

INVESTMENT REPORT

Northwest ISD

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July 1 to July 31, 2022



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Market Recap

The month of July brought clear signs that aggressive Fed policy in response to troubling inflationary pressure was indeed slowing economic growth. In fact, as the June economic data was released it became increasingly clear that second quarter GDP might turn out to be negative, marking two straight quarters of negative growth, which is the commonly accepted definition of a recession. This ultimately turned out to be the case as the initial reading of Q2 GDP was -0.9%.

The June employment report was stronger-than-expected with a net payroll gain of nearly +300k. The unemployment rate held steady at 3.6% for the third straight month, just above a five-decade low. However, the unemployment rate masked some underlying weakness as -315k fewer Americans reported finding work in June while the labor force shrunk by -350k. For the time-being, the labor market is still extremely tight with 5.9 million Americans actively seeking work in June and an estimated 11.2 million job openings at the end of May.

The June consumer price index (CPI) was an unexpected surprise that probably solidified the Fed's intent to hike aggressively at the July FOMC meeting. Headline CPI rose +1.3% for the month and +9.1% on a year-over-year basis, *an unfortunate new 41-year high*. Over half of the increase was attributed to soaring energy prices. Still, core CPI, which excludes both food and energy, rose +0.7% for the month and +5.9% on an annual basis.

Retail sales climbed +1.0% in June, but the oversized increase was due to higher prices paid rather than an increased volume of purchases as the main contributors were gasoline, autos, and sales at restaurants and bars. On an inflation-adjusted basis, retail sales declined for the third straight month, falling -0.3% in June.

Fed officials met on July 27th with some lingering question as to whether they'd increase the overnight rate target by 75 basis points *or a full point* as the Bank of Canada had a week earlier. They chose 75, bringing the overnight rate to a new range of 2.25 to 2.50%. In his prepared statement, Powell reiterated that the labor market is extremely tight and consumer spending has slowed significantly. He said that the committee was highly attentive to inflation and acutely aware of the pain Americans were experiencing. He said

that although committee members believe another unusually large rate increase may be appropriate at the next meeting, *this will depend on incoming data over the next eight weeks*.

In the Q&A, Powell mentioned the committee would like to see demand fall short of its potential for a time to allow supply to catch up. He also pointed out that rate increases have been large and have come quickly, and the full effect hasn't yet been felt. The upper band of the overnight rate target now matches the Fed's long-term estimate. Although the FOMC is still expected to hike by a combined 100 bps over the remaining three meetings this year, the futures market indicated rate cuts beginning as soon as the second quarter of 2023.

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 Jun-22	Current 31 Jul-22
Par Value	602,179,789.29	573,084,239.35
Original Cost	602,179,789.29	573,084,239.35
Book Value	602,179,789.29	573,084,239.35
Market Value	602,179,789.29	573,084,239.35
Accrued Interest	0.00	0.00
Book Value Plus Accrued	602,179,789.29	573,084,239.35
Market Value Plus Accrued	602,179,789.29	573,084,239.35
Net Unrealized Gain/Loss	0.00	0.00

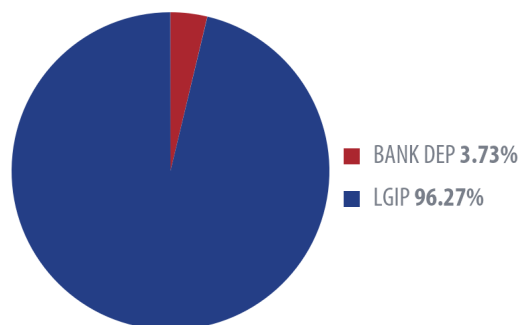
Income Summary

	1 Jul-22 to 31 Jul-22
Interest Income	\$744,607.61
Net Amortization/Accretion	
Realized Gain/Loss	\$0.00
Net Income	\$744,607.61

Portfolio Characteristics

	Prior 30 Jun-22	Current 31 Jul-22
Yield to Maturity	0.974%	1.479%
Yield to Worst	0.974%	1.479%
Years to Final Maturity	0.00	0.00
Years to Effective Maturity	0.00	0.00
Duration	--	--

Asset Allocation

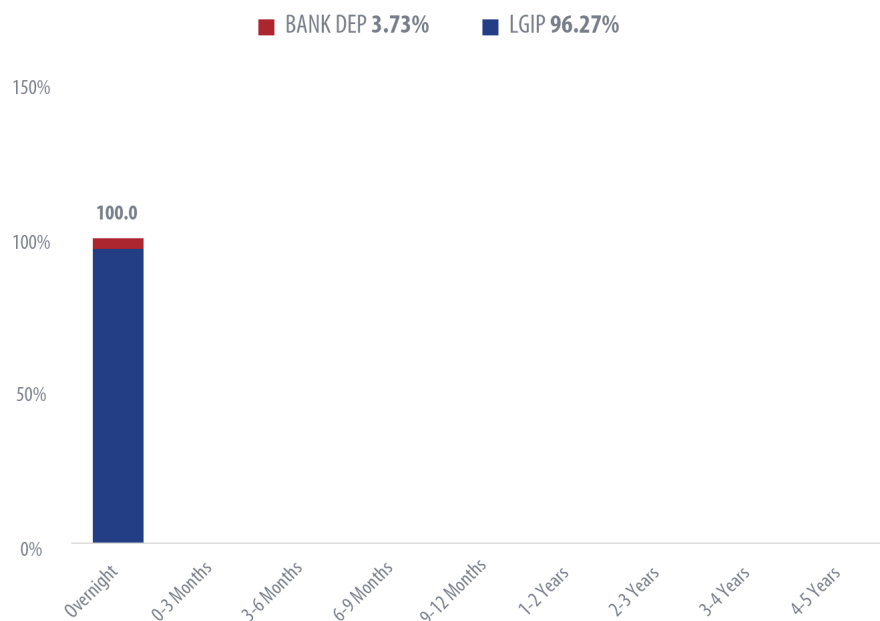


Transaction Summary

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

Maturity Distribution by Security Type



Top Ten Holdings

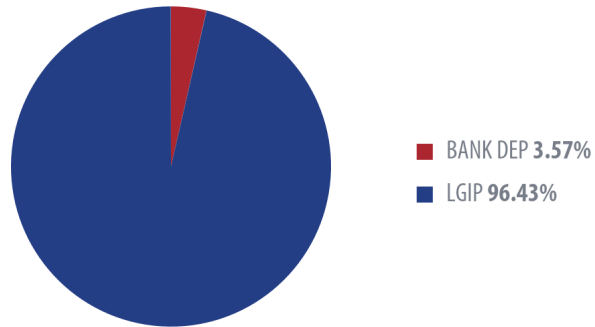
Issuer	Allocation
TEXPOOL	96.27%
WF	3.73%

Maturity Distribution by Security Type

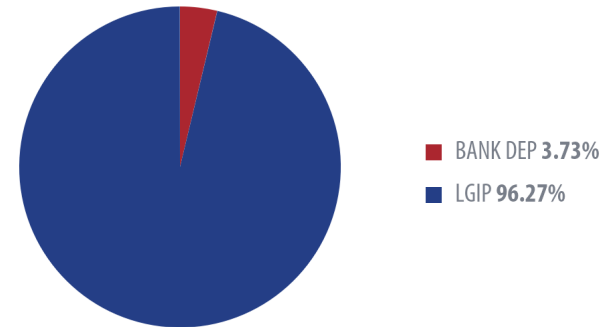
Security Type	Overnight	0-3 Months	3-6 Months	6-9 Months	9-12 Months	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Portfolio Total
BANK DEP	21,395,555.28	--	--	--	--	--	--	--	--	21,395,555.28
LGIP	551,688,684.07	--	--	--	--	--	--	--	--	551,688,684.07
Total	573,084,239.35	--	--	--	--	--	--	--	--	573,084,239.35

Asset Allocation

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



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



Book Value Basis Security Distribution

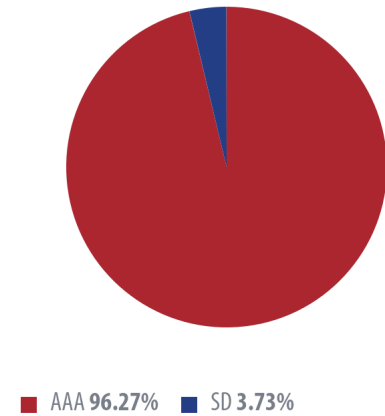
Security Type	Prior Balance 30-Jun-22	Prior Allocation 30-Jun-22	Change in Allocation	Current Balance 31-Jul-22	Current Allocation 31-Jul-22	Yield to Maturity
BANK DEP	21,505,967.85	3.57%	0.16%	21,395,555.28	3.73%	0.400%
LGIP	580,673,821.44	96.43%	(0.16%)	551,688,684.07	96.27%	1.521%
Portfolio Total	602,179,789.29	100.00%		573,084,239.35	100.00%	1.479%

Credit Rating Summary

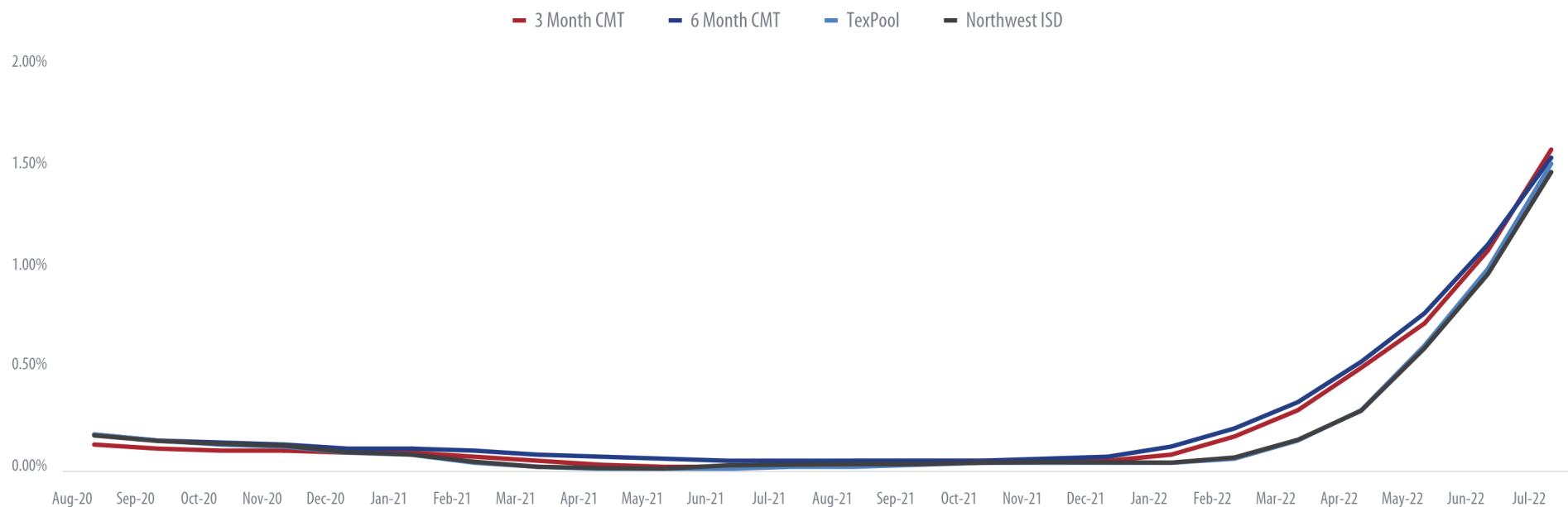
Rating Distribution

	Book Value	Portfolio Allocation
Secured Deposits (Insured or Collateralized)		
Demand Deposits	21,395,555.28	3.73%
Total Secured Deposits	21,395,555.28	3.73%
Local Government Investment Pools & Money Market Funds		
AAA	551,688,684.07	96.27%
Total Local Government Investment Pools & Money Market Funds	551,688,684.07	96.27%
Portfolio Total	573,084,239.35	100.00%

Allocation by Rating



Benchmark Comparison



Yield Overview

	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	Jun-22	Jul-22
3 Month CMT	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	0.08	0.17	0.30	0.51	0.73	1.09	1.59
6 Month CMT	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	1.12	1.55
TexPool	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	1.00	1.52
Northwest ISD	0.18	0.15	0.13	0.12	0.09	0.08	0.04	0.02	0.01	0.01	0.03	0.03	0.03	0.03	0.04	0.04	0.04	0.04	0.07	0.15	0.30	0.61	0.97	1.48

Fund Overview

Fund Name	Prior Book Value 30-Jun-2022	Prior Market Value 30-Jun-2022	Changes to Market Value	Current Book Value 31-Jul-2022	Current Market Value 31-Jul-2022	Net Income	Days to Final Mty	YTM	YTW
Activity Account	172,546.02	172,546.02	222.86	172,768.88	172,768.88	222.86	1	1.521%	1.521%
Capital Project	395,056,029.14	395,056,029.14	(12,751,996.09)	382,304,033.05	382,304,033.05	503,316.23	1	1.513%	1.513%
Capital Project AFB	414,519.66	414,519.66	535.31	415,054.97	415,054.97	535.31	1	1.521%	1.521%
General Operating Fund	131,551,481.55	131,551,481.55	(15,749,193.40)	115,802,288.15	115,802,288.15	149,399.93	1	1.383%	1.383%
Interest & Sinking	69,785,224.07	69,785,224.07	49,984.26	69,835,208.33	69,835,208.33	90,072.95	1	1.521%	1.521%
Payroll Fund	5,199,988.85	5,199,988.85	(645,102.88)	4,554,885.97	4,554,885.97	1,060.33	1	0.400%	0.400%
Total	602,179,789.29	602,179,789.29	(29,095,549.94)	573,084,239.35	573,084,239.35	744,607.61	1	1.479%	1.479%

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		07/31/22			172,768.88	100.000	172,768.88	172,768.88	100.000	172,768.88	1		1.521	1.521	AAA	
Total Activity Account								172,768.88		172,768.88	172,768.88		172,768.88	1		1.521	1.521		
Capital Project																			
TEXPOOL		LGIP	TexPool		07/31/22			379,720,522.74	100.000	379,720,522.74	379,720,522.74	100.000	379,720,522.74	1		1.521	1.521	AAA	
WF-NWISD		BANK DEP	Wells Fargo Bk		07/31/22			2,583,510.31	100.000	2,583,510.31	2,583,510.31	100.000	2,583,510.31	1		0.400	0.400	SD	
Total Capital Project								382,304,033.05		382,304,033.05	382,304,033.05		382,304,033.05	1		1.513	1.513		
Capital Project AFB																			
TEXPOOL		LGIP	TexPool		07/31/22			415,054.97	100.000	415,054.97	415,054.97	100.000	415,054.97	1		1.521	1.521	AAA	
Total Capital Project AFB								415,054.97		415,054.97	415,054.97		415,054.97	1		1.521	1.521		
General Operating Fund																			
TEXPOOL		LGIP	TexPool		07/31/22			101,545,129.15	100.000	101,545,129.15	101,545,129.15	100.000	101,545,129.15	1		1.521	1.521	AAA	
WF-NWISD		BANK DEP	Wells Fargo Bk		07/31/22			14,257,159.00	100.000	14,257,159.00	14,257,159.00	100.000	14,257,159.00	1		0.400	0.400	SD	
Total General Operating Fund								115,802,288.15		115,802,288.15	115,802,288.15		115,802,288.15	1		1.383	1.383		
Interest & Sinking																			
TEXPOOL		LGIP	TexPool		07/31/22			69,835,208.33	100.000	69,835,208.33	69,835,208.33	100.000	69,835,208.33	1		1.521	1.521	AAA	
Total Interest & Sinking								69,835,208.33		69,835,208.33	69,835,208.33		69,835,208.33	1		1.521	1.521		
Payroll Fund																			
WF-NWISD		BANK DEP	Wells Fargo Bk		07/31/22			4,554,885.97	100.000	4,554,885.97	4,554,885.97	100.000	4,554,885.97	1		0.400	0.400	SD	
Total Payroll Fund								4,554,885.97		4,554,885.97	4,554,885.97		4,554,885.97	1		0.400	0.400		
Grand Total								573,084,239.35		573,084,239.35	573,084,239.35		573,084,239.35	1		1.479	1.479		

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 07/31/2022	0.00	222.86	222.86	0.00	0.00	0.00	0.00	222.86
Total Activity Account			0.00	222.86	222.86	0.00	0.00	0.00	0.00	222.86
Capital Project										
TEXPOOL	LGIP	TexPool 0.0 07/31/2022	0.00	502,351.48	502,351.48	0.00	0.00	0.00	0.00	502,351.48
WF-NWISD	BANK DEP	Wells Fargo Bk 0.0 07/31/2022	0.00	964.75	964.75	0.00	0.00	0.00	0.00	964.75
Total Capital Project			0.00	503,316.23	503,316.23	0.00	0.00	0.00	0.00	503,316.23
Capital Project AFB										
TEXPOOL	LGIP	TexPool 0.0 07/31/2022	0.00	535.31	535.31	0.00	0.00	0.00	0.00	535.31
Total Capital Project AFB			0.00	535.31	535.31	0.00	0.00	0.00	0.00	535.31
General Operating Fund										
TEXPOOL	LGIP	TexPool 0.0 07/31/2022	0.00	143,806.81	143,806.81	0.00	0.00	0.00	0.00	143,806.81
WF-NWISD	BANK DEP	Wells Fargo Bk 0.0 07/31/2022	0.00	5,593.12	5,593.12	0.00	0.00	0.00	0.00	5,593.12
Total General Operating Fund			0.00	149,399.93	149,399.93	0.00	0.00	0.00	0.00	149,399.93
Interest & Sinking										
TEXPOOL	LGIP	TexPool 0.0 07/31/2022	0.00	90,072.95	90,072.95	0.00	0.00	0.00	0.00	90,072.95
Total Interest & Sinking			0.00	90,072.95	90,072.95	0.00	0.00	0.00	0.00	90,072.95
Payroll Fund										
WF-NWISD	BANK DEP	Wells Fargo Bk 0.0 07/31/2022	0.00	1,060.33	1,060.33	0.00	0.00	0.00	0.00	1,060.33
Total Payroll Fund			0.00	1,060.33	1,060.33	0.00	0.00	0.00	0.00	1,060.33
Grand Total			0.00	744,607.61	744,607.61	0.00	0.00	0.00	0.00	744,607.61

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