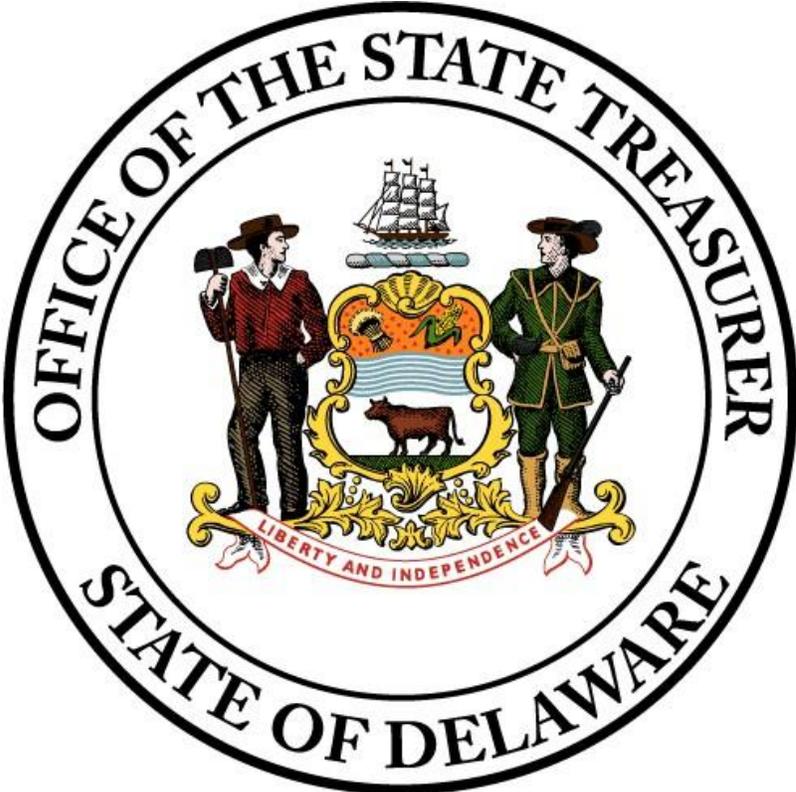


CASH MANAGEMENT POLICY BOARD ANNUAL REPORT



Fiscal Year 2025

July 1, 2024 – June 30, 2025

MESSAGE FROM THE CHAIR

December 2025

The dedication of the Office of the State Treasurer’s (“OST”) staff and the members of the Board are focused on our legislative mandate. The Board continues to remain steadfast in our approach and commitment to safety, fiscal stewardship, and operational excellence. We are tasked with oversight of the State’s investments and banking services and keep that mandate in the forefront of our approach and thinking.



In Fiscal Year 2025, the Investment Subcommittee (“ISC”) worked to ensure that the State’s \$6.6 billion investment portfolio was responsive to challenges and pressures brought on by a fluctuating interest rate environment. The ISC actively monitored the allocation between the liquidity and reserve portfolios and oversaw the implementation of a series of strategic shifts towards reserves, which safeguarded State funds based on market conditions. In the coming year, OST will issue a Request for Proposal (“RFP”) for the management of the State’s liquidity and reserve investment portfolio.

The Banking Subcommittee (“BSC”) continued its partnership with the Department of Technology and Information (DTI) to continue the implementation of [Go DE](#), a secure, convenient digital government platform that will transform how the public transacts business with the State of Delaware. The BSC continued its oversight of merchant processing vendors and the State’s compliance with industry security standards. The BSC’s efforts will ensure that our agencies, residents, and visitors are able to transact in the most secure, efficient, and modern way possible. BSC continued to oversee the transition of local banking services for State agencies and schools to one of our three contracted banking vendors – M&T, Citizens, and TD Bank. The local banking project was successfully completed and will ensure that government agencies and school districts are able to leverage economies of scale offered through the banking contracts negotiated by the Office of the State Treasurer, which ultimately will realize efficiencies and savings for the State of Delaware.

As we look forward to Fiscal Year 2026 and beyond, we intend to issue an RFP for local banking services and continue our efforts with onboarding merchants to the digital government platform. We will continue our stewardship in accordance with our responsibility for bringing safety and value to the State of Delaware and its citizens.

Sincerely,

A handwritten signature in black ink that reads "Warren C. Engle". The signature is written in a cursive style.

Warren C. Engle

OVERVIEW OF THE BOARD'S WORK IN FISCAL YEAR 2025

The Board

- Adopted CMPB Resolution [2025-1](#). This resolution established a benchmark proxy for Liquidity Managers and adjusted the placement of the Budget Stabilization Fund within the Investment Architecture.
- Adopted changes to the Investment Guidelines, [1201 Statement of Objectives and Guidelines for the Investment of State of Delaware Funds](#). These changes included (a) increasing the Private Placement (144a) security limit from 25% to 30%, (b) increasing the two-year average life limit on ABS products to 2.5years, and (c) allowing the purchase of securities with a duration up to 11 years.

The Investment Subcommittee

- Reviewed the Board's investment and banking guidelines and recommended changes.
- Reviewed and recommended a shift in the investment architecture of the State's liquidity versus reserve allocation, which allowed the Board to safeguard and preserve the State's financial portfolio.
- Evaluated and recommended the annual School and Special Fund (SSF) rate calculation to ensure alignment with the changing interest rate environment.
- Reviewed and recommended contract extensions for investment managers: PFM Asset Management, a division of U.S Bancorp Asset Management, Inc., Wilmington Trust, BlackRock, Chandler Asset Management, JP Morgan, and Lazard.

The Banking Subcommittee

- Oversaw significant progress in the State's successful efforts in becoming fully compliant on March 6, 2025, with the Payment Card Industry Data Security Standard (PCI DSS) requirements prescribed by the Payment Card Industry Security Standards Council.
- Continued the partnership with the DTI to advance the implementation of GoDE, a secure, convenient digital government platform for business transactions with the State of Delaware.
- Oversaw OST's efforts to transition State agencies and schools to M&T Bank, Citizens Bank, and TD Bank for local banking services.
- Oversaw the Request for Proposals (RFPs) process for Electronic Payment Consulting Services (PCI Consultant) and General Banking Services (consisting of banking services such as handling collections and disbursements (both check and electronic), lockbox processing services, prepaid debit card, and check printing services).
- Continued its oversight of the transition of State agencies and school districts to Fiserv, Inc. for merchant services processing.

OVERVIEW OF THE BOARD'S GOALS FOR FISCAL YEAR 2026

The Investment Subcommittee

- Continue to oversee the State's investment by monitoring and assessing the strategic allocation between the State's liquidity and reserve accounts.
- Conduct an annual review of the Board's investment and banking guidelines to recommend Investment Guideline changes through the formal regulatory process.
- Implement the adopted CMPB Resolution 2025-1, which further amends Investment Architecture for the State's Cash Accounts.
- Review the School and Special Fund methodology and rate and recommend appropriate changes.
- Oversee the performance of the State's investment managers and make recommendations if appropriate for any necessary corrective action.

The Banking Subcommittee

- Provide feedback and guidance regarding PCI compliance validation and attestation by State agencies and school districts that process credit cards via Visa, Mastercard, American Express, and Discover.
- Review the negotiations and execution of the Electronic Payment Consulting Services (PCI Consultant) and Banking Services RFPs.
- Provide feedback and guidance regarding payment gateway and credit card processing migration for in-person and e-commerce (Govolution) payments through Fiserv, inclusive of account reconciliation and analysis services. for Fiserv, Inc. migration.
- Continue to work with DTI on GoDE to ensure that the State's digital government platform is first in class.

INVESTMENT PERFORMANCE RESULTS FOR FISCAL YEAR 2025

Fiscal Year 2025 Commentary

As of June 2025, the target allocation between the liquidity and reserve portfolios was 25% liquidity/75% reserve. This was adjusted in June 2023 from the previous target allocation of 50% liquidity/50% reserve.

Total Liquidity Portfolio Results

As of June 30, 2025, the market value of the liquidity portfolio was \$1,667,787,823. The liquidity portfolio generated a 1-year return of 5.27%. The liquidity portfolio restructuring has been in place for slightly more than five years, and balances have “normalized”. At the time of restructuring, the liquidity portfolio shifted from a return-seeking perspective to a risk-mitigating perspective. The current distribution within the liquidity portfolio is split between two managers, PFM and Wilmington Trust, which invest in high-quality U.S. government, agency, and investment-grade corporate securities. Over the fiscal year, these securities performed well relative to the opportunity set, considering the volatility surrounding interest rates over the period while maintaining safety standards.

Total Reserve Portfolio Results

As of June 30, 2025, the market value of the reserve portfolio was \$4,517,454,975. The reserve portfolio generated a 1-year return of 6.52% which underperformed its custom index by 7 basis points on a net of fee basis. There was strong relative performance across the portfolio, and longer-duration managers benefited the most from interest rates falling over the course of the period.

The reserve portfolio has demonstrated strong performance relative to its custom index over the longer-term historical periods. Over the three-year time horizon, the portfolio returned 3.30%, outperforming by 23 basis points. Over the five-year period, it returned to 0.46% and outperformed by 27 basis points; and over the last 10 years, returns were 1.95%, outperforming by 19 basis points.

Total Endowment Portfolio Results

As of June 30, 2025, the market value of the endowment portfolio was \$143,683,264. The endowment fund generated a 1-year return of 12.8%, which on a net-of-fee basis outperformed the benchmark by 59 basis points. Endowment fund assets are split between two balanced strategy managers, Mercer and SEI Investments Management Corporation.

While the endowment portfolio has boasted strong absolute and relative returns in recent years, it still trails its custom index over the longer horizons of the portfolio. Over the three-year period, returns were 11.96%, which exceeds the benchmark by 4 basis points. Over the five-year period, the portfolio returned to 7.83%, trailing the benchmark by 57 basis points.

Total American Rescue Plan Act (ARPA) Portfolio Results

As of June 30, 2025, the market value of the ARPA portfolio was \$289,414,558, and generated a 1-year return of 5.08%, outperforming the FTSE 1 Month T-Bill by 28 basis points. The American Rescue Plan Act (ARPA) portfolio was established during Fiscal Year 2021. Funds in the composite were received from the Federal Government and deposited into the account during May 2021. The funds are invested in liquid, high-quality U.S. government and corporate fixed income instruments to preserve principal as they are disbursed over time for qualified program expenses.

The ARPA portfolio has performed well over time but has slightly underperformed on a relative basis across the longer time horizons. Over the last three years, it returned 4.65% versus 4.69% for the FTSE 1-Month T-bill, and since the ARPA portfolio’s inception in May 2021, it has trailed by 35 basis points with a return of 3.04%.

**Cash Management Policy Board Annual Report
Fiscal Year ending June 30, 2025**

FISCAL YEAR TO DATE

	Change in Market Value Fiscal Year-to-Date Through June 30, 2025									Ending Market Value
	Beginning Market Value	Contributions	Withdrawals	Fees	Income	Unrealized Gain (Loss)	Realized Gain (Loss)	Amortization / Accretion		
Liquidity Managers										
PFM Asset Management	\$ 948,106,498	\$ 615,000,000	\$ (750,000,000)	\$ (274,563)	\$ 29,500,875	\$ 1,848,658	\$ 1,108,599	\$ 4,962,333	\$	850,034,581
Wilmington Liquidity	\$ 918,733,089	\$ 615,000,000	\$ (750,000,000)	\$ (259,203)	\$ 25,994,069	\$ 1,688,828	\$ 1,309,591	\$ 6,925,066	\$	819,188,132
Total Liquidity Managers	\$ 1,866,839,588	\$ 1,230,000,000	\$ (1,500,000,000)	\$ (533,766)	\$ 55,494,944	\$ 3,537,486	\$ 2,418,191	\$ 11,887,399	\$	1,669,222,713
Reserve Managers										
BlackRock Financial Management	\$ 1,114,146,359	\$ 25,000,000	\$ (75,000,000)	\$ (321,761)	\$ 41,271,735	\$ 19,456,822	\$ 2,720,949	\$ 7,564,982	\$	1,134,515,413
Chandler Asset Management	\$ 1,112,162,348	\$ 25,000,000	\$ -	\$ (321,495)	\$ 45,221,738	\$ 35,320,086	\$ (3,741,488)	\$ 2,924,298	\$	1,216,239,163
JPM Intermediate	\$ 1,112,278,508	\$ 25,004,711	\$ (75,000,000)	\$ (335,343)	\$ 49,334,691	\$ 12,283,996	\$ 2,660,393	\$ 2,312,409	\$	1,128,200,013
Lazard Asset Management	\$ 1,095,471,996	\$ 25,000,000	\$ (150,000,000)	\$ (584,457)	\$ 41,220,288	\$ 27,138,366	\$ (1,539,987)	\$ 2,371,475	\$	1,038,500,386
Total Reserve Managers	\$ 4,434,059,210	\$ 100,004,711	\$ (300,000,000)	\$ (1,563,056)	\$ 177,048,452	\$ 94,199,270	\$ 99,867	\$ 15,173,163	\$	4,517,454,975
Total Liquidity & Reserve Managers	\$ 6,300,898,798	\$ 1,330,004,711	\$ (1,800,000,000)	\$ (2,096,822)	\$ 232,543,396	\$ 97,736,757	\$ 2,518,058	\$ 27,060,562	\$	6,186,677,688
Land & Water Endowment										
SEI Funds	\$ 61,725,604	\$ 6,208,000	\$ (2,286,819)	\$ (103,279)	\$ 2,254,970	\$ 1,194,107	\$ 5,342,883	\$ -	\$	74,217,571
Vanguard	\$ 58,182,618	\$ 6,208,000	\$ (2,276,980)	\$ (47,536)	\$ 1,715,609	\$ 5,450,080	\$ 286,783	\$ -	\$	69,465,693
Total Land & Water Endowment	\$ 119,908,308	\$ 29,372,632	\$ (21,520,431)	\$ (150,815)	\$ 3,970,488	\$ 6,644,186	\$ 5,629,666	\$ -	\$	143,683,259
ARPA										
PFM ARPA	\$ 236,486,867	\$ 29,088	\$ (98,675,831)	\$ (71,684)	\$ 7,925,136	\$ 317,775	\$ 176,235	\$ 1,751,045	\$	147,878,638
Wilmington ARPA	\$ 230,714,095	\$ 30,106	\$ (98,675,831)	\$ (77,302)	\$ 5,182,260	\$ 352,014	\$ 164,672	\$ 3,912,414	\$	141,535,920
Total ARPA	\$ 467,200,961	\$ 59,193	\$ (197,351,662)	\$ (148,986)	\$ 13,107,396	\$ 669,789	\$ 340,907	\$ 5,663,459	\$	289,414,558
Total	\$ 6,888,008,067	\$ 1,359,436,536	\$ (2,018,872,093)	\$ (2,396,623)	\$ 249,621,280	\$ 105,050,732	\$ 8,488,631	\$ 32,724,021	\$	6,619,775,509

Footnotes:

As of June 2023, the target allocation between Liquidity and Reserve Portfolios was adjusted to 25%/75%. The previous target allocation was 50%/50%.

Values provided by Northern Trust and are reconciled to the audited custodian reports.

Income is a product of income received during the month plus accrued income.

Numbers may not add due to rounding.



HISTORICAL FUND PERFORMANCE

Total Fund Performance Summary				
	1 Yr	3 Yr	5 Yr	10 Yr
Total Liquidity	5.27%	4.62%	2.54%	2.11%
<i>Liquidity Custom Index</i>	5.00%	4.78%	2.92%	2.09%
Total Reserve	6.52%	3.30%	0.46%	1.95%
<i>Reserve Custom Index</i>	6.59%	3.07%	0.19%	1.76%
Total Endowment	12.80%	11.96%	7.83%	
<i>Endowment Custom Index</i>	12.21%	11.91%	8.40%	7.26%
Total ARPA	5.08%	4.65%		
<i>FTSE 1-Month T-Bill</i>	4.80%	4.69%		

Notes: Net of Fees. Results for periods longer than one year are annualized. Fiscal year end is June 30, 2025.
Reserve Custom Index consists of 25% ICE BofA 1-5 Yrs AAA-A US Corp & Govt TR / 25% ICE BofA1-3 Yrs AAA-A US Corp & Govt / 50% ICE BofA US Gov/Credit 5-10 Yrs A
Endowment Custom Index consists of 60% MSCI World Index/40% Bloomberg US Aggregate



OVERVIEW OF THE CASH MANAGEMENT POLICY BOARD

Creation of the Board

The Cash Management Policy Board was established by the Delaware General Assembly in 1981. The Board’s duties and authority are codified in 29 *Del. C.* § 2716. The Board is required to submit an annual report to the Governor and General Assembly.

Mission

The Board exists to create policies and provide oversight for the investment and banking of all money belonging to the State or on deposit from its political subdivisions, except money deposited in any State pension fund or the State Deferred Compensation Program, and to determine the terms, conditions and other matters relating to those investments, including the designation of permissible investments.

Responsibility

The members of the Board are fiduciaries and are required to exercise the same level of prudence, discretion, and intelligence as they would in the management of their own affairs with due regard to the probable income and level of risk from investments belonging to the State.

Authority

The Board is authorized to adopt rules and regulations for the general administration of its duties, to establish a policy for the State’s checking accounts, and to enter into agreements for the services of private and public consultants, research, technical or other services, and facilities whenever deemed necessary by the Board.

Administration and Support

The Board is an independent public instrumentality. For administrative and budgetary purposes, the Board is housed within the Office of the State Treasurer. Staff support is provided by the Office of the State Treasurer as determined by the State Treasurer.

Composition of the Board

The Board is comprised of nine members, four of whom are government officials serving “ex officio” and five of whom are financial experts from the private sector appointed by the Governor and approved by the Senate. At the end of Fiscal Year 2025, the Board was comprised of the following members:

Appointed Members

Mr. Warren C. Engle – Chairman
Retired, Senior Vice President, PNC Bank

Mr. Mike Karia - Investment Chair
Adjunct Professor/MBA Advisor, Wilmington University

Ms. Tarrie Miller - Banking Chair
President and Chief Operating Officer, County Bank

Mr. Stephen Marvin
Chief Risk Officer, Marvin & Palmer Associates

Mr. Leland Sylver
Wealth Manager, BNY Wealth Management

Ex Officio Members

Mr. Michael Smith
Secretary of Finance

Ms. Charuni Patibanda-Sanchez
Secretary of State

Hon. Colleen C. Davis
State Treasurer

Ms. Ruth Ann Miller
Controller General