Minutes of April 28, 2026, Comptroller's Investment Advisory Board Meeting

The Comptroller's Investment Advisory Board met on Tuesday, April 28, 2026, at the LBJ State Office Building, 111 E. 17th Street, Room 113, Austin, Texas, 78701.

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

Comptroller of Public Accounts Staff Presiding and Present:
Acting Comptroller Kelly Hancock and Associate Deputy Comptroller Tom Currah

Texas Treasury Safekeeping Trust Company ("Trust Company") Executive Staff, Presenters & Facilitators:
Mike Reissig, CEO; Anca Ion, CIO, Deputy CEO; Gena Minjares, CFO; Whitney Blanton, General Counsel; Laura Montoya, COO; Matt Connolly, Sr. Portfolio Manager; Jyoti Gupta, 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:
Roger Willis and Joe Nugent, Asset Consulting Group ("ACG")

Call to Order
Acting Comptroller Kelly Hancock declared that a quorum was present and called the meeting to order at 10:00 a.m.

Agenda Items:

1. A question was raised regarding language in January 28, 2026, minutes about the inability to make a formal recommendation on investment policies. Staff clarified that, because the Board serves in an advisory capacity, a formal recommendation was not required, the necessary changes had already been made by the Comptroller, and the matter was considered resolved.
   Approval of Minutes from January 28, 2026, October 15, 2026, and August 14, 2026, Meetings. On a motion by Mr. Adolpho Telles and seconded by Ms. Laurie Dotter, the Board voted unanimously to approve all minutes as presented behind Tab 1.

2. **Chief Executive Officer Update (handout)**
   Mr. Mike Reissig reviewed a budget summary handout for the period ending February 28, 2026. He reported continued progress in staffing, with active recruitment underway and additional hires expected in May. He also announced that the agency's move to the Bush Building was substantially complete. Financially, reviewing the budget at the fiscal year midpoint, revenues were on target while expenses remained below budget, and the overall budget was performing as expected.

3. **Investment Policies Review and Recommended Revisions**

The Board reviewed proposed revisions to the investment policies for the Permanent Technical Institutional Infrastructure Fund (PTIIF), and the Texas Energy Fund. For the PTIIF, the recommendation is adding a 3.5% distribution policy based on a 20-quarter rolling average, aligning the new endowment with the state's existing endowment distribution practices. During discussion of the Texas University Fund (TUF), Board members emphasized the importance of maintaining prudent distribution rates despite ongoing requests from universities for larger distributions. Staff and the Acting Comptroller also clarified that while the Comptroller determines the overall distribution amount, the Texas Higher Education Coordinating Board is responsible for allocating funds among eligible institutions, and members noted that future expansion of the TUF to additional universities will continue to require careful, formula-based distribution decisions.

The Board also reviewed the revisions to the Texas Energy Fund investment policy to provide greater flexibility in investing funds held outside the Treasury Pool while remaining within statutory investment requirements.

On a motion by Mr. Jim Hille and seconded by Ms. Laurie Dotter, the Board voted unanimously to recommend for approval to the Comptroller's office the proposed revisions to the PTIIF investment policy as presented.

On a motion by Mr. Hille and seconded by Mr. Sam Vinson, the Board also voted unanimously to recommend for approval to the Comptroller's office the recommended revisions to the Texas Energy Fund investment policy as presented.

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

Ms. Ion provided a macroeconomic update and reviewed the information behind Tab 3. She reported that markets remained resilient despite geopolitical uncertainty and recent volatility. She highlighted strong performance in small-cap and international equities, higher oil prices, and a steady interest rate environment. Overall, she remained cautiously optimistic, citing artificial intelligence investment and continued economic growth as key drivers for the economy.

Ms. Ion reported that March's market volatility reinforced the value of maintaining higher cash levels across the investment portfolios, with cash serving as the primary source of stability. She noted that the Endowment, TUF, SWIFT and TESTIF portfolios are all carrying cash balances above policy targets to provide flexibility and manage risk in the current market environment.
She reported that the Endowment posted a 10.8% one-year return, supported by strong performance in hedged equity, private credit, and infrastructure investments. TUF returned 14.1% over one year, reflecting continued strength in public markets while transitioning additional assets into private investments. SWIFT earned an 8.9% one-year return and has continued to meet its long-term objectives, while TESTIF returned 7.6% over one year, outperforming both its benchmark and inflation since inception. She also noted that the portfolios collectively manage approximately $100 billion in assets and continue to generate strong long-term performance while maintaining an appropriate risk posture.

Mr. Matt Connolly reported that the Treasury Pool remained stable, with assets totaling approximately $68 billion and a current yield of 3.85%. He noted that the portfolio continues to maintain strong liquidity, with cash levels temporarily elevated due to upcoming outflows and expected tax receipt inflows. Mr. Connolly stated that market spreads remain tight, limiting opportunities to add credit exposure, and that the team will continue to focus on liquidity management and selectively extending duration when opportunities arise.

5. **Capital Markets Overview and Investment Performance Review for Quarter Ending December 31, 2025, and Related Matters (Asset Consulting Group)**

Mr. Roger Willis and Mr. Joe Nugent reviewed the information behind Tab 4. Mr. Willis provided a market update emphasizing the importance of staying disciplined and aligned with long-term investment strategies despite ongoing risks from geopolitical uncertainty, inflation, AI disruption, and elevated valuations. He discussed the continued strength of U.S. equities, the broadening of market performance beyond the "Magnificent Seven," significant cash holdings in money market funds, and the potential impact of oil prices and global growth trends. He also addressed concerns in private credit, including weaker underwriting standards, leverage, and product expansion, while noting that the Trust's portfolios have been positioned conservatively through prudent leverage management and careful manager selection. Overall, the discussion reinforced maintaining diversification, balancing active and passive strategies, and adapting portfolios as market conditions evolve.

Mr. Nugent reviewed portfolio performance, highlighting strong long-term results across the Endowment, SWIFT, and TESTIF portfolios relative to benchmarks and objectives. He noted that while some short-term areas faced challenges, portfolio adjustments—including changes to public equity exposure and increased use of private market secondary strategies—have helped improve positioning. Overall, the portfolios continue to perform as designed, with disciplined management supporting long-term goals.

6. **Portfolio Reviews**

Mr. Jacob Price reviewed private credit performance, noting that portfolios are generally ahead of benchmarks, with strong results across Endowment, TUF, TESTIF, and SWIFT. He highlighted prudent portfolio positioning, limited exposure to challenged lending vintages, and ongoing opportunities in areas such as energy lending and distressed markets. He also discussed monitoring risks related to valuations, AI exposure, and increased scrutiny of private credit reporting.

Mr. Rohrich provided an overview of real assets performance, noting strong results across infrastructure, natural resources, and real estate portfolios. Infrastructure benefited from data center growth, power demand, and renewable energy investments, while oil and gas and mining also performed well. Real estate performance was supported by opportunistic investments, housing sectors, and strong manager selection. Looking ahead, he highlighted continued opportunities in industrial real estate, data center-related infrastructure, and power assets while noting the importance of managing exposure and addressing related challenges such as resource demands.

Ms. Jyoti Gupta reviewed strong equity market performance, noting the S&P 500 gained 17.9% during the year, driven by AI momentum, strong earnings, and broader participation across sectors beyond technology. She highlighted strong international and emerging market returns supported by a weaker U.S. dollar, attractive valuations, and increased diversification. For the Trust portfolios, global equity results were generally positive, with Endowment and TUF slightly trailing benchmarks due to developed international and small-cap exposure, while SWIFT and TESTIF performed well. Hedge funds also had a strong year, with Endowment and TUF benefiting from strategic exposures to industrials, cyclicals, technology, and growth sectors.

Mr. Mat Williams reported a strong rebound in private equity markets in 2025, with buyout M&A reaching $1.2 trillion and exits improving to $750 billion, though significant value remains in private companies, including $4.3 trillion in private unicorns. He highlighted continued AI investment momentum, with approximately 65% of venture activity focused on AI or AI-related companies. The Endowment and TUF continue to experience J-curve impacts from recent commitments, while TESTIF is performing well with limited legacy exposure. He also noted progress with co-investment sidecars to improve access and reduce fees.

Mr. Torres reviewed fixed income performance, noting that cash and money market balances have grown from $3 trillion to $8.5 trillion since 2023 as investors benefited from yields above inflation. He highlighted strong 2025 fixed income returns of 7–8% across portfolios, driven by falling rates and expectations for Fed easing, while noting increased uncertainty from geopolitical risks and changing rate expectations entering 2026. TESTIF benefited from flexible strategies, including mortgage-backed securities and opportunistic credit positioning, with managers adding significant value and contributing to strong long-term performance. Overall, portfolios remain diversified and positioned to navigate changing rate and credit conditions.

7. **Next Meeting and Agenda Items**
   Next meeting will be scheduled for July 2026. No new agenda items discussed.

8. **Public Comment**
   No public comments.

Acting Comptroller Hancock adjourned the meeting at 12:00 p.m.