

CPS Energy

Pension Plan

(A Component Unit of CPS Energy)

Independent Auditor's Report and
Financial Statements

December 31, 2025 and 2024

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional service corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee.



CPS Energy

Pension Plan

(A Component Unit of CPS Energy)

Table of Contents

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis – Unaudited	4
 Basic Financial Statements	
Statements of Fiduciary Net Position	13
Statements of Changes in Fiduciary Net Position	14
Notes to the Financial Statements	15
 Required Supplementary Information	
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios – Unaudited	36
Schedule of Employer Contributions – Unaudited	38
Schedule of Investment Returns – Unaudited	39
Notes to the Required Supplementary Information – Unaudited	40
 Other Information	
Senate Bill 322 Investment Expense Report – Unaudited	43



Independent Auditor's Report

The Members of the Oversight and Administrative Committees
CPS Energy Pension Plan
San Antonio, Texas

Opinion

We have audited the financial statements of the CPS Energy Pension Plan (Plan), a fiduciary component unit of CPS Energy, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2025 and 2024, and the changes in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of changes in the employer's net pension liability and related ratios, schedule of employer contributions, and schedule of investment returns be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Senate Bill 322 Investment Expense Report but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BDO USA, P.C.

April 8, 2026

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Management's Discussion and Analysis - Unaudited

The following narrative is presented by management and is intended to be an understandable and clear explanation and analysis of significant financial activities and events and their impact on the CPS Energy Pension Plan (the "Plan") for the years ended December 31, 2025 and 2024.

Overview of the Financial Statements

Reporting Entity – The assets of the Plan are held in an irrevocable trust and are not available to support CPS Energy's (also "Employer") own programs. Assets are held for the exclusive benefit of eligible Plan participants, retirees, and beneficiaries, and for defraying the reasonable administrative expenses of the Plan.

GASB Statement No. 84, *Fiduciary Activities*, defines specific criteria for identifying and reporting fiduciary activities. The Plan is reported as a fiduciary component unit of CPS Energy, which has no impact to net position restricted for pension benefits or changes in net position restricted for pension benefits.

Milliman, Inc. is engaged as actuary to the Plan.

There were no Plan document restatements in 2025. In 2024, the Plan document was restated to reflect current administrative practices, applicable law and previously approved amendments effective as of January 1, 2025. There were no Plan document restatements in 2023.

The *Statements of Fiduciary Net Position* present the assets and liabilities of the Plan for the current and prior year. Assets are stated at fair value and, accordingly, unrealized appreciation and depreciation are reported in the *Statements of Changes in Fiduciary Net Position*. Purchases and sales of investments are recorded on a trade-date basis and, accordingly, the related receivable and payable for any unsettled trades are recorded. Amounts reported may include management's estimates, and actual results could differ from those estimates.

The *Statements of Changes in Fiduciary Net Position* present information showing how the Plan's fiduciary net position changed during the current and prior year. All changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, additions and deductions are reported in these statements for some items that will result in cash flows in future fiscal periods.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the information provided in the Plan's financial statements. The notes include a summary of significant accounting policies, a brief description of the Plan, and disclosures of the net pension liability of the employer, and investments.

The *Required Supplementary Information* presents the *Schedule of Changes in the Employer's Net Pension Liability and Related Ratios – Unaudited*, the *Schedule of Employer Contributions – Unaudited*, the *Schedule of Investment*

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Management's Discussion and Analysis - Unaudited

(Continued)

Returns – Unaudited, and the *Notes to the Required Supplementary Information – Unaudited* and is not a required part of the financial statements but is a GASB requirement.

Financial Summary

2025

The net position restricted for pension benefits at December 31, 2025, totaled \$2.68 billion, an increase of \$276.9 million, or 11.5%, from the \$2.41 billion held at December 31, 2024. Receivables at December 31, 2025, totaled \$5.1 million, a decrease of \$15.9 million from \$21.0 million due to a decrease in trade investments receivable. Total liabilities in 2025 totaled \$7.4 million, a decrease of \$13.1 million from \$20.5 million due to fewer investments in trades payable. The increase in the Plan's fiduciary net position was primarily due to increased contributions and investment gains, which reflect the favorable overall market performance during 2025.

2024

The net position restricted for pension benefits at December 31, 2024, totaled \$2.41 billion, an increase of \$269.8 million, or 12.6%, from the \$2.14 billion held at December 31, 2023. Receivables at December 31, 2024, totaled \$21.1 million, an increase of \$7.2 million from \$13.9 million due to an increase in trade investments receivable. Total liabilities in 2024 totaled \$20.5 million, a decrease of \$5.9 million from \$26.4 million due to fewer investments in trades payable. The increase in the Plan's fiduciary net position was primarily due to increased contributions and investment gains, which reflect the favorable overall market performance during 2024.

Condensed Fiduciary Net Position Information

(In thousands)

	December 31,		
	2025	2024	2023
Cash and cash equivalents	\$ 19,573	\$ 24,907	\$ 30,062
Investments - at fair value	2,666,405	2,381,337	2,119,451
Receivables	5,158	21,040	13,851
Total assets	2,691,136	2,427,284	2,163,364
Total liabilities	7,433	20,512	26,378
Net position restricted for pension benefits	\$ 2,683,703	\$ 2,406,772	\$ 2,136,986

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Management's Discussion and Analysis - Unaudited

(Continued)

Condensed Changes in Fiduciary Net Position (See table on following page)

Additions to the fiduciary net position include employer contributions, which are actuarially determined, participant contributions and investment earnings. Additions are offset by investment losses and investment costs. Deductions include benefit payments to Plan participants and administrative expenses.

Detailed Analysis

2025

Contributions (employer and participant) to the Plan increased by \$10.3 million from 2024 to 2025, with a \$8.8 million increase in actuarially determined employer contributions and \$1.5 million increase in participant contributions. The Plan experienced a net increase in the fair value of investments of \$289.5 million (net realized gain of \$94.5 million / net unrealized gain of \$195.0 million) in 2025 compared to a net increase in the fair value of investments of \$289.1 million (net realized gain of \$155.7 million / net unrealized gain of \$133.4 million) in 2024. The net increase in the fair value of investment was comparable to 2024 due to continued favorable overall market performance in 2025. The increase of approximately \$9.0 million in total deductions was primarily due to a net increase in benefit payments. The net result was an increase of \$276.9 million in fiduciary net position.

2024

Contributions (employer and participants) to the Plan increased by \$17.2 million from 2023 to 2024, with a \$14.5 million increase in actuarially determined employer contributions and \$2.7 million increase in participant contributions. The Plan experienced a net increase in the fair value of investments of \$289.1 million (net realized gain of \$155.7 million / net unrealized gain of \$133.4 million) in 2024 compared to a net increase in the fair value of investments of \$251.8 million (net realized gain of \$13.9 million / net unrealized gain of \$237.9 million) in 2023. The variance was due to favorable overall market performance in 2024. The increase of approximately \$8.1 million in total deductions was primarily due to an increase in benefit payments. The net result was an increase of \$269.8 million in fiduciary net position.

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Management's Discussion and Analysis - Unaudited

(Continued)

Condensed Changes in Fiduciary Net Position

(In thousands)

	Year Ended December 31,		
	2025	2024	2023
Additions:			
Contributions			
Employer	\$ 80,317	\$ 71,471	\$ 56,948
Participant	20,162	18,618	15,914
Investment earnings	40,672	35,368	29,956
Net increase in fair value of investments	289,533	289,092	251,783
Investment costs	<u>(6,503)</u>	<u>(6,469)</u>	<u>(6,589)</u>
Total additions, net	<u>\$ 424,181</u>	<u>\$ 408,080</u>	<u>\$ 348,012</u>
Deductions:			
Benefits paid	\$ 146,761	\$ 137,843	129,652
Administrative expenses	<u>489</u>	<u>450</u>	<u>533</u>
Total deductions	<u>\$ 147,250</u>	<u>\$ 138,293</u>	<u>\$ 130,185</u>
Net increase	<u>\$ 276,931</u>	<u>\$ 269,787</u>	<u>\$ 217,827</u>

Other information

The significant actuarial assumptions used for the January 1 valuations during 2025, 2024, and 2023 included an expected rate of return of 7.00% and Postretirement cost-of-living increases of 1.50%.

Projected salary increases for 2025 and 2024 included inflation at a rate of 2.30% compared to 2.33% used for 2023. For reporting purposes, age-based earnings progression assumptions were applied as illustrated in the table on the following page:

CPS Energy

Pension Plan

(A Component Unit of CPS Energy)

Management's Discussion and Analysis - Unaudited

(Continued)

2025, 2024 and 2023

Base Pay: Age	Annual Base Salary Increase
25	11.6%
30	8.4%
35	6.6%
40	5.6%
45	4.9%
50	4.6%
55	4.3%
60	3.8%
65	3.6%
70	3.3%

Mortality Rates

For **2025**, 2024, and 2023 rates for active and inactive participants were based on the Pri-2012 Employee / Retiree mortality table (fully generational) with mortality improvement scale MP-2021.

Investment assets are diversified among asset classes to help mitigate investment risk. A discussion of investment risk related to the Plan's debt securities and management's approach to mitigate those risks is included in Note 4 to the financial statements.

Contributions to the Plan are intended to fund current benefits and future liabilities, which are discussed in the *Notes to the Financial Statements* and in the required supplementary information. Investment earnings are intended to assist with the funding of future liabilities. The primary expense for the Plan is the benefits paid.

The Plan's investment policy includes maximum allowable investment percentages and strategic asset allocation targets.

The updates to the Investment Policy made in 2025 included administrative revisions, a modification to specify regulatory authority for statutory compliance, and changes to strategic asset allocation targets. Investment policy revisions made in 2024 were primarily administrative in nature. Updates to the investment policy made in 2023 were administrative in nature and included clarifying Administrative Committee (the "Admin. Committee") responsibilities related to Plan liquidity. Additional details regarding Investment Policy changes are described in Note 1 – Summary of Significant Accounting Policies.

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Management's Discussion and Analysis - Unaudited (Continued)

The following tables reflect the asset allocations and the performance (net of investment cost) for the Plan as of December 31, 2025, 2024, and 2023, as reported by the Plan's investment consultant:

2025

Asset Class*	Allocation		Performance**		Benchmark Description
	Actual	Strategic Target	Actual	Benchmark	
Debt securities	21.2 %	21.0 %	7.4 %	8.0 %	Blended ⁽¹⁾
Equities	55.2	53.0	19.6 %	19.0 %	Blended ⁽²⁾
Alternative investments	23.6	26.0	5.3 %	6.5 %	Blended ⁽³⁾
Total investments	<u>100.0 %</u>	<u>100.0 %</u>			
Total fund performance			13.5 %	13.1 %	Blended ⁽⁴⁾

2024

Asset Class*	Allocation		Performance**		Benchmark Description
	Actual	Strategic Target	Actual	Benchmark	
Debt securities	23.6 %	23.5 %	6.2 %	5.4 %	Blended ⁽¹⁾
Equities	55.5	54.5	17.6 %	18.4 %	Blended ⁽²⁾
Alternative investments	20.9	22.0	16.9 %	8.3 %	Blended ⁽³⁾
Total investments	<u>100.0 %</u>	<u>100.0 %</u>			
Total fund performance			15.1 %	13.1 %	Blended ⁽⁴⁾

2023

Asset Class*	Allocation		Performance**		Benchmark Description
	Actual	Strategic Target	Actual	Benchmark	
Debt securities	20.8 %	23.5 %	9.7 %	9.6 %	Blended ⁽¹⁾
Equities	57.5	54.5	21.3 %	21.3 %	Blended ⁽²⁾
Alternative investments	21.7	22.0	3.3 %	2.8 %	Blended ⁽³⁾
Total investments	<u>100.0 %</u>	<u>100.0 %</u>			
Total fund performance			14.3 %	14.5 %	Blended ⁽⁴⁾

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Management's Discussion and Analysis - Unaudited (Continued)

*The investment policy allows the following:

- A maximum of 100% of assets may be invested in debt issued or guaranteed by the U.S. federal government or other U.S. governmental entities
- A maximum of 35% of assets may be invested in domestic corporate debt
- A maximum of 15% of assets may be invested in international debt
- A maximum of 15% of assets may be invested in non-investment grade debt
- A maximum of 70% of assets may be invested in equities, with domestic equities limited to 60% of the total portfolio and international equities limited to 20% of the total portfolio
- A maximum of 30% of assets may be invested in alternative investment assets (real estate, specialized funds, hedge funds, Master Limited Partnerships ["MLP"], etc.)
- A maximum of 20% of assets may be invested in illiquid investments
- A maximum of 15% of assets may be invested with any one investment, investment manager or fund
- An investment in a fund or investment manager will not exceed 20% of that entity's assets under management for its fund or related strategy

** Performance is calculated as a time-weighted rate of return for comparability with benchmarks.

- (1) Debt Securities Blended Index: 52.4% Bloomberg Barclays U.S. Aggregate, 23.8% Intercontinental Exchange Bank of America Merrill Lynch ("ICE BofAML") High-Yield Index, and 23.8% S&P UBS Leverage Loan Index.
- (2) Equities Blended Index: 62.2% Russell 3000 Index, 18.9% Morgan Stanley Capital International All Country ("MSCI AC") World ex U.S. Investable Market Index ("IMI") (Net), and 18.9% MSCI All Country World Index ("ACWI") Minimum Volatility Index (Net).
- (3) Alternative Blended Index: 26.9% National Council of Real Estate Investment Fiduciaries ("NCREIF") ODCE Index, 34.7% Alerian Master Limited Partnership ("MLP") Index, 9.6% Hedge Fund Research Index RV("HFRI") Fixed Income-Asset Backed Index, 9.6% Wilshire Liquid Alternative Index (1M-lag), 9.6%, Bloomberg U.S. Intermediate Corporate Bond Index, and 9.6% Bloomberg U.S. Credit Corp 5-10 Year Index.
- (4) Total Fund Blended Index: 33.0% Russell 3000 Index, 11.0% Bloomberg Barclays U.S. Aggregate, 10.0% MSCI AC World ex U.S. IMI (Net), 7.0% NCREIF Fund Index ODCE (VW) (Net), 5.0% ICE BofAML High-Yield Index, 10.0% MSCI ACWI Minimum Volatility (Net), 9.0% Alerian MLP Index, 5.0% S&P UBS Leverage Loan Index (1M-lag), 2.5% HFRI RV: Fixed Income-Asset Backed, 2.5% Wilshire Liquid Alternative Index (1M-lag), 2.5% Bloomberg U.S. Intermediate Corporate Bond Index, and 2.5% Bloomberg U.S. Credit Corp 5-10 Year Index.

Asset Allocation

Although the asset allocation at year-end does not match the strategic asset allocation targets, the assets of the Plan are within range of the rebalancing allocation targets, as stated in the investment policy.

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Management's Discussion and Analysis - Unaudited

(Continued)

Currently Known Facts, Decisions, or Conditions

Currently there are no significant impacts to our economic or demographic data, no expected changes to net position or net pension liability, and no known regulations that would have an impact on the funding status or obligations of the plans.

Net Pension Liability

The net pension liability (i.e., total pension liability less the fiduciary net position) as of December 31, 2025, 2024 and 2023, is as shown below:

	2025	2024	2023
(1) Total pension liability ("TPL")	\$ 2,847,084,461	\$ 2,727,200,322	\$ 2,585,130,242
(2) Fiduciary net position ("FNP")	2,683,703,033	2,406,772,230	2,136,985,511
(3) Employer's net pension liability ("NPL")	\$ 163,381,428	\$ 320,428,092	\$ 448,144,731
(4) FNP as a % of TPL (2)/(1)	94.3 %	88.3 %	82.7 %

The total pension liability represents the total obligation for the Plan's pension benefits. The Plan's fiduciary net position represents the assets available to pay the Plan's future obligations. The difference between the total pension liability and fiduciary net position is the net pension liability or asset (if fiduciary net position exceeds the total pension liability). As of December 31, 2025, 2024 and 2023, the total pension liability exceeded fiduciary net position, resulting in an unfunded (net) pension liability of \$163.4 million, \$320.4 million, and \$448.1 million, respectively.

Economic Outlook – During the second half of 2024, the Federal Reserve (Fed) reduced rates by 100 basis points signaling a growing confidence in the labor market and U.S. economy. In 2025, the Fed reduced interest rates by a total of 75 basis points, delivering three consecutive quarter-point cuts in September, October, and December as labor-market conditions softened and inflation continued to ease. Positive performance of the Plan continued throughout the year, with net position restricted for OPEB seeing an increase of \$276.9 million, or 11.5%, to end at \$2.68 billion as of December 31, 2025. U.S. equity markets delivered another year of strong gains, with the S&P 500 rising approximately 16 to 18% as large-cap and growth sectors outperformed, supported by resilient earnings, falling energy costs, and continued momentum in technology and communication services. Global equities also posted robust returns, with non-U.S. markets outperforming the U.S. for the first time in several years, aided by a weaker dollar, attractive valuations abroad, and broad strength across Europe, Asia, and emerging markets. Looking ahead, the 2026 economic outlook points to modest growth and gradually moderating inflation, though geopolitical and policy-related risks remain elevated.

CPS Energy
Pension Plan

(A Component Unit of CPS Energy)

Management's Discussion and Analysis - Unaudited

(Continued)

Requests for Information

This annual financial report is designed to provide a general overview of the CPS Energy Pension Plan for interested parties. Questions concerning any of the information provided herein, or requests for additional financial information, should be addressed to CPS Energy Pension Plan, P.O. Box 1771, Mail Drop CT0701, San Antonio, Texas 78296-1771.

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Statements of Fiduciary Net Position

	December 31,	
	2025	2024
Assets		
Cash and cash equivalents	\$ 19,573,050	\$ 24,907,373
Investments – at fair value		
U.S. government securities	186,815,557	147,640,992
Corporate bonds	235,372,165	252,108,399
Emerging market debt	—	47,999,323
Senior loan fund	126,625,915	96,294,418
Domestic equities	928,034,036	905,987,373
Low-volatility equities	264,258,529	188,920,952
International equities	288,204,986	240,130,304
Master limited partnership	234,685,731	222,686,568
Alternative investments	127,591,690	102,763,480
Real estate funds	129,089,457	129,104,709
Private credit funds	95,227,025	—
Investment in partnership	50,500,000	47,700,000
Total investments – at fair value	2,666,405,091	2,381,336,518
Accounts receivable		
Accrued interest and dividends receivable	4,591,397	4,930,701
Investment trades pending receivable	566,598	16,109,458
Total accounts receivable	5,157,995	21,040,159
Total assets	2,691,136,136	2,427,284,050
Liabilities		
Investment trades pending payable	6,646,578	19,902,911
Investment and administrative expenses payable	786,394	608,778
Miscellaneous payable	131	131
Total liabilities	7,433,103	20,511,820
Net position restricted for pension benefits	\$ 2,683,703,033	\$ 2,406,772,230

Notes to the financial statements form an integral part of these statements.

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Statements of Changes in Fiduciary Net Position

	Year Ended December 31,	
	2025	2024
Additions:		
Contributions		
Employer	\$ 80,316,652	\$ 71,470,857
Participant	20,162,148	18,617,948
Total contributions	100,478,800	90,088,805
Investment earnings		
Interest and dividend income	35,638,282	30,041,008
Real estate rental income	4,987,578	5,253,850
Net increase in fair value of investments	289,533,121	289,091,630
Miscellaneous income	45,969	73,749
Total investment earnings	330,204,950	324,460,237
Investment costs		
Trustee and investment expenses	(2,616,324)	(2,506,010)
Real estate expenses	(3,886,939)	(3,962,812)
Total investment costs	(6,503,263)	(6,468,822)
Net investment earnings	323,701,687	317,991,415
Total additions	424,180,487	408,080,220
Deductions:		
Benefits paid		
Monthly annuities	141,756,233	132,392,479
Termination refunds	4,934,880	5,370,686
Death benefits	35,000	45,000
Lump-sum distributions to retirees	35,000	35,000
Total benefits paid	146,761,113	137,843,165
Administrative expenses	488,571	450,336
Total deductions	147,249,684	138,293,501
Net increase in fiduciary net position	276,930,803	269,786,719
Net position restricted for pension benefits at beginning of year	2,406,772,230	2,136,985,511
Net position restricted for pension benefits at end of year	\$ 2,683,703,033	\$ 2,406,772,230

Notes to the financial statements form an integral part of these statements.

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

The CPS Energy Pension Plan (the “Plan”) is sponsored by CPS Energy (also “Employer”).

There were no Plan document restatements in 2025. In 2024, the Plan document was restated to reflect current administrative practices, applicable law and previously approved amendments effective as of January 1, 2025.

Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, defines specific criteria for identifying and reporting fiduciary activities. The Plan is reported as a fiduciary component unit of CPS Energy, which has no impact to net position restricted for pension benefits or changes in net position restricted for pension benefits.

The Plan is governed by and may be amended at any time by CPS Energy, acting by and through the Employee Benefits Oversight Committee (the “EBOC”), which includes the President and CEO, the Chief Financial Officer and the Audit & Finance Committee members of the CPS Energy Board of Trustees. Plan assets are segregated from CPS Energy’s assets and are separately managed by the Administrative Committee (the “Admin. Committee”). The CPS Energy Board of Trustees reviews and approves the CPS Energy Employee Benefit Plans’ Statement of Governance (“SoG”). In 2024 no revisions were made and the CPS Energy Board of Trustees approved the SoG as recommended by the EBOC and supported by the Admin. Committee. Revisions made in 2025 were primarily administrative in nature, including updating language to clarify the Admin. Committee's responsibilities. The SoG for 2025 was subsequently reviewed and approved by the CPS Energy Board of Trustees at the January 30, 2026 board meeting.

Basis of Accounting

The financial statements of the Plan are reported using the economic resources measurement focus and are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (the “U.S.”). Contributions and income are recorded when earned, and benefits and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. The Plan applies all applicable GASB pronouncements and presents its financial statements in accordance with the GASB Codification of the Government Accounting Standards Board.

The Plan adopted GASB Statement No. 103, Financial Reporting Model Improvements (“Statement No. 103”) during the year ended December 31, 2025. Statement No. 103 addresses the governmental financial reporting model by refining MD&A, clarifying presentation of unusual or infrequent items, enhancing readability for major component units, streamlining the presentation of budgetary information, and redefining operating and

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

nonoperating revenues and expenses. Implementation had no financial impact, with minor revisions to the MD&A and verbiage modifications in the notes to the financial statements.

Cash and Cash Equivalents

Deposits consist of cash and cash equivalents held through an irrevocable trust and through approved depository institutions. The Plan invests most of its temporary cash surpluses overnight in money market mutual funds (MMFs) that meet the requirements of the Plan's investment Policy.

Custodial Credit Risk Custodial credit risk for deposits is the risk that, in event of a failure of a depository institution, the Plan would not be able to recover deposits. Deposits not held through the trust are covered by federal depository insurance through the Federal Deposit Insurance Corporation (FDIC).

Investments

General Purchases and sales of investments and the related receivables and payables for any unsettled trades are recorded on a trade-date basis. Interest income and dividends are recorded on an accrual basis.

Real estate rental income represents rental and other fees from real estate owned through its investment in partnership and is recorded when earned. Real estate expenses include a) operating expenses, including management fees, capital spending and maintenance expenses, b) property tax expense, c) debt service expense, and d) insurance expense.

Valuation The Plan's investments are stated at fair value and, accordingly, unrealized appreciation and depreciation are reported in the *Statements of Changes in Fiduciary Net Position*, as the change in fair value between periods. The method of determining fair value of investment securities is described in Note 7 – *Fair Value Measurement*. Management has identified certain assets valued at net asset value (“NAV”) of units held. The NAV is used as a practical expedient to estimate fair value.

Investment Policy The Plan's policy in regard to the allocation of invested assets is established and may be amended by the EBOC.

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

The updates to the investment in 2025 included administrative and substantive revisions, such as the following changes to the strategic asset allocation targets:

- Reduced the U.S. Equity target allocation by 4% as part of the recent asset allocation study,
- Increased the Global Low Volatility Equity allocation by 2.5% as a result of favorable performance.
- Eliminated the 2% Global Bonds allocation due to continued projections of an unfavorable, low-return environment, and increased allocations by 2% Master Limited Partnerships ("MLP"),
- Minor other adjustments to Core Fixed Income, High Yield Fixed Income, Bank Loans and Real Estate.
- Added a new investment allocation for Private Credit at 5% to allow for new and expanded asset classes.
- Specified regulatory authority for statutory compliance.
- Clarified provisions to improve readability.

Updates to the investment policy made in 2024 were administrative in nature and included clarifying fixed income investments options and constraints.

Plan assets are managed on a total return basis with the objective of producing, in the long term, sufficient accumulation of Plan assets to pay Plan benefits.

The following table reflects the EBOC's adopted strategic asset allocation targets as of December 31, 2025 and 2024:

Asset Class	2025	2024
Debt securities	21.0 %	23.5 %
Equities	53.0	54.5
Alternative investments	26.0	22.0
Total investments	100.0 %	100.0 %

Rate of Return For the years ended December 31, 2025 and 2024, the annual money-weighted rate of return on Plan investments, net of investment cost, was 13.5% and 15.0%, respectively. The money-weighted rate of return expresses investment performance, net of investment cost, adjusted for the changing amounts actually invested.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Tax Status of the Plan

Plan assets are held in an irrevocable trust, and the Plan and related trust qualify as tax-exempt, based upon the employer status, in accordance with the Internal Revenue Code. On January 29, 2016, CPS Energy formally

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

requested a determination from the Internal Revenue Service (“IRS”) that the Plan is a qualified plan exempt from taxation under Code sections 401(a) and 501(a). The Plan received a favorable determination letter from the IRS dated May 30, 2017. Although the Plan has been amended since the date of the determination letter, management does not believe the amendments changed the tax-exempt status of the Plan.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Transfers between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

2. Description of Plan

The following brief description of the Plan is provided for general information only. Participants should refer to the Plan document for more complete information.

General

The Plan is a self-administered, single-employer, defined benefit contributory pension plan sponsored by CPS Energy. Substantially all employees of CPS Energy are participants in the Plan. Plan assets are held in trust.

Participants providing the basis of the actuarial valuations used to calculate the net pension liability for the fiscal years ended December 31, 2025 and 2024, were as follows:

	January 1,	
	2025	2024
Active participants	3,269	3,006
Inactive participants currently receiving benefits	2,839	2,781
Inactive participants entitled to deferred benefits	230	257
Total plan participants	6,338	6,044

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

Employee Participation

Any employee who has attained age 21 and who has completed 12 months of continuous uninterrupted employment as a regular full-time employee, as defined in the Plan, is eligible to participate in the Plan.

Contributions

The current policy of CPS Energy is to establish contribution requirements, considering annual actuarial evaluations and recommendations of the Admin. Committee of the Plan, using both employee and employer contributions. The Plan provides for employee contributions of 5% of annual total compensation. Such contributions commence with the effective date of participation and continue until attainment of 44 years of benefit service, commencement of retirement or termination of employment. The balance of contributions is the responsibility of CPS Energy considering actuarial information, budgetary compliance, and the need to amend the Plan to comply with legal requirements or to ensure the Plan is appropriate within the industry and community. The amount to be funded for employer contributions in 2025 and 2024 was determined at a general target funding near the 30-year funding contribution level determined by the Plan's actuary.

The normal retirement age is 65. Participants become fully vested upon attainment of age 40. In addition, the following vesting schedule shall apply prior to age 40:

<u>Years of Vesting Service</u>	<u>Nonforfeitable Vested %</u>
Less than 3	0%
3	20%
4	40%
5	60%
6	80%
7 or more	100%

Benefits

Participants are eligible for early retirement benefits provided they have completed 25 years or more of benefit service. If early retirement occurs before age 55, the participant's retirement benefits are reduced. Participants are also eligible for early retirement provided they have attained age 55 and have completed 10 years or more of benefit service. In such case, retirement benefits are reduced if the participant retires before age 62. If early retirement is due to disability, the reductions in benefits normally made upon early retirement are reduced or are not applicable.

The designed retirement annuity is a normal retirement in which the participant receives an annuity, payable monthly for life with 120 monthly payments guaranteed, equal to 2.25% of the average monthly compensation

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

multiplied by the number of years of benefit service, not to exceed 44 years. This amount is reduced by 1.25% of the primary social security benefit multiplied by the number of years of benefit service not to exceed 40 years. Average monthly compensation is defined as the average of total compensation for the highest consecutive 36-month period out of the most recent 10 years of service.

In-Service Death Benefits

If a participant dies after 25 or more years of benefit service, the designated beneficiary is eligible to receive a retirement benefit equal to the amount payable as if the participant had retired under the “joint and 50.0% survivor annuity” option under certain stated spousal criteria, as defined in the Plan. This benefit is payable for 120 months or any other actuarially equivalent option available under the Plan approved by the Admin. Committee, plus a lump sum of \$5,000. The beneficiary of a participant with less than 25 years of benefit service will receive a lump-sum payment equal to the lump-sum value of the termination benefit at the date of death, plus \$5,000.

Termination Refunds

If a participant terminates before becoming eligible for retirement benefits, he or she is entitled to receive 100% of his or her contribution and interest thereon, plus the employee’s vested interest, as provided under the Plan.

Administrative Expenses and Investment Costs

Administrative expenses are expenses related to the administration or protection of the Plan, such as accounting or legal costs. Investment costs, such as investment management fees and trustee fees, relate to the management of Plan assets. The Plan provides that such amounts may be paid from trust assets.

Plan Termination

In the event the Plan is terminated, and its assets distributed, distributions would be made in the order of priority described in the trust agreement.

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

3. Net Pension Liability of Employer

The net pension liability (i.e., total pension liability less the fiduciary net position) as of December 31, 2025 and 2024, is as shown below:

	2025	2024
(1) Total pension liability ("TPL")	\$ 2,847,084,461	\$ 2,727,200,322
(2) Fiduciary net position ("FNP")	2,683,703,033	2,406,772,230
(3) Employer's net pension liability ("NPL")	\$ 163,381,428	\$ 320,428,092
(4) FNP as a % of TPL (2)/(1)	94.3 %	88.3 %
(5) Covered payroll*	\$ 389,109,746	\$ 354,677,396
(6) NPL as a % of covered payroll (3)/(5)	42.0 %	90.3 %

* Estimated Plan year compensation, as reported in the actuarial valuation report.

Milliman, Inc. is engaged as actuary to the Plan. Actuarial valuations of the ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future rates of retirement, mortality, and salary increases. Amounts determined regarding the net pension liability are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The most recent experience study was completed in 2023. The *Schedule of Changes in the Employer's Net Pension Liability and Related Ratios – Unaudited*, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the fiduciary net position is increasing or decreasing over time relative to the total pension liability. The total pension liability as of December 31, 2025 and 2024, is based on the results of actuarial valuations dated as of January 1, 2025 and 2024, respectively, and rolled forward to December 31 of each year using actuarial standards of practice.

Actuarial Assumptions

General Methods used for the January 1, 2025 and 2024, actuarial valuations include (a) fair market value for asset valuation for reporting net pension liability and (b) the entry age normal for reporting pension liability and pension cost. A thirty-year, layered amortization period was used, per the Plan year 2025 and 2024 reports prepared by the actuary.

Assumptions The significant actuarial assumptions used for the January 1, 2025, and January 1, 2024, actuarial valuation included:

- A rate of return on the investment of present and future assets of 7.00% per year compounded annually.
- Postretirement cost-of-living increases at a rate of 1.50%.

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

- Projected salary increases, which include inflation at a rate of 2.30% used for 2025 and 2024. For reporting purposes, updated age-based earnings progression assumptions were used as illustrated below:

2025 and 2024

Base Pay: Age	Annual Base Salary Increase
25	11.6%
30	8.4%
35	6.6%
40	5.6%
45	4.9%
50	4.6%
55	4.3%
60	3.8%
65	3.6%
70	3.3%

2025 and 2024 – Mortality rates for active and inactive participants were based on the Pri-2012 Employee / Retiree mortality table (fully generational) with mortality improvement scale MP-2021.

Long-Term Expected Rate of Return The long-term expected rate of return on Plan investments of 7.00% which was utilized in the December 31, 2025 and 2024 valuations, was determined using a set of expected future rates of return (expected returns, net of investment cost), volatilities and correlations developed for each asset class. These assumptions were developed using well known and widely accepted methodologies. These returns were weighted by the target asset allocation previously approved by the EBOC.

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

Best estimates of geometric real rates of return for each major asset class as of December 31, 2025, which were utilized in the Plan year 2025 report prepared by the actuary, are summarized in the table below.

Asset Class	Target Asset Allocation*	30-Year Mean Real Returns** <i>(Geometric Basis)</i>
Debt - investment grade (U.S. government and corporate securities)	11.00 %	2.40 %
Debt - corporate high yield	5.00	4.00 %
Debt - senior loans (floating rate)	5.00	3.80 %
Equities - domestic	33.00	3.70 %
Equities - low-volatility	10.00	4.15 %
Equities - international	10.00	4.50 %
Alternatives - real estate	7.00	3.85 %
Alternatives - hedge funds / absolute return strategy	5.00	4.10 %
Alternatives - master limited partnerships	9.00	5.20 %
Alternatives - private credit	5.00	5.20 %
Total investments	100.00 %	

* The target asset allocation as approved by the EBOC in 2025.

** Real returns are before projected inflation.

Discount Rate The discount rate used to measure the total pension liability is based on the assumed long-term expected rate of return on assets of 7.00% for 2025 and 2024. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made consistent with CPS Energy's funding policy. Based on those assumptions, the Plan's fiduciary net position was projected to be sufficient to make all the projected future benefit payments of current Plan participants. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate The following table presents the sensitivity of the December 31, 2025 and 2024, net pension liability calculation to a one percent increase or decrease in the discount rate used to measure the total pension liability:

Sensitivity to Change in Discount Rate	Rate	2025	Rate	2024
1.00% lower	6.00 %	\$ 513,241,805	6.00 %	\$ 654,687,263
Current discount rate	7.00 %	\$ 163,381,428	7.00 %	\$ 320,428,092
1.00% higher	8.00 %	\$ (129,362,508)	8.00 %	\$ 40,509,516

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and Plan participants) and include the types of benefits provided at the time of each valuation

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

and the historical pattern of sharing of benefit costs between the employer and Plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations. The actuarial methods are noted above and in the *Schedule of Changes in the Employer's Net Pension Liability and Related Ratios – Unaudited*.

4. Investments

The Plan's investment policy is established and may be amended by the EBOC. The Admin. Committee ensures Plan assets are invested in accordance with the investment policy, engaging investment consultants and independent investment managers, as needed.

The Plan's net realized and unrealized gains (losses) on investments are as follows:

	Year Ended December 31,	
	2025	2024
U.S. government securities	\$ 5,971,340	\$ (3,468,174)
Corporate bonds	5,153,581	1,674,974
Emerging market debt	1,614,647	3,563,608
Senior loan fund	(3,407,588)	16,554
Domestic equities	147,592,929	191,031,463
Low-volatility equities	25,390,881	22,435,739
International equities	79,188,023	(1,484,726)
Master limited partnership	11,999,162	71,443,069
Alternative investments	8,928,210	4,927,804
Real estate funds	2,107,254	(4,938,180)
Private credit funds	1,848,849	—
Investment in partnership (See Note 5)	3,145,833	3,889,499
	\$ 289,533,121	\$ 289,091,630

For the years ended December 31, 2025 and 2024, the following sections address interest rate risk exposure by investment type using the effective duration method, credit risk, and concentration of credit risk related to the Plan's debt securities and concentration risk (if any) with respect to the overall portfolio.

Interest Rate Risk – The table on the following page presents the weighted-average effective duration of debt security asset classes. In accordance with its investment policy, the Admin. Committee manages exposure to fair value losses arising from rising interest rates by limiting the effective duration of a) each investment manager's portfolio, as well as b) the aggregate portfolio of debt securities of the trust to + / - 1.5 years of the effective durations of the specified debt security index used as a benchmark, as illustrated on the following page. Effective

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

duration is defined as the present value weighted-average time to return a dollar of principal and interest and also incorporates potential changes in the timing of principal and interest return that may occur as a result of changes in interest rates. It makes assumptions regarding the most likely timing and amounts of variable cash flows. It is used as an estimate of the interest rate risk of an investment in debt securities – especially those with payment terms dependent on market interest rates. Investments shown on the following page that are managed through a fund are not subject to the investment manager limitation noted above.

Weighted-Average Effective Duration

Investment Type	December 31, 2025		December 31, 2024	
	Market Value	Weighted-Average Effective Duration (Years)	Market Value	Weighted-Average Effective Duration (Years)
U.S. Treasury and Agency:				
Notes and bonds	\$ 98,092,657	7.44	\$ 68,459,354	8.35
Collateralized mortgage obligations	13,219,195	4.81	11,470,672	4.96
Mortgage pass-through securities	66,985,556	5.08	59,110,547	4.64
Commercial mortgage-backed securities	7,790,437	2.65	7,905,025	3.25
Municipal bonds	727,712	8.66	695,394	8.72
Asset-backed securities	20,199,756	2.31	19,481,326	2.18
Collateralized debt obligations	—	—	307,730	0.05
Corporate bonds	61,987,823	6.75	54,128,368	6.26
High-yield corporate bonds	153,184,586	2.94	178,190,975	3.30
Emerging market debt	—	0.00	47,999,323	6.50
Senior loan fund (floating rate)	126,625,915	0.33	96,294,418	0.32
Total investment in debt securities	<u>\$ 548,813,637</u>		<u>\$ 544,043,132</u>	
Actual duration – Investment grade		6.05		6.18
Benchmark – Bloomberg Barclays U.S. Aggregate		6.00		6.10
Actual duration – High-yield corporate bonds		2.94		3.30
Benchmark – ICE BofA US High Yield Index		2.87		3.22*
Actual duration – Emerging market debt		—		6.50
Benchmark – JPM EMBI Global Diversified Index		—		6.50
Actual duration – Senior loan fund		0.33		0.32
Benchmark – S&P UBS Leveraged Loan Index		0.25		0.25

* Reclassified prior year to conform to current year presentation using appropriate benchmark for the fund.

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

Credit Rating Risk – The table on the following page summarizes the Plan’s investment in debt securities by credit rating. In accordance with its investment policy, the Admin. Committee manages credit risk by limiting high-grade domestic debt investment managers to a) no more than 15% of their portfolio in below A rated bonds and b) no more than 2.5% of their portfolio in below BBB rated bonds. At December 31, 2025, high-grade investment managers held a) approximately 11.7% of their portfolios in below A rated bonds and b) held no bonds rated below BBB. At December 31, 2024, high-grade investment managers held a) approximately 12.1% of their portfolios in below A rated bonds and b) less than 0.1% of their portfolios in below BBB rated bonds.

In addition, investment in high-yield debt securities using high-yield investment managers is limited to no more than 15% of total Plan investments. At December 31, 2025 and 2024, this equates to 72.9% and 65.7% of total investment in debt securities, respectively.

Credit Rating*	Credit Ratings		December 31, 2025		December 31, 2024	
	Market			Market		
	Value	Allocation	Value	Allocation		
AAA	\$ 12,737,290	2.3 %	\$ 13,046,776	2.4 %		
AA	189,133,501	34.5	151,453,451	27.9		
A	34,329,963	6.3	35,086,015	6.4		
BBB	41,944,059	7.6	52,491,104	9.6		
Less than BBB	257,700,999	46.9	288,577,258	53.1		
Unrated	12,967,825	2.4	3,388,528	0.6		
Total investment in debt securities	\$ 548,813,637	100.0 %	\$ 544,043,132	100.0 %		

* The majority of securities were rated by S&P Global Ratings; some were rated by other agencies.

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

Concentration of Credit Risk – The following table presents the fair value of direct investments by issuer representing 5% or more of the Plan’s debt security portfolio. To help ensure diversification and to minimize the impact of a failure of any one issuer, the investment policy limits direct holdings of other than federal government issuers to 5% of the fair value of a) an investment manager’s portfolio and b) the aggregate portfolio of debt securities. There is no concentration restriction on debt issued by the U.S. federal government. Debt issued by other U.S. governmental entities may not exceed 50% by any one issuer. There were no direct corporate issues exceeding these limits at December 31, 2025 and 2024.

Issuer	5% Issuers Market Value	% Investment in Debt Securities	Policy Limit
as of December 31, 2025			
Federal National Mortgage Association	\$ 40,370,473	7.4 %	50 %
as of December 31, 2024			
Federal National Mortgage Association	\$ 36,434,407	6.7 %	50 %

As of December 31, 2025 and 2024, the Plan had no direct investment in any one organization whose market value equals 5% or more of the Plan’s net position restricted for pension benefits.

Foreign Currency Risk – There were no non-dollar denominated foreign investments held directly as of December 31, 2025 or 2024. All non-dollar denominated foreign investments are held through mutual funds or commingled funds with a similar mandate. These funds are not subject to investment policy constraints on non-dollar denominated foreign investments.

5. Investment in Partnership

Effective May 12, 2020, GFR-City Base West Limited Partnership’s ownership interest of 0.01% was transferred to Lincoln Center Investments LLC, which is now the sole general partner. The Plan’s investment in partnership is accounted for at fair value consistent with the valuation process described in Note 7 – *Fair Value Measurement*.

6. Promissory Note

The Plan owns a 25% economic interest in a commercial real estate development that has historically been classified as a contingent asset of the Plan. In 2021, the economic interest was monetized in the form of a collateralized, one-year promissory note (“note”) in the principal amount of \$950,000 at a 7.00% interest rate. As such, the contingent asset was converted to a receivable and along with accrued interest, was recorded on the *Statements of Fiduciary Net Position*, with the realization of income on the *Statements of Changes in Fiduciary Net Position*. As of December 31, 2022, the note is in default and bad debt expense has been recorded for the

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

remaining outstanding balance of the note along with a corresponding allowance for doubtful accounts. In 2024, the receivable from others and associated allowance for doubtful accounts were adjusted to record the write off of the promissory note as of December 31, 2024. As of December 31, 2025 there was no additional activity related to the promissory note.

7. Fair Value Measurement

The Plan records assets and liabilities in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, ("GASB 72") which determines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurement.

Fair value is defined in GASB 72 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique.

As a basis for considering market participant assumptions in fair value measurements, GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that the Plan can access at the measurement date. Equity securities and mutual funds are examples of securities valued with Level 1 inputs.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Debt securities such as corporate bonds and U.S. government securities and equity indexed funds are examples of securities valued with Level 2 inputs.
- Level 3 inputs are unobservable inputs that reflect the Plan's own assumptions about factors that market participants would use in pricing an asset or liability (including assumptions about risk). Valuations are derived from other valuation methodologies, including discounted cash flows and similar techniques, and are not based on market exchange, dealer, or broker traded transactions. The Plan's investments in partnerships are Level 3 assets.

Valuation methods of the primary fair value measurements disclosed below are as follows:

- Mutual funds and directly held investments in equity securities are valued using Level 1 measurements. Investments in equity securities are typically valued at the closing price in the principal active market. For equity securities, these markets include published exchanges such as the New York Stock Exchange and

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

the National Association of Securities Dealers Automated Quotations. Foreign equity prices are translated from their trading currency using the currency exchange rate in effect at the close of the principal active market.

- Most investments in debt securities are valued using Level 2 measurements, including commingled investments that include both debt and directly held equity securities, because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and considers the counterparty credit rating.
- The fair value of real estate held by the Plan is evaluated annually according to the Plan's policy and is a multi-step process beginning with obtaining a broker's opinion of value. Additionally, independent appraisals and bids received on properties are also utilized to determine fair value.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their place within the fair value hierarchy levels.

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

The Plan's fair value measurements are performed on a recurring basis. The following tables present fair value balances and their levels within the fair value hierarchy as of December 31, 2025 and 2024.

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
U.S. government securities	\$ —	\$ 186,815,557	\$ —	\$ 186,815,557
Corporate bonds	—	235,372,165	—	235,372,165
Domestic equities	—	928,034,036	—	928,034,036
Low-volatility equities	—	132,359,562	—	132,359,562
International equities	144,662,694	—	—	144,662,694
Investment in partnership	—	—	50,500,000	50,500,000
Total investments by fair value level	\$ 144,662,694	\$ 1,482,581,320	\$ 50,500,000	1,677,744,014
Investments measured at net asset value (NAV):				
Emerging market debt				—
Senior loan fund				126,625,915
Low-volatility equity fund				131,898,967
International equities funds				143,542,292
Master limited partnership fund				234,685,731
Alternative investments - absolute return fund				63,034,024
Alternative investments - direct lending hedge fund				64,557,666
Private credit funds				95,227,025
Real estate funds (open-end)				129,089,457
Total investments measured at NAV				988,661,077
Total investments at fair value				\$ 2,666,405,091

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
U.S. government securities	\$ —	\$ 147,640,992	\$ —	\$ 147,640,992
Corporate bonds	—	252,108,399	—	252,108,399
Domestic equities	25,708,356	880,279,017	—	905,987,373
Low-volatility equities	—	91,204,556	—	91,204,556
International equities	114,908,343	—	—	114,908,343
Investment in partnership	—	—	47,700,000	47,700,000
Total investments by fair value level	\$ 140,616,699	\$ 1,371,232,964	\$ 47,700,000	1,559,549,663

Investments measured at net asset value (NAV):

Emerging market debt	47,999,323
Senior loan fund	96,294,418
Low-volatility equity fund	97,716,396
International equities fund	125,221,961
Master limited partnership fund	222,686,568
Alternative investments - absolute	47,091,687
Alternative investments - direct lending	55,671,793
Private credit funds	—
Real estate funds (open-end)	129,104,709
Total investments measured at NAV	821,786,855
Total investments at fair value	\$ 2,381,336,518

There were no transfers in or out of Level 3 assets during the years ended December 31, 2025 or 2024.

The following tables show quantitative information about unobservable inputs related to the Level 3 fair value measurements used to derive the value at December 31, 2025 and 2024. Significant increases (decreases) in any of those inputs in isolation would result in significantly lower (higher) fair value measurements respectively.

December 31, 2025					
Type	Fair Value	Valuation Technique	Unobservable Inputs	Range	Weighted Average
Investment in partnership	\$ 50,500,000	Income Approach –	Discount Rate	8.50 %	8.50 %
		Discounted Cash Flow	Terminal Capitalization Rate	8.00 %	8.00 %
Total	\$ 50,500,000				

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

December 31, 2024

Type	Fair Value	Valuation Technique	Unobservable Inputs	Range	Weighted Average
Investment in partnership	\$ 47,700,000	Income Approach –	Discount Rate	9.25 %	9.25 %
		Discounted Cash Flow	Terminal Capitalization Rate	8.25 %	8.25 %
Total	<u>\$ 47,700,000</u>				

The following tables reflect key information on investments measured at NAV, including redemption frequency, the redemption notice period and unfunded commitments, if any.

December 31, 2025

Type	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Emerging market debt ⁽¹⁾	\$ —	\$ —	Daily	3 days
Senior loan fund ⁽²⁾	126,625,915	—	Monthly	20 days
Low-volatility equity fund ⁽³⁾	131,898,967	—	Daily / Monthly	30 days
International equities fund ⁽⁴⁾	143,542,292	—	Daily	5 - 10 days
Master limited partnership fund ⁽⁵⁾	234,685,731	—	Monthly	30 days
Direct lending hedge fund ⁽⁶⁾	64,557,666	—	Semi-Annual	June / December
Absolute return fund ⁽⁷⁾	63,034,024	—	Quarterly	90 days
Real estate funds - open end ⁽⁸⁾	129,089,457	—	Quarterly	30 - 60 days
Private credit funds ⁽⁹⁾	95,227,025	7,000,000	Monthly	30 - 60 days
Total	<u>\$ 988,661,077</u>	<u>\$ 7,000,000</u>		

December 31, 2024

Type	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Emerging market debt ⁽¹⁾	\$ 47,999,323	\$ —	Daily	3 days
Senior loan fund ⁽²⁾	96,294,418	—	Monthly	20 days
Low-volatility equity fund ⁽³⁾	97,716,396	—	Daily / Monthly	30 days
International equities fund ⁽⁴⁾	125,221,961	—	Daily	5 - 10 days
Master limited partnership fund ⁽⁵⁾	222,686,568	—	Monthly	30 days
Direct lending hedge fund ⁽⁶⁾	55,671,793	—	Semi-Annual	June / December
Absolute return fund ⁽⁷⁾	47,091,687	—	Quarterly	90 days
Real estate funds - open end ⁽⁸⁾	129,104,709	—	Quarterly	30 - 60 days
Total	<u>\$ 821,786,855</u>	<u>\$ —</u>		

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

- (1) **Emerging market debt** – The Plan held an investment in an emerging market collective trust fund (CIT) which measures value using the NAV per share. The strategy investing in a diversified portfolio of emerging-market sovereign and corporate bonds. Effective February 25, 2025, the Plan terminated its investment in the collective trust fund and received proceeds from the full redemption request.
- (2) **Senior loan fund** – The Plan holds an investment in a fund which measures value using the NAV per share. The fund’s investment objective is to invest on an unlevered basis predominantly in senior secured loans to below investment grade U.S. and non-U.S. obligors, as well as in other debt securities issued by U.S. and non-U.S. obligors including, without limitation, second lien loans, high yield bonds and collateralized loan obligations. Redemptions may be subject to a gate. If the fund receives redemption requests from shareholders in an aggregate amount equal to more than 10% of the NAV on any one redemption date, aggregate redemptions may be limited to an aggregate amount equal to 10%, with full redemption generally satisfied over the next four months.
- (3) **Low-volatility equity fund** – The Plan holds an investment in a low-volatility equity fund with value measured using the NAV per unit. The fund principally invests in common stocks traded on equity markets. The fund’s investment objective is to achieve a lower volatility level than the MSCI All Country World Index while providing market-like returns.
- (4) **International equities fund** – The Plan holds investments in two collective investment (CIT) trust funds that invests in global stocks with the objective to outperform the benchmark. The value of these investments is measured using the NAV per share method.
- (5) **Master limited partnership (“MLP”) fund** – The Plan holds an investment in a fund which measures value using fund level NAV. Each member’s respective share of the NAV of the fund shall be represented by such member’s dollar-denominated capital account balance in the fund. MLPs are limited partnerships, the partnership units of which are listed and traded on a U.S. securities exchange. The fund’s investment objective is to seek absolute total return by investing in income-generating publicly traded MLPs, with a focus on energy sector MLPs and other C-Corporation energy infrastructure companies. Fund management may restrict redemptions to meet fund needs.
- (6) **Direct lending hedge fund** – The Plan holds an investment in a hedge fund that finances private companies when their growth is driven by a state, local, federal, or foreign government project or program or when growth is supported by government-related contracts. Financing is primarily through senior-secured, short duration asset backed instruments. The value of this investment was determined using the NAV per share. No redemption may be made for a period of two years from the initial investment. Fund management may restrict redemptions to meet fund needs.

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Financial Statements

- (7) **Absolute return fund** – The Plan holds an investment in a hedge fund which measures value using the NAV per share. The fund's investment objective is to seek to maximize absolute risk-adjusted returns through long and short investments in the global securities markets. Fund management may restrict redemptions to meet fund needs.
- (8) **Real estate funds (open-end)** – The Plan holds investments in three open-end real estate funds that invest primarily in U.S. commercial real estate with the objective to produce core real estate returns. The value of these investments has been determined using either unitized or fund level NAV. During 2024, the remaining balance of \$3.3 million from a previous request was fully received from one fund manager. An additional outstanding \$5.0 million redemption request from the other fund manager was rescinded to better align the asset class with the allocation targets. There were no unfunded commitments as of December 31, 2025 or 2024.
- (9) **Private credit funds** – The Plan holds investments in two private credit funds that lend investment-grade debt in the private markets. The objective of the funds is to lend to carefully selected attractive business models with low default risk. These loans are issued in private markets, where valuation updates are less frequent. The value of these investments was determined using the NAV per share. Fund managers may choose not to allow redemptions based on the fund's needs. As of December 31, 2025, the Plan had an unfunded commitment of \$7 million due to one of the funds under the original funding agreement.

8. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market rate, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the *Statements of Fiduciary Net Position*.

Plan contributions are made, and the total Pension liability is reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Required Supplementary Information

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios – Unaudited (Dollars in thousands)

	December 31,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	\$ 58,724	\$ 51,416	\$ 42,170	\$ 39,848	\$ 40,959	\$ 35,755	\$ 36,065	\$ 37,126	\$ 32,474	\$ 31,454
Interest cost	193,384	181,210	166,488	154,596	150,194	147,657	142,575	137,513	132,424	127,102
Effect of Plan Changes	—	—	—	(12)	—	—	—	—	—	—
Difference between expected and actual experience	48,850	19,923	48,653	646	1,768	104	(2,571)	(19,360)	5,977	(18,114)
Changes in assumptions	(34,313)	27,364	106,170	50,656	(9,759)	28,616	(4,902)	(10,058)	77,242	—
Benefit payments	(146,761)	(137,843)	(129,652)	(122,816)	(113,446)	(106,656)	(100,320)	(96,716)	(93,230)	(91,676)
Net change in total pension liability	119,884	142,070	233,829	122,918	69,716	105,476	70,847	48,505	154,887	48,766
Total pension liability - beginning of period	2,727,201	2,585,131	2,351,302	2,228,384	2,158,668	2,053,192	1,982,345	1,933,840	1,778,953	1,730,187
Total pension liability - end of period (a)	2,847,085	2,727,201	2,585,131	2,351,302	2,228,384	2,158,668	2,053,192	1,982,345	1,933,840	1,778,953
Plan fiduciary net position										
Contributions - employer	80,279	71,436	56,906	59,246	61,594	55,809	73,874	57,658	46,058	44,625
Contributions - participants	20,200	18,653	15,956	14,905	14,088	14,374	14,204	13,318	12,922	12,101
Net investment earnings	323,702	317,991	275,150	(222,652)	310,018	177,593	269,679	(79,669)	212,330	136,023
Administrative expenses	(489)	(450)	(533)	(482)	(930)	(520)	(448)	(386)	(391)	(521)
Benefit payments	(146,761)	(137,843)	(129,652)	(122,816)	(113,446)	(106,656)	(100,320)	(96,716)	(93,230)	(91,676)
Net change in plan fiduciary net position	276,931	269,787	217,827	(271,799)	271,324	140,600	256,989	(105,795)	177,689	100,552
Plan fiduciary net position - beginning of period	2,406,773	2,136,986	1,919,159	2,190,958	1,919,634	1,779,034	1,522,045	1,627,840	1,450,151	1,349,599
Plan fiduciary net position - end of period (b)	2,683,704	2,406,773	2,136,986	1,919,159	2,190,958	1,919,634	1,779,034	1,522,045	1,627,840	1,450,151
Net pension liability - end of period (a)-(b)	\$ 163,381	\$ 320,428	448,145	432,143	\$ 37,426	\$ 239,034	\$ 274,158	\$ 460,300	\$ 306,000	\$ 328,802
Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	94.3 %	88.3 %	82.7 %	81.6 %	98.3 %	88.9 %	86.6 %	76.8 %	84.2 %	81.5 %
Covered payroll*	\$ 389,110	\$ 354,677	\$ 306,017	\$ 301,531	\$ 292,547	\$ 285,863	\$ 281,410	\$ 270,314	\$ 240,763	\$ 229,623
Net pension liability as a percentage of covered payroll	42.0 %	90.3 %	146.4 %	143.3 %	12.8 %	83.6 %	97.4 %	170.3 %	127.1 %	143.2 %

Notes to Schedule

The above schedule was prepared by the actuaries and the contributions reported may not tie to the Statements of Changes in Fiduciary Net Position.

Changes of benefit terms – Amounts presented reflect changes in the employee contribution accumulation rate in 2018.

See Independent Auditor's Report.

**CPS Energy
Pension Plan**

(A Component Unit of CPS Energy)

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios – Unaudited

(Dollars in thousands)

Changes of assumptions – The annual investment rate of return underlying the calculation of total Pension liability was assumed to be 7.00% for 2025 through 2020, 7.25% for 2019 through 2017, and 7.50% for 2016. Changes of assumptions and other inputs reflect the effects of changes in the discount rate during 2020 and 2017 and changes to the mortality improvement scale during each period. Amounts reported for 2023, 2020 and 2017 reflect the effects of the experience study completed each of those years, including updating to the Pri-2012 Mortality Table for 2021.

See Independent Auditor's Report.

**CPS Energy
Pension Plan**

(A Component Unit of CPS Energy)

Schedule of Employer Contributions – Unaudited

(Dollars in thousands)

Fiscal Year	Actuarially Determined Contribution ("ADC")	Employer Contributions in Relation to the ADC*	Contribution Deficiency (Excess)	Covered Payroll**	Contributions as a % of Covered Payroll
2025	\$ 80,961	\$ 80,317	644	\$ 389,110	20.6 %
2024	\$ 72,774	\$ 71,471	\$ 1,303	\$ 354,677	20.2 %
2023	\$ 56,717	\$ 56,948	\$ (231)	\$ 306,017	18.6 %
2022	\$ 58,986	\$ 59,270	\$ (284)	\$ 301,531	19.7 %
2021	\$ 62,050	\$ 61,618	\$ 432	\$ 292,547	21.1 %
2020	\$ 56,025	\$ 55,834	\$ 191	\$ 285,863	19.5 %
2019	\$ 53,435	\$ 53,874	\$ (439)	\$ 281,410	19.1 %
2018	\$ 58,657	\$ 57,658	\$ 999	\$ 270,314	21.3 %
2017	\$ 46,234	\$ 46,058	\$ 176	\$ 240,763	19.1 %
2016	\$ 44,532	\$ 44,625	\$ (93)	\$ 229,623	19.4 %

* The employer contributions in relation to the ADC may not tie due to small adjustments in funding made throughout the year which are not captured in the actuarially reported contributions shown on this table.

** Estimated Plan year compensation, as reported in the actuarial valuation report.

CPS Energy
Pension Plan

(A Component Unit of CPS Energy)

Schedule of Investment Returns – Unaudited

Fiscal Year	Investment Returns *
2025	13.5 %
2024	15.0 %
2023	14.3 %
2022	(10.8)%
2021	15.6 %
2020	8.8 %
2019	17.9 %
2018	(4.5)%
2017	14.6 %
2016	10.2 %

*Annual money-weighted rate of return, net of investment expense.

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Notes to the Required Supplementary Information – Unaudited

1. Actuarial Methods and Significant Assumptions

Methods used for the January 1, 2025 and 2024, actuarial valuations include (a) fair market value for asset valuation for reporting net pension liability and (b) the entry age normal for reporting pension liability and pension cost. A thirty-year, layered amortization period was used, per the Plan year 2025 and 2024 reports prepared by the actuary.

The significant actuarial assumptions used for the January 1, 2025, and January 1, 2024, actuarial valuation included:

- A rate of return on the investment of present and future assets of 7.00% per year compounded annually.
- Postretirement cost-of-living increases at a rate of 1.50%.

Projected salary increases, which include inflation at a rate of 2.30% used for 2025 and 2024. For reporting purposes, updated age-based earnings progression assumptions were applied as illustrated below:

Base Pay: Age	Annual Base Salary Increase
25	11.6%
30	8.4%
35	6.6%
40	5.6%
45	4.9%
50	4.6%
55	4.3%
60	3.8%
65	3.6%
70	3.3%

2025 and 2024 – Mortality rates for active and inactive participants were based on the Pri-2012 Employee / Retiree mortality table (fully generational) with mortality improvement scale MP-2021.

See Independent Auditor's Report.

CPS Energy
Pension Plan

(A Component Unit of CPS Energy)

Notes to the Required Supplementary Information – Unaudited

2. Plan Amendments

The Plan may be amended from time to time by the Employee Benefits Oversight Committee, as required to comply with legal requirements upon the advice of the Plan's legal counsel. Other amendments may be necessary to ensure the Plan is appropriate within the industry and community.

Other Information

CPS Energy Pension Plan

(A Component Unit of CPS Energy)

Senate Bill 322 Investment Expense Report for the period ending December 31, 2025 – Unaudited*

Direct and Indirect Fees and Commissions

ASSET CLASS	MANAGEMENT FEES PAID FROM TRUST	MANAGEMENT FEES NETTED FROM RETURNS	TOTAL INVESTMENT MANAGEMENT FEES (Management Fees Netted from Returns + Management Fees Paid From Trust)	BROKERAGE FEES/COMMISSIONS	PROFIT SHARE/CARRIED INTEREST	TOTAL DIRECT AND INDIRECT FEES AND COMMISSIONS (Management Fees + Brokerage Fees/Commissions + Profit Share)
Cash	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Public Equity	692,073	1,885,911	2,577,984	—	—	2,577,984
Fixed Income	1,178,130	752,397	1,930,527	—	—	1,930,527
Real Estate *	389,661	743,576	1,133,237	—	100,382	1,233,619
Alternative/Other	55,863	3,291,423	3,347,286	—	—	3,347,286
TOTAL	\$ 2,315,727	\$ 6,673,307	\$ 8,989,034	\$ —	\$ 100,382	\$ 9,089,416

Alternative/Other	Benchmark	Investment Managers	Benchmark
List of Alternative/Other Investments*	List of Alternative/Other Benchmarks	List of Investment Manager Names**	List of Investment Manager Benchmarks
AEW Core Property Trust	NCREIF Fund Index - ODCE	Acadian (Global Low Vol)	MSCI ACWI Min Vol
BlackRock Event Driven	Wilshire Liquid Alternative	American Funds	MSCI Emerging Markets
Brevet	HFRI RV: Fixed Income - Asset Backed	AXA High Yield	ICE BofAML High Yield Master II
City Base West	NCREIF Fund Index - ODCE	BlackRock (Global Low Vol)	MSCI ACWI Min Vol
Harvest MLP	Alerian MLP	BlackRock (R1G)	Russell 1000 Growth
JPMCB Strategic Property Fund	NCREIF Fund Index - ODCE	Capital Group Fixed Income	Bloomberg US Aggregate
Sun Life Capital	Bloomberg U.S. Intermediate	Causeway	MSCI EAFE (Net)
USAA Eagle Real Estate Fund	NCREIF Fund Index - ODCE	Credit Suisse - Bank Loan	S&P UBS Leveraged Loan Index
Voya	Bloomberg U.S. Credit Corporate 5-10	Harbor - Crescent High Yield	ICE BofAML High Yield Master II
		JP Morgan Core Fixed Income	Bloomberg US Aggregate
		LA Capital	MSCI AC World ex USA (Net)
		NT S&P 500	S&P 500
		NT Collective (R2000)	Russell 2000 Index
		Payden Emerging Mkt Debt	JPM EMBI Global diversified
		PIMCO	Russell 2000 Index
		RhumbLine (R1V)	Russell 1000 Value
		THB	Russell Micro Cap
		William Blair	MSCI EAFE Growth

Total Investment Expenses	
Total Direct and Indirect Fees and Commissions	\$ 9,089,416
Investment Services	
Custodial	301,255
Research	—
Investment Consulting	218,474
Legal	103,730
Other	166,367
Total	789,826

Total Investment Expenses (Total Direct and Indirect Fees and Commissions + Investment Services)	\$ 9,879,242
--	--------------

*The investment expenses in this schedule reflect cash payments for investment cost rather than accrued expenses. Therefore, the above numbers will not tie to the Statement of Changes in Fiduciary Net Position.

** The Plan's December 31, 2025 and 2024, Independent Auditor's Report and Financial Statements include \$3.9 million in real estate operating expenses for 2025 that are not included in this expense report.

See Independent Auditor's Report.