



Minutes of the PRIM Investment Committee Remote Meeting
Tuesday, November 12, 2024

Committee members present:

- Treasurer Deborah Goldberg, Chair
- C. LaRoy Brantley
- Catherine D'Amato
- Michael Even
- Constance Everson, CFA
- Ruth Ellen Fitch, Esq.
- Phillip Perelmuter
- Philip Rotner
- Paul Shanley, Esq.
- Glenn Strehle, CFA (joined at 9:42 am)
- Timothy Vaill

Committee members not present:

- Joseph Bonfiglio
- James Hearty
- Peter Monaco

The PRIM Investment Committee meeting was called to order at 9:30 a.m. Chair Treasurer Deborah Goldberg announced that the meeting was being held by internet and telephone in accordance with the provisions of Massachusetts Acts of 2022 which was most recently amended on March 29, 2023, to include an extension of the 2020 Executive Order 'Suspending Certain Provisions of the Open Meeting Law' until March 31, 2025. Accordingly, all members of the Committee participated remotely via telephone and/or internet enabled audio and video conferencing, and all votes were taken by roll call. Public access to the deliberations of the Committee was likewise provided via telephone, with presentation materials made available on PRIM's website (www.mapension.com). At the start of the meeting, the names of the members participating remotely were announced.

I. Approval of the Minutes (Voting Item)

The Investment Committee approved, by unanimous roll-call vote, the minutes of its July 30, 2024, meeting.

II. Executive Director/Chief Investment Officer Comments

Michael G. Trotsky, CFA, Executive Director, and Chief Investment Officer, made comments to the Committee, including:

Financial markets were strong in the quarter ended September 30, 2024, and the PRIT Fund ended with a record high balance of \$110.5 billion, surpassing the previous record balance set last quarter. For the September quarter, the PRIT Fund returned 4.4%, net of all fees, and for the trailing twelve months, the PRIT Fund returned 16.4% net which equates to an investment gain of \$15.6 billion.

Organizational Updates

Operationally, PRIM recently completed 34 separate audits for both the PRIT Fund and the PRIM Board, and all of them resulted in unmodified, clean opinions. Additionally, PRIM was recently awarded the prestigious Certificate of Achievement for Excellence in Financial Reporting for the 19th consecutive year for the Annual Comprehensive Financial Report by the Government Finance Officers Association (GFOA). Unmodified audit opinions, a robust annual financial report, and compliance with GIPs performance

reporting standards – one of only a small handful of pension funds to do so --is testimony to PRIM’s timely, accurate, and complete financial reporting.

Organizationally, our staff continues to receive local and national recognition. PRIM’s newest staff member, Katherine Kovach, Investment Analyst on the Private Equity team, recently passed the third and final CFA exam and is now a CFA Charter holder. PRIM Director of Stewardship, Veena Ramani, and Director of Investment Operations, George Tsipakis, were named 2024 recipients of the Commonwealth Citation for Outstanding Performance by the Treasurer’s Office. Veena joined PRIM just approximately two years ago and has had a very impactful start. She has led the development of new stewardship priorities and enhanced PRIM’s Proxy Voting Guidelines. She has also quickly become a very effective ambassador for our organization, speaking during Climate Week and other high-profile opportunities. George Tsipakis oversees PRIM’s investment cash processing and investment back office. He is also a key member supporting PRIM’s entire real estate leverage program, including maintaining all compliance protocols. Additionally, George implemented a novel automated tool to support PRIM’s investment management reconciliations, making them more efficient and thorough. Last, Mr. Trotsky noted that on Thursday, October 17th, he was presented with the “Lifetime Achievement Award” by *Allocate with (with Intelligence)* for his work at PRIM and was named to the 2024 CIO Power 100 list by *Chief Investment Officer*.

Markets and PRIT Fund Performance

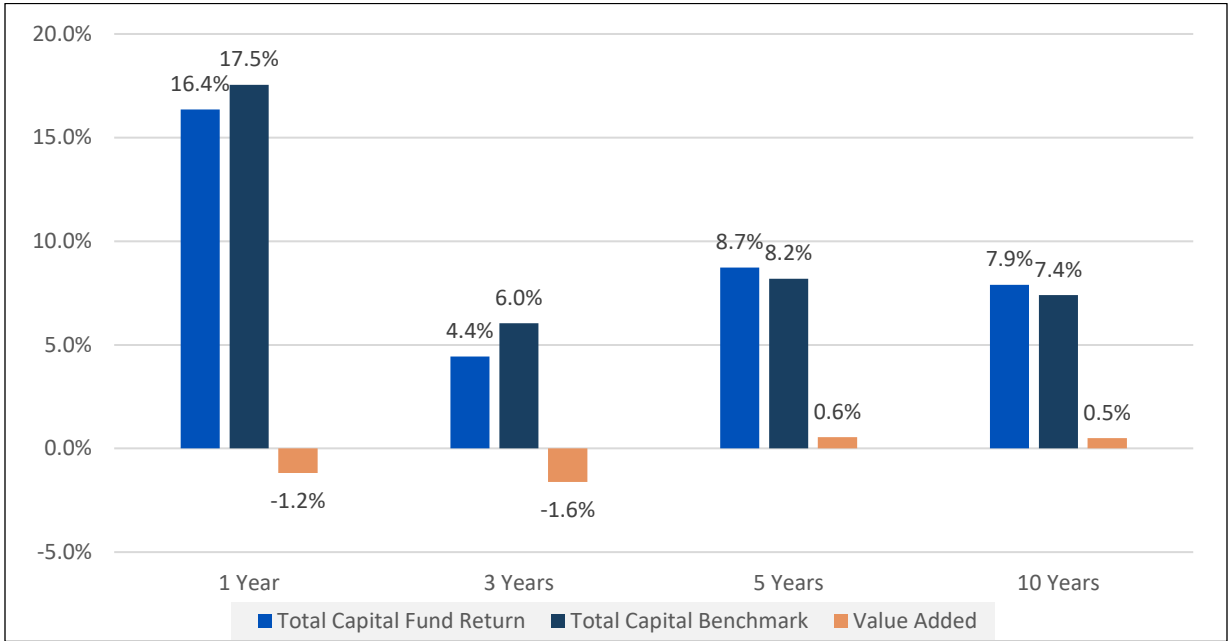
Mr. Trotsky noted that for the one-year period, Global Equity led returns with a gain of 30.6% net of fees, propelled in part by US Large Capitalization Equities including the “Magnificent Seven” group of technology companies. Emerging Markets Equity, US Small Capitalization Equities, and Developed International Equities were also strong, up 25.7%, 25.1%, and 23.9%, respectively. Fixed Income strategies, Hedge Funds and Timberland posted strong double-digit gains while Real Estate declined 4.9%. Private equity was up 7.0% for the one-year period as it reported its seventh consecutive quarterly gain in the quarter and positive cash flows for both the quarter and calendar year to date. Fourteen of the fifteen major asset classes in the PRIT Fund had a positive contribution to the total return of 16.4%. We believe a 16.4%, 12-month gain in the turbulent environment is a very solid accomplishment. The PRIT Fund has performed well over a long period of time through strong and weaker markets and through turbulent times; we remain confident in its ability to do so in the future.

For the one-year ended September 30, 2024, the PRIT Fund was up 16.4%, net of fees, underperforming the total core benchmark of 17.5% by 118 basis points.

- This performance equates to an investment gain of \$15.6 billion, net of fees.
- This underperformance equates to \$1.1 billion of value below the benchmark return, net of fees.
- Net total outflows to pay benefits for the one-year ended September 30, 2024, were approximately \$140 million.

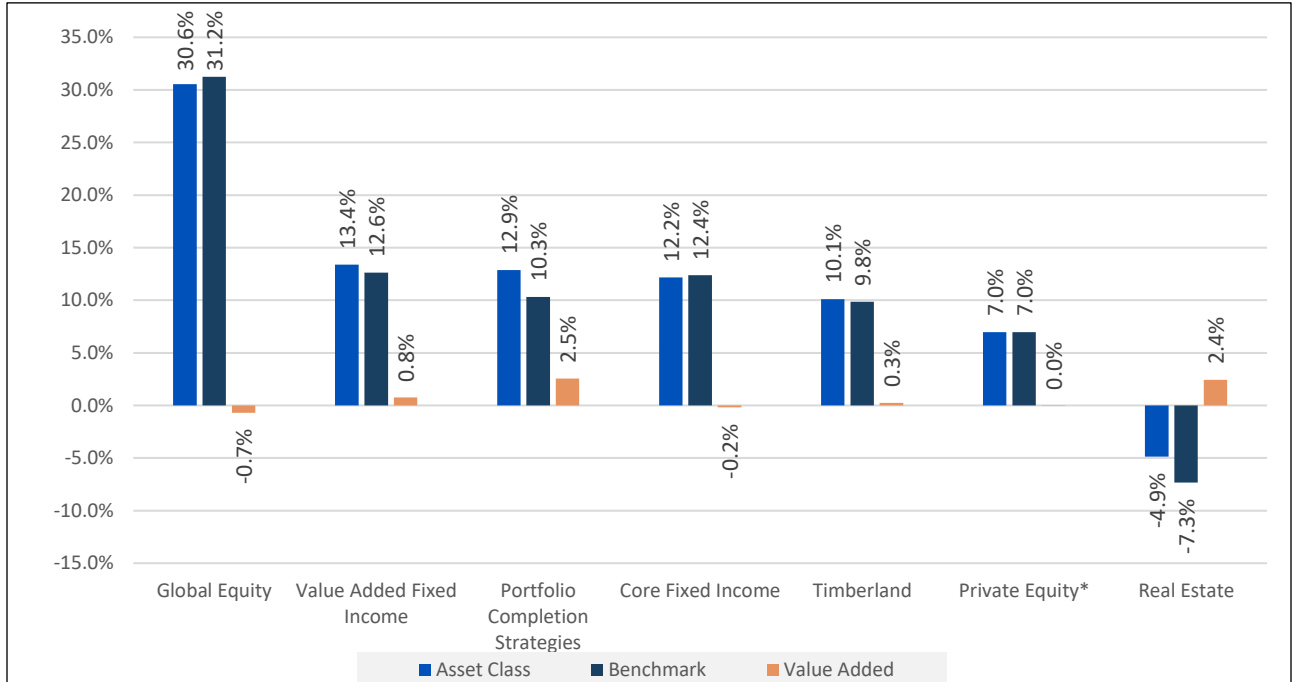
Mr. Trotsky referred to the following charts:

Total PRIT Fund Returns (Net of Fees) Annualized Returns as of September 30, 2024



Source: BNY Mellon. Totals may not add due to rounding. Total Capital Benchmark includes private equity benchmark.

PRIT Performance by Asset Class (Net of Fees) Annualized Returns as of September 30, 2024



Source: BNY Mellon. Totals may not add due to rounding. *Benchmark is actual performance.

PRIT Fund Periodic Table of Returns
(Net of Fees) as of September 30, 2024

1 Year	3 Year	5 Year	10 Year
GLOBAL EQUITY 30.6%	TIMBER 9.4%	PRIVATE EQUITY 17.2%	PRIVATE EQUITY 16.7%
VALUE-ADDED FIXED INCOME 13.4%	GLOBAL EQUITY 7.6%	GLOBAL EQUITY 12.0%	GLOBAL EQUITY 9.4%
PORTFOLIO COMPLETION STRATEGIES 12.9%	PORTFOLIO COMPLETION STRATEGIES 5.3%	TIMBER 6.6%	REAL ESTATE 7.1%
CORE FIXED INCOME 12.2%	PRIVATE EQUITY 4.9%	VALUE-ADDED FIXED INCOME 5.9%	TIMBER 5.7%
TIMBER 10.1%	VALUE-ADDED FIXED INCOME 4.9%	REAL ESTATE 5.2%	VALUE-ADDED FIXED INCOME 4.7%
PRIVATE EQUITY 7.0%	REAL ESTATE 1.8%	PORTFOLIO COMPLETION STRATEGIES 5.0%	PORTFOLIO COMPLETION STRATEGIES 4.0%
REAL ESTATE (4.9%)	CORE FIXED INCOME (3.4%)	CORE FIXED INCOME (0.4%)	CORE FIXED INCOME 2.4%

Source: BNY Mellon.

Investment Committee member Constance Everson, CFA, provided her comments on the economy and the markets.

III. Public Markets Performance Summary

Michael McElroy, CFA, Senior Investment Officer - Director of Public Markets, provided an update on the Public Markets performance.

Mr. McElroy noted that equity markets had another strong performance across regions in the third quarter. Markets were up between 6-9%, with non-US markets performing better than US markets, and Emerging Markets the leader for the period. The US market performance continued to be driven by the "Magnificent 7" large cap technology stocks, which have accounted for almost half of the total return for the S&P 500 year to date. Historic performance deviations persist between the capitalization-weighted indices and the equal-weighted indices. In terms of styles, value outperformed growth everywhere except in the Emerging Markets, and for the first time in many quarters smaller stocks outperformed larger stocks. For the one-year period, equity returns were strong - ranging between 25-35% - with US large-cap exhibiting the strongest returns. As equity markets have trended upward over the calendar year, we have been closely monitoring PRIM's overall exposure to global equities in the PRIT Fund and have needed to rebalance in order to stay within the prescribed range.

Bond returns were positive in the third quarter, with both Core Fixed Income and credit-sensitive rising between 3.5-6%. Rates declined across the yield curve and credit spreads narrowed in the quarter. Since the end of Q3 rates have reverted back up to where they started the quarter, though credit spreads have

continued to remain tight. For the one-year period, returns for both Core Fixed Income and Value-Added Fixed Income were in the 12-13% range.

Equity results for the PRIT Fund in Q3 slightly lagged benchmarks, whereas bond investments performed near their benchmarks. Global Equity underperformance was impacted by Emerging Markets investments and their underweight to China (up 24% in the quarter), whereas domestic and international managers outperformed during the quarter. For the 1-year period, Global Equity performance lagged the benchmark, with domestic manager allocations impacting performance, as did international manager performance, particularly value-oriented managers. For bond investments in the one-year period, Core Fixed Income slightly lagged its benchmark, and Value-Added Fixed Income, outperformed its benchmark. Within Value-Added Fixed Income, Emerging Market Debt managers and credit managers performed well.

PRIM's managers report that companies continue to deliver good fundamental results, but that high market concentrations and risk-seeking from market participants in some sectors obscure this performance. Macroeconomic conditions - at least at the surface - seem benign, as the consumer remains strong, the labor market robust, and inflation remains well-behaved. Both stock and bond volatilities have oscillated quite dramatically over the past year, but in both cases is below where it was a year ago. Risk management remains a top priority for PRIM staff and managers. We don't attempt to call the timing or impact of these potential catalysts but ensure that PRIM's positioning gives a high likelihood of being able to weather any volatility the market could provide.

IV. Portfolio Completion Strategies Performance Summary

Bill Li, CFA, CAIA, Senior Investment Officer - Director of Portfolio Completion Strategies, ("PCS") presented the performance of the PCS portfolio, noting the strong quarter.

Mr. Li noted a handful of Directional Hedge Funds led the pack, rebounding from their prior performance as some of their stock picks finally gained recognition by the market. Other significant contributors included a structured credit mandate, an emerging market credit mandate, and an Asian macro mandate, two of which are Stable Value funds (not high beta).

In terms of risk-adjusted return, PCS compared very favorably to 60/40's (0.4x). Equity beta stayed stable at 0.2. Bond beta crept up (to +0.3x) because a handful of somewhat rate-sensitive managers are hedging less, as interest rate risk is viewed as moderate given the Fed's policy cycle. The PRIT Hedge Funds key rate duration had risen from last year's 1.9 years to 2.7 years as of recent. And this resulted in a slightly higher bond beta.

V. Private Equity

A. Performance Summary

Michael McGirr, CFA, Senior Investment Officer - Director of Private Equity, presented PRIM's Private Equity performance, which remains strong. This is the 7th straight quarter of positive performance.

Mr. McGirr noted for the April 2024 -June 2024 period, Private Equity was up 1.5% net, with small and medium buyouts up 2% and mega and large buyouts up 0.4%. The growth equity and venture capital portfolios were roughly flat for the quarter. The growth equity portfolio was up 4.6% for the one-year while the venture portfolio was down -3.2%. PRIM's Co-investment portfolio was flat for the quarter and up 7.4% for trailing 1 year.

For cash flows, distributions increased to \$536 million, outpacing contributions, resulting in a net cash inflow for the quarter. Overall, assets grew to \$18 billion, or 16.3% of the PRIT Fund, a new high watermark.

B. Issuance of a Request for Proposals (RFP) for Private Equity Advisory Services (Voting Item)

The PRIM Investment Committee voted, by unanimous roll-call vote, to make a recommendation to the PRIM Board to approve the issuance of a Request for Proposals for Private Equity Advisory Services and to authorize the Executive Director to take all actions necessary to effectuate the vote.

VI. Investment Policy Statement Update (Voting Item)

David Gurtz, CPA, CFA, Deputy Chief Investment Officer, presented a revised version of the Investment Policy Statement (IPS) to the Committee. The slight revisions were based on feedback from members of the Real Estate and Timberland Committee and did not change any of the underlying principles, but rather better reflect how that Committee views the investment philosophy of the Real Estate assets and clarified one of the leverage calculations.

Mr. Gurtz noted this review and update of PRIM's IPS was initiated with the three primary goals:

First, was to align it with current practices. We aimed to ensure that the IPS accurately reflects the latest internal procedures and strategies. As PRIM has evolved, so too must its guiding documents.

Second, was to incorporate industry best practices. The investment landscape is continually changing, and it is imperative that the IPS aligns with best practices recognized across the industry.

And lastly, was to enhance the clarity and consistency of this document. An important aspect of this update was to improve the language and format of the IPS to enhance the consistency, clarity, and overall usability, of this important document.

The PRIM Investment Committee voted, by unanimous roll-call vote, to make a recommendation to the PRIM Board to approve the updated Investment Policy Statement, attached as Appendix D of the Expanded Agenda, and to authorize the Executive Director to take all actions necessary to effectuate the vote.

The PRIM Investment Committee meeting adjourned at 10:52 a.m.

List of documents and exhibits used during the meeting:

- A. *Minutes of the PRIM Investment Committee Meeting of July 30, 2024*
- B. *PRIT Fund Performance Presentation (September 30, 2024)*
- C. *PRIT Fund Performance Report (September 30, 2024)*
- D. *Draft Investment Policy Statement*