

City of Reno

Monthly Investment Report

May 31, 2022

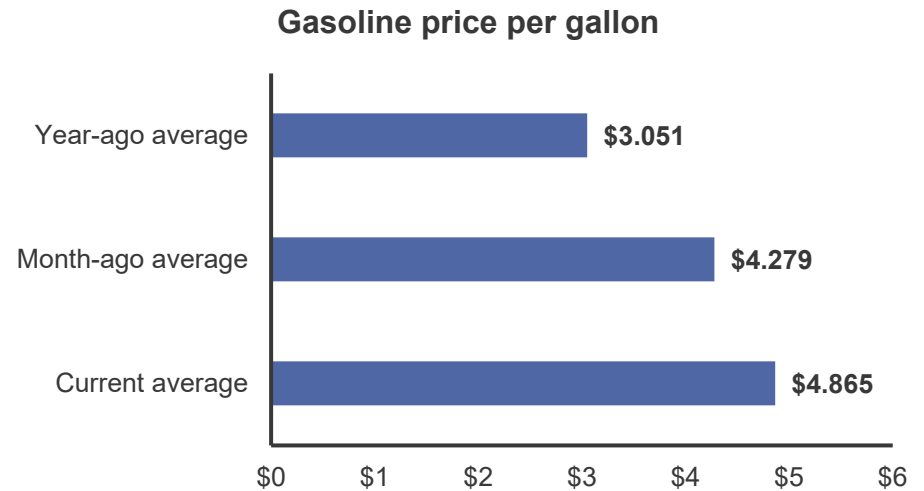
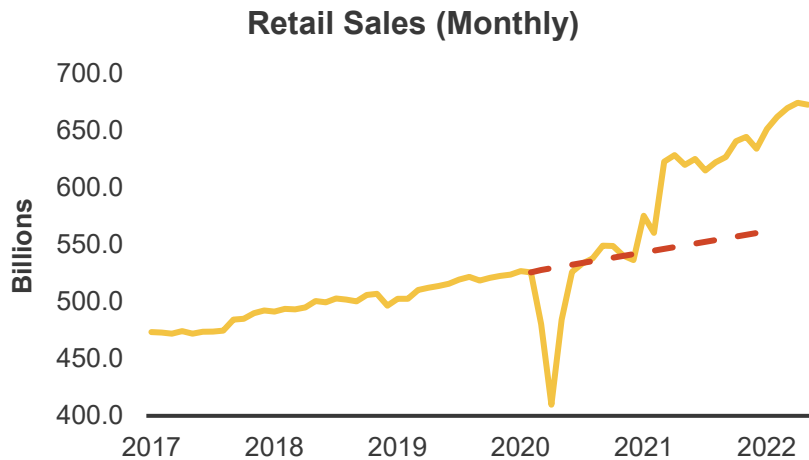
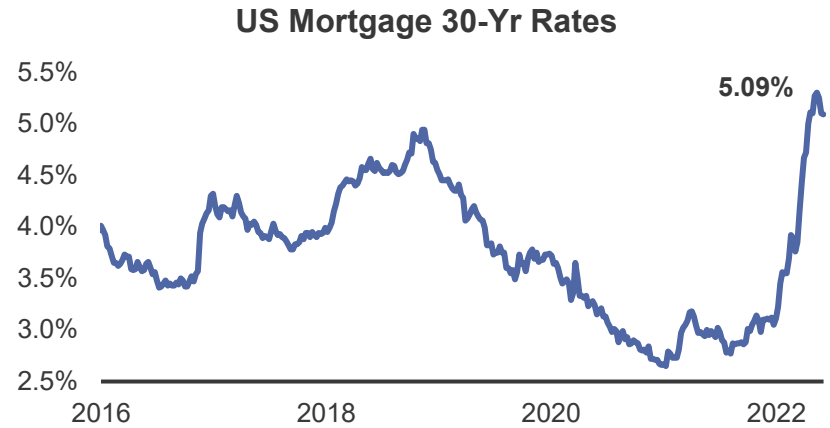
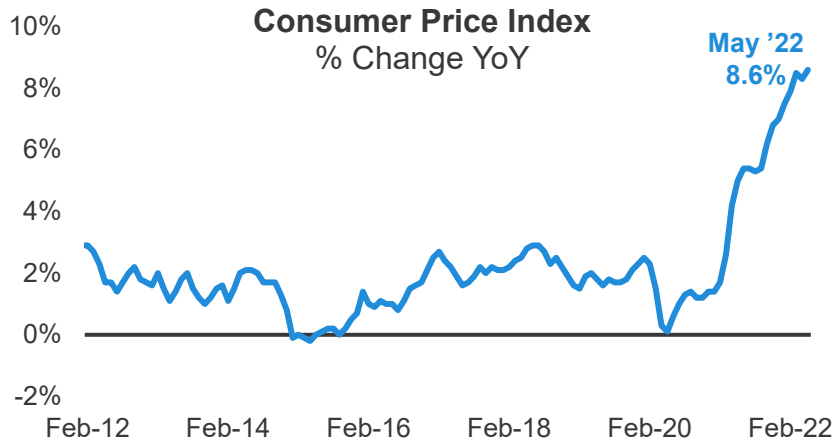
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PFM Asset Management LLC

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Inflation Remains High and Gas Biggest Contributor to Retail Sales



Source: Bloomberg, as of May 2022 (top left). Bloomberg, Freddie Mac Commitment Rates, S&P/Case-Shiller, National Association of REALTORS. Most recent data as of April 2022 (top right). Bloomberg, as of May 2022 (bottom left). Aaa.com; as of 6/6/2022 (bottom right).

Current Market Themes

- U.S. economic conditions are characterized by:
 - The war in Ukraine, lockdowns in China, supply-chain disruptions, and the risk of stagflation
 - Persistent supply-side disturbances fueling inflation
 - Strong labor market; inflation increased; depressed consumer confidence
 - Federal Reserve tightening monetary policy
- Treasury yields were mixed in May. The benchmark 2-year and 10-year Treasury note yields finished at 2.56% and 2.84%, declined 17 and 14 basis points (0.17% and 0.14%) for May, respectively. On the other hand, the 30-year Treasury note rose by 11 basis points (0.11%).
- Amid no changes in uncertainties, U.S. stocks were steady for the month of May as the S&P 500 fell 0.36%, while the Dow industrials increased 0.13%. The Nasdaq Composite retreated more than 3% in May.
- U.S. inflation accelerated to a fresh 40-year high in May at 8.6% year over year increase, indicating price pressures are becoming entrenched in the economy and shattering consumer confidence. Core CPI (excluding food and energy) rose 0.6% month over month.
- Labor markets are extremely tight. While worker shortages persist, the U.S. economy added 390,000 jobs in May, better than expected, despite fears of an economic slowdown and with a roaring pace of inflation. The unemployment rate remained steady at a pandemic-low of 3.6% in May.
- On June 15th, the Federal Open Market Committee decided to raise the target range for the federal funds rate by 0.75% to a new range of 1.5% to 1.75% and anticipates that ongoing increases in the target range will be appropriate. The Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities.

Summary of the City's Funds

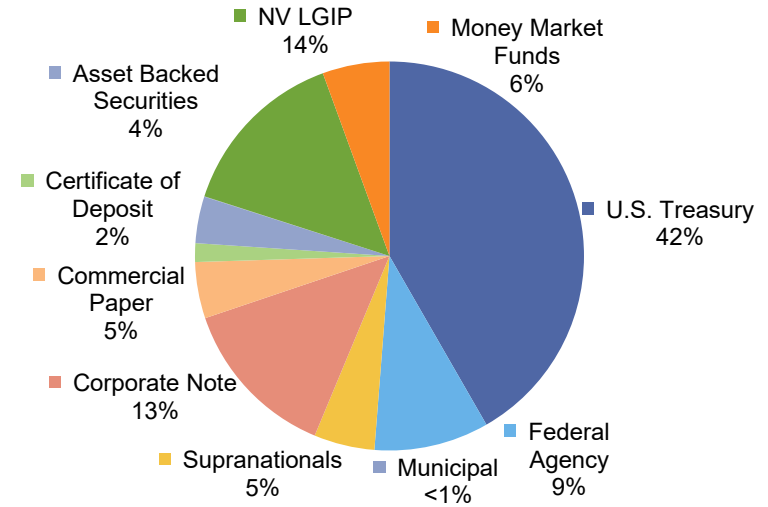
City of Reno as of
5/31/22

City of Reno Funds	Market Value ¹
Core Portfolio	\$310,128,300
Liquidity Portfolio	\$48,307,393
Liquid Funds	\$89,803,371
<i>Nevada LGIP</i>	<i>\$64,855,767</i>
<i>U.S. Bank</i>	<i>\$1,262,208</i>
<i>Bank of America</i>	<i>\$20,474,443</i>
<i>Wells Fargo</i>	<i>\$3,210,954</i>
Managed Account Subtotal	\$448,239,064
Reserve Fund Portfolios	\$12,339,915
Total	\$460,578,979

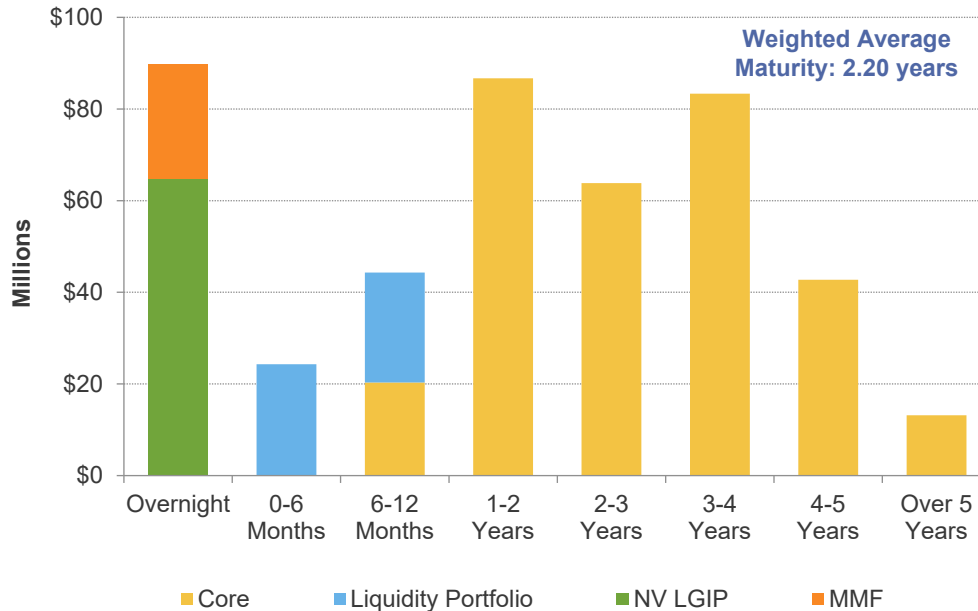
1. Market Values exclude accrued interest

Account Summary	Ending Values as of 4/30/22	Ending Values as of 5/31/22
Market Value	\$464,022,584	\$448,239,064
Book Value	\$479,189,894	\$461,276,566
Unrealized Gain/(Loss)	(\$15,167,310)	(\$13,037,502)
Yield at Market	2.59%	2.52%
Yield at Cost	0.91%	1.04%

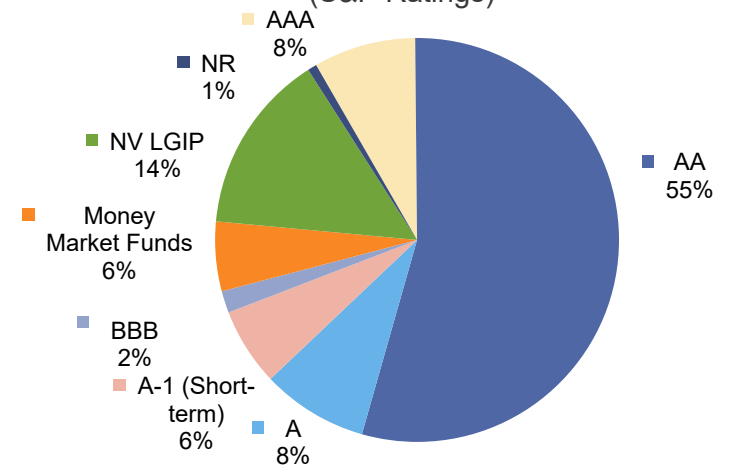
Allocation by Security Type



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
5/31/22

Security Type	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$186,889,532	41.7%	100%
Federal Agency	\$42,782,850	9.5%	100%
Supranationals	\$22,605,263	5.0%	15%
Corporate Note	\$60,699,946	13.5%	20%
Commercial Paper	\$20,976,960	4.7%	20%
Certificate of Deposit	\$6,957,927	1.6%	30%
Asset Backed Securities	\$17,349,010	3.9%	30%
Municipal	\$174,205	0.0%	20%
NV LGIP	\$64,855,767	14.5%	100%
Money Market Funds	\$24,947,604	5.6%	100%
Total Market Value	\$448,239,064	100%	

Maturity	Market Value	% of Portfolio	Permitted by Policy
Overnight	\$89,803,371	20.0%	No Limit
0-6 Months	\$24,325,913	5.4%	No Limit
6-12 Months	\$44,327,683	9.9%	No Limit
1-2 Years	\$86,701,386	19.3%	No Limit
2-3 Years	\$63,824,742	14.2%	No Limit
3-4 Years	\$83,333,565	18.6%	No Limit
4-5 Years	\$42,738,284	9.5%	No Limit
Over 5 Years	\$13,184,121	2.9%	No Limit
Total Market Value	\$448,239,064	100.00%	

Accrual Basis Earnings ⁴	4/30/22 through 5/31/22
Total Estimated Earnings	(\$52,668)

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
5/31/22

Issuer	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$186,889,532	41.7%	100%
Nevada LGIP	\$64,855,767	14.5%	100%
Federal National Mortgage Association	\$26,684,785	6.0%	100%
Money Market Funds	\$24,947,604	5.6%	100%
Federal Home Loan Mortgage Corporation	\$15,511,691	3.5%	100%
Inter-American Development Bank	\$7,160,201	1.6%	100%
Mitsubishi Ufj Financial Group Inc	\$6,491,508	1.4%	5%
Asian Development Bank	\$5,509,024	1.2%	100%
African Development Bank	\$5,169,188	1.2%	100%
Credit Agricole SA	\$4,995,300	1.1%	5%
Intl Bank Of Reconstruction And Dev	\$4,766,850	1.1%	100%
American Express Co	\$4,487,877	1.0%	5%
Bank Of New York Mellon	\$4,125,469	0.9%	5%
Goldman Sachs Group Inc	\$3,704,155	0.8%	5%
JPMorgan Chase & Co	\$3,703,717	0.8%	5%
Toyota Motor Corp	\$3,615,977	0.8%	5%
Natixis NY Branch	\$3,494,058	0.8%	5%
Rabobank Nederland	\$2,997,468	0.7%	5%
Westpac Banking Corp	\$2,507,540	0.6%	5%
Bmw Financial Services Na Llc	\$2,481,579	0.6%	5%
Royal Bank Of Canada	\$2,384,590	0.5%	5%
Hyundai Auto Receivables	\$2,344,626	0.5%	5%
Northern Trust Corp	\$2,254,718	0.5%	5%
Roche Holdings	\$2,099,134	0.5%	5%
Deere & Company	\$2,020,389	0.5%	5%
Nordea Bank Ab	\$1,997,075	0.4%	5%
Bank Of Montreal	\$1,899,922	0.4%	5%
Citigroup Inc	\$1,763,918	0.4%	5%
Burlington Northern Santa Fe	\$1,690,373	0.4%	5%
Bank Of America Co	\$1,662,670	0.4%	5%
Credit Suisse Group	\$1,614,675	0.4%	5%
BOFA Securities Inc.	\$1,499,880	0.3%	5%
AstraZeneca Finance LLC	\$1,471,350	0.3%	5%
Novartis Capital Corp	\$1,460,748	0.3%	5%
Honeywell International	\$1,447,347	0.3%	5%
Amazon.Com Inc	\$1,443,002	0.3%	5%
Bank Of Nova Scotia	\$1,419,509	0.3%	5%
Capital One Financial Corp	\$1,366,490	0.3%	5%
Kubota Credit Owners Trust	\$1,338,626	0.3%	5%
American Honda Finance	\$1,279,931	0.3%	5%
Abbott Laboratories	\$1,270,316	0.3%	5%

Issuer	Market Value	% of Portfolio	Permitted by Policy
CNH Equipment Trust	\$1,265,101	0.3%	5%
The Walt Disney Corporation	\$1,251,077	0.3%	5%
Carmax Auto Owner Trust	\$1,218,046	0.3%	5%
BB&T Corporation	\$1,211,271	0.3%	5%
Morgan Stanley	\$1,133,615	0.3%	5%
Caterpillar Inc	\$1,124,771	0.3%	5%
Target Corporation	\$1,065,894	0.2%	5%
Gm Financial Securitized Term	\$1,063,929	0.2%	5%
Discover Financial Services	\$1,050,258	0.2%	5%
General Dynamics Corp	\$1,006,712	0.2%	5%
Charles Schwab	\$1,005,341	0.2%	5%
Toronto-Dominion Bank	\$997,224	0.2%	5%
Sumitomo Mitsui Financial Group Inc	\$997,075	0.2%	5%
UBS AG	\$996,550	0.2%	5%
US Bancorp	\$987,367	0.2%	5%
Comcast Corp	\$981,109	0.2%	5%
Verizon Owner Trust	\$973,517	0.2%	5%
PNC Financial Services Group	\$942,637	0.2%	5%
Apple Inc	\$857,225	0.2%	5%
HSBC Holdings PLC	\$855,040	0.2%	5%
Chevron Corporation	\$787,095	0.2%	5%
World Omni Auto Rec Trust	\$755,014	0.2%	5%
BMW Financial Services	\$701,662	0.2%	5%
Government Natl Mortgage Association	\$586,374	0.1%	100%
Wal-Mart Stores Inc	\$560,483	0.1%	5%
Honda Auto Receivables	\$513,577	0.1%	5%
Unilever Plc	\$484,645	0.1%	5%
Unitedhealth Group Inc	\$470,234	0.1%	5%
Verizon Communications	\$462,744	0.1%	5%
National Rural Utilities Co Finance Corp	\$444,645	0.1%	5%
Paccar Financial Corp	\$275,267	0.1%	5%
Nissan Auto Receivables	\$260,286	0.1%	5%
Home Depot Inc	\$238,977	0.1%	5%
Bristol-Myers Squibb Co	\$224,249	0.1%	5%
State of Mississippi	\$174,205	<0.1%	5%
John Deere Owner Trust	\$172,640	<0.1%	5%
Mercedes-Benz Auto Lease Trust	\$137,833	<0.1%	5%
Harley-Davidson Motorcycle Trust	\$97,448	<0.1%	5%
Capital One Prime Auto Rec Trust	\$43,341	<0.1%	5%
Fifth Third Auto Trust	\$36,007	<0.1%	5%
Total Market Value	\$448,239,064		

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.

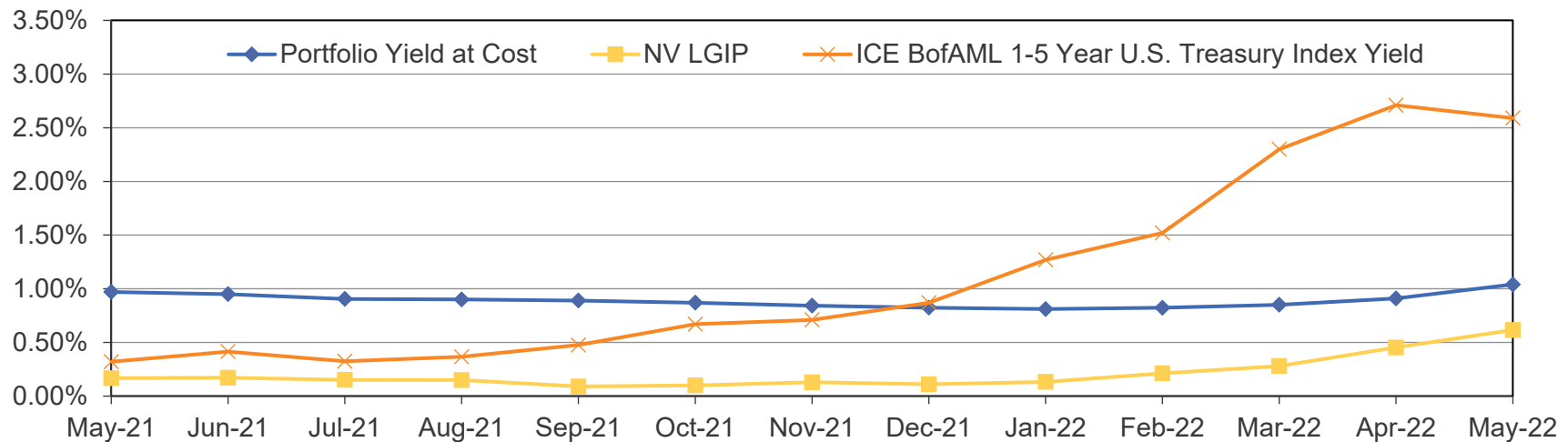
4. Securities issued by Asian Development Bank and the African Development are compliant as they were purchased prior to the City's October 2021 investment policy update.

Portfolio Yield Summary

City of Reno as of
5/31/22

Date	Book Value ¹	Portfolio Yield (Cost) ⁴	Portfolio Duration ⁴	NV LGIP Yield (Monthly) ³	1-5 Year Treasury Index Yield ²
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%
May-22	461,276,566	1.04%	2.15	0.62%	2.59%

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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