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MINUTES FROM THE INVESTMENT SUBCOMMITTEE OF THE CASH MANAGEMENT POLICY BOARD

February 4, 2026

A meeting of the Investment Subcommittee (the "Subcommittee") of the Cash Management Policy Board (the "Board") was held on February 4, 2026, at 10:00 a.m. The meeting was conducted virtually, with public accommodations provided in the Large Conference Room of the Office of the State Treasurer ("OST"), 820 Silver Lake Blvd., Suite 100, Dover, DE 19904.

Subcommittee Members Represented or in Attendance:
Mr. Mike Karia, Subcommittee Chair
Mr. Stephen Marvin, Vice Chair
Ms. Colleen Davis, State Treasurer
Mr. Warren Engle, Board Chair
Mr. Michael Smith, Secretary of Finance

Others in Attendance:
Mr. Brennon Fountain, Deputy Treasurer, OST
Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice
Ms. Khairat Makanjuola, Chief Operating Officer, OST
Ms. Fiah M. Kwesseu, Director of Operations and Fund Management, OST
Mr. Steve McVay, Casual Seasonal Assistant Cash and Debt Manager, OST
Ms. Ninna Vaughn, Executive Administrator, OST
Ms. Shanese Ridgeway, Director, Reconciliation & Transaction Management, OST
Ms. Layne Taylor, Director of Policy and Communication, OST
Mr. Jonovan Sackey, NEPC
Mr. Kevin Leonard, NEPC

CALL TO ORDER

The meeting was called to order at 10:00 a.m. A quorum was established.

INTRODUCTIONS

Mr. Fountain led introductions. Mr. Fountain formally introduced Steve McVay, casual seasonal Assistant Cash and Debt Manager at OST. Mr. McVay has returned from retirement to assist OST with the departure of Antonia Kramer.

APPROVAL OF MINUTES

A MOTION to approve the November 5, 2025, minutes was made by Ms. Davis and seconded by Mr. Marvin. Mr. Karia abstained from voting as he was not present at the November 5, 2025, meeting.

MOTION ADOPTED UNANIMOUSLY

PRESENTATION AND DISCUSSION OF THE 4th QUARTER PERFORMANCE ABBREVIATED REPORT

Mr. Sackey presented the 4th quarter performance report, giving an overview of each portfolio.

- Total Portfolio (Liquidity & Reserves):
  The ending market value for the combined liquidity and reserve portfolio was $5.9 billion with a 6.71% annual return, reflecting strong absolute and relative performance as of December 31, 2025.
- Liquidity Portfolio ($1.7B):
  Delivered 4.69% for the year, outperforming its benchmark by 21 basis points – consistent relative outperformance across all time periods.
- Reserve Portfolio ($4.2B):
  Returned 7.19% for the year, outperforming its benchmark by 21 basis points and significantly outperforming liquidity. Longer-duration managers were key contributors to excess returns in 2025.
- Endowment ($153M):
  Strong equity-driven performance with a 16.45% annual return, outperforming the benchmark by 93 basis points.
- ARPA Funds ($237M):
  Returned 4.42% for the year, modestly outperforming the benchmark.

Overall, NEPC expressed that CY2025 was a strong year across all portfolios and that the portfolios are well-positioned for CY2026. NEPC noted that performance strength was driven in part by the allocation to longer-duration managers within the reserve portfolio, which contributed meaningfully to excess returns during 2025.

Mr. Marvin asked NEPC if they had any thoughts on the Federal Reserve’s potential new chair nominee and the administration’s attempt to push interest rates down. Mr. Leonard explained that markets are broadly expecting interest rates to move lower in 2026 under the incoming Federal Reserve Chair, though the pace and extent of cuts remain unclear. He also mentioned that the greater immediate concern for investors may be the perceived independence of the Chair and whether policy decisions appear politically influenced. Early signals regarding leadership autonomy are expected to play a significant role in shaping market confidence and overall stability.

Ms. Davis noted recent volatility in gold, silver, and other precious metals, as well as discussions among certain countries about potentially pivoting away from U.S. Treasuries. She asked NEPC whether Delaware faces any exposure risks that could adversely impact portfolio performance. Mr. Leonard confirmed that the portfolio has no direct exposure to precious metals. Any potential exposure would likely be indirect, possibly through mining-related holdings within the endowment portfolio. It was noted that the statements of certain countries pivoting away from U.S. Treasuries appear more political than actionable at this time. The situation will continue to be monitored.

Mr. Engle emphasized that, despite market uncertainty, the U.S. remains a relatively strong investment environment compared to global alternatives. He noted that the State's portfolio has demonstrated stability over time, avoiding significant volatility, and reiterated his recurring question of whether the portfolio is appropriately structured for forward-looking market conditions.

NEPC further noted that while markets expect interest rates to decline in 2026, the pace and extent of rate cuts remain uncertain and may be influenced by perceptions of Federal Reserve independence and broader market confidence.

GOVERNANCE/PORTFOLIO REPORTING DISCUSSION

Mr. Karia noted that with January completed and early February underway, it was an appropriate time to hold a broader discussion on portfolio investments and reporting. This agenda item was added to invite general feedback, suggestions, and brainstorming from Subcommittee members, NEPC, and staff regarding investment reporting and potential improvements for upcoming quarters.

Mr. Engle emphasized the importance of viewing the State's investment portfolio in the aggregate, rather than through segmented or piecemeal reporting. He expressed concern about making incremental policy changes without first having a comprehensive understanding of the full portfolio structure, including allocations across major asset categories and durations. Mr. Engle reiterated that the primary responsibility of the Subcommittee is the safety of principal, followed by income generation, and emphasized that all portfolio decisions should be evaluated within that framework.

The Subcommittee discussed the need for a comprehensive overview of the investment portfolio before making changes to the guidelines. Members emphasized the value of viewing the portfolio in the aggregate—across both short- and long-term holdings—with a clear breakdown by major categories such as treasuries, Section 144A, corporates, and other non-government investments.

There was strong support for developing a dashboard-style summary that presents the portfolio in aggregate, including total assets, allocation by major categories (e.g., U.S. Treasuries, corporates, Section 144A securities), and alignment with policy guidelines. It was noted that current exposure to Section 144A securities is well below the existing policy threshold and that managers are generally operating within single-digit percentages relative to the allowable limit.

NEPC agreed to begin developing a dashboard-style summary for the Subcommittee, which will be presented as a work in progress at future meetings.

CONTRACT DISCUSSION AND UPDATES

Ms. Kwesseu provided the following contract updates:

- LIQUIDITY AND RESERVE MANAGERS – INVESTMENT MANAGEMENT PROFESSIONAL SERVICES REQUEST FOR PROPOSAL (RFP)

  The Liquidity and Reserve Managers ‑ Investment Management Professional Services agreement will expire on January 31, 2027. OST provided a tentative RFP timeline to the Subcommittee and explained that OST plans to issue the RFP in March 2026, with updates to be provided as the timeline progresses.

OTHER MATTERS OF THE SUBCOMMITTEE

None

PUBLIC COMMENT

No members of the public were present. OST confirmed that no phone calls, emails, or written correspondence were received regarding Subcommittee business prior to the meeting.

EXECUTIVE SESSION

No executive session was held.

NEXT MEETING

The next full Board meeting is scheduled for February 25, 2026.
The next Subcommittee meeting is scheduled for May 6, 2026.

ADJOURNMENT

The meeting was adjourned at 11:00 a.m.

Respectfully submitted,

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Mike Karia
Subcommittee Chair, Investment Subcommittee