

# INVESTMENT REPORT

Frisco ISD

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October 1 to December 31, 2025



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## Market Recap

December saw the return of official government data following the 43 day shutdown. After two months of relying on private sources, financial markets finally received delayed October and November readings on inflation, the labor market, economic growth, and consumer sentiment.

Labor market data remained overwhelmingly negative throughout December. Private sector employment data showed more weakness ahead of the FOMC meeting, with the November ADP report revealing a 32k decline in payrolls, the largest monthly drop since early 2023. Small businesses shed 120k jobs, the biggest pullback since May 2020, while larger firms managed modest gains. Challenger's layoff data showed more than 1.17 million job cuts year to date, already the highest since 2020. By the time the BLS finally released its combined October–November report, the unemployment rate had jumped to 4.6%, and the underemployment rate rose sharply to 8.7%, reflecting a combination of lower survey participation, discouraged workers re entering the labor force, and softening in economic conditions. Payrolls increased a modest 64k in November after a steep 105k decline in October, and the three month average pace of job growth slowed to just 22k, down from 62k prior to the shutdown.

The weak job market has fed directly into collapsing consumer confidence. Both the University of Michigan and Conference Board measures slid toward multi decade lows, with Michigan's current conditions index hitting its lowest reading in nearly fifty years. Confidence eroded further as households continued to struggle with higher prices, slower wage gains, and a cooling job market. Retail categories tied to discretionary spending showed weakening momentum, while hiring freezes broadened across cyclically sensitive sectors such as manufacturing, transportation, information services, and finance.

With October CPI data never collected, the November CPI release only provided year over year changes. Even with the data disruptions, the numbers were striking, headline CPI unexpectedly fell from 3.0% to 2.7%, while core CPI softened from 3.0% to 2.6%, both reaching their lowest levels since early 2021. Shelter costs showed a questionable

deceleration, posting their smallest two month increase since the early months of the pandemic. Economists warned that shutdown related distortions may unwind in the coming months, but the overall picture reinforced the idea that the Fed's restrictive stance is continuing to exert downward pressure on inflation.

The Federal Reserve delivered its third consecutive 25 basis point cut at the December 10 meeting, lowering the target range to 3.50%–3.75%. The vote was fractured, with three dissents, the most since 2019, as Chicago's Goolsbee and Kansas City's Schmid argued for no change while Governor Miran pushed for a larger 50 bp move. Chair Powell described the decision as a "close call" noting that neither inflation nor employment data made a compelling case for easing, but the committee felt "well positioned to wait and see" heading into 2026. The updated Summary of Economic Projections offered mixed signals: the 2026 GDP forecast was revised sharply higher to 2.3%, while core PCE was nudged down to 2.5%, supporting the view that tariff related inflation pressures might be fading.

Later in the month, the economy delivered another surprise when Q3 GDP was revised up to 4.3%, the strongest quarterly growth in two years and well above every major forecast. Personal consumption remained the engine of expansion, while net exports provided an unusually large boost as imports fell sharply. But the stronger growth also pushed the GDP price index up to 3.8%, and the core PCE index rose to 2.9%, complicating the Fed's inflation narrative and reinforcing the idea that rate cuts in early 2026 are assured. Strong GDP with rising unemployment will be a challenge for policymakers next year, especially in an economy increasingly shaped by rapid technological changes and investment.

As the year wraps, the economic landscape remains uncertain marked by strong top line growth but weakening labor momentum, easing inflation but distorted data, and a Fed that cut while signaling caution ahead. The path of monetary policy early in 2026 will hinge on whether the economy's apparent strength proves durable or whether the growing signs of labor market softening begin to dominate the narrative.

## Investment Officers' Certification

This report is prepared for the Frisco ISD (the "Entity") in accordance with Chapter 2256 of the Texas Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that: "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Entity's investment officers and includes the disclosures required in the PFIA.

The investment portfolio complied with the PFIA and the Entity's approved Investment Policy and Strategy throughout the period. All investment transactions made in the portfolio during this period were made on behalf of the Entity and were made in full compliance with the PFIA and the approved Investment Policy.

### Investment Officers



Kimberly Smith  
CFO

 01/14/2026

Robin J. Turnbull  
Director of Accounting

## Portfolio Overview

### Portfolio Summary

	Prior 30 Sep-25	Current 31 Dec-25
Par Value	471,286,775.21	466,972,260.36
Original Cost	470,771,740.49	466,404,767.30
Book Value	471,283,945.35	466,562,253.41
Market Value	471,283,976.71	466,574,535.36
Accrued Interest	0.00	0.00
Book Value Plus Accrued	471,283,945.35	466,562,253.41
Market Value Plus Accrued	471,283,976.71	466,574,535.36
Net Unrealized Gain/(Loss)	31.36	12,281.95

### Income Summary

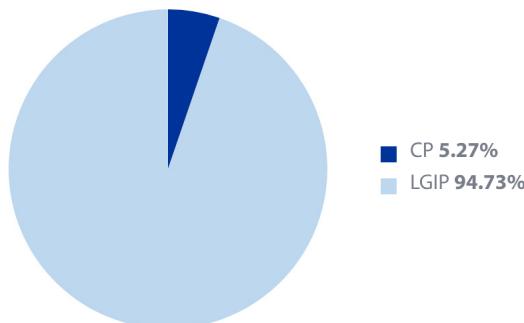
Current Period	1 Oct-25 to 31 Dec-25
Interest Income	4,251,089.54
Net Amortization/Accretion	160,315.99
Realized Gain/(Loss)	0.00
Net Income	4,411,405.51

### Portfolio Characteristics

	Prior 30 Sep-25	Current 31 Dec-25
Yield to Maturity	4.247%	3.821%
Yield to Worst	4.247%	3.821%
Days to Final Maturity	1	9
Days to Effective Maturity	1	9
Duration	0.01	0.42

Fiscal Year-to-Date	1 Jul-25 to 31 Dec-25
Net Income	10,131,276.13

### Asset Allocation

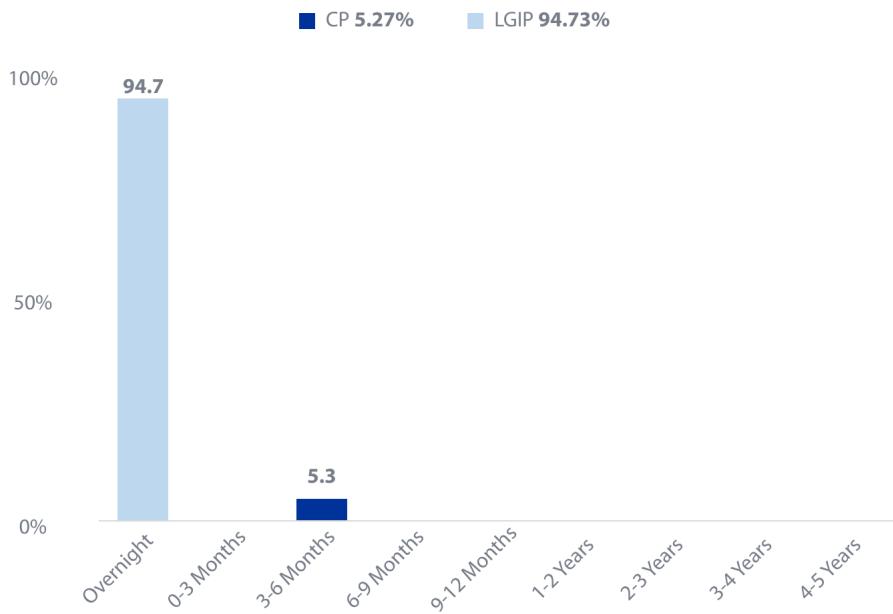


### Transaction Summary

Transaction Type	Quantity	Principal	Interest	Total Amount	Realized Gain/Loss
Buy	25,000,000.00	(24,432,506.94)	0.00	(24,432,506.94)	0.00
Maturity	(25,000,000.00)	25,000,000.00	0.00	25,000,000.00	0.00

## Portfolio Overview

### Maturity Distribution by Security Type



### Top Ten Holdings

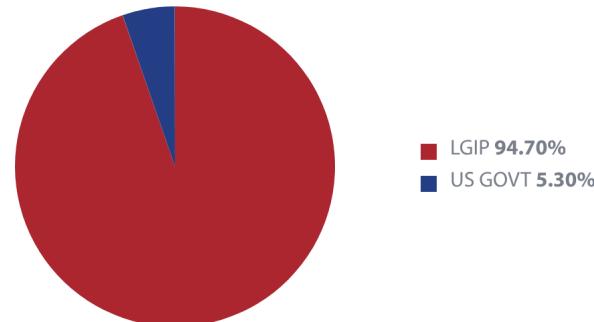
Issuer	Allocation
LONESTRGOV	89.58%
Toyota Motor Credit Corporation	5.27%
TXDLY	5.15%

### Maturity Distribution by Security Type

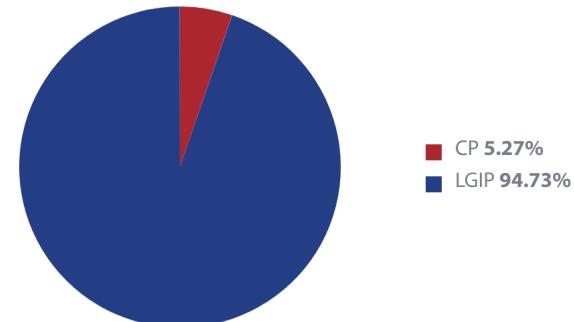
Security Type	Overnight	0-3 Months	3-6 Months	6-9 Months	9-12 Months	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Portfolio Total
CP	--	--	24,589,993.05	--	--	--	--	--	--	24,589,993.05
LGIP	441,972,260.36	--	--	--	--	--	--	--	--	441,972,260.36
<b>Total</b>	<b>441,972,260.36</b>	<b>--</b>	<b>24,589,993.05</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>466,562,253.41</b>

## Asset Allocation

Asset Allocation by Security Type as of  
30-Sep-2025



Asset Allocation by Security Type as of  
31-Dec-2025



## Book Value Basis Security Distribution

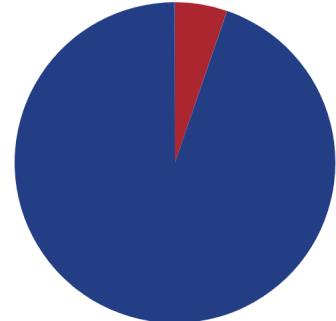
Security Type	Prior Balance 30-Sep-25	Prior Allocation 30-Sep-25	Change in Allocation	Current Balance 31-Dec-25	Current Allocation 31-Dec-25	Yield to Maturity
CP	0.00	0.00%	5.27%	24,589,993.05	5.27%	4.001%
LGIP	446,286,775.21	94.70%	0.03%	441,972,260.36	94.73%	3.811%
US GOVT	24,997,170.14	5.30%	(5.30%)	0.00	0.00%	
<b>Portfolio Total</b>	<b>471,283,945.35</b>	<b>100.00%</b>		<b>466,562,253.41</b>	<b>100.00%</b>	<b>3.821%</b>

## Credit Rating Summary

### Rating Distribution

	Book Value	Portfolio Allocation
<b>Local Government Investment Pools &amp; Money Market Funds</b>		
AAA	441,972,260.36	94.73%
<b>Total Local Government Investment Pools &amp; Money Market Funds</b>	<b>441,972,260.36</b>	<b>94.73%</b>
<b>Short Term Rating Distribution</b>		
A-1+	24,589,993.05	5.27%
<b>Total Short Term Rating Distribution</b>	<b>24,589,993.05</b>	<b>5.27%</b>
<b>Portfolio Total</b>	<b>466,562,253.41</b>	<b>100.00%</b>

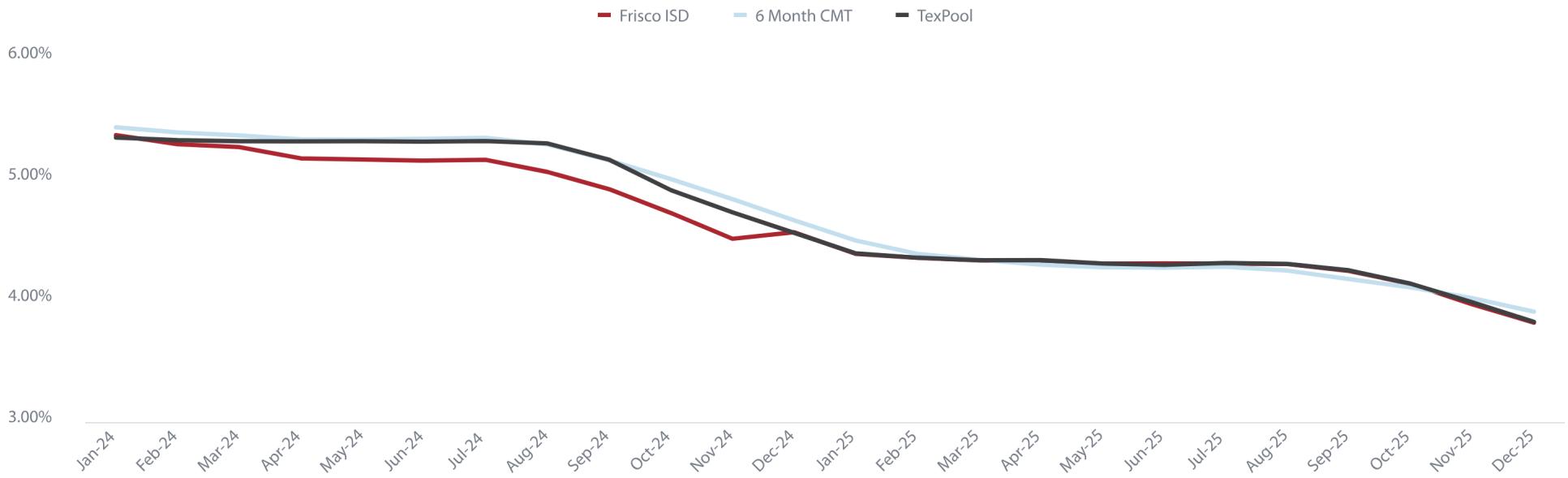
### Allocation by Rating



■ A-1+ 5.27%

■ AAA 94.73%

## Benchmark Comparison



## Yield Overview

	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
<b>Frisco ISD</b>	5.37	5.29	5.27	5.17	5.17	5.16	5.16	5.06	4.92	4.73	4.51	4.57	4.39	4.36	4.33	4.33	4.31	4.31	4.31	4.30	4.25	4.14	3.97	3.82
<b>6 Month CMT</b>	5.43	5.39	5.36	5.33	5.33	5.34	5.34	5.29	5.16	5.00	4.84	4.66	4.50	4.39	4.34	4.30	4.28	4.27	4.28	4.25	4.18	4.11	4.02	3.91
<b>TexPool</b>	5.35	5.33	5.32	5.31	5.32	5.31	5.32	5.30	5.16	4.91	4.73	4.56	4.39	4.36	4.33	4.34	4.31	4.30	4.31	4.31	4.25	4.14	3.99	3.83

## Fund Overview

Fund Name	Prior Book Value	Prior Market Value	Changes to Market Value	Current Book Value	Current Market Value	Net Income	Days to Final Mty	YTM	YTW
Capital Projects Fund	167,241,319.49	167,241,350.85	(10,799,297.51)	156,442,053.34	156,442,053.34	1,604,670.63	1	3.810%	3.810%
Child Nutrition	6,735,061.23	6,735,061.23	1,540,381.11	8,275,442.34	8,275,442.34	77,899.99	1	3.810%	3.810%
Debt Service Fund	35,905,165.64	35,905,165.64	41,358,173.72	77,263,339.36	77,263,339.36	448,185.02	1	3.810%	3.810%
General Fund	261,402,398.99	261,402,398.99	(36,808,698.67)	224,581,418.37	224,593,700.32	2,280,649.87	18	3.832%	3.832%
<b>Total</b>	<b>471,283,945.35</b>	<b>471,283,976.71</b>	<b>(4,709,441.35)</b>	<b>466,562,253.41</b>	<b>466,574,535.36</b>	<b>4,411,405.51</b>	<b>9</b>	<b>3.821%</b>	<b>3.821%</b>

## Detail of Security Holdings

CUSIP	Settle Date	Security Type	Security Description	CPN	Maturity Date	Next Call Date	Call Type	ParValue	Purch Price	Original Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW	Rating
<b>Capital Projects Fund</b>																		
LNSTGOV		LGIP	LoneStar Gov O/N	3.810	12/31/25			156,442,053.34	100.000	156,442,053.34	156,442,053.34	100.000	156,442,053.34		1	3.810	3.810	AAA
<b>Total Capital Projects Fund</b>																		
<b>Child Nutrition</b>																		
LNSTGOV		LGIP	LoneStar Gov O/N	3.810	12/31/25			8,275,442.34	100.000	8,275,442.34	8,275,442.34	100.000	8,275,442.34		1	3.810	3.810	AAA
<b>Total Child Nutrition</b>																		
<b>Debt Service Fund</b>																		
LNSTGOV		LGIP	LoneStar Gov O/N	3.810	12/31/25			77,263,339.36	100.000	77,263,339.36	77,263,339.36	100.000	77,263,339.36		1	3.810	3.810	AAA
<b>Total Debt Service Fund</b>																		
<b>General Fund</b>																		
LNSTGOV		LGIP	LoneStar Gov O/N	3.810	12/31/25			175,977,828.47	100.000	175,977,828.47	175,977,828.47	100.000	175,977,828.47		1	3.810	3.810	AAA
TXDAILY		LGIP	TexasDAILY	3.820	12/31/25			24,013,596.85	100.000	24,013,596.85	24,013,596.85	100.000	24,013,596.85		1	3.820	3.820	AAA
89233HF17	11/04/25	CP	Toyota Motor Credit Corp	0.000	06/01/26			25,000,000.00	97.730	24,432,506.94	24,589,993.05	98.409	24,602,275.00		152	4.001	4.001	A-1+
<b>Total General Fund</b>																		
<b>Grand Total</b>																		
								<b>466,972,260.36</b>		<b>466,404,767.30</b>	<b>466,562,253.41</b>		<b>466,574,535.36</b>		<b>9</b>	<b>3.821</b>	<b>3.821</b>	

## Earned Income

CUSIP	Security Type	Detailed Security Description	Beginning Accrued	Interest Earned	Interest Rec'd/Sold/Matured	Interest Purchased	Ending Accrued	Disc Accr/Prem Amort	Net Realized Gain/Loss	Net Income
<b>Capital Projects Fund</b>										
912797MS3	US GOVT	U.S. Treasury Bill 0.0 10/02/2025	0.00	0.00	0.00	0.00	0.00	2,829.88	0.00	2,829.88
LNSTGOV	LGIP	LoneStar Gov O/N	0.00	1,601,840.77	1,601,840.77	0.00	0.00	0.00	0.00	1,601,840.77
<b>Total Capital Projects Fund</b>				<b>0.00</b>	<b>1,601,840.77</b>	<b>1,601,840.77</b>	<b>0.00</b>	<b>0.00</b>	<b>2,829.86</b>	<b>0.00</b>
<b>Child Nutrition</b>										
LNSTGOV	LGIP	LoneStar Gov O/N	0.00	77,899.99	77,899.99	0.00	0.00	0.00	0.00	77,899.99
<b>Total Child Nutrition</b>				<b>0.00</b>	<b>77,899.99</b>	<b>77,899.99</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>77,899.99</b>
<b>Debt Service Fund</b>										
LNSTGOV	LGIP	LoneStar Gov O/N	0.00	448,185.02	448,185.02	0.00	0.00	0.00	0.00	448,185.02
<b>Total Debt Service Fund</b>				<b>0.00</b>	<b>448,185.02</b>	<b>448,185.02</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>448,185.02</b>
<b>General Fund</b>										
LNSTGOV	LGIP	LoneStar Gov O/N	0.00	1,883,921.25	1,883,921.25	0.00	0.00	0.00	0.00	1,883,921.25
TXDAILY	LGIP	TexasDAILY	0.00	239,242.51	239,242.51	0.00	0.00	0.00	0.00	239,242.51
89233HF17	CP	Toyota Motor Credit Corp 0.0 06/01/2026	0.00	0.00	0.00	0.00	0.00	157,486.11	0.00	157,486.11
<b>Total General Fund</b>				<b>0.00</b>	<b>2,123,163.76</b>	<b>2,123,163.76</b>	<b>0.00</b>	<b>0.00</b>	<b>157,486.11</b>	<b>0.00</b>
<b>Grand Total</b>				<b>0.00</b>	<b>4,251,089.54</b>	<b>4,251,089.54</b>	<b>0.00</b>	<b>0.00</b>	<b>160,315.97</b>	<b>0.00</b>
<b>4,411,405.51</b>										

## Investment Transactions

CUSIP	Trade Date	Settle Date	Security Type	Security Description	Coupon	Maturity Date	Call Date	Par Value	Price	Principal Amount	Interest Purchased/ Received	Total Amount	Realized Gain/ Loss	YTM	YTW
<b>Capital Projects Fund</b>															
<b>Maturity</b>															
912797MS3 10/02/25 10/02/25 US GOVT U.S. Treasury Bill 0.000 10/02/25 (25,000,000.00) 100.000 25,000,000.00 0.00 25,000,000.00 0.00 -- --															
<b>Total Maturity</b>															
<b>General Fund</b>															
<b>Buy</b>															
89233HF17 11/03/25 11/04/25 CP Toyota Motor Credit Corp 0.000 06/01/26 25,000,000.00 97.730 24,432,506.94 0.00 24,432,506.94 0.00 4.001 4.001															
<b>Total Buy</b>															

## Investment Transactions Totals

Transaction Type	Quantity	Principal Amount	Interest	Total Amount	Realized G/L	YTM	YTW
Total Buy	25,000,000.00	(24,432,506.94)	0.00	(24,432,506.94)	0.00	4.001	4.001
Total Maturity	(25,000,000.00)	25,000,000.00	0.00	25,000,000.00	0.00	4.219	4.219

## Amortization and Accretion

CUSIP	Settle Date	Security Type	Detailed Security Description	Purchase Qty	Orig Price	Original Cost	Amort/Accr for Period	Total Amort/Accr Since Purch	Remaining Disc/Premium	Ending Book Value
<b>Capital Projects Fund</b>										
912797MS3	04/03/25	US GOVT	U.S. Treasury Bill 0.0 10/02/2025	0.00	0.000	0.00	2,829.88	0.00	0.00	0.00
<b>Total Capital Projects Fund</b>										
				0.00		0.00	2,829.86	0.00	0.00	0.00
<b>General Fund</b>										
89233HF17	11/04/25	CP	Toyota Motor Credit Corp 0.0 06/01/2026	25,000,000.00	97.730	24,432,506.94	157,486.11	157,486.11	(410,006.95)	24,589,993.05
<b>Total General Fund</b>										
				25,000,000.00		24,432,506.94	157,486.11	157,486.11	(410,006.95)	24,589,993.05
<b>Grand Total</b>										
				25,000,000.00		24,432,506.94	160,315.97	157,486.11	(410,006.95)	24,589,993.05

## Projected Cash Flows

CUSIP	Detailed Security Description	Post Date	Interest	Principal	Total Amount
<b>General Fund</b>					
89233HF17	Toyota Motor Credit Corp 0.0 06/01/2026	06/01/26		25,000,000.00	25,000,000.00
<b>Grand Total</b>				<b>25,000,000.00</b>	<b>25,000,000.00</b>

## Projected Cash Flows Totals

Month and Year	Interest	Principal	Total Amount
June 2026		25,000,000.00	25,000,000.00
<b>Total</b>		<b>25,000,000.00</b>	<b>25,000,000.00</b>



## Disclosures & Disclaimers

As a courtesy to investors this information: (1) is provided for informational purposes only; (2) should not be construed as an offer to sell or a solicitation of an offer to buy any security; and (3) does not replace customer statements.

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It is not possible to directly invest in an index. Financial forecasts, rates of return, risk, inflation, and other assumptions may be used as the basis for illustrations. They should not be considered a guarantee of future performance or a guarantee of achieving overall financial objectives. Past performance is not a guarantee or a predictor of future results of either the indices or any particular investment. S&P rates the creditworthiness of individual bonds from: AAA highest to D lowest.

Investing in fixed income securities involves interest rate risk, credit risk, and inflation risk. Interest rate risk is the possibility that bond prices will decrease because of an interest rate increase. When interest rates rise, bond prices and the values of fixed income securities fall. When interest rates fall, bond prices and the values of fixed income securities rise. Credit risk is the risk that a company will not be able to pay its debts, including the interest on its bonds. Inflation risk is the possibility that the interest paid on an investment in bonds will be lower than the inflation rate, decreasing purchasing power.

Cash alternatives typically include money market securities and U.S. treasury bills. Investing in such cash alternatives involves inflation risk. In addition, investments in money market securities may involve credit risk and a risk of principal loss. Because money market securities are neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency, there is no guarantee the value of your investment will be maintained at \$1.00 per share, and your shares, when sold, may be worth more or less than what you originally paid for them. U.S. Treasury bills are subject to market risk if sold prior to maturity. Market risk is the possibility that the value, when sold, might be less than the purchase price.

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