

City of Reno

Monthly Investment Report

July 31, 2024

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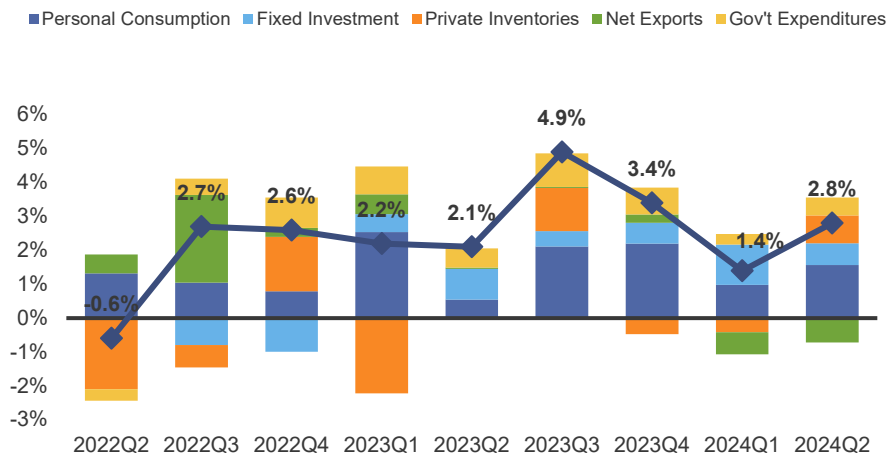
PFM Asset Management LLC

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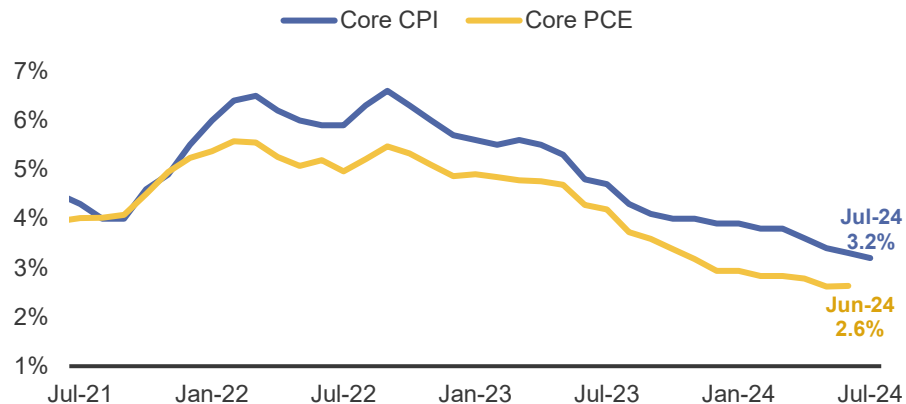
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CPI Continues To Trend Lower, In-Line With Expectations; Labor Market Data Cools More Than Markets Had Expected

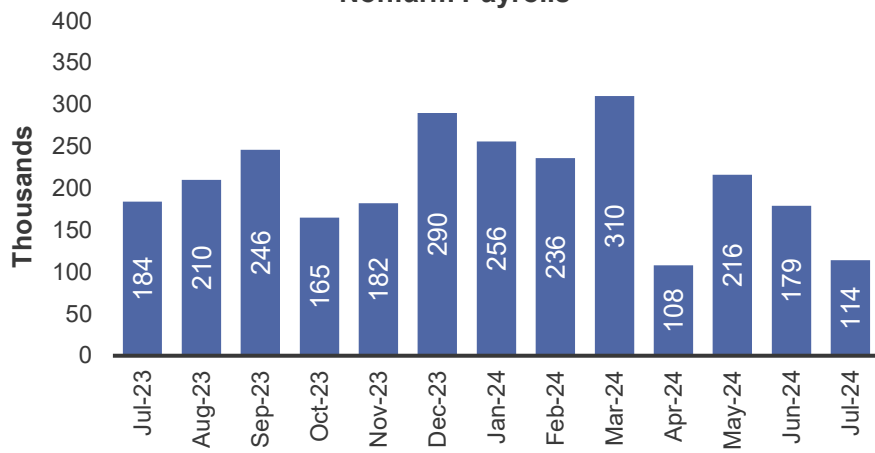
U.S. Real GDP Contributors and Detractors



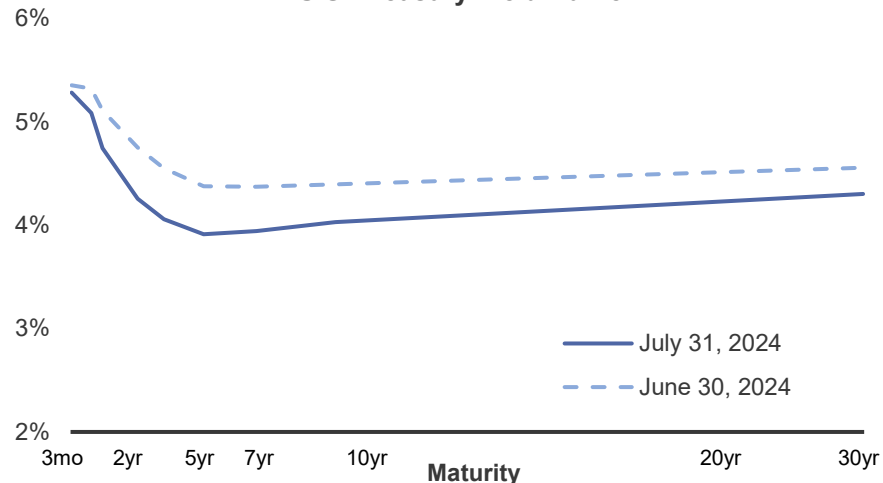
Core Inflation Measures Year-Over-Year Changes



Monthly Change In Nonfarm Payrolls



U.S. Treasury Yield Curve



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

Market Summary

Economic Highlights

- ▶ June inflation readings continued to make gradual progress towards the Fed's 2% target. Both the year-over-year change in the Consumer Price Index (CPI) and Personal Consumption Expenditures Index (PCE) slowed to 3.0% and 2.5%, respectively. The improved inflation picture was highlighted by Chair Powell at the latest FOMC meeting. He noted that recent readings have added to the Fed's confidence that inflation is moving sustainably towards 2%.
- ▶ The advance reading of second quarter gross domestic product (GDP) came in notably above expectations at 2.8%. Growth was largely supported by personal consumption following a rebound in goods spending and nonresidential fixed investment led by equipment spending. Inventory growth also added about 0.8% but that tends to be reversed in future quarters.
- ▶ June retail sales were negatively impacted by a two-week cyber-attack on auto dealership software that muted sales activity. However, expectations are for a rebound next month, with sales delayed rather than derailed. More broadly, retail sales (ex-autos) were strong, led by a 1.9% increase in non-store retailers.
- ▶ The July jobs report missed expectations badly. Nonfarm payrolls showed just 114,000 net new jobs versus estimates of 175,000. The unemployment rate also ticked higher to 4.3% underscoring continuing moderation of the labor market from historically tight levels. Combined with other weakening measures of employment, such as a rise in weekly jobless claims, the market response was swift and decidedly downbeat. Immediately after the report, stocks went into a two-day tailspin and bond yields plunged.
- ▶ At the July Federal Open Market Committee (FOMC) meeting, the Federal Reserve (Fed) left the federal funds target rate unchanged at 5.25% to 5.50%, which was in line with expectations. However, the Committee's accompanying statement highlighted a transition to a more balanced consideration of both parts of its dual mandate of maximum employment and price stability. Furthermore, Fed Chair Powell hinted that a rate cut could be on the table at the September meeting.

Market Reaction

- ▶ U.S. Treasury yields between 2- and 10-years finished July down approximately 35 to 50 basis points (bps) as markets digested broad economic cooling and prepared for the beginning of the Fed rate cut cycle.
- ▶ Fixed income total returns were firmly positive on the notable rate rally in July. The ICE BofA 2-, 5-, and 10-year U.S. Treasury indices returned 1.15%, 2.16%, and 2.88%, respectively.
- ▶ Equity markets reflected the recent sentiment shift on increased uncertainty around the pace of Fed cuts as the S&P 500 Index declined over 8% from the mid-July all-time highs through the first three days of August. Nevertheless, the headline index remained up nearly 10% for the year.

Summary of the City's Funds

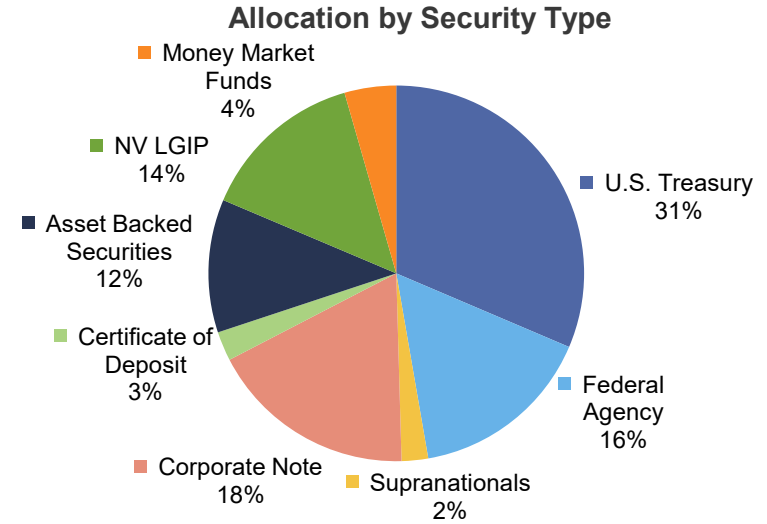
City of Reno as of
7/31/24

City of Reno Funds	Market Value ¹
Core Portfolio	\$351,626,999
Liquidity Portfolio	\$25,114,298
Liquid Funds	\$86,225,900
<i>Nevada LGIP</i>	<i>\$65,637,837</i>
<i>U.S. Bank</i>	<i>\$379,031</i>
<i>Wells Fargo</i>	<i>\$20,209,032</i>
Managed Account Subtotal	\$462,967,198
Reserve Fund Portfolios	\$12,455,120
Total	\$475,422,318

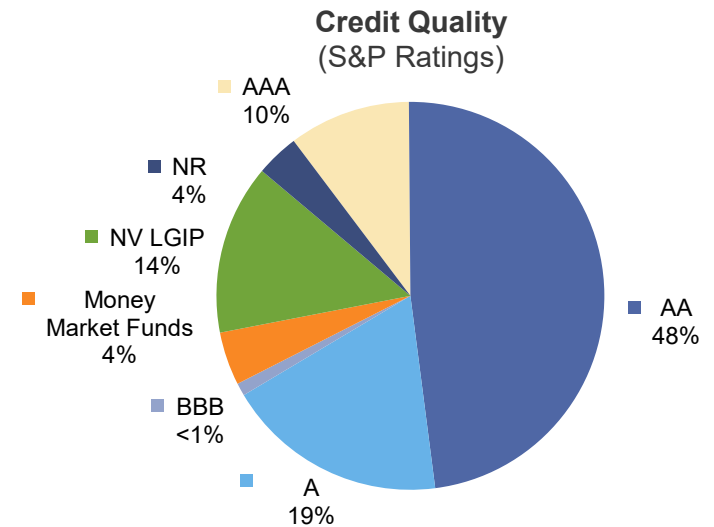
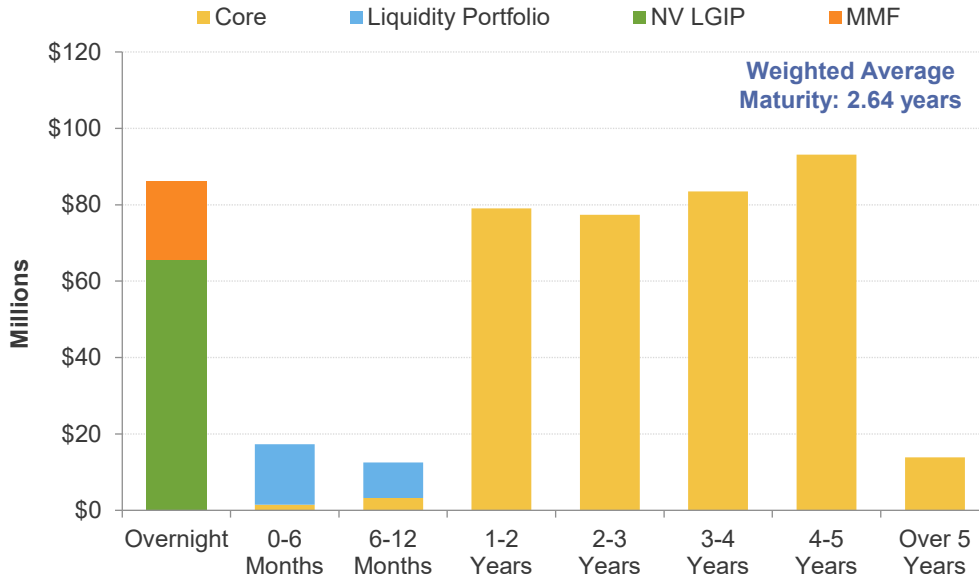
1. Market Values exclude accrued interest



Account Summary	Ending Values as of 6/30/24	Ending Values as of 7/31/24
Market Value	\$459,268,605	\$462,967,198
Book Value	\$465,626,547	\$465,339,566
Unrealized Gain/(Loss)	(\$6,357,942)	(\$2,372,368)
Yield at Market	4.85%	4.51%
Yield at Cost	4.02%	4.08%



Maturity Distribution



- 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
7/31/24

Security Type	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$145,409,586	31.4%	100%
Federal Agency	\$73,443,098	15.9%	100%
Supranationals	\$10,559,608	2.3%	15%
Corporate Note	\$82,582,318	17.8%	20%
Certificate of Deposit	\$11,686,385	2.5%	30%
Asset Backed Securities	\$53,060,302	11.5%	100%
NV LGIP	\$65,637,837	14.2%	100%
Money Market Funds	\$20,588,063	4.4%	100%
Total Market Value	\$462,967,198	100.0%	

Maturity	Market Value	% of Portfolio	Permitted by Policy
Overnight	\$86,225,900	18.6%	No Limit
0-6 Months	\$17,307,916	3.7%	No Limit
6-12 Months	\$12,524,835	2.7%	No Limit
1-2 Years	\$79,055,473	17.1%	No Limit
2-3 Years	\$77,373,470	16.7%	No Limit
3-4 Years	\$83,497,415	18.0%	No Limit
4-5 Years	\$93,135,206	20.1%	No Limit
Over 5 Years	\$13,846,982	3.0%	No Limit
Total Market Value	\$462,967,198	100.0%	

Accrual Basis Earnings ⁴	7/1/24 through 7/31/24
Total Estimated Earnings	\$1,073,508

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
7/31/24

Issuer	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$145,409,586	31.4%	100%
Nevada LGIP	\$65,637,837	14.2%	100%
Federal Home Loan Mortgage Corporation	\$55,031,136	11.9%	100%
Money Market Funds	\$20,588,063	4.4%	100%
Federal National Mortgage Association	\$12,051,981	2.6%	100%
Bank Of America Co	\$9,472,205	2.0%	5%
Toronto-Dominion Bank	\$6,709,188	1.4%	5%
African Development Bank	\$5,256,614	1.1%	0%
Discover Financial Services	\$4,774,020	1.0%	5%
Toyota Motor Corp	\$4,561,078	1.0%	5%
Royal Bank Of Canada	\$4,023,592	0.9%	5%
Wells Fargo & Company	\$3,781,640	0.8%	5%
Bank of America Auto Trust	\$3,634,082	0.8%	5%
Rabobank Nederland	\$3,328,747	0.7%	5%
Wells Fargo Card Issuance Trust	\$3,025,449	0.7%	5%
Mitsubishi Ufj Financial Group Inc	\$3,007,488	0.6%	5%
Credit Agricole SA	\$2,998,287	0.6%	5%
Daimler Truck	\$2,971,783	0.6%	5%
Capital One Financial Corp	\$2,902,697	0.6%	5%
American Express Co	\$2,829,053	0.6%	5%
Intl Bank Of Reconstruction And Dev	\$2,774,035	0.6%	15%
USAA Auto Owner Trust	\$2,686,527	0.6%	5%
State Street Corporation	\$2,635,255	0.6%	5%
Chase Issurance	\$2,610,516	0.6%	5%
John Deere Owner Trust	\$2,593,032	0.6%	5%
Sumitomo Mitsui Financial Group Inc	\$2,563,169	0.6%	5%
Deere & Company	\$2,562,771	0.6%	5%
Morgan Stanley	\$2,545,012	0.5%	5%
Mercedes-Benz Group AG	\$2,531,387	0.5%	5%
Asian Development Bank	\$2,528,959	0.5%	0%
National Rural Utilities Co Finance Corp	\$2,487,521	0.5%	5%
American Honda Finance	\$2,471,183	0.5%	5%
Westpac Banking Corp	\$2,469,775	0.5%	5%
Citigroup Inc	\$2,448,946	0.5%	5%
Mercedes-Benz Auto Receivables	\$2,418,826	0.5%	5%
Fifth Third Auto Trust	\$2,351,352	0.5%	5%
Natixis NY Branch	\$2,335,719	0.5%	5%
JPMorgan Chase & Co	\$2,294,512	0.5%	5%
Intel Corporation	\$2,293,851	0.5%	5%
National Australia Bank Ltd	\$2,261,622	0.5%	5%

Issuer	Market Value	% of Portfolio	Permitted by Policy
Honda Auto Receivables	\$2,244,688	0.5%	5%
Kubota Credit Owners Trust	\$2,210,579	0.5%	5%
Northern Trust Corp	\$2,169,090	0.5%	5%
Analog Devices Inc	\$2,062,624	0.4%	5%
Government National Mortgage Association	\$2,057,042	0.4%	100%
Comcast Corp	\$2,047,984	0.4%	5%
Goldman Sachs Group Inc	\$1,995,578	0.4%	5%
IBM Corp	\$1,984,624	0.4%	5%
BP PLC	\$1,840,568	0.4%	5%
Texas Instruments Inc	\$1,830,363	0.4%	5%
Canadian Imperial Bank Of Commerce	\$1,710,961	0.4%	5%
Hyundai Auto Receivables	\$1,667,243	0.4%	5%
Bank Of Montreal	\$1,665,124	0.4%	5%
META Platforms Inc	\$1,664,810	0.4%	5%
Cisco Systems Inc	\$1,648,241	0.4%	5%
Bank Of New York Mellon	\$1,613,687	0.3%	5%
Carmax Auto Owner Trust	\$1,612,018	0.3%	5%
AstraZeneca Finance LLC	\$1,504,384	0.3%	5%
Honeywell International	\$1,470,026	0.3%	5%
Unitedhealth Group Inc	\$1,434,020	0.3%	5%
Adobe Inc	\$1,382,595	0.3%	5%
Paccar Financial Corp	\$1,319,403	0.3%	5%
Ally Auto Receivables Trust	\$1,225,997	0.3%	5%
Volkswagen Auto	\$1,219,300	0.3%	5%
Gm Financial Securitized Term	\$1,142,078	0.2%	5%
Target Corporation	\$1,065,531	0.2%	5%
Lockheed Martin Corp	\$999,395	0.2%	5%
Caterpillar Inc	\$986,439	0.2%	5%
Ford Credit Auto Owner Trust	\$982,849	0.2%	5%
BMW Financial Services	\$976,676	0.2%	5%
Bmw Financial Services Na Llc	\$912,757	0.2%	5%
Nissan Auto Receivables	\$639,497	0.1%	5%
Pepsico Inc	\$612,886	0.1%	5%
Truist Financial Corp	\$425,256	0.1%	5%
CNH Equipment Trust	\$292,513	0.1%	5%
World Omni Auto Rec Trust	\$260,094	0.1%	5%
Bristol-Myers Squibb Co	\$231,784	0.1%	5%
Total	\$462,967,198		

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.

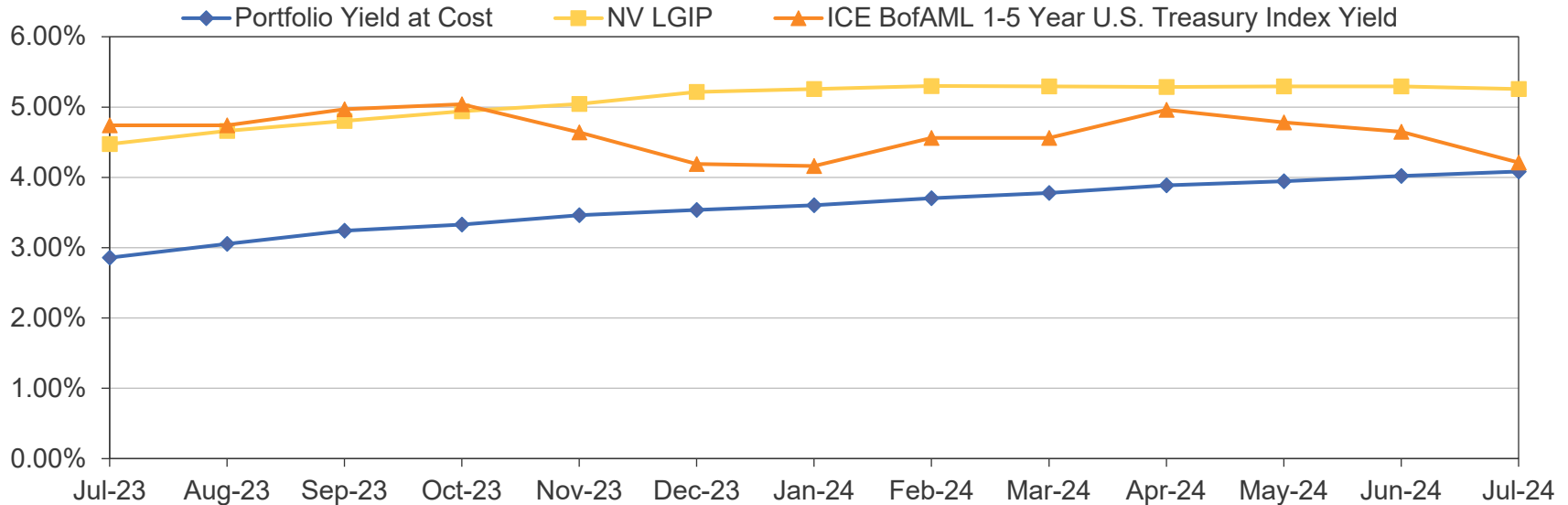
4. Securities issued by Asian Development Bank and the African Development are compliant as they were purchased prior to the City's October 2021 investment policy update.

Portfolio Yield Summary

City of Reno as of
7/31/24

Date	Book Value ¹	Portfolio Yield (Cost) ⁴	Portfolio Duration ⁴	NV LGIP Yield (Monthly) ³	1-5 Year Treasury Index Yield ²
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%
May-24	479,778,093	3.94%	2.37	5.30%	4.78%
Jun-24	465,626,547	4.02%	2.36	5.30%	4.65%
Jul-24	465,339,566	4.08%	2.35	5.26%	4.21%

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 July 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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