

AGENDA



Date: June 5, 2026

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m. on Thursday, June 11, 2026, in the Second Floor Board Room at 4100 Harry Hines Boulevard, Dallas, Texas and via online Zoom meeting for audio and visual <https://us02web.zoom.us/j/87016110261?pwd=X5BI7ZPfbAJ9e7dkj6bbwtsdEXgskX.1> (Meeting ID: 870 1611 0261, Passcode: 455566), or participants may join the meeting audio via telephone by calling 1-719-359-4580.** Items of the following agenda will be presented to the Board:

A. MOMENT OF SILENCE

B. APPROVAL OF MINUTES

1. Required Public meeting of May 14, 2026
2. Regular meeting of May 14, 2026

C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

- 1. Report on Audit Committee Meeting**
- 2. 2025 Financial Audit**
- 3. 2025 Annual Comprehensive Financial Report**
- 4. Executive Director Approved Pension Ministerial Actions**
- 5. Future Board Meeting Agenda Planning**
- 6. Board Members' Reports on Meetings, Seminars and/or Conferences Attended**
- 7. Board Approval of Trustee Education and Travel**
- 8. Appointment of Compensation Committee Members**
- 9. Portfolio Update**
- 10. Report on Investment Advisory Committee Meeting**
- 11. First Quarter 2026 Investment Performance Analysis**
- 12. Fourth Quarter 2025 Private Markets Review**

13. Chief Financial Officer Recruitment and Actuarial Services Solicitation Update

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.074 of the Texas Government Code.

14. Legal issues - In accordance with Section 551.071 of the Texas Government Code, the Board will meet in executive session to seek and receive the advice of its attorneys about pending or contemplated litigation or any other legal matter in which the duty of the attorneys to DPFP and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.

15. Closed Session - Board serving as Medical Committee

Discussion of the following will be closed to the public under the terms of Section 551.078 of the Texas Government Code:

Disability application 2026-1D

D. BRIEFING ITEMS

1. Public Comment

2. Executive Director's Report

- a. Associations' Newsletters**
 - [NCPERS Monitor \(June 2026\)](#)
- b. Open Records**
- c. Trustee Election Update**

The term "possible action" in the wording of any Agenda item contained herein serves as notice that the Board may, as permitted by the Texas Government Code, Section 551, in its discretion, dispose of any item by any action in the following non-exclusive list: approval, disapproval, deferral, table, take no action, and receive and file. At the discretion of the Board, items on this agenda may be considered at times other than in the order indicated in this agenda.

At any point during the consideration of the above items, the Board may go into Closed Executive Session as per Texas Government Code, Section 551.071 for consultation with attorneys, Section 551.072 for real estate matters, Section 551.074 for personnel matters, Section 551.076 for deliberation regarding security devices or security audits, and Section 551.078 for review of medical records.



MOMENT OF SILENCE

In memory of our Members and Pensioners who recently passed away

NAME	ACTIVE/ RETIRED	DEPARTMENT	DATE OF DEATH
Billy W. Newby	Retired	Fire	May 7, 2026
Wesley H. Gentry	Retired	Fire	May 10, 2026
Charles L. Layer	Retired	Police	May 10, 2026
David O. Rodriguez	Retired	Police	May 12, 2026
Jackie G. Dearborn	Retired	Police	May 21, 2026
Madison W. Randolph, Jr.	Retired	Police	May 22, 2026
Joshua T. Boykin	Active	Police	May 29, 2026

Regular Board Meeting –Thursday, June 11, 2026

**Dallas Police and Fire Pension System
Thursday, May 14, 2026
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room
Dallas, TX**

Required Public meeting, Michael Taglienti, Chairman, presiding:

ROLL CALL

Board Members

Present at 8:34 a.m. Michael Taglienti, Tom Tull, Matthew Shomer, Anthony Scavuzzo, Yvette Duenas, Steve Idoux, Rob Walters

Virtual at 8:34 a.m. Joe Colonna, Tina Hernandez Patterson

Absent David Kelly, Scott Letier

Staff

Kelly Gottschalk, Josh Mond, Brenda Barnes, Ryan Wagner, Divyesh Shah, Kyle Schmit, Luis Solorzano Trejo, John Holt, Milissa Romero

Virtual Cynthia J. Thomas, Jami Allen, Lydia LoSasso, Bill Scoggins, Trish Wiley

Others

Jeff Williams

Virtual Trevor Lowman, Spencer Edge, Aaron Lally, David Elliston, Nate Weinstein, Kevin Balaod, Zack Cziryak, Bryan Burnham, Tamara Aronstein

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The first of two annual public meetings of the Dallas Police and Fire Pension System Board of Trustees as required by Section 3.01 (j-9) of Article 6243a-1 of Vernon's Revised Civil Statutes.

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The meeting was called to order and recessed at 8:34 a.m.

The meeting was reconvened at 8:50 a.m. Ms. Hernandez Patterson was not present when the meeting reconvened.

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1. Report on the health and performance of the Pension System

- a. Jeff Williams of Segal, DFP's actuarial firm, discussed the results of the January 1, 2026, actuarial valuation report.

**Required Public Meeting
Thursday, May 14, 2026**

1. Report on the health and performance of the Pension System (continued)

- b.** The Chief Financial Officer presented the first quarter 2026 financial statements.

No motion was made.

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2. Public Comment

Prior to commencing items for Board discussion and deliberation, the Chairman extended an opportunity for public comment. No one requested to speak to the Board.

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Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Shomer and a second by Mr. Walters, the meeting was adjourned at 9:23 a.m.

Michael Taglienti,
Chairman

ATTEST:

Kelly Gottschalk,
Secretary

**Dallas Police and Fire Pension System
Thursday, May 14, 2026
8:30 a.m.
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Regular meeting, Michael Taglienti, Chairman, presiding:

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Virtual Cynthia J. Thomas, Jami Allen, Lydia LoSasso, Bill Scoggins, Trish Wiley

Others

Jeff Williams

Virtual Trevor Lowman, Spencer Edge, Aaron Lally, David Elliston, Nate Weinstein, Kevin Balaod, Zack Cziryak, Bryan Burnham, Tamara Aronstein

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The meeting was called to order at 8:34 a.m. and recessed at 8:50 a.m.

The meeting was reconvened at 9:23 a.m.

* * * * *

A. MOMENT OF SILENCE

The Board observed a moment of silence in memory of active police officer Christopher S. Blow, retired police officers Phillip M. Strodman, Edwin R. Dresser, Johnny Nichols, John R. Tillery, and retired firefighters David R. Maness, William D. Amason, L. D. Perry, W. L. Colquitt, William R. Frank, Allen Warren, Patrick L. Lewter.

No motion was made.

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**Regular Board Meeting
Thursday, May 14, 2026**

B. APPROVAL OF MINUTES

Regular meeting of April 9, 2026

After discussion, Mr. Tull made a motion to approve the minutes of the Regular meeting of April 9, 2026. Mr. Shomer seconded the motion, which was unanimously approved by the Board.

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C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. January 1, 2026 Actuarial Valuation

Jeff Williams of Segal, DFP's actuarial firm, discussed the results of the January 1, 2026 actuarial valuation report.

After discussion, Mr. Scavuzzo made a motion to approve the issuance of the January 1, 2026 actuarial valuation report. Ms. Duenas seconded the motion, which was unanimously approved by the Board.

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2. Quarterly Financial Reports

The Chief Financial Officer presented the first quarter 2026 financial statements.

No motion was made.

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3. Financial Audit Status

The Chief Financial Officer provided a status update on the annual financial audit.

No motion was made.

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4. Executive Director Approved Pension Ministerial Actions

The Executive Director reported on the May pension ministerial actions.

No motion was made.

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5. Future Board Meeting Agenda Planning

Staff provided a list of anticipated agenda items for the next 3 months for Board meeting planning purposes.

No motion was made.

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**Regular Board Meeting
Thursday, May 14, 2026**

6. Board Members’ Reports on Meetings, Seminars and/or Conferences Attended

Mr. Taglienti reported on the TEXPERS Annual Conference.

No motion was made.

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7. Board Approval of Trustee Education and Travel

The Board and staff discussed future Trustee education. There was no future Trustee education or travel scheduled.

No motion was made.

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8. Establish Compensation Committee

Staff presented for the Board’s consideration changes to policies to effect the establishment of the Compensation Committee.

After discussion, Mr. Idoux made a motion to approve the Compensation Policy and the Committee Policy and Procedure as amended. Mr. Scavuzzo seconded the motion, which was unanimously approved by the Board.

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9. Actuarial Services Request for Proposal and Search Procedure

Staff provided an update on the Actuarial Services Request for Proposal, and the Board provided direction on the selection process.

No motion was made.

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10. Portfolio Update

Investment staff briefed the Board on recent events and current developments with respect to the investment portfolio.

No motion was made.

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11. Report on Investment Advisory Committee Meeting

The Investment Advisory Committee met on April 23, 2026. The Committee Chair and Investment staff commented on Committee observations and advice.

No motion was made.

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**Regular Board Meeting
Thursday, May 14, 2026**

12. Potential Private Equity Investment

Staff and Albourne discussed the private equity buyout search process and provided an overview of the recommended strategy.

After discussion, Mr. Tull made a motion to authorize, subject to legal review, the Executive Director to commit \$15 million combined to Francisco Partners, anticipated to be \$11 million in Fund VIII and \$4 million to Agility IV. Mr. Shomer seconded the motion, which was unanimously approved by the Board.

Ms. Hernandez Patterson left the meeting after the vote at 8:50 a.m.

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13. Review Police Officer and Fire Fighter Trustee Applicants' Qualifications

Section 3.01(b-3) requires the Board to make a determination as to whether potential candidates for the police officer and firefighter trustee positions meet the qualifications of Section 3.01(b-1) to serve as a trustee. Section 3.01 (b-1) requires that a trustee not be an elected official of the city and that a trustee has demonstrated financial, accounting, business, investment, budgeting, real estate, or actuarial experience.

a. After discussion, Mr. Walters made a motion to deem that all the Trustee candidates, Matt Shomer, Ken Haben, and Michael Taglienti meet the qualifications of Section 3.01(b-1). Mr. Idoux seconded the motion, which was unanimously approved by the Board.

b. After discussion, Mr. Idoux made a motion to declare Matt Shomer as the Fire Fighter Trustee to serve a three-year term effective September 1, 2026. Mr. Scavuzzo seconded the motion, which was unanimously approved by the Board with Mr. Shomer recusing himself.

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14. Legal issues – In accordance with Section 551.071 of the Texas Government Code, the Board will meet in executive session to seek and receive the advice of its attorneys about pending or contemplated litigation or any other legal matter in which the duty of the attorneys to DFPF and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.

No discussion was held and no motion was made.

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**Regular Board Meeting
Thursday, May 14, 2026**

D. BRIEFING ITEMS

1. Public Comment

Prior to commencing items for Board discussion and deliberation, the Chairman extended an opportunity for public comment. No one requested to speak to the Board.

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2. Executive Director’s Report

a. Associations’ newsletters

- [NCPERS Monitor \(May 2026\)](#)
- NCPERS PERSist (Spring 2026)
- TEXPERS Pension Observer (Vol. 1, 2026)

b. Open Records

The Executive Director’s report was presented.

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Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Shomer and a second by Mr. Tull, the meeting was adjourned at 10:15 a.m.

Michael Taglienti,
Chairman

ATTEST:

Kelly Gottschalk,
Secretary

**Regular Board Meeting
Thursday, May 14, 2026**

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DISCUSSION SHEET

ITEM #C1

Topic: Report on Audit Committee Meeting

Discussion: The Audit Committee met with representatives of BDO on June 11, 2026 to review the 2025 Financial Audit. The Committee Chair will comment on the meeting.

Regular Board Meeting – Thursday, June 11, 2026



DISCUSSION SHEET

ITEM #C2

Topic: 2025 Financial Audit

Attendees: Karolyn Ladas, BDO, Assurance Principal
Matt Liu, BDO, Audit Senior Manager

Discussion: Representatives from BDO, DPFP's independent audit firm, will be present to discuss the results of their audit for the year ended December 31, 2025.

Staff

Recommendation: Approve issuance of the 2025 audit report.

Regular Board Meeting – Thursday, June 11, 2026



REPORT TO THOSE CHARGED WITH GOVERNANCE

DALLAS POLICE & FIRE PENSION SYSTEM

2025 AUDIT RESULTS
JUNE 11, 2026



Welcome

June 11, 2026

Board of Trustees and Audit Committee
Dallas Police & Fire pension System

We look forward to discussing with you the current year audit results for Dallas Police & Fire Pension System. On March 12, 2026, we presented an overview of our plan for the audit of the financial statements of Dallas Police & Fire Pension System (the System) as of and for the year ended December 31, 2025.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the System's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the System is responsible.

We are pleased to be of service to the System and look forward to meeting with you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

BDO USA, P.C.

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The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors) and, if appropriate, management of the System, and is not intended and should not be used by anyone other than these specified parties.

Executive Summary



Executive Summary

▶ Results of Our Audit

- Overview and Status - We have substantially completed our audit of the financial statements, including procedures applied to the supplemental schedule, of Dallas Police and Fire Pension System (the System) as of and for the year ended December 31, 2025.
- Quality of the System's Financial Reporting
- Significant Risk Overview & Discussion
- Corrected and Uncorrected Misstatements
- Internal Control Over Financial Reporting

▶ Required Communications

▶ Year End inquiries of Those charged with Governance (See page 23)



Audit Results



Overview & Status of Our Audit

We have substantially completed our audit of the financial statements as of and for the year ended December 31, 2025. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

- ▶ The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- ▶ The scope of the work performed was substantially the same as that described to you in our earlier Audit Plan communications.
- ▶ We expect to issue an unmodified opinion on the financial statements.
- ▶ We expect to issue our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- ▶ Our responsibility for other information in documents containing the System's audited financial statements (e.g., the annual comprehensive financial report) does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we will read the information included by the System and consider whether such information, or the manner of its presentation, is materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- ▶ All records and information requested by BDO were freely available for our inspection.



Quality of the System's Financial Reporting

A discussion was held regarding the quality of the System's financial reporting, which included the following:

- ▶ Qualitative aspects of significant accounting policies and practices
- ▶ Our assessment of critical accounting estimates, accounting policies and practices
- ▶ Significant unusual transactions
- ▶ Financial statement presentation
- ▶ New accounting pronouncements
- ▶ Alternative accounting treatments



Areas of Significant Risk

Our areas of significant risk, which are risks with both a higher likelihood of occurrence and a higher magnitude of effect that require special audit considerations, are as follows. Our audit procedures for these risks are detailed starting on page 14.

Financial Reporting and Management Override
(accuracy, completeness, presentation)

Actuarial Valuation (valuation, presentation)

Alternative Investment (valuation)

Uncorrected Misstatements

- ▶ Please refer to the schedule of uncorrected misstatements. We concur with management’s assessment that the effects of not recording such adjustments are, both individually and in the aggregate, immaterial to the consolidated financial statements taken as a whole, considering both qualitative and quantitative factors.
 - The qualitative factors considered included the following:
 - Qualitative factors considered included:
 - No compliance impact or impact on contributions, benefit payments
 - No indication of management bias in estimations
 - The uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated.

UNCORRECTED MISSTATEMENTS				
PAJE #	Description of Proposed Audit Adjustments	Error Type	Pre-Tax Proposed Audit Adjustments	
			Assets	Statement of Changes in Net Assets
			Dr/(Cr)	Dr/(Cr)
1	Investment loss	Factual		5,868,736
	Investments - Natural Resources	Factual	(5,868,736)	
	<i>Manulife Agricultural - Difference from management estimate to AFS</i>	Factual		
2	Investments - Private Equity	Judgmental	5,539,875	
	Investment gain	Judgmental		(5,539,875)
	<i>Huff- Valuation of potential earn out</i>	Judgmental		
Cumulative uncorrected misstatements			(328,861)	328,861

Internal Control Over Financial Reporting



Reportable Findings and Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan’s internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and/or all reportable findings.

We are required to communicate, in writing and in a timely manner, to those charge with governance all reportable findings and significant deficiencies that have been identified in the Plan’s internal control over financial reporting. The definitions of a material weakness, significant deficiency, control deficiency, and reportable finding are as follows:

Category	Definition
Material Weakness	A deficiency or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected on a timely basis.
Significant Deficiency	A deficiency or a combination of deficiencies in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the Plan’s financial reporting.
Control Deficiency	A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.
Reportable Finding	<p>Matters that are one or more of the following:</p> <ul style="list-style-type: none"> a. An identified instance of noncompliance or suspected noncompliance with laws or regulations b. A finding arising from the audit that is, in the auditor's professional judgment, significant and relevant to those charged with governance regarding their responsibility to oversee the financial reporting process c. An indication of deficiencies in internal control identified during the audit that have not been communicated to management by other parties and that, in the auditor’s professional judgment, are of sufficient importance to merit management’s attention

Reportable Findings and Internal Control Over Financial Reporting

In connection with our audit, we noted no material weaknesses.

- ▶ We have communicated to management of the Plan control deficiencies that were identified as a result of our audit that we did not consider to be material weaknesses or significant deficiencies. A reportable finding may also be considered a deficiency in internal control, a significant deficiency, or a material weakness.

Control Deficiencies and Reportable Findings	Description
Control Deficiency and Reportable Finding	During 2025, Management has adopted a process for the valuation of alternative investments that entails beginning with 9/30/2025 valuations, and cash-adjusting through year end to estimate the year end values of the private funds. Under GASB GAAP Section 3100, valuation must be as of the reporting period. In order to comply with GASB GAAP, when additional information becomes available during Q4 or after year end, an analysis should be performed to determine the difference between the reported NAV at the measurement date and Management’s estimate, to determine whether there are any material adjustments required in order to arrive at a GASB GAAP valuation. For an alternative investment, differences arose related to information available either at or subsequent to year end which resulted in a proposed audit adjustment

Detail of Significant Risks & Additional Audit Considerations



Financial Reporting and Management Override

SUMMARY OF AREA OF SIGNIFICANT RISK

- ▶ System management controls in place are not designed and operated in a manner to maintain compliance with applicable rules and regulations and provisions of the Plan Document and Amendments.
- ▶ The System does not have sufficient controls to monitor the activities of the outside service providers.
- ▶ Significant changes to personnel and internal control processes increase the risk that an internal control failure will occur due to either the design or operation of a particular control.
- ▶ Entity level controls are not designed sufficiently to identify instances where management, due to the presence of fraud risk factors, may override the established controls and procedures to materially misstate the financial statements.

SUMMARY OF AUDIT PROCEDURES

To address this significant risk, we performed the following procedures:

- ▶ Reviewed internal controls in place over financial reporting, distributions, payroll data, investments, system expenses, and system obligations.
- ▶ Obtained and reviewed the Service Organization Controls reports for Bank of New York (BNY), the System’s Custodian, and STP Investment Services, LLP, the system’s investment accounting service provider.
- ▶ Performed interviews with a sample of members of Management, and other individuals and considered responses received in determining necessary audit procedures.
- ▶ The nature, timing and extent of our procedures across areas of the audit were also varied, mainly by auditing items that would be considered below our normal vouching scope.
- ▶ Performed detailed journal entry testing to review for any potential unusual or fraudulent transactions or instances of management override.

Changed since Planning Communication?	[]
Specialized Skill or Knowledge Involved	[]
Misstatement Identified	[]

Actuarial Valuation

SUMMARY OF AREA OF SIGNIFICANT RISK

- ▶ Management lacks significant judgement and expertise that is required in developing assumptions and performing evaluations.
- ▶ Actuarial valuation data is inaccurate or inconsistent.
- ▶ The effects of amendments, terminations, curtailments and other System events have not been reflected in the calculation.
- ▶ The actuarial calculation does not appropriately apply current standards.
- ▶ Actuarial provisions and assumptions are outside reasonable parameters.
- ▶ Disclosures over actuarial assumptions and funding issues are omitted or inaccurate.

SUMMARY OF AUDIT PROCEDURES

To address this significant risk, we performed the following procedures:

- ▶ Obtained actuarial reports and related requested data directly from the actuary.
- ▶ Ensured the census information provided was complete, accurate, and as of benefit information date.
- ▶ Tested census information in correlation with eligibility testing.
- ▶ Considered cash flow projections and determination of GASB 67 discount rates.
- ▶ Reviewed the actuarial valuation reports and utilized BDO's Actuarial Managing Director to perform an independent review of the reports and assumptions used. Primary areas of focus included demographic assumptions (mortality, termination prior to retirement, retirement and DROP participation eligibility which affect DROP utilization and retirement rates, disability) and economic assumptions (discount rate, inflation rate, investment rate of return, salary scale, administrative expenses, interest on DROP accounts) as well as the actuarial methods used (asset smoothing, actuarial cost method, amortization of unfunded actuarial accrued liability).
- ▶ Reviewed actuarial disclosures for completeness and accuracy during the review of the financial statements.

Changed since Planning Communication?	[]
Specialized Skill or Knowledge Involved	[✓]
Misstatement Identified	[]

Alternative Investments

SUMMARY OF AREA OF SIGNIFICANT RISK

- ▶ Investments are improperly valued or classified in conformity with accounting principles generally accepted in the U.S.
- ▶ Investment transactions are not recorded in conformity with accounting principles generally accepted in the U.S.
- ▶ Management bias over the valuation of investments.

SUMMARY OF AUDIT PROCEDURES

To address this significant risk, we performed the following procedures:

- ▶ Obtained confirmations from investment managers and reviewed audited financial statements for investments selected. Reviewed confirmations for unusual items and misclassifications. Additionally, performed recalculations based on the unit values in the audited financials.
- ▶ Reviewed all complex investment valuation techniques and utilized BDO Valuation experts where necessary.
- ▶ Reviewed Management’s valuation memos in obtaining an understanding of the supporting process for establishing fair value.
- ▶ Reconciled unit information recorded by the System to BNY and to the fund’s financial statements.
- ▶ Selected a sample of transactions for investment transaction testing and agreed the purchase/sales price to approved pricing sources.
- ▶ Reviewed Management’s fair value considerations and fair value hierarchy by investment in correlation with GASB No. 72.

Changed since Planning Communication?	[]
Specialized Skill or Knowledge Involved	[✓]
Misstatement Identified	[]

Detail of Significant Accounting Practices, Policies, Estimates and Disclosures



Significant Accounting Practices (Including Policies, Estimates, and Disclosures)

ACCOUNTING PRACTICES, POLICIES, ESTIMATES, AND DISCLOSURES

The following summarizes the more significant required communications related to our audit concerning the System’s accounting practices, policies, and estimates:

The System’s significant accounting practices and policies are those included in the notes to the financial statements. These accounting practices and policies are appropriate, comply with the applicable financial reporting framework and industry practice, were consistently applied, and are adequately described within the notes to the financial statements.

- ▶ There were no changes in significant accounting policies and practices during 2025.

Critical accounting estimates are those that require management’s most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The System’s critical accounting estimates, including a description of management’s processes and significant assumptions used in development of the estimates, are disclosed in notes of the financial statements.

Critical Accounting Estimates

Valuation of the co-mingled investments (pooled, alternative, fixed income, & equity, but specifically those which are not publicly traded) and related net appreciation/depreciation and underlying disclosures.

Total and net pension liability and related disclosures and underlying assumptions (i.e. expected rate of return, inflation rates, and retirement rates)

- ▶ **Significant changes to the processes or significant assumptions used to develop the critical accounting estimates in 2025:** During 2025, Management has adopted a process for the valuation of alternative investments that entails beginning with 9/30/2025 valuations, and cash-adjusting through year end to estimate the year end values of the private funds. Under GASB GAAP Section 3100, valuation must be as of the reporting period. In order to comply with GASB GAAP, an analysis is performed to determine the difference between the reported NAV at the measurement date and Management’s estimate, to determine whether there are any material adjustments required in order to arrive at a GASB GAAP valuation.

Additional Required Communications



Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the System:

Requirement	Discussion Point
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Plan communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the System's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
Alternative accounting treatment	No alternative accounting treatments permissible under the applicable financial reporting framework for policies and practices related to material items were identified and discussed with management.
Significant unusual transactions	During the year ended December 31, 2025, we were not aware of any significant unusual transactions.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of requirements of an applicable financial reporting framework.
Significant findings and issues arising during the audit in connection with the System's related parties	We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the financial statements from achieving fair presentation.
Significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management	There were no significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management.

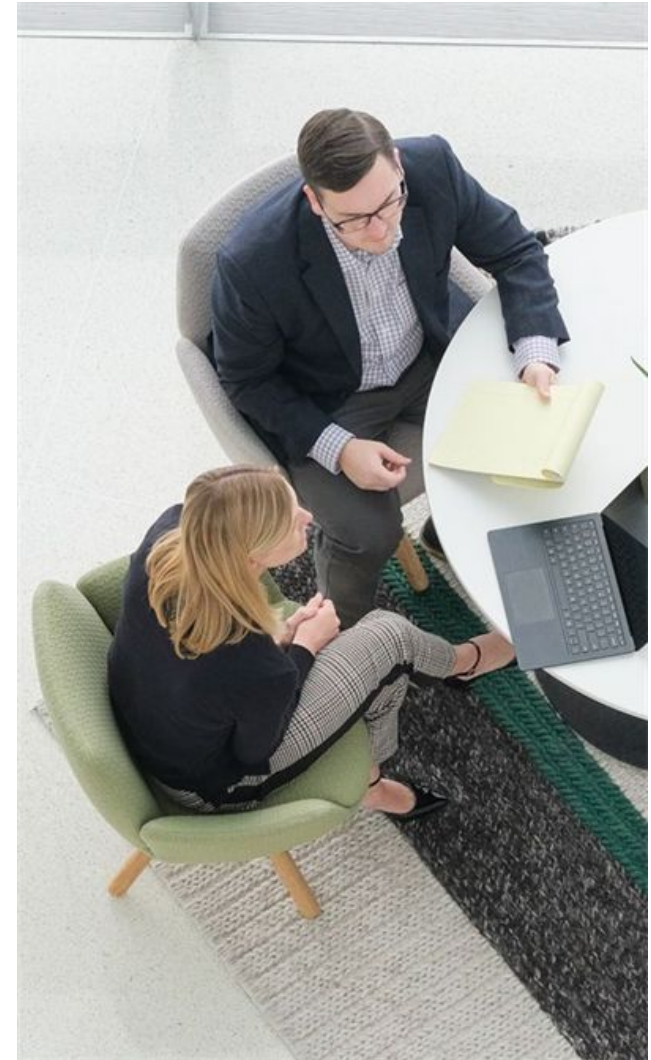
Other Required Communications (cont.)

Following is a summary of other required items, along with specific discussion points as they pertain to the System:

Requirement	Discussion Point
Other matters significant to the oversight of the System’s financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of the System’s financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter that will be provided upon receipt.
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the System’s financial statements or to our auditor’s report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Matters that are difficult or contentious for which the auditor consulted outside the engagement team	There were no difficult or contentious matters that we consulted with others outside the engagement team that we reasonably determined to be relevant to those charged with governance regarding their oversight of the financial reporting process.

Independence

Our engagement letter to you dated February 5, 2026, describes our responsibilities in accordance with professional standards and certain regulatory authorities and *Government Auditing Standards* regarding independence and the performance of our services. This letter also stipulates the responsibilities of the System with respect to independence as agreed to by the System. Please refer to that letter for further information.



Year-end Inquiries of Those Charged with Governance



Obtaining Information from Those Charged with Governance

As we complete our audit procedures, we perform final inquiries related to fraud and other matters to help inform any changes to our audit strategy and execution of our audit procedures. As part of the upcoming meeting with you, we would like to discuss the following topics with you to understand any matters of which you believe we should be aware since we last performed similar inquiries, including, but not limited to:

- ▶ Your views about the risk of material misstatements due to fraud, including the risk of management override of controls
- ▶ How you exercise oversight over the System's assessment of fraud risks and the establishment of controls to address these risks
- ▶ Your awareness of any actual, alleged or suspected fraud or illegal acts affecting the System
- ▶ Your awareness of tips or complaints regarding the System's financial reporting and your response to such tips and complaints
- ▶ Your awareness of other matters relevant to the audit including, but not limited to, violations or possible violations of laws or regulations
- ▶ Your awareness of any investigations or legal proceedings that have been initiated or are in process with respect to the period under audit.
- ▶ Your awareness of any significant communications between the System and regulators
- ▶ Your understanding of the System's relationships and transactions with related parties that are significant to the System
- ▶ Any business relationships between a BDO firm and the System or its affiliates
- ▶ Whether the System has entered into any significant unusual transactions
- ▶ Your awareness of any other information that is important to the identification and assessment of risks of material misstatement

Other Topics



BDO's System of Quality Management

An audit firm's effective system of quality management ("SoQM") is crucial for supporting the consistent performance of high-quality audits and reviews of financial statements, or other assurance or related services engagements under professional standards, and applicable legal and regulatory requirements.

Accordingly, BDO has implemented a SoQM designed to provide reasonable assurance that its professionals fulfill their responsibilities and conduct engagements in accordance with those standards and requirements. The firm's SoQM supports the consistent performance of quality audits through many ongoing activities including, at least annually, certification by leaders with responsibility for key controls and related processes. Our Assurance Quality Management team performs regular reviews and testing of key controls and processes throughout the SoQM and identifies and communicates areas for improvement.

As required by International Standard on Quality Management 1 (ISQM 1) under the International Auditing and Assurance Standards Board (IAASB), BDO has conducted an evaluation of the effectiveness of its system of quality management and concluded, as of September 30, 2025, that the system provides reasonable assurance that our professionals will perform audits and reviews of financial statements or related assurance services engagements in accordance with professional standards, and applicable legal and regulatory requirements.



We will continue to provide you with updates on our progress. Currently, you may find discussion of BDO's system of quality management within our annual [Audit Quality Reports](#), the most recent of which is accessible [here](#).

[CLICK HERE TO ACCESS IAASB ISQM-1 IN ITS ENTIRETY >](#)

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Material discussed is meant to provide general information and should not be acted on without professional advice tailored to your needs.

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Dallas Police and Fire Pension System

(An Independently Governed Blended Component Unit of
the City of Dallas, Texas)

Combining Financial Statements, Required Supplementary Information and Supplementary Information

December 31, 2025 and 2024

(With Independent Auditor's Reports Thereon)

DRAFT 6/9/2026

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 Dallas, Texas 7520

To the Board of Trustees
 Dallas Police and Fire Pension System
 Dallas, TX

Report on the Audit of the Financial Statements

Opinion

We have audited the combining financial statements of the Dallas Police and Fire Pension System (DPFP), a component unit of the City of Dallas, Texas, as of and for the years ended December 31, 2025 and 2024, and the related notes to the combining financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of DPFP as of December 31, 2025 and 2024, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DPFP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the DPFP's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the DPFP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the DPFP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the schedules of changes in the net pension liability and related ratios, employer contributions, and investment returns be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise DPFP's basic financial statements. The accompanying supplementary schedule of Administrative, Investment, and Professional Services Expenses for the year ended December 31, 2025 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary schedule of Administrative, Investment, and Professional Services Expenses for the year ended December 31, 2025 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June ____, 2026, on our consideration of DPFP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DPFP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DPFP's internal control over financial reporting and compliance.

Dallas, Texas

_____, 2026



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Trustees
 Dallas Police and Fire Pension System
 Dallas, TX

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Dallas Police and Fire Pension System (DPFP), a component unit of the City of Dallas, Texas, which comprise the combining statement of fiduciary net position as of December 31, 2025, and the related combining statement of changes in fiduciary net position for the year then ended, and the related notes to the combining financial statements, and have issued our report thereon dated June _____, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DPFP's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DPFP's internal control. Accordingly, we do not express an opinion on the effectiveness of DPFP's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DPFP's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dallas, Texas
_____, 2026

Management's Discussion and Analysis

(Unaudited)

Overview

Management's Discussion and Analysis (MD&A) provides an overall review of the financial activities of the Dallas Police and Fire Pension System (DPFP), including the Combined Pension Plan and the Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan), collectively referred to as the Plans, for the fiscal years ended December 31, 2025 and 2024. This discussion and analysis is intended to serve as an introduction to the financial statements, which reflect the Plans' resources available for payment of benefits and other related expenses. MD&A should be read in conjunction with the combining financial statements, notes to the combining financial statements, required supplementary information, and additional supplementary information provided in this report.

Financial Statements

The combining financial statements consist of the following:

Combining Statements of Fiduciary Net Position, which reflect a snapshot of the Plans' financial position and reflect resources available for the payment of benefits and related expenses at year end. The resulting Net Position (Assets - Liabilities and Deferred Inflows of Resources = Net Position) represents the value of the assets held in trust for pension benefits, net of liabilities owed and deferred inflows of resources as of the financial statement date.

Combining Statements of Changes in Fiduciary Net Position, which reflect the results of all transactions that occurred during the fiscal year and present the additions to and deductions from the net position. Effectively, these statements present the changes in plan net position during the fiscal year (Additions - Deductions = Net Change in Net Position). If the change in net position increased, additions were more than deductions. If the change in net position decreased, additions were less than deductions.

Notes to Combining Financial Statements, which are an integral part of the combining financial statements, include additional information that may be needed to obtain an adequate understanding of the overall financial status of the Plans.

Required Supplementary Information (Unaudited) and additional Supplementary Information provide historical and additional information considered useful in obtaining an overall understanding of the financial positions and activities of the Plans.

Financial Highlights

The combining financial statements are presented solely on the accounts of the Plans. The accrual basis of accounting is utilized, whereby revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the related liability has been incurred. Investments are reported at fair value.

A summary of the Combining Statements of Fiduciary Net Position of the Plans is as follows (in thousands):

DECEMBER 31:	2025	2024	2023
Assets			
Investments, at fair value	\$ 2,157,249	\$ 1,939,829	\$ 1,875,833
Receivables	27,528	17,807	15,349
Cash and cash equivalents	93,564	72,317	62,346
Prepaid expenses	570	602	561
Capital assets, net	11,342	11,480	11,456
Total assets	2,290,253	2,042,035	1,965,545
Liabilities			
Securities purchased	5,449	116	4,476
Accounts payable and accrued liabilities	5,689	5,203	4,307
Total liabilities	11,138	5,319	8,783
Deferred Inflow of Resources	2,101	2,439	2,138
Net position restricted for pension benefits	\$ 2,277,014	\$ 2,034,277	\$ 1,954,624

The assets of the Combined Pension Plan and the Supplemental Plan are co-invested through a Group Master Trust (Group Trust). The money-weighted rate of return, net of fees for all time periods, on Group Trust investments during 2025 was 16.47% compared to a rate of return of 8.30% for 2024 and 10.15% for 2023. Meketa Investment Group, Inc., DPFP's general investment consultant at December 31, 2025, provides the rate of return for all years. The methodology used by the investment consultants to calculate the money-weighted rate of return incorporates a one-quarter lag on fair value adjustments for private investments. This "lagged with cash flow adjustments" methodology is consistent with standard industry practice and allows for timely reporting to the Board of Trustees (Board). Gains and losses on lagged investments, which occur in the fourth quarter of any year, are recognized in the following year's rate of return.

For December 31, 2025, private investments have been valued using their September 30, 2025 valuations, adjusted for capital affected cash flows during the fourth quarter of 2025.

The Plans' net position increased by \$243 million in 2025, \$80 million in 2024, and by \$131 million in 2023. While benefit payments continue to exceed contribution payments, the shortfall was offset by investment gains.

The increase in receivables in 2025 and 2024 is primarily the result of the timing of the last payroll of the year for the City of Dallas as such timing impacts the collection of benefit contributions and the accrual of the 2025 Supplemental contributions. Additionally, in 2024 receivables increased due to the implementation of another lease covered under Governmental Accounting Standards Board (GASB) 87, *Leases*, which requires the recognition of a lease receivable and deferred inflow of resources. See Note 11 for additional information on leases.

The cash balance increased in 2025 and 2024 due to the timing of rebalancing transactions and a higher allocation to cash due to a higher total portfolio asset level.

A summary of the Combining Statements of Changes in Fiduciary Net Position of the Plans is as follows (in thousands):

YEARS ENDED DECEMBER 31:	2025	2024	2023
Additions			
Contributions			
City	\$ 218,426	\$ 192,890	\$ 175,626
Members	75,941	68,215	62,789
Total contributions	294,367	261,105	238,415
Net income(loss) from investing activities	308,575	175,759	197,575
Other income	541	517	47,748
Total additions	603,483	437,381	483,738
Deductions			
Benefits paid to members	348,283	344,975	340,976
Refunds to members	4,304	5,260	5,310
Professional and administrative expenses	8,159	7,493	6,036
Total deductions	360,746	357,728	352,322
Net increase (decrease) in net position	242,737	79,653	131,416
Net position restricted for pension benefits			
Beginning of period	2,034,277	1,954,624	1,823,208
End of period	\$ 2,277,014	\$ 2,034,277	\$ 1,954,624

City contributions to the Plans increased by \$25.5 million or 13.2% in 2025 and \$17.3 million or 9.8% in 2024 due to increased salaries, the number of employees, and changes in the funding methodology. See Funding Overview in the MD&A and Note 1 for additional information on the changes in the funding methodology.

Prior to October 1, 2024, the City's contribution rate for the Combined Pension Plan was 34.5% of Computation pay, plus a floor amount to meet the minimum required contribution, plus an additional amount of \$13 million paid over 26 pay periods.

Beginning October 1, 2024, the City made contributions pursuant to a resolution adopted by the City Council on September 11, 2024. The contributions under this plan included a fixed-dollar payment to amortize the January 1, 2023 actuarial unfunded liability over a 30-year period and a fixed percentage of Computation Pay set at 6.78% for the period October 1, 2024 to September 30, 2025 and 6.66% for the period October 1, 2025 to September 30, 2026. See Note 1 for additional information on City contribution rates.

2025 City contributions to the Combined Pension Plan include fixed-dollar payments of \$177.3 million and contributions based on the percentage of Computation Pay of \$37.8 million.

2024 City contributions to the Combined Pension Plan include fixed-dollar payments of \$51.7 million and contributions based on the percentage of Computation Pay of \$136.9 million.

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the Board. City contributions to the Supplemental Plan in 2025 decreased by \$902 thousand over 2024 contributions.

The 2025 and 2024 Contribution rates for members were statutorily defined for the Plans. Contributions for all active members (including members in Deferred Retirement Option Plan (DROP)) were 13.5% of Computation Pay.

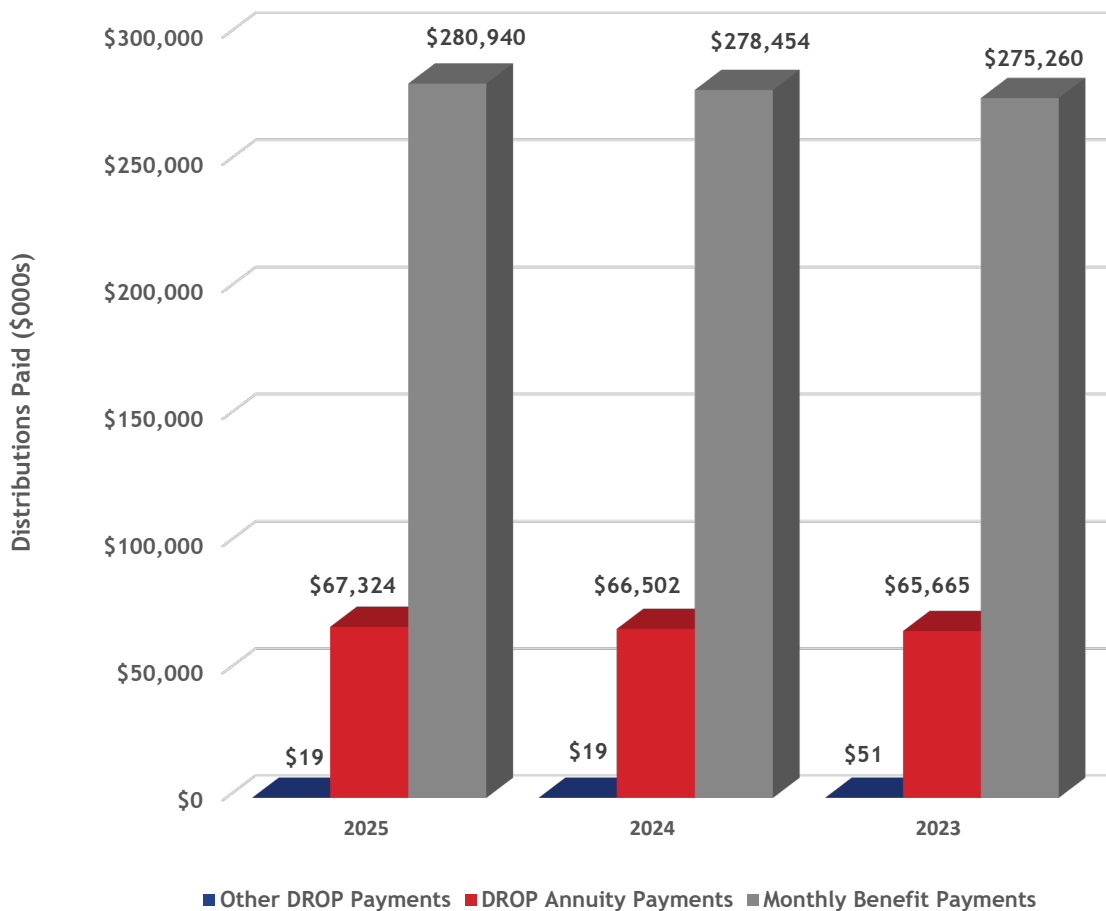
Member contributions for the Plans increased by \$7.7 million or 11.3% in 2025 and \$5.4 million or 8.6% in 2024 due to increased salaries and the number of employees.

Other income increased by \$24 thousand in 2025 and decreased by \$47.2 million in 2024 because in 2023 the System reached an agreement with a prior vendor and received a financial settlement.

Net investment income (loss) is presented net of investment expenses and is comprised of interest, dividend income, gains (losses) from the sale of investments and net unrealized appreciation (depreciation) in the fair value of investments. Net investment gain in 2025 and 2024 was driven primarily by the increase in the fair value of investments held in public equity securities, fixed income and public credit.

Distributions to members consist of monthly payments of retirement, disability, and survivor benefits, as well as monthly DROP annuity payments and other DROP payments made in accordance with Section 6.14 of Article 6243a-1 of the Texas Civil Statutes. The following chart compares the components of distributions paid to members for the years ended December 31, 2025, 2024, and 2023.

**Distributions Paid to Members
Twelve Months Ended December 31**



Total benefits paid in 2025 increased \$3.3 million or 1.0% over 2024. Monthly benefit payments increased \$2.5 million or 0.89% in 2025 and \$3.2 million or 1.2% in 2024 due to additional retirees and beneficiaries receiving monthly benefits and higher monthly benefit amounts. Distributions from DROP balances, paid as DROP annuity payments, totaled \$67.3 million in 2025 and \$66.5 million in 2024. See Note 6 for additional information on DROP.

Refund expense decreased \$956 thousand in 2025 and decreased \$50 thousand in 2024.

The cost of administering the Plans, including administrative costs and professional fees, increased approximately \$666 thousand in 2025. Increases in non-investment legal expenses, risk insurance, legislative consultants, IT related expenses, and employee related expenses were partially offset by a decrease in actuarial expense. The cost of administering the Plans, including administrative costs and professional fees, increased approximately \$1.5 million in 2024. Increases in actuarial expenses, non-investment legal expenses, and salaries and benefits were partially offset by decreases in risk insurance and legislative consultants.

A pro rata share of the total expenses of the Plans is allocated to the Combined Pension Plan and the Supplemental Plan according to the ratio of Combined Pension Plan and Supplemental Plan investment assets to the total investment assets of the Group Trust. City and member contributions and member benefits and refunds paid are specific to either the Combined Pension Plan or the Supplemental Plan and are charged directly as a reduction of such plan's net position.

Funding Overview

DPPF's actuarial firm, Segal Consulting (Segal), conducts the annual actuarial valuations to determine if the assets and contributions are sufficient to provide the prescribed benefits (funding positions) of the Plans.

The DPPF Board adopted a new funding plan in August 2024. The funding plan components were recommended by an independent actuary selected by the Texas Pension Review Board and included adopting an ADC funding model, no change in employee contributions and modifying the current COLA provision to provide some COLA earlier than the current plan provisions. In August 2024, DPPF filed a Declaratory Judgement Action against the City of Dallas related to the interpretation of the DPPF plan and Section 802 of the Texas Government Code. The District Court in Travis County ruled in favor of DPPF. The City of Dallas appealed the decision to the Court of Appeals. The DPPF Plan ADC contribution funding policy was effective October 1, 2024, and the City did not make the contributions based on the adopted Plan. Subsequently, in December 2025, the Board reached a settlement with the City of Dallas regarding future funding of the plan and the lawsuit was dismissed.

Beginning October 1, 2024, the City made contributions pursuant to a resolution adopted by the City Council on September 11, 2024. The contributions under this plan included a fixed-dollar payment to amortize the January 1, 2023 actuarial unfunded liability over a 30-year period and a fixed percentage of Computation Pay set at 6.78% for the period October 1, 2024 to September 30, 2025 and 6.66% for the period October 1, 2025 to September 30, 2026. See Note 1 for additional information on the City contribution.

The January 1, 2025 actuarial valuation report for the Combined Pension Plan was updated after DPFP and the City of Dallas reached a settlement on the funding agreement. The funding metric changes in the two actuarial reports are summarized in the table below:

Combined Pension Plan

FUNDING METRIC	UPDATED JANUARY 1, 2025 REPORT RECEIVED FEBRUARY 6, 2026	ORIGINAL JANUARY 1, 2025 REPORT RECEIVED OCTOBER 20, 2025
Unfunded Actuarial Accrued Liability (UAAL)	\$3.7 billion	\$4.0 billion
Funded Percentage (AVA)	34.1%	32.2%
Effective Amortization Period	28 years	28 years

The January 1, 2026 actuarial valuation reported a funded ratio of 35.2%, based on the actuarial value of assets, an Unfunded Actuarial Accrued Liability (UAAL) of \$3.7 billion and an expected fully funded date of 2053 for the Combined Pension Plan. The increase in the funded percentage is due to investment gains which were offset by a loss from sources other than investments. The loss was primarily due to the active population increase.

These projections may vary on an annual basis due to actual experience and demographics, which may vary from the current actuarial assumptions.

The January 1, 2025 actuarial valuation report for the Supplemental Plan was updated after DPFP and the City of Dallas reached a funding agreement. The funding metric changes in the two actuarial reports are summarized in the table below:

Supplemental Plan

FUNDING METRIC	REVISED JANUARY 1, 2025 REPORT RECEIVED FEBRUARY 6, 2026	ORIGINAL JANUARY 1, 2025 REPORT RECEIVED OCTOBER 20, 2025
Unfunded Actuarial Accrued Liability (UAAL)	\$22.8 million	\$25.8 million
Funded Percentage (AVA)	50.0%	47.0%
Effective Amortization Period	11 years	11 years

The January 1, 2026 actuarial valuation reported a funded ratio of 53.0%, based on the actuarial value of assets and an Unfunded Actuarial Accrued Liability (UAAL) of \$23.0 million. The increase in funded percentage is due to investment gains offset by a loss from sources other than investments. The City's contributions to the Supplemental Plan are based on the ADC as determined by the actuary.

These projections may vary on an annual basis due to actual experience and demographics, which may vary from the current actuarial assumptions.

The Board's funding policy for the Supplemental Plan is based on a closed amortization period of 20 years. Beginning in 2021, future gains or losses each year are amortized over separate, closed 10-year periods.

Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, (GASB No. 67) requires disclosure of the Net Pension Liability (NPL). The GASB No. 67 valuation is prepared by Segal and is a calculation for accounting purposes as opposed to the actuarial valuation, which is completed to determine the funding adequacy of the Plans. The NPL is the difference between the Total Pension Liability (TPL) and the Fiduciary Net Position (FNP). GASB No. 67 requires the determination of the TPL using the individual entry age method, level percent of pay actuarial cost method, and a discount rate.

The GASB No. 67 reports for December 31, 2024 for the Combined Pension Plan and the Supplemental Plan were updated after DPFP and the City of Dallas reached a funding agreement.

GASB No. 67 for the Combined Pension Plan for December 31, 2025 reports an NPL of \$3.5 billion, and the December 31, 2024 updated reports a NPL of \$3.6 billion, which is a decrease of \$39 million. The Fiduciary Net Position as a Percentage of Total Pension Liabilities for the Combined Pension Plan was 39.0% at December 31, 2025 and 36.1% at December 31, 2024.

The Supplemental Plan had a NPL of \$23.0 million and \$22.8 million at December 31, 2025 and 2024, respectively. The Supplemental Plan had a FNP of 52.9% and 50% at December 31, 2025 and 2024, respectively.

Information about whether the Plans' net positions are increasing or decreasing over time relative to the TPL is provided in the accompanying Schedule of Changes in the Net Pension Liability and Related Ratios.

Contacting DPFP's Financial Management

This financial report is designed to provide members and other users with a general overview of DPFP's finances and present the Plans' accountability for the funding received. If you have questions about this report, you may contact the Executive Director of the Dallas Police and Fire Pension System at 4100 Harry Hines Boulevard, Suite 100, Dallas, Texas 75219, by phone at 214-638-3863, or by email at info@dpfp.org.

Combining Statements of Fiduciary Net Position

DECEMBER 31,	2025			2024		
	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL
Assets						
Investments, at fair value						
Short-term investments	\$ 17,386,128	\$ 174,806	\$ 17,560,934	\$ 27,630,911	\$ 315,307	\$ 27,946,218
Fixed income securities	281,934,228	2,834,664	284,768,892	401,780,308	4,584,868	406,365,176
Equity securities	1,221,448,015	12,280,862	1,233,728,877	1,055,766,008	12,047,747	1,067,813,755
Real assets	200,540,951	2,016,308	202,557,259	247,322,377	2,822,290	250,144,667
Private equity	189,228,294	1,902,567	191,130,861	185,443,416	2,116,165	187,559,581
Public Credit	225,237,739	2,264,618	227,502,357	-	-	-
Forward currency contracts	-	-	-	(49)	(1)	(50)
Total investments	2,135,775,355	21,473,825	2,157,249,180	1,917,942,971	21,886,376	1,939,829,347
Receivables						
City	9,233,636	3,354,094	12,587,730	7,787,490	-	7,787,490
Members	3,139,773	14,818	3,154,591	2,625,157	10,055	2,635,212
Interest and dividends	5,715,167	57,462	5,772,629	4,495,688	51,302	4,546,990
Investment sales proceeds	3,497,068	35,161	3,532,229	60,047	685	60,732
Lease receivable	2,436,254	24,495	2,460,749	2,721,879	31,060	2,752,939
Other receivables	19,358	195	19,553	23,461	268	23,729
Total receivables	24,041,256	3,486,225	27,527,481	17,713,722	93,370	17,807,092
Cash and cash equivalents	92,633,041	931,365	93,564,406	71,500,901	815,924	72,316,825
Prepaid expenses	564,587	5,677	570,264	595,422	6,795	602,217
Capital assets, net	11,228,878	112,899	11,341,777	11,350,562	129,526	11,480,088
Total assets	2,264,243,117	26,009,991	2,290,253,108	2,019,103,578	22,931,991	2,042,035,569
Other Payables						
Securities purchased	5,394,914	54,242	5,449,156	115,026	1,313	116,339
Accounts payable and other accrued liabilities	5,643,746	45,635	5,689,381	5,154,700	48,595	5,203,295
Total liabilities	11,038,660	99,877	11,138,537	5,269,726	49,908	5,319,634
Deferred inflow of resources	2,079,872	20,912	2,100,784	2,411,479	27,518	2,438,997
Net position restricted for pension benefits	\$ 2,251,124,585	\$ 25,889,202	\$ 2,277,013,787	\$ 2,011,422,373	\$ 22,854,565	\$ 2,034,276,938

See accompanying notes to combining financial statements.

Combining Statements of Changes in Fiduciary Net Position

YEARS ENDED DECEMBER 31,	2025			2024		
	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL
Additions (Reductions)						
Contributions						
City	\$ 215,072,214	\$ 3,354,094	\$ 218,426,308	\$ 188,633,391	\$ 4,256,587	\$192,889,978
Members	75,608,346	332,240	75,940,586	67,919,867	295,055	68,214,922
Total contributions	290,680,560	3,686,334	294,366,894	256,553,258	4,551,642	261,104,900
Investment income (loss)						
Net appreciation (depreciation) in fair value of investments	286,302,228	2,491,992	288,794,220	156,354,599	1,675,792	158,030,391
Interest and dividends	27,836,432	279,876	28,116,308	25,003,075	285,319	25,288,394
Total gross investment income	314,138,660	2,771,868	316,910,528	181,357,674	1,961,111	183,318,785
Less: Investment expense	(8,251,679)	(82,965)	(8,334,644)	(7,474,450)	(85,294)	(7,559,744)
Net investment income (loss)	305,886,981	2,688,903	308,575,884	173,883,224	1,875,817	175,759,041
Other income	535,190	5,381	540,571	511,667	5,839	517,506
Total additions	597,102,731	6,380,618	603,483,349	430,948,149	6,433,298	437,381,447
Deductions						
Benefits paid to members	345,018,519	3,264,758	348,283,277	341,808,845	3,166,479	344,975,324
Refunds to members	4,303,639	-	4,303,639	5,124,597	135,537	5,260,134
Professional and administrative expenses	8,078,361	81,223	8,159,584	7,408,894	84,546	7,493,440
Total deductions	357,400,519	3,345,981	360,746,500	354,342,336	3,386,562	357,728,898
Net increase/(decrease) in fiduciary net position	239,702,212	3,034,637	242,736,849	76,605,813	3,046,736	79,652,549
Net position restricted for pension benefits						
Beginning of period	2,011,422,373	22,854,565	2,034,276,938	1,934,816,560	19,807,829	1,954,624,389
End of period	\$ 2,251,124,585	\$ 25,889,202	\$ 2,277,013,787	\$ 2,011,422,373	\$ 22,854,565	\$ 2,034,276,938

See accompanying notes to combining financial statements.

Notes to Combining Financial Statements

1. Organization

General

The Dallas Police and Fire Pension System (DPFP) is an independently governed blended component unit of the City of Dallas (City, or Employer) and serves as a single-employer pension and retirement fund for police officers and firefighters employed by the City. The general terms “police officers” and “firefighters” also include fire and rescue operators, fire alarm operators, fire inspectors, apprentice police officers, and apprentice firefighters. DPFP is comprised of a single defined benefit pension plan (Combined Pension Plan) designed to provide retirement, death, and disability benefits for police officers and firefighters (collectively, members). DPFP was originally established under former Article 6243a of the Revised Civil Statutes of Texas and, since 1989, derives its authority to continue in operation under the provisions of Article 6243a-1 of the Revised Civil Statutes of Texas (the Governing Statute). All active police officers and firefighters employed by the City are required to participate in the Combined Pension Plan.

The Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan) was created in 1973 to supplement DPFP’s Plan B Defined Benefit Pension Plan (Plan B). Former Plan B members are now denominated as Group B members of the Combined Pension Plan. The intent of the Supplemental Plan is to provide additional retirement benefits to those members of the Supplemental Plan holding a rank higher than the highest corresponding civil service rank as provided in the Combined Pension Plan. Members receive a supplemental pension based upon the difference between compensation for the civil service position held before entrance into the Supplemental Plan and compensation while in the Supplemental Plan. The Supplemental Plan was established and derives its authority from a City ordinance.

The Combined Pension Plan and Supplemental Plan are collectively referred to as the Plans.

As of December 31, 2025 and 2024, the Combined Pension Plan’s membership consisted of:

	2025	2024
Retirees and beneficiaries (Inactive plan members or their beneficiaries currently receiving benefits)	5,272	5,242
Beneficiaries, DROP Only	227	203
Non-active vested members not yet receiving benefits	235	240
Non-active non-vested members not yet refunded	229	234
Total non-active members	5,963	5,919
Vested active members	3,996	3,976
Non-vested active members	1,610	1,380
Total active members	5,606	5,356

As of December 31, 2025 and 2024, the Supplemental Plan's membership consisted of:

	2025	2024
Retirees and beneficiaries (Inactive plan members or their beneficiaries currently receiving benefits)	157	159
Beneficiaries, DROP Only	6	3
Non-active vested members not yet receiving benefits	-	-
Non-active non-vested members not yet refunded	-	-
Total non-active members	163	162
Vested active members	61	57
Non-vested active members	1	-
Total active members	62	57

The benefit, contribution, and administration plan provisions discussed below are as of December 31, 2025 and 2024.

Benefits

Members hired by the City before March 1, 1973 are Group A members of the Combined Pension Plan. Members hired on or after March 1, 1973 are Group B members of the Combined Pension Plan.

Group A members of the Combined Pension Plan receive one of two benefit structures as of December 31, 2025 and 2024:

- Members with 20 years or more of pension service are entitled to monthly pension benefits beginning at age 50 equal to 50% of base pay, defined as the maximum monthly civil service pay established by the City for a police officer or firefighter at the time of retirement, plus 50% of the longevity pay the member was receiving either at the time he or she left active service with the City or the effective date the member joined the Deferred Retirement Option Plan (DROP). Benefit payments are adjusted annually according to changes in active service base pay, if any. Additionally, a member is eligible to receive 50% of the difference between any annualized City service incentive pay granted to the member less annual longevity pay.
- Members with 20 years or more of pension service are entitled to monthly pension benefits beginning at age 55 equal to 3% of their base pay, computed as noted in the prior paragraph, for each year of pension service with a maximum of 32 years. In addition, a member receives 50% of the longevity pay and 1/24th of any City service incentive pay the member was receiving either at the time he or she left active service with the City or the effective date the member joined DROP.
- Members are eligible for an ad hoc cost of living increase after the Combined Pension Plan is 70% funded after accounting for the impact of the COLA as approved by the Board. The ad hoc cost of living adjustment is calculated as a percentage equal to the average annual rate of actual investment return for the five-year period ending on December 31st preceding the effective date of the adjustment less five percent.

- Supplemental payments, that do not add to the base benefit, are available prior to meeting the 70% funding threshold for the COLA. The supplemental payments consist of two components:
 - Automatic Payment (1%) - Payable only to individuals in pension status prior to January 1, 2026.
 - Contingent Payment (additional 1%) - Payable to all individuals in pension status (current and future), only if the System achieves a one-year rate of return on the market value of assets greater than 0.0% in the prior plan year, as reported in the most recent actuarial valuation report. For any year in which the System does not achieve a rate of return greater than 0.0%, this contingent payment will not be made. It is assumed the System will have a positive return 70% of the time.
 - Individuals in pension status prior to January 1, 2026, may receive both the automatic and contingent payments (up to 2% total), while individuals retiring on or after January 1, 2026, are eligible only for the contingent payment (1%).

Group B members of the Combined Pension Plan receive one of two benefit structures as of December 31, 2025 and 2024:

- Members who began membership before March 1, 2011, who have 5 or more years of pension service are entitled to monthly pension benefits beginning at age 50 equal to 3% of the member's average base pay plus education and longevity pay (Computation Pay) determined over the highest 36 consecutive months of Computation Pay, multiplied by the number of years of pension service prior to September 1, 2017. The monthly pension benefit for service earned after September 1, 2017 is based on the highest 60 consecutive months of Computation Pay multiplied by a 2.5% multiplier at age 58. The multiplier is reduced to between 2.0% and 2.4% for retirement prior to age 58. The member cannot accrue a monthly pension benefit that exceeds 90% of the member's average Computation Pay. Certain members may receive a 2.5% multiplier for pension service after September 1, 2017 prior to age 58 if the combination of their pre and post September 1, 2017 pension service calculations using the 2.5% multiplier for post September 1, 2017 meets or exceeds the 90% maximum benefit. Certain members who meet the service prerequisite or were 45 prior to September 1, 2017 may elect to take early retirement with reduced benefits starting at age 45, or earlier if the member had 20 years of pension service as of September 1, 2017.
- Members who began membership after February 28, 2011 are entitled to monthly pension benefits after accruing 5 years of pension service and the attainment of age 58. Pension benefits are equal to the member's average Computation Pay determined over the highest 60 consecutive months of Computation Pay, multiplied by 2.5% for the number of years of pension service. The member cannot accrue a monthly pension benefit that exceeds 90% of the member's average Computation Pay. Members who have 20 years of service may elect to take early retirement. Vested members may take a reduced benefit starting at age 53.
- A Group B member who has accrued 20 or more years of pension service and who has been on active service at any time on or after January 1, 1999 may take a pension benefit regardless of age except that the percent multiplier would be based on the member's age at the time of applying for the pension, or earlier if the member has 20 years of pension service.
- Members are eligible for an ad hoc cost of living increase after the Combined Pension Plan is 70% funded after accounting for the impact of the COLA as approved by the Board. The ad hoc cost of living adjustment is calculated as a percentage equal to the average annual rate of actual investment return for the five-year period ending on December 31st preceding the effective date of the adjustment less five percent.

- Supplemental payments, that do not add to the base benefit, are available prior to meeting the 70% funding threshold for the COLA. The supplemental payments consist of two components:
 - Automatic Payment (1%) - Payable only to individuals in pension status prior to January 1, 2026.
 - Contingent Payment (additional 1%) - Payable to all individuals in pension status (current and future), only if the System achieves a one-year rate of return on the market value of assets greater than 0.0% in the prior plan year, as reported in the most recent actuarial valuation report. For any year in which the System does not achieve a rate of return greater than 0.0%, this contingent payment will not be made. It is assumed the System will have a positive return 70% of the time.
 - Individuals in pension status prior to January 1, 2026, may receive both the automatic and contingent payments (up to 2% total), while individuals retiring on or after January 1, 2026, are eligible only for the contingent payment (1%).

Additional provisions under the Combined Pension Plan as of December 31, 2025 and 2024 are as follows:

- Prior to September 1, 2017 members with over 20 years of pension service, upon attaining age 55, received a monthly supplement equal to the greater of \$75 or 3% of their total monthly benefits (excluding the benefit supplement amount). After September 1, 2017, no additional members will receive the monthly supplement, and no increases will be made to the amount of the supplement received by those members receiving the supplement prior to September 1, 2017.
- Service-connected disability benefits are available for members in active service who began service prior to March 1, 2011 and have not entered DROP who become disabled during the performance of their duties from the first day of employment. Members receiving service-connected disability benefits are given credit for the greater of actual pension service or 20 years of pension service. A benefit of 3% times the average of the highest 36 consecutive months of Computation Pay times the number of years of pension service prior to September 1, 2017, plus a 2.5% multiplier for pension service on or after September 1, 2017, times the average of the highest 60 consecutive months of Computation Pay times the number of years of pension service. If needed, additional service time necessary to reach 20 years of service credit will be included with pension service on or after September 1, 2017. Members who began membership after February 28, 2011 and have not entered DROP are entitled to a disability benefit based on the average of the highest 60 consecutive months of Computation Pay times a 2.5% multiplier regardless of their age. If the member has fewer than 36 or 60 months of service, based on hire date, the benefit is based on the average Computation Pay during their entire pension service. All service-connected disability benefits are subject to a minimum benefit of \$2,200 per month.
- Members who began membership before March 1, 2011, who are determined to be eligible for a non-service connected disability benefit are entitled to a benefit of 3% times the average of the highest 36 consecutive months of Computation Pay times the number of years of pension service prior to September 1, 2017, plus a 2.5% multiplier for pension service on or after September 1, 2017 times the average of the highest 60 consecutive months of Computation Pay. Total service is rounded to the nearest whole year.

Members who began membership after February 28, 2011, are entitled to a disability benefit based on the average of the highest 60 consecutive months of Computation Pay, times a 2.5% multiplier regardless of their age. All non-service-connected disability benefits are subject to a minimum benefit of \$110 for every year of pension service. The minimum benefit cannot exceed \$2,200 per month. If the member has fewer than 36 or 60 months of service, based on hire date, the benefit is based on the average Computation Pay during their entire pension service.

- Members who are eligible to retire are eligible to enter the DROP program, which is an optional method of accruing monthly pension benefits prior to leaving active service. The amount of an active member's DROP balance is based on the accumulation of the member's monthly benefit each month while in active DROP, and, for members who joined DROP prior to September 1, 2017, interest accrued prior to September 1, 2017. DROP balances of retired members and certain other non-member DROP account holders, were converted to annuities (a stream of payments) on November 30, 2017. DROP balances of active members are annuitized upon retirement. The life expectancy of a DROP account holder at the time of annuitization determines the term of the annuity. Interest is included in the annuity calculation for balances accrued prior to September 1, 2017. The interest rate is based on the provisions of Article 6243a-1 and rules adopted by the Board. See Note 6 for information about the changes in the DROP program resulting from the passage of HB 3158. See below, under Contributions, for discussion of required DROP contributions. The total DROP balance and the present values of the annuitized balances for the Combined Pension Plan was \$827.0 million and \$869.3 million at December 31, 2025 and 2024, respectively. The total DROP balances include amounts that may be paid out of the Excess Benefit Plan and Trust.
- A minimum benefit is paid to vested retired members of \$2,200 per month subject to any restrictions and adjustments contained in the Combined Pension Plan. The minimum benefit is prorated for members who retire with less than 20 years of service credit and equals \$1,200 monthly for a qualified surviving spouse if there are no qualified surviving children receiving benefits. The minimum benefit is \$1,100 monthly for qualified surviving children combined and qualified surviving spouses if qualified surviving children are receiving or had received benefits.

Additional provisions under the Supplemental Plan as of December 31, 2025 and 2024 are as follows:

- The Supplemental Plan's benefits are designed to supplement Group B benefits for those members holding a rank higher than the highest civil service rank because their Combined Pension Plan benefits are capped by the Combined Pension Plan's definition of Computation Pay. Computation Pay is defined as base pay, determined by the civil service pay schedule, education incentive pay and longevity pay. Accordingly, when Group B benefits are amended, the Supplemental Plan's benefit calculation is also affected. The basis for a member's benefits is the difference between the monthly rate of pay a member is due as the base pay for the rank the member currently holds and the monthly rate of pay the member is due for the highest civil service rank (and pay step) the member held as a result of competitive examinations. The service time used to determine the member's Group B benefit is used to determine the member's benefit under the Supplemental Plan so that the same length of time is used for both plans. Average Computation Pay is calculated for each plan separately and combined to determine the benefit. Application for benefits under the provisions of the Combined Pension Plan is deemed to be an application for benefits under the Supplemental Plan and no additional application need be filed.
- Members of the Supplemental Plan who enter the DROP program in the Combined Pension Plan also enter the DROP program in the Supplemental Plan. The total DROP account balance and the present value of the annuitized balances related to the Supplemental Plan was \$4.8 million and \$5.2 million on December 31, 2025 and 2024, respectively. The total DROP balances include amounts that may be paid out of the Excess Benefit Plan and Trust.
- Death benefits are available to a surviving spouse, dependent children, disabled children, or dependent parents in the event of the death of a member either after disability or service retirement, prior to leaving active service or retirement eligible deferred vested members. A payment equal to a ten-year certain benefit is paid to the beneficiaries upon the death of an active member with no qualified survivors.

Contributions

Employee contribution rates did not change in 2025. The employee contribution rate is 13.5% of Computation Pay for all active members, including members in the DROP program.

Prior to October 1, 2024, City contributions for the Combined Pension Plan were established by statute. City contributions were 34.5% of Computation Pay, subject to a minimum floor, plus \$13 million.

Section 2.025 of the Texas Statute required that during 2024 an independent actuary selected by the Texas State Pension Review Board (PRB) perform an analysis that included the independent actuary's 1) conclusion regarding whether the Pension System meets funding guidelines under the Texas Government Code Section 802 and 2) recommendations regarding changes to benefits or to member or City contribution rates.

Additionally, Section 2.025 of the Governing Statute required the Board to adopt a plan, by rule, no later than November 1, 2024 and to ensure the plan met the funding guidelines established by section 802 of the Texas Government Code and consider the recommendation of the independent actuary in adopting the plan. On August 8, 2024, the Board of Trustees of DPFP adopted, by rule, the 2.025 Plan which met all of the requirements of Section 2.025 of the Statute. The funding policy for City contributions changed as a result of the required review process and plan adoption.

The City disagreed with the Board's interpretation of Section 2.025 and with the 2.025 Plan adopted by the Board. The City Council adopted a resolution on September 11, 2024 and began paying contributions based on that resolution. Beginning October 1, 2024, the City paid contributions of \$6.487 million per bi-weekly pay period, plus 6.78% of Computation Pay.

In August 2024, DPFP filed a declaratory judgement against the City of Dallas related to the interpretation of Section 2.025 and Section 802 of the Texas Government Code. The district court ruled in favor of DPFP. The City appealed this decision.

In December 2025, the Board reached a settlement with the City of Dallas regarding future funding of the plan, and the lawsuit was dismissed.

City contributions will be structured to include the combination of both fixed-dollar amortization schedules and a percentage based on Computation Pay. The largest portion of the payment will be a fixed-dollar amortization schedule that steps up over a period of five years and was derived from the unfunded actuarial accrued liability reported in the January 1, 2023 actuarial valuation. Over a 30-year period, the schedule will pay off the majority of the liability on January 1, 2023. The contributions will be paid by the City each bi-weekly pay period as a fixed-dollar amount equal to 1/26th of the fixed dollar schedule for each City fiscal year.

Additionally, the City will contribute a percentage of the members' Computation Pay for each fiscal year. The fiscal year runs from October 1 to September 30. For the fiscal year ended September 30, 2025, the contribution percentage was 6.78%. The rates for 2026 through 2029 are below:

FOR THE FISCAL YEAR OCTOBER 1 ST TO SEPTEMBER 30 TH	CONTRIBUTION PERCENTAGE
2026	6.66%
2027	6.57%
2028	6.51%
2029	6.45%

Beginning in 2030, the normal cost will be reset based on the most recent experience study. The normal cost will become the midpoint of a corridor range, set at $\pm 5\%$ around the range. On an annual basis, the portion of the payment based on the percentage of Computation Pay will include the actual normal cost calculation and the amortization of gains/losses, subject to the corridors. Amounts above or below the corridors will be amortized as a separate layer over a longer period of 20 years or through 2053. Also, additional fixed-dollar payment layers will be added in 2026 to amortize the cost of the Supplemental Pay, and in 2030 to amortize any net losses incurred through 2029. These fixed-dollar layers are amortized through 2053.

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the board. Member contributions in the Supplemental Plan follow the same rules as the Combined Pension Plan on Computation Pay over the compensation of the highest civil service rank held as a result of competitive examinations.

The Combined Pension Plan may only be changed, per the Revised Civil Statutes, Article 6243a-1, by the following:

- by the legislature;
- by a majority vote of the voters of the city;
- in accordance with a written agreement entered into between the pension system, by at least a two-thirds vote of all trustees of the board, and the city, provided that change may not increase the period required to amortize the unfunded actuarial accrued liability of the fund; or
- in accordance with section 2.025 which expired September 1, 2025.

The Supplemental Plan's plan document can be amended only by the City Council in accordance with City ordinance. The benefit and contribution provisions of the Supplemental Plan follow those of the Combined Pension Plan.

Members of Group B are immediately vested in their member contributions. If a member's employment is terminated and the member is not vested, or the member elects not to receive present or future pension benefits, the member's contributions are refunded, without interest, upon written application. If application for a refund is not made within three years of normal retirement age, the member forfeits the right to a refund of his or her contribution; however, a procedure exists whereby the member's right to the contributions can be reinstated and refunded by the Board after the three-year period.

Administration

Collectively, the Combined Pension Plan Board of Trustees and the Supplemental Plan Board of Trustees are referred to as the Board. The Board is responsible for the general administration of DPFP and has the full power to invest the Plans' assets.

The Plans are administered by an eleven-member Board consisting of six Trustees appointed by the Mayor of the City of Dallas, in consultation with the City Council; one current or former police officer, elected by active members; one current or former firefighter, elected by active members; and three non-member Trustees (who may not be active members or retirees) elected by the active members and retirees from a slate of candidates vetted and nominated by the Nominations Committee. The Nominations Committee consists of representatives from 11 named police and fire associations and the Executive Director of DPFP. The Executive Director is a nonvoting member of the committee.

To serve as a Trustee, a person must have demonstrated financial, accounting, business, investment, budgeting, real estate, or actuarial expertise and may not be an elected official or current employee of the City of Dallas, with the exception of a current police officer or firefighter.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States (GAAP). In doing so, DPFP adheres to guidelines established by the Governmental Accounting Standards Board (GASB). The accompanying financial statements include solely the accounts of the Plans on a combined basis, which include all programs, activities and functions relating to the accumulation and investment of the net position and related income necessary to provide the service, disability, and death benefits required under the terms of the Governing Statutes and amendments thereto.

Basis of Accounting

The economic resources measurement focus basis of accounting is the method by which revenues and expenses are recognized in the accounts and reported in the basic financial statements. The accrual basis of accounting is used for the Plans. Under the accrual basis of accounting, revenues, which include contributions and investment income, are recognized in the period in which they are earned, and collection is reasonably assured. Expenses are recognized when liability is incurred. Member and employer contributions are recognized in the period in which the contributions are due, pursuant to Plan requirements and State statute. Accrued income, when deemed uncollectible, is charged to operations.

Contributions for the final bi-weekly payroll of the year for the years ended December 31, 2025 and 2024 were not received by DPFP until after year end and accordingly, uncollected contributions are recorded as receivables in the accompanying financial statements. Benefits, lump sum payments, and refunds are recognized when due and payable. Dividend income is recorded on the ex-dividend date. Other income consists primarily of rental income, which is recognized based on the systematic and rational allocation of the deferred inflow of resources over the term of the lease. Realized gains and losses on sales of securities are recognized on the trade date. The cost of investments sold is determined using the average cost method.

Reporting Entity

DPFP is an independently governed blended component unit of the City and the basic financial statements and required supplementary information of the Plans are therefore included in the City's Annual Comprehensive Financial Report.

Administrative Costs

All costs of administering the Plans are paid from the Plans' assets pursuant to an annual budget approved by the Board.

Federal Income Tax

Favorable determinations that the Plans are qualified and exempt from Federal income taxes were received on October 20, 2014. The Board believes that the Plans are designed to meet and operate in material compliance with the applicable requirements of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and deferred inflows of resources at the date of the financial statements and the actuarial information included in the notes to the financial statements as of the benefit information date, the reported amounts of income and expenses during the reporting period, and when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

DPFP considers only demand deposits as cash. Cash equivalent securities, which are composed of all highly liquid investments with a maturity of three months or less when purchased, are considered to be cash equivalents. Highly liquid securities invested by third-party investment managers as part of a short-term investment fund are not considered cash equivalents and are classified as short-term investments.

Plan Interest in the Group Master Trust

Effective January 1, 2006, the Board elected to establish a Group Master Trust (Group Trust) in order to unitize the investments of the Combined Pension Plan and the Supplemental Plan. Bank of New York (BNY) served as custodian of the Group Trust for the year ended December 31, 2025 and JPMorgan Chase Bank, N.A. (JPMorgan) served as custodian of the Group Trust for the year ended December 31, 2024. The fair value of the Combined Pension Plan's interest and the Supplemental Plan's interest in the Group Trust is based on the unitized interest that each Plan has in the Group Trust. The Combined Pension Plan's interest in the Group Trust's investments was approximately 99% on December 31, 2025 and 2024, while the remaining interest belongs to the Supplemental Plan. The allocation of investment income and expenses between the Combined Pension Plan and the Supplemental Plan is based on percentage interest in the Group Trust. Shared professional and administrative expenses are allocated to each plan directly in proportion to each plan's ownership interest. Benefits and contributions are attributed directly to the plan that such receipts and disbursements relate to and are not subject to a pro-rated allocation.

Investments

Investment Policy

Statutes of the State of Texas authorize DPFP to invest surplus funds in the manner provided by Government Code, Title 8, Subtitle A, Subchapter C, which provides for the investment of surplus assets in any investment that is deemed prudent by the Board. These statutes stipulate that the governing body of the Plans is responsible for the management and administration of the funds of the Plans and shall determine the procedure it finds most efficient and beneficial for the management of the funds of the Plans. The governing body may directly manage the investments of the Plans or may contract for professional investment management services. Investments are reported at fair value.

The Investment Policy Statement (IPS) of the Board does not restrict the types of investments authorized to be made on behalf of the Group Trust. The Governing Statute requires at least eight members of the Board to approve an investment in an alternative asset. The Board determined that alternative assets include all asset classes other than traditional assets. Traditional assets include publicly traded stocks, bonds, and cash equivalents. The investment policy considers the current and expected financial condition of the Plans, the expected long-term capital market outlook and DPFP's risk tolerance. The following is the Board's adopted asset allocation contained in the Investment Policy Statement as of December 31, 2025 and 2024. The actual asset allocation as of December 31, 2025 has variances to the long-term target allocation.

ASSET CLASS	TARGET ALLOCATION	
	2025	2024
Equity	64%	65%
Public Equity	58%	60%
Private Equity	6%	5%
Credit	15%	0%
Public Credit	11%	0%
Private Credit	4%	0%
Fixed Income & Cash	13%	25%
Cash	3%	3%
Short-term Investment Grade Bonds	6%	6%
Investment Grade Bonds	4%	4%
High Yield Bonds	0%	4%
Bank Loans	0%	4%
Emerging Markets Debt	0%	4%
Real Assets	8%	10%
Real Estate	5%	5%
Natural Resources	3%	5%

The value and performance of DPFP's investments are subject to various risks, including, but not limited to, credit risk, interest rate risk, concentration of credit risk, custodial credit risk, and foreign currency risk, which are in turn affected by economic and market factors impacting certain industries, sectors or geographies. See Note 3 for disclosures related to these risks.

Investment Transactions

The accompanying Combining Statements of Changes in Fiduciary Net Position present the net appreciation (depreciation) in the fair value of investments, which consists of the realized gains and losses on securities sold and the changes in unrealized gains and losses on those investments still held in the portfolio at year end.

Purchases and sales of investments and forward foreign exchange contracts are recorded on the trade date. Unsettled investment trades as of fiscal year end are reported in the financial statements on the accrual basis of accounting. Realized gains or losses on forward foreign exchange contracts are recognized when the contract is settled.

Interest earned but not yet received and dividends declared but not yet received are recorded as accrued interest and dividends receivable, respectively. In addition, unsettled investment purchases and sales are accrued.

Valuation of Investments

The diversity of the investment types in which the Group Trust invests requires a wide range of techniques to determine fair value.

Short-term investments include money market funds and government bonds with a maturity of less than one year and are valued based on stated market rates.

Fixed income investments include government securities such as Treasury securities, foreign securities such as dollar denominated and non-dollar denominated issues of non-US governments and private corporations, plus units of commingled fixed income funds of both US and foreign securities. Equity securities consist of individual shares of equity securities plus units of commingled stock funds of both US and foreign entities. The stated fair value of investments in publicly traded fixed income and equity securities, held in separate accounts, is based on published market prices or quotations from major investment dealers as provided by BNY, utilizing vendor supplied pricing. Vendor supplied pricing data for equity securities is based upon the daily closing price from the primary exchange of each security while vendor supplied pricing data for fixed income securities is based upon a combination of market maker quotes, recent trade activity, and observed cash flows. Securities traded on an international exchange are valued at the last reported sales price as of year-end at exchange rates as of year-end. The fair value of non-publicly traded commingled fixed income funds and commingled stock funds is based on their respective net asset value (NAV) as reported by the investment manager.

The Credit asset class is composed of both Public Credit and Private Credit investments. Public Credit investments include sub-investment grade bank loans, US and international corporate bonds, and foreign bonds and foreign securities such as dollar denominated and non-dollar denominated issues of private corporations and emerging market debt. The stated fair value of public credit investments is based on published market prices or quotations from major investment dealers as provided by BNY, utilizing vendor supplied pricing. DPFP did not classify any investments as Private Credit investments as of December 31, 2025 or 2024.

Real assets consist of privately held real estate, infrastructure, timberland, and farmland investments. Real estate is held in separate accounts, limited partnerships, joint ventures, and as debt investments in the form of notes receivable. Infrastructure, timberland, and farmland are held in separate accounts, limited partnerships, and joint ventures. Real estate, timberland, and farmland are generally subject to independent third-party appraisals performed in accordance with the Uniform Standards of Professional Appraisal Practice on a periodic basis, every three years at minimum, as well as annual financial statement audits. Infrastructure funds are valued based on audited NAV reported by the manager, which is based on internal manager valuation or independent appraisal at the discretion of the manager. Interests in joint ventures, limited partnerships and notes receivable are valued at the dollar value reported by the general partner or investment manager, as applicable. Externally managed partnerships, joint venture, and separate accounts are valued at the NAV provided by the investment or fund manager, as applicable. The investment or fund manager, on a continuous basis, values the underlying investment holdings.

Private equity investments consist of various investment vehicles including limited partnerships and notes receivable. Private equity limited partnership investments and notes receivable are valued as reported by the investment manager. Private equity funds are valued using their respective NAV as reported by the fund's custodian, investment manager or independent valuations obtained by DPFP, as applicable.

DPFP has established a framework to consistently measure the fair value of the Plans' assets and liabilities in accordance with applicable accounting, legal, and regulatory guidance. This framework has been provided by establishing valuation policies and procedures that provide reasonable assurance that assets and liabilities are carried at fair value as described above and as further discussed in Note 4.

Foreign Currency Transactions

DPFP, through its investment managers, is party to certain financial arrangements, utilizing forward contracts, options, and futures as a hedge against foreign currency fluctuations. Entering into these arrangements involves not only the risk of dealing with counterparties and their ability to meet the terms of the contracts, but also the risk associated with market fluctuations. Realized gains and losses on option and future arrangements are recorded as they are incurred. Realized gains and losses on forward contracts are recorded on the settlement date.

Gains and losses resulting from foreign exchange contracts (transactions denominated in a currency other than the Group Trust's functional currency - US dollar) are recorded based on changes in fair values and are included in investment income (loss) in the accompanying financial statements. Investment managers, on behalf of the Group Trust, structure foreign exchange contracts and enter into transactions to mitigate exposure to fluctuations in foreign exchange rates.

Investments and broker accounts denominated in foreign currencies outstanding on December 31, 2025 and 2024 were converted to the US dollar at the applicable foreign exchange rates quoted as of December 31, 2025 and 2024, respectively. The resulting foreign exchange gains and losses are included in net appreciation (depreciation) in fair value of investments in the accompanying financial statements.

Leases

DPFP is a lessor for noncancelable leases of office space and recognizes a lease receivable and a deferred inflow of resources in the System's statements of fiduciary net position.

At the commencement of a lease, DPFP initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for the lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how DPFP determines the discount rate and lease term it uses to discount the expected lease receipts to present value. The System uses 6.5% rate of interest at lease inception as the discount rate for leases. Lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments as outlined in the lease agreements.

3. Investments

The Board has contracted with investment managers to manage the investment portfolio of the Group Trust subject to the policies and guidelines established by the Board. The Board had a custody agreement with BNY at December 31, 2025 and with JPMorgan at December 31, 2024 under which they assume responsibility for the safekeeping of certain investments, handling of transactions based on the instructions of investment managers, and reporting investment transactions.

The fair value of investments on December 31, 2025 and 2024 is as follows (in thousands):

	2025	2024
Short-term investments		
Short-term investment funds	\$ 17,561	\$ 27,946
Fixed income securities		
US Treasury bonds	86,603	53,095
US government agencies	34,204	23,674
Corporate bonds	156,845	179,911
Commingled funds	1,002	144,783
Municipal bonds	6,115	4,902
Equity securities		
Domestic	379,290	363,666
Foreign	216,977	161,832
Commingled funds	637,462	542,316
Real assets		
Real estate	117,207	149,183
Infrastructure	12,816	14,087
Timberland	11,976	12,708
Farmland	60,558	74,167
Private equity		
Private equity	191,131	187,559
Public credit		
Corporate bonds	69,096	-
Commingled funds	158,406	-
Total	\$ 2,157,249	\$ 1,939,829

The assets of the Combined Pension Plan and the Supplemental Plan are co-invested through a Group Master Trust (Group Trust). The money-weighted rate of return, net of fees for all time periods, on Group Trust investments during 2025 was 16.47% and 2024 was 8.30%.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the System's deposits might not be recovered. DPFP does not have a formal deposit policy for custodial credit risk of its deposits.

The Federal Depository Insurance Corporation (FDIC) insures any deposits of an employee benefit plan in an insured depository institution on a "pass-through" basis, in the amount of up to \$250,000 for the non-contingent interest of each plan participant at each financial institution. The pass-through insurance applies only to vested participants. DPFP believes the custodial credit risk for deposits, if any, is not material.

Investments

Portions of DPFP's investments are classified as security investments. A security is a transferable financial instrument that evidences ownership or creditorship. Investments in companies, partnerships, and real estate are investments that are evidenced by contracts rather than securities.

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the investor will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the investor, and are held by either the counterparty or the counterparty's trust department or agent, but not in the investor's name. DPFP mitigates this risk by having investments held at a custodian bank on behalf of DPFP. All investment securities held by the custodian were registered in the name of DPFP and were held in the name of DPFP by BNY as of December 31, 2025 and JPMorgan as of December 31, 2024. DPFP does not have a formal policy for custodial credit risk of its investments; however, management believes that custodial credit risk exposure is mitigated by the financial strength of the financial institutions in which the securities are held.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Group Trust's investment in a single issuer. The DPFP Investment Policy Statement specifically addresses concentration of credit risk in the public markets by limiting the portfolio to 5% of Public Equity or Public Fixed Income assets invested in a single issuer, except for holdings for US Government and agency securities.

As of December 31, 2025 and 2024, the Group Trust did not have any single investment in a Public Equity, Public Fixed Income, or Public Credit issuer which represented greater than 5% of the Plans' net position.

Concentrations of credit risk on the private markets are addressed in the DPFP Investment Policy in the following ways:

- Prohibiting investments to any direct private market investment that is tied to a single company.
- Limiting the portfolio to a 10% investment in a single fund of private market assets.
- Limiting the portfolio to 2% of the total market value of the entire DPFP investment portfolio in a single private market fund.
- Limiting the portfolio to 5% of the total market value of the DPFP investment portfolio in related private market funds.

As of December 31, 2025 and 2024, the Group Trust had investments in Private Market assets purchased prior to the implementation of this policy that represented greater than 5% of the Plans' net position. As of December 31, 2025, Huff Energy exceeded the 5% limit and as of December 31, 2024, Huff Energy and AEW Capital Management exceeded the 5% limit.

Additionally, the target allocations of assets among various asset classes are determined by the Board with the objective of optimizing the investment return of the Group Trust within a framework of acceptable risk and diversification. For major asset classes, the Group Trust will further diversify the portfolio by employing multiple investment managers who provide guidance for implementing the strategies selected by the Board.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk is one of the greatest risks faced by an investor in the fixed income or credit market. The price of a fixed income or credit security typically moves in the opposite direction of the change in interest rates. The weighted average maturity of a fixed income or credit security expresses investment time horizons (when the investment comes due and payable) in years, weighted to reflect the dollar size of individual investments within the investment type. DPFP does not have a formal investment policy that limits investment maturities as a means of

managing its exposure to potential fair value losses arising from future changes in interest rates but rather mandates such limits within investment management services contracts. Investment managers have full discretion in adopting investment strategies to address these risks.

The Group Trust invests in fixed income and credit securities including, but not limited to, investments representing instruments with an obligated fixed rate of interest including public and private debentures, mortgage-backed securities, guaranteed investment contracts with maturities greater than one year, and options/futures. Purchases and sales, investment selection, and implementation of investment strategies are delegated to the discretion of the investment manager, subject to compliance with its management agreement and DPFP's IPS.

On December 31, 2025, the Group Trust had the following fixed income and public credit securities and maturities (in thousands):

INVESTMENT TYPE	LESS THAN 1 YEAR	1 TO 5 YEARS	6 TO 10 YEARS	MORE THAN 10 YEARS	TOTAL
US Treasury bonds	\$ -	\$ 68,152	\$ 7,519	\$ 10,932	\$ 86,603
US Government agencies	28	2,468	4,859	26,849	34,204
Corporate bonds	6,044	131,927	35,668	52,302	225,941
Municipal bonds	-	1,023	667	4,425	6,115
Total	\$ 6,072	\$ 203,570	\$ 48,713	\$ 94,508	\$ 352,863

On December 31, 2024, the Group Trust had the following fixed income securities and maturities (in thousands):

INVESTMENT TYPE	LESS THAN 1 YEAR	1 TO 5 YEARS	6 TO 10 YEARS	MORE THAN 10 YEARS	TOTAL
US Treasury bonds	\$ -	\$ 40,118	\$ 6,208	\$ 6,769	\$ 53,095
US Government agencies	-	1,622	3,107	18,945	23,674
Corporate bonds	1,093	115,242	24,689	38,887	179,911
Municipal bonds	497	1,644	346	2,415	4,902
Total	\$ 1,590	\$ 158,626	\$ 34,350	\$ 67,016	\$ 261,582

Commingled fixed income funds do not have specified maturity dates and are therefore excluded from the above tables. The average duration for these funds range from 0.3 to 4.7 years.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The books and records of the Plans are maintained in US dollars. Foreign currencies and non-US dollar denominated investments are translated into US dollars at the bid prices of such currencies against US dollars at year end. Realized and unrealized gains and losses on investments, which result from changes in foreign currency exchange rates, have been included in net appreciation (depreciation) in fair value of investments in the accompanying financial statements. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date of investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Plans and the amount actually received. International and global managers have permission to use currency forward and futures contracts to hedge currency against the US dollar.

DPFP does not have an investment policy specific to foreign currency risk, however, to mitigate foreign currency risk, investment managers with international exposure are expected to maintain diversified portfolios by sector and by issuer.

The Group Trust's exposure to foreign currency risk in US dollars as of December 31, 2025, is as follows (in thousands):

CURRENCY	EQUITY		REAL ASSETS		TOTAL
Australian Dollar	\$	1,243	\$	570	\$ 1,813
Brazilian Real		-		125	125
British Pound Sterling		55,194		-	55,194
Canadian Dollar		-		-	-
Danish Krone		8,140		-	8,140
Euro		91,458		-	91,458
Hong Kong Dollar		10,503		-	10,503
Japanese Yen		25,565		-	25,565
Singaporean Dollar		-		-	-
South African Rand		-		11,724	11,724
South Korean Won		5,570		-	5,570
Swedish Krona		8,567		-	8,567
Swiss Franc		7,974		-	7,974
Taiwanese Dollar		2,763		-	2,763
Total	\$	216,977	\$	12,419	\$ 229,396

The Group Trust's exposure to foreign currency risk in US dollars as of December 31, 2024, is as follows (in thousands):

CURRENCY	EQUITY		REAL ASSETS		TOTAL
Australian Dollar	\$	1,883	\$	584	\$ 2,467
Brazilian Real		-		2,207	2,207
British Pound Sterling		39,389		-	39,389
Canadian Dollar		4,963		-	4,963
Danish Krone		6,707		-	6,707
Euro		59,435		-	59,435
Hong Kong Dollar		3,909		-	3,909
Japanese Yen		24,740		-	24,740
Singaporean Dollar		1,835		-	1,835
South African Rand		-		11,311	11,311
South Korean Won		5,759		-	5,759
Swedish Krona		5,078		-	5,078
Swiss Franc		5,707		-	5,707
Taiwanese Dollar		2,427		-	2,427
Total	\$	161,832	\$	14,102	\$ 175,934

In addition to the above exposures, certain fund-structure investments in the public equity, emerging markets debt, private debt and real assets asset classes with a total fair value of \$718.9 million on December 31, 2025 and \$621.1 million on December 31, 2024, have some level of investments in various countries with foreign currency risk at the fund level. The individual investments in these funds with such exposure are not included in the above table.

Credit Risk

Credit risk refers to the potential for loss arising from an issuer's or other counterparty's failure to fulfill its obligations. It encompasses both the likelihood of default and the potential severity of loss, making it a central consideration in assessing the risk-adjusted return of fixed income and credit-oriented investments. DFPF does not have an investment policy specific to credit risk, however investment managers maintain guidelines and independently consider the inherent credit risk of investments.

The Group Trust's exposure to credit risk in fixed income and public credit securities as of December 31, 2025 and 2024 using the Standard & Poor's rating scale, at fair value, is as follows (in thousands):

DECEMBER 31, 2025

RATING	CORPORATE BONDS	MUNICIPAL BONDS	US GOVERNMENT SECURITIES	TOTAL
AAA	\$ 31,993	\$ 59	\$ 487	\$ 32,539
AA+	1,366	294	62,857	64,517
AA	2,261	1,215	78	3,554
AA-	1,439	1,404	-	2,843
A+	5,453	1,695	-	7,148
A	9,679	384	-	10,063
A-	22,330	293	-	22,623
BBB+	22,330	301	-	22,631
BBB	22,039	-	-	22,039
BBB-	13,149	-	-	13,149
BB+	10,592	88	-	10,680
BB	16,789	-	-	16,789
BB-	11,265	-	-	11,265
B+	7,430	-	-	7,430
B	10,742	-	1,203	11,945
B-	6,628	-	-	6,628
CCC+	5,095	-	-	5,095
CCC	1,194	-	-	1,194
CCC-	286	-	-	286
CC	772	-	-	772
C	401	-	-	401
D	4	-	-	4
NR ⁽¹⁾	22,704	382	56,182	79,268
Total	\$ 225,941	\$ 6,115	\$ 120,807	\$ 352,863
Total credit risk debt securities				\$ 352,863
Commingled (NR)				159,408
Total				\$ 512,271

NR represents those securities that are not rated.

DECEMBER 31, 2024

RATING	CORPORATE BONDS	MUNICIPAL BONDS	US GOVERNMENT SECURITIES	TOTAL
AAA	\$ 22,195	\$ 145	\$ 749	\$ 23,089
AA+	729	295	53,583	54,607
AA	1,054	823	91	1,968
AA-	4,199	1,070	-	5,269
A+	6,145	1,754	-	7,899
A	8,323	-	-	8,323
A-	13,685	735	-	14,420
BBB+	13,759	-	-	13,759
BBB	15,121	-	-	15,121
BBB-	10,600	-	-	10,600
BB+	5,507	-	-	5,507
BB	13,505	-	-	13,505
BB-	9,136	-	-	9,136
B+	8,847	-	-	8,847
B	6,338	-	-	6,338
B-	6,176	-	-	6,176
CCC+	4,943	-	-	4,943
CCC	2,059	-	-	2,059
CCC-	-	-	-	-
CC	1,565	-	-	1,565
C	-	-	-	-
D	12	-	-	12
NR ⁽¹⁾	26,013	80	22,346	48,439
Total	\$ 179,911	\$ 4,902	\$ 76,769	\$ 261,582

Total credit risk debt securities	\$ 261,582
Commingled (NR)	144,783
Total	\$ 406,365

NR represents those securities that are not rated.

Forward Contracts

During fiscal years 2025 and 2024, certain investment managers, on behalf of the Group Trust, entered into forward foreign exchange contracts as permitted by guidelines established by the Board. A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry credit risk due to possible nonperformance by one of the counterparties. The maximum potential loss is the aggregate face value in US dollars at the time the contract was entered into. Forwards are usually traded over the counter. These transactions are initiated to hedge risks from exposure to foreign currency rate fluctuation and to facilitate trade settlement of foreign security transactions. Forwards carry market risk resulting from adverse fluctuations in foreign exchange rates. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Group Trust records the unrealized currency translation gain or loss based on the applicable forward exchange rates. Forward currency contracts are considered derivative financial instruments and are reported at fair value.

The fair value and notional amounts of derivative instruments outstanding on December 31, 2025 and 2024, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows (in thousands):

DECEMBER 31, 2025

	CHANGE IN FAIR VALUE	FAIR VALUE	NOTIONAL VALUE
Currency Forwards	\$ -	\$ -	\$ -

DECEMBER 31, 2024

	CHANGE IN FAIR VALUE	FAIR VALUE	NOTIONAL VALUE
Currency Forwards	\$ -	\$ -	\$ -

4. Fair Value Measurement

GASB Statement No. 72 requires all investments to be categorized under a fair value hierarchy. Fair value of investments is determined based on both observable and unobservable inputs. Investments are categorized within the fair value hierarchy established by GASB and the levels within the hierarchy are as follows:

- Level 1 - quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date
- Level 2 - inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs
- Level 3 - significant unobservable inputs for an asset or liability

The remaining investments not categorized under the fair value hierarchy are shown at NAV. These are investments in non-governmental entities for which a readily determinable fair value is not available, such as member units or an ownership interest in partners' capital, to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

The following table presents a summary of the Group Trust's investments by type as of December 31, 2025, at fair value (in thousands):

	FAIR VALUE DECEMBER 31, 2025	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Investments by Fair Value Level				
Short-term				
Short-term investment funds	\$ 17,561	\$ 17,561	\$ -	\$ -
Fixed income securities				
US Treasury bonds	86,603	-	86,603	-
US government agencies	34,204	-	34,204	-
Corporate bonds	156,845	-	156,845	-
Municipal bonds	6,115	-	6,115	-
Equity securities				
Domestic	379,290	379,290	-	-
Foreign	216,977	216,977	-	-
Real assets				
Real estate ⁽¹⁾	32,501	-	-	32,501
Farmland	60,558	-	-	60,558
Private equity				
Private equity	46,823	-	-	46,823
Public credit				
Corporate Bonds	69,096	-	69,096	-
Total Investments by Fair Value Level	\$ 1,106,573	\$ 613,828	\$ 352,863	\$ 139,882

Investments Measured at NAV	
Equity - commingled funds	\$ 637,462
Fixed income - commingled funds	1,002
Real assets ⁽¹⁾	109,498
Private equity	144,308
Public credit - commingled funds	158,406
Total Investments Measured at NAV	\$ 1,050,676

Total Investments Measured at Fair Value	\$ 2,157,249
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(1) Direct holdings of real estate at Level 3 include only the assets which are wholly owned and valued using significant unobservable inputs. Remaining real estate investments are valued at NAV.

The following table presents a summary of the Group Trust's investments by type as of December 31, 2024, at fair value (in thousands):

	FAIR VALUE DECEMBER 31, 2024	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Investments by Fair Value Level				
Short-term				
Short-term investment funds	\$ 27,946	\$ 27,946	\$ -	\$ -
Fixed income securities				
US Treasury bonds	53,095	-	53,095	-
US government agencies	23,674	-	23,674	-
Corporate bonds	179,911	-	179,911	-
Municipal bonds	4,902	-	4,902	-
Equity securities				
Domestic	363,666	363,666	-	-
Foreign	161,832	161,832	-	-
Real assets				
Real estate ⁽¹⁾	51,558	-	-	51,558
Farmland	74,167	-	-	74,167
Private equity				
Private equity	49,240	-	-	49,240
Total Investments by Fair Value Level	\$ 989,991	\$ 553,444	\$ 261,582	\$ 174,965
Investments Measured at NAV				
Equity - commingled funds	\$ 542,316			
Fixed income - commingled funds	144,783			
Real assets ⁽¹⁾	124,420			
Private equity	138,319			
Total Investments Measured at NAV	\$ 949,838			
Total Investments Measured at Fair Value	\$ 1,939,829			

(1) Direct holdings of real estate at Level 3 include only the assets which are wholly owned and valued using significant unobservable inputs. Remaining real estate investments are valued at NAV.

Short-term investments consist of highly liquid securities invested by third party investment managers and held directly by the Group Trust with the custodian.

Fixed income securities consist primarily of US treasury securities, US corporate securities, municipal bonds, and commingled funds. Fixed income securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing. This method uses quoted prices for securities with the same maturities and ratings rather than a fixed price for a designated security. Many debt securities are traded on a dealer market and much less frequently, which is consistent with a Level 2 classification as these investments are valued using observable inputs. Forward currency contracts are classified as Level 2 as these securities are priced using the cost approach on a dealer market traded on lower frequencies.

Public credit securities consist primarily of US corporate securities, international debt securities, bank loans and commingled funds. Public Credit classified in Level 2 of the fair value hierarchy are valued using matrix pricing. This method uses quoted prices for securities with the same maturities and ratings rather than a fixed price for a designated security. Many debt securities are traded on a dealer market and much less frequently, which is consistent with a Level 2 classification as these investments are valued using observable inputs.

Equity securities, which include both domestic and foreign securities, are classified as Level 1 as fair value is obtained using a quoted price from active markets. The security price is generated by market transactions involving identical or similar assets, which is the market approach to measuring fair value. Inputs are observable in exchange markets, dealer markets, and brokered markets for which prices are based on trades of identical securities.

Real assets classified as Level 3 are investments in which DFPF either owns 100 percent of the asset or for which the valuation is based on non-binding offers from potential buyers to purchase the investments. Real asset investments which are wholly owned direct holdings, are valued at the income, cost or market approach depending on the type of holding. All direct holdings are valued using unobservable inputs and are classified in Level 3 of the fair value hierarchy.

Private equity investments classified as Level 3 are investments valued by an independent appraiser. Private equity and real assets valued at NAV are based on per share (or its equivalent) of DFPF's ownership interest in the partners' capital valued by the managers and based on third party appraisals, valuations, and audited financials.

The following table presents a summary of the fair value and remaining unfunded commitments of the Group Trust's investments measured at NAV at December 31, 2025 (in thousands):

ASSET CATEGORY/CLASS	FAIR VALUE	UNFUNDED COMMITMENTS
Equity - commingled funds	\$ 637,462	\$ -
Fixed Income - commingled funds	1,002	514
Real assets	109,498	5,775
Private equity	144,308	450
Public credit - commingled funds	158,406	15,000
Total	\$ 1,050,676	\$ 21,739

The following table presents a summary of the fair value and remaining unfunded commitments of the Group Trust's investments measured at NAV at December 31, 2024 (in thousands):

ASSET CATEGORY/CLASS	FAIR VALUE	UNFUNDED COMMITMENTS
Equity - commingled funds	\$ 542,316	\$ -
Fixed Income - commingled funds	144,783	514
Real assets	124,420	7,141
Private equity	138,319	450
Total	\$ 949,838	\$ 8,105

Investments measured at NAV include commingled funds, real assets, and private equity.

Equity commingled funds are primarily invested in the equity securities of publicly traded companies. Strategies held within commingled funds include international small cap, emerging markets equity and a passive MSCI ACWI IMI allocation. Liquidity is available within 1 to 15 days of notice.

Fixed income commingled funds have redemption periods of 7 to 30 days and are invested in debt instruments of emerging markets countries or corporations, denominated in both local currency and USD.

Public Credit commingled funds have redemption periods of 7 to 30 days and are invested in bank debt instruments of non-investment grade companies.

Real asset investments (including investment strategies in commercial real estate, infrastructure and farmland) are held in separate accounts, as a limited partner, or in a joint venture. These investments are illiquid and resold at varying rates, with distributions received over the life of the investments. They are typically not redeemed, nor do they have set redemption schedules.

Private equity holdings include fund-structure investments with general partners. By their nature, these investments are illiquid and typically not resold or redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over a period ranging from 5 to 15 years on average. These investments seek long-term capital appreciation in privately held companies. The current composition of the private equity portfolio has a significant concentration to the energy sector.

Upon initial investment with a general partner or in certain fund-structures, DFPF commits to a certain funding level for the duration of the contract. At will, the partners or fund managers may request that DFPF fund a portion of this amount. Such amounts remaining as of December 31, 2025 and 2024 for investments measured at NAV are disclosed above as unfunded commitments.

5. Net Pension Liability

The net pension liability is measured as the total pension liability, less the amount of the plan's fiduciary net position. The components of the net pension liability on December 31, 2025 and 2024 are as follows (in thousands):

Combined Pension Plan

	2025	2024
Total pension liability	\$ 5,766,994	\$ 5,566,762
Less: Plan fiduciary net position	(2,251,125)	(2,011,422)
Net pension liability	\$ 3,515,869	\$ 3,555,340

Plan fiduciary net position as a percentage of the total pension liability at December 31, 2025 and 2024 is 39.0% and 36.1%, respectively.

Supplemental Plan

	2025	2024
Total pension liability	\$ 48,938	\$ 45,704
Less: Plan fiduciary net position	(25,889)	(22,855)
Net pension liability	\$ 23,049	\$ 22,849

Plan fiduciary net position as a percentage of the total pension liability at December 31, 2025 and 2024 is 52.9% and 50.0%, respectively.

The 2024 results were updated subsequent to the publication of the January 1, 2025 actuarial valuation report to reflect the Funding Agreement with the City of Dallas adopted by the Board of Trustees on December 11, 2025 and have been updated for this schedule.

Actuarial Assumptions as of December 31, 2025

The total pension liability was determined by an actuarial valuation as of January 1, 2026, using the below significant assumptions, applied to all periods included in the measurement, except as noted below.

Investment rate of return	6.50% per annum, compounded annually, net of investment expenses. This rate is based on an average inflation rate of 2.50% and a real rate of return of 4.00%.
Discount rate	6.50%, used to measure the total pension liability
Administrative expenses	Explicit assumption of \$7.0 million per year or 1% of Computation Pay, whichever is greater for the Combined Pension Plan and \$55 thousand per year for the Supplemental Plan. Includes investment-related personnel costs.
Projected salary increases	For 2025, range of 10% to 14.00% based on the City's pay plan. Beginning in 2026, service-based rates based on the City's pay plan. The salary scale assumption is service based and ranges from 3.5% to 8% and is based on the 2025 pay scales, along with analysis completed in conjunction with an Experience Study Report for the five-year period ended December 31, 2024.
Payroll growth	3.50% per year
Post-retirement benefit Increases	Ad hoc COLA after the Combined Pension Plan is 70% funded after accounting for the impact of the COLA. 1.50% of original benefit, beginning October 1, 2046.
Interest on DROP account	2.75% on active balances as of September 1, 2017, included in amortized DROP balance upon retirement, 0% on DROP accruals after September 1, 2017.
Retirement age	Experience-based table of rates based on age, extending to age 65, with separate tables for police officers and firefighters
Pre-retirement mortality	Pub-2016 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males and set back two years for females, projected generationally using scale MP-2021.
Post-retirement mortality	Pub-2016 Public Safety Retiree Amount-Weighted Mortality Table, multiplied times 1.25 for males and multiplied by 0.8 for females, projected generationally using scale MP-2021.
Disabled mortality	Pub-2016 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward five years for males, projected generationally using scale MP-2021.
DROP election	The DROP Utilization factor is 0% for new entrants.

Actuarial Assumptions as of December 31, 2024

The total pension liability was determined by an updated actuarial valuation as of January 1, 2025, using the below significant assumptions, applied to all periods included in the measurement, except as noted below.

Investment rate of return	6.50% per annum, compounded annually, net of investment expenses. This rate is based on an average inflation rate of 2.50% and a real rate of return of 4.00%.
Discount rate	6.50%, used to measure the total pension liability
Administrative expenses	Explicit assumption of \$7.0 million per year or 1% of Computation Pay, whichever is greater for the Combined Pension Plan and \$55 thousand per year for the Supplemental Plan. Includes investment-related personnel costs.
Projected salary increases	For 2025, range of 10% to 14.00% based on the City's pay plan. Beginning in 2026, service-based rates based on the City's pay plan. The salary scale assumption is service based and ranges from 3.5% to 8% and is based on the 2025 pay scales, along with analysis completed in conjunction with an Experience Study Report for the five-year period ended December 31, 2024.
Payroll growth	3.50% per year
Post-retirement benefit increases	Ad hoc COLA after the Combined Pension Plan is 70% funded after accounting for the impact of the COLA. 1.50% of original benefit, beginning October 1, 2046.
Interest on DROP account	2.75% on active balances as of September 1, 2017, included in amortized DROP balance upon retirement, 0% on DROP accruals after September 1, 2017.
Retirement age	Experience-based table of rates based on age, extending to age 65, with separate tables for police officers and firefighters.
Pre-retirement mortality	Pub-2016 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males and set back two years for females, projected generationally using scale MP-2021.
Post-retirement mortality	Pub-2016 Public Safety Retiree Amount-Weighted Mortality Table, multiplied times 1.25 for males and multiplied by 0.8 for females, projected generationally using scale MP-2021.
Disabled mortality	Pub-2016 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward five years for males, projected generationally using scale MP-2021.
DROP election	The DROP Utilization factor is 0% for new entrants.

Long-Term Expected Rate of Return

The long-term expected rate of return used by the external actuary to evaluate the assumed return on the Plans' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The actuary's best estimates of arithmetic real rates of return for each major asset class included in the Plans' target asset allocation as of December 31, 2025 are summarized as shown below. The rates of return below are net of the inflation component of 2.5%.

ASSET CLASS	LONG-TERM EXPECTED REAL RATE OF RETURN	TARGET ASSET ALLOCATION
Global Equity	5.76%	54%
Emerging Market Equity	7.12%	4%
Private Equity	9.27%	6%
Global Fixed Income	1.75%	4%
Short-Term Investment Grade Bonds	1.12%	6%
Investment Grade Bonds	1.41%	4%
High Yield Bonds	2.92%	2%
Bank Loans	2.73%	2%
Emerging Markets Debt	3.12%	3%
Private Credit	5.46%	4%
Real Estate	3.71%	5%
Natural Resources	4.54%	3%
Cash	0.78%	3%

Note: The Target Asset Allocation used in this chart became effective January 1, 2025.

Discount rate

The discount rate used to measure the Combined Pension Plan Total Pension Liability (TPL) was 6.50%. Based on those assumptions, the Plan Fiduciary Net Position (FNP) was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The discount rate used to measure the Total Pension Liability for the Supplemental Plan was 6.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan Fiduciary Net Position (FNP) was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the net pension liability to changes in the discount rate

The following tables present the Net Pension Liability, calculated using the current discount rate, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate (in thousands).

DECEMBER 31, 2025

	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
Combined Pension Plan			
Net pension liability	\$ 4,233,200	\$ 3,515,869	\$ 2,921,384
Supplemental Plan			
Net pension liability	\$ 28,085	\$ 23,049	\$ 18,795

DECEMBER 31, 2024

	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
Combined Pension Plan			
Net pension liability	\$ 4,242,188	\$ 3,555,340	\$ 2,985,477
Supplemental Plan			
Net pension liability	\$ 27,394	\$ 22,849	\$ 18,998

6. Deferred Retirement Option Plan

DROP interest for active DROP members was eliminated after August 31, 2017; only the balance as of September 1, 2017, is eligible for interest once active DROP members retire. Active DROP participation is limited to 10 years. Retirees are not allowed to defer payments into their DROP accounts. Retirees and other DROP account holders, excluding active DROP members, had their DROP balance converted to an annuity (stream of payments) on November 30, 2017. The term of the annuity was based on the DROP account holders expected lifetime at November 30, 2017. The annuity included interest on balances accrued prior to September 1, 2017 at a rate that is correlated to the United States Treasury Note or Bond rates based on the term of the annuity and rules adopted by the Board.

DROP account balances of a member that retires after November 30, 2017 are converted to an annuity (stream of payments) at the time the member retires. The annuity is based on the member's life expectancy and interest rates at the time of retirement. Interest on retiree DROP accounts is based on the length of the retiree's expected lifetime and will be based on U.S. Treasury Bond Rates and rules adopted by the Board. Interest is only payable on the September 1, 2017 account balance. DROP annuities are assignable at the death of holder.

The following tables reflect the change in DROP balances and the change in the present value of DROP annuities and the number of participants and annuitants during the year ended December 31, 2025:

Combined Pension Plan

	DROP BALANCE (000'S)		DROP PARTICIPANTS
Balance on December 31, 2024	\$ 79,355	Participants on December 31, 2024	201
Accumulations	7,742		
Balances Annuitized	(10,996)		
Other Distributions/Deductions	(19)		
Adjustments	-		
Balance on December 31, 2025	\$ 76,082	Participants on December 31, 2025	182
	ANNUITY BALANCE (000'S)		ANNUITY PARTICIPANTS
Present Value of Annuities on December 31, 2024 ¹	\$ 789,906	Annuitants on December 31, 2024	2,704
Present Value of Annuities on December 31, 2025 ¹	\$ 750,935	Annuitants on December 31, 2025	2,725

Supplemental Plan

	DROP BALANCE (000'S)		DROP PARTICIPANTS
Balance on December 31, 2024	\$ 132	Participants on December 31, 2024	2
Accumulations	13		
Balances Annuitized	-		
Other Distributions/Deductions	-		
Adjustments	-		
Balance on December 31, 2025	\$ 145	Participants on December 31, 2025	3
	ANNUITY BALANCE (000'S)		ANNUITY PARTICIPANTS
Present Value of Annuities on December 31, 2024 ¹	\$ 5,107	Annuitants on December 31, 2024	68
Present Value of Annuities on December 31, 2025 ¹	\$ 4,652	Annuitants on December 31, 2025	69

¹ Includes annuities that may be paid out of the Excess Benefits and Trust.

7. Staff Retirement Plan

In November 2021 the Board passed a resolution authorizing the DFPF staff to participate in the Texas Municipal Retirement System (TMRS) beginning in January 2022. TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with Texas Government Code, Title 8, Subtitle G (TMRS Act) for the benefit of the employees of Texas participating cities. The TMRS plan is a cash-balance retirement plan. DFPF employees become a participant in the TMRS plan on their first day of service. Employees are required to contribute 7% of their total pay, not to exceed IRS Code limitations, and the system contributes an actuarially determined amount to equal a 2:1 match. DFPF contributed approximately \$270 thousand and \$275 thousand for years 2025 and 2024, respectively. Participants contributed approximately \$209 thousand and \$205 thousand to the TMRS plan for the years 2025 and 2024, respectively. The TMRS plan is not a component of the accompanying financial statements.

8. Capital Assets

The DFPF office building and land are recorded at acquisition value. Purchased capital assets, which include building improvements and information technology hardware, are recorded at historical cost. Depreciation is charged over the estimated useful lives of the assets using a straight-line method. Depreciation expense of \$249 thousand and \$238 thousand for years 2025 and 2024, respectively, is included in professional and administrative expenses in the accompanying financial statements for the years ended December 31, 2025 and 2024. All capital assets belong to DFPF. Maintenance and repairs are charged to expense as incurred.

Capitalization thresholds for all capital asset classes and useful lives for exhaustible assets are as follows (in thousands):

ASSET CLASS	CAPITALIZATION THRESHOLD	DEPRECIABLE LIFE
Building	\$ 50	50 years
Building improvements	\$ 50	15 years or term of lease
Information Technology Hardware	\$ 50	5 years

Capital asset balances and changes for the fiscal years ending December 31, 2025 and 2024 are as follows (in thousands):

ASSET CLASS	BALANCE DECEMBER 31, 2023	INCREASES	DECREASES	BALANCE DECEMBER 31, 2024	INCREASES	DECREASES	BALANCE DECEMBER 31, 2025
Land	\$ 3,562	\$ -	\$ -	\$ 3,562	\$ -	\$ -	\$ 3,562
Building	7,782	-	190	7,592	-	189	7,403
Building improvements	105	185	32	258	2	43	217
IT Hardware	7	77	16	68	109	17	160
Total	\$ 11,456	\$ 262	\$ 238	\$ 11,480	\$ 111	\$ 249	\$ 11,342

9. Commitments and Contingencies

Members

As described in Note 1, certain members of the Plans whose employment with the City is terminated prior to being eligible for pension benefits are entitled to refunds of their accumulated contributions, without interest, if they have less than five years of pension service. As of December 31, 2025 and 2024, aggregate contributions from active non-vested members for the Combined Pension Plan were \$33.4 million and \$26.8 million, respectively. The portion of these contributions that might be refunded to members who terminate prior to pension eligibility and request a refund has not been determined. Refunds due to terminated non-vested members in the amount of \$1.1 million and \$896 thousand for December 31, 2025 and 2024, respectively, were included in accounts payable and other accrued liabilities of the Combined Pension Plan. As of December 31, 2025, there were \$29 thousand in aggregate contributions from active non-vested members of the Supplemental Plan. There were no members eligible for a refund from the Supplemental Plan as of December 31, 2025 and 2024.

On December 31, 2025 the total accumulated DROP balance and the present value of the DROP annuities was \$827.0 million for the Combined Pension Plan and \$4.8 million for the Supplemental Plan. On December 31, 2024 the total accumulated DROP balance and the present value of the DROP annuities was \$869.3 million for the Combined Pension Plan and \$5.2 million for the Supplemental Plan.

Investments

The following table depicts the total commitments and unfunded commitments to various limited partnerships and investment advisors on December 31, 2025, by asset class (in thousands).

ASSET CLASS	TOTAL COMMITMENT	TOTAL UNFUNDED COMMITMENT
Real assets	\$ 57,000	\$ 5,775
Private equity	5,000	450
Fixed Income - commingled funds	10,000	514
Public Credit	15,000	15,000
Total	\$ 87,000	\$ 21,739

Legal

In August 2021, The Dallas Police Retired Officers Association filed suit against DPFP and Nicholas Merrick in his capacity as Board Chairman in state district court in Dallas County alleging that changes to the provisions of the DPFP Plans relating to the benefit supplement and annual adjustment were violative of the Texas Constitution. In March 2022, the district court granted DPFP's motion for summary judgment. The plaintiff appealed this judgment. In November 2023, the Fifth Court of Appeals affirmed the decision of the district court. The plaintiff filed a motion for a rehearing by the original panel as well as a request for a hearing en banc. These motions were denied. The plaintiff has filed a petition for review with the Texas Supreme Court. In December 2025, the Texas Supreme Court issued a final order denying the plaintiff's petition for review, ending the case.

In August 2024, DPFP filed a Declaratory Judgement Action against the City of Dallas related to interpretation of the DPFP plan and Section 802 of the Texas Government Code. The District Court in Travis County ruled in favor of DPFP. The City of Dallas appealed the decision to the Court of Appeals. In December 2025, the City of Dallas and DPFP reached a settlement of the case and the lawsuit was dismissed.

10. Risks and Uncertainties

The Group Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. The effect of such risks on the Group Trust's investment portfolio is mitigated by the diversification of its holdings. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities may occur over the course of different economic and market cycles and that such change could be material to the financial statements.

The Plans' actuarial estimates disclosed in Note 5 are based on certain assumptions pertaining to investment rate of return, inflation rates, and participant demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

11. Leases

DPFP owns an office building and leases two floors of the building. DPFP entered into lease agreements, as a lessor, for office space owned by DPFP in 2024 and 2025. The lease terms are from 5-10 years with no cancellation period. Upon commencement of the leases, DPFP recognized lease receivables and deferred inflow of resources, which were measured at the present value of the future lease payments, discounted using a 6.50% interest rate. The lease receivables are amortized over the life of the leases. In 2025 and 2024, respectively, the principal reduction was \$292 thousand and \$116 thousand and the interest income recorded was \$170 thousand and \$165 thousand. The deferred inflow of resources is amortized and recognized as revenue based on a systematic and rational allocation over the term of the lease. The amount of deferred inflow of resources amortized and recorded as revenue in 2025 and 2024 was \$338 thousand and \$298 thousand, respectively.

The following schedule represents future minimum lease payments receivable as of December 31, 2025:

YEAR	PRINCIPAL	INTEREST	TOTAL FUTURE MINIMUM LEASE PAYMENTS
2026	\$ 294,665	\$ 152,136	\$ 446,801
2027	326,058	131,943	458,001
2028	359,831	109,629	469,460
2029	357,240	85,076	442,316
2030	271,282	65,316	336,598
2031 - 2033	851,673	71,629	923,302
Total	\$ 2,460,749	\$ 615,729	\$ 3,076,478

12. Subsequent Events

Real Asset and Private Equity Sales

Subsequent to year end and prior to the issuance date of the financials, there were three distributions from Real Assets totaling \$4.5 million, one distribution from Fixed Income totaling \$47 thousand, one distribution from Private Equity totaling \$127.3 million, and one distribution from Public Credit for \$33 thousand.

Staff Plan

Employee contributions to the TMRS plan increased to 8% as of January 1, 2026.

Management has evaluated subsequent events through _____, 2026, which is the date that the financial statements were available for issuance and noted no subsequent events to be disclosed other than those which are disclosed in this Note or elsewhere in the Notes to Combining Financial Statements.

Required Supplementary Information

(Unaudited)

Schedule of Changes in the Net Pension Liability and Related Ratios For Last Ten Fiscal Years (in Thousands)

COMBINED PENSION PLAN

FOR MEASUREMENT DATE ENDING DECEMBER 31,	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$ 117,159	\$ 80,814	\$ 80,051	\$ 71,625	\$ 69,963
Interest	358,102	338,949	335,598	329,455	326,951
Changes of benefit terms	51,024	2,703	-	-	-
Differences between expected and actual experience	23,269	109,671	(19,708)	(42,456)	(26,683)
Changes of assumptions	-	74,303	-	65,942	(4,238)
Benefit payments, including refunds of employee contributions	(349,322)	(346,933)	(343,346)	(333,638)	(324,633)
Net change in total pension liability	200,232	259,507	52,595	90,928	41,360
Total pension liability - beginning	5,566,762	5,307,255	5,254,660	5,163,732	5,122,372
Total pension liability - ending (a)	\$ 5,766,994	\$ 5,566,762	\$ 5,307,255	\$ 5,254,660	\$ 5,163,732

Plan fiduciary net position					
Employer contributions	\$ 215,072	\$ 188,633	\$ 171,961	\$ 169,911	\$ 165,541
Employee contributions	75,608	67,920	62,510	59,706	58,560
Net investment income (loss), net of expenses	306,423	174,395	243,098	(240,891)	321,064
Benefit payments, including refunds of employee contributions	(349,322)	(346,933)	(343,346)	(333,638)	(324,633)
Interest expense	-	-	-	-	-
Administrative expenses	(8,078)	(7,409)	(5,974)	(6,362)	(6,391)
Net change in plan fiduciary net position	239,703	76,606	128,249	(351,274)	214,141
Plan fiduciary net position - beginning	2,011,422	1,934,816	1,806,567	2,157,841	1,943,700
Plan fiduciary net position - ending (b)	\$ 2,251,125	\$ 2,011,422	\$ 1,934,816	\$ 1,806,567	\$ 2,157,841

Net pension liability - ending (a) - (b)	\$ 3,515,869	\$ 3,555,340	\$ 3,372,439	\$ 3,448,093	\$ 3,005,891
Plan fiduciary net position as a percentage of total pension liability	39.0%	36.1%	36.5%	34.4%	41.8%
Covered payroll	\$ 546,919	\$ 503,931	\$ 469,276	\$ 462,820	\$ 436,971
Net pension liability as a percentage of covered payroll	642.9%	705.5%	718.6%	745.0%	687.9%

(Continued)

Notes:

The 2024 and 2023 results were updated subsequent to the publication of the January 1, 2025 and January 1, 2024, actuarial valuation reports, respectively, and have been updated for this schedule.

COMBINED PENSION PLAN

FOR MEASUREMENT DATE ENDING DECEMBER 31,	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 56,244	\$ 49,155	\$ 44,792	\$ 148,552	\$ 167,432
Interest	324,046	318,703	318,536	348,171	360,567
Changes of benefit terms	-	-	16,091	(1,167,597)	-
Differences between expected and actual experience	70,548	16,723	(46,555)	(134,665)	(77,463)
Changes of assumptions	257,525	155,569	(31,460)	(2,851,241)	(712,003)
Benefit payments, including refunds of employee contributions	(317,951)	(309,860)	(297,081)	(296,154)	(825,092)
Net change in total pension liability	390,412	230,290	4,323	(3,952,934)	(1,086,559)
Total pension liability - beginning	4,731,960	4,501,670	4,497,347	8,450,281	9,536,840
Total pension liability - ending (a)	\$ 5,122,372	\$ 4,731,960	\$ 4,501,670	\$ 4,497,347	\$ 8,450,281

Plan fiduciary net position					
Employer contributions	\$ 161,950	\$ 155,721	\$ 149,357	\$ 126,318	\$ 119,345
Employee contributions	57,305	52,268	49,332	32,977	25,518
Net investment income (loss), net of expenses	(8,927)	124,260	42,822	98,911	164,791
Benefit payments, including refunds of employee contributions	(317,951)	(309,861)	(297,081)	(296,154)	(825,092)
Interest expense	-	-	-	(1,279)	(4,532)
Administrative expenses	(6,534)	(6,445)	(5,861)	(8,090)	(9,492)
Net change in plan fiduciary net position	(114,157)	15,943	(61,431)	(47,317)	(529,462)
Plan fiduciary net position - beginning	2,057,857	2,041,914	2,103,345	2,150,662	2,680,124
Plan fiduciary net position - ending (b)	\$ 1,943,700	\$ 2,057,857	\$ 2,041,914	\$ 2,103,345	\$ 2,150,662

Net pension liability - ending (a) - (b)	3,178,672	\$ 2,674,103	\$ 2,459,756	\$ 2,394,002	\$ 6,299,619
Plan fiduciary net position as a percentage of total pension liability	38.0%	43.5%	45.4%	46.8%	25.5%
Covered payroll	\$ 427,441	\$ 396,955	\$ 363,117	\$ 346,037	\$ 357,414
Net pension liability as a percentage of covered payroll	743.7%	673.7%	677.4%	691.8%	1,762.6%

Required Supplementary Information

(Unaudited)

Schedule of Changes in the Net Pension Liability and Related Ratios For Last Ten Fiscal Years (in Thousands)

SUPPLEMENTAL PLAN					
FOR MEASUREMENT DATE ENDING DECEMBER 31,	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$ 1,129	\$ 1,260	\$ 1,262	\$ 1,020	\$ 394
Interest	2,938	2,917	2,786	2,630	2,373
Changes of benefit terms	524	7	-	-	-
Differences between expected and actual experience	1,908	291	1,092	501	3,371
Changes of assumptions	-	(735)	-	891	(4)
Benefit payments, including refunds of employee contributions	(3,265)	(3,302)	(2,941)	(2,843)	(2,750)
Net change in total pension liability	3,234	438	2,199	2,199	3,384
Total pension liability - beginning	45,704	45,266	43,067	40,868	37,484
Total pension liability - ending (a)	\$ 48,938	\$ 45,704	\$ 45,266	\$ 43,067	\$ 40,868
Plan fiduciary net position					
Employer contributions	\$ 3,354	\$ 4,256	\$ 3,666	\$ 2,807	\$ 2,099
Employee contributions	332	295	279	256	228
Net investment income (loss), net of expenses	2,694	1,882	2,224	(2,181)	2,765
Benefit payments, including refunds of employee contributions	(3,265)	(3,302)	(2,941)	(2,843)	(2,750)
Interest expense	-	-	-	-	-
Administrative expenses	(81)	(84)	(61)	(59)	(55)
Net change in plan fiduciary net position	3,034	3,047	3,167	(2,020)	2,287
Plan fiduciary net position - beginning	22,855	19,808	16,641	18,661	16,374
Plan fiduciary net position - ending (b)	\$ 25,889	\$ 22,855	\$ 19,808	\$ 16,641	\$ 18,661
Net pension liability - ending (a) - (b)	\$ 23,049	\$ 22,849	\$ 25,458	\$ 26,426	\$ 22,207
Plan fiduciary net position as a percentage of total pension liability	52.9%	50.0%	43.8%	38.6%	45.7%
Covered payroll	\$ 2,183	\$ 1,838	\$ 1,923	\$ 1,800	\$ 1,631
Net pension liability as a percentage of covered payroll	1,055.8%	1,243.2%	1,324.2%	1,468.0%	1,361.3%

(Continued)

Notes:

The 2024 and 2023 results were updated subsequent to the publication of the January 1, 2025 and January 1, 2024, actuarial valuation reports, respectively, and have been updated for this schedule.

SUPPLEMENTAL PLAN					
FOR MEASUREMENT DATE ENDING DECEMBER 31,	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 379	\$ 212	\$ 222	\$ 111	\$ 70
Interest	2,438	2,223	2,359	2,799	2,911
Changes of benefit terms	-	-	888	(5,305)	-
Differences between expected and actual experience	47	3,007	(2,628)	(1,435)	1,105
Changes of assumptions	1,559	1,332	28	(479)	(916)
Benefit payments, including refunds of employee contributions	(2,778)	(2,766)	(2,708)	(2,668)	(5,912)
Net change in total pension liability	1,645	4,008	(1,839)	(6,977)	(2,742)
Total pension liability - beginning	35,839	31,831	33,670	40,647	43,389
Total pension liability - ending (a)	\$ 37,484	\$ 35,839	\$ 31,831	\$ 33,670	\$ 40,647
Plan fiduciary net position					
Employer contributions	\$ 1,777	\$ 1,530	\$ 1,979	\$ 2,077	\$ 3,064
Employee contributions	245	111	74	66	35
Net investment income (loss), net of expenses	(122)	169	1,220	740	1,141
Benefit payments, including refunds of employee contributions	(2,778)	(2,766)	(2,708)	(2,668)	(5,912)
Interest expense	-	-	-	(11)	(78)
Administrative expenses	(55)	(55)	(52)	(69)	(37)
Net change in plan fiduciary net position	(933)	(1,011)	513	135	(1,787)
Plan fiduciary net position - beginning	17,307	18,318	17,805	17,670	19,457
Plan fiduciary net position - ending (b)	\$ 16,374	\$ 17,307	\$ 18,318	\$ 17,805	\$ 17,670
Net pension liability - ending (a) - (b)	\$ 21,110	\$ 18,532	\$ 13,513	\$ 15,865	\$ 22,977
Plan fiduciary net position as a percentage of total pension liability	43.7%	48.3%	57.6%	52.9%	43.5%
Covered payroll	\$ 627	\$ 584	\$ 622	\$ 916	\$ 525
Net pension liability as a percentage of covered payroll	3,368.0%	3,172.8%	2,173.8%	1,731.6%	4,376.2%

See notes below related to this schedule.

Notes to Schedule:**Changes of benefit terms:*****As of December 31, 2025***

Effective January 1, 2026 a supplemental payment of up to 2% of annual pension benefits was introduced, consisting of a 1% automatic payment for members already in pay status and a 1% payment contingent on positive asset returns. Members retiring on or after January 1, 2026 are eligible only for the contingent portion.

As of December 31, 2024 - None***As of December 31, 2023***

HB 4034 amended section 6.04(f) of Article 6243a-1 regarding disability benefits. The multiplier for disability benefits for members with service after September 1, 2017 was changed to 2.5% instead of an age-based table.

HB 4034 amended section 6.08 of Article 6243a-1 regarding death benefits for qualified survivors if a member dies in the line of duty. The multiplier for members hired prior to March 1, 2011 for service prior to September 1, 2017 was increased to 3% instead of 1.5%. For service after September 1, 2017, the multiplier was increased to 2.5% from 1.25%. For members hired on or after March 1, 2011, the multiplier was increased to 2.5% instead of 1.25%. The increased multiplier is for survivors who are either the member's children or surviving spouse, but not both. The maximum death benefit was increased to 90% from 45% of the member's average Computation Pay determined over 36 or 60 consecutive months.

The benefit changes above were effective September 1, 2023, but were included in the actuary report in 2024.

As of December 31, 2022 - None***As of December 31, 2021***

HB 3375 amended section 6.14 of Article 6243a-1 replacing the word "participant" with "any person" allowing survivors and beneficiaries additional flexibility regarding their DROP accounts, specifically as it relates to hardship distributions.

As of December 31, 2020 and 2019 - None***As of December 31, 2018***

The provision allowing members who entered DROP before June 1, 2017 to revoke the DROP election during a window from September 1, 2017 through February 28, 2018 is reflected in the December 31, 2018 total pension liability.

As of December 31, 2017

HB 3158 was signed by the Governor on May 31, 2017, the significant benefit and contribution changes in the bill were effective September 1, 2017.

- Normal Retirement Age increased from either age 50 or 55 to age 58.
- For members less than the age of 45 on September 1, 2017, hired prior to March 1, 2011, and less than 20 years of pension service the Early Retirement Age increased from age 45 to age 53.
- Vesting for members hired after February 28, 2011 was reduced from ten years to five years of service.
- Benefit multiplier for all future service for members hired prior to March 1, 2011 was lowered from 3.00% to 2.50%.
- Benefit multiplier retroactively increased to 2.50% for members hired on or after March 1, 2011.
- Benefit multipliers for 20 and Out benefit lowered.
- Members hired after February 28, 2011 are eligible for an early retirement benefit after 20 years of service.
- Maximum benefit reduced from 96% of Computation Pay to 90% of Computation Pay for members hired prior to March 1, 2011.

- Average Computation Pay period changed from 36 months to 60 months for future service for members hired prior to March 1, 2011.
- Annual Adjustment (COLA) discontinued for all members. The Board may choose to provide a COLA if the funded ratio on a market value basis is at least 70% after the implementation of a COLA.
- The supplemental benefit is eliminated prospectively; only those for whom the supplement was already granted as of September 1, 2017 will maintain the supplement.
- Active DROP participation is limited to 10 years.
- DROP interest for active DROP members was eliminated after September 1, 2017; only the balance as of September 1, 2017 will be eligible for interest once active DROP members retire.
- Retirees with DROP accounts as of September 1, 2017 will have their DROP account balances paid out over their expected lifetime based on their age as of September 1, 2017.
- Future retirees with DROP accounts will have their DROP account balances paid out over their expected lifetime as of the date of the retirement.
- Interest on retiree DROP accounts as of August 31, 2017 will be paid based on the length of the retiree's expected lifetime and will be based on U.S. Treasury rates which correlate to expected lifetime, as determined by the Board of Trustees.
- Member contributions for both DROP and non-DROP members increased to 13.5% effective September 1, 2017.
- The City's contribution rate will increase to 34.5% of Computation Pay. Between September 1, 2017 and December 31, 2024, the City's contribution will be the greater of (i) 34.5% and (ii) a biweekly contribution amount as stated in HB3158, plus \$13 million per year.

As of December 31, 2016 - None

Changes of methods and assumptions:

The following assumption changes were adopted by the Board for use in the January 1, 2026 actuarial valuation. For further information regarding the changes to actuarial assumptions, refer to the January 1, 2026 Dallas Police and Fire Pension System actuarial valuation reports for the Combined Pension Plan and the Supplemental Plan.

As of December 31, 2025 - None

As of December 31, 2024

- The mortality tables were updated to the Pub-2016 Public Safety Amount-weighted Mortality Tables, with varying adjustments by status and sex.
- The mortality improvement rates were updated to be projected generationally with Scale MP-2021.
- The DROP retirement rates were updated to lowered age-based rates covering the same service age ranges for each group.
- The non-DROP retirement rates were updated to age-based rates covering the same service age ranges for each group.
- The retirement assumption for inactive vested participants was updated to include an assumption that 25% of those who terminate will take a cash out within the first two years after termination. Afterwards, 100% retirement at normal retirement age.
- The Disability rates were updated with lowered age-based rates covering the same service age range.
- Assumed rates of turnover were updated to service-based rates covering the same service ranges for each group.
- Assumed Spousal Age Difference was updated to reflect females as two years younger than males.
- The payroll growth assumption increased to 3.5% from 2.5%.
- The salary scale assumption was updated based on service, with a 10-14% increase based on rank in the first year based on the 2025 Pay Scales.

As of December 31, 2023 -None***As of December 31, 2022***

- The salary scale assumption was updated based on the 2023 Meet and Confer agreement.
- The DROP Active retirement rates for participants in DROP for ten years was lowered from 100% to 75%.

As of December 31, 2021

- Administrative expense assumption was reduced to \$7.0 million from \$8.5 million or 1% of Computation Pay for the Combined Pension Plan and to \$55 thousand from \$65 thousand for the Supplemental Plan for the year beginning January 1, 2022.
- The ad-hoc COLA assumption was lowered from 2.0% to 1.5%. Ongoing, the COLA assumption will remain at five percentage points less than the investment return assumption.
- The ad-hoc COLA assumption was updated to begin October 1, 2073. Last year, the COLA was assumed to begin October 1, 2069.

As of December 31, 2020

- The net investment return assumption was lowered from 7.00% to 6.50%.
- The ad-hoc COLA assumption was updated to begin October 1, 2069. Last year, the COLA was assumed to begin October 1, 2063.

As of December 31, 2019

The following assumption changes were adopted by the Board for use in the January 1, 2020 actuarial valuation. Some of the assumption changes were related to the actuarial experience study completed for the five-year period ending December 31, 2019.

- The net investment return assumption was lowered from 7.25% to 7.0%.
- The salary scale assumption was updated based on the 2019 Meet and Confer agreement, with a new ultimate rate of 2.50%.
- The payroll growth assumption was lowered from 2.75% to 2.50%.
- The mortality rates were updated to the Pub-2010 Public Safety Amount-weighted Mortality Tables, with varying adjustments by status and sex, projected generationally with Scale MP-2019.
- The withdrawal rates were updated, and the ultimate 0% rate was moved up from 38 to 25 years of service.
- The DROP retirement rates were increased at most ages and the ultimate 100% retirement was updated from the earlier of 67 years or 8 years in DROP to the earlier of age 65 or 10 years in DROP.
- The non-DROP retirement rates were lowered at most ages and simplified from three sets to two sets of rates.
- The retirement assumption for inactive vested participants was updated to include an assumption that 75% of those who terminate with a vested benefit prior to age 40 will take a cash out at age 40.
- The DROP annuitization interest rate for account balances as of September 1, 2017 was lowered from 3.0% to 2.75%.
- The ad-hoc COLA assumption was updated to begin October 1, 2063. Last year, the COLA was assumed to begin October 1, 2050.
- The system's expectations for near-term market returns were lowered to -6.0% for 2020, +5.25% for 2021, +5.75% for 2022 and +6.25% for 2023. For valuation purposes, these return assumptions are used for determining the projected full-funding date and the projected COLA start date.

As of December 31, 2018

- The salary scale assumption was updated to reflect the 2016 Meet and Confer Agreement, as amended in 2018.
- The ad-hoc COLA assumption was updated to begin October 1, 2050 based on the updated projection of the unfunded actuarial accrued liability; last year, the COLA was assumed to begin October 1, 2053.

As of December 31, 2017

The discount rate used to measure the total pension liability changed from a blended discount rate of 4.12% to the assumed rate of return of 7.25% for the Combined Pension Plan and from a blended discount rate of 7.10% to the assumed rate of return of 7.25% for the Supplemental Plan.

As a result of the passage of HB 3158 the following assumption were changed:

- The DROP utilization factor was changed from 100% to 0%.
- Current DROP members with at least eight years in DROP as of January 1, 2017 are assumed to retire in 2018. Current DROP members with less than eight years in DROP as of January 1, 2017 are assumed to retire once they have been in the DROP for eight years.
- Retirement rates were changed effective January 1, 2018.
- 100% retirement rate once the projected sum of age plus service equals 90.
- New terminated vested members are assumed to retire at age 58.
- DROP account balances annuitized as of September 1, 2017 are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest.
- DROP payment period based on an 85%/15% male/female blend of the current healthy annuitant mortality tables.
- COLA assumed to be a 2.00% COLA beginning October 1, 2053 and payable every October 1st thereafter.
- The administrative expense assumption was changed from the greater of \$10 million per year or 1% of Computation Pay to the greater of \$8.5 million per year or 1% of Computation Pay for the Combined Pension Plan and from \$60 thousand to \$65 thousand for the Supplemental Plan.

As of December 31, 2016

- The blended discount rate used to measure the total pension liability changed from 3.95% to 4.12% for the Combined Pension Plan and from 7.19% to 7.10% for the Supplemental Plan.
- The remaining amortization period was adjusted from 40 years to 30 years for the Combined Pension Plan based on Section 802.101(a) of the Texas Government Code.

The salary scale was modified for valuation years 2017-2019 in accordance with the Meet and Confer Agreement. DROP interest is assumed to decline from 6.00% to 5.00% effective October 1, 2017, and to 0.00% effective October 1, 2018, per Section 6.14(c) of the plan document as amended and restated through April 16, 2015.

Schedule of Employer Contributions - Combined Pension Plan

(In Thousands)

CITY'S FISCAL YEAR ENDING SEPTEMBER 30,	ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED PAYROLL	CONTRIBUTIONS AS A % OF COVERED PAYROLL
2025	\$ 217,613	\$ 204,889	\$ 12,724	\$ 503,931	40.7%

For 2025, the ADC is calculated using a January 1, 2025 valuation date as of the beginning of the prior year. The actuarially determined contribution for the City's fiscal year ended September 30, 2026 was calculated in the January 1, 2025 actuarial valuation, with an interest and timing adjustment assuming the contribution will be paid in the City's fiscal year beginning October 1, 2025 and ending September 30, 2026.

Schedule of Employer Contributions - Combined Pension Plan

(In Thousands)

MEASUREMENT YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED PAYROLL	CONTRIBUTIONS AS A % OF COVERED PAYROLL
2024	\$ 237,229	\$ 188,633	\$ 48,596	\$ 469,276	40.2%
2023	251,606 ⁽¹⁾	171,961	79,646	462,820	37.2%
2022	228,531	169,911	58,619	436,971	38.9%
2021	221,286	165,541	55,744	427,441	38.7%
2020	185,429	161,950	23,479	396,955	40.8%
2019	152,084	155,721	(3,637)	363,117	42.9%
2018	157,100	149,357	7,743	346,037	43.2%
2017	168,865	126,318	42,547	357,414	35.3%
2016	261,859	119,345	142,514	365,210	32.7%

Note 1) Based on the original January 1, 2023 actuarial valuation, prior to the change in reporting the ADC based on the City's fiscal year.

For 2024, the ADC is calculated as of the valuation date and excludes the 21-month projection to the City's following fiscal year, to allow for a comparison point for the contributions.

Prior to 2024, the City's contributions were based on statutory rates set by State law and not Actuarially Determined Contributions. The difference between the actuarial determined contribution and the City contribution set by State statutes results in the contribution excess or deficiency.

Notes to Schedule:

The following methods and assumptions used to calculate the Actuarial Determined Contribution:

As of December 31, 2025

Actuarial cost method	Entry age normal cost method
Amortization method	The Board adopted a Funding Agreement with the City of Dallas that was based on a methodology that established two amortization bases of specified amounts as of January 1, 2023. The first amortization base was in the amount of \$2.290 billion and is to be amortized over 30 years on a level percent of pay basis. The second amortization base was in the amount of \$988.0 million, with a five-year step up of the amortization payment, with the outstanding balance after five years to be amortized over a 25-year period on a level percent of pay basis. Beginning January 1, 2024, each year's experience due to actuarial gains and losses or plan, assumption, or method changes are amortized over the amortization period remaining on the initial 2023 bases. Beginning in 2033, newly established bases will be set at a period of 20 years.
Remaining amortization period	28 years as of January 1, 2025
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age
Mortality	Pre-retirement: Pub-2016 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males and set back two years for females, projected generationally using Scale MP-2021 Post-retirement: Pub-2016 Public Safety Retiree Amount-Weighted Mortality Table, multiplied times 1.25 for males and multiplied times 0.8 for females, projected generationally using Scale MP-2021 Disabled: Pub-2016 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2021
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.

DROP utilization	The DROP utilization factor is 0% for new entrants.
<i>As of December 31, 2024</i>	
Actuarial cost method	Entry age normal cost method
Amortization method	The Board adopted a Funding Agreement with the City of Dallas that was based on a methodology that established two amortization bases of specified amounts as of January 1, 2023. The first amortization base was in the amount of \$2.290 billion and is to be amortized over 30 years on a level percent of pay basis. The second amortization base was in the amount of \$988 million, with a five-year step up of the amortization payment, with the outstanding balance after five years to be amortized over a 25-year period on a level percent of pay basis. Beginning January 1, 2024, each year's experience due to actuarial gains and losses or plan, assumption, or method of changes are amortized over the amortization period remaining on the initial 2023 bases. Beginning in 2033, newly established bases will be set at a period of 20 years.
Remaining amortization period	29 years as of January 1, 2024
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age
Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP utilization	The DROP utilization factor is 0% for new entrants.

As of December 31, 2023 as differed from above

Amortization method	25-year level percent of payroll for UAAL as of January 1, 2020, 20-year level percent of payroll for changes to the UAAL thereafter, using 2.50% annual increases.
Remaining amortization period	82 years as of January 1, 2023

As of December 31, 2022 as differed from above

Amortization method	25-year level percent of payroll for UAAL as of January 1, 2020, 20-year level percent of payroll for changes to the UAAL thereafter, using 2.50% annual increases.
Remaining amortization period	68 years as of January 1, 2022

As of December 31, 2021 that differed from above

Remaining amortization period	63 years as of January 1, 2021
Post-retirement benefit	COLA assumed to be 2.00% simple increases beginning October 1, 2073

As of December 31, 2020 that differed from above

Amortization method	25-year level percent of pay, using 2.50% annual increases. Beginning January 1, 2021, each year's gains and losses will be amortized over a closed 20-year period.
Remaining amortization period	55 years as of January 1, 2020
Investment rate of return	7.00% per annum, compounded annually, net of pension plan investment expense
Post-retirement benefit	COLA assumed to be a 2.00% beginning October 1, 2063 and increases payable every October 1 thereafter

As of December 31, 2019 that differed from above

Amortization method	30-year level percent of pay, using 2.75% annual increases
Remaining amortization period	38 years as of January 1, 2019
Investment rate of return	7.25% per annum, compounded annually, net of all expense, including administrative expenses.
Inflation rate	2.75%
Projected salary increases	Inflation plus merit increases, varying by group and service
Post-retirement benefit	COLA assumed to be a 2.00% COLA beginning October 1, 2050 and increases payable every October 1 thereafter

Mortality

Pre-retirement: Sex-distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015

Post-retirement: Sex-distinct RP-2014 Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015

Disabled: Sex-distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015

Interest on DROP accounts

Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2018 that differed from above

Remaining amortization period

45 years as of January 1, 2018

Projected salary increases

Inflation plus merit increases, varying by group and service, ranging from 0.00% to 2.25%

Post-retirement benefit

COLA assumed to be a 2.00% beginning October 1, 2053 and increases payable every October 1 thereafter

Interest on DROP accounts

Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest. Beginning January 1, 2018 DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2017 that differed from above

Projected salary increases

Inflation plus merit increases, varying by group and service, ranging from 0.25% to 2.45%

Post-retirement benefit

COLA assumed to be a 2.00% beginning October 1, 2049 and increases payable every October 1 thereafter

Interest on DROP accounts

6% per year until September 1, 2017. Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest.

DROP election

The DROP utilization factor is 0% for new entrants. Current DROP members with at least eight years in the DROP as of January 1, 2017 are assumed to retire in 2018. Current DROP members with less than eight years in DROP as of January 1, 2017 are assumed to retire once they have been in the DROP for eight years.

As of December 31, 2016 that differed from above

Post-retirement benefit increases	4.00% simple COLA, October 1 st
DROP balance returns	At October 1, 2015 - 7.0% At October 1, 2016 - 6.0% At October 1, 2017 and thereafter - 5.0%
DROP election	Age 50 with 5 years of service. Any active member who satisfies these criteria and has not entered DROP are assumed never to join DROP. Active members who retire with a DROP account are assumed to receive the balance of their account over a 10-year time period.

Schedule of Employer Contributions - Supplemental Plan

(In Thousands)

MEASUREMENT YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED PAYROLL	CONTRIBUTIONS AS A % OF COVERED PAYROLL
2025	\$ 3,354	\$ 3,354	\$ -	\$ 1,838	182.5%
2024	3,807	4,256	(449)	1,923	221.4%
2023	3,666	3,666	-	1,800	203.6%
2022	2,807	2,807	-	1,631	172.1%
2021	2,099	2,099	-	627	334.8%
2020	1,777	1,777	-	584	304.3%
2019	1,881	1,530	351	622	246.2%
2018	2,274	1,979	295	916	216.0%
2017	2,087	2,077	10	525	395.6%
2016	3,063	3,063	-	725	422.9%

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the Board. Actuarially Determined Contributions are calculated as of January 1 in the fiscal year in which the contribution is reported. The deficiency shown on the table is due to Supplemental Plan contributions paid directly to the Excess Benefit Plan in compliance with Internal Revenue Code Section 415. The contribution excess for 2024 is due to the rescission of the immediate partial COLA.

Notes to Schedules:

The following methods and assumptions were used to calculate the actuarial determined contribution for the Supplemental Plan:

As of December 31, 2025

Actuarial cost method	Entry age normal cost method
Amortization method	20-year level percent of payroll for UAAL as of January 1, 2020, 10-year level percent of payroll for changes to the UAAL thereafter, using 3.50% annual increases.
Remaining amortization period	13 years as of January 1, 2025
Asset valuation method	Market Value of assets
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense.
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age

Mortality	<p>Pre-retirement: Pub-2016 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males and set back two years for females, projected generationally using Scale MP-2021</p> <p>Post-retirement: Pub-2016 Public Safety Retiree Amount-Weighted Mortality Table, multiplied times 1.25 for males and multiplied times 0.8 for females, projected generationally using Scale MP-2021</p> <p>Disabled: Pub-2016 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2021</p>
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP election	The DROP utilization factor is 0% for new entrants.
<i>As of December 31, 2024</i>	
Actuarial cost method	Entry age normal cost method
Amortization method	20-year level percent of payroll for UAAL as of January 1, 2020, 10-year level percent of payroll for changes to the UAAL thereafter, using 2.50% annual increases.
Remaining amortization period	14 years as of January 1, 2024
Asset valuation method	Market Value of assets
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense.
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age
Mortality	<p>Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019</p> <p>Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019</p> <p>Disabled: Pub-2010 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019</p>

Interest on DROP accounts Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.

DROP election The DROP utilization factor is 0% for new entrants.

As of December 31, 2023 that differed from above

Remaining amortization period 15 years as of January 1, 2023

As of December 31, 2022 that differed from above

Remaining amortization period 16 years as of January 1, 2022

As of December 31, 2021 that differed from above

Remaining amortization period 17 years as of January 1, 2021

Post-retirement benefit increases COLA assumed to be a 1.5% beginning October 1, 2023 and payable every October 1st thereafter

As of December 31, 2020 that differed from above

Amortization method 20-year level percent of pay, using 2.50% annual increases. Beginning January 1, 2021 each year's gains and losses will be amortized over a closed 10-year period.

Remaining amortization period 20 years

Investment rate of return 7.00% per annum, compounded annually, net of all expense, including administrative expenses.

Projected salary increases Inflation plus merit increases, varying by group and service

Post-retirement benefit increases COLA assumed to be a 2.00% beginning October 1, 2023 and payable every October 1st thereafter

As of December 31, 2019 that differed from above

Amortization method	10 years level percent of pay, using 2.75% annual increases
Remaining amortization period	10 years
Investment rate of return	7.25% per annum, compounded annually, net of all expense, including administrative expenses.
Inflation rate	2.75%
Post-retirement benefit increases	COLA assumed to be a 2.00% beginning October 1, 2050 and payable every October 1st thereafter
Mortality	<p>Pre-retirement: Sex-distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015</p> <p>Post-retirement: Sex-distinct RP-2014 Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015</p> <p>Disabled: Sex-distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015</p>
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2018 that differed from above

Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.00% to 2.25%
Post-retirement benefit increases	COLA assumed to be a 2.00% beginning October 1, 2053 and payable every October 1st thereafter
Interest on DROP accounts	Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest. Beginning January 1, 2018 DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2017 that differed from the above

Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.25% to 2.45%
Post-retirement benefit increases	COLA assumed to be a 2.00% beginning October 1, 2049 and payable every October 1 thereafter
Interest on DROP accounts	6% per year until September 1, 2017. Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest.

As of December 31, 2016 that differed from above

Post-retirement benefit increases	4.00% simple COLA, October 1 st
DROP balance returns	October 1, 2015 - 7% October 1, 2016 - 6% October 1, 2017 and thereafter - 5%
DROP election	Age 50 with 5 years of service. Any active member who satisfy these criteria and have not entered DROP are assumed never to join DROP. Active members who retire with a DROP account are assumed to receive the balance of their account over a 10-year time period.

Schedule of Investment Returns

FISCAL YEAR ENDED DECEMBER 31,	ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE
2025	16.47%
2024	8.30%
2023	10.15%
2022	(2.77%)
2021	5.52%
2020	1.48%
2019	11.51%
2018	(1.49%)
2017	5.07%
2016	3.09%

Notes to Schedule:

The annual money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense, and expresses investment performance adjusted for the changing amounts actually invested. Pension plan investment expense consists of manager fees. The return is calculated using a methodology which incorporates a one quarter lag for fair value adjustments on private equity, debt, and real assets investments and is provided by DPFP's investment consultant, Meketa Investment Group Inc. for the periods 2018-2025 and NEPC, LLC for the periods 2016-2017.

Supplementary Information

Administrative, Investment, and Professional Services Expenses

For both the Combined and Supplemental Plans

Year Ended December 31, 2025

ADMINISTRATIVE EXPENSES	
Information technology	\$ 748,336
Education	60,061
Insurance	540,707
Personnel	3,851,850
Office equipment	94,954
Dues and subscriptions	181,254
Board meetings	4,046
Office supplies	19,727
Utilities	28,912
Postage	24,311
Printing	4,997
Elections	7,883
Facilities	761,239
Other	24,422
Total administrative expenses	\$ 6,352,699
INVESTMENT EXPENSES	
Investment management	\$ 6,093,547
Custodial	199,418
Investment level valuations and audits	456,156
Research	59,102
Consulting and reporting	620,417
Legal	879,526
Tax	13,176
Other	13,302
Total investment expenses	\$ 8,334,644
PROFESSIONAL SERVICES EXPENSES	
Actuarial	\$ 2,103
Consulting	280,586
Auditing	135,400
Accounting	60,231
Medical review	3,500
Legal	1,133,470
Mortality records	270
Legislative	157,189
Other	34,136
Total professional services expenses	\$ 1,806,885

Notes to Schedule:

Supplementary information on investment expenses does not include investment management fees and performance fees embedded in the structure of private equity and other limited partnership investments. Rather, these fees are a component of the net appreciation (depreciation) in fair value of investments in the accompanying Statements of Changes in Fiduciary Net Position. In addition, management fees paid directly by DFPF are included net of rebates received. The members of the Board of Trustees serve without compensation; they are reimbursed for actual expenses incurred.

See accompanying independent auditor's report.



DISCUSSION SHEET

ITEM #C3

Topic: 2025 Annual Comprehensive Financial Report

Discussion: Staff will present the 2025 Annual Comprehensive Financial Report.

Staff

Recommendation: **Authorize** the Executive Director to issue the 2025 Annual Comprehensive Financial Report and to forward the report to the Pension Review Board, the City of Dallas and to post it on the DPFP website.

Regular Board Meeting – Thursday, June 11, 2026

ANNUAL COMPREHENSIVE FINANCIAL REPORT

2025

For the Years Ending
December 31, 2025 and 2024

DRAFT



DALLAS
POLICE & FIRE
PENSION SYSTEM



An independently governed blended component
unit of the City of Dallas, Texas

ANNUAL COMPREHENSIVE FINANCIAL REPORT

2025

For the Years Ending
December 31, 2025 and 2024



Serving those who protect the Dallas Community



DALLAS
POLICE & FIRE
PENSION SYSTEM



Prepared through the combined
efforts of the Dallas Police &
Fire Pension System Staff.

An independently governed blended component
unit of the City of Dallas, Texas

Kelly Gottschalk,
Executive Director

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INTRODUCTION

2025





Transmittal Letter

June 11, 2026

Board of Trustees
 Dallas Police and Fire Pension System
 4100 Harry Hines Blvd., Suite 100
 Dallas, TX 75219

Dear Trustees and Members:

I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the Dallas Police and Fire Pension System (DPFP), including the Combined Pension Plan and the Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan), collectively referred to as the Plans, for the fiscal year ended December 31, 2025. Responsibility for both the accuracy of the data, and the completeness and fairness of presentation, rests with DPFP management.

Management is also responsible for establishing a system of internal controls to safeguard assets. The cost of a control should not exceed the benefits to be derived. The objective of the system of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. BDO USA, PC (BDO) audited the accompanying basic financial statements and related disclosures. The financial statement audit provides reasonable assurance that DPFP's financial statements are presented in conformity with accounting principles generally accepted in the United States of America and are free from material misstatement.

The financial statements include a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. MD&A can be found immediately following the independent auditor's reports in the Financial section.

Profile of DPFP

DPFP is an independently governed blended component unit of the City of Dallas (City) and serves to provide retirement, death and disability benefits to police officers and firefighters employed by the City. DPFP is a single employer contributory defined benefit plan. The general terms "police officers" and "firefighters" also include fire and rescue operators, fire alarm operators, fire inspectors, apprentice police officers, and apprentice firefighters. A retirement plan for Dallas police officers and firefighters was first created in 1916 by City of Dallas ordinance. In 1933, the 43rd Legislature enacted 6243a, Vernon's Texas Civil Service Statutes, establishing DPFP. The Plan was restated and continued in 1989 by an Act of the 71st Legislature under Article 6243a-1. Article 6243a-1 was significantly amended by House Bill 3158 (HB 3158 or the bill) which was passed unanimously by the 85th Legislature and was signed into law by Governor Abbott on May 31, 2017. This plan is referred to as the Combined Pension Plan. On December 31, 2025, there were 11,569 members and beneficiaries in the Combined Pension Plan.

The Supplemental Plan was created by City Ordinance in 1973. The intent of the Supplemental Plan is to provide additional retirement benefits to those members holding a rank higher than the highest corresponding civil service rank as provided in the Combined Pension Plan. On December 31, 2025, there were 225 members and beneficiaries in the Supplemental Plan.

The assets of the Combined Pension Plan and the Supplemental Plan are co-invested through a Group Master Trust. Administrative and professional expenses of DPFP are allocated to each plan on a pro-rata share based on the assets of each plan.

Major Initiatives and Significant Events

In 2025, DPFP continued focusing on meeting the Texas Legislature mandate, Section 2.025, which was included in HB 3158. Section 2.025 required the Board to adopt a plan, by rule, (2.025 Plan) to ensure the Combined Pension Plan meets the funding guidelines established by section 802 of the Texas Government Code and consider the recommendation of the independent actuary in adopting the plan. On August 8, 2024, the Board adopted, by rule, a plan that met the legislative requirements. The City of Dallas did not agree with the DPFP plan and the legal procedures that began in 2024 continued into 2025. Ultimately, the DPFP Board and City of Dallas agreed to a settlement in December 2025. Additional information is in the Funding Section of this letter and in the MD&A and notes in the Financial Section of this report.

In addition to continuing work on liquidating legacy private assets, the pension system's work with a private markets consultant to develop the construction, benchmarks, pacing and recommendations for the private credit portfolio continued. New investments in this area were approved in 2025 and expect to be funded in 2026. An updated asset allocation was approved in 2024 and became effective in 2025. See additional discussion under Investment Program and Illiquid Real Estate and Private Asset Portfolio in this letter.

Additional information is included in MD&A and the notes to the financial statements in the Financial section, as well as the Investment and Actuarial section of this report.

Funding Status

As has been described in detail in prior years' Annual Comprehensive Financial Reports, the Combined Pension Plan experienced a funding crisis beginning in 2015. At the lowest point, the Combined Pension Plan was projected to be insolvent in seven years. The legislation, which was effective September 1, 2017, created a path to 100% funding. Section 2.025 of Article 6243a-1 required that the Texas State Pension Board (PRB) select an independent actuary who the Board shall hire to perform an actuarial analysis of the Pension System. In 2023, in accordance with this requirement, an independent actuary began work on the analysis, which was required to include 1) a conclusion regarding whether the pension system meets pension funding requirements under Texas Government Code Section 802 and 2) recommendations regarding changes to benefits or to member or city contribution rates. This work was completed and on August 8, 2024, the Board accepted the independent actuary's report and subsequently adopted, by rule, a plan (2.025 Plan) that 1) complies with the funding and amortization period requirements applicable to the pension system under Subchapter C, Chapter 802 of the Texas Government Code and 2) took into consideration the recommendations of the independent actuary. The funding policy for City contributions changed as a result of the required review process and plan adoption. In August 2024, DPFP filed a Declaratory Judgement Action against the City of Dallas related to the interpretation of the DPFP plan and Section 802 of the Texas Government Code. The District Court in Travis County ruled in favor of DPFP. The City of Dallas appealed the decision to the Court of Appeals. The DPFP Plan ADC contribution funding policy was effective October 1, 2024 and the City did not make contributions based on the adopted plan, but rather on a plan approved by the City Council in September 2024. Subsequently, the Board reached a settlement with the City of Dallas regarding future funding of the plan and the lawsuit was dismissed. The actuarial valuation results of both Plans were revised for January 1, 2024 and January 1, 2025 to reflect the funding agreement that was part of the settlement. The numbers in this report reflect the revision unless noted.

If the actuarial assumptions are met and the City contributes in accordance with the funding agreement, the Combined Pension Plan is projected to achieve full funding by 2053. However, under the funding agreement, the January 1, 2026, City contributions are less than the ADC and are expected to remain below the ADC until 2030.

The Unfunded Actuarial Accrued Liability (UAAL) of the Combined Pension Plan as of January 1, 2026 was \$3.73 billion, an increase of approximately \$70 million from the previous year's UAAL of \$3.66 billion. The January 1, 2026 funding ratio based on the actuarial value of assets for the Combined Pension Plan was 35.2%, an increase from the prior year's funded ratio of 34.1%. The increase in the funded percentage is due to investment gains which were offset by a loss from sources other than investments. The amortization period for the Combined Pension Plan is a closed 30-year period, established as of January 1, 2023. As of January 1, 2026, there are 27 years remaining on this schedule. The current funding method is intended to result in predictable contributions that eliminate the UAAL within 27 years, thereby providing benefit security to plan participants while balancing the needs of current and future contributors to the plan.

The January 1, 2026 actuarial funding ratio for the Supplemental Plan was 53% and the UAAL was \$23 million, compared to a 50% funded ratio and \$22.8 million UAAL in 2025. The amortization period for the Supplemental Plan is based on a closed amortization period of 20 years. Beginning in 2021, future gains and losses are amortized over separate, closed 10-year periods. The City's contribution to the Supplemental Plan is the Actuarially Determined Contribution (ADC) plus payments to the Excess Benefits Plan and Trust related to the Supplemental Plan. The increase in funded percentage is due to investment gains offset by a loss from sources other than investments. The small size of the Supplemental Plan makes it more susceptible to fluctuations than a typical defined benefit plan.

Additional information on the funding status, actuarial assumptions, asset values and contributions can be found in the MD&A, notes to the combining financial statements, Required Supplementary Information, and the Actuarial and Investment sections.

2025 Financial Results

The Plans' net position increased by \$243 million in 2025. Investment gains were partially offset by the outflow of benefit payments exceeding contributions. Total contributions increased by \$33.3 million or 12.73% in 2025, while benefit payments increased by \$2.4 million or 1% when compared to 2024.

The money-weighted rate of return on investments during 2025 was 16.47% net of fees, compared to a rate of return of 8.3% for 2024. The rate of return is provided by Meketa Investment Group, DPFP's investment consultant for the years ended December 31, 2025 and December 31, 2024. The rate of return calculations were prepared using methodology consistent with standard industry practice and cannot be recalculated from the information provided herein.

Additional information on financial results is provided in the MD&A, Financial and Investment sections. The Investment Consultant's Report in the Investment section provides additional economic information.

Investment Program

The investment program continued to see significant changes in 2025, restarting a private asset program and managing increasing public markets exposure during the year. Key challenges for the investment portfolio continued to be the variance between the current asset allocation targets, effective January 1, 2025, and the current actual asset allocation. Additionally, while reduced in 2025, cash outflows required for benefit payments still exceed cash inflows.

Over the course of the year, the size of the investment portfolio increased by approximately \$232 million to \$2.25 billion in investment assets. The portfolio returned a time weighted return of 16.4%, net of fees in 2025. DPFP performed in line with its policy benchmark and outperformed peers in part because of the strong public equity results.

The overweight to underperforming or non-performing private assets is an ongoing challenge. It will take several years to reduce the private assets to the levels in the asset allocation and the return on the portfolio may lag during the transition.

The Investment Advisory Committee (IAC) held meetings during 2025 to provide advice to the Board of Trustees to ensure DFPF investments are prudently managed and give advice regarding the search and selection process for investment managers.

In anticipation of new private market investments commencing in 2025, staff, the private markets consultant (Albourne) and the IAC worked to develop the practices and procedures that would be followed for new private market searches and commitments.

Additional information regarding the investment program is included in MD&A and the notes to the financial statements in the Financial section, as well as the Investment section of this report.

Illiquid Real Estate and Private Asset Portfolio

DFPF made progress towards reducing the over allocation to private assets with the continued liquidation of these assets in 2025. Distributions from the private asset portfolio were \$70 million in 2025. Capital calls during 2025 were \$250 thousand. On December 31, 2025, private asset investments still comprised approximately 17.6% of the portfolio.

Additional information regarding the investment program is included in MD&A and the notes to the financial statements in the Financial section, as well as the Investment section of this report.

Litigation

The challenges faced by DFPF involved extensive litigation matters related to plan amendments and other matters. In August 2021, The Dallas Police Retired Officers Association filed suit against DFPF alleging that changes to the provisions of the DFPF Plans relating to the benefit supplement and annual adjustment were violative of the Texas Constitution. In March 2022, the district court granted DFPF's motion for summary judgment. The plaintiff appealed this judgment. In November 2023, the Fifth Court of Appeals affirmed the decision of the district court. The plaintiff filed a motion for a rehearing by the original panel as well as a request for a hearing en banc. These motions were denied. The Plaintiff filed a petition for review with the Texas Supreme Court. In December 2025, the Texas Supreme Court issued a final order denying the plaintiff's petition for review, ending the case.

In August 2024, DFPF filed a Declaratory Judgement in district court in Travis County against the City of Dallas seeking an interpretation of Section 2.025 and Section 802 of the Texas Government Code. The District Court ruled in favor of DFPF. The City of Dallas appealed this ruling to the Court of Appeals. In December 2025, the City of Dallas and DFPF reached a settlement in the case and the lawsuit was dismissed.

Additional litigation related matters are still pending in the courts.

Additional information on ongoing litigation is available in MD&A and Notes 1 and 9 of the financial statements in the Financial section of this report.

Awards and Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to DPFP for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2024. This was the tenth year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Public Pension Standards Award for Administration

The Public Pension Coordinating Council (PPCC) gave the 2025 Public Pension Standards Award for Administration to DPFP in recognition of meeting professional standards for plan administration as set forth in the Public Pension Standards.

Acknowledgements

The compilation of this report reflects the combined effort of the staff under the leadership of the Board of Trustees. Specifically, I would like to acknowledge Brenda Barnes, Bill Scoggins, Larissa Branford, Milissa Romero, John Holt, Ryan Wagner, Kyle Schmit, Luis Solorzano Trejo, and Divyesh Shah for their work on the ACFR and the annual financial audit. I would like to express my gratitude to the Trustees, staff, advisors and others who have worked so diligently to ensure the successful operation of DPFP.

Respectfully submitted,

Kelly Gottschalk, Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Dallas Police & Fire Pension System
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

Board of Trustees

Article 6243a-1 of the Texas Statutes governs the makeup and responsibilities of the Board. The Board is responsible for the administration of DPFP and investment of the assets of the Combined Pension Plan and Supplemental Police and Fire Pension Plan of the City of Dallas.

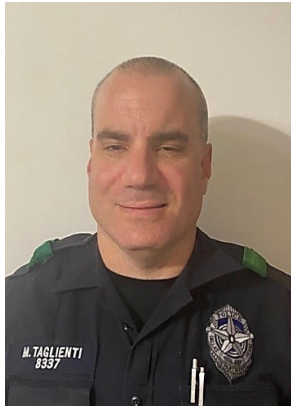
The Board consists of eleven Trustees who are selected as follows:

- Six Trustees appointed by the Mayor of the City of Dallas, in consultation with the City Council;
- One current or former police officer Trustee, elected by active members;
- One current or former firefighter Trustee, elected by active members; and
- Three Trustees (who may not be active members or retirees) elected by the active members and retirees from a slate of candidates vetted by the Nominations Committee. The Nominations Committee consists of representatives from 11 named police and fire associations and the Executive Director of DPFP. The Executive Director serves as the chair of the committee and is a nonvoting member.

To be appointed or elected, a person must have demonstrated financial, accounting, business, investment, budgeting, real estate or actuarial expertise and may not be an elected official or current employee of the City of Dallas, with the exception of a current police officer or firefighter.

The Board serves without compensation and meets not less than once each month. Six Trustees of the Board constitute a quorum at any meeting. Six affirmative votes are required to pass a motion regardless of the number of Trustees in attendance at a meeting. Some actions, specifically identified in Article 6243a-1, require a vote of at least eight Trustees.

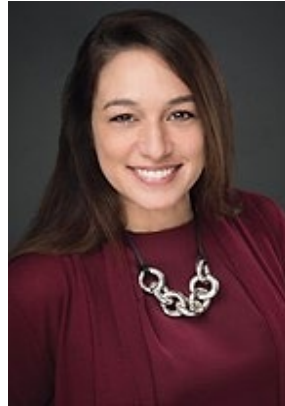
Board of Trustees⁽¹⁾



Michael Taglienti
Chairman
Police Trustee
Term Expires 8/2026



Tom Tull
Vice Chairman
Mayoral Appointee
Term Expires 8/2026



Tina Hernandez Patterson
Deputy Vice Chairman
Non-member Trustee
Term Expires 8/2028



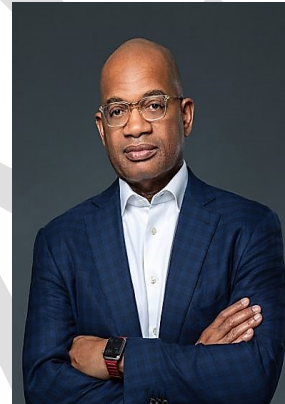
Joe Colonna
Mayoral Appointee
Term Expires 3/2028



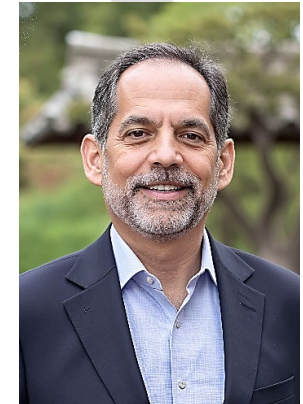
Yvette Duenas
Non-member Trustee
Term Expires 8/2028



Steve Idoux
Mayoral Appointee
Term Expired 8/2024⁽²⁾



David Kelly
Mayoral Appointee
Term Expires 3/2028



Scott Letier
Mayoral Appointee
Term Expires 8/2028



Anthony Scavuzzo
Non-member Trustee
Term Expires 8/2028



Matthew Shomer
Fire Trustee
Term Expires 8/2026

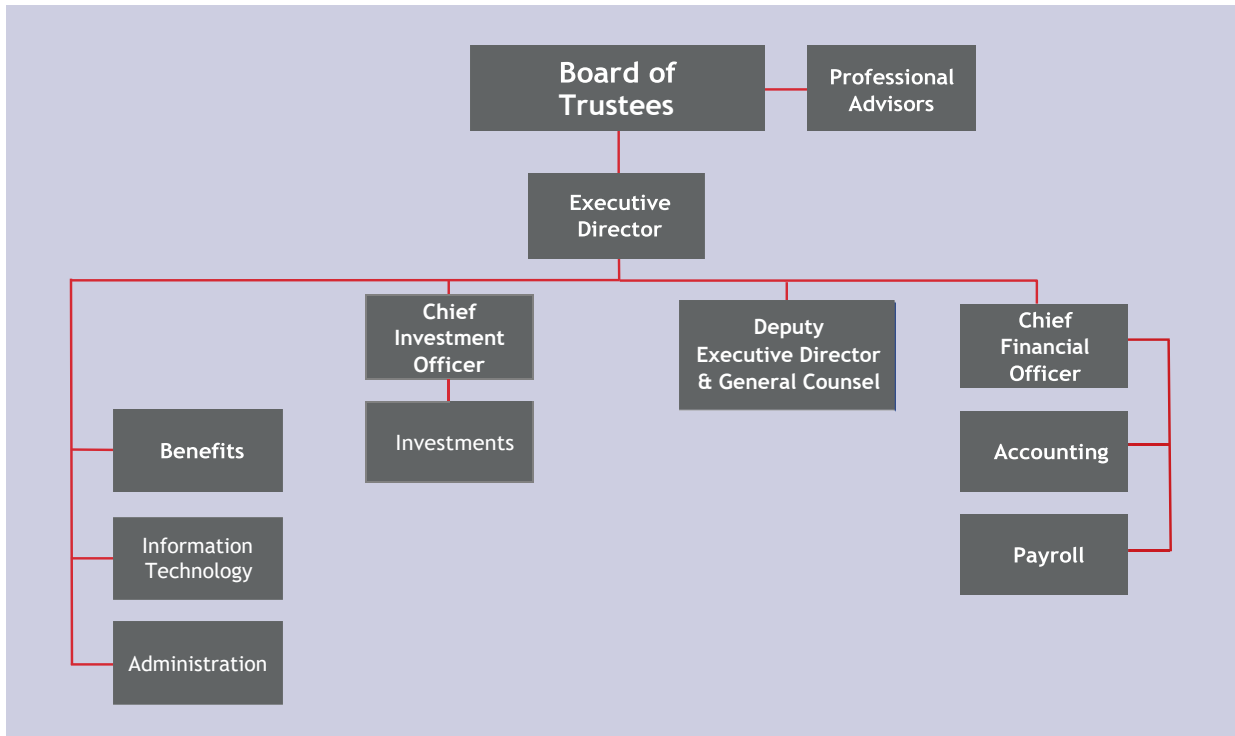


Robert Walters
Mayoral Appointee
Term Expires 3/2028

(1) Board composition reflects Trustees as of December 31, 2025.

(2) The term of Mayoral Trustee Steve Idoux expired on August 31, 2024 and he continues to serve as a holdover Trustee pending a new appointment by the Mayor of Dallas.

Administrative Organization



Professional Advisors as of December 31, 2025

Actuary
Segal Consulting

Auditor
BDO USA, PC

Custodian Bank
Bank of New York (BNY)

Investment Accounting Firm
STP Investment Services, LLC

Investment Consultant
Meketa Investment Group
Albourne America LLC

Investment Managers
(See page 95)

Legislative Consultants
HillCo Partners, LLC

Fiduciary Counsel
Jackson Walker, LLP

Executive Staff as of December 31, 2025

Executive Director
Kelly Gottschalk

**Deputy Executive Director
& General Counsel**
Joshua Mond

Chief Financial Officer
Brenda Barnes, CPA

Chief Investment Officer
Ryan Wagner

Note: A schedule of investment management fees is provided in the Investment section of this report on page 92 - 93.

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FINANCIAL INFORMATION

2025



Independent Auditor's Reports



Tel: 214-969-7007
 Fax: 214-953-0722
www.bdo.com

600 North Pearl, Suite 1700
 Dallas, Texas 75201

To the Board of Trustees
 Dallas Police and Fire Pension System
 Dallas, TX

Report on the Audit of the Financial Statements

Opinion

We have audited the combining financial statements of the Dallas Police and Fire Pension System (DPFP), a component unit of the City of Dallas, Texas, as of and for the years ended December 31, 2025 and 2024, and the related notes to the combining financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of DPFP as of December 31, 2025 and 2024, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DPFP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the DPFP's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the DFPF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the DFPF's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the schedules of changes in the net pension liability and related ratios, employer contributions, and investment returns be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise DFPF's basic financial statements. The accompanying supplementary schedule of Administrative, Investment, and Professional Services Expenses for the year ended December 31, 2025 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary schedule of Administrative, Investment, and Professional Services Expenses for the year ended December 31, 2025 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2026 on our consideration of DFPF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DFPF's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DFPF's internal control over financial reporting and compliance.

Dallas, Texas

_____, 2026



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Trustees
 Dallas Police and Fire Pension System
 Dallas, TX

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Dallas Police and Fire Pension System (DPFP), a component unit of the City of Dallas, Texas, which comprise the combining statement of fiduciary net position as of December 31, 2025, and the related combining statement of changes in fiduciary net position for the year then ended, and the related notes to the combining financial statements, and have issued our report thereon dated June _____, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DPFP's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DPFP's internal control. Accordingly, we do not express an opinion on the effectiveness of DPFP's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DPFP's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dallas, Texas
_____, 2026

Management's Discussion and Analysis

(Unaudited)

Overview

Management's Discussion and Analysis (MD&A) provides an overall review of the financial activities of the Dallas Police and Fire Pension System (DPFP), including the Combined Pension Plan and the Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan), collectively referred to as the Plans, for the fiscal years ended December 31, 2025 and 2024. This discussion and analysis is intended to serve as an introduction to the financial statements, which reflect the Plans' resources available for payment of benefits and other related expenses. MD&A should be read in conjunction with the combining financial statements, notes to the combining financial statements, required supplementary information, and additional supplementary information provided in this report.

Financial Statements

The combining financial statements consist of the following:

Combining Statements of Fiduciary Net Position which reflect a snapshot of the Plans' financial position and reflect resources available for the payment of benefits and related expenses at year end. The resulting Net Position (Assets - Liabilities and Deferred Inflows of Resources = Net Position) represents the value of the assets held in trust for pension benefits, net of liabilities owed and deferred inflows of resources as of the financial statement date.

Combining Statements of Changes in Fiduciary Net Position which reflect the results of all transactions that occurred during the fiscal year and present the additions to and deductions from the net position. Effectively, these statements present the changes in plan net position during the fiscal year (Additions - Deductions = Net Change in Net Position). If the change in net position increased, additions were more than deductions. If the change in net position decreased, additions were less than deductions.

Notes to Combining Financial Statements, which are an integral part of the combining financial statements, include additional information that may be needed to obtain an adequate understanding of the overall financial status of the Plans.

Required Supplementary Information (Unaudited) and additional Supplementary Information provide historical and additional information considered useful in obtaining an overall understanding of the financial positions and activities of the Plans.

Financial Highlights

The combining financial statements are presented solely on the accounts of the Plans. The accrual basis of accounting is utilized, whereby revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the related liability has been incurred. Investments are reported at fair value.

A summary of the Combining Statements of Fiduciary Net Position of the Plans is as follows (in thousands):

DECEMBER 31:	2025	2024	2023
Assets			
Investments, at fair value	\$ 2,157,249	\$ 1,939,829	\$ 1,875,833
Receivables	27,528	17,807	15,349
Cash and cash equivalents	93,564	72,317	62,346
Prepaid expenses	570	602	561
Capital assets, net	11,342	11,480	11,456
Total assets	2,290,253	2,042,035	1,965,545
Liabilities			
Securities purchased	5,449	116	4,476
Accounts payable and accrued liabilities	5,689	5,203	4,307
Total liabilities	11,138	5,319	8,783
Deferred Inflow of Resources	2,101	2,439	2,138
Net position restricted for pension benefits	\$ 2,277,014	\$ 2,034,277	\$ 1,954,624

The assets of the Combined Pension Plan and the Supplemental Plan are co-invested through a Group Master Trust (Group Trust). The money-weighted rate of return, net of fees for all time periods, on Group Trust investments during 2025 was 16.47% compared to a rate of return of 8.30% for 2024 and 10.15% for 2023. Meketa Investment Group, Inc., DFPF's general investment consultant at December 31, 2025, provides the rate of return for all years. The methodology used by the investment consultants to calculate the money-weighted rate of return incorporates a one-quarter lag on fair value adjustments for private investments. This "lagged with cash flow adjustments" methodology is consistent with standard industry practice and allows for timely reporting to the Board of Trustees (Board). Gains and losses on lagged investments, which occur in the fourth quarter of any year, are recognized in the following year's rate of return.

For December 31, 2025, private investments have been valued using their September 30, 2025 valuations, adjusted for capital affected cash flows during the fourth quarter of 2025.

The Plans' net position increased by \$243 million in 2025, \$80 million in 2024 and by \$131 million in 2023. While benefit payments continue to exceed contribution payments, the shortfall was offset by investment gains.

The increase in receivables in 2025 and 2024 is primarily the result of the timing of the last payroll of the year for the City of Dallas as such timing impacts the collection of benefit contributions and the accrual of the 2025 Supplemental contributions. Additionally, in 2024 receivables increased due to the implementation of another lease covered under Governmental Accounting Standards Board (GASB) 87, *Leases*, which requires the recognition of a lease receivable and deferred inflow of resources. See Note 11 for additional information on leases.

The cash balance increased in 2025 and 2024 due to the timing of rebalancing transactions and a higher allocation to cash due to a higher total portfolio asset level.

DALLAS POLICE & FIRE PENSION SYSTEM

A summary of the Combining Statements of Changes in Fiduciary Net Position of the Plans is as follows (in thousands):

YEARS ENDED DECEMBER 31:	2025	2024	2023
Additions			
Contributions			
City	\$ 218,426	\$ 192,890	\$ 175,626
Members	75,941	68,215	62,789
Total contributions	294,367	261,105	238,415
Net income(loss) from investing activities	308,575	175,759	197,575
Other income	541	517	47,748
Total additions	603,483	437,381	483,738
Deductions			
Benefits paid to members	348,283	344,975	340,976
Refunds to members	4,304	5,260	5,310
Professional and administrative expenses	8,159	7,493	6,036
Total deductions	360,746	357,728	352,322
Net increase (decrease) in net position	242,737	79,653	131,416
Net position restricted for pension benefits			
Beginning of period	2,034,277	1,954,624	1,823,208
End of period	\$ 2,277,014	\$ 2,034,277	\$ 1,954,624

City contributions to the Plans increased by \$25.5 million or 13.2% in 2025 and \$17.3 million or 9.8% in 2024 due to increased salaries, the number of employees and changes in the funding methodology. See Funding Overview in the MD&A and Note 1 for additional information on the changes in the funding methodology.

Prior to October 1, 2024, the City's contribution rate for the Combined Pension Plan was 34.5% of Computation pay, plus a floor amount to meet the minimum required contribution, plus an additional amount of \$13 million paid over 26 pay periods.

Beginning October 1, 2024, the City made contributions pursuant to a resolution adopted by the City Council on September 11, 2024. The contributions under this plan included a fixed-dollar payment to amortize the January 1, 2023 actuarial unfunded liability over a 30-year period and a fixed percentage of Computation Pay set at 6.78% for the period October 1, 2024 to September 30, 2025 and 6.66% for the period October 1, 2025 to September 30, 2026. See Note 1 for additional information on City contribution rates.

2025 City contributions to the Combined Pension Plan include fixed-dollar payments of \$177.3 million and contributions based on the percentage of Computation Pay of \$37.8 million.

2024 City contributions to the Combined Pension Plan include fixed-dollar payments of \$51.7 million and contributions based on the percentage of Computation Pay of \$136.9 million.

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the Board. City contributions to the Supplemental Plan in 2025 decreased by \$902 thousand over 2024 contributions.

The 2025 and 2024 Contribution rates for members were statutorily defined for the Plans. Contributions for all active members (including members in Deferred Retirement Option Plan (DROP)) were 13.5% of Computation Pay.

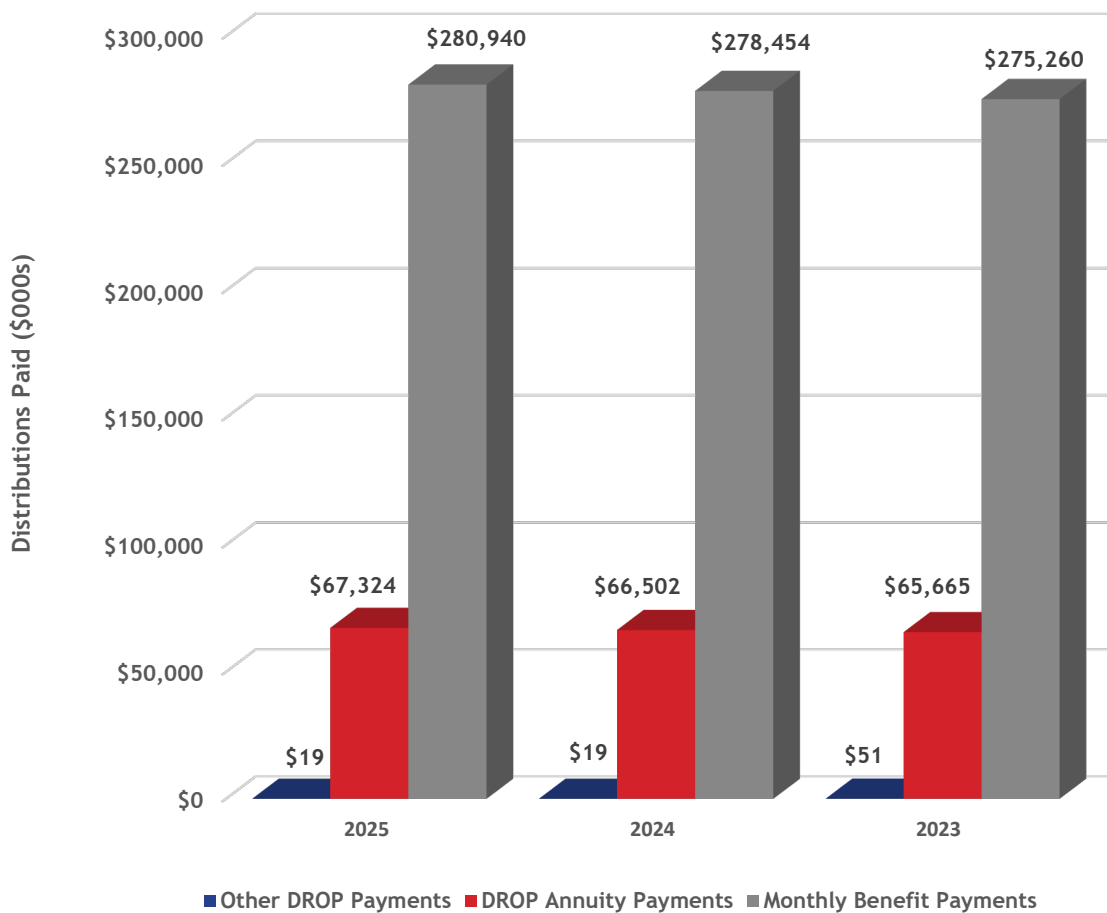
Member contributions for the Plans increased by \$7.7 million or 11.3% in 2025 and \$5.4 million or 8.6% in 2024 due to increased salaries and the number of employees.

Other income increased by \$24 thousand in 2025 and decreased by \$47.2 million in 2024 because in 2023 the System reached an agreement with a prior vendor and received a financial settlement.

Net investment income (loss) is presented net of investment expenses and is comprised of interest, dividend income, gains (losses) from the sale of investments and net unrealized appreciation (depreciation) in the fair value of investments. Net investment gain in 2025 and 2024 was driven primarily by the increase in the fair value of investments held in public equity securities, fixed income and public credit.

Distributions to members consist of monthly payments of retirement, disability, and survivor benefits, as well as monthly DROP annuity payments and other DROP payments made in accordance with Section 6.14 of Article 6243a-1 of the Texas Civil Statutes. The following chart compares the components of distributions paid to members for the years ended December 31, 2025, 2024, and 2023.

Distributions Paid to Members Twelve Months Ended December 31



Total benefits paid in 2025 increased \$3.3 million or 1.0% over 2024. Monthly benefit payments increased \$2.5 million or 0.89% in 2025 and \$3.2 million or 1.2% in 2024 due to additional retirees and beneficiaries receiving monthly benefits and higher monthly benefit amounts. Distributions from DROP balances, paid as DROP annuity payments, totaled \$67.3 million in 2025 and \$66.5 million in 2024. See Note 6 for additional information on DROP.

Refund expense decreased \$956 thousand in 2025 and decreased \$50 thousand in 2024.

The cost of administering the Plans, including administrative costs and professional fees, increased approximately \$666 thousand in 2025. Increases in non-investment legal expenses, risk insurance, legislative consultants, IT related expenses and employee related expenses were partially offset by a decrease in actuarial expense. The cost of administering the Plans, including administrative costs and professional fees, increased approximately \$1.5 million in 2024. Increases in actuarial expenses, non-investment legal expenses and salaries and benefits were partially offset by decreases in risk insurance and legislative consultants.

A pro rata share of the total expenses of the Plans is allocated to the Combined Pension Plan and the Supplemental Plan according to the ratio of Combined Pension Plan and Supplemental Plan investment assets to the total investment assets of the Group Trust. City and member contributions and member benefits and refunds paid are specific to either the Combined Pension Plan or the Supplemental Plan and are charged directly as a reduction of such plan's net position.

Funding Overview

DPPF's actuarial firm, Segal Consulting (Segal), conducts the annual actuarial valuations to determine if the assets and contributions are sufficient to provide the prescribed benefits (funding positions) of the Plans.

The DPPF Board adopted a new funding plan in August 2024. The funding plan components were recommended by an independent actuary selected by the Texas Pension Review Board and included adopting an ADC funding model, no change in employee contributions and modifying the current COLA provision to provide some COLA earlier than the current plan provisions. In August 2024, DPPF filed a Declaratory Judgement Action against the City of Dallas related to the interpretation of the DPPF plan and Section 802 of the Texas Government Code. The District Court in Travis County ruled in favor of DPPF. The City of Dallas appealed the decision to the Court of Appeals. The DPPF Plan ADC contribution funding policy was effective October 1, 2024 and the City did not make the contributions based on the adopted Plan. Subsequently, in December 2025, the Board reached a settlement with the City of Dallas regarding future funding of the plan and the lawsuit was dismissed.

Beginning October 1, 2024, the City made contributions pursuant to a resolution adopted by the City Council on September 11, 2024. The contributions under this plan included a fixed-dollar payment to amortize the January 1, 2023 actuarial unfunded liability over a 30-year period and a fixed percentage of Computation Pay set at 6.78% for the period October 1, 2024 to September 30, 2025 and 6.66% for the period October 1, 2025 to September 30, 2026. See Note 1 for additional information on the City contribution.

The January 1, 2025 actuarial valuation report for the Combined Pension Plan was updated after DPPF and the City of Dallas reached a settlement on the funding agreement. The funding metric changes in the two actuarial reports are summarized in the table below:

Combined Pension Plan

FUNDING METRIC	UPDATED JANUARY 1, 2025 REPORT RECEIVED FEBRUARY 6, 2026	ORIGINAL JANUARY 1, 2025 REPORT RECEIVED OCTOBER 20, 2025
Unfunded Actuarial Accrued Liability (UAAL)	\$3.7 billion	\$4.0 billion
Funded Percentage (AVA)	34.1%	32.2%
Effective Amortization Period	28 years	28 years

The January 1, 2026 actuarial valuation reported a funded ratio of 35.2%, based on the actuarial value of assets, an Unfunded Actuarial Accrued Liability (UAAL) of \$3.7 billion and an expected fully funded date of 2053 for the Combined Pension Plan. The increase in the funded percentage is due to investment gains which were offset by a loss from sources other than investments. The loss was primarily due to the active population increase.

These projections may vary on an annual basis due to actual experience and demographics, which may vary from the current actuarial assumptions.

The January 1, 2025 actuarial valuation report for the Supplemental Plan was updated after DFPF and the City of Dallas reached a funding agreement. The funding metric changes in the two actuarial reports are summarized in the table below:

Supplemental Plan

FUNDING METRIC	UPDATED JANUARY 1, 2025 REPORT RECEIVED FEBRUARY 6, 2026	ORIGINAL JANUARY 1, 2025 REPORT RECEIVED OCTOBER 20, 2025
Unfunded Actuarial Accrued Liability (UAAL)	\$22.8 million	\$25.8 million
Funded Percentage (AVA)	50.0%	47.0%
Effective Amortization Period	11 years	11 years

The January 1, 2026 actuarial valuation reported a funded ratio of 53.0%, based on the actuarial value of assets and an Unfunded Actuarial Accrued Liability (UAAL) of \$23.0 million. The increase in funded percentage is due to investment gains offset by a loss from sources other than investments. The City's contributions to the Supplemental Plan are based on the ADC as determined by the actuary.

These projections may vary on an annual basis due to actual experience and demographics, which may vary from the current actuarial assumptions.

The Board's funding policy for the Supplemental Plan is based on a closed amortization period of 20 years. Beginning in 2021, future gains or losses each year are amortized over separate, closed 10-year periods.

Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, (GASB No. 67) requires disclosure of the Net Pension Liability (NPL). The GASB No. 67 valuation is prepared by Segal and is a calculation for accounting purposes as opposed to the actuarial valuation, which is completed to determine the funding adequacy of the Plans. The NPL is the difference between the Total Pension Liability (TPL) and the Fiduciary Net Position (FNP). GASB No. 67 requires the determination of the TPL using the individual entry age method, level percent of pay actuarial cost method, and a discount rate.

The GASB No. 67 reports for December 31, 2024 for the Combined Pension Plan and the Supplemental Plan were updated after DFPF and the City of Dallas reached a funding agreement.

GASB No. 67 for the Combined Pension Plan for December 31, 2025 reports an NPL of \$3.5 billion, and the December 31, 2024 updated reports a NPL of \$3.6 billion, which is a decrease of \$39 million. The Fiduciary Net Position as a Percentage of Total Pension Liabilities for the Combined Pension Plan was 39.0% at December 31, 2025 and 36.1% at December 31, 2024.

The Supplemental Plan had a NPL of \$23.0 million and \$22.8 million at December 31, 2025 and 2024, respectively. The Supplemental Plan had a FNP of 52.9% and 50% at December 31, 2025 and 2024, respectively.

Information about whether the Plans' net positions are increasing or decreasing over time relative to the TPL is provided in the accompanying Schedule of Changes in the Net Pension Liability and Related Ratios.

Contacting DFPF's Financial Management

This financial report is designed to provide members and other users with a general overview of DFPF's finances and present the Plans' accountability for the funding received. If you have questions about this report, you may contact the Executive Director of the Dallas Police and Fire Pension System at 4100 Harry Hines Boulevard, Suite 100, Dallas, Texas 75219, by phone at 214-638-3863, or by email at info@dpfp.org.

Combining Statements of Fiduciary Net Position

DECEMBER 31,	2025			2024		
	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL
Assets						
Investments, at fair value						
Short-term investments	\$ 17,386,128	\$ 174,806	\$ 17,560,934	\$ 27,630,911	\$ 315,307	\$ 27,946,218
Fixed income securities	281,934,228	2,834,664	284,768,892	401,780,308	4,584,868	406,365,176
Equity securities	1,221,448,015	12,280,862	1,233,728,877	1,055,766,008	12,047,747	1,067,813,755
Real assets	200,540,951	2,016,308	202,557,259	247,322,377	2,822,290	250,144,667
Private equity	189,228,294	1,902,567	191,130,861	185,443,416	2,116,165	187,559,581
Public Credit	225,237,739	2,264,618	227,502,357	-	-	-
Forward currency contracts	-	-	-	(49)	(1)	(50)
Total investments	2,135,775,355	21,473,825	2,157,249,180	1,917,942,971	21,886,376	1,939,829,347
Receivables						
City	9,233,636	3,354,094	12,587,730	7,787,490	-	7,787,490
Members	3,139,773	14,818	3,154,591	2,625,157	10,055	2,635,212
Interest and dividends	5,715,167	57,462	5,772,629	4,495,688	51,302	4,546,990
Investment sales proceeds	3,497,068	35,161	3,532,229	60,047	685	60,732
Lease receivable	2,436,254	24,495	2,460,749	2,721,879	31,060	2,752,939
Other receivables	19,358	195	19,553	23,461	268	23,729
Total receivables	24,041,256	3,486,225	27,527,481	17,713,722	93,370	17,807,092
Cash and cash equivalents	92,633,041	931,365	93,564,406	71,500,901	815,924	72,316,825
Prepaid expenses	564,587	5,677	570,264	595,422	6,795	602,217
Capital assets, net	11,228,878	112,899	11,341,777	11,350,562	129,526	11,480,088
Total assets	2,264,243,117	26,009,991	2,290,253,108	2,019,103,578	22,931,991	2,042,035,569
Other Payables						
Securities purchased	5,394,914	54,242	5,449,156	115,026	1,313	116,339
Accounts payable and other accrued liabilities	5,643,746	45,635	5,689,381	5,154,700	48,595	5,203,295
Total liabilities	11,038,660	99,877	11,138,537	5,269,726	49,908	5,319,634
Deferred inflow of resources	2,079,872	20,912	2,100,784	2,411,479	27,518	2,438,997
Net position restricted for pension benefits	\$ 2,251,124,585	\$ 25,889,202	\$ 2,277,013,787	\$ 2,011,422,373	\$ 22,854,565	\$ 2,034,276,938

See accompanying notes to combining financial statements.

Combining Statements of Changes in Fiduciary Net Position

YEARS ENDED DECEMBER 31,	2025			2024		
	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL	COMBINED PENSION PLAN	SUPPLEMENTAL POLICE AND FIRE PENSION PLAN OF THE CITY OF DALLAS	TOTAL
Additions (Reductions)						
Contributions						
City	\$ 215,072,214	\$ 3,354,094	\$ 218,426,308	\$ 188,633,391	\$ 4,256,587	\$192,889,978
Members	75,608,346	332,240	75,940,586	67,919,867	295,055	68,214,922
Total contributions	290,680,560	3,686,334	294,366,894	256,553,258	4,551,642	261,104,900
Investment income (loss)						
Net appreciation (depreciation) in fair value of investments	286,302,228	2,491,992	288,794,220	156,354,599	1,675,792	158,030,391
Interest and dividends	27,836,432	279,876	28,116,308	25,003,075	285,319	25,288,394
Total gross investment income	314,138,660	2,771,868	316,910,528	181,357,674	1,961,111	183,318,785
Less: Investment expense	(8,251,679)	(82,965)	(8,334,644)	(7,474,450)	(85,294)	(7,559,744)
Net investment income (loss)	305,886,981	2,688,903	308,575,884	173,883,224	1,875,817	175,759,041
Other income	535,190	5,381	540,571	511,667	5,839	517,506
Total additions	597,102,731	6,380,618	603,483,349	430,948,149	6,433,298	437,381,447
Deductions						
Benefits paid to members	345,018,519	3,264,758	348,283,277	341,808,845	3,166,479	344,975,324
Refunds to members	4,303,639	-	4,303,639	5,124,597	135,537	5,260,134
Professional and administrative expenses	8,078,361	81,223	8,159,584	7,408,894	84,546	7,493,440
Total deductions	357,400,519	3,345,981	360,746,500	354,342,336	3,386,562	357,728,898
Net increase/ (decrease) in fiduciary net position	239,702,212	3,034,637	242,736,849	76,605,813	3,046,736	79,652,549
Net position restricted for pension benefits						
Beginning of period	2,011,422,373	22,854,565	2,034,276,938	1,934,816,560	19,807,829	1,954,624,389
End of period	\$ 2,251,124,585	\$ 25,889,202	\$ 2,277,013,787	2,011,422,373	22,854,565	2,034,276,938

See accompanying notes to combining financial statements.

Notes to Combining Financial Statements

1. Organization

General

The Dallas Police and Fire Pension System (DPFP) is an independently governed blended component unit of the City of Dallas (City, or Employer) and serves as a single-employer pension and retirement fund for police officers and firefighters employed by the City. The general terms “police officers” and “firefighters” also include fire and rescue operators, fire alarm operators, fire inspectors, apprentice police officers, and apprentice firefighters. DPFP is comprised of a single defined benefit pension plan (Combined Pension Plan) designed to provide retirement, death, and disability benefits for police officers and firefighters (collectively, members). DPFP was originally established under former Article 6243a of the Revised Civil Statutes of Texas and, since 1989, derives its authority to continue in operation under the provisions of Article 6243a-1 of the Revised Civil Statutes of Texas (the Governing Statute). All active police officers and firefighters employed by the City are required to participate in the Combined Pension Plan.

The Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan) was created in 1973 to supplement DPFP’s Plan B Defined Benefit Pension Plan (Plan B). Former Plan B members are now denominated as Group B members of the Combined Pension Plan. The intent of the Supplemental Plan is to provide additional retirement benefits to those members of the Supplemental Plan holding a rank higher than the highest corresponding civil service rank as provided in the Combined Pension Plan. Members receive a supplemental pension based upon the difference between compensation for the civil service position held before entrance into the Supplemental Plan and compensation while in the Supplemental Plan. The Supplemental Plan was established and derives its authority from a City ordinance.

The Combined Pension Plan and Supplemental Plan are collectively referred to as the Plans.

As of December 31, 2025 and 2024, the Combined Pension Plan’s membership consisted of:

	2025	2024
Retirees and beneficiaries (Inactive plan members or their beneficiaries currently receiving benefits)	5,272	5,242
Beneficiaries, DROP Only	227	203
Non-active vested members not yet receiving benefits	235	240
Non-active non-vested members not yet refunded	229	234
Total non-active members	5,963	5,919
Vested active members	3,996	3,976
Non-vested active members	1,610	1,380
Total active members	5,606	5,356

As of December 31, 2025 and 2024, the Supplemental Plan's membership consisted of:

	2025	2024
Retirees and beneficiaries (Inactive plan members or their beneficiaries currently receiving benefits)	157	159
Beneficiaries, DROP Only	6	3
Non-active vested members not yet receiving benefits	-	-
Non-active non-vested members not yet refunded	-	-
Total non-active members	163	162
Vested active members	61	57
Non-vested active members	1	-
Total active members	62	57

The benefit, contribution and administration plan provisions discussed below are as of December 31, 2025 and 2024.

Benefits

Members hired by the City before March 1, 1973 are Group A members of the Combined Pension Plan. Members hired on or after March 1, 1973 are Group B members of the Combined Pension Plan.

Group A members of the Combined Pension Plan receive one of two benefit structures as of December 31, 2025 and 2024:

- Members with 20 years or more of pension service are entitled to monthly pension benefits beginning at age 50 equal to 50% of base pay, defined as the maximum monthly civil service pay established by the City for a police officer or firefighter at the time of retirement, plus 50% of the longevity pay the member was receiving either at the time he or she left active service with the City or the effective date the member joined the Deferred Retirement Option Plan (DROP). Benefit payments are adjusted annually according to changes in active service base pay, if any. Additionally, a member is eligible to receive 50% of the difference between any annualized City service incentive pay granted to the member less annual longevity pay.
- Members with 20 years or more of pension service are entitled to monthly pension benefits beginning at age 55 equal to 3% of their base pay, computed as noted in the prior paragraph, for each year of pension service with a maximum of 32 years. In addition, a member receives 50% of the longevity pay and 1/24th of any City service incentive pay the member was receiving either at the time he or she left active service with the City or the effective date the member joined DROP.
- Members are eligible for an ad hoc cost of living increase after the Combined Pension Plan is 70% funded after accounting for the impact of the COLA as approved by the Board. The ad hoc cost of living adjustment is calculated as a percentage equal to the average annual rate of actual investment return for the five-year period ending on December 31st preceding the effective date of the adjustment less five percent.

- Supplemental payments, that do not add to the base benefit, are available prior to meeting the 70% funding threshold for the COLA. The supplemental payments consist of two components:
 - Automatic Payment (1%) - Payable only to individuals in pension status prior to January 1, 2026.
 - Contingent Payment (additional 1%) - Payable to all individuals in pension status (current and future), only if the System achieves a one-year rate of return on the market value of assets greater than 0.0% in the prior plan year, as reported in the most recent actuarial valuation report. For any year in which the System does not achieve a rate of return greater than 0.0%, this contingent payment will not be made. It is assumed the System will have a positive return 70% of the time.
 - Individuals in pension status prior to January 1, 2026, may receive both the automatic and contingent payments (up to 2% total), while individuals retiring on or after January 1, 2026, are eligible only for the contingent payment (1%).

Group B members of the Combined Pension Plan receive one of two benefit structures as of December 31, 2025 and 2024:

- Members who began membership before March 1, 2011, who have 5 or more years of pension service are entitled to monthly pension benefits beginning at age 50 equal to 3% of the member's average base pay plus education and longevity pay (Computation Pay) determined over the highest 36 consecutive months of Computation Pay, multiplied by the number of years of pension service prior to September 1, 2017. The monthly pension benefit for service earned after September 1, 2017 is based on the highest 60 consecutive months of Computation Pay multiplied by a 2.5% multiplier at age 58. The multiplier is reduced to between 2.0% and 2.4% for retirement prior to age 58. The member cannot accrue a monthly pension benefit that exceeds 90% of the member's average Computation Pay. Certain members may receive a 2.5% multiplier for pension service after September 1, 2017 prior to age 58 if the combination of their pre and post September 1, 2017 pension service calculations using the 2.5% multiplier for post September 1, 2017 meets or exceeds the 90% maximum benefit. Certain members who meet the service prerequisite or were 45 prior to September 1, 2017 may elect to take early retirement with reduced benefits starting at age 45, or earlier if the member had 20 years of pension service as of September 1, 2017.
- Members who began membership after February 28, 2011 are entitled to monthly pension benefits after accruing 5 years of pension service and the attainment of age 58. Pension benefits are equal to the member's average Computation Pay determined over the highest 60 consecutive months of Computation Pay, multiplied by 2.5% for the number of years of pension service. The member cannot accrue a monthly pension benefit that exceeds 90% of the member's average Computation Pay. Members who have 20 years of service may elect to take early retirement. Vested members may take a reduced benefit starting at age 53.
- A Group B member who has accrued 20 or more years of pension service and who has been on active service at any time on or after January 1, 1999 may take a pension benefit regardless of age except that the percent multiplier would be based on the member's age at the time of applying for the pension, or earlier if the member has 20 years of pension service.
- Members are eligible for an ad hoc cost of living increase after the Combined Pension Plan is 70% funded after accounting for the impact of the COLA as approved by the Board. The ad hoc cost of living adjustment is calculated as a percentage equal to the average annual rate of actual investment return for the five-year period ending on December 31st preceding the effective date of the adjustment less five per

- Supplemental payments, that do not add to the base benefit, are available prior to meeting the 70% funding threshold for the COLA. The supplemental payments consist of two components:
 - Automatic Payment (1%) - Payable only to individuals in pension status prior to January 1, 2026.
 - Contingent Payment (additional 1%) - Payable to all individuals in pension status (current and future), only if the System achieves a one-year rate of return on the market value of assets greater than 0.0% in the prior plan year, as reported in the most recent actuarial valuation report. For any year in which the System does not achieve a rate of return greater than 0.0%, this contingent payment will not be made. It is assumed the System will have a positive return 70% of the time.
 - Individuals in pension status prior to January 1, 2026, may receive both the automatic and contingent payments (up to 2% total), while individuals retiring on or after January 1, 2026, are eligible only for the contingent payment (1%).

Additional provisions under the Combined Pension Plan as of December 31, 2025 and 2024 are as follows:

- Prior to September 1, 2017 members with over 20 years of pension service, upon attaining age 55, received a monthly supplement equal to the greater of \$75 or 3% of their total monthly benefits (excluding the benefit supplement amount). After September 1, 2017, no additional members will receive the monthly supplement, and no increases will be made to the amount of the supplement received by those members receiving the supplement prior to September 1, 2017.
- Service-connected disability benefits are available for members in active service who began service prior to March 1, 2011 and have not entered DROP who become disabled during the performance of their duties from the first day of employment. Members receiving service-connected disability benefits are given credit for the greater of actual pension service or 20 years of pension service. A benefit of 3% times the average of the highest 36 consecutive months of Computation Pay times the number of years of pension service prior to September 1, 2017, plus a 2.5% multiplier for pension service on or after September 1, 2017, times the average of the highest 60 consecutive months of Computation Pay times the number of years of pension service. If needed, additional service time necessary to reach 20 years of service credit will be included with pension service on or after September 1, 2017. Members who began membership after February 28, 2011 and have not entered DROP are entitled to a disability benefit based on the average of the highest 60 consecutive months of Computation Pay times a 2.5% multiplier regardless of their age. If the member has fewer than 36 or 60 months of service, based on hire date, the benefit is based on the average Computation Pay during their entire pension service. All service-connected disability benefits are subject to a minimum benefit of \$2,200 per month.
- Members who began membership before March 1, 2011, who are determined to be eligible for a non-service connected disability benefit are entitled to a benefit of 3% times the average of the highest 36 consecutive months of Computation Pay times the number of years of pension service prior to September 1, 2017, plus a 2.5% multiplier for pension service on or after September 1, 2017 times the average of the highest 60 consecutive months of Computation Pay. Total service is rounded to the nearest whole year.
- Members who began membership after February 28, 2011, are entitled to a disability benefit based on the average of the highest 60 consecutive months of Computation Pay, times a 2.5% multiplier regardless of their age. All non-service-connected disability benefits are subject to a minimum benefit of \$110 for every year of pension service. The minimum benefit cannot exceed \$2,200 per month. If the member has fewer than 36 or 60 months of service, based on hire date, the benefit is based on the average Computation Pay during their entire pension service.

- Members who are eligible to retire are eligible to enter the DROP program, which is an optional method of accruing monthly pension benefits prior to leaving active service. The amount of an active member's DROP balance is based on the accumulation of the member's monthly benefit each month while in active DROP, and, for members who joined DROP prior to September 1, 2017, interest accrued prior to September 1, 2017. DROP balances of retired members and certain other non-member DROP account holders, were converted to annuities (a stream of payments) on November 30, 2017. DROP balances of active members are annuitized upon retirement. The life expectancy of a DROP account holder at the time of annuitization determines the term of the annuity. Interest is included in the annuity calculation for balances accrued prior to September 1, 2017. The interest rate is based on the provisions of Article 6243a-1 and rules adopted by the Board. See Note 6 for information about the changes in the DROP program resulting from the passage of HB 3158. See below, under Contributions, for discussion of required DROP contributions. The total DROP balance and the present values of the annuitized balances for the Combined Pension Plan was \$827.0 million and \$869.3 million at December 31, 2025 and 2024, respectively. The total DROP balances include amounts that may be paid out of the Excess Benefit Plan and Trust.
- A minimum benefit is paid to vested retired members of \$2,200 per month subject to any restrictions and adjustments contained in the Combined Pension Plan. The minimum benefit is prorated for members who retire with less than 20 years of service credit and equals \$1,200 monthly for a qualified surviving spouse if there are no qualified surviving children receiving benefits. The minimum benefit is \$1,100 monthly for qualified surviving children combined and qualified surviving spouses if qualified surviving children are receiving or had received benefits.

Additional provisions under the Supplemental Plan as of December 31, 2025 and 2024 are as follows:

- The Supplemental Plan's benefits are designed to supplement Group B benefits for those members holding a rank higher than the highest civil service rank because their Combined Pension Plan benefits are capped by the Combined Pension Plan's definition of Computation Pay. Computation Pay is defined as base pay, determined by the civil service pay schedule, education incentive pay and longevity pay. Accordingly, when Group B benefits are amended, the Supplemental Plan's benefit calculation is also affected. The basis for a member's benefits is the difference between the monthly rate of pay a member is due as the base pay for the rank the member currently holds and the monthly rate of pay the member is due for the highest civil service rank (and pay step) the member held as a result of competitive examinations. The service time used to determine the member's Group B benefit is used to determine the member's benefit under the Supplemental Plan so that the same length of time is used for both plans. Average Computation Pay is calculated for each plan separately and combined to determine the benefit. Application for benefits under the provisions of the Combined Pension Plan is deemed to be an application for benefits under the Supplemental Plan and no additional application need be filed.
- Members of the Supplemental Plan who enter the DROP program in the Combined Pension Plan also enter the DROP program in the Supplemental Plan. The total DROP account balance and the present value of the annuitized balances related to the Supplemental Plan was \$4.8 million and \$5.2 million on December 31, 2025 and 2024, respectively. The total DROP balances include amounts that may be paid out of the Excess Benefit Plan and Trust.
- Death benefits are available to a surviving spouse, dependent children, disabled children, or dependent parents in the event of the death of a member either after disability or service retirement, prior to leaving active service or retirement eligible deferred vested members. A payment equal to a ten-year certain benefit is paid to the beneficiaries upon the death of an active member with no qualified survivors.

Contributions

Employee contribution rates did not change in 2025. The employee contribution rate is 13.5% of Computation Pay for all active members, including members in the DROP program.

Prior to October 1, 2024, City contributions for the Combined Pension Plan were established by statute. City contributions were 34.5% of Computation Pay, subject to a minimum floor, plus \$13 million.

Section 2.025 of the Texas Statute required that during 2024 an independent actuary selected by the Texas State Pension Review Board (PRB) perform an analysis that included the independent actuary's 1) conclusion regarding whether the Pension System meets funding guidelines under the Texas Government Code Section 802 and 2) recommendations regarding changes to benefits or to member or City contribution rates.

Additionally, Section 2.025 of the Governing Statute required the Board to adopt a plan, by rule, no later than November 1, 2024 and to ensure the plan met the funding guidelines established by section 802 of the Texas Government Code and consider the recommendation of the independent actuary in adopting the plan. On August 8, 2024, the Board of Trustees of DPFP adopted, by rule, the 2.025 Plan which met all of the requirements of Section 2.025 of the Statute. The funding policy for City contributions changed as a result of the required review process and plan adoption.

The City disagreed with the Board's interpretation of Section 2.025 and with the 2.025 Plan adopted by the Board. The City Council adopted a resolution on September 11, 2024 and began paying contributions based on that resolution. Beginning October 1, 2024, the City paid contributions of \$6.487 million per bi-weekly pay period, plus 6.78% of Computation Pay.

In August 2024, DPFP filed a declaratory judgement against the City of Dallas related to the interpretation of Section 2.025 and Section 802 of the Texas Government Code. The district court ruled in favor of DPFP. The City appealed this decision.

In December 2025, the Board reached a settlement with the City of Dallas regarding future funding of the plan and the lawsuit was dismissed.

City contributions will be structured to include the combination of both fixed-dollar amortization schedules and a percentage based on Computation Pay. The largest portion of the payment will be a fixed-dollar amortization schedule that steps up over a period of five years and was derived from the unfunded actuarial accrued liability reported in the January 1, 2023 actuarial valuation. Over a 30-year period, the schedule will pay off the majority of the liability on January 1, 2023. The contributions will be paid by the City each bi-weekly pay period as a fixed-dollar amount equal to 1/26th of the fixed dollar schedule for each City fiscal year.

Additionally, the City will contribute a percentage of the members' Computation Pay for each fiscal year. The fiscal year runs from October 1 to September 30. For the fiscal year ended September 30, 2025, the contribution percentage was 6.78%. The rates for 2026 through 2029 are below:

FOR THE FISCAL YEAR OCTOBER 1 ST TO SEPTEMBER 30 TH	CONTRIBUTION PERCENTAGE
2026	6.66%
2027	6.57%
2028	6.51%
2029	6.45%

Beginning in 2030, the normal cost will be reset based on the most recent experience study. The normal cost will become the midpoint of a corridor range, set at $\pm 5\%$ around the range. On an annual basis, the portion of the payment based on the percentage of Computation Pay will include the actual normal cost calculation and the amortization of gains/losses, subject to the corridors. Amounts above or below the corridors will be amortized as a separate layer over a longer period of 20 years or through 2053. Also, additional fixed-dollar payment layers will be added in 2026 to amortize the cost of the Supplemental Pay, and in 2030 to amortize any net losses incurred through 2029. These fixed-dollar layers are amortized through 2053.

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the board. Member contributions in the Supplemental Plan follow the same rules as the Combined Pension Plan on Computation Pay over the compensation of the highest civil service rank held as a result of competitive examinations.

The Combined Pension Plan may only be changed, per the Revised Civil Statutes, Article 6243a-1, by the following:

- by the legislature;
- by a majority vote of the voters of the city;
- in accordance with a written agreement entered into between the pension system, by at least a two-thirds vote of all trustees of the board, and the city, provided that change may not increase the period required to amortize the unfunded actuarial accrued liability of the fund; or
- in accordance with section 2.025 which expired September 1, 2025.

The Supplemental Plan's plan document can be amended only by the City Council in accordance with City ordinance. The benefit and contribution provisions of the Supplemental Plan follow those of the Combined Pension Plan.

Members of Group B are immediately vested in their member contributions. If a member's employment is terminated and the member is not vested, or the member elects not to receive present or future pension benefits, the member's contributions are refunded, without interest, upon written application. If application for a refund is not made within three years of normal retirement age, the member forfeits the right to a refund of his or her contribution; however, a procedure exists whereby the member's right to the contributions can be reinstated and refunded by the Board after the three-year period.

Administration

Collectively, the Combined Pension Plan Board of Trustees and the Supplemental Plan Board of Trustees are referred to as the Board. The Board is responsible for the general administration of DPFP and has the full power to invest the Plans' assets.

The Plans are administered by an eleven-member Board consisting of six Trustees appointed by the Mayor of the City of Dallas, in consultation with the City Council; one current or former police officer, elected by active members; one current or former firefighter, elected by active members; and three non-member Trustees (who may not be active members or retirees) elected by the active members and retirees from a slate of candidates vetted and nominated by the Nominations Committee. The Nominations Committee consists of representatives from 11 named police and fire associations and the Executive Director of DPFP. The Executive Director is a nonvoting member of the committee.

To serve as a Trustee, a person must have demonstrated financial, accounting, business, investment, budgeting, real estate or actuarial expertise and may not be an elected official or current employee of the City of Dallas, with the exception of a current police officer or firefighter.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States (GAAP). In doing so, DPFP adheres to guidelines established by the Governmental Accounting Standards Board (GASB). The accompanying financial statements include solely the accounts of the Plans on a combined basis, which include all programs, activities and functions relating to the accumulation and investment of the net position and related income necessary to provide the service, disability and death benefits required under the terms of the Governing Statutes and amendments thereto.

Basis of Accounting

The economic resources measurement focus basis of accounting is the method by which revenues and expenses are recognized in the accounts and reported in the basic financial statements. The accrual basis of accounting is used for the Plans. Under the accrual basis of accounting, revenues, which include contributions and investment income, are recognized in the period in which they are earned, and collection is reasonably assured. Expenses are recognized when liability is incurred. Member and employer contributions are recognized in the period in which the contributions are due, pursuant to Plan requirements and State statute. Accrued income, when deemed uncollectible, is charged to operations.

Contributions for the final biweekly payroll of the year for the years ended December 31, 2025 and 2024 were not received by DPFP until after year end and accordingly, uncollected contributions are recorded as receivables in the accompanying financial statements. Benefits, lump sum payments, and refunds are recognized when due and payable. Dividend income is recorded on the ex-dividend date. Other income consists primarily of rental income, which is recognized based on the systematic and rational allocation of the deferred inflow of resources over the term of the lease. Realized gains and losses on sales of securities are recognized on the trade date. The cost of investments sold is determined using the average cost method.

Reporting Entity

DPFP is an independently governed blended component unit of the City and the basic financial statements and required supplementary information of the Plans are therefore included in the City's Annual Comprehensive Financial Report.

Administrative Costs

All costs of administering the Plans are paid from the Plans' assets pursuant to an annual budget approved by the Board.

Federal Income Tax

Favorable determinations that the Plans are qualified and exempt from Federal income taxes were received on October 20, 2014. The Board believes that the Plans are designed to meet and operate in material compliance with the applicable requirements of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and deferred inflows of resources at the date of the financial statements and the actuarial information included in the notes to the financial statements as of the benefit information date, the reported amounts of income and expenses during the reporting period, and when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

DPFP considers only demand deposits as cash. Cash equivalent securities, which are composed of all highly liquid investments with a maturity of three months or less when purchased, are considered to be cash equivalents. Highly liquid securities invested by third-party investment managers as part of a short-term investment fund are not considered cash equivalents and are classified as short-term investments.

Plan Interest in the Group Master Trust

Effective January 1, 2006, the Board elected to establish a Group Master Trust (Group Trust) in order to unitize the investments of the Combined Pension Plan and the Supplemental Plan. Bank of New York (BNY) served as custodian of the Group Trust for the year ended December 31, 2025 and JPMorgan Chase Bank, N.A. (JPMorgan) served as custodian of the Group Trust for the year ended December 31, 2024. The fair value of the Combined Pension Plan's interest and the Supplemental Plan's interest in the Group Trust is based on the unitized interest that each Plan has in the Group Trust. The Combined Pension Plan's interest in the Group Trust's investments was approximately 99% on December 31, 2025 and 2024, while the remaining interest belongs to the Supplemental Plan. The allocation of investment income and expenses between the Combined Pension Plan and the Supplemental Plan is based on percentage interest in the Group Trust. Shared professional and administrative expenses are allocated to each plan directly in proportion to each plan's ownership interest. Benefits and contributions are attributed directly to the plan that such receipts and disbursements relate to and are not subject to a pro-rated allocation.

Investments

Investment Policy

Statutes of the State of Texas authorize DFPF to invest surplus funds in the manner provided by Government Code, Title 8, Subtitle A, Subchapter C, which provides for the investment of surplus assets in any investment that is deemed prudent by the Board. These statutes stipulate that the governing body of the Plans is responsible for the management and administration of the funds of the Plans and shall determine the procedure it finds most efficient and beneficial for the management of the funds of the Plans. The governing body may directly manage the investments of the Plans or may contract for professional investment management services. Investments are reported at fair value.

The Investment Policy Statement (IPS) of the Board does not restrict the types of investments authorized to be made on behalf of the Group Trust. The Governing Statute requires at least eight members of the Board to approve an investment in an alternative asset. The Board determined that alternative assets include all asset classes other than traditional assets. Traditional assets include publicly traded stocks, bonds and cash equivalents. The investment policy considers the current and expected financial condition of the Plans, the expected long-term capital market outlook and DFPF's risk tolerance. The following is the Board's adopted asset allocation contained in the Investment Policy Statement as of December 31, 2025 and 2024. The actual asset allocation as of December 31, 2025 has variances to the long-term target allocation.

ASSET CLASS	TARGET ALLOCATION	
	2025	2024
Equity	64%	65%
Public Equity	58%	60%
Private Equity	6%	5%
Credit	15%	0%
Public Credit	11%	0%
Private Credit	4%	0%
Fixed Income & Cash	13%	25%
Cash	3%	3%
Short-term Investment Grade Bonds	6%	6%
Investment Grade Bonds	4%	4%
High Yield Bonds	0%	4%
Bank Loans	0%	4%
Emerging Markets Debt	0%	4%
Real Assets	8%	10%
Real Estate	5%	5%
Natural Resources	3%	5%

The value and performance of DFPF's investments are subject to various risks, including, but not limited to, credit risk, interest rate risk, concentration of credit risk, custodial credit risk, and foreign currency risk, which are in turn affected by economic and market factors impacting certain industries, sectors or geographies. See Note 3 for disclosures related to these risks.

Investment Transactions

The accompanying Combining Statements of Changes in Fiduciary Net Position present the net appreciation (depreciation) in the fair value of investments, which consists of the realized gains and losses on securities sold and the changes in unrealized gains and losses on those investments still held in the portfolio at year end.

Purchases and sales of investments and forward foreign exchange contracts are recorded on the trade date. Unsettled investment trades as of fiscal year end are reported in the financial statements on the accrual basis of accounting. Realized gains or losses on forward foreign exchange contracts are recognized when the contract is settled.

Interest earned but not yet received and dividends declared but not yet received are recorded as accrued interest and dividends receivable, respectively. In addition, unsettled investment purchases and sales are accrued.

Valuation of Investments

The diversity of the investment types in which the Group Trust invests requires a wide range of techniques to determine fair value.

Short-term investments include money market funds and government bonds with a maturity of less than one year and are valued based on stated market rates.

Fixed income investments include government securities such as Treasury securities, foreign securities such as dollar denominated and non-dollar denominated issues of non-US governments and private corporations, plus units of commingled fixed income funds of both US and foreign securities. Equity securities consist of individual shares of equity securities plus units of commingled stock funds of both US and foreign entities. The stated fair value of investments in publicly traded fixed income and equity securities, held in separate accounts, is based on published market prices or quotations from major investment dealers as provided by BNY, utilizing vendor supplied pricing. Vendor supplied pricing data for equity securities is based upon the daily closing price from the primary exchange of each security while vendor supplied pricing data for fixed income securities is based upon a combination of market maker quotes, recent trade activity, and observed cash flows. Securities traded on an international exchange are valued at the last reported sales price as of year-end at exchange rates as of year-end. The fair value of non-publicly traded commingled fixed income funds and commingled stock funds is based on their respective net asset value (NAV) as reported by the investment manager.

The Credit asset class is composed of both Public Credit and Private Credit investments. Public Credit investments include sub-investment grade bank loans, US and international corporate bonds, and foreign bonds and foreign securities such as dollar denominated and non-dollar denominated issues of private corporations and emerging market debt. The stated fair value of public credit investments is based on published market prices or quotations from major investment dealers as provided by BNY, utilizing vendor supplied pricing. DPFP did not classify any investments as Private Credit investments as of December 31, 2025 or 2024.

Real assets consist of privately held real estate, infrastructure, timberland, and farmland investments. Real estate is held in separate accounts, limited partnerships, joint ventures, and as debt investments in the form of notes receivable. Infrastructure, timberland, and farmland are held in separate accounts, limited partnerships, and joint ventures. Real estate, timberland, and farmland are generally subject to independent third-party appraisals performed in accordance with the Uniform Standards of Professional Appraisal Practice on a periodic basis, every three years at minimum, as well as annual financial statement audits. Infrastructure funds are valued based on audited NAV reported by the manager, which is based on internal manager valuation or independent appraisal at the discretion of the manager. Interests in joint ventures, limited partnerships and notes receivable are valued at the dollar value reported by the general partner or investment manager, as applicable. Externally managed partnerships, joint venture, and separate accounts are valued at the NAV provided by the investment or fund manager, as applicable. The investment or fund manager, on a continuous basis, values the underlying investment holdings.

Private equity investments consist of various investment vehicles including limited partnerships and notes receivable. Private equity limited partnership investments and notes receivable are valued as reported by the investment manager. Private equity funds are valued using their respective NAV as reported by the fund's custodian, investment manager or independent valuations obtained by DPFP, as applicable.

DPFP has established a framework to consistently measure the fair value of the Plans' assets and liabilities in accordance with applicable accounting, legal, and regulatory guidance. This framework has been provided by establishing valuation policies and procedures that provide reasonable assurance that assets and liabilities are carried at fair value as described above and as further discussed in Note 4.

Foreign Currency Transactions

DPFP, through its investment managers, is party to certain financial arrangements, utilizing forward contracts, options and futures as a hedge against foreign currency fluctuations. Entering into these arrangements involves not only the risk of dealing with counterparties and their ability to meet the terms of the contracts, but also the risk associated with market fluctuations. Realized gains and losses on option and future arrangements are recorded as they are incurred. Realized gains and losses on forward contracts are recorded on the settlement date.

Gains and losses resulting from foreign exchange contracts (transactions denominated in a currency other than the Group Trust's functional currency - US dollar) are recorded based on changes in fair values and are included in investment income (loss) in the accompanying financial statements. Investment managers, on behalf of the Group Trust, structure foreign exchange contracts and enter into transactions to mitigate exposure to fluctuations in foreign exchange rates.

Investments and broker accounts denominated in foreign currencies outstanding on December 31, 2025 and 2024 were converted to the US dollar at the applicable foreign exchange rates quoted as of December 31, 2025 and 2024, respectively. The resulting foreign exchange gains and losses are included in net appreciation (depreciation) in fair value of investments in the accompanying financial statements.

Leases

DPFP is a lessor for noncancelable leases of office space and recognizes a lease receivable and a deferred inflow of resources in the System's statements of fiduciary net position.

At the commencement of a lease, DPFP initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for the lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how DPFP determines the discount rate and lease term it uses to discount the expected lease receipts to present value. The System uses 6.5% rate of interest at lease inception as the discount rate for leases. Lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments as outlined in the lease agreements.

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3. Investments

The Board has contracted with investment managers to manage the investment portfolio of the Group Trust subject to the policies and guidelines established by the Board. The Board had a custody agreement with BNY at December 31, 2025 and with JPMorgan at December 31, 2024 under which they assume responsibility for the safekeeping of certain investments, handling of transactions based on the instructions of investment managers and reporting investment transactions.

The fair value of investments on December 31, 2025 and 2024 is as follows (in thousands):

	2025	2024
Short-term investments		
Short-term investment funds	\$ 17,561	\$ 27,946
Fixed income securities		
US Treasury bonds	86,603	53,095
US government agencies	34,204	23,674
Corporate bonds	156,845	179,911
Commingled funds	1,002	144,783
Municipal bonds	6,115	4,902
Equity securities		
Domestic	379,290	363,666
Foreign	216,977	161,832
Commingled funds	637,462	542,316
Real assets		
Real estate	117,207	149,183
Infrastructure	12,816	14,087
Timberland	11,976	12,708
Farmland	60,558	74,167
Private equity		
Private equity	191,131	187,559
Public credit		
Corporate bonds	69,096	-
Commingled funds	158,406	-
Total	\$ 2,157,249	\$ 1,939,829

The assets of the Combined Pension Plan and the Supplemental Plan are co-invested through a Group Master Trust (Group Trust). The money-weighted rate of return, net of fees for all time periods, on Group Trust investments during 2025 was 16.47% and 2024 was 8.30%.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the System's deposits might not be recovered. DPFP does not have a formal deposit policy for custodial credit risk of its deposits.

The Federal Depository Insurance Corporation (FDIC) insures any deposits of an employee benefit plan in an insured depository institution on a "pass-through" basis, in the amount of up to \$250,000 for the non-contingent interest of each plan participant at each financial institution. The pass-through insurance applies only to vested participants. DPFP believes the custodial credit risk for deposits, if any, is not material.

Investments

Portions of DPFP's investments are classified as security investments. A security is a transferable financial instrument that evidences ownership or creditorship. Investments in companies, partnerships and real estate are investments that are evidenced by contracts rather than securities.

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the investor will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the investor, and are held by either the counterparty or the counterparty's trust department or agent, but not in the investor's name. DPFP mitigates this risk by having investments held at a custodian bank on behalf of DPFP. All investment securities held by the custodian were registered in the name of DPFP and were held in the name of DPFP by BNY as of December 31, 2025 and JPMorgan as of December 31, 2024. DPFP does not have a formal policy for custodial credit risk of its investments; however, management believes that custodial credit risk exposure is mitigated by the financial strength of the financial institutions in which the securities are held.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Group Trust's investment in a single issuer. The DPFP Investment Policy Statement specifically addresses concentration of credit risk in the public markets by limiting the portfolio to 5% of Public Equity or Public Fixed Income assets invested in a single issuer, except for holdings for US Government and agency securities.

As of December 31, 2025 and 2024, the Group Trust did not have any single investment in a Public Equity, Public Fixed Income or Public Credit issuer which represented greater than 5% of the Plans' net position.

Concentrations of credit risk on the private markets are addressed in the DPFP Investment Policy in the following ways:

- Prohibiting investments to any direct private market investment that is tied to a single company.
- Limiting the portfolio to a 10% investment in a single fund of private market assets.
- Limiting the portfolio to 2% of the total market value of the entire DPFP investment portfolio in a single private market fund.
- Limiting the portfolio to 5% of the total market value of the DPFP investment portfolio in related private market funds.

As of December 31, 2025 and 2024, the Group Trust had investments in Private Market assets purchased prior to the implementation of this policy that represented greater than 5% of the Plans' net position. As of December 31, 2025, Huff Energy exceeded the 5% limit and as of December 31, 2024, Huff Energy and AEW Capital Management exceeded the 5% limit.

Additionally, the target allocations of assets among various asset classes are determined by the Board with the objective of optimizing the investment return of the Group Trust within a framework of acceptable risk and diversification. For major asset classes, the Group Trust will further diversify the portfolio by employing multiple investment managers who provide guidance for implementing the strategies selected by the Board.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk is one of the greatest risks faced by an investor in the fixed income or credit market. The price of a fixed income or credit security typically moves in the opposite direction of the change in interest rates. The weighted average maturity of a fixed income or credit security expresses investment time horizons (when the investment comes due and payable) in years, weighted to reflect the dollar size of individual investments within the investment type. DPFP does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates but rather mandates such limits within investment management services contracts. Investment managers have full discretion in adopting investment strategies to address these risks.

The Group Trust invests in fixed income and credit securities including, but not limited to, investments representing instruments with an obligated fixed rate of interest including public and private debentures, mortgage-backed securities, guaranteed investment contracts with maturities greater than one year, and options/futures. Purchases and sales, investment selection, and implementation of investment strategies are delegated to the discretion of the investment manager, subject to compliance with its management agreement and DPFP's IPS.

On December 31, 2025, the Group Trust had the following fixed income and public credit securities and maturities (in thousands):

INVESTMENT TYPE	LESS THAN 1 YEAR	1 TO 5 YEARS	6 TO 10 YEARS	MORE THAN 10 YEARS	TOTAL
US Treasury bonds	\$ -	\$ 68,152	\$ 7,519	\$ 10,932	\$ 86,603
US Government agencies	28	2,468	4,859	26,849	34,204
Corporate bonds	6,044	131,927	35,668	52,302	225,941
Municipal bonds	-	1,023	667	4,425	6,115
Total	\$ 6,072	\$ 203,570	\$ 48,713	\$ 94,508	\$ 352,863

On December 31, 2024, the Group Trust had the following fixed income securities and maturities (in thousands):

INVESTMENT TYPE	LESS THAN 1 YEAR	1 TO 5 YEARS	6 TO 10 YEARS	MORE THAN 10 YEARS	TOTAL
US Treasury bonds	\$ -	\$ 40,118	\$ 6,208	\$ 6,769	\$ 53,095
US Government agencies	-	1,622	3,107	18,945	23,674
Corporate bonds	1,093	115,242	24,689	38,887	179,911
Municipal bonds	497	1,644	346	2,415	4,902
Total	\$ 1,590	\$ 158,626	\$ 34,350	\$ 67,016	\$ 261,582

Commingled fixed income funds do not have specified maturity dates and are therefore excluded from the above tables. The average duration for these funds range from 0.3 to 4.7 years.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The books and records of the Plans are maintained in US dollars. Foreign currencies and non-US dollar denominated investments are translated into US dollars at the bid prices of such currencies against US dollars at year end. Realized and unrealized gains and losses on investments, which result from changes in foreign currency exchange rates, have been included in net appreciation (depreciation) in fair value of investments in the accompanying financial statements. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date of investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and

dividends recorded on the books of the Plans and the amount actually received. International and global managers have permission to use currency forward and futures contracts to hedge currency against the US dollar.

DPPF does not have an investment policy specific to foreign currency risk, however, to mitigate foreign currency risk, investment managers with international exposure are expected to maintain diversified portfolios by sector and by issuer.

The Group Trust's exposure to foreign currency risk in US dollars as of December 31, 2025, is as follows (in thousands):

CURRENCY	EQUITY	REAL ASSETS	TOTAL
Australian Dollar	\$ 1,243	\$ 570	\$ 1,813
Brazilian Real	-	125	125
British Pound Sterling	55,194	-	55,194
Canadian Dollar	-	-	-
Danish Krone	8,140	-	8,140
Euro	91,458	-	91,458
Hong Kong Dollar	10,503	-	10,503
Japanese Yen	25,565	-	25,565
Singaporean Dollar	-	-	-
South African Rand	-	11,724	11,724
South Korean Won	5,570	-	5,570
Swedish Krona	8,567	-	8,567
Swiss Franc	7,974	-	7,974
Taiwanese Dollar	2,763	-	2,763
Total	\$ 216,977	\$ 12,419	\$ 229,396

The Group Trust's exposure to foreign currency risk in US dollars as of December 31, 2024, is as follows (in thousands):

CURRENCY	EQUITY	REAL ASSETS	TOTAL
Australian Dollar	\$ 1,883	\$ 584	\$ 2,467
Brazilian Real	-	2,207	2,207
British Pound Sterling	39,389	-	39,389
Canadian Dollar	4,963	-	4,963
Danish Krone	6,707	-	6,707
Euro	59,435	-	59,435
Hong Kong Dollar	3,909	-	3,909
Japanese Yen	24,740	-	24,740
Singaporean Dollar	1,835	-	1,835
South African Rand	-	11,311	11,311
South Korean Won	5,759	-	5,759
Swedish Krona	5,078	-	5,078
Swiss Franc	5,707	-	5,707
Taiwanese Dollar	2,427	-	2,427
Total	\$ 161,832	\$ 14,102	\$ 175,934

In addition to the above exposures, certain fund-structure investments in the public equity, emerging markets debt, private debt and real assets asset classes with a total fair value of \$718.9 million on December 31, 2025 and \$621.1 million on December 31, 2024, have some level of investments in various countries with foreign currency risk at the fund level. The individual investments in these funds with such exposure are not included in the above table.

DALLAS POLICE & FIRE PENSION SYSTEM

Credit Risk

Credit risk refers to the potential for loss arising from an issuer's or other counterparty's failure to fulfill its obligations. It encompasses both the likelihood of default and the potential severity of loss, making it a central consideration in assessing the risk-adjusted return of fixed income and credit-oriented investments. DFPF does not have an investment policy specific to credit risk, however investment managers maintain guidelines and independently consider the inherent credit risk of investments.

The Group Trust's exposure to credit risk in fixed income and public credit securities as of December 31, 2025 and 2024 using the Standard & Poor's rating scale, at fair value, is as follows (in thousands):

DECEMBER 31, 2025

RATING	CORPORATE BONDS	MUNICIPAL BONDS	US GOVERNMENT SECURITIES	TOTAL
AAA	\$ 31,993	\$ 59	\$ 487	\$ 32,539
AA+	1,366	294	62,857	64,517
AA	2,261	1,215	78	3,554
AA-	1,439	1,404	-	2,843
A+	5,453	1,695	-	7,148
A	9,679	384	-	10,063
A-	22,330	293	-	22,623
BBB+	22,330	301	-	22,631
BBB	22,039	-	-	22,039
BBB-	13,149	-	-	13,149
BB+	10,592	88	-	10,680
BB	16,789	-	-	16,789
BB-	11,265	-	-	11,265
B+	7,430	-	-	7,430
B	10,742	-	1,203	11,945
B-	6,628	-	-	6,628
CCC+	5,095	-	-	5,095
CCC	1,194	-	-	1,194
CCC-	286	-	-	286
CC	772	-	-	772
C	401	-	-	401
D	4	-	-	4
NR ⁽¹⁾	22,704	382	56,182	79,268
Total	\$ 225,941	\$ 6,115	\$ 120,807	\$ 352,863

Total credit risk debt securities	\$ 352,863
Commingled (NR)	159,408
Total	\$ 512,271

NR represents those securities that are not rated.

DECEMBER 31, 2024

RATING	CORPORATE BONDS	MUNICIPAL BONDS	US GOVERNMENT SECURITIES	TOTAL
AAA	\$ 22,195	\$ 145	\$ 749	\$ 23,089
AA+	729	295	53,583	54,607
AA	1,054	823	91	1,968
AA-	4,199	1,070	-	5,269
A+	6,145	1,754	-	7,899
A	8,323	-	-	8,323
A-	13,685	735	-	14,420
BBB+	13,759	-	-	13,759
BBB	15,121	-	-	15,121
BBB-	10,600	-	-	10,600
BB+	5,507	-	-	5,507
BB	13,505	-	-	13,505
BB-	9,136	-	-	9,136
B+	8,847	-	-	8,847
B	6,338	-	-	6,338
B-	6,176	-	-	6,176
CCC+	4,943	-	-	4,943
CCC	2,059	-	-	2,059
CCC-	-	-	-	-
CC	1,565	-	-	1,565
C	-	-	-	-
D	12	-	-	12
NR ⁽¹⁾	26,013	80	22,346	48,439
Total	\$ 179,911	\$ 4,902	\$ 76,769	\$ 261,582
Total credit risk debt securities				\$ 261,582
Commingled (NR)				144,783
Total				\$ 406,365

NR represents those securities that are not rated.

Forward Contracts

During fiscal years 2025 and 2024, certain investment managers, on behalf of the Group Trust, entered into forward foreign exchange contracts as permitted by guidelines established by the Board. A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry credit risk due to possible nonperformance by one of the counterparties. The maximum potential loss is the aggregate face value in US dollars at the time the contract was entered into. Forwards are usually traded over the counter. These transactions are initiated to hedge risks from exposure to foreign currency rate fluctuation and to facilitate trade settlement of foreign security transactions. Forwards carry market risk resulting from adverse fluctuations in foreign exchange rates. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Group Trust records the unrealized currency translation gain or loss based on the applicable forward exchange rates. Forward currency contracts are considered derivative financial instruments and are reported at fair value.

DALLAS POLICE & FIRE PENSION SYSTEM

The fair value and notional amounts of derivative instruments outstanding on December 31, 2025 and 2024, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows (in thousands):

DECEMBER 31, 2025

	CHANGE IN FAIR VALUE	FAIR VALUE	NOTIONAL VALUE
Currency Forwards	\$ -	\$ -	\$ -

DECEMBER 31, 2024

	CHANGE IN FAIR VALUE	FAIR VALUE	NOTIONAL VALUE
Currency Forwards	\$ -	\$ -	\$ -

4. Fair Value Measurement

GASB Statement No. 72 requires all investments to be categorized under a fair value hierarchy. Fair value of investments is determined based on both observable and unobservable inputs. Investments are categorized within the fair value hierarchy established by GASB and the levels within the hierarchy are as follows:

- Level 1 - quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date
- Level 2 - inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs
- Level 3 - significant unobservable inputs for an asset or liability

The remaining investments not categorized under the fair value hierarchy are shown at NAV. These are investments in non-governmental entities for which a readily determinable fair value is not available, such as member units or an ownership interest in partners' capital, to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

The following table presents a summary of the Group Trust's investments by type as of December 31, 2025, at fair value (in thousands):

	FAIR VALUE DECEMBER 31, 2025	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Investments by Fair Value Level				
Short-term				
Short-term investment funds	\$ 17,561	\$ 17,561	\$ -	\$ -
Fixed income securities				
US Treasury bonds	86,603	-	86,603	-
US government agencies	34,204	-	34,204	-
Corporate bonds	156,845	-	156,845	-
Municipal bonds	6,115	-	6,115	-
Equity securities				
Domestic	379,290	379,290	-	-
Foreign	216,977	216,977	-	-
Real assets				
Real estate ⁽¹⁾	32,501	-	-	32,501
Farmland	60,558	-	-	60,558
Private equity				
Private equity	46,823	-	-	46,823
Public credit				
Corporate Bonds	69,096	-	69,096	-
Total Investments by Fair Value Level	\$ 1,106,573	\$ 613,828	\$ 352,863	\$ 139,882
Investments Measured at NAV				
Equity - commingled funds	\$ 637,462			
Fixed income - commingled funds	1,002			
Real assets ⁽¹⁾	109,498			
Private equity	144,308			
Public credit - commingled funds	158,406			
Total Investments Measured at NAV	\$ 1,050,676			
Total Investments Measured at Fair Value	\$ 2,157,249			

(1) Direct holdings of real estate at Level 3 include only the assets which are wholly owned and valued using significant unobservable inputs. Remaining real estate investments are valued at NAV.

DALLAS POLICE & FIRE PENSION SYSTEM

The following table presents a summary of the Group Trust's investments by type as of December 31, 2024, at fair value (in thousands):

	FAIR VALUE DECEMBER 31, 2024	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Investments by Fair Value Level				
Short-term				
Short-term investment funds	\$ 27,946	\$ 27,946	\$ -	\$ -
Fixed income securities				
US Treasury bonds	53,095	-	53,095	-
US government agencies	23,674	-	23,674	-
Corporate bonds	179,911	-	179,911	-
Municipal bonds	4,902	-	4,902	-
Equity securities				
Domestic	363,666	363,666	-	-
Foreign	161,832	161,832	-	-
Real assets				
Real estate ⁽¹⁾	51,558	-	-	51,558
Farmland	74,167	-	-	74,167
Private equity				
Private equity	49,240	-	-	49,240
Total Investments by Fair Value Level	\$ 989,991	\$ 553,444	\$ 261,582	\$ 174,965
Investments Measured at NAV				
Equity - commingled funds	\$ 542,316			
Fixed income - commingled funds	144,783			
Real assets ⁽¹⁾	124,420			
Private equity	138,319			
Total Investments Measured at NAV	\$ 949,838			
Total Investments Measured at Fair Value	\$ 1,939,829			

(1) Direct holdings of real estate at Level 3 include only the assets which are wholly owned and valued using significant unobservable inputs. Remaining real estate investments are valued at NAV.

Short-term investments consist of highly liquid securities invested by third party investment managers and held directly by the Group Trust with the custodian.

Fixed income securities consist primarily of US treasury securities, US corporate securities, municipal bonds and commingled funds. Fixed income securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing. This method uses quoted prices for securities with the same maturities and ratings rather than a fixed price for a designated security. Many debt securities are traded on a dealer market and much less frequently, which is consistent with a Level 2 classification as these investments are valued using observable inputs. Forward currency contracts are classified as Level 2 as these securities are priced using the cost approach on a dealer market traded on lower frequencies.

Public credit securities consist primarily of US corporate securities, international debt securities, bank loans and commingled funds. Public Credit classified in Level 2 of the fair value hierarchy are valued using matrix pricing. This method uses quoted prices for securities with the same maturities and ratings rather than a fixed price for a designated security. Many debt securities are traded on a dealer market and much less frequently, which is consistent with a Level 2 classification as these investments are valued using observable inputs.

Equity securities, which include both domestic and foreign securities, are classified as Level 1 as fair value is obtained using a quoted price from active markets. The security price is generated by market transactions involving identical or similar assets, which is the market approach to measuring fair value. Inputs are observable in exchange markets, dealer markets, and brokered markets for which prices are based on trades of identical securities.

Real assets classified as Level 3 are investments in which DPFP either owns 100 percent of the asset or for which the valuation is based on non-binding offers from potential buyers to purchase the investments. Real asset investments which are wholly owned direct holdings, are valued at the income, cost or market approach depending on the type of holding. All direct holdings are valued using unobservable inputs and are classified in Level 3 of the fair value hierarchy.

Private equity investments classified as Level 3 are investments valued by an independent appraiser. Private equity and real assets valued at NAV are based on per share (or its equivalent) of DPFP's ownership interest in the partners' capital valued by the managers and based on third party appraisals, valuations and audited financials.

The following table presents a summary of the fair value and remaining unfunded commitments of the Group Trust's investments measured at NAV at December 31, 2025 (in thousands):

ASSET CATEGORY/CLASS	FAIR VALUE	UNFUNDED COMMITMENTS
Equity - commingled funds	\$ 637,462	\$ -
Fixed Income - commingled funds	1,002	514
Real assets	109,498	5,775
Private equity	144,308	450
Public credit - commingled funds	158,406	15,000
Total	\$ 1,050,676	\$ 21,739

The following table presents a summary of the fair value and remaining unfunded commitments of the Group Trust's investments measured at NAV at December 31, 2024 (in thousands):

ASSET CATEGORY/CLASS	FAIR VALUE	UNFUNDED COMMITMENTS
Equity - commingled funds	\$ 542,316	\$ -
Fixed Income - commingled funds	144,783	514
Real assets	124,420	7,141
Private equity	138,319	450
Total	\$ 949,838	\$ 8,105

Investments measured at NAV include commingled funds, real assets and private equity.

Equity commingled funds are primarily invested in the equity securities of publicly traded companies. Strategies held within commingled funds include international small cap, emerging markets equity and a passive MSCI ACWI IMI allocation. Liquidity is available within 1 to 15 days of notice.

Fixed income commingled funds have redemption periods of 7 to 30 days and are invested in debt instruments of emerging markets countries or corporations, denominated in both local currency and USD.

Public Credit commingled funds have redemption periods of 7 to 30 days and are invested in bank debt instruments of non-investment grade companies.

Real asset investments (including investment strategies in commercial real estate, infrastructure and farmland) are held in separate accounts, as a limited partner, or in a joint venture. These investments are illiquid and resold at varying rates, with distributions received over the life of the investments. They are typically not redeemed, nor do they have set redemption schedules.

Private equity holdings include fund-structure investments with general partners. By their nature, these investments are illiquid and typically not resold or redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over a period ranging from 5 to 15 years on average. These investments seek long-term capital appreciation in privately held companies. The current composition of the private equity portfolio has a significant concentration to the energy sector.

Upon initial investment with a general partner or in certain fund-structures, DPFP commits to a certain funding level for the duration of the contract. At will, the partners or fund managers may request that DPFP fund a portion of this amount. Such amounts remaining as of December 31, 2025 and 2024 for investments measured at NAV are disclosed above as unfunded commitments.

5. Net Pension Liability

The net pension liability is measured as the total pension liability, less the amount of the plan's fiduciary net position. The components of the net pension liability on December 31, 2025 and 2024 are as follows (in thousands):

Combined Pension Plan

	2025	2024
Total pension liability	\$ 5,766,994	\$ 5,566,762
Less: Plan fiduciary net position	(2,251,125)	(2,011,422)
Net pension liability	\$ 3,515,869	\$ 3,555,340

Plan fiduciary net position as a percentage of the total pension liability at December 31, 2025 and 2024 is 39.0% and 36.1%, respectively.

Supplemental Plan

	2025	2024
Total pension liability	\$ 48,938	\$ 45,704
Less: Plan fiduciary net position	(25,889)	(22,855)
Net pension liability	\$ 23,049	\$ 22,849

Plan fiduciary net position as a percentage of the total pension liability at December 31, 2025 and 2024 is 52.9% and 50.0%, respectively.

The 2024 results were updated subsequent to the publication of the January 1, 2025 actuarial valuation report to reflect the Funding Agreement with the City of Dallas adopted by the Board of Trustees on December 11, 2025 and have been updated for this schedule.

Actuarial Assumptions as of December 31, 2025

The total pension liability was determined by an actuarial valuation as of January 1, 2026, using the below significant assumptions, applied to all periods included in the measurement, except as noted below.

Investment rate of return	6.50% per annum, compounded annually, net of investment expenses. This rate is based on an average inflation rate of 2.50% and a real rate of return of 4.00%.
Discount rate	6.50%, used to measure the total pension liability
Administrative expenses	Explicit assumption of \$7.0 million per year or 1% of Computation Pay, whichever is greater for the Combined Pension Plan and \$55 thousand per year for the Supplemental Plan. Includes investment-related personnel costs.
Projected salary increases	For 2025, range of 10% to 14.00% based on the City's pay plan. Beginning in 2026, service based rates based on the City's pay plan. The salary scale assumption is service based and ranges from 3.5% to 8% and is based on the 2025 pay scales, along with analysis completed in conjunction with an Experience Study Report for the five-year period ended December 31, 2024.
Payroll growth	3.50% per year
Post-retirement benefit Increases	Ad hoc COLA after the Combined Pension Plan is 70% funded after accounting for the impact of the COLA. 1.50% of original benefit, beginning October 1, 2046.
Interest on DROP account	2.75% on active balances as of September 1, 2017, included in amortized DROP balance upon retirement, 0% on DROP accruals after September 1, 2017.

DALLAS POLICE & FIRE PENSION SYSTEM

Retirement age	Experience-based table of rates based on age, extending to age 65, with separate tables for police officers and firefighters
Pre-retirement mortality	Pub-2016 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males and set back two years for females, projected generationally using scale MP-2021.
Post-retirement mortality	Pub-2016 Public Safety Retiree Amount-Weighted Mortality Table, multiplied times 1.25 for males and multiplied by 0.8 for females, projected generationally using scale MP-2021.
Disabled mortality	Pub-2016 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward five years for males, projected generationally using scale MP-2021.
DROP election	The DROP Utilization factor is 0% for new entrants.

Actuarial Assumptions as of December 31, 2024

The total pension liability was determined by an updated actuarial valuation as of January 1, 2025, using the below significant assumptions, applied to all periods included in the measurement, except as noted below.

Investment rate of return	6.50% per annum, compounded annually, net of investment expenses. This rate is based on an average inflation rate of 2.50% and a real rate of return of 4.00%.
Discount rate	6.50%, used to measure the total pension liability
Administrative expenses	Explicit assumption of \$7.0 million per year or 1% of Computation Pay, whichever is greater for the Combined Pension Plan and \$55 thousand per year for the Supplemental Plan. Includes investment-related personnel costs.
Projected salary increases	For 2025, range of 10% to 14.00% based on the City's pay plan. Beginning in 2026, service based rates based on the City's pay plan. The salary scale assumption is service based and ranges from 3.5% to 8% and is based on the 2025 pay scales, along with analysis completed in conjunction with an Experience Study Report for the five-year period ended December 31, 2024.
Payroll growth	3.50% per year
Post-retirement benefit increases	Ad hoc COLA after the Combined Pension Plan is 70% funded after accounting for the impact of the COLA. 1.50% of original benefit, beginning October 1, 2046.
Interest on DROP account	2.75% on active balances as of September 1, 2017, included in amortized DROP balance upon retirement, 0% on DROP accruals after September 1, 2017.
Retirement age	Experience-based table of rates based on age, extending to age 65, with separate tables for police officers and firefighters.
Pre-retirement mortality	Pub-2016 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males and set back two years for females, projected generationally using scale MP-2021.
Post-retirement mortality	Pub-2016 Public Safety Retiree Amount-Weighted Mortality Table, multiplied times 1.25 for males and multiplied by 0.8 for females, projected generationally using scale MP-2021.
Disabled mortality	Pub-2016 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward five years for males, projected generationally using scale MP-2021.
DROP election	The DROP Utilization factor is 0% for new entrants.

Long Term Expected Rate of Return

The long-term expected rate of return used by the external actuary to evaluate the assumed return on the Plans' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The actuary's best estimates of arithmetic real rates of return for each major asset class included in the Plans' target asset allocation as of December 31, 2025 are summarized as shown below. The rates of return below are net of the inflation component of 2.5%.

ASSET CLASS	LONG-TERM EXPECTED REAL RATE OF RETURN	TARGET ASSET ALLOCATION
Global Equity	5.76%	54%
Emerging Market Equity	7.12%	4%
Private Equity	9.27%	6%
Global Fixed Income	1.75%	4%
Short-Term Investment Grade Bonds	1.12%	6%
Investment Grade Bonds	1.41%	4%
High Yield Bonds	2.92%	2%
Bank Loans	2.73%	2%
Emerging Markets Debt	3.12%	3%
Private Credit	5.46%	4%
Real Estate	3.71%	5%
Natural Resources	4.54%	3%
Cash	0.78%	3%

Note: The Target Asset Allocation used in this chart became effective January 1, 2025.

Discount rate

The discount rate used to measure the Combined Pension Plan Total Pension Liability (TPL) was 6.50%. Based on those assumptions, the Plan Fiduciary Net Position (FNP) was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The discount rate used to measure the Total Pension Liability for the Supplemental Plan was 6.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan Fiduciary Net Position (FNP) was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the net pension liability to changes in the discount rate

The following tables present the Net Pension Liability, calculated using the current discount rate, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate (in thousands).

DECEMBER 31, 2025

	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
Combined Pension Plan			
Net pension liability	\$ 4,233,200	\$ 3,515,869	\$ 2,921,384
Supplemental Plan			
Net pension liability	\$ 28,085	\$ 23,049	\$ 18,795

DECEMBER 31, 2024

	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
Combined Pension Plan			
Net pension liability	\$ 4,242,188	\$ 3,555,340	\$ 2,985,477
Supplemental Plan			
Net pension liability	\$ 27,394	\$ 22,849	\$ 18,998

6. Deferred Retirement Option Plan

DROP interest for active DROP members was eliminated after August 31, 2017; only the balance as of September 1, 2017, is eligible for interest once active DROP members retire. Active DROP participation is limited to 10 years. Retirees are not allowed to defer payments into their DROP accounts. Retirees and other DROP account holders, excluding active DROP members, had their DROP balance converted to an annuity (stream of payments) on November 30, 2017. The term of the annuity was based on the DROP account holders expected lifetime at November 30, 2017. The annuity included interest on balances accrued prior to September 1, 2017 at a rate that is correlated to the United States Treasury Note or Bond rates based on the term of the annuity and rules adopted by the Board.

DROP account balances of a member that retires after November 30, 2017 are converted to an annuity (stream of payments) at the time the member retires. The annuity is based on the member's life expectancy and interest rates at the time of retirement. Interest on retiree DROP accounts is based on the length of the retiree's expected lifetime and will be based on U.S. Treasury Bond Rates and rules adopted by the Board. Interest is only payable on the September 1, 2017 account balance. DROP annuities are assignable at the death of holder.

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DALLAS POLICE & FIRE PENSION SYSTEM

The following tables reflect the change in DROP balances and the change in the present value of DROP annuities and the number of participants and annuitants during the year ended December 31, 2025:

Combined Pension Plan

	DROP BALANCE (000'S)		DROP PARTICIPANTS
Balance on December 31, 2024	\$ 79,355	Participants on December 31, 2024	201
Accumulations	7,742		
Balances Annuitized	(10,996)		
Other Distributions/Deductions	(19)		
Adjustments	-		
Balance on December 31, 2025	\$ 76,082	Participants on December 31, 2025	182
	ANNUITY BALANCE (000'S)		ANNUITY PARTICIPANTS
Present Value of Annuities on December 31, 2024 ¹	\$ 789,906	Annuitants on December 31, 2024	2,704
Present Value of Annuities on December 31, 2025 ¹	\$ 750,935	Annuitants on December 31, 2025	2,725

Supplemental Plan

	DROP BALANCE (000'S)		DROP PARTICIPANTS
Balance on December 31, 2024	\$ 132	Participants on December 31, 2024	2
Accumulations	13		
Balances Annuitized	-		
Other Distributions/Deductions	-		
Adjustments	-		
Balance on December 31, 2025	\$ 145	Participants on December 31, 2025	3
	ANNUITY BALANCE (000'S)		ANNUITY PARTICIPANTS
Present Value of Annuities on December 31, 2024 ¹	\$ 5,107	Annuitants on December 31, 2024	68
Present Value of Annuities on December 31, 2025 ¹	\$ 4,652	Annuitants on December 31, 2025	69

¹ Includes annuities that may be paid out of the Excess Benefits and Trust.

7. Staff Retirement Plan

In November 2021 the Board passed a resolution authorizing the DFPF staff to participate in the Texas Municipal Retirement System (TMRS) beginning in January 2022. TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with Texas Government Code, Title 8, Subtitle G (TMRS Act) for the benefit of the employees of Texas participating cities. The TMRS plan is a cash-balance retirement plan. DFPF employees become a participant in the TMRS plan on their first day of service. Employees are required to contribute 7% of their total pay, not to exceed IRS Code limitations, and the system contributes an actuarially determined amount to equal a 2:1 match. DFPF contributed approximately \$270 thousand and \$275 thousand for years 2025 and 2024, respectively. Participants contributed approximately \$209 thousand and \$205 thousand to the TMRS plan for the years 2025 and 2024, respectively. The TMRS plan is not a component of the accompanying financial statements.

8. Capital Assets

The DFPF office building and land are recorded at acquisition value. Purchased capital assets, which include building improvements and information technology hardware, are recorded at historical cost. Depreciation is charged over the estimated useful lives of the assets using a straight-line method. Depreciation expense of \$249 and \$238 thousand for years 2025 and 2024, respectively is included in professional and administrative expenses in the accompanying financial statements for the years ended December 31, 2025 and 2024. All capital assets belong to DFPF. Maintenance and repairs are charged to expense as incurred.

Capitalization thresholds for all capital asset classes and useful lives for exhaustible assets are as follows (in thousands):

ASSET CLASS	CAPITALIZATION THRESHOLD	DEPRECIABLE LIFE
Building	\$ 50	50 years
Building improvements	\$ 50	15 years or term of lease
Information Technology Hardware	\$ 50	5 years

Capital asset balances and changes for the fiscal years ending December 31, 2025 and 2024 are as follows (in thousands):

ASSET CLASS	BALANCE DECEMBER 31, 2023	INCREASES	DECREASES	BALANCE DECEMBER 31, 2024	INCREASES	DECREASES	BALANCE DECEMBER 31, 2025
Land	\$ 3,562	\$ -	\$ -	\$ 3,562	\$ -	\$ -	\$ 3,562
Building	7,782	-	190	7,592	-	189	7,403
Building improvements	105	185	32	258	2	43	217
IT Hardware	7	77	16	68	109	17	160
Total	\$ 11,456	\$ 262	\$ 238	\$ 11,480	\$ 111	\$ 249	\$ 11,342

9. Commitments and Contingencies

Members

As described in Note 1, certain members of the Plans whose employment with the City is terminated prior to being eligible for pension benefits are entitled to refunds of their accumulated contributions, without interest, if they have less than five years of pension service. As of December 31, 2025 and 2024, aggregate contributions from active non-vested members for the Combined Pension Plan were \$33.4 million and \$26.8 million, respectively. The portion of these contributions that might be refunded to members who terminate prior to pension eligibility and request a refund has not been determined. Refunds due to terminated non-vested members in the amount of \$1.1 million and \$896 thousand for December 31, 2025 and 2024, respectively, were included in accounts payable and other accrued liabilities of the Combined Pension Plan. As of December 31, 2025, there were \$29 thousand in aggregate contributions from active non-vested members of the Supplemental Plan. There were no members eligible for a refund from the Supplemental Plan as of December 31, 2025 and 2024.

On December 31, 2025 the total accumulated DROP balance and the present value of the DROP annuities was \$827.0 million for the Combined Pension Plan and \$4.8 million for the Supplemental Plan. On December 31, 2024 the total accumulated DROP balance and the present value of the DROP annuities was \$869.3 million for the Combined Pension Plan and \$5.2 million for the Supplemental Plan.

Investments

The following table depicts the total commitments and unfunded commitments to various limited partnerships and investment advisors on December 31, 2025, by asset class (in thousands).

ASSET CLASS	TOTAL COMMITMENT	TOTAL UNFUNDED COMMITMENT
Real assets	\$ 57,000	\$ 5,775
Private equity	5,000	450
Fixed Income - commingled funds	10,000	514
Public Credit	15,000	15,000
Total	\$ 87,000	\$ 21,739

Legal

In August 2021, The Dallas Police Retired Officers Association filed suit against DPF and Nicholas Merrick in his capacity as Board Chairman in state district court in Dallas County alleging that changes to the provisions of the DPF Plans relating to the benefit supplement and annual adjustment were violative of the Texas Constitution. In March 2022, the district court granted DPF's motion for summary judgment. The plaintiff appealed this judgment. In November 2023, the Fifth Court of Appeals affirmed the decision of the district court. The plaintiff filed a motion for a rehearing by the original panel as well as a request for a hearing en banc. These motions were denied. The plaintiff has filed a petition for review with the Texas Supreme Court. In December 2025, the Texas Supreme Court issued a final order denying the plaintiff's petition for review, ending the case.

In August 2024, DPF filed a Declaratory Judgement Action against the City of Dallas related to interpretation of the DPF plan and Section 802 of the Texas Government Code. The District Court in Travis County ruled in favor of DPF. The City of Dallas appealed the decision to the Court of Appeals. In December 2025, the City of Dallas and DPF reached a settlement of the case and the lawsuit was dismissed.

10. Risks and Uncertainties

The Group Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. The effect of such risks on the Group Trust's investment portfolio is mitigated by the diversification of its holdings. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities may occur over the course of different economic and market cycles and that such change could be material to the financial statements.

The Plans' actuarial estimates disclosed in Note 5 are based on certain assumptions pertaining to investment rate of return, inflation rates, and participant demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

11. Leases

DPFP owns an office building and leases two floors of the building. DPFP entered into lease agreements, as a lessor, for office space owned by DPFP in 2024 and 2025. The lease terms are from 5-10 years with no cancellation period. Upon commencement of the leases, DPFP recognized lease receivables and deferred inflow of resources, which were measured at the present value of the future lease payments, discounted using a 6.50% interest rate. The lease receivables are amortized over the life of the leases. In 2025 and 2024, respectively, the principal reduction was \$292 thousand and \$116 thousand and the interest income recorded was \$170 thousand and \$165 thousand. The deferred inflow of resources is amortized and recognized as revenue based on a systematic and rational allocation over the term of the lease. The amount of deferred inflow of resources amortized and recorded as revenue in 2025 and 2024 was \$338 thousand and \$298 thousand.

The following schedule represents future minimum lease payments receivable as of December 31, 2025:

YEAR	PRINCIPAL	INTEREST	TOTAL FUTURE MINIMUM LEASE PAYMENTS
2026	\$ 294,665	\$ 152,136	\$ 446,801
2027	326,058	131,943	458,001
2028	359,831	109,629	469,460
2029	357,240	85,076	442,316
2030	271,282	65,316	336,598
2031 - 2033	851,673	71,629	923,302
Total	\$ 2,460,749	\$ 615,729	\$ 3,076,478

12. Subsequent Events

Real Asset and Private Equity Sales

Subsequent to year end and prior to the issuance date of the financials, there were three distributions from Real Assets totaling \$4.5 million, one distribution from Fixed Income totaling \$47 thousand, one distribution from Private Equity totaling \$127.3 million and one distribution from Public Credit for \$33 thousand.

Staff Plan

Employee contributions to the TMRS plan increased to 8% as of January 1, 2026.

Management has evaluated subsequent events through _____, 2026, which is the date that the financial statements were available for issuance and noted no subsequent events to be disclosed other than those which are disclosed in this Note or elsewhere in the Notes to Combining Financial Statements.

DALLAS POLICE & FIRE PENSION SYSTEM

Required Supplementary Information

(Unaudited)

Schedule of Changes in the Net Pension Liability and Related Ratios For Last Ten Fiscal Years (in Thousands)

COMBINED PENSION PLAN					
FOR MEASUREMENT DATE ENDING DECEMBER 31,	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$ 117,159	\$ 80,814	\$ 80,051	\$ 71,625	\$ 69,963
Interest	358,102	338,949	335,598	329,455	326,951
Changes of benefit terms	51,024	2,703	-	-	-
Differences between expected and actual experience	23,269	109,671	(19,708)	(42,456)	(26,683)
Changes of assumptions	-	74,303	-	65,942	(4,238)
Benefit payments, including refunds of employee contributions	(349,322)	(346,933)	(343,346)	(333,638)	(324,633)
Net change in total pension liability	200,232	259,507	52,595	90,928	41,360
Total pension liability - beginning	5,566,762	5,307,255	5,254,660	5,163,732	5,122,372
Total pension liability - ending (a)	\$ 5,766,994	\$ 5,566,762	\$ 5,307,255	\$ 5,254,660	\$ 5,163,732
Plan fiduciary net position					
Employer contributions	\$ 215,072	\$ 188,633	\$ 171,961	\$ 169,911	\$ 165,541
Employee contributions	75,608	67,920	62,510	59,706	58,560
Net investment income (loss), net of expenses	306,423	174,395	243,098	(240,891)	321,064
Benefits payments including refunds of employee contributions	(349,322)	(346,933)	(343,346)	(333,638)	(324,633)
Interest expense	-	-	-	-	-
Administrative expenses	(8,078)	(7,409)	(5,974)	(6,362)	(6,391)
Net change in plan fiduciary net position	239,703	76,606	128,249	(351,274)	214,141
Plan fiduciary net position - beginning	2,011,422	1,934,816	1,806,567	2,157,841	1,943,700
Plan fiduciary net position - ending (b)	\$ 2,251,125	\$ 2,011,422	\$ 1,934,816	\$ 1,806,567	\$ 2,157,841
Net pension liability - ending (a) - (b)	\$ 3,515,869	\$ 3,555,340	\$ 3,372,439	\$ 3,448,093	\$ 3,005,891
Plan fiduciary net position as a percentage of total pension liability	39.0%	36.1%	36.5%	34.4%	41.8%
Covered payroll	\$ 546,919	\$ 503,931	\$ 469,276	\$ 462,820	\$ 436,971
Net pension liability as a percentage of covered payroll	642.9%	705.5%	718.6%	745.0%	687.9%

(Continued)

Notes:

The 2024 and 2023 results were updated subsequent to the publication of the January 1, 2025 and January 1, 2024, actuarial valuation reports, respectively, and have been updated for this schedule.

COMBINED PENSION PLANFOR MEASUREMENT DATE ENDING
DECEMBER 31.

	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 56,244	\$ 49,155	\$ 44,792	\$ 148,552	\$ 167,432
Interest	324,046	318,703	318,536	348,171	360,567
Changes of benefit terms	-	-	16,091	(1,167,597)	-
Differences between expected and actual experience	70,548	16,723	(46,555)	(134,665)	(77,463)
Changes of assumptions	257,525	155,569	(31,460)	(2,851,241)	(712,003)
Benefit payments, including refunds of employee contributions	(317,951)	(309,860)	(297,081)	(296,154)	(825,092)
Net change in total pension liability	390,412	230,290	4,323	(3,952,934)	(1,086,559)
Total pension liability - beginning	4,731,960	4,501,670	4,497,347	8,450,281	9,536,840
Total pension liability - ending (a)	\$ 5,122,372	\$ 4,731,960	\$ 4,501,670	\$ 4,497,347	\$ 8,450,281

Plan fiduciary net position

Employer contributions	\$ 161,950	\$ 155,721	\$ 149,357	\$ 126,318	\$ 119,345
Employee contributions	57,305	52,268	49,332	32,977	25,518
Net investment income (loss), net of expenses	(8,927)	124,260	42,822	98,911	164,791
Benefits payments including refunds of employee contributions	(317,951)	(309,861)	(297,081)	(296,154)	(825,092)
Interest expense	-	-	-	(1,279)	(4,532)
Administrative expenses	(6,534)	(6,445)	(5,861)	(8,090)	(9,492)
Net change in plan fiduciary net position	(114,157)	15,943	(61,431)	(47,317)	(529,462)
Plan fiduciary net position - beginning	2,057,857	2,041,914	2,103,345	2,150,662	2,680,124
Plan fiduciary net position - ending (b)	\$ 1,943,700	\$ 2,057,857	\$ 2,041,914	\$ 2,103,345	\$ 2,150,662

Net pension liability - ending (a) - (b)	\$ 3,178,672	\$ 2,674,103	\$ 2,459,756	\$ 2,394,002	\$ 6,299,619
Plan fiduciary net position as a percentage of total pension liability	38.0%	43.5%	45.4%	46.8%	25.5%
Covered payroll	\$ 427,441	\$ 396,955	\$ 363,117	\$ 346,037	\$ 357,414
Net pension liability as a percentage of covered payroll	743.7%	673.7%	677.4%	691.8%	1,762.6%

DALLAS POLICE & FIRE PENSION SYSTEM

Required Supplementary Information

(Unaudited)

Schedule of Changes in the Net Pension Liability and Related Ratios For Last Ten Fiscal Years (in Thousands)

SUPPLEMENTAL PLAN					
FOR MEASUREMENT DATE ENDING DECEMBER 31,	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$ 1,129	\$ 1,260	\$ 1,262	\$ 1,020	\$ 394
Interest	2,938	2,917	2,786	2,630	2,373
Changes of benefit terms	524	7	-	-	-
Differences between expected and actual experience	1,908	291	1,092	501	3,371
Changes of assumptions	-	(735)	-	891	(4)
Benefit payments, including refunds of employee contributions	(3,265)	(3,302)	(2,941)	(2,843)	(2,750)
Net change in total pension liability	3,234	438	2,199	2,199	3,384
Total pension liability - beginning	45,704	45,266	43,067	40,868	37,484
Total pension liability - ending (a)	\$ 48,938	\$ 45,704	\$ 45,266	\$ 43,067	\$ 40,868
Plan fiduciary net position					
Employer contributions	\$ 3,354	\$ 4,256	\$ 3,666	\$ 2,807	\$ 2,099
Employee contributions	332	295	279	256	228
Net investment income (loss), net of expenses	2,694	1,882	2,224	(2,181)	2,765
Benefits payments including refunds of employee contributions	(3,265)	(3,302)	(2,941)	(2,843)	(2,750)
Interest expense	-	-	-	-	-
Administrative expenses	(81)	(84)	(61)	(59)	(55)
Net change in plan fiduciary net position	3,034	3,047	3,167	(2,020)	2,287
Plan fiduciary net position - beginning	22,855	19,808	16,641	18,661	16,374
Plan fiduciary net position - ending (b)	\$ 25,889	\$ 22,855	\$ 19,808	\$ 16,641	\$ 18,661
Net pension liability - ending (a) - (b)	\$ 23,049	\$ 22,849	\$ 25,458	\$ 26,426	\$ 22,207
Plan fiduciary net position as a percentage of total pension liability	52.9%	50.0%	43.8%	38.6%	45.7%
Covered payroll	\$ 2,183	\$ 1,838	\$ 1,923	\$ 1,800	\$ 1,631
Net pension liability as a percentage of covered payroll	1,055.8%	1,243.2%	1,324.2%	1,468.0%	1,361.3%

(Continued)

Notes:

The 2024 and 2023 results were updated subsequent to the publication of the January 1, 2025 and January 1, 2024, actuarial valuation reports, respectively, and have been updated for this schedule.

SUPPLEMENTAL PLAN					
FOR MEASUREMENT DATE ENDING DECEMBER 31,	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 379	\$ 212	\$ 222	\$ 111	\$ 70
Interest	2,438	2,223	2,359	2,799	2,911
Changes of benefit terms	-	-	888	(5,305)	-
Differences between expected and actual experience	47	3,007	(2,628)	(1,435)	1,105
Changes of assumptions	1,559	1,332	28	(479)	(916)
Benefit payments, including refunds of employee contributions	(2,778)	(2,766)	(2,708)	(2,668)	(5,912)
Net change in total pension liability	1,645	4,008	(1,839)	(6,977)	(2,742)
Total pension liability - beginning	35,839	31,831	33,670	40,647	43,389
Total pension liability - ending (a)	\$ 37,484	\$ 35,839	\$ 31,831	\$ 33,670	\$ 40,647
Plan fiduciary net position					
Employer contributions	\$ 1,777	\$ 1,530	\$ 1,979	\$ 2,077	\$ 3,064
Employee contributions	245	111	74	66	35
Net investment income (loss), net of expenses	(122)	169	1,220	740	1,141
Benefits payments including refunds of employee contributions	(2,778)	(2,766)	(2,708)	(2,668)	(5,912)
Interest expense	-	-	-	(11)	(78)
Administrative expenses	(55)	(55)	(52)	(69)	(37)
Net change in plan fiduciary net position	(933)	(1,011)	513	135	(1,787)
Plan fiduciary net position - beginning	17,307	18,318	17,805	17,670	19,457
Plan fiduciary net position - ending (b)	\$ 16,374	\$ 17,307	\$ 18,318	\$ 17,805	\$ 17,670
Net pension liability - ending (a) - (b)	\$ 21,110	\$ 18,532	\$ 13,513	\$ 15,865	\$ 22,977
Plan fiduciary net position as a percentage of total pension liability	43.7%	48.3%	57.6%	52.9%	43.5%
Covered payroll	\$ 627	\$ 584	\$ 622	\$ 916	\$ 525
Net pension liability as a percentage of covered payroll	3,368.0%	3,172.8%	2,173.8%	1,731.6%	4,376.2%

See notes below related to this schedule.

Notes to Schedule:**Changes of benefit terms:*****As of December 31, 2025***

Effective January 1, 2026 a supplemental payment of up to 2% of annual pension benefits was introduced, consisting of a 1% automatic payment for members already in pay status and a 1% payment contingent on positive asset returns. Members retiring on or after January 1, 2026 are eligible only for the contingent portion.

As of December 31, 2024 - None***As of December 31, 2023***

HB 4034 amended section 6.04(f) of Article 6243a-1 regarding disability benefits. The multiplier for disability benefits for members with service after September 1, 2017 was changed to 2.5% instead of an age-based table.

HB 4034 amended section 6.08 of Article 6243a-1 regarding death benefits for qualified survivors if a member dies in the line of duty. The multiplier for members hired prior to March 1, 2011 for service prior to September 1, 2017 was increased to 3% instead of 1.5%. For service after September 1, 2017, the multiplier was increased to 2.5% from 1.25%. For members hired on or after March 1, 2011, the multiplier was increased to 2.5% instead of 1.25%. The increased multiplier is for survivors who are either the member's children or surviving spouse, but not both. The maximum death benefit was increased to 90% from 45% of the member's average Computation Pay determined over 36 or 60 consecutive months.

The benefit changes above were effective September 1, 2023, but were included in the actuary report in 2024.

As of December 31, 2022 - None***As of December 31, 2021***

HB 3375 amended section 6.14 of Article 6243a-1 replacing the word "participant" with "any person" allowing survivors and beneficiaries additional flexibility regarding their DROP accounts, specifically as it relates to hardship distributions.

As of December 31, 2020 and 2019 - None***As of December 31, 2018***

The provision allowing members who entered DROP before June 1, 2017 to revoke the DROP election during a window from September 1, 2017 through February 28, 2018 is reflected in the December 31, 2018 total pension liability.

As of December 31, 2017

HB 3158 was signed by the Governor on May 31, 2017, the significant benefit and contribution changes in the bill were effective September 1, 2017.

- Normal Retirement Age increased from either age 50 or 55 to age 58
- For members less than the age of 45 on September 1, 2017, hired prior to March 1, 2011, and less than 20 years of pension service the Early Retirement Age increased from age 45 to age 53
- Vesting for members hired after February 28, 2011 was reduced from ten years to five years of service
- Benefit multiplier for all future service for members hired prior to March 1, 2011 was lowered from 3.00% to 2.50%
- Benefit multiplier retroactively increased to 2.50% for members hired on or after March 1, 2011
- Benefit multipliers for 20 and Out benefit lowered
- Members hired after February 28, 2011 are eligible for an early retirement benefit after 20-years of service
- Maximum benefit reduced from 96% of Computation Pay to 90% of Computation Pay for members hired prior to March 1, 2011

- Average Computation Pay period changed from 36 months to 60 months for future service for members hired prior to March 1, 2011
Annual Adjustment (COLA) discontinued for all members. The Board may choose to provide a COLA if the funded ratio on a market value basis is at least 70% after the implementation of a COLA.
- The supplemental benefit is eliminated prospectively; only those for whom the supplement was already granted as of September 1, 2017 will maintain the supplement
- Active DROP participation is limited to 10 years
- DROP interest for active DROP members was eliminated after September 1, 2017; only the balance as of September 1, 2017 will be eligible for interest once active DROP members retire
- Retirees with DROP accounts as of September 1, 2017 will have their DROP account balances paid out over their expected lifetime based on their age as of September 1, 2017
- Future retirees with DROP accounts will have their DROP account balances paid out over their expected lifetime as of the date of the retirement
- Interest on retiree DROP accounts as of August 31, 2017 will be paid based on the length of the retiree's expected lifetime and will be based on U.S. Treasury rates which correlate to expected lifetime, as determined by the Board of Trustees
- Member contributions for both DROP and non-DROP members increased to 13.5% effective September 1, 2017
- The City's contribution rate will increase to 34.5% of Computation Pay. Between September 1, 2017 and December 31, 2024, the City's contribution will be the greater of (i) 34.5% and (ii) a biweekly contribution amount as stated in HB3158, plus \$13 million per year.

As of December 31, 2016 - None

Changes of methods and assumptions:

The following assumption changes were adopted by the Board for use in the January 1, 2026 actuarial valuation. For further information regarding the changes to actuarial assumptions, refer to the January 1, 2026 Dallas Police and Fire Pension System actuarial valuation reports for the Combined Pension Plan and the Supplemental Plan.

As of December 31, 2025 - None

As of December 31, 2024

- The mortality tables were updated to the Pub-2016 Public Safety Amount-weighted Mortality Tables, with varying adjustments by status and sex.
- The mortality improvement rates were updated to be projected generationally with Scale MP-2021.
- The DROP retirement rates were updated to lowered age-based rates covering the same service age ranges for each group.
- The non-DROP retirement rates were updated to age-based rates covering the same service age ranges for each group.
- The retirement assumption for inactive vested participants was updated to include an assumption that 25% of those who terminate will take a cash out within the first two years after termination. Afterwards, 100% retirement at normal retirement age.
- The Disability rates were updated with lowered age-based rates covering the same service age range.
- Assumed rates of turnover were updated to service-based rates covering the same service ranges for each group.
- Assumed Spousal Age Difference was updated to reflect females as two years younger than males.
- The payroll growth assumption increased to 3.5% from 2.5%.
- The salary scale assumption was updated based on service, with a 10-14% increase based on rank in the first year based on the 2025 Pay Scales.

As of December 31, 2023 - None***As of December 31, 2022***

- The salary scale assumption was updated based on the 2023 Meet and Confer agreement.
- The DROP Active retirement rates for participants in DROP for ten years was lowered from 100% to 75%.

As of December 31, 2021

- Administrative expense assumption was reduced to \$7.0 million from \$8.5 million or 1% of Computation Pay for the Combined Pension Plan and to \$55 thousand from \$65 thousand for the Supplemental Plan for the year beginning January 1, 2022.
- The ad-hoc COLA assumption was lowered from 2.0% to 1.5%. Ongoing, the COLA assumption will remain at five percentage points less than the investment return assumption.
- The ad-hoc COLA assumption was updated to begin October 1, 2073. Last year, the COLA was assumed to begin October 1, 2069.

As of December 31, 2020

- The net investment return assumption was lowered from 7.00% to 6.50%.
- The ad-hoc COLA assumption was updated to begin October 1, 2069. Last year, the COLA was assumed to begin October 1, 2063.

As of December 31, 2019

The following assumption changes were adopted by the Board for use in the January 1, 2020 actuarial valuation. Some of the assumption changes were related to the actuarial experience study completed for the five-year period ending December 31, 2019.

- The net investment return assumption was lowered from 7.25% to 7.0%.
- The salary scale assumption was updated based on the 2019 Meet and Confer agreement, with a new ultimate rate of 2.50%.
- The payroll growth assumption was lowered from 2.75% to 2.50%.
- The mortality rates were updated to the Pub-2010 Public Safety Amount-weighted Mortality Tables, with varying adjustments by status and sex, projected generationally with Scale MP-2019.
- The withdrawal rates were updated, and the ultimate 0% rate was moved up from 38 to 25 years of service.
- The DROP retirement rates were increased at most ages and the ultimate 100% retirement was updated from the earlier of 67 years or 8 years in DROP to the earlier of age 65 or 10 years in DROP.
- The non-DROP retirement rates were lowered at most ages and simplified from three sets to two sets of rates.
- The retirement assumption for inactive vested participants was updated to include an assumption that 75% of those who terminate with a vested benefit prior to age 40 will take a cash out at age 40.
- The DROP annuitization interest rate for account balances as of September 1, 2017 was lowered from 3.0% to 2.75%.
- The ad-hoc COLA assumption was updated to begin October 1, 2063. Last year, the COLA was assumed to begin October 1, 2050.
- The system's expectations for near-term market returns were lowered to -6.0% for 2020, +5.25% for 2021, +5.75% for 2022 and +6.25% for 2023. For valuation purposes, these return assumptions are used for determining the projected full-funding date and the projected COLA start date.

As of December 31, 2018

- The salary scale assumption was updated to reflect the 2016 Meet and Confer Agreement, as amended in 2018.
- The ad-hoc COLA assumption was updated to begin October 1, 2050 based on the updated projection of the unfunded actuarial accrued liability; last year, the COLA was assumed to begin October 1, 2053.

As of December 31, 2017

The discount rate used to measure the total pension liability changed from a blended discount rate of 4.12% to the assumed rate of return of 7.25% for the Combined Pension Plan and from a blended discount rate of 7.10% to the assumed rate of return of 7.25% for the Supplemental Plan.

As a result of the passage of HB 3158 the following assumption were changed:

- The DROP utilization factor was changed from 100% to 0%
- Current DROP members with at least eight years in DROP as of January 1, 2017 are assumed to retire in 2018. Current DROP members with less than eight years in DROP as of January 1, 2017 are assumed to retire once they have been in the DROP for eight years.
- Retirement rates were changed effective January 1, 2018
- 100% retirement rate once the projected sum of age plus service equals 90
- New terminated vested members are assumed to retire at age 58
- DROP account balances annuitized as of September 1, 2017 are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest
- DROP payment period based on an 85%/15% male/female blend of the current healthy annuitant mortality tables
- COLA assumed to be a 2.00% COLA beginning October 1, 2053 and payable every October 1st thereafter
- The administrative expense assumption was changed from the greater of \$10 million per year or 1% of Computation Pay to the greater of \$8.5 million per year or 1% of Computation Pay for the Combined Pension Plan and from \$60 thousand to \$65 thousand for the Supplemental Plan.

As of December 31, 2016

- The blended discount rate used to measure the total pension liability changed from 3.95% to 4.12% for the Combined Pension Plan and from 7.19% to 7.10% for the Supplemental Plan.
- The remaining amortization period was adjusted from 40 years to 30 years for the Combined Pension Plan based on Section 802.101(a) of the Texas Government Code.

The salary scale was modified for valuation years 2017-2019 in accordance with the Meet and Confer Agreement. DROP interest is assumed to decline from 6.00% to 5.00% effective October 1, 2017, and to 0.00% effective October 1, 2018, per Section 6.14(c) of the plan document as amended and restated through April 16, 2015.

Schedule of Employer Contributions - Combined Pension Plan (In Thousands)

CITY'S FISCAL YEAR ENDING SEPTEMBER 30,	ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED PAYROLL	CONTRIBUTIONS AS A % OF COVERED PAYROLL
2025	\$ 217,613	\$ 204,889	\$ 12,724	\$ 503,931	40.7%

For 2025, the ADC is calculated using a January 1, 2025 valuation date as of the beginning of the prior year. The actuarially determined contribution for the City's fiscal year ended September 30, 2026 was calculated in the January 1, 2025 actuarial valuation, with an interest and timing adjustment assuming the contribution will be paid in the City's fiscal year beginning October 1, 2025 and ending September 30, 2026.

Schedule of Employer Contributions - Combined Pension Plan (In Thousands)

MEASUREMENT YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED PAYROLL	CONTRIBUTIONS AS A % OF COVERED PAYROLL
2024	\$ 237,229	\$ 188,633	\$ 48,596	\$ 469,276	40.2%
2023	251,606 ⁽¹⁾	171,961	79,646	462,820	37.2%
2022	228,531	169,911	58,619	436,971	38.9%
2021	221,286	165,541	55,744	427,441	38.7%
2020	185,429	161,950	23,479	396,955	40.8%
2019	152,084	155,721	(3,637)	363,117	42.9%
2018	157,100	149,357	7,743	346,037	43.2%
2017	168,865	126,318	42,547	357,414	35.3%
2016	261,859	119,345	142,514	365,210	32.7%

Note 1) Based on the original January 1, 2023 actuarial valuation, prior to the change in reporting the ADC based on the City's fiscal year.

For 2024, the ADC is calculated as of the valuation date and excludes the 21 month projection to the City's following fiscal year, to allow for a comparison point for the contributions.

Prior to 2024, the City's contributions were based on statutory rates set by State law and not Actuarially Determined Contributions. The difference between the actuarial determined contribution and the City contribution set by State statutes results in the contribution excess or deficiency.

Notes to Schedule:

The following methods and assumptions used to calculate the Actuarial Determined Contribution:

As of December 31, 2025

Actuarial cost method	Entry age normal cost method
Amortization method	The Board adopted a Funding Agreement with the City of Dallas that was based on a methodology that established two amortization bases of specified amounts as of January 1, 2023. The first amortization base was in the amount of \$2.290 billion and is to be amortized over 30 years on a level percent of pay basis. The second amortization base was in the amount of \$988.0 million, with a five-year step up of the amortization payment, with the outstanding balance after five years to be amortized over a 25-year period on a level percent of pay basis. Beginning January 1, 2024, each year's experience due to actuarial gains and losses or plan, assumption, or method changes are amortized over the amortization period remaining on the initial 2023 bases. Beginning in 2033, newly established bases will be set at a period of 20 years.
Remaining amortization period	28 years as of January 1, 2025
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age
Mortality	Pre-retirement: Pub-2016 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males and set back two years for females, projected generationally using Scale MP-2021 Post-retirement: Pub-2016 Public Safety Retiree Amount-Weighted Mortality Table, multiplied times 1.25 for males and multiplied times 0.8 for females, projected generationally using Scale MP-2021 Disabled: Pub-2016 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2021
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP utilization	The DROP utilization factor is 0% for new entrants.

DALLAS POLICE & FIRE PENSION SYSTEM

As of December 31, 2024

Actuarial cost method	Entry age normal cost method
Amortization method	The Board adopted a Funding Agreement with the City of Dallas that was based on a methodology that established two amortization bases of specified amounts as of January 1, 2023. The first amortization base was in the amount of \$2.290 billion and is to be amortized over 30 years on a level percent of pay basis. The second amortization base was in the amount of \$988 million, with a five-year step up of the amortization payment, with the outstanding balance after five years to be amortized over a 25-year period on a level percent of pay basis. Beginning January 1, 2024, each year's experience due to actuarial gains and losses or plan, assumption, or method of changes are amortized over the amortization period remaining on the initial 2023 bases. Beginning in 2033, newly established bases will be set at a period of 20 years.
Remaining amortization period	29 years as of January 1, 2024
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age
Mortality	Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019 Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019 Disabled: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP utilization	The DROP utilization factor is 0% for new entrants.

As of December 31, 2023 as differed from above

Amortization method 25-year level percent of payroll for UAAL as of January 1, 2020, 20-year level percent of payroll for changes to the UAAL thereafter, using 2.50% annual increases.

Remaining amortization period 82 years as of January 1, 2023

As of December 31, 2022 as differed from above

Amortization method 25-year level percent of payroll for UAAL as of January 1, 2020, 20-year level percent of payroll for changes to the UAAL thereafter, using 2.50% annual increases.

Remaining amortization period 68 years as of January 1, 2022

As of December 31, 2021 that differed from above

Remaining amortization period 63 years as of January 1, 2021

Post-retirement benefit COLA assumed to be 2.00% simple increases beginning October 1, 2073

As of December 31, 2020 that differed from above

Amortization method 25-year level percent of pay, using 2.50% annual increases. Beginning January 1, 2021, each year's gains and losses will be amortized over a closed 20-year period.

Remaining amortization period 55 years as of January 1, 2020

Investment rate of return 7.00% per annum, compounded annually, net of pension plan investment expense

Post-retirement benefit COLA assumed to be a 2.00% beginning October 1, 2063 and increases payable every October 1 thereafter

As of December 31, 2019 that differed from above

Amortization method 30-year level percent of pay, using 2.75% annual increases

Remaining amortization period 38 years as of January 1, 2019

Investment rate of return 7.25% per annum, compounded annually, net of all expense, including administrative expenses.

Inflation rate 2.75%

Projected salary increases Inflation plus merit increases, varying by group and service

Post-retirement benefit COLA assumed to be a 2.00% COLA beginning October 1, 2050 and increases payable every October 1 thereafter

DALLAS POLICE & FIRE PENSION SYSTEM

Mortality	<p>Pre-retirement: Sex-distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015</p> <p>Post-retirement: Sex-distinct RP-2014 Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015</p> <p>Disabled: Sex-distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015</p>
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.
<i>As of December 31, 2018 that differed from above</i>	
Remaining amortization period	45 years as of January 1, 2018
Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.00% to 2.25%
Post-retirement benefit	COLA assumed to be a 2.00% beginning October 1, 2053 and increases payable every October 1 thereafter
Interest on DROP accounts	Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest. Beginning January 1, 2018 DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.
<i>As of December 31, 2017 that differed from above</i>	
Projected salary increases	Inflation plus merit increases, varying by group and service, ranging from 0.25% to 2.45%
Post-retirement benefit	COLA assumed to be a 2.00% beginning October 1, 2049 and increases payable every October 1 thereafter
Interest on DROP accounts	6% per year until September 1, 2017. Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest.
DROP election	The DROP utilization factor is 0% for new entrants. Current DROP members with at least eight years in the DROP as of January 1, 2017 are assumed to retire in 2018. Current DROP members with less than eight years in DROP as of January 1, 2017 are assumed to retire once they have been in the DROP for eight years.

As of December 31, 2016 that differed from above

Post-retirement benefit increases	4.00% simple COLA, October 1 st
DROP balance returns	At October 1, 2015 - 7.0% At October 1, 2016 - 6.0% At October 1, 2017 and thereafter - 5.0%
DROP election	Age 50 with 5 years of service. Any active member who satisfies these criteria and has not entered DROP are assumed never to join DROP. Active members who retire with a DROP account are assumed to receive the balance of their account over a 10-year time period.

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Schedule of Employer Contributions - Supplemental Plan (In Thousands)

MEASUREMENT YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED PAYROLL	CONTRIBUTIONS AS A % OF COVERED PAYROLL
2025	\$ 3,354	\$ 3,354	\$ -	\$ 1,838	182.5%
2024	3,807	4,256	(449)	1,923	221.4%
2023	3,666	3,666	-	1,800	203.6%
2022	2,807	2,807	-	1,631	172.1%
2021	2,099	2,099	-	627	334.8%
2020	1,777	1,777	-	584	304.3%
2019	1,881	1,530	351	622	246.2%
2018	2,274	1,979	295	916	216.0%
2017	2,087	2,077	10	525	395.6%
2016	3,063	3,063	-	725	422.9%

The City is required by ordinance to contribute amounts necessary to ensure the payment of benefits in the Supplemental Plan. The City's contributions shall be made in accordance with actuarial requirements established by the actuary and the Board. Actuarially Determined Contributions are calculated as of January 1 in the fiscal year in which the contribution is reported. The deficiency shown on the table is due to Supplemental Plan contributions paid directly to the Excess Benefit Plan in compliance with Internal Revenue Code Section 415. The contribution excess for 2024 is due to the rescission of the immediate partial COLA.

Notes to Schedules:

The following methods and assumptions were used to calculate the actuarial determined contribution for the Supplemental Plan:

As of December 31, 2025

Actuarial cost method	Entry age normal cost method
Amortization method	20-year level percent of payroll for UAAL as of January 1, 2020, 10-year level percent of payroll for changes to the UAAL thereafter, using 3.50% annual increases.
Remaining amortization period	13 years as of January 1, 2025.
Asset valuation method	Market Value of assets
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense.
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age

Mortality	<p>Pre-retirement: Pub-2016 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males and set back two years for females, projected generationally using Scale MP-2021</p> <p>Post-retirement: Pub-2016 Public Safety Retiree Amount-Weighted Mortality Table, multiplied times 1.25 for males and multiplied times 0.8 for females, projected generationally using Scale MP-2021</p> <p>Disabled: Pub-2016 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2021</p>
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP election	The DROP utilization factor is 0% for new entrants.
<i>As of December 31, 2024</i>	
Actuarial cost method	Entry age normal cost method
Amortization method	20-year level percent of payroll for UAAL as of January 1, 2020, 10-year level percent of payroll for changes to the UAAL thereafter, using 2.50% annual increases.
Remaining amortization period	14 years as of January 1, 2024.
Asset valuation method	Market Value of assets
Investment rate of return	6.50% per annum, including inflation, net of pension plan investment expense.
Inflation rate	2.50%
Projected salary increases	Inflation plus merit increases, varying by group and year
Retirement rates	Group-specific rates based on age
Mortality	<p>Pre-retirement: Pub-2010 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males, projected generationally using Scale MP-2019</p> <p>Post-retirement: Pub-2010 Public Safety Retiree Amount-Weighted Mortality Table, set back one year for females, projected generationally using Scale MP-2019</p> <p>Disabled: Pub-2010 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward four years for males and females, projected generationally using Scale MP-2019</p>
Interest on DROP accounts	Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement.
DROP election	The DROP utilization factor is 0% for new entrants.

DALLAS POLICE & FIRE PENSION SYSTEM

As of December 31, 2023 that differed from above

Remaining amortization period 15 years as of January 1, 2023.

As of December 31, 2022 that differed from above

Remaining amortization period 16 years as of January 1, 2022.

As of December 31, 2021 that differed from above

Remaining amortization period 17 years as of January 1, 2021.

Post-retirement benefit increases COLA assumed to be a 1.5% beginning October 1, 2073 and payable every October 1st thereafter

As of December 31, 2020 that differed from above

Amortization method 20-year level percent of pay, using 2.50% annual increases. Beginning January 1, 2021 each year's gains and losses will be amortized over a closed 10-year period.

Remaining amortization period 20 years

Investment rate of return 7.00% per annum, compounded annually, net of all expense, including administrative expenses.

Projected salary increases Inflation plus merit increases, varying by group and service

Post-retirement benefit increases COLA assumed to be a 2.00% beginning October 1, 2063 and payable every October 1st thereafter

As of December 31, 2019 that differed from above

Amortization method 10 years level percent of pay, using 2.75% annual increases

Remaining amortization period 10 years

Investment rate of return 7.25% per annum, compounded annually, net of all expense, including administrative expenses.

Inflation rate 2.75%

Post-retirement benefit increases COLA assumed to be a 2.00% beginning October 1, 2050 and payable every October 1st thereafter

Mortality Pre-retirement: Sex-distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015

Post-retirement: Sex-distinct RP-2014 Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015

Disabled: Sex-distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015

Interest on DROP accounts Beginning January 1, 2018, DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2018 that differed from above

Projected salary increases Inflation plus merit increases, varying by group and service, ranging from 0.00% to 2.25%

Post-retirement benefit increases COLA assumed to be a 2.00% beginning October 1, 2053 and payable every October 1st thereafter

Interest on DROP accounts Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest. Beginning January 1, 2018 DROP balances as of September 1, 2017 for active members are assumed to earn 3.00% interest upon retirement.

As of December 31, 2017 that differed from the above

Projected salary increases Inflation plus merit increases, varying by group and service, ranging from 0.25% to 2.45%

Post-retirement benefit increases COLA assumed to be a 2.00% beginning October 1, 2049 and payable every October 1 thereafter

Interest on DROP accounts 6% per year until September 1, 2017. Beginning September 1, 2017, DROP account balances for annuitants are assumed to earn 2.75% interest; DROP account balances as of September 1, 2017 for active members are assumed to earn 2.75% interest upon retirement; DROP account balances accrued after September 1, 2017 for active members do not earn interest.

As of December 31, 2016 that differed from above

Post-retirement benefit increases 4.00% simple COLA, October 1st

DROP balance returns
October 1, 2015 - 7%
October 1, 2016 - 6%
October 1, 2017 and thereafter - 5%

DROP election Age 50 with 5 years of service. Any active member who satisfy these criteria and have not entered DROP are assumed never to join DROP. Active members who retire with a DROP account are assumed to receive the balance of their account over a 10-year time period.

Schedule of Investment Returns

FISCAL YEAR ENDED DECEMBER 31,	ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE
2025	16.47%
2024	8.30%
2023	10.15%
2022	(2.77%)
2021	5.52%
2020	1.48%
2019	11.51%
2018	(1.49%)
2017	5.07%
2016	3.09%

Notes to Schedule:

The annual money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense, and expresses investment performance adjusted for the changing amounts actually invested. Pension plan investment expense consists of manager fees. The return is calculated using a methodology which incorporates a one quarter lag for fair value adjustments on private equity, debt, and real assets investments and is provided by DPFP's investment consultant, Meketa Investment Group Inc. for the periods 2018-2025 and NEPC, LLC for the periods 2016-2017.

Supplementary Information

Administrative, Investment, and Professional Services Expenses

For both the Combined and Supplemental Plans

Year Ended December 31, 2025

ADMINISTRATIVE EXPENSES	
Information technology	\$ 748,336
Education	60,061
Insurance	540,707
Personnel	3,851,850
Office equipment	94,954
Dues and subscriptions	181,254
Board meetings	4,046
Office supplies	19,727
Utilities	28,912
Postage	24,311
Printing	4,997
Elections	7,883
Facilities	761,239
Other	24,422
Total administrative expenses	\$ 6,352,699
INVESTMENT EXPENSES	
Investment management	\$ 6,093,547
Custodial	199,418
Investment level valuations and audits	456,156
Research	59,102
Consulting and reporting	620,417
Legal	879,526
Tax	13,176
Other	13,302
Total investment expenses	\$ 8,334,644
PROFESSIONAL SERVICES EXPENSES	
Actuarial	\$ 2,103
Consulting	280,586
Auditing	135,400
Accounting	60,231
Medical review	3,500
Legal	1,133,470
Mortality records	270
Legislative	157,189
Other	34,136
Total professional services expenses	\$ 1,806,885

Notes to Schedule:

Supplementary information on investment expenses does not include investment management fees and performance fees embedded in the structure of private equity and other limited partnership investments. Rather, these fees are a component of the net appreciation (depreciation) in fair value of investments in the accompanying Statements of Changes in Fiduciary Net Position. In addition, management fees paid directly by DPFP are included net of rebates received. The members of the Board of Trustees serve without compensation; they are reimbursed for actual expenses incurred.

See accompanying independent auditor's report.

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INVESTMENT INFORMATION

2025



Investment Consultant's Report



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MEMORANDUM

TO: Board of Trustees, Dallas Police & Fire Pension System
FROM: Leo Festino, Aaron Lally, Colin Kowalski, Meketa Investment Group
DATE: March 31, 2026
RE: Investment Consultant's Statement for Annual Comprehensive Financial Report

This letter reviews the global capital markets in 2025 and the investment performance of the Dallas Police and Fire Pension System ("DPFP") for the year ending December 31, 2025.

Investment decisions were made during the calendar year with the following investment objectives in mind (as stated in DPFP's Investment Policy Statement).

- Maintain a diversified asset allocation that seeks to maximize the investment return while accepting prudent exposure to key investment risks.
- Outperform the Policy Benchmark over rolling five-year periods.
- Control and monitor the costs of administering and managing the investments.

DPFP produced a positive return in the calendar year of 16.4%, ahead of its actuarial target return and in line with the policy benchmark.

DPFP's rates of return are represented using a net-of-fees time-weighted rate of return methodology based upon monthly market values and cash flows. Consistent with industry best practices, DPFP's private market valuations are included on a one-quarter lag, cash flow adjusted basis, to account for the typical 60-90 day delayed reporting cycle for most private market investments. Data was provided by BNY Mellon, DPFP's custodian, and investment manager valuation statements.

Meketa Investment Group, DPFP's general investment consultant, works with the Board of Trustees, the Investment Advisory Committee and Investment Staff, to assist with performance evaluation, asset allocation, manager selection, governance, and other industry best practices.

Calendar Year 2025 Year in Review

At the start of calendar year 2025, the global economy was navigating heightened uncertainty surrounding a new US administration whose anticipated policy shifts, particularly in trade and supply-chain strategy, had the potential to reshape global commerce. Inflation in the United States remained above the Federal Reserve's 2% target, while economic growth continued to show resilience despite the Fed's target interest rate still above 4%. Globally, growth prospects were steady: forecasts called for a 3.3% expansion in 2026, and 3.2% in 2027, broadly consistent with previous forecasts.

Quarter ended March 31, 2025

During the first quarter of 2025 the global economy was characterized by uneven performance across regions, shaped by geopolitical tensions and shifting economic conditions. Uncertainty surrounding the US administration's tariffs, economic policies, and inflationary pressures shaped market sentiment. In the US, domestic equities sold off during the first quarter, with the Russell 3000 Index declining by 4.7%. Growth stocks underperformed value stocks, while small-cap stocks trailed large-cap stocks. Defensive sectors outperformed, reflecting cautious investor sentiment.

Internationally, non-US developed market stocks, as measured by the MSCI EAFE Index, rose by 6.9%, bolstered by rate cuts from the European Central Bank, planned increases in EU defense spending, and a weakening US dollar. Emerging market equities, tracked by the MSCI Emerging Markets Index, returned 2.9%, with notable gains in Chinese equities (+15.0%), driven by enthusiasm around DeepSeek Artificial Intelligence (AI) and stimulus measures introduced by the Chinese government. The divergence in the returns across asset classes highlighted the benefits of diversification, following a prolonged period of US Large Cap Equity dominance.

In the fixed income market, most segments posted positive returns. The broad US bond market (Bloomberg Aggregate Index) gained 2.8%, supported by a falling rate environment. Long-term treasuries were the best performers, with the Bloomberg Long US Treasury Index returning 4.7%. High yield bonds, as represented by the Bloomberg High Yield Index, posted modest gains (+1.0%) primarily due to prevailing economic uncertainties. Both bond and equity volatility increased during the quarter amid policy and trade uncertainty. The US Equity Volatility Index (VIX) and the US Bond Market Volatility Index (MOVE) both finished above their respective long-term averages.

Quarter ended June 30, 2025

In the second quarter, the global economy exhibited uneven performance amid trade developments, fiscal concerns, inflationary pressures, and improving risk sentiment across asset classes. In early April, President Trump unveiled the Liberation Day tariffs, which sent shockwaves throughout global markets, before a 90-day pause was announced a week later. The quarter underscored the benefits of diversification across asset classes, with varying performance driven by fiscal and inflationary dynamics alongside improving risk sentiment.

In the US, equity markets posted strong returns during the quarter, with the Russell 3000 Index gaining 11.0%, driven by stabilizing tariff concerns, robust corporate earnings, and a resilient US economy. Growth stocks significantly outperformed value stocks, particularly in the large-cap segment (Russell 1000 Growth Index: +17.8% versus Russell 1000 Value Index: +3.8%), bolstered by gains in AI-related mega-cap technology companies. Small-cap stocks (Russell 2000 Index) also performed well, rising 8.5%, though they trailed large-cap stocks (Russell 1000 Index) which gained 11.1%.

Developed international equities outpaced US peers during the quarter, with the MSCI EAFE Index returning +11.8% as continued weakness in the US dollar acted as a significant tailwind to local returns. Emerging markets ended the quarter slightly ahead of developed peers at +12.0% (MSCI Emerging Markets Index), benefitting from the weakening US dollar and dialogue between the US and China post the Liberation Day selloff.

In the fixed income market, most segments posted positive returns, with the Bloomberg Aggregate Index gaining 1.2%, supported by stable or declining treasury yields. Longer duration treasuries underperformed (Bloomberg Long US Government Index: -1.5%) primarily due to fiscal concerns driving yields higher at the long end of the curve. Inflation-related risks contributed to gains in Treasury Inflation-Protected Securities (TIPS), with the Bloomberg TIPS Index gaining 0.5%.

Quarter ended September 30, 2025

The global economy demonstrated uneven performance due to monetary policy shifts, geopolitical developments, and evolving risk sentiment across asset classes. In late August, Federal Reserve Chair Powell's comments at Jackson Hole signaled potential rate cuts, which buoyed market expectations for additional cuts and supported asset prices. The quarter highlighted the benefits of diversification across asset classes, with varied performance driven by monetary policy dynamics, resilient economic growth, and strong earnings.

In the US, equity markets posted strong returns, with the Russell 3000 Index gaining 8.2%, driven by robust corporate earnings, continued demand for AI investments, and a resilient US economy. Small-cap stocks outperformed large-cap stocks, reversing prior trends, while growth and value stocks delivered mixed results across market capitalizations. Technology and materials sectors were key contributors to the rally, with materials benefitting from a rally in precious and industrial metals.

Non-US developed equity markets (MSCI EAFE Index) rose 4.8%, supported by easing monetary policy and strong corporate earnings. Japan was a standout performer, benefiting from a weaker yen, robust tech exports, and favorable political shifts. However, the strengthening US dollar tempered returns for US investors.

Emerging market equities (MSCI Emerging Markets Index) outperformed developed markets, gaining 10.6% during the quarter. China (MSCI China Index) led the way with a remarkable 20.7% return, driven by domestic chipmaker support, accelerating AI spending, and optimism surrounding policy changes. Despite these gains, the stronger dollar posed a slight headwind for US investors.

In the fixed income market, most segments posted positive returns, with the Bloomberg Aggregate Index gaining 2.0%, supported by softer labor data and dovish central bank policies. Longer-dated treasuries and high-yield bonds performed slightly better, each returning 2.5%, while inflation-related risks contributed to gains in Treasury Inflation-Protected Securities (TIPS), which rose 2.1%.

Quarter ended December 31, 2025

Global markets delivered positive returns despite ongoing policy and trade uncertainty. The quarter was marked by cautious optimism as the US government reopened in mid-November following the longest shutdown on record. The shutdown weighed on near-term economic activity and added uncertainty for policymakers and financial markets, underscoring the benefits of staying invested across asset classes.

In the US, equity markets posted modest gains during the quarter, with the Russell 3000 Index rising 2.4%, bringing the full-year return to 17.1%. Value stocks outperformed growth stocks as market sentiment shifted toward economically sensitive areas and away from AI-related mega-cap technology companies. Healthcare stocks led the rebound in Q4, contributing significantly to the overall gains.

Non-US developed equity markets (MSCI EAFE Index) outperformed US equities, gaining 4.9% in the quarter and 31.2% for the year. These returns were supported by attractive valuations, a rotation out of US tech stocks, and increased defense and infrastructure spending.

Emerging market equities (MSCI Emerging Markets Index) rose 4.7% in the quarter, contributing to a full-year return of 33.6%. While Chinese equities declined in Q4 (MSCI China Index: -7.4%) primarily due to domestic challenges, strong returns in South Korea and Taiwan drove the broader emerging market rally.

In the fixed income market, most segments posted positive returns for the quarter, with the Bloomberg Aggregate Index gaining 1.1%. Riskier bonds outperformed, as emerging market debt and US high-yield bonds returned 1.6% and 1.3%, respectively. Cooling inflation contributed to modest gains in Treasury Inflation-Protected Securities (TIPS), with short-term TIPS rising 0.4% and longer-dated TIPS up 0.1%.

DPFP's 2025 Performance and Investment Activity

DPFP ended 2025 with nearly \$2.25 billion in investment assets. DPFP's public equity which accounted for 55.1% of the portfolio had a strong year, returning +22.8% in 2025, outperforming the MSCI ACWI IMI Net Index (+22.1%). DPFP performed in line with its policy benchmark and outperformed peers in part because of the strong public equity results.

	Calendar Year 2024 Return (%)
DPFP (net of fees)	+16.4%
Policy Index	+16.4%
Peer Median Return ¹	+13.5%
60% Stock/40% Bond mix ²	+16.4%

***Returns are time-weighted, net of fees. DPFP's private market valuations are included on a one-quarter lag, cash flow adjusted basis, to account for the typical 60-90 day delayed reporting cycle for most private market investments.*

DPFP's 3-Year and 5-year returns underperformed its policy benchmark but outperformed the actuarial target while longer-term periods (10-year) trailed both the policy benchmark and actuarial target. Poor manager selection within real estate and private equity and an over-allocation in these asset classes (paired with an under-allocation to public equities) have been the biggest drivers of longer-term underperformance.



Leandro Festino, CFA, CAIA
Managing Principal



Aaron Lally, CFA, CAIA
Managing Principal



Colin Kowalski
Investment Analyst

¹ InvestorForce Public DB \$1-\$5 billion Net Performance universe.

² 60% MSCI ACWI IMI Net / 40% Barclays Global Aggregate Index.

Investment Information

Investment Activities and Initiatives

Over the course of the year, the size of the investment portfolio increased by approximately \$232 million, reaching \$2.25 billion in investment assets due to strong investment returns, which were partially offset by net benefit outflows.

Staff worked in 2025 to progress towards the current asset allocation targets, which were approved in 2024 and became effective on January 1, 2025. As part of the revised asset allocation, Fixed Income & Cash were broken into a separate asset class from Credit and, within Credit, High Yield, Bank Loans and Emerging Market Debt were combined into one Public Credit Asset Class. The revised long-term asset allocation reflected a 1% increase in the Private Equity target and introduced a new 4% Private Credit target as compared to 2024 targets. The increased allocations were offset by a 2% reduction in the Public Equity target, a 1% reduction in the Public Credit target and a 2% reduction in the Natural Resources target.

As a result of combining High Yield, Bank Loans and Emerging Market Debt into one Public Credit Asset Class, staff conducted a Public Credit structure review, as required by the Investment Policy Statement for any public asset class with more than one underlying manager. The Board reviewed and approved Staff's recommended asset class structure which included a new 4% mandate for a Multi-Asset Credit manager, offset by a 2% reduction from both the High Yield and Bank Loan allocations. Staff conducted a robust search process working with Meketa and the Investment Advisory Committee to ultimately recommend ICG Global Total Credit to the Board for approval. Following Board approval ICG was funded in early 2026.

Staff completed a robust review of the Public Equity structure in the second half of 2025. The evaluation considered the Public Equity portfolio's exposure relative to the MSCI ACWI IMI benchmark in terms of market cap and geography and evaluated the role of active management in the portfolio. The final Public Equity structure included a reduction to International Small Cap and US Small Cap from 3% each to 1.5% in order to achieve a market weight allocation to small cap. Proceeds from reducing small cap exposures were redeployed into global passive exposure. DPFP terminated the active US Small Cap manager in August due to AUM concerns and re-allocated proceeds to a passive exposure until such time that a search can be completed for a new active manager.

The private asset portfolio, which includes Private Equity, Private Debt, Natural Resources, Infrastructure and Real Estate, was valued at \$394 million or 17.6% of the portfolio, at year-end as compared to \$447 million or 22.2% of the portfolio as of the prior year end. Staff continued to work with managers to sell private assets in an orderly fashion and reduce the exposure to legacy assets. Distributions from the private asset portfolio totaled \$70 million in 2025, with capital calls totaling just \$250 thousand. In early 2026 \$127.3 million was distributed from Huff Energy, substantially reducing exposure to legacy assets.

After laying the groundwork for new private market investments in 2024, which included developing practices and procedures for new private market searches and commitments, DPFP made the first three private market commitments since 2016. These initial commitments were made in the private credit portfolio. To date in 2026, two private equity commitments have been approved. A number of funds are under staff evaluation and diligence for future commitments. Staff has worked closely with private markets consultant Albourne to develop a pacing plan, which guides commitment sizing and commitments per year, in order to reach private market exposure targets over time while maintaining vintage year and fund diversification in the portfolio.

Performance Reporting and Results

Performance Reporting Methodology

The rate of return calculation is prepared by Meketa as of December 31, 2025, using a time-weighted rate of return. The methodology used to calculate the rate of return is a “lagged with cash flow adjustments” methodology, which incorporates a one-quarter lag on the market values of Private Equity, Private Debt, Infrastructure, Real Estate, and Natural Resources investments (collectively, Private Investments). The lagged methodology is recommended by Meketa, is consistent with standard industry practice, and allows for timelier reporting to the Board. Effective 2025, the same methodology of utilizing third quarter private market values cash flow adjusted through the end of the year is utilized for the net asset value and allocation information.

Investment Performance

DPFP’s investment performance is reported to the Board, on a quarterly basis, by Meketa. The overall investment performance is measured against the median return of public defined benefit plans over \$1 billion included in the InvestorForce universe. DPFP’s overall performance is also compared to the Policy Benchmark. The Policy Benchmark is calculated as the weighted return based on the asset class target allocations and their corresponding benchmark returns. Each asset class and investment manager are measured against the return of an appropriate benchmark, as represented by a specific index return. All returns disclosed in the Investment section are calculated net of all fees paid to investment managers. The table below includes the 1, 3, 5 and 10-year returns by asset category and class as measured against the representative benchmarks (dollars in thousands).

	NET ASSET VALUE	% OF PORTFOLIO	2025 RETURN	3 YRS	5 YRS	10 YRS
Total Investment Assets	\$ 2,247,822	100.0%	16.4%	11.5%	7.4%	5.6%
Policy Benchmark ⁽¹⁾			16.4%	14.8%	8.0%	8.6%
InvestorForce DB>\$1B Median			13.4%	11.5%	7.1%	8.3%
EQUITY	1,430,212	63.6%	23.6%	16.5%	10.5%	6.7%
MSCI ACWI IMI Net			22.1%	20.0%	10.7%	11.4%
Public Equity ⁽²⁾	1,239,081	55.1%	22.8%	18.8%	10.2%	11.6%
MSCI ACWI IMI Net			22.1%	20.0%	10.7%	11.4%
Northern Trust ACWI Index IMI	483,917	21.5%	22.4%	20.4%	-	-
MSCI ACWI IMI Net			22.1%	20.0%	-	-
Boston Partners	138,984	6.2%	34.7%	18.8%	14.8%	-
MSCI World Net			22.1%	21.2%	12.1%	-
Manulife	137,580	6.1%	18.7%	16.6%	10.7%	-
MSCI ACWI Net			22.3%	20.7%	11.2%	-
Walter Scott	133,291	5.9%	10.2%	13.8%	7.0%	11.1%
MSCI ACWI Net			22.3%	20.7%	11.2%	11.7%
WCM Global Equity	129,681	5.8%	26.5%	-	-	-
MSCI ACWI Growth Net			22.4%	-	-	-
Northern Trust Russell 2000 Index	62,080	2.8%	-	-	-	-
Russell 2000			-	-	-	-
Global Alpha International Small Cap	65,157	2.9%	22.5%	7.9%	-	-
MSCI EAFE Small Cap			31.8%	15.0%	-	-
RBC	88,389	3.9%	34.0%	16.7%	5.5%	-
MSCI Emerging Markets IMI Net			31.4%	16.3%	4.7%	-
Private Equity	53,647	2.4%	68.8%	15.1%	18.0%	3.0%
MSCI ACWI IMI (Net) +2% (1 Qtr Lag)			19.1%	24.9%	15.5%	13.8%
Huff Energy	137,484	6.1%	8.8%	-	-	-

	NET ASSET VALUE	% OF PORTFOLIO	2025 RETURN	3 YRS	5 YRS	10 YRS
CREDIT	234,732	10.4%	10.2%	10.4%	3.5%	-
Credit Blended Benchmark			9.0%	9.6%	4.5%	-
Public Credit	233,731	10.4%	10.2%	10.4%	3.5%	-
Credit Blended Benchmark			9.0%	9.6%	4.5%	-
Aristotle Pacific Asset Management	89,753	4.0%	6.8%	9.8%	6.8%	-
Credit Suisse Leveraged Loan			5.9%	9.3%	6.4%	-
Loomis Sayles US High Yield	75,324	3.4%	9.9%	10.1%	4.0%	-
Bloomberg US Corporate High Yield 2% Capped			8.6%	10.1%	4.5%	-
Metlife Emerging Markets Debt Blend	68,653	3.1%	15.5%	11.1%	-	-
35% JPM EMBI/35% JPM CEMBI/30% JPM GBI-EM			13.5%	9.3%	-	-
Private Credit	1,002	0.0%	17.3%	6.8%	20.3%	-
50% Bloomberg US HY/50% Credit Suisse Lev Loan +1% (1 Qtr Lag)			8.3%	11.5%	7.3%	-
REAL ASSETS	202,557	9.0%	5.5%	1.3%	3.5%	2.7%
50% NCREIF Property/50% Farmland Total Return (1Qtr Lag)			2.1%	0.0%	4.3%	5.2%
Real Estate	117,207	5.2%	25.3%	12.0%	8.8%	5.1%
NCREIF Property (1Qtr Lag)			4.6%	-2.6%	3.8%	5.0%
Natural Resources	72,535	3.2%	-18.8%	-13.7%	-7.9%	-4.5%
NCREIF Farmland Total Return Index (1Qtr Lag)			-0.4%	2.6%	4.7%	5.4%
Infrastructure	12,816	0.6%	-8.1%	-1.5%	11.6%	7.2%
S&P Global Infrastructure Index			22.6%	14.6%	11.0%	9.4%
FIXED INCOME & CASH	380,320	16.9%	5.9%	5.1%	1.8%	-
Fixed Income and Cash Blended Benchmark			5.7%	4.8%	1.5%	-
Cash	92,563	4.1%	4.3%	5.0%	3.3%	2.4%
ICE BofA 3 Month U.S.T-Bill			4.2%	4.8%	3.2%	2.2%
Cash	92,563	4.1%	4.3%	5.0%	3.3%	2.4%
ICE BofA 3 Month U.S.T-Bill			4.2%	4.8%	3.2%	2.2%
Short Term Investment Grade Bonds	167,597	7.5%	5.8%	5.3%	2.4%	-
Bloomberg US Aggregate 1-3 Yr			5.4%	4.8%	2.0%	-
IR&M	167,597	7.5%	5.8%	5.3%	2.4%	-
Bloomberg US Aggregate 1-3 Yr			5.4%	4.8%	2.0%	-
Investment Grade Bonds	120,161	5.3%	7.8%	5.5%	0.2%	-
Bloomberg US Aggregate			7.3%	4.7%	-0.4%	-
Longfellow Investment Management	120,161	5.3%	7.8%	5.5%	0.2%	-
Bloomberg US Aggregate			7.3%	4.7%	-0.4%	-

Numbers may not total due to rounding.

- (1) The Policy Benchmark is calculated as the weighted return based on the asset class target allocations and their corresponding benchmarks. The Policy Benchmark is updated for changes in the asset allocation targets as they are updated.
- (2) Public equity includes \$3 (dollars in thousands) stub balance in equity transition account which is not reflected in the above table.

Investment Policy

The Investment Policy Statement (IPS) is designed to guide investment of the assets of DPFP and sets forth an appropriate set of goals and objectives for DPFP. It defines guidelines to assist fiduciaries and staff in the management of the investments of DPFP.

The IPS outlines the asset allocation, details due diligence and investment review procedures, and clearly defines the roles of the Board, IAC, consultants and DPFP staff in the investment decision making process.

Updates to the IPS were approved by the Board in November of 2024 but did not become effective until January 1, 2025. Notable changes to the IPS approved in 2024 incorporated the following, among others:

- Updated the goal and objectives of the plan.
- Updated rebalancing language on the Safety Reserve and rebalancing to allow more flexibility.
- Updated language to clarify the format and role of Asset Class Structures.
- Updated the asset allocation, increasing the target for Private Equity and Private Credit in the portfolio.
- Added private market provisions to describe the role of the private markets consultant and the private market manager selection process.

The IPS was revised in February of 2025 to change the benchmark for Private Credit. To review the IPS in full, visit DPFP's website at www.dpfp.org.

Overview and Goals

The general investment goals of DPFP are broad in nature to encompass the purpose of DPFP and its investments. By achieving allocation and performance objectives consistently, the long-term investment goals of DPFP are expected to be achieved. The goals, objectives, and constraints outlined in the IPS are as follows:

Goal

- Earn a long-term, net of fees, investment return that, together with contributions, will be sufficient to meet current and future obligations of the plan when due.

Objectives

- Maintain a diversified asset allocation that seeks to meet the investment return goal while accepting prudent exposure to key investment risks.
- Meet or exceed the Policy Benchmark over rolling five-year periods.
- Control and monitor the costs of administering and managing the investments.

Constraints

- The Board intends to maintain sufficient liquidity in either cash equivalents or short-term investment grade bonds to meet 18 months of anticipated benefit payments and expenses (net of contributions).

DPFP's portfolio strategy is implemented through the use of external investment managers. Each investment manager operates under a set of guidelines specific to the strategic role its portfolio is intended to fulfill in the overall investment portfolio. As part of the due diligence process for any new manager, DPFP negotiates fees with these external managers to achieve the lowest reasonable cost to administering the investments without sacrificing quality of service.

DPFP's investment staff serves as the primary liaison between the Board, Investment Advisory Committee, investment consultants, investment managers, and custodian bank. The investment staff's responsibilities include, but are not limited to, managing assets within the scope of DPFP's policies, implementing Board actions regarding asset allocation and investment managers, portfolio rebalancing, monitoring investment activities and performance, managing liquidity, performing investment manager due diligence, and coordinating manager searches and selection processes.

Asset Allocation

The asset allocation as of December 31, 2025 includes four broad asset categories: Equity, Credit, Real Assets and Fixed Income. The broad asset categories are further categorized into 11 separate asset classes. Variances from long-term allocation targets may be significant but are expected to gradually diminish over time. The asset allocation as of December 31, 2025, is as follows:

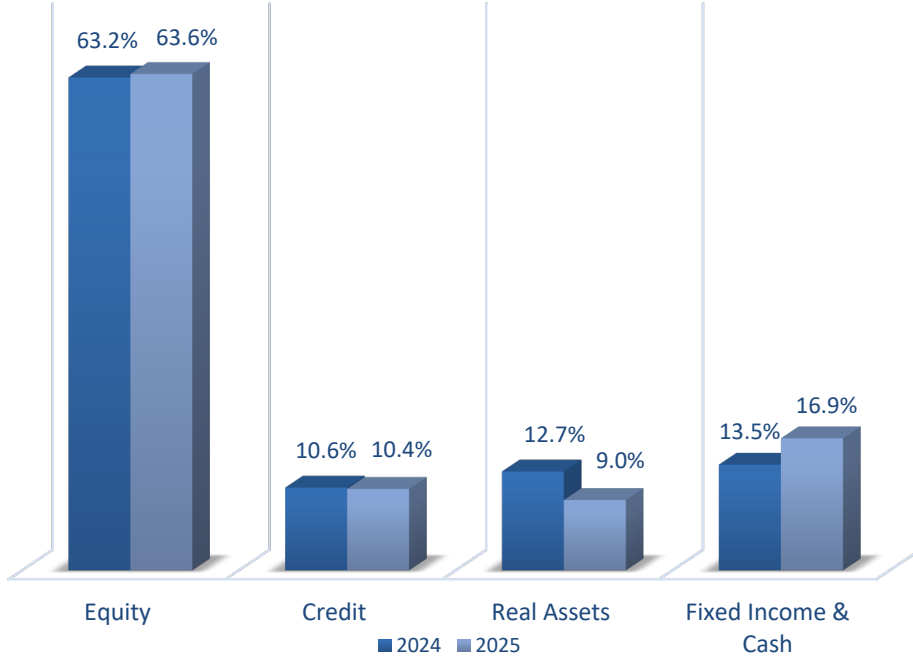
ASSET CATEGORY/CLASS	CURRENT ALLOCATION	TARGET ALLOCATION
Equity	63.6%	64%
Public Equity	55.1%	58%
Private Equity	2.4%	6%
Huff Energy	6.1%	0%
Credit	10.4%	15%
Public Credit	10.4%	11%
Private Credit	0.0%	4%
Real Assets	9.0%	8%
Real Estate	5.2%	5%
Natural Resources	3.2%	3%
Infrastructure	0.6%	0%
Fixed Income	16.9%	13%
Cash	4.1%	3%
Short-Term Investment Grade Bonds	7.5%	6%
Investment Grade Bonds	5.3%	4%

**Numbers may not total to 100% due to rounding.*

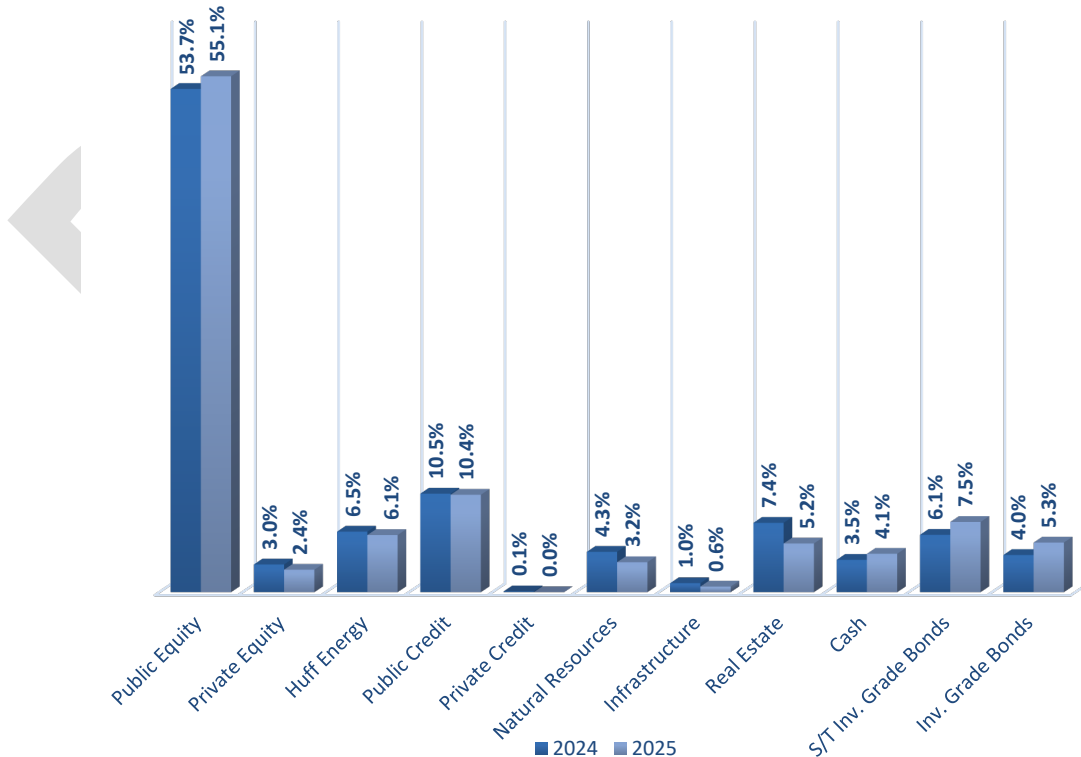
DALLAS POLICE & FIRE PENSION SYSTEM

The following graphs reflect the portfolio allocation as of December 31, 2024 and 2025 by broad asset category and asset class.

Asset Allocation by Broad Asset Category

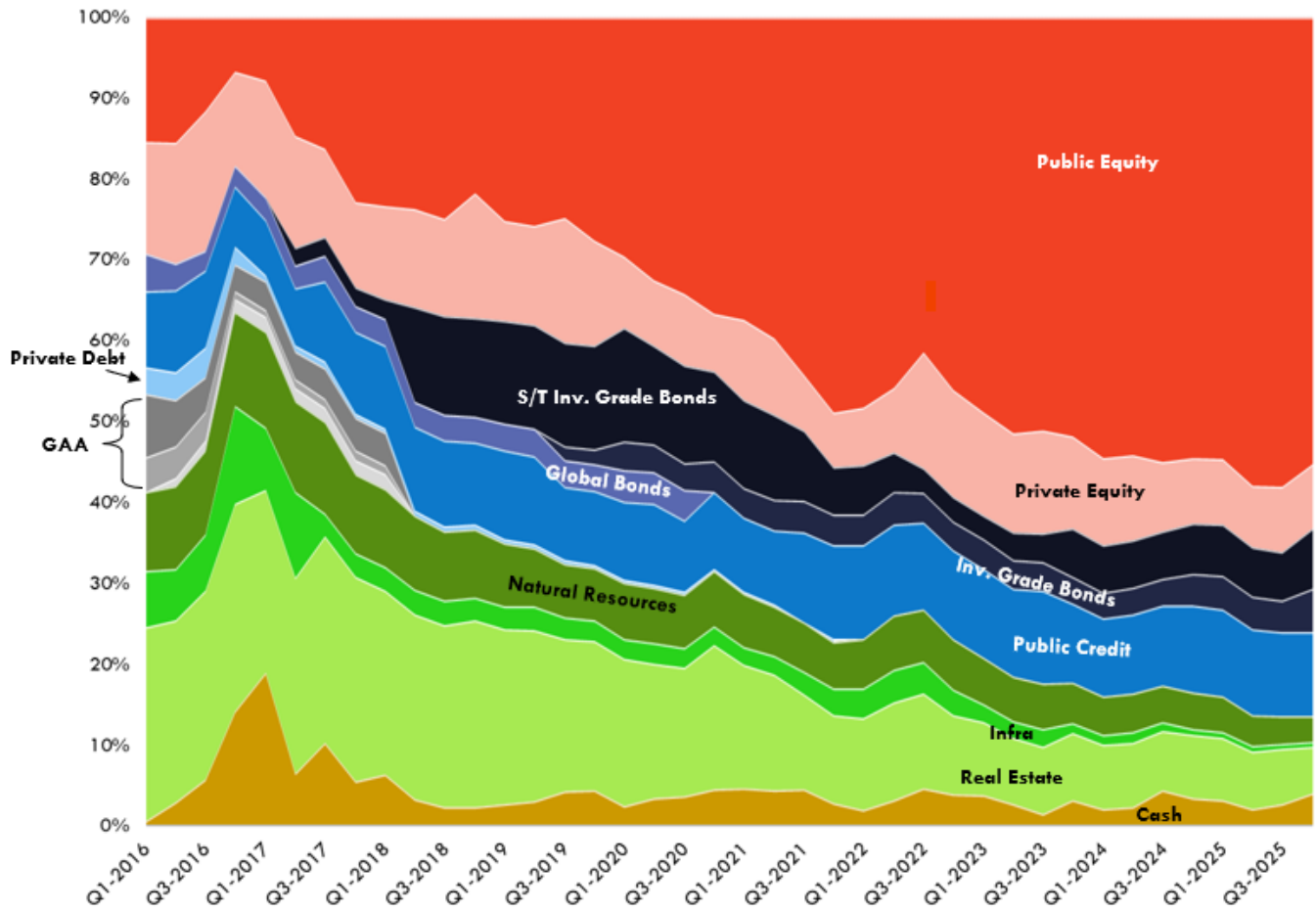


Asset Allocation by Asset Class



Over the past several years, DPFP has been focused on transitioning private market proceeds into a greater allocation to public markets. The graph below reflects the asset allocation changes since first quarter of 2016, on a quarterly basis.

Asset Allocation Evolution



Investment Management Fees and Brokerage Commissions

Investment management fees included in the Administrative, Investment and Professional Services Expenses supplementary schedule in the Financial section of this report represent only those fees paid directly by DPFP. In addition to the fees paid directly, DPFP incurs investment management fees which are charged by general partners or investment managers at the fund level. DPFP considers any incentive, performance, or disposition fees paid directly to the investment manager as management fees and, therefore, these are included in the table below. The below table presents all fees paid in 2025, net of any rebates or discounts received (dollars in thousands).

ASSET CLASS	MANAGEMENT FEES PAID DIRECTLY		MANAGEMENT FEES PAID AT FUND LEVEL	TOTAL INVESTMENT MANAGEMENT FEES	2025 AVERAGE MARKET VALUE	TOTAL MANAGEMENT FEES PAID AS A % OF AVERAGE MARKET VALUE
	FLAT FEES	PERFORMANCE FEES				
Cash	\$ -	\$ -	\$ -	\$ -	\$ 68,750	0.00%
Public Equity	2,084	1,474	836	4,394	1,184,438	0.37%
Fixed Income	557	255	412	1,224	444,802	0.28%
Real Assets	1,718	-	341	2,059	240,490	0.86%
Alternatives ⁽¹⁾	6	-	1,212	1,218	166,326	0.73%
TOTAL	\$ 4,365	\$ 1,729	\$ 2,801	\$ 8,895	\$ 2,104,806	0.42%

⁽¹⁾ Alternatives include Private Equity, Huff Energy, and Credit.

In 2019, the Texas Legislature passed Senate Bill 322 which modified Section 802.103 of the Texas Government Code to require a listing, by asset class, of all direct and indirect commissions and fees paid by the retirement system during the previous fiscal year for the sale, purchase, or management of system assets. DPFP has included all management fees as outlined above. Brokerage Fees and Commissions include brokerage commissions for public debt and equity securities that are held directly by DPFP through our custody bank and all third-party brokerage commissions paid on wholly-owned private assets. Carried Interest includes any preferred return paid to an investment manager, which is typical in private equity structures. Other Investment Expenses includes consultant, custodian, legal, valuation, and other expenses that are paid directly by DPFP and related to the operation and management of the investment portfolio. These investment expenses are not allocated to specific asset classes and are considered DPFP Plan Level expenses.

ASSET CLASS	INVESTMENT MANAGEMENT FEES	BROKERAGE FEES OR COMMISSIONS	CARRIED INTEREST	OTHER INVESTMENT EXPENSES	TOTAL OF ALL FEES AND EXPENSES
Public Equity	\$ 4,394	\$ 185	\$ -	\$ -	\$ 4,579
Fixed Income	1,224	-	-	-	1,224
Real Assets	2,059	247	-	-	2,306
Alternatives ⁽¹⁾	1,218	-	-	-	1,219
DPFP Plan Level	-	-	-	2,241	2,241
TOTAL	\$ 8,895	\$ 432	\$ -	\$ 2,241	\$ 11,568

⁽¹⁾ Alternatives include Private Equity, Huff Energy, and Credit.

Below is a breakdown of DPFP Plan Level investment expenses by category:

OTHER INVESTMENT EXPENSES (000's)	
Custodial	\$ 199
Investment Level Valuation & Audit	456
Research	59
Consulting and Reporting	620
Legal	880
Tax	13
Other	13
TOTAL	\$ 2,241

During 2025, DPFP incurred approximately \$185 thousand in brokerage fees and commissions on public securities paid through managers to trade a total of approximately 9.5 million shares. This represents an average cost of \$0.019 per share traded.

BROKERAGE FIRM	NUMBER OF SHARES TRADED (000'S)	TOTAL FEES AND COMMISSIONS (000's)	FEES AND COMMISSIONS PER SHARE
Morgan Stanley & Co	1,552	\$ 21	\$ 0.014
Goldman Sachs	1,001	18	0.018
UBS	1,272	14	0.011
JP Morgan Securities	975	13	0.013
Societe Generale	225	13	0.057
Bank Of America Corp	247	9	0.037
Daiwa Sec	308	8	0.027
Liquidnet	212	8	0.036
BNP Paribas Sec Srvs	537	7	0.012
National Finl Svcs Corp	236	6	0.026
All other firms	2,944	69	0.023
TOTAL	9,509	\$ 185	\$ 0.019

*Numbers may not total due to rounding.

Largest Public Equity and Fixed Income Holdings

The below tables contain the ten largest public equity and fixed income securities owned as of December 31, 2025. A full list of securities owned is available upon written request.

PUBLIC EQUITY ISSUER	MARKET VALUE (000's)	% OF PUBLIC EQUITY
Microsoft Corp	\$ 31,722	2.6%
Taiwan Semiconductor Manufacturing	29,450	2.4%
Nvidia Corp	24,251	2.0%
Apple Inc	20,236	1.6%
Amazon.Com Inc	19,635	1.6%
Alphabet Inc	17,990	1.5%
Applovin Corp	12,546	1.0%
Tencent Holdings Ltd	12,080	1.0%
AIA Group Ltd	9,076	0.7%
Samsung Electronics Co Ltd	8,613	0.7%

PUBLIC FIXED INCOME ISSUER	MATURITY	INTEREST RATE	MARKET VALUE (000's)
United States of America Notes Fixed	12/15/2028	3.5%	\$ 17,735
United States of America Notes Fixed	10/15/2028	3.5%	14,413
United States of America Notes Fixed	11/30/2027	3.4%	8,721
United States of America Notes Fixed	8/15/2028	3.6%	8,675
United States of America Notes Fixed	1/15/2029	3.5%	6,913
United States of America Notes Fixed	2/15/2030	1.5%	6,812
United States of America Bond Fixed	2/15/2033	3.5%	5,651
United States of America Bond Fixed	11/15/2041	2.0%	5,263
United States of America Notes Fixed	5/15/2050	1.3%	5,098
United States of America Notes Fixed	11/15/2031	1.4%	4,870

Investment Managers

Assets under management during 2025

AEW Capital Management	Lone Star Investment Advisors
Alvarez & Marsal	Loomis, Sayles & Company
Aristotle Pacific Capital	Manulife Asset Management
Boston Partners Global Investors	MetLife Investment Management
BTG Pactual Asset Management	Northern Trust
Clarion Partners	RBC Global Asset Management
Eastern Shore Capital Management	Russell Investments
Global Alpha Capital Management	Riverstone Credit Partners
Income Research and Management	The Rohatyn Group
Industry Ventures	Upwelling Capital
JPMorgan Asset Management	Walter Scott & Partners Limited
Longfellow Investment Management Company	WCM Investment Management
	W.R. Huff Asset Management

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ACTUARIAL INFORMATION

2025



Actuary's Report



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June 2, 2026

Board of Trustees
 Dallas Police & Fire Pension
 System 4100 Harry Hines Blvd.,
 Suite 100
 Dallas, TX 75219

Re: Actuarial Valuations as of January 1, 2026

Dear Board Members:

At the request of the Dallas Police and Fire Pension System (DPFP), Segal has completed January 1, 2026 actuarial valuations for the Combined Pension Plan and the Supplemental Plan (the Plans). This letter certifies that the information contained in this report is accurate and fairly presents the actuarial position of the Plans as of the valuation date.

All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, the results presented also comply with the requirements of Texas state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board (GASB). The undersigned is an independent actuary and consultant. Mr. Williams is a Fellow of the Conference of Consulting Actuaries, an Associate of the Society of Actuaries, an Enrolled Actuary, and Member of the American Academy of Actuaries. He is experienced in performing valuations for large public retirement systems and meets the Qualification Standards of the American Academy of Actuaries to render this opinion.

ACTUARIAL VALUATION

The primary purposes of the valuation reports are to:

- Assess the adequacy of the current employer contribution rates,
- Describe the current financial condition of the Plans, and
- Analyze changes in the Plans' financial condition.

The report provides information required under Governmental Accounting Standards Board Statement No. 67 (GASB 67), along with supporting data summaries. Valuations are prepared annually as of January 1 of each year, the first day of DPFP's plan year.

FINANCING OBJECTIVES

Combined Pension Plan

To determine the adequacy of the Combined Pension Plan's contribution levels, they are compared to the actuarially determined contribution (ADC) intended to be sufficient to pay the normal cost (the current year's cost) and to amortize the unfunded actuarial accrued liability (UAAL) as a level percentage of payroll over a set period. For the January 1, 2026 actuarial valuation, the ADC calculated will be payable in the City's fiscal year beginning October 1, 2026.

In accordance with the Funding Agreement with the City of Dallas, adopted by the Board of Trustees on December 11, 2025, pursuant to Section 2.025 of Article 6243a-1, the UAAL is amortized over a closed 30-year period beginning January 1, 2023. The Board established two amortization bases of specified amounts as of January 1, 2023. The first amortization base was in the amount of \$2.29 billion and is to be amortized over 30 years on a level percent of pay basis. The second amortization base was in the amount of \$988.0 million, with a five-year step up of the amortization payment, with the outstanding balance after five years to be amortized over a 25-year period on a level percent of pay basis. Beginning on January 1, 2024, future gains or losses each year are amortized over the same period remaining on the initial 2023 bases. Beginning in 2033, newly established bases will be amortized over a 20-year period. The effective amortization period as of January 1, 2026 is 27 years. For actuarial valuation purposes, Combined Plan assets are valued at actuarial value. Under the actuarial asset method, the assets used to determine employer contribution rates take into account market value by recognizing the differences between the actual and expected return on market value over a five-year period.

The Board monitors the margin or deficit between the actuarially determined recommended contribution and the City's contribution levels. For the City's fiscal year ended September 30, 2025, the City's contributions were \$12.7 million below the ADC, representing 94.15% of the ADC. The System and the actuary will monitor the contributions going forward.

Supplemental Plan

The City's contribution for the Supplemental Plan is determined with the actuarial valuation each year and is the sum of the normal cost and an amortization of the UAAL. In accordance with June 2020 amendments to the funding policy adopted by the System's Board, the UAAL amortization period was changed to a closed, 20-year amortization as of January 1, 2020. Effective January 1, 2021, future gains or losses each year are amortized over separate, closed, 10-year periods. The effective amortization period as of January 1, 2026 is 10 years. Amortization is on a level percentage of pay basis, with payroll assumed to increase 3.50% per year.

PROGRESS TOWARD REALIZATION OF FINANCING OBJECTIVES

Combined Pension Plan

As of January 1, 2026, the City's actuarially determined contribution for the Combined Pension Plan is a dollar amount equivalent to 44.59% of projected pay, payable beginning October 1, 2026.

The Funding Agreement with the City includes maximum contributions through the Fiscal Year ending September 30, 2054, based on a deterministic projection calculated by a third party as of January 1, 2023. There is some allowance in the Agreement for future increases in the UAAL that may result due to experience losses, assumption changes, method changes or benefit changes. However, there is risk associated with this methodology.

The current Funding Agreement contribution is below the ADC and is therefore insufficient, under current conditions, to fully amortize the UAAL by 2053. This shortfall reflects:

- The five-year step-up in amortization payments
- Schedule of Actuarially Determined Contributions
- Schedule of Actuarially Determined Contributions
- Schedule of Actuarially Determined Contributions

As a result, the Plan is more reliant on future contribution increases or favorable experience to prevent further growth in the UAAL.

The Funding Agreement includes a mechanism to add accumulated net losses through September 30, 2029 to the Funding Agreement contribution. However, this mechanism does not fully or immediately align contributions with the ADC, resulting in continued funding risk if losses persist.

If actuarial assumptions are met and contributions are made in accordance with the Funding Agreement, the System is projected to achieve full funding by 2053. Legislative changes under HB3158 (effective September 1, 2017) significantly improved long-term funding projections from prior insolvency expectations. The Texas Pension Review Board is aware of the System's status and progress.

The Combined Pension Plan's funded ratio, defined as the actuarial value of assets divided by the actuarial accrued liability, increased from 34.05% to 35.17% between January 1, 2025 and January 1, 2026. The UAAL increased from \$3.66 billion to \$3.73 billion on an actuarial basis.

Supplemental Plan

Supplemental Plan funded ratio increased from 50.03% to 53.00% between January 1, 2025 and January 1, 2026, primarily due to investment gains. The supplemental nature of this plan makes it more susceptible to fluctuations than a typical defined benefit plan. Also, Supplemental Plan assets are valued at market value, and investment gains and losses are recognized immediately.

Contributions are structured to ensure benefit funding, and the transition to closed amortization periods in 2020 has accelerated progress toward full funding.

ASSUMPTIONS AND METHODS

Actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by DFPF's actuary. The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results will differ from assumptions, as experience varies over time. Even seemingly minor changes in assumptions can materially change the liabilities, actuarially determined contribution rates, and funding periods.

All actuarial assumptions and methods are described under Section 4 of our actuarial valuation reports, and a summary is included in this Actuarial Information section as well. The assumptions and methods used for funding purposes conform to the Actuarial Standards of Practice, and we believe them to be internally consistent and reasonable.

The majority of the assumptions used in the January 1, 2026 actuarial valuation were adopted by the Board following a five-year experience review for the period ended December 31, 2024. We believe the actuarial assumptions and methods are internally consistent and are reasonable, based upon past experience and future expectations of the Plans.

Since the population of the Supplemental Plan is a subset of the Combined Pension Plan, and is too small to be independently credible, the valuation for the Supplemental Plan uses most of the same assumptions as the Combined Pension Plan. The explicit administrative expense assumption is set independently. Also, the Supplemental Plan uses market value for funding, with no smoothing of gains and losses.

BENEFIT PROVISIONS

The current provisions are outlined in the Financial Information section of this Annual Comprehensive Financial Report (ACFR).

DATA

Member data for retired, active and inactive participants was supplied as of December 31, 2025 by the staff of DFPF. We have not audited this data but have reviewed it for reasonableness and consistency with prior years. The staff also supplied asset and financial information as of December 31, 2025.

ANNUAL COMPREHENSIVE FINANCIAL REPORT SCHEDULES

Segal prepared the supporting schedules in this Actuarial Information section of the annual financial report, including:

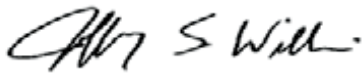
- Historical Nominal Rates of Return
- Reconciliation of Unfunded Actuarial Accrued Liability
- Solvency Test
- Active Member Valuation Data
- Retirees and Beneficiaries Added to and Removed from Rolls
- Funding Progress

In addition, we prepared the following schedules in the Financial Information Section:

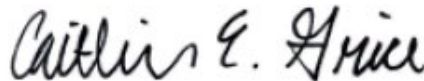
- Schedule of Changes in the Net Pension Liability
- Sensitivity of the Net Pension Liability to Changes in Discount Rate
- Schedule of Actuarially Determined Contributions

We would like to thank the Board, the Executive Director, and DFPF's staff for their assistance in completing these valuations.

Respectfully submitted,
Segal



Jeffrey S. Williams, ASA, FCA, MAAA, EA
Vice President and Consulting Actuary



Caitlin E. Grice, ASA, FCA, MAAA, EA
Vice President and Consulting Actuary

Actuarial Information

Introduction

DPFP's Combined Pension Plan and Supplemental Plan are single-employer defined benefit plans. The Plans provide retirement, death and disability benefits.

For the Combined Pension Plan, City contributions are based on a funding agreement between the City and DPFP. The funding agreement was adopted by the Board on December 11, 2025. City contributions include a fixed-dollar payment (ranging from \$169 million to \$448 million) intended to amortize the actuarial unfunded liability on January 1, 2023 over a 30-year period plus a fixed percentage of Computation Pay ranging from 6.78% to 6.45%. The January 1, 2024, and January 1, 2025 valuation results were revised to reflect the changes in the funding agreement.

As required by City ordinance, City contributions to the Supplemental Plan are paid annually in the amount equal to the Actuarial Determined Contribution calculated in the actuarial valuation. The funding agreement described above changed post-retirement benefit adjustments, which also impacted the Supplemental Plan, therefore, the January 1, 2024, and January 1, 2025 valuations for the Supplemental Plan were also revised.

Funding

Defined benefit plans represent a commitment to pay specific benefits to employees and their survivors. Refer to Note 1 in the Financial Section for a description of benefits. The benefit to employees and their survivors is usually much more than the combined contributions of the employee and the employer. Determining adequate funding requires making a variety of assumptions to ensure full payments can be made from the plan.

There are several actuarial assumptions necessary to estimate the amount of funding required to provide future benefits. Once the assumptions have been determined, the actuary must select a cost method to determine the amount of funding required for the committed benefits to be provided.

The Combined Pension Plan's funding ratio as of January 1, 2026 was 35.2% compared to 34.1% for January 1, 2025 using the actuarial value of assets basis. Consistent with the prior two years, the January 1, 2026 valuation projects the Combined Pension Plan to become fully funded by 2053. The amortization period for the Combined Pension Plan is a closed 30-year period.

The January 1, 2026 actuarial funding ratio for the Supplemental Plan was 53% compared to the prior year's funded ratio of 50%. The amortization period for the Supplemental Plan is based on a closed period of 20 years.

Additional information regarding plan changes, funding status, restatement of the January 1, 2024 and January 1, 2025 valuation results, actuarial assumptions and asset values can be found in the Letter of Transmittal, MD&A, notes to the combining financial statements, Required Supplementary Information and the Financial and Investment sections.

Cost Method

Using an actuarial cost method requires estimating the ultimate cost of the plan. The ultimate cost of the plan includes all specific benefits that are committed to be paid, plus all administrative expenses, less any investment earnings realized over the life of the plan. As the exact ultimate cost of the plan cannot be determined until the last retired member of a plan dies, it must be actuarially estimated by forecasting the plan's expenses and investment return.

Assumptions must be made for all the years the plan is in existence, including the number of active members and beneficiaries who will retire, terminate service, or become disabled, the duration of retirement and disability payments, mortality rates, salary increases, DROP participation, inflation, and the long-term rate of return on investments. Administrative expenses must also be estimated.

Actuary's Report

The actuarial information that follows was determined using specific actuarial methods which have been described in general above. Such methods were applied to census data related to active members, retirees, and beneficiaries of DPFP as of January 1, 2026. Content throughout the Actuarial section has been obtained from reports provided by DPFP's external actuary for the periods noted. The Actuary's Report at page 97 is a summary from Segal regarding the January 1, 2026 valuations.

Actuarial Assumptions, Methods and Changes in Plan Provisions

Aside from the assumption regarding administrative expenses, the actuarial assumptions for the Combined Pension Plan and the Supplement Plan are identical. The actuarial methods differ for each plan, except that both plans use the same Actuarial Cost method. Assumptions are determined by the actuary and approved by the Board.

There were no assumption changes for the January 1, 2026 valuation for existing assumptions. A new assumption was incorporated as described below.

The Plan Provisions changed pursuant to the funding agreement adopted on December 11, 2025. Effective January 1, 2026, individuals in pension status may receive supplemental payments equal to up to 2% of annual pension benefits (excluding DROP) determined as of the beginning of each plan year, continuing until the Plans are able to grant a COLA in accordance with 6243a-1 after the Combined Pension Plan has reached 70% funding. The Board has the discretion to grant the supplemental payments if the criteria are met. See Note 1 in the Financial Section for more information on the structure of the supplemental payments.

The new assumption was added for the January 1, 2026 valuation for the addition of the supplemental payment. Assumed 1.7% of total pension benefits for individuals in pension status prior to January 1, 2026 and 0.7% for individuals retiring after January 1, 2026.

In conjunction with the January 1, 2025 actuarial valuation, a comprehensive experience study was performed by Segal, which reviewed all assumptions incorporated in the valuation and covered the five-year period ending December 31, 2024.

The following assumptions were changed for the January 1, 2025 valuation:

- The mortality tables were updated to the Pub-2016 Public Safety Amount-weighted Mortality Tables with varying adjustments by status and sex.
- Mortality improvement was updated to project generationally with Scale MP-2021.
- The DROP retirement rates were updated to lower age-based rates covering the same service age ranges for each group.
- The non-Drop retirement rates were updated to age-based rates covering the same service age ranges for each group.
- The retirement assumption for inactive vested participants was updated to include an assumption that 25% of those who terminate will take a cash out within the first two years after termination. Afterwards, 100% retirement at normal retirement age.
- The Disability rates were updated with lower age-based rates covering the same service age range.
- Assumed rates of turnover were updated to service-based rates covering the same service ranges for each group.
- Assumed Spousal Age Difference was updated to reflect females as two years younger than males.
- The payroll growth assumption increased to 3.5% from 2.5%.
- The salary scale assumption was updated based on service, with a 10-14% increase based on rank in the first year based on the 2025 Pay Scales.

- The January 1, 2025 valuation included an assumption for an immediate partial COLA. Beginning October 1, 2025, 0.85% on original benefit for the first five years, 1.00% for years 6 through 10, 1.25% for years 11 through 15, and 1.5% thereafter. This COLA assumption was eliminated in the revised January 1, 2025 valuation and replaced with the following COLA assumption: 0.00% prior to October 1, 2046 and 1.50% of the original benefit beginning October 1, 2046.
- In the Revised January 1, 2025 valuation, Segal amended two plan provisions that were approved by the legislature in 2023 (House Bill 4034) but had not been incorporated into the valuation. First, for active members who pass away while in the line of duty, the surviving spouse benefit was increased to 100% of the member's accrued benefit. Further for Group B members who began active service before March 1, 2011, the benefit multiplier was increased for service earned on and after September 1, 2017 from the 20 & Out Table 2 to 2.5% at all ages. As a part of this plan change, an assumption was added that 30% of pre-retirement active deaths are in the line of duty. Second, for Group B members who began active service before March 1, 2011, the disability benefit multiplier, for service earned on and after September 1, 2017, was increased from the 20 & Out Table 2 to 2.5% at all ages.

The following assumptions were changed for the January 1, 2024 valuation:

- Effective January 1, 2023, the Board immediately recognized market value losses and reset the actuarial value of assets equal to the market value of assets.
- The January 1, 2024 valuation included an assumption for an immediate partial COLA. Beginning October 1, 2025, 0.85% on original benefit for the first five years, 1.00% for years 6 through 10, 1.25% for years 11 through 15, and 1.5% thereafter. This assumption was eliminated in the revised January 1, 2025 valuation. This assumption was removed for January 1, 2024 in the revised January 1, 2025 valuation.

The following assumptions were changed for the January 1, 2023 valuation:

- The assumed retirement rate for DROP actives was lowered from 100% to 75% after ten years in DROP.
- The salary scale assumption was updated based on the 2023 Meet and Confer agreement.

The following assumptions were changed for the January 1, 2022 valuation:

- Administrative expense assumption was lowered to \$7 million from \$8.5 million.
- The ad-hoc COLA assumption was lowered from 2.0% to 1.5%. Ongoing, the COLA assumption will remain at five percentage points less than the investment return assumption.
- The ad-hoc COLA assumption was updated to begin October 1, 2073.

The January 1, 2026 valuation projects the full funding of the Combined Pension Plan at 27 years.

The January 1, 2026 valuation projects the full funding of the Supplemental plan at 10 years.

The actual expense for the employer's financial disclosure purposes is determined in accordance with GASB No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB No. 27*.

Member contributions for the Supplemental Plan follow the requirements of member contributions for the Combined Pension Plan, which are established by State statute. The City makes a contribution each year sufficient to pay for the annual normal cost of the Supplemental Plan, plus a payment on the Unfunded Actuarial Accrued Liability (UAAL) of the Supplemental Plan over a closed 20 years.

A summary of the actuarial assumptions and methods used in the January 1, 2026 actuarial valuations follows.

Investment Rate of Return: 6.50% per annum, compounded annually, net of investment expenses. This rate reflects an underlying inflation rate of 2.50%.

Discount Rate: 6.50% is the rate used to discount the liabilities.

Administrative Expenses: An explicit assumption of annual administrative expenses, including investment-related personnel costs has been added to the normal cost in the amount of the greater of \$7.0 million per year or 1% of Computation Pay for the Combined Pension Plan and \$55 thousand per year for the Supplemental Plan.

Interest on DROP Accounts: 2.75% on active balances as of September 1, 2017, included in amortized DROP balance upon retirement. 0% on DROP accruals after September 1, 2017.

Salary Scale: Range of 3.5% to 14% based on the City’s pay plan, along with analysis completed in conjunction with an Experience Study report for the five-year period ended December 31, 2024.

In years 2025 and thereafter:

	OFFICERS	CORPORALS, DRIVERS, & SENIOR OFFICERS	SERGEANTS, LIEUTENANTS, CAPTAINS, MAJORS, DEPUTY CHIEFS, ASSISTANT CHIEFS & CHIEFS
Year	RATE (%)		
2025	10.00%	14.00%	10.00%
2026 and thereafter	Service based rates	Service based rates	Service based rates

SERVICE	RATE
0 - 2	8.00%
3 - 5	7.00%
6 - 8	6.00%
9 - 11	5.00%
12 - 14	4.00%
15 and thereafter	3.50%

Payroll Growth Rate: Total payroll is assumed to increase 3.50% per year.

Retirements-DROP active members: The percentage of the population assumed to retire at various ages is as follows:

AGE	ANNUAL RATE OF RETIREMENT	
	Police	Fire
Under 52	0.00%	0.00%
52 - 56	11.00%	5.00%
57	20.00%	20.00%
58 - 59	20.00%	30.00%
60	30.00%	30.00%
61	30.00%	20.00%
62 - 64	10.00%	20.00%
65 and over	100.00%	100.00%

Note: 75% retirement rate after ten years in DROP.

Retirements-Non-DROP active members: The percentage of non-DROP members assumed to retire at various ages is as follows:

	MEMBERS WITH AT LEAST 20 YEARS OF SERVICE AS OF SEPTEMBER 1, 2017	MEMBERS WITH LESS THAN 20 YEARS OF SERVICE AS OF SEPTEMBER 1, 2017
AGE	ANNUAL RATE OF RETIREMENT	
Under 50	1.00%	1.00%
50 - 51	11.00%	4.00%
52 - 53	15.00%	4.00%
54 - 56	15.00%	7.00%
57 - 58	15.00%	8.00%
59 - 61	30.00%	8.00%
62	100.00%	100.00%

Note: 100% retirement rate once benefit multiplier hits 90% maximum.

Mortality Rates: The tables used for mortality assumptions are as follows:

Healthy Pre-retirement - Pub-2016 Public Safety Employee Amount-Weighted Mortality Table, set forward five years for males and set back two years for females

Healthy annuitants and dependent spouses - Pub-2016 Public Safety Retiree Amount-Weighted Mortality Table, multiplied times 1.25 for males and multiplied times 0.8 for females

Healthy contingent beneficiaries - Pub-2016 Public Safety Contingent Survivor Amount-Weighted Mortality Table, multiplied by 1.1 for males and multiplied by 1.25 for females

Disabled annuitants - Pub-2016 Public Safety Disabled Retiree Amount-Weighted Mortality Table, set forward five years for males

All tables are projected generationally using Scale MP-2021.

Turnover: The assumed annual rates of turnover (withdrawal) differ by employee group, with higher rates assumed for police officers than for firefighters. Rates for each group are based on service and reflect recent experience as follows. Rates cut off at normal retirement age.

YEARS OF SERVICE	TURNOVER	
	Police	Fire
<1	15.00%	12.00%
1	9.00%	9.00%
2 - 4	6.50%	7.00%
5	4.00%	5.00%
6 - 7	4.00%	2.50%
8	2.00%	2.50%
9 - 10	2.00%	1.00%
11 - 20	1.50%	1.00%
21 - 24	1.00%	1.00%
25 and over	0.00%	0.00%

Disability Rates: The percentage of members assumed to leave active service due to disability at various ages is as follows. 100% of disabilities are assumed to be service-related.

AGE	DISABILITY RATE
20	0.004%
25	0.009%
30	0.014%
35	0.019%
40	0.024%
45	0.029%
50	0.034%
55	0.000%
60	0.000%

Weighted average retirement age: Age 58, determined as follows: The weighted average retirement age for each participant is calculated as the sum of the product of each potential current or future retirement age times the probability of surviving from current age to that age and then retiring at that age, assuming no other decrements. The overall weighted retirement age is the average of the individual retirement ages based on all the active members included in the January 1, 2026 actuarial valuation.

Retirement for inactive vested participants: Terminated vested members are assumed to retire at Normal Retirement Age. 25% of members are assumed to take a lump sum cash out within the first two years of termination.

DROP Utilization: The DROP utilization factor is 0% for new entrants.

DROP payment period: Based on expected lifetime as of the later of September 1, 2017 or retirement date. Expected lifetime determined based on an 85% male/15% female blend of the current healthy annuitant mortality tables.

Actuarial equivalence: Actuarial equivalence for optional forms of benefit payments are based on an 85% male/15% female blend of the current healthy annuitant mortality tables, along with an interest rate of 6.50%.

Family Composition: 75% of active members are assumed to be married, with the male assumed to be two years older than the female. The age of the youngest child is assumed to be 10 years.

Benefit Election: Married participants are assumed to receive the Joint and Survivor annuity form of payment. Non-married participants are assumed to receive a Life Only annuity.

Assumed Post-Retirement Cost of Living: All members age 62 or above on October 1st after the third anniversary of their retirement are eligible for an ad hoc cost of living increase after the Combined Pension Plan is 70% funded, on a market value of assets basis, funded after accounting for the impact of the COLA as approved by the Board. The ad hoc cost of living adjustment is calculated as a percentage equal to the average annual rate of actual investment return of the pension system for the five-year period ending on December 31st preceding the effective date of the adjustment less five percent. The ad hoc cost of living adjustment assumption is 0.00% prior to January 1, 2046 and 1.5% of the original benefit beginning January 1, 2046.

Supplemental Payments: Effective January 1, 2026, a supplemental payment of up to 2% of annual pension benefits was introduced, consisting of a 1% automatic payment for members already in pay status and a 1% payment contingent on positive asset returns. Members retiring on or after January 1, 2026 are eligible only for the contingent portion. Supplemental Payments are made at the discretion of the Board if the criteria are met. The supplemental payments will not be paid in years when a COLA is paid. Segal assumed 1.7% of total pension benefits for individuals in pension status prior to January 1, 2026, and 0.7% for individuals retiring after January 1, 2026, through January 1, 2046.

Actuarial Cost Method: Entry Age Actuarial Cost Method. Entry Age is the age at the time the member commenced employment. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis with Normal Cost determined using the plan of benefits applicable to each participant. Actuarial Liability is allocated by salary.

Amortization Method: For the Combined Pension Plan, the Board adopted a methodology that established two amortization bases of specified amounts as of January 1, 2023. The first amortization base was in the amount of \$2.290 billion and is to be amortized over 30 years on a level percent of pay basis. The second amortization base was in the amount of \$988 million, with a five-year step up of the amortization payment, with the outstanding balance after five years to be amortized over a 25-year period on a level percent of pay basis. Beginning January 1, 2024, each year's experience due to actuarial gains and losses or plan, assumption, or method changes are amortized over the amortization period remaining on the initial 2023 bases. Beginning in 2033, newly established bases will be set at a period of 20 years.

The amortization method for the Supplemental Plan is as follows: the unfunded actuarial accrued liability as of January 1, 2020, is amortized on a closed, 20-year period. Beginning January 1, 2021, each year's gains and losses are amortized over a closed, 10-year period. Amortization is on a level-percentage of pay basis.

Asset Valuation Method: The Combined Pension Plan uses a market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

The Supplemental Plan's actuarial value of assets equals the market value of assets.

Long-term Rate of Return on Plan Assets: The long-term rate of return on plan assets used to value the liabilities of the Plans is 6.50%. This assumption was last changed as of January 1, 2021 to better anticipate future expectations and the assumed inflation rate.

A summary of historical nominal rates of return is as follows:

YEAR ENDED DECEMBER 31,	ACTUARIAL VALUE INVESTMENT RETURN	MARKET VALUE INVESTMENT RETURN
2008	(6.14%)	(24.80%)
2009	12.29%	13.78%
2010	2.69%	10.72%
2011	0.43%	(1.78%)
2012	14.79%*	9.92%
2013	4.52%	7.70%
2014	(1.98%)	(5.35%)
2015	(24.03%)*	(8.47%)
2016	7.16%	6.82%
2017	6.63%	4.74%
2018	5.48%	2.09%
2019	5.05%	6.25%
2020	3.46%	(0.45%)
2021	4.68%	16.99%
2022	(9.75%)	(11.46%)
2023	7.98%*	13.90%
2024	8.91%	9.25%
2025	10.78%	15.49%
5-year average return	1.55%	8.37%
10-year average return	3.69%	6.08%
15-year average return	(0.15%)	3.57%
18-year average return	0.45%	2.44%

Note: Each annual yield is weighted by the average asset value for that year.

* Includes effects of change in asset valuation method. As of December 31, 2012, the smoothing method was extended from 5 to 10 years. As of December 31, 2015, the actuarial value of assets was reset to market value and the smoothing method was altered from 10 to 5 years. As of January 1, 2023, the actuarial value of assets was reset to the market value of assets.

The Actuarial Value Investment Return Column is not applicable to the Supplemental Plan.

Analysis of Financial Experience

An analysis of financial experience is a gain/loss analysis of changes in the actuarial accrued liability or unfunded actuarial accrued liability that considers variances between actual experience and assumed experience for different types of risk. Such analysis is as follows (in thousands):

COMBINED PENSION PLAN	
Unfunded actuarial accrued liability as of January 1, 2025	\$ 3,664,925
Normal cost at beginning of year	128,030
Total contributions	(290,680)
Total interest	237,194
Expected unfunded actuarial accrued liability as of January 1, 2024 (a)	3,739,469
Changes due to:	
Net experience gain	(55,979)
Plan provisions	51,001
Assumptions	-
Total changes (b)	(4,978)
Unfunded actuarial accrued liability at year end (a+b)	3,734,491
Actuarial accrued liability at beginning of year	5,557,257
Net (gain)/loss as a percentage of actuarial accrued liability at beginning of year	(0.090%)
SUPPLEMENTAL PLAN	
Unfunded actuarial accrued liability as of January 1, 2025	\$ 22,831
Normal cost at beginning of year	1,192
Total contributions	(3,686)
Total interest	1,443
Expected unfunded actuarial accrued liability as of January 1, 2025 (a)	21,780
Changes due to:	
Net experience loss ¹	653
Plan provisions	524
Assumptions	-
Total changes (b)	1,177
Unfunded actuarial accrued liability at year end (a+b)	22,957
Actuarial accrued liability at beginning of year	45,686
Net (gain)/loss as a percentage of actuarial accrued liability at beginning of year	2.576%

Note 1: Includes contribution gain due to employee contributions greater than expected.

Refer to the Financial Section for additional information on Plan changes and changes in actuarial methods and assumptions.

Short-Term Solvency Test

A short-term solvency test is one means of checking a plan's progress under its funding program. In a short-term solvency test, the plan's valuation assets are compared with: 1) active member contributions on deposit; 2) the liabilities for future benefits to present retired lives; and 3) the liabilities for service already rendered by active members. In a plan that has been following the discipline of level percent of payroll financing, the liabilities for active member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will typically be fully covered by present assets. In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. Liability 3 being fully funded is very rare. As a result of the decline in the actuarial value of assets as of January 1, 2016, the liabilities for future benefits to present retired lives is no longer fully covered by present assets. Solvency test results for the Plans for the last 10 years are as follows (dollars in thousands):

Combined Pension Plan

AGGREGATE ACCRUED LIABILITIES FOR								
(1) (2) (3)								
Jan. 1 Valuation Date	Active Member Contribution	Retirees, Beneficiaries, and Vested Termination	Active Members (Employer Financed Portion)	Total Actuarial Accrued Liability	Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Assets		
						(1)	(2)	(3)*
2017	\$ 284,871	\$ 2,734,837	\$ 1,347,472	\$ 4,367,180	\$ 2,157,800	100.0%	69.2%	0.0%
2018	280,965	3,018,210	1,206,262	4,505,437	2,151,039	100.0%	62.6%	0.0%
2019	292,370	3,129,484	1,072,969	4,494,823	2,161,900	100.0%	60.4%	0.0%
2020	317,954	3,301,584	1,104,434	4,723,972	2,160,126	100.0%	56.4%	0.0%
2021	352,376	3,528,182	1,235,408	5,115,966	2,127,834	100.0%	50.9%	0.0%
2022	382,199	3,579,251	1,197,332	5,158,782	2,117,978	100.0%	48.8%	0.0%
2023	410,982	3,595,364	1,242,669	5,249,015	2,053,388	100.0%	46.1%	0.0%
2024	443,981	3,810,443	1,464,956	5,719,380	1,831,293	100.0%	36.7%	0.0%
2025	490,231	3,556,868	1,510,158	5,557,257	1,892,232	100.0%	39.8%	0.0%
2026	542,288	3,584,956	1,633,245	5,760,489	2,025,998	100.0%	41.8%	0.0%

* The portion of accrued liabilities for active members (employer financed portion) is calculated as follows: $[\text{Actuarial value of assets} - (1) - (2)] / (3)$.

Short-Term Solvency Test (continued)

Supplemental Plan

Jan. 1 Valuation Date	AGGREGATE ACCRUED LIABILITIES FOR			Total Actuarial Accrued Liability	Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Assets		
	(1)	(2)	(3)			(1)	(2)	(3)*
	Active Member Contributions	Retirees, Beneficiaries, and Vested Termination	Active Members (Employer Financed Portion)					
2017	\$ 106	\$ 30,161	\$ 3,117	\$ 33,384	\$ 17,664	100.0%	58.2%	0.0%
2018	170	30,680	3,700	34,550	17,805	100.0%	57.5%	0.0%
2019	202	28,757	2,866	31,825	18,318	100.0%	63.3%	0.0%
2020	203	32,120	3,507	35,830	17,307	100.0%	53.5%	0.0%
2021	399	32,901	4,181	37,481	16,374	100.0%	48.7%	0.0%
2022	505	32,495	7,868	40,868	18,661	100.0%	55.9%	0.0%
2023	708	32,392	9,950	43,050	16,640	100.0%	49.3%	0.0%
2024	833	34,347	13,362	48,542	19,808	100.0%	55.2%	0.0%
2025	825	33,106	11,755	45,686	22,855	100.0%	66.5%	0.0%
2026	1,019	33,366	14,461	48,846	25,889	100.0%	74.5%	0.0%

* The portion of accrued liabilities for active members (employer financed portion) is calculated as follows: [Actuarial value of assets-(1) - (2)]/(3).

Active Member Valuation Data

Combined Pension Plan (Dollars in Thousands)

JAN. 1 VALUATION	ACTIVE MEMBERS	ANNUAL COVERED PAYROL	ANNUAL AVERAGE PAY	% CHANGE IN ANNUAL AVERAGE
2017	5,104	\$ 357,414	\$ 70	3.8%
2018	4,952	346,037	70	(0.2%)
2019	5,012	363,117	72	3.8%
2020	5,121	396,955	78	7.0%
2021	5,106	427,441	84	8.0%
2022	5,088	436,971	86	2.6%
2023	5,085	462,820	91	6.0%
2024	5,131	469,276	91	0.5%
2025	5,356	503,931	102	11.1%
2026	5,606	546,919	112	9.8%

Supplemental Plan (Dollars in Thousands)

JAN. 1 VALUATION DATE	ACTIVE MEMBERS	ANNUAL COVERED PAYROL	ANNUAL AVERAGE PAY	% CHANGE IN ANNUAL AVERAGE PAY
2017	47	\$ 525	\$ 11	(30.6%)
2018	44	961	22	95.5%
2019	39	659	17	(22.6%)
2020	41	599	15	(13.5%)
2021	45	643	14	(2.2%)
2022	50	1,695	34	137.4%
2023	52	1,913	37	8.5%
2024	56	2,041	36	(0.9%)
2025	57	1,902	33	(8.4%)
2026	62	2,508	40	21.2%

Refer to the Financial Section for additional information on Plan changes and changes in actuarial methods and assumptions.

Retirees and Beneficiaries Added to and Removed from Rolls

Consolidated Plans* (Dollars in Thousands)

Jan. 1 Valuation Date	ADDED TO PAYROLL		REMOVED FROM		TOTAL		Average Annual Benefits	% Change in Average Annu
	Number	Annual Benefit	Number	Annual Benefit	Number**	Annual Benefit		
2017	360	\$ 19,869	127	\$ 4,257	4,415	\$ 219,691	\$ 50	4.4%
2018	443	24,229	152	6,314	4,706	238,014	51	1.6%
2019	268	14,251	125	5,058	4,849	247,848	51	1.1%
2020	238	12,205	131	5,128	4,956	255,251	52	0.8%
2021	191	9,695	144	5,880	5,003	258,942	52	0.5%
2022	249	13,384	181	7,809	5,071	264,792	52	0.9%
2023	242	12,983	171	7,618	5,142	270,022	53	0.6%
2024	223	10,508	134	5,955	5,231	275,450	53	0.3%
2025	194	10,466	183	7,869	5,242	279,160	53	1.1%
2026	179	8,936	149	6,977	5,272	281,739	53	0.3%

* Due to confidentiality issues arising from the small number of members in the Supplemental Plan, data from the Combined Pension Plan and Supplemental Plan is presented on a consolidated basis.

** Excludes beneficiaries who are annuity account holders but do not receive a monthly benefit.

Funding Progress

Combined Pension Plan (Dollars in Thousands)

JAN. 1 VALUATION DATE	ACTUARIAL VALUE OF ASSETS (AVA)	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED AAL (UAAL)	AVA AS A PERCENTAGE OF AAL	ANNUAL COVERED PAYROLL	UAAL AS A PERCENTAGE OF ANNUAL COVERED PAYROLL	FUNDING PERIOD (YEARS)
2017	\$ 2,157,800	\$ 4,367,180	\$ 2,209,381	49.4%	\$ 357,414	618%	44
2018	2,151,039	4,505,437	2,354,398	47.7%	346,037	680%	45
2019	2,161,900	4,494,823	2,332,923	48.1%	363,117	642%	38
2020	2,160,126	4,723,972	2,563,846	45.7%	396,955	646%	55
2021	2,127,834	5,115,966	2,988,132	41.6%	427,441	699%	63
2022	2,117,978	5,158,782	3,040,804	41.1%	436,971	696%	68
2023 ¹	1,806,567	5,249,015	3,442,447	34.4%	462,820	744%	82
2024 ¹	1,831,293	5,419,016	3,587,722	33.8%	469,276	765%	29
2025 ¹	1,892,332	5,557,257	3,664,925	34.1%	544,095	674%	28
2026	2,025,998	5,760,489	3,734,491	35.2%	625,182	597%	27

Note 1: The Actuarial Value of Assets, the Unfunded AAL, the AVA as a percentage of AAL and the UAAL as a percentage of Annual Covered Payroll were restated with the January 1, 2023, January 1, 2024 and January 1, 2025 valuations.

Supplemental Plan (Dollars in Thousands)

JAN. 1 VALUATION DATE	ACTUARIAL VALUE OF ASSETS (AVA)	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED AAL (UAAL)	AVA AS A PERCENTAGE OF AAL	ANNUAL COVERED PAYROLL ¹	UAAL AS A PERCENTAGE OF ANNUAL COVERED PAYROLL	FUNDING PERIOD (YEARS)
2017	\$ 17,664	\$ 33,384	\$ 15,720	52.9%	\$ 525	2,994%	10
2018	17,805	34,550	16,745	51.5%	961	1,743%	10
2019	18,318	31,825	13,507	57.6%	659	2,050%	10
2020	17,307	35,830	18,523	48.3%	599	3,091%	20
2021	16,374	37,481	21,107	43.7%	643	3,283%	17
2022	18,661	40,868	22,207	45.7%	1,695	1,310%	16
2023	16,640	43,050	26,409	38.7%	1,913	1,381%	14
2024	19,808	48,542	28,734	40.8%	2,041	1,408%	12
2025	22,855	45,686	22,831	50.0%	1,902	1,200%	11
2026	25,889	48,846	22,957	53.0%	2,508	915%	10

Note 1: Total computation pay is the active members' actual payroll for the preceding year, increased by the salary scale applicable for each member to account for their anticipated increases in the upcoming year.

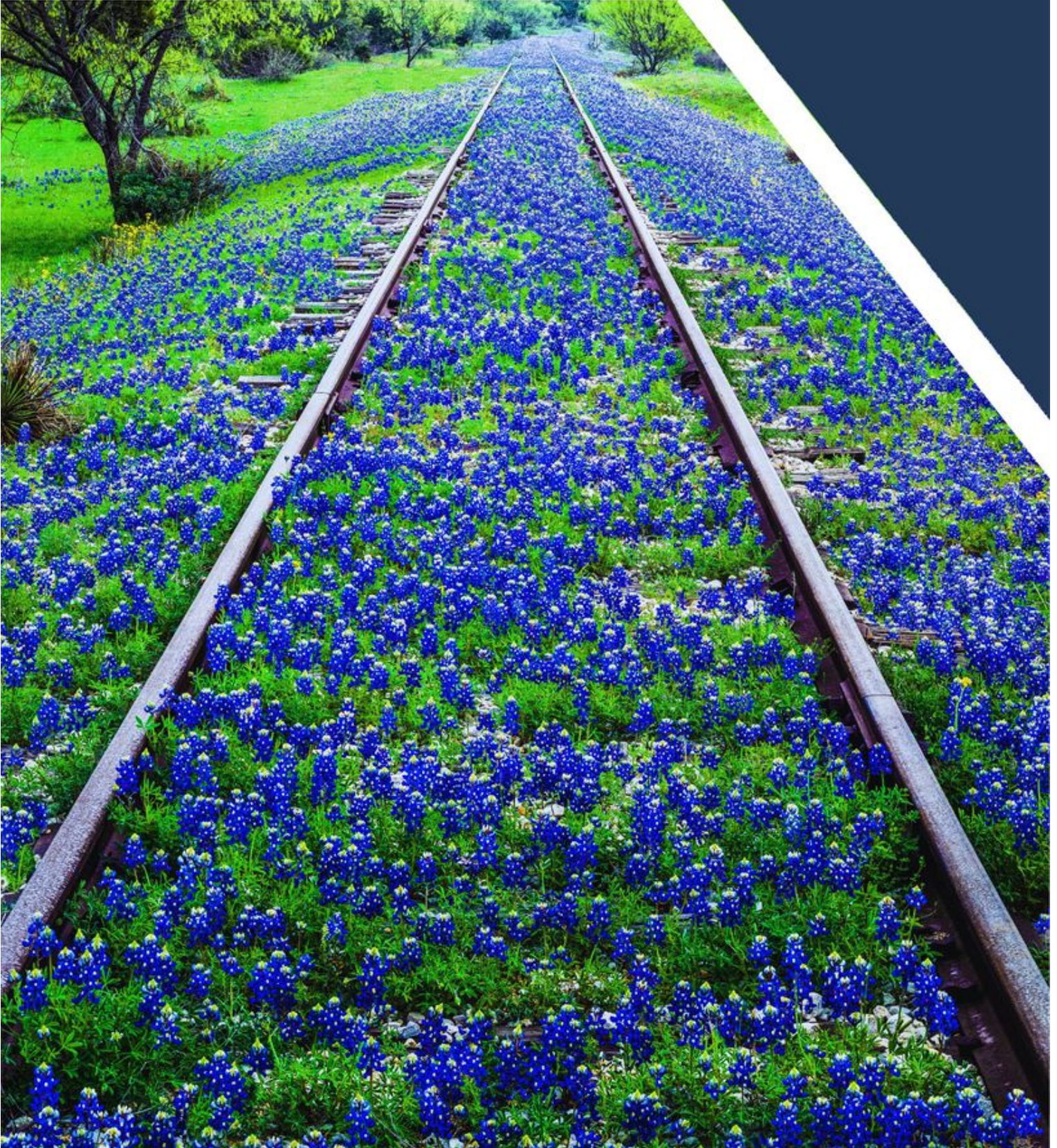
Refer to the Financial Section for additional information on Plan changes and changes in actuarial methods and assumptions.

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STATISTICAL INFORMATION

2025



Statistical Information

Introduction

The Statistical section provides additional historical perspective, context, and detail to assist the reader in using the information in the financial statements, notes to the financial statements, and required supplementary information to understand and assess the economic condition of DPFP. The schedules within the Statistical section reflect financial trends and operating information. All information was derived from the audited annual financial statements, actuarial valuation reports, and/or DPFP's pension administration database. Refer to Note 1 in the Financial Section for additional information about the benefits.

Financial Trends

Financial trend information is intended to assist users in understanding and assessing the changes in the financial position of DPFP over time.

The Changes in Fiduciary Net Position schedule presents member and employer contributions and the net investment income/loss and administrative expenses to arrive at the net increase/decrease to changes in plan net assets for the 10 years ending December 31, 2025.

The Distributions by Type schedules present the amount of monthly benefit payments and DROP distributions by type for the 10 years ending December 31, 2025.

The DROP Growth schedule presents the changes in interest rate credited to DROP balances, the amounts deferred into and interest credited to DROP balances, DROP withdrawals, the DROP balances annuitized in accordance with Article 6243a-1 and the change in DROP balances year over year. In addition, the annual annuity payments as well as the present value of the annuity balances are presented.

Operating Information

Operating information is intended to provide contextual information about the operations and resources of DPFP to assist readers in understanding and assessing the economic condition of DPFP.

The schedule of Benefit Recipients by Type presents, for given benefit ranges, the total number of benefit recipients by retirement type as of December 31, 2025.

The schedule of Yearly Retirements by Service Years presents, in five-year increments of credited service, the average monthly benefit, the average final average salary, and the number of retirements for the 10 years ending December 31, 2025.

The Value of Assets vs. Funded Ratio schedules present the actuarial and market values of assets and the related funded ratios for the 10 years ending December 31, 2025.

The Membership Count schedules reflect the number of members by status type for the 10 years ending December 31, 2025.

The DROP Participation schedule reflects a roll forward of the number of DROP participants and DROP balance and present value of the annuity balance for the 10 years ending December 31, 2025.

Throughout this Statistical section, certain schedules include a combination of data for both the Combined Pension Plan and the Supplemental Plan, jointly referred to as the Consolidated Plans. The combination of the two plans for certain data is necessary due to the small number of Supplemental Plan members and the need to maintain confidentiality of members' personal data.

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Changes in Fiduciary Net Position

Combined Pension Plan (In Millions)

YEARS ENDED DECEMBER 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Additions (Reductions)										
Contributions										
City	\$ 215.1	\$ 188.6	\$ 172.0	\$ 169.9	\$ 165.5	\$ 162.0	\$ 155.7	\$ 149.4	\$ 126.3	\$ 119.4
Members	75.6	68.0	62.5	59.7	58.6	57.3	52.3	49.3	33.0	25.5
Total contributions	290.7	256.6	234.5	229.6	224.1	219.3	208.0	198.7	159.3	144.9
Investment income (loss)										
Net appreciation (depreciation) in fair value of investments	286.3	156.3	180.0	(255.7)	303.4	(30.4)	94.2	5.5	74.8	121.5
Interest and dividends	27.8	25.0	22.2	21.2	28.4	29.6	37.7	44.7	30.9	54.4
Total gross investment income (loss)	314.1	181.3	202.2	(234.5)	331.8	(0.8)	131.9	50.2	105.7	175.9
Less: Investment expense	(8.2)	(7.5)	(6.5)	(8.6)	(11.1)	(8.4)	(8.1)	(8.0)	(9.0)	(17.7)
Net investment income (loss)	305.9	173.8	195.7	(243.1)	320.7	(9.2)	123.8	42.2	96.7	164.2
Securities lending income	-	-	-	-	-	1.0	0.8	0.3	0.2	0.7
Securities lending expense	-	-	-	-	-	(1.0)	(0.7)	(0.2)	(0.1)	(0.3)
Net securities lending income	-	-	-	-	-	-	0.1	0.1	0.1	0.4
Other income	0.5	0.5	47.3	2.3	0.3	0.3	0.3	0.5	2.1	0.2
Total additions (reductions)	597.1	430.9	477.5	(11.2)	545.1	210.4	332.2	241.5	258.2	309.7
Deductions										
Benefits paid to members	345.0	341.8	338.0	329.2	321.3	315.7	307.2	294.4	292.6	821.7
Refunds paid to members	4.3	5.1	5.3	4.4	3.3	2.3	2.6	2.6	3.6	3.4
Interest expense	-	-	-	-	-	-	-	-	1.3	4.5
Professional and administrative expenses	8.1	7.4	6.0	6.4	6.4	6.5	6.5	5.9	8.1	9.5
Total deductions	357.4	354.3	349.3	340.0	331.0	324.5	316.3	302.9	305.6	839.1
Net increase (decrease) in net position	239.7	76.6	128.2	(351.2)	214.1	(114.1)	15.9	(61.4)	(47.4)	(529.4)
Net position restricted for pension benefits										
Beginning of period	2,011.4	1,934.8	1,806.6	2,157.8	1,943.7	2,057.8	2,041.9	2,103.3	2,150.7	2,680.1
End of period	\$ 2,251.1	\$ 2,011.4	\$ 1,934.8	\$ 1,806.6	\$ 2,157.8	\$ 1,943.7	\$ 2,057.8	\$ 2,041.9	\$ 2,103.3	\$ 2,150.7

DALLAS POLICE & FIRE PENSION SYSTEM

Changes in Fiduciary Net Position

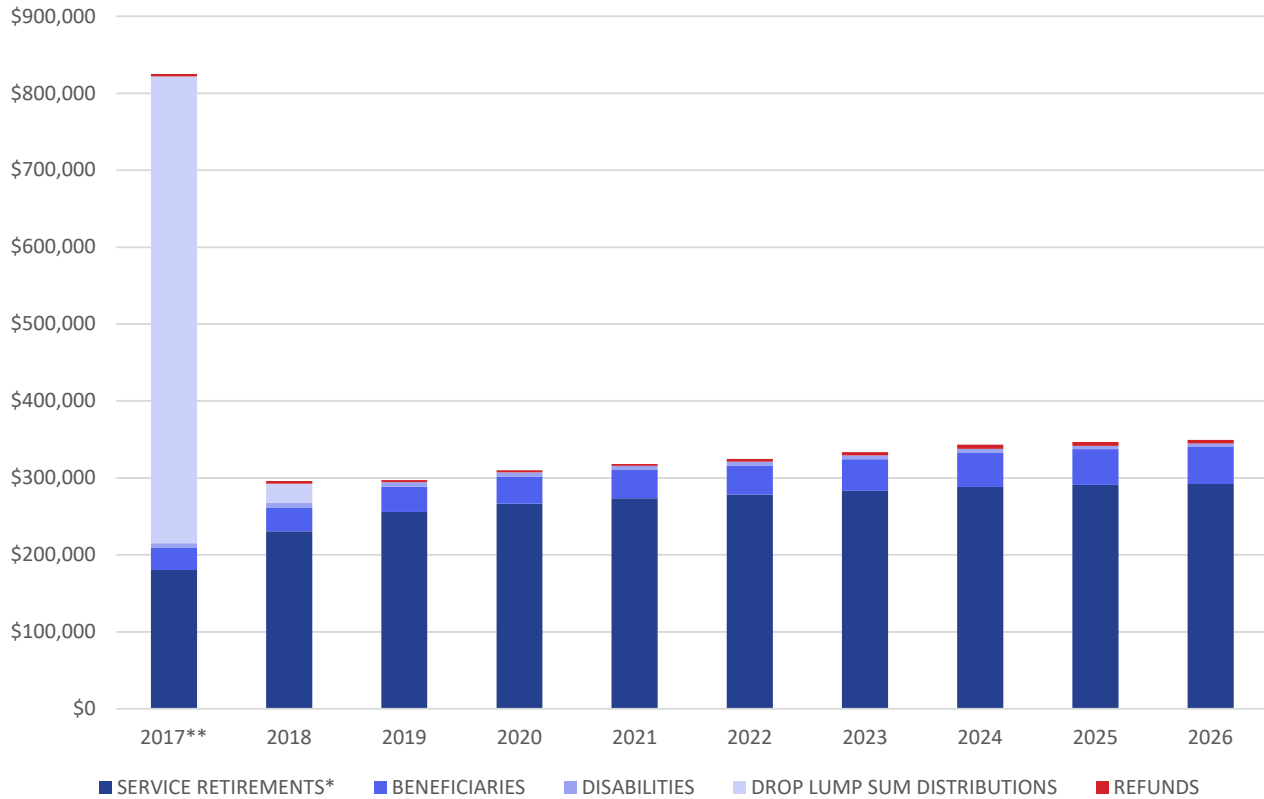
Supplemental Plan (In Millions)

YEARS ENDED DECEMBER 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Additions (Reductions)										
Contributions										
City	\$ 3.4	\$ 4.2	\$ 3.7	\$ 2.8	\$ 2.1	\$ 1.8	\$ 1.5	\$ 2.0	\$ 2.0	\$ 3.1
Members	0.3	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.1	-
Total contributions	3.7	4.5	4.0	3.0	2.3	2.0	1.6	2.1	2.1	3.1
Investment income (loss)										
Net appreciation (depreciation) in fair value of investments	2.5	1.7	1.6	(2.3)	2.6	(0.3)	(0.1)	0.9	0.5	0.8
Interest and dividends	0.3	0.3	0.2	0.2	0.3	0.3	0.3	0.4	0.3	0.4
Total gross investment income (loss)	2.8	2.0	1.8	(2.1)	2.9	-	0.2	1.3	0.8	1.2
Less: Investment expense	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	-	(0.1)	(0.1)	(0.1)
Net investment income (loss)	2.7	1.9	1.7	(2.2)	2.8	(0.1)	0.2	1.2	0.7	1.1
Securities lending income	-	-	-	-	-	-	-	-	-	-
Securities lending expense	-	-	-	-	-	-	-	-	-	-
Net securities lending income	-	-	-	-	-	-	-	-	-	-
Other income	-	-	0.5	-	-	-	-	-	-	-
Total additions (reductions)	6.4	6.4	6.2	0.8	5.1	1.9	1.8	3.3	2.8	4.2
Deductions										
Benefits paid to members	3.3	3.2	2.9	2.8	2.8	2.8	2.8	2.7	2.7	5.9
Refunds paid to members	-	0.1	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Professional and administrative expenses	-	0.1	0.1	0.1	-	-	-	0.1	-	0.1
Total deductions	3.3	3.4	3.0	2.9	2.8	2.8	2.8	2.8	2.7	6.0
Net increase (decrease) in net position	3.1	3.0	3.2	(2.1)	2.3	(0.9)	(1.0)	0.5	0.1	(1.8)
Net position restricted for pension benefits										
Beginning of period	22.8	19.8	16.6	18.7	16.4	17.3	18.3	17.8	17.7	19.5
End of period	\$ 25.9	\$ 22.8	\$ 19.8	\$ 16.6	\$ 18.7	\$ 16.4	\$ 17.3	\$ 18.3	\$ 17.8	\$ 17.7

Distributions by Type

Combined Pension Plan (In Thousands)

January 1 Valuation Date



JAN. 1 VALUATION	SERVICE RETIREMENTS*	BENEFICIARIES	DISABILITIES	DROP LUMP SUM DISTRIBUTIONS	REFUNDS	TOTAL
2017**	\$ 180,577	\$ 28,392	\$ 6,340	\$ 606,429	\$ 3,354	\$ 825,092
2018	230,774	30,706	6,154	24,942	3,578	296,154
2019	255,664	32,954	5,806	23	2,634	297,081
2020	266,578	35,026	5,609	31	2,617	309,861
2021	273,752	36,580	5,330	13	2,276	317,951
2022	278,106	38,053	5,153	36	3,285	324,633
2023	283,279	41,079	4,804	26	4,450	333,638
2024	288,188	45,133	4,697	17	5,310	343,345
2025	291,105	46,360	4,344	-	5,125	346,934
2026	292,387	48,457	4,155	19	4,304	349,322

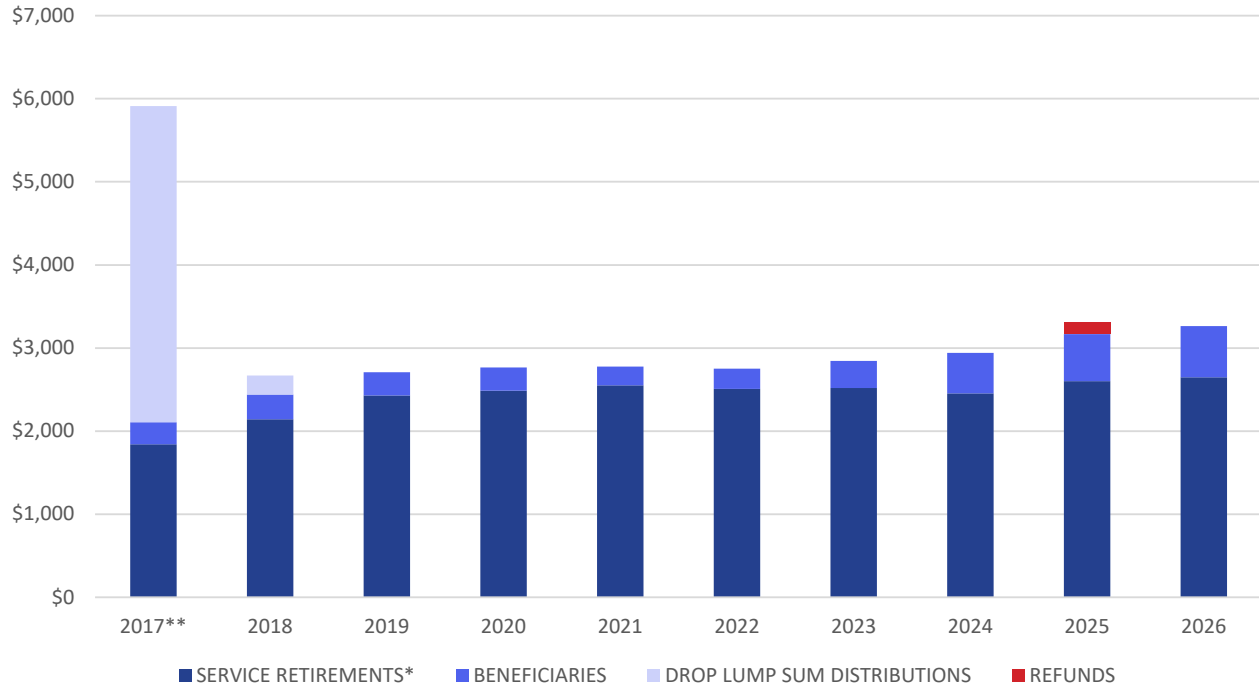
*Includes monthly DROP annuity payments.

**The January 1, 2017 valuation date data reflects the \$600 million withdrawal from DROP accounts from the Combined and Supplemental Plans that occurred during the funding crisis.

Distributions by Type (continued)

Supplemental Plans (In Thousands)

January 1 Valuation Date



JAN. 1 VALUATION DATE	SERVICE RETIREMENTS	BENEFICIARIES	DROP LUMP SUM DISTRIBUTIONS	REFUNDS	TOTAL
2017**	\$ 1,841	\$ 266	\$ 3,805	\$ -	\$ 5,912
2018	2,143	295	230	-	2,668
2019	2,428	280	-	-	2,708
2020	2,486	279	-	-	2,765
2021	2,549	228	-	-	2,777
2022	2,506	244	-	-	2,750
2023	2,519	324	-	-	2,843
2024	2,453	488	-	-	2,941
2025	2,602	564	-	136	3,302
2026	2,646	619	-	-	3,265

*Includes monthly DROP annuity payments.

**The January 1, 2017 valuation date data reflects the \$600 million withdrawal from DROP accounts from the Combined and Supplemental Plans that occurred during the funding crisis.

DROP Changes

Consolidated Plans* (Dollars in Thousands)

JAN. 1 VALUATION DATE	INTEREST RATE CREDITED	DEFERRALS	INTEREST CREDITED	WITHDRAWAL	ADJUSTMENTS	CHANGE	BALANCE	ANNUITY PAYMENTS	ANNUITY BALANCE
2017	6.00%	\$ 89,533	\$ 92,986	\$ (637,993)	\$ -	\$ (455,473)	\$ 1,061,168	\$ -	\$ -
2018 ¹	6.00%/0.00% ²	18,293 ³	40,616 ²	(876,365) ⁴	-	(817,456)	243,712	(8,819)	817,106
2019	0.00%	26,029 ⁵	(1) ⁶	(75,634)	-	(49,606)	194,106	(53,299)	832,816
2020	0.00%	21,184	(1) ⁶	(50,005)	(9,804)	(38,626)	155,480	(57,183)	887,294
2021	0.00%	17,876	-	(36,847)	23	(18,948)	136,532	(61,346)	873,717
2022	0.00%	14,924	-	(35,504)	(1,910)	(22,490)	114,042	(62,800)	870,548
2023	0.00%	11,795	-	(26,297)	(1,157)	(15,659)	98,383	(64,383)	851,477
2024	0.00%	10,244	-	(18,823)	(408)	(8,987)	89,396	(65,665)	819,014
2025	0.00%	9,309	-	(19,218)	-	(9,909)	79,487	(66,502)	795,013
2026	0.00%	7,754	-	(11,015)	-	(3,261)	76,226	(67,324)	755,586

* Due to confidentiality issues arising from the small number of members in the Supplemental Plan, data from the Combined Pension Plan and Supplemental Plan is presented on a consolidated basis.

¹ 2018 reflects the changes to the DROP program as a result of HB 3158.

² Interest was credited at 6% until August 31, 2017. Interest does not accrue beginning September 1, 2017. DROP balances accrued prior to September 1, 2017 are annuitized with interest upon retirement or at the initial annuitization date of November 30, 2017 for those already retired. Balances accrued after September 1, 2017 are annuitized upon retirement with no interest.

³ Includes \$45,413 in Deferrals and \$27,120 in DROP Revocations.

⁴ Includes withdrawals of \$56,421 and DROP balance annuitization of \$819,944.

⁵ Includes \$26,934 in deferrals and \$905 in DROP revocations.

⁶ Interest is due to DROP corrections prior to September 1, 2017.

Benefit Recipients by Type

Consolidated Plans* (As of December 31, 2025)

MONTHLY BENEFIT RANGE	TOTAL NUMBER OF BENEFITS	SERVICE RETIREMENTS	DISABILITIES	BENEFICIARIES	ACTIVE DROP
\$0 - \$500	80	15	1	63	1
\$501 - \$1,000	164	79	-	84	1
\$1,001 - \$1,500	225	89	1	131	4
\$1,501 - \$2,000	254	92	1	157	4
\$2,001 - \$2,500	451	85	9	352	5
\$2,501 - \$3,000	298	159	16	116	7
\$3,001 - \$3,500	273	185	20	61	7
\$3,501 - \$4,000	286	224	19	34	9
\$4,001 - \$4,500	588	495	17	58	18
\$4,501 - \$5,000	521	458	4	47	12
\$5,001 - \$5,500	514	462	1	38	13
\$5,501 - \$6,000	506	456	4	33	13
\$6,001 - \$6,500	388	343	-	24	21
\$6,501 - \$7,000	371	326	-	29	16
\$7,001 - \$7,500	254	229	2	8	15
\$7,501 - \$8,000	151	124	-	7	20
\$8,001 - \$8,500	80	75	-	1	4
Over \$8,500	46	36	-	2	8
Total	5,450	3,932	95	1,245	178

* Due to confidentiality issues arising from the small number of members in the Supplemental Plan, data from the Combined Pension Plan and Supplemental Plan is presented on a consolidated basis.

Yearly Retirements by Service Years

Consolidated Plans* (Monthly Benefit) (As of December 31st)

	YEARS OF SERVICE							TOTAL
	0-5	6-10	11-15	16-20	21-25	26-30	30+	
2016								
Retirements	2	8	15	66	125	69	4	289
Avg. FAS	\$ 6,566	\$ 1,455	\$ 2,954	\$ 1,454	\$ 4,622	\$ 6,208	\$ 5,553	\$ 4,129
Avg. benefit	\$ 1,220	\$ 586	\$ 1,270	\$ 1,024	\$ 3,851	\$ 6,841	\$ 5,882	\$ 3,705
2017								
Retirements	1	11	15	77	171	83	3	361
Avg. FAS	\$ 6,403	\$ 2,873	\$ 2,741	\$ 2,121	\$ 4,572	\$ 6,628	\$ 5,938	\$ 4,410
Avg. benefit	\$ 2,041	\$ 882	\$ 1,349	\$ 1,350	\$ 3,736	\$ 6,677	\$ 7,488	\$ 3,743
2018								
Retirements	1	2	9	38	79	54	2	185
Avg. FAS	\$ 2,883	\$ 2,191	\$ 3,248	\$ 1,557	\$ 4,416	\$ 6,676	\$ 7,463	\$ 4,432
Avg. benefit	\$ 575	\$ 450	\$ 1,490	\$ 980	\$ 3,525	\$ 6,230	\$ 7,377	\$ 3,685
2019								
Retirements	3	5	7	28	64	50	2	159
Avg. FAS	\$ 3,789	\$ 1,563	\$ 2,044	\$ 2,499	\$ 4,468	\$ 6,626	\$ 6,769	\$ 4,618
Avg. benefit	\$ 898	\$ 426	\$ 882	\$ 1,612	\$ 3,593	\$ 6,160	\$ 5,092	\$ 3,800
2020								
Retirements	2	4	5	20	52	28	20	131
Avg. FAS	\$ 3,002	\$ 4,612	\$ 3,601	\$ 3,504	\$ 4,956	\$ 7,186	\$ 7,179	\$ 5,458
Avg. benefit	\$ 641	\$ 1,262	\$ 2,320	\$ 2,136	\$ 3,821	\$ 6,221	\$ 6,681	\$ 4,329
2021								
Retirements	4	6	8	28	45	46	29	166
Avg. FAS	\$ 3,257	\$ 2,977	\$ 3,008	\$ 2,516	\$ 5,521	\$ 7,241	\$ 7,659	\$ 5,597
Avg. benefit	\$ 573	\$ 654	\$ 1,183	\$ 1,460	\$ 3,973	\$ 6,340	\$ 7,001	\$ 4,397
2022								
Retirements	4	5	6	36	39	33	36	159
Avg. FAS	\$ 3,106	\$ 3,731	\$ 4,483	\$ 3,089	\$ 7,645	\$ 8,547	\$ 7,898	\$ 6,501
Avg. benefit	\$ 615	\$ 889	\$ 1,893	\$ 1,732	\$ 5,418	\$ 7,052	\$ 7,281	\$ 4,948
2023								
Retirements	2	6	10	18	49	29	29	143
Avg. FAS	\$ 3,814	\$ 4,461	\$ 6,080	\$ 7,006	\$ 7,214	\$ 8,084	\$ 8,027	\$ 7,287
Avg. benefit	\$ 629	\$ 1,156	\$ 2,490	\$ 3,962	\$ 5,143	\$ 6,565	\$ 7,271	\$ 5,298
2024								
Retirements	2	7	11	16	31	36	15	118
Avg. FAS	\$ 3,720	\$ 4,650	\$ 5,696	\$ 6,795	\$ 7,316	\$ 8,537	\$ 7,869	\$ 7,318
Avg. benefit	\$ 625	\$ 1,513	\$ 2,782	\$ 4,126	\$ 4,968	\$ 7,222	\$ 7,385	\$ 5,367
2025								
Retirements	1	6	6	14	35	21	23	106
Avg. FAS	\$ 3,346	\$ 5,687	\$ 6,332	\$ 7,412	\$ 8,078	\$ 7,994	\$ 8,266	\$ 7,735
Avg. benefit	\$ 580	\$ 1,486	\$ 2,354	\$ 4,157	\$ 5,569	\$ 6,421	\$ 8,040	\$ 5,627

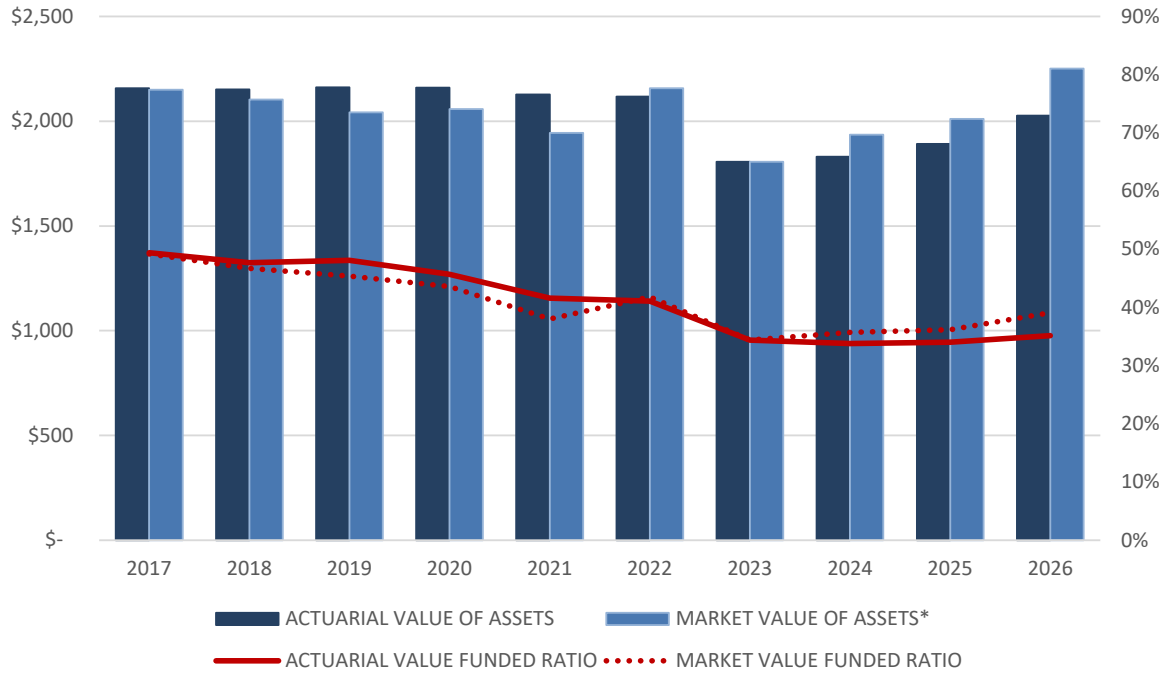
* Due to confidentiality issues arising from the small number of members in the Supplemental Plan, data from the Combined Pension Plan and Supplemental Plan is presented on a consolidated basis.

**FAS: Final average salary

***Retirements include non-active vested members who have begun receiving a monthly benefit.

Value of Assets vs. Funded Ratio

Combined Pension Plan (Dollars in Millions)



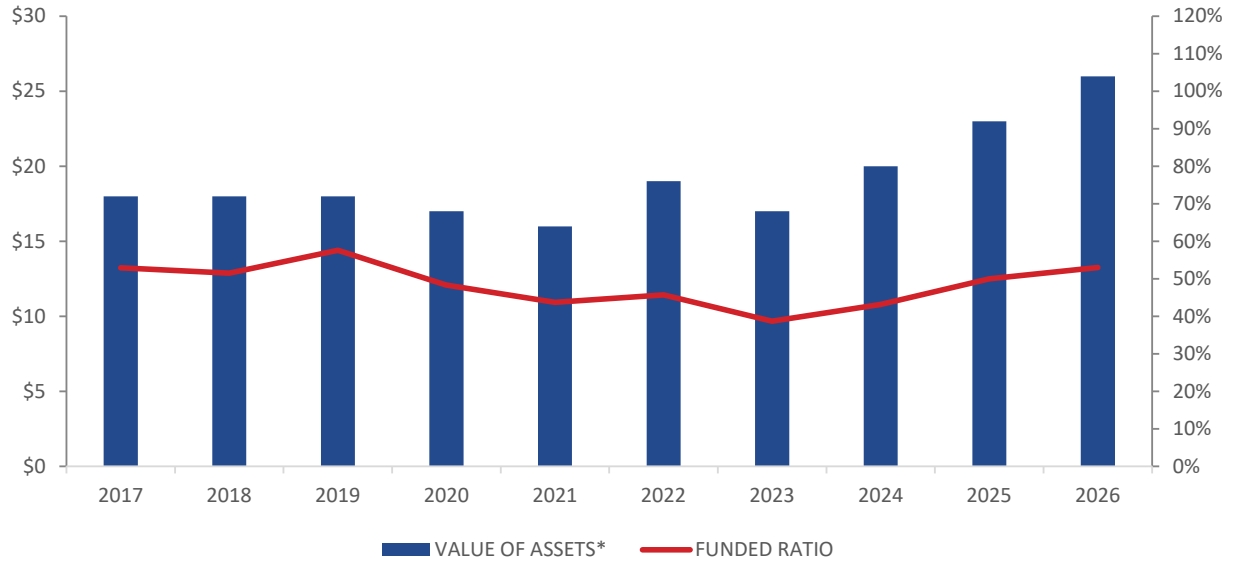
JAN. 1 VALUATION DATE	ACTUARIAL VALUE OF ASSETS	MARKET VALUE OF ASSETS*	ACTUARIAL VALUE FUNDED RATIO	MARKET VALUE FUNDED RATIO
2017	\$ 2,158	\$ 2,150	49.4%	49.2%
2018	2,151	2,103	47.7%	46.7%
2019	2,162	2,042	48.1%	45.4%
2020	2,160	2,058	45.7%	43.6%
2021	2,128	1,944	41.6%	38.0%
2022	2,118	2,158	41.1%	41.8%
2023	1,807	1,807	34.4%	34.4%
2024	1,831	1,935	33.8%	35.7%
2025	1,892	2,011	34.1%	36.2%
2026	2,026	2,251	35.2%	39.1%

* The market value of assets is per the actuarial valuation report as of the valuation date. This value may differ immaterially from the audited market value for the prior December 31 due to timing of adjustments made to valuations after the finalization of the actuarial valuation report.

**As January 1, 2023, the actuarial value of assets were reset to the market value of assets.

Value of Assets vs. Funded Ratio (continued)

Supplemental Plan (Dollars in Millions)



JAN. 1 VALUATION DATE	VALUE OF ASSETS*	FUNDED RATIO
2017	\$ 18	52.9%
2018	18	51.5%
2019	18	57.6%
2020	17	48.3%
2021	16	43.7%
2022	19	45.7%
2023	17	38.7%
2024	20	43.2%
2025	23	50.0%
2026	26	53.0%

* The value of assets represents both the market value of assets and the actuarial value of assets.

DALLAS POLICE & FIRE PENSION SYSTEM

Membership Count

Combined Pension Plan

JAN. 1 VALUATION DATE	ACTIVE (EXCLUDING DROP)	ACTIVE DROP	RETIREEES	BENEFICIARIES*	NON-ACTIVE VESTED	NON-ACTIVE NON-VESTED	TOTAL
2017	4,002	1,102	3,338	1,118	215	295	10,070
2018	4,326	626	3,598	1,158	226	399	10,333
2019	4,529	483	3,717	1,202	230	431	10,592
2020	4,738	383	3,803	1,236	242	434	10,836
2021	4,786	320	3,840	1,270	241	442	10,899
2022	4,812	276	3,902	1,294	233	462	10,979
2023	4,855	230	3,955	1,334	252	474	11,100
2024	4,921	210	4,015	1,357	254	326	11,083
2025	5,161	195	4,015	1,430	240	234	11,275
2026	5,428	178	4,027	1,472	235	229	11,569

Supplemental Plan

JAN. 1 VALUATION DATE	ACTIVE (EXCLUDING DROP)	ACTIVE DROP	RETIREEES	BENEFICIARIES*	NON-ACTIVE VESTED	NON-ACTIVE NON-VESTED	TOTAL
2017	31	16	100	28	-	-	175
2018	37	7	110	30	1	-	185
2019	34	5	112	26	2	1	180
2020	38	3	116	23	2	1	183
2021	43	2	118	23	2	1	189
2022	48	2	119	28	1	1	199
2023	50	2	119	32	1	-	204
2024	54	2	118	37	1	-	212
2025	55	2	124	38	-	-	219
2026	59	3	123	40	-	-	225

*These beneficiaries include DROP only beneficiaries.

DROP Participation

Consolidated Plans* (Dollars in Millions)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Active - DROP Participants										
Beginning of year	195	210	230	276	320	383	483	626	1,102	1,338
Entrants	9	13	17	14	26	11	15	15	17	36
Withdrawals	(26)	(28)	(37)	(60)	(70)	(74)	(115)	(158)	(493)	(272)
End of year	178	195	210	230	276	320	383	483	626	1,102
DROP balance at December 31	\$ 75	\$ 79	\$ 88	\$ 97	\$ 113	\$ 135	\$ 154	\$ 192	\$ 242	\$ 358

Retirees and Beneficiaries - DROP Participants										
Beginning of year	6	8	14	9	10	11	16	16	1,876	2,085
Additions	1	-	1	6	-	-	-	3	-	204
Closures	(3)	(2)	(7)	(1)	(1)	(1)	(5)	(3)	(1,860)	(413)
End of year	4	6	8	14	9	10	11	16	16	1,876
DROP balance at December 31	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 2	\$ 2	\$ 703

Total DROP participants	182	201	218	244	285	330	394	499	642	2,978
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*Due to confidentiality issues arising from the small number of members in the Supplemental Plan, data from the Combined Pension Plan and Supplemental Plan is presented on a consolidated basis.

Combined Pension Plan

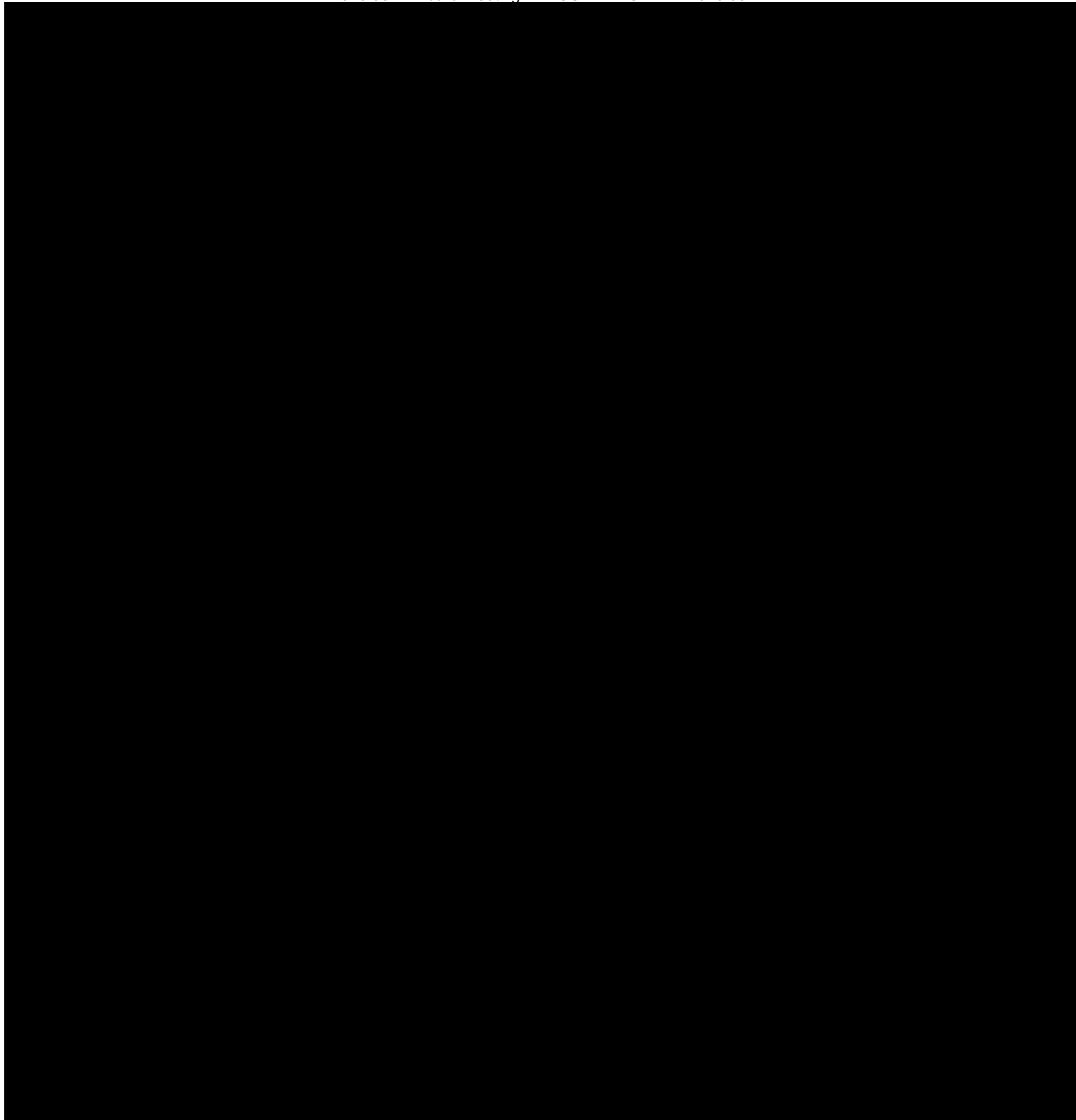
Retirees and Beneficiaries - DROP Annuities										
Beginning of year	2,704	2,666	2,601	2,518	2,425	2,342	2,186	1,978	-	-
Additions	69	82	104	118	128	109	173	216	1,978	-
Closures	(48)	(44)	(39)	(35)	(35)	(26)	(17)	8	-	-
End of year	2,725	2,704	2,666	2,601	2,518	2,425	2,342	2,186	1,978	-
Present Value of Annuities at December 31	\$ 751	\$ 790	\$ 813	\$ 846	\$ 864	\$ 870	\$ 880	\$ 829	\$ 810	-

Supplemental Plan

Retirees and Beneficiaries - DROP Annuities										
Beginning of year	68	68	67	68	65	66	57	55	-	-
Additions	4	-	4	-	4	2	9	2	55	-
Closures	(3)	-	(3)	(1)	(1)	(3)	-	-	-	-
End of year	69	68	68	67	68	65	66	57	55	-
Present Value of Annuities at December 31	\$ 5	\$ 5	\$ 6	\$ 6	\$ 6	\$ 7	\$ 7	\$ 4	\$ 7	-

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DRAFT



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DISCUSSION SHEET

ITEM #C4

Topic: Executive Director Approved Pension Ministerial Actions

Discussion: The Executive Director approved ministerial membership actions according to the Retirement and Payments Approval Policy. Membership actions approved are summarized in the provided report.

Regular Board Meeting – Thursday, June 11, 2026

Membership Actions -2026

	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
Refunds	9	24	14	20	7	18							92
DROP - Join	0	1	0	2	1	1							5
Estate Payments	3	7	5	8	4	3							30
Survivor Benefits	2	6	5	6	4	3							26
Retirements	7	20	5	7	13	9							61
Alternate Payees	1	0	0	4	2	1							8
Spouse Wed After Retirement	0	0	0	0	0	0							0
Service Purchases	0	1	0	0	2	2							5
Earnings Test	0	0	0	0	0	0							0
Stipend Payments	0	0	4,937	0	0	0							4,937

Membership Actions -2025

	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
Refunds	38	27	16	15	10	13	12	21	13	4	18	11	198
DROP - Join	2	2	0	0	0	0	0	0	0	4	1	0	9
Estate Payments	6	7	8	9	3	4	3	9	6	9	4	4	72
Survivor Benefits	4	11	4	9	3	4	1	5	3	7	3	2	56
Retirements	7	10	8	9	10	7	11	13	8	9	9	5	106
Alternate Payees	0	0	2	1	2	1	2	1	2	4	1	0	16
Spouse Wed After Retirement	0	0	0	1	0	0	0	0	0	0	0	0	1
Service Purchases	1	1	0	0	2	2	1	1	2	1	1	2	14
Earnings Test	0	0	0	0	0	0	11	0	0	0	0	0	11

Membership Actions -2024

	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
Refunds	23	22	21	26	16	21	13	19	37	18	20	32	268
DROP - Join	1	1	2	0	5	1	1	1	0	1	0	0	13
Estate Payments	2	1	3	5	3	1	4	5	10	7	7	9	57
Survivor Benefits	4	6	3	8	5	4	6	5	3	4	5	3	56
Retirements	10	10	16	9	13	10	9	11	7	5	8	6	114
Alternate Payees	2	0	2	1	1	1	0	0	0	1	0	0	8
Spouse Wed After Retirement	0	0	0	0	0	0	0	0	1	0	0	0	1
Service Purchases	0	2	0	1	7	2	1	2	1	2	5	1	24
Earnings Test*	0	0	0	0	0	0	10	0	0	0	0	0	10

Membership Actions -2023

	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
Refunds	26	19	12	13	17	14	23	13	57	53	18	21	286
DROP - Join	3	3	0	2	2	2	0	0	3	0	3	0	18
Estate Payments	0	5	7	5	1	2	4	92	5	3	5	9	138
Survivor Benefits	1	6	8	6	4	3	5	6	6	2	3	6	56
Retirements	12	16	11	14	11	12	10	13	10	17	6	12	144
Alternate Payees	0	2	1	0	2	3	1	3	2	0	0	1	15
Spouse Wed After Retirement	1	0	0	0	0	0	0	0	1	1	1	0	4
Service Purchases	2	0	0	1	0	2	0	1	0	0	2	0	8
Earnings Test	0	0	0	0	0	9	0	0	0	0	0	0	9

Data is based on Agenda/Executive Approval Date

Service purchases include Military, DROP Revocation, and Previously Withdrawn Contributions

The increase in Refunds in September 2023 and October 2023 is due to the Refund Project

87 of the Estate Payments in August 2023 are approvals for the Pending Death Project

Stipends were paid 2/27/2026, reported at the March 2026 Board Meeting.



DISCUSSION SHEET

ITEM #C5

Topic: Future Board Meeting Agenda Planning

Discussion: Article 6243a-1 of Vernon's Revised Civil Statutes requires the DFPF Board meetings to be held every month. Staff will provide a list of anticipated agenda items for the next 3 months for Board meeting planning purposes.

Regular Board Meeting – Thursday, June 11, 2026

Future Board Meeting Agenda Planning (Subject to Change)

July 9, 2026

Certification of Police Officer Trustee Election Results
Selection of Actuary
Potential Global Equity Investment
Multiple Disability Applications
Approval of the Minutes
Portfolio Update
Executive Director Approved Pension Ministerial Actions
Board Approval of Trustee Education and Travel
Future Agenda Planning
Legal issues
Executive Directors Report
Supplemental Meeting

August 13, 2026

Mid-Year Budget Review (Board Policy Requirement)
Asset Allocation Study
Disability Application
Report on Investment Advisory Committee Meeting
Quarterly Financial Reports
Approval of the Minutes
Portfolio Update
Executive Director Approved Pension Ministerial Actions
Board Approval of Trustee Education and Travel
Future Agenda Planning
Legal issues
Executive Directors Report
Supplemental Meeting

September 10, 2026

Compensation Study
Board Committee Appointments
Asset Allocation Study
Second Quarter 2026 Investment Performance Analysis (Meketa)
First Quarter 2026 Private Markets Review (Albourne)
Approval of the Minutes
Portfolio Update
Executive Director Approved Pension Ministerial Actions
Board Approval of Trustee Education and Travel
Future Agenda Planning
Legal issues
Executive Directors Report
Supplemental Meeting



DISCUSSION SHEET

ITEM #C6

Topic: Board Members' Reports on Meetings, Seminars and/or Conferences Attended

Discussion: Conference: NCPERS Annual Conference & Exhibition (ACE) MT, MS
Dates: May 17 – 20, 2026
Location: Las Vegas, NV

Regular Board Meeting – Thursday, June 11, 2026



DISCUSSION SHEET

ITEM #C7

Topic: Board Approval of Trustee Education and Travel

Discussion: Per the Education and Travel Policy and Procedure, planned Trustee education and travel requires Board approval prior to attendance.

Attached is a listing of requested future education and travel noting approval status.

Regular Board Meeting – Thursday, June 11, 2026

**Future Education and Travel
Regular Board Meeting – June 11, 2026**

REQUESTED APPROVED

1. **Conference:** **NCPERS Chief Officers Summit 2026**
Dates: **June 15 – 17, 2026**
Location: **Newport Beach, CA**
Est Cost: **\$1,030**

2. **Conference:** **TEXPERS Advanced Trustee Training**
Dates: **August 2, 2026**
Location: **San Antonio, TX**
Est Cost: **\$150**

3. **Conference:** **TEXPERS Summer Educational Forum**
Dates: **August 2 – 4, 2026**
Location: **San Antonio, TX**
Est Cost: **\$25**

4. **Conference:** **NCPERS Public Pension Funding Forum 2026**
Dates: **August 17 – 19, 2026**
Location: **Chicago, IL**
Est Cost: **\$795**

5. **Conference:** **NCPERS Public Pension HR Summit**
Dates: **September 23 – 25, 2026**
Location: **Phoenix, AZ**
Est Cost: **\$825**

REQUESTED APPROVED

6. **Conference:** NCPERS Fiduciary in Focus Workshop 2026 (Formerly PATS)
Dates: October 24 – 25, 2026
Location: Nashville, TN
Est Cost: \$930

7. **Conference:** NCPERS Public Safety Conference 2026
Dates: October 25 – 28, 2026
Location: Nashville, TN
Est Cost: \$800

8. **Conference:** TEXPERS Legislative Workshop 2026
Dates: October 27 – 28, 2026
Location: TBD
Est Cost: TBD



DISCUSSION SHEET

ITEM #C8

Topic: Appointment of Compensation Committee Members

Discussion: At the May 14, 2026 Board meeting, the Board formally established the Compensation Committee (“Committee”) and approved the Compensation Policy and Committee Procedures, as amended. The Committee is responsible for reviewing the compensation of DFPF’s executive staff annually, considering other compensation and benefit matters affecting DFPF employees, and providing recommendations to the Board.

Per the Compensation Policy, the Board Chair will nominate three trustees to serve on the Committee, subject to approval by the full Board. The Board Chair will also serve as a member of the Committee.

Staff

Recommendation: Approve the Board Chair’s nominations for the three trustee members of the Compensation Committee.

Regular Board Meeting – Thursday, June 11, 2026



DISCUSSION SHEET

ITEM #C9

Topic: Portfolio Update

Discussion: Investment Staff will brief the Board on recent events and current developments with respect to the investment portfolio.

Regular Board Meeting – Thursday, June 11, 2026

DALLAS POLICE & FIRE PENSION SYSTEM

Portfolio Update



D A L L A S
POLICE & FIRE
PENSION SYSTEM



Serving those who protect the Dallas community.

MEETING DETAILS

June 11, 2026

Board Meeting

PERIOD ENDING

May 31, 2026



Executive Summary

5.3%

DPFP Portfolio Preliminary YTD

May 31, 2026

7.8%

Public Portfolio Preliminary YTD

May 31, 2026

89.4%

Public Portfolio Share

Of Total Fund Assets

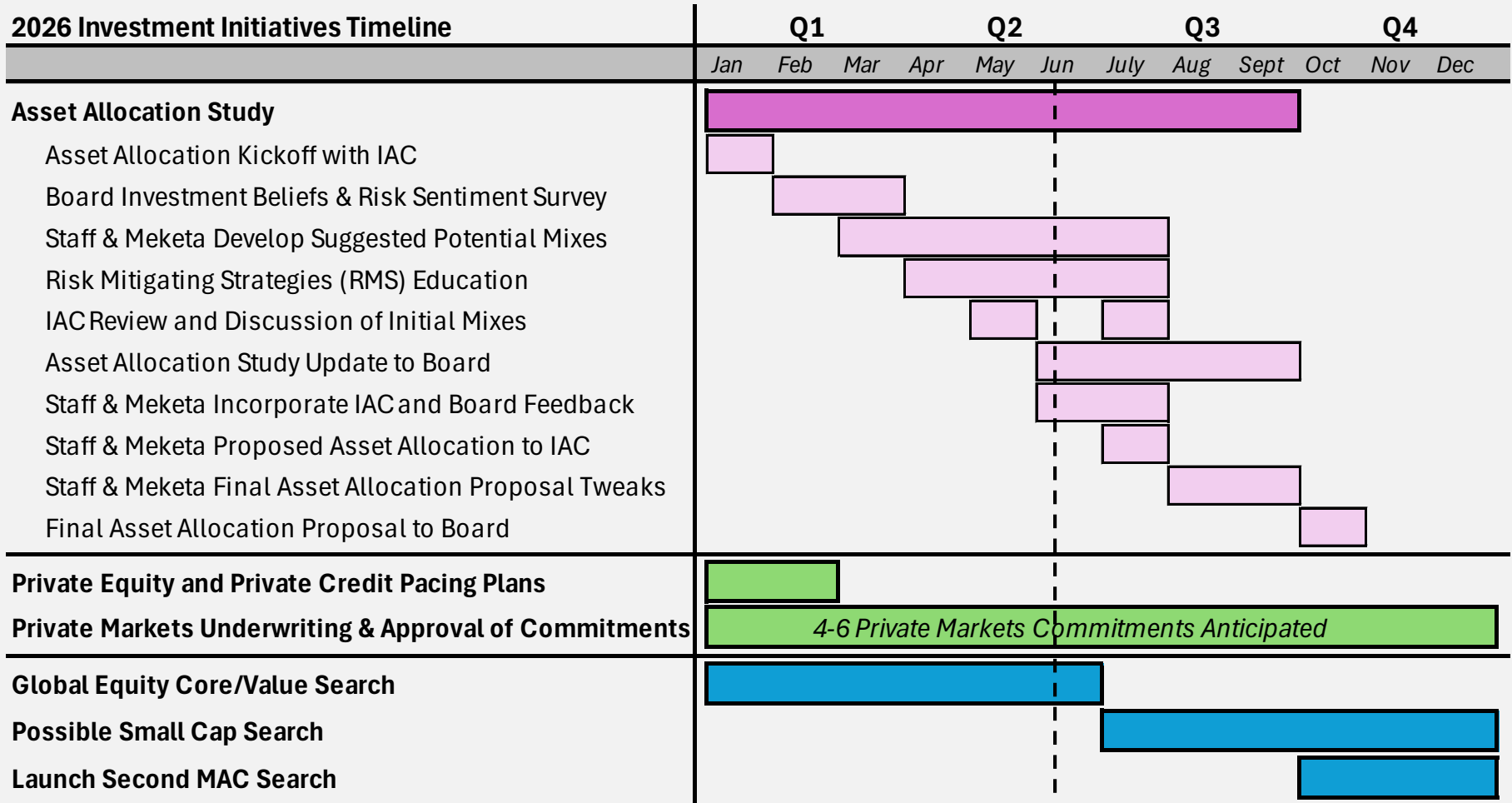
Investment Activity

- **The IAC interviewed the Global Equity search finalist manager in May. Staff expects to bring the recommendation to the Board for consideration at the July Board meeting.**
- **Staff rebalanced the portfolio, withdrawing \$38M from Public Equity and reallocation to Fixed Income & Cash.**
- **The first capital call was received and funded for Arbour Lane Credit Opportunities Fund IV.**



Investment Initiatives – 2026 Plan

2026 Investment Initiatives Timeline

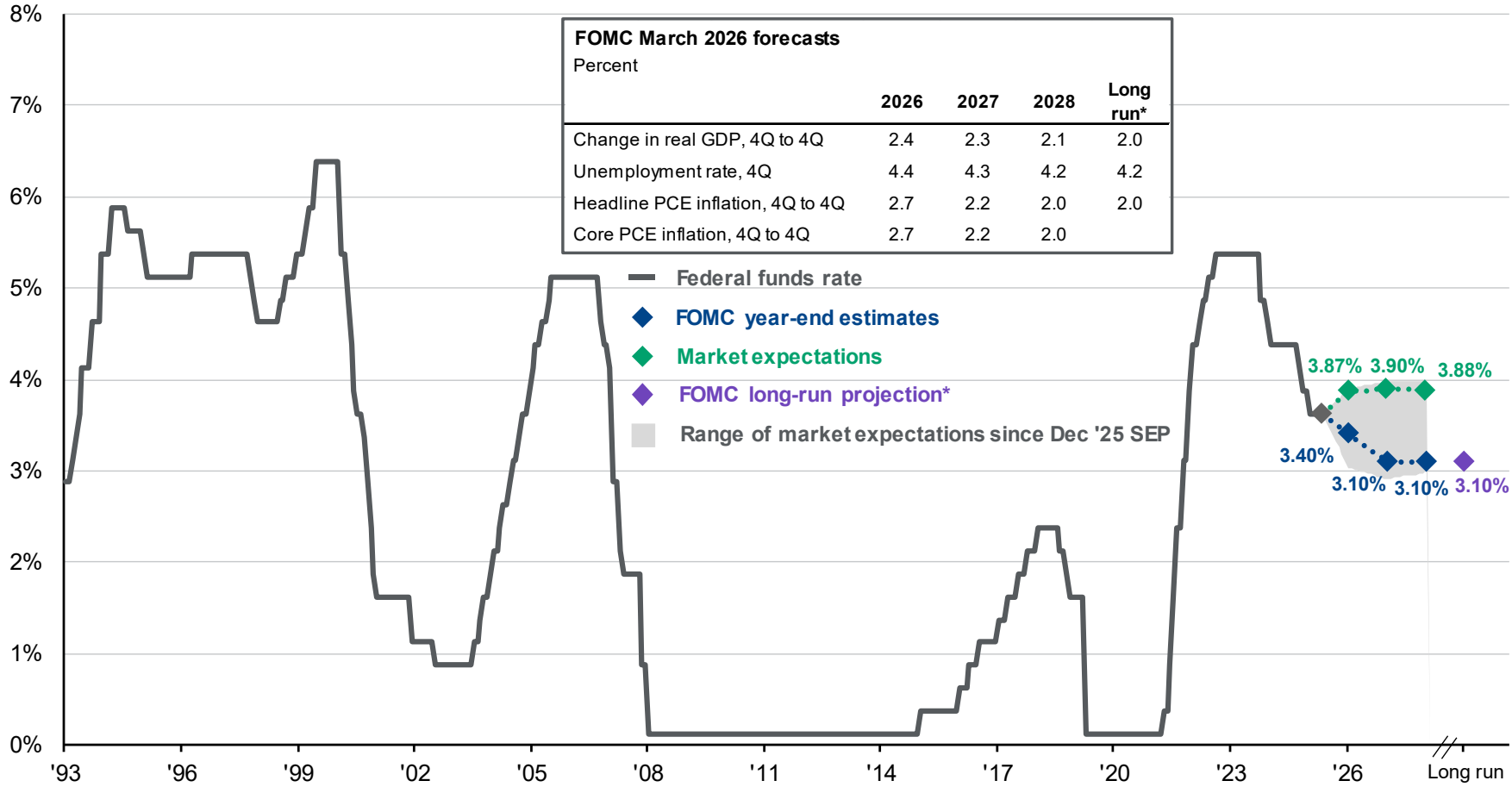




The Fed and Interest Rates

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.

Market expectations are based off of USD Overnight Index Swaps. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.

Guide to the Markets – U.S. Data are as of May 29, 2026.

J.P.Morgan
 ASSET MANAGEMENT

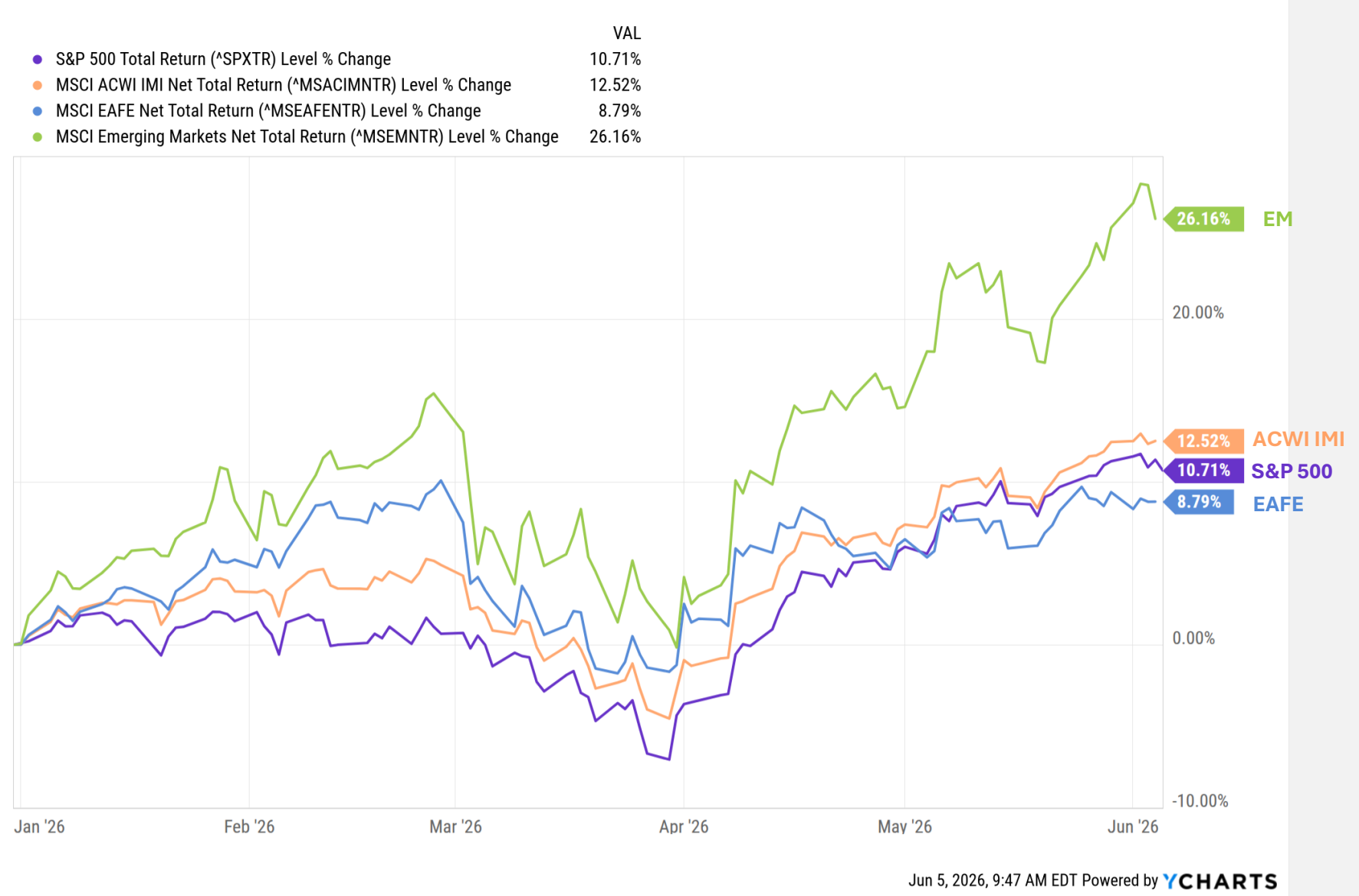


DALLAS
POLICE & FIRE
PENSION SYSTEM



YTD Equity Markets Returns

As of June 4, 2026



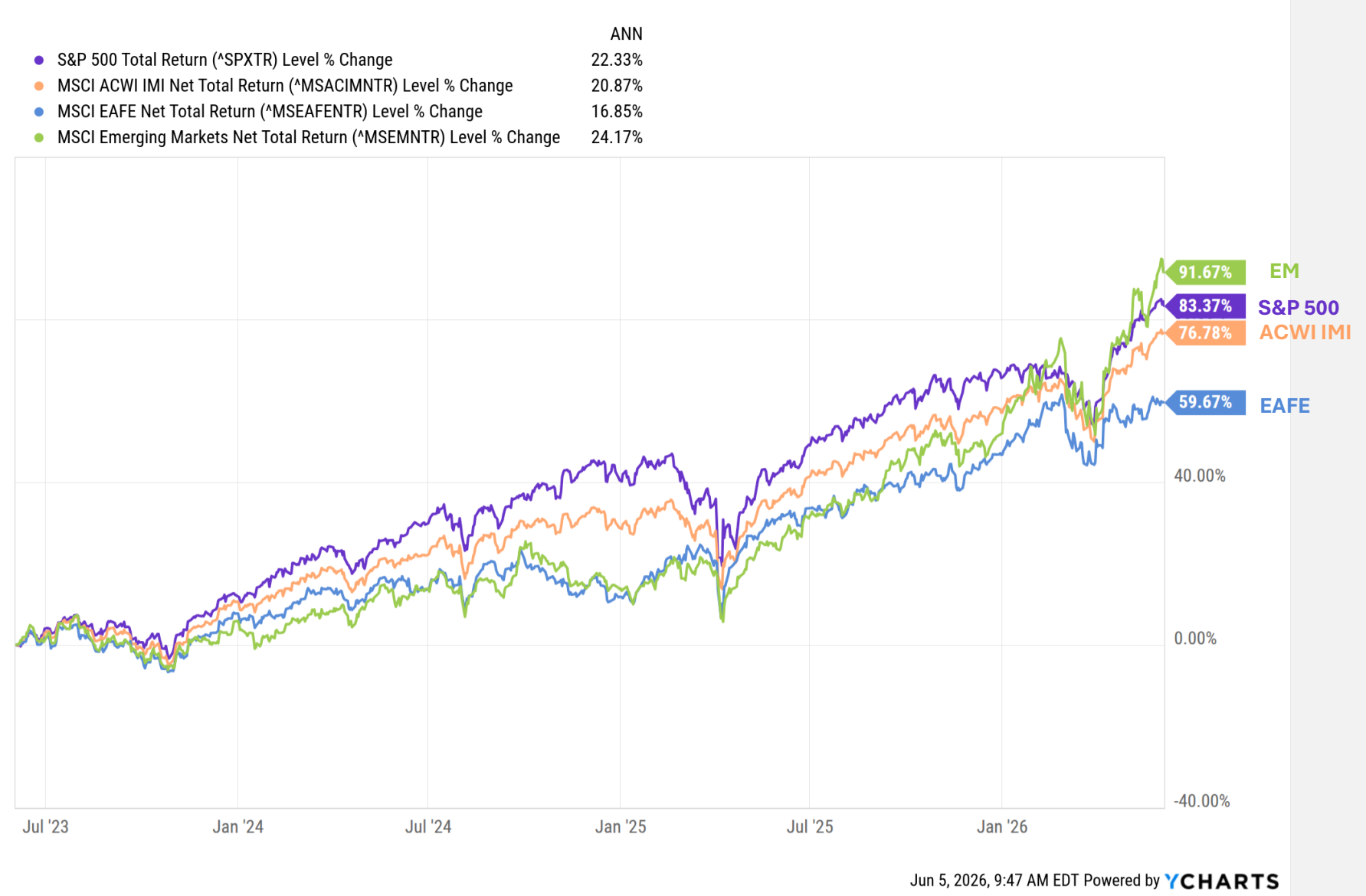


DALLAS
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PENSION SYSTEM



3-Year Equity Markets Returns

As of June 4, 2026

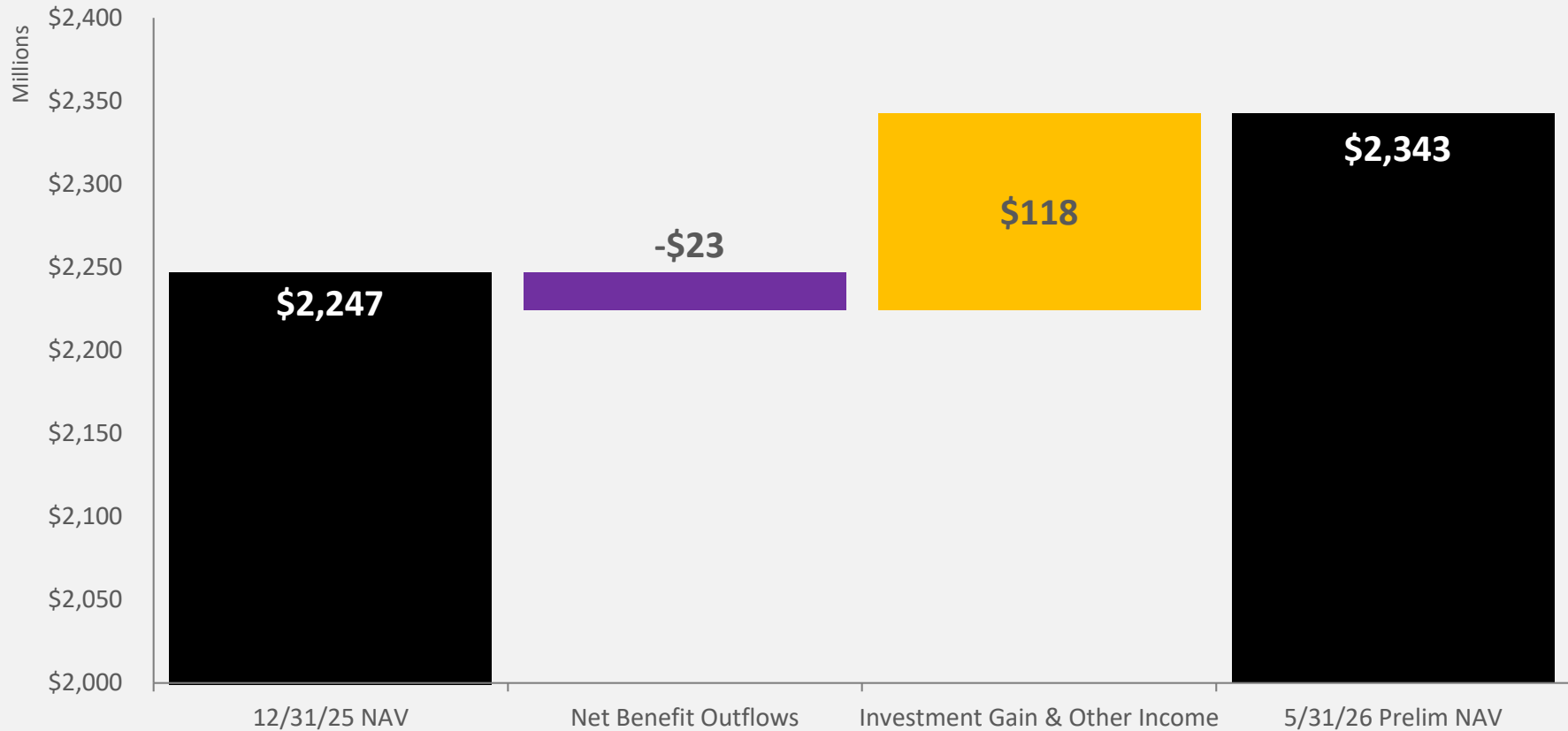




Change in Market Value Bridge Chart

In Millions
As of May 31, 2026

2026 YTD Preliminary Investment Return Estimated at 5.3%

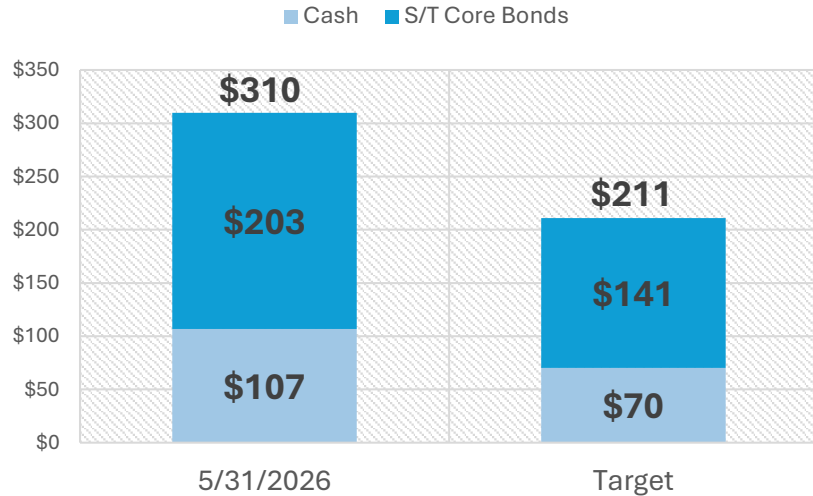


*The beginning 12/31/25 value includes a one-quarter lag on private assets.
Numbers may not foot due to rounding.*



Liquidity Dashboard – As of May 31, 2026

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



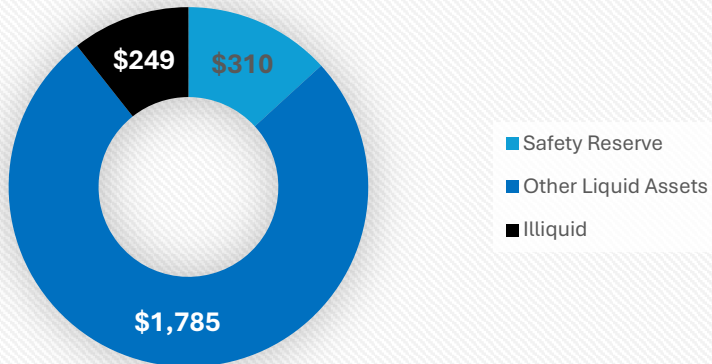
\$4.5 M

Projected Net Monthly outflows

2031

Cash and Short-Term Bonds would cover net outflows through this year

Liquidity Profile (\$M)



Expected Cash Activity	Date	Amount (\$M)	Cash Balance (\$M)	Projected Cash (%)
	5/31/26		\$106.7	4.6%
City & Member Contribution	6/5/26	\$11.8	\$118.5	5.1%
City & Member Contribution	6/19/26	\$11.8	\$130.4	5.6%
Pension Payroll	6/24/26	(\$29.3)	\$101.1	4.3%
City & Member Contribution	7/3/26	\$11.8	\$112.9	4.8%
City & Member Contribution	7/17/26	\$11.8	\$124.7	5.3%
Pension Payroll	7/29/26	(\$29.3)	\$95.5	4.1%
City & Member Contribution	7/31/26	\$11.8	\$107.3	4.6%
City & Member Contribution	8/14/26	\$11.8	\$119.1	5.1%
Pension Payroll	8/26/26	(\$29.3)	\$89.9	3.8%

Numbers may not foot due to rounding.



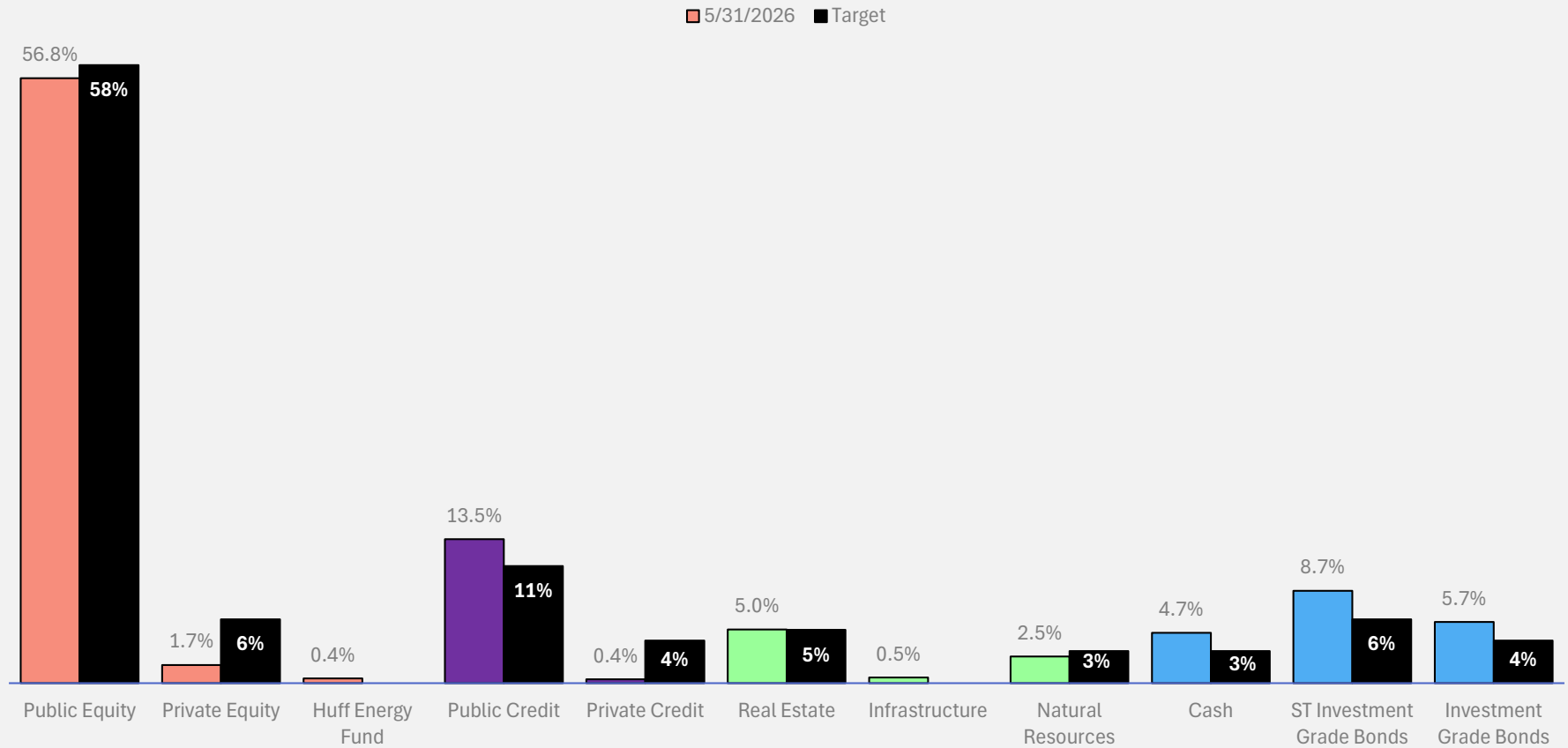
Asset Allocation

DPFP Asset Allocation	5/31/2026		Targets		Target Ranges		Variance		
	NAV	%	\$ mil.	%	Min %	Max %	% of Target	\$ mil.	%
Equity	1,380	58.9%	1,499	64%			92%	-119	-5.1%
Public Equity	1,330	56.8%	1,359	58%	50%	66%	98%	-29	-1.2%
<i>Northern Trust ACWI IMI Index</i>	584	24.9%	633	27%	16%	30%	92%	-49	-2.1%
<i>Boston Partners</i>	146	6.2%	141	6%	4%	8%	104%	5	0.2%
<i>Manulife</i>	145	6.2%	141	6%	4%	8%	103%	4	0.2%
<i>Walter Scott</i>	144	6.2%	141	6%	4%	8%	103%	4	0.2%
<i>WCM</i>	148	6.3%	141	6%	4%	8%	105%	7	0.3%
<i>Northern Trust Russell 2000</i>	38	1.6%	35	1.5%	0.5%	2.5%	108%	3	0.1%
<i>Global Alpha Intl Small Cap</i>	33	1.4%	35	1.5%	0.5%	2.5%	93%	-2	-0.1%
<i>RBC Emerging Markets Equity</i>	93	4.0%	94	4%	2%	6%	99%	-1	0.0%
Private Equity	40	1.7%	141	6%			28%	-101	-4.3%
Huff Energy Fund	10	0.4%	0	0%				10	0.4%
Credit	325	13.9%	351	15%			93%	-26	-1.1%
Public Credit	317	13.5%	258	11%	7%	15%	123%	59	2.5%
<i>ICG Global Total Credit</i>	109	4.7%	94	4%	2%	6%	117%	15	0.7%
<i>Aristotle Pacific Bank Loans</i>	69	2.9%	47	2%	1%	3%	146%	22	0.9%
<i>Loomis Sayles High Yield Bonds</i>	52	2.2%	47	2%	1%	3%	110%	5	0.2%
<i>MetLife Emerging Market Debt</i>	87	3.7%	70	3%	1%	5%	124%	17	0.7%
Private Credit	9	0.4%	94	4%			9%	-85	-3.6%
Real Assets	189	8.1%	187	8%			101%	2	0.1%
Real Estate	118	5.0%	117	5%			101%	1	0.0%
Natural Resources	59	2.5%	70	3%			83%	-12	-0.5%
Infrastructure	12	0.5%	0	0%				12	0.5%
Fixed Income & Cash	448	19.1%	305	13%			147%	144	6.1%
Cash	111	4.7%	70	3%	0%	6%	158%	40	1.7%
IR+M Short Term Bonds	203	8.7%	141	6%	0%	9%	144%	62	2.7%
Longfellow IG Bonds	135	5.7%	94	4%	2%	6%	144%	41	1.7%
Total	2,343	100.0%	2,343	100%				0	0.0%
Private Market Assets	248	10.6%	422	18%				-174	-7.9%

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



Asset Allocation – Actual vs. Target





DISCUSSION SHEET

ITEM #C10

Topic: Report on the Investment Advisory Committee

Discussion: The Investment Advisory Committee met on May 28, 2026. The Committee Chair and Investment staff will comment on Committee observations and advice.

Regular Board Meeting – Thursday, June 11, 2026



DISCUSSION SHEET

ITEM #C11

- Topic:** First Quarter 2026 Investment Performance Analysis
- Attendees:** Leandro Festino, Managing Principal - Meketa Investment Group (Virtual)
Colin Kowalski, Vice President - Meketa Investment Group (Virtual)
- Discussion:** Meketa and staff will review investment performance.

Regular Board Meeting – Thursday, June 11, 2026



Dallas Police & Fire Pension System

March 31, 2026

Fund Evaluation Report



Dallas Police & Fire Pension System

Agenda

- 1. Executive Summary**
- 2. Performance Update as of March 31, 2026**
- 3. Disclaimer, Glossary, and Notes**

Executive Summary as of March 31, 2026



Dallas Police & Fire Pension System

Executive Summary

DPFP Trailing One-Year Flash Summary

Category	Results	Notes
Total Fund Performance Return	Positive	+14.6%
Performance vs. Policy Index	Underperformed	+14.6% vs. +15.5%
Performance vs. Peers ¹	Outperformed	+14.6% vs. +12.4% median (13th percentile)
Asset Allocation vs. Targets	Detractive	Underweight to Private Equity and overweight Real Estate detracted
Public Active Management	Outperformed	8 of 11 active public managers beat benchmarks
DPFP Public Markets vs. 60/40 ²	Outperformed	+15.9% vs. +13.9%
DPFP Public Markets vs. Peer Plans	Outperformed	+15.9% vs. +12.4%
Safety Reserve Exposure	Over Target	\$294.4 million (approximately 13.4%)
Compliance with Targets	Yes	All asset classes in compliance

¹ InvMetrics All Public DB \$1-5 billion.

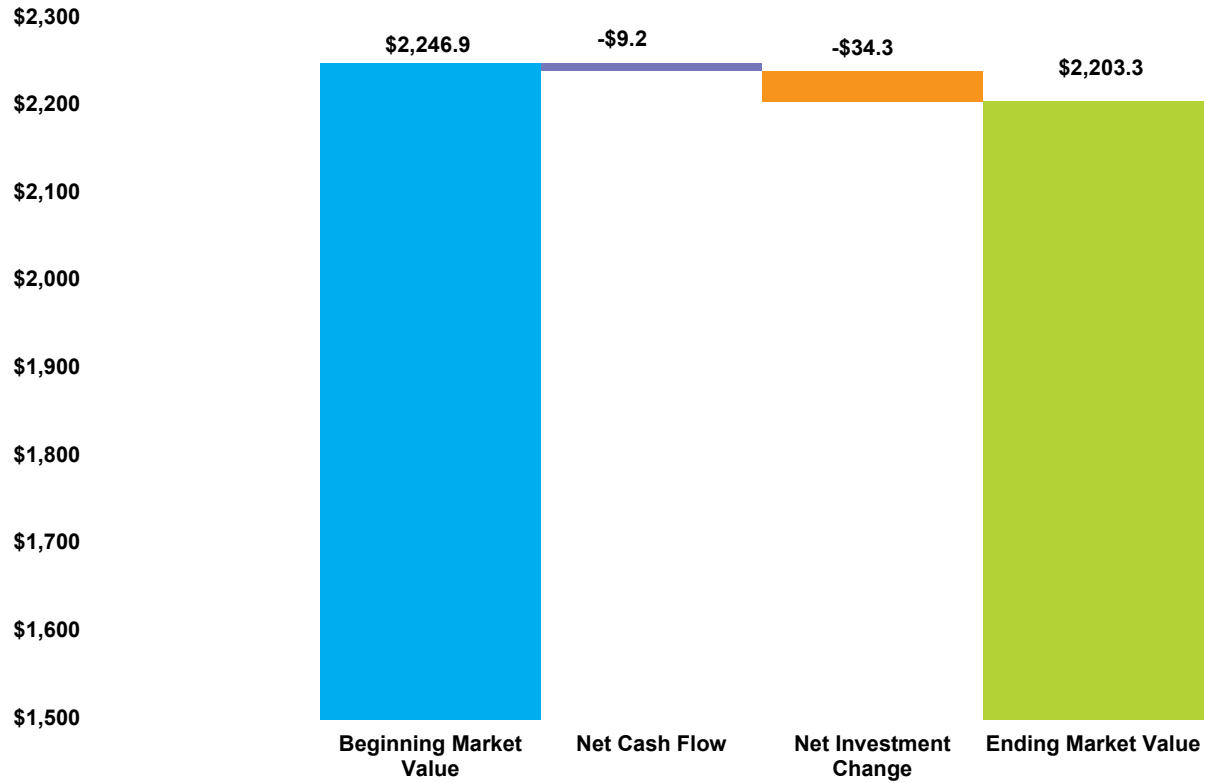
² Performance of Total Fund excluding private market investments relative to a 60% MSCI ACWI IMI Net/40% Barclays Global Aggregate Index.



Dallas Police & Fire Pension System

Executive Summary

Quarterly Change in Market Value



→ Total market value decreased due to negative performance and negative net cash flow.

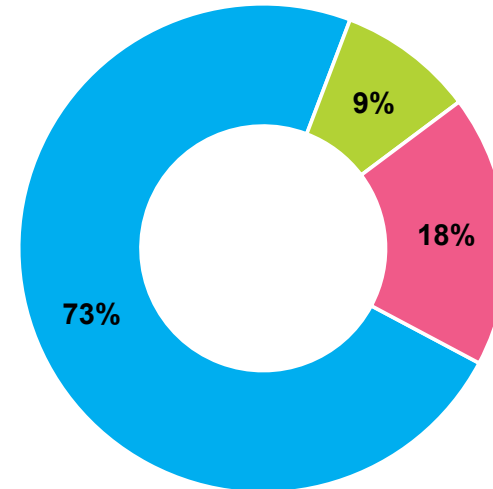
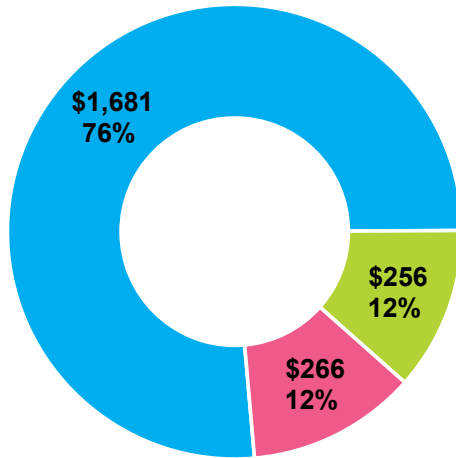


Liquidity Exposure
As of March 31, 2026

Exposure (\$M) Targets

■ Daily or Weekly ■ Monthly ■ Illiquid

■ Daily or Weekly ■ Monthly ■ Illiquid



→ Approximately 12% of the DPFP's assets are illiquid versus 18% of the target allocation.



Dallas Police & Fire Pension System

Executive Summary

Quarterly Manager Scorecard

	1-Year Outperformance vs. Benchmark	3-Year Outperformance vs. Benchmark	5-Year Outperformance vs. Benchmark
Boston Partners Global Equity Fund	Yes	No	Yes
Manulife Global Equity Strategy	No	No	No
Walter Scott Global Equity Fund	No	No	No
WCM Global Equity	Yes	NA	NA
Global Alpha Int'l Small Cap	No	No	NA
RBC Emerging Markets Equity	Yes	No	Yes
IR&M 1-3 Year Strategy	Yes	Yes	Yes
Longfellow Core Fixed Income	Yes	Yes	Yes
Aristotle Pacific Capital Bank Loan	Yes	Yes	Yes
Loomis High Yield Fund	Yes	Yes	No
Metlife Emerging Markets Debt	Yes	Yes	NA
ICG Global Total Credit	NA	NA	NA

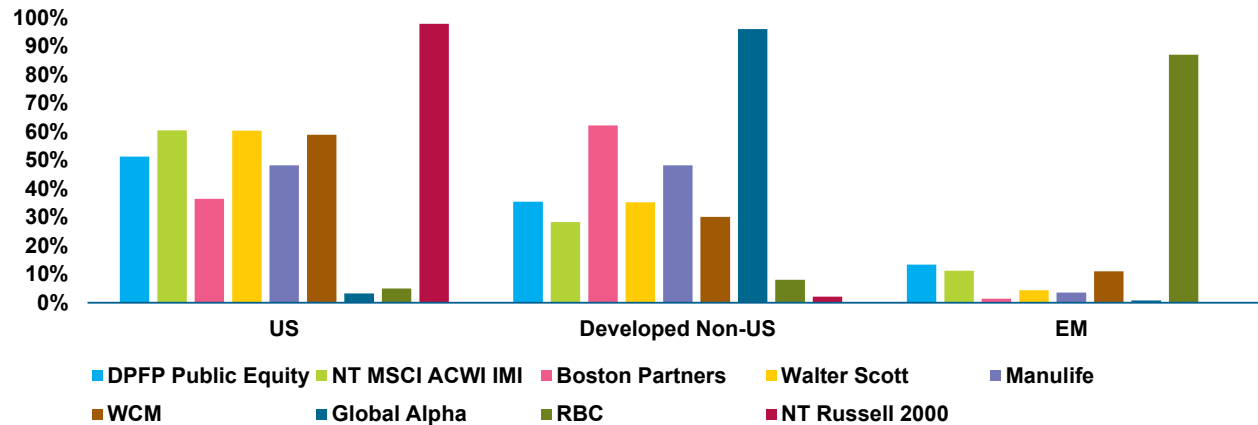


Dallas Police & Fire Pension System

Executive Summary

Equity Regional Exposure¹

	Market Value (\$)	% of DFPF Public Equity	US (%)	Developed Non-US (%)	EM (%)
NT MSCI ACWI IMI	524,779,469	43	61	28	11
Boston Partners	137,694,209	11	36	62	1
Manulife	135,630,295	11	48	48	4
Walter Scott	126,088,432	10	60	35	4
WCM	121,475,251	10	59	30	11
RBC	88,181,128	7	5	8	87
NT Russell 2000	32,385,913	3	98	2	--
Global Alpha	40,390,104	3	3	96	1
DFPF Public Equity	1,206,624,801	100	51	35	13
<i>MSCI ACWI IMI</i>			61	28	11



¹ Percentages may not always sum to 100% due to rounding. Given the multinational nature of many of the underlying holdings in these strategies, country allocation is not always clear and can vary between different data sources.

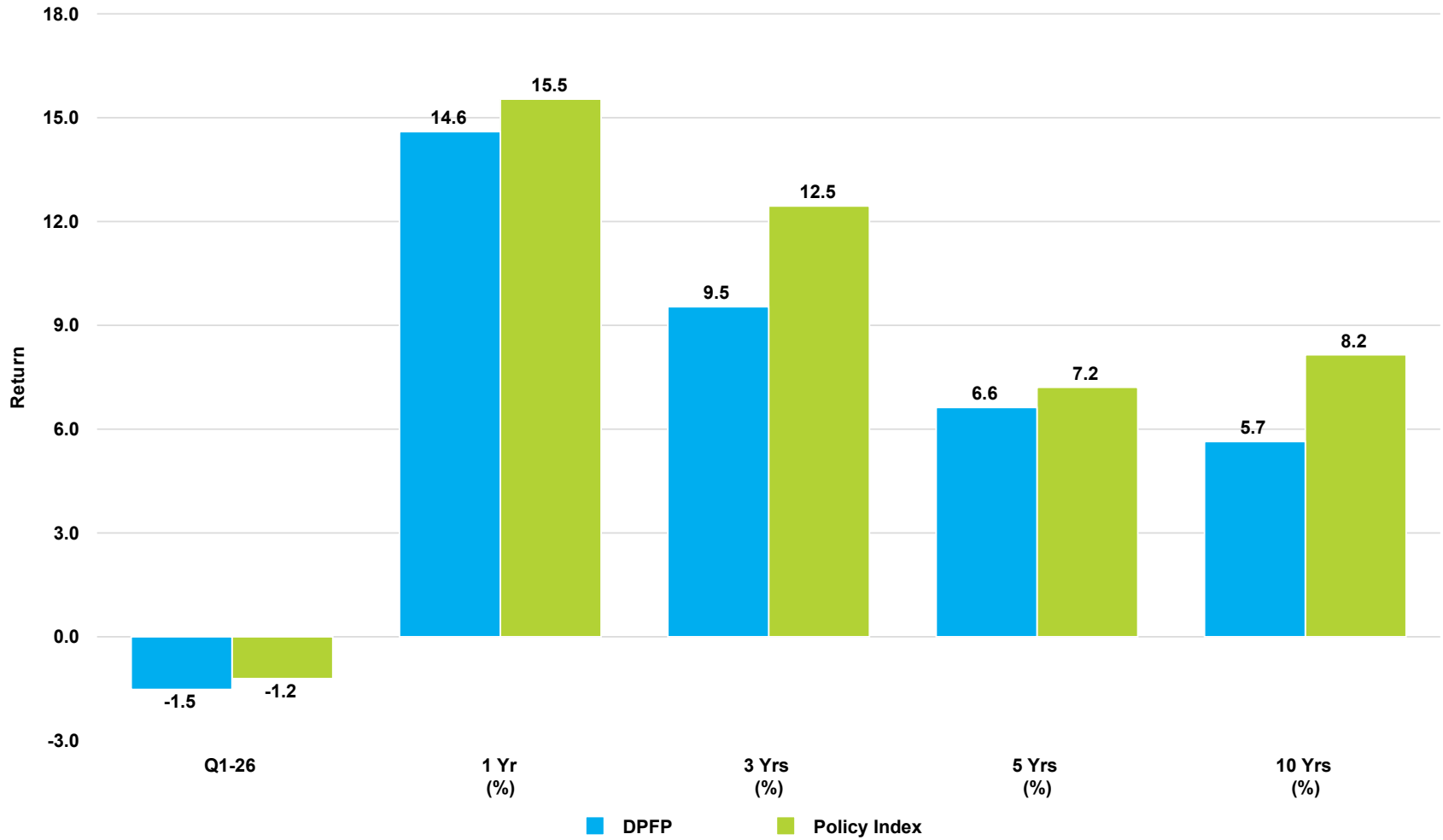
Performance Update As of March 31, 2026



Dallas Police & Fire Pension System

DPFP | As of March 31, 2026

Net Return Summary Ending March 31, 2026

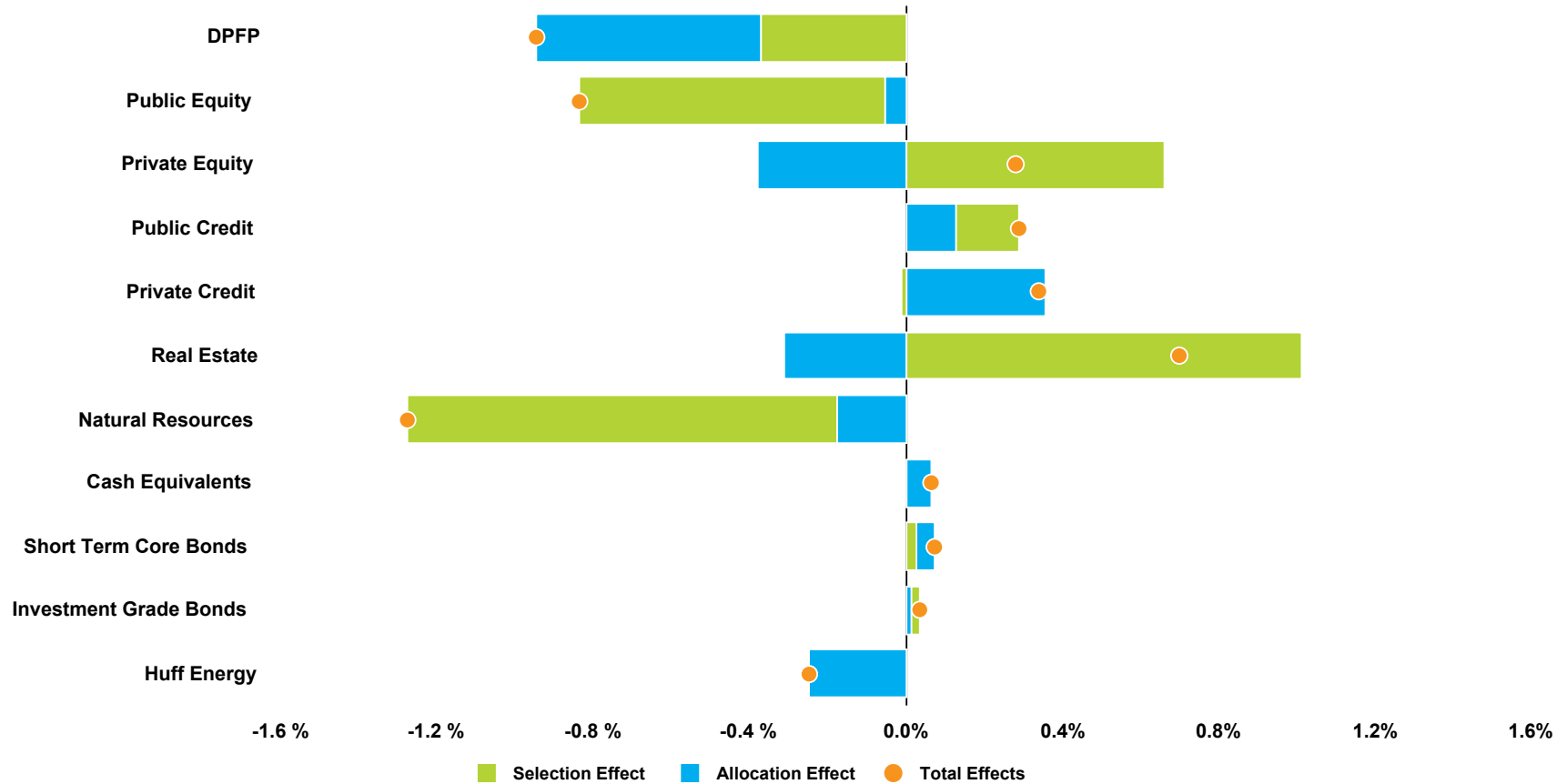




Dallas Police & Fire Pension System

Total Plan Attribution | As of March 31, 2026

Attribution Effects vs. Policy Benchmark
1 Year Ending March 31, 2026



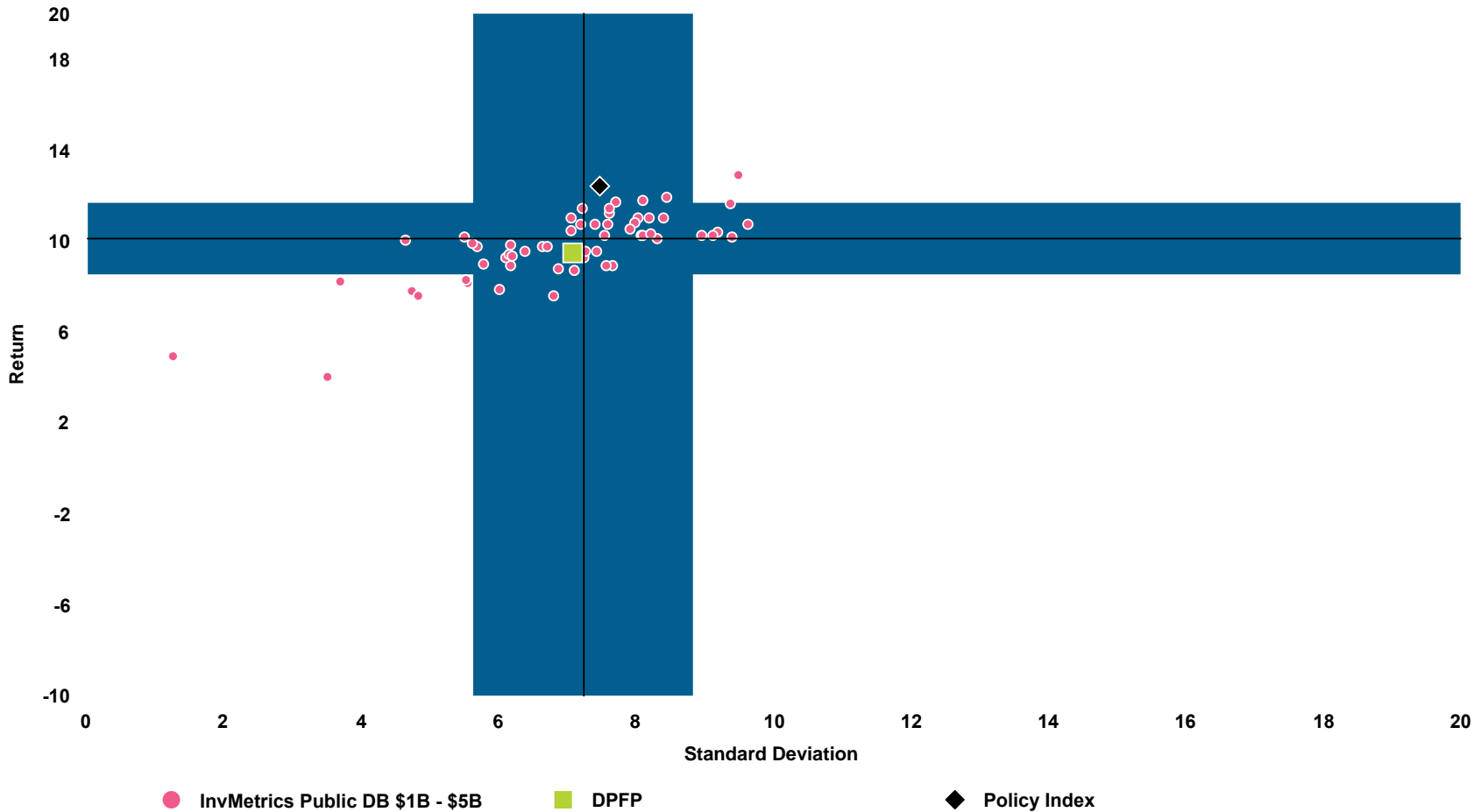
The performance calculation methodology in attribution tables is different from the standard time weighted returns (geometric linkage of monthly returns) found throughout the rest of the report. In attribution tables, the average weight of each asset class (over the specified time period) is multiplied by the time period performance of that asset class and summed. Values may not sum due to rounding.



Dallas Police & Fire Pension System

DPFP | As of March 31, 2026

Annualized Return vs. Annualized Standard Deviation 3 Years Ending March 31, 2026





Dallas Police & Fire Pension System

Trailing Net Performance | As of March 31, 2026

Asset Class Performance Summary (Net)										
	Market Value (\$)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date	
DPPF	2,203,347,285	100.0	-1.5	14.6	9.5	6.6	5.7	5.9	Jun-96	
<i>Policy Index</i>			<i>-1.2</i>	<i>15.5</i>	<i>12.5</i>	<i>7.2</i>	<i>8.2</i>	<i>--</i>		
<i>Allocation Index</i>			<i>-1.4</i>	<i>14.7</i>	<i>11.2</i>	<i>7.1</i>	<i>7.8</i>	<i>7.4</i>		
<i>Total Fund Ex Private Markets</i>			<i>-1.6</i>	<i>15.9</i>	<i>12.4</i>	<i>6.7</i>	<i>8.5</i>	<i>--</i>		
<i>60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index</i>			<i>-2.1</i>	<i>13.9</i>	<i>10.7</i>	<i>4.8</i>	<i>7.0</i>	<i>6.2</i>		
Public Equity	1,206,624,801	54.8	-2.7	19.8	15.0	8.5	11.4	7.9	Jul-06	
<i>MSCI AC World IMI Index (Net)</i>			<i>-2.7</i>	<i>20.6</i>	<i>16.2</i>	<i>9.0</i>	<i>11.1</i>	<i>7.8</i>		
Private Equity	48,308,340	2.2	-0.5	72.3	14.9	17.9	3.4	2.7	Oct-05	
<i>MSCI ACWI IMI (Net) +2% (Q Lag)</i>			<i>3.7</i>	<i>24.5</i>	<i>22.3</i>	<i>12.9</i>	<i>13.7</i>	<i>10.7</i>		
Huff Energy	10,140,939	0.5	5.4	14.9	--	--	--			
Public Credit	306,504,147	13.9	-0.5	8.3	9.0	3.6	--	3.7	May-18	
<i>Credit Blended Benchmark</i>			<i>-0.4</i>	<i>7.1</i>	<i>8.3</i>	<i>4.4</i>	<i>--</i>	<i>4.7</i>		
Private Credit	3,531,880	0.2	-4.4	-5.3	6.2	14.4	--	-8.8	Jan-18	
<i>50% Bloomberg US HY / 50% S&P UBS Lev Loan +1% 1Q Lag</i>			<i>1.5</i>	<i>8.3</i>	<i>10.8</i>	<i>6.5</i>	<i>--</i>	<i>6.3</i>		
Real Estate	128,576,763	5.8	-0.3	25.1	10.1	8.9	5.8	4.2	Mar-85	
<i>NCREIF Property (1Qtr Lagged)</i>			<i>1.2</i>	<i>4.9</i>	<i>-1.0</i>	<i>3.8</i>	<i>4.8</i>	<i>7.3</i>		
Natural Resources	62,897,611	2.9	-8.4	-23.7	-15.2	-10.7	-5.3	-1.1	Jan-11	
<i>NCREIF Farmland (Q Lag)</i>			<i>-0.7</i>	<i>0.2</i>	<i>1.3</i>	<i>4.2</i>	<i>4.9</i>	<i>8.6</i>		
Infrastructure	12,439,643	0.6	-2.9	-11.7	-0.5	10.6	7.1	5.5	Jul-12	
<i>S&P Global Infrastructure TR USD</i>			<i>8.3</i>	<i>26.9</i>	<i>16.2</i>	<i>12.1</i>	<i>9.4</i>	<i>9.0</i>		



Dallas Police & Fire Pension System

Trailing Net Performance | As of March 31, 2026

	Market Value (\$)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date
Cash Equivalents	96,360,497	4.4	0.8	4.1	4.9	3.5	2.4	2.3	Apr-15
<i>ICE BofA 3 Month U.S. T-Bill</i>			<i>0.8</i>	<i>4.0</i>	<i>4.7</i>	<i>3.3</i>	<i>2.3</i>	<i>2.1</i>	
Short Term Core Bonds	198,034,841	9.0	0.3	4.4	4.9	2.4	--	2.6	Jul-17
<i>Blmbg. U.S. Aggregate 1-3 Yrs</i>			<i>0.3</i>	<i>4.0</i>	<i>4.4</i>	<i>2.1</i>	<i>--</i>	<i>2.2</i>	
Investment Grade Bonds	129,927,823	5.9	-0.1	4.9	4.2	0.7	--	1.4	Oct-19
<i>Blmbg. U.S. Aggregate Index</i>			<i>0.0</i>	<i>4.3</i>	<i>3.6</i>	<i>0.3</i>	<i>--</i>	<i>0.9</i>	



Dallas Police & Fire Pension System

Trailing Net Performance | As of March 31, 2026

Trailing Net Performance									
	Market Value (\$)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date
DPFP	2,203,347,285	100.0	-1.5	14.6	9.5	6.6	5.7	5.9	Jun-96
<i>Policy Index</i>			-1.2	15.5	12.5	7.2	8.2	--	
<i>Allocation Index</i>			-1.4	14.7	11.2	7.1	7.8	7.4	
<i>Total Fund Ex Private Markets</i>			-1.6	15.9	12.4	6.7	8.5	--	
<i>60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index</i>			-2.1	13.9	10.7	4.8	7.0	6.2	
InvMetrics Public DB \$1B - \$5B Rank			83	14	67	32	100	100	
Public Equity	1,206,624,801	54.8	-2.7	19.8	15.0	8.5	11.4	7.9	Jul-06
<i>MSCI AC World IMI Index (Net)</i>			-2.7	20.6	16.2	9.0	11.1	7.8	
eV All Global Equity Rank			50	43	45	47	34	45	
NT ACWI Index IMI	524,779,469	23.8	-2.3	21.4	16.7	9.5	--	9.5	Apr-21
<i>MSCI AC World IMI Index (Net)</i>			-2.7	20.6	16.2	9.0	--	9.0	
eV Global All Cap Equity Rank			44	38	29	30	--	30	
Walter Scott Global Equity Fund	126,088,432	5.7	-5.3	8.1	8.0	5.8	10.3	9.4	Dec-09
<i>MSCI ACWI Net</i>			-3.2	20.0	16.6	9.5	11.3	9.7	
eV Global Large Cap Growth Eq Rank			23	51	64	30	56	53	
WCM Global Equity	121,475,251	5.5	-6.3	22.6	--	--	--	23.9	Dec-23
<i>MSCI AC World Index Growth (Net)</i>			-7.7	21.3	--	--	--	17.7	
eV Global Large Cap Growth Eq Rank			31	9	--	--	--	4	
Boston Partners Global Equity Fund	137,694,209	6.2	-0.9	23.0	16.7	11.8	--	10.5	Jul-17
<i>MSCI World Net</i>			-3.6	18.9	16.8	10.3	--	11.3	
eV Global All Cap Value Eq Rank			60	55	37	23	--	19	
Manulife Global Equity Strategy	135,630,295	6.2	-1.4	14.8	14.1	9.1	--	9.5	Jul-17
<i>MSCI ACWI Net</i>			-3.2	20.0	16.6	9.5	--	10.7	
eV Global Large Cap Value Eq Rank			61	76	53	55	--	37	
NT Russell 2000 Index	32,385,913	1.5	0.8	--	--	--	--	6.2	Sep-25
<i>Russell 2000 Index (Net)</i>			0.8	--	--	--	--	6.1	
eV US Small Cap Equity Rank			54	--	--	--	--	32	



Dallas Police & Fire Pension System

Trailing Net Performance | As of March 31, 2026

	Market Value (\$)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date
Global Alpha International Small Cap	40,390,104	1.8	-7.9	9.2	2.0	--	--	1.3	May-22
<i>MSCI EAFE Small Cap (Net)</i>			-1.3	25.5	12.7	--	--	8.7	
eV Global Small Cap Equity Rank			98	83	96	--	--	95	
RBC Emerging Markets Equity	88,181,128	4.0	-0.2	29.9	14.3	4.8	--	5.9	Jan-18
<i>MSCI Emerging Markets IMI (Net)</i>			-0.2	28.9	14.7	4.0	--	4.9	
eV Emg Mkts Equity Rank			72	61	65	51	--	44	
Private Equity	48,308,340	2.2	-0.5	72.3	14.9	17.9	3.4	2.7	Oct-05
<i>MSCI ACWI IMI (Net) +2% (Q Lag)</i>			3.7	24.5	22.3	12.9	13.7	10.7	
Huff Energy	10,140,939	0.5	5.4	14.9	--	--	--		
Public Credit	306,504,147	13.9	-0.5	8.3	9.0	3.6	--	3.7	May-18
<i>Credit Blended Benchmark</i>			-0.4	7.1	8.3	4.4	--	4.7	
Aristotle Pacific Capital Bank Loan	67,333,609	3.1	-0.3	6.0	8.4	6.4	--	5.4	Aug-17
<i>S&P UBS Leveraged Loan Index</i>			-0.5	4.8	8.0	5.8	--	5.2	
eV US Float-Rate Bank Loan Fixed Inc Rank			46	15	14	6	--	6	
Loomis US High Yield Fund	50,342,109	2.3	-0.3	8.5	9.1	4.0	--	3.8	Dec-20
<i>Blmbg. U.S. High Yield - 2% Issuer Cap</i>			-0.5	7.0	8.6	4.2	--	4.5	
eV US High Yield Fixed Inc Rank			42	6	9	58	--	82	
Metlife Emerging Markets Debt Blend	82,535,535	3.7	-0.9	12.0	9.8	--	--	11.4	Oct-22
<i>Metlife Custom Benchmark</i>			-1.1	9.0	7.8	--	--	9.6	
eV All Emg Mkts Fixed Inc Rank			33	29	33	--	--	37	
ICG Global Total Credit	106,292,894	4.8	--	--	--	--	--	-0.4	Mar-26
<i>ICG Custom Benchmark</i>			--	--	--	--	--	-1.3	
Private Credit	3,531,880	0.2	-4.4	-5.3	6.2	14.4	--	-8.8	Jan-18
<i>50% Bloomberg US HY / 50% S&P UBS Lev Loan +1% 1Q Lag</i>			1.5	8.3	10.8	6.5	--	6.3	
Real Estate	128,576,763	5.8	-0.3	25.1	10.1	8.9	5.8	4.2	Mar-85
<i>NCREIF Property (1Qtr Lagged)</i>			1.2	4.9	-1.0	3.8	4.8	7.3	
Natural Resources	62,897,611	2.9	-8.4	-23.7	-15.2	-10.7	-5.3	-1.1	Jan-11
<i>NCREIF Farmland (Q Lag)</i>			-0.7	0.2	1.3	4.2	4.9	8.6	



Dallas Police & Fire Pension System

Trailing Net Performance | As of March 31, 2026

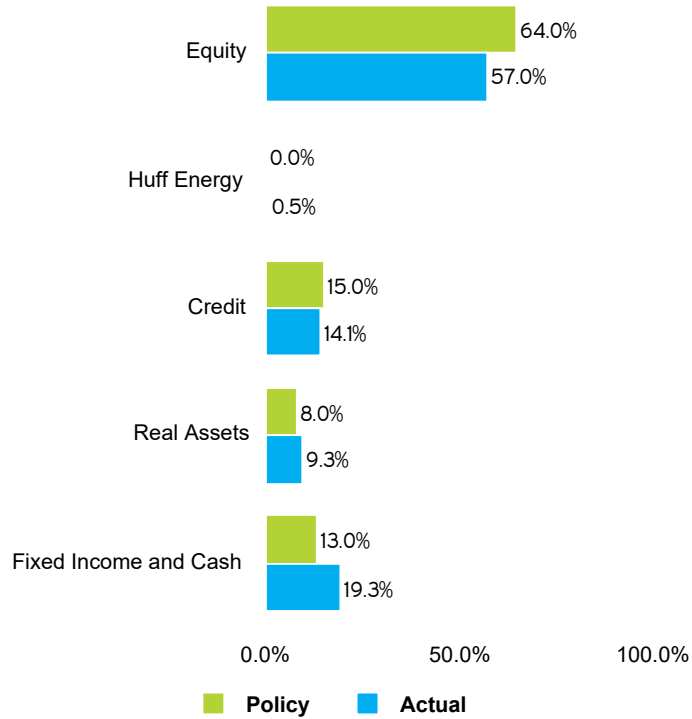
	Market Value (\$)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date
Infrastructure	12,439,643	0.6	-2.9	-11.7	-0.5	10.6	7.1	5.5	Jul-12
<i>S&P Global Infrastructure TR USD</i>			<i>8.3</i>	<i>26.9</i>	<i>16.2</i>	<i>12.1</i>	<i>9.4</i>	<i>9.0</i>	
Fixed Income and Cash	424,323,161	19.3	0.3	4.4	4.5	2.0	--	2.4	May-18
<i>Fixed Income and Cash Blended Benchmark</i>			<i>0.3</i>	<i>4.1</i>	<i>4.3</i>	<i>1.8</i>	<i>--</i>	<i>2.4</i>	
Cash Equivalents	96,360,497	4.4	0.8	4.1	4.9	3.5	2.4	4.7	Jul-96
<i>ICE BofA 3 Month U.S. T-Bill</i>			<i>0.8</i>	<i>4.0</i>	<i>4.7</i>	<i>3.3</i>	<i>2.3</i>	<i>2.4</i>	
IR&M 1-3 Year Strategy	198,034,841	9.0	0.3	4.4	4.9	2.4	--	2.6	Jul-17
<i>Blmbg. U.S. Aggregate 1-3 Yrs</i>			<i>0.3</i>	<i>4.0</i>	<i>4.4</i>	<i>2.1</i>	<i>--</i>	<i>2.2</i>	
eV US Short Duration Fixed Inc Rank			44	39	49	43	--	32	
Longfellow Core Fixed Income	129,927,823	5.9	-0.1	4.9	4.2	0.7	--	0.5	Jul-20
<i>Blmbg. U.S. Aggregate Index</i>			<i>0.0</i>	<i>4.3</i>	<i>3.6</i>	<i>0.3</i>	<i>--</i>	<i>-0.1</i>	
eV US Core Fixed Inc Rank			60	15	22	19	--	26	



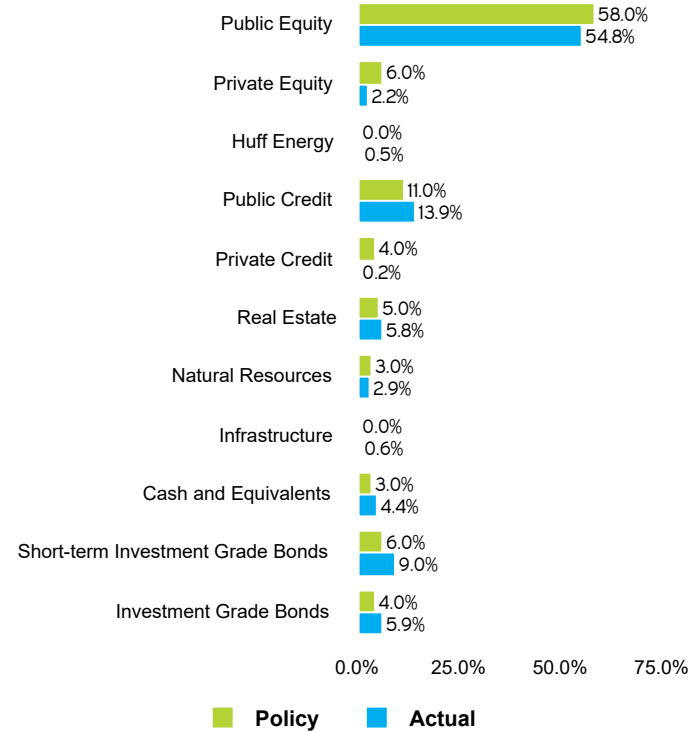
Dallas Police & Fire Pension System

DPFP | As of March 31, 2026

Asset Category Actual vs Target Allocation (%)
As of March 31, 2026



Asset Class Actual vs Target Allocation (%)
As of March 31, 2026





Dallas Police & Fire Pension System

Asset Allocation Compliance | As of March 31, 2026

Allocation vs. Targets					
	Balance (\$)	Current Allocation (%)	Policy (%)	Policy Range (%)	Within IPS Range?
Equity	1,254,933,141	57	64		
Public Equity	1,206,624,801	55	58	50 - 66	Yes
Private Equity	48,308,340	2	6		
Huff Energy	10,140,939	0	0		
Huff Energy	10,140,939	0	0		
Credit	310,036,027	14	15		
Public Credit	306,504,147	14	11	7 - 15	Yes
Private Credit	3,531,880	0	4		
Real Assets	203,914,017	9	8		
Real Estate	128,576,763	6	5		
Natural Resources	62,897,611	3	3		
Infrastructure	12,439,643	1	0		
Fixed Income and Cash	424,323,161	19	13		
Cash and Equivalents	96,360,497	4	3	0 - 6	Yes
Short-term Investment Grade Bonds	198,034,841	9	6	0 - 9	Yes
Investment Grade Bonds	129,927,823	6	4	2 - 6	Yes
Total	2,203,347,285	100	100		

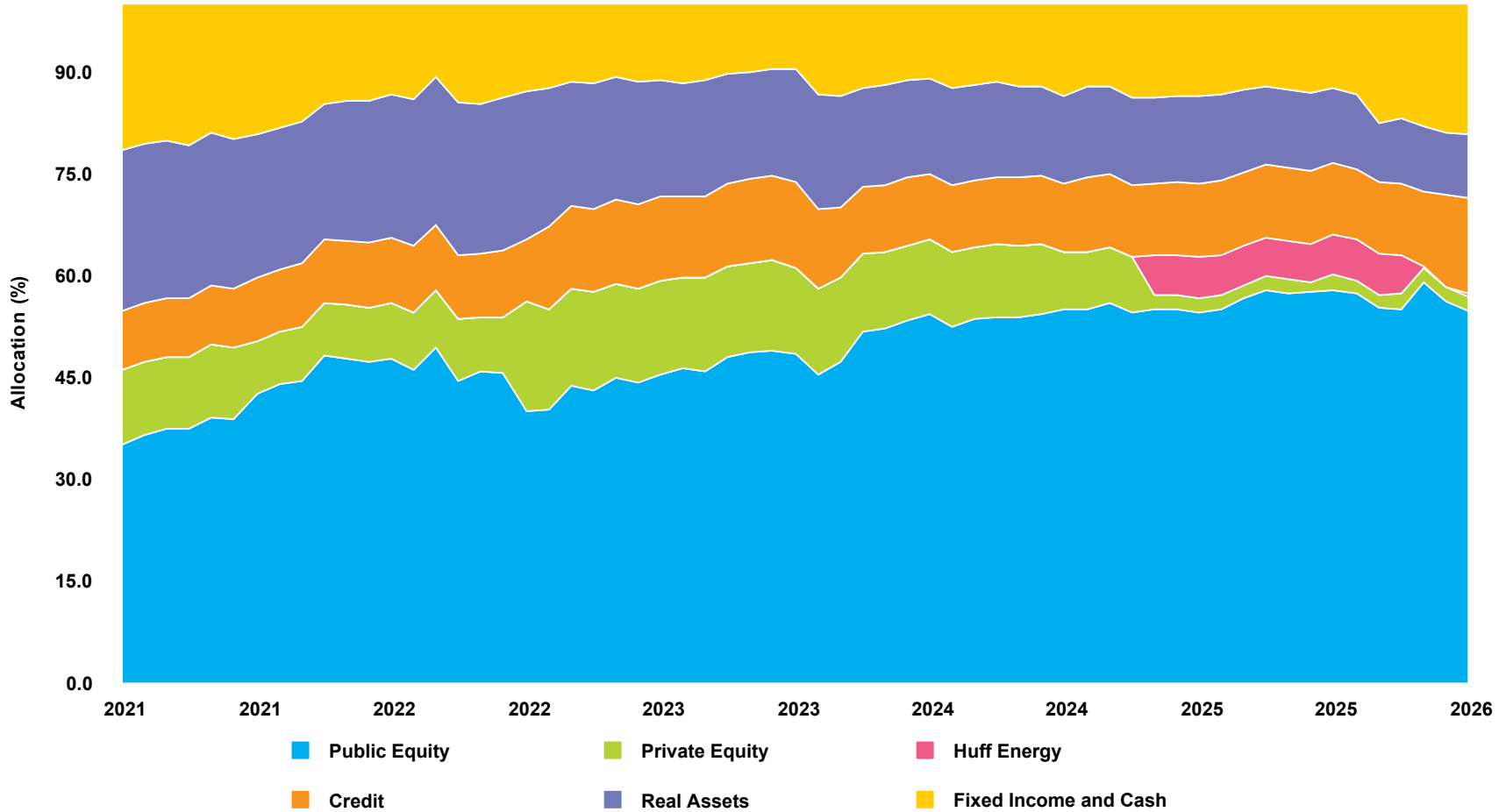
As of 3/31/2026, the Safety Reserve Exposure was approximately \$294.4 million (13.4%).
 Rebalancing ranges are not established for illiquid assets (Private Equity, Private Debt, Natural Resources, Infrastructure, and Real Estate).



Dallas Police & Fire Pension System

Historical Asset Allocation | As of March 31, 2026

Asset Allocation History vs. Policy
5 Years Ending March 31, 2026



Huff Energy was classified with private equity prior to 2025.



Dallas Police & Fire Pension System

Multi Time Period Statistics | As of March 31, 2026

Statistics Summary 5 Years Ending March 31, 2026						
	Return	Standard Deviation	Information Ratio	Beta	Sharpe Ratio	Tracking Error
DPFP	6.6	7.8	-0.1	0.7	0.4	5.0
Policy Index	7.2	9.3	-	1.0	0.4	0.0
Public Equity	8.5	14.5	-0.2	1.0	0.4	2.0
MSCI AC World IMI Index (Net)	9.0	14.4	-	1.0	0.4	0.0
Private Equity	17.9	55.0	0.2	-0.6	0.4	59.7
Russell 3000 + 2% Lagged	13.2	15.4	-	1.0	0.7	0.0
Huff Energy	-	-	-	-	-	-
Russell 3000 +2% Lagged	13.1	15.4	-	1.0	0.7	0.0
Public Credit	3.6	6.1	0.3	0.7	0.1	3.3
Public Credit Benchmark	2.4	7.5	-	1.0	-0.1	0.0
Private Credit	14.4	34.1	0.3	0.1	0.4	34.4
50% Bloomberg US HY / 50% S&P UBS Lev Loan +1% 1Q Lag	6.5	4.4	-	1.0	0.7	0.0
Total Real Assets	2.5	6.1	-0.2	0.6	-0.1	5.8
Total Real Assets Policy Index	4.0	3.6	-	1.0	0.2	0.0
Real Estate	8.9	11.4	0.4	0.1	0.5	12.3
NCREIF Property (1Qtr Lagged)	3.8	5.5	-	1.0	0.1	0.0
Natural Resources	-10.7	7.4	-1.9	0.0	-1.9	8.0
NCREIF Farmland (Q Lag)	4.2	3.1	-	1.0	0.3	0.0
Infrastructure	10.6	14.4	-0.1	0.0	0.5	20.5
S&P Global Infrastructure TR USD	12.1	14.2	-	1.0	0.6	0.0
Total Fixed Income and Cash	3.0	4.0	0.6	1.2	-0.1	2.0
Fixed Income and Cash Blended Benchmark	1.8	2.9	-	1.0	-0.5	0.0



Dallas Police & Fire Pension System

Multi Time Period Statistics | As of March 31, 2026

	Return	Standard Deviation	Information Ratio	Beta	Sharpe Ratio	Tracking Error
Cash Equivalents	3.5	0.6	0.5	0.9	0.5	0.3
ICE BofA 3 Month U.S. T-Bill	3.3	0.6	-	1.0	-	0.0
Short Term Core Bonds	2.4	2.1	1.0	1.0	-0.5	0.4
Blmbg. U.S. Aggregate 1-3 Yrs	2.1	2.0	-	1.0	-0.7	0.0
Investment Grade Bonds	0.7	6.3	0.5	1.0	-0.4	0.8
Blmbg. U.S. Aggregate Index	0.3	6.3	-	1.0	-0.4	0.0



Dallas Police & Fire Pension System

Benchmark History | As of March 31, 2026

Benchmark History		
From Date	To Date	Benchmark
DPPFP		
01/01/2025	Present	4.0% Blmbg. U.S. Aggregate Index, 6.0% Blmbg. U.S. Aggregate 1-3 Yrs, 58.0% MSCI AC World IMI Index, 3.0% ICE BofA 3 Month U.S. T-Bill, 11.0% Public Credit BM, 5.0% NCREIF Property (1Qtr Lagged), 3.0% NCREIF Farmland (Q Lag), 4.0% 50% Bloomberg US HY / 50% S&P UBS Lev Loan +1% 1Q Lag, 6.0% MSCI ACWI IMI (Net) +2% (Q Lag)
10/01/2021	12/31/2024	4.0% Blmbg. U.S. Aggregate Index, 4.0% Blmbg. U.S. Corp: High Yield Index, 6.0% Blmbg. U.S. Aggregate 1-3 Yrs, 5.0% MSCI Emerging Markets IMI (Net), 55.0% MSCI AC World IMI Index (Net), 3.0% ICE BofA 3 Month U.S. T-Bill, 5.0% Russell 3000 +2% 1Q Lag, 5.0% NCREIF Property (1Qtr Lagged), 5.0% NCREIF Farmland (Q Lag), 4.0% 50% JPM EMBI/50% JPM GBI-EM, 4.0% S&P/LSTA Leveraged Loan
08/01/2021	09/30/2021	4.0% Blmbg. U.S. Aggregate Index, 4.0% Blmbg. U.S. Corp: High Yield Index, 6.0% Blmbg. U.S. Aggregate 1-3 Yrs, 5.0% MSCI Emerging Markets IMI (Net), 55.0% MSCI AC World IMI Index (Net), 3.0% ICE BofA 3 Month U.S. T-Bill, 5.0% NCREIF Property (1Qtr Lagged), 5.0% NCREIF Farmland (Q Lag), 4.0% 50% JPM EMBI/50% JPM GBI-EM, 4.0% S&P/LSTA Leveraged Loan, 5.0% Cambridge Associates UE PE and VC (1 Qtr Lag)
01/01/2019	07/31/2021	4.0% Blmbg. U.S. Aggregate Index, 4.0% Blmbg. U.S. Corp: High Yield Index, 12.0% Blmbg. U.S. Aggregate 1-3 Yrs, 10.0% MSCI Emerging Markets IMI (Net), 40.0% MSCI AC World IMI Index (Net), 4.0% Blmbg. Global Aggregate Index, 3.0% ICE BofA 3 Month U.S. T-Bill, 5.0% NCREIF Property (1Qtr Lagged), 5.0% NCREIF Farmland (Q Lag), 4.0% 50% JPM EMBI/50% JPM GBI-EM, 4.0% S&P/LSTA Leveraged Loan, 5.0% Cambridge Associates UE PE and VC (1 Qtr Lag)
10/01/2018	12/31/2018	4.0% Blmbg. U.S. Aggregate Index, 10.0% MSCI Emerging Markets Index, 40.0% MSCI AC World Index, 5.0% NCREIF Property Index, 4.0% Blmbg. U.S. High Yield - 2% Issuer Cap, 12.0% Blmbg. U.S. Aggregate 1-3 Yrs, 4.0% Blmbg. Global Aggregate Index, 3.0% ICE BofA 3 Month U.S. T-Bill, 5.0% Russell 3000 +2% Lagged, 4.0% 50% JPM EMBI/50% JPM GBI-EM, 4.0% S&P/LSTA Leveraged Loan, 5.0% Natural Resources Benchmark (Linked)
04/01/2016	09/30/2018	5.0% MSCI Emerging Markets Index, 20.0% MSCI AC World Index, 2.0% HFRX Absolute Return Index, 12.0% NCREIF Property Index, 2.0% Blmbg. U.S. Aggregate 1-3 Yrs, 3.0% Blmbg. Global Aggregate Index, 5.0% Blmbg. Global High Yield Index, 2.0% ICE BofA 3 Month U.S. T-Bill, 3.0% CPI +5% (Seasonally Adjusted), 5.0% Russell 3000 +2% Lagged, 6.0% 50% JPM EMBI/50% JPM GBI-EM, 6.0% HFRI RV: FI (50/50-ABS/Corp), 5.0% Barclays Global High Yield +2%, 8.0% 60% MSCI ACWI/40% Barclays Global Agg, 5.0% S&P Global Infrastructure TR USD, 6.0% S&P/LSTA Leveraged Loan, 5.0% Natural Resources Benchmark (Linked)
Public Credit		
01/01/2003	Present	35.0% Blmbg. U.S. Corp: High Yield Index, 35.0% S&P UBS Leveraged Loan Index, 30.0% 35% JPMEMBI Global Index/35% JPM CEMBI Broad Diversified Index/ 30% JPMGBI-EM Di
Private Credit		
01/01/1992	Present	50.0% Bloomberg U.S. High Yield 1Q Lagged +1%, 50.0% S&P UBS Leveraged Loans (1Q Lag) +1%
Fixed Income and Cash		
01/01/1993	Present	23.0% ICE BofA 3 Month U.S. T-Bill, 46.0% Blmbg. U.S. Aggregate 1-3 Yrs, 31.0% Blmbg. U.S. Aggregate Index

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Disclaimer, Glossary, and Notes

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.



Disclaimer, Glossary, and Notes

Credit Risk: Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security).

Duration: Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

Information Ratio: This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

Jensen's Alpha: A measure of the average return of a portfolio or investment in excess of what is predicted by its beta or "market" risk. Portfolio Return- [Risk Free Rate+Beta*(market return-Risk Free Rate)].

Market Capitalization: For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

Market Weighted: Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

Maturity: The date on which a loan, bond, mortgage, or other debt/security becomes due and is to be paid off.

Prepayment Risk: The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

Price-Book Value (P/B) Ratio: The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.



Disclaimer, Glossary, and Notes

Price-Earnings (P/E) Ratio: A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about its future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

Quality Rating: The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

Sharpe Ratio: A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

STIF Account: Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

Standard Deviation: A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

Style: The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

Tracking Error: A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark, as defined by the difference in standard deviation.



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Yield to Maturity: The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a “basis book.” For example, a 5% bond pays \$5 a year interest on each \$100 par value. To figure its current yield, divide \$5 by \$95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay \$100 for the bond that can be bought now for \$95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\% \text{ (discount)}}{5 \text{ (yrs. to maturity)}} = 1\% \text{ pro rata, plus } 5.26\% \text{ (current yield)} = 6.26\% \text{ (yield to maturity)}$$

Yield to Worst: The lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call, or sinking fund, are used by the issuer.

NCREIF Property Index (NPI): Measures unleveraged investment performance of a very large pool of individual commercial real estate properties acquired in the private market by tax-exempt institutional investors for investment purposes only. The NPI index is capitalization-weighted for a quarterly time series composite total rate of return.

NCREIF Fund Index - Open End Diversified Core Equity (NFI-ODCE): Measures the investment performance of 28 open-end commingled funds pursuing a core investment strategy that reflects funds' leverage and cash positions. The NFI-ODCE index is equal-weighted and is reported gross and net of fees for a quarterly time series composite total rate of return.

Sources: [Investment Terminology](#), International Foundation of Employee Benefit Plans, 1999.
[The Handbook of Fixed Income Securities](#), Fabozzi, Frank J., 1991

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Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.



DISCUSSION SHEET

ITEM #C12

Topic: Fourth Quarter 2025 Private Markets Review

Discussion: Staff will review private markets and real assets investment performance.

Regular Board Meeting – Thursday, June 11, 2026

ALBOURNE



4Q 2025

Dallas Police & Fire Pension System - Composite Private Markets Portfolio Performance Report Extended



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Asset Allocation

No Portfolio Planning information is available

Program Summary

	Since Inception	Current Quarter
Inception Date of the Program	1Q 1992	
Total Commitments ¹	3,289,923,962	1,006,706,940
Total Contributions	3,254,912,979	710,560
Total Distributions	3,132,412,719	54,317,611
NAV	385,200,638	385,200,638
Number of Relationships	33	
Number of Commitments (Active)	18	
Number of Commitments (Terminated)	72	

¹Commitments Adjusted

Program Performance Since Inception

Net IRR	1.3%
Pooled Mean Benchmark	9.4%
PME (DA) Index Alpha 1	-7.6%
TVPI	1.1
DPI	1.0

The Pooled Mean Benchmark IRR is computed on a time series ("Pooled Mean Benchmark Series") that is created as the aggregation of each commitment-weighted PM Benchmark time series for each investment in the portfolio, each time using the median cash flows and NAVs of the assigned PM Benchmark and associated Vintage.

Benchmarks

PME Index	DPFP Composite Benchmark
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Portfolio Returns and Benchmark Analysis

As of 31 Dec 2025	1 Year IRR	3 Years IRR	5 Years IRR
Portfolio IRR	9.5%	2.4%	8.4%
DPFP Composite Benchmark	6.4%	4.8%	2.1%

Quarterly Highlights

	Total Partnerships	Total Commitments	Contributions	Distributions	NAV
4Q 2025	90	1,006,706,940	710,560	54,317,611	385,200,638
3Q 2025	90	1,005,996,380	955,488	9,919,878	436,525,462
Quarterly Change	0	710,560	-244,928	44,397,733	-51,324,824

New Commitments After 4Q 2025

Fund	Commitment Date	Commitment Amount (000's) ¹	Asset Class	Type	Benchmark
Golub Direct Lending Fund Series A	1Q 2026	15,000	Mezzanine	Hedge Fund	North America
Total		15,000			

¹Original Commitment

Inflows/Outflows 4Q 2025 - including terminated funds

Asset Class	# Funds	Paid In (000's)	Distributed (000's)	Net Cash Flow(000's)
Huff Energy Fund	1	42	0	-42
Infrastructure	8	0	0	0
Natural Resources	4	0	0	0
Private Credit	14	2	176	174
Private Equity	24	227	5,489	5,262
Real Estate	39	440	48,653	48,213
Total	90	711	54,318	53,607

Inflows/Outflows Year to Date 2025 - including terminated funds (1)

Asset Class	# Funds	Paid In (000's)	Distributed (000's)	Net Cash Flow(000's)
Huff Energy Fund	1	110	0	-110
Infrastructure	8	0	0	0
Natural Resources	4	250	0	-250
Private Credit	14	46	274	228
Private Equity	24	795	16,952	16,156

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Inflows/Outflows Year to Date 2025 - including terminated funds (2)

Asset Class	# Funds	Paid In (000's)	Distributed (000's)	Net Cash Flow(000's)
Real Estate	39	2,093	52,714	50,621
Total	90	3,295	69,940	66,645

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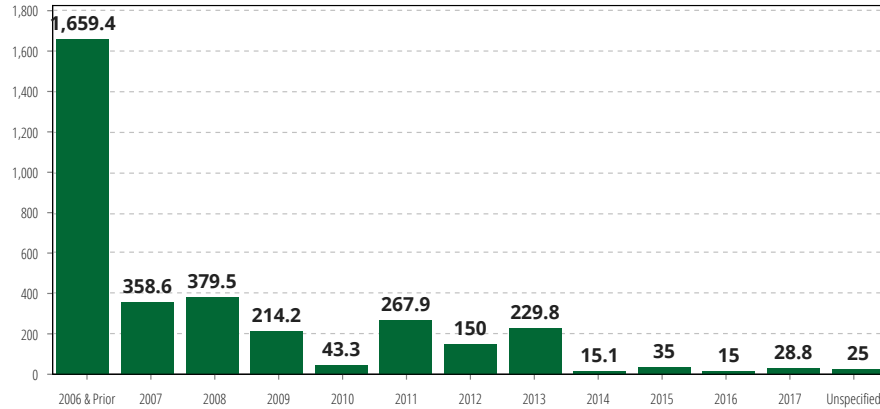
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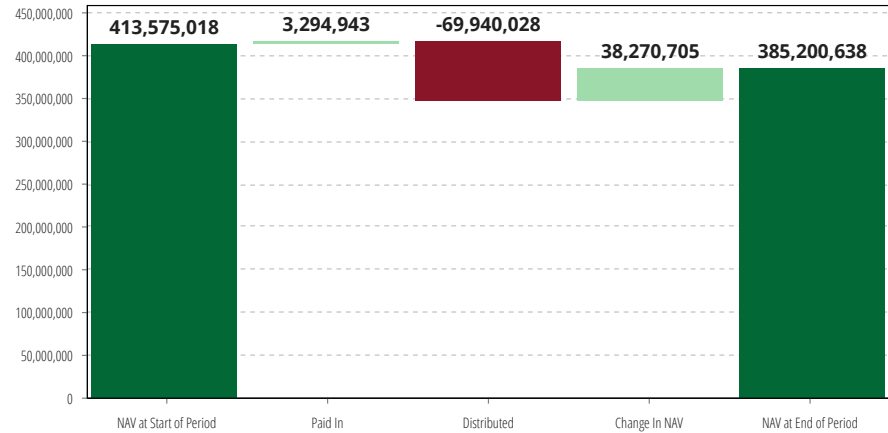
Composite

Portfolio Summary

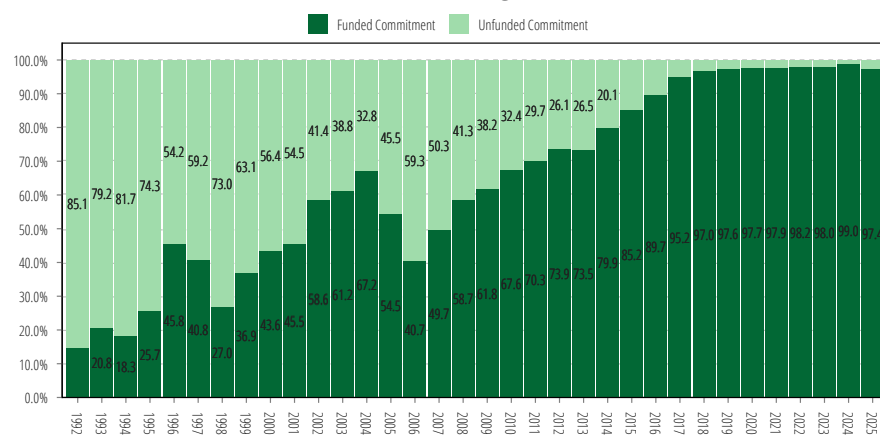
Annual Commitments (USD Millions)



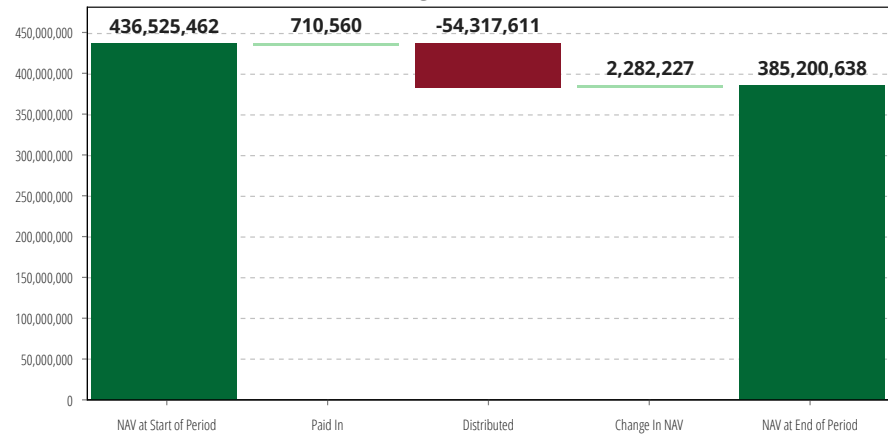
Value Bridge - Previous 12 Months



Cumulative Percentage Drawn



Value Bridge - Last Quarter



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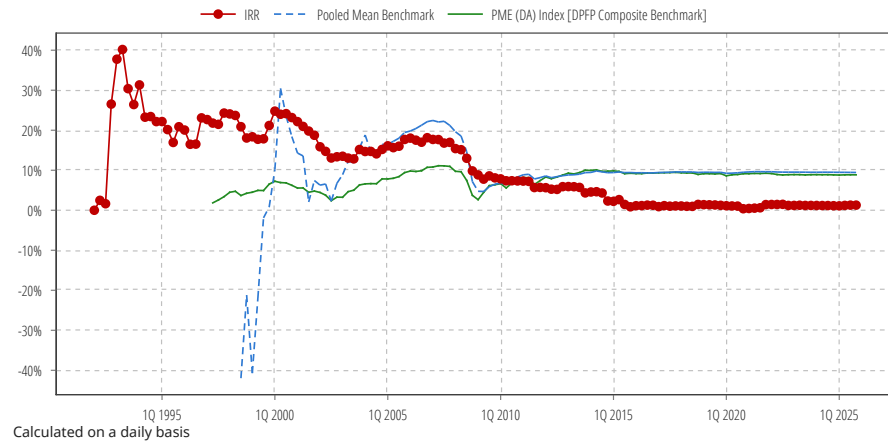
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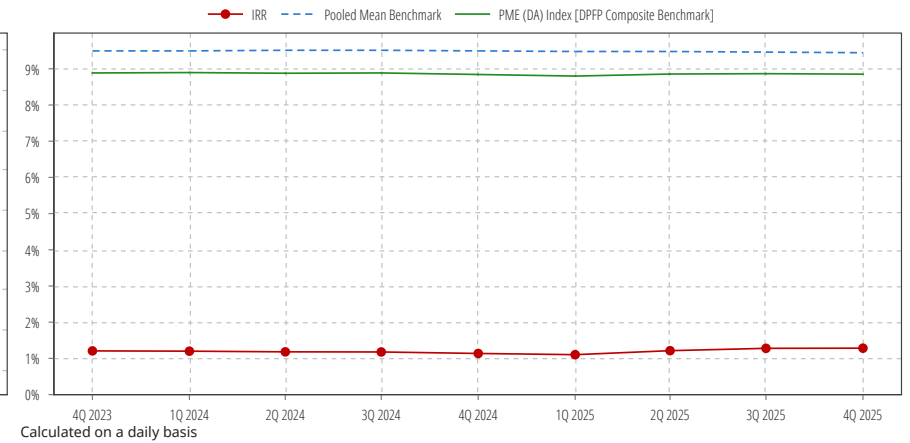
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Funding Status & Performance Overview

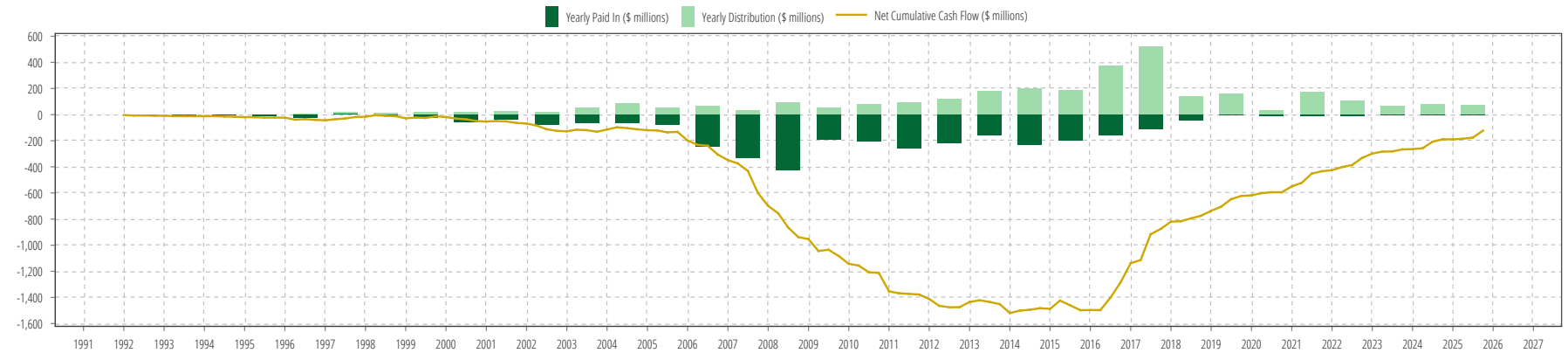
Benchmarked Performance (Since Inception) - including terminated funds



Benchmarked Performance (Short Term) - including terminated funds



Net Cash Flow (since inception) - including terminated funds



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Funding Status

Summary By Asset Class - including terminated funds

Asset Class	# Funds	Commitment (000's) ¹	Paid In (000's)	Funded	Unfunded Commitment (000's)	Distributions (000's)	Current NAV (000's)	% NAV	IRR	PME (DA) Alpha ²	DPI	TVPI
Huff Energy Fund	1	100,000	99,497	100%	120	4,477	137,484	35.7%	2.3%	-6.2%	0.0	1.4
Infrastructure	8	364,000	302,909	99%	3,777	404,656	12,440	3.2%	6.9%	-2.2%	1.3	1.4
Natural Resources	4	239,285	239,181	100%	182	336,705	66,762	17.3%	7.1%	-0.9%	1.4	1.7
Private Credit	14	517,852	497,034	97%	15,514	568,504	879	0.2%	4.9%	-3.1%	1.1	1.1
Private Equity	24	689,682	632,110	97%	16,213	628,967	48,235	12.5%	1.3%	-8.0%	1.0	1.1
Real Estate	39	1,510,779	1,484,181	99%	8,099	1,189,104	119,401	31.0%	-1.7%	-10.7%	0.8	0.9
Portfolio Total	90	3,421,598	3,254,913	99%	43,906	3,132,413	385,201	100.0%	1.3%	-7.6%	1.0	1.1

The investment value has been converted to the unit of account of the portfolio. Please note the currency shown on the linked statement reflects the actual investment in its local currency. ¹Original Commitment (Including Currency Exposure) ²Calculated on a daily basis

Summary By Vintage Year - including terminated funds (1)

Vintage Year	# Funds	Commitment (000's) ¹	Paid In (000's)	Funded	Unfunded Commitment (000's)	Distributions (000's)	Current NAV (000's)	% NAV	IRR	PME (DA) Alpha ²	DPI	TVPI
1992	1	59,650	59,650	100%	0	104,896	0	0.0%	7.4%	+1.2%	1.8	1.8
1994	1	40,000	42,019	100%	0	66,940	0	0.0%	17.8%	+10.6%	1.6	1.6
1998	1	74,420	74,499	100%	0	177,593	54,689	14.2%	13.4%	+3.3%	2.4	3.1
1999	1	10,000	7,973	100%	0	10,990	0	0.0%	26.7%	+20.6%	1.4	1.4
2000	3	96,796	82,577	84%	15,763	115,118	0	0.0%	4.4%	-5.7%	1.4	1.4
2001	2	70,000	69,046	100%	0	126,415	0	0.0%	28.8%	+13.0%	1.8	1.8
2002	1	55,065	55,246	100%	0	72,777	0	0.0%	2.3%	-7.3%	1.3	1.3
2003	3	82,504	73,313	91%	1,995	92,253	0	0.0%	5.2%	-6.7%	1.3	1.3
2004	2	27,288	27,299	100%	0	49,626	0	0.0%	7.7%	-2.2%	1.8	1.8
2005	7	264,677	264,735	100%	0	78,771	0	0.0%	-15.0%	-24.8%	0.3	0.3
2006	14	866,544	875,748	100%	302	659,402	149,557	38.8%	-1.0%	-9.6%	0.8	0.9
2007	12	358,601	360,245	99%	5,134	345,894	29,414	7.6%	0.6%	-7.3%	1.0	1.0
2008	11	376,958	384,108	100%	1,622	460,533	41,303	10.7%	4.3%	-5.5%	1.2	1.3
2009	5	214,200	202,221	100%	0	273,766	0	0.0%	5.9%	-3.9%	1.4	1.4
2010	3	68,274	61,178	100%	0	62,421	0	0.0%	0.6%	-10.4%	1.0	1.0
2011	5	267,948	256,293	100%	609	147,831	57,316	14.9%	-3.1%	-11.8%	0.6	0.8

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Composite

Summary By Vintage Year - including terminated funds (2)

Vintage Year	# Funds	Commitment (000's) ¹	Paid In (000's)	Funded	Unfunded Commitment (000's)	Distributions (000's)	Current NAV (000's)	% NAV	IRR	PME (DA) Alpha ²	DPI	TVPI
2012	3	150,000	121,458	100%	0	46,739	11,810	3.1%	-13.7%	-22.8%	0.4	0.5
2013	7	229,809	149,615	99%	2,155	173,937	856	0.2%	9.4%	+1.4%	1.2	1.2
2014	2	15,060	15,117	100%	0	15,108	0	0.0%	0.0%	-8.0%	1.0	1.0
2015	1	35,000	24,241	100%	0	23,460	0	0.0%	-3.3%	-14.5%	1.0	1.0
2016	2	15,000	17,387	94%	964	16,943	7,585	2.0%	8.3%	+0.4%	1.0	1.4
2017	1	28,805	30,899	99%	361	11,000	32,671	8.5%	4.3%	-3.2%	0.4	1.4
2025	2	15,000	46	0%	15,000	0	0	0.0%	n/m	n/m	n/m	n/m
Portfolio Total	90	3,421,598	3,254,913	99%	43,906	3,132,413	385,201	100.0%	1.3%	-7.6%	1.0	1.1

The investment value has been converted to the unit of account of the portfolio. Please note the currency shown on the linked statement reflects the actual investment in its local currency. ¹Original Commitment (Including Currency Exposure) ²Calculated on a daily basis

Summary By Fund Type - including terminated funds

Fund Type	# Funds	Commitment (000's) ¹	Paid In (000's)	Funded	Unfunded Commitment (000's)	Distributions (000's)	Current NAV (000's)	% NAV	IRR	PME (DA) Alpha ²	DPI	TVPI
Primary Fund	64	2,332,585	2,173,491	99%	22,801	2,285,149	265,800	69.0%	3.3%	-5.5%	1.1	1.2
Hedge Fund	1	52,504	52,504		0	69,769	0	0.0%	4.9%	-6.8%	1.3	1.3
Open-Ended Private Fund	3	74,230	59,224	80%	15,000	77,368	0	0.0%	3.5%	-4.8%	1.3	1.3
Separate Account	22	962,279	969,694	99%	6,105	700,126	119,401	31.0%	-1.8%	-10.6%	0.7	0.8
Portfolio Total	90	3,421,598	3,254,913	99%	43,906	3,132,413	385,201	100.0%	1.3%	-7.6%	1.0	1.1

The investment value has been converted to the unit of account of the portfolio. Please note the currency shown on the linked statement reflects the actual investment in its local currency. ¹Original Commitment (Including Currency Exposure) ²Calculated on a daily basis

Summary By Fund Status - including terminated funds

Fund Status	# Funds	Commitment (000's) ¹	Paid In (000's)	Funded	Unfunded Commitment (000's)	Distributions (000's)	Current NAV (000's)	% NAV	IRR	PME (DA) Alpha ²	DPI	TVPI
Current	18	1,001,694	989,566	97%	26,149	793,917	385,201	100.0%	2.0%	-6.7%	0.8	1.2
Terminated	72	2,419,905	2,265,347	99%	17,758	2,338,495	0	0.0%	0.7%	-8.3%	1.0	1.0
Portfolio Total	90	3,421,598	3,254,913	99%	43,906	3,132,413	385,201	100.0%	1.3%	-7.6%	1.0	1.1

The investment value has been converted to the unit of account of the portfolio. Please note the currency shown on the linked statement reflects the actual investment in its local currency. ¹Original Commitment (Including Currency Exposure) ²Calculated on a daily basis

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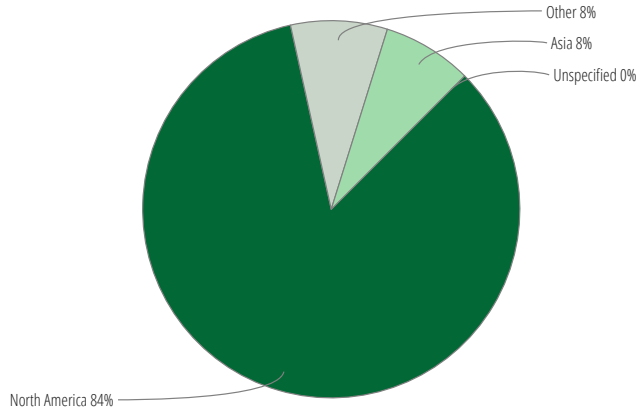
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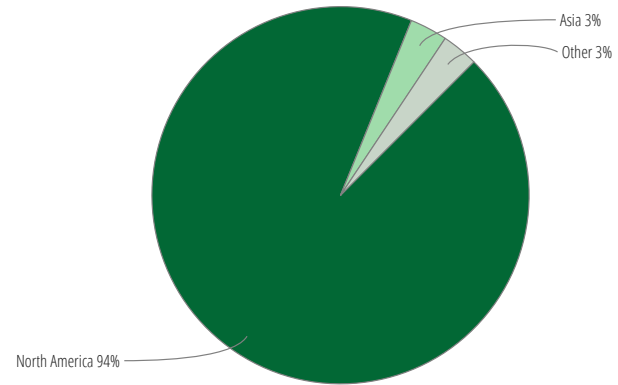
Composite

Exposure by Region and Asset Class

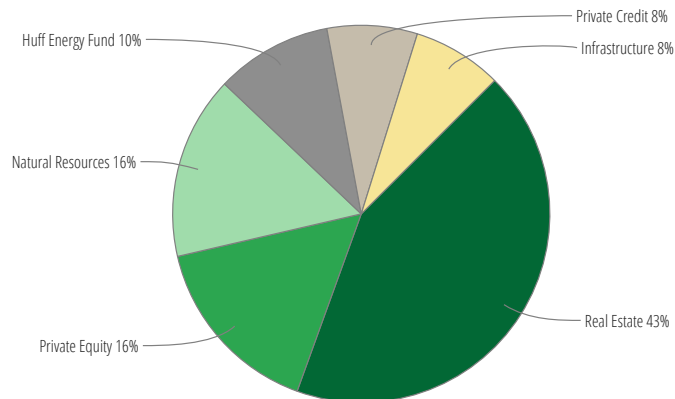
Exposure by Region (Commitments)



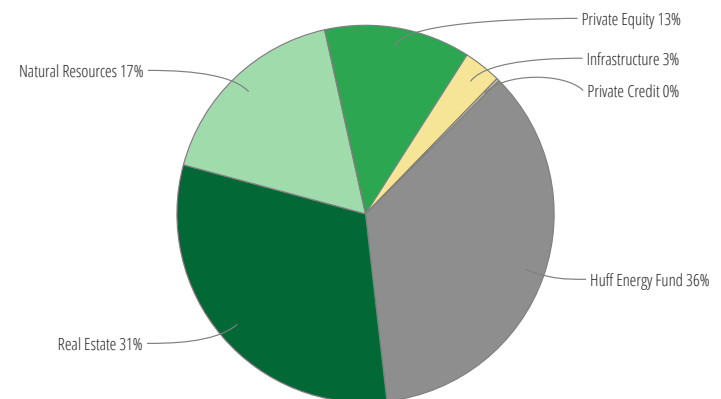
Exposure by Region (NAV)



Exposure by Asset Class (Commitments)



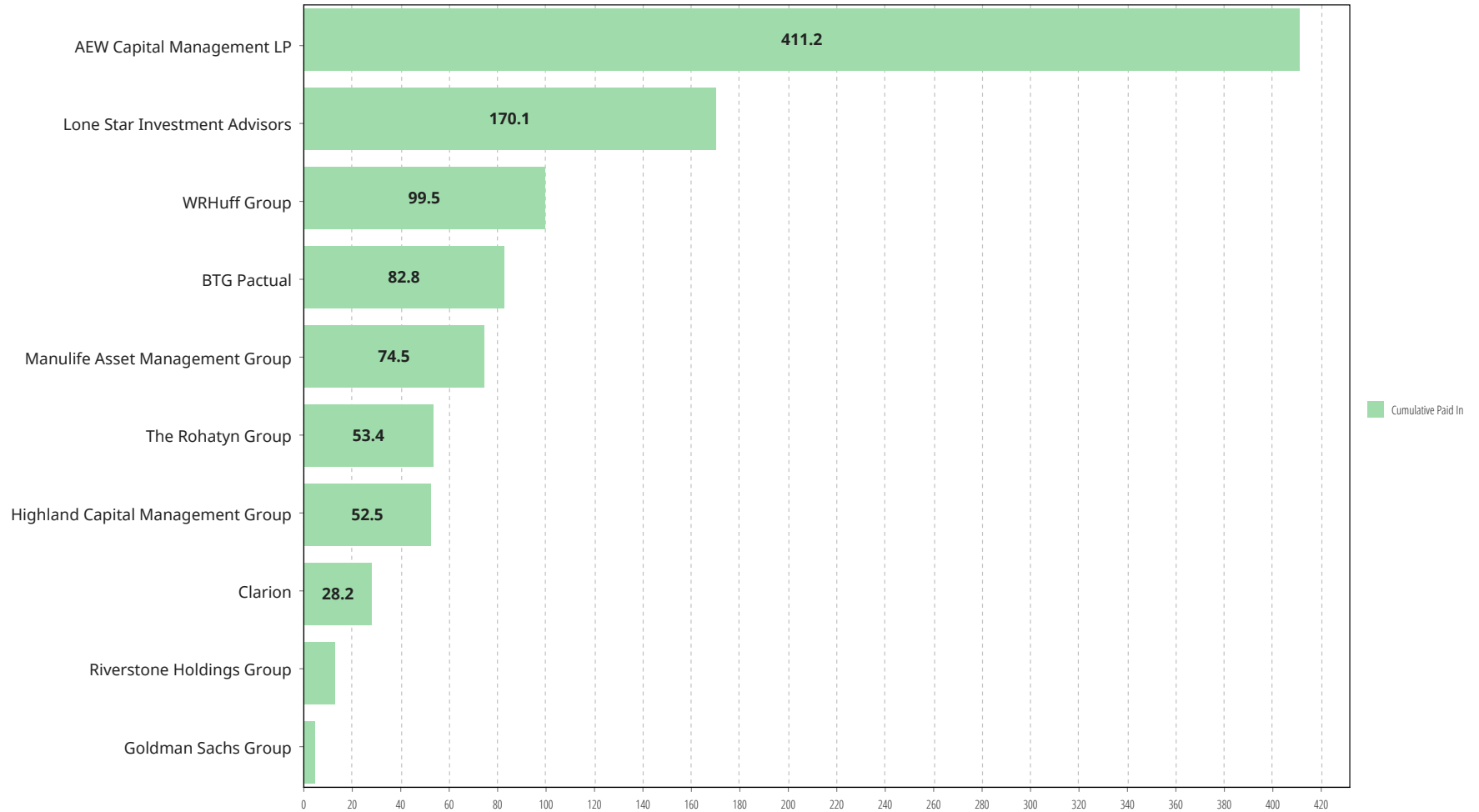
Exposure by Asset Class (NAV)



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Top Ten Relationships (USD Millions)



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Composite

Performance Summary

Performance Summary (1)

Asset Class	Vintage	Commitment Date	Fund Size (000's)	Commitment (000's) ¹	Paid In (000's)	Distributions (000's)	Current NAV (000's)	Data	IRR	PME (DA) Alpha ²	IRR ²	DPI	TVPI
Huff Energy Fund													
Huff Energy Fund LP	2006	1 Dec 06	500,000	100,000	99,497	4,477	137,484	4Q 2025	2.3%	-6.2%	2.3%	0.0	1.4
Total - Huff Energy Fund				100,000	99,497	4,477	137,484		2.3%	-6.2%	2.3%	0.0	1.4
Infrastructure													
TRG AIRRO	2008	31 Jul 08	858,200	37,000	44,619	29,275	11,584	4Q 2025	-1.1%	-10.0%	-1.1%	0.7	0.9
TRG AIRRO II	2013	30 Dec 13	285,000	40,000	8,748	6,237	856	4Q 2025	-2.2%	-9.8%	-2.2%	0.7	0.8
Total - Infrastructure				77,000	53,368	35,512	12,440		-1.3%	-10.0%	-1.3%	0.7	0.9
Natural Resources													
Total - Natural Resources				157,406	157,302	198,743	66,762		7.2%	-1.9%	7.2%	1.3	1.7
Private Credit													
[OE] Highland Crusader Fund ³	2003	1 Aug 03	52,504	52,504	52,504	69,769	0	4Q 2025	4.9%	-6.8%	4.9%	1.3	1.3
Riverstone Credit Partners LP	2016	1 May 16	470,000	10,000	12,837	14,083	879	4Q 2025	4.9%	-2.9%	4.9%	1.1	1.2
Central Private Credit - New Costs	2025	30 Jun 25		0	46	0	0	4Q 2025	-100.0%		-100.0% ⁴	0.0 ⁴	0.0 ⁴
KKR Enhanced US Direct Lending Fund SCSP	2025	30 Jun 25		15,000	0	0	0	4Q 2025	n/m	n/m	n/m	n/m	n/m
Total - Private Credit				77,504	65,388	83,852	879		4.9%	-6.5%	4.9%	1.3	1.3
Private Equity													
Lone Star Growth Capital	2006	1 Dec 06		28,800	26,679	17,065	0	4Q 2025	-20.5%	-27.9%	-20.5%	0.6	0.6
Lone Star CRA	2008	25 Apr 08		50,000	68,237	98,329	29,719	4Q 2025	9.8%	+1.8%	9.8%	1.4	1.9
Lone Star Opportunities V	2012	1 Jan 12	160,000	75,000	75,153	7,850	11,810	4Q 2025	-14.5%	-23.5%	-14.5%	0.1	0.3

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* Lone Star CRA figures include CRA Bridge Loan ** Central Private Credit - New costs is an overhead fund set up to capture legal fees related to new investments in Private Credit Asset Class

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Composite

Performance Summary (2)

Asset Class	Vintage	Commitment Date	Fund Size (000's)	Commitment (000's) ¹	Paid In (000's)	Distributions (000's)	Current NAV (000's)	Data	IRR	PME (DA) Alpha ²	IRR ²	DPI	TVPI
Industry Ventures Partnership IV	2016	1 Jun 16	209,500	5,000	4,550	2,860	6,707	4Q 2025	13.1%	+4.8%	13.1%	0.6	2.1
Total - Private Equity				158,800	174,620	126,104	48,235		0.0%	-7.6%	0.0%	0.7	1.0
Real Estate													
Total - Real Estate				430,984	439,393	345,229	119,401		0.6%	-8.2%	0.6%	0.8	1.1
Portfolio Total				1,001,694	989,566	793,917	385,201		2.0%	-6.7%	2.0%	0.8	1.2

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Funding Status

Funding Status (1)

Portfolio	Vintage	Commitment Date	Fund Size (000's)	Commitment (000's) ¹	Paid In (000's)	Distributions (000's)	Funded	Current NAV (000's)	Data
Portfolio: Huff Energy Fund									
Huff Energy Fund LP	2006	1 Dec 06	500,000	100,000	99,497	4,477	100%	137,484	4Q 2025
Total - Portfolio: Huff Energy Fund				100,000	99,497	4,477	100%	137,484	
Portfolio: Infrastructure - Active									
TRG AIRRO	2008	31 Jul 08	858,200	37,000	44,619	29,275	96%	11,584	4Q 2025
TRG AIRRO II	2013	30 Dec 13	285,000	40,000	8,748	6,237	78%	856	4Q 2025
Total - Portfolio: Infrastructure - Active				77,000	53,368	35,512	93%	12,440	
Portfolio: Natural Resources - Active									
Total - Portfolio: Natural Resources - Active				157,406	157,302	198,743	100%	66,762	
Portfolio: Private Credit - Active (Legacy)									
[OE] Highland Crusader Fund ²	2003	1 Aug 03	52,504	52,504	52,504	69,769		0	4Q 2025
Riverstone Credit Partners LP	2016	1 May 16	470,000	10,000	12,837	14,083	95%	879	4Q 2025
Total - Portfolio: Private Credit - Active (Legacy)				62,504	65,341	83,852	95%	879	
Portfolio: Private Credit - New									
Central Private Credit – New Costs	2025	30 Jun 25		0	46	0	0%	0	4Q 2025
KKR Enhanced US Direct Lending Fund SCSP	2025	30 Jun 25		15,000	0	0	0%	0	4Q 2025
Total - Portfolio: Private Credit - New				15,000	46	0	0%	0	
Portfolio: Private Equity - Active									
Lone Star Growth Capital	2006	1 Dec 06		28,800	26,679	17,065	100%	0	4Q 2025
Lone Star CRA	2008	25 Apr 08		50,000	68,237	98,329	100%	29,719	4Q 2025

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Funding Status (2)

Portfolio	Vintage	Commitment Date	Fund Size (000's)	Commitment (000's) ¹	Paid In (000's)	Distributions (000's)	Funded	Current NAV (000's)	Data
Lone Star Opportunities V	2012	1 Jan 12	160,000	75,000	75,153	7,850	100%	11,810	4Q 2025
Industry Ventures Partnership IV	2016	1 Jun 16	209,500	5,000	4,550	2,860	91%	6,707	4Q 2025
Total - Portfolio: Private Equity - Active				158,800	174,620	126,104	100%	48,235	
Portfolio: Real Estate - Active									
Total - Portfolio: Real Estate - Active				430,984	439,393	345,229	99%	119,401	
Portfolio Total				1,001,694	989,566	793,917	97%	385,201	

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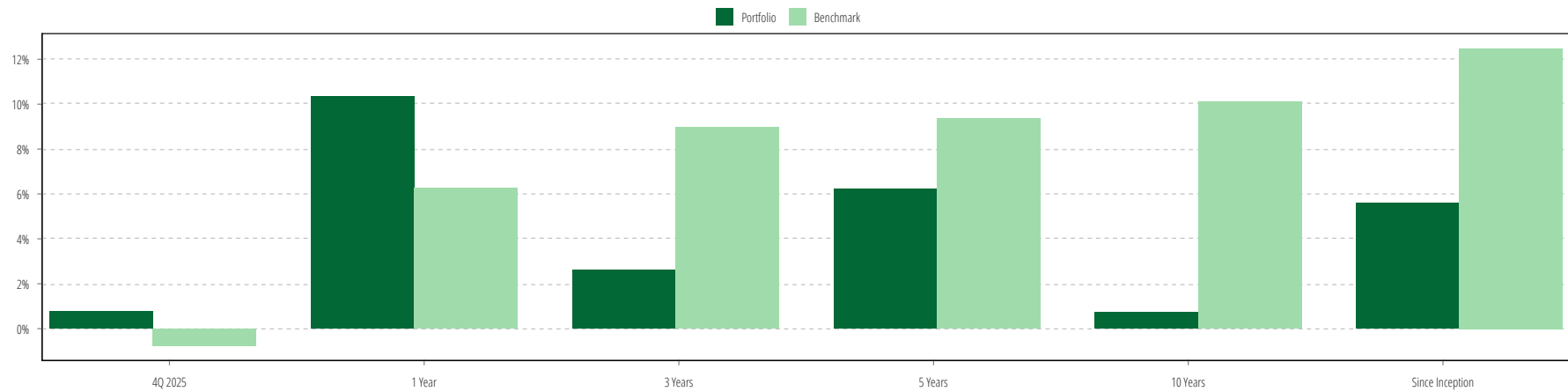
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Time Weighted Returns



Asset Class	Funds Reporting up to 4Q 2025	1 Year	1 Year Bench	3 Years	3 Years Bench	5 Years	5 Years Bench	10 Years	10 Years Bench	Since Incept	Since Incept Bench
Huff Energy Fund	1/1	14.9%	-75.4%	-3.2%	-47.4%	15.2%	-19.6%	2.0%	-8.2%	5.6%	-5.9%
Infrastructure	2/2	-11.7%	6.9%	2.1%	9.5%	1.3%	11.7%	-2.2%	11.0%	-2.6%	7.9%
Natural Resources	2/2	-23.4%	-75.4%	-14.7%	-47.4%	-10.8%	-19.6%	-5.0%	-8.2%	5.7%	6.2%
Private Credit	4/4	-16.0%	-5.0%	-4.4%	0.7%	6.5%	3.0%	3.4%	6.3%	3.1%	7.9%
Private Equity	4/4	60.0%	7.2%	36.6%	7.8%	29.7%	7.6%	-15.0%	12.2%	-6.7%	8.7%
Real Estate	5/5	16.3%	7.6%	5.7%	15.2%	5.4%	12.2%	3.3%	9.2%	1.0%	4.9%
Total Portfolio	18/18	10.4%	6.3%	2.6%	9.0%	6.2%	9.4%	0.7%	10.1%	5.6%	12.5%

TWRs are annualized and calculated using the Simple Dietz method. TWRs only calculated on Asset Classes with current NAV.

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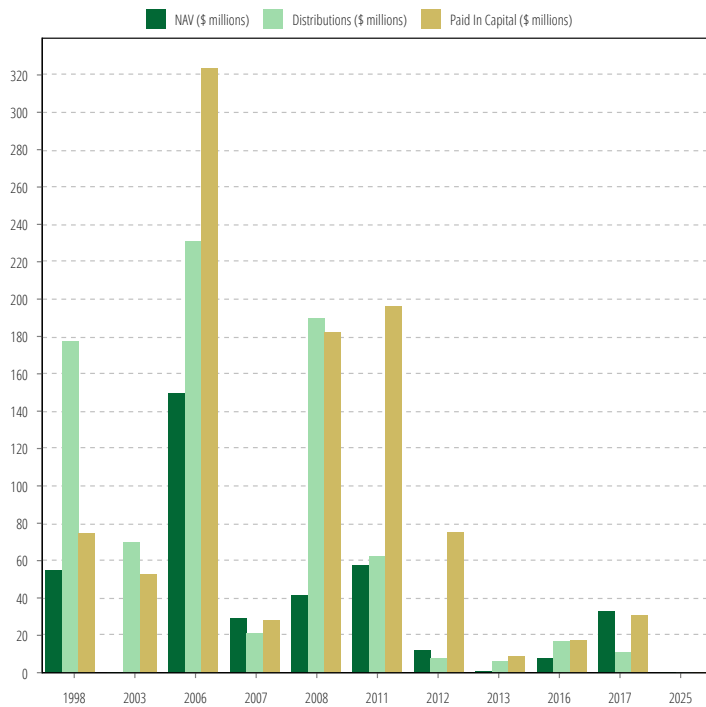
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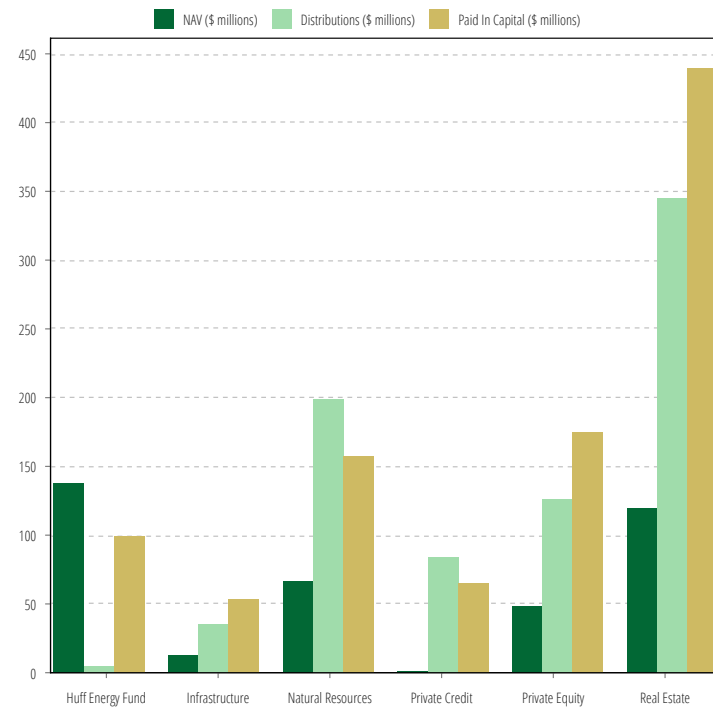
Composite

Cash Flow Analysis

Cash Flow Analysis by Vintage Year



Cash Flow Analysis by Asset Class

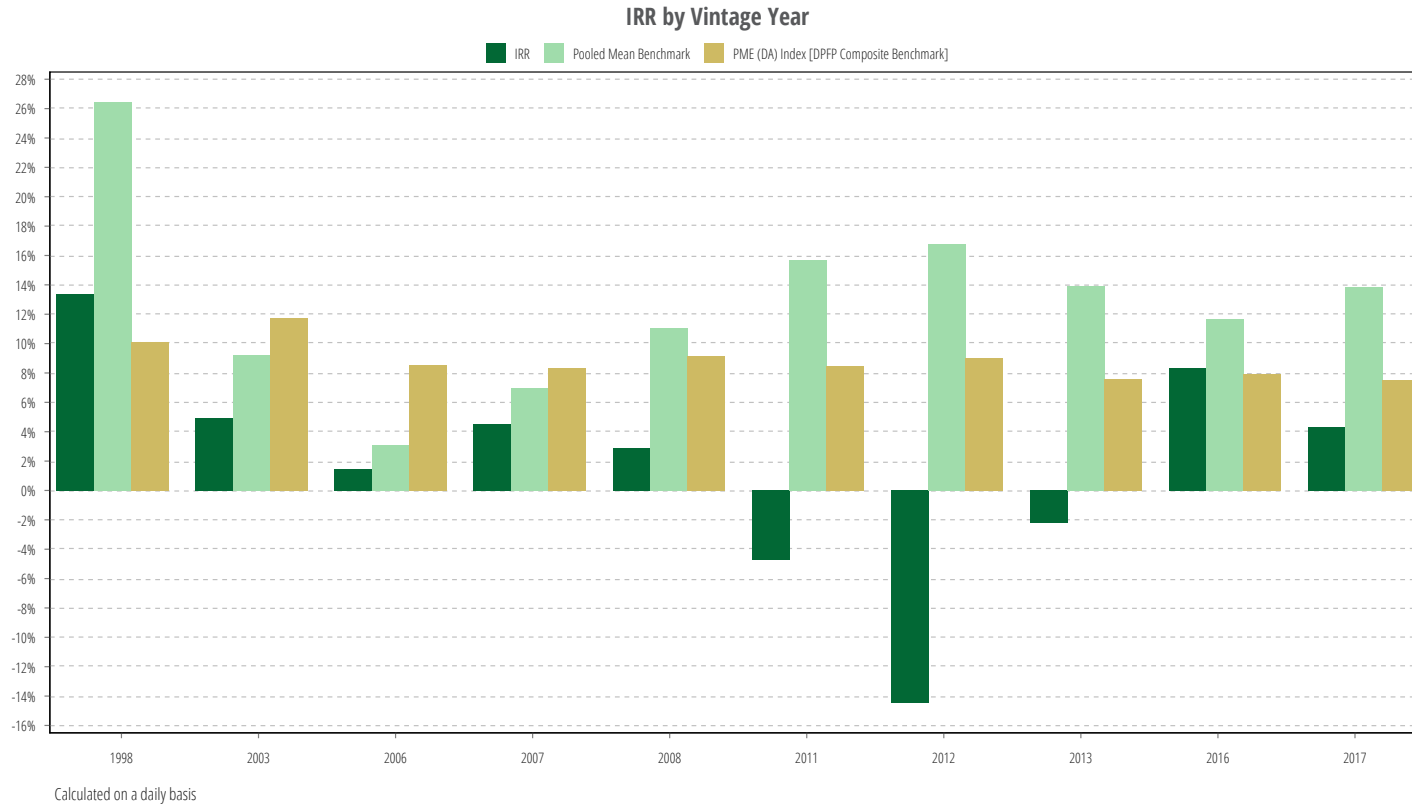


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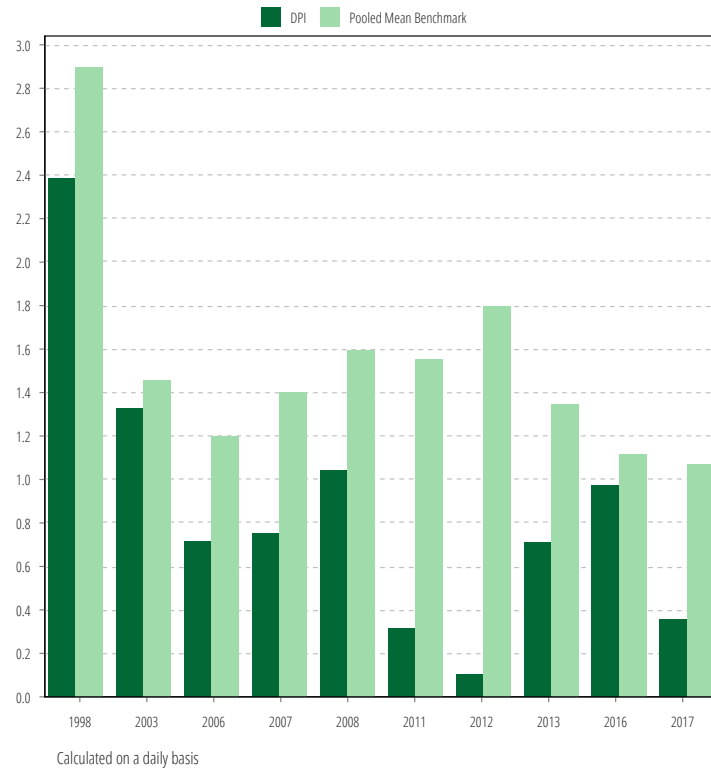
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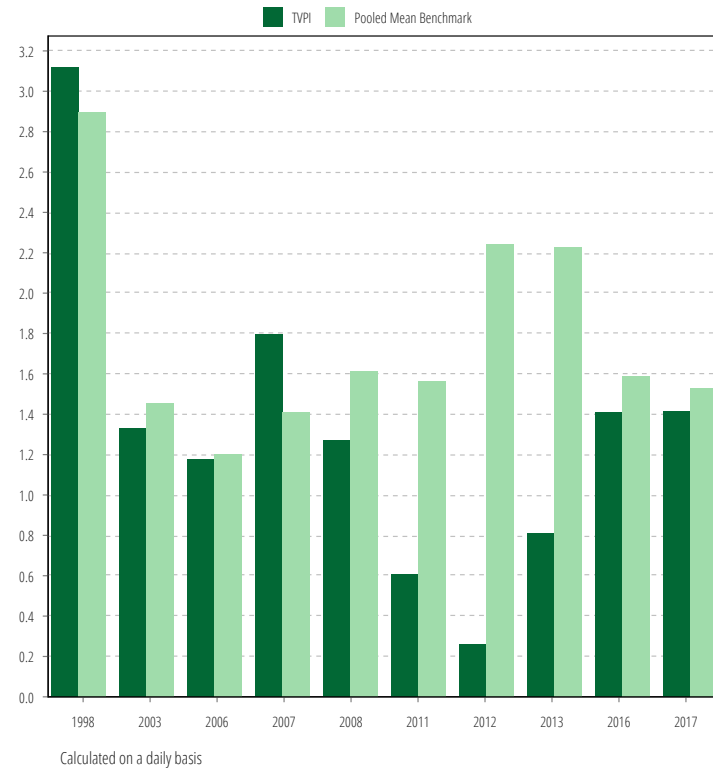
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DPI by Vintage Year



TVPI by Vintage Year



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Terminated Funds

Liquidated Funds (1)

Fund	Commitment Date	Vintage	Commitment Amount (000's)	Termination Date	Paid In (000's)	Distributed (000's)	IRR	TVPI
Forest Investment Associates	1Q 1992	1992	59,650	3Q 2021	59,650	104,896	7.4%	1.8
Huff Alternative Income Fund	4Q 1994	1994	40,000	3Q 2009	42,019	66,940	17.8%	1.6
Hearthstone MS II Homebuilding Investors	1Q 1999	1999	10,000	2Q 2017	7,973	10,990	29.8%	1.4
North Texas Opportunity Fund	1Q 2000	2000	10,000	4Q 2024	11,902	11,103	-1.0%	0.9
Lone Star Fund III (U.S.), L.P.	3Q 2000	2000	20,000	3Q 2017	19,828	40,701	30.8%	2.1
Huff Alternative Fund	4Q 2000	2000	66,796	3Q 2024	50,848	63,314	1.7%	1.2
Lone Star Fund IV (U.S.), L.P.	4Q 2001	2001	20,000	3Q 2017	19,046	43,898	30.3%	2.3
Oaktree Fund IV	4Q 2001	2001	50,000	1Q 2018	50,000	82,517	28.4%	1.7
AEW Camel Square	3Q 2002	2002	55,065	2Q 2025	55,246	72,777	2.3%	1.3
BankCap Partners Opportunity Fund, LP	1Q 2003	2003	20,000	1Q 2017	19,587	18,266	-5.7%	0.9
Hearthstone MS III Homebuilding Investors	3Q 2003	2003	10,000	2Q 2019	1,221	4,217	27.2%	3.5
Bentall Green Oak	2Q 2004	2004	20,270	3Q 2021	20,270	34,650	5.6%	1.7
Lone Star Fund V (U.S.), L.P.	4Q 2004	2008	22,500	2Q 2017	22,275	20,606	-1.4%	0.9
Merit Energy Partners E-I	4Q 2004	2004	7,019	2Q 2017	7,029	14,976	14.5%	2.1
Clarion Bryan Street Lofts	1Q 2005	2005	5,112	3Q 2018	5,110	4,164	-2.2%	0.8
Hearthstone Dry Creek	3Q 2005	2005	52,303	4Q 2016	52,303	8,973	-38.1%	0.2
Hearthstone Project Holdings	3Q 2005	2005	155,158	4Q 2022	155,137	42,740	-12.2%	0.3
Pharos Capital Partners IIA, L.P.	3Q 2005	2005	20,000	1Q 2017	20,080	17,715	-2.4%	0.9
Sungate	3Q 2005	2005	6,482	4Q 2017	6,482	309	-22.3%	0.0
Clarion Beat Lofts	4Q 2005	2005	8,730	3Q 2017	8,730	1,138	-30.9%	0.1
Clarion Four Leaf	4Q 2005	2005	16,893	4Q 2016	16,893	3,733	-39.2%	0.2
Barings Lake Luciana	1Q 2006	2006	95,025	4Q 2019	94,861	17,899	-19.4%	0.2
Hearthstone Nampa	1Q 2006	2006	11,666	3Q 2016	11,666	2,563	-30.3%	0.2
L&B Realty Advisors Kings Harbor	1Q 2006	2006	19,319	3Q 2024	19,091	28,399	6.7%	1.5
Merit Energy Partners F-I	1Q 2006	2006	8,748	2Q 2017	8,749	3,801	-17.2%	0.4
P&F Housing IV	1Q 2006	2006	134,016	2Q 2016	134,016	83,180	-8.3%	0.6
Museum Tower	2Q 2006	2006	126,388	2Q 2023	126,388	133,408	1.7%	1.1
L&B Realty Advisors Beach Walk	3Q 2006	2006	33,014	4Q 2017	33,014	36,753	2.2%	1.1
Clarion 4100 Harry Hines Land	4Q 2006	2006	3,089	2Q 2017	3,093	3,642	1.7%	1.2
Highland Credit Ops	4Q 2006	2006	35,348	4Q 2017	35,348	29,994	-2.1%	0.8
Levine Leichtman Capital Deep Value Fund	4Q 2006	2006	75,000	4Q 2016	86,026	88,688	0.7%	1.0
Ashmore Global Special Situations Fund IV	1Q 2007	2007	70,000	2Q 2017	70,012	39,653	-10.1%	0.6

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Composite

Liquidated Funds (2)

Fund	Commitment Date	Vintage	Commitment Amount (000's)	Termination Date	Paid In (000's)	Distributed (000's)	IRR	TVPI
BankCap Partners Fund I	1Q 2007	2007	20,000	4Q 2020	20,000	25,006	2.6%	1.3
L&B Realty Advisors West Bay Villas	1Q 2007	2007	8,712	4Q 2016	8,712	3,785	-8.3%	0.4
Olympus II - Hyphen Solutions	1Q 2007	2007	837	3Q 2017	837	1,418	6.0%	1.7
AEW Creative Holdings	3Q 2007	2007	13,036	4Q 2017	13,036	0	-100.0%	0.0
BTG U.S. Timberland	3Q 2007	2007	22,230	2Q 2017	22,230	33,066	4.8%	1.5
Pharos Capital Co-Investment, LLC	3Q 2007	2007	20,000	3Q 2014	20,000	10,019	-9.9%	0.5
Clarion The Tribute	4Q 2007	2007	29,930	4Q 2019	29,406	47,139	5.0%	1.6
JP Morgan Infrastructure Investments Fund	4Q 2007	2007	37,000	4Q 2017	36,994	44,302	2.5%	1.2
Oaktree Loan Fund 2x	4Q 2007	2007	60,000	2Q 2017	60,005	65,067	2.2%	1.1
RREEF North American Infrastructure Fund	4Q 2007	2007	50,000	2Q 2008	50,846	55,239	9.0%	1.1
L&B Realty Advisors KO Olina	1Q 2008	2008	28,610	2Q 2018	28,610	30,611	1.2%	1.1
Levine Leichtman Capital Partners IV	2Q 2008	2008	50,000	1Q 2017	38,009	78,917	20.1%	2.1
Lone Star Fund VI (U.S.), L.P.	2Q 2008	2008	25,000	2Q 2017	20,034	31,713	22.2%	1.6
Lone Star Real Estate Fund (U.S.), L.P.	2Q 2008	2010	25,000	2Q 2017	20,735	25,404	5.1%	1.2
Pharos Capital Co-Investment, LP	3Q 2008	2008	40,000	2Q 2017	40,000	67,459	8.4%	1.7
Yellowstone Capital	3Q 2008	2008	5,283	4Q 2020	5,112	1,466	-31.3%	0.3
CDK Southern Cross	4Q 2008	2008	1,535	4Q 2015	1,535	0	-20.1%	0.0
HM Capital Sector Performance Fund	4Q 2008	2008	47,300	2Q 2014	46,288	39,793	-4.0%	0.9
Hudson Clean Energy	3Q 2009	2009	25,000	3Q 2024	24,994	5,593	-24.2%	0.2
LBJ Infrastructure Group Holdings, LLC (LBJ)	3Q 2009	2009	50,000	3Q 2017	44,346	77,892	12.8%	1.8
Merit Energy Partners G, LP	3Q 2009	2009	39,200	2Q 2017	39,320	26,757	-10.0%	0.7
NTE Mobility Partners Holding, LLC (NTE)	3Q 2009	2009	50,000	1Q 2018	43,397	105,890	19.3%	2.4
Barings Lake P&F Real Estate	1Q 2010	2010	18,274	3Q 2019	18,274	4,228	-16.7%	0.2
JPM Maritime Fund, LP	2Q 2010	2009	50,000	4Q 2024	50,163	57,634	1.8%	1.1
Lone Star Real Estate Fund II	3Q 2010	2010	25,000	2Q 2017	22,170	32,789	25.1%	1.5
Lone Star Fund VII (U.S.), L.P.	1Q 2011	2011	25,000	2Q 2017	23,469	41,625	47.5%	1.8
Oaktree Power Fund III	1Q 2011	2011	30,000	2Q 2017	16,167	23,840	12.3%	1.5
Merit Energy Partners H, LP	2Q 2011	2011	10,000	2Q 2017	10,033	6,870	-13.8%	0.7
Clarion 1210 South Lamar	4Q 2011	2011	10,500	3Q 2017	10,201	13,214	13.1%	1.3
Levine Leichtman Private Capital Solutions II, L.P.	1Q 2012	2012	25,000	1Q 2017	17,962	18,692	1.3%	1.0
Pharos Capital Partners III, LP	4Q 2012	2012	50,000	1Q 2017	28,343	20,197	-20.0%	0.7
Levine Leichtman Capital Partners V, L.P.	1Q 2013	2013	25,000	1Q 2017	19,177	24,506	15.3%	1.3
Kainos Capital Partners, L.P.	2Q 2013	2013	35,000	1Q 2017	30,316	43,264	24.8%	1.4
Lone Star Fund VIII (U.S.), L.P.	2Q 2013	2013	25,000	2Q 2017	22,565	28,018	16.3%	1.2

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Composite

ALBOURNE

Private Markets Portfolio Performance Report Extended
December 2025

Liquidated Funds (3)

Fund	Commitment Date	Vintage	Commitment Amount (000's)	Termination Date	Paid In (000's)	Distributed (000's)	IRR	TVPI
NTE 3a-3b	3Q 2013	2013	50,000	4Q 2016	23,795	28,187	16.0%	1.2
Lone Star Real Estate Fund III	4Q 2013	2013	25,000	2Q 2017	23,491	26,638	8.5%	1.1
M&G Real Estate Debt Fund II	4Q 2013	2013	29,809	2Q 2017	21,524	17,088	-15.2%	0.8
CDK Multifamily I	1Q 2014	2014	10,560	4Q 2017	10,617	10,025	-2.0%	0.9
Tucson Loan	3Q 2014	2014	4,500	3Q 2018	4,500	5,083	5.7%	1.1
Lone Star Fund IX (U.S.), L.P.	1Q 2015	2015	35,000	3Q 2017	24,241	23,460	-3.3%	1.0

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Appendix

1. **Basis of Reporting:** This report is intended for performance reporting and analysis and is not an accounting record, such that it is based on data at the fund level derived from capital account statements on a quarterly basis, rather than from an analysis of individual drawdown and distribution notices. Thus, detailed accounting information will not necessarily reconcile precisely with this data. However, for performance reporting and benchmarking purposes any differences are likely to be immaterial when a fund has existed for more than 4-5 quarters.
2. **Fund Currency:** Funds that are formed in a currency other than the portfolio reporting currency have had their cash flows, NAVs and unfunded commitments converted at the relevant end-quarter spot exchange rates.
3. **Private Equity:** The term is used herein to refer to the entire alternative asset sector which includes buy-outs, venture capital, growth capital, distressed, secondaries, and similar strategies within the structure of a long-duration, multi-drawdown closed ended fund.
4. **Benchmarking of Funds and Peer Group:** Benchmarking indices are derived from PriMaRS benchmarks for the relevant quarter. Quartiles are illustrated as: Upper Quartile - Dark Green; Second Quartile - Light Green; Third Quartile - Yellow; Lower Quartile - Red. Funds and benchmarks with n/m (not meaningful) are too young to have produced meaningful returns. Analysis and comparison of such partnership returns to benchmark statistics may be irrelevant. As a default any fund that is less than 3 years from inception will show as n/m. That over-ride can be lifted on request. For Credit and Secondary funds the over-ride is typically lifted after one year or less.
5. **Benchmark Currency:** It is important to note that benchmarks are typically denominated in USD, Euro, GBP, JPY, CAD or AUD as appropriate. Thus for any funds denominated in a currency other than USD, Euro, GBP, JPY, CAD or AUD, comparison against peer group benchmarks may be subject to currency exchange related issues and need to be considered appropriately. The PME for such funds will normally provide a more reliable benchmark comparison against the fund IRR.
6. **Internal Rate of Return ("IRR"):** The IRR represents the cash-on-cash return net of fees, expenses and carried interest, as well as the terminal net asset value of the investment in the partnership, or of the portfolio, as appropriate.
7. **Distributed to Paid In multiple ("DPI"):** DPI is calculated by dividing the total distributions from a fund by the amount of capital paid to the fund.
8. **Total Value/Paid-In multiple ("TVPI"):** TVPI is calculated by dividing the sum of the remaining investment net asset value (NAV) and total distributions from the fund, by the capital paid to the fund.
9. **Public Market Equivalent ("PME"):** PME represents the IRR that would have been achieved if the individual cash flows for the particular fund had been invested in a public benchmark. Note that a different public benchmark might associated with each fund in the portfolio. This analysis utilizes the Gredil-Griffiths-Stucke Direct Alpha methodology to calculate an annualized excess return, describing the relative performance of the private markets investment to the stated index as of the measurement date. The calculation is an IRR, based on the series of fund cash flows and the residual value, discounted to a single point in time using the public benchmark index returns. The cash flows are discounted to the same point in time to effectively eliminate the impact of any changes in the public equity index from the private markets cash flows. Direct Alpha, when shown, represents the excess or deficit of the fund IRR compared to the PME. Thus a Direct Alpha of 3.3% indicates that the private investment has generated an annualized excess return of 3.3% over the public index. Where a partnership benchmark and no index aggregation has been utilized, with respect to PME and Direct Alpha for the portfolio and portfolio sub-aggregates, the stated portfolio public index is used. Where an aggregated index has been utilized, with respect to PME and Direct Alpha for the portfolio and sub-portfolio aggregates, this has been created as a market value weighted index of each individual index assigned to each fund in the portfolio/sub-portfolio.
10. **Pooled Mean Benchmark:** The pooled mean benchmark is calculated as the performance index that would have arisen from committing to all funds in the benchmark dataset for the same vintages and same strategies that the portfolio committed to. Compared to the actual performance of the portfolio it represents a measure of manager selection.
11. **Late Closings:** When interest is identified as having been paid or received in relation to late closings, any penalty interest paid will be added to paid-in and to commitment increases, whilst interest received (as a result of other LPs coming in late) will be added to distributions. Where a commitment is made after the first closing of a fund, this reporting system applies an accruals basis such that it reflects the retrospective liability that exists to the fund in previous periods. If the closings span a financial year end then there will be a reconciliation difference at the year-end compared with a cash accounting basis.
12. **Number of Funds:** The number of funds shown in the Portfolio Summaries towards the front of this report will normally include liquidated and terminated funds, so that the number of funds in the Portfolio Summaries may be higher than the number of funds in the current portfolio as listed in the Performance Summary and Funding Status.

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13. **Recallable Capital:** Funds may return some capital to LPs under conditions set within the LPA to the extent that it is capable of being recalled during an agreed time period. In such cases the distributed sum is added to Distributions but is also added to the original level of Commitment, since, in essence, the level of commitment to the fund will have increased. Amounts of capital that has been denominated as Recallable can be highlighted in a separate column headed Commitment Increases so that it can be identified to enable reconciliation.
14. **Commitment Increases:** This will include any potential recallable distributions as well as amounts paid outside of commitments.
15. **Distributions:** Cumulative cash and stock distributions received since inception through the reporting date. Stock distributions are the proceeds received from the sale of the stock, rather than the value of the stock as reported by the partnership(s), unless otherwise noted.
16. **Inception Date:** The Inception Date is the quarter that the fund first came into existence, whether or not the particular LP commitment was made at that time.
17. **Funded:** The % Funded is represented by Commitment plus Commitment Increases less Paid In, as a percentage of Commitment.
18. **Unfunded Commitment:** Commitment plus Commitment Increase less Paid In.
19. **Data:** The column headed Data shows the quarter of the latest Capital Account Statement received for the relevant fund.
20. **Investment Analysis by Industry and Country:** If this analysis is featured at the end of this report, it works at the underlying investment level and includes all investments within funds for which managers have provided discrete data. Thus, it typically excludes investments within Funds of Funds, most Distressed funds and Secondary funds since the granularity of data for the underlying funds or investments is either extremely complex or will not have been provided by the fund for this type of analysis.
21. **Secondary Sales:** When funds are disposed of via a secondary sale they are removed from the portfolio as shown in the Performance Summary and Funding Status. They will be summarized in a later schedule with performance shown to the date of sale.
22. **Terminated Funds:** When a fund is liquidated or terminated it will remain in the portfolio for all periods that it was in existence, so that running the portfolio report for a relevant historic point in time will show such fund, whilst running the report for periods after termination of the fund, it will not show that fund in the portfolio. Instead, in the latter case, any such funds will have been included in a separate schedule of Terminated Funds, following the main portfolio. It is important to note that terminated funds remain in the body of the portfolio at ALL times. It is only the appearance of whether they show in a portfolio report that changes depending on whether they were active and in existence at the time the report is run, or not. As default, in the Funding Status and Performance Overview Charts coupled with the Portfolio Summaries by Asset Class, Vintage Year and Fund Type, terminated funds ARE included within the portfolio. By default, terminated funds are NOT included in the current main listings of the portfolio performance and funding status. Instead, they are listed in a later separate summary.
23. **Exposure by Region and Strategy:** These pie charts are analyzed at the fund level. Thus a fund that invests worldwide but is headquartered in the US, will typically be included as a US fund, even though some investments may be made internationally.
24. **Time Weighted Returns:** When a table of TWRs is included this is calculated utilizing the Modified Dietz methodology. Benchmark indices utilized are derived from PriMaRS benchmarks.
25. **IBOR:** Investment Book of Record.
26. **ABOR:** Accounting Book of Record.

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DISCUSSION SHEET

ITEM #C13

Topic: **Chief Financial Officer Recruitment and Actuarial Services Solicitation Update**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.074 of the Texas Government Code.

Discussion: The Executive Director will update the Board on the status of the recruitment for the Chief Financial Officer (CFO) position. Current CFO, Brenda Barnes, plans to retire on August 14, 2026.

In accordance with the Board's policy and prior direction, DPFP issued a Request for Proposal for Actuarial Services. The Executive Director will provide an update on the selection process.

Regular Board Meeting – Thursday, June 11, 2026



DISCUSSION SHEET

ITEM #C14

Topic: **Legal issues - In accordance with Section 551.071 of the Texas Government Code, the Board will meet in executive session to seek and receive the advice of its attorneys about pending or contemplated litigation or any other legal matter in which the duty of the attorneys to DFPF and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.**

Discussion: Counsel will brief the Board on these issues.

Regular Board Meeting – Thursday, June 11, 2026



DISCUSSION SHEET

ITEM #C15

Topic: Closed Session - Board serving as Medical Committee

Discussion of the following will be closed to the public under the terms of Section 551.078 of the Texas Government Code:

Disability application 2026-1D

Discussion: Staff will present an application for a disability retirement in accordance with Section 6.03 of Article 6243a-1 for consideration by the Board.

Regular Board Meeting – Thursday June 11, 2026



DISCUSSION SHEET

ITEM #D1

Topic: Public Comment

Discussion: Comments from the public will be received by the Board.

Regular Board Meeting – Thursday, June 11, 2026



DISCUSSION SHEET

ITEM #D2

Topic: Executive Director's Report

- a. Associations' newsletters
 - [NCPERS Monitor \(June 2026\)](#)
- b. Open Records
- c. Trustee Election Update

Discussion: The Executive Director will brief the Board regarding the above information.

Regular Board Meeting – Thursday, June 11, 2026