

MEMORANDUM



TO: VICTOR CARDENAS, CITY MANAGER
FROM: MARIA FARRIS, FINANCE DIRECTOR
TINA GLENN, ASSISTANT TREASURER
CC: CORTNEY HANSON, CITY CLERK
SUBJECT: QUARTERLY INVESTMENT REPORT
DATE: JULY 22, 2026

Attached to this memo is the investment report for the City of Novi as of June 30, 2026. This memo outlines the investment factors and trends that played a role in our investment decisions for the reporting period.

Nationally

According to the minutes of the Federal Open Market Committee (FOMC) meetings held on June 16 – 17, 2026, “The information available at the time of the meeting indicated that inflation remained elevated and had moved higher, partly reflecting the effects of energy and other supply shocks. Labor market conditions remained stable, and real gross domestic product (GDP) continued to expand at a solid pace.”¹

According to the Bureau of Labor Statistics News Release, “Total nonfarm payroll employment (+57,000) and the unemployment rate (4.2 percent) changed little in June, the U.S. Bureau of Labor Statistics reported today. Employment continued to trend up in professional and business services, social assistance, and health care. Leisure and hospitality lost jobs.”²

The City is continuing to invest pursuant to the Investment Policy and the Retirement Health Care Investment Policy. The City's funds are invested in a variety of instruments including commercial paper, money market accounts, certificates of deposit, agencies, and pooled accounts. The primary focus and order of priority is on safety of capital, liquidity, and lastly return on investment.

Risk

As required by the Governmental Accounting Standard Board, GASB 40 identifies several reporting and disclosure requirements for public funds that are designed to manage and limit risk in deposits and investments. These disclosures are only required as part of the year-end financial statements, the applicable risks are as follows:

¹ <https://www.federalreserve.gov/monetarypolicy/files/fomcminutes20260617.pdf>

² <https://www.bls.gov/news.release/archives/empst.pdf>

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment or the government's cash flows. Disclosure of interest rate risk addresses the exposure of investments to changes in market value as interest rates increase or decrease from current levels. In accordance with the City investment policy, the City limits its exposure to possible decline in fair market value by controlling duration or maturities. Investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs, considering large routine expenditures (payroll, debt service), as well as considering sizable blocks of anticipated revenue (taxes, state revenue sharing payments).

Credit Risk: Credit risk is the risk that the investment counterparty will not fulfill its promise to pay the government when required. There is credit risk associated with the financial institutions, brokers, and investment instruments the City does business with. The City's investment officer must also be held to the highest standards. The City's investment policy utilizes the prudent person rule: "Investments are made with judgment and care - under circumstances then prevailing - which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." Any commercial paper purchased must be rated within the highest classification established by at least two standard rating services. Obligations of the State or its subdivisions must be rated of investment grade by at least one rating service. Because the State of Michigan does not require collateralization of public funds, the City's policy restricts Certificates of Deposit investments to those with financial institutions that are members of the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration.

Concentration of Risk: Governments must disclose any single issuer that comprises more than 5% of the investment value in the portfolio. This disclosure is to ensure that there is proper diversification and not a concentration of public funds with any one issuer. While CD's and commercial paper are being used only occasionally for diversification, the City's funds are primarily invested in guaranteed accounts and treasuries. To reduce concentration risk, the City's investments are diversified amongst several highly rated financial institutions.

Investment Report

Attached is a summary listing of investments by issuer that the City held on June 30, 2026 (excluding Retiree Healthcare and Pension Investments that are not subject to Public Act 20 Investment Limitations). The listing includes the market value, type of investment, days to maturity, interest rate (yield) and amount of investment (book value). The book and market value for the Fifth Third checking account represents the bank balance on June 30, 2026, and does not include any month end reconciling items. A separate summary report is included for the Retiree Health Care Funds held by Morgan Stanley.

A comprehensive detailed listing of each investment's details and maturity date is maintained in the Treasurer's office. The report includes all investment accounts by issuer including all pooled fund accounts. Please note that all investments included in this report are in accordance with the City's Investment Policy and State statutes and meet the City's

investment objectives including Safety of Capital, Liquidity, and lastly Return on Investment. The issue of non-compliance with the MERS Retiree Health Care Account is currently being addressed and remedies are being considered.



City of Novi Quarterly Investment Report June 30, 2026

Investment Officer's Certification: This report is prepared for the City of Novi in accordance with Chapter 2256 of the 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, 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 Finance Director and includes the disclosures required in the PFIA. Market prices were obtained from Various Brokerage Accounts: Huntington Bank, UBS, Comerica, Fifth Third Securities and J. P. Morgan .

PERFORMANCE VALUES

TRR-MV	Total Rate of Return - Market Value	0.550%
Annualized TRR-MV	Annualized Total Rate of Return - Market Value	3.320%
YTM@Cost	Yield to Maturity @ Cost	3.442%

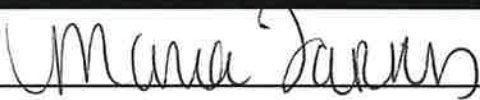
BENCHMARKS

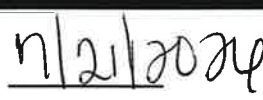
Treasury 6 Month 3.870%
Treasury 1 Year 3.910%

FISCAL YEAR TO DATE

Investment Income 648,857
TRR-MV 0.550%

Security Sector	Face Amount/Shares	Market Value	Book Value	% of Portfolio	YTM @ Cost	Days To Maturity
Cash	6,010,665.38	6,010,665.38	6,010,665.38	5.03	0.00	1
Certificate Of Deposit	16,335,000.00	16,230,590.01	16,283,663.32	13.64	3.56	487
Corporate	5,500,000.00	5,474,925.72	5,474,883.45	4.59	3.83	43
Local Government Investment Pool	60,640,842.91	60,640,842.91	60,640,842.91	50.79	3.74	1
Money Market	1,404,584.89	1,404,584.89	1,404,584.89	1.18	3.51	1
Municipal	10,220,000.00	9,936,773.70	10,306,352.74	8.63	2.40	946
US Agency	15,500,000.00	15,292,957.22	15,378,280.31	12.88	4.00	986
US Treasury	3,900,000.00	3,885,729.00	3,899,752.23	3.27	3.52	517
Total / Average	119,511,093.18	118,877,068.83	119,399,025.23	100.00	3.44	295


Maria Farris - Finance Director


Date



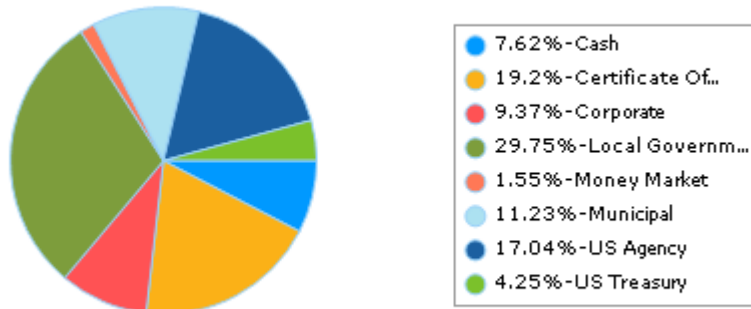
City of Novi Distribution by Security Sector - Market Value All Portfolios

Begin Date: 4/30/2026, End Date: 6/30/2026

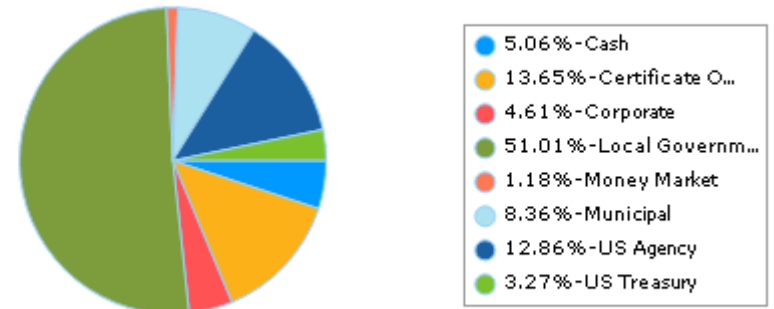
Security Sector Allocation

Security Sector	Market Value 4/30/2026	% of Portfolio 4/30/2026	Market Value 6/30/2026	% of Portfolio 6/30/2026
Cash	6,856,332.60	7.62	6,010,665.38	5.06
Certificate Of Deposit	17,278,050.61	19.20	16,230,590.01	13.65
Corporate	8,430,172.74	9.37	5,474,925.72	4.61
Local Government Investment Pool	26,775,829.41	29.75	60,640,842.91	51.01
Money Market	1,396,388.88	1.55	1,404,584.89	1.18
Municipal	10,112,789.85	11.23	9,936,773.70	8.36
US Agency	15,334,022.00	17.04	15,292,957.22	12.86
US Treasury	3,829,504.00	4.25	3,885,729.00	3.27
Total / Average	90,013,090.09	100.00	118,877,068.83	100.00

Portfolio Holdings as of 4/30/2026



Portfolio Holdings as of 6/30/2026





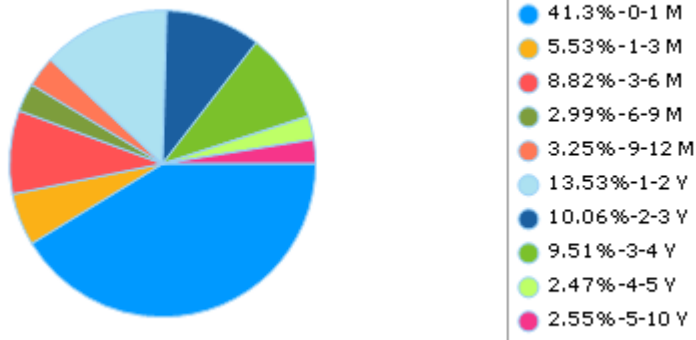
City of Novi **Distribution by Maturity Range - Market Value** **All Portfolios**

Begin Date: 4/30/2026, End Date: 6/30/2026

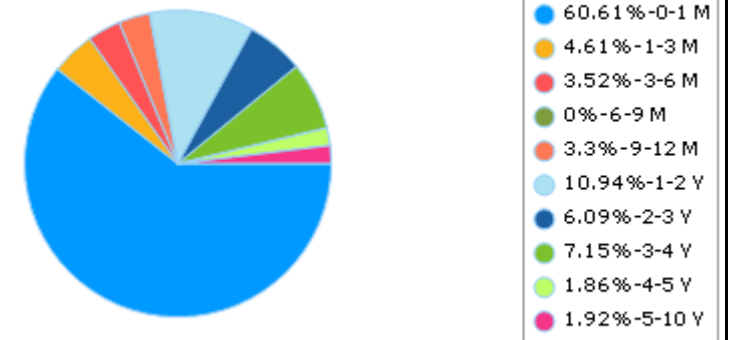
Maturity Range Allocation

Maturity Range	Market Value 4/30/2026	% of Portfolio 4/30/2026	Market Value 6/30/2026	% of Portfolio 6/30/2026
0-1 Month	37,177,850.56	41.30	72,049,909.90	60.61
1-3 Months	4,976,206.99	5.53	5,483,495.25	4.61
3-6 Months	7,942,019.08	8.82	4,179,421.69	3.52
6-9 Months	2,689,385.35	2.99	0.00	0.00
9-12 Months	2,926,369.15	3.25	3,918,590.45	3.30
1-2 Years	12,176,087.60	13.53	13,008,329.60	10.94
2-3 Years	9,056,733.55	10.06	7,244,090.77	6.09
3-4 Years	8,556,215.26	9.51	8,503,362.32	7.15
4-5 Years	2,220,039.60	2.47	2,211,883.20	1.86
5-10 Years	2,292,182.95	2.55	2,277,985.65	1.92
Total / Average	90,013,090.09	100.00	118,877,068.83	100.00

Portfolio Holdings as of 4/30/2026



Portfolio Holdings as of 6/30/2026



City of Novi
Portfolio Holdings
Investment Portfolio - by Issuer, Summary
As of 6/30/2026

Description	YTM @ Cost	Book Value	Market Value	Days To Maturity	Accrued Interest	% of Portfolio
Allendale MI Pub Sch Dist Unltd tax go ref bonds	1.757	1,019,054.23	897,570.00	1,950	3,523.61	0.84
Bank of America CD	3.750	1,000,000.00	998,510.00	164	20,547.95	0.84
Bank of NY Mellon	3.700	1,000,000.00	995,910.00	344	2,128.77	0.84
Capital One NA	3.375	2,000,000.00	1,990,750.00	230	24,595.89	1.67
Chippewa Valley Mich Schs	2.237	1,000,000.00	985,664.40	305	3,666.19	0.84
City of Ishpeming MI	1.800	306,772.35	283,561.55	1,036	1,009.72	0.26
FFCB	3.696	4,000,000.00	3,969,070.00	566	30,195.27	3.35
FHLB	4.568	1,489,047.43	1,492,380.00	927	29,750.00	1.26
FHLMC	3.881	7,420,340.44	7,353,645.00	1,211	37,448.34	6.28
Fifth Third	0.000	5,991,415.54	5,991,415.54	1	0.00	5.01
FNMA	4.482	2,468,892.44	2,477,862.22	1,021	16,734.72	2.09
Goldman Sachs Bank USA	3.700	1,000,000.00	992,510.00	576	16,219.18	0.84
Goldman Sachs CD	3.650	1,000,000.00	986,770.00	853	6,300.00	0.84
Homer Cmnty SD	2.400	794,555.82	784,317.05	305	5,146.11	0.66
Huntington National Bank	3.457	1,423,826.68	1,423,826.68	1	0.00	1.19
Jackson CNTY MI Transprt Fund Bond	2.455	252,087.32	234,643.20	1,615	720.94	0.20
Jackson National Life CP	3.799	996,916.67	996,908.34	30	0.00	0.84
JP Morgan Chase CD	4.397	4,575,061.86	4,576,807.32	888	37,482.52	3.87
Ken MI Hosp Fin Auth	2.000	1,147,171.70	1,119,217.80	380	13,799.22	0.95
Kent MI Hosp Fin Auth Revenue	1.936	102,491.75	94,936.00	1,111	1,292.96	0.08
Korea Development Bk N	3.700	998,486.79	998,454.19	15	0.00	0.84
Michigan Class	3.742	25,436,549.32	25,436,549.32	1	0.00	21.28
Michigan Classs	3.742	35,201,633.42	35,201,633.42	1	0.00	29.45
Michigan Fin Auth	2.000	706,092.38	698,977.25	1,001	3,835.14	0.59
Michigan St Fin Auth	1.471	1,003,192.09	998,660.00	63	11,225.67	0.84
Michigan St Hsg Dev Auth	2.340	89,092.85	85,014.45	1,980	229.38	0.07
Michigan ST Strategic	4.700	460,083.93	463,520.00	1,159	3,103.92	0.42
Michigan State University Federal Credit Union	1.350	1,000,008.05	1,000,008.05	16	66,945.21	0.84
Morgan Stanley Bank	1.846	1,708,601.46	1,696,092.69	142	2,956.68	1.43
Morgan Stanley PVT Bank	3.750	1,000,000.00	993,750.00	528	20,753.42	0.84
Oakland County	4.103	2,660.17	2,660.17	1	0.00	0.00
Oracle Corp	4.013	1,484,705.42	1,484,819.00	94	0.00	1.26
Prudential Int CP	3.800	996,295.80	996,290.00	36	0.00	0.84
Societe General	3.720	998,478.77	998,454.19	15	0.00	0.84
State of Michigan	2.846	3,005,556.59	2,879,406.20	1,391	12,881.25	2.47
Treasury	3.521	3,899,752.23	3,885,729.00	518	21,047.64	3.26
UBS Bank USA CD	4.000	2,000,000.00	1,999,490.00	348	4,126.03	1.67
Wayne MI ST UNiV	2.601	105,201.73	100,192.00	869	625.00	0.08
Ypsilanti MI	3.347	315,000.00	311,093.80	491	1,727.72	0.26
Total / Average	3.442	119,399,025.23	118,877,068.83	295	400,018.45	100

City of Novi
Date To Date
Investment Income - Market Value
Begin Date: 4/30/2026, End Date: 6/30/2026

Description	Interest Earned During Period-MV	Unrealized Gain/Loss- MV	Realized Gain/Loss- MV	Investment Income-MV	TRR-MV	Annualized TRR-MV
Cash	0.00	0.00	0.00	0.00	0.00	0.00
Certificate Of Deposit	117,209.43	-46,930.60	-530.00	69,748.83	0.42	2.53
Corporate	0.00	35,558.76	9,194.22	44,752.98	0.65	3.99
Local Government Investment Pool	367,654.91	0.00	0.00	367,654.91	0.63	3.82
Money Market	8,062.84	0.00	0.00	8,062.84	0.58	3.51
Municipal	50,505.30	-26,016.15	0.00	24,489.15	0.25	1.48
US Agency	95,493.60	-41,064.78	0.00	54,428.82	0.35	2.14
US Treasury	23,494.47	56,225.00	0.00	79,719.47	2.07	13.07
Total / Average	662,420.55	-22,227.77	8,664.22	648,857.00	0.55	3.32

City of Novi

The City of Novi portfolio for the 2nd Quarter was +3.64%.

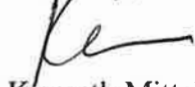
The 2nd Quarter ending value was \$35,275,548. The total dollar gain of the portfolio was +14,649,532 with an annualized rate of return +7.95%.

The current asset allocation of 31% equities, 58.8% fixed income, and 10.2% alternatives, which is in line with the updated Investment Policy Statement adopted May 19, 2025.

All information shown here is referenced in the attached Performance Review Report dated 6/30/2026.

Please do not hesitate to contact me with any questions or concerns that you may have.

Sincerely,



Kenneth Mittelbrun, CIMA®

Executive Director

Senior Investment Management Consultant

Government Entity Specialist

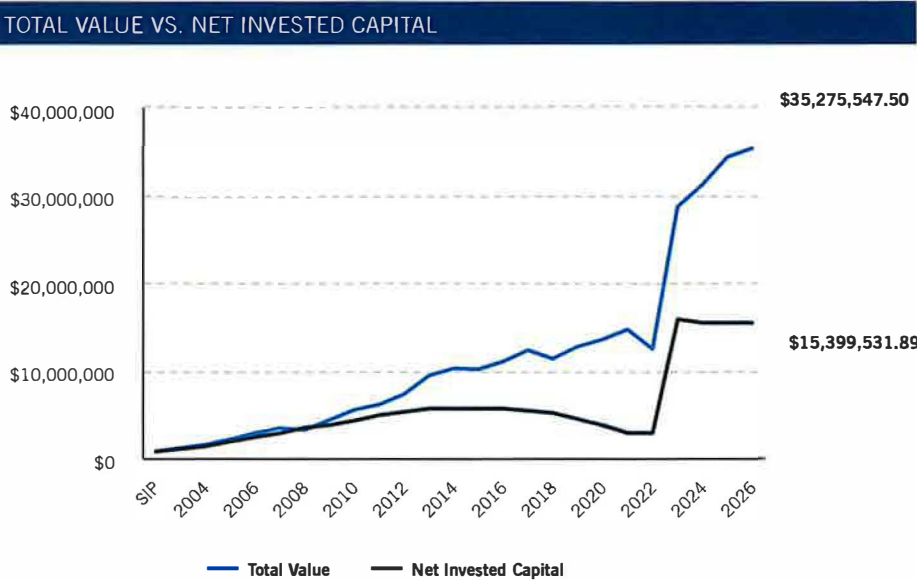
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Investment Summary Dollar Weighted Returns

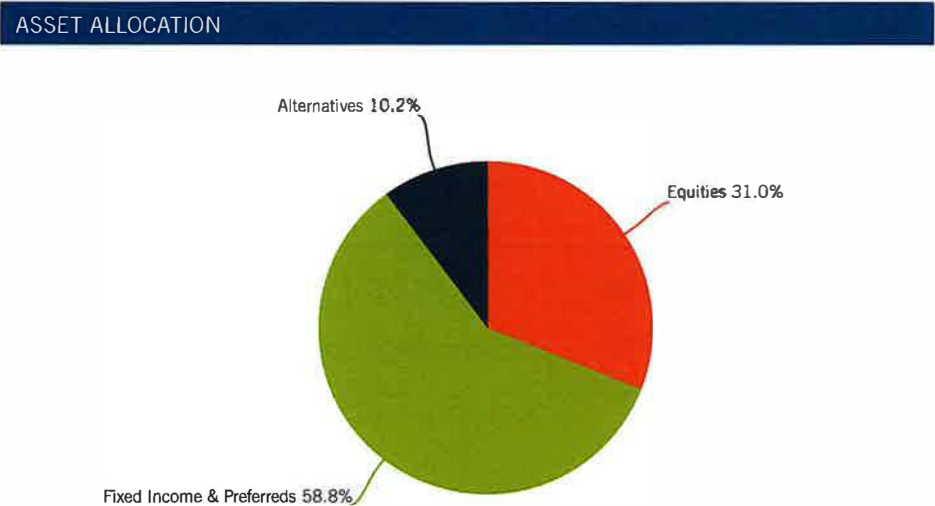
Novi Performance

Data as of June 30, 2026

DOLLAR-WEIGHTED RETURN % (NET OF FEES)			
	Year to Date (\$) 12/31/25-06/30/26	Previous Year (\$) 12/31/24-12/31/25	Performance Inception (\$) 04/25/03-06/30/26
Beginning Total Value	34,278,636	31,161,494	750,000
Beginning Accrued Income	142,771	83,793	0
Net Contributions/Withdrawals	0	-30	14,649,532
Investment Earnings	996,911	3,117,173	19,876,016
Ending Total Value	35,275,548	34,278,636	35,275,548
Ending Accrued Income	144,587	142,771	144,587
DOLLAR WEIGHTED RATE OF RETURN (%) (Annualized for periods over 12 months)			
Return % (Net of Fees)	2.91	10.00	7.95



Does not include Performance Ineligible Assets.



INCOME AND DISTRIBUTION SUMMARY		
	Rolling 12 Months (\$) 07/01/25-06/30/26	Year To Date (\$) 01/01/26-06/30/26
ASSET CLASS		
Cash	19,676.02	10,052.65
Equities	228,109.54	39,690.36
Fixed Income & Preferreds	1,075,588.51	555,022.39
Alternatives	200,350.36	107,124.83
Total Asset Class	1,523,724.43	711,890.23
TAX CATEGORY		
Taxable Account(s)		
Taxable	1,523,724.43	711,890.23
Tax-Exempt	-	-
Total	1,523,724.43	711,890.23
Tax Qualified Account(s)		
Total Tax Category	1,523,724.43	711,890.23

Taxable and tax-exempt income classifications reference the underlying securities, not account type.