

City of Reno

Monthly Investment Report

April 30, 2024

480-271-0432 | pfmam.com

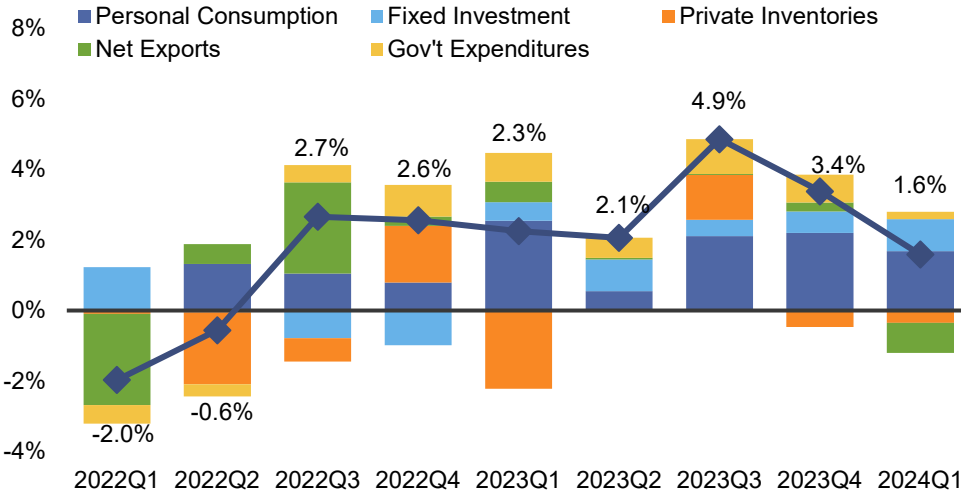
PFM Asset Management LLC

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

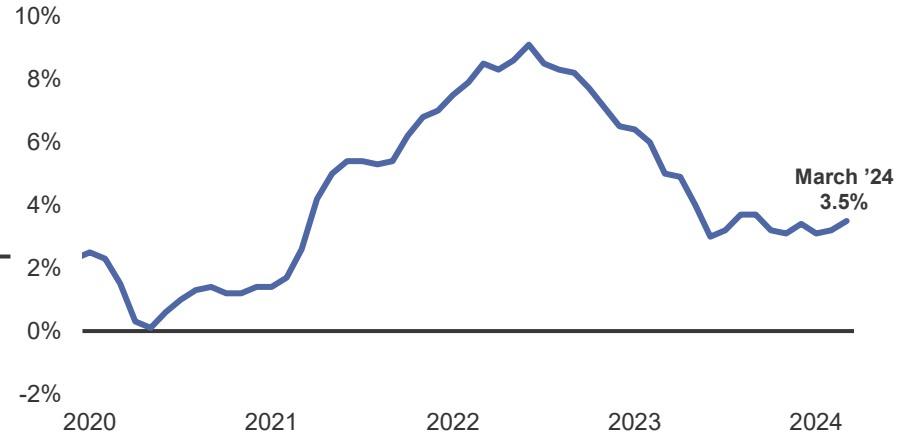
For Institutional Investor or Investment Professional
Use Only – This material is not for inspection by,
distribution to, or quotation to the general public

GDP Lower Than Expected, But Hotter Than Expected Inflation Sends Yields Higher; Labor Market Moderates

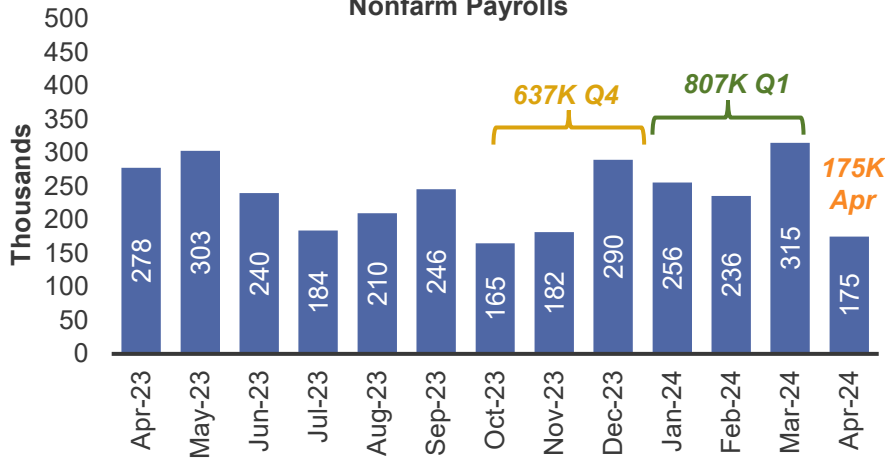
U.S. Real GDP Contributors and Detractors



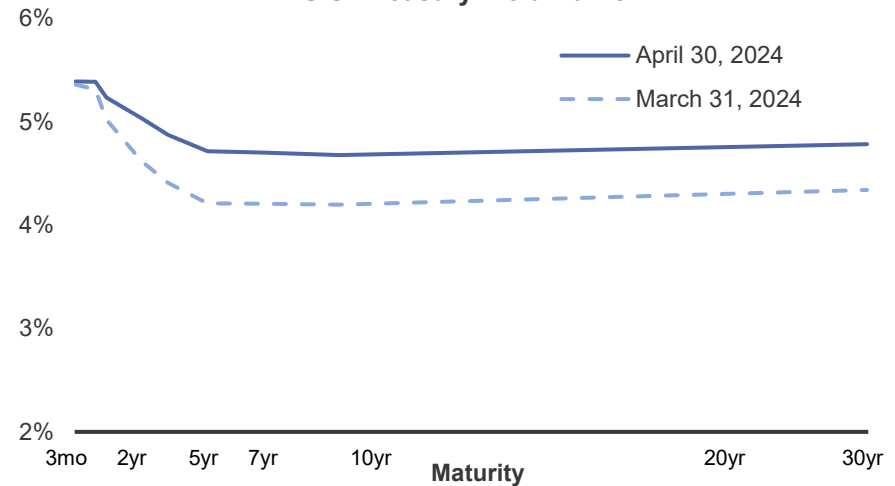
Consumer Price Index % Change YoY



Monthly Change In Nonfarm Payrolls



U.S. Treasury Yield Curve



Source: Bloomberg, Bureau of Economic Analysis, as of April 2024. (Top Left). Bloomberg, Bureau of Labor Statistics as of March 2024 (Top Right). Bureau of Labor Statistics. Bloomberg, as of April 2024. Data is seasonally adjusted. (Bottom Left). Bloomberg, as of April 30, 2024 (Bottom Right).

Market Summary

Economic Highlights

- ▶ The trend of hotter-than-expected inflation readings continued in April. The Consumer Price Index (CPI) exceeded estimates for the third consecutive month as the year-over-year (YoY) change rose to 3.5%, the highest level since September. PCE also rose for the first time in five months, increasing to 2.7%. The YoY change in Core PCE (which excludes volatile food and energy components) was unchanged from the prior month at 2.8%, ending the recent run of 14 consecutive monthly declines.
- ▶ The April jobs report pointed to the labor market continuing to settle into equilibrium. The nonfarm payrolls report came in below expectations and fell to 175,000 but is still above the level necessary to keep pace with population growth. The unemployment rate also ticked up to 3.9% but has remained below 4% for 27 consecutive months, which is the longest such streak since the 1960s.
- ▶ The advance estimate for Q1 real gross domestic product (GDP) came in at 1.6%, which was materially lower than the 3.4% reading in Q4 and almost a full percentage point below survey expectations. Markets were largely unfazed by the cooler-than-expected growth as personal consumption remained strong and detractors from GDP growth were in the more volatile components, such as net exports and inventories.
- ▶ The market's expectations for the number of rate cuts from the Federal Reserve (Fed) fell during April due to inflation readings coming in above expectations and hawkish Fed commentary. After the May Federal Open Market Committee (FOMC) meeting — during which the Fed left the range for the overnight target rate unchanged at 5.25% to 5.50% — Fed Chair Jerome Powell noted that it is likely going to take longer than previously expected for the Fed to gain greater confidence that inflation is moving sustainably lower towards its 2% target. The market reaction was tempered by the fact that Chair Powell indicated an additional rate hike was unlikely.

Market Reaction

- ▶ U.S. Treasury yields between 2- and 30-years finished the month up 42 to 50 basis points (0.42% to 0.50%) following a broad repricing given sticky inflation and hawkish Fed speak.
- ▶ As a result of large month-over-month increases in yield across the curve, income returns were outweighed by the rate-induced prices declines. The ICE BofA 2-, 5-, and 10- year Treasury indices returned -0.39%, -1.82%, and -3.37%, respectively.
- ▶ Equity markets slid from all-time highs as the higher-for-longer Fed sentiment diminished equity appetite. April marked the worst month for equities since September 2023 as the S&P 500 Index ended the month down 4.1%. The Dow Jones Industrial Average and NASDAQ similarly fell by 4.9% and 4.4%, respectively. International equities (as measured by the MSCI ACWI ex U.S.) outperformed despite declining by 1.6% for the month.

Summary of the City's Funds

City of Reno as of
4/30/24

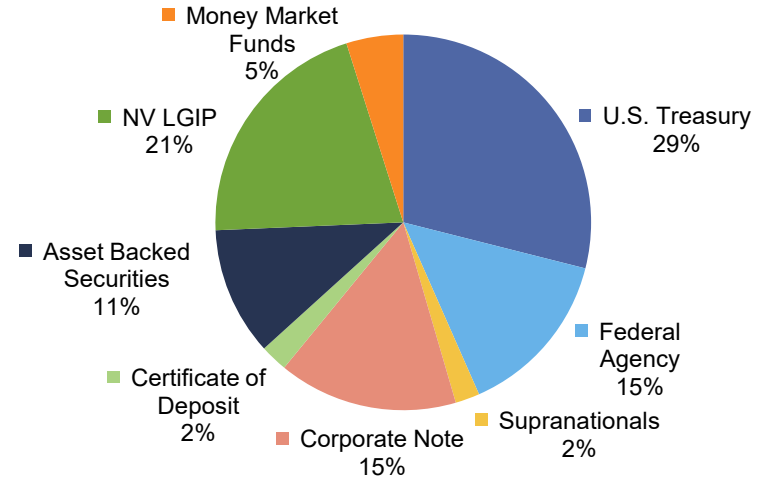
City of Reno Funds	Market Value ¹
Core Portfolio	\$341,728,379
Liquidity Portfolio	\$24,676,751
Liquid Funds	\$126,537,953
<i>Nevada LGIP</i>	<i>\$102,404,186</i>
<i>U.S. Bank</i>	<i>\$766,645</i>
<i>Wells Fargo</i>	<i>\$23,367,122</i>
Managed Account Subtotal	\$492,943,084
Reserve Fund Portfolios	\$12,100,690
Total	\$505,043,773

1. Market Values exclude accrued interest

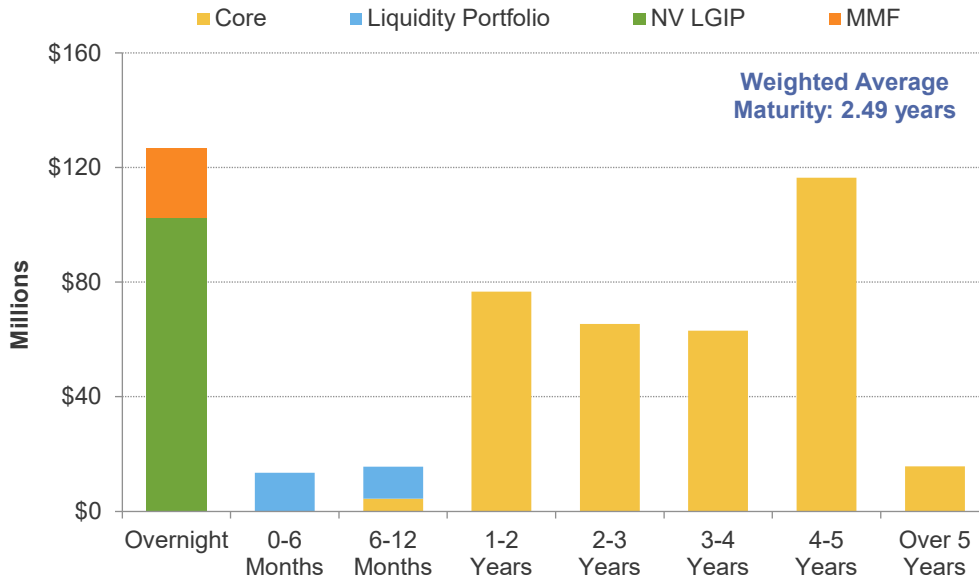


Account Summary	Ending Values as of 3/31/24	Ending Values as of 4/30/24
Market Value	\$497,940,648	\$492,943,084
Book Value	\$504,992,323	\$502,855,416
Unrealized Gain/(Loss)	(\$7,051,675)	(\$9,912,332)
Yield at Market	4.74%	5.06%
Yield at Cost	3.78%	3.89%

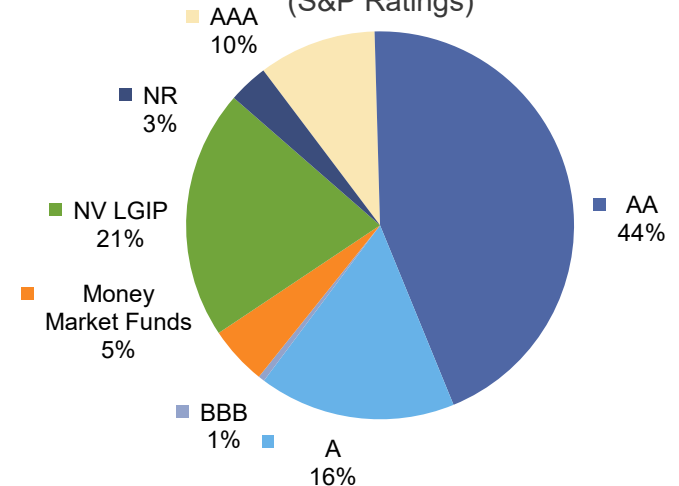
Allocation by Security Type



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 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
4/30/24

Security Type	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$142,652,316	28.9%	100%
Federal Agency	\$71,243,424	14.5%	100%
Supranationals	\$10,329,526	2.1%	15%
Corporate Note	\$76,104,074	15.4%	20%
Certificate of Deposit	\$11,638,016	2.4%	30%
Asset Backed Securities	\$54,437,775	11.0%	30%
NV LGIP	\$102,404,186	20.8%	100%
Money Market Funds	\$24,133,767	4.9%	100%
Total Market Value	\$492,943,084	100.0%	

Maturity	Market Value	% of Portfolio	Permitted by Policy
Overnight	\$126,537,953	25.7%	No Limit
0-6 Months	\$13,499,133	2.7%	No Limit
6-12 Months	\$15,542,570	3.2%	No Limit
1-2 Years	\$76,654,005	15.6%	No Limit
2-3 Years	\$65,428,851	13.3%	No Limit
3-4 Years	\$63,050,661	12.8%	No Limit
4-5 Years	\$116,500,095	23.6%	No Limit
Over 5 Years	\$15,729,815	3.2%	No Limit
Total Market Value	\$492,943,084	100.0%	

Accrual Basis Earnings ⁴	4/1/24 through 4/30/24
Total Estimated Earnings	\$724,191

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
4/30/24

Issuer	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$142,652,316	28.9%	100%
Nevada LGIP	\$102,404,186	20.8%	100%
Federal Home Loan Mortgage Corporation	\$51,669,824	10.5%	100%
Money Market Funds	\$24,133,767	4.9%	100%
Federal National Mortgage Association	\$13,931,884	2.8%	100%
Bank Of America Co	\$9,347,061	1.9%	5%
Toronto-Dominion Bank	\$6,607,276	1.3%	5%
African Development Bank	\$5,137,784	1.0%	0%
American Express Co	\$5,061,505	1.0%	5%
Royal Bank Of Canada	\$4,916,785	1.0%	5%
Discover Financial Services	\$4,720,675	1.0%	5%
Wells Fargo & Company	\$3,736,572	0.8%	5%
Bank of America Auto Trust	\$3,594,770	0.7%	5%
Rabobank Nederland	\$3,324,973	0.7%	5%
Daimler Truck	\$3,318,456	0.7%	5%
Credit Agricole SA	\$2,998,782	0.6%	5%
Mitsubishi Ufj Financial Group Inc	\$2,995,632	0.6%	5%
Wells Fargo Card Issuance Trust	\$2,965,836	0.6%	5%
Capital One Financial Corp	\$2,864,801	0.6%	5%
Intl Bank Of Reconstruction And Dev	\$2,715,192	0.6%	15%
USAA Auto Owner Trust	\$2,676,346	0.5%	5%
State Street Corporation	\$2,598,059	0.5%	5%
John Deere Owner Trust	\$2,578,450	0.5%	5%
Chase Issurance	\$2,565,468	0.5%	5%
Sumitomo Mitsui Financial Group Inc	\$2,518,782	0.5%	5%
Deere & Company	\$2,498,673	0.5%	5%
Mercedes-Benz Group AG	\$2,479,035	0.5%	5%
Asian Development Bank	\$2,476,550	0.5%	0%
Mercedes-Benz Auto Receivables	\$2,456,810	0.5%	5%
Westpac Banking Corp	\$2,445,365	0.5%	5%
National Rural Utilities Co Finance Corp	\$2,440,323	0.5%	5%
American Honda Finance	\$2,411,031	0.5%	5%
Citigroup Inc	\$2,411,008	0.5%	5%
Fifth Third Auto Trust	\$2,334,861	0.5%	5%
Natixis NY Branch	\$2,310,787	0.5%	5%
Honda Auto Receivables	\$2,278,675	0.5%	5%
JPMorgan Chase & Co	\$2,258,130	0.5%	5%
Intel Corporation	\$2,240,579	0.5%	5%
National Australia Bank Ltd	\$2,207,540	0.4%	5%
Northern Trust Corp	\$2,113,872	0.4%	5%

Issuer	Market Value	% of Portfolio	Permitted by Policy
Government National Mortgage Association	\$2,075,625	0.4%	100%
Comcast Corp	\$2,010,618	0.4%	5%
Hyundai Auto Receivables	\$1,988,337	0.4%	5%
Analog Devices Inc	\$1,981,763	0.4%	5%
Carmax Auto Owner Trust	\$1,937,539	0.4%	5%
IBM Corp	\$1,930,268	0.4%	5%
Morgan Stanley	\$1,830,738	0.4%	5%
Texas Instruments Inc	\$1,772,843	0.4%	5%
Bank Of Montreal	\$1,642,940	0.3%	5%
META Platforms Inc	\$1,618,642	0.3%	5%
Cisco Systems Inc	\$1,597,966	0.3%	5%
Bank Of New York Mellon	\$1,574,882	0.3%	5%
AstraZeneca Finance LLC	\$1,471,656	0.3%	5%
Bank Of Nova Scotia	\$1,457,618	0.3%	5%
Honeywell International	\$1,432,152	0.3%	5%
Volkswagen Auto	\$1,405,895	0.3%	5%
Unitedhealth Group Inc	\$1,402,401	0.3%	5%
Kubota Credit Owners Trust	\$1,396,816	0.3%	5%
Adobe Inc	\$1,345,477	0.3%	5%
Toyota Motor Corp	\$1,327,149	0.3%	5%
Paccar Financial Corp	\$1,287,313	0.3%	5%
Gm Financial Securitized Term	\$1,226,697	0.2%	5%
Ally Auto Receivables Trust	\$1,219,506	0.2%	5%
BMW Financial Services	\$1,085,032	0.2%	5%
Target Corporation	\$1,043,097	0.2%	5%
Caterpillar Inc	\$978,379	0.2%	5%
Ford Credit Auto Owner Trust	\$975,204	0.2%	5%
Lockheed Martin Corp	\$972,504	0.2%	5%
Bmw Financial Services Na Lic	\$889,884	0.2%	5%
Nissan Auto Receivables	\$633,563	0.1%	5%
Pepsico Inc	\$604,881	0.1%	5%
CNH Equipment Trust	\$430,967	0.1%	5%
Truist Financial Corp	\$421,476	0.1%	5%
World Omni Auto Rec Trust	\$347,323	0.1%	5%
Bristol-Myers Squibb Co	\$227,513	0.0%	5%
Total	\$492,943,084		

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.

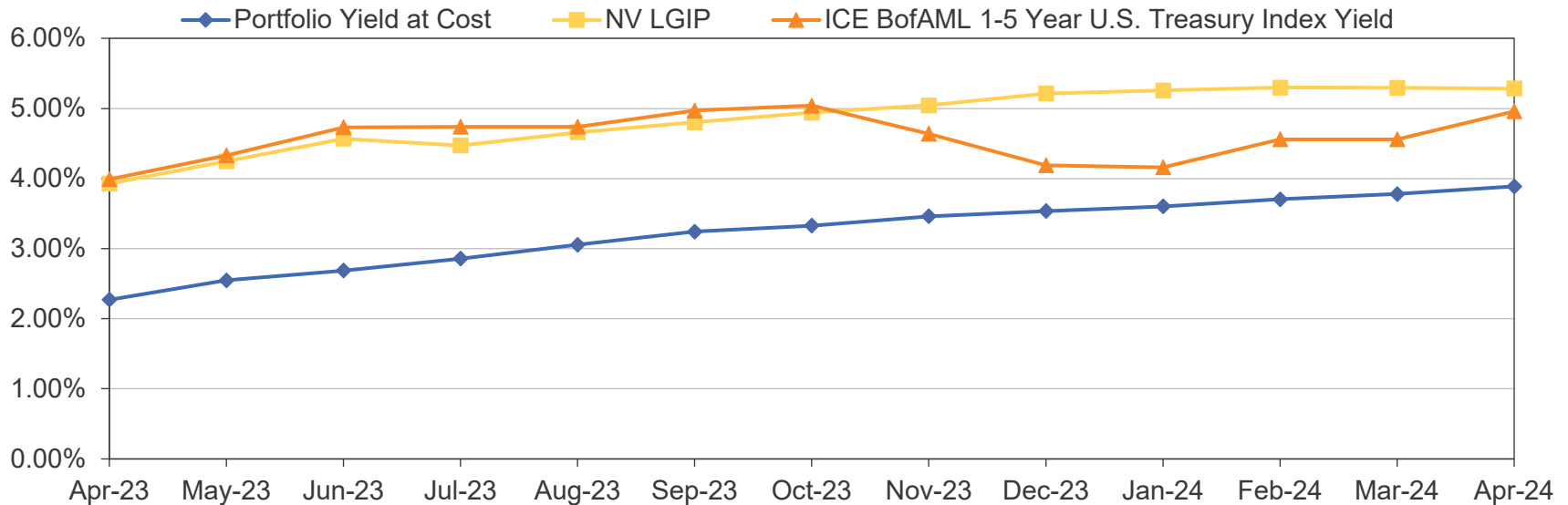
4. Securities issued by Asian Development Bank and the African Development are compliant as they were purchased prior to the City's October 2021 investment policy update.

Portfolio Yield Summary

City of Reno as of
4/30/24

Date	Book Value ¹	Portfolio Yield (Cost) ⁴	Portfolio Duration ⁴	NV LGIP Yield (Monthly) ³	1-5 Year Treasury Index Yield ²
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%
Apr-24	502,855,416	3.89%	2.39	5.29%	4.96%

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 April 30, 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.

