Minutes of July 23, 2026, Comptroller's Investment Advisory Board Meeting

The Comptroller's Investment Advisory Board met on Thursday, July 23, 2026, at the LBJ State Office Building, 111 E. 17th Street, Room 113, Austin, Texas, 78701.

Board Members present:
Laurie Dotter, Jim Hille, Adolpho Telles, Sam Vinson and Ben Wall
Board Members absent: Katie Hubbard

Comptroller of Public Accounts Staff Presiding and Present:
None

Texas Treasury Safekeeping Trust Company ("Trust Company") Executive Staff, Presenters & Facilitators:
Mike Reissig, CEO; Anca Ion, CIO, Deputy CEO; Whitney Blanton, General Counsel; Hugh Ohn, Director of Accounting and Reporting; Matt Connolly, Sr. Portfolio Manager; Jyoti Gupta, Sr. Portfolio Manager; Nicole Wang, Sr. Portfolio Manager; Emil Boehm, Sr. Portfolio Manager; Lalo Torres, Sr., Portfolio Manager; Mat Williams, Portfolio Manager; Jacob Price, Portfolio Manager; Steve Rohrich, Jr., Portfolio Manager; and Nora Arredondo, Program Specialist

Additional Participants:
Joe Nugent and Craig Coleman, Asset Consulting Group ("ACG")

Call to Order
Mike Reissig declared that a quorum was present and called the meeting to order at 10:00 a.m.

Agenda Items:

1. **Approval of Minutes from April 28, 2026, meeting. On a motion by Ms. Laurie Dotter and seconded by Mr. Jim Hille, the Board voted unanimously to approve the minutes from the April 28, 2026, meeting as presented behind Tab 1.**

2. **Chief Executive Officer Update (handout)**
   Mr. Mike Reissig reviewed a budget summary handout for the period ending May 31, 2026. He reported that the budget is performing as expected through May 31, 2026, with revenues slightly ahead of plan and personnel, operating, and capital expenses below the expected 75% level. No major budget concerns were identified, and some underspending is expected to normalize later in the fiscal year. Staffing remains an area of focus, with five active postings, three recent permanent hires, and several vacancies still open.

3. **Investment Policies Update**
   Per Mr. Whitney Blanton, no recommended revisions or updates to report at this time.

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

Ms. Anca Ion provided a macroeconomic update and reviewed the information behind Tab 2. She reported a strong Q2 2026 for global markets, driven by technology, AI-related investments, and easing geopolitical concerns. She noted that the portfolio had benefited from the AI-driven market, but cautioned that valuations remain elevated, with most equity markets above their 10-year median valuations. For TESTIF, which is more than 80%–90% invested in liquid fixed income, she highlighted concerns about fixed income's ability to keep pace with inflation, which is expected to remain around 3%; by comparison, TESTIF has recently benefited from asset-allocation changes and has outpaced inflation by more than two times.

Ms. Ion also noted that the yield curve has normalized, with the 10-year Treasury about 35 basis points above the two-year, while short-term rates are expected to remain near 4% over the next year. The labor market remains relatively stable, with unemployment at 4.2%, and roughly 80%–90% of fund managers expect a soft or no-landing scenario. Portfolio assets under management increased to approximately $101 billion, including an additional $850 million Texas State Technical College endowment received in April.

Ms. Ion reported that the Treasury Pool stood at $76 billion, yielding 3.85% and generating nearly $3 billion in annual income. External investments grew from $39.5 billion in March to $41.9 billion in June, with June one-year returns of 16.3% for TUF, 14.1% for the Endowment, 10.8% for SWIFT, and 5.5% for TESTIF. She highlighted strong performance from infrastructure, hedged equity, private debt, and other alternative investments, while noting elevated market valuations and maintaining additional cash for flexibility. For TESTIF, which generated 6.3% annually over the past three years versus 3.06% inflation, Ion emphasized its strong liquidity position, with about 18% in cash versus a 10% target, while noting that future asset-allocation changes could be considered to enhance returns without materially reducing liquidity.

Matt Connolly reported that the $76 billion Treasury Pool is designed to provide high liquidity while earning returns above money market funds, with a current yield of 3.85%. Returns were 4.03% over one year, 4.50% over three years, and 3.44% over five years, all exceeding the benchmark. The portfolio is positioned conservatively ahead of significant expected seasonal outflows, including $11 billion in September and $6 billion in October, plus a potential $5–$6 billion additional outflow. The portfolio has also increased its mortgage allocation to about 10% as other credit opportunities have become less attractive.

5. **Capital Markets Overview and Investment Performance Review for Quarter Ending March 31, 2026, and Related Matters (Asset Consulting Group)**

Mr. Joe Nugent provided an overview of the macroeconomic environment and credit markets. He discussed the strong performance of equity markets, noting that markets may be later in the cycle and emphasizing the importance of monitoring risks and protecting portfolios from a potential downturn. He highlighted the potential for increased market volatility due to changes in Federal Reserve leadership, persistent inflation, and uncertainty surrounding interest rates. In the credit markets, he noted emerging risks in leveraged loans, particularly within the software sector, despite relatively strong underlying company performance. He also expressed caution regarding

the significant debt financing the AI buildout and the potential for investor demand surrounding AI-related investments to moderate.

Mr. Craig Coleman discussed the strong performance of public equity markets, noting that recent gains have been driven largely by a small number of technology stocks tied to the broader AI theme. He highlighted increasing valuations and concentration across global equity indexes, with the top technology names accounting for a significant portion of recent market returns. Mr. Coleman noted that the portfolio's use of active managers and other strategies provides additional diversification and may help mitigate risk if the concentrated technology names experience a downturn.

6. **Private Debt Portfolio Review**

Mr. Jacob Price provided a review of the private credit portfolio, including its construction, performance, diversification, and 2026 initiatives. He noted that the portfolio has grown from approximately $600–$700 million in NAV in 2018, to nearly $3 billion today, with private credit historically representing about a 10% target allocation and current targets ranging roughly from 9% to 13% across the relevant portfolios. The portfolio has significantly outperformed public credit benchmarks, particularly within performing and credit-driven strategies, while distressed investments have produced more mixed results and will be a much smaller focus going forward. Mr. Price also discussed efforts to increase diversification, co-investments, and methodical pacing of new commitments across the newer TUF and TESTIF portfolios. In response to Board discussion, he noted the limited liquidity of evergreen structures and the importance of being selective and opportunistic when investing in distressed credit. Mr. Wall asked about leverage, and Mr. Price noted that the portfolio is largely unlevered in growth strategies and generally uses less than one turn of leverage in performing strategies, adding that the team actively avoids the higher leverage used by some direct lending funds.

7. **Portfolio Reviews**

Ms. Jyoti Gupta reviewed first-quarter equity performance, noting significant volatility and a sharp rotation from growth and technology stocks into value and cyclical sectors, with global equities down 2.6%, U.S. equities down 4.3%, and emerging markets outperforming. The Trust's long-only and long-short equity portfolios underperformed their benchmarks, while hedged equity portfolios were also challenged by exposure to quality, growth, and technology investments. Ms. Gupta noted a strong preliminary second-quarter recovery, with the Endowment, TUF, and SWIFT hedged equity portfolios up approximately 50%, 45%, and 30%, respectively, over the prior year. Ms. Gupta stated that the team is increasingly moving to more liquid share classes to provide greater flexibility to rebalance portfolios quarterly.

Mr. Steve Rohrich noted that real assets performed well in the first quarter, led by data centers and infrastructure, with additional strength in ports, oil and gas, mining, and timber. Opportunistic real estate also improved as newer-vintage funds began contributing to performance, with student and senior housing offsetting weaker legacy investments in Europe and Asia. He noted that core real estate posted its eighth consecutive quarter of positive performance in the second quarter, increasing 1.3%, and that the team has begun putting capital back to work in the sector.

Mr. Emil Boehm noted that the private equity portfolio is performing as designed, with secondary investments providing a foundation for primary commitments and overall performance meeting expectations. He said the team will begin evaluating and upgrading the portfolio over the next 12 to 18 months, with a focus on reassessing managers and building the highest-quality portfolio possible.

8. **Next Meeting and Agenda Items**
   Next meeting will be scheduled for October and Ms. Nora Arredondo will work with the Board to coordinate a suitable date. Next meeting will be scheduled for October 2026. No future agenda items noted.

9. **Public Comment**
   No public comments.

Mr. Reissig adjourned the Comptroller's Investment Advisory Board meeting at 12:03 p.m.