



D A L L A S
POLICE & FIRE
PENSION SYSTEM



Portfolio Update

*January 8, 2026
Board Meeting*

Executive Summary

- **Estimated YTD Return (through 12/31/25):** 15.5% for DPFP Portfolio; 18.2% for Public Portfolio which makes up 83.8% of the assets.
- Staff rebalanced \$20M from Cash into Short Duration and Core Fixed Income in December.
- In the near term, ~\$30M will be pulled from both Global Alpha and the Northern Trust Russell 2000 Index to reduce them to the recently approved 1.5% targets. Proceeds from the small cap rebalance will be redeployed into the ACWI IMI Index fund.
- Total private market distributions of **\$69.8M** in 2025 covered 97% of net benefit outflows.

Investment Initiatives – 2026 Plan

Q1 2026

- Begin Asset Allocation Study
- Board Investment Beliefs & Risk Sentiment Survey
- IAC and Board Review of Updated PE and Private Credit Pacing Plans
- Launch Global Equity Core/Value Search
- Sub-Committee Review of Private Equity Secondary Opportunities

Q2 2026

- Global Equity Core/Value Manager Selection
- Staff Focus on PE Buyout Opportunities
- Asset Allocation Study

Q3 2026

- Conclude Asset Allocation Study
- Launch US Small Cap Search

Q4 2026

- US Small Cap Manager Selection
- Possible Launch of 2nd Multi Asset Credit Search

Periodic Table of Returns

2011 - 2025

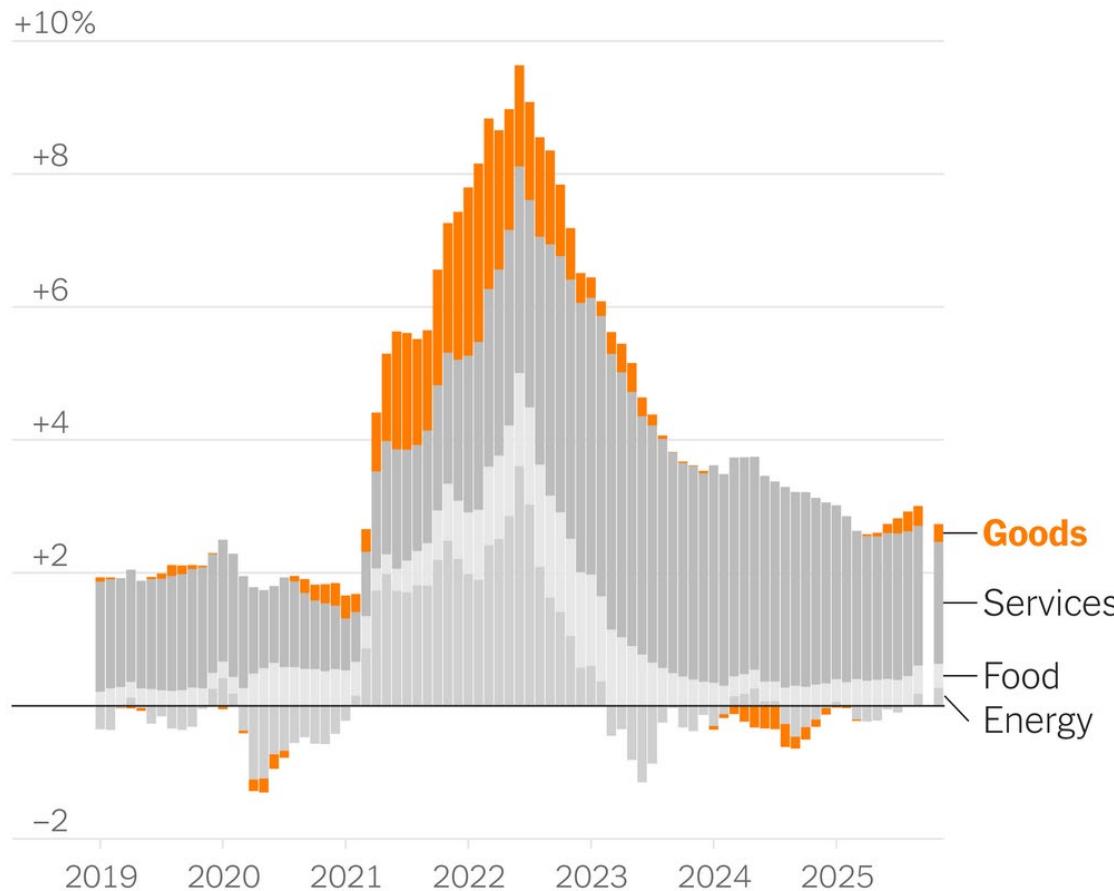
Ann.	Vol.	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Large Cap 14.1%	Small Cap 20.3%	REITs 8.3%	REITs 19.7%	Small Cap 38.8%	REITs 28.0%	REITs 2.8%	Small Cap 21.3%	EM Equity 37.8%	Cash 1.8%	Large Cap 31.5%	Small Cap 20.0%	REITs 41.3%	Comdty. 16.1%	Large Cap 26.3%	Large Cap 25.0%	EM Equity 34.4%
Small Cap 9.5%	EM Equity 17.5%	Fixed Income 7.8%	High Yield 19.6%	Large Cap 32.4%	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	DM Equity 25.6%	Fixed Income 0.0%	REITs 28.7%	EM Equity 18.7%	Large Cap 28.7%	Cash 1.5%	DM Equity 18.9%	Small Cap 11.5%	DM Equity 31.9%
REITs 7.8%	REITs 16.4%	High Yield 3.1%	EM Equity 18.6%	DM Equity 23.3%	Fixed Income 6.0%	Fixed Income 0.5%	Large Cap 12.0%	Large Cap 21.8%	REITs -4.0%	Small Cap 25.5%	Large Cap 18.4%	Comdty. 27.1%	High Yield -12.7%	Small Cap 16.9%	Asset Alloc. 10.0%	Large Cap 17.9%
Asset Alloc. 7.3%	DM Equity 15.7%	Large Cap 2.1%	DM Equity 17.9%	Asset Alloc. 14.9%	Asset Alloc. 5.2%	Cash 0.0%	Comdty. 11.8%	Small Cap 14.6%	High Yield -4.1%	DM Equity 22.7%	Asset Alloc. 10.6%	Small Cap 14.8%	Fixed Income -13.0%	Asset Alloc. 14.1%	High Yield 9.2%	Asset Alloc. 15.8%
DM Equity 7.1%	Comdty. 15.4%	Cash 0.1%	Small Cap 16.3%	High Yield 7.3%	Small Cap 4.9%	DM Equity -0.4%	EM Equity 11.6%	Asset Alloc. 14.6%	Large Cap -4.4%	Asset Alloc. 19.5%	DM Equity 8.3%	Asset Alloc. 13.5%	Asset Alloc. -13.9%	High Yield 14.0%	EM Equity 8.1%	Comdty. 15.8%
High Yield 5.7%	Large Cap 14.7%	Asset Alloc. -0.7%	Large Cap 16.0%	REITs 2.9%	Cash 0.0%	Asset Alloc. -2.0%	REITs 8.6%	High Yield 10.4%	Asset Alloc. -5.8%	EM Equity 18.9%	Fixed Income 7.5%	DM Equity 11.8%	DM Equity -14.0%	REITs 11.4%	Comdty. 5.4%	Small Cap 12.8%
EM Equity 4.2%	Asset Alloc. 10.1%	Small Cap -4.2%	Asset Alloc. 12.2%	Cash 0.0%	High Yield 0.0%	High Yield -2.7%	Asset Alloc. 8.3%	REITs 8.7%	Small Cap -11.0%	High Yield 12.6%	High Yield 7.0%	High Yield 1.0%	Large Cap -18.1%	EM Equity 10.3%	Cash 5.3%	High Yield 12.1%
Fixed Income 2.4%	High Yield 9.1%	DM Equity -11.7%	Fixed Income 4.2%	Fixed Income -2.0%	EM Equity -1.8%	Small Cap -4.4%	Fixed Income 2.6%	Fixed Income 3.5%	Comdty. -11.2%	Fixed Income 8.7%	Cash 0.5%	Cash 0.0%	EM Equity -19.7%	Fixed Income 5.5%	REITs 4.9%	Fixed Income 7.3%
Cash 1.5%	Fixed Income 4.6%	Comdty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	DM Equity 1.5%	Comdty. 1.7%	DM Equity -13.4%	Comdty. 7.7%	Comdty. -3.1%	Fixed Income -1.5%	Small Cap -20.4%	Cash 5.1%	DM Equity 4.3%	Cash 4.3%
Comdty. -1.1%	Cash 0.9%	EM Equity -18.2%	Comdty. -1.1%	Comdty. -9.5%	Comdty. -17.0%	Comdty. -24.7%	Cash 0.3%	Cash 0.8%	EM Equity -14.2%	Cash 2.2%	REITs -5.1%	EM Equity -2.2%	REITs -24.9%	Comdty. -7.9%	Fixed Income 1.3%	REITs 2.3%

Source: JPM Guide to The Markets

Inflation Breakdown

Breakdown of inflation by category

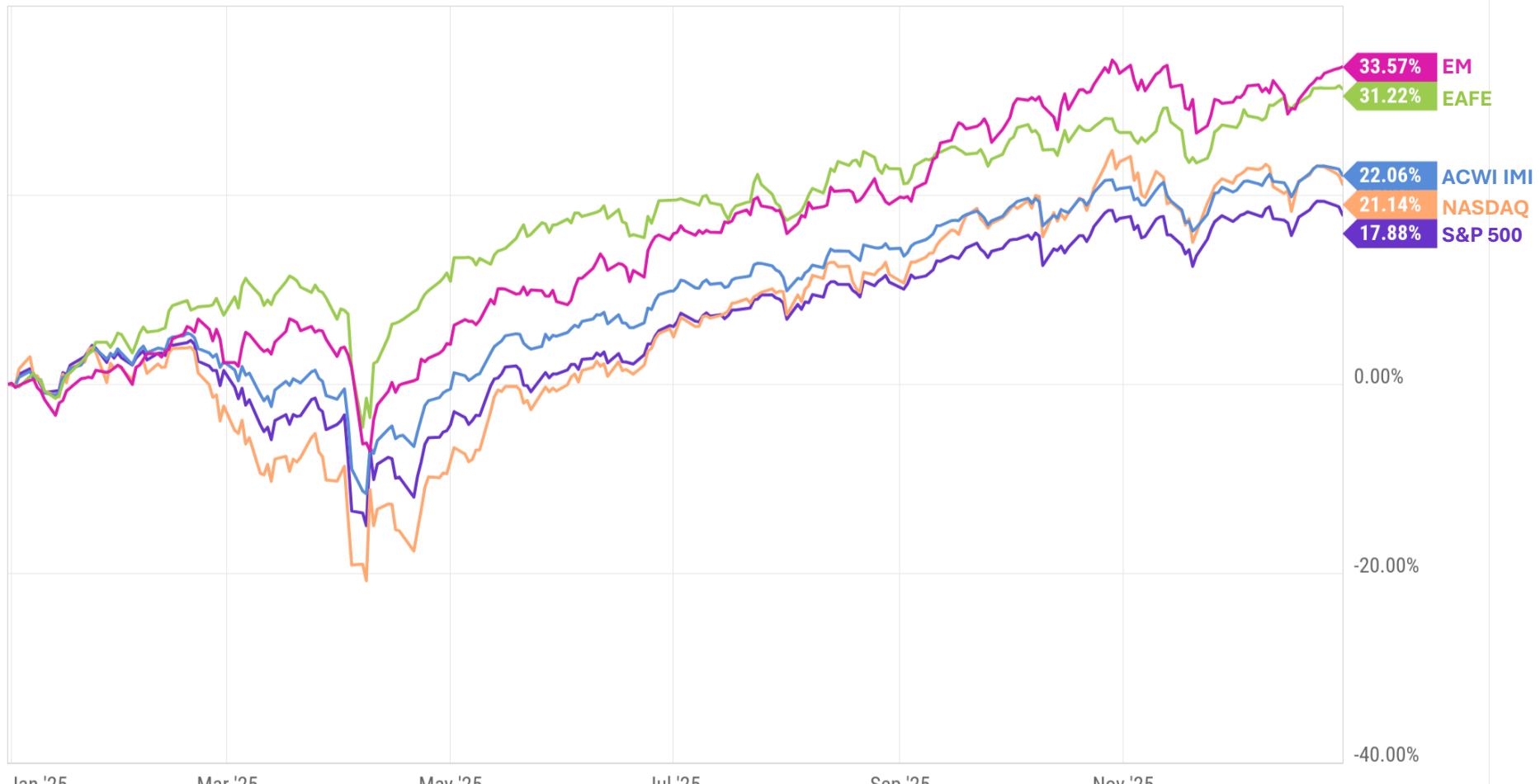
Contribution each category made to the year-over-change in the Consumer Price Index



Source: The New York Times

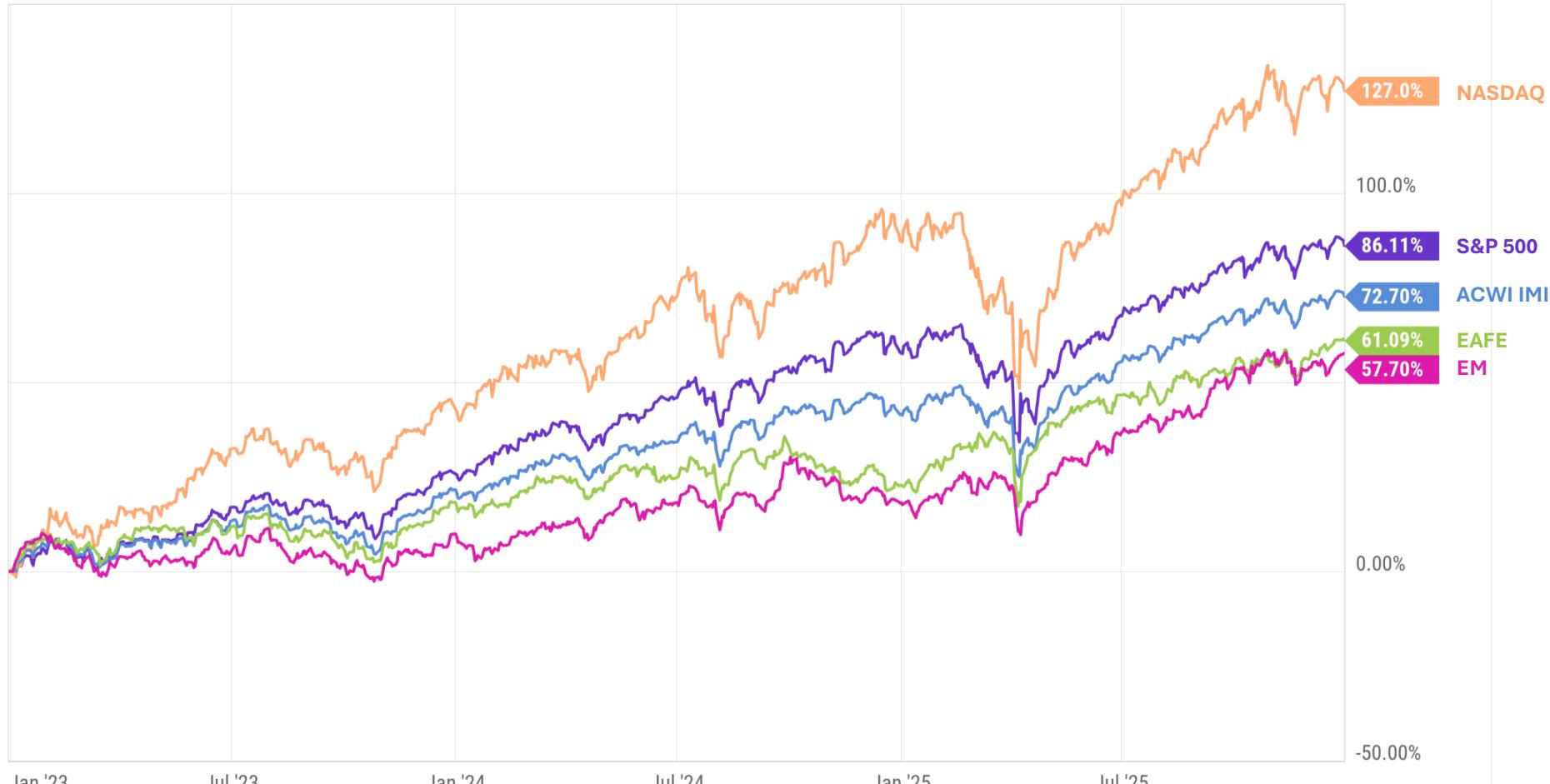
YTD Equity Markets Returns (As of 12/31/25)

	VAL
• S&P 500 Total Return (^SPXTR) Level % Change	17.88%
• Nasdaq Composite Total Return (^NACTR) Level % Change	21.14%
• MSCI ACWI IMI Net Total Return (^MSACIMNTR) Level % Change	22.06%
• MSCI EAFE Net Total Return (^MSEAFENTR) Level % Change	31.22%
• MSCI Emerging Markets Net Total Return (^MSEMNTR) Level % Change	33.57%



Equity Markets Returns (3 Years Ending 12/31/25)

	ANN
• S&P 500 Total Return (^SPXTR) Level % Change	22.98%
• Nasdaq Composite Total Return (^NACTR) Level % Change	31.40%
• MSCI ACWI IMI Net Total Return (^MSACIMNTR) Level % Change	19.96%
• MSCI EAFE Net Total Return (^MSEAFENTR) Level % Change	17.21%
• MSCI Emerging Markets Net Total Return (^MSEMNTR) Level % Change	16.38%



Public Markets Performance Snapshot

Public Markets made up 83.8% of DPFP Investment Portfolio.

Trailing Net Performance | As of December 31, 2025

Performance Summary Ending December 31, 2025								
	Market Value (\$)	1 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Since Inception	Inception Date	
Total Public Portfolio	1,855,342,658	1.3	18.2	15.3	7.6	7.1	Oct-05	
60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index		0.7	16.4	13.4	5.5	6.1		
Public Equity	1,241,732,750	1.7	23.0	18.9	10.2	8.2	Jul-06	
MSCI AC World IMI Index (Net)		1.0	22.1	20.0	10.7	8.0		
Boston Partners Global Equity Fund	138,910,207	2.2	34.7	18.4	14.8	11.0	Jul-17	
MSCI World Net		0.8	21.1	21.2	12.1	12.2		
Manulife Global Equity Strategy	137,569,456	1.7	18.7	16.6	10.7	10.0	Jul-17	
MSCI ACWI Net		1.0	22.3	20.7	11.2	11.5		
Walter Scott Global Equity Fund	133,281,047	0.7	10.0	13.7	6.9	9.9	Dec-09	
MSCI ACWI Net		1.0	22.3	20.7	11.2	10.1		
WCM Global Equity	129,680,650	2.3	26.5	--	--	31.2	Dec-23	
MSCI AC World Index Growth (Net)		0.2	22.4	--	--	24.8		
NT Russell 2000 Index	62,080,097	-0.6	--	--	--	5.0	Sep-25	
Russell 2000 Index (Net)		-0.6	--	--	--	5.2		
NT ACWI Index IMI	486,583,698	1.0	22.4	20.3	--	10.6	Apr-21	
MSCI AC World IMI Index (Net)		1.0	22.1	20.0	--	10.2		
Global Alpha International Small Cap	65,233,311	2.4	22.6	7.9	--	3.8	May-22	
MSCI EAFE Small Cap (Net)		2.3	31.8	15.0	--	9.6		
RBC Emerging Markets Equity	88,394,284	3.6	34.2	16.7	5.5	6.1	Jan-18	
MSCI Emerging Markets IMI (Net)		2.7	31.4	16.3	4.7	5.1		

Public Markets Performance Snapshot

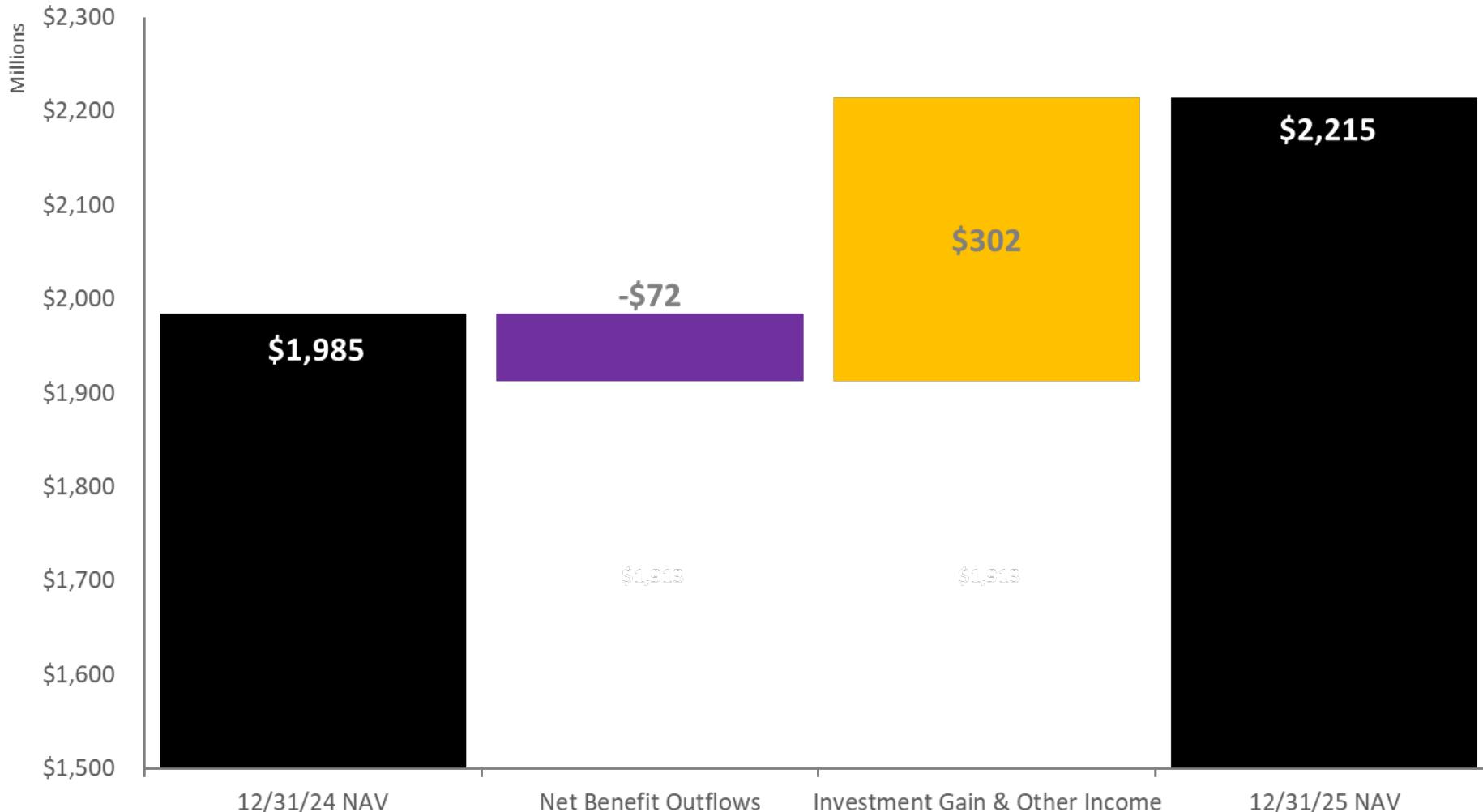
Trailing Net Performance | As of December 31, 2025

	Market Value (\$)	1 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Since Inception	Inception Date
Fixed Income and Cash	379,881,865	0.2	6.0	5.1	1.8	2.4	May-18
Fixed Income and Cash Blended Benchmark		0.2	5.7	4.8	1.5	2.4	
IR&M 1-3 Year Strategy	167,597,917	0.3	5.8	5.3	2.4	2.7	Jul-17
Bloomberg U.S. Aggregate 1-3 Yrs		0.4	5.4	4.8	2.0	2.2	
Longfellow Core Fixed Income	120,181,714	-0.1	7.8	5.5	0.2	0.5	Jul-20
Bloomberg U.S. Aggregate Index		-0.1	7.3	4.7	-0.4	-0.1	
Cash Equivalents	92,102,233	0.3	4.4	5.0	3.3	4.7	Jul-96
ICE BofA 3 Month U.S. T-Bill		0.3	4.2	4.8	3.2	2.4	
Public Credit	233,728,044	0.9	10.3	10.4	3.5	3.9	May-18
Credit Blended Benchmark		0.7	9.0	9.6	4.5	4.9	
Aristotle Pacific Capital Bank Loan	89,739,297	0.7	6.8	9.8	6.8	5.6	Aug-17
S&P UBS Leveraged Loan Index		0.7	6.0	9.3	6.4	5.4	
Loomis US High Yield Fund	75,305,399	0.6	9.9	10.1	4.0	4.0	Jan-21
Bloomberg U.S. High Yield - 2% Issuer Cap		0.6	8.6	10.1	4.5	4.5	
Metlife Emerging Markets Debt Blend	68,683,348	1.4	15.5	11.1	--	12.7	Oct-22
35% JPMEMBI Global Index/35% JPM CEMBI Broad Diversified Index/ 30% JPMGBI-EM Di		0.8	13.5	9.3	--	10.8	

Change in Market Value Bridge Chart - As of 12/31/2025

In Millions

2025 YTD Preliminary Investment Return estimated at 15.5%



The beginning 12/31/24 value includes a one-quarter lag on private assets.
Numbers may not foot due to rounding.

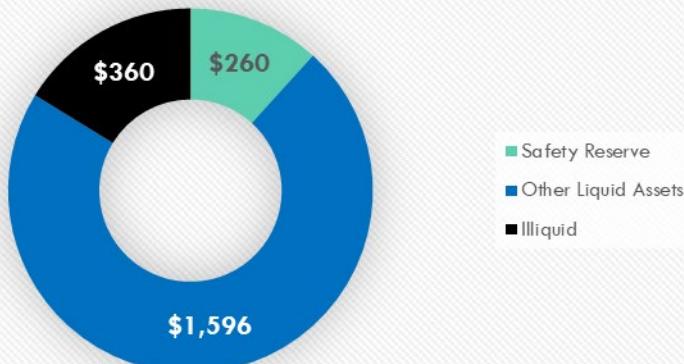
Liquidity Dashboard – As of 12/31/25

Cash & ST Bonds vs. Target (\$M)



Projected Net Monthly outflows of **\$4.9M** per month. **\$260M** of Cash and Short-Term Core Bonds would cover net monthly outflows through **2029**.

Liquidity Profile (\$M)



Expected Cash Activity	Date	Amount (\$M)	Projected Cash Balance (\$M)	Projected Cash (%)
	12/31/25		\$92.1	4.2%
City & Member Contribution	1/2/26	\$11.6	\$103.7	4.7%
City & Member Contribution	1/16/26	\$11.6	\$115.2	5.2%
Pension Payroll	1/28/26	(\$29.1)	\$86.2	3.9%
City & Member Contribution	1/30/26	\$11.6	\$97.7	4.4%
City & Member Contribution	2/13/26	\$11.6	\$109.3	4.9%
Pension Payroll	2/25/26	(\$29.1)	\$80.2	3.6%
City & Member Contribution	2/27/26	\$11.6	\$91.8	4.1%
City & Member Contribution	3/13/26	\$11.6	\$103.4	4.7%
Pension Payroll	3/25/26	(\$29.1)	\$74.3	3.4%

Numbers may not foot due to rounding.

Asset Allocation Detail

DPFP Asset Allocation	12/31/2025		Targets			Variance	
	NAV	%	\$ mil.	%	% of Target	\$ mil.	%
Equity	1,412	63.8%	1,417	64%	100%	-5	-0.2%
Public Equity	1,242	56.1%	1,285	58%	97%	-43	-1.9%
<i>Northern Trust ACWI IMI Index</i>	<i>487</i>	<i>22.0%</i>	<i>598</i>	<i>27%</i>	<i>81%</i>	<i>-111</i>	<i>-5.0%</i>
<i>Boston Partners</i>	<i>139</i>	<i>6.3%</i>	<i>133</i>	<i>6%</i>	<i>105%</i>	<i>6</i>	<i>0.3%</i>
<i>Manulife</i>	<i>138</i>	<i>6.2%</i>	<i>133</i>	<i>6%</i>	<i>104%</i>	<i>5</i>	<i>0.2%</i>
<i>Walter Scott</i>	<i>133</i>	<i>6.0%</i>	<i>133</i>	<i>6%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>
<i>WCM</i>	<i>130</i>	<i>5.9%</i>	<i>133</i>	<i>6%</i>	<i>98%</i>	<i>-3</i>	<i>-0.1%</i>
<i>Northern Trust Russell 2000</i>	<i>62</i>	<i>2.8%</i>	<i>33</i>	<i>1.5%</i>	<i>187%</i>	<i>29</i>	<i>1.3%</i>
<i>Global Alpha Intl Small Cap</i>	<i>65</i>	<i>2.9%</i>	<i>33</i>	<i>1.5%</i>	<i>196%</i>	<i>32</i>	<i>1.4%</i>
<i>RBC Emerging Markets Equity</i>	<i>88</i>	<i>4.0%</i>	<i>89</i>	<i>4%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>
Private Equity	40	1.8%	133	6%	30%	-93	-4.2%
<i>Huff Energy Fund</i>	<i>130</i>	<i>5.9%</i>	<i>0</i>	<i>0%</i>		<i>130</i>	<i>5.9%</i>
Credit	235	10.6%	332	15%	71%	-97	-4.4%
Public Credit	234	10.6%	244	11%	96%	-10	-0.4%
<i>Aristotle Pacific Bank Loans</i>	<i>90</i>	<i>4.1%</i>	<i>89</i>	<i>4%</i>	<i>101%</i>	<i>1</i>	<i>0.1%</i>
<i>Loomis Sayles High Yield Bonds</i>	<i>75</i>	<i>3.4%</i>	<i>89</i>	<i>4%</i>	<i>85%</i>	<i>-13</i>	<i>-0.6%</i>
<i>MetLife Emerging Market Debt</i>	<i>69</i>	<i>3.1%</i>	<i>66</i>	<i>3%</i>	<i>103%</i>	<i>2</i>	<i>0.1%</i>
Private Credit	1	0.0%	89	4%	1%	-88	-4.0%
Real Assets	188	8.5%	177	8%	106%	11	0.5%
Real Estate	103	4.6%	111	5%	93%	-8	-0.4%
Natural Resources	73	3.3%	66	3%	109%	6	0.3%
Infrastructure	13	0.6%	0	0%		13	0.6%
Fixed Income & Cash	380	17.2%	288	13%	132%	92	4.2%
Cash	92	4.2%	66	3%	139%	26	1.2%
IR+M Short Term Bonds	168	7.6%	133	6%	126%	35	1.6%
Longfellow IG Bonds	120	5.4%	89	4%	136%	32	1.4%
Total	2,215	100.0%	2,215	100%		0	0.0%
Private Market Assets	360	16.2%	399	18%		-39	-7.7%

Source: Preliminary BNY Custodial Data, Staff Estimates and Calculations. Numbers may not foot due to rounding.

Asset Allocation – Actual vs Target

■ 12/31/2025 ■ Target

