



PENSION RESERVES INVESTMENT MANAGEMENT BOARD

FISCAL YEAR 2025 OPERATING BUDGET

As Approved by the PRIM Board

May 30, 2024

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BUDGET DISCUSSION

The Pension Reserves Investment Management (PRIM) Board's Fiscal Year (FY)2025 Operating Budget reflects the investment management, advisory, and operational costs necessary to implement, measure, and monitor the approximated \$106 billion in investments of the Pension Reserves Investment Trust (PRIT) Fund.

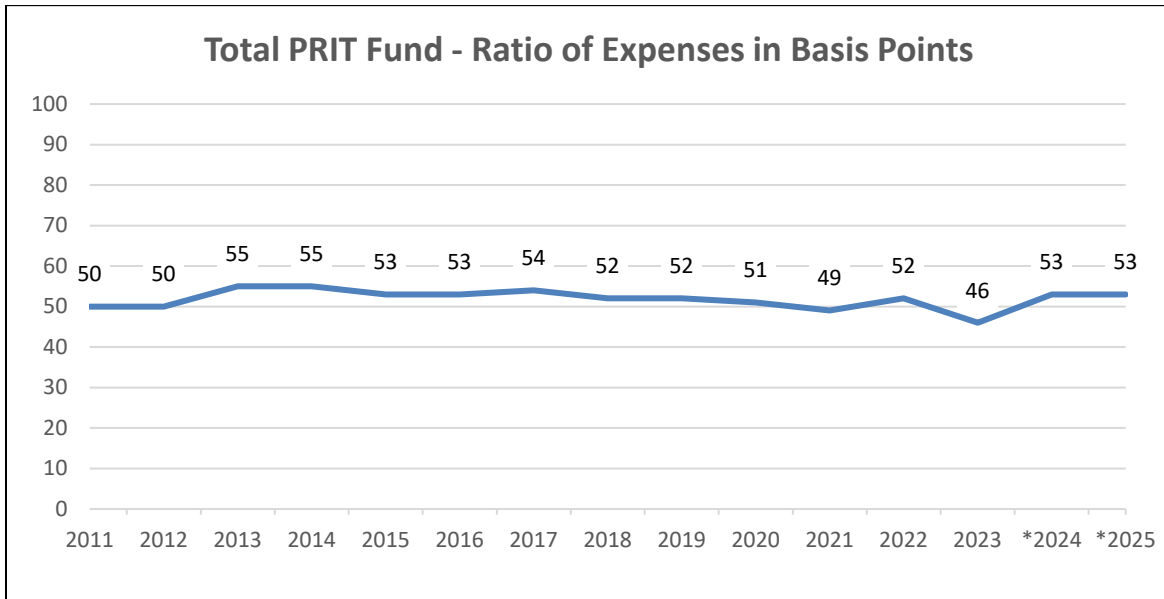
PRIM believes that any investment must be evaluated on three equally important parameters: return, risk and cost. One of PRIM's core beliefs is that a basis point of cost reduction is more valuable than a basis point of return, as PRIM can count on yearly cost savings, but nobody knows what the markets will deliver. In 2013 PRIM launched "Project SAVE," a firm-wide effort to continually reduce costs while enhancing value. Project SAVE stands for "Strategic Analysis for Value Enhancement." More than a decade later, Project SAVE and the continuous focus on lowering costs and improving organizational efficiencies remain firmly a part of PRIM's DNA.

Budget Highlights

The projected FY2025 budget of \$559.2 million is 52.7 basis points (bps) of projected average PRIT Fund assets (\$106 billion). The expense ratio has remained steady, even while consistently growing the investment program to include more high-performing, higher-fee strategies, and while growing PRIM's internal resources to pursue several innovative, industry-leading key initiatives (Chart 1).

The FY2025 budget includes an increase of \$38.9 million, or 7.5%, from the prior year. As is our custom, budgeted expenses for FY2025 are conservative and foresee continued asset growth. Actual expenses incurred may vary because most expenses are a function of asset levels and investment performance is not predictable.

Chart 1



*Estimate based on preliminary/budgeted data.

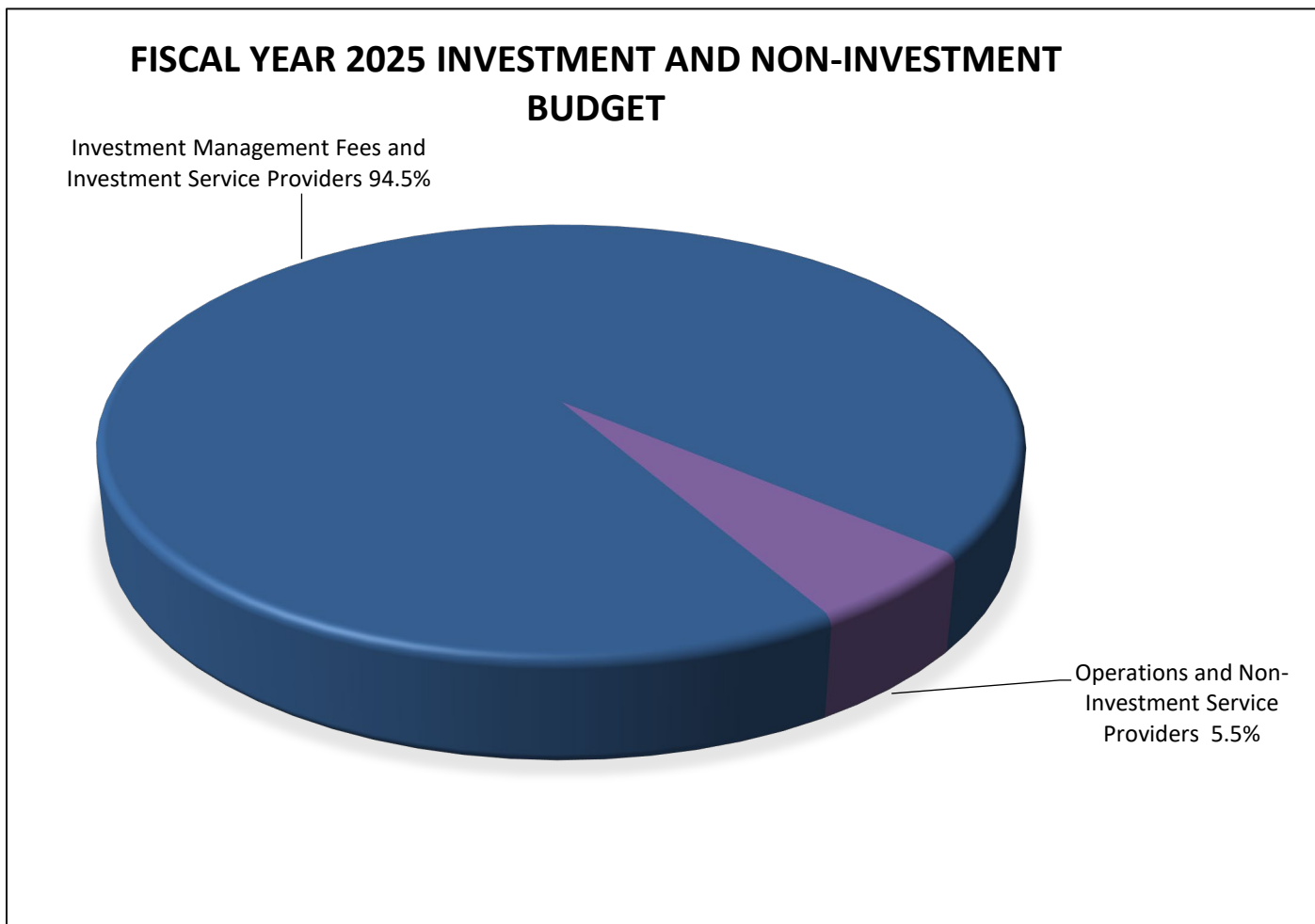
Investment Management Fees and Investment Service Providers Fees comprise \$528.4 million, or 94.5%, of the projected total budget. Operations and Non-Investment Service Providers Fees comprise \$30.8 million, or 5.5%, of the total budget (Chart 2).

Investment Management Fees increased by \$35.9 million, or 7.7%, due primarily to a projected growth in assets. Projected costs for Investment Service Providers Fees increased by \$1.7 million, or 7.8%, mainly due to higher budgeted assets within managed account platforms. Operations and Non-Investment Service Providers Fees increases by \$1.3 million, or 4.3%, due primarily to a projected increase in staff size to support the PRIT Fund’s growth and PRIM’s many new initiatives.

FUTURE Initiative

PRIM believes that a diverse and inclusive organization leads to improved decision making and better returns for stakeholders. PRIM’s FUTURE Initiative is the strategic plan to achieve the goals set forth by legislation to increase the use of diverse (minorities, females, or persons with disabilities) investment managers. The FUTURE Initiative continues to allocate capital to diverse investment managers and to reduce barriers and expand opportunities for emerging (new, smaller) diverse investment managers. A component of the FUTURE Initiative is the Emerging-Diverse Manager Program, which utilizes manager-of-managers to invest in emerging and diverse managers across asset classes. Collectively, the total investment management fees budgeted in FY2025 to diverse investment managers, across all asset classes, is approximately \$66.2 million.

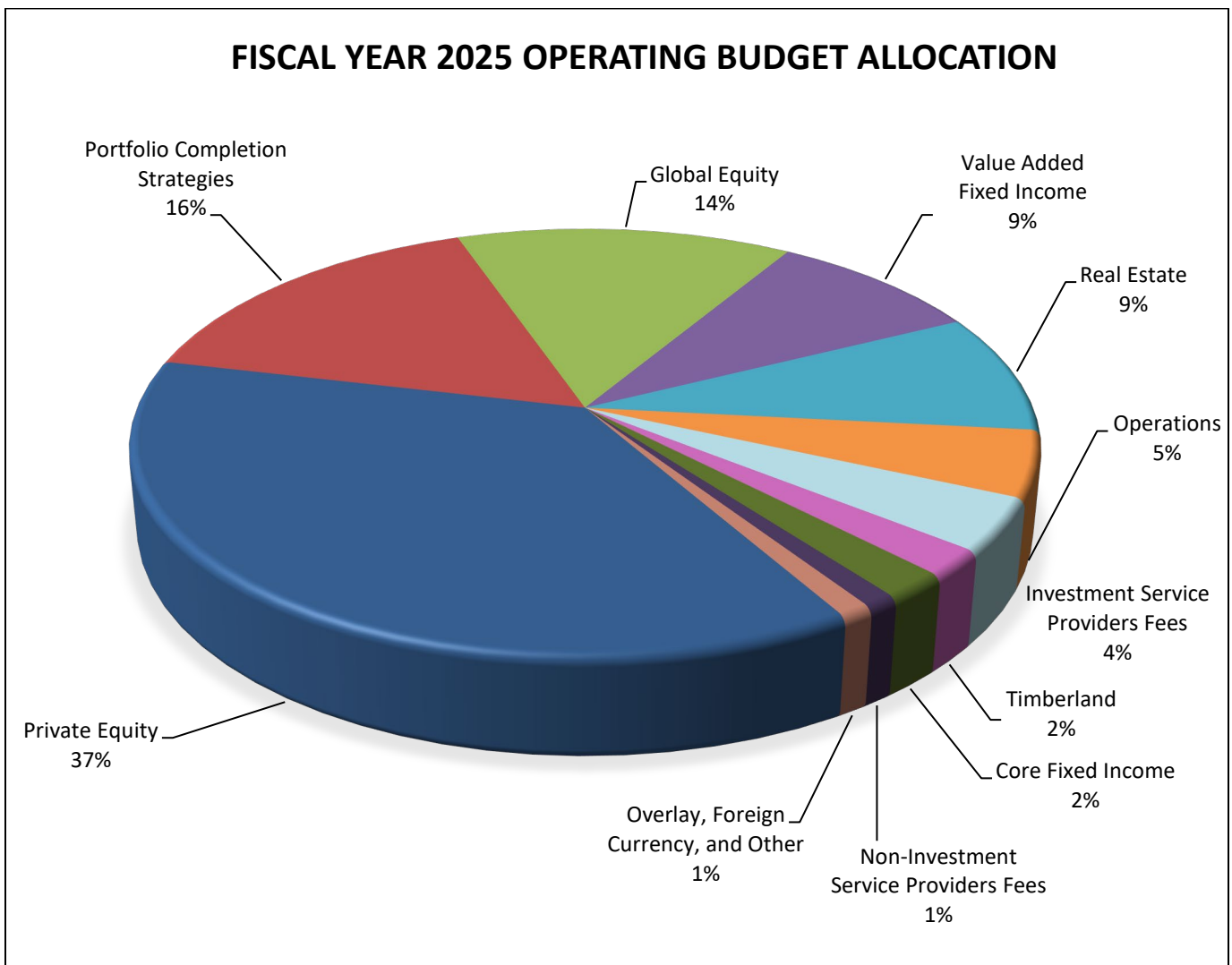
Chart 2



The PRIT Fund’s current target asset allocation ranges, approved in February 2024, are depicted in the table below. The changes were modest: a 1% increase in the range for Value Added Fixed Income and a corresponding 1% decrease in Global Equity. The allocation of fees in Chart 3 reflect these new asset allocation ranges.

Asset Class	Range
Global Equity	31 - 41%
Core Fixed Income	12 - 18%
Value Added Fixed Income	6 - 12%
Private Equity	13 - 19%
Real Estate	7 - 13%
Timberland	1 - 7%
Portfolio Completion Strategies	7 - 13%

Chart 3



PENSION RESERVES INVESTMENT MANAGEMENT BOARD
Fiscal Year 2025 Budget Summary

	<u>FY25</u> <u>(bps)#</u>	<u>FY24</u> <u>(bps)#</u>	<u>FY 2025</u>	<u>FY 2024</u>
<u>Investment Expenses</u>				
<u>Investment Management Fees ^</u>				
Global Equities	18.8	19.5	79,815,000	75,681,000
Core Fixed Income	6.5	6.2	9,280,000	8,500,000
Value Added Fixed Income	69.2	73.4	53,453,000	50,820,000
Real Estate	49.5	44.6	52,254,000	48,085,000
Timberland	33.8	38.6	11,000,000	11,900,000
Private Equity	115.4	113.3	207,570,000	192,700,000
Portfolio Completion Strategies (PCS)	101.5	94.7	89,940,000	79,694,000
Overlay, Foreign Currency, and Other	13.3	31.2	1,025,000	1,025,000
Total Investment Management Fees	47.6	47.3	504,337,000	468,405,000
<u>Investment Service Providers Fees</u>				
Custodian	0.1	0.1	935,000	935,000
General	0.2	0.2	2,552,500	2,092,500
Real Estate & Timberland	1.9	1.8	2,600,000	2,450,000
Public Markets	0.4	0.4	2,695,000	2,650,000
Private Equity	1.1	1.1	1,950,000	1,900,000
Portfolio Completion Strategies	10.6	10.0	9,380,000	8,380,000
Research	0.1	0.1	800,000	1,000,000
Audit & Tax-PRIT	0.0	0.0	449,000	449,000
Risk Measurement and Investment Analytics	0.3	0.2	2,700,000	2,470,000
Total Investment Service Providers Fees	2.3	2.3	24,061,500	22,326,500
Total Investment Expenses	49.8	49.6	528,398,500	490,731,500

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	<u>FY25</u> <u>(bps)#</u>	<u>FY24</u> <u>(bps)#</u>	<u>FY2025</u>	<u>FY 2024</u>
<u>Non-Investment Expenses</u>				
<u>Operations Expenses</u>				
Compensation & Employee Benefits	2.3	2.4	24,043,000	23,521,000
Occupancy	0.2	0.2	2,105,000	1,830,000
Insurance	0.0	0.1	485,000	528,000
General Office Expenses	0.0	0.0	415,000	400,000
Computer & MIS Expenses	0.1	0.1	1,025,000	900,000
Travel, Prof. Develop, Dues & Subscriptions	0.0	0.0	530,000	467,000
Client Service	0.0	0.0	55,000	55,000
Total Operations Expenses	2.7	2.8	28,658,000	27,701,000
<u>Non-Investment Service Providers Fees</u>				
General	0.1	0.1	1,095,000	870,000
Audit & Tax-PRIM	0.0	0.0	95,000	43,000
Legal	0.1	0.1	600,000	600,000
Governance	0.0	0.0	355,000	315,000
Total Non-Investment Service Providers Fees	0.2	0.2	2,145,000	1,828,000
Total Non-Investment Expenses	2.9	3.0	30,803,000	29,529,000
Total Operating Budget	52.7	52.6	559,201,500	520,260,500

Basis points (bps) for Investment Management Fees are calculated by dividing the budgeted fees by the estimated assets under management (AUM) for each asset class. Basis points for Service Providers for Real Estate & Timberland, Public Markets, Private Equity, and PCS are also calculated based upon each asset classes estimated AUM. For all other expenses, the bps are calculated based upon the total PRIT Fund AUM, which is estimated to be \$106 billion and \$99 billion for FY25 and FY24 respectively.

^ No investment performance, incentive, or carried interest fees are budgeted.

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Global Equities

<u>Domestic Equity</u>	<u>FY 2025</u>	<u>FY 2024</u>
State Street Global Advisors (SSGA) (S&P 500 Index)	725,000	632,000
Rhumblin (S&P 500 Index)+	177,000	120,000
SSGA (Russell 2500 Index)	104,000	100,000
Frontier	2,723,000	2,400,000
Riverbridge	2,265,000	2,500,000
Summit Creek	3,529,000	4,000,000
Acadian	523,000	500,000
Brandywine	1,305,000	1,400,000
Lord Abbett	1,609,000	1,300,000
Driehaus	2,041,000	1,400,000
Rhumblin (EIA)+	222,000	-
	15,223,000	14,352,000
<u>International Equity</u>		
SSGA (World Ex-US Index)	232,000	200,000
SSGA (Small Cap)	63,000	76,000
Marathon	8,800,000	7,700,000
Baillie Gifford	4,477,000	4,700,000
Mondrian Investment	2,113,000	3,010,000
Xponance+	1,983,000	1,800,000
ARGA+	3,138,000	2,740,000
Acadian	2,040,000	1,850,000
AQR	1,761,000	1,550,000
Driehaus	1,319,000	1,300,000
Artisan	1,865,000	1,700,000
Causeway+	2,170,000	1,800,000
Columbia	1,754,000	1,600,000
Pzena+	1,622,000	1,500,000
Potential New Managers	5,000,000	5,000,000
	38,337,000	36,526,000
<u>Emerging Markets Equity</u>		
Baillie Gifford	4,485,000	4,510,000
Driehaus	4,236,000	4,100,000
Pzena+	6,423,000	6,500,000
AQR (Performance Fees Only)^	-	-
T. Rowe Price	1,387,000	2,150,000
Acadian	6,100,000	4,610,000
Wasatch	2,100,000	1,640,000
	24,731,000	23,510,000

<u>Emerging - Diverse Managers Program</u>	<u>FY 2025</u>	<u>FY 2024</u>
Xponance+	813,000	722,000
Various Emerging – Diverse Managers+	711,000	571,000
	1,524,000	1,293,000
<u>Total Global Equities</u>	<u>79,815,000</u>	<u>75,681,000</u>

^ No investment performance, incentive, or carried interest fees are budgeted.
+Diverse investment managers – part of PRIM's FUTURE Initiative.

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Core Fixed Income

	<u>FY 2025</u>	<u>FY 2024</u>
Blackrock (Agg Index)	130,000	150,000
Blackrock (TIPS Index)	270,000	255,000
Blackrock (ILB)	1,175,000	1,150,000
Blackrock (STRIPS Index)	275,000	255,000
Blackrock Short Term FI	91,000	90,000
PIMCO	1,700,000	1,550,000
Loomis Sayles	2,491,000	2,145,000
AFL-CIO*	160,000	130,000
Longfellow+	864,000	745,000
New Century+	844,000	715,000
Pugh+	930,000	810,000
Emerging-Diverse Manager Program– Bivium+	190,000	275,000
Various Emerging-Diverse Managers+	160,000	230,000
<u>Total Core Fixed Income</u>	<u>9,280,000</u>	<u>8,500,000</u>

Value-Added Fixed Income

Fidelity	1,884,000	1,530,000
Loomis Sayles	2,000,000	1,910,000
Shenkman	1,730,000	1,600,000
Eaton Vance*	4,200,000	4,070,000
Voya*	3,643,000	3,350,000
PIMCO	1,452,000	1,400,000
Ashmore*	3,000,000	2,800,000
Private Debt – Various Managers*	12,000,000	14,000,000
Other Credit Strategies – Various Managers*	20,841,000	19,500,000
New VAFI Managers / Multi-Asset Class Credit	1,800,000	-
Emerging-Diverse Manager Program – Bivium+	310,000	250,000
Various Emerging -Diverse Managers+	593,000	410,000
<u>Total Value-Added Fixed Income</u>	<u>53,453,000</u>	<u>50,820,000</u>

* Investments are in investment structures (commingled funds, partnerships, etc.) where management fees are not directly paid to the investment managers by PRIM, but rather fees are indirectly paid via a reduction of PRIM's investment.

+Diverse investment managers – part of PRIM's FUTURE Initiative.

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Real Estate

<u>REITs</u>	<u>FY 2025</u>	<u>FY 2024</u>
CenterSquare	2,500,000	2,210,000
Brookfield	1,240,000	2,000,000
	<u>3,740,000</u>	<u>4,210,000</u>

Core Strategy

AEW*	7,700,000	7,800,000
INVESCO*	10,500,000	9,500,000
LaSalle*	9,500,000	9,125,000
CBRE Global Investors*	3,500,000	3,200,000
Stockbridge Advisors*	4,100,000	2,500,000
DivcoWest Core*	1,000,000	1,000,000
	<u>36,300,000</u>	<u>33,125,000</u>

Non - Core and Direct Strategies

Various Managers*	9,040,000	8,750,000
	<u>9,040,000</u>	<u>8,750,000</u>

Emerging- Diverse Managers Program

Cambridge Associates	700,000	700,000
Various Emerging - Diverse Managers+	2,474,000	1,300,000
	<u>3,174,000</u>	<u>2,000,000</u>

<u>Total Real Estate</u>	<u>52,254,000</u>	<u>48,085,000</u>
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Timberland

	<u>FY 2025</u>	<u>FY 2024</u>
Forest Investment Associates*	4,800,000	5,100,000
Campbell Group*	6,200,000	6,800,000
<u>Total Timberland</u>	<u>11,000,000</u>	<u>11,900,000</u>

Private Equity

Private Equity Managers

Various Managers*	204,820,000	190,000,000
	<u>204,820,000</u>	<u>190,000,000</u>

Emerging – Diverse Managers Program

Hamilton Lane	750,000	700,000
Various Emerging - Diverse Managers*+	2,000,000	2,000,000
	<u>2,750,000</u>	<u>2,700,000</u>

Total Private Equity

	<u>207,570,000</u>	<u>192,700,000</u>
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+Diverse investment managers – part of PRIM's FUTURE Initiative

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Portfolio Completion Strategies (PCS)

	<u>FY 2025</u>	<u>FY 2024</u>
Replication Strategies	190,000	134,000
PAAMCO – Hedge Fund-of-Funds*^	6,230,000	6,160,000
Hedge Funds*	70,000,000	59,000,000
Emerging Manager Program	5,120,000	4,900,000
Real Assets*	8,400,000	9,500,000
<u>Total PCS</u>	<u>89,940,000</u>	<u>79,694,000</u>

Overlay, Foreign Currency and Other

Parametric (Overlay)	470,000	450,000
Russell (Foreign Currency)	555,000	575,000
<u>Total Overlay, Foreign Currency and Other</u>	<u>1,025,000</u>	<u>1,025,000</u>

Total Investment Management Fees	<u>504,337,000</u>	<u>468,405,000</u>
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* Investments are in investment structures (commingled funds, partnerships, etc.) where management fees are not directly paid to the investment managers by PRIM, but rather fees are indirectly paid via a reduction of PRIM's investment.

^ Excludes costs of underlying hedge funds. These costs are embedded in net hedge fund performance and grow in proportion to the assets under management.

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Investment Service Providers Fees

<u>Custody</u>	<u>FY 2025</u>	<u>FY 2024</u>
Master Custody Services	935,000	935,000
	935,000	935,000

<u>General</u>		
Asset Allocation	230,000	230,000
Benchmarking Advisory Services	122,500	122,500
Operational Due Diligence	750,000	515,000
Legislative Restrictions & Benchmarking	225,000	225,000
Compliance	100,000	100,000
Stewardship Advisory Services	375,000	250,000
Miscellaneous Service Providers and Other Initiatives	750,000	650,000
	2,552,500	2,092,500

<u>Real Estate and Timberland</u>		
Real Estate and Timberland Advisors	1,000,000	1,000,000
Debt Compliance and Reporting	1,000,000	850,000
Direct Investment Advisory & Other Advisory Projects	600,000	600,000
	2,600,000	2,450,000

<u>Public Markets</u>		
Public Markets Advisors	575,000	550,000
Managed Account Platform Providers-OCO	1,620,000	1,500,000
Public Markets – Other	500,000	600,000
	2,695,000	2,650,000

<u>Private Equity</u>		
Private Equity Advisor	1,200,000	1,500,000
Private Equity – Other	750,000	400,000
	1,950,000	1,900,000

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Investment Service Providers Fees (continued)

<u>Portfolio Completion Strategies</u>	<u>FY 2025</u>	<u>FY 2024</u>
Portfolio Completion Strategies Advisors	1,500,000	1,500,000
Managed Account Platform Provider	7,500,000	6,500,000
Portfolio Completion Strategies - Other	380,000	380,000
	<u>9,380,000</u>	<u>8,380,000</u>
<u>Research</u>		
Research Tools	800,000	1,000,000
	<u>800,000</u>	<u>1,000,000</u>
<u>Audit and Tax</u>		
Annual Financial Statement Audits^	267,000	259,000
Agreed-Upon Procedures	67,000	65,000
Tax Services & Other	115,000	125,000
	<u>449,000</u>	<u>449,000</u>
<u>Risk Measurement and Analytics</u>		
Risk Measurement Systems	1,000,000	925,000
Investment Tools and Analytics	1,700,000	1,545,000
	<u>2,700,000</u>	<u>2,470,000</u>
Total Investment Service Providers Fees	<u>24,061,500</u>	<u>22,326,500</u>
Total Investment Expenses	<u>528,398,500</u>	<u>490,731,500</u>

^ Additional audit fees are incurred and are charged directly to the investments.

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Non-Investment Expenses

Operations Expenses

Compensation & Employee Benefits

	<u>FY 2025</u>	<u>FY 2024</u>
Full-Time Staff (including vacant positions)	23,500,000	23,000,000
Benefits, Taxes, and Miscellaneous	543,000	521,000
	<u>24,043,000</u>	<u>23,521,000</u>

Occupancy

Lease	2,095,000	1,810,000
Leasehold Improvements and Other	10,000	20,000
	<u>2,105,000</u>	<u>1,830,000</u>

Insurance

Fiduciary	300,000	350,000
Business Insurance Policies	60,000	55,000
Workers Compensation	25,000	23,000
Cyber	50,000	50,000
Other	50,000	50,000
	<u>485,000</u>	<u>528,000</u>

General Office Expenses

Printing, Postage, and Courier	65,000	70,000
Payroll / Employee Timesheets / HRIS	70,000	70,000
Stenographer and other meeting expenses	30,000	25,000
Records Storage	80,000	65,000
Office Supplies, Equipment, and Other	120,000	120,000
Temporary Labor	50,000	50,000
	<u>415,000</u>	<u>400,000</u>

Computer & MIS Expenses

Hardware & Software	600,000	445,000
Support and Development	280,000	310,000
MIS Other / ISP & Remote Access	145,000	145,000
	<u>1,025,000</u>	<u>900,000</u>

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Operations Expenses (continued)

<u>Travel, Prof. Development & Dues and Subscriptions</u>	<u>FY 2025</u>	<u>FY 2024</u>
Due Diligence Travel	230,000	215,000
Professional Development	150,000	132,000
Professional Dues and Subscriptions	150,000	120,000
	<u>530,000</u>	<u>467,000</u>
<u>Client Service</u>		
Client Meetings and Conferences	55,000	55,000
	<u>55,000</u>	<u>55,000</u>
Total Operations Expenses	<u>28,658,000</u>	<u>27,701,000</u>

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Non-Investment Service Providers Fees

General

Information Technology	750,000	500,000
Communications	125,000	150,000
Compensation and Human Resources	120,000	120,000
Miscellaneous Service Providers and Other Initiatives	100,000	100,000
	1,095,000	870,000

Audit and Tax

Annual Financial Statements Audits	45,000	43,000
Tax Services & Other	50,000	-
	95,000	43,000

Legal

Outside Counsel	600,000	600,000
	600,000	600,000

Governance

Proxy Voting Services	250,000	210,000
Council of Institutional Investors	35,000	35,000
Board Education	20,000	20,000
Advisory Services and Other	50,000	50,000
	355,000	315,000

Total Non-Investment Service Providers Fees	2,145,000	1,828,000
Total Non-Investment Expenses	30,803,000	29,529,000
Total Operating Budget	559,201,500	520,260,500

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OPERATING BUDGET NARRATIVE

The Fiscal Year (FY) 2025 Operating Budget is presented in four broad expense categories:

- Investment Management Fees
- Investment Service Providers Fees
- Operations Expenses
- Non-Investment Service Providers Fees

Investment Management Fees:

PRIM employs professional investment managers and gives them discretion, consistent with specified objectives and guidelines, to manage the PRIT Fund's assets. Investment management fees are the fees paid to these investment managers for their services. Each investment manager operates under a contract (generally an investment management agreement or a partnership agreement) that delineates its responsibilities and appropriate performance expectations. Budget projections for investment management fees are based on the following factors and year-to-year budget fluctuations reflect changes to one or more of these factors:

- The PRIT Fund asset allocation
- Assets under management (AUM)
- Contractual fee schedules
- Capital commitments

No performance fees, incentive fees, or carried interest are included in this budget due to the difficulty in estimating these fees in advance.

Investment Service Providers Fees:

PRIM employs Investment service providers to support the PRIM Board, committees and staff to manage the PRIT Fund. Budget projections for Investment service providers are generally estimated based upon current service contracts and estimated future potential services.

Operations:

Operations expenses are projected based on current expenses and strategic initiatives that are deemed to be both probable and estimable.

Non-Investment Service Providers Fees:

PRIM employs Non-Investment service providers to support the PRIM Board, committees and staff to manage the operations of the PRIM Board. Budget projections for Non-Investment service providers are generally estimated based upon current service contracts and estimated future potential services.

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Investment Management Fees

Global Equities

Global Equities is comprised of Domestic Equity, International Equity and Emerging Markets Equity.

Domestic Equity

The total Domestic Equity fee budget of \$15.2 million, increases \$.9 million, or 6.1%, in FY2025. This is mainly due to an increase in budgeted assets in FY2025 compared to FY2024.

Manager	Mandate*	Active/ Passive	Fee Type
SSGA	S&P 500 Index	Passive	Net Asset Value (NAV)
Rhumblin	S&P 500 Index	Passive	NAV
SSGA	Russell 2500 Index	Passive	NAV
Frontier	Russell 2000 Value	Active	NAV
Riverbridge	Russell 2500 Growth	Active	NAV
Summit Creek	Russell 2000 Growth	Active	NAV
Acadian	Russell Microcap	Active	NAV and Performance
Brandywine	Russell Microcap - Value	Active	NAV
Lord Abbett	Russell Microcap - Growth	Active	NAV
Driehaus	Russell Microcap – Growth	Active	NAV
Rhumblin	EIA IFED – LG Index	Passive	NAV

**All mandates are customized to exclude legislatively mandated restricted securities.*

International Equity

The total International Equity fee budget of \$38.3 million, increases \$1.8 million, or 5.0%, in FY2025. This is mainly due to an increase in budgeted assets in FY2025 compared to FY2024.

Manager	Mandate*	Active/ Passive	Fee Type
SSGA	World Ex-US	Passive	NAV
SSGA	World Ex-US Small Cap	Passive	NAV
Marathon	MSCI World Ex-US	Active	NAV
Baillie Gifford	MSCI World Ex-US	Active	NAV
Mondrian	MSCI World Ex-US	Active	NAV
Xponance	MSCI World Ex-US	Active	NAV
ARGA	MSCI World Ex-US	Active	NAV
Acadian	MSCI World Ex-US Small Cap	Active	NAV
AQR	MSCI World Ex-US Small Cap	Active	NAV
Driehaus	MSCI World Ex-US Small Cap	Active	NAV
Artisan	MSCI World Ex-US Small Cap	Active	NAV
Causeway	MSCI World Ex-US	Active	NAV
Columbia	MSCI World Ex-US	Active	NAV
Pzena	MSCI World Ex-US	Active	NAV
Potential New Managers	MSCI World Ex-US	Active	NAV

**All mandates are customized to exclude legislatively mandated restricted securities.*

Emerging Markets Equity

The total Emerging Markets Equity fee budget of \$24.7 million, increases \$1.2 million, or 5.2%, in FY2025. This is mainly due to an increase in budgeted assets in FY2025 compared to FY2024.

Manager	Mandate*	Active/ Passive	Fee Type
Baillie Gifford	MSCI Emerging Markets	Active	NAV
Driehaus	MSCI Emerging Markets	Active	NAV
Pzena	MSCI Emerging Markets	Active	NAV
AQR	MSCI Emerging Markets	Active	Performance
T. Rowe Price	MSCI Emerging Markets	Active	NAV
Acadian	MSCI EM Small Cap	Active	NAV
Wasatch	MSCI EM Small Cap	Active	NAV

*All mandates are customized to exclude legislatively mandated restricted securities.

Emerging - Diverse Managers Program

The total Emerging - Diverse Managers Program for Global Equities fee budget of \$1.5 million, increases \$.2 million, or 17.9%, in FY2025. This is mainly due to an increase in budgeted assets in FY2025 compared to FY2024.

Manager	Mandate	Active/ Passive	Fee Type
Xponance	Various	Active	NAV
Various Emerging – Diverse Managers	Various	Active	NAV

Core Fixed Income

The total Core Fixed Income fee budget of \$9.3 million, increases \$.8 million, or 9.2%, in FY2025. This is mainly due to an increase in budgeted assets in FY2025 compared to FY2024.

Manager	Mandate	Active/ Passive	Fee Type
BlackRock	US Aggregate Index	Passive	NAV
BlackRock	TIPS Index	Passive	NAV
BlackRock	ILB	Active	NAV
BlackRock	STRIPS 20+Year Index	Passive	NAV
BlackRock	Treasury 1-3 Year	Passive	NAV
PIMCO	US Aggregate FI	Active	Funded and Performance
Loomis Sayles	US Aggregate FI	Active	NAV
AFL-CIO	US Aggregate FI-ETI	Active	Commingled Fund – NAV
Longfellow	US Aggregate FI	Active	NAV
New Century	US Aggregate FI	Active	NAV
Pugh	US Aggregate FI	Active	NAV
Emerging-Diverse Manager Program - Bivium	Various	Active	NAV
Various Emerging-Diverse Managers	Various	Active	NAV

*All mandates are customized to exclude legislatively mandated restricted securities.

Value-Added Fixed Income

The total Value-Added Fixed Income fee budget of \$53.5 million, increases by \$2.6 million, or 5.2%, in FY2025. This is mainly due to an increase in assets to the Other Credit Opportunities mandate, and other VAFI mandates as part of the change in asset allocation.

Manager	Mandate	Active/ Passive	Fee Type
Fidelity	High Yield Bonds	Active	NAV
Loomis Sayles	High Yield Bonds	Active	NAV
Shenkman	High Yield Bonds	Active	NAV
Eaton Vance	Bank Loans	Active	Commingled Fund – NAV
Voya	Bank Loans	Active	Commingled Fund – NAV
PIMCO	EM Debt Hard Currency	Active	NAV
Ashmore	EM Debt Hard Currency	Active	Commingled Fund – NAV
Various Managers	Private Debt	Active	Commingled Funds – Committed Capital
Various Managers	Other Credit Strategies	Active	Commingled Funds – Committed Capital
Various Managers	Multi-Asset Credit	Active	NAV
Emerging-Diverse Managers Program – Bivium	Various	Active	NAV
Various Emerging-Diverse Managers	Various	Active	NAV

**All mandates are customized to exclude legislatively mandated restricted securities.*

Real Estate

Real Estate Investment Trusts (REITs)

The total REITs fee budget of \$3.7 million, decreases by \$(.5) million, or (11.2)%, in FY2025. This change is mainly due to a decrease in budgeted assets in FY2025 compared to FY2024.

Manager	Mandate	Active/ Passive	Fee Type
CenterSquare	Global REITs	Active	NAV
Brookfield	Global REITs	Active	NAV

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Core Strategy

The total Core Strategy fee budget of \$36.3 million, increases by \$3.2 million, or 9.6%, in FY2025. This change is mainly due to a projected increase in contributed capital.

Manager	Mandate	Active/ Passive	Fee Type
AEW	Core Real Estate	Active	Funded and Performance
INVESCO	Core Real Estate	Active	Funded and Performance
LaSalle	Core Real Estate	Active	Funded and Performance
CBRE Global Investors	Core Real Estate	Active	NAV and Performance
Stockbridge Advisors	Core Real Estate	Active	NAV and Performance
DivcoWest Core	Core Real Estate	Active	NAV and Performance

Non – Core and Direct Strategy

The total Non - Core and Direct Strategy fee budget of \$9.0 million, increases by \$.3 million, or 3.3%, in FY2025. This change is mainly due to a projected increase in contributed capital.

Manager	Mandate	Active/ Passive	Fee Type
Various Managers	Non-Core&Direct Strategies	Active	Generally– Funded and Performance

Emerging - Diverse Manager Program

The total Emerging - Diverse Manager Program for Real Estate fee budget of \$3.2 million, increases by 1.2 million, or 58.7%, in FY 2025 due primarily to a projected increase in contributed capital.

Manager	Mandate	Active/ Passive	Fee Type
Cambridge Associates	Various	Active	Various
Various Emerging-Diverse Managers	Various	Active	Various

Timberland

The total Timberland fee budget of \$11.0 million decreases by \$(0.9) million, or (7.6)%, in FY2025 due primarily to lower than projected fee increases.

Manager	Mandate	Active/ Passive	Fee Type
Forest Invest Associates	Timberland	Active	Funded and Performance
Campbell Global	Timberland	Active	Funded and Performance

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Private Equity

The total Private Equity fee budget of \$207.6 million increases by \$14.9 million, or 7.7%, in FY2025 due to a projected increase in committed capital. Private Equity management fees are typically a percentage of committed capital during the active investment period and become a percentage of cost of remaining investments later in the life of the partnership.

Manager	Mandate	Active/ Passive	Fee Type
Various Managers	Private Equity	Active	Generally Committed Capital
Emerging-Diverse Managers Program – Hamilton Lane	Private Equity	Active	Generally Committed Capital
Various Emerging-Diverse Managers	Private Equity	Active	Generally Committed Capital

Portfolio Completion Strategies (PCS)

The total Portfolio Completion Strategies fee budget of \$89.9 million, increases by \$10.2 million, or 12.9%, in FY2025. This change is mainly due to an increase in budgeted assets in FY2025 compared to FY2024.

Manager	Mandate	Active/ Passive	Fee Type
Various Managers	PCS and Hedge Funds	Active	Generally NAV and Performance

Overlay, Foreign Currency and Other

The total Overlay, Foreign Currency and Other fee budget of \$1.0 million, stays flat in FY2025.

Manager	Mandate	Active/ Passive	Fee Type
Parametric	Overlay	Active	NAV
Russell	Foreign Currency Trading	Active	NAV

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Investment Service Provider Fees

The FY2025 budget for Investment Service Provider Fees (including Custody and Advisors as well as Research, Audit & Tax, and Risk Measurement & Investment Analytics) of \$24.1 million increases by \$1.7 million, or 7.8%. The increase is driven primarily by an increase in budgeted assets in the Managed Account Platform. Costs in this category are generally the result of competitively bid contracts and estimates for future potential services.

Custody

BNY Mellon currently provides the PRIT Fund with global custody, accounting and performance measurement services. BNY Mellon provides custody for PRIT assets, records all investment transactions for the PRIT Fund, and provides recordkeeping for all participant activity for member retirement systems, including participant performance analysis.

General

PRIM employs several professional advisors to provide comprehensive advisory services to staff and the Board including recommendations on asset allocation, benchmarking and operational due diligence.

Real Estate & Timberland

The FY2025 budget reflects the advisory fees for a bench of professional real estate advisors and PRIM's timberland advisor, International Woodland Company, financial reporting costs associated with the real estate leverage program, expenses related to potential direct investments, data tools, legal and other consulting costs.

Public Markets

The FY2025 budget reflects contractual fees for PRIM's Public Market advisors: Meketa, Aberdeen and Innocap. It also includes fees related to operational due diligence, legal and other consulting costs.

Private Equity

The FY2025 budget reflects the fees for Hamilton Lane, that include private equity advisory, monthly accounting, and detailed performance reporting for the PRIT Fund's Private Equity program. The budget also includes projected fees for data tools, legal and other consulting costs.

Portfolio Completion Strategies

The FY2025 budget reflects the contractual fees for PRIM's PCS advisors: Aberdeen, New Alpha, and Innocap. The budget also includes projected fees for data tools, legal and other consulting costs.

Research

The FY2025 budget reflects projected fees for data infrastructure, research tools, and other research initiatives, including the MIT Aggregate Confusion Project.

Audit & Tax

KPMG provides the annual financial statement audits for the PRIT Fund. KPMG also performs an annual examination of the internal controls surrounding PRIM's procurement of investment managers and other service providers and reviews the PRIT Fund's benchmark and performance calculations in accordance with the guidance contained in the AICPA Statement on Standards for Attestation Engagements.

KPMG also provides audit services for PRIT’s Real Estate, Timberland, and certain PCS investments. The audit fees for this work are charged to the underlying investments and are not included in the PRIM budget.

Deloitte provides PRIT with tax advisory services. Real Estate and Timberland property level tax return preparation fees and tax advisory fees are charged to the underlying properties and, as such, are not a part of the PRIM budget. However, the general tax advisory work is paid directly by PRIM.

Risk Measurement and Investment Analytics

PRIT utilizes MSCI’s BarraOne, a single platform multi-asset class investment risk measurement tool. Other investment analytical tools include FactSet, eVestment, Bloomberg, and others.

Operations

The FY2025 Operations budget of \$28.7 million increases \$1.0 million or, 3.5%, reflecting primarily an increase in Compensation and Employee Benefits due to projected new PRIM staff positions.

Compensation & Employee Benefits

The FY2025 Compensation budget includes allocations for new positions and additional resources to support the PRIT Fund’s growth and PRIM’s many new initiatives, as well as potential increases for existing staff based on the Board approved salary bands.

Per PRIM’s Compensation Philosophy, to ensure PRIM remains competitive with market trends, a comprehensive compensation level analysis is conducted by PRIM’s compensation consultant, McLagan. To continue to make incremental progress within these Board approved salary bands we have included amounts in the FY2025 budget for potential base salary increases and for potential promotions. The budget for employee benefits consists primarily of dental, vision, and disability costs for employees as well as a contingency to cover potential unemployment claims since PRIM does not participate in the state's unemployment insurance pool. The budget also includes estimated Medicare taxes and Massachusetts Paid Family Medical Leave for all employees.

Occupancy

The occupancy budget includes expenses associated with office space, including rent, maintenance charges, and utilities.

Insurance

The budget includes insurance premium costs for various business and liability policies. PRIM's current insurance policies are summarized in the following table:

Policy Type	Coverage	Deductible
Fiduciary Liability	\$15,000,000	\$ 250,000
Commercial Crime	\$10,000,000	\$ 100,000
Employment Practices Liability	\$ 1,000,000	\$ 100,000
Workers Compensation	\$ 1,000,000	N/A
Cyber Insurance	\$ 3,000,000	\$ 10,000
Commercial General Liability	\$ 1,000,000	N/A
Commercial Property	\$ 1,194,900	\$ 250
Umbrella Liability	\$ 4,000,000	\$ 10,000
Hired Auto	\$ 1,000,000	N/A

General Office Expenses

This budget category includes expenses relating to the general administration of PRIM's office operations.

Computer and MIS Expenses

This category includes telecom, internet service providers, hardware, software and support agreements, offsite data storage, and equipment for the expected growth of staff.

Travel, Professional Development & Dues and Subscriptions

This budget category represents costs associated with due diligence travel, ongoing professional education of PRIM Board and committee members and staff, including related travel expenses and dues & subscriptions, which includes membership dues in professional associations and subscription costs for professional journals, investment industry publications, and newspaper subscriptions. The budget includes tuition reimbursement charges (e.g., for approved CFA and higher education courses), required continuing education costs for maintaining professional licenses (e.g., CPA license), and attendance at professional conferences and seminars. PRIM is committed to supporting its Board members and staff in their pursuit of professional development.

Client Service

Currently, 100 entities, including the State Retiree Benefits Trust Fund, invest in the PRIT Fund. The client service budget allows for PRIM-sponsored client conferences and on-site client meetings. This budget includes the cost of traveling to client meetings, conferences, and related activities.

Non-Investment Service Provider Fees

The FY2025 budget for Non-Investment Service Provider Fees (Including Audit & Tax, Legal and Governance) of \$2.1 million increases by \$.3 million, or 17.3%. The increase is driven by growth in Information Technology to account for consulting on various IT projects. Costs in this category are generally the result of competitively bid contracts.

General

PRIM employs several professional advisors to provide comprehensive advisory services to staff and the Board related to communications, information technology, compliance, human resources, compensation and other policies.

Audit & Tax

KPMG provides annual financial statement audits for PRIM and Deloitte provides PRIM with tax advisory services.

Legal

PRIM retains outside counsel as necessary to provide legal services to PRIM. Outside legal expenditures can be difficult to predict and have historically fluctuated significantly based on the nature of activities of PRIM.

Governance

Institutional Shareholder Services (ISS) provides a comprehensive analysis of proxy issues and vote recommendations for the PRIT Fund's domestic and international securities in accordance with PRIM's custom proxy guidelines. The governance budget also includes fees for Board self-evaluation and governance manual updates. As well as annual membership fees associated with participation in the Council of Institutional Investors and anticipated costs for hosting PRIM Board Education sessions.

Key Assumptions

Estimated Assets Under Management and Asset Allocation in FY2025

Many of the budgeted expenses for FY2025 are based upon the estimated average assets under management and the estimated average actual asset allocation.

The estimated average assets under management for FY2025 is \$106 billion. To estimate PRIM's FY2025 average assets under management, the beginning AUM of FY2025 (July 1, 2024) was estimated to equal the PRIT Fund assets under management as of February 29, 2024. The ending AUM of FY2025 (June 30, 2025) was estimated to increase by NEPC's expected 10 year return forecast of 6.6%. The estimated average AUM of FY2025 is the average of the estimated beginning and ending AUM, which is approximately \$106 billion. Please note that future investment performance is not predictable and actual performance will vary.

Performance, Incentive, or Carried Interest Fees

No investment performance, incentive, or carried interest fees are budgeted in FY2025. These fees can vary dramatically from year-to-year and are not predictable.

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