



COMMONWEALTH OF VIRGINIA
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Participant Newsletter June 30, 2026

LGIP

Investment Guidelines Compliance (06-30-26):

●Diversification:	<u>Actual</u>	<u>Max.</u>
U. S. Treasury/Agency	7%	100%
Repurchase Agreements	22%	50%
Negotiable CDs & BAs	35%	40%
Commercial Paper	35%	35%
Corporate	1%	25%
AAA Sovereign Govt	0%	10%
●Maturity Limitations:		
Average Days to Maturity	52 days	60 days

LGIP EM

Investment Guidelines Compliance (06-30-26):

●Diversification:	<u>Actual</u>	<u>Max.</u>
U. S. Treasury/Agency	43%	100%
Repurchase Agreements	0%	50%
Negotiable CDs & BAs	32%	45%
Commercial Paper	14%	35%
Corporate	7%	25%
AAA Sovereign Govt	0%	10%
Virginia Treasury LGIP Portfolio	4%	15%
●Duration Limitations:	0.97 years	1 Yr +/-3Mo

LGIP Monthly Statistics (06-30-26):

- Avg NAV: 13,822,133,209
- Active Accounts: 912
- Simple Yield: 3.77%
- Effective Yield: 3.83%
- NAV (per Share): \$1.00

Quarterly Performance:

	4th Qtr	
	<u>FY 26</u>	<u>FY 26</u>
●Average Yield:		
LGIP (\$ weighted)	3.80%	4.05%
Institutional Money Funds ¹	3.39%	3.63%
Treasury 3-Mo. Constant Maturity ²	3.73%	3.89%

¹Consists of 494 institutional money market funds totaling \$4.8 trillion as reported by iMoneyNet as of 06-30-26.

²Federal Reserve Bank H.15 Release.

LGIP EM Monthly Statistics (06-30-26):

- NAV: 134,164,227
- Active Accounts: 35
- Simple Yield: 3.94%
- Yield as of 06-30-2026: 3.94%
- NAV (per Share): \$10.04

Quarterly Performance:

	4th Qtr	
	<u>FY 26</u>	<u>FY 26</u>
●Total Return ¹ :		
LGIP EM	0.75%	3.74%
U.S. 1-Year Treasury Bill Index ²	0.73%	3.65%
●Average Yield:		
LGIP EM (\$ weighted)	4.00%	3.98%
U.S. 1-Year Treasury Bill Index ³	3.75%	3.67%

¹Periodic return

²The annual performance benchmark is BofA Merrill Lynch U.S. 1-year Treasury Bill Index + 15 bps

³The ICE BofAML US 1-year Treasury Bill Index Yield to Maturity as of 06-30-2026

Market and Economic News

At its inaugural meeting under the leadership of newly installed Chairman Kevin Warsh, the Federal Open Market Committee elected to maintain the effective federal funds rate target at a range of 3.50 percent to 3.75 percent, reflecting a unanimous consensus to address persistently elevated inflation. Signifying a distinct departure from his predecessors, Chairman Warsh promptly initiated a comprehensive "regime change," deliberately omitting forward guidance from a truncated post-meeting statement and refraining from contributing his own projections to the quarterly Summary of Economic Projections. Concurrently, the Chairman established internal task forces tasked with reevaluating the central bank's operational frameworks, spanning communications, balance sheet mechanics, and inflation methodologies. Despite this deliberate opacity regarding future policy paths, the underlying shift to a hawkish tenor was palpable, with all but one dovish member abandoning forecasts of a near-term rate cut and half of committee members signaling an appetite for additional tightening before year-end, underscoring an unambiguous commitment to restoring price stability.

The macroeconomic landscape continues to present a nuanced mosaic of moderating growth and resilient consumer activity,

complicated by an unexpected deceleration in recent labor data. Nevertheless, the overarching employment narrative remains constructive; the unemployment rate unexpectedly ticked down to 4.2 percent, while robust retail spending suggests economic momentum is normalizing rather than materially deteriorating. Furthermore, while geopolitical frictions involving Iran inject latent volatility into energy channels, immediate disruptions have been averted, allowing markets to maintain orderly functioning against a backdrop of stable front-end funding conditions.

As market participants digest a recalibrated central bank communication strategy and moderately cooling labor metrics, interest rate futures markets have aggressively repriced forward expectations. Erasing prior prognostications of near-term accommodation, current pricing anticipates one to two additional 25 basis point rate hikes over the ensuing twelve months, with the initial firming broadly expected in the September or October windows, followed by a subsequent adjustment in the first half of 2027. This generalized upward drift in interest rate projections serves as a prudent reminder that restrictive monetary policy will continue to dictate the financial landscape.