

City of Reno

Monthly Investment Report

April 30, 2023

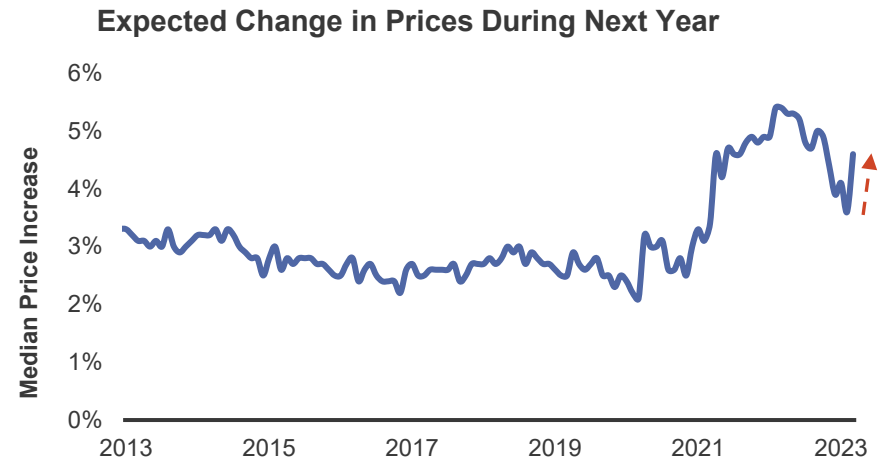
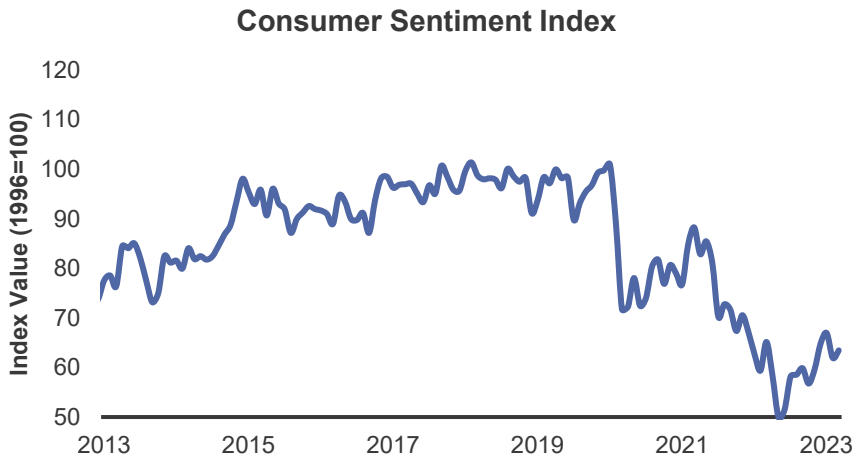
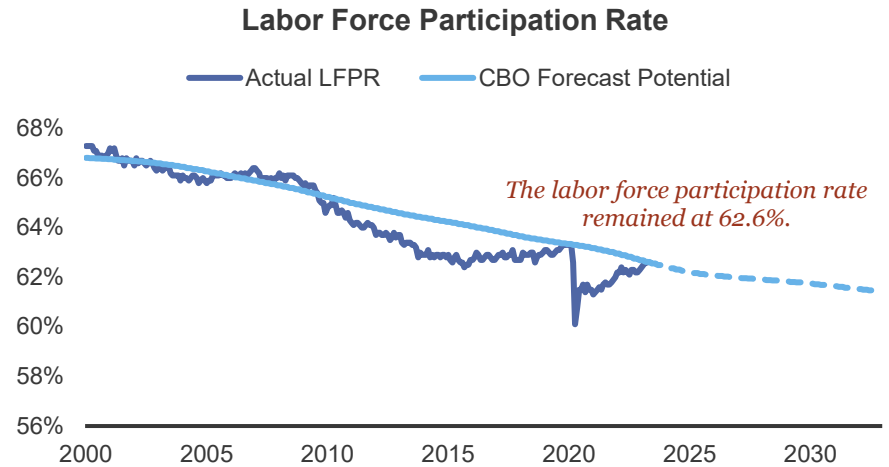
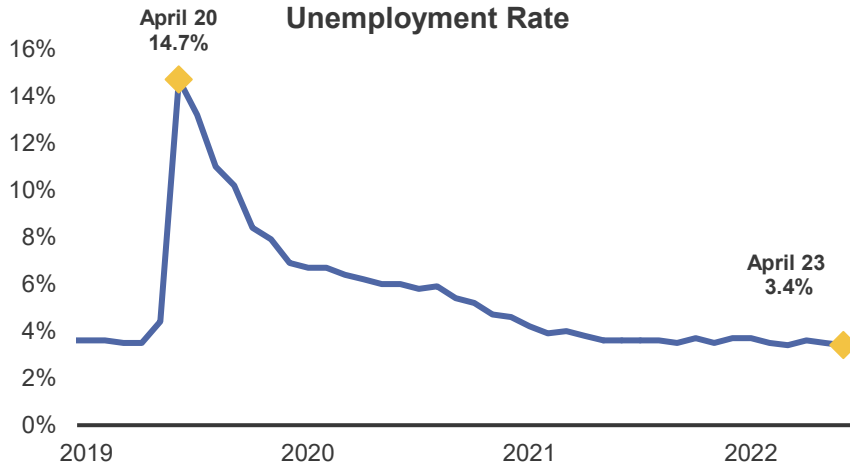
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PFM Asset Management LLC

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Unemployment Rate Fell to 3.4%; Consumers' Longer-Term Inflation Expectations Tick Higher



Source: Congressional Budget Office April 2023 economic projections, Bureau of Labor Statistics. Bloomberg, as of April 2023. Data is seasonally adjusted (top right and left). Bloomberg, University of Michigan Consumer Sentiment and underlying index components, as of April 2023 (bottom right and left).

Current Market Themes

Economic Highlights

- ▶ The 25 basis point (bp) rate hike to the fed funds target rate, widely anticipated throughout April, was announced on May 3, marking a cumulative increase of 5.0% since March of 2022, and bringing the target rate to a new range of 5.00% to 5.25%. Fed Chair Jerome Powell has made it clear that taming inflation remains top priority, despite growing regional banking concerns and mounting recession risks.
- ▶ The April employment report showed net job gains of 253,000, eclipsing expectations of 185,000 and spotlighting the resilience of labor markets. Furthermore, the unemployment rate dropped to 3.4%, matching its 20-year low and underscoring just how far the labor market is from the Fed's March projections of 4.5% by 2023 year-end.
- ▶ Consumer prices (CPI) rose 5.0% in March from a year ago. The pace of price increases in March was slowed by gasoline prices, which fell 17% year-over-year. Core inflation, which strips out food and energy, increased 0.1% to 5.6%. Prices remain elevated for food, transportation, shelter and new vehicles, underscoring the persistent challenge for the Fed.
- ▶ March retail sales fell by 1.0% over the month, outpacing expectations of a 0.4% drop and signaling back-to-back monthly declines. The main driver of recent declines was spending at U.S. retailers, attributed to a consumer pullback as banking sector woes re-stoked recession fears.

Market Reaction

- ▶ The U.S. Treasury yield curve inverted further over April as shorter maturities (less than one year) increased and those beyond two years declined by 5 to 10 bps (0.05% to 0.10%).
- ▶ The benchmark 3-month, 2-year, and 5-year U.S. Treasury yields finished the month at 5.03%, 4.00%, and 3.48%, moving up 34, down 2, and down 9 basis points during April, respectively.
- ▶ U.S. Treasury index returns were firmly positive in April. The ICE BofA 3-month, 2-year, and 5-year U.S. Treasury indices returned 0.31%, 0.20%, and 0.66%, respectively, for the month.

Summary of the City's Funds

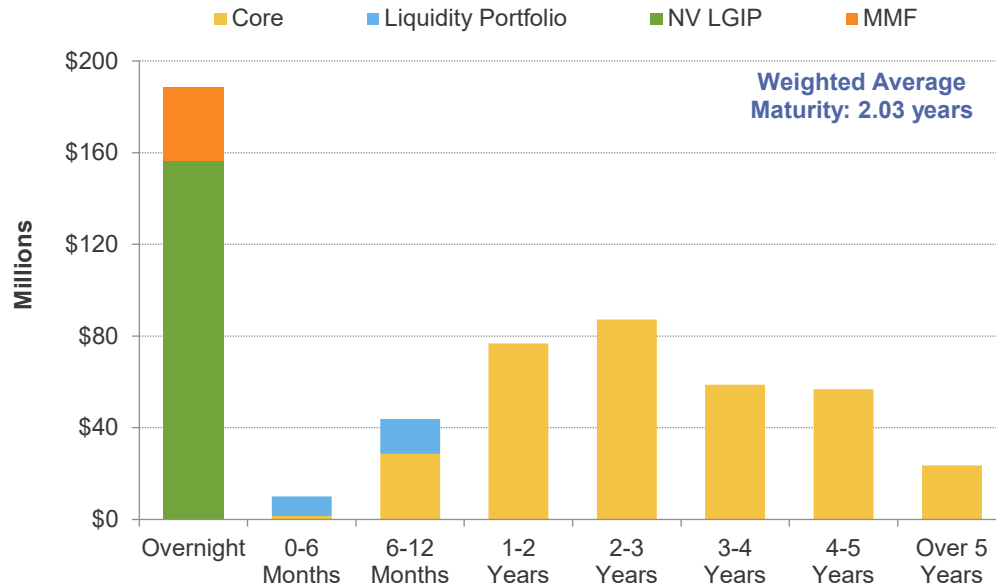
City of Reno as of
4/30/23

City of Reno Funds	Market Value ¹
Core Portfolio	\$332,885,943
Liquidity Portfolio	\$23,749,106
Liquid Funds	\$188,508,109
<i>Nevada LGIP</i>	<i>\$156,661,038</i>
<i>U.S. Bank</i>	<i>\$14,309,895</i>
<i>Bank of America</i>	<i>\$231,244</i>
<i>Wells Fargo</i>	<i>\$17,305,932</i>
Managed Account Subtotal	\$545,143,157
Reserve Fund Portfolios	\$12,347,525
Total	\$557,490,683

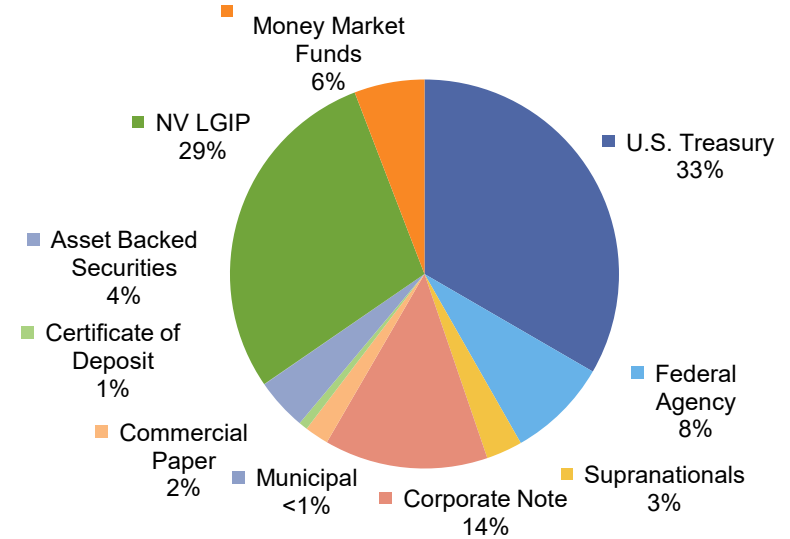
1. Market Values exclude accrued interest

Account Summary	Ending Values as of 3/31/23	Ending Values as of 4/30/23
Market Value	\$527,815,965	\$545,143,157
Book Value	\$541,866,538	\$558,272,505
Unrealized Gain/(Loss)	(\$14,050,573)	(\$13,129,348)
Yield at Market	4.18%	4.23%
Yield at Cost	2.16%	2.27%

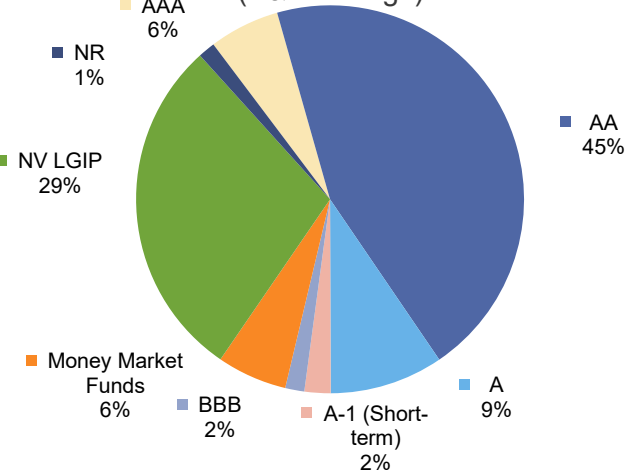
Maturity Distribution



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

City of Reno as of
4/30/23

Security Type	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$181,864,400	33.4%	100%
Federal Agency	\$45,779,002	8.4%	100%
Supranationals	\$16,384,937	3.0%	15%
Corporate Note	\$74,155,332	13.6%	20%
Commercial Paper	\$10,860,091	2.0%	20%
Certificate of Deposit	\$3,997,311	0.7%	30%
Asset Backed Securities	\$23,420,713	4.3%	30%
Municipal	\$173,262	<0.1%	20%
NV LGIP	\$156,661,038	28.7%	100%
Money Market Funds	\$31,847,071	5.8%	100%
Total Market Value	\$545,143,157	100.0%	

Maturity	Market Value	% of Portfolio	Permitted by Policy
Overnight	\$188,508,109	34.6%	No Limit
0-6 Months	\$9,981,888	1.8%	No Limit
6-12 Months	\$43,750,259	8.0%	No Limit
1-2 Years	\$76,773,076	14.1%	No Limit
2-3 Years	\$87,219,484	16.0%	No Limit
3-4 Years	\$58,679,351	10.8%	No Limit
4-5 Years	\$56,728,020	10.4%	No Limit
Over 5 Years	\$23,502,970	4.3%	No Limit
Total Market Value	\$545,143,157	100.0%	

Accrual Basis Earnings ⁴	3/31/23 through 4/30/23
Total Estimated Earnings	\$599,010

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 December 2022.
4. Excludes earnings on Liquid Funds.

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

City of Reno as of
4/30/23

Issuer	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$181,864,400	33.4%	100%
Nevada LGIP	\$156,661,038	28.7%	100%
Money Market Funds	\$31,847,071	5.8%	100%
Federal National Mortgage Association	\$26,561,922	4.9%	100%
Federal Home Loan Mortgage Corporation	\$15,607,809	2.9%	100%
Mitsubishi Ufj Financial Group Inc	\$8,450,461	1.6%	5%
Toronto-Dominion Bank	\$6,960,246	1.3%	5%
Inter-American Development Bank	\$6,136,444	1.1%	15%
Credit Agricole SA	\$5,428,629	1.0%	5%
African Development Bank	\$5,115,140	0.9%	0%
Discover Financial Services	\$3,512,394	0.6%	5%
American Express Co	\$3,257,308	0.6%	5%
Comcast Corp	\$3,032,863	0.6%	5%
Skandinaviska Enskilda Banken Ab	\$2,921,829	0.5%	5%
Intl Bank Of Reconstruction And Dev	\$2,684,217	0.5%	15%
Citigroup Inc	\$2,658,930	0.5%	5%
Toyota Motor Corp	\$2,523,892	0.5%	5%
Mercedes-Benz Auto Receivables	\$2,487,189	0.5%	5%
Government National Mortgage Association	\$2,471,742	0.5%	100%
Asian Development Bank	\$2,449,136	0.4%	0%
Carmax Auto Owner Trust	\$2,447,749	0.4%	5%
Bmw Financial Services Na Llc	\$2,446,883	0.4%	5%
Westpac Banking Corp	\$2,446,015	0.4%	5%
Royal Bank Of Canada	\$2,369,698	0.4%	5%
Wal-Mart Stores Inc	\$2,308,929	0.4%	5%
Intel Corporation	\$2,298,089	0.4%	5%
National Australia Bank Ltd	\$2,243,015	0.4%	5%
JPMorgan Chase & Co	\$2,192,130	0.4%	5%
Goldman Sachs Group Inc	\$2,176,748	0.4%	5%
Northern Trust Corp	\$2,152,049	0.4%	5%
Hyundai Auto Receivables	\$2,108,976	0.4%	5%
Roche Holdings	\$2,070,347	0.4%	5%
IBM Corp	\$1,983,208	0.4%	5%
Nordea Bank Ab	\$1,942,667	0.4%	5%
Bank Of New York Mellon	\$1,937,440	0.4%	5%
Bank Of Montreal	\$1,883,228	0.3%	5%
John Deere Owner Trust	\$1,882,712	0.3%	5%
Deere & Company	\$1,686,537	0.3%	5%
Daimler Truck	\$1,681,451	0.3%	5%
Burlington Northern Santa Fe	\$1,648,496	0.3%	5%
AstraZeneca Finance LLC	\$1,465,184	0.3%	5%

Issuer	Market Value	% of Portfolio	Permitted by Policy
Honeywell International	\$1,440,054	0.3%	5%
Amazon.Com Inc	\$1,439,877	0.3%	5%
Unitedhealth Group Inc	\$1,437,164	0.3%	5%
Novartis Capital Corp	\$1,434,120	0.3%	5%
Bank Of Nova Scotia	\$1,408,242	0.3%	5%
Capital One Financial Corp	\$1,354,931	0.2%	5%
Kubota Credit Owners Trust	\$1,333,563	0.2%	5%
The Walt Disney Corporation	\$1,236,472	0.2%	5%
BB&T Corporation	\$1,181,436	0.2%	5%
Wells Fargo & Company	\$1,180,762	0.2%	5%
Federal Home Loan Bank	\$1,137,529	0.2%	100%
Morgan Stanley	\$1,114,998	0.2%	5%
American Honda Finance	\$1,085,581	0.2%	5%
CNH Equipment Trust	\$1,058,815	0.2%	5%
Target Corporation	\$1,051,260	0.2%	5%
Caterpillar Inc	\$983,612	0.2%	5%
General Dynamics Corp	\$979,045	0.2%	5%
US Bancorp	\$965,973	0.2%	5%
PNC Financial Services Group	\$916,287	0.2%	5%
Apple Inc	\$845,282	0.2%	5%
Gm Financial Securitized Term	\$746,820	0.1%	5%
BMW Financial Services	\$686,266	0.1%	5%
World Omni Auto Rec Trust	\$663,947	0.1%	5%
Unilever Plc	\$483,347	0.1%	5%
Chevron Corporation	\$472,885	0.1%	5%
Verizon Communications	\$449,789	0.1%	5%
National Rural Utilities Co Finance Corp	\$434,943	0.1%	5%
Truist Financial Corp	\$416,917	0.1%	5%
Honda Auto Receivables	\$405,134	0.1%	5%
Home Depot Inc	\$232,684	<0.1%	5%
Bristol-Myers Squibb Co	\$224,453	<0.1%	5%
State of Mississippi	\$173,262	<0.1%	5%
Verizon Owner Trust	\$130,622	<0.1%	5%
Nissan Auto Receivables	\$32,874	<0.1%	5%
Total	\$545,143,157		

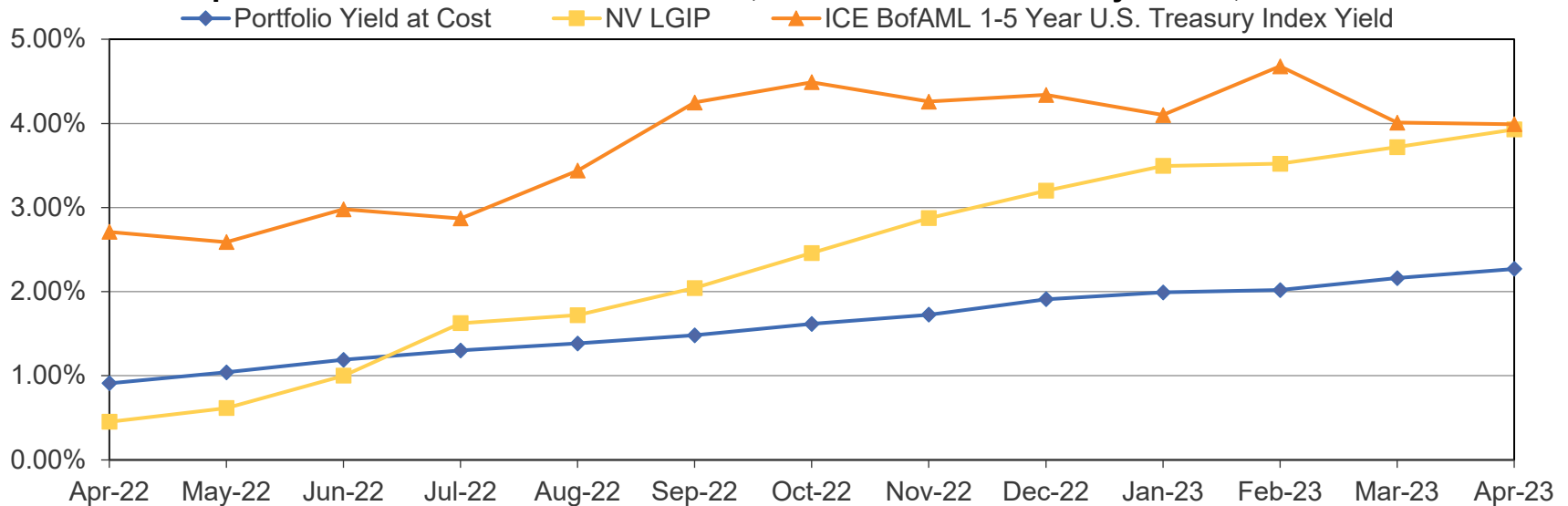
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2. Money Market Funds include the Bank of America, U.S. Bank, and Wells Fargo balances.
3. Investment policy dated December 2022.
4. Securities issued by Asian Development Bank and the African Development are compliant as they were purchased prior to the City's October 2021 investment policy update.

Portfolio Yield Summary

City of Reno as of
4/30/23

Date	Book Value ¹	Portfolio Yield (Cost) ⁴	Portfolio Duration ⁴	NV LGIP Yield (Monthly) ³	1-5 Year Treasury Index Yield ²
Nov-22	544,723,364	1.73%	2.15	2.87%	4.26%
Dec-22	524,842,707	1.91%	2.26	3.20%	4.34%
Jan-23	535,423,677	1.99%	2.26	3.50%	4.10%
Feb-23	528,389,809	2.02%	2.19	3.52%	4.68%
Mar-23	541,866,538	2.16%	2.25	3.72%	4.01%
Apr-23	558,272,505	2.27%	2.22	3.93%	3.99%

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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