

# MEMORANDUM



**TO:** VICTOR CARDENAS, CITY MANAGER  
**FROM:** TINA GLENN, INTERIM TREASURER  
**CC:** CORTNEY HANSON, CITY CLERK  
**SUBJECT:** QUARTERLY INVESTMENT REPORT  
**DATE:** APRIL 27, 2026

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Attached to this memo is the investment report for the City of Novi as of March 31, 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 March 17 – 18, 2026, “The information available at the time of the meeting indicated that real gross domestic product (GDP) continued to expand at a solid pace, particularly after accounting for the effects of the federal government shutdown in the fourth quarter of last year. The unemployment rate was little changed in recent months, though job gains continued to be low. Consumer price inflation remained elevated.”<sup>1</sup>

According to the Bureau of Labor Statistics News Release, “Total nonfarm payroll employment increased by 178,000 in March, and the unemployment rate changed little at 4.3 percent, the U.S. Bureau of Labor Statistics reported today. Job gains occurred in health care, in construction, and in transportation and warehousing. Federal government employment continued to decline.”<sup>2</sup>

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:

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<sup>1</sup> <https://www.federalreserve.gov/monetarypolicy/files/fomcminutes20260318.pdf>

<sup>2</sup> <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 March 31, 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 March 31, 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 March 31, 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	0.690%
Annualized TRR-MV	Annualized Total Rate of Return - Market Value	2.790%
YTM@Cost	Yield to Maturity @ Cost	3.320%

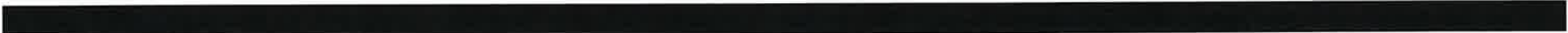
**BENCHMARKS**

Treasury 6 Month 3.720%  
Treasury 1 Year 3.670%

**FISCAL YEAR TO DATE**

Investment Income 743,167  
TRR-MV 0.690%

Security Sector	Face Amount/Shares	Market Value	Book Value	% of Portfolio	YTM @ Cost	Days To Maturity
Cash	7,448,782.41	7,448,782.41	7,448,782.41	8.04	0.00	1
Certificate Of Deposit	17,335,000.00	17,278,254.59	17,276,531.75	18.65	3.64	548
Corporate	9,500,000.00	9,399,536.56	9,401,844.63	10.15	3.88	98
Local Government Investment Pool	27,189,290.28	27,189,290.28	27,189,290.28	29.35	3.74	1
Money Market	1,392,440.41	1,392,440.41	1,392,440.41	1.50	3.50	1
Municipal	10,550,000.00	10,291,835.95	10,667,588.41	11.51	2.44	1,145
US Agency	15,500,000.00	15,345,917.36	15,367,236.93	16.59	4.00	1,077
US Treasury	3,900,000.00	3,902,221.00	3,900,563.11	4.21	3.52	608
<b>Total / Average</b>	<b>92,815,513.10</b>	<b>92,248,278.56</b>	<b>92,644,277.93</b>	<b>100.00</b>	<b>3.32</b>	<b>449</b>



Tina Glenn  
Tina Glenn - Interim Treasurer

4/27/26  
Date



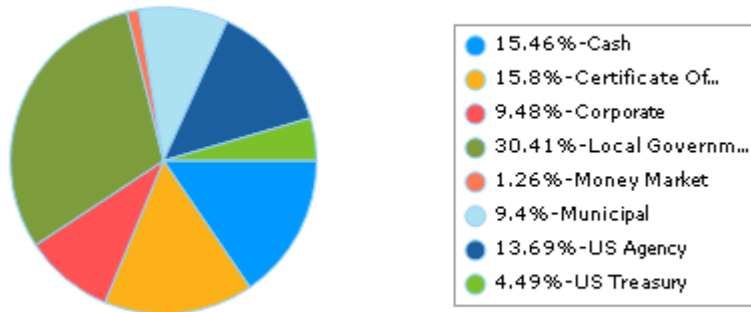
## City of Novi Distribution by Security Sector - Market Value All Portfolios

Begin Date: 12/31/2025, End Date: 3/31/2026

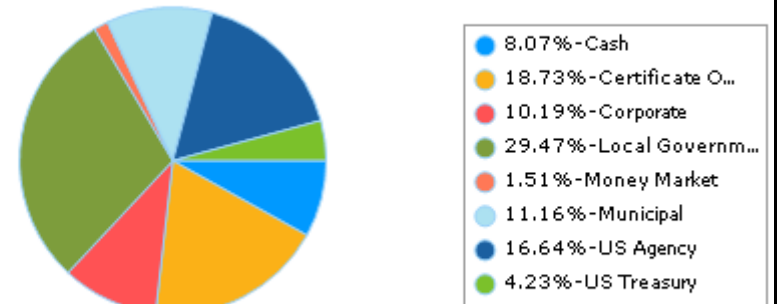
### Security Sector Allocation

Security Sector	Market Value 12/31/2025	% of Portfolio 12/31/2025	Market Value 3/31/2026	% of Portfolio 3/31/2026
Cash	16,934,527.86	15.46	7,448,782.41	8.07
Certificate Of Deposit	17,314,516.24	15.80	17,278,254.59	18.73
Corporate	10,389,806.25	9.48	9,399,536.56	10.19
Local Government Investment Pool	33,322,455.20	30.41	27,189,290.28	29.47
Money Market	1,380,662.17	1.26	1,392,440.41	1.51
Municipal	10,301,266.10	9.40	10,291,835.95	11.16
US Agency	14,998,210.31	13.69	15,345,917.36	16.64
US Treasury	4,924,428.00	4.49	3,902,221.00	4.23
<b>Total / Average</b>	<b>109,565,872.13</b>	<b>100.00</b>	<b>92,248,278.56</b>	<b>100.00</b>

### Portfolio Holdings as of 12/31/2025



### Portfolio Holdings as of 3/31/2026





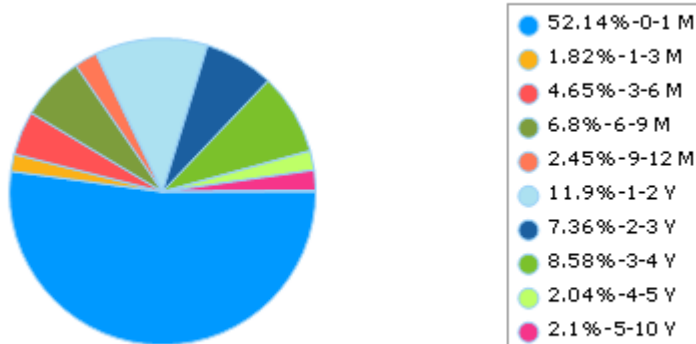
## City of Novi Distribution by Maturity Range - Market Value All Portfolios

Begin Date: 12/31/2025, End Date: 3/31/2026

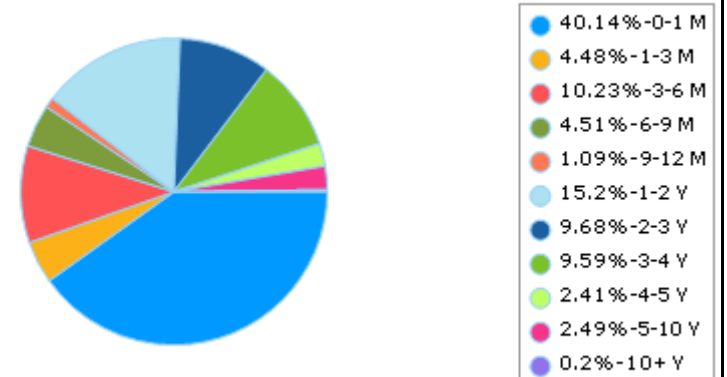
### Maturity Range Allocation

Maturity Range	Market Value 12/31/2025	% of Portfolio 12/31/2025	Market Value 3/31/2026	% of Portfolio 3/31/2026
0-1 Month	57,127,331.22	52.14	37,028,348.36	40.14
1-3 Months	1,995,480.00	1.82	4,132,406.65	4.48
3-6 Months	5,096,903.35	4.65	9,435,338.96	10.23
6-9 Months	7,445,770.26	6.80	4,156,641.10	4.51
9-12 Months	2,683,696.00	2.45	1,001,110.00	1.09
1-2 Years	13,041,749.70	11.90	14,017,587.20	15.20
2-3 Years	8,058,678.51	7.36	8,933,630.66	9.68
3-4 Years	9,400,807.89	8.58	8,850,469.48	9.59
4-5 Years	2,238,602.80	2.04	2,220,069.20	2.41
5-10 Years	2,298,371.60	2.10	2,292,486.15	2.49
10+ Years	178,480.80	0.16	180,190.80	0.20
<b>Total / Average</b>	<b>109,565,872.13</b>	<b>100.00</b>	<b>92,248,278.56</b>	<b>100.00</b>

#### Portfolio Holdings as of 12/31/2025



#### Portfolio Holdings as of 3/31/2026



City of Novi  
Portfolio Holdings  
Investment Portfolio - by Issuer, Summary  
As of 3/31/2026

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	1,019,943.43	903,230.00	2,041	8,958.33	1.08
Bank of America CD	4.375	2,000,000.00	2,000,410.00	154	28,869.86	2.15
Bank of NY Mellon	3.700	1,000,000.00	997,640.00	435	11,353.42	1.08
Capital One NA	3.375	2,000,000.00	1,991,270.00	322	7,767.12	2.15
Chippewa Valley Mich Schs	2.237	1,000,000.00	983,905.00	396	9,320.83	1.08
City of Ishpeming MI	1.800	306,928.02	284,467.40	1,127	2,567.08	0.33
Credit Agricole CP	3.800	993,371.78	993,242.69	64	0.00	1.08
FFCB	3.696	4,000,000.00	3,981,700.00	657	48,093.47	4.31
FHLB	4.568	1,487,972.26	1,497,300.00	1,018	13,989.58	1.62
FHLMC	3.881	7,412,753.04	7,374,080.00	1,302	36,917.17	8.08
Fifth Third	0.000	7,429,399.36	7,429,399.36	1	0.00	8.00
FNMA	4.482	2,466,511.63	2,492,837.36	1,112	7,015.00	2.69
General Motors Fin CP	4.245	997,596.67	997,835.26	21	0.00	1.08
Goldman Sachs Bank USA	3.700	1,000,000.00	996,480.00	667	6,994.52	1.08
Goldman Sachs CD	3.650	1,000,000.00	993,420.00	944	15,400.00	1.08
Homer Cmnty SD	2.400	797,406.90	786,483.65	396	13,083.33	0.85
Huntington National Bank	3.456	1,411,815.41	1,411,815.41	1	0.00	1.52
Intrepid Funding Co CP	3.900	995,528.48	995,565.52	42	0.00	1.08
Jackson CNTY MI Transprt Fund Bond	2.455	252,768.40	236,539.20	1,706	2,983.20	0.26
Jackson National Life CP	3.799	987,563.89	987,019.39	121	0.00	1.08
JP Morgan Chase CD	4.397	4,570,749.07	4,608,797.08	979	83,575.89	4.98
Ken Mi Hosp Fin Auth	2.000	1,148,889.13	1,118,055.00	471	6,356.01	1.23
Kent MI Hosp Fin Auth Revenue	1.936	102,695.85	95,489.00	1,202	595.54	0.11
Korea Development Bk N	3.700	989,306.68	988,660.96	106	0.00	1.08
Michigan Class	3.744	27,186,648.01	27,186,648.01	1	0.00	29.29
Michigan Fin Auth	2.000	706,254.25	695,289.90	1,092	4,163.89	0.75
Michigan St Fin Auth	1.471	1,007,802.90	998,100.00	154	2,830.00	1.08
Michigan St Hsg Dev Auth	2.340	89,280.95	85,002.55	2,071	949.17	0.09
Michigan ST Strategic	4.700	456,949.88	466,225.00	1,250	782.50	0.54
Michigan State University Federal Credit Union	1.350	1,000,008.05	1,000,008.05	107	63,579.45	1.08
Morgan Stanley Bank	1.846	1,705,782.68	1,687,767.51	233	9,292.44	1.85
Morgan Stanley PVT Bank	3.750	1,000,000.00	997,450.00	619	11,404.11	1.08
Oakland County	4.051	2,642.27	2,642.27	1	0.00	0.00
Oakland Univ Muni Bond	4.192	198,134.18	180,190.80	7,640	750.00	0.19
Oracle Corp	4.013	1,469,898.96	1,469,883.59	185	0.00	1.62
Prudential Int CP	3.800	986,932.39	986,375.75	127	0.00	1.08
Schwab Charles CP	3.836	992,395.83	992,292.44	73	0.00	1.08
Societe General	3.720	989,249.95	988,660.96	106	0.00	1.08
State of Michigan	2.846	3,009,788.08	2,896,877.10	1,482	38,930.00	3.18
Treasury	3.521	3,900,563.11	3,902,221.00	609	22,537.83	4.20
UBS Bank USA CD	4.000	2,000,000.00	2,005,020.00	438	4,345.20	2.15
Wayne MI ST UNiV	2.601	105,746.44	100,283.00	960	1,888.89	0.11
Ypsilanti MI	3.264	465,000.00	461,698.35	404	6,323.75	0.50
Total / Average	3.320	92,644,277.93	92,248,278.56	447	471,617.58	100

City of Novi  
 Date To Date  
 Investment Income - Market Value  
 Begin Date: 12/31/2025, End Date: 3/31/2026

Description	Interest Earned During Period-MV	Unrealized Gain/Loss-MV	Realized Gain/Loss-MV	Investment Income-MV	TRR-MV	Annualized TRR-MV
Cash	20.13	0.00	0.00	20.13	0.00	0.00
Certificate Of Deposit	153,929.86	-35,871.65	-390.00	117,668.21	0.67	2.73
Corporate	0.00	77,695.42	9,244.01	86,939.43	0.91	3.68
Local Government Investment Pool	366,835.39	0.00	0.00	366,835.39	1.07	4.34
Money Market	11,778.24	0.00	0.00	11,778.24	0.85	3.46
Municipal	79,145.89	-9,430.15	0.00	69,715.74	0.67	2.72
US Agency	143,368.33	-73,322.95	4,980.00	75,025.38	0.47	1.89
US Treasury	37,391.59	-23,277.00	1,070.00	15,184.59	0.37	1.50
Total / Average	792,469.43	-64,206.33	14,904.01	743,167.11	0.69	2.79

## City of Novi

The City of Novi portfolio for the 1st Quarter was -0.81%, while the S&P 500 declined by -4.40%.

The 1st Quarter ending value was \$33,999,518. The total dollar gain of the portfolio was +\$18,599,986 with an annualized rate of return +7.81%.

The current asset allocation of 31% equities, 58.9% 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 3/31/2026.

I look forward to our meeting on April 28<sup>th</sup>, 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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An investment cannot be made directly in a market index.*

# Investment Summary Dollar Weighted Returns

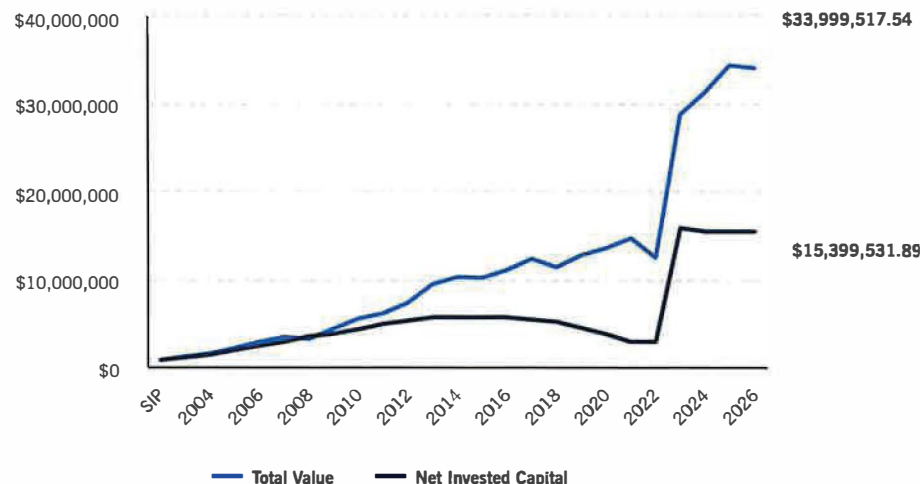
Novi Performance

Data as of March 31, 2026

## DOLLAR-WEIGHTED RETURN % (NET OF FEES)

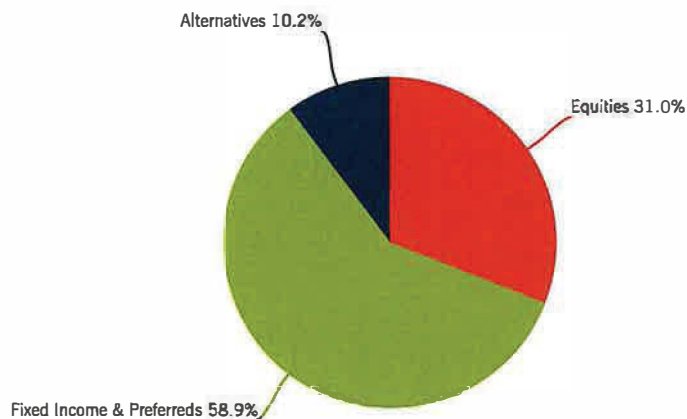
	Year to Date (\$) 12/31/25-03/31/26	Previous Year (\$) 12/31/24-12/31/25	Performance Inception (\$) 04/25/03-03/31/26
<b>Beginning Total Value</b>	<b>34,278,636</b>	<b>31,161,494</b>	<b>750,000</b>
Beginning Accrued Income	142,771	83,793	0
Net Contributions/Withdrawals	0	-30	14,649,532
Investment Earnings	-279,119	3,117,173	18,599,986
<b>Ending Total Value</b>	<b>33,999,518</b>	<b>34,278,636</b>	<b>33,999,518</b>
Ending Accrued Income	121,061	142,771	121,061
<b>DOLLAR WEIGHTED RATE OF RETURN (%)</b> (Annualized for periods over 12 months)			
Return % (Net of Fees)	-0.81	10.00	7.81

## TOTAL VALUE VS. NET INVESTED CAPITAL



Does not include Performance Ineligible Assets.

## ASSET ALLOCATION



## INCOME AND DISTRIBUTION SUMMARY

ASSET CLASS	Rolling 12 Months (\$) 04/01/25-03/31/26	Year To Date (\$) 01/01/26-03/31/26
Cash	37,054.30	5,321.85
Equities	242,208.03	19,152.10
Fixed Income & Preferreds	953,885.94	288,801.55
Alternatives	157,534.76	60,593.04
<b>Total Asset Class</b>	<b>1,390,683.03</b>	<b>373,868.54</b>
<b>TAX CATEGORY</b>		
Taxable Account(s)		
Taxable	1,390,683.03	373,868.54
Tax-Exempt	-	-
Total	1,390,683.03	373,868.54
Tax Qualified Account(s)	-	-
<b>Total Tax Category</b>	<b>1,390,683.03</b>	<b>373,868.54</b>

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