

INVESTMENT REPORT

Northwest ISD

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August 1 to August 31, 2022



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Market Recap

By the last day of July, the two-year Treasury note yield had rallied all the way down to 2.88% as investors believed the Fed was nearing completion of its tightening campaign. FOMC officials did not share this belief. In fact, the bond market rally had effectively reversed the committee's intended policy. As a result, several Fed members threw cold water on the rally during August. Surprisingly, this included the historically dovish San Francisco Fed President Mary Daly who pointed out that inflation was still "far too high" and that the Fed "still had a long way to go." Daly's comments were reinforced by a majority of committee members during the month.

Despite scattered signs of a moderating economy, the labor market remained much too resilient. U.S. companies added 528k jobs in July, while the unemployment rate fell from 3.6% to just below 3.5%. By this point, nonfarm payrolls had returned to pre-pandemic levels. Unfortunately, there are still nearly twice as many posted jobs as there are job-seekers, which puts considerable pressure on wages and, by extension, Fed officials. There was some relief on the inflation front, as the consumer price index was unchanged in July on cooling energy prices. On a year-over-year basis, headline CPI slipped from +9.1% to +8.5%, still much too high, but moving in the right direction. Consumer spending continued to slow with retail sales unchanged in July, and negative when adjusted for inflation. Big ticket spending was worse with existing home sales falling for the sixth straight month, dragging the annual sales rate down to a 4.81 million unit annual pace, a decrease of -26% so far in 2022. New homes sales plunged -12.6% in July to a seasonally adjusted annual pace of 511k units, less than half the pace from two years ago when the buying frenzy started. A number of economists believe the housing sector has already entered recession.

The most anticipated event of the month was a keynote speech by Fed Chairman Powell at the annual economic symposium in Jackson Hole, Wyoming. Most expected Powell would take a hawkish stance, reiterating points made by Fed officials throughout the month. The reality was that Powell was even more hawkish in his very brief seven-minute speech. He emphasized that the Fed's overarching goal was to bring inflation down to its 2% target,

and that it would require restrictive policy for some time. He also cautioned against easing policy too early, mentioned that economic pain was to be expected, and said that the size of the next rate hike would be data dependent. The media promptly replaced the optimistic "soft-landing" scenario with a "growth recession," which is a lengthy period of below trend growth.

Other FOMC committee members took Powell's lead, with Cleveland Fed President Loretta Mester calling for a 4.0% funds rate to remain in place for all of next year, while Minneapolis Fed President Neel Kashkari raised eyebrows as he seemingly cheered the ongoing stock market correction. Kashkari also scolded investors for misinterpreting apparent moderation in inflation indicators and falsely concluding that inflation "had been licked." The simple fact is that although prices may have peaked, it's a long way from +8.5% headline CPI to +2.0%, and the only way to get there is by deliberately slowing the economy. Another rate hike has been queued up for September 21st.

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 31 Jul-22	Current 31 Aug-22
Par Value	573,084,239.35	500,705,625.31
Original Cost	573,084,239.35	500,705,625.31
Book Value	573,084,239.35	500,705,625.31
Market Value	573,084,239.35	500,705,625.31
Accrued Interest	0.00	0.00
Book Value Plus Accrued	573,084,239.35	500,705,625.31
Market Value Plus Accrued	573,084,239.35	500,705,625.31
Net Unrealized Gain/Loss	0.00	0.00

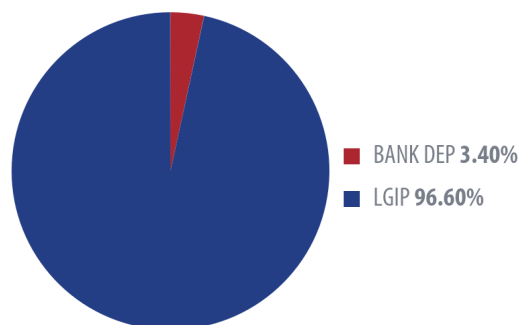
Income Summary

	1 Aug-22 to 31 Aug-22
Interest Income	\$950,280.36
Net Amortization/Accretion	
Realized Gain/Loss	\$0.00
Net Income	\$950,280.36

Portfolio Characteristics

	Prior 31 Jul-22	Current 31 Aug-22
Yield to Maturity	1.479%	2.103%
Yield to Worst	1.479%	2.103%
Years to Final Maturity	0.00	0.00
Years to Effective Maturity	0.00	0.00
Duration	--	--

Asset Allocation

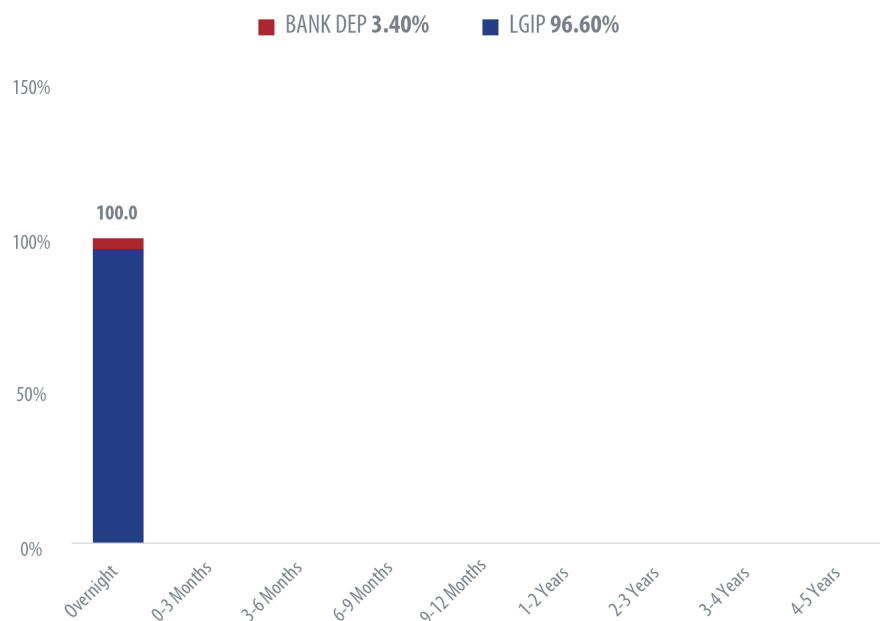


Transaction Summary

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

Maturity Distribution by Security Type



Top Ten Holdings

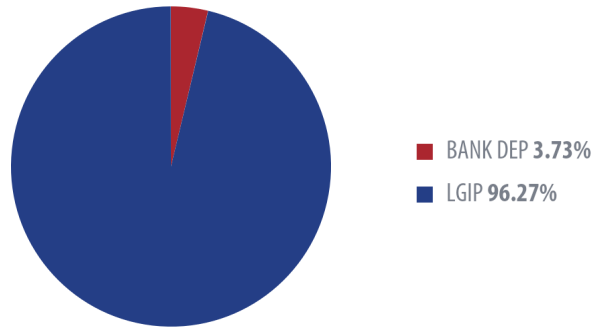
Issuer	Allocation
TEXPOOL	96.60%
WF	3.40%

Maturity Distribution by Security Type

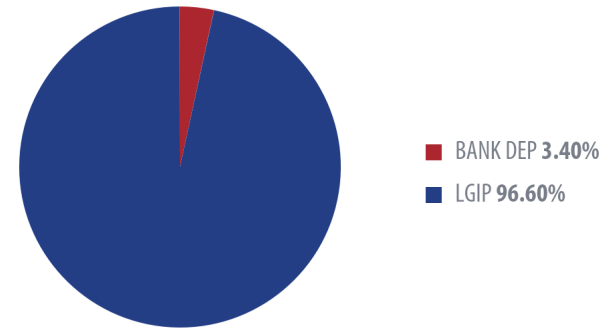
Security Type	Overnight	0-3 Months	3-6 Months	6-9 Months	9-12 Months	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Portfolio Total
BANK DEP	17,015,762.72	--	--	--	--	--	--	--	--	17,015,762.72
LGIP	483,689,862.59	--	--	--	--	--	--	--	--	483,689,862.59
Total	500,705,625.31	--	--	--	--	--	--	--	--	500,705,625.31

Asset Allocation

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



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



Book Value Basis Security Distribution

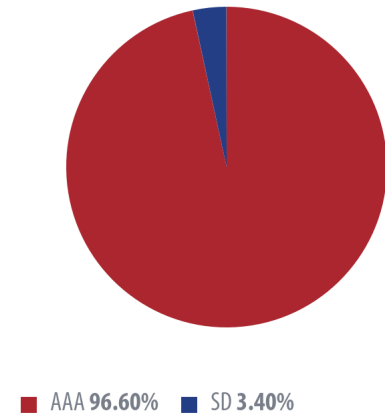
Security Type	Prior Balance 31-Jul-22	Prior Allocation 31-Jul-22	Change in Allocation	Current Balance 31-Aug-22	Current Allocation 31-Aug-22	Yield to Maturity
BANK DEP	21,395,555.28	3.73%	(0.34%)	17,015,762.72	3.40%	0.400%
LGIP	551,688,684.07	96.27%	0.34%	483,689,862.59	96.60%	2.163%
Portfolio Total	573,084,239.35	100.00%		500,705,625.31	100.00%	2.103%

Credit Rating Summary

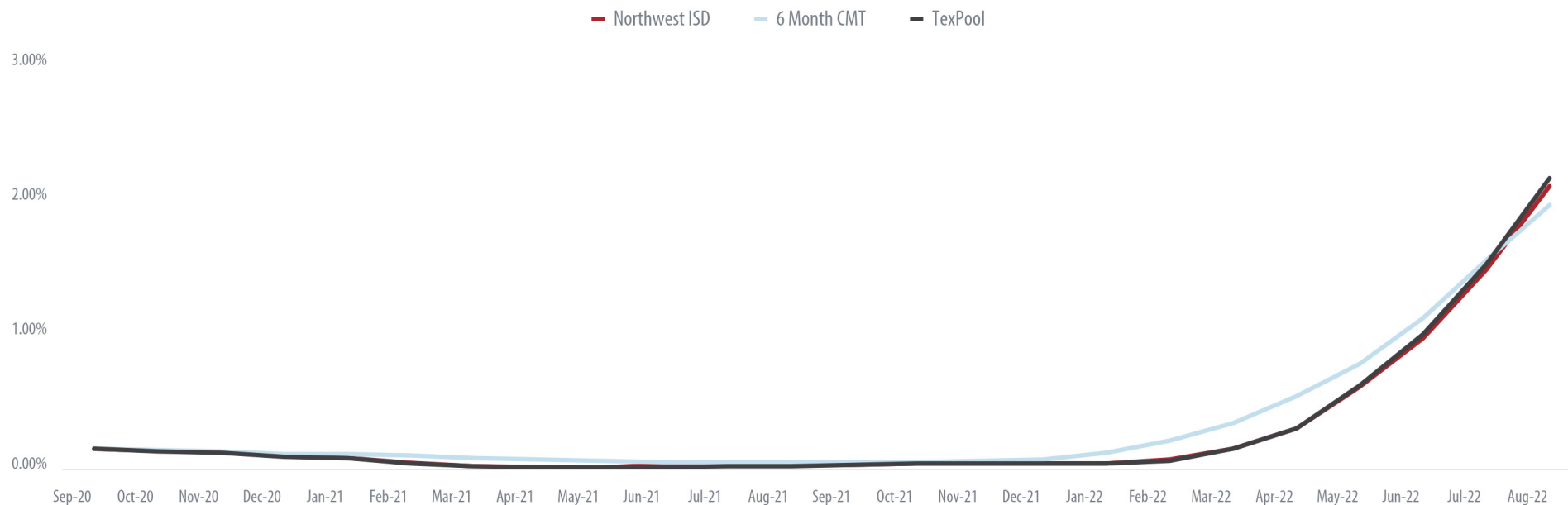
Rating Distribution

	Book Value	Portfolio Allocation
Secured Deposits (Insured or Collateralized)		
Demand Deposits	17,015,762.72	3.40%
Total Secured Deposits	17,015,762.72	3.40%
Local Government Investment Pools & Money Market Funds		
AAA	483,689,862.59	96.60%
Total Local Government Investment Pools & Money Market Funds	483,689,862.59	96.60%
Portfolio Total	500,705,625.31	100.00%

Allocation by Rating



Benchmark Comparison



Yield Overview

	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	Aug-22
Northwest ISD	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	2.10
6 Month CMT	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	1.96
TexPool	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	2.16

Fund Overview

Fund Name	Prior Book Value	Prior Market Value	Changes to Market Value	Current Book Value	Current Market Value	Net Income	Days to Final Mty	YTM	YTW
Activity Account	172,768.88	172,768.88	317.35	173,086.23	173,086.23	317.35	1	2.163%	2.163%
Capital Project	382,304,033.05	382,304,033.05	(23,838,939.39)	358,465,093.66	358,465,093.66	674,462.73	1	2.156%	2.156%
Capital Project AFB	415,054.97	415,054.97	762.37	415,817.34	415,817.34	762.37	1	2.163%	2.163%
General Operating Fund	115,802,288.15	115,802,288.15	(25,569,965.07)	90,232,323.08	90,232,323.08	173,185.25	1	1.948%	1.948%
Interest & Sinking	69,835,208.33	69,835,208.33	(23,125,998.70)	46,709,209.63	46,709,209.63	100,441.59	1	2.163%	2.163%
Payroll Fund	4,554,885.97	4,554,885.97	155,209.40	4,710,095.37	4,710,095.37	1,111.07	1	0.400%	0.400%
Total	573,084,239.35	573,084,239.35	(72,378,614.04)	500,705,625.31	500,705,625.31	950,280.36	1	2.103%	2.103%

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		08/31/22			173,086.23	100.000	173,086.23	173,086.23	100.000	173,086.23	1		2.163	2.163	AAA	
Total Activity Account								173,086.23		173,086.23	173,086.23		173,086.23	1		2.163	2.163		
Capital Project																			
TEXPOOL		LGIP	TexPool		08/31/22			357,140,289.15	100.000	357,140,289.15	357,140,289.15	100.000	357,140,289.15	1		2.163	2.163	AAA	
WF-NWISD		BANK DEP	Wells Fargo Bk		08/31/22			1,324,804.51	100.000	1,324,804.51	1,324,804.51	100.000	1,324,804.51	1		0.400	0.400	SD	
Total Capital Project								358,465,093.66		358,465,093.66	358,465,093.66		358,465,093.66	1		2.156	2.156		
Capital Project AFB																			
TEXPOOL		LGIP	TexPool		08/31/22			415,817.34	100.000	415,817.34	415,817.34	100.000	415,817.34	1		2.163	2.163	AAA	
Total Capital Project AFB								415,817.34		415,817.34	415,817.34		415,817.34	1		2.163	2.163		
General Operating Fund																			
TEXPOOL		LGIP	TexPool		08/31/22			79,251,460.24	100.000	79,251,460.24	79,251,460.24	100.000	79,251,460.24	1		2.163	2.163	AAA	
WF-NWISD		BANK DEP	Wells Fargo Bk		08/31/22			10,980,862.84	100.000	10,980,862.84	10,980,862.84	100.000	10,980,862.84	1		0.400	0.400	SD	
Total General Operating Fund								90,232,323.08		90,232,323.08	90,232,323.08		90,232,323.08	1		1.948	1.948		
Interest & Sinking																			
TEXPOOL		LGIP	TexPool		08/31/22			46,709,209.63	100.000	46,709,209.63	46,709,209.63	100.000	46,709,209.63	1		2.163	2.163	AAA	
Total Interest & Sinking								46,709,209.63		46,709,209.63	46,709,209.63		46,709,209.63	1		2.163	2.163		
Payroll Fund																			
WF-NWISD		BANK DEP	Wells Fargo Bk		08/31/22			4,710,095.37	100.000	4,710,095.37	4,710,095.37	100.000	4,710,095.37	1		0.400	0.400	SD	
Total Payroll Fund								4,710,095.37		4,710,095.37	4,710,095.37		4,710,095.37	1		0.400	0.400		
Grand Total								500,705,625.31		500,705,625.31	500,705,625.31		500,705,625.31	1		2.103	2.103		

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 08/31/2022	0.00	317.35	317.35	0.00	0.00	0.00	0.00	317.35
Total Activity Account			0.00	317.35	317.35	0.00	0.00	0.00	0.00	317.35
Capital Project										
TEXPOOL	LGIP	TexPool 0.0 08/31/2022	0.00	673,638.74	673,638.74	0.00	0.00	0.00	0.00	673,638.74
WF-NWISD	BANK DEP	Wells Fargo Bk 0.0 08/31/2022	0.00	823.99	823.99	0.00	0.00	0.00	0.00	823.99
Total Capital Project			0.00	674,462.73	674,462.73	0.00	0.00	0.00	0.00	674,462.73
Capital Project AFB										
TEXPOOL	LGIP	TexPool 0.0 08/31/2022	0.00	762.37	762.37	0.00	0.00	0.00	0.00	762.37
Total Capital Project AFB			0.00	762.37	762.37	0.00	0.00	0.00	0.00	762.37
General Operating Fund										
TEXPOOL	LGIP	TexPool 0.0 08/31/2022	0.00	168,919.61	168,919.61	0.00	0.00	0.00	0.00	168,919.61
WF-NWISD	BANK DEP	Wells Fargo Bk 0.0 08/31/2022	0.00	4,265.64	4,265.64	0.00	0.00	0.00	0.00	4,265.64
Total General Operating Fund			0.00	173,185.25	173,185.25	0.00	0.00	0.00	0.00	173,185.25
Interest & Sinking										
TEXPOOL	LGIP	TexPool 0.0 08/31/2022	0.00	100,441.59	100,441.59	0.00	0.00	0.00	0.00	100,441.59
Total Interest & Sinking			0.00	100,441.59	100,441.59	0.00	0.00	0.00	0.00	100,441.59
Payroll Fund										
WF-NWISD	BANK DEP	Wells Fargo Bk 0.0 08/31/2022	0.00	1,111.07	1,111.07	0.00	0.00	0.00	0.00	1,111.07
Total Payroll Fund			0.00	1,111.07	1,111.07	0.00	0.00	0.00	0.00	1,111.07
Grand Total			0.00	950,280.36	950,280.36	0.00	0.00	0.00	0.00	950,280.36

Disclosures & Disclaimers

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