

## **Minutes of the October 15, 2025 Comptroller's Investment Advisory Board Meeting**

The Comptroller's Investment Advisory Board met on Wednesday, October 15, 2025, at the LBJ State Office Building, 111 E. 17th Street, Room 113, Austin, Texas, 78701.

### **Board Members present:**

Laurie Dotter, Jim Hille, and Benjamin Wall

### **Board Members absent:**

Katie Hubbard, Adolpho Telles, and Sam Vinson

### **Comptroller of Public Accounts Staff Presiding and Present:**

Acting Comptroller Kelly Hancock and Deputy Comptroller Lisa Craven

### **Texas Treasury Safekeeping Trust Company (Trust Company) Executive Staff, Presenters & Facilitators:**

Mike Reissig, CEO; Anca Ion, CIO; Gena Minjares, CFO; Laura Montoya, COO; Whitney Blanton, General Counsel; Spencer Brown, Deputy General Counsel; Brad Davis, Sr. Portfolio Manager; Jyoti Gupta, Sr. Portfolio Manager; Nicole Wang, Sr. Portfolio Manager; Emil Boehm, Sr. Portfolio Manager; Mat Williams, Portfolio Manager; Jake Price, Portfolio Manager; Steve Rohrich, Jr. Portfolio Manager; Matt Connolly, Sr. Portfolio Manager; Yunke Yu, Quantitative Analyst; and Shantel Geeslin, Program Specialist

### **Additional Participants:**

Alex Nixon and Joe Nugent, Asset Consulting Group (ACG)

### **Call to Order**

Acting Comptroller Hancock confirmed at 10:00 a.m. that a quorum was **not** present. As a result, no official business was conducted so no votes were taken. At 10:29 a.m., Deputy Comptroller Lisa Craven assumed leadership of the meeting following Acting Comptroller Hancock's departure.

### **Agenda Items:**

Board members present engaged in informal discussion on the materials presented for informational purposes only.

- 1. No vote was taken for approval of minutes from April 15, 2025. Minutes will be approved at the January 2026, board meeting.**
- 2. Chief Executive Officer Update (handout)**  
CEO Mike Reissig provided the administrative and budgetary update for the full fiscal year. Staffing updates included five active job postings, two recent hires, and two departures, with an anticipated seven to eight new hires over the coming year. On the budget, income exceeded projections by \$6 million, while personnel and operating expenses were lower than expected,

partially offset by higher capital outlay due to building relocation. Overall, the net impact on reserves was minimal, with a \$900,000 reduction versus the budgeted \$2.5 million.

### **3. Annual Review of Comptroller's Investment Policy**

Mr. Whitney Blanton and Ms. Anca Ion led a review of proposed updates to several investment policies (Tab 2). For the TUF, they discussed changing the distribution calculation from a fiscal-year to a calendar-year basis to accommodate recent \$1.3 billion legislative appropriations tied to new Tier 1 universities, along with technical updates to cash benchmarks and a shift to a U.S.-only fixed-income benchmark for the private markets transition portfolio. Minor statutory and technical updates were noted for the Endowment policy, while changes to TESTIF and SWIFT included updating cash benchmark language, and tightening concentration limits with any single investment firm from 25% to 10%. The Comptroller's Investment Policy covering the Treasury Pool was reviewed with no changes recommended.

### **4. CIO Update: Market Outlook and Portfolio Reviews**

Ms. Ion reviewed the materials behind Tab 3 and reported strong market performance through September, led by a nearly 50% surge in gold driven by central bank buying as an alternative to Treasuries during dollar weakness, while non-U.S. equities outperformed and oil and cash lagged. Over the past five years, equities have been the main source of returns but with high volatility and drawdown risk; fixed income failed to keep up with inflation, and alternatives provided diversification but limited real returns. Equity valuations are now elevated, driven by optimism around growth, expected Fed rate cuts, and heavy concentration in AI stocks, which account for the majority of recent S&P 500 returns and investment spending.

Ms. Ion presented the portfolio update, reporting total net assets of approximately \$112 billion as of June, up \$5 billion quarter over quarter, with the Treasury Pool at \$79 billion and yielding about 4.2%, generating roughly \$3.4 billion income on an annual basis reviewed performance across portfolios. Ms. Ion highlighted approximately \$1.5 billion of value added over five years from active management and discussed asset allocation changes which led to great returns, recent cash inflow to TUF and TESTIF portfolios, and deployment challenges amid high market valuations. Board members discussed private equity performance differences, unitization considerations, manager sizing, and benchmarks, with Ms. Ion noting that staff are actively evaluating unitization to improve efficiency while managing risks from cash infusions and legacy allocations.

The Board discussed how venture and private equity allocations are shared between the Endowment and TUF, noting challenges around capacity constraints, unitization, and the impact of the TUF's large annual cash infusions. Members emphasized the difficulty of planning amid uncertain funding timing and cautioned against over-interpreting short-term private equity performance, particularly given J-curve effects.

Mr. Matt Connolly discussed the liquidity and funding outflows within the Treasury Pool. He reported on recent portfolio changes and liquidity conditions, noting that the Treasury Pool is in a seasonal outflow period. The portfolio declined by approximately \$12 billion, or 15%, since mid-

August, driven by September net outflows of nearly \$10 billion, which were higher than projected. Despite the larger-than-expected outflows, liquidity remained sufficient and was not materially strained.

## **5. Capital Markets Overview and Investment Performance Review for Quarter Ending June 30, 2025, and Related Matters**

Mr. Alex Nixon and Mr. Joe Nugent discussed the material behind Tab 4. Mr. Nixon summarized current market conditions, citing continued U.S. economic resilience, a supportive Fed, easing inflation, and moderating labor conditions. He noted that higher-income consumers and AI-driven capital investment are key drivers of growth, while he cautioned about valuation, concentration, and return-on-investment risks. He concluded by emphasizing diversification, global exposure, and disciplined long-term portfolio positioning amid potential volatility and policy uncertainty.

Mr. Joe Nugent reviewed portfolio performance (Tab 4A), noting that over the past five years equity markets have driven returns while bonds produced slightly negative results. Portfolios with higher equity exposure performed best, with the Endowment returning about 10%, SWIFT 7.5%, and TESTIF just over 3%, consistent with their respective risk profiles and objectives. He emphasized that the Endowment and SWIFT delivered strong long-term performance with controlled risk and outperformed their benchmarks, while the TESTIF achieved solid returns and exceeded its policy objectives despite lower equity exposure.

## **6. Fixed Income Review for the Endowment, TUF, SWIFT, and TESTIF as well as Portfolio Asset Class Updates and Related Matters**

Ms. Ion noted that not all the asset classes will be covered at this time. The goal is over the coming year to do a deep dive into each asset class at each board meeting.

Mr. Brad Davis provided an overview of the fixed income portfolios (handout), noting significant growth—about 30-fold—since 2013 and the varying market environments they have navigated, from near-zero to 5% Treasury yields and fluctuating spreads. He emphasized that the portfolio structure, based on ACG's capital market assumptions, positions these conservative assets to provide baseline returns and help support the higher-risk equity portions of the Endowment and TUF.

Mr. Torres provided a detailed update on the global fixed income and hedge fund portfolios, highlighting active and passive allocations across the Endowment, TUF, SWIFT, and TESTIF. He emphasized objectives of diversification, risk mitigation, and volatility dampening, noting strong performance, high-quality credit, and tight tracking to benchmarks, with duration and yield well-managed. He also discussed hedge fund strategies, noting low equity correlation, controlled volatility, diversification across managers, and ongoing adjustments to improve liquidity, manager sizing, and performance. Overall, the portfolios have been actively managed to balance returns, risk, and fees, with recent deployments and strategic reallocations supporting long-term objectives.

Ms. Jyoti Gupta provided an update on public equities, noting strong market performance in the quarter despite early volatility, with U.S. growth and technology leading, and value, energy, and health care lagging. The hedged equity portfolios outperformed, particularly in U.S. technology and Pan-Asia investments, while Europe and small-cap allocations detracted. Overall, the team sees market stability, continues to monitor managers, and aims to maintain balanced exposure across the portfolios.

**7. Next Meeting and Agenda Items**

The next meeting will be in January 2026 with a focus on private equity. The Board will be contacted for confirmation.

**8. Public Comment**

No public comments.

**Deputy Comptroller Craven adjourned the meeting at 12:05 p.m.**