



## Participant Newsletter March 31, 2026

### LGIP

#### Investment Guidelines Compliance (03-31-26):

●Diversification:	<u>Actual</u>	<u>Max.</u>
U. S. Treasury/Agency	8%	100%
Repurchase Agreements	22%	50%
Negotiable CDs & BAs	40%	40%
Commercial Paper	29%	35%
Corporate	0%	25%
AAA Sovereign Govt	1%	10%
●Maturity Limitations:		
Average Days to Maturity	38 days	60 days

### LGIP EM

#### Investment Guidelines Compliance (03-31-26):

●Diversification:	<u>Actual</u>	<u>Max.</u>
U. S. Treasury/Agency	36%	100%
Repurchase Agreements	0%	50%
Negotiable CDs & BAs	37%	45%
Commercial Paper	11%	35%
Corporate	3%	25%
AAA Sovereign Govt	3%	10%
Virginia Treasury LGIP Portfolio	10%	15%
●Duration Limitations:	0.90 years	1 Yr +/-3Mo

#### LGIP Monthly Statistics (03-31-26):

- Avg NAV: 12,342,932,233
- Active Accounts: 918
- Simple Yield: 3.77%
- Effective Yield: 3.84%
- NAV (per Share): \$1.00

#### Quarterly Performance:

	<u>3rd Qtr</u>	<u>YTD</u>
	<u>FY 26</u>	<u>FY 26</u>
●Average Yield:		
LGIP (\$ weighted)	3.84%	4.13%
Institutional Money Funds <sup>1</sup>	3.42%	3.71%
Treasury 3-Mo. Constant Maturity <sup>2</sup>	3.69%	3.94%

<sup>1</sup>Consists of 491 institutional money market funds totaling \$4.7 trillion as reported by iMoneyNet as of 03-31-26.

<sup>2</sup>Federal Reserve Bank H.15 Release.

#### LGIP EM Monthly Statistics (03-31-26):

- NAV: 173,269,896
- Active Accounts: 35
- Simple Yield: 3.90%
- Yield as of 03-31-2026: 3.91%
- NAV (per Share): \$10.06

#### Quarterly Performance:

	<u>3rd Qtr</u>	<u>YTD</u>
	<u>FY 26</u>	<u>FY 26</u>
●Total Return <sup>1</sup> :		
LGIP EM	0.76%	2.97%
U.S. 1-Year Treasury Bill Index <sup>2</sup>	0.66%	2.90%
●Average Yield:		
LGIP EM (\$ weighted)	4.01%	3.97%
U.S. 1-Year Treasury Bill Index <sup>3</sup>	3.50%	3.64%

<sup>1</sup>Periodic return

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

<sup>3</sup>The ICE BofAML US 1-year Treasury Bill Index Yield to Maturity as of 03-31-2026

### Market and Economic News

At its March meeting, the Federal Open Market Committee maintained the effective federal funds rate target at a range of 3.50 percent to 3.75 percent, underscoring policymakers' cautious commitment to a higher-for-longer policy stance amid persistently sticky inflation data. While the overarching policy statement underwent minimal revisions—save for two-sided language regarding Middle Eastern geopolitical risks—median FOMC policymaker expectations continued to project a solitary rate reduction. Underlying economic projections revealed a moderately hawkish drift, as median expectations for both core and headline Personal Consumption Expenditures in 2026 were revised upward to 2.70 percent. This upward migration in long-run projections, coupled with Chairman Powell's non-committal posture, suggests the threshold for incoming-Chair Warsh to initiate rate cuts remains constrained by data, a dynamic highlighted by Stephen Miran's lone dissent.

The macroeconomic environment remains complicated by a formidable supply shock originating in the Middle East, where ongoing conflict involving Iran has introduced substantial uncertainty regarding energy flows transiting the Strait of Hormuz.

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Although the United States benefits from robust domestic energy self-sufficiency, the interconnected nature of global supply chains dictates that negative knock-on effects are highly probable as energy-constrained economies in East Asia grapple with elevated prices and reliance on lower-capacity alternative pipelines. This geopolitical friction injects fresh volatility into the inflation narrative, with year-over-year readings of the core PCE deflator stubbornly persisting above 3.00 percent, even as emerging slack in the domestic labor market partially offsets these inflationary headwinds. Specifically, the employment landscape appears to have settled into a "low hire, low fire" equilibrium, characterized by decelerating wage growth and a modest decline in the ratio of vacancies to unemployed workers.

As market participants digest this confluence of elevated geopolitical risk and resilient economic growth, interest rate futures markets have aggressively repriced forward expectations, erasing prior expectations of additional rate cuts in 2026 and 2027 and pricing in an unchanging policy rate through mid-2027. This recalibration aligns with upward revisions to gross domestic product forecasts, which may reflect the penciling in of larger productivity gains. The generalized upward drift in interest rate projections serves as a prudent reminder that restrictive monetary policy continues to reshape the financial landscape.