with March growth of 431,000, but labor shortages remain. The unemployment rate remained steady at a pandemic-low of 3.6% in April.
- ▶ On May 4th, Federal Reserve increased the target range for the fed funds rate by 50 basis points (0.50%) to the new range of 0.75% to 1.00% and approved a plan to shrink the balance sheet, that involves capping reinvestments from principal payments. Starting June 1, the cap for Treasuries will be initially set at \$30 billion per month and then increase to \$60 billion after three months. The cap for agency debt and mortgage-backed securities will be set at \$17.5 billion per month and then increase to \$35 billion after three months.
- ▶ Treasury yields continued their ascent higher across all maturities. The benchmark 2-year and 10-year Treasury note yields finished at 2.71% and 2.93%, having jumped 38 and 60 basis points (0.38% and 0.60%) for April, respectively. The continued rise in yields comes amid a hawkish tone from the Federal Reserve to pull forward rate hikes to combat persistent inflation.
- ▶ Amid many uncertainties in geopolitics, global growth, and tightening monetary policy, equity markets posted sharp declines through April as the S&P 500 fell 8.7%, and the Dow industrials declined nearly 5%. The Nasdaq Composite retreated more than 13% in April, its worst monthly showing since October 2008.

Summary of the City's Funds

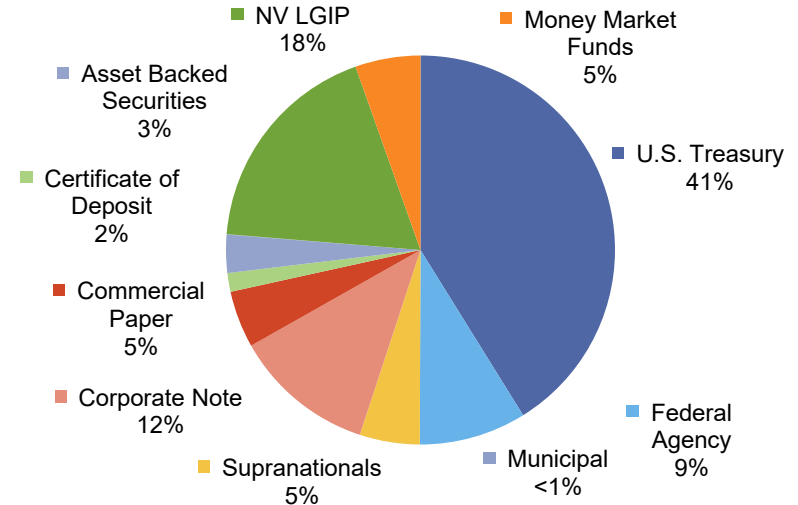
City of Reno as of
4/30/22

City of Reno Funds	Market Value ¹
Core Portfolio	\$307,280,682
Liquidity Portfolio	\$46,774,671
Liquid Funds	\$109,967,231
<i>Nevada LGIP</i>	\$84,822,051
<i>U.S. Bank</i>	\$334,653
<i>Bank of America</i>	\$22,461,686
<i>Wells Fargo</i>	\$2,348,841
Managed Account Subtotal	\$464,022,584
Reserve Fund Portfolios	\$12,288,590
Total	\$476,311,174

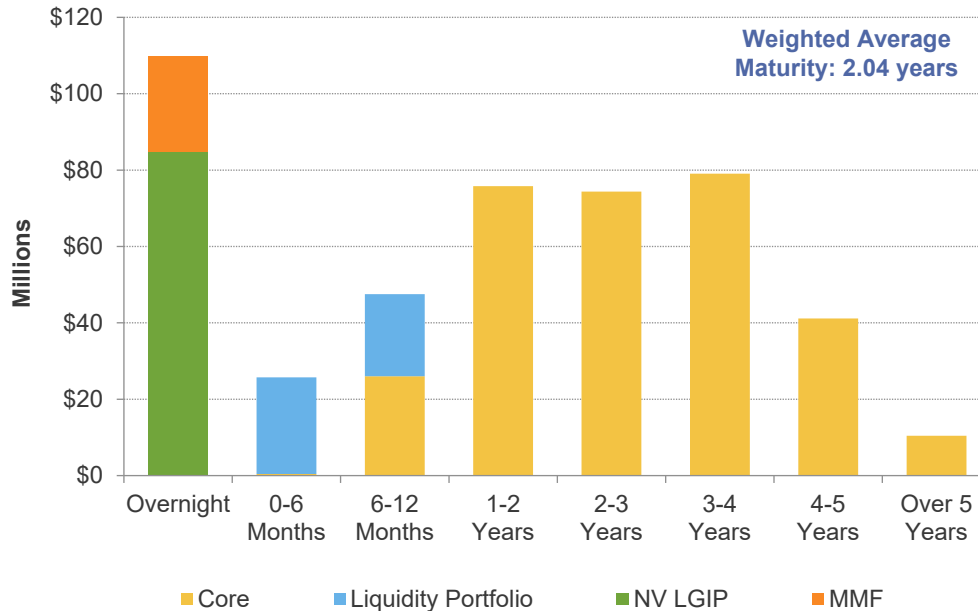
1. Market Values exclude accrued interest

Account Summary	Ending Values as of 3/31/22	Ending Values as of 4/30/22
Market Value	\$472,251,764	\$464,022,584
Book Value	\$484,687,240	\$479,189,894
Unrealized Gain/(Loss)	(\$12,435,476)	(\$15,167,310)
Yield at Market	2.22%	2.59%
Yield at Cost	0.85%	0.91%

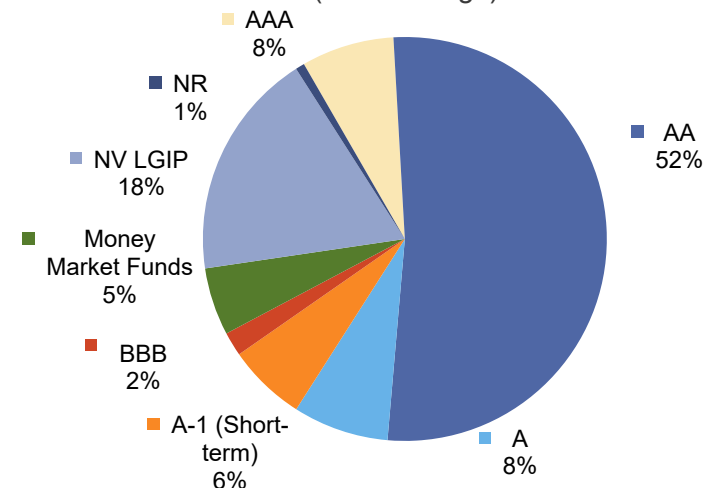
Allocation by Security Type



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, U.S. Bank, and Wells Fargo balances.
- The weighted average yield at market and yield at cost excludes Liquid Funds.

Security Type and Maturity Analytics^{1,2,3,4}

City of Reno as of
4/30/22

Security Type	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$190,960,803	41.2%	100%
Federal Agency	\$41,321,988	8.9%	100%
Supranationals	\$23,159,293	5.0%	15%
Corporate Note	\$54,600,397	11.8%	20%
Commercial Paper	\$21,965,127	4.7%	20%
Certificate of Deposit	\$7,209,963	1.6%	30%
Asset Backed Securities	\$14,664,082	3.2%	30%
Municipal	\$173,698	0.0%	20%
NV LGIP	\$84,822,051	18.3%	100%
Money Market Funds	\$25,145,180	5.4%	100%
Total Market Value	\$464,022,584	100%	

Maturity	Market Value	% of Portfolio	Permitted by Policy
Overnight	\$109,967,231	23.7%	No Limit
0-6 Months	\$25,752,080	5.5%	No Limit
6-12 Months	\$47,511,271	10.2%	No Limit
1-2 Years	\$75,797,497	16.3%	No Limit
2-3 Years	\$74,362,008	16.0%	No Limit
3-4 Years	\$79,043,969	17.0%	No Limit
4-5 Years	\$41,145,708	8.9%	No Limit
Over 5 Years	\$10,442,820	2.3%	No Limit
Total Market Value	\$464,022,584	100.00%	

Accrual Basis Earnings ⁴	3/31/22 through 4/30/22
Total Estimated Earnings	\$188,353

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, U.S. Bank, and Wells Fargo balances.
3. Investment policy dated October 2021.
4. Excludes earnings on Liquid Funds.

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

City of Reno as of
4/30/22

Issuer	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$190,960,803	41.2%	100%
Nevada LGIP	\$84,822,051	18.3%	100%
Money Market Funds	\$25,145,180	5.4%	100%
Federal National Mortgage Association	\$23,630,153	5.1%	100%
Federal Home Loan Mortgage Corporation	\$16,958,425	3.7%	100%
Inter-American Development Bank	\$7,118,648	1.5%	15%
Mitsubishi Ufj Financial Group Inc	\$6,488,467	1.4%	5%
Asian Development Bank	\$5,481,399	1.2%	0%
Intl Bank Of Reconstruction And Dev	\$5,420,445	1.2%	15%
African Development Bank	\$5,138,801	1.1%	0%
Credit Agricole SA	\$4,992,830	1.1%	5%
Toyota Motor Corp	\$4,690,790	1.0%	5%
Bank Of New York Mellon	\$4,368,956	0.9%	5%
Goldman Sachs Group Inc	\$3,689,822	0.8%	5%
JPMorgan Chase & Co	\$3,684,048	0.8%	5%
Natixis NY Branch	\$3,491,708	0.8%	5%
Rabobank Nederland	\$2,995,782	0.6%	5%
Bmw Financial Services Na Llc	\$2,472,152	0.5%	5%
Royal Bank Of Canada	\$2,361,710	0.5%	5%
Hyundai Auto Receivables	\$2,338,665	0.5%	5%
American Express Co	\$2,145,905	0.5%	5%
Roche Holdings	\$2,085,120	0.4%	5%
Deere & Company	\$2,001,685	0.4%	5%
Bank Of Montreal	\$1,893,822	0.4%	5%
Citigroup Inc	\$1,757,293	0.4%	5%
American Honda Finance	\$1,733,462	0.4%	5%
Burlington Northern Santa Fe	\$1,685,934	0.4%	5%
Bank Of America Co	\$1,654,505	0.4%	5%
Credit Suisse Group	\$1,612,866	0.3%	5%
BOFA Securities Inc.	\$1,498,860	0.3%	5%
AstraZeneca Finance LLC	\$1,453,224	0.3%	5%
Novartis Capital Corp	\$1,441,343	0.3%	5%
Amazon.Com Inc	\$1,434,720	0.3%	5%
Honeywell International	\$1,430,989	0.3%	5%
Bank Of Nova Scotia	\$1,414,785	0.3%	5%
Capital One Financial Corp	\$1,357,494	0.3%	5%
Kubota Credit Owners Trust	\$1,336,186	0.3%	5%
Abbott Laboratories	\$1,265,974	0.3%	5%
CNH Equipment Trust	\$1,261,525	0.3%	5%

Issuer	Market Value	% of Portfolio	Permitted by Policy
DNB Bank	\$1,250,054	0.3%	5%
The Walt Disney Corporation	\$1,243,708	0.3%	5%
Carmax Auto Owner Trust	\$1,241,578	0.3%	5%
BB&T Corporation	\$1,210,891	0.3%	5%
Morgan Stanley	\$1,125,880	0.2%	5%
Caterpillar Inc	\$1,119,121	0.2%	5%
Gm Financial Securitized Term	\$1,108,079	0.2%	5%
Target Corporation	\$1,058,369	0.2%	5%
Discover Financial Services	\$1,043,686	0.2%	5%
Verizon Owner Trust	\$1,029,938	0.2%	5%
General Dynamics Corp	\$1,001,862	0.2%	5%
Charles Schwab	\$1,001,283	0.2%	5%
Sumitomo Mitsui Financial Group Inc	\$1,000,288	0.2%	5%
UBS AG	\$996,300	0.2%	5%
US Bancorp	\$982,159	0.2%	5%
Comcast Corp	\$974,367	0.2%	5%
PNC Financial Services Group	\$937,993	0.2%	5%
HSBC Holdings PLC	\$854,456	0.2%	5%
Apple Inc	\$848,092	0.2%	5%
Chevron Corporation	\$779,903	0.2%	5%
World Omni Auto Rec Trust	\$771,721	0.2%	5%
Government National Mortgage Association	\$733,411	0.2%	100%
Wal-Mart Stores Inc	\$560,972	0.1%	5%
Honda Auto Receivables	\$542,190	0.1%	5%
Unilever Plc	\$482,304	0.1%	5%
Verizon Communications	\$458,229	0.1%	5%
National Rural Utilities Co Finance Corp	\$441,804	0.1%	5%
Lockheed Martin Corp	\$440,198	0.1%	5%
Pepsico Inc	\$295,150	0.1%	5%
Nissan Auto Receivables	\$286,868	0.1%	5%
Paccar Financial Corp	\$274,760	0.1%	5%
Home Depot Inc	\$237,563	0.1%	5%
Bristol-Myers Squibb Co	\$222,416	<0.1%	5%
John Deere Owner Trust	\$204,432	<0.1%	5%
State of Mississippi	\$173,698	<0.1%	5%
Mercedes-Benz Auto Lease Trust	\$149,575	<0.1%	5%
Harley-Davidson Motorcycle Trust	\$111,594	<0.1%	5%
Capital One Prime Auto Rec Trust	\$57,612	<0.1%	5%
Fifth Third Auto Trust	\$53,553	<0.1%	5%
Total Market Value	\$464,022,584		

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, U.S. Bank, and Wells Fargo balances.

3. Investment policy dated October 2021.

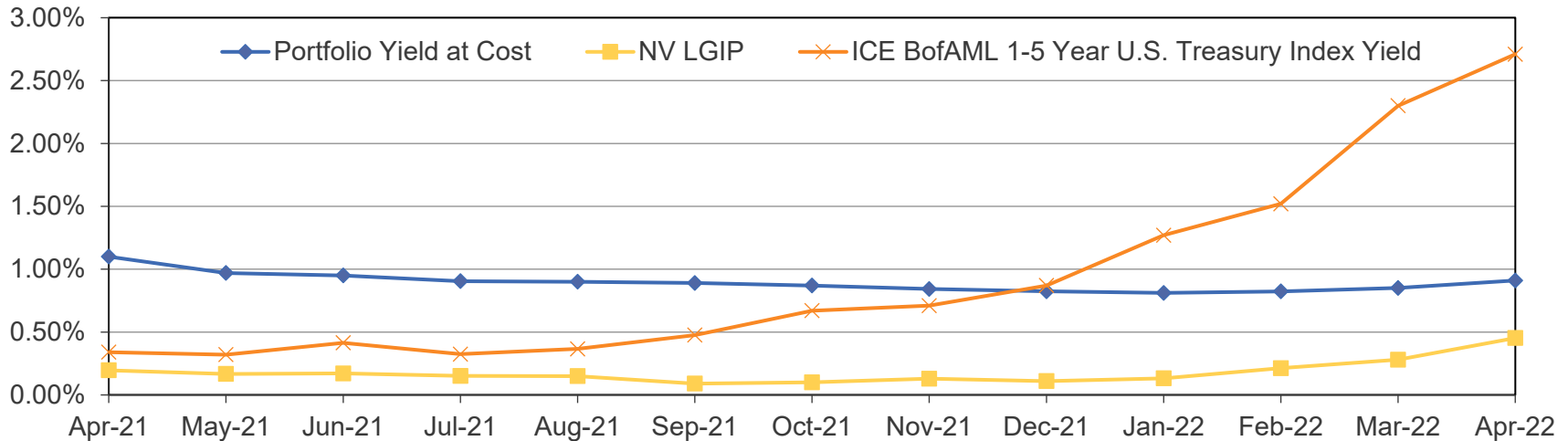
4. Securities issued by Asian Development Bank and the African Development are compliant as they were purchased prior to the City's October 2021 investment policy update.

Portfolio Yield Summary

City of Reno as of
4/30/22

Date	Book Value ¹	Portfolio Yield (Cost) ⁴	Portfolio Duration ⁴	NV LGIP Yield (Monthly) ³	1-5 Year Treasury Index Yield ²
Nov-21	440,701,772	0.84%	2.38	0.13%	0.71%
Dec-21	440,819,783	0.82%	2.35	0.11%	0.87%
Jan-22	457,938,429	0.81%	2.25	0.13%	1.27%
Feb-22	469,008,339	0.82%	2.23	0.21%	1.52%
Mar-22	484,687,240	0.85%	2.18	0.28%	2.30%
Apr-22	479,189,894	0.91%	2.15	0.45%	2.71%

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.



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)	✓	✓

Disclaimer

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