

PRIM Board Quarterly Update

Fourth Quarter 2024



PRIM Executive Director and Chief Investment Officer Michael G. Trotsky, CFA provided the following information to the PRIM Board at its February 27, 2025 meeting:

Executive Director and Chief Investment Officer Report

The returns of the PRIT Fund for the calendar year ended December 31, 2024, were strong. The PRIT Fund was up 9.1%, an investment gain of \$9.1 billion, net of fees. Despite elevated policy and market uncertainty, equity market volatility in recent months has remained at or below historical averages and markets have moved higher. The bond market has been more volatile, and yields have moved higher, an indication that investors are trying to decipher the impact of possible new policies and directives on inflation and economic growth. The Fund ended with a balance of \$109.7 billion at December 31, 2024.

The news flow has been overwhelming and deciphering it is difficult. PRIM's investment philosophy is predicated on the belief that it is very difficult to consistently predict the future and the direction of the financial markets. As long-term investors, we believe it is more impactful to evaluate changes that actually occur rather than speculating about the future. It is difficult to predict which of the many proposals will be implemented and even more difficult to predict their impact on the economy or financial markets. No policy change impacts the economy or the markets in isolation.

We have reviewed the strong economic baseline here in the U.S. and noted its resilience. We can now safely say the economy had a soft-landing in 2024, and we are no longer in the early stages of an economic recovery. As always, our job at PRIM is to maintain a diversified portfolio with components that will perform well in any environment and no matter what the future holds. With that as the goal, the staff recommended, and the Investment Committee approved the 2025 asset allocation policy which made no changes to the current allocations – we believe its current balance remains appropriate.

PRIT Fund Performance

For the one-year ended December 31, 2024, the PRIT Fund was up 9.1%, net of fees, underperforming the total core benchmark of 9.7% by 62 basis points.

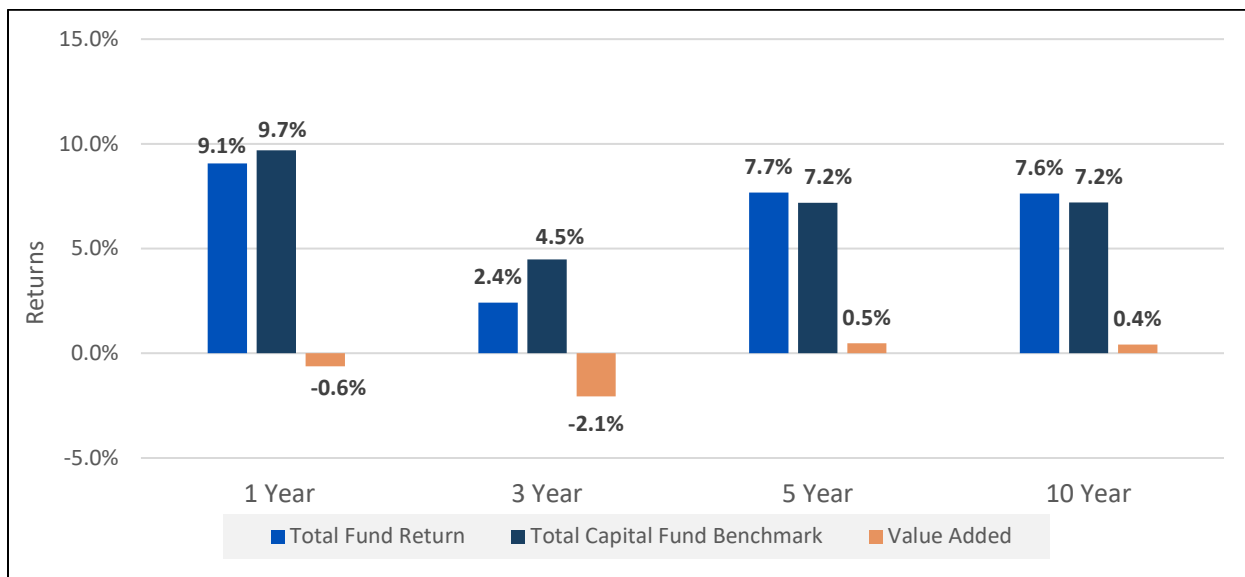
- This performance equates to an investment gain of \$9.1 billion, net of fees.

- This underperformance equates to \$620 million of value below the benchmark return, net of fees.
- Net total inflows for the one-year ended December 31, 2024, were approximately \$18 million.

The following charts summarize the PRIT Fund performance for the one-year ended December 31, 2024.

Total PRIT Fund Returns

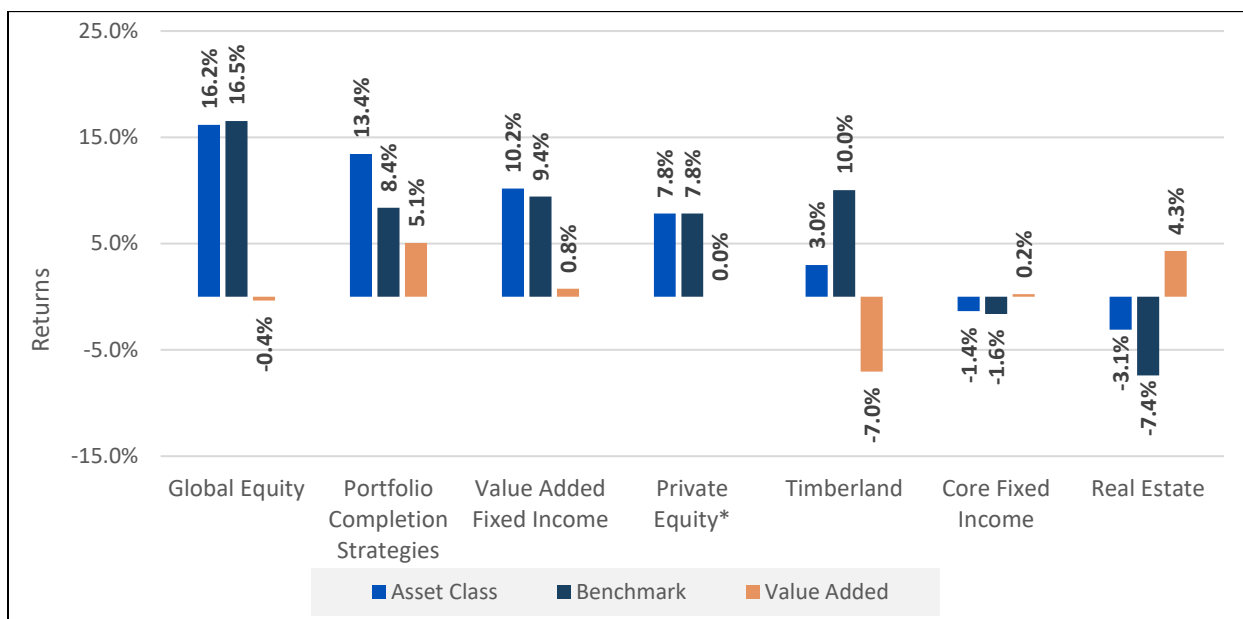
Annualized Returns as of December 31, 2024 (Net of Fees)



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

PRIT Performance by Asset Class

One Year ended December 31, 2024 (Net of Fees)



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

PRIT Fund Periodic Table of Returns

December 31, 2024 (Net of Fees)

1 Year	3 Year	5 Year	10 Year
GLOBAL EQUITY 16.2%	TIMBER 7.3%	PRIVATE EQUITY 17.0%	PRIVATE EQUITY 16.7%
PCS 13.4%	PCS 6.4%	GLOBAL EQUITY 9.8%	GLOBAL EQUITY 9.2%
VALUE-ADDED FIXED INCOME 10.2%	GLOBAL EQUITY 5.0%	TIMBER 7.3%	REAL ESTATE 6.5%
PRIVATE EQUITY 7.8%	VALUE-ADDED FIXED INCOME 5.0%	VALUE-ADDED FIXED INCOME 5.9%	TIMBER 5.3%
TIMBER 3.0%	PRIVATE EQUITY 2.4%	PCS 5.6%	VALUE-ADDED FIXED INCOME 5.1%
CORE FIXED INCOME (1.4%)	REAL ESTATE (0.9%)	REAL ESTATE 4.5%	PCS 4.3%
REAL ESTATE (3.1%)	CORE FIXED INCOME (5.5%)	CORE FIXED INCOME (1.1%)	CORE FIXED INCOME 1.1%

Source: BNY Mellon. Returns as of December 31, 2024

Organizational Updates

In early February, Governor Healey appointed Mark Lapman to the PRIM Board, replacing Peter Monaco. Mark has been in the investment management business since 1979 managing equity and fixed income portfolios for public plans and corporations. He started as an analyst at Independence Investments, LLC focusing research on industrial, energy and financial companies. Later, he was instrumental in building the company’s client base—in particular, among large public pension plans, becoming CEO of the firm in 2000. Independence Investments was an early innovator in quantitatively oriented investment management techniques.

In 2009 Mark left Independence and co-founded Cooper Lapman Financial, LLC to provide investment and financial planning services to individuals and families. Cooper Lapman emphasized diversified, passive investing and liability-driven, goal-oriented planning. That company grew steadily and merged in 2023 with Focus Partners, where Mark now serves as a financial advisor. Mark earned a Ph.D. in History from Harvard University in 1982 and is a holder of the Chartered Financial Analyst (CFA) designation. Mark has served on several boards over the years including John Hancock Mutual Funds, the Martha’s Vineyard Museum, and the Whitehead Institute for Biomedical Research where he was also on the Investment Committee for fifteen years.

We thank Peter Monaco for his nine years of service on the PRIM Board, and we are very pleased that he has elected to remain with us as a member of the Investment Committee. Peter has always been an engaged and thoughtful participant.

Matt Marshall joined PRIM’s Private Equity team in February as an Investment Officer reporting to Alyssa Acker. Matt has more than 10 years of portfolio management experience, primarily allocating to private

markets on behalf of endowments. Matt comes to PRIM after 7 years as Investment Director at Beth Israel Lahey Investment Office, sourcing and leading due diligence efforts for venture capital and private equity. Prior to that, Matt was an Investment Analyst at Mass General Brigham Investment Office. Matt holds a Bachelor's degree in Business Administration in Finance and International Business from George Washington University.

Francesco Daniele, Director of Client Service, and Seth Gitell, Chief External Affairs Officer, recently received the CFA Institute's Private Markets and Alternative Investments certificate. The certificate is earned through the successful completion of five courses designed to equip learners with the basic understanding and skills required for investing in these growing investment classes. In particular, the certificate focuses on private equity, private credit, real estate and infrastructure, commodities, and hedge funds. Additionally, George Tsipakis, Director of Investment Operations, Joseph Kamotho, Business System Analyst on the IT team, and Melisa Ng, Real Estate and Timberland Accounting Manager, recently received the CFA Institute's Investment Foundations Certificate. The certificate is earned through the successful completion of six courses designed to provide learners with an overview of the essentials of finance, ethics, and investment roles, providing a clear understanding of the global investment industry including terminology and foundational concepts. Congratulations to them all.

PRIM Board Actions

Asset Allocation Recommendation

The PRIM Board approved the 2025 asset allocation recommendation, which represents no changes to the prior year recommendation.

Public Markets

New Investment Recommendation: Ares Management, LLC and Beach Point Capital Management

The PRIM Board approved initial allocations of up to \$800 million to Ares Management, LLC and \$400 million to Beach Point Capital Management.

Benchmark Recommendations: Value-Added Fixed Income

The PRIM Board approved benchmark recommendations for Public Value-Added Fixed Income and Total Public Value-Added Fixed Income.

Portfolio Completion Strategies

New Investment Recommendation: CFM ISTrends

The PRIM Board approved an initial investment of up to \$100 million to CFM ISTrends.

New Investment Recommendation: Astaris Capital Management

The PRIM Board approved an initial investment of up to \$150 million to Astaris Capital Management and added Astaris to the Portfolio Completion Strategies (PCS) co-investment program.

Private Equity

Follow-on Investment Recommendation: Advent International GPE XI, L.P.

The PRIM Board approved a commitment of up to €375 million to Advent International GPE XI, L.P.

New Investment Recommendation: Tiger Iron Capital Bay State Fund, L.P.

The PRIM Board approved a commitment of up to \$125 million to Tiger Iron Bay State Fund, L.P.

Real Estate

Benchmark Recommendations: Real Estate

The PRIM Board approved benchmark recommendations for Real Estate.

Stewardship and Sustainability

2025 Proxy Voting Guidelines

The PRIM Board approved the 2025 Custom Proxy Voting Guidelines.

Proxy Voting Decision Making Policy

The PRIM Board approved the Proxy Voting Decision Making Policy.

Consent Agenda

The PRIM Board approved the following consent agenda items:

- 1) Approval of the PRIM Board Minutes of its December 5, 2024, meeting.
- 2) Approval of the Issuance of an RFP for Real Estate and Timberland Consulting Services.
- 3) Approval of the Issuance of an RFP for Real Estate Appraisal Services.
- 4) Approval of the Issuance of an RFQ for Timberland Appraisal Services.

The Client Services team will continue to meet with the retirement boards of PRIM's member retirement systems throughout the year. To schedule an investment review, please contact Francesco at fdaniele@mapension.com, Laura at lstrickland@mapension.com, Emily at egreen@mapension.com, or call 617-946-8401. We look forward to seeing you soon.

Please remember to notify the Client Services Team of any staffing changes within your organization.

In Memoriam



Paul E. Shanley, Esquire

PRIM was deeply saddened to learn of the passing of PRIM Board Member, Paul Shanley, on Thursday, February 27th, 2025. Paul joined the PRIM Board as the Elected Representative of the State Employees Retirement System in July of 2008 and for 17 years was a very dedicated and valuable Board and Investment Committee member. He was a cherished friend and resource to all of us at PRIM. As an attorney and a former Director of Professional Liability at Amity Insurance, Paul brought more than 35 years of experience in all phases of public pension plans, including employee rights and benefits and pension fund investments. His responsibilities over his successful career included statutory interpretation, medical disability appeals, litigation, legislation drafting and investment manager selection. Paul served as Deputy Treasurer under Treasurer Bob Crane during the 1970s and 1980s and worked at PRIM as a Deputy Director in charge of Real Estate in the early 1990s.

We will miss Paul's calm and reassuring demeanor. He was always a willing and able participant in many working groups at PRIM, and he always provided unique and differentiated viewpoints and advice. We are forever grateful to Paul for his dedicated service and acknowledge that PRIM is a better place today due to his many contributions. He will be deeply missed.