



D A L L A S
POLICE & FIRE
PENSION SYSTEM



Portfolio Update

September 11, 2025

Board Meeting

Executive Summary

- **Estimated YTD Return (through 8/31):** 9.4% for DPFP Portfolio; 11.6% for Public Portfolio which makes up 81.7% of the assets.
- **\$15.6M of private market proceeds** received YTD.
- US Small Cap manager **Eastern Shore was successfully liquidated for \$64M** on 8/5 with \$60M of the proceeds being reinvested into the passive Northern Trust Russell 2000 fund.
- Legal review of new Multi-Asset Credit (MAC) strategy **ICG Global Total Credit**, which was approved by the Board at the August meeting, has commenced.

Investment Initiatives – 2025/26 Plan

Q1 & Q2 2025

- Appointment of Private Markets Sub-Committee
- Private Credit Pacing Plan
- Public Equity and Public Credit Asset Class Structure Reviews
- Private Equity Pacing Plan
- Sub-Committee Review of New Private Credit Investments
- Initiate Multi Asset Credit Search
- Board Approval of Initial Private Credit Commitments

Q3 2025

- Multi Asset Credit (MAC) Search and Manager Selection
- Diligence of Buyout and Secondary Private Equity Funds
- Diligence of Additional Private Credit Investments

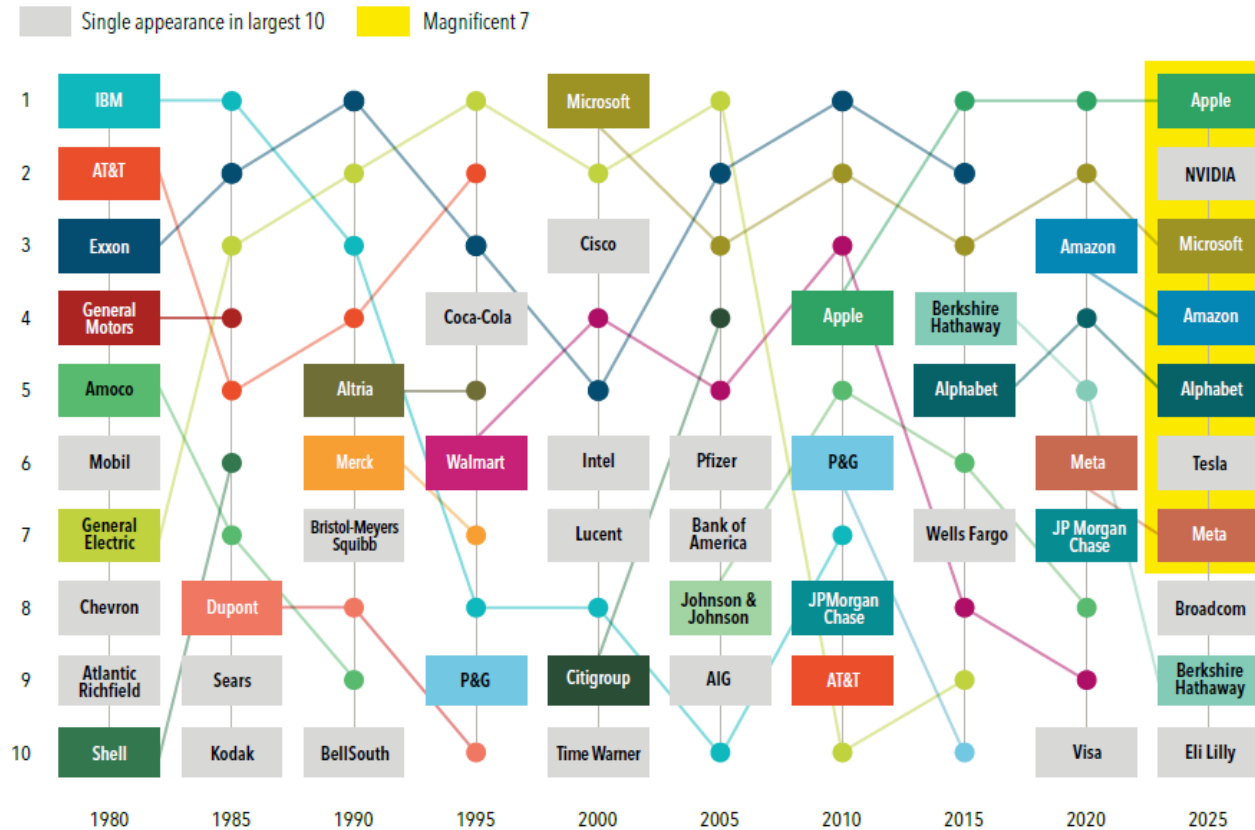
Q4 2025 & Beyond

- IAC review of Public Equity Portfolio
- MAC Funding
- Possible Global Equity Value Search
- Search for 2nd MAC Manager

Top US Companies Over Time

LARGEST 10 US STOCKS BY MARKET CAP

Rankings as of start of years shown, 1980–2025



The Magnificent 7 entered 2025 among the Top 10 largest US stocks. But before making an outside bet on gains from these technology giants, investors should consider a few lessons from market history.

- It's hard to stay on top. For example, only three of the 10 biggest companies from 1980 made the 2000 list—and none of them was in 2025's Top 10.
- Industries ebb and flow. Technology-focused firms currently dominate the list. But in 1980, six of the 10 largest companies were in the energy sector.
- New technology doesn't benefit only tech firms. Throughout history, companies across industries have used technology to innovate and grow.

Diversification enables investors to share in the success of today's top companies while staying positioned to benefit from tomorrow's market leaders.



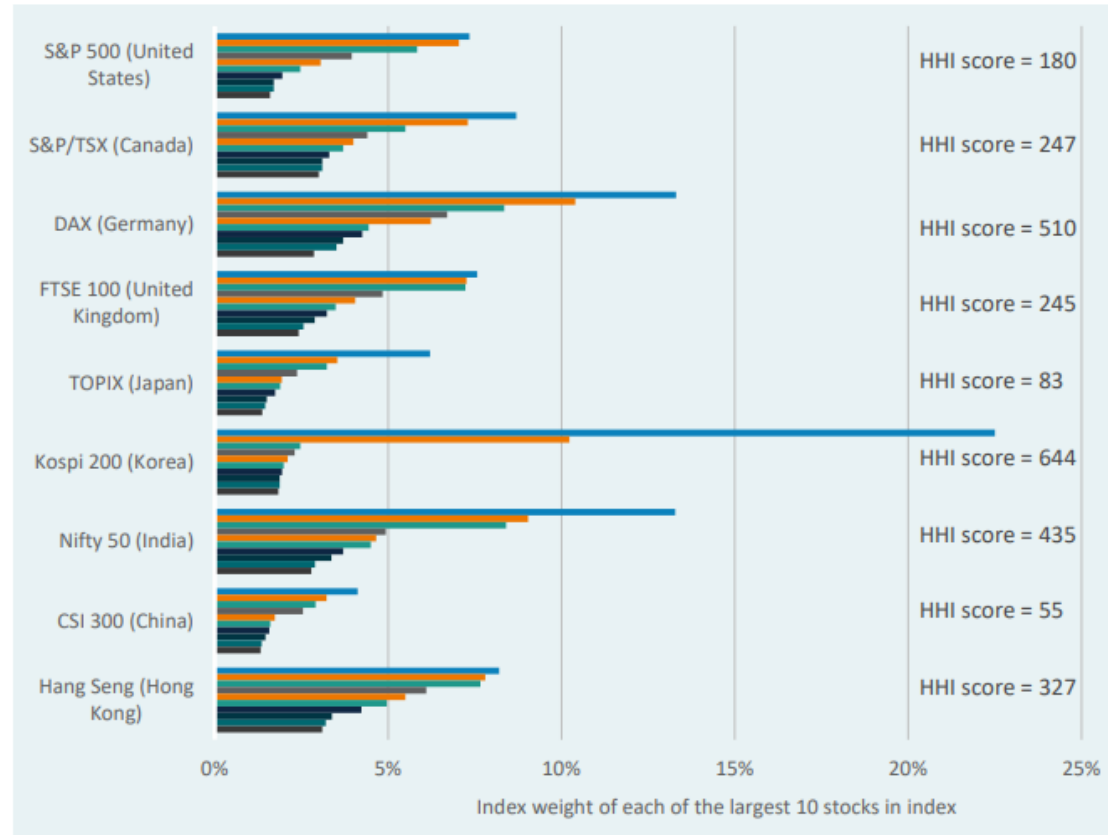
US Concentration vs. Other Regions

Verus Market Note

Relative to other equity markets, the S&P 500 is not particularly concentrated

The U.S. equity market has continued to become more concentrated in recent years, as mega-cap companies grow in terms of global presence and profits. Seven dominant companies, often referred to as the “Magnificent 7”, include Amazon, Apple, Google, Meta, Microsoft, Nvidia, and Tesla. Many of these businesses are on the cutting edge of newer technologies such as artificial intelligence, advanced robotics, and self-driving transportation. Their incredible performance has led to concerns about the level of market concentration.

In this week’s Market Note, we compare the market weight of the largest 10 stocks in the S&P 500 to the largest 10 stocks of other regional markets. It may come as a surprise that the U.S. market is not particularly concentrated, relatively speaking—many other regional markets are substantially more concentrated and have remained so for a long time. The Herfindahl-Hirschman Index (HHI) is a common technical method for measuring market concentration. We have calculated the HHI score of each regional market using the largest 10 stocks, and we show respective concentration scoring in our chart. Market concentration is not necessarily itself a negative market quality, if that concentration results from large successful globally competitive businesses with pricing power, but may become an issue when mega-cap stocks are overvalued.



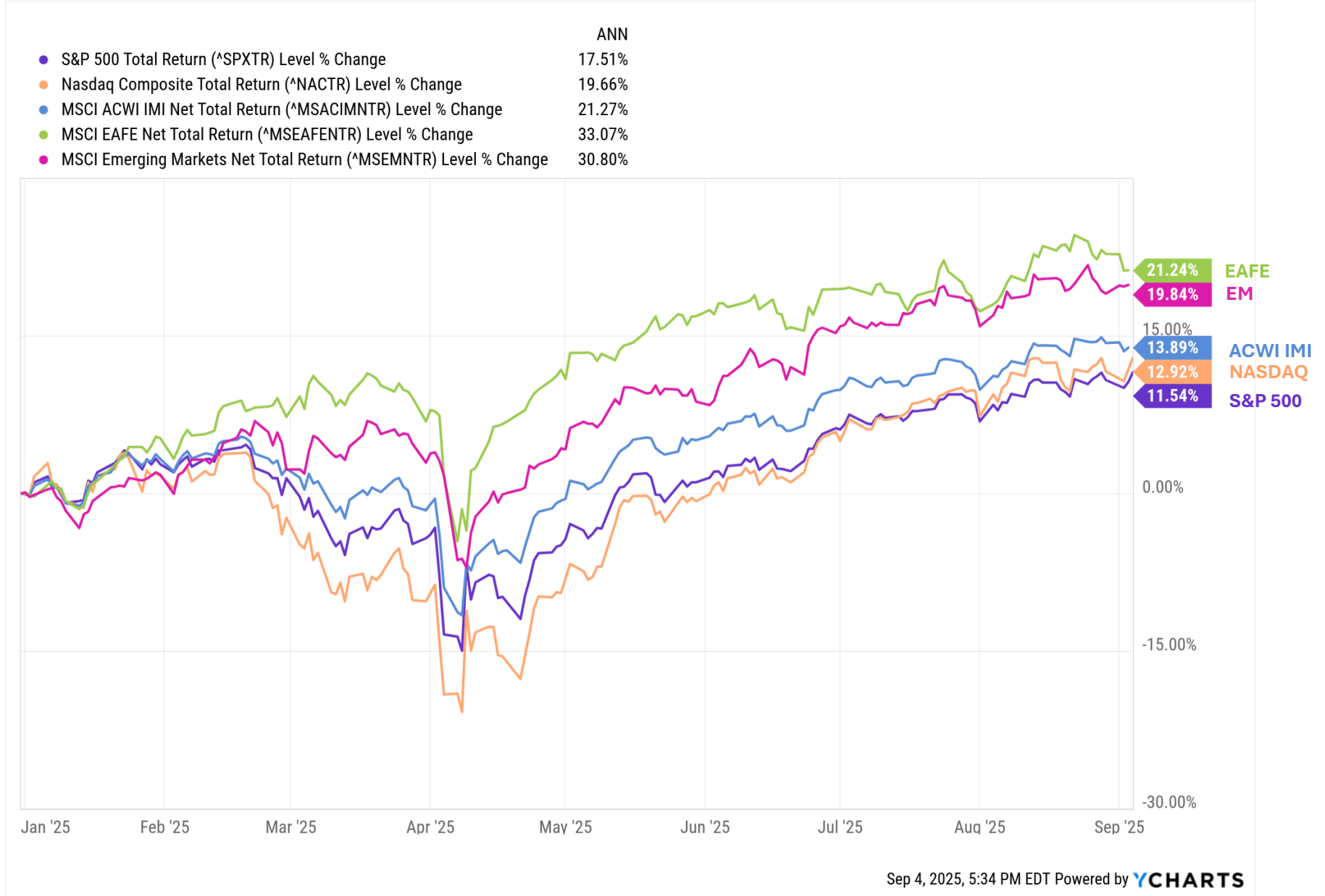
Source: Verus

Verus⁷⁷

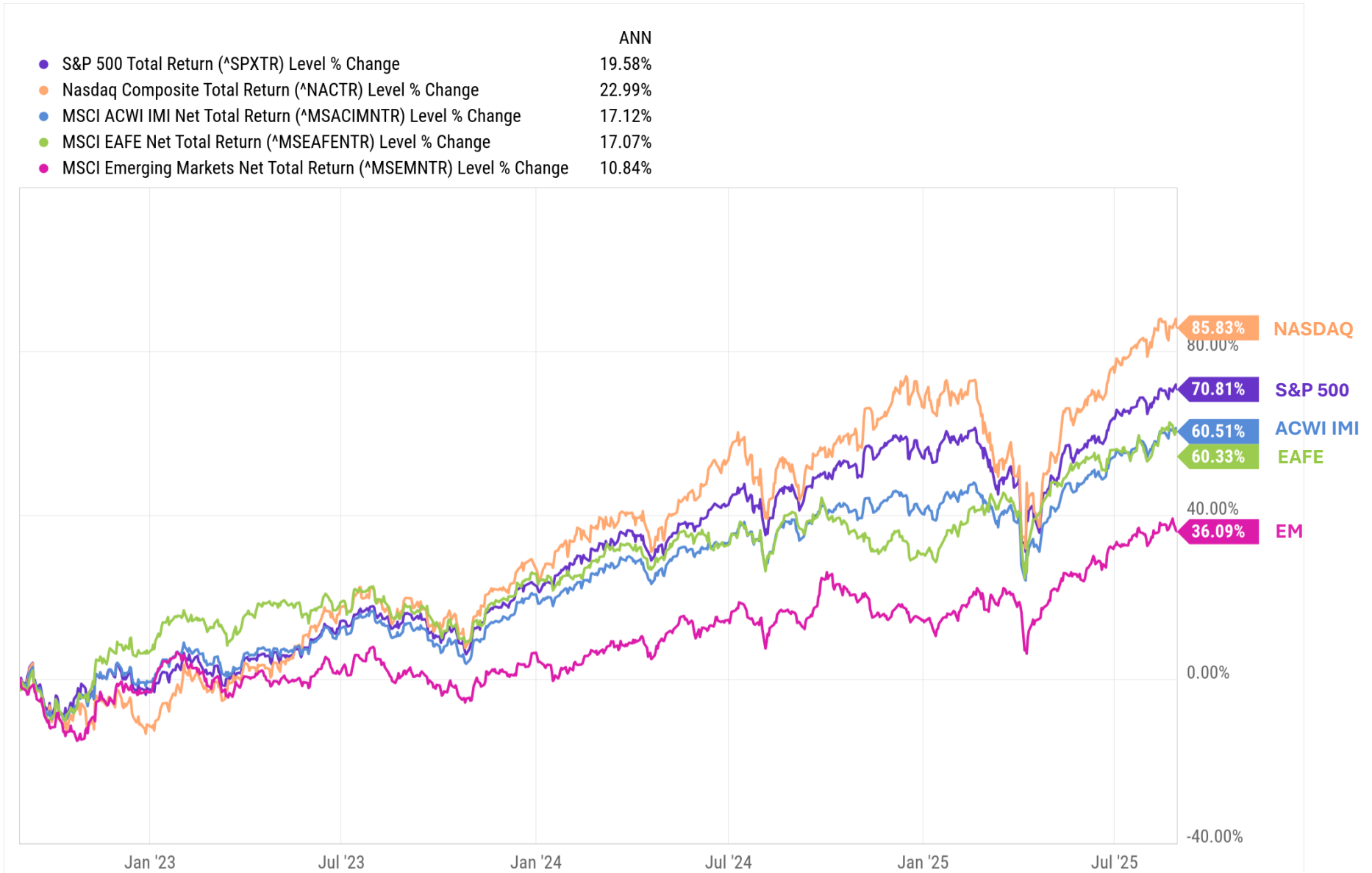
Past Performance is no guarantee of future results. This note is for informational purposes only and does not represent a recommendation.

Verus Market Note
September 3rd, 2025

YTD Equity Markets Returns (As of 9/4/25)



Global Equity Markets Returns (3 Years Ending 8/31/25)

Sep 3, 2025, 1:12 PM EDT Powered by **YCHARTS**

Public Markets Performance Snapshot

Public Markets made up 81.7% of DPFP Investment Portfolio.

Trailing Net Performance | As of August 31, 2025

Performance Summary Ending August 31, 2025								
	Market Value (\$)	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Since Inception	Inception Date
Total Public Portfolio	1,734,420,917	1.9	11.6	11.6	13.5	8.2	6.9	Oct-05
<i>60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index</i>		<i>2.2</i>	<i>11.5</i>	<i>10.7</i>	<i>11.5</i>	<i>6.4</i>	<i>6.0</i>	
Public Equity	1,227,766,802	2.3	15.0	14.6	16.8	11.6	8.0	Jul-06
<i>MSCI AC World IMI Index (Net)</i>		<i>2.7</i>	<i>14.3</i>	<i>15.5</i>	<i>17.1</i>	<i>11.8</i>	<i>7.8</i>	
Boston Partners Global Equity Fund	132,122,115	2.7	25.6	18.8	19.0	17.0	10.5	Jul-17
<i>MSCI World Net</i>		<i>2.6</i>	<i>13.8</i>	<i>15.7</i>	<i>18.5</i>	<i>12.9</i>	<i>11.8</i>	
Manulife Global Equity Strategy	130,660,388	2.4	12.7	9.4	15.4	11.4	9.7	Jul-17
<i>MSCI ACWI Net</i>		<i>2.5</i>	<i>14.3</i>	<i>15.8</i>	<i>17.7</i>	<i>12.0</i>	<i>11.1</i>	
Walter Scott Global Equity Fund	129,660,341	1.5	7.0	4.0	13.8	8.7	9.9	Dec-09
<i>MSCI ACWI Net</i>		<i>2.5</i>	<i>14.3</i>	<i>15.8</i>	<i>17.7</i>	<i>12.0</i>	<i>9.8</i>	
WCM Global Equity	131,555,283	2.1	18.7	30.8	--	--	33.2	Dec-23
<i>MSCI AC World Index Growth (Net)</i>		<i>1.8</i>	<i>13.5</i>	<i>19.5</i>	<i>21.0</i>	<i>11.4</i>	<i>24.6</i>	
NT Russell 2000 Index	63,841,953	--	--	--	--	--	--	Aug-25
<i>Russell 2000 Index (Net)</i>		<i>7.1</i>	<i>6.8</i>	<i>7.8</i>	<i>9.8</i>	<i>9.7</i>	<i>7.1</i>	
NT ACWI Index IMI	491,400,833	2.8	14.5	15.8	17.6	--	9.8	Apr-21
<i>MSCI AC World IMI Index (Net)</i>		<i>2.7</i>	<i>14.3</i>	<i>15.5</i>	<i>17.1</i>	<i>11.8</i>	<i>9.3</i>	
Global Alpha International Small Cap	63,576,451	2.5	19.5	8.1	6.9	--	3.3	May-22
<i>MSCI EAFE Small Cap (Net)</i>		<i>4.6</i>	<i>26.4</i>	<i>18.8</i>	<i>14.3</i>	<i>8.0</i>	<i>9.3</i>	
RBC Emerging Markets Equity	84,949,440	2.3	17.8	14.8	12.8	6.4	4.6	Jan-18
<i>MSCI Emerging Markets IMI (Net)</i>		<i>1.5</i>	<i>18.4</i>	<i>15.8</i>	<i>11.1</i>	<i>6.0</i>	<i>3.9</i>	

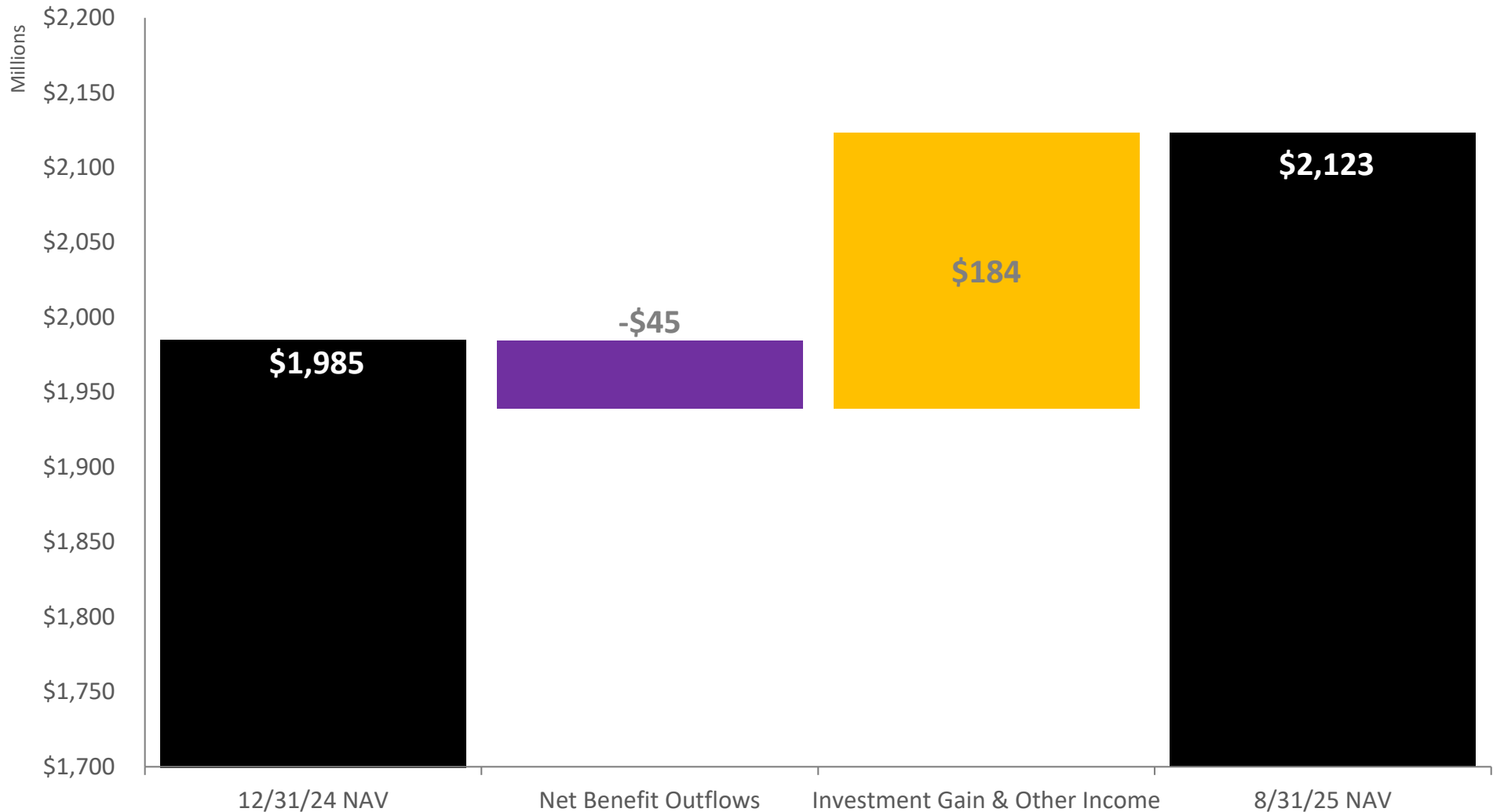
Public Markets Performance Snapshot

Trailing Net Performance As of August 31, 2025								
	Market Value (\$)	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Since Inception	Inception Date
Fixed Income and Cash	280,449,778	0.9	4.2	4.7	4.3	1.7	2.3	May-18
<i>Fixed Income and Cash Blended Benchmark</i>		0.9	4.0	4.2	4.0	1.3	2.3	
IR&M 1-3 Year Strategy	128,452,626	0.9	4.1	5.2	4.7	2.2	2.6	Jul-17
<i>Blmbg. U.S. Aggregate 1-3 Yrs</i>		0.9	3.8	4.7	4.2	1.7	2.1	
Longfellow Core Fixed Income	84,002,024	1.2	5.1	3.5	3.7	0.0	0.0	Jul-20
<i>Blmbg. U.S. Aggregate Index</i>		1.2	5.0	3.1	3.0	-0.7	-0.5	
Cash Equivalents	67,995,127	0.3	3.2	5.0	5.0	3.1	4.7	Jul-96
<i>ICE BofA 3 Month U.S. T-Bill</i>		0.4	2.8	4.5	4.7	2.9	2.4	
Public Credit	226,247,885	1.2	6.6	8.6	9.2	4.0	3.6	May-18
<i>Credit Blended Benchmark</i>		1.0	6.4	7.9	8.9	5.0	4.8	
Aristotle Pacific Capital Bank Loan	87,698,542	0.5	4.3	7.3	9.0	6.9	5.6	Aug-17
<i>S&P UBS Leveraged Loan Index</i>		0.4	4.3	7.4	8.8	6.9	5.4	
Loomis US High Yield Fund	73,515,776	1.6	7.0	10.2	9.1	—	3.7	Jan-21
<i>Blmbg. U.S. High Yield - 2% Issuer Cap</i>		1.2	6.4	8.3	9.3	5.2	4.4	
Metlife Emerging Markets Debt Blend	65,033,567	1.7	9.4	8.9	—	—	12.1	Oct-22
<i>35% JPMEMBI Global Index/35% JPM CEMBI Broad Diversified Index/ 30% JPMGBI-EM Di</i>		1.6	9.3	8.0	8.5	2.1	10.6	

Change in Market Value Bridge Chart - As of 8/31/2025

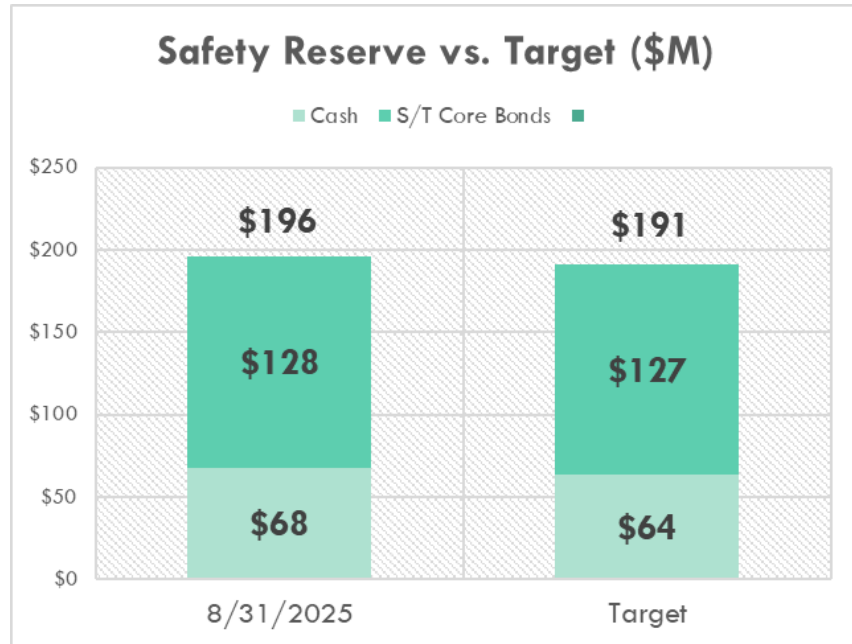
In Millions

2025 YTD Preliminary Investment Return estimated at 9.4%

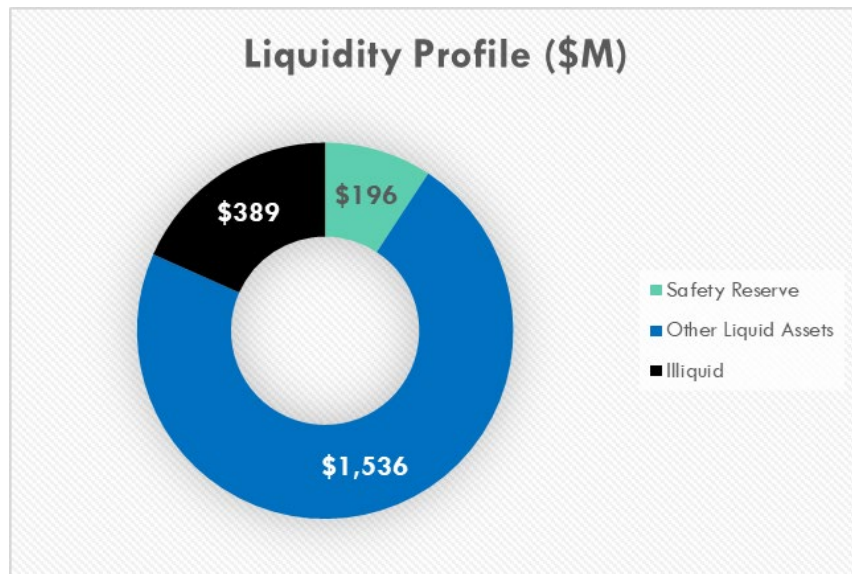


The beginning 12/31/24 value includes a one-quarter lag on private assets.
Numbers may not foot due to rounding.

Safety Reserve Dashboard – As of 8/31/25



Projected Net Monthly outflows of **\$6.3M** per month. Safety Reserve of **\$196M** would cover net monthly outflows for next **31 months** or through **March 2028**.



Expected Cash Activity	Date	Amount (\$M)	Projected Cash Balance (\$M)	Projected Cash (%)
	8/31/25		\$67.6	3.2%
City & Member Contribution	9/12/25	\$10.8	\$78.5	3.7%
Pension Payroll	9/25/25	(\$28.9)	\$49.6	2.3%
City & Member Contribution	9/26/25	\$10.8	\$60.4	2.8%
City & Member Contribution	10/10/25	\$10.8	\$71.3	3.4%
City & Member Contribution	10/24/25	\$10.8	\$82.1	3.9%
Pension Payroll	10/30/25	(\$28.9)	\$53.2	2.5%
City & Member Contribution	11/7/25	\$10.8	\$64.0	3.0%
City & Member Contribution	11/21/25	\$10.8	\$74.9	3.5%
Pension Payroll	11/27/25	(\$28.9)	\$46.0	2.2%

Numbers may not foot due to rounding.

Asset Allocation Detail

DPFP Asset Allocation	8/31/2025		Targets			Variance	
	NAV	%	\$ mil.	%	% of Target	\$ mil.	%
Equity	1,378	64.9%	1,359	64%	101%	19	0.9%
Public Equity	1,228	57.8%	1,232	58%	100%	-4	-0.2%
<i>Northern Trust ACWI IMI Index</i>	<i>491</i>	<i>23.1%</i>	<i>510</i>	<i>24%</i>	<i>96%</i>	<i>-18</i>	<i>-0.9%</i>
<i>Boston Partners</i>	<i>132</i>	<i>6.2%</i>	<i>127</i>	<i>6%</i>	<i>104%</i>	<i>5</i>	<i>0.2%</i>
<i>Manulife</i>	<i>131</i>	<i>6.2%</i>	<i>127</i>	<i>6%</i>	<i>103%</i>	<i>3</i>	<i>0.2%</i>
<i>Walter Scott</i>	<i>130</i>	<i>6.1%</i>	<i>127</i>	<i>6%</i>	<i>102%</i>	<i>2</i>	<i>0.1%</i>
<i>WCM</i>	<i>132</i>	<i>6.2%</i>	<i>127</i>	<i>6%</i>	<i>103%</i>	<i>4</i>	<i>0.2%</i>
<i>Northern Trust Russell 2000</i>	<i>64</i>	<i>3.0%</i>	<i>64</i>	<i>3%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>
<i>Global Alpha Intl Small Cap</i>	<i>64</i>	<i>3.0%</i>	<i>64</i>	<i>3%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>
<i>RBC Emerging Markets Equity</i>	<i>85</i>	<i>4.0%</i>	<i>85</i>	<i>4%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>
Private Equity	31	1.5%	127	6%	24%	-97	-4.5%
Huff Energy Fund	120	5.6%	0	0%		120	5.6%
Credit	227	10.7%	319	15%	71%	-91	-4.3%
Public Credit	226	10.7%	234	11%	97%	-7	-0.3%
<i>Aristotle Pacific Bank Loans</i>	<i>88</i>	<i>4.1%</i>	<i>85</i>	<i>4%</i>	<i>103%</i>	<i>3</i>	<i>0.1%</i>
<i>Loomis Sayles High Yield Bonds</i>	<i>74</i>	<i>3.5%</i>	<i>85</i>	<i>4%</i>	<i>87%</i>	<i>-11</i>	<i>-0.5%</i>
<i>MetLife Emerging Market Debt</i>	<i>65</i>	<i>3.1%</i>	<i>64</i>	<i>3%</i>	<i>102%</i>	<i>1</i>	<i>0.1%</i>
Private Credit	1	0.1%	85	4%	1%	-84	-3.9%
Real Assets	238	11.2%	170	8%	140%	68	3.2%
Real Estate	149	7.0%	106	5%	140%	42	2.0%
Natural Resources	76	3.6%	64	3%	119%	12	0.6%
Infrastructure	13	0.6%	0	0%		13	0.6%
Fixed Income & Cash	280	13.2%	276	13%	101%	4	0.2%
Cash	68	3.2%	64	3%	106%	4	0.2%
IR+M Short Term Bonds	128	6.0%	127	6%	101%	1	0.0%
Longfellow IG Bonds	84	4.0%	85	4%	99%	-1	0.0%
Total	2,123	100.0%	2,123	100%		0	0.0%
Safety Reserve	196	9.2%	191	9%	103%	5	0.2%
Private Market Assets	389	18.3%	382	18%		7	-5.3%

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

Asset Allocation – Actual vs Target

