

City of Reno

Monthly Investment Report

March 31, 2024

480-271-0432 | pfmam.com

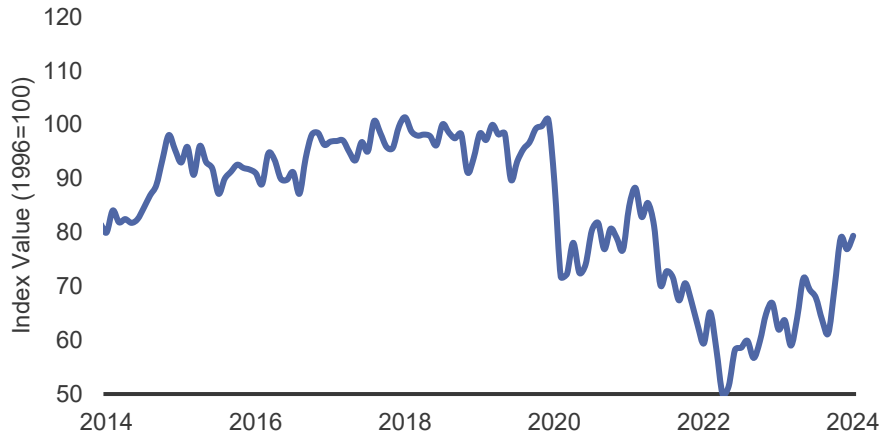
PFM Asset Management LLC

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

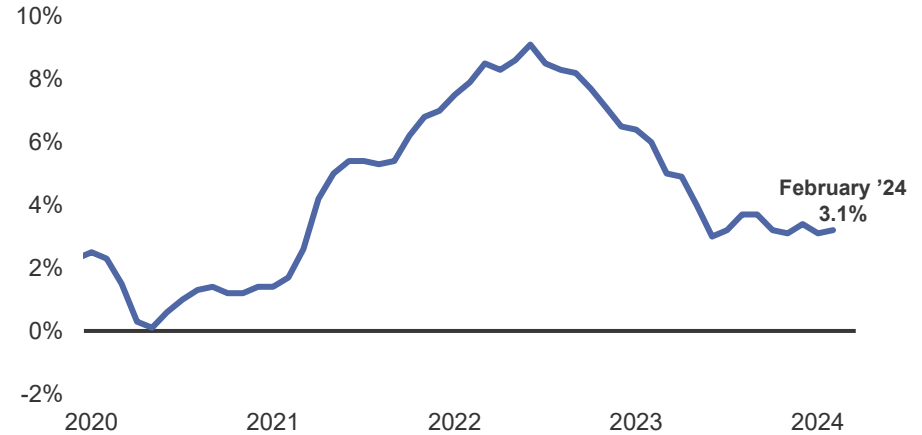
For Institutional Investor or Investment Professional
Use Only – This material is not for inspection by,
distribution to, or quotation to the general public

Barkin: "That's a quite strong jobs report"; Treasury Yields Remain Relatively Unchanged

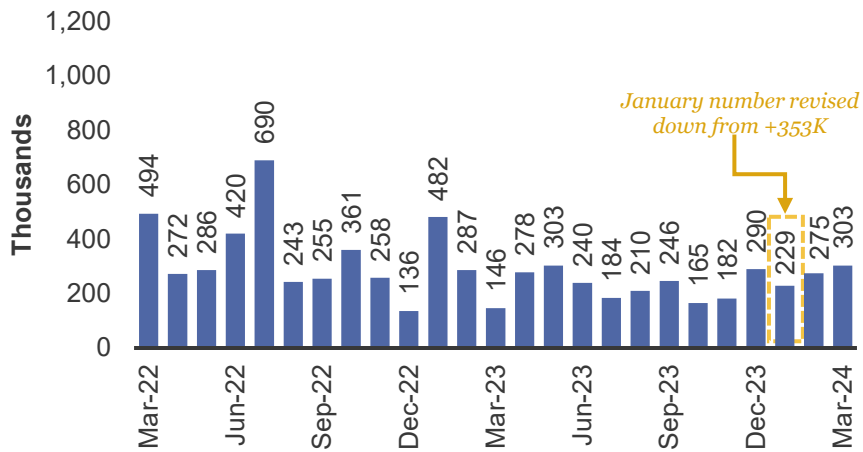
Consumer Sentiment Index



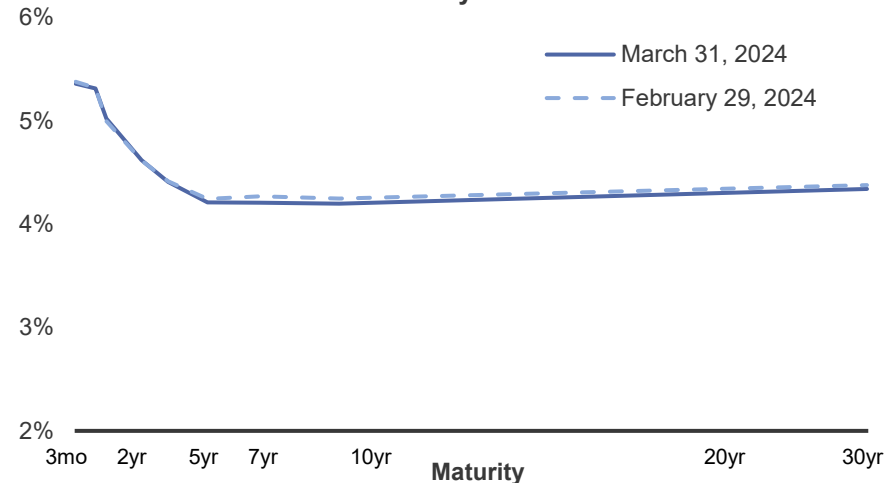
Consumer Price Index % Change YoY



Monthly Change In Nonfarm Payrolls



U.S. Treasury Yield Curve



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

Market Summary

Economic Highlights

- ▶ Inflation readings released in March were mixed: the year over- year (YoY) change in the Consumer Price Index (CPI) fell by 0.1% to 3.8%, while the Personal Consumption Expenditures Price Index (PCE) rose slightly to 2.5% in February. In a reversal of recent trends, PCE goods prices rose faster than prices in the services sector largely due to rising energy prices. Housing and utilities inflation remained elevated. The YoY change in Core PCE (which excludes volatile food and energy components) fell slightly to 2.8%, marking the fourteenth consecutive month of declines.
- ▶ Job growth in March came in at 303,000, well above expectations. The unemployment rate ticked back down to 3.8% from 3.9%, while wage growth continued to outpace inflation.
- ▶ The final reading for Q4 real gross domestic product (GDP) came in at 3.4%, which was slightly higher than previous estimates. Consumer spending rose at a 3.4% pace in Q4, even better than Q3's robust 3.1% growth rate.
- ▶ As expected, the Federal Reserve (Fed) left the target range for the federal funds rate unchanged at the March FOMC meeting (5.25% to 5.50%). The Fed also released the quarterly update to its Summary of Economic Projections, which continued to show three rate cuts in calendar year 2024, but one less cut in 2025. During the press conference, Fed Chair Jerome Powell reiterated that the Fed needs greater confidence that inflation is moving sustainably down toward its 2% target before reducing rates. It would also like to see the labor market move into better balance. Stubborn inflation and stronger fundamental economic data will likely delay any rate cuts until later in the year.

Market Reaction

- ▶ Despite trading over a 20-30 basis point (bps) range during March, U.S. Treasury yields finished the month relatively unchanged.
- ▶ As a result of modest month-over-month yield changes, income was the primary driver of returns for the month. The ICE BofA 2-, 5-, and 10-year Treasury indices returned 0.31%, 0.47%, and 0.63%, respectively.
- ▶ Equity markets remained very positive as the S&P 500 Index ended the month at a new all-time high after generating a 3.2% return in March. Market performance began to broaden out as the rally extended beyond the so-called "Magnificent Seven," which drove index returns over the past five quarters. The Dow Jones Industrial Average also marked a new record after climbing 2.2%, while the NASDAQ grew by 1.8%. International equities (as measured by the MSCI ACWI ex U.S.) also maintained a stellar start to the year, finishing March up 3.1%.

Summary of the City's Funds

City of Reno as of
3/31/24

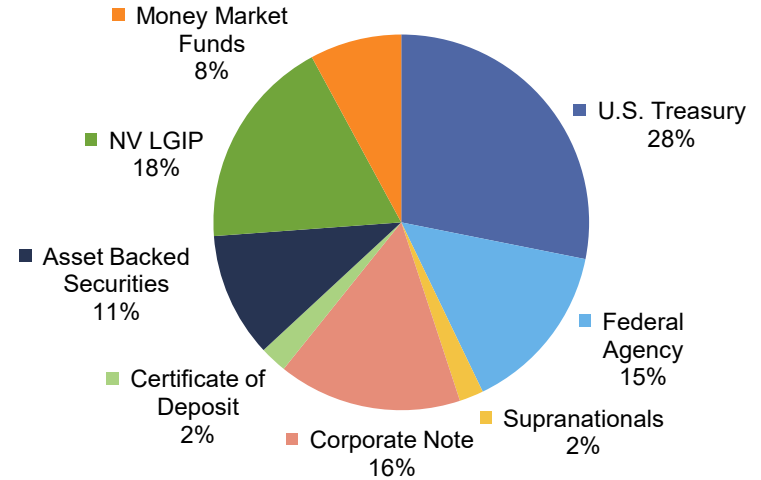
City of Reno Funds	Market Value ¹
Core Portfolio	\$344,191,188
Liquidity Portfolio	\$23,460,699
Liquid Funds	\$130,288,761
<i>Nevada LGIP</i>	<i>\$90,968,827</i>
<i>U.S. Bank</i>	<i>\$2,346,095</i>
<i>Wells Fargo</i>	<i>\$36,973,839</i>
Managed Account Subtotal	\$497,940,648
Reserve Fund Portfolios	\$12,202,213
Total	\$510,142,860

1. Market Values exclude accrued interest

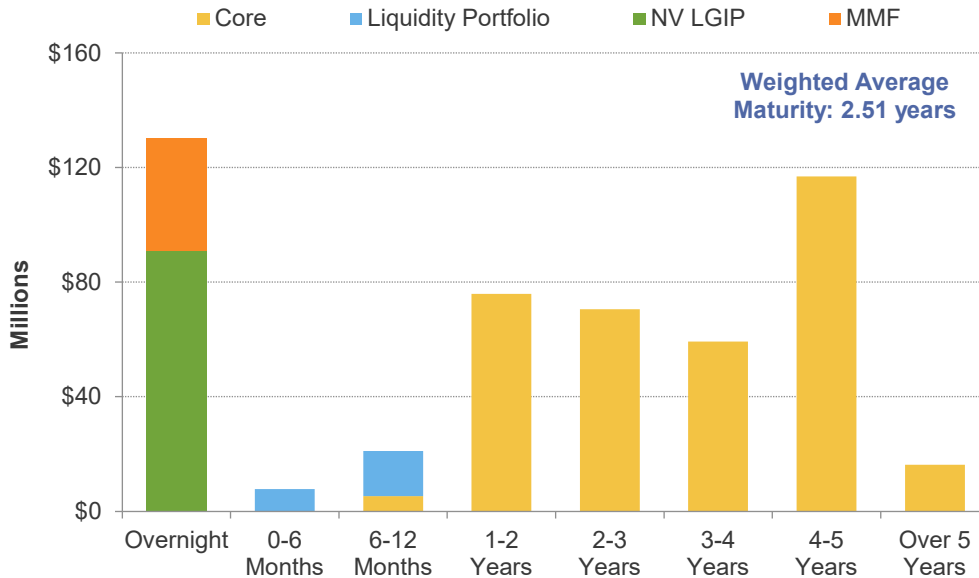


Account Summary	Ending Values as of 2/29/24	Ending Values as of 3/31/24
Market Value	\$494,604,181	\$497,940,648
Book Value	\$502,600,515	\$504,992,323
Unrealized Gain/(Loss)	(\$7,996,333)	(\$7,051,675)
Yield at Market	4.76%	4.74%
Yield at Cost	3.71%	3.78%

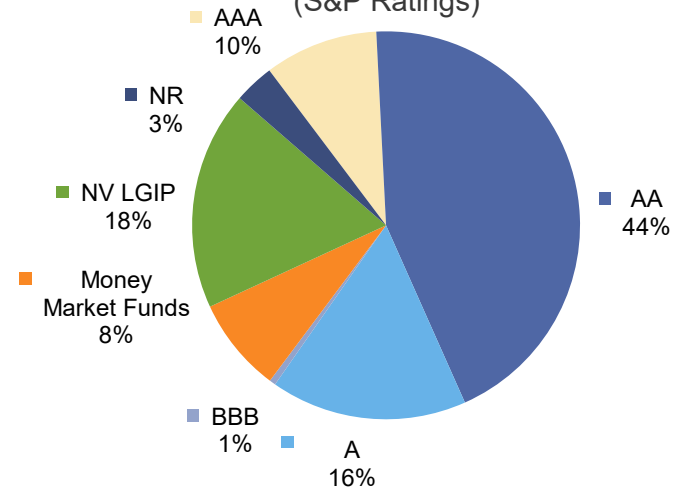
Allocation by Security Type



Maturity Distribution



Credit Quality (S&P Ratings)



1. Summary data includes Core Portfolio, Liquidity Portfolio and Liquid Funds, excluding accrued interest; excludes Reserve Fund Portfolios.
 2. Money Market Funds include U.S. Bank, and Wells Fargo balances.
 3. 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
3/31/24

Security Type	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$140,096,381	28.1%	100%
Federal Agency	\$73,328,609	14.7%	100%
Supranationals	\$10,366,863	2.1%	15%
Corporate Note	\$78,765,865	15.8%	20%
Certificate of Deposit	\$11,657,391	2.3%	30%
Asset Backed Securities	\$53,436,778	10.7%	30%
NV LGIP	\$90,968,827	18.3%	100%
Money Market Funds	\$39,319,934	7.9%	100%
Total Market Value	\$497,940,648	100.0%	

Maturity	Market Value	% of Portfolio	Permitted by Policy
Overnight	\$130,288,761	26.2%	No Limit
0-6 Months	\$7,772,261	1.6%	No Limit
6-12 Months	\$21,024,908	4.2%	No Limit
1-2 Years	\$75,892,800	15.2%	No Limit
2-3 Years	\$70,562,555	14.2%	No Limit
3-4 Years	\$59,259,594	11.9%	No Limit
4-5 Years	\$116,923,111	23.5%	No Limit
Over 5 Years	\$16,216,658	3.3%	No Limit
Total Market Value	\$497,940,648	100.0%	

Accrual Basis Earnings ⁴	3/1/24 through 3/31/24
Total Estimated Earnings	\$768,181

1. Data includes Core Portfolio, Liquidity Portfolio and Liquid Funds, excluding accrued interest; excludes Reserve Fund Portfolios.
2. Money Market Funds include 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
3/31/24

Issuer	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$140,096,381	28.1%	100%
Nevada LGIP	\$90,968,827	18.3%	100%
Federal Home Loan Mortgage Corporation	\$53,291,836	10.7%	100%
Money Market Funds	\$39,319,934	7.9%	100%
Federal National Mortgage Association	\$15,328,277	3.1%	100%
Bank Of America Co	\$9,401,004	1.9%	5%
Toronto-Dominion Bank	\$6,659,091	1.3%	5%
African Development Bank	\$5,164,097	1.0%	0%
Royal Bank Of Canada	\$4,946,545	1.0%	5%
Discover Financial Services	\$4,753,983	1.0%	5%
Wells Fargo & Company	\$3,753,170	0.8%	5%
Bank of America Auto Trust	\$3,628,468	0.7%	5%
Daimler Truck	\$3,435,547	0.7%	5%
Rabobank Nederland	\$3,304,545	0.7%	5%
American Express Co	\$3,274,876	0.7%	5%
Wells Fargo Card Issuance Trust	\$3,004,336	0.6%	5%
Mitsubishi Ufj Financial Group Inc	\$3,000,870	0.6%	5%
Credit Agricole SA	\$2,999,126	0.6%	5%
Capital One Financial Corp	\$2,882,582	0.6%	5%
Intl Bank Of Reconstruction And Dev	\$2,718,357	0.5%	15%
USAA Auto Owner Trust	\$2,693,844	0.5%	5%
State Street Corporation	\$2,622,164	0.5%	5%
Chase Issurance	\$2,596,271	0.5%	5%
John Deere Owner Trust	\$2,587,863	0.5%	5%
Sumitomo Mitsui Financial Group Inc	\$2,559,457	0.5%	5%
Deere & Company	\$2,528,185	0.5%	5%
Mercedes-Benz Group AG	\$2,502,935	0.5%	5%
Asian Development Bank	\$2,484,409	0.5%	0%
Bmw Financial Services Na Llc	\$2,483,454	0.5%	5%
National Rural Utilities Co Finance Corp	\$2,474,266	0.5%	5%
Mercedes-Benz Auto Receivables	\$2,460,267	0.5%	5%
Westpac Banking Corp	\$2,452,850	0.5%	5%
American Honda Finance	\$2,439,103	0.5%	5%
Fifth Third Auto Trust	\$2,350,373	0.5%	5%
Natixis NY Branch	\$2,333,557	0.5%	5%
Honda Auto Receivables	\$2,310,542	0.5%	5%
JPMorgan Chase & Co	\$2,277,552	0.5%	5%
Intel Corporation	\$2,270,154	0.5%	5%
National Australia Bank Ltd	\$2,235,920	0.4%	5%
Northern Trust Corp	\$2,141,878	0.4%	5%

Issuer	Market Value	% of Portfolio	Permitted by Policy
Bank Of Montreal	\$2,138,806	0.4%	5%
Government National Mortgage Association	\$2,131,643	0.4%	100%
Hyundai Auto Receivables	\$2,109,993	0.4%	5%
Comcast Corp	\$2,039,024	0.4%	5%
Analog Devices Inc	\$2,014,756	0.4%	5%
Carmax Auto Owner Trust	\$1,965,324	0.4%	5%
IBM Corp	\$1,957,226	0.4%	5%
Texas Instruments Inc	\$1,806,442	0.4%	5%
META Platforms Inc	\$1,646,489	0.3%	5%
Cisco Systems Inc	\$1,629,075	0.3%	5%
Bank Of New York Mellon	\$1,594,920	0.3%	5%
AstraZeneca Finance LLC	\$1,476,862	0.3%	5%
Kubota Credit Owners Trust	\$1,476,022	0.3%	5%
Bank Of Nova Scotia	\$1,453,166	0.3%	5%
Honeywell International	\$1,445,022	0.3%	5%
Unitedhealth Group Inc	\$1,417,140	0.3%	5%
Citigroup Inc	\$1,409,456	0.3%	5%
Volkswagen Auto	\$1,408,550	0.3%	5%
Toyota Motor Corp	\$1,334,479	0.3%	5%
Paccar Financial Corp	\$1,309,387	0.3%	5%
Gm Financial Securitized Term	\$1,266,144	0.3%	5%
Ally Auto Receivables Trust	\$1,224,255	0.2%	5%
Morgan Stanley	\$1,138,008	0.2%	5%
BMW Financial Services	\$1,129,341	0.2%	5%
Target Corporation	\$1,048,652	0.2%	5%
Lockheed Martin Corp	\$988,624	0.2%	5%
Ford Credit Auto Owner Trust	\$982,316	0.2%	5%
Caterpillar Inc	\$980,082	0.2%	5%
Wal-Mart Stores Inc	\$980,059	0.2%	5%
PNC Financial Services Group	\$940,914	0.2%	5%
Nissan Auto Receivables	\$639,266	0.1%	5%
Pepsico Inc	\$609,326	0.1%	5%
CNH Equipment Trust	\$485,303	0.1%	5%
Verizon Communications	\$451,237	0.1%	5%
Truist Financial Corp	\$422,815	0.1%	5%
Truist Financial Corp	\$421,473	0.1%	5%
World Omni Auto Rec Trust	\$407,508	0.1%	5%
World Omni Auto Rec Trust	\$377,046	0.1%	5%
Bristol-Myers Squibb Co	\$227,822	0.0%	5%
Total	\$497,940,648		

1. Data includes Core Portfolio, Liquidity Portfolio and Liquid Funds, excluding accrued interest; excludes Reserve Fund Portfolios.

2. Money Market Funds include U.S. Bank, and Wells Fargo balances.

3. Investment policy dated September 2023.

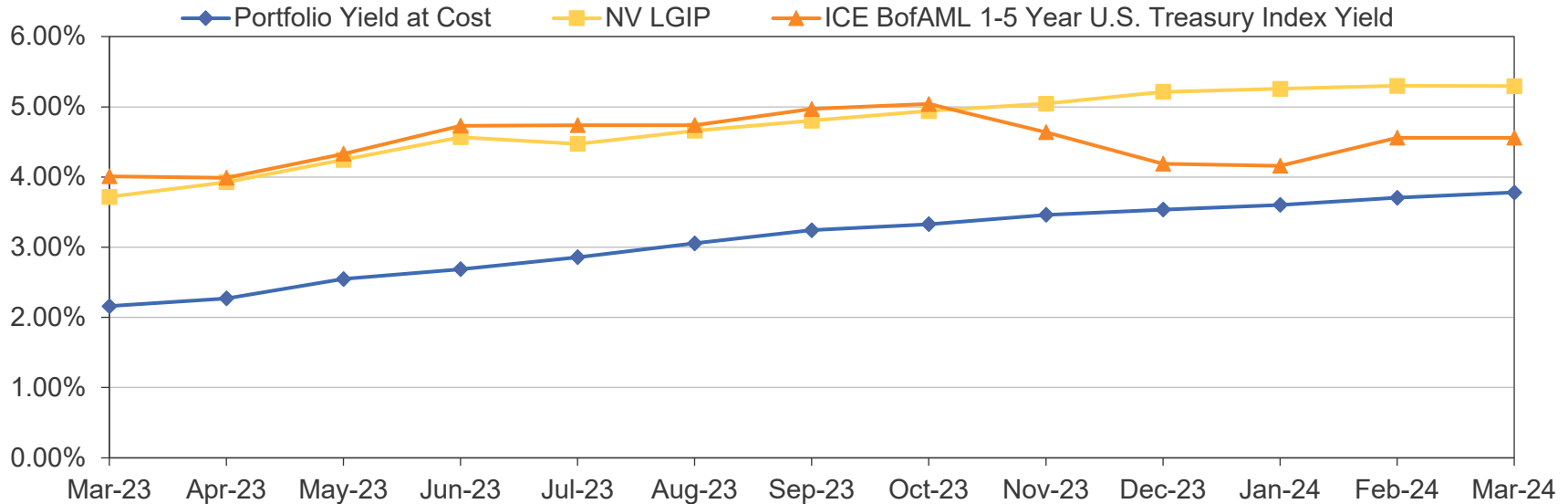
4. Securities issued by Asian Development Bank and the African Development are compliant as they were purchased prior to the City's October 2021 investment policy update.

Portfolio Yield Summary

City of Reno as of
3/31/24

Date	Book Value ¹	Portfolio Yield (Cost) ⁴	Portfolio Duration ⁴	NV LGIP Yield (Monthly) ³	1-5 Year Treasury Index Yield ²
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%
Feb-24	502,600,515	3.71%	2.41	5.30%	4.56%
Mar-24	504,992,323	3.78%	2.41	5.29%	4.56%

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 March 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.

For more information regarding PFMAM’s services or entities, please visit www.pfmam.com.

