

City of Reno

Monthly Investment Report

November 30, 2022

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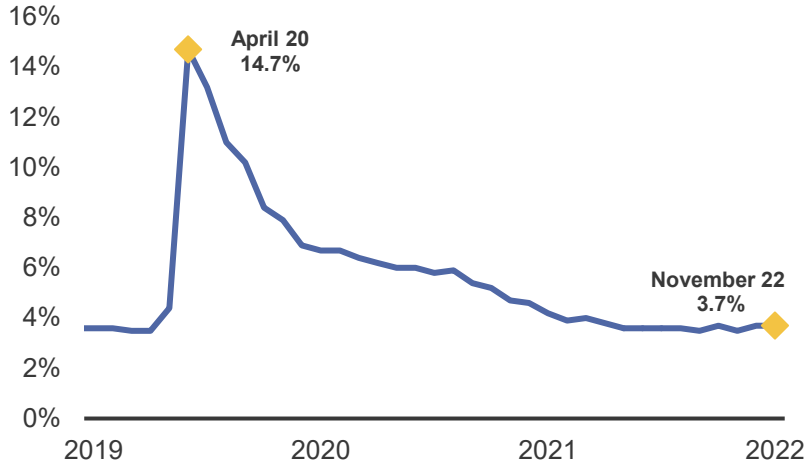
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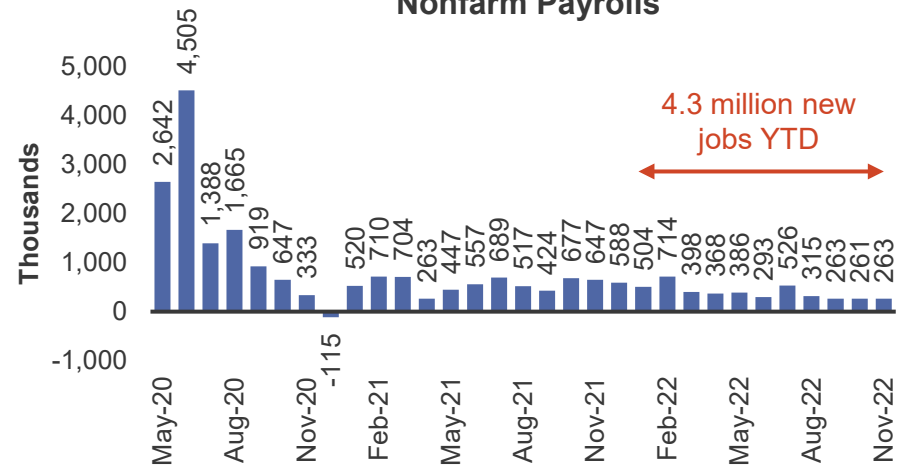
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Strong Labor Market in November, While Consumer Sentiment Fell Again

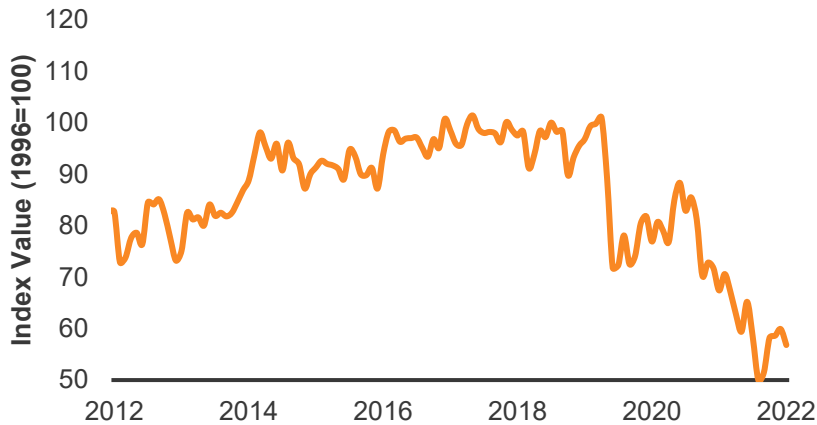
Unemployment Rate



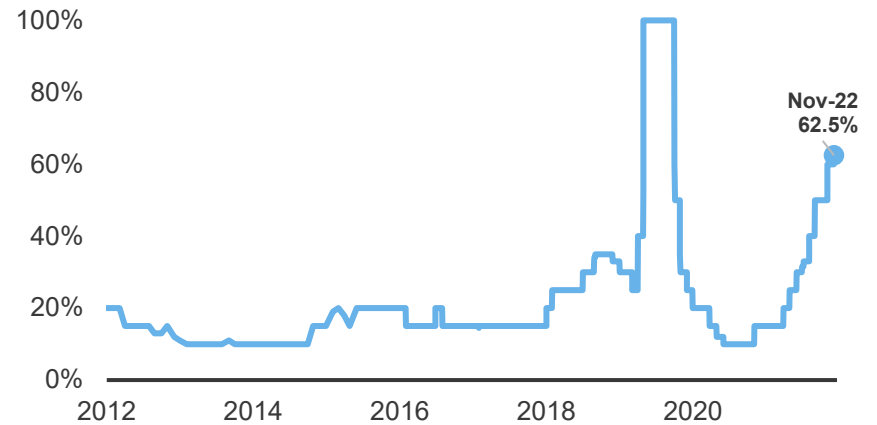
Monthly Change In Nonfarm Payrolls



Consumer Sentiment Index



U.S. 1-Year Recession Probability (Bloomberg Median Economist Forecast)



Source: Bloomberg, Bureau of Labor Statistics, as of November 2022. Data is seasonally adjusted (top right and top left). Bloomberg, University of Michigan Consumer Sentiment and underlying index components, as of November 2022 (bottom left). Bloomberg, as of November 2022 (bottom right).

Current Market Themes

Economic Highlights

- ▶ All eyes remain on Federal Reserve rate-hiking trajectory decisions, which have been in a continual battle with resistant inflation. Markets now broadly expect a 50-basis point (0.50%) increase in mid-December a modest down-throttle from recent 75-basis point (0.75%) hikes throughout 2022, but reflective of the Fed's acknowledgment of the need for higher rates still.
- ▶ Signs of a recession have increased steadily with probability indices now topping 62% and certain industries such as housing showing softening amid a series of hefty rate hikes.
- ▶ U.S. GDP accelerated at a 2.9% pace in the third quarter, modestly better than the advance release. The second estimate primarily reflected upward revisions to consumer spending and nonresidential fixed investment that were partly offset by downward revision to private inventory investment.
- ▶ The Consumer Price Index cooled more than expected in October, rising 7.7% from a year earlier, down from 8.2% the prior month. Shelter is still the inflationary boogeyman, but private sector data offers encouraging results that rent and home prices are on the decline.

Market Reaction

- ▶ Bond yields greater than one year turned lower over the final three weeks of November as expectation for a Fed down-throttle spurred the rally.
- ▶ The benchmark 6-month, 2-year, and 10-year U.S. Treasury yields finished the month at 4.65%, 4.31%, and 3.61%, up 11, down 17, and down 44 basis points (+0.11%, -0.17%, and -0.44%) for November, respectively.
- ▶ As a result of the further divergence between short and longer Treasury yields over the month, the curve has reached levels of inversion not experienced since 2000/2001. For example, the difference between the 3-month Treasury bill (4.32%) and the longer-term 10-year Treasury note (3.61%) was -71 basis points (-0.71%).
- ▶ Equities moved higher on potential Fed moderation as the S&P 500 Index surged 5.6% for the month. The Dow Jones Industrial Average and the Nasdaq Composite also rose, returning 6.0% and 4.5%, respectively.

Summary of the City's Funds

City of Reno as of
11/30/22

City of Reno Funds	Market Value ¹
Core Portfolio	\$306,536,961
Liquidity Portfolio	\$42,787,360
Liquid Funds	\$175,861,250
<i>Nevada LGIP</i>	<i>\$170,895,075</i>
<i>U.S. Bank</i>	<i>\$1,346,894</i>
<i>Bank of America</i>	<i>\$517,234</i>
<i>Wells Fargo</i>	<i>\$3,102,046</i>
Managed Account Subtotal	\$525,185,571
Reserve Fund Portfolios	\$12,149,603
Total	\$537,335,174

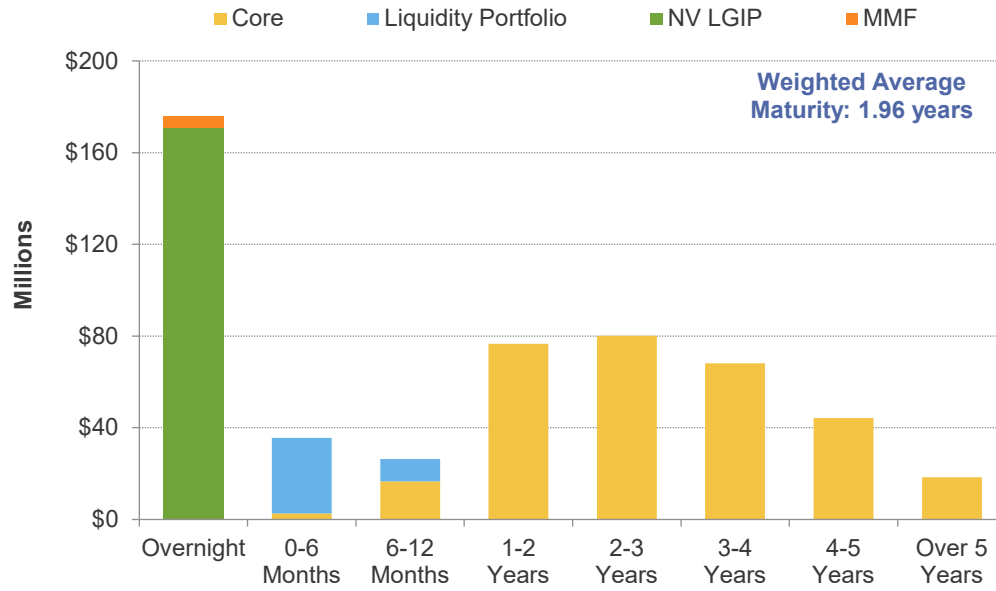
1. Market Values exclude accrued interest

Executive Summary^{1,2,3}

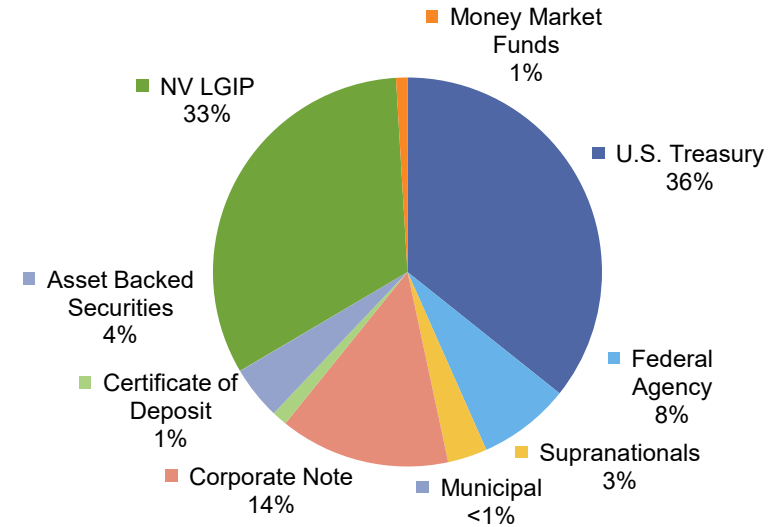
City of Reno as of
11/30/22

Account Summary	Ending Values as of 10/31/22	Ending Values as of 11/30/22
Market Value	\$542,425,772	\$525,185,571
Book Value	\$565,395,652	\$544,723,364
Unrealized Gain/(Loss)	(\$22,969,880)	(\$19,537,793)
Yield at Market	4.53%	4.33%
Yield at Cost	1.62%	1.73%

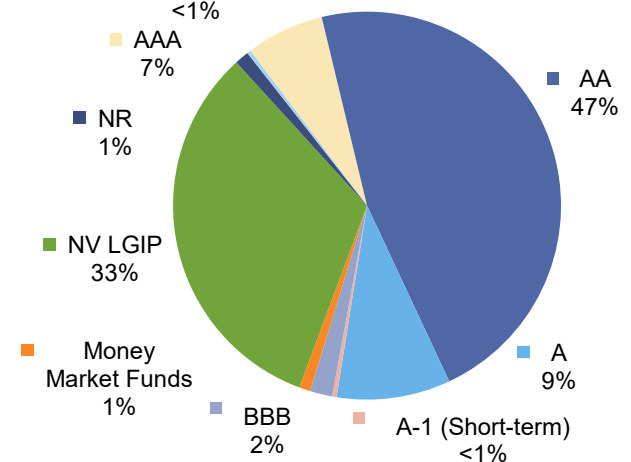
Maturity Distribution



Allocation by Security Type



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	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$187,577,136	35.7%	100%
Federal Agency	\$40,114,692	7.6%	100%
Supranationals	\$17,260,234	3.3%	15%
Corporate Note	\$74,391,669	14.2%	20%
Certificate of Deposit	\$6,596,853	1.3%	30%
Asset Backed Securities	\$23,213,380	4.4%	30%
Municipal	\$170,357	0.0%	20%
NV LGIP	\$170,895,075	32.5%	100%
Money Market Funds	\$4,966,174	0.9%	100%
Total Market Value	\$525,185,571	100%	

Maturity	Market Value	% of Portfolio	Permitted by Policy
Overnight	\$175,861,250	33.5%	No Limit
0-6 Months	\$35,597,257	6.8%	No Limit
6-12 Months	\$26,375,229	5.0%	No Limit
1-2 Years	\$76,647,800	14.6%	No Limit
2-3 Years	\$80,054,034	15.2%	No Limit
3-4 Years	\$68,109,705	13.0%	No Limit
4-5 Years	\$44,128,081	8.4%	No Limit
Over 5 Years	\$18,412,215	3.5%	No Limit
Total Market Value	\$525,185,571	100.00%	

Accrual Basis Earnings ⁴	10/31/22 through 11/30/22
Total Estimated Earnings	\$235,979

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
11/30/22

Issuer	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$187,577,136	35.7%	100%
Nevada LGIP	\$170,895,075	32.5%	100%
Federal National Mortgage Association	\$26,864,305	5.1%	100%
Federal Home Loan Mortgage Corporation	\$13,250,387	2.5%	100%
Toronto-Dominion Bank	\$6,948,379	1.3%	100%
Inter-American Development Bank	\$6,025,034	1.1%	15%
African Development Bank	\$4,999,648	1.0%	0%
Money Market Funds	\$4,966,174	0.9%	100%
American Express Co	\$4,348,672	0.8%	5%
Intl Bank Of Reconstruction And Dev	\$3,842,164	0.7%	15%
Toyota Motor Corp	\$3,041,491	0.6%	5%
Skandinaviska Enskilda Banken Ab	\$2,901,060	0.6%	5%
Carmax Auto Owner Trust	\$2,729,505	0.5%	5%
Citigroup Inc	\$2,610,911	0.5%	5%
Mercedes-Benz Auto Receivables	\$2,465,823	0.5%	5%
Westpac Banking Corp	\$2,439,078	0.5%	5%
Bmw Financial Services Na Llc	\$2,421,177	0.5%	5%
Asian Development Bank	\$2,393,388	0.5%	0%
Royal Bank Of Canada	\$2,336,883	0.4%	5%
Hyundai Auto Receivables	\$2,285,026	0.4%	5%
Wal-Mart Stores Inc	\$2,276,692	0.4%	5%
Intel Corporation	\$2,267,644	0.4%	5%
National Australia Bank Ltd	\$2,221,591	0.4%	5%
Northern Trust Corp	\$2,159,249	0.4%	5%
Goldman Sachs Group Inc	\$2,152,914	0.4%	5%
JPMorgan Chase & Co	\$2,152,448	0.4%	5%
Caterpillar Inc	\$2,072,256	0.4%	5%
Roche Holdings	\$2,043,097	0.4%	5%
IBM Corp	\$1,960,982	0.4%	5%
Bank Of New York Mellon	\$1,937,216	0.4%	5%
Nordea Bank Ab	\$1,928,411	0.4%	5%
John Deere Owner Trust	\$1,924,766	0.4%	5%
Bank Of Montreal	\$1,864,300	0.4%	5%
Daimler Truck	\$1,666,509	0.3%	5%
Deere & Company	\$1,653,616	0.3%	5%
Burlington Northern Santa Fe	\$1,628,989	0.3%	5%
Bank Of America Co	\$1,622,937	0.3%	5%
Credit Suisse Group	\$1,618,306	0.3%	5%
Discover Financial Services	\$1,583,010	0.3%	5%
AstraZeneca Finance LLC	\$1,428,882	0.3%	5%
Unitedhealth Group Inc	\$1,419,773	0.3%	5%

Issuer	Market Value	% of Portfolio	Permitted by Policy
Novartis Capital Corp	\$1,417,436	0.3%	5%
Amazon.Com Inc	\$1,417,335	0.3%	5%
Honeywell International	\$1,396,187	0.3%	5%
Bank Of Nova Scotia	\$1,396,041	0.3%	5%
Capital One Financial Corp	\$1,327,668	0.3%	5%
Kubota Credit Owners Trust	\$1,317,800	0.3%	5%
CNH Equipment Trust	\$1,240,319	0.2%	5%
Abbott Laboratories	\$1,236,838	0.2%	5%
The Walt Disney Corporation	\$1,221,584	0.2%	5%
BB&T Corporation	\$1,180,276	0.2%	5%
Wells Fargo & Company	\$1,167,467	0.2%	5%
Morgan Stanley	\$1,100,942	0.2%	5%
American Honda Finance	\$1,065,180	0.2%	5%
Target Corporation	\$1,034,433	0.2%	5%
Sumitomo Mitsui Financial Group Inc	\$989,704	0.2%	5%
Charles Schwab	\$981,747	0.2%	5%
General Dynamics Corp	\$977,119	0.2%	5%
US Bancorp	\$964,174	0.2%	5%
Comcast Corp	\$950,517	0.2%	5%
PNC Financial Services Group	\$913,387	0.2%	5%
Apple Inc	\$832,141	0.2%	5%
Gm Financial Securitized Term	\$831,855	0.2%	5%
BMW Financial Services	\$681,555	0.1%	5%
World Omni Auto Rec Trust	\$653,173	0.1%	5%
Verizon Owner Trust	\$486,567	0.1%	5%
Unilever Plc	\$476,597	0.1%	5%
Chevron Corporation	\$467,202	0.1%	5%
Verizon Communications	\$448,232	0.1%	5%
National Rural Utilities Co Finance Corp	\$429,455	0.1%	5%
Truist Financial Corp	\$422,910	0.1%	5%
Honda Auto Receivables	\$417,050	0.1%	5%
Home Depot Inc	\$230,799	<0.1%	5%
Bristol-Myers Squibb Co	\$219,697	<0.1%	5%
State of Mississippi	\$170,357	<0.1%	5%
Nissan Auto Receivables	\$120,981	<0.1%	5%
Mercedes-Benz Auto Lease Trust	\$47,183	<0.1%	5%
Harley-Davidson Motorcycle Trust	\$28,764	<0.1%	5%
Total Market Value	\$525,185,571		

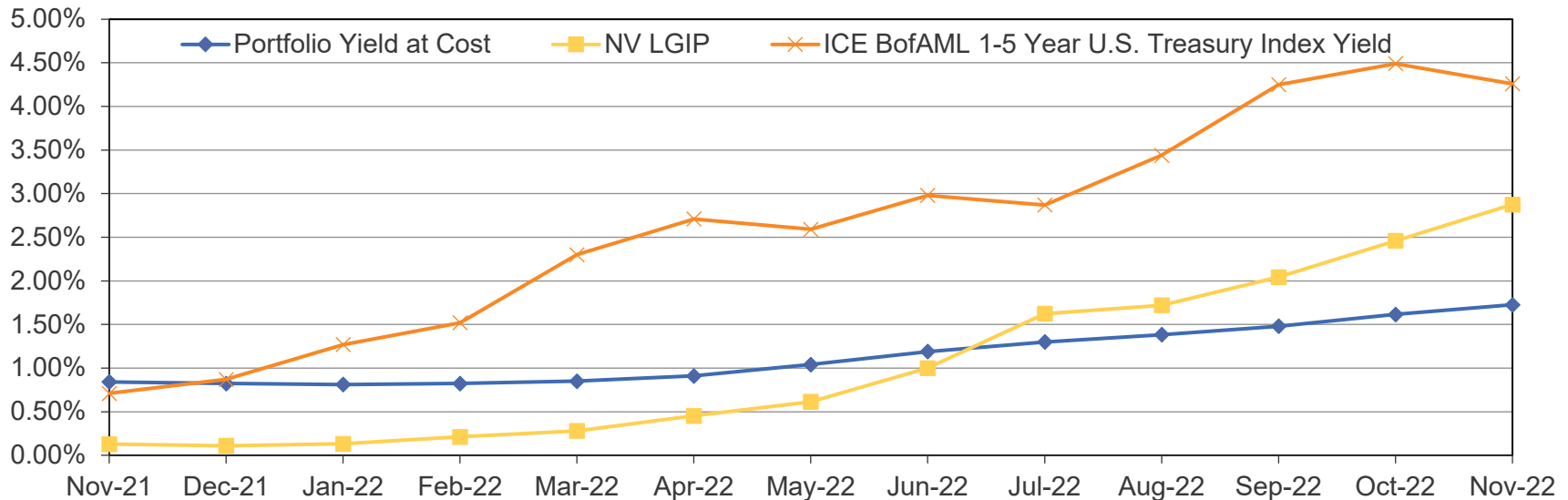
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2. Money Market Funds include the Bank of America, U.S. Bank, and Wells Fargo balances.
3. Investment policy dated October 2021.
4. Securities issued by Asian Development Bank and the African Development are compliant as they were purchased prior to the City's October 2021 investment policy update.

Portfolio Yield Summary

City of Reno as of
11/30/22

Date	Book Value ¹	Portfolio Yield (Cost) ⁴	Portfolio Duration ⁴	NV LGIP Yield (Monthly) ³	1-5 Year Treasury Index Yield ²
Jun-22	472,787,781	1.19%	2.18	1.00%	2.98%
Jul-22	531,715,560	1.30%	2.19	1.62%	2.87%
Aug-22	524,819,664	1.38%	2.21	1.72%	3.44%
Sep-22	552,483,491	1.48%	2.18	2.04%	4.25%
Oct-22	565,395,652	1.62%	2.16	2.46%	4.49%
Nov-22	544,723,364	1.73%	2.15	2.87%	4.26%

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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