

INVESTMENT REPORT

Northwest ISD

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April 1 to April 30, 2022



Contents

Market Recap 3

Investment Officers' Certification 4

Portfolio Overview 5

Portfolio Overview 6

Asset Allocation 7

Credit Rating Summary 8

Benchmark Comparison. 9

Fund Overview 10

Detail of Security Holdings 11

Earned Income 12

Investment Transactions. 13

Investment Transactions Totals. 14

Amortization and Accretion 15

Projected Cash Flows. 16

Projected Cash Flows Totals. 17

Disclosures & Disclaimers 18

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Market Recap

April was a terrible month for the financial markets. On the equity side, the NASDAQ plunged a staggering -13%. The worst showing since the early months of the 2008 financial crisis dragged the tech-heavy index down -21% for the year. The broad market S&P 500 shed -8.8% in April and -13.3 for the year, marking its worst start in 83 years, while the large cap Dow Jones lost -4.9% for the month and is down -9.2% since the year began. Normally, a major stock market slide would result in a flight-to-quality, pushing bond yields lower, but this wasn't the case. Bonds were clobbered as well. Fixed income investors were hyper-focused on the Fed, while the Fed was fixated on rising inflation.

The headline consumer price index (CPI) rose +1.2% in March and +8.5% year-over-year, a new 43-year high. Gasoline prices were the major driver, up +18% for the month, while food prices rose +1.0% in March and +8.8% year-over-year, the highest since 1981. Core CPI, which excludes food and energy prices, rose just +0.3% in March but +6.5% on an annual basis, which was also the highest in over four decades. The elevated core indicates how wide-spread the price increases have become. Anyone who thought crypto was an inflation hedge may have found themselves second-guessing when Bitcoin tumbled -17.8% in April. Clearly, there were few places to hide.

The initial reading of Q1 GDP was a shocker, as economic growth for the first three months of 2022 posted a negative reading of -1.4%. However, the report details revealed the deteriorating trade balance was to blame, and to a lesser degree slower business inventory accumulation. These two factors subtracted nearly four percentage points from the headline. On a positive note, consumer spending increased from the prior quarter to a +2.7% annual pace, while business investment surged +9.2% as companies expanded equipment and technology spending to fill the labor gap. Both consumers and businesses have yet to feel enough of a pinch from rising interest rates to curtail purchases.

The labor gap has actually widened as job openings climbed to yet another high in March. There are now almost two jobs for every job-seeker. If the U.S. does enter recession later this year, this imbalance will almost certainly narrow. In the meantime, employers are paying more to attract and retain workers. The employment cost Index (ECI) surged +1.4% in the first quarter, the most in the 21-year history of the series.

The Fed finds itself in a tough spot. In retrospect, the puny quarter point hike in March was a mistake. With inflation at intolerable levels and GDP already starting to slow, they have no choice but to slow growth further through more aggressive rate hikes. A parade of Fed officials gradually conveyed the message that the market had already embraced. The Fed had some major catching-up to do. The implied year-end overnight rate at the end of April was 2.86%, up from 2.39% when the month began. The Fed is now expected to raise rates by 50 bps at the May, June, and July meetings. Less than seven months earlier, Fed officials were split on whether a single 25 bps hike would be appropriate in 2022.

Worsening inflation and a more aggressive Fed sent bond yields higher yet again. The two-year Treasury note closed April yielding 2.72%, an increase of 38 basis points on the month. The two-year yield is now just 25 basis points below the 2.97% highpoint reached in December 2018. The 10-year T-note rose 60 basis points during April, closing the month at 2.93%, just a tick away from the highest since December 2018. Interestingly, the curve has steepened and talk of an inverted curve has faded away as the 2s-10s spread has gone from just 8bps a month ago to almost 25bps as of April 30th.

Investment Officers' Certification

This report is prepared for the University Health System (the "Entity") in accordance with Chapter 2256 of the Texas Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that: "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Entity's investment officers and includes the disclosures required in the the PFIA.

The investment portfolio complied with the PFIA and the Entity's approved Investment Policy and Strategy throughout the period. All investment transactions made in the portfolio during this period were made on behalf of the Entity and were made in full compliance with the PFIA and the approved Investment Policy.

Investment Officers

Portfolio Overview

Portfolio Summary

	Prior 31 Mar-22	Current 30 Apr-22
Original Cost	478,429,801.47	458,070,688.12
Book Value	478,429,801.47	458,070,688.12
Market Value	478,429,801.47	458,070,688.12
Accrued Interest	0.00	0.00
Book Value Plus Accrued	478,429,801.47	458,070,688.12
Market Value Plus Accrued	478,429,801.47	458,070,688.12
Net Unrealized Gain/Loss	0.00	0.00

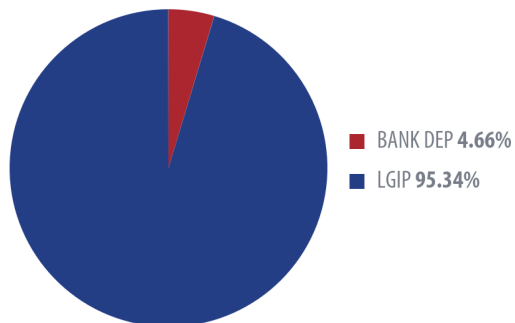
Income Summary

	1 Apr-22 to 30 Apr-22
Interest Income	\$287,421.12
Net Amortization/Accretion	\$0.00
Net Income	\$287,421.12

Portfolio Characteristics

	Prior 31 Mar-22	Current 30 Apr-22
Yield to Maturity	0.154%	0.297%
Yield to Worst	0.154%	0.297%
Years to Final Maturity	0.00	0.00
Years to Effective Maturity	0.00	0.00
Duration	--	--

Asset Allocation

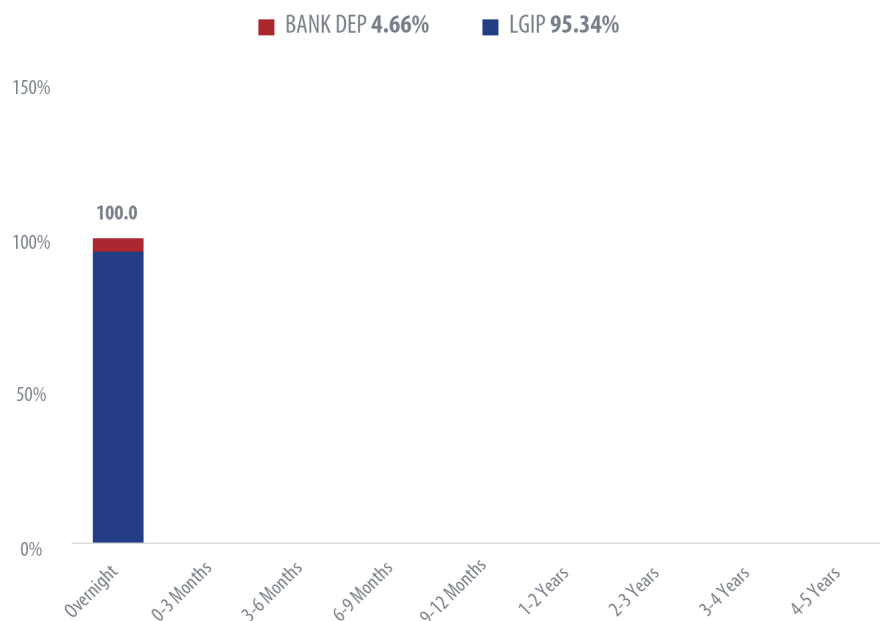


Transaction Summary

Transaction Type	Quantity	Principal	Interest	Total Amount	Realized Gain/Loss
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Portfolio Overview

Maturity Distribution by Security Type



Top Ten Holdings

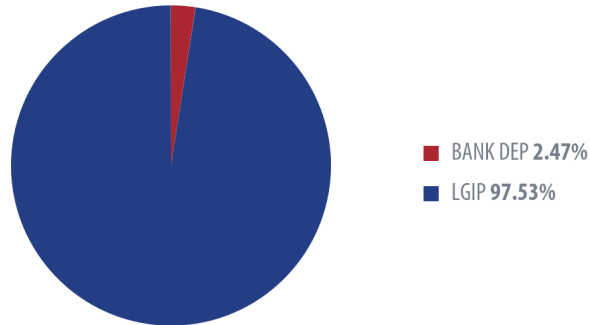
Issuer	Allocation
TEXPOOL	95.34%
WF	4.66%
COMPASS	0.00%

Maturity Distribution by Security Type

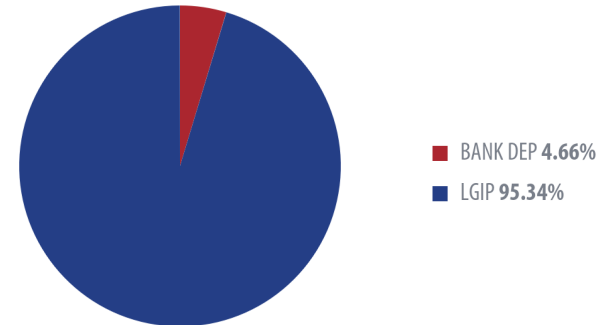
Security Type	Overnight	0-3 Months	3-6 Months	6-9 Months	9-12 Months	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Portfolio Total
BANK DEP	21,337,623.87	--	--	--	--	--	--	--	--	21,337,623.87
LGIP	436,733,064.25	--	--	--	--	--	--	--	--	436,733,064.25
Total	458,070,688.12	--	--	--	--	--	--	--	--	458,070,688.12

Asset Allocation

Asset Allocation by Security Type as of
31-Mar-2022



Asset Allocation by Security Type as of
30-Apr-2022



Book Value Basis Security Distribution

Security Type	Prior Balance 31-Mar-22	Prior Allocation 31-Mar-22	Change in Allocation	Current Balance 30-Apr-22	Current Allocation 30-Apr-22	Yield to Maturity
BANK DEP	11,816,973.57	2.47%	2.19%	21,337,623.87	4.66%	0.160%
LGIP	466,612,827.90	97.53%	(2.19%)	436,733,064.25	95.34%	0.304%
Portfolio Total	478,429,801.47	100.00%		458,070,688.12	100.00%	0.297%

Credit Rating Summary

S&P Rating Distribution

	Book Value	Portfolio Allocation
Short Term Rating Distribution		
Total Short Term Ratings		
Long Term Rating Distribution		
Total Long Term Ratings		
Portfolio Total		

Allocation by S&P Rating

No data to display

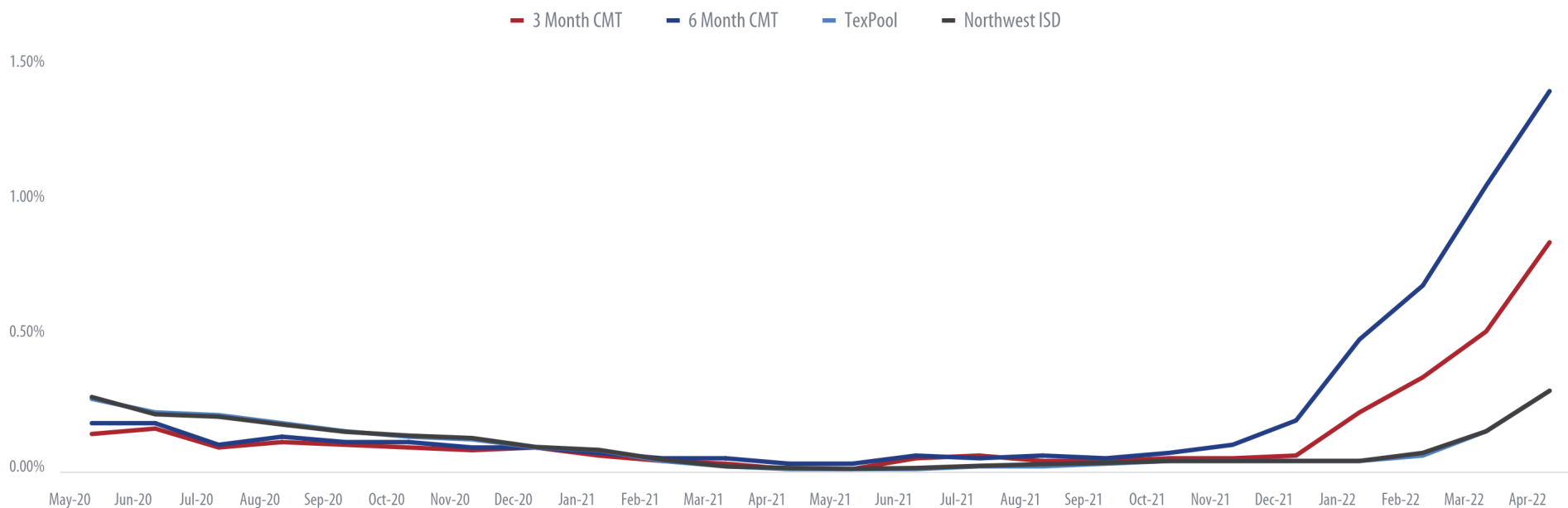
Moody's Rating Distribution

	Book Value	Portfolio Allocation
Short Term Rating Distribution		
Total Short Term Ratings		
Long Term Rating Distribution		
Total Long Term Ratings		
Portfolio Total		

Allocation by Moody's Rating

No data to display

Benchmark Comparison



Yield Overview

	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
3 Month CMT	0.14	0.16	0.09	0.11	0.10	0.09	0.08	0.09	0.06	0.04	0.03	0.01	0.01	0.05	0.06	0.04	0.04	0.05	0.05	0.06	0.22	0.35	0.52	0.85
6 Month CMT	0.18	0.18	0.10	0.13	0.11	0.11	0.09	0.09	0.07	0.05	0.05	0.03	0.03	0.06	0.05	0.06	0.05	0.07	0.10	0.19	0.49	0.69	1.06	1.41
TexPool	0.27	0.22	0.21	0.18	0.15	0.13	0.12	0.09	0.08	0.04	0.02	0.01	0.01	0.01	0.02	0.02	0.03	0.04	0.04	0.04	0.04	0.06	0.15	0.30
Northwest ISD	0.28	0.21	0.20	0.18	0.15	0.13	0.12	0.09	0.08	0.04	0.02	0.01	0.01	0.01	0.02	0.03	0.03	0.04	0.04	0.04	0.04	0.07	0.15	0.30

Fund Overview

Fund Name	Prior Book Value 31-Mar-2022	Prior Market Value 31-Mar-2022	Changes to Market Value	Current Book Value 30-Apr-2022	Current Market Value 30-Apr-2022	Net Income	Days to Final Mty	YTM	YTW
Capital Project	226,325,544.20	226,325,544.20	0.00	220,431,535.19	220,431,535.19	55,494.65	1	0.300%	0.300%
Activity Account	172,270.00	172,270.00	0.00	172,313.07	172,313.07	43.07	1	0.304%	0.304%
General Operating Fund	179,387,849.27	179,387,849.27	0.00	161,221,241.26	161,221,241.26	42,579.97	1	0.297%	0.297%
Capital Project AFB	413,856.32	413,856.32	0.00	413,959.82	413,959.82	103.50	1	0.304%	0.304%
Interest & Sinking	68,816,735.57	68,816,735.57	0.00	69,374,227.01	69,374,227.01	17,312.43	1	0.304%	0.304%
Payroll Fund	3,313,546.11	3,313,546.11	0.00	6,457,411.77	6,457,411.77	460.59	1	0.160%	0.160%
Total	478,429,801.47	478,429,801.47	0.00	458,070,688.12	458,070,688.12	115,994.21	1	0.297%	0.297%

Detail of Security Holdings

CUSIP	Settle Date	Security Type	Security Description	CPN	Maturity Date	Next Call Date	Call Type	Par Value	Purch Price	Original Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW	Rating	
Activity Account																			
TEXPOOL		LGIP	TexPool		04/30/22			172,313.07	100.000	172,313.07	172,313.07	100.000	172,313.07	1		0.304	0.304	AAA	
Total Activity Account								172,313.07		172,313.07	172,313.07		172,313.07	1		0.304	0.304		
Capital Project																			
TEXPOOL		LGIP	TexPool		04/30/22			213,994,223.42	100.000	213,994,223.42	213,994,223.42	100.000	213,994,223.42	1		0.304	0.304	AAA	
WF-NWISD		BANK DEP	Wells Fargo Bk		04/30/22			6,437,311.77	100.000	6,437,311.77	6,437,311.77	100.000	6,437,311.77	1		0.160	0.160	NA	
Total Capital Project								220,431,535.19		220,431,535.19	220,431,535.19		220,431,535.19	1		0.300	0.300		
Capital Project AFB																			
TEXPOOL		LGIP	TexPool		04/30/22			413,959.82	100.000	413,959.82	413,959.82	100.000	413,959.82	1		0.304	0.304	AAA	
Total Capital Project AFB								413,959.82		413,959.82	413,959.82		413,959.82	1		0.304	0.304		
General Operating Fund																			
TEXPOOL		LGIP	TexPool		04/30/22			152,778,340.93	100.000	152,778,340.93	152,778,340.93	100.000	152,778,340.93	1		0.304	0.304	AAA	
WF-NWISD		BANK DEP	Wells Fargo Bk		04/30/22			8,442,900.33	100.000	8,442,900.33	8,442,900.33	100.000	8,442,900.33	1		0.160	0.160	NA	
Total General Operating Fund								161,221,241.26		161,221,241.26	161,221,241.26		161,221,241.26	1		0.297	0.297		
Interest & Sinking																			
TEXPOOL		LGIP	TexPool		04/30/22			69,374,227.01	100.000	69,374,227.01	69,374,227.01	100.000	69,374,227.01	1		0.304	0.304	AAA	
Total Interest & Sinking								69,374,227.01		69,374,227.01	69,374,227.01		69,374,227.01	1		0.304	0.304		
Payroll Fund																			
WF-NWISD		BANK DEP	Wells Fargo Bk		04/30/22			6,457,411.77	100.000	6,457,411.77	6,457,411.77	100.000	6,457,411.77	1		0.160	0.160	NA	
Total Payroll Fund								6,457,411.77		6,457,411.77	6,457,411.77		6,457,411.77	1		0.160	0.160		
Grand Total								458,070,688.12		458,070,688.12	458,070,688.12		458,070,688.12	1		0.297	0.297		

Earned Income

CUSIP	Security Type	Security Description	Beginning Accrued	Interest Earned	Interest Rec'd/ Sold/Matured	Interest Purchased	Ending Accrued	Disc Accr/Prem Amort	Net Income
Activity Account									
TEXPOOL	LGIP	TexPool 0.0 04/30/2022	0.00	43.07	43.07	0.00	0.00	0.00	43.07
Total Activity Account			0.00	43.07	43.07	0.00	0.00	0.00	43.07
Capital Project									
TEXPOOL	LGIP	TexPool 0.0 04/30/2022	0.00	55,015.89	55,015.89	0.00	0.00	0.00	55,015.89
WF-NWISD	BANK DEP	Wells Fargo Bk 0.0 04/30/2022	0.00	478.76	478.76	0.00	0.00	0.00	478.76
Total Capital Project			0.00	55,494.65	55,494.65	0.00	0.00	0.00	55,494.65
Capital Project AFB									
TEXPOOL	LGIP	TexPool 0.0 04/30/2022	0.00	103.50	103.50	0.00	0.00	0.00	103.50
Total Capital Project AFB			0.00	103.50	103.50	0.00	0.00	0.00	103.50
General Operating Fund									
TEXPOOL	LGIP	TexPool 0.0 04/30/2022	0.00	41,066.41	41,066.41	0.00	0.00	0.00	41,066.41
WF-NWISD	BANK DEP	Wells Fargo Bk 0.0 04/30/2022	0.00	1,513.56	1,513.56	0.00	0.00	0.00	1,513.56
Total General Operating Fund			0.00	42,579.97	42,579.97	0.00	0.00	0.00	42,579.97
Interest & Sinking									
TEXPOOL	LGIP	TexPool 0.0 04/30/2022	0.00	17,312.43	17,312.43	0.00	0.00	0.00	17,312.43
Total Interest & Sinking			0.00	17,312.43	17,312.43	0.00	0.00	0.00	17,312.43
Payroll Fund									
WF-NWISD	BANK DEP	Wells Fargo Bk 0.0 04/30/2022	0.00	460.59	460.59	0.00	0.00	0.00	460.59
Total Payroll Fund			0.00	460.59	460.59	0.00	0.00	0.00	460.59
Grand Total			0.00	115,994.21	115,994.21	0.00	0.00	0.00	115,994.21

Investment Transactions

CUSIP	Trade Date	Settle Date	Security Type	Security Description	Coupon	Maturity Date	Call Date	Par Value	Price	Principal Amount	Interest Purchased/Received	Total Amount	Realized Gain/Loss	YTM	YTW
Grand Total															

Investment Transactions Totals

Transaction Type	Quantity	Principal Amount	Interest	Total Amount	Realized G/L	YTM	YTW
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Amortization and Accretion

CUSIP	Settle Date	Security Type	Security Description	Purchase Qty	Orig Price	Original Cost	Amort/Accr for Period	Total Amort/Accr Since Purch	Remaining Disc/Premium	Ending Book Value
Grand Total										

Projected Cash Flows

CUSIP	Security Description	Post Date	Interest	Principal	Total Amount
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Projected Cash Flows Totals

Month and Year	Interest	Principal	Total Amount
Total			

■ Interest ■ Principal

No data to display

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