



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

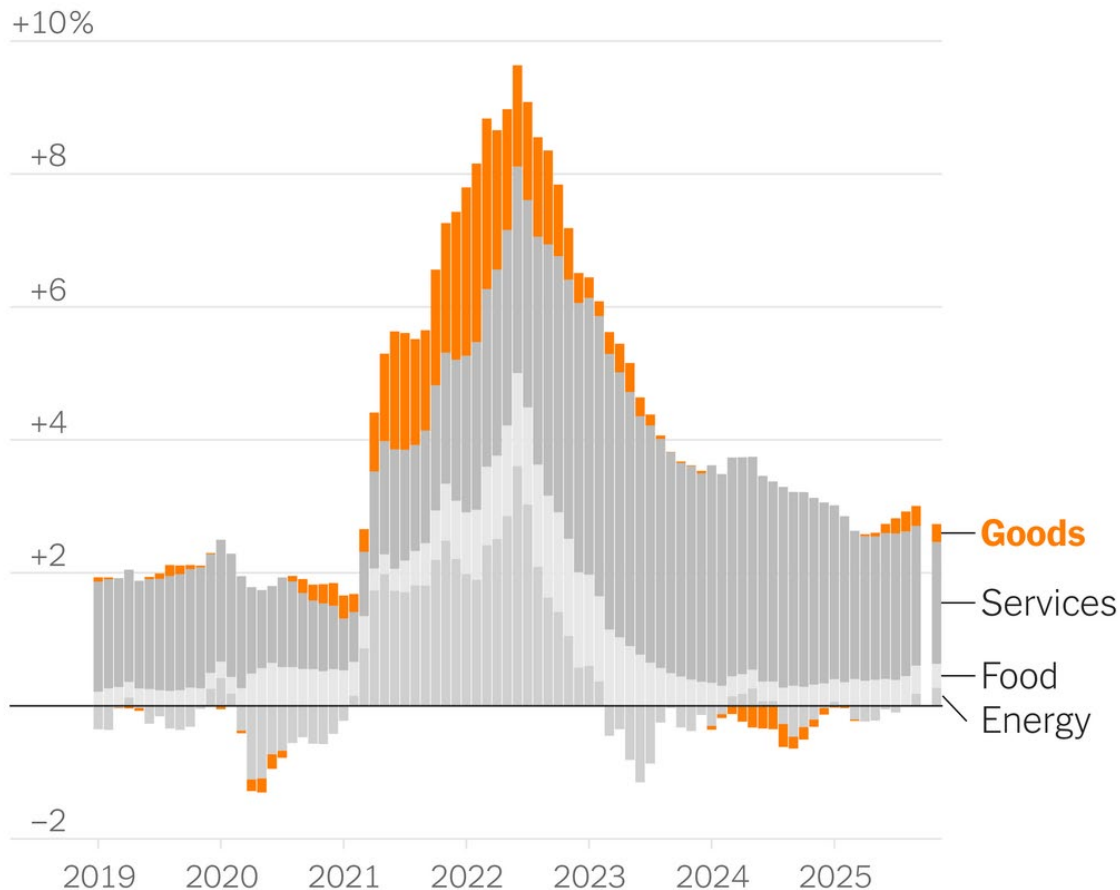
2011 - 2025																	
Ann.	Vol.	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Large Cap 14.1%	Small Cap 20.3%	RBTs 8.3%	RBTs 19.7%	Small Cap 38.8%	RBTs 28.0%	REITs 2.8%	Small Cap 21.3%	EM Equity 37.8%	Cash 1.8%	Large Cap 31.5%	Small Cap 20.0%	RBTs 41.3%	Com dty. 16.1%	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%	RBTs 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%	
RBTs 7.8%	RBTs 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%	Com dty. 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%	Com dty. 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%	Com dty. 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%	Com dty. 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%	RBTs 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%	Com dty. 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%	RBTs 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%	Com dty. -11.2%	Fixed Income 8.7%	Cash 0.5%	Cash 0.0%	EM Equity -19.7%	Fixed Income 5.5%	RBTs 4.9%	Fixed Income 7.3%	
Cash 1.5%	Fixed Income 4.6%	Com dty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	DM Equity 1.5%	Com dty. 1.7%	DM Equity -13.4%	Com dty. 7.7%	Com dty. -3.1%	Fixed Income -1.5%	Small Cap -20.4%	Cash 5.1%	DM Equity 4.3%	Cash 4.3%	
Com dty. -1.1%	Cash 0.9%	EM Equity -18.2%	Com dty. -1.1%	Com dty. -9.5%	Com dty. -17.0%	Com dty. -24.7%	Cash 0.3%	Cash 0.8%	EM Equity -14.2%	Cash 2.2%	REITs -5.1%	EM Equity -2.2%	RBTs -24.9%	Com dty. -7.9%	Fixed Income 1.3%	RBTs 2.3%	

Source: JPM Guide to The Markets

Inflation Breakdown

Breakdown of inflation by category

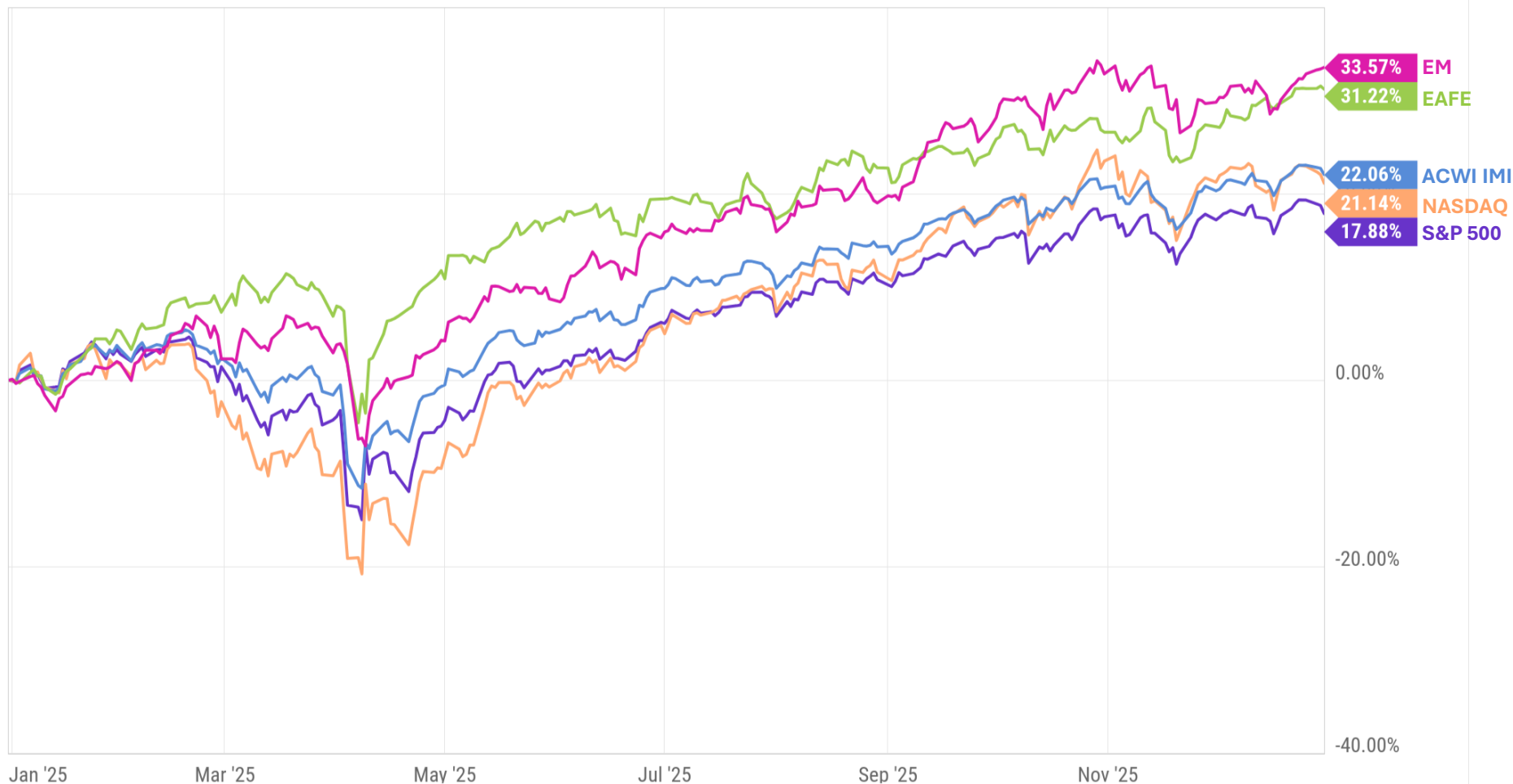
Contribution each category made to the year-over-change in the Consumer Price Index



Source: The New York Times

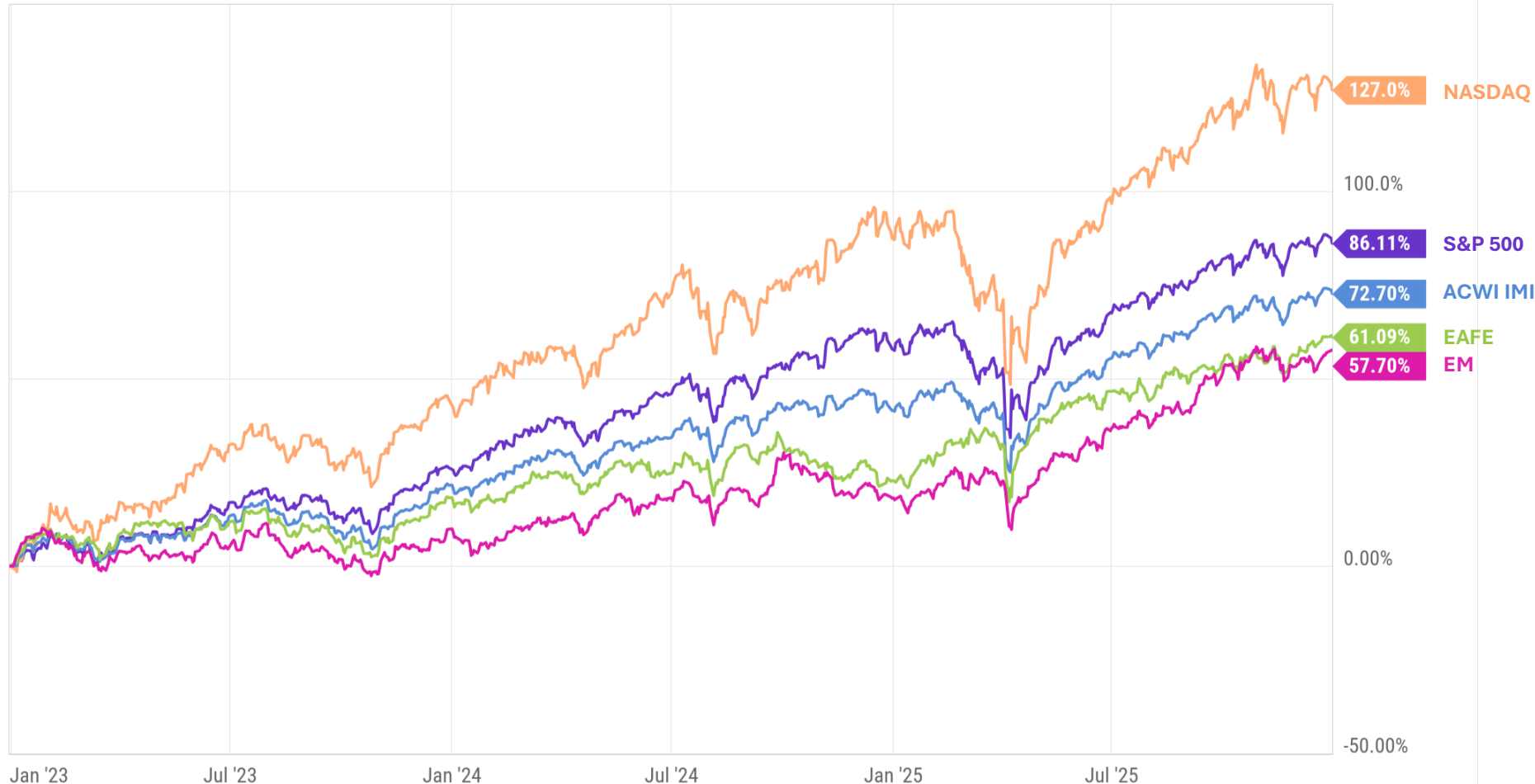
YTD Equity Markets Returns (As of 12/31/25)

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

Public Markets Performance Snapshot

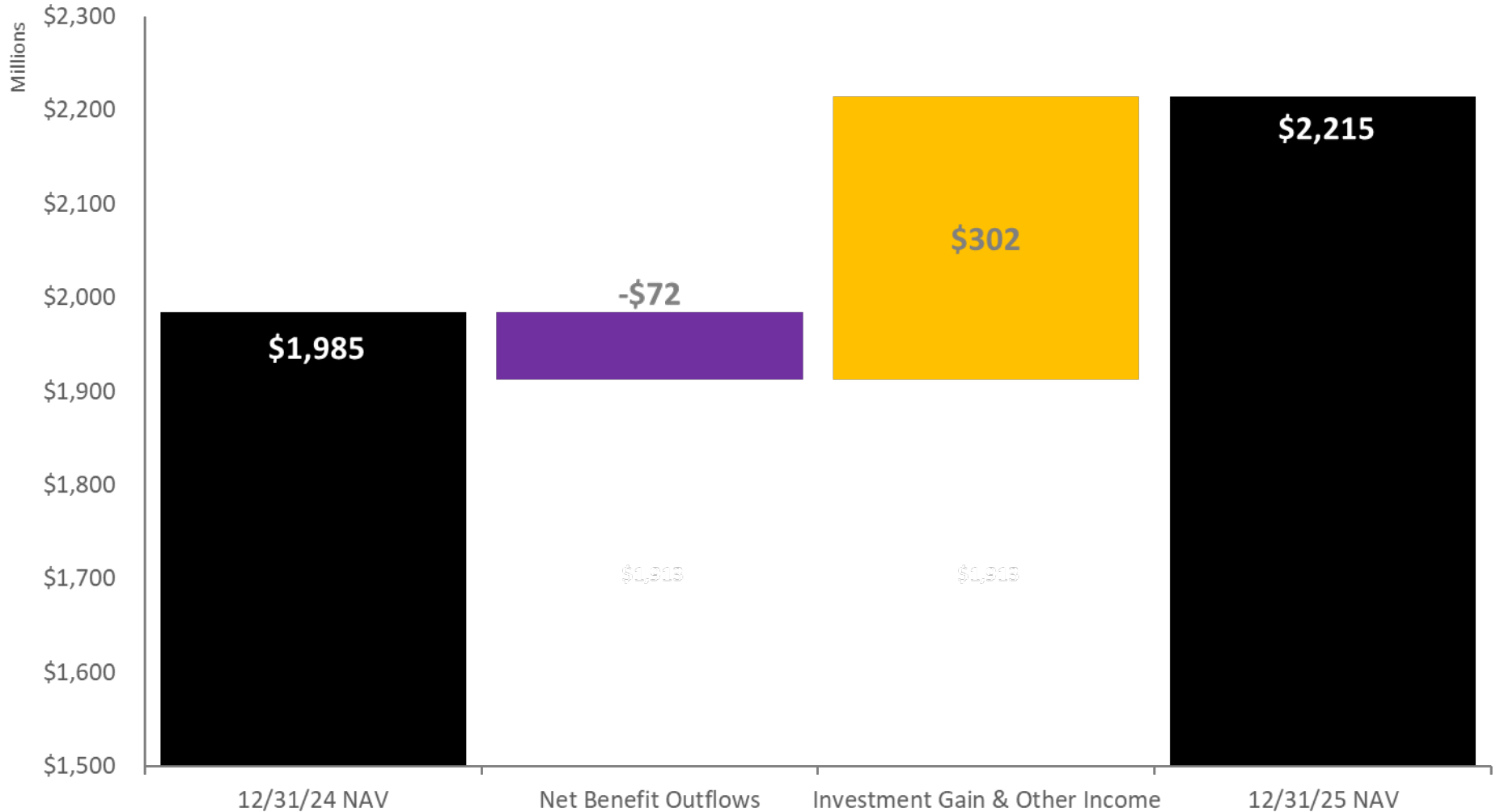
Trailing Net Performance | As of December 31, 2025

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

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

In Millions

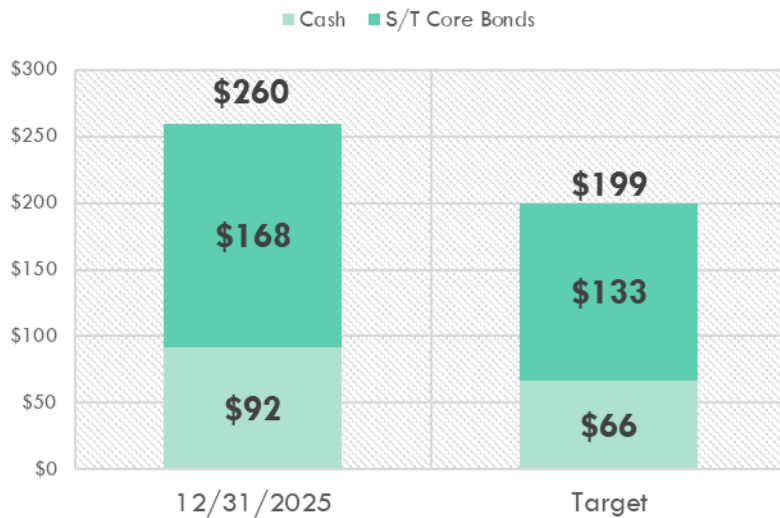
2025 YTD Preliminary Investment Return estimated at 15.5%



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

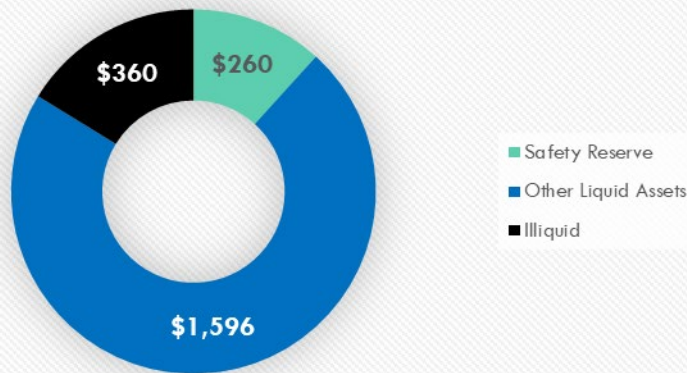
Liquidity Dashboard – As of 12/31/25

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%
Northern Trust ACWI IMI Index	487	22.0%	598	27%	81%	-111	-5.0%
Boston Partners	139	6.3%	133	6%	105%	6	0.3%
Manulife	138	6.2%	133	6%	104%	5	0.2%
Walter Scott	133	6.0%	133	6%	100%	0	0.0%
WCM	130	5.9%	133	6%	98%	-3	-0.1%
Northern Trust Russell 2000	62	2.8%	33	1.5%	187%	29	1.3%
Global Alpha Intl Small Cap	65	2.9%	33	1.5%	196%	32	1.4%
RBC Emerging Markets Equity	88	4.0%	89	4%	100%	0	0.0%
Private Equity	40	1.8%	133	6%	30%	-93	-4.2%
Huff Energy Fund	130	5.9%	0	0%		130	5.9%
Credit	235	10.6%	332	15%	71%	-97	-4.4%
Public Credit	234	10.6%	244	11%	96%	-10	-0.4%
Aristotle Pacific Bank Loans	90	4.1%	89	4%	101%	1	0.1%
Loomis Sayles High Yield Bonds	75	3.4%	89	4%	85%	-13	-0.6%
MetLife Emerging Market Debt	69	3.1%	66	3%	103%	2	0.1%
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

