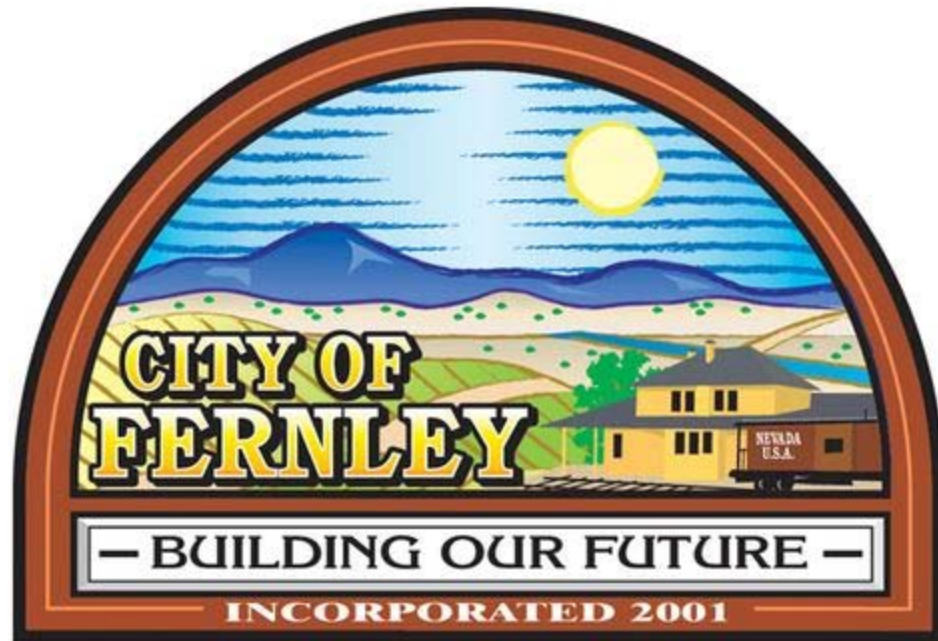


ATLANTA CAPITAL
INVESTMENT MANAGERS



Presentation to

City of Fernley City Council

April 18, 2018

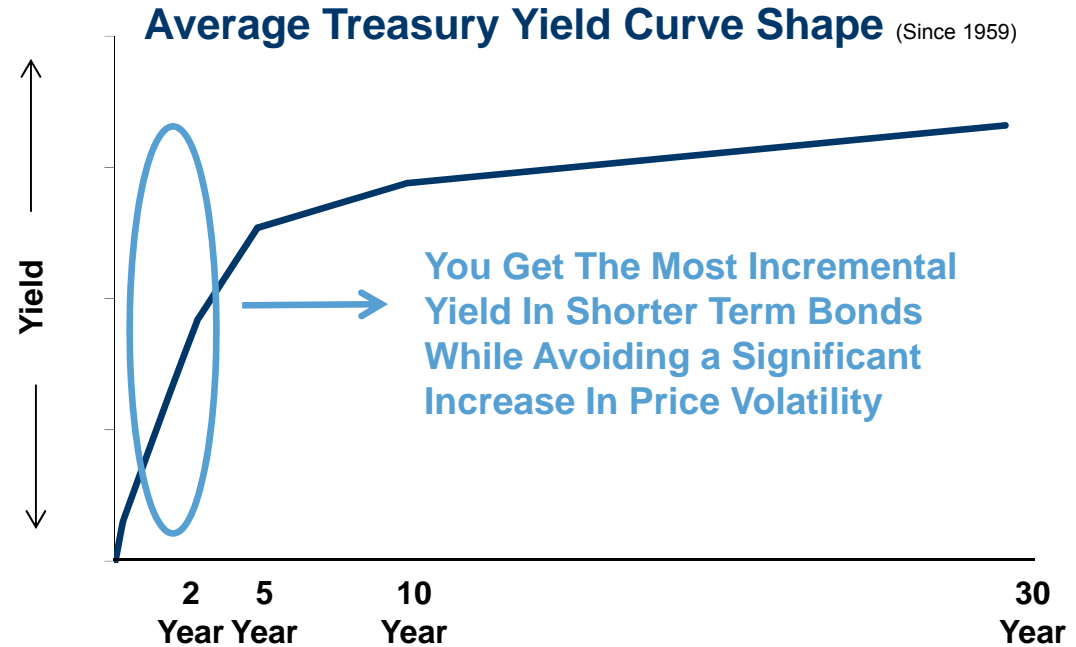
Jim Womack, CFA
Managing Director

OVERVIEW OF NEVADA NVEST PROGRAM

- NVEST is an extended term investment program designed and administered by the State of Nevada's Treasurer's Office and authorized by the Nevada Legislature.
- NRS 355.165 establishes the State Treasurer as the administrator of NVEST and designates the legal investments for the NVEST program, including investments designated in NRS 355.165, NRS 355.170, and NRS 355.171.
- Funds are held by the State's custodian, Bank of New York, and are invested in separately managed accounts, not in a comingled fund.
- Atlanta Capital has been an approved manager for the NVEST program since inception in 2002 and has worked with the State of Nevada since 1998.
- The City of Fernley has utilized Atlanta Capital within the NVEST program since November 2007.

THE LONG RUN
TRACK RECORD
OF SHORT
TERM BONDS

RIDING THE “SWEET SPOT” OF YIELD CURVE



- Historically, short-term bonds have offered an attractive risk/return trade-off to money markets.
- The yield curve is typically steepest in shorter maturities...they offer the greatest yield pick up for the shortest maturity extension (think rise over run).
- Investment horizon is still important, even when investing in short maturity bonds.

WHAT WE BELIEVE

ATLANTA CAPITAL INVESTMENT PHILOSOPHY:

- We believe that securities with stable and predictable cash flows and low credit and event risk offer attractive returns while preserving capital.

INVESTMENT OBJECTIVE:

- Seek to provide a higher return than traditional LGIPs and money market investments without materially increasing risk.

RISK TOLERANCE:

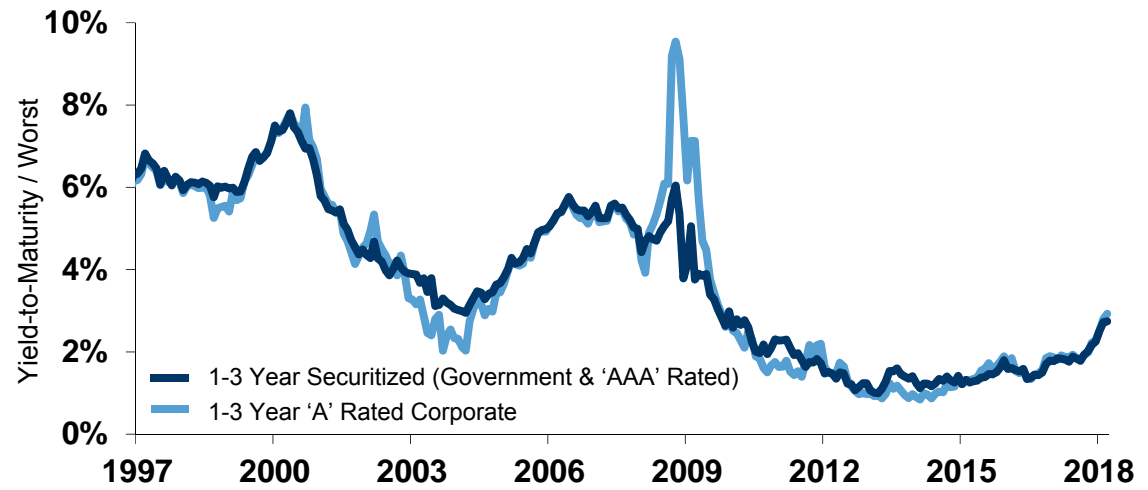
- A conservative, risk-averse approach.
- Preference to protect against downside risk rather than increasing credit risk in pursuit of higher yield.
- Risk is measured in terms of the 'relative safety of principal' and evaluated based on cash flow stability, price volatility and liquidity (*no exposure to non-AAA rated issues*).

WHAT WE BELIEVE

YIELD WITHOUT LOWERING CREDIT QUALITY:

- The NVEST guidelines are consistent with municipal government best practices. Priorities and order of importance are:
 - 1) Capital Preservation
 - 2) Liquidity
 - 3) Income
- Portfolio emphasis is on government and 'AAA' rated bonds that maintain high liquidity and low return volatility. Bonds rated below 'AAA' are excluded.

'AAA' Rated Securitized vs. 'A' Rated Corporate Bonds



Source: Bloomberg Barclays Capital

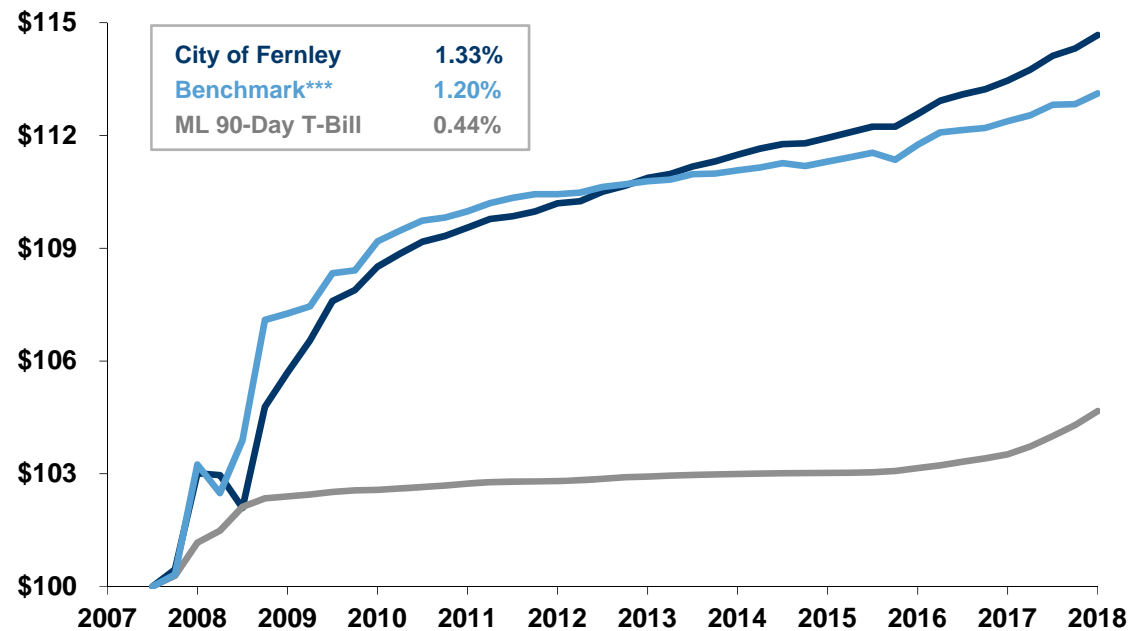
**RESULTS FOR
THE CITY OF
FERNLEY**

INVESTMENT PERFORMANCE

MARCH 2018

	QUARTER	1-YEAR	3-YEAR*	5-YEAR*	INCEPTION**
City of Fernley (11/30/07)	0.31%	1.07%	0.81%	0.68%	1.33%
Benchmark***	0.25%	0.66%	0.54%	0.42%	1.20%
ICE BofA ML 90-Day T-Bill Index	0.35%	1.11%	0.53%	0.34%	0.44%

GROWTH OF \$100 SINCE INCEPTION



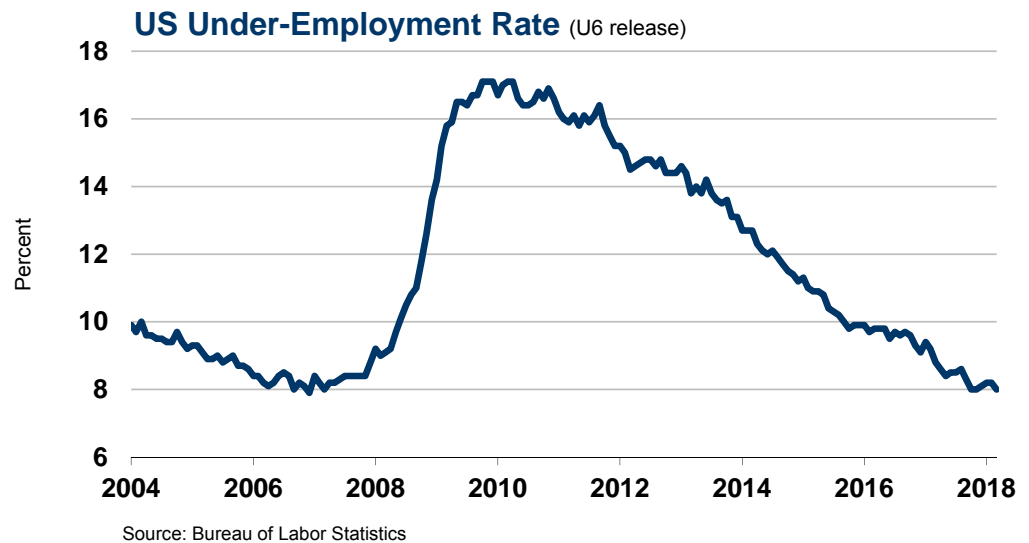
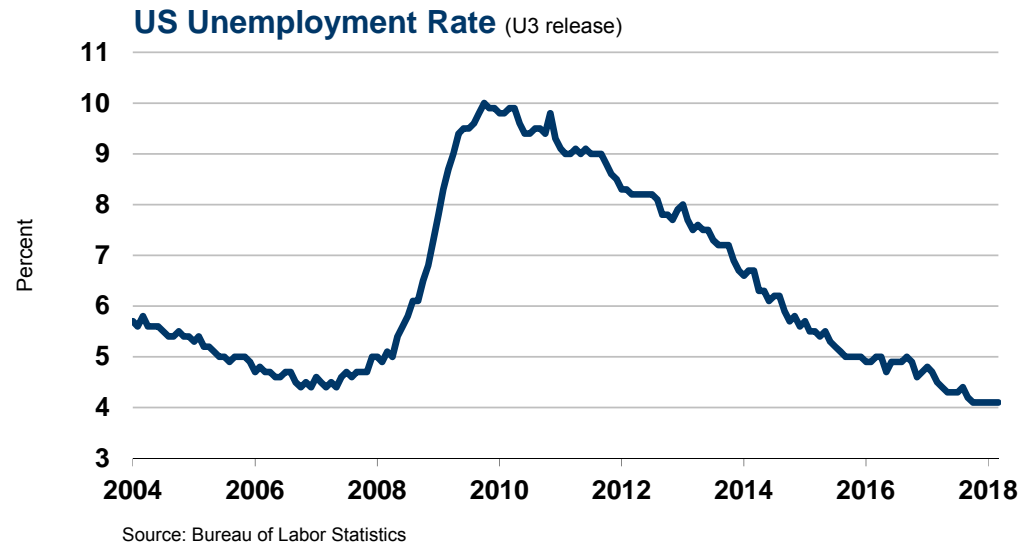
* Annualized

** Inception Date 11/30/2007

*** Benchmark: ICE BofA Merrill Lynch 1-Year Treasury Note Index. Prior to 2/22/10, the benchmark was the ICE BofA ML 1-3 Year Govt Index

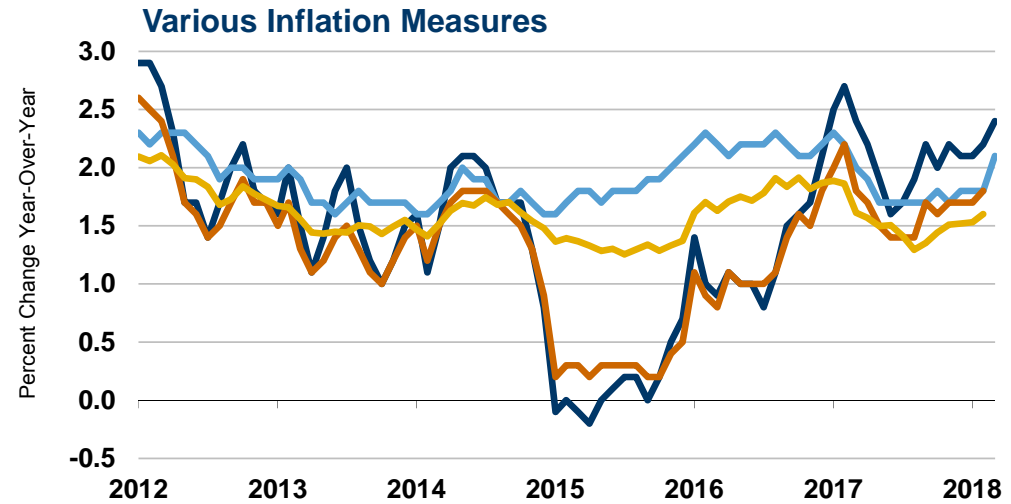
OUTLOOK &
PORTFOLIO
POSITIONING

Labor Market and Inflation Near Fed Objectives...
Gradual Normalizing to Continue

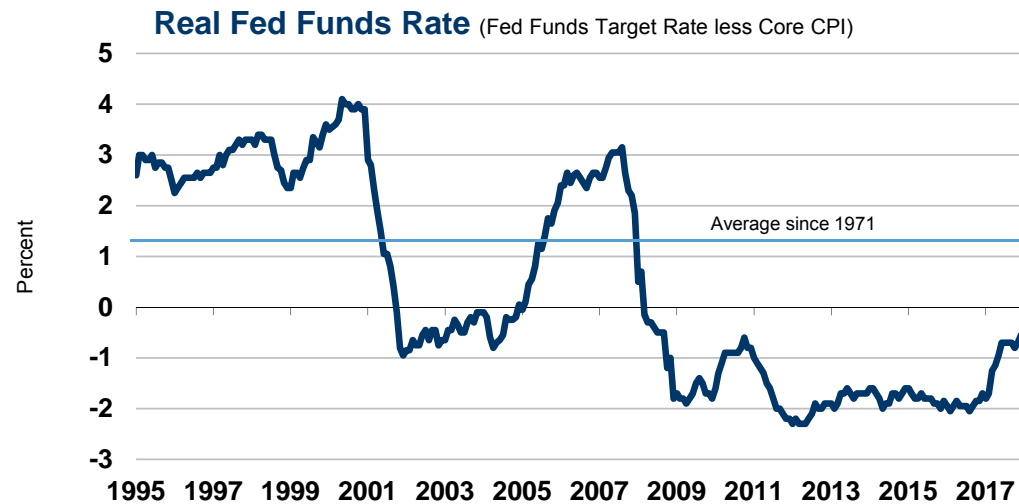


**OUTLOOK &
PORTFOLIO
POSITIONING**

**Labor Market and Inflation Near Fed Objectives...
Gradual Normalizing to Continue**



Source: Bureau of Labor Statistics, Bureau of Economic Analysis



Source: Federal Reserve

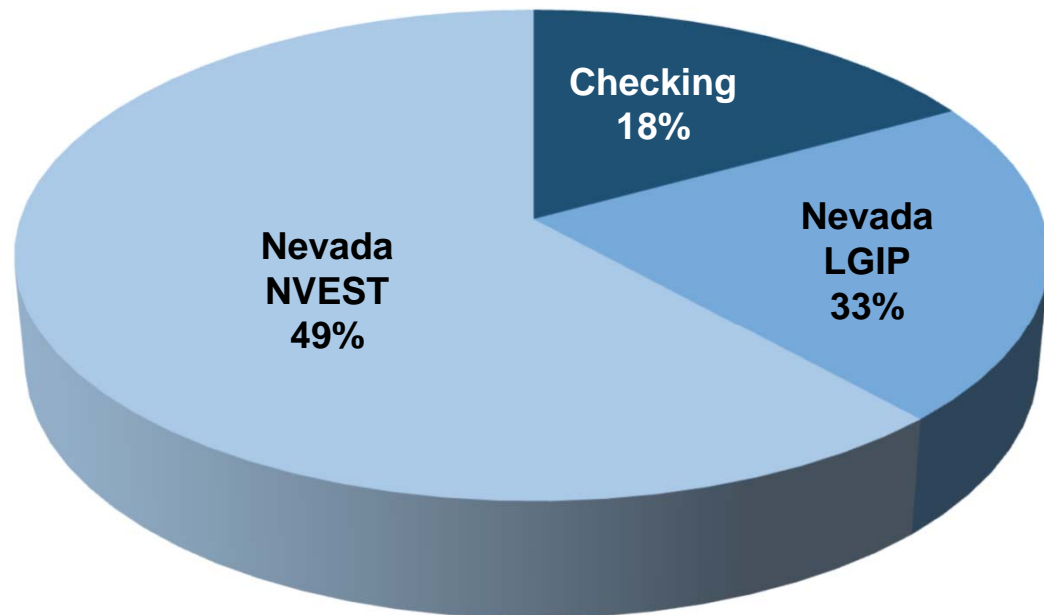
OUTLOOK & PORTFOLIO POSITIONING

- Economy remains on solid footing even as volatility of financial markets (i.e., S&P 500) has increased.
- Expect further gradual increases in interest rates as the Fed normalizes monetary policy.
- Inflation is moving irregular higher, but not expected to move much beyond 2% in 2018.
- Highest credit quality and substantial yield cushion benefits the portfolio in periods of market volatility.
- Yield curve strategies, such as shorter-than-benchmark duration, key rate exposures, are utilized to reduce performance variability.

**OVERVIEW
OF ASSET
ALLOCATION**

**THE CITY
OF FERNLEY**

**CITY OF FERNLEY
ASSETS AT A GLANCE**



	Market Value	Duration	Yield-to-Maturity
Checking Account	\$ 5,250,162	0.00 Years	0.00%
State of Nevada LGIP	\$ 9,708,454	0.20 Years	1.55%
State of Nevada NVEST	\$ 14,228,745	0.76 Years	2.19%
TOTAL	\$ 29,187,361	0.44 Years	1.58%

Data as of March 31, 2018