



Quarterly Investment Report
Clark County Investment Pool

September 30, 2021

Quarterly Review

Clark County Investment Pool | CLARK Total Portfolio



September 30, 2021

Market Overview

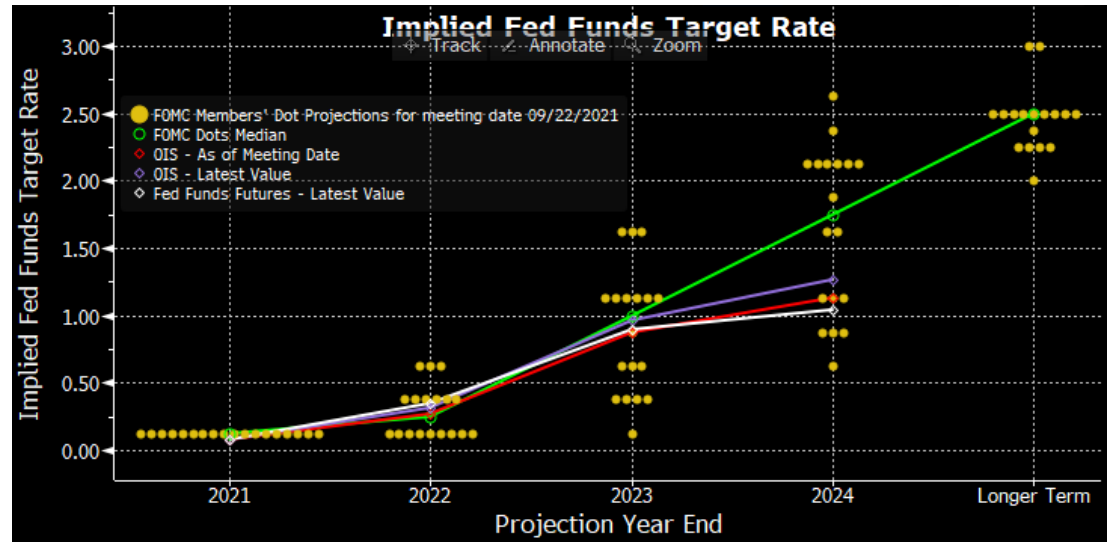
Total Portfolio Overview

Compliance

Fed is Increasingly Uncomfortable with Inflation

Percent

Variable	Median ¹				
	2021	2022	2023	2024	Longer run
Change in real GDP	5.9	3.8	2.5	2.0	1.8
June projection	7.0	3.3	2.4		1.8
Unemployment rate	4.8	3.8	3.5	3.5	4.0
June projection	4.5	3.8	3.5		4.0
PCE inflation	4.2	2.2	2.2	2.1	2.0
June projection	3.4	2.1	2.2		2.0
Core PCE inflation ⁴	3.7	2.3	2.2	2.1	
June projection	3.0	2.1	2.1		



The Fed downgraded their near-term outlook for growth and the labor market while increasing their forecast for inflation in 2021 and 2022. Fed projections for the path of policy rate are increasingly divided with some members calling for sooner hikes and a quicker pace. The outlook for growth and inflation in the spring and summer of 2022 will decide the outcome.

Source: Bloomberg

Yield Curve Flattens Led by Long End

Economic Report



September 30, 2021



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The yield curve has flattened since the end of the first quarter, which thus far marks the year-to-date high yield levels for longer-term bonds. The market, in response to a more hawkish Fed and higher than expected inflation, is pricing in sooner but fewer rate hikes which drove up front-end yields and weighed on long-dated yields.

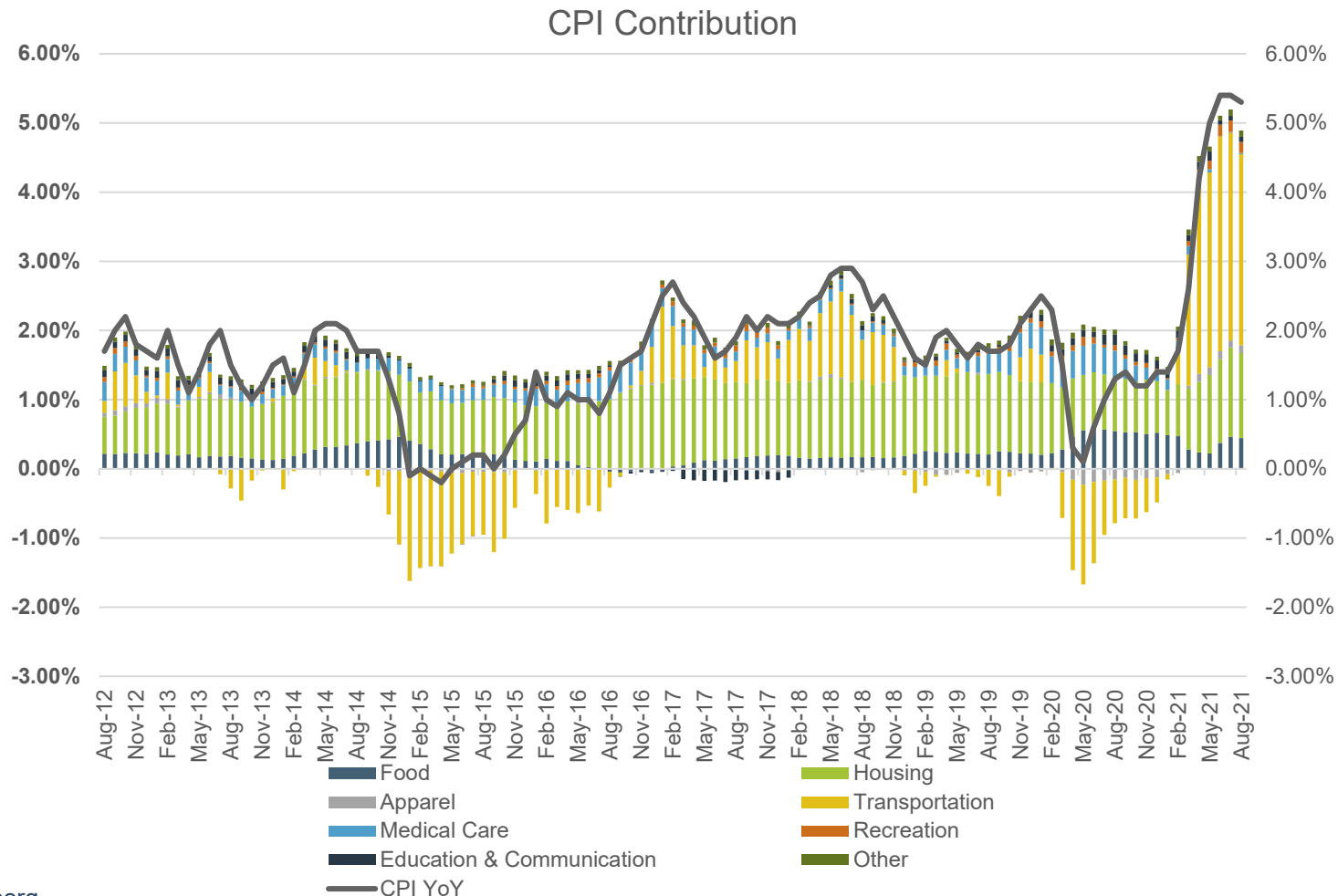
Source: Bloomberg

Inflation – Hot and Transitory...For Now



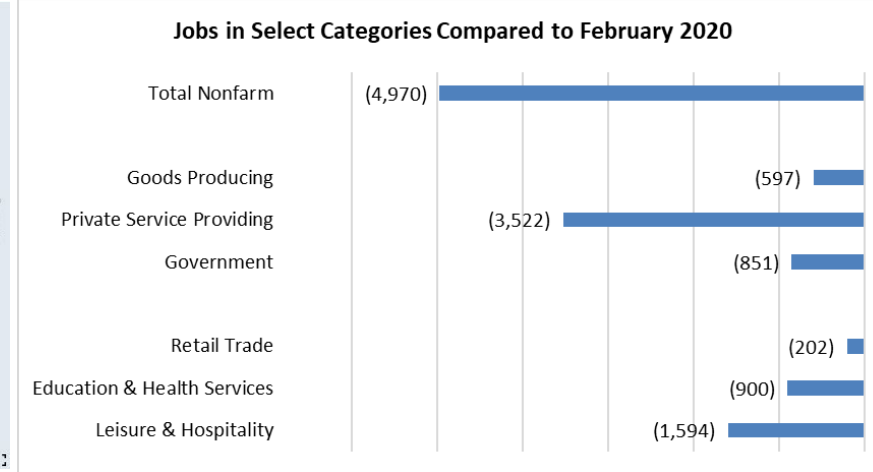
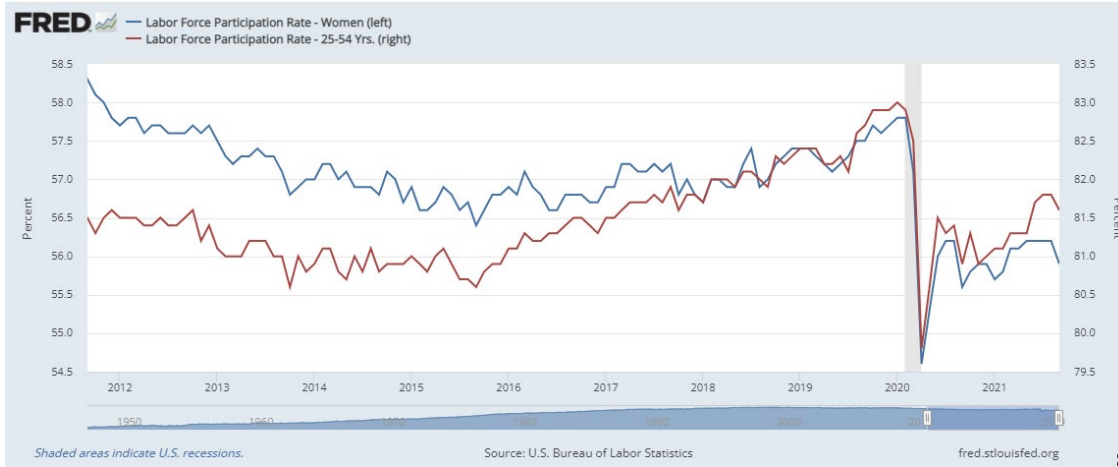
Economic Report

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Source: Bloomberg

Inflation has risen sharply over the past several months led by a rebound in leisure and hospitality, energy prices as well as a surge in all things auto – new cars, used cars and rental cars. Recent monthly readings have showed signs of cooling; however, we anticipate inflation will remain relatively high for several months to come.



The labor market continues to heal – the economy now has 5 million less jobs today than pre-COVID. Labor force participation continues to be a drag and leads to confusion as to how tight labor markets really are and what the true unemployment rate really is.

Source: Bloomberg, St Louis Federal Reserve

- Outsized inflation is leading to division amongst the members of the Federal Reserve. If growth and employment progress is on track, we expect front-end to intermediate yields to gradually rise and flatten the interest rate curve. Growth and inflation data over the next twelve months will be key in determining the path of policy rates – uncertainty remains high.
- Recent economic data has been underwhelming as the delta variant and waning effect of stimulus ripples through the behavior of firms and individuals. While the economy is on firm footing, we will face a large fiscal drag in 2022.
- Inflation remains high but appears to be moderating. Supply chain issues will likely take more time than previously expected and housing costs may keep inflation elevated in the months ahead. This is the biggest risk and largest unknown in markets today. If inflation does not moderate, the Fed will be in a very difficult position given asset valuations rely on low rates.
- Coming months will be key in labor markets. We expect a pickup as schools re-open and enhanced unemployment benefits expire. If we don't see a pickup as expected, it should weigh on sentiment and intermediate rates as the Fed hiking campaign gets pushed back.

Summary Overview

Clark County Investment Pool | CLARK Total Portfolio

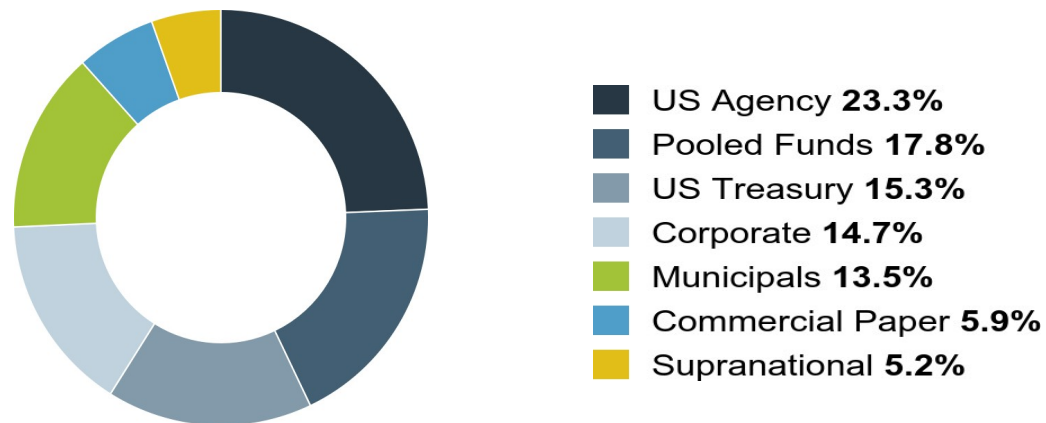


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Portfolio Characteristics

Metric	Value
Cash and Cash Equivalents	209,740,711
Investments	882,964,905
Book Yield	0.56%
Market Yield	0.35%
Effective Duration	1.14
Years to Maturity	1.50
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	Effective Duration	Benchmark Duration	Benchmark
CLARK-Investment Core	863,309,889	871,266,790	875,186,971	3,920,181	0.66%	1.87	1.42	1.47	ICE BofA 0-3 Year US Treasury Index
CLARK-Liquidity	215,016,678	215,016,678	215,016,678	0	0.15%	0.01	0.01	0.08	ICE BofA US 1-Month Treasury Bill Index
Total	1,078,326,567	1,086,283,468	1,090,203,649	3,920,181	0.56%	1.50	1.14	1.20	

Compliance Report

Clark County Investment Pool | CLARK Total Portfolio



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Policy Diversification Constraint

Category

Policy Diversification Constraint	Policy Limit	Actual Value*	Status
US Treasury Obligations Maximum % of Holdings	100.000	15.345	Compliant
US Agency Callable Securities Maximum % of Total Portfolio	25.000	15.417	Compliant
US Agency FFCB Issuer Concentration	35.000	3.663	Compliant
US Agency FHLB Issuer Concentration	35.000	6.244	Compliant
US Agency FHLMC Issuer Concentration	35.000	8.045	Compliant
US Agency FNMA Issuer Concentration	35.000	5.389	Compliant
US Agency Obligations - Primary FHLB, FNMA, FHLMC, FFCB Maximum % of Holdings	100.000	23.340	Compliant
US Agency Obligations - Secondary FICO, FARMER MAC etc. Maximum % of Holdings	10.000	2.356	Compliant
US Agency Obligations Issuer Concentration - Secondary FICO, FARMER MAC etc.	5.000	1.376	Compliant
Supranationals - Issuer is ADB, IADB, IBRD, or IFC	0.000	0.000	Compliant
Supranationals Issuer Concentration	5.000	2.782	Compliant
Supranationals Maximum % of Holdings	10.000	5.178	Compliant
Municipal Bonds Issuer Concentration	5.000	2.441	Compliant
Municipal Bonds Maximum % of Holdings	20.000	13.437	Compliant
Municipal Bonds: Non-GO outside of Washington (Not allowed)	0.000	0.000	Compliant
Corporate Notes & Commercial Paper Single Issuer %	3.000	2.293	Compliant
Corporate Notes Foreign Exposure except Canada	2.000	0.000	Compliant
Commercial Paper Issuer Concentration	3.000	2.293	Compliant
Certificates of Deposit Issuer Concentration	5.000	0.484	Compliant
Certificates of Deposit Maximum % of Holdings	40.000	0.484	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	17.794	Compliant
PDPC Bank Deposits Issuer Concentration	100.000	1.445	Compliant
PDPC Bank Deposits Maximum % of Holdings	100.000	1.929	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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Policy Maturity Structure Constraint

Category	Policy Limit	Actual %	Status
Maturity Constraints Under 30 days Minimum % of Total Portfolio	10.000	19.860	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	34.835	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	3.093	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	4.989	Compliant
Corporate Maximum Maturity of Single Issue At Time of Purchase (years)	5.000	4.970	Compliant
Corporate Note Portfolio Duration (years)	3.000	1.155	Compliant
Commercial Paper Days to Final Maturity (days)	270.000	134.000	Compliant
Repurchase Agreements Maximum Maturity At Time of Purchase (days)	365.000	0.000	Compliant
Weighted Average Maturity (years)	1.500	1.502	Compliant

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Asset Allocation Change over Quarter

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Security Type	06/30/2021		09/30/2021		Change	
	Market Value + Accrued	% of Portfolio	Market Value + Accrued	% of Portfolio	Market Value + Accrued	% of Portfolio
US Treasury	208,308,692	17.50%	167,627,092	15.34%	(40,681,600)	(2.16%)
US Agency	254,903,050	21.41%	254,911,937	23.33%	8,887	1.92%
Supranational	46,670,663	3.92%	56,611,585	5.18%	9,940,922	1.26%
Municipals	146,848,794	12.34%	147,276,001	13.48%	427,207	1.14%
Corporate	202,827,748	17.04%	160,577,837	14.70%	(42,249,911)	(2.34%)
Commercial Paper	64,950,650	5.46%	64,981,050	5.95%	30,400	0.49%
Bank Deposit	20,987,365	1.76%	21,026,088	1.92%	38,723	0.16%
Pooled Funds	229,928,044	19.31%	193,990,973	17.75%	(35,937,071)	(1.56%)
Secondary Agency	15,014,800	1.26%	25,703,053	2.35%	10,688,253	1.09%
Total	1,190,439,806	100.00%	1,092,705,616	100.00%	(97,734,190)	

If negative cash balance is showing, it is due to a pending trade payable at the end of period.

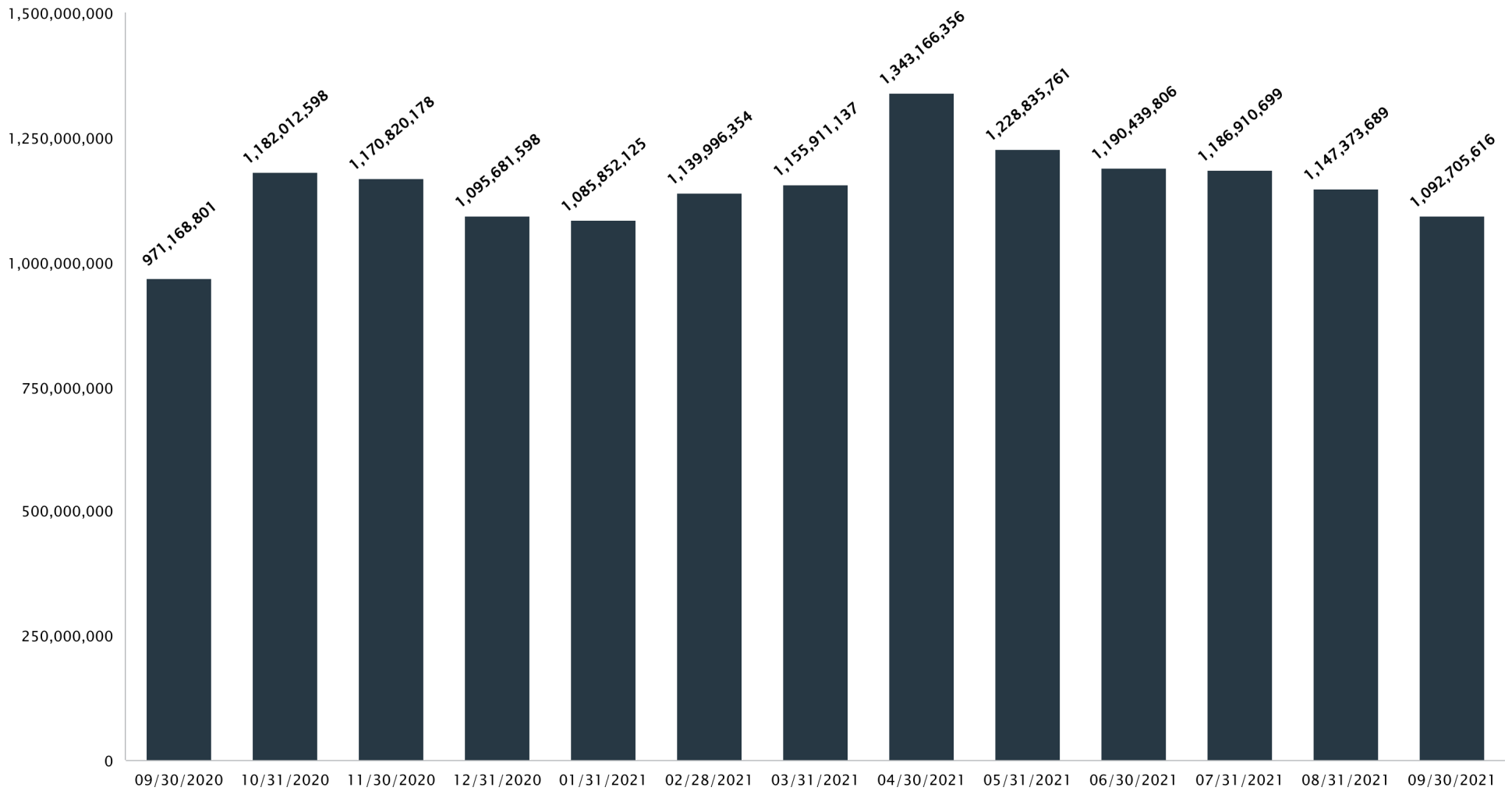
Historical Balances

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Market Value



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