

# INVESTMENT REPORT

## McKinney ISD

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January 1 to March 31, 2026



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## Market Recap

Treasury yields moved significantly higher in March as investors repriced inflation risk tied to surging energy prices. The Two-year Treasury Note yield began the month around 3.40% and climbed as high as 4% late in the month before settling to around 3.80% at month-end. Meanwhile, stocks struggled throughout the month, with the S&P 500 posting four consecutive weekly declines and finishing 7% below its January high.

The price of oil has nearly doubled since the U.S. and Israel launched strikes against Iran, who then effectively closed the Strait of Hormuz. Roughly 15% to 20% of global crude oil supply and almost 20% of global liquefied natural gas (LNG) shipments have been disrupted, prompting the International Energy Agency to call it the largest supply shock in the history of the oil market. West Texas Intermediate crude oil surged from the mid \$60's to over \$100 by late-March, while gasoline, diesel and jet fuel prices rose sharply. The spike in oil prices has fed directly into higher short-term inflation expectations.

The Federal Open Market Committee (FOMC) met March 17th and 18th, voting to hold the Fed Funds target rate at 3.50% to 3.75% for the second consecutive meeting. Chairman Powell and policymakers emphasized that higher energy prices risk delaying further progress on inflation and warned against assuming the shock would be transitory given repeated supply disruptions over the last five years. The updated dot plot showed fewer expected cuts in 2026, and futures markets moved to essentially price out any easing moves this year. Chair Powell described current policy as “near neutral” with limited room to respond unless labor market conditions deteriorate further.

Economic data released during the month painted a mixed picture. The February jobs report showed payrolls falling by 92k, the fifth negative print in the last nine months, while prior months were also revised lower. The unemployment rate rose to 4.4% as job losses spread beyond cyclical sectors and into health care for the first time in years. While seasonal factors and strike activity played a role, the broader trend confirms that labor market momentum has stalled since last Spring.

At the same time, inflation readings moved in the wrong direction, February PPI surged to a whopping 0.7% MoM and Core PCE remained elevated at 3.1% YoY.

Fourth quarter GDP was revised down to just +0.7%, highlighting a sharp deceleration from the economy's strong mid-2025 pace. Consumer spending growth slowed significantly, particularly in services, and the impact from the government shutdown continues to affect official data. The Atlanta Fed's GDPNow model estimates 2.0% to 3.0% growth in the first quarter, but rising oil prices threaten to offset recent tax-cut-related gains in household cash flows, especially for lower-income consumers.

Elsewhere, stress intensified in private credit, raising concerns about liquidity conditions in other markets as well. Multiple fund managers enacted redemption limits or halted withdrawals altogether as concerns grew about credit exposure to software companies and other AI-vulnerable businesses. Gold, which had rallied sharply earlier in the year, fell nearly 10% over the month as higher real rates and dollar strength outweighed the usual safe-haven demand.

Looking ahead, markets enter April facing slow employment growth, resurging inflationary pressures from energy, and a Federal Reserve that has little flexibility. While a ceasefire or reopening of the Strait of Hormuz could spark a sharp relief rally, the baseline outlook has shifted toward elevated volatility and downside risks. Until there is clarity on energy supply and the durability of inflation pressures, the Fed is set to remain on hold, while markets remain vulnerable to further surprises.

## Investment Officers' Certification

This report is prepared for the McKinney 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

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Stacey Stanfield

*Senior Director of Finance & Cash Management*

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Marlene Harbeson

*Chief Financial Officer*

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Dennis Womack

*Asst. Super. of Business, Technology and Operations*

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## Portfolio Overview

### Portfolio Summary

	Prior 31 Dec-25	Current 31 Mar-26
Par Value	247,882,544.73	353,208,133.94
Original Cost	247,882,544.73	353,208,133.94
Book Value	247,882,544.73	353,208,133.94
Market Value	247,882,544.73	353,208,133.94
Accrued Interest	0.00	0.00
Book Value Plus Accrued	247,882,544.73	353,208,133.94
Market Value Plus Accrued	247,882,544.73	353,208,133.94
Net Unrealized Gain/(Loss)	0.00	0.00

### Income Summary

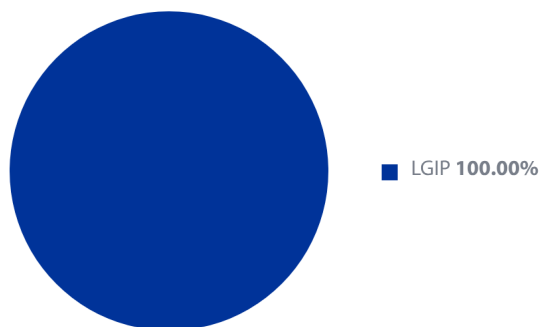
Current Period	1 Jan-26 to 31 Mar-26
Interest Income	3,308,692.02
Net Amortization/Accretion	
Realized Gain/(Loss)	0.00
Net Income	3,308,692.02

Fiscal Year-to-Date	1 Jul-25 to 31 Mar-26
Net Income	8,193,696.26

### Portfolio Characteristics

	Prior 31 Dec-25	Current 31 Mar-26
Yield to Maturity	3.826%	3.663%
Yield to Worst	3.826%	3.663%
Days to Final Maturity	1	1
Days to Effective Maturity	1	1
Duration	--	--

### Asset Allocation

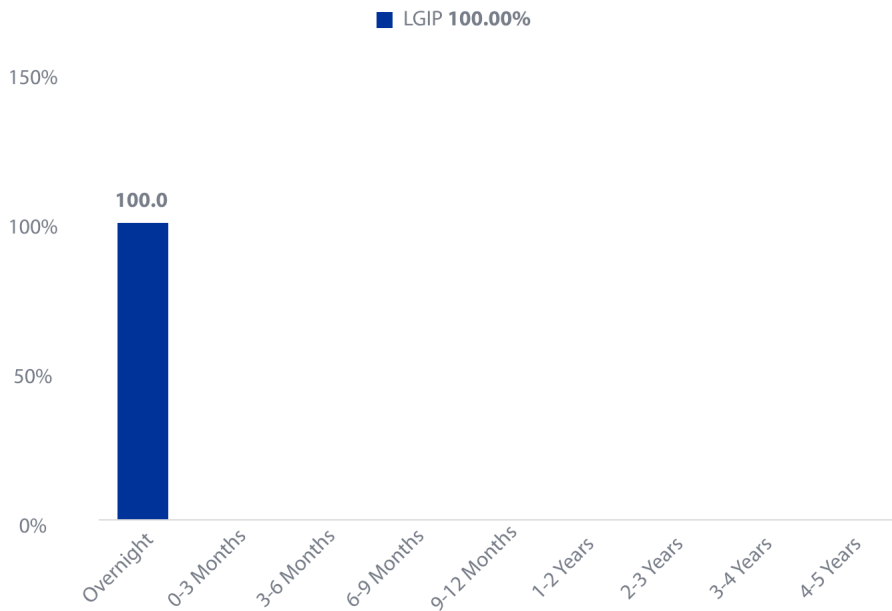


### Transaction Summary

Transaction Type	Quantity	Principal	Interest	Total Amount	Realized Gain/Loss
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## Portfolio Overview

### Maturity Distribution by Security Type



### Top Ten Holdings

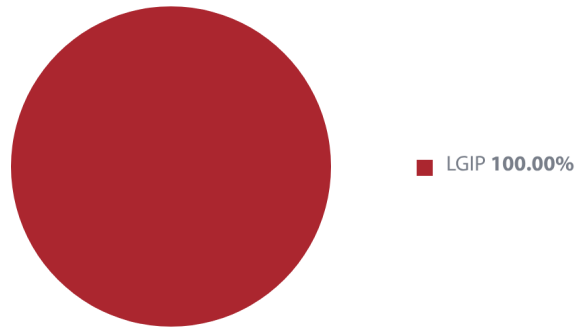
Issuer	Allocation
TEXPOOL	56.12%
TEXSTAR	43.88%

### Maturity Distribution by Security Type

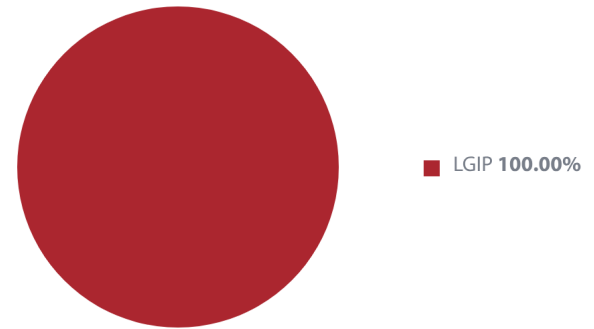
Security Type	Overnight	0-3 Months	3-6 Months	6-9 Months	9-12 Months	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Portfolio Total
LGIP	353,208,133.94	--	--	--	--	--	--	--	--	353,208,133.94
<b>Total</b>	<b>353,208,133.94</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>353,208,133.94</b>

## Asset Allocation

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



Asset Allocation by Security Type as of  
31-Mar-2026



## Book Value Basis Security Distribution

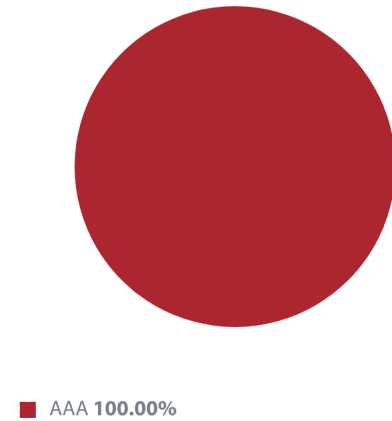
Security Type	Prior Balance 31-Dec-25	Prior Allocation 31-Dec-25	Change in Allocation	Current Balance 31-Mar-26	Current Allocation 31-Mar-26	Yield to Maturity
LGIP	247,882,544.73	100.00%	0.00%	353,208,133.94	100.00%	3.663%
<b>Portfolio Total</b>	<b>247,882,544.73</b>	<b>100.00%</b>		<b>353,208,133.94</b>	<b>100.00%</b>	<b>3.663%</b>

## Credit Rating Summary

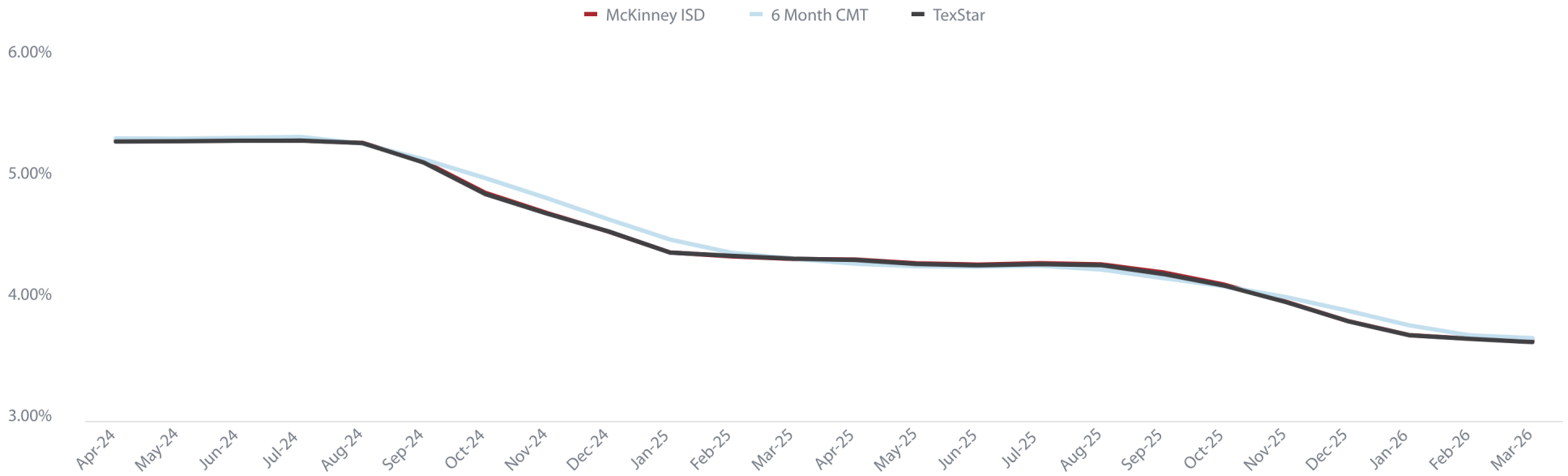
### Rating Distribution

	Book Value	Portfolio Allocation
<b>Local Government Investment Pools &amp; Money Market Funds</b>		
AAA	353,208,133.94	100.00%
<b>Total Local Government Investment Pools &amp; Money Market Funds</b>	<b>353,208,133.94</b>	<b>100.00%</b>
<b>Portfolio Total</b>	<b>353,208,133.94</b>	<b>100.00%</b>

### Allocation by Rating



## Benchmark Comparison



## Yield Overview

	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	Jan-26	Feb-26	Mar-26
McKinney ISD	5.31	5.31	5.31	5.32	5.30	5.14	4.88	4.72	4.56	4.39	4.36	4.34	4.33	4.30	4.29	4.30	4.29	4.23	4.13	3.98	3.83	3.71	3.68	3.66
6 Month CMT	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	3.79	3.71	3.68
TexStar	5.31	5.31	5.31	5.31	5.29	5.13	4.87	4.71	4.56	4.39	4.36	4.34	4.33	4.30	4.28	4.30	4.29	4.21	4.12	3.98	3.82	3.71	3.68	3.65

## 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
2022 Series Bonds	19.15	19.15	(19.15)	0.00	0.00	0.07			
2023 Series Bonds	85,320.72	85,320.72	(85,320.72)	0.00	0.00	104.62			
2024 Series Bonds	62,574,127.47	62,574,127.47	6,613,479.43	69,187,606.90	69,187,606.90	574,162.15	1	3.651%	3.651%
2025 Series Bonds	34,516,685.20	34,516,685.20	314,013.19	34,830,698.39	34,830,698.39	314,013.19	1	3.651%	3.651%
General Operating	83,930,825.98	83,930,825.98	114,553,770.22	198,484,596.20	198,484,596.20	1,708,199.63	1	3.667%	3.667%
Interest & Bonded Debt	66,775,566.21	66,775,566.21	(16,070,333.76)	50,705,232.45	50,705,232.45	712,212.36	1	3.671%	3.671%
<b>Total</b>	<b>247,882,544.73</b>	<b>247,882,544.73</b>	<b>105,325,589.21</b>	<b>353,208,133.94</b>	<b>353,208,133.94</b>	<b>3,308,692.02</b>	<b>1</b>	<b>3.663%</b>	<b>3.663%</b>

## Detail of Security Holdings

CUSIP	Settle Date	Security Type	Security Description	CPN	Maturity Date	Next Call Date	Call Type	Par Value	Purch Price	Original Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW	Rating	
<b>2024 Series Bonds</b>																			
TEXSTAR		LGIP	TexSTAR	3.651	03/31/26			69,187,606.90	100.000	69,187,606.90	69,187,606.90	100.000	69,187,606.90	1		3.651	3.651	AAA	
<b>Total 2024 Series Bonds</b>								<b>69,187,606.90</b>	<b>69,187,606.90</b>	<b>69,187,606.90</b>	<b>69,187,606.90</b>	<b>69,187,606.90</b>	<b>1</b>	<b>3.651</b>	<b>3.651</b>				
<b>2025 Series Bonds</b>																			
TEXSTAR		LGIP	TexSTAR	3.651	03/31/26			34,830,698.39	100.000	34,830,698.39	34,830,698.39	100.000	34,830,698.39	1		3.651	3.651	AAA	
<b>Total 2025 Series Bonds</b>								<b>34,830,698.39</b>	<b>34,830,698.39</b>	<b>34,830,698.39</b>	<b>34,830,698.39</b>	<b>34,830,698.39</b>	<b>1</b>	<b>3.651</b>	<b>3.651</b>				
<b>General Operating</b>																			
TEXPOOL		LGIP	TexPool	3.672	03/31/26			150,065,598.94	100.000	150,065,598.94	150,065,598.94	100.000	150,065,598.94	1		3.672	3.672	AAA	
TEXSTAR		LGIP	TexSTAR	3.651	03/31/26			48,418,997.26	100.000	48,418,997.26	48,418,997.26	100.000	48,418,997.26	1		3.651	3.651	AAA	
<b>Total General Operating</b>								<b>198,484,596.20</b>	<b>198,484,596.20</b>	<b>198,484,596.20</b>	<b>198,484,596.20</b>	<b>198,484,596.20</b>	<b>1</b>	<b>3.667</b>	<b>3.667</b>				
<b>Interest &amp; Bonded Debt</b>																			
TEXPOOL		LGIP	TexPool	3.672	03/31/26			48,150,896.59	100.000	48,150,896.59	48,150,896.59	100.000	48,150,896.59	1		3.672	3.672	AAA	
TEXSTAR		LGIP	TexSTAR	3.651	03/31/26			2,554,335.86	100.000	2,554,335.86	2,554,335.86	100.000	2,554,335.86	1		3.651	3.651	AAA	
<b>Total Interest &amp; Bonded Debt</b>								<b>50,705,232.45</b>	<b>50,705,232.45</b>	<b>50,705,232.45</b>	<b>50,705,232.45</b>	<b>50,705,232.45</b>	<b>1</b>	<b>3.671</b>	<b>3.671</b>				
<b>Grand Total</b>								<b>353,208,133.94</b>	<b>353,208,133.94</b>	<b>353,208,133.94</b>	<b>353,208,133.94</b>	<b>353,208,133.94</b>	<b>1</b>	<b>3.663</b>	<b>3.663</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>2022 Series Bonds</b>										
TEXSTAR	LGIP	TexSTAR	0.00	0.07	0.07	0.00	0.00	0.00	0.00	0.07
<b>Total 2022 Series Bonds</b>			<b>0.00</b>	<b>0.07</b>	<b>0.07</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.07</b>
<b>2023 Series Bonds</b>										
TEXSTAR	LGIP	TexSTAR	0.00	104.62	104.62	0.00	0.00	0.00	0.00	104.62
<b>Total 2023 Series Bonds</b>			<b>0.00</b>	<b>104.62</b>	<b>104.62</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>104.62</b>
<b>2024 Series Bonds</b>										
TEXSTAR	LGIP	TexSTAR	0.00	574,162.15	574,162.15	0.00	0.00	0.00	0.00	574,162.15
<b>Total 2024 Series Bonds</b>			<b>0.00</b>	<b>574,162.15</b>	<b>574,162.15</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>574,162.15</b>
<b>2025 Series Bonds</b>										
TEXSTAR	LGIP	TexSTAR	0.00	314,013.19	314,013.19	0.00	0.00	0.00	0.00	314,013.19
<b>Total 2025 Series Bonds</b>			<b>0.00</b>	<b>314,013.19</b>	<b>314,013.19</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>314,013.19</b>
<b>General Operating</b>										
TEXPOOL	LGIP	TexPool	0.00	1,268,527.35	1,268,527.35	0.00	0.00	0.00	0.00	1,268,527.35
TEXSTAR	LGIP	TexSTAR	0.00	439,672.28	439,672.28	0.00	0.00	0.00	0.00	439,672.28
<b>Total General Operating</b>			<b>0.00</b>	<b>1,708,199.63</b>	<b>1,708,199.63</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,708,199.63</b>
<b>Interest &amp; Bonded Debt</b>										
TEXPOOL	LGIP	TexPool	0.00	627,307.60	627,307.60	0.00	0.00	0.00	0.00	627,307.60
TEXSTAR	LGIP	TexSTAR	0.00	84,904.76	84,904.76	0.00	0.00	0.00	0.00	84,904.76
<b>Total Interest &amp; Bonded Debt</b>			<b>0.00</b>	<b>712,212.36</b>	<b>712,212.36</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>712,212.36</b>
<b>Grand Total</b>			<b>0.00</b>	<b>3,308,692.02</b>	<b>3,308,692.02</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,308,692.02</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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