



Quarterly Investment Report
Clark County Investment Pool

June 30, 2021

Quarterly Review

Clark County Investment Pool | CLARK Total Portfolio

Market Overview

Total Portfolio Overview

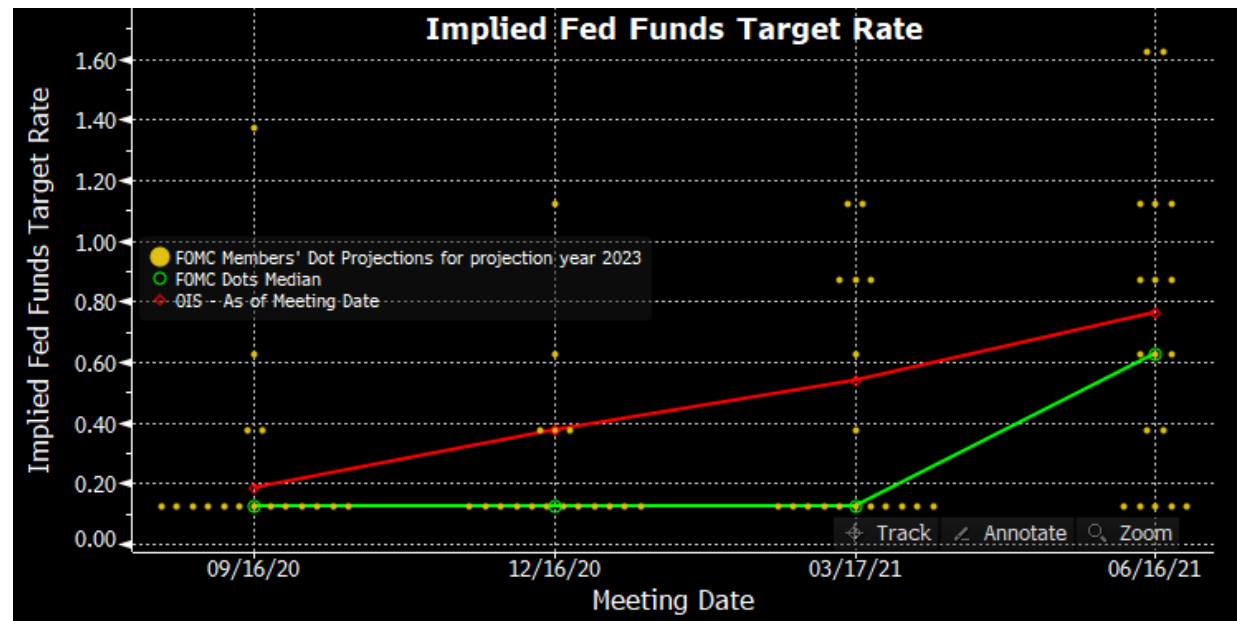
Strategic Plan Review

Portfolio Performance and Structure for Dedicated Portfolios

Portfolio Holdings & Transactions

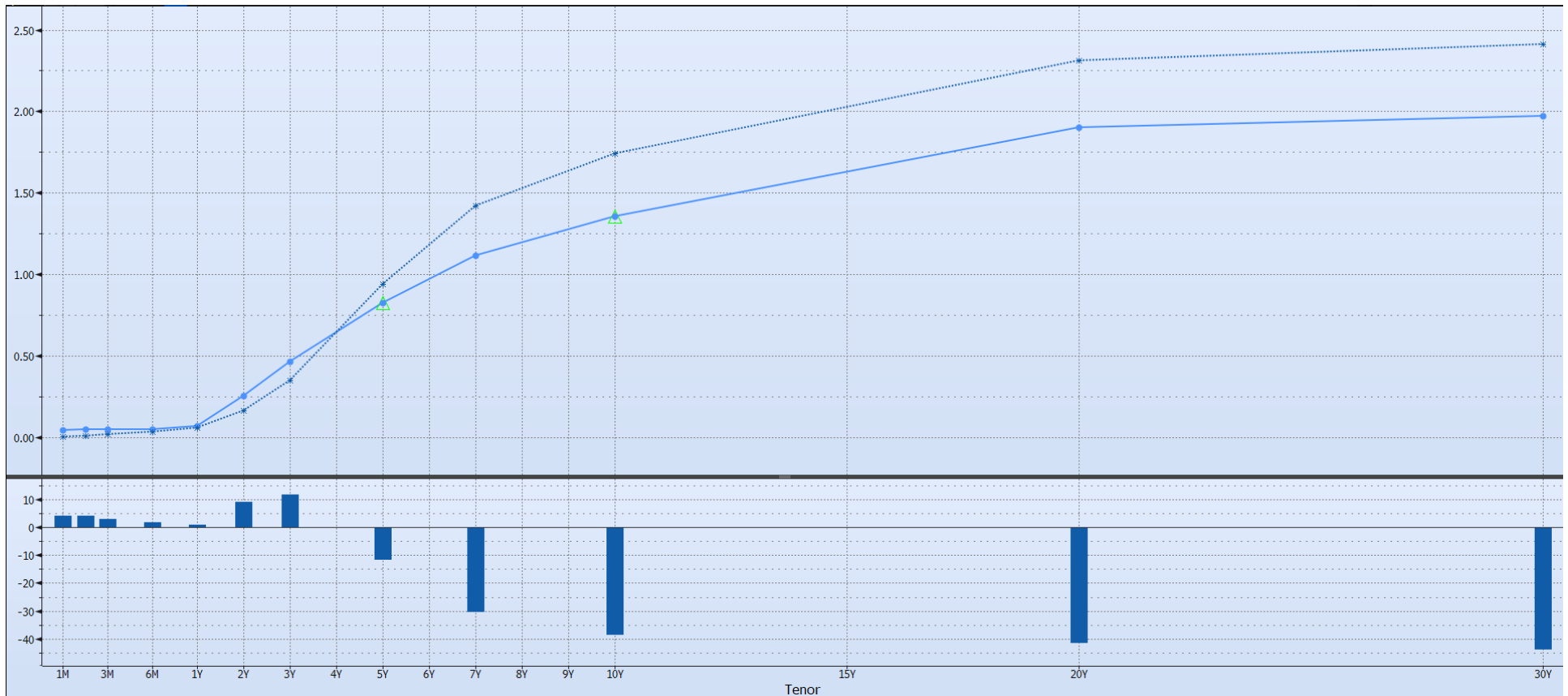
The New Fed a Lot Like the Old Fed?

Variable	Median ¹			
	2021	2022	2023	Longer run
Change in real GDP	7.0	3.3	2.4	1.8
March projection	6.5	3.3	2.2	1.8
Unemployment rate	4.5	3.8	3.5	4.0
March projection	4.5	3.9	3.5	4.0
PCE inflation	3.4	2.1	2.2	2.0
March projection	2.4	2.0	2.1	2.0
Core PCE inflation ⁴	3.0	2.1	2.1	
March projection	2.2	2.0	2.1	
Memo: Projected appropriate policy path				
Federal funds rate	0.1	0.1	0.6	2.5
March projection	0.1	0.1	0.1	2.5



The Fed marked-to-market their near-term outlook for growth and inflation while leaving longer-term projections largely unchanged. While the 2023 and beyond outlook remained stable, the Fed is increasingly uncertain on the path of interest rates. The dispersion on rate hikes is increasing as headline inflation draws attention.

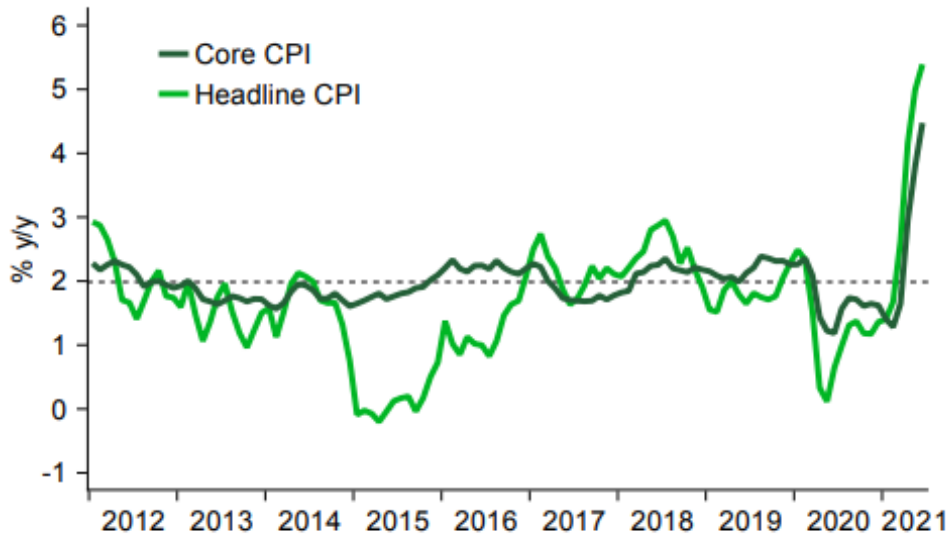
Yield Curve Flattens Led by Long End



The yield curve flattened in the second quarter as a more hawkish Fed shifted the front-end higher and led to an impressive rally in longer-term yields. The market is now forecasting sooner and fewer rate hikes.

Inflation – Hot and Transitory....For Now

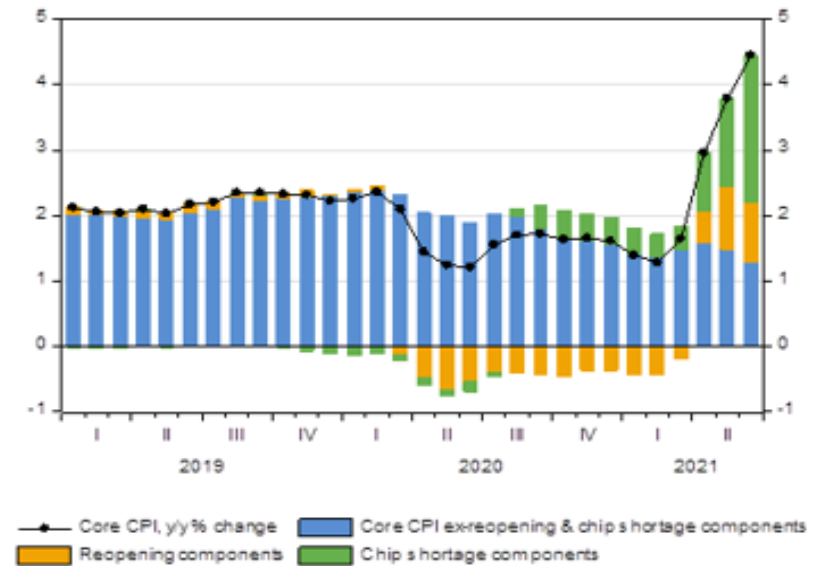
Total and Core Inflation Boosted by Reopening as Well as Base Effects



Source: BLS, TD Securities

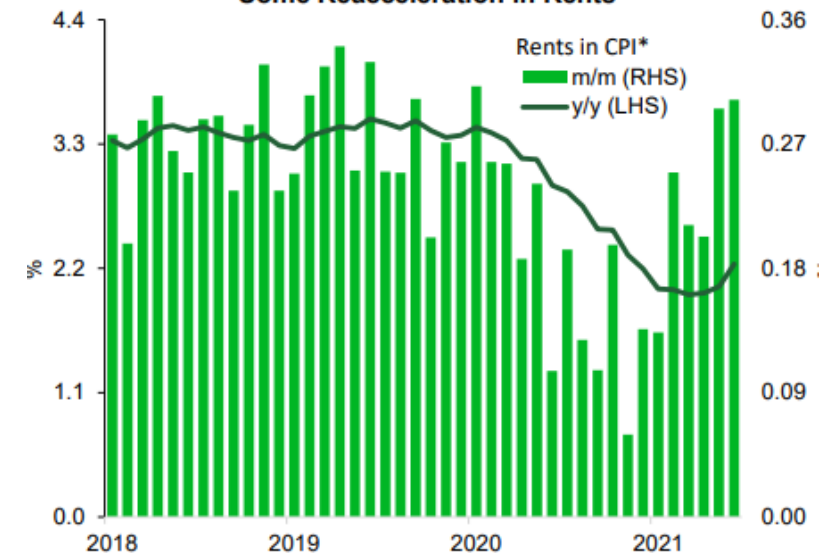
Inflation is running hotter than expectations and now sits at multi-year or multi-decade highs. Much of the move has been isolated in narrow categories such as car prices and re-opening sectors such as travel. Thus far it is transitory and residential rent trends will be key in whether it stays transitory.

Contribution to core CPI inflation by basket, percentage points



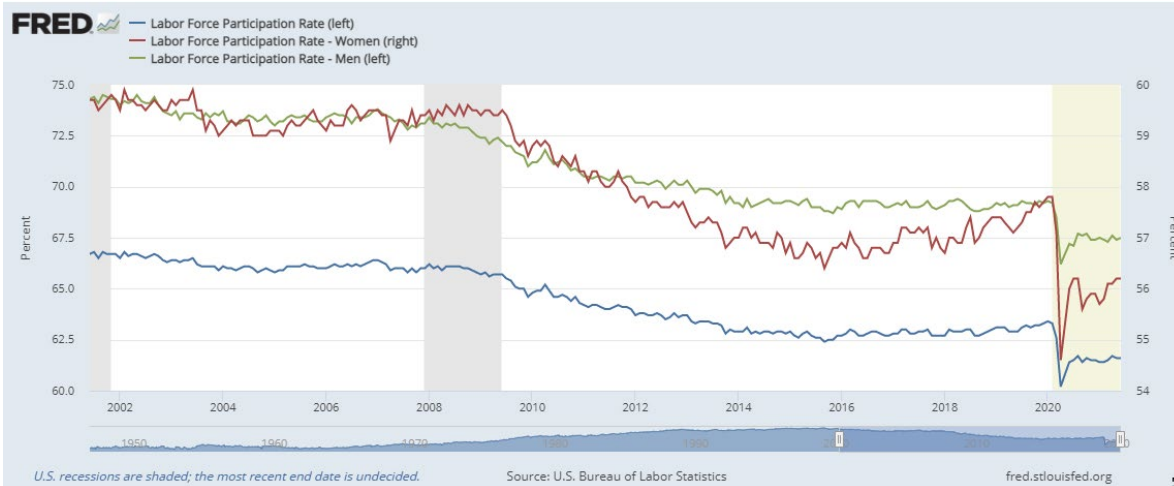
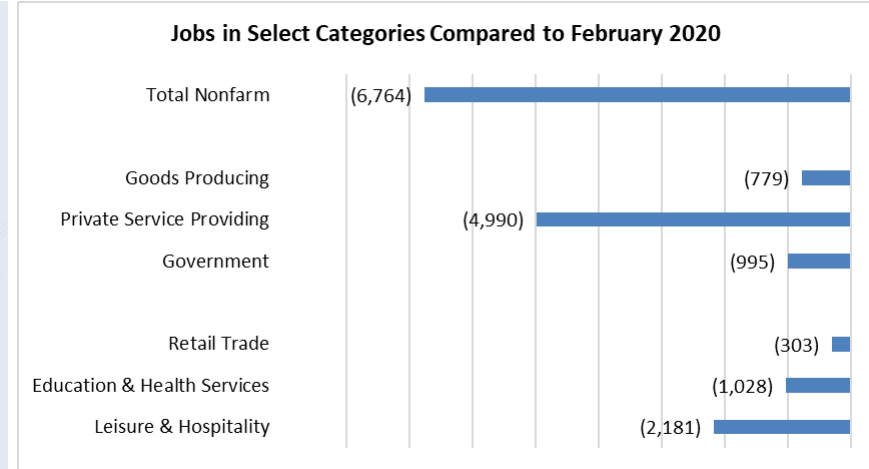
Source: Bureau of Labor Statistics; data as of July 13, 2021

Some Reacceleration in Rents



*Weighted average of rent of primary residence and owners' equivalent rent
Source: BLS, TD Securities

Labor Market Update

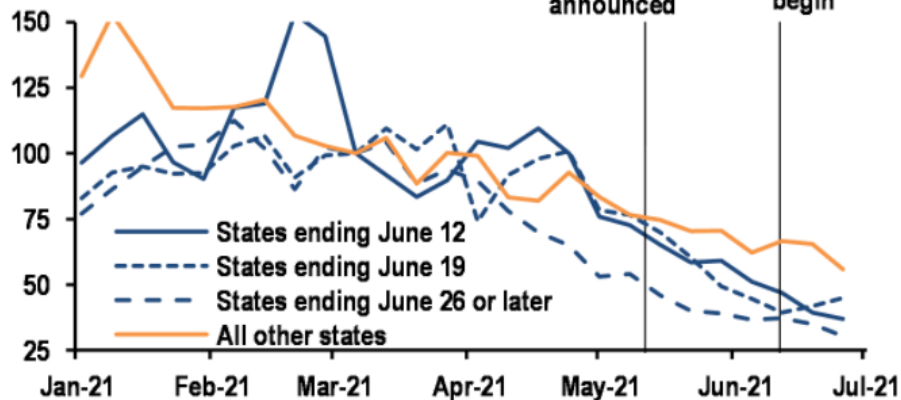


Labor market healing continues but at a slower pace than anticipated. We end the quarter with 6.8 million less people employed than pre-COVID with older cohorts leaving the workforce and declining participation in the female labor force we face an uphill battle to close the gap.

Unemployment Benefits Update

Figure 1: Initial claims in regular state programs

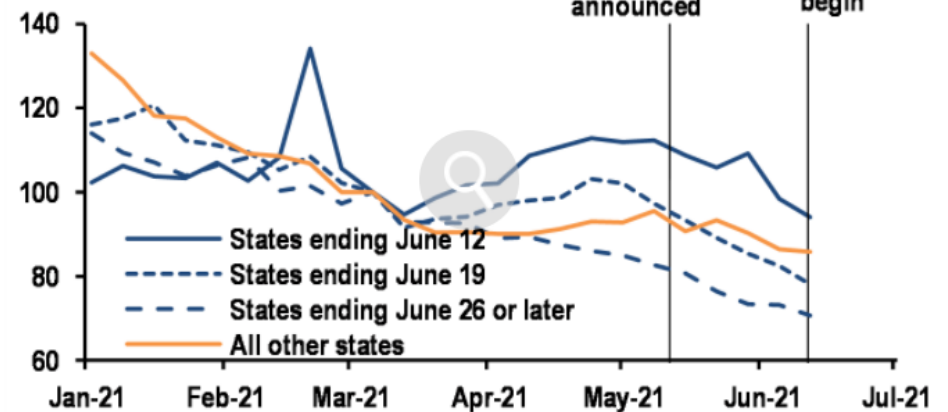
index, March 6 = 100



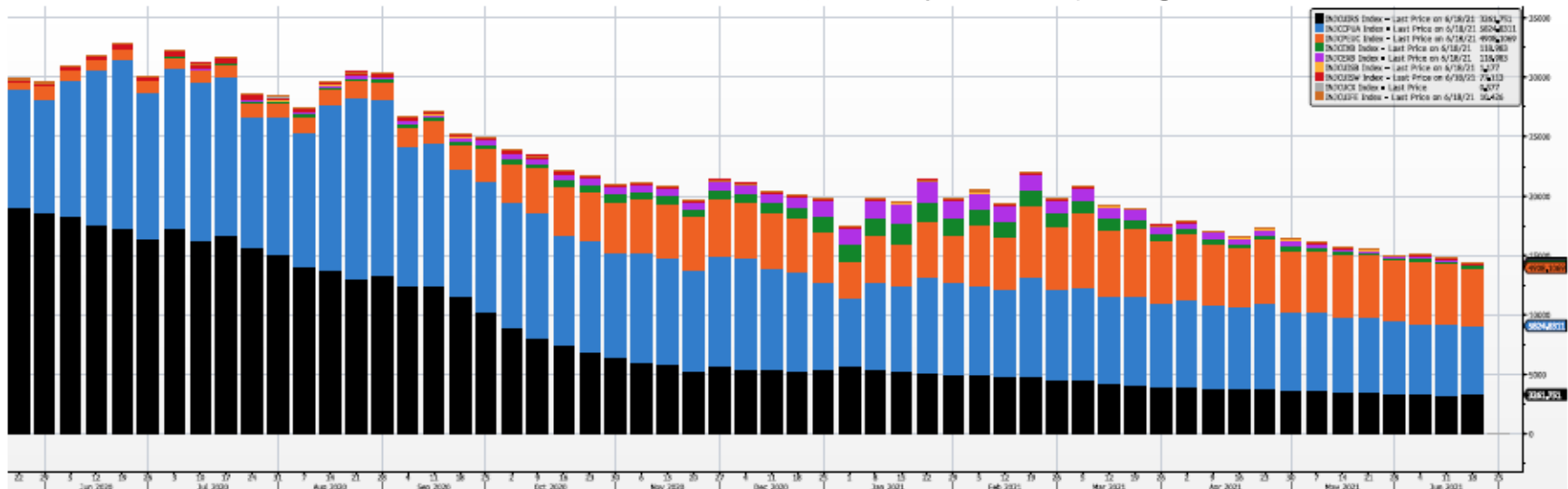
Source: Department of Labor, J.P. Morgan

Figure 2: Continuing claims in regular state programs

index, March 6 = 100



Source: Department of Labor, J.P. Morgan



Early evidence suggests the removal of enhanced benefits is not enticing people back in the labor market. While we have 6.8 million less employed, we have 14.6 million drawing benefits that will expire in the fall.

Upcoming Strategic Focus

- The Fed remains accommodative, yet there is increasingly diverging views within the FOMC around the path of interest rates. We will need to see a reduction in “economic noise” due to the re-opening and massive stimulus campaigns before we can assess the correct path.
- We are likely past peak growth and peak inflation for the cycle. As benefits and payment moratoriums are set to expire, we will spend the next few quarters assessing the health of the underlying economy.
- Inflation accelerated even faster than anticipated yet looks highly transitory and concentrated in areas impacted by the chip sector and a rebound in leisure and hospitality. Rents hold the key going forward – will high home prices translate into sustained rent increases?
- Labor markets are healing but at a slower pace than anticipated. We have 9 million open jobs, 14.6 million taking some form of unemployment benefits, and 6.8 million less employed than pre-pandemic.

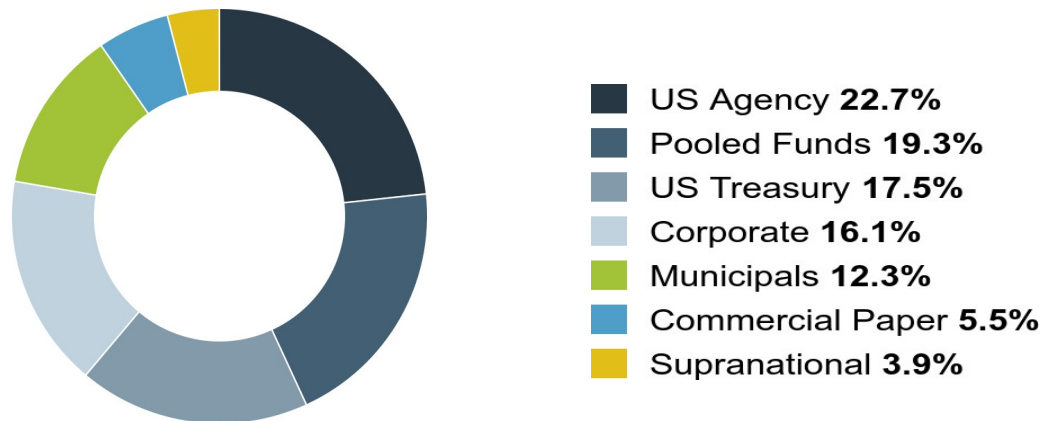
Summary Overview

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Portfolio Characteristics

Metric	Value
Cash and Cash Equivalents	245,674,183
Investments	944,765,623
Book Yield	0.62%
Market Yield	0.37%
Effective Duration	1.24
Years to Maturity- To Reset	1.44
Avg Credit Rating	AA

Allocation by Asset Class



Strategy Overview

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Strategic Structure

Account	Par Amount	Book Value	Market Value	Net Unrealized Gain (Loss)	Book Yield	Maturity in Years- To Reset	Effective Duration	Benchmark Duration	Benchmark
CLARK-Investment Core	922,389,889	931,871,766	936,242,021	4,370,256	0.75%	1.82	1.57	1.48	ICE BofA 0-3 Year US Treasury Index
CLARK-Liquidity	250,915,028	250,915,028	250,915,028	0	0.12%	0.02	0.02	0.09	ICE BofA US 1-Month Treasury Bill Index
Total	1,173,304,917	1,182,786,794	1,187,157,049	4,370,256	0.62%	1.44	1.24	1.19	

Compliance Report

Clark County Investment Pool | CLARK Total Portfolio



June 30, 2021

Policy Diversification Constraint

Category

Policy Diversification Constraint	Policy Limit	Actual Value*	Status
US Treasury Obligations Maximum % of Holdings	100.000	17.487	Compliant
US Agency Callable Securities Maximum % of Total Portfolio	25.000	14.143	Compliant
US Agency FFCB Issuer Concentration	35.000	3.360	Compliant
US Agency FHLB Issuer Concentration	35.000	5.751	Compliant
US Agency FHLMC Issuer Concentration	35.000	7.389	Compliant
US Agency FNMA Issuer Concentration	35.000	4.941	Compliant
US Agency Obligations - Primary FHLB, FNMA, FHLMC, FFCB Maximum % of Holdings	100.000	21.441	Compliant
US Agency Obligations - Secondary FICO, FARMER MAC etc. Maximum % of Holdings	10.000	2.169	Compliant
US Agency Obligations Issuer Concentration - Secondary FICO, FARMER MAC etc.	5.000	1.264	Compliant
Supranationals - Issuer is ADB, IADB, IBRD, or IFC	0.000	0.000	Compliant
Supranationals Issuer Concentration	5.000	2.213	Compliant
Supranationals Maximum % of Holdings	10.000	3.920	Compliant
Municipal Bonds Issuer Concentration	5.000	1.896	Compliant
Municipal Bonds Maximum % of Holdings	20.000	12.300	Compliant
Municipal Bonds: Non-GO outside of Washington (Not allowed)	0.000	0.000	Compliant
Corporate Notes & Commercial Paper Single Issuer %	3.000	2.105	Compliant
Corporate Notes Foreign Exposure except Canada	2.000	0.000	Compliant
Commercial Paper Issuer Concentration	3.000	2.105	Compliant
Certificates of Deposit Issuer Concentration	5.000	0.441	Compliant
Certificates of Deposit Maximum % of Holdings	40.000	0.441	Compliant
Banker's Acceptance Issuer Concentration	5.000	0.000	Compliant
Banker's Acceptance Maximum % of Holdings	25.000	0.000	Compliant
LGIP Maximum % of Holdings	100.000	19.368	Compliant
PDPC Bank Deposits Issuer Concentration	100.000	1.326	Compliant
PDPC Bank Deposits Maximum % of Holdings	100.000	1.768	Compliant
Repurchase Agreements Issuer Concentration	20.000	0.000	Compliant
Repurchase Agreements Maximum % of Holdings	30.000	0.000	Compliant
Registered Warrants Maximum % of Holdings	10.000	0.000	Compliant

1) Actual values are based on market value.

2) The compliance report allows for resolutions to be documented if an actual value exceeds a limit. The specific resolution can be found on the client portal site.

Compliance Report

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June 30, 2021

Policy Maturity Structure Constraint

Category	Policy Limit	Actual %	Status
Maturity Constraints Under 30 days Minimum % of Total Portfolio	10.000	22.512	Compliant
Maturity Constraints Under 5 years Minimum % of Total Portfolio	100.000	100.000	Compliant
Maturity Constraints Under 1 Year Minimum % of Total Portfolio	25.000	38.664	Compliant

Policy Credit Constraint

Category	Status
US Agency Obligations - Secondary Minimum Ratings AA-/Aa3/AA- if rated	Compliant
Supranationals Ratings AA-/Aa3/AA- or better (Rated by 1 NRSRO)	Compliant
Municipal Bonds Ratings Minimum A-/A3/A- by All if rated	Compliant
Corporate Notes AA-/Aa3/AA- by All If Rated Issuer Concentration (3%)	Compliant
Corporate Notes Ratings Minimum A-/A3/A- by All if rated	Compliant
Corporate Notes Single A with Negative Outlook Cannot Purchase	Compliant
Corporate Notes Split AA- to A- Issuer Concentration % (1 must rate AA- and all must rate A-) (2%)	Compliant
Commercial Paper Ratings Minimum Ratings A1/P1 by both and F1 (if rated)	Compliant
Repurchase Agreements Minimum Ratings A-/A3/A- (Rated by 1 NRSRO)	Compliant

Policy Maturity Constraint

Category	Policy Limit	Actual Term	Status
US Treasury Maximum Maturity At Time of Purchase (years)	5.000	3.096	Compliant
US Agency Maximum Maturity At Time of Purchase (years)	5.000	5.000	Compliant
Municipals Maximum Maturity At Time of Purchase (years)	5.000	4.992	Compliant
Corporate Maximum Maturity of Single Issue At Time of Purchase (years)	5.000	4.970	Compliant
Corporate Note Portfolio Duration (years)	3.000	1.248	Compliant
Commercial Paper Days to Final Maturity (days)	270.000	269.000	Compliant
Repurchase Agreements Maximum Maturity At Time of Purchase (days)	365.000	0.000	Compliant
Weighted Average Maturity (years)	1.500	1.44	Compliant

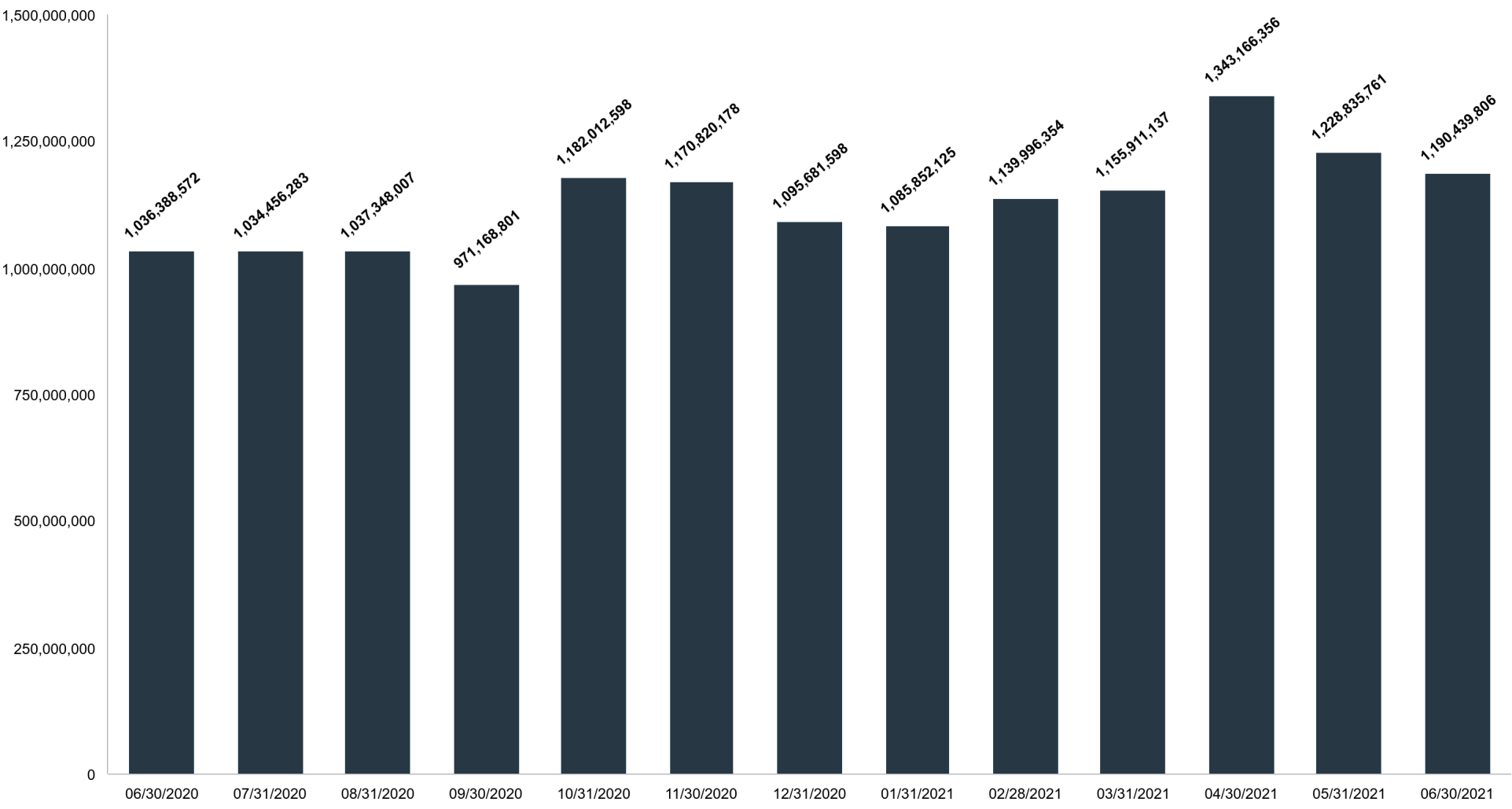
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Historical Balances

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Market Value



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A thick, dark blue line graph that starts at the bottom left, rises to a peak, dips slightly, and then rises again to a higher peak on the right side of the page.

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