

INVESTMENT REPORT

Northwest ISD

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May 1 to May 31, 2022



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Market Recap

Bond yields beyond a year retreated in May as investors factored in the possibility that slower growth might eventually allow Fed officials to tighten policy at a less aggressive pace later in the year ...but the near-term outlook remains extremely cloudy. The April employment report showed +428k jobs were added to company payrolls during the month with the unemployment rate unchanged at 3.6%. The number of Americans actively seeking work held steady at 5.9 million. In April, almost half the number of reported jobs openings in March. The mismatch of job seekers to jobs available is virtually unprecedented and gives the Fed a huge amount of leeway to slow economic growth without sidelining millions of workers.

However, the main story continues to be the Fed's other mandate - *inflation*. The April CPI report came in hotter-than-expected with the monthly core rate doubling from +0.3% to +0.6%. Headline CPI climbed by a more restrained +0.3% but would have been higher if gasoline prices had not dipped during the survey period. On a year-over-year basis, overall CPI slipped from a four-decade high of +8.5% to +8.3%, although much of this decrease can be attributed to the higher base effect relative to the prior year.

AAA reported the average nationwide price of unleaded gasoline jumped another \$0.50 in May to a new record high of \$4.66 per gallon, promising continued inflationary pressure, and yet another weight on the back of U.S. consumers. Diesel prices were nearly a dollar higher during the month, which means transportation costs will certainly climb, pushing prices higher on a broad range of consumer products.

Mortgage rates stabilized in May with the 30-year fixed rate average ending the month at 5.10%, matching the average at the end of April, but with the average home price up more than 35% over the past two years, affordability is fast approaching a record low. This is one more weight on the consumer, particularly first-time buyers.

If overall consumer spending is on the verge of slowing it wasn't apparent in the April retail sales report. Sales rose by a brisk +0.9% in April, while March sales were revised sharply upward from +0.5% to +1.4%. The April headline increase would have been even bigger if

gasoline prices had not fallen -2.7% during the month, dragging gas station receipts lower. As mentioned previously, we know that gas prices have since reversed course and are now much higher.

Although inflation may be nearing a peak, several underlying components are generally expected to move higher in the coming months. Summer has historically been peak season for travel and home buying, but this year, arguably the first since 2019 that Americans feel comfortable getting out, also suggests an explosion in eating and drinking away from home, as well as a significant jump in attendance at concerts and sporting events. Given how challenging it's been for employers to find and retain workers, the service sector will be forced to increase pay and pass higher prices on to consumers.

The FOMC met in early May with inflation on center stage. Fed officials, as expected, announced the first 50 basis point rate hike in 22 years. The Fed also took the opportunity to reiterate that they expected to hike in 50 bp increments at the next two FOMC meetings but pushed back on the notion of bigger 75 bp moves. The meeting also clarified that balance sheet reduction would begin on June 1st at a maximum of \$47.5 billion before stepping up to \$95 billion in September. The simple fact that these securities will be allowed to mature without being reinvested also tightens monetary policy.

The committee made it clear that their priority will be to get inflation under control, sacrificing economic growth in the process. Investors aren't as sure that Powell will be able to stay the course once it becomes apparent that recession has arrived. For the time being, the Fed will deliver as promised, tightening by a half point in June and July before reassessing at the September meeting. The two wild cards in play remain the war in Ukraine and the COVID-related shutdown of factory production in China. At the time of this writing, there are already signs that China has reopened schools and public transportation in Shanghai and other major cities.

Investment Officers' Certification

This report is prepared for the Northwest ISD (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 30 Apr-22	Current 31 May-22
Original Cost	458,070,688.12	635,088,157.81
Book Value	458,070,688.12	635,088,157.81
Market Value	458,070,688.12	635,088,157.81
Accrued Interest	0.00	0.00
Book Value Plus Accrued	458,070,688.12	635,088,157.81
Market Value Plus Accrued	458,070,688.12	635,088,157.81
Net Unrealized Gain/Loss	0.00	0.00

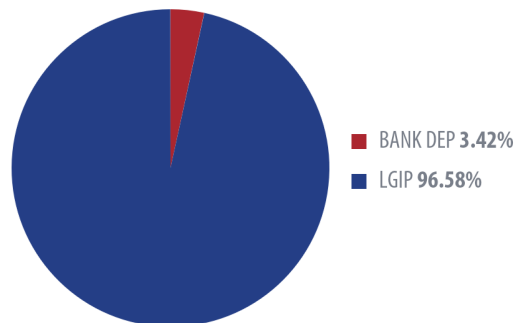
Income Summary

	1 May-22 to 31 May-22
Interest Income	\$252,247.44
Net Amortization/Accretion	
Realized Gain/Loss	\$0.00
Net Income	\$252,247.44

Portfolio Characteristics

	Prior 30 Apr-22	Current 31 May-22
Yield to Maturity	0.297%	0.607%
Yield to Worst	0.297%	0.607%
Years to Final Maturity	0.00	0.00
Years to Effective Maturity	0.00	0.00
Duration	--	--

Asset Allocation

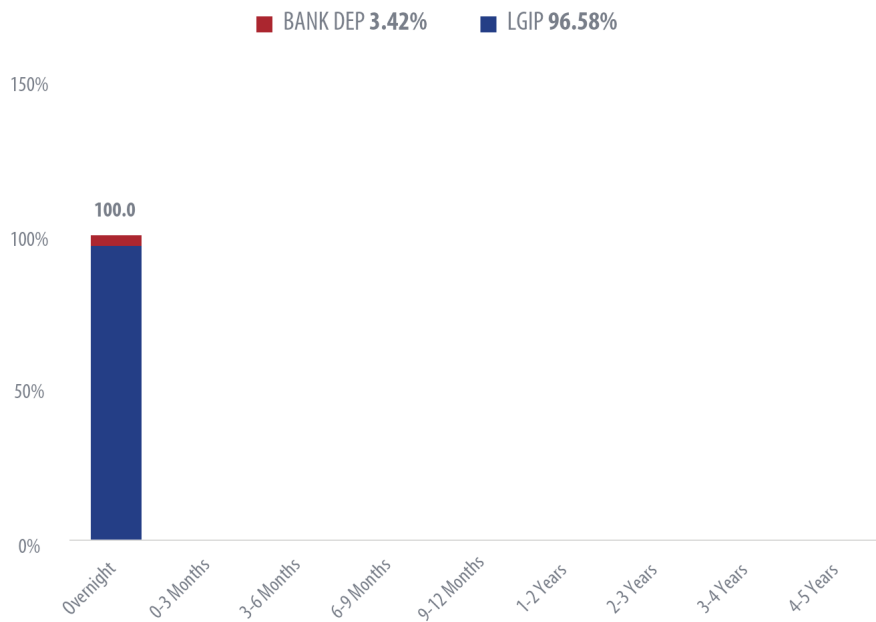


Transaction Summary

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

Maturity Distribution by Security Type



Top Ten Holdings

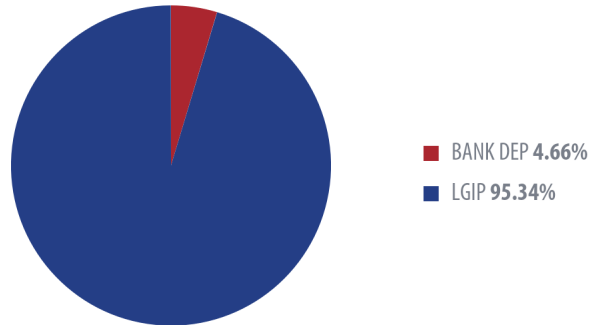
Issuer	Allocation
TEXPOOL	96.58%
WF	3.42%

Maturity Distribution by Security Type

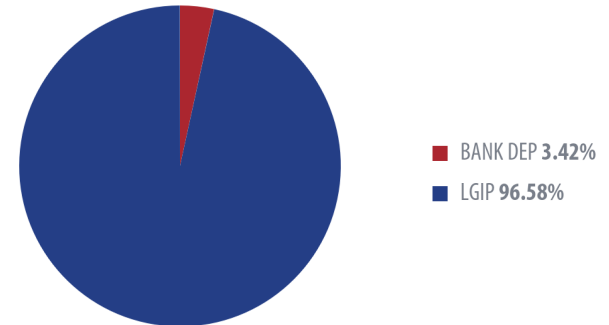
Security Type	Overnight	0-3 Months	3-6 Months	6-9 Months	9-12 Months	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Portfolio Total
BANK DEP	21,742,965.22	--	--	--	--	--	--	--	--	21,742,965.22
LGIP	613,345,192.59	--	--	--	--	--	--	--	--	613,345,192.59
Total	635,088,157.81	--	--	--	--	--	--	--	--	635,088,157.81

Asset Allocation

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



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



Book Value Basis Security Distribution

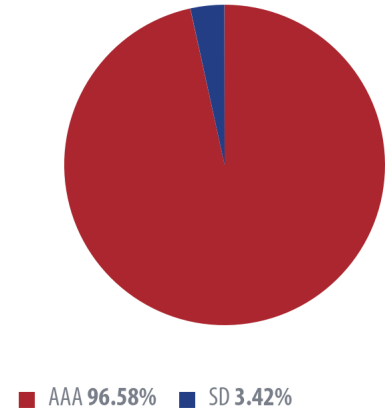
Security Type	Prior Balance 30-Apr-22	Prior Allocation 30-Apr-22	Change in Allocation	Current Balance 31-May-22	Current Allocation 31-May-22	Yield to Maturity
BANK DEP	21,337,623.87	4.66%	(1.23%)	21,742,965.22	3.42%	0.160%
LGIP	436,733,064.25	95.34%	1.23%	613,345,192.59	96.58%	0.623%
Portfolio Total	458,070,688.12	100.00%		635,088,157.81	100.00%	0.607%

Credit Rating Summary

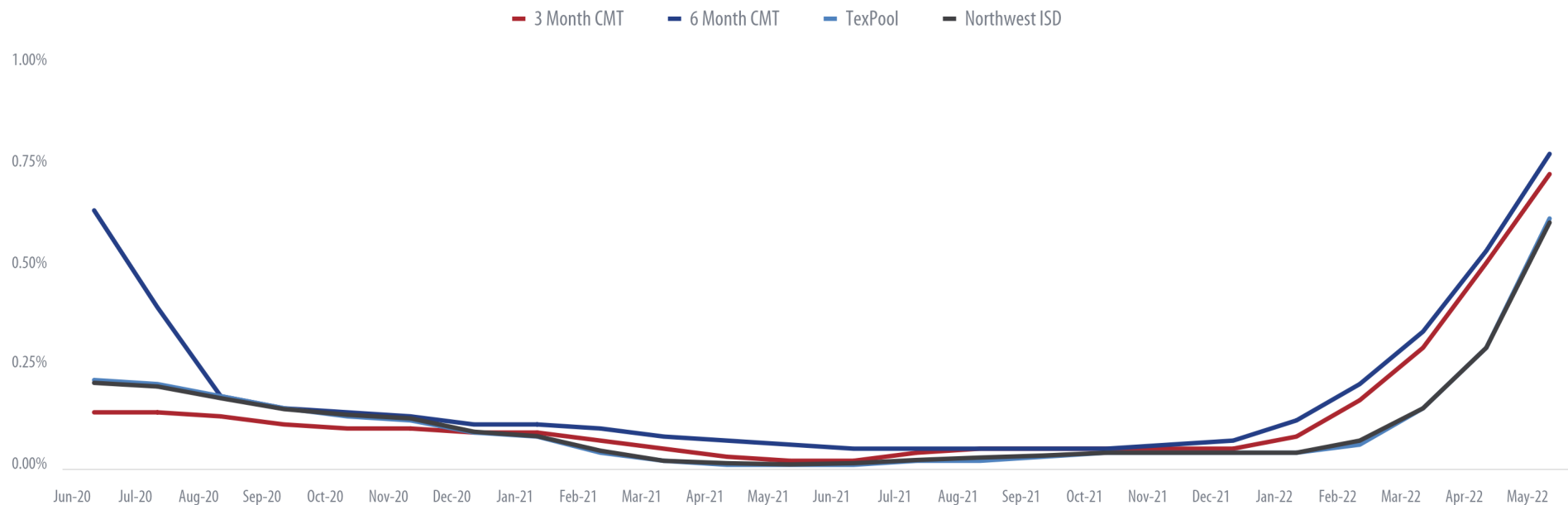
Rating Distribution

	Book Value	Portfolio Allocation
Secured Deposits (Insured or Collateralized)		
Demand Deposits	21,742,965.22	3.42%
Total Secured Deposits	21,742,965.22	3.42%
Local Government Investment Pools & Money Market Funds		
AAA	613,345,192.59	96.58%
Total Local Government Investment Pools & Money Market Funds	613,345,192.59	96.58%
Portfolio Total	635,088,157.81	100.00%

Allocation by Rating



Benchmark Comparison



Yield Overview

	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	May-22	
3 Month CMT	0.14	0.14	0.13	0.11	0.10	0.10	0.09	0.09	0.07	0.05	0.03	0.02	0.02	0.04	0.05	0.05	0.05	0.05	0.05	0.05	0.08	0.17	0.30	0.51	0.73
6 Month CMT	0.64	0.40	0.18	0.15	0.14	0.13	0.11	0.11	0.10	0.08	0.07	0.06	0.05	0.05	0.05	0.05	0.05	0.06	0.07	0.12	0.21	0.34	0.54	0.78	
TexPool	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	0.62	
Northwest ISD	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	0.61	

Fund Overview

Fund Name	Prior Book Value 30-Apr-2022	Prior Market Value 30-Apr-2022	Changes to Market Value	Current Book Value 31-May-2022	Current Market Value 31-May-2022	Net Income	Days to Final Mty	YTM	YTW
Activity Account	172,313.07	172,313.07	91.10	172,404.17	172,404.17	91.10	1	0.623%	0.623%
Capital Project	220,431,535.19	220,431,535.19	188,794,911.44	409,226,446.63	409,226,446.63	134,968.49	1	0.620%	0.620%
Capital Project AFB	413,959.82	413,959.82	218.97	414,178.79	414,178.79	218.97	1	0.623%	0.623%
General Operating Fund	161,221,241.26	161,221,241.26	(11,404,524.53)	149,816,716.73	149,816,716.73	79,518.30	1	0.581%	0.581%
Interest & Sinking	69,374,227.01	69,374,227.01	274,755.25	69,648,982.26	69,648,982.26	36,799.89	1	0.623%	0.623%
Payroll Fund	6,457,411.77	6,457,411.77	(647,982.54)	5,809,429.23	5,809,429.23	650.69	1	0.160%	0.160%
Total	458,070,688.12	458,070,688.12	177,017,469.69	635,088,157.81	635,088,157.81	252,247.44	1	0.607%	0.607%

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		05/31/22			172,404.17	100.000	172,404.17	172,404.17	100.000	172,404.17	1		0.623	0.623	AAA	
Total Activity Account								172,404.17		172,404.17	172,404.17		172,404.17	1		0.623	0.623		
Capital Project																			
TEXPOOL		LGIP	TexPool		05/31/22			406,720,741.09	100.000	406,720,741.09	406,720,741.09	100.000	406,720,741.09	1		0.623	0.623	AAA	
WF-NWISD		BANK DEP	Wells Fargo Bk		05/31/22			2,505,705.54	100.000	2,505,705.54	2,505,705.54	100.000	2,505,705.54	1		0.160	0.160	SD	
Total Capital Project								409,226,446.63		409,226,446.63	409,226,446.63		409,226,446.63	1		0.620	0.620		
Capital Project AFB																			
TEXPOOL		LGIP	TexPool		05/31/22			414,178.79	100.000	414,178.79	414,178.79	100.000	414,178.79	1		0.623	0.623	AAA	
Total Capital Project AFB								414,178.79		414,178.79	414,178.79		414,178.79	1		0.623	0.623		
General Operating Fund																			
TEXPOOL		LGIP	TexPool		05/31/22			136,388,886.28	100.000	136,388,886.28	136,388,886.28	100.000	136,388,886.28	1		0.623	0.623	AAA	
WF-NWISD		BANK DEP	Wells Fargo Bk		05/31/22			13,427,830.45	100.000	13,427,830.45	13,427,830.45	100.000	13,427,830.45	1		0.160	0.160	SD	
Total General Operating Fund								149,816,716.73		149,816,716.73	149,816,716.73		149,816,716.73	1		0.581	0.581		
Interest & Sinking																			
TEXPOOL		LGIP	TexPool		05/31/22			69,648,982.26	100.000	69,648,982.26	69,648,982.26	100.000	69,648,982.26	1		0.623	0.623	AAA	
Total Interest & Sinking								69,648,982.26		69,648,982.26	69,648,982.26		69,648,982.26	1		0.623	0.623		
Payroll Fund																			
WF-NWISD		BANK DEP	Wells Fargo Bk		05/31/22			5,809,429.23	100.000	5,809,429.23	5,809,429.23	100.000	5,809,429.23	1		0.160	0.160	SD	
Total Payroll Fund								5,809,429.23		5,809,429.23	5,809,429.23		5,809,429.23	1		0.160	0.160		
Grand Total								635,088,157.81		635,088,157.81	635,088,157.81		635,088,157.81	1		0.607	0.607		

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 Realized Gain/Loss	Net Income
Activity Account										
TEXPOOL	LGIP	TexPool 0.0 05/31/2022	0.00	91.10	91.10	0.00	0.00	0.00	0.00	91.10
Total Activity Account			0.00	91.10	91.10	0.00	0.00	0.00	0.00	91.10
Capital Project										
TEXPOOL	LGIP	TexPool 0.0 05/31/2022	0.00	134,341.38	134,341.38	0.00	0.00	0.00	0.00	134,341.38
WF-NWISD	BANK DEP	Wells Fargo Bk 0.0 05/31/2022	0.00	627.11	627.11	0.00	0.00	0.00	0.00	627.11
Total Capital Project			0.00	134,968.49	134,968.49	0.00	0.00	0.00	0.00	134,968.49
Capital Project AFB										
TEXPOOL	LGIP	TexPool 0.0 05/31/2022	0.00	218.97	218.97	0.00	0.00	0.00	0.00	218.97
Total Capital Project AFB			0.00	218.97	218.97	0.00	0.00	0.00	0.00	218.97
General Operating Fund										
TEXPOOL	LGIP	TexPool 0.0 05/31/2022	0.00	78,083.36	78,083.36	0.00	0.00	0.00	0.00	78,083.36
WF-NWISD	BANK DEP	Wells Fargo Bk 0.0 05/31/2022	0.00	1,434.94	1,434.94	0.00	0.00	0.00	0.00	1,434.94
Total General Operating Fund			0.00	79,518.30	79,518.30	0.00	0.00	0.00	0.00	79,518.30
Interest & Sinking										
TEXPOOL	LGIP	TexPool 0.0 05/31/2022	0.00	36,799.89	36,799.89	0.00	0.00	0.00	0.00	36,799.89
Total Interest & Sinking			0.00	36,799.89	36,799.89	0.00	0.00	0.00	0.00	36,799.89
Payroll Fund										
WF-NWISD	BANK DEP	Wells Fargo Bk 0.0 05/31/2022	0.00	650.69	650.69	0.00	0.00	0.00	0.00	650.69
Total Payroll Fund			0.00	650.69	650.69	0.00	0.00	0.00	0.00	650.69
Grand Total			0.00	252,247.44	252,247.44	0.00	0.00	0.00	0.00	252,247.44

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