

City of Reno

Monthly Investment Report

January 31, 2024

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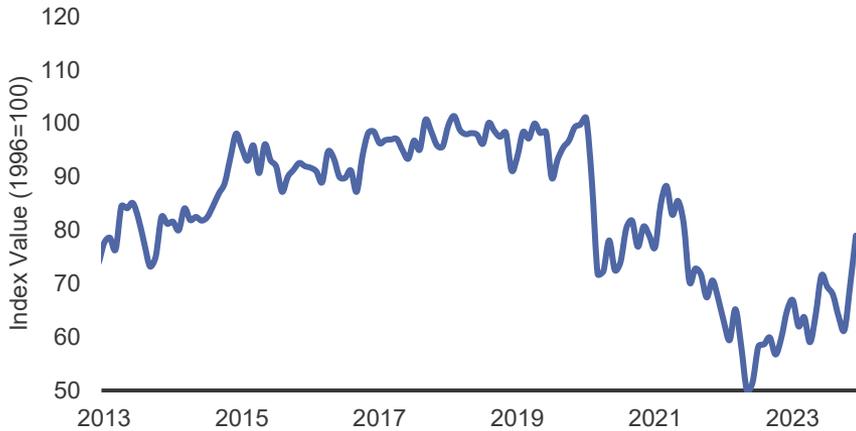
PFM Asset Management LLC

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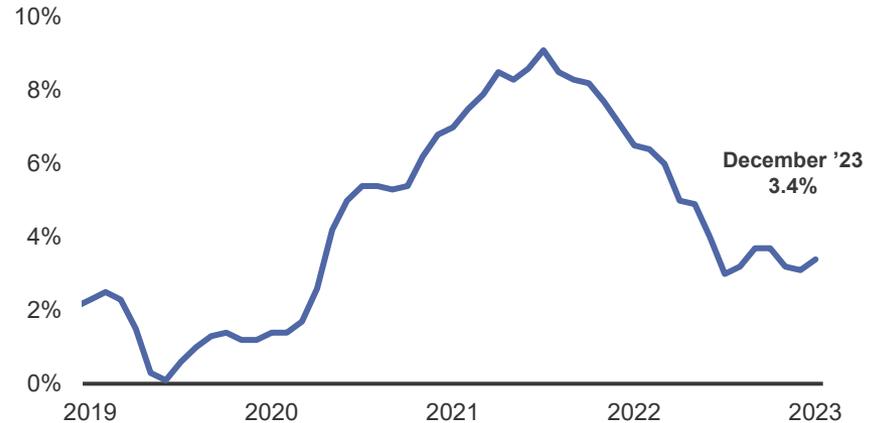
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Sentiment Soars As Consumers Digest Cooling Inflation And A Resilient Labor Market

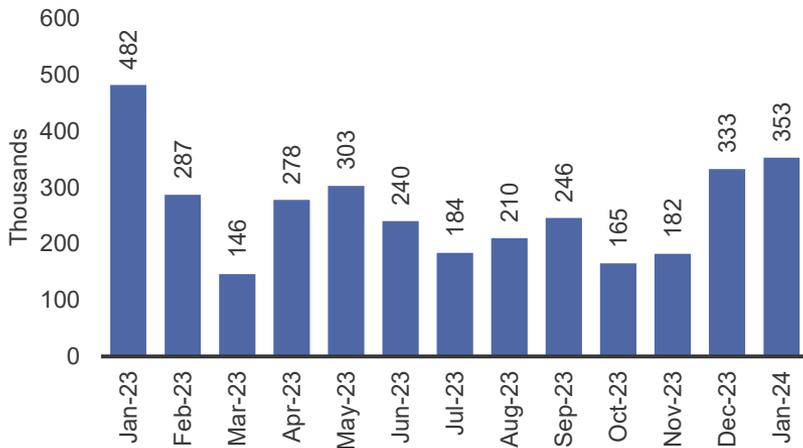
Consumer Sentiment Index



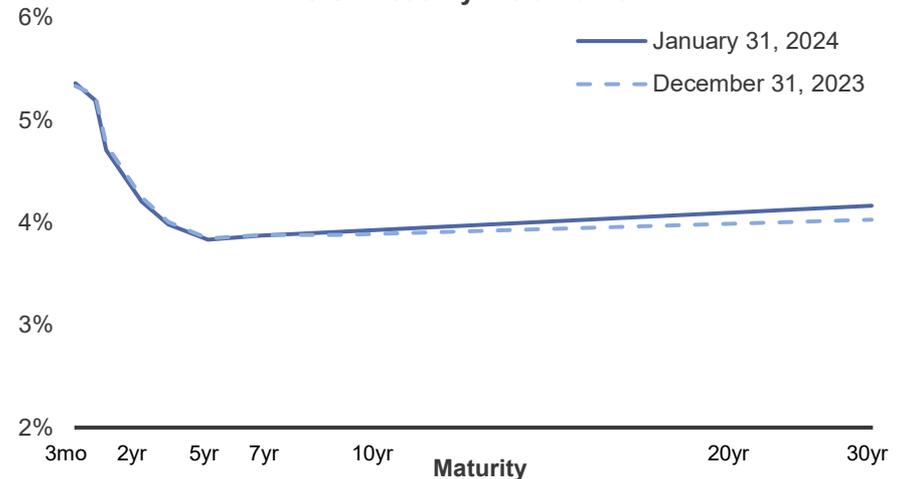
Consumer Price Index % Change YoY



Monthly Change In Nonfarm Payrolls



U.S. Treasury Yield Curve



Source: Bloomberg, University of Michigan Consumer Sentiment and underlying index components, as of January 2024. (Top Left). Bloomberg, Bureau of Labor Statistics as of December 2023 (Top Right). Bureau of Labor Statistics. Bloomberg, as of January 2024. Data is seasonally adjusted. (Bottom Left). Bloomberg, as of January 31, 2024 (Bottom Right).

Market Summary

Economic Highlights

- ▶ Inflation, as measured by the month-over-month change in the consumer price index (CPI), was 0.3% in January, and 3.1% on a year-over-year basis, coming in higher than expected. Shelter contributed over two thirds of the monthly all items increase. Meanwhile, core CPI (which excludes food and energy) came in at 3.9%, the same increase for the twelve months ended December 2023. December's core CPI reading of 3.9% marked the first time since 2021 that core CPI came in below 4%.
- ▶ The labor market remains as strong as ever and is a gusty tailwind to the outlook for consumers. Monthly job growth wowed again in February as 353,000 jobs were added on the heels of January's gains of 333,000. These were the largest monthly gains in over a year. Wage growth remains robust and has now outpaced headline CPI for eight consecutive months, while the unemployment rate of 3.7% remains near all-time lows.
- ▶ Initial estimates suggest that real gross domestic product (GDP) increased at an annual rate of 3.3% in the fourth quarter of 2023, firmly besting estimates of 2.0%. Consumer spending continued to lead the way as the fourth quarter reading of 2.8% only modestly trailed third quarter's torrid 3.1% pace.
- ▶ The Federal Reserve (Fed) kept the overnight target rate unchanged at its current range of 5.25% to 5.50% at the conclusion of its meeting on January 31 and continued to push back on market expectations that a rate cut was imminent. In the post-meeting press conference, Chair Jerome Powell once again noted the importance of incoming data for policy decisions and balancing the risks of cutting the overnight rate too soon.

Market Reaction

- ▶ The U.S. Treasury yield curve steepened over the month as maturities inside 10 years ended January modestly lower. 10- and 30-year U.S. Treasury maturities moved higher as the longer-term economic outlook and expectations for Fed balance sheet reductions firmed. The benchmark 2-, 5- and 10-year U.S. Treasuries finished the month at 4.21%, 3.84% and 3.91%, changing by -4, -1 and +3 basis points for the month, respectively.
- ▶ The ICE BofA 2-, 5- and 10-year Treasury indices returned 1.12%, 2.30% and 4.04%, respectively, for the month as the benefits of higher income on fixed income securities buoyed total returns.
- ▶ Equity markets maintained momentum from Q4 through January as the S&P 500 Index and Dow Jones Industrial Average both hit new all-time highs, increasing by 1.7% and 1.3% for the month, respectively.

Summary of the City's Funds

City of Reno as of
1/31/24

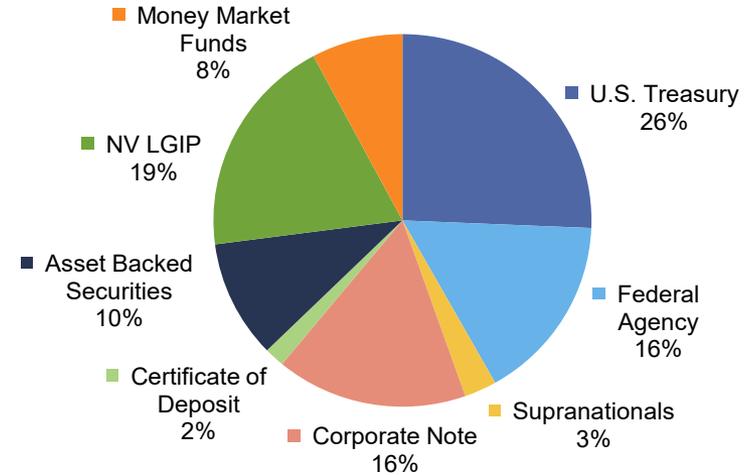
City of Reno Funds	Market Value ¹
Core Portfolio	\$344,442,918
Liquidity Portfolio	\$23,386,220
Liquid Funds	\$136,430,372
<i>Nevada LGIP</i>	<i>\$97,057,635</i>
<i>U.S. Bank</i>	<i>\$1,482,021</i>
<i>Wells Fargo</i>	<i>\$37,890,717</i>
Managed Account Subtotal	\$504,259,510
Reserve Fund Portfolios	\$12,186,346
Total	\$516,445,857

1. Market Values exclude accrued interest

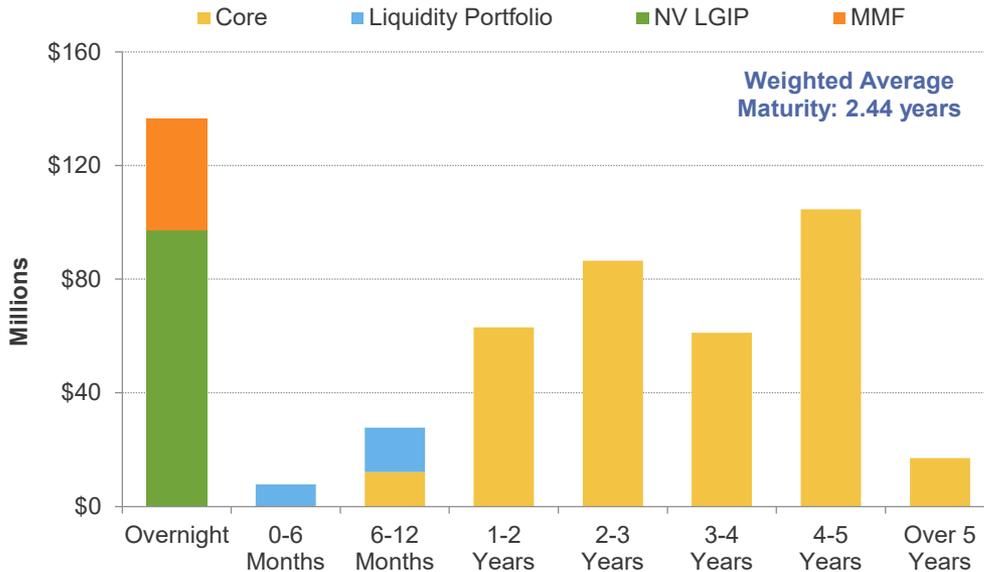


Account Summary	Ending Values as of 12/31/23	Ending Values as of 1/31/24
Market Value	\$486,980,964	\$504,259,510
Book Value	\$492,724,153	\$509,623,014
Unrealized Gain/(Loss)	(\$5,743,189)	(\$5,363,503)
Yield at Market	4.42%	4.45%
Yield at Cost	3.54%	3.60%

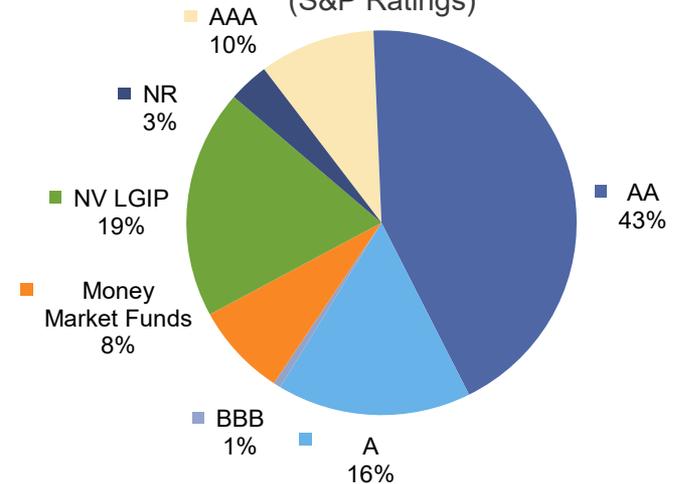
Allocation by Security Type



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
1/31/24

Security Type	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$129,343,389	25.7%	100%
Federal Agency	\$81,632,611	16.2%	100%
Supranationals	\$13,955,945	2.8%	15%
Corporate Note	\$82,615,982	16.4%	20%
Certificate of Deposit	\$8,715,627	1.7%	30%
Asset Backed Securities	\$51,565,585	10.2%	30%
NV LGIP	\$97,057,635	19.2%	100%
Money Market Funds	\$39,372,737	7.8%	100%
Total Market Value	\$504,259,510	100.0%	

Maturity	Market Value	% of Portfolio	Permitted by Policy
Overnight	\$136,430,372	27.1%	No Limit
0-6 Months	\$7,731,966	1.5%	No Limit
6-12 Months	\$27,741,823	5.5%	No Limit
1-2 Years	\$63,058,133	12.5%	No Limit
2-3 Years	\$86,569,810	17.2%	No Limit
3-4 Years	\$61,152,385	12.1%	No Limit
4-5 Years	\$104,588,754	20.7%	No Limit
Over 5 Years	\$16,986,269	3.4%	No Limit
Total Market Value	\$504,259,510	100.0%	

Accrual Basis Earnings ⁴	12/31/23 through 1/31/24
Total Estimated Earnings	\$891,683

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 September 2023.
4. Excludes earnings on Liquid Funds.

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

City of Reno as of
1/31/24

Issuer	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$129,343,389	25.7%	100%
Nevada LGIP	\$97,057,635	19.2%	100%
Federal Home Loan Mortgage Corporation	\$55,210,934	10.9%	100%
Money Market Funds	\$39,372,737	7.8%	100%
Federal National Mortgage Association	\$20,088,141	4.0%	100%
Bank Of America Co	\$9,461,167	1.9%	5%
Toronto-Dominion Bank	\$6,699,198	1.3%	5%
Wells Fargo & Company	\$5,307,316	1.1%	5%
African Development Bank	\$5,184,664	1.0%	0%
Royal Bank Of Canada	\$4,965,275	1.0%	5%
Discover Financial Services	\$4,786,372	0.9%	5%
JPMorgan Chase & Co	\$3,891,281	0.8%	5%
Bank of America Auto Trust	\$3,656,499	0.7%	5%
Daimler Truck	\$3,499,883	0.7%	5%
Rabobank Nederland	\$3,317,146	0.7%	5%
American Express Co	\$3,292,209	0.7%	5%
Bmw Financial Services Na Llc	\$3,084,737	0.6%	5%
Mitsubishi Ufj Financial Group Inc	\$3,014,283	0.6%	5%
Capital One Financial Corp	\$2,910,657	0.6%	5%
Intl Bank Of Reconstruction And Dev	\$2,714,853	0.5%	15%
USAA Auto Owner Trust	\$2,710,802	0.5%	5%
Chase Issurance	\$2,619,033	0.5%	5%
John Deere Owner Trust	\$2,600,889	0.5%	5%
Sumitomo Mitsui Financial Group Inc	\$2,570,566	0.5%	5%
Deere & Company	\$2,559,359	0.5%	5%
Mercedes-Benz Group AG	\$2,534,120	0.5%	5%
National Rural Utilities Co Finance Corp	\$2,500,551	0.5%	5%
Asian Development Bank	\$2,489,223	0.5%	0%
Mercedes-Benz Auto Receivables	\$2,470,625	0.5%	5%
American Honda Finance	\$2,462,824	0.5%	5%
Westpac Banking Corp	\$2,462,203	0.5%	5%
Honda Auto Receivables	\$2,365,702	0.5%	5%
Fifth Third Auto Trust	\$2,356,343	0.5%	5%
Natixis NY Branch	\$2,351,589	0.5%	5%
Hyundai Auto Receivables	\$2,338,234	0.5%	5%
Intel Corporation	\$2,296,951	0.5%	5%
Wal-Mart Stores Inc	\$2,279,714	0.5%	5%
National Australia Bank Ltd	\$2,259,649	0.4%	5%
Government Nat'l Mortgage Association	\$2,206,298	0.4%	100%
Northern Trust Corp	\$2,169,746	0.4%	5%

Issuer	Market Value	% of Portfolio	Permitted by Policy
Bank Of Montreal	\$2,149,064	0.4%	5%
Roche Holdings	\$2,095,210	0.4%	5%
Comcast Corp	\$2,054,114	0.4%	5%
Inter-American Development Bank	\$2,044,882	0.4%	15%
Analog Devices Inc	\$2,040,381	0.4%	5%
Carmax Auto Owner Trust	\$2,034,015	0.4%	5%
IBM Corp	\$1,972,026	0.4%	5%
META Platforms Inc	\$1,664,154	0.3%	5%
Kubota Credit Owners Trust	\$1,627,310	0.3%	5%
Bank Of New York Mellon	\$1,600,822	0.3%	5%
International Finance Corporation	\$1,522,323	0.3%	15%
AstraZeneca Finance LLC	\$1,482,674	0.3%	5%
Honeywell International	\$1,451,362	0.3%	5%
Bank Of Nova Scotia	\$1,449,105	0.3%	5%
State Street Corporation	\$1,432,157	0.3%	5%
Unitedhealth Group Inc	\$1,430,885	0.3%	5%
Volkswagen Auto	\$1,412,670	0.3%	5%
Citigroup Inc	\$1,404,225	0.3%	5%
Toyota Motor Corp	\$1,344,336	0.3%	5%
Gm Financial Securitized Term	\$1,335,484	0.3%	5%
Paccar Financial Corp	\$1,331,625	0.3%	5%
Ally Auto Receivables Trust	\$1,233,550	0.2%	5%
BMW Financial Services	\$1,215,490	0.2%	5%
Morgan Stanley	\$1,136,695	0.2%	5%
Target Corporation	\$1,056,435	0.2%	5%
Lockheed Martin Corp	\$1,000,800	0.2%	5%
Ford Credit Auto Owner Trust	\$989,030	0.2%	5%
US Bancorp	\$985,086	0.2%	5%
Caterpillar Inc	\$984,977	0.2%	5%
PNC Financial Services Group	\$938,178	0.2%	5%
Nissan Auto Receivables	\$644,324	0.1%	5%
Pepsico Inc	\$615,852	0.1%	5%
CNH Equipment Trust	\$596,065	0.1%	5%
Unilever Plc	\$497,071	0.1%	5%
Chevron Corporation	\$480,389	0.1%	5%
Verizon Communications	\$452,105	0.1%	5%
World Omni Auto Rec Trust	\$439,271	0.1%	5%
Truist Financial Corp	\$424,370	0.1%	5%
Bristol-Myers Squibb Co	\$228,207	0.0%	5%
Total	\$504,259,510		

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 September 2023.

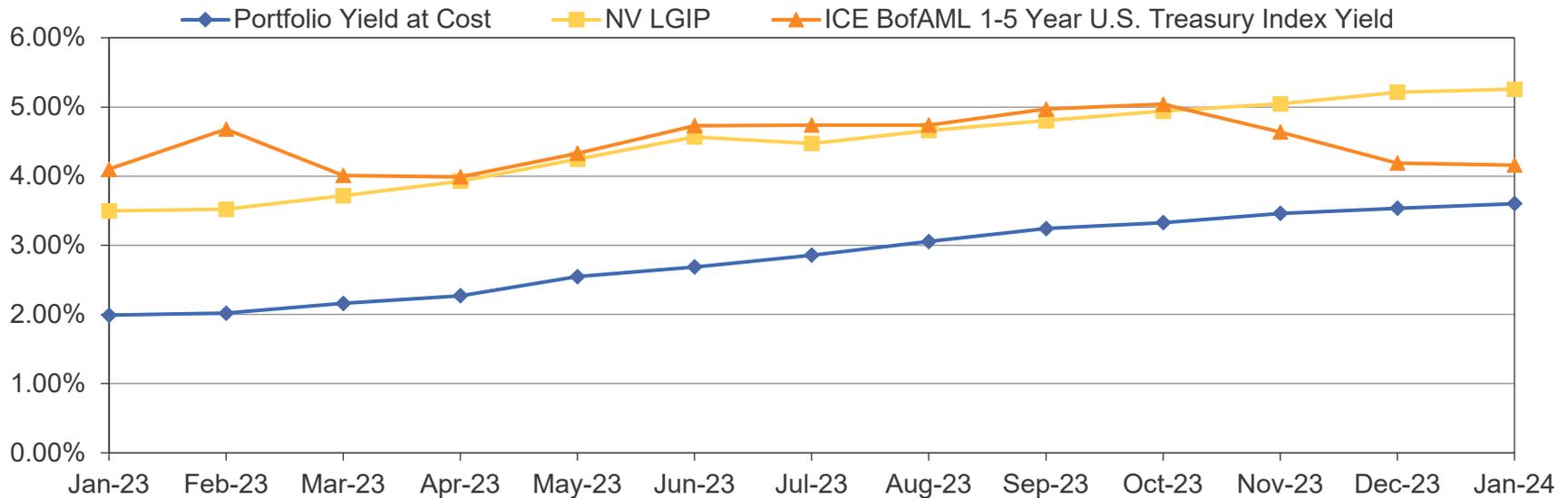
4. Securities issued by Asian Development Bank and the African Development are compliant as they were purchased prior to the City's October 2021 investment policy update.

Portfolio Yield Summary

City of Reno as of
1/31/24

Date	Book Value ¹	Portfolio Yield (Cost) ⁴	Portfolio Duration ⁴	NV LGIP Yield (Monthly) ³	1-5 Year Treasury Index Yield ²
Aug-23	496,692,040	3.05%	2.35	4.66%	4.74%
Sept-23	509,119,003	3.24%	2.34	4.80%	4.97%
Oct-23	522,245,943	3.33%	2.30	4.94%	5.04%
Nov-23	516,363,113	3.46%	2.34	5.04%	4.64%
Dec-23	492,724,153	3.54%	2.37	5.21%	4.19%
Jan-24	509,623,014	3.60%	2.38	5.26%	4.16%

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.

During the reporting period for the month ended January 31, 2024, the account(s) managed by PFM Asset Management ("PFMAM") were in compliance with the applicable investment policy and guidelines as furnished to PFMAM.

Acknowledged : *PFM Asset Management LLC*



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

Investment advisory services are provided by PFM Asset Management LLC (“PFMAM”), an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. (“USBAM”). USBAM is a subsidiary of U.S. Bank National Association (“U.S. Bank”). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM. The information contained is not an offer to purchase or sell any securities. Additional applicable regulatory information is available upon request.

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