

Annual Comprehensive Financial Report

Fiscal Years Ended June 30, 2021 and 2020

Pension Reserves Investment Trust Fund

(A Component Unit of the Commonwealth of Massachusetts)



Deborah B. Goldberg, Treasurer and Receiver General, Chair
Michael G. Trotsky, CFA, Executive Director and Chief Investment Officer

Annual Comprehensive Financial Report

For the Years Ended June 30, 2021 and 2020

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(A Component Unit of the Commonwealth of Massachusetts)

Prepared By

Pension Reserves Investment Management Board Staff

For More Information

All correspondence may be directed to:

Client Services

Pension Reserves Investment Management Board

84 State Street

Boston, MA 02109

Telephone: 617-946-8401

Website: www.mapension.com

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Introductory Section





Pension Reserves Investment Management Board

December 2, 2021

To Chair Goldberg, the Trustees of the Pension Reserves Investment Management Board (the PRIM Board), Committee members, Participants and Beneficiaries:

I am pleased to transmit the *Annual Comprehensive Financial Report* (ACFR) of the Massachusetts Pension Reserves Investment Trust Fund (the PRIT Fund) for the fiscal year ending June 30, 2021. The document that follows is the 17th consecutive ACFR produced in the PRIM Board's 37-year history. We hope that you will find the ACFR useful in understanding the performance and financial position of the PRIT Fund as of and for the fiscal year ended June 30, 2021.

The ACFR contains the basic financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP) and the standards applicable to financial audits set forth by *Government Auditing Standards*. The ACFR and the basic financial statements are the responsibility of the PRIM Board. The fiscal year 2021 audit was conducted by KPMG LLP, a firm of licensed certified public accountants.

The ACFR is divided into four major sections:

Introductory Section: This section contains the letter of transmittal, the *Certificate of Achievement for Excellence in Financial Reporting* and outlines the PRIM Board's organizational structure.

Financial Section: This section contains the report of the independent auditors, Management's Discussion and Analysis (MD&A), the financial statements of the PRIT Fund, the notes to the financial statements and supporting schedules.

Investment Section: This section contains a summary of the PRIT Fund's investment strategy, investment policies, investment holdings, investment results and supporting tables and schedules.

Statistical Section: This section contains information regarding financial ratios of the PRIT Fund.

Within the financial section, the MD&A follows the independent auditors' report and provides an overview of the PRIT Fund's financial statements and financial results. The MD&A complements this letter of transmittal and should be read in conjunction with this letter. Responsibility for both the accuracy and completeness of the data and the contents of this report rests with the PRIM Board. The PRIM Board has implemented a system of internal controls designed to provide reasonable assurance that the financial statements are free from material misstatements, that all assets will be properly safeguarded and that transactions will be properly executed. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits to be derived. The objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Profile of the PRIT Fund

The PRIT Fund is a pooled investment trust fund established to invest the assets of the Massachusetts State Teachers' and Employees' Retirement Systems, and the assets of county, authority, district, and municipal retirement systems. The PRIT Fund was created by the Legislature in 1983 (Chapter 661 of the Acts of 1983) with a mandate to accumulate assets through investment earnings to reduce the Commonwealth's unfunded pension liability, and to assist local participating retirement systems in meeting future pension obligations. The PRIT Fund merged with the Massachusetts State Teachers' and Employees' Retirement Systems (MASTERS) Trust in 1997, in accordance with Chapter 315 of the Acts of 1996.

The Massachusetts State Teachers', State Employees' and State-Boston/Teachers' Retirement Systems, and the State Retiree Benefits Trust Fund (SRBTF), are mandated by statute to invest all of their assets in the PRIT Fund. Other retirement systems may voluntarily invest all or part of their assets in the PRIT Fund. Furthermore, Chapter 84 of the Acts of 1996 explicitly granted retirement boards the ability to invest only in individual asset classes of the PRIT Fund through a segmentation program. See Note 1 of the financial statements for more information on the profile and background of the PRIT Fund.

The most recent Commonwealth Actuarial Valuation Report, dated October 21, 2021, calculated the Commonwealth's unfunded actuarial pension liability at \$45.6 billion. The Commonwealth Actuarial Valuation Report estimates that, as of January 1, 2021, the pension liability is 58.2% funded. It should be noted that the unfunded actuarial pension liability is calculated on a calendar year basis.

The PRIM Board seeks to maximize the return on the PRIT Fund investments within acceptable levels of risk and cost for an approximately 60% funded public pension fund, by broadly diversifying its investment portfolio, capitalizing on economies of scale to achieve cost-effective operations, and gaining access to high quality, innovative investment management firms. The PRIT Fund's Investment Policy Statement establishes investment objectives and policies designed to provide a framework for implementing investment strategy and oversight. A summary of the Investment Policy Statement is included in the Investment Section.

As of June 30, 2021, the PRIT Fund had approximately \$95.7 billion in net position compared to \$75.0 billion at the end of fiscal year 2020. The PRIM Board contracts with a custodian bank to safeguard investment holdings and to ensure the proper settlement and recording of investment and cash transactions.

Executive Director/ Chief Investment Officer Discussion

The PRIT Fund (the Core Fund) recorded its best fiscal year in PRIM's history with a gross of fees return of 30.0% (29.5%, net of fees), surpassing the previous high in 1986 when the Core Fund returned 25.6%. Moreover, the Core Fund outperformed its benchmark by 8.9% (net of fees), the largest fiscal year outperformance in PRIM's history, surpassing the previous high in 2000 when the Core Fund outperformed by 5.9%.

The return equates to a net investment income of \$21.9 billion for the fiscal year. Net position under management were a record \$95.7 billion, while net outflows to pay pension benefits were approximately \$1.2 billion.

We are pleased with the strong one-year performance, but more pleased that over longer periods and through strong markets and market corrections the PRIT Fund has proven to be high-performing, resilient, and cost-effective. The PRIT Fund's trailing 3-, 5-, and 10-year returns remain strong and consistently above benchmarks, and also above the required actuarial rate of return (7.0%). Much of the success can be attributed to our individual asset class teams who are disciplined and focused on identifying the most profitable sectors and most skillful managers. We also believe our innovative and acclaimed work over the last ten years to develop our own proprietary and statistically driven tools for asset allocation and manager selection is paying off. We have successfully engineered a portfolio that performs well in a variety of market conditions.

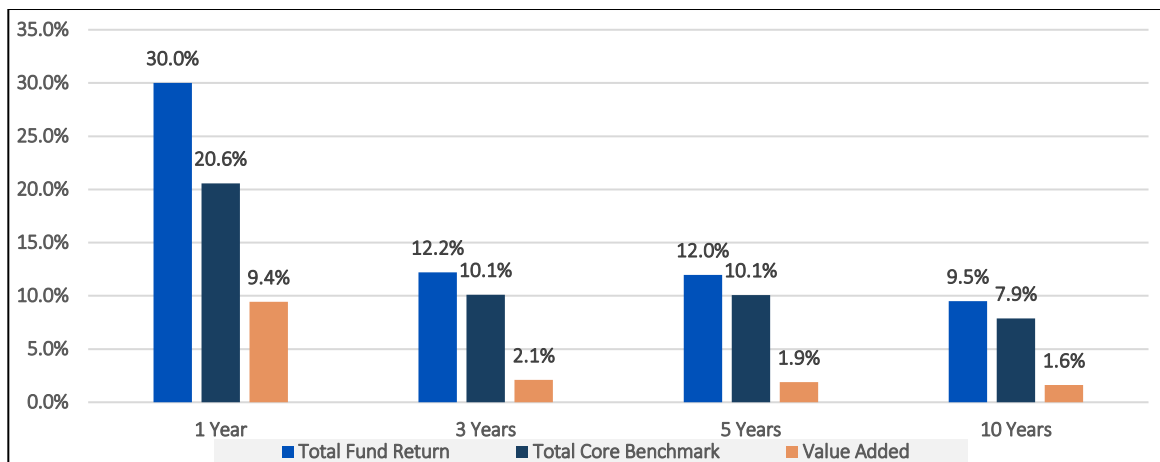
One of the PRIM Board's principal investment beliefs is that all investment programs must be evaluated on three equally important parameters: return, risk, and cost, and while we are delighted with the record return of fiscal year 2021, we are equally pleased that risk was well controlled, and our costs remain low. This, in a period when by design we invested more of the PRIT Fund in higher-performing and higher cost private investments.

Too often in strong markets like we have just experienced investors become more focused on returns and less focused on risk and cost. However, the PRIM Board is still as focused as ever on risk and cost, too. In fact, for fiscal year 2021 the risk adjusted returns were at a multi-year high, while costs were at a multi-year low. The PRIT Fund's Sharpe Ratio was 4.05 and total costs were 49 basis points. As a reminder, a Sharpe Ratio over 1 is generally considered acceptable to most investors, and larger is better; and 49 basis points total cost, is very low especially for a portfolio that utilizes approximately 35% high performing private assets such as Private Equity, Private Debt, Real Estate, and Timberland. We believe that our manager selection, asset allocation and diversification techniques and tools have been working as expected since they were designed and implemented. It also indicates success of our maniacal focus on controlling costs.

Operationally, the PRIM Board had a very productive year; we researched and deployed more than \$4.4 billion in new investments, hired and onboarded seven new full-time employees, promoted five of our highest-performing rising stars, hired thirteen interns, and launched several new initiatives including a groundbreaking agreement with MIT Sloan School designed to improve ESG investing, and a program called the FUTURE Initiative, which is designed to implement the newly created Investment Equity law, the law created and championed by Treasurer Deborah B. Goldberg and signed into law in January 2021. The new law will help the PRIM Board create an enhanced pathway for diverse investment managers and vendors to compete successfully for contracts, with the ultimate goal of achieving at least 20% diversity in the PRIM Board's vendor base.

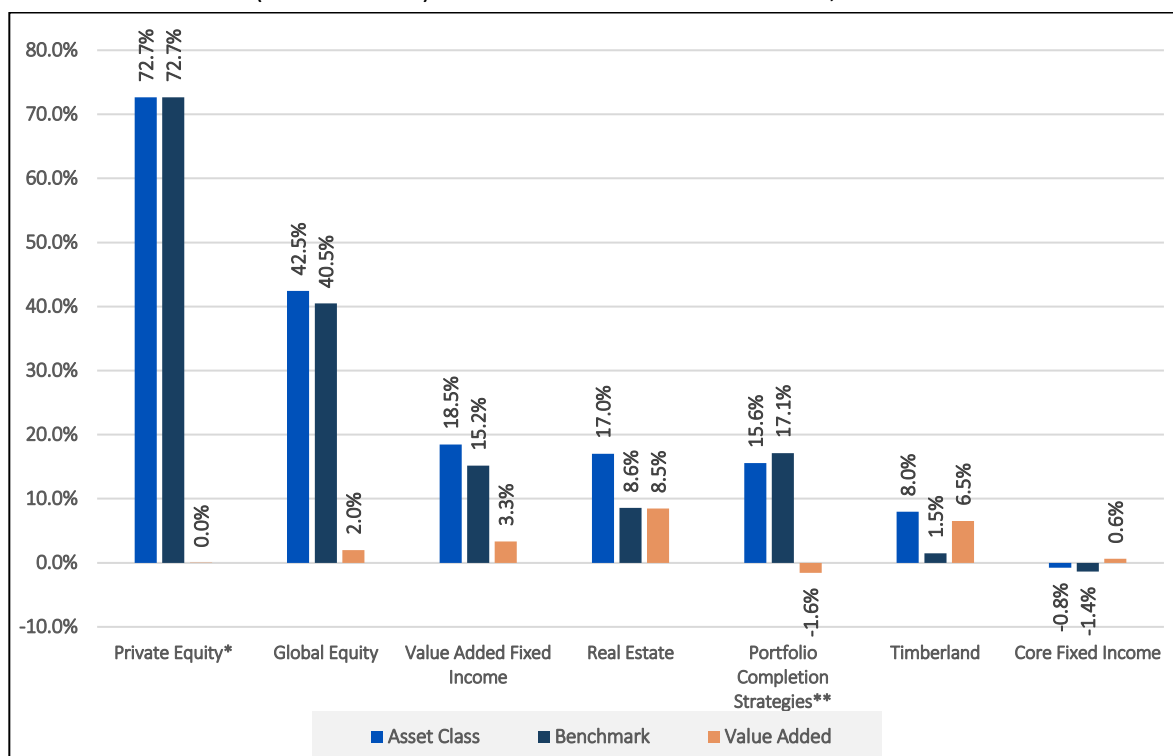
We are extremely proud of the PRIM Board's record setting accomplishments this year and even more pleased with the long-term successes, but I believe this year's achievements are particularly remarkable because the COVID pandemic was a major distraction, if not a major headwind, to our efforts. It was an extremely difficult year. I couldn't be prouder of the PRIM Board team and how we all responded during the crisis and how we all overcame the challenges to deliver these strong results. I am thankful to the entire PRIM Board staff and to our Board and committee members, for their support, dedication, and hard work over the past year-- a year we will not soon forget.

PRIT Total Core Fund Returns (Gross of Fees) Annualized Returns as of June 30, 2021



Source: BNY Mellon. Total Core Benchmark includes private equity benchmark.

PRIT Performance by Asset Class (Gross of Fees) Annualized Returns as of June 30, 2021



Source: BNY Mellon. Totals may not add due to rounding. *Benchmark is actual performance. **Hedge Fund returns are net of fees.

PRIT Fund Periodic Table of Returns

(Gross of Fees) as of June 30, 2021

1 Year	3 Year	5 Year	10 Year
PRIVATE EQUITY 72.7%	PRIVATE EQUITY 28.8%	PRIVATE EQUITY 25.9%	PRIVATE EQUITY 20.8%
GLOBAL EQUITY 42.5%	GLOBAL EQUITY 14.3%	GLOBAL EQUITY 15.1%	GLOBAL EQUITY 10.4%
VALUE-ADDED FIXED INCOME 18.5%	REAL ESTATE 7.9%	REAL ESTATE 7.9%	REAL ESTATE 10.0%
REAL ESTATE 17.0%	CORE FIXED INCOME 7.0%	VALUE-ADDED FIXED INCOME 7.0%	VALUE-ADDED FIXED INCOME 5.4%
PORTFOLIO COMPLETION STRATEGIES 15.6%	VALUE-ADDED FIXED INCOME 6.9%	PORTFOLIO COMPLETION STRATEGIES 5.2%	TIMBERLAND 5.0%
TIMBERLAND 8.0%	PORTFOLIO COMPLETION STRATEGIES 3.8%	TIMBERLAND 4.8%	CORE FIXED INCOME 5.0%
CORE FIXED INCOME (0.8%)	TIMBERLAND 2.6%	CORE FIXED INCOME 3.5%	PORTFOLIO COMPLETION STRATEGIES 4.5%

Source: BNY Mellon

Fiscal Year 2021 Highlights


1. **PRIM Private Equity ranked #4** in private equity returns among nearly 200 U.S. public pension funds based on 10-year performance. The PRIT Fund is the only fund that has been in the top 5 of all private equity portfolios in every year the *American Investment Council* has performed the study – including #1 rankings in 2019, 2018, 2015 and 2013.
2. For the 16th consecutive year, the PRIT Fund was awarded the Government Finance Officer Association's **Certificate of Achievement for Excellence in Financial Reporting** for the completeness and timeliness of our Annual Comprehensive Financial Report.
3. The PRIM Board's Executive Director/Chief Investment Officer is a founding member of the CFA Institute's Global Diversity and Inclusion Advisory Committee and is assisting the CFA Institute with the development of a Global Diversity and Inclusion Code of Conduct.
4. The PRIM Board deployed \$4.4 billion in new investments during fiscal year 2021.
 - a. Committed to funding 22 Private Equity Funds totaling \$2.8 billion.
 - b. Allocated \$400 million in Other Credit Opportunities.

- c. Closed six core real estate acquisitions totaling \$486 million.
 - d. Funded 12 Private Equity co-investments totaling \$290 million, an increase from FY 2020.
5. The PRIM Board placed \$1.2 billion with diverse investment managers.
 6. The PRIM Board was recognized as the first founding member of the Aggregate Confusion Project. The groundbreaking collaboration between MIT Sloan School and the PRIM Board to create more reliable and transparent ESG data and benchmarks for Investors.
 7. Michael G. Trotsky, CFA, Executive Director and Chief Investment Officer, was appointed to serve on the Nasdaq Asset Owner Advisory Board (AOAB).
 8. Treasurer Deborah B. Goldberg was honored by the National Association of State Treasurers with the Jesse H. Unruh Award, which is awarded to an active Treasurer in recognition of outstanding service to the Association, the profession, and his or her state.
 9. Maria Garrahan, Senior Investment Officer – Director of Research, and Daniel Eckman, CPA, Director of Finance and Administration, were awarded the Treasurer’s 2020 Citation for Outstanding Performance. Those selected for this honor have made notable contributions to the office of the Treasurer, its agencies, and the citizens of MA.
 10. The PRIM Board recruited and on-boarded seven new full-time employees, six diverse in regard to gender, race, or both.

Acknowledgements

The PRIM Board’s success is inextricably linked to the diligence of our Board and its Chair, Treasurer Deborah B. Goldberg. We are truly privileged to have volunteers of such high caliber and professional achievement on the Board and its committees, and we recognize that our success is due in large part to their dedication, hard work, and expert oversight.

Very respectfully,



Michael G. Trotsky, CFA
Executive Director and Chief Investment Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Pension Reserves Investment Trust Fund
Massachusetts**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the PRIM Board for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the 16th consecutive year that the PRIM Board has achieved this prestigious award. In order to be awarded a Certificate of Achievement, an entity must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

PRIM Board Trustees

June 30, 2021

Deborah B. Goldberg, Chair, Ex Officio Member

State Treasurer & Receiver General, Commonwealth of Massachusetts

Robert L. Brousseau, Elected Representative, Teachers' Retirement System

Retired Teacher, Town of Wareham Public School System

Ruth Ellen Fitch, Appointee of the State Treasurer

Retired President and CEO, The Dimock Center

James B. G. Hearty, Designee of the Governor

Retired Partner, Clough Capital

Theresa F. McGoldrick, Esq., Elected Member, State Employees' Retirement Board

National Executive Vice President, National Association of Government Employees

Peter Monaco, Appointee of the Governor

Managing Director, Raptor Group Holdings

Dennis J. Naughton, Elected Member, Teachers' Retirement Board

Retired Educator, Millis Public Schools

Carly Rose, Appointee of the Governor

Public Safety Union Member

Paul E. Shanley, Elected Representative, State Employees' Retirement System

Director of Professional Liability, Amity Insurance, Quincy, MA

Advisory Committees to the PRIM Board

June 30, 2021

Investment Committee**Deborah B. Goldberg, Chair**

Ex Officio Board Member

Joseph C. Bonfiglio

Massachusetts & Northern New England Laborers' District Council

C. LaRoy Brantley

Principal, Meketa Investment Group

Michael Even, CFA

Former President and CEO, Numeric Investors

Constance M. Everson, CFA

Managing Director, Capital Markets Outlook Group

Ruth Ellen Fitch

Board Member

James B. G. Hearty

Board Member

Peter Monaco

Board Member

Philip H. Perelmutter

Former Managing Partner, Wellington Management

Philip Rotner

Chief Investment Officer, Boston Children's Hospital

Paul E. Shanley

Board Member

Glenn P. Strehle, CFA

Treasurer Emeritus, MIT

Timothy L. Vaill

Former Chairman & CEO, Boston Private Financial

Current CFO, Anbaric Energy

Real Estate and Timberland Committee**Jill S. Hatton, CRE, Chair**

Real Estate Investment Professional

Deborah B. Goldberg

Ex Officio Board Member

Lydia Chesnick, Esq.

Partner, Bernkopf Goodman LLP

Robert Gifford

RGA Corp

Anthony E. Hubbard, Esq.

CVS Health

Dr. Jack Lutz, PhD.

Forest Research Group

William F. McCall, Jr., CRE

McCall & Almy, Inc.

Garlan Morse, Jr., CRE

Morris and Morse Company, Inc.

Peter F. O'Connell

Marina Bay Company

Carly Rose

Board Member

Advisory Committees to the PRIM Board, continued

June 30, 2021

Administration and Audit Committee**Robert L. Brousseau, Chair**

Board Member

Deborah B. Goldberg

Ex Officio Board Member

Patrick E. Brock

Chairman, Hampshire County Retirement Board

Karen E. Gershman, CPA

Retired Partner and Chief Operating Officer, Health Advances

James B. G. Hearty

Board Member

Theresa F. McGoldrick, Esq.

Board Member

Dennis J. Naughton

Board Member

Michele A. Whitham, Esq.

Founder & Principal, Whitham Law LLC

Compensation Committee**Michele A. Whitham, Esq., Chair**

Founder & Principal, Whitham Law LLC

Deborah B. Goldberg

Ex Officio Board Member

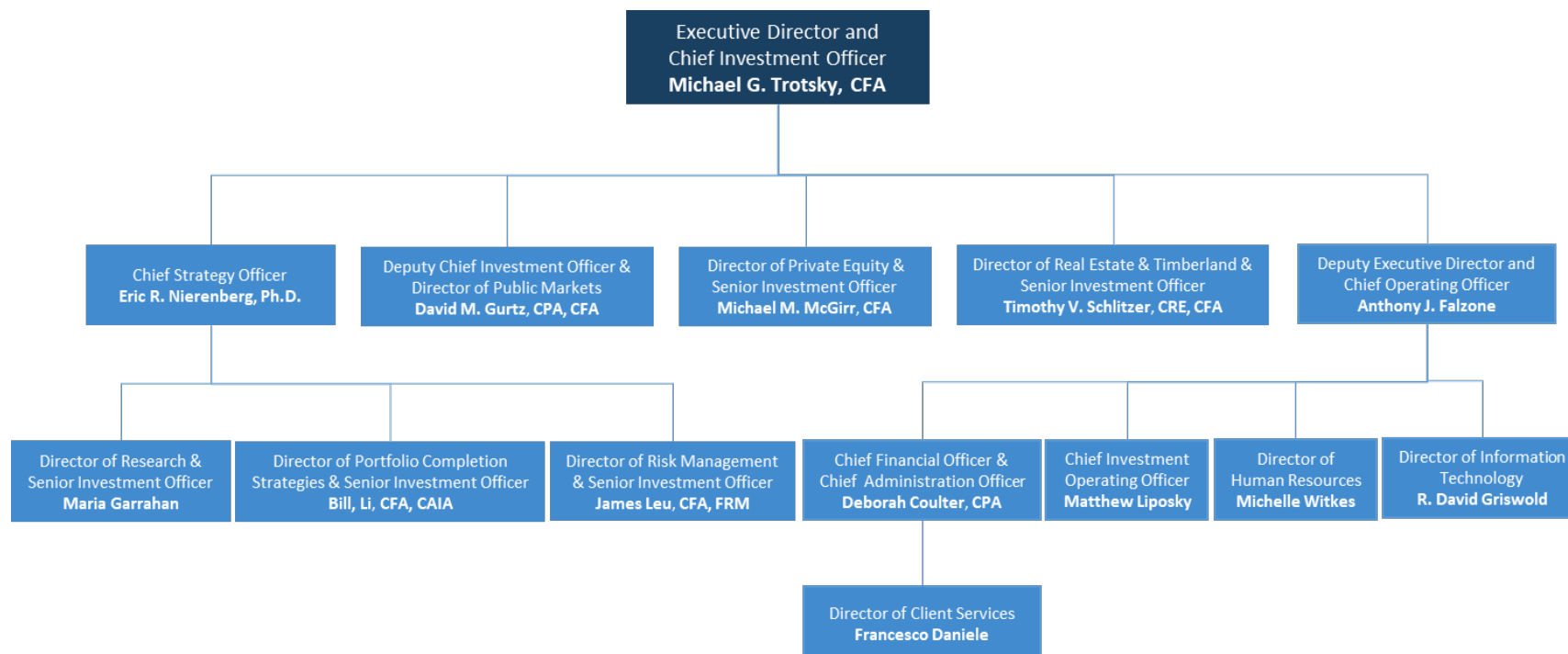
Robert L. Brousseau

Board Member

Patrick E. Brock

Chairman, Hampshire County Retirement Board

PRIM Board Management Organizational Chart



PRIM Board Investment Advisors*

Aberdeen Asset Management Inc.
Portfolio Completion Strategies Advisory Services

Callan Associates
Public Market Advisory Services

Hamilton Lane
Private Equity Advisory Services

International Woodland Company
Timberland Advisory Services

NEPC, LLC
Asset Allocation Advisory Services

NewAlpha Asset Management
Portfolio Completion Strategies Advisory Services

* List of investment managers is provided for each investment portfolio in the Investment Section on pages 65–87.
See Schedule of Management Fees on page 91 in the Investment Section for investment management fees by asset class.

Summary Schedule of Broker Commissions listed by brokerage firms is in the Investment Section on page 90.

Financial Section



KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

The Administration and Audit Committee and Trustees,
Pension Reserves Investment Management Board and
Participating and Purchasing Systems of the Pension Reserves Investment Trust Fund:

Report on the Financial Statements

We have audited the accompanying financial statements of the Pension Reserves Investment Trust Fund (the PRIT Fund), a component unit of the Commonwealth of Massachusetts, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the PRIT Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the pooled net position of the Pension Reserves Investment Trust Fund as of June 30, 2021 and 2020, and the changes in its pooled net position for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplemental Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 18-21 be presented to supplement the basic financial statements. Such information, 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses 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 Supplemental Schedules

Our audit was conducted for the purpose of forming an opinion on the PRIT Fund's basic financial statements. The Schedule of Pooled Net Position – Capital Fund and Cash Fund and Schedule of Changes in Pooled Net Position – Capital Fund and Cash Fund (collectively, the Schedules) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The Introductory, Investment and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2021 on our consideration of the PRIT Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the PRIT Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the PRIT Fund's internal control over financial reporting and compliance.

KPMG LLP

Boston, Massachusetts
December 2, 2021

Required Supplementary Information –
Management's Discussion and Analysis

June 30, 2021 and 2020

(Unaudited)

This section presents management's discussion and analysis of the Pension Reserves Investment Trust Fund's (the PRIT Fund's) financial performance for the fiscal years ended June 30, 2021 and 2020 and should be read in conjunction with the financial statements, which follow this section.

The PRIT Fund is a pooled investment fund, created in 1983 through Massachusetts legislation, that invests the assets of the State Teachers' and State Employees' Retirement Systems and the assets of county, authority, school district, and municipal retirement systems that choose to invest in the PRIT Fund, as well as the assets of the State Retiree Benefits Trust (SRBT) Fund.

The investment return percentages reported in management's discussion and analysis are presented gross of management fees.

Overview of the Financial Statements

The financial statements include the statements of pooled net position and the statements of changes in pooled net position. They present the financial position of the PRIT Fund as of June 30, 2021 and 2020 and its financial activities for the years then ended. The notes to the financial statements provide further information that is essential to a full understanding of the financial statements. The notes describe the significant accounting policies of the PRIT Fund and provide detailed disclosures on certain account balances. The supplementary schedules of pooled net position and changes in pooled net position separately display the balances and activities of the Capital Fund and Cash Fund of the PRIT Fund.

The financial statements of the PRIT Fund are reported using the economic resources measurement focus and the accrual basis of accounting. They are prepared in conformity with U.S. generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB).

Financial Highlights

Fiscal Year 2021

- The net position of the PRIT Fund increased \$20.7 billion during the year ended June 30, 2021. Total net position was \$95.7 billion at June 30, 2021, compared to \$75.0 billion at June 30, 2020.
- Net investment income for fiscal year 2021 was \$21.9 billion, compared to net investment income of \$1.4 billion for the prior fiscal year. The PRIT Fund returned 29.91%, gross of fees, in fiscal year 2021, compared to 2.38% in fiscal year 2020.
- Contributions to the PRIT Fund totaled \$2.9 billion during the year ended June 30, 2021, compared to \$3.0 billion during the year ended June 30, 2020.
- Redemptions from the PRIT Fund totaled \$4.1 billion during the year ended June 30, 2021, compared to \$4.3 billion during the year ended June 30, 2020.

(Continued)

Required Supplementary Information –
Management's Discussion and Analysis

June 30, 2021 and 2020

(Unaudited)

Fiscal Year 2020

- The net position of the PRIT Fund increased \$150 million during the year ended June 30, 2020. Total net position was \$75.0 billion at June 30, 2020, compared to \$74.8 billion at June 30, 2019.
- Net investment income for fiscal year 2020 was \$1.4 billion, compared to net investment income of \$4.0 billion for the prior fiscal year. The PRIT Fund returned 2.38%, gross of fees, in fiscal year 2020, compared to 6.12% in fiscal year 2019.
- Contributions to the PRIT Fund totaled \$3.0 billion during the year ended June 30, 2020, compared to \$3.2 billion during the year ended June 30, 2019.
- Redemptions from the PRIT Fund totaled \$4.3 billion during the year ended June 30, 2020, compared to \$4.2 billion during the year ended June 30, 2019.

Condensed Financial Information

Summary balances and activities of the PRIT Fund as of and for the years ended June 30, 2021, 2020, and 2019 are presented below:

	June 30		
	2021	2020	2019
	(Dollars in thousands)		
Summary of pooled net position:			
Assets:			
Investments	\$ 99,813,545	79,568,987	77,737,290
Cash	219,795	177,151	230,363
Securities lending collateral	201,581	475,937	119,541
Receivables and other assets	2,169,161	1,397,891	1,104,847
Total assets	102,404,082	81,619,966	79,192,041
Liabilities:			
Other liabilities	6,202,728	5,876,067	3,942,977
Securities lending obligations	451,560	725,946	368,928
Management fees payable to PRIM	50,949	32,194	44,498
Total liabilities	6,705,237	6,634,207	4,356,403
Net position held in trust for pool participants	\$ 95,698,845	74,985,759	74,835,638

(Continued)

Required Supplementary Information –
Management's Discussion and Analysis

June 30, 2021 and 2020

(Unaudited)

		June 30	
	2021	2020	2019
	(Dollars in thousands)		
Summary of changes in pooled net position:			
Additions:			
Contributions	\$ 2,910,244	3,023,314	3,172,841
Net investment income	21,944,914	1,448,873	4,046,225
Total additions	24,855,158	4,472,187	7,219,066
Deductions:			
Redemptions	4,142,072	4,322,066	4,185,070
Change in pooled net position	20,713,086	150,121	3,033,996
Net position held in trust for pool participants:			
Balance, beginning of year	74,985,759	74,835,638	71,801,642
Balance, end of year	\$ 95,698,845	74,985,759	74,835,638

The PRIT Fund Performance during the year ended June 30, 2021

PRIT Fund began fiscal year 2021 with net position of \$75.0 billion and ended the fiscal year with a net position of \$95.7 billion, representing a 27.62% increase. Net investment income for the year ended June 30, 2021 was \$21.9 billion, which when added to net participant redemptions (contributions less redemptions) of \$1.2 billion, resulted in an overall increase in net position of \$20.7 billion.

For the year ended June 30, 2021, the PRIT Fund returned 29.91% gross of fees, outperforming its benchmark of 20.58% by 933 basis points. The benchmark provides a measure of how well the PRIT Fund has implemented its asset allocation plan.

The asset classes of the PRIT Fund and related investment returns, gross of fees, for the year ended June 30, 2021 are as follows: Global Equity 42.45%; Core Fixed Income -0.76%; Value-Added Fixed Income 18.47%; Private Equity 72.67%; Real Estate 17.03%; Timberland 7.99%; Portfolio Completion Strategies 15.57%; and Overlay 17.27%.

The PRIT Fund outperformed its benchmarks for the fiscal year ended June 30, 2021 and over the three-year, five-year, and ten-year periods and has returned an average of 9.73%, gross of fees, annually since January 1, 1985. According to the Trust Universe Comparison Service (TUCS) for Public Pension Funds, a widely accepted peer ranking of public pension funds performance, the PRIT Fund ranked in the top quartile of public pension plans with net position in excess of \$25 billion for the fiscal year ended June 30, 2021.

(Continued)

Required Supplementary Information –
Management's Discussion and Analysis

June 30, 2021 and 2020

(Unaudited)

The PRIT Fund Performance during the year ended June 30, 2020

The PRIT Fund began fiscal year 2020 with net position of \$74.8 billion and ended the fiscal year with a net position of \$75.0 billion, representing a 0.20% increase. Net investment income for the year ended June 30, 2020 was \$1.4 billion, which when added to net participant redemptions (contributions less redemptions) of \$1.3 billion, resulted in an overall increase in net position of \$150 million.

For the year ended June 30, 2020, the PRIT Fund returned 2.38% gross of fees, lagging its benchmark of 3.91% by 153 basis points. The benchmark provides a measure of how well the PRIT Fund has implemented its asset allocation plan.

The asset classes of the PRIT Fund and related investment returns, gross of fees, for the year ended June 30, 2020 are as follows: Global Equity 0.54%; Core Fixed Income 13.92%; Value-Added Fixed Income -3.19%; Private Equity 4.43%; Real Estate 1.06%; Timberland -1.65%; Portfolio Completion Strategies -4.90%; and Overlay 7.02%.

Other Information

This financial report is designed to provide a general overview of the PRIT Fund's financial results. Additional information can be found on the PRIM Board's website at www.mapension.com. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Pension Reserves Investment Management Board, 84 State Street, Boston, Massachusetts 02109.

Statements of Pooled Net Position

June 30, 2021 and 2020

(Dollars in thousands)

	2021	2020
Assets:		
Investments, at fair value:		
Short-term	\$ 2,572,722	2,069,658
Fixed income	22,445,081	19,113,909
Equity	39,712,411	29,267,619
Timberland	2,798,749	2,755,084
Private equity funds	13,590,807	8,399,154
Real estate:		
Real estate properties	7,702,060	7,374,146
Equity	1,512,207	1,253,533
Real estate funds	270,007	89,781
Other	29,476	39,998
Total real estate	9,513,750	8,757,458
Portfolio completion strategies:		
Investment funds	2,219,600	2,138,112
Equity	2,403,242	1,798,948
Fixed income	2,781,967	2,945,226
Cash and cash equivalents	1,169,968	1,771,931
Agricultural investments	579,862	551,888
Other	25,386	—
Total portfolio completion strategies	9,180,025	9,206,105
Total investments	99,813,545	79,568,987
Cash	219,795	177,151
Securities lending collateral	201,581	475,937
Interest and dividends receivable	209,022	208,700
Receivable for investments sold and other assets	1,323,811	455,035
Securities sold on a when-issued basis	547,456	573,661
Foreign currency forward contracts	88,872	160,495
Total assets	102,404,082	81,619,966
Liabilities:		
Securities sold short and other liabilities, at fair value:		
Portfolio completion strategies	1,817,428	2,126,309
Fixed income	112,606	159,201
Total securities sold short and other liabilities	1,930,034	2,285,510
Payable for investments purchased and other liabilities	1,516,901	874,960
Real estate debt and other liabilities	1,457,519	1,581,527
Securities lending obligations	451,560	725,946
Securities purchased on a when-issued basis	1,210,290	973,584
Foreign currency forward contracts	87,984	160,486
Management fees payable to PRIM	50,949	32,194
Total liabilities	6,705,237	6,634,207
Net position held in trust for pool participants	\$ 95,698,845	74,985,759

See accompanying notes to financial statements.

Statements of Changes in Pooled Net Position

Years ended June 30, 2021 and 2020

(Dollars in thousands)

	2021	2020
Additions:		
Contributions:		
State employees	\$ 698,282	705,315
State teachers	898,722	851,798
Other participants	1,313,240	1,466,201
Total contributions	2,910,244	3,023,314
Net investment income:		
From investment activities:		
Net realized gain on investments and foreign currency transactions	6,839,826	2,053,247
Net change in unrealized appreciation (depreciation) on investments and foreign currency translations	13,543,569	(2,040,645)
Interest	475,341	400,228
Dividends	719,579	772,458
Timberland	67,491	13,390
Private equity	139,664	85,645
Portfolio completion strategies	44,492	24,238
Real estate:		
Income	541,807	521,679
Expenses	(233,459)	(218,631)
Total real estate	308,348	303,048
Income from investment activities	22,138,310	1,611,609
Investment management and other management fees	(198,944)	(169,898)
Net income from investment activities	21,939,366	1,441,711
From securities lending activities:		
Securities lending income	6,381	8,203
Securities lending expenses	(833)	(1,041)
Net income from securities lending activities	5,548	7,162
Total net investment income	21,944,914	1,448,873
Total additions	24,855,158	4,472,187
Deductions:		
Redemptions:		
State employees	1,450,024	1,454,457
State teachers	1,579,435	1,649,331
Other participants	1,112,613	1,218,278
Total deductions	4,142,072	4,322,066
Net increase in pooled net position	20,713,086	150,121
Net position held in trust for pool participants:		
Balance, beginning of year	74,985,759	74,835,638
Balance, end of year	\$ 95,698,845	74,985,759

See accompanying notes to financial statements.

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

(1) Description of the Pension Reserves Investment Trust Fund**(a) General**

The Pension Reserves Investment Trust Fund (the PRIT Fund), a component unit of the Commonwealth of Massachusetts, was created in 1983 under Chapter 661 of the Acts of 1983, as amended by Chapter 315 of the Acts of 1996. The PRIT Fund is a pooled investment fund that invests the assets of the State Teachers' and State Employees' Retirement Systems of Massachusetts and the assets of county, authority, school district, and municipal retirement systems that choose to invest in the PRIT Fund, as well as the assets of the State Retiree Benefits Trust (SRBT) Fund. The PRIT Fund is not registered with the Securities and Exchange Commission, but is subject to oversight provided by the Pension Reserves Investment Management Board (the PRIM Board). The PRIM Board was created by legislation to provide general supervision of the investments and management of the PRIT Fund. The PRIM Board is a separate legal entity that issues its own financial statements, which are not included in the accompanying financial statements of the PRIT Fund.

A nine-member Board of Trustees governs the PRIM Board. The Trustees include: (1) the Governor, ex officio, or his designee; (2) the State Treasurer, ex officio, or his designee who shall serve as Chair of the PRIM Board; (3) a private citizen experienced in the field of financial management appointed by the State Treasurer; (4) an employee or retiree who is a member of the State Teachers' Retirement System, elected by the members of such system for a term of three years; (5) an employee or retiree who is a member of the State Employees' Retirement System, elected by the members of such system for a term of three years; (6) the elected member of the State Retirement Board; (7) one of the elected members of the Teachers' Retirement Board chosen by the members of the Teachers' Retirement Board; (8) a person who is not an employee or official of the Commonwealth appointed by the Governor; and (9) a representative of a public safety union appointed by the Governor. Appointed members serve for a term of four years. The Board of Trustees has the authority to employ an Executive Director, outside investment managers, custodians, consultants, and others as it deems necessary; to formulate policies and procedures; and to take such other actions as necessary and appropriate to manage the assets of the PRIT Fund.

The PRIM Board seeks to manage the PRIT Fund to ensure that pension assets are well invested so that current and future benefit obligations are adequately funded in a cost-effective manner. The PRIM Board therefore seeks to maximize the total return on investment within acceptable levels of risk and cost for an approximately 60% funded public pension fund. Under current law, by the year 2040, the PRIT Fund plans to have grown, through annual payments in accordance with a legislatively approved funding schedule and through total return of the PRIT Fund, to an amount sufficient to meet the then-existing pension obligations of the Commonwealth. The Commonwealth has adopted

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

a schedule of state pension appropriations that assumes a long-term actuarial rate of return for the PRIT Fund of 7.0%.

The State Teachers' and State Employees' Retirement Systems and the SRBT Fund are mandated by statute to invest all of their assets in the PRIT Fund and are, therefore, considered involuntary participants. The assets of the State-Boston Retirement System attributable to teachers who are members of that system are also mandated to be held in the PRIT Fund. Other retirement systems have the option to become Participating or Purchasing System participants in the PRIT Fund. Participating Systems must transfer all of their assets to the PRIT Fund, commit to remain invested for five years, and are entitled to share in appropriations made to the PRIT Fund by the Commonwealth in accordance with Massachusetts General Laws, Chapter 32, Section 22B. The Commonwealth has made no such appropriation to the PRIT Fund on behalf of Participating Systems since fiscal year 2000.

Purchasing Systems may invest all or a portion of their assets in the PRIT Fund and retain the ability to contribute and withdraw funds at their discretion; however, they are not entitled to state appropriations. Participating and Purchasing Systems share in the investment earnings of the PRIT Fund based on their proportionate share of net position. As of June 30, 2021, there were 37 Participating Systems and 62 Purchasing Systems invested in the PRIT Fund.

(b) Investment Funds

The PRIT Fund consists of two investment funds, the Capital Fund and the Cash Fund. Each of these funds is managed, accounted for, and held separately by the PRIT Fund's custodian.

The Cash Fund consists of short-term investments, which are used to meet the liquidity requirements of Participating and Purchasing Systems. All Cash Fund earnings are reinvested. The State Teachers' Retirement System and the State Employees' Retirement System make daily deposits into the Cash Fund, which is their source of funds for benefit payments and operating expenses. The Cash Fund maintains a stable net position value of \$1.00 per unit.

Assets contributed by retirement systems are initially deposited in the Cash Fund and then transferred to the Capital Fund. Funds transferred into the Capital Fund are generally invested in the General Allocation Account, which invests in all asset classes of the PRIT Fund in accordance with the PRIM Board's asset allocation plan and investment policy guidelines. The Capital Fund serves as the investment portfolio of the PRIT Fund and consists of the following accounts: General Allocation (holds units of all other accounts), Domestic Equity, International Equity, Emerging Markets Equity, Core Fixed Income, Value-Added Fixed Income, Real Estate, Timberland, Hedge Funds, Distressed Debt, Overlay, Real Assets, Other Credit Opportunities, Liquidating Portfolios, Private Equity

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

Investments, and Private Equity Investments Vintage Years 2000-2021. Vintage Year refers to the calendar year in which the PRIT Fund made a commitment to invest in a private equity investment.

Upon deposit by a Participating or Purchasing System into the accounts of the Capital Fund, units of participation equal to the total value of the contribution are issued. The value of a unit of each account is determined monthly by dividing the value of the net position of the account by the number of units outstanding at each month-end valuation date. The unit price fluctuates with the performance of the Capital Fund. The number of units generally changes only when a retirement system makes a contribution or redemption.

Chapter 84 of the Acts of 1996 permits Massachusetts retirement boards to purchase units in the individual investment accounts of the PRIT Fund as an alternative to investing in its General Allocation Account. This investment option, also referred to as “segmentation,” was established by an amendment to the PRIM Board’s Operating Trust Agreement in 1994 in response to requests from retirement boards wishing to invest in certain asset classes of the PRIT Fund. Purchasing Systems, as “segmented investors,” may invest in one or more of the following accounts of the Capital Fund: Domestic Equity, International Equity, Emerging Markets, Core Fixed Income, Public Value Added Fixed Income, Real Estate, Hedge Funds, and Private Equity Vintage Year accounts. At June 30, 2021 and 2020, there were 44 segmented investors in the PRIT Fund. The remaining Purchasing Systems invested in the General Allocation Account.

(2) Summary of Significant Accounting Policies**(a) Basis of Accounting and Financial Statement Presentation**

The financial statements of the PRIT Fund are reported using the economic resources measurement focus and the accrual basis of accounting. They are prepared in conformity with U.S. generally accepted accounting principles, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the dates of the financial statements and the reported amounts of additions and deductions during the reporting periods. Actual results could differ from those estimates.

The PRIT Fund follows Governmental Accounting Standards Board (GASB) guidance as applicable to external investment pools.

The PRIT Fund consolidates assets and liabilities of its single-member limited liability corporations.

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

(b) Investments

The PRIM Board recognizes that over the long term, asset allocation is the single greatest contributor of return and risk to the PRIT Fund. The PRIM Board's asset allocation plan embodies its decisions to invest portions of the Capital Fund in global equity securities, core fixed income securities, value-added fixed income, real estate, timberland, private equity, portfolio completion strategies and, where appropriate, the various sub asset classes of each asset class. Statutes prohibit the PRIT Fund from investing in certain securities. The PRIM Board ensures that investment managers adhere to the requirements of Massachusetts General Laws.

Security transactions are recorded on the date the securities are purchased or sold. The cost of a security is the purchase price or, in the case of assets transferred to the PRIT Fund by a Participating or Purchasing System, the fair value of the securities on the transfer date. The calculation of realized gains (losses) is independent of the calculation of the net change in unrealized appreciation (depreciation) on investments. Realized gains and losses on investments sold in the current year include previously recorded unrealized amounts and are included in net realized gain on investments in the accompanying statements of changes in pooled net position.

The PRIM Board values investments in fixed income, money market, other short-term investments, and U.S. government agency obligations using independent pricing services. In determining the price, the services may reflect such factors as market prices, yields, maturities, and ratings, supplemented by dealer quotations. Investments in equity securities, including exchange-traded funds, traded on national securities exchanges are valued at the last daily sale price or, if no sale price is available, at the closing bid price. Securities traded on any other exchange are valued in the same manner or, if not so traded, on the basis of closing over-the-counter (OTC) bid prices. If no bid price exists, valuation is determined either by establishing the mean between the most recent published bid and asked prices or averaging quotations obtained from dealers, brokers, or investment bankers. Securities for which such valuations are unavailable are reported at their fair value as estimated in good faith by the PRIM Board based on information provided by the investment managers responsible for such investments. Fair values for investments in pooled investment vehicles (commingled funds), such as mutual and similar funds with a readily determinable fair value, are based on the commingled fund's published net asset value (NAV) which are valued based on the underlying marketable securities or, in the absence of readily ascertainable fair values, the price of similar securities or other observable or unobservable inputs.

The PRIT Fund invests a portion of its assets in emerging capital markets. These investments may involve greater risks than investments in more developed markets, and the prices of such investments may be volatile. The consequences of political, social, or economic changes in these

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

markets may have disruptive effects on the market prices of these investments and the income they generate, as well as the PRIT Fund's ability to repatriate such amounts.

As described further below, certain qualifying investments may be measured using NAV as a practical expedient to estimate fair value unless as of the measurement date it is probable that the PRIT Fund's interest will be sold at an amount different than NAV. As of June 30, 2021 and 2020, the PRIT Fund had no plans or intentions to sell such investments at amounts other than NAV.

Investments in real estate represent the PRIT Fund's ownership interest in PRIT Core Realty Holdings LLC (the LLC). On October 19, 2001, the LLC was formed and was governed by an operating agreement entered into by the PRIM Board, as trustee of the PRIT Fund, as the sole member. The principal purpose of the LLC is to conduct the investment activities of the real estate program in a manner consistent with the PRIT Fund Declaration of Trust and any business or activities incidental to or in support of such investment activities.

The LLC holds investments in real estate properties, real estate fund investments, and Real Estate Investment Trust (REIT) securities. Investments in real estate properties are stated at fair value based on appraisals prepared by independent real estate appraisers or on estimated valuations determined by the PRIM Board assuming highest and best use of the assets. These estimated valuations are based on valuations prepared by the real estate investment managers under the general supervision of the PRIM Board. Generally, third-party appraisals are performed on each real estate property within 18 months of the date of acquisition and at least annually thereafter. Determination of fair value involves judgment because the actual fair value of a real estate investment can be determined only by negotiation between parties in a sales transaction. Due to the inherent uncertainty of valuation, fair values used may differ significantly from values that would have been determined had a ready market for the investments existed, and the differences could be material. Real estate fund investments are invested through limited partnerships and are recorded at fair value estimated by the PRIM Board, generally using the NAVs provided by general partners as a practical expedient. The NAVs provided by general partners are generally based on appraised value of underlying real estate investments, which considers inputs such as comparable sales, projected income, discount rate, and capitalization rates. REIT securities are publicly traded securities and are valued in the same manner as the PRIT Fund's traded equity securities.

Investments in timberland are valued similarly to investments made by the LLC in real estate properties. Independent appraisals of timberland investments are performed annually.

Portfolio completion strategies investments represent the PRIT Fund's ownership in direct hedge funds, hedge fund-of-funds, a distressed loan fund, and real assets funds (collectively, the funds),

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

managed accounts, and agricultural investments. The fair values of the PRIT Fund's interest in funds are estimated by the PRIM Board, generally using NAVs provided by fund managers as a practical expedient. NAVs for direct hedge funds, distressed loan, and real assets funds generally are based on the value of the underlying marketable securities or assets, or in the absence of readily ascertainable fair values, the price of identical or similar securities or assets. NAVs for hedge fund-of-funds are generally based on the value of the NAVs of the underlying funds which value their investments similar to direct hedge funds. Managed account investments in equity securities, fixed income, and other investments are valued using independent pricing services. In the event that pricing information is not available, then the investment is reported at fair value as estimated in good faith by the PRIM Board based on information provided by the investment manager responsible for such investment. Cash and cash equivalents held in managed accounts consist of cash and highly liquid investments that are readily convertible into cash. The carrying amount of these investments approximates fair value. Agricultural investments are valued similarly to investments made by the LLC in real estate properties and are generally appraised annually.

Private equity investments are typically made through limited partnerships that invest in venture capital, leveraged buyouts, private placements, and other investments whose structure, risk profile, and return potential differ from traditional equity and fixed income investments. These investments are recorded at fair values estimated by the PRIM Board, generally using the NAVs provided by general partners as a practical expedient. The NAVs generally are based on the value of underlying investment holdings, which are determined by investment managers and consider variables such as operating results, earnings of the underlying holdings, projected cash flows, recent sales prices, and other pertinent information. These estimated fair values are determined in good faith by investment managers or general partners using consistently applied procedures.

(c) Investment Income

Dividend income is recorded on the ex-dividend date, and interest income is accrued as earned. For the years ended June 30, 2021 and 2020, foreign taxes withheld of \$21,984 and \$18,938, respectively, have been netted against dividend income in the statements of changes in pooled net position. Real estate income includes dividends earned on REIT securities as well as cash distributions of operating income from investments in real estate properties. Timberland income includes cash distributions of operating income from investments in timberland properties. Private equity income is recorded on a cash distribution basis. Portfolio completion strategies income includes cash distributions of operating income from agricultural investments as well as investment income from managed accounts.

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

(d) Foreign Currency Translation and Transactions

The accounting records of the PRIT Fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the prevailing rates of exchange at month-end. Purchases and sales of securities, income receipts, and expense payments are translated into U.S. dollars at the prevailing exchange rate on the respective dates of the transactions.

Unrealized net currency gains and losses from valuing foreign currency-denominated assets and liabilities at month-end exchange rates are reflected within net unrealized appreciation (depreciation) on investments.

Net realized gains and losses on foreign currency transactions represent principally gains and losses from sales and maturities of forward foreign currency contracts, disposition of foreign currencies, and currency gains and losses realized between the trade and settlement dates on securities transactions.

(e) Derivative Instruments

In accordance with GASB Statement No. 53, Accounting and Financial Reporting of Derivative Instruments, the PRIT Fund has recorded all of its derivative activity at fair value as investment instruments within equity, fixed income, portfolio completion strategies, and real estate investments and the related change in such instruments within the net change in unrealized appreciation (depreciation) on investments and foreign currency translations in the accompanying financial statements. As described in GASB Statement No. 72, Fair Value Measurement and Application (GASB 72), a credit valuation adjustment should be applied, when applicable, for nonperformance risk using the PRIT Fund's credit risk (liability) in determining fair value.

The PRIT Fund regularly trades derivative financial instruments with off-balance sheet risk in the normal course of its investing activities to manage exposure to certain risks within the fund. The PRIT Fund also enters into derivative transactions to gain exposure to currencies and markets where derivatives are the most effective instrument. The PRIT Fund's derivative financial instruments include contracts for differences, foreign currency exchange contracts, financial and commodity futures contracts, and customized swap agreements (see note 7 for more detail). These derivative instruments can be exchange-traded or OTC contracts. The primary difference in risk associated with OTC contracts and exchange-traded contracts is credit and liquidity risks. For exchange-traded contracts, credit risk is limited to the role of the exchange or clearing corporation. OTC contracts contain credit risk for unrealized gains from various counterparties for the duration of the contract.

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

(f) When-Issued Securities Transactions

The PRIT Fund may purchase or sell securities on a “when-issued” or delayed-delivery basis. Delivery and payment for such securities may take place a month or more after the trade date. Normally, settlement occurs within three months. The price of the underlying securities and the date when the securities will be delivered and paid for are fixed at trade date. During the time a delayed delivery sell transaction is outstanding, the contract is marked to market daily and substantially equivalent deliverable securities are held by the PRIT Fund for the transaction to the extent available. For delayed delivery purchase transactions, the PRIT Fund maintains segregated assets with a fair value equal to or greater than the amount of its purchase commitments. The receivables and payables associated with the sale and purchase of delayed delivery securities are reflected in the accompanying statements of pooled net position as securities sold and purchased on a when-issued basis. Losses may arise due to changes in the value of the underlying securities, if the counterparty does not perform under the contract, or if the issuer does not issue the securities due to political, economic, or other factors.

The PRIT Fund may also enter into mortgage dollar-roll and reverse mortgage dollar-roll agreements on a when-issued basis. A mortgage dollar-roll is an agreement in which the PRIT Fund sells securities on a when-issued basis and simultaneously contracts with the same counterparty to repurchase similar (same type, coupon, and maturity) but not identical securities on a specified future date. During the roll period, principal and interest on these securities are not received. The PRIT Fund is compensated by the difference between the current sales price and the forward price for the future purchase. A reverse mortgage dollar-roll is an agreement to buy securities and to sell substantially similar securities on a specified future date. During the roll period, the PRIT Fund receives the principal and interest on the securities purchased. The receivables and payables associated with mortgage dollar-rolls and reverse mortgage dollar-rolls are also reflected in the accompanying statements of pooled net position as securities sold and purchased on a when-issued basis.

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

(3) Fair Value Measurements of Investments

In accordance with GASB 72, except for investments measured using NAV as a practical expedient to estimate fair value, the PRIT Fund categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – Inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the fund has the ability to access at the measurement date. Most of the PRIT Fund's directly held marketable securities, mutual funds and exchange traded funds would be examples of Level 1 investments.
- Level 2 – Inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Fair values are primarily obtained from third-party pricing services for identical or comparable assets or liabilities, such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2.
- Level 3 – Unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative financial instruments. Generally, the PRIT Fund's directly held investments in real estate and timberland will be categorized in Level 3 because a preponderance of inputs used to estimate fair value are not observable. For similar reasons, certain fixed income securities may also be categorized in Level 3.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

The following tables present a summary of the fair value hierarchy of investments that are measured at fair value on a recurring basis at June 30, 2021 and 2020:

Investments at fair value	2021 Fair value measurements using					Unfunded commitments
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs or not redeemable (Level 3)	Net asset value (NAV)	
Short-term:						
Money market investments	\$ 2,572,722	—	2,572,722	—	—	
Fixed income:						
U.S. government obligations (1)	9,658,756	9,658,756	—	—	—	
Domestic fixed income (2)	7,528,546	23,451	7,490,552	14,543	—	
International fixed income (3)	2,832,540	202,861	2,574,775	54,904	—	
Distressed debt (4)	1,277,804	—	—	—	1,277,804	691,571
Other credit opportunities (5)	1,147,435	80,696	667,041	357,834	41,864	303,461
	<u>22,445,081</u>	<u>9,965,764</u>	<u>10,732,368</u>	<u>427,281</u>	<u>1,319,668</u>	
Equity:						
Domestic equity securities	22,316,534	22,304,272	11,772	490	—	
International equity securities	17,395,877	17,393,781	1,456	640	—	
	<u>39,712,411</u>	<u>39,698,053</u>	<u>13,228</u>	<u>1,130</u>	<u>—</u>	
Timberland	2,798,749	—	—	2,798,749	—	
Private equity funds (6)	13,590,807	—	—	—	13,590,807	5,268,266
Real estate:						
Real estate properties	7,702,060	—	—	7,702,060	—	
Real estate equity securities	1,512,207	1,500,965	11,242	—	—	
Real estate funds (7)	270,007	—	—	—	270,007	268,652
Other	29,476	—	—	29,476	—	
	<u>9,513,750</u>	<u>1,500,965</u>	<u>11,242</u>	<u>7,731,536</u>	<u>270,007</u>	
Portfolio completion strategies:						
Event-driven hedge funds (8)	832,531	—	—	—	832,531	
Relative value hedge funds (9)	366,099	—	—	—	366,099	
Equity long/short hedge funds (10)	751	—	—	—	751	
Fund of funds (11)	639,521	—	—	—	639,521	
Distressed loan fund (12)	55,028	—	—	—	55,028	76,049
Real assets funds (13)	325,670	—	—	—	325,670	706,346
Investment funds	2,219,600	—	—	—	2,219,600	
Equity securities	2,403,242	2,121,689	43,602	237,951	—	
Fixed income securities	2,781,967	46,451	2,513,895	221,621	—	130,000
Cash and cash equivalents	1,169,968	785,131	384,837	—	—	
Agricultural investments	579,862	—	—	579,862	—	
Other	25,386	—	—	25,386	—	
	<u>9,180,025</u>	<u>2,953,271</u>	<u>2,942,334</u>	<u>1,064,820</u>	<u>2,219,600</u>	
Total investments	\$ <u>99,813,545</u>	<u>54,118,053</u>	<u>16,271,894</u>	<u>12,023,516</u>	<u>17,400,082</u>	

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

	2021					
	Fair value measurements using					
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs or not redeemable (Level 3)	Net asset value (NAV)	Unfunded commitments
Investments at fair value	Total					
Securities lending collateral:						
Money market investments	\$ 176,581	—	176,581	—	—	
Repurchase agreements	25,000	—	25,000	—	—	
Total securities lending collateral	\$ 201,581	—	201,581	—	—	
Securities sold short and other liabilities at fair value						
Portfolio completion strategies:						
Equity securities	\$ 784,772	775,930	8,478	364	—	
Cash and cash equivalents	635,756	15,850	619,906	—	—	
Fixed income securities	337,770	91,780	227,231	18,759	—	
Other	59,130	—	—	59,130	—	
	1,817,428	883,560	855,615	78,253	—	
Fixed income:						
Cash and cash equivalents	112,606	—	112,606	—	—	
Total securities sold short and other liabilities	\$ 1,930,034	883,560	968,221	78,253	—	

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

Investments at fair value	2020					Unfunded commitments
	Fair value measurements using					
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs or not redeemable (Level 3)	Net asset value (NAV)	
Short-term:						
Money market investments	\$ 2,069,658	—	2,069,658	—	—	
Fixed income:						
U.S. government obligations (1)	7,611,309	7,611,309	—	—	—	
Domestic fixed income (2)	7,246,901	2,156	7,196,499	48,246	—	
International fixed income (3)	2,313,262	130,569	2,159,788	22,905	—	
Distressed debt (4)	1,197,253	—	—	—	1,197,253	778,627
Other credit opportunities (5)	745,184	57,684	520,802	134,985	31,713	154,575
	19,113,909	7,801,718	9,877,089	206,136	1,228,966	
Equity:						
Domestic equity securities	14,836,528	14,830,277	—	6,251	—	
International equity securities	14,431,091	14,431,091	—	—	—	
	29,267,619	29,261,368	—	6,251	—	
Timberland	2,755,084	—	—	2,755,084	—	
Private equity funds (6)	8,399,154	—	—	—	8,399,154	5,758,271
Real estate:						
Real estate properties	7,374,146	—	—	7,374,146	—	
Real estate equity securities	1,253,533	1,241,616	11,917	—	—	
Real estate funds (7)	89,781	—	—	—	89,781	260,441
Other	39,998	—	—	39,998	—	
	8,757,458	1,241,616	11,917	7,414,144	89,781	
Portfolio completion strategies:						
Event-driven hedge funds (8)	733,342	—	—	—	733,342	
Relative value hedge funds (9)	400,024	—	—	—	400,024	
Equity long/short hedge funds (10)	883	—	—	—	883	
Fund of funds (11)	631,771	—	—	—	631,771	
Distressed loan fund (12)	24,712	—	—	—	24,712	100,298
Real assets funds (13)	347,380	—	—	—	347,380	665,888
Investment funds	2,138,112	—	—	—	2,138,112	
Equity securities	1,798,948	1,768,070	15,582	15,296	—	
Fixed income securities	2,945,226	42	2,837,800	107,384	—	30,000
Cash and cash equivalents	1,771,931	1,441,861	330,070	—	—	
Agricultural investments	551,888	—	—	551,888	—	
	9,206,105	3,209,973	3,183,452	674,568	2,138,112	
Total investments	\$ 79,568,987	41,514,675	15,142,116	11,056,183	11,856,013	

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

	2020					
	Fair value measurements using					
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs or not redeemable (Level 3)	Net asset value (NAV)	Unfunded commitments
Investments at fair value	Total					
Securities lending collateral:						
Money market investments	\$ 475,937	—	475,937	—	—	
Total securities lending collateral	\$ 475,937	—	475,937	—	—	
Securities sold short and other liabilities at fair value						
Portfolio completion strategies:						
Equity securities	\$ 473,588	457,375	16,213	—	—	
Cash and cash equivalents	1,424,250	25,373	1,398,877	—	—	
Fixed income securities	167,651	25,751	141,900	—	—	
Other	60,820	—	—	60,820	—	
	2,126,309	508,499	1,556,990	60,820	—	
Fixed income:						
Cash and cash equivalents	159,201	—	159,201	—	—	
Total securities sold short and other liabilities	\$ 2,285,510	508,499	1,716,191	60,820	—	

- (1) Fiscal 2021 rates range from 0.00% to 7.50%, and maturities range from 2021 to 2051. Fiscal 2020 rates range from 0.00% to 7.50%, and maturities range from 2020 to 2050.
- (2) Fiscal 2021 rates range from 0.00% to 24.91%, and maturities range from 2021 to 2115. Fiscal 2020 rates range from 0.00% to 24.58%, and maturities range from 2020 to 2115.
- (3) Fiscal 2021 rates range from -0.33% to 37.88%, and maturities range from 2021 to 2115. Fiscal 2020 rates range from 0.00% to 33.36%, and maturities range from 2020 to 2117.
- (4) This represents investments in 32 and 35 private partnerships that invest directly in distressed debt investment opportunities at June 30, 2021 and 2020, respectively. These investments cannot be redeemed. Distributions are received as the partnerships liquidate the underlying assets of the funds. The life cycles of the private partnerships are typically 10 to 15 years.
- (5) This includes managed accounts and private partnerships that makes credit investments. Private partnerships typically have 10 to 15-year life cycles during which limited partners are unable to redeem their positions, but instead, receive distributions as the partnerships liquidate the underlying assets of the funds.
- (6) This includes 327 and 320 private partnerships that invest in venture capital, leverage buyouts, private placements, and other investments at June 30, 2021 and 2020, respectively. These investments are not

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

redeemable. Distributions are received as the partnerships liquidate the underlying assets of the funds. The private partnerships typically have a life cycle of 10 to 15 years.

- (7) This includes seven closed-end real estate funds that invest in U.S. real estate at June 30, 2021 and 2020. These investments are not redeemable. The funds generally have initial terms of eight to 11 years with extension of one to two years. Distributions are received as the funds liquidate the underlying assets.
- (8) This includes five and six hedge funds that invest in event-driven strategies such as credit-event, equity-event, multi-event driven, and stressed/distressed credit positions at June 30, 2021 and 2020, respectively. Redemption frequency for these investments ranged from quarterly to semi-annually with 60 to 65 days' notice.
- (9) This includes one hedge fund that invest in relative value strategies such as fixed income relative value positions at June 30, 2021 and 2020. Redemption frequency for this investment is quarterly with 45 days' notice.
- (10) This includes one liquidating hedge fund that invests in equity long/short strategies at June 30, 2021 and 2020, respectively. Distributions are received as the funds liquidate the underlying assets.
- (11) This includes one active hedge fund of funds manager, valued at \$625,587 and \$615,170, at June 30, 2021 and 2020, respectively, which invests in emerging hedge fund managers. Redemption frequency for this fund is monthly with 30 days' notice. The remaining balance represents investments in five liquidating portfolios in which distributions are received as the funds liquidate the underlying assets.
- (12) This includes one fund that is invested in distressed loan at June 30, 2021 and 2020. Investments in this fund is not redeemable and distributions are received as the fund liquidates the underlying assets.
- (13) This includes ten and nine funds that seek to make investments in real assets at June 30, 2021 and 2020, respectively. Investments in these funds are generally not redeemable and distributions are received as the funds liquidate the underlying assets.

(4) Deposits and Investments Risks**(a) Custodial Credit Risk**

Custodial credit risk is the risk that in the event of bank failure, the PRIT Fund's deposits and investments may not be returned. The PRIM Board manages the PRIT Fund's exposure to custodial credit risk by requiring all relevant investment managers to hold investments in separate accounts with the PRIM Board's custodian (see note 8). The PRIM Board has not adopted a formal custodial credit risk policy.

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

Cash balances represent amounts held in bank depository accounts that may be subject to custodial credit risk. The PRIT Fund maintains cash and cash equivalents with various major financial institutions. The combined account balances at a specific financial institution may periodically exceed federally insured limits. No losses have been incurred during the years ended June 30, 2021 and 2020.

(b) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of fixed income investments will adversely affect the fair value of an investment. While the PRIM Board does not have a formal policy relating to interest rate risk, the PRIM Board manages the PRIT Fund's exposure to fair value loss arising from movements in interest rates by establishing duration guidelines with its fixed income investment managers. The guidelines with each individual manager require that the effective duration of the domestic fixed income investment portfolio be within a specified percentage or number of years of the effective duration band of the appropriate benchmark index. For emerging markets fixed income investments, the portfolio must have duration with a band ranging from three to eight years. Effective duration is a measure of a fixed income investment's exposure to fair value changes arising from changes in interest rates. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows. These assumptions take into consideration factors indicative of investments highly sensitive to interest rate changes, including callable options, prepayments, and other factors. These factors are reflected in the effective duration numbers provided in the following table. The PRIM Board compares the effective duration of a manager's portfolio to their relevant benchmark including Bloomberg Barclays Capital Aggregate index, US Treasury STRIPS 20+ Year index, Bloomberg Barclays Capital Treasury 1-3 Year index, Bloomberg Barclays Capital US TIPS index, Bloomberg Barclays Capital Inflation Linked Bonds index, S&P LSTA Leveraged Loan index, JP Morgan Global Emerging Markets Bond index, and the Intercontinental Exchange Bank of America Merrill Lynch (ICE BofAML) High Yield index.

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

The following table shows the debt investments by investment type, fair value, and effective weighted duration rate at June 30:

Investment	2021		2020	
	Fair value	Effective weighted duration rate (Years)	Fair value	Effective weighted duration rate (Years)
Asset-backed securities	\$ 598,095	1.33	492,892	2.80
Commercial mortgage – backed securities	293,683	2.93	235,826	2.65
Commercial paper and CDs	—	—	7,009	0.19
Corporate bonds and other credits	8,305,066	6.08	7,185,588	2.63
U.S. government bonds	6,337,438	15.12	5,075,022	16.28
U.S. government agencies	65,497	2.78	25,634	3.39
U.S. government TIPS	3,367,749	7.56	2,576,366	7.91
U.S. government mortgage – backed securities	1,630,294	4.90	1,477,714	2.33
Global inflation linked bonds	302,040	8.01	328,432	8.23
Municipal bonds	75,183	8.75	54,793	8.49
Pooled money market fund (1)	2,636,783	N/A	2,122,322	N/A
Other pooled funds (2)	4,187,942	N/A	4,547,195	N/A
Total fixed income and short-term investments	\$ <u>27,799,770</u>		<u>24,128,793</u>	
Securities lending collateral investments:				
Pooled money market fund (1)	176,581	N/A	475,937	N/A
Repurchase agreements (1)	<u>25,000</u>	N/A	<u>—</u>	N/A
Total securities lending collateral investments	\$ <u>201,581</u>		<u>475,937</u>	

(1) Short-term investments with maturities of less than three months.

(2) Other pooled funds have a weighted average maturity of approximately two years at June 30, 2021 and 2020.

(c) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will fail to meet its debt obligations.

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

The PRIM Board does not have a formal investment policy governing credit risk; each fixed income securities investment manager is given a specific set of guidelines to invest within based on the mandate for which it was hired. These guidelines vary depending on the manager's strategy and the role of its portfolio to the overall diversification of the PRIT Fund. The guidelines for the PRIT Fund's core fixed income portfolio establish the minimum credit rating for any security in the portfolio and the overall weighted average credit rating of the portfolio. For example, all securities held must generally be investment grade. The guidelines for the PRIT Fund's high yield fixed income portfolio establish a fair value range of securities to be held with a specific minimum credit rating and the overall weighted average credit rating of the portfolio.

Credit risk for derivative instruments held by the PRIT Fund results from counterparty risk. The PRIT Fund is exposed to credit risk resulting from counterparties being unable to meet their obligations under the terms of the derivative agreements. See note 7 for more information on the PRIT Fund's derivative instruments.

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Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

The weighted average quality rating of the debt securities portfolio, excluding pooled investments, investments explicitly backed by the U.S. government and other nonrated investments was BBB- and BBB+ at June 30, 2021 and 2020, respectively. The following tables present the PRIT Fund's fixed-income securities credit ratings at June 30:

Investment	Total fair value	2021					
		Investment grade			Noninvestment grade		
		AAA	AA+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Not rated
Asset-backed securities	\$ 598,095	32,591	71,363	20,637	27,988	262,094	183,422
Commercial mortgage-backed securities	293,683	155,376	16,729	844	15,267	71,990	33,477
Corporate bonds and other credits	8,305,066	331,475	1,178,428	1,673,162	1,962,627	586,938	2,572,436
U.S. government agencies	65,497	—	23,375	—	—	—	42,122
U.S. government mortgage-backed securities	1,347,668	4,242	662,026	27,657	39,843	426	613,474
Global inflation linked bonds	302,040	36,922	182,061	78,829	—	—	4,228
Municipal bonds	75,183	2,418	67,433	4,178	593	—	561
Pooled money market fund	2,636,783	—	—	—	—	—	2,636,783
Other pooled funds	4,187,942	—	—	—	—	—	4,187,942
Total credit risk, fixed income, and short-term investments	17,811,957	\$ 563,024	2,201,415	1,805,307	2,046,318	921,448	10,274,445
Fixed income investments explicitly backed by the U.S. government	9,987,813						
Total fixed income and short-term investments	\$ 27,799,770						
Securities lending collateral investments:							
Pooled money market fund	\$ 176,581	176,581	—	—	—	—	—
Repurchase agreements	25,000	—	25,000	—	—	—	—
Total securities lending collateral investments	\$ 201,581	176,581	25,000	—	—	—	—

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

Investment	Total fair value	2020					
		Investment grade			Noninvestment grade		
		AAA	AA+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Not rated
Asset-backed securities	\$ 492,892	29,830	74,561	12,893	23,965	230,168	121,475
Commercial mortgage-backed securities	235,826	116,769	17,960	447	10,482	68,552	21,616
Commercial paper and CDs	7,009	—	—	—	—	—	7,009
Corporate bonds and other credits	7,185,588	940,499	1,073,650	1,475,524	1,508,109	397,213	1,790,593
U.S. government agencies	25,634	—	25,634	—	—	—	—
U.S. government mortgage-backed securities	1,188,538	4,339	699,838	31,343	70,996	—	382,022
Global inflation linked bonds	328,432	43,713	213,020	66,506	—	—	5,193
Municipal bonds	54,793	1,195	46,372	2,892	2,579	—	1,755
Pooled money market fund	2,122,322	—	—	—	—	—	2,122,322
Other pooled funds	4,547,195	—	—	—	—	—	4,547,195
Total credit risk, fixed income, and short-term investments	16,188,229	\$ 1,136,345	2,151,035	1,589,605	1,616,131	695,933	8,999,180
Fixed income investments explicitly backed by the U.S. government	7,940,564						
Total fixed income and short-term investments	\$ 24,128,793						
Securities lending collateral investments:							
Pooled money market fund	\$ 475,937	475,937	—	—	—	—	—
Total securities lending collateral investments	\$ 475,937	475,937	—	—	—	—	—

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

(d) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of investments. Although the PRIM Board has no overall policy regarding foreign currency risk, the PRIM Board does manage the PRIT Fund's exposure to foreign currencies by establishing investment guidelines with each of its managers who invest in securities not denominated in U.S. dollars. These guidelines set maximum investment balances for any currency and/or country holdings must be within a certain percentage of predefined benchmarks. In addition, the PRIM Board's investment managers may actively manage exposure to foreign currencies through the use of forward foreign currency contracts. The following tables present the PRIT Fund's foreign currency exposures at June 30 (stated in U.S. dollars in thousands):

	2021						Total
	Cash and short-term investments	Equity	Fixed income	Portfolio completion strategies	Private equity investments	Timberland investments	
Australian Dollar	\$ 3,220	674,761	11,036	(2,866)	—	388,831	1,074,982
Brazilian Real	1,757	194,804	91,275	69,999	—	—	357,835
British Pound	13,628	1,998,978	275,142	79,193	22,706	—	2,389,647
Canadian Dollar	9,006	802,156	28,693	36,199	2,690	—	878,744
Euro	62,618	3,102,714	354,487	136,418	1,687,673	—	5,343,910
Hong Kong Dollar	7,582	1,370,654	173	38	—	—	1,378,447
Indian Rupee	1,519	494,771	1,132	2,761	—	—	500,183
Japanese Yen	35,195	2,670,752	29,169	66,538	—	—	2,801,654
New Taiwan Dollar	1,063	631,233	—	42	—	—	632,338
South Korean Won	4,952	710,211	19,795	51,839	—	—	786,797
Swedish Krona	3,897	619,012	5,731	1,701	—	—	630,341
Swiss Franc	13,372	676,357	—	(778)	—	—	688,951
Other foreign currencies	32,654	1,300,021	33,817	158,399	—	—	1,524,891
Total securities subject to foreign currency risk	190,463	15,246,424	850,450	599,483	1,713,069	388,831	18,988,720
International investments denominated in U.S. dollars	—	2,149,453	1,982,090	—	—	217,641	4,349,184
Total international investments and cash deposits	\$ 190,463	17,395,877	2,832,540	599,483	1,713,069	606,472	23,337,904

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

	2020						Total
	Cash and short-term investments	Equity	Fixed income	Portfolio completion strategies	Private equity investments	Timberland investments	
Australian Dollar	\$ 3,399	512,305	9,753	(10,676)	—	311,252	826,033
British Pound	5,151	1,743,073	249,018	52,412	31,512	—	2,081,166
Canadian Dollar	6,026	382,554	27,939	12,596	1,805	—	430,920
Chinese Yuan	464	164,777	—	149,966	—	—	315,207
Euro	39,906	2,540,748	312,824	140,626	1,127,656	—	4,161,760
Hong Kong Dollar	7,506	1,229,291	—	6,289	—	—	1,243,086
Indian Rupee	1,350	327,409	—	1,491	—	—	330,250
Japanese Yen	46,549	2,545,895	57,612	23,733	—	—	2,673,789
New Taiwan Dollar	2,059	494,770	—	—	—	—	496,829
South Korean Won	7,158	521,001	19,943	1,958	—	—	550,060
Swedish Krona	964	458,495	5,302	(280)	—	—	464,481
Swiss Franc	33,901	612,789	—	(24)	—	—	646,666
Other foreign currencies	37,040	1,228,158	51,504	136,952	—	—	1,453,654
Total securities subject to foreign currency risk	191,473	12,761,265	733,895	515,043	1,160,973	311,252	15,673,901
International investments denominated in U.S. dollars	—	1,669,826	1,579,367	—	—	193,525	3,442,718
Total international investments and cash deposits	\$ 191,473	14,431,091	2,313,262	515,043	1,160,973	504,777	19,116,619

(e) Concentration of Credit Risk

The PRIM Board manages the PRIT Fund's exposure to concentration of credit risk by establishing guidelines with each investment manager that limit the percentage of investment in any single issue or issuer. The PRIT Fund has no investments, at fair value, that exceed 5% of the PRIT Fund's total investments as of June 30, 2021 and 2020.

(f) Financial Instruments with Off-Balance-Sheet Risk

In the normal course of business, the PRIT Fund enters into financial instrument transactions with off-balance-sheet risk. These financial instruments involve varying degrees and type of risks, including credit and market risks, which may be in excess of the amounts recognized in the Statements of Pooled Net Position. Futures and foreign currency exchange contracts represent commitments to purchase or sell foreign currencies at a future date and at a specified price. The PRIT Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts or if the value of the foreign currency changes unfavorably.

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

(5) Securities Lending Program

The PRIM Board uses a third-party securities lending agent to manage its securities lending program. The program loans domestic and international equity, REIT, and fixed income securities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. Securities on loan are secured with collateral ranging from 102% to 105% determined by the type of securities lent. Securities on loan are valued daily to maintain the collateral requirement and, where applicable, additional collateral is delivered. At June 30, 2021 and 2020, the PRIT Fund has no credit risk exposure to borrowers because the borrowers provided collateralization greater than 100% of the fair value of the securities on loan. The PRIT Fund cannot pledge or sell the collateral securities unless the lending agent defaults. The lending agent is required to indemnify the PRIT Fund in the event that it fails to return the securities on loan (and if the collateral is inadequate to replace the securities on loan) or if the lending agent fails to perform its obligations as stipulated in the agreement. There was no loss during the years ended June 30, 2021 and 2020 resulting from default by the lending agent.

Securities loans are terminable on demand therefore maturities of the securities loans do not generally match the maturities of investments made with cash collateral. Investments made with cash collateral are primarily in short-term investments with maximum maturity of three months from the date of purchase.

Securities on loan are included in investments at fair value in the accompanying statements of pooled net position. As of June 30, 2021 and 2020, the fair value of securities on loan was \$415,901 and \$659,549, respectively, and the associated collateral received in cash was \$451,560 and \$725,946, respectively. Securities lending obligations to repay the collateral are reported in the accompanying statements of pooled net position. There was no security collateral or noncash collateral at June 30, 2021 and 2020. For the years ended June 30, 2021 and 2020, in accordance with the Securities Lending Agency Agreement, the PRIT Fund loaned \$250,000, of the cash collateral to the LLC to invest in real estate investments. Interest is paid monthly in arrears at a per annum rate equal to LIBOR. The loans mature on March 10, 2027 and can be prepaid at any time. As this is an inter-entity loan, it has been eliminated in consolidation. The fair value of the remaining cash collateral plus interest reinvested was \$201,581 and \$475,937 at June 30, 2021 and 2020, respectively, and is reported as securities lending collateral in the accompanying statements of pooled net position.

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Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

(6) Real Estate Debt**(a) Notes Payable**

The LLC's notes payable obligations consisted of the following as of June 30:

	2021	2020
Senior unsecured term loan	\$ 500,000	500,000
Senior unsecured notes	525,000	525,000
Total	\$ 1,025,000	1,025,000

Scheduled long-term maturities of existing indebtedness at June 30, 2021 in each of the next five years and in the aggregate thereafter are as follows:

	Amount
Year ending June 30:	
2022	\$ 500,000
2023	175,000
2024	—
2025	150,000
2026	—
2027-2031	200,000
	\$ 1,025,000

(i) Senior Unsecured Term Loan

On November 21, 2016, the LLC issued Senior Unsecured Term Loans with aggregate principal amounts of \$300,000 and \$200,000, which matured on November 21, 2021. Interest is payable monthly based on LIBOR plus an applicable rate based upon the range into which the Total Leverage Ratio falls as outlined in the Term Loan agreements. As of June 30, 2021 and 2020, the applicable rate is 1.15%.

(ii) Senior Unsecured Notes

On February 14, 2013, the LLC issued 3.25% Series A Senior Notes in the aggregate principal amount of \$175,000 which matured on February 14, 2020.

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Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

On February 14, 2013, the LLC also issued 3.85% Series B Senior Notes in the aggregate principal amount of \$175,000 maturing February 14, 2023 and 4.00% Series C Senior Notes in the aggregate principal amount of \$150,000 maturing February 14, 2025. Interest on the notes is payable semi-annually.

On February 12, 2020, the LLC issued 3.07% Series D Senior Notes in the aggregate principal amount of \$200,000 maturing February 12, 2030. Interest on the notes is payable semi-annually.

Both the Senior Unsecured Term Loans and Senior Unsecured Notes contain certain financial covenants as outlined in the respective agreements. The LLC was in compliance with such covenants at June 30, 2021 and 2020.

(b) Mortgage Loans Payable

The LLC had nine and 11 property-level mortgage loans payable as of June 30, 2021 and 2020, respectively. The mortgages have a weighted average interest rate of 3.50% and 3.38% and a weighted average maturity of 4.6 and 4.8 years at June 30, 2021 and 2020, respectively. The following table presents the face value of mortgage loans payable at June 30:

	2021	2020
Mortgage loans payable	\$ 381,686	432,066
Total	\$ 381,686	432,066

(c) Other Liabilities:

The LLC had other liabilities of \$50,833 and \$124,461 as of June 30, 2021 and 2020, respectively.

(7) Derivative Investments

The PRIT Fund regularly trades financial instruments with off-balance-sheet risk in the normal course of its investing activities to assist in managing exposure to market risks. These financial instruments include contracts for differences, foreign currency exchange contracts, futures contracts, and swap contracts.

(a) Contracts for differences

A contract for differences is an instrument whose value is based on the price movement of the underlying asset. It allows for gain or losses to be realized when the underlying asset moves in relation to the position taken, although the actual underlying asset is not owned by the PRIT Fund.

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Notes to Financial Statements

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(Dollars in thousands)

The fair value of these instruments is generally recorded at the contract's net equity value. The net equity value is calculated by determining the change in value of the underlying asset less the cost of any leverage. The changes in fair value are recorded by the PRIT Fund as unrealized gains or losses. When the contract is closed, the PRIT Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

Contracts for differences held at June 30 were as follows:

Description	2021			
	Number of contracts	Gross notional amount	Fair value of contracts	Unrealized appreciation (depreciation)
Long exposure	20,256,186	\$ 95,935	101,570	5,635
Short exposure	(1,086,481)	(77,489)	(81,243)	(3,754)
Total exposure		\$ 18,446	20,327	1,881

Description	2020			
	Number of contracts	Gross notional amount	Fair value of contracts	Unrealized appreciation (depreciation)
Long exposure	16,708,563	\$ 85,187	88,806	3,619
Short exposure	(7,439,476)	(54,304)	(55,891)	(1,587)
Total exposure		\$ 30,883	32,915	2,032

For the years ended June 30, 2021 and 2020, the change in net unrealized appreciation (depreciation) on contracts for differences was \$(151) and \$(3,984), respectively.

(b) Foreign Currency Exchange Contracts

A foreign currency exchange contract is an agreement between two parties to buy or sell a fixed quantity of currency at a set price on a future date. The PRIT Fund may enter into foreign currency exchange contracts to hedge its exposure to the effect of changes in foreign currency exchange rates upon its non-U.S. dollar-denominated investments. The fair value of such contracts will fluctuate with changes in currency exchange rates. The contracts are valued daily, and the changes in fair value are recorded by the PRIT Fund as unrealized gains or losses. When the contract is closed, the PRIT Fund records a realized gain or loss equal to the difference between the cost of the contract at the time it was opened and the value at the time it was closed.

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(Dollars in thousands)

Foreign currency exchange contracts open at June 30 (in U.S. dollars) were as follows:

	2021				
	Fair value	Aggregate face value	Delivery date(s)	Unrealized gains	Unrealized losses
Foreign currency exchange contracts purchased:					
Brazilian Real	108,604	102,555	7/1/21-10/29/21	\$ —	(6,049)
British Pound	808,834	819,650	7/1/21-12/15/21	10,816	—
Chinese Yuan	1,040,908	1,031,484	7/2/21-6/30/22	—	(9,424)
Euro	958,783	970,272	7/1/21-3/8/22	11,489	—
Gold oz	—	18,622	7/1/21-6/1/22	18,622	—
Japanese Yen	498,958	503,405	7/1/21-12/16/21	4,447	—
Mexican Peso	175,462	171,724	7/1/21-12/21/21	—	(3,738)
Silver oz	4	2,915	12/6/21	2,911	—
Singapore Dollar	241,001	243,174	7/1/21-12/15/21	2,173	—
Other foreign currencies	2,948,710	2,965,919	7/1/21-8/22/22	18,018	(809)
Foreign currency exchange contracts sold:					
Australian Dollar	134,847	137,066	7/1/21-3/16/22	—	(2,219)
Brazilian Real	168,776	162,027	7/1/21-10/29/21	6,749	—
British Pound	442,659	445,741	7/1/21-12/15/21	—	(3,082)
Chinese Yuan	916,299	907,965	7/2/21-6/28/22	8,334	—
Euro	424,196	427,164	7/21/21-3/8/22	—	(2,968)
Gold oz	—	34,311	7/1/21-6/6/22	—	(34,311)
New Taiwan Dollar	310,308	313,490	6/30/21-6/2/23	—	(3,182)
South African Rand	144,582	142,233	7/1/21-2/22/22	2,349	—
South Korean Won	267,059	269,148	7/1/21-3/16/22	—	(2,089)
Turkish Lira	125,483	128,335	7/1/21-6/17/22	—	(2,852)
Silver oz	5	3,297	9/15/21-12/6/21	—	(3,292)
Other foreign currencies	2,432,504	2,443,509	7/1/21-11/30/22	2,964	(13,969)
Total				\$ 88,872	(87,984)

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(Dollars in thousands)

	2020				
	Fair value	Aggregate face value	Delivery date(s)	Unrealized gains	Unrealized losses
Foreign currency exchange contracts purchased:					
Australian Dollar	174,358	172,070	7/1/20-6/18/21	\$ —	(2,288)
Brazilian Real	169,668	193,504	7/2/20-3/15/21	23,836	—
Chinese Yuan	1,040,740	1,044,608	7/2/20-5/18/21	3,868	—
Euro	856,376	853,719	7/1/20-2/22/21	—	(2,657)
Gold oz	—	57,737	7/21/20-8/19/20	57,737	—
Hong Kong Dollar	1,123,075	1,119,420	7/2/20-6/21/21	—	(3,655)
Japanese Yen	373,822	375,824	7/1/20-3/31/21	2,002	—
New Taiwan Dollar	645,009	636,734	7/1/20-6/21/21	—	(8,275)
Norwegian Krone	96,436	98,914	7/1/20-9/16/20	2,478	—
Philippines Peso	148,776	145,417	7/1/20-2/24/21	—	(3,359)
Silver oz	93	28,772	7/15/20-9/17/20	28,679	—
Singapore Dollar	1,411,644	1,386,630	7/1/20-6/16/21	—	(25,014)
Other foreign currencies	2,726,666	2,728,990	7/1/20-6/8/21	6,524	(4,200)
Foreign currency exchange contracts sold:					
Brazilian Real	86,988	93,527	7/1/20-11/3/20	—	(6,539)
British Pound	434,145	436,243	7/1/20-12/16/20	—	(2,098)
Chinese Yuan	1,023,210	1,029,976	7/2/20-6/30/21	—	(6,766)
Gold oz	—	57,728	7/21/20-8/19/20	—	(57,728)
Hong Kong Dollar	849,201	845,762	7/2/20-5/26/21	3,439	—
Mexican Peso	74,862	77,928	7/1/20-9/17/20	—	(3,066)
New Taiwan Dollar	643,676	635,557	7/1/20-5/26/21	8,119	—
Philippines Peso	164,295	158,814	7/6/20-3/17/21	5,481	—
Singapore Dollar	1,419,690	1,407,662	7/1/20-6/16/21	12,028	—
Silver oz	91	27,784	7/15/20-9/17/20	—	(27,693)
Other foreign currencies	3,205,819	3,206,663	7/1/20-9/24/21	6,304	(7,148)
Total				\$ 160,495	(160,486)

For the years ended June 30, 2021 and 2020, the change in net unrealized appreciation (depreciation) on foreign currency exchange contracts was \$879 and \$13,381, respectively.

(c) Futures Contracts

The PRIT Fund enters into financial and commodity futures on various exchanges. A futures contract is an agreement between two parties to buy or sell units of a particular index, security, or commodity at a set price on a future date. Upon entering into financial and commodity futures contracts, the PRIT Fund is required to pledge to the broker an amount of cash or securities equal to a certain percentage of the contract amount (initial margin deposit). Pursuant to the contract, the PRIT Fund agrees to receive from, or pay to, the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as “variation margin” and are recorded by the PRIT Fund as unrealized gains or losses. When the contract is closed, the PRIT Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and

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the value at the time it was closed. The potential risk to the PRIT Fund is that the change in value of futures contracts primarily corresponds with the value of underlying instruments, which may not correspond to the change in value of the hedged instruments. The PRIT Fund is also subject to credit risk should its clearing brokers be unable to meet their obligations to the PRIT Fund.

Futures contracts held at June 30 were as follows:

Description	Number of contracts	Expiration date	2021		
			Gross notional amount	Fair value of contracts	Unrealized appreciation (depreciation)
Short cash and cash equivalents:					
Euro FX currency	(381)	9/21	\$ (58,087)	(56,507)	1,580
Other short cash and cash equivalents	(5,533)	8/21-12/27	(1,356,045)	(1,355,276)	769
Long cash and cash equivalents:					
90-Day Bank Bill	269	9/21-12/22	202,831	201,718	(1,113)
Canadian Dollar currency	447	9/21	36,914	36,037	(877)
Euro FX currency	368	9/21	56,081	54,579	(1,502)
Other long cash and cash equivalents	4,896	7/21-12/26	1,119,885	1,117,804	(2,081)
Short fixed income:					
Australian 3-Yr Treasury Bond	(908)	9/21	(81,773)	(79,407)	2,366
Euro-BOBL	(217)	9/21	(35,611)	(34,522)	1,089
Euro-BTP	(309)	9/21	(64,579)	(63,251)	1,328
Korea 3-Yr Treasury Bond	(615)	9/21	(60,933)	(60,056)	877
US 10-Yr Treasury Notes	(2,066)	9/21	(272,827)	(273,745)	(918)
Ultra US 10-Yr Treasury Note	(375)	9/21	(54,226)	(55,202)	(976)
Other short fixed income	(3,180)	9/21-6/23	(567,973)	(566,606)	1,367
Long fixed income:					
Euro-BTP	366	9/21	63,896	63,041	(855)
Euro-Schatz	347	9/21	47,043	46,146	(897)
Japan 10-Yr Government Bond	68	9/21	93,692	92,936	(756)
US Long Bond	686	9/21	108,006	110,275	2,269
Ultra US Treasury Bond	621	9/21	115,275	119,659	4,384
Other long fixed income	4,542	9/21	645,502	644,565	(937)
Short equity and commodities:					
Metal	(87)	8/21	(16,603)	(15,413)	1,190
S&P 500 E-mini Index	(1,844)	9/21	(389,906)	(395,409)	(5,503)
Other short equity and commodities	(3,058)	7/21-10/21	(52,143)	(52,109)	34
Long equity and commodities:					
Agriculture	720	8/21-12/21	26,124	27,342	1,218
Oil and gas	792	7/21-9/21	49,783	51,384	1,601
Euro STOXX 50 Index	1,448	9/21	72,282	69,640	(2,642)
FTSE 100 Index	514	9/21	51,190	49,566	(1,624)
MSCI EAFE Index	2,234	9/21	263,059	257,368	(5,691)
S&P 500 E-mini Index	1,321	9/21	279,672	283,262	3,590
S&P Midcap 400 E-mini Index	221	9/21	60,401	59,502	(899)
S&P/TSX 60 Index	332	9/21	65,215	64,491	(724)
TOPIX Index	223	9/21	39,949	39,039	(910)
Other long equity and commodities	1,006,777	7/21-12/21	509,186	506,488	(2,698)
Total futures exposure			\$ 895,280	887,339	(7,941)

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Description	Number of contracts	Expiration date	2020		
			Gross notional amount	Fair value of contracts	Unrealized appreciation (depreciation)
Short cash and cash equivalents:					
Euro FX currency	(491)	9/20	\$ (69,674)	(69,068)	606
Other short cash and cash equivalents	(1,212)	9/20-6/23	(279,757)	(279,979)	(222)
Long cash and cash equivalents:					
3-Month Euribor	870	3/21-6/23	241,519	245,450	3,931
90-Day Bank Bill	270	9/20-6/21	180,747	185,825	5,078
Other long cash and cash equivalents	3,397	7/20-12/23	563,250	561,051	(2,199)
Short fixed income:					
Australian 3-Yr Treasury Bond	(8,700)	9/20	(706,773)	(701,182)	5,591
Canada 10-Yr Government Bond	(1,647)	9/20	(184,642)	(186,007)	(1,365)
Euro-BUND	(2,198)	9/20	(430,748)	(435,772)	(5,024)
Other short fixed income	(4,180)	7/20-9/20	(750,039)	(750,930)	(891)
Long fixed income:					
Euro-BTP	318	9/20	50,198	51,388	1,190
US 10-Yr Treasury Notes	3,935	9/20	546,254	547,641	1,387
Other long fixed income	10,794	9/20	1,658,748	1,661,028	2,280
Short equity and commodities:					
Agriculture	(3,448)	7/20-3/21	(80,673)	(81,238)	(565)
Metal	(610)	8/20-10/20	(32,265)	(33,635)	(1,370)
Oil and gas	(1,558)	7/20-11/21	(37,709)	(38,240)	(531)
FTSE 100 Index	(115)	6/20-9/20	(7,853)	(8,829)	(976)
S&P 500 E-mini Index	(2,735)	9/20	(412,637)	(422,585)	(9,948)
Other short equity and commodities	(4,221)	7/20-10/20	(134,169)	(134,698)	(529)
Long equity and commodities:					
Agriculture	1,330	7/20-2/21	\$ 30,103	29,374	(729)
Metal	483	8/20-12/20	50,468	52,287	1,819
Oil and gas	370	7/20-1/21	13,236	13,377	141
Euro STOXX 50 Index	1,093	9/20	38,508	39,566	1,058
MSCI EAFE Index	2,145	9/20	188,730	190,733	2,003
MSCI Emerging Markets Index	2,098	9/20	101,990	103,400	1,410
Russell 2000 Mini Index	595	9/20	41,054	42,769	1,715
S&P 500 E-mini Index	1,472	9/20	223,292	227,439	4,147
TOPIX Index	214	9/20	32,148	30,914	(1,234)
Other long equity and commodities	4,163	7/20-10/20	332,376	331,856	(520)
Total futures exposure			\$ 1,165,682	1,171,935	6,253

For the years ended June 30, 2021 and 2020, the change in net unrealized appreciation (depreciation) on futures contracts was \$(14,194) and \$(26,633), respectively.

(d) Swaps

The PRIT Fund enters into swap agreements to gain exposure to certain markets and actively hedge other exposures to market and credit risks. The PRIT Fund utilizes interest rate, credit default, currency, inflation, and total return swaps within the portfolio. The PRIT Fund's OTC swap agreements are recorded at fair value as estimated by the PRIM Board. These estimated fair values are determined in good faith by using information from the PRIT Fund's investment managers,

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including methods and assumptions considering market conditions and risks existing at the date of the statements of pooled net position. Such methods and assumptions incorporate standard valuation conventions and techniques, such as discounted cash flow analysis and option pricing models. All methods utilized to estimate fair values result only in general approximations of value, and such values may or may not actually be realized.

Upon entering into centrally cleared swap contracts, the PRIT Fund is required to deposit an initial margin with the broker an amount of cash or securities. Pursuant to the contract, the PRIT Fund agrees to receive from, or pay to, the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as "variation margin" and are recorded by the PRIT Fund as unrealized gains or losses. Payments received from or paid to the counterparty, including at termination, are recorded by the PRIT fund as realized gains or losses.

Open swap contracts at June 30 were as follows:

Description	2021				
	PRIT pays/receives interest rate	PRIT pays/receives index/ protection	Maturity date	Gross notional amount	Net unrealized appreciation (depreciation)
Interest rate swaps	-0.45%–17.94%	Various*	7/21-12/56	\$ 14,912,028	(18,474)
Credit default swaps	0.00%–16.20%	Credit default protection	7/21-12/72	3,690,046	(80,434)
Total return and other swaps	Variable	Various*	7/21-9/50	4,449,490	15,156
Total swaps				\$ 23,051,564	(83,752)

* PRIT pays/receives counterparty based on 1-Month Euribor, 1-Month MIBOR, 1-Month USD LIBOR, 3-Month AUD-BBR-BBSW, 3-Month Aonia, 3-Month Euribor, 3-Month HIBOR, 3-Month JIBAR, 3-Month JPY LIBOR, 3-Month KLIBOR, 3-Month KWDC, 3-Month MosPrime rate, 3-Month NZD BBR, 3-Month SOR, 3-Month USD LIBOR, 6-Month AUD-BBR-BBSW, 6-Month Euro LIBOR, 6-Month Euribor, 6-Month KWDC, 6-Month JPY LIBOR, 6-Month MIBOR, 6-Month PRIBOR, 6-Month SIBOR, 6-Month SOR, 6-Month THBFX, 6-Month USD LIBOR, 6-Month WIBOR, 12-Month MIBOR, 7-Day CNY Repo Fixing Rate, CPI inflation rate, Federal Funds Rate, Reserve Bank of New Zealand Official Cash Rate, SOFR, THB Semi-annual Swap rate, TLREF, TWD Semi-annual Swap rate.

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Description	2020				
	PRIT pays/receives interest rate	PRIT pays/receives index/ protection	Maturity date	Gross notional amount	Net unrealized appreciation (depreciation)
Interest rate swaps	-0.58%–6.10%	Various*	7/20-12/56	\$ 22,035,427	(19,827)
Credit default swaps	0.00%–5.00%	Credit default protection	10/20-12/72	3,328,081	(41,246)
Total return and other swaps	Variable	Various*	7/20-1/50	6,247,427	(21,800)
Total swaps				\$ 31,610,935	(82,873)

* PRIT pays/receives counterparty based on 1-Month Euro LIBOR, 1-Month GBP LIBOR, 1-Month JIBAR, 1-Month JPY LIBOR, 1-Month SOR, 1-Month USD LIBOR, 1-Month WIBOR, 3-Month AUD-BBR-BBSW, 3-Month CDOR, 3-Month Eonia, 3-Month Euribor, 3-Month HIBOR, 3-Month KLIBOR, 3-Month KWDC, 3-Month NZD BBR, 3-Month SOR, 3-Month USD LIBOR, 3-Month WIBOR, 6-Month AUD-BBR-BBSW, 6-Month BUBOR, 6-Month Euro LIBOR, 6-Month Euribor, 6-Month GBP LIBOR, 6-Month JPY LIBOR, 6-Month MIBOR, 6-Month SOR, 6-Month THBFX, 6-Month USD LIBOR, 6-Month WIBOR, Brazil CDI rate, 7-Day CNY Repo Fixing Rate, CNY Semi-annual Swap Rate, CPI inflation rate, Eurozone HICP rate, Federal Funds Rate, Mexican TIE rate, RBA Overnight Cash Rate, SONIA rate, UK RPI rate.

For the years ended June 30, 2021 and 2020, the change in net unrealized appreciation (depreciation) on swap contracts was \$(879) and \$(179,710), respectively.

The PRIT Fund's exposures in the event of nonperformance by counterparties at June 30 were as follows:

Counterparty	Credit rating	2021					
		Interest rate swaps		Credit default swaps		Total return and other swaps	
		Gross notional	Fair value	Gross notional	Fair value	Gross notional	Fair value
BNP Paribas Securities Corp	A+	\$ —	—	184,739	1,966	—	—
Citibank NA	A+	—	—	3,600	18	597,477	8,489
CME Group	AA-	344,867	(1,429)	—	—	—	—
Goldman Sachs	A+	43,358	37	1,867,722	(46,786)	—	—
Intercontinental Exchange	BBB+	—	—	100,582	1,950	—	—
LCH Ltd	AA-	130,262	(1,050)	—	—	249,751	1,935
Merrill Lynch International	A+	—	—	4,800	48	229,799	2,838
Morgan Stanley	A+	431,123	(31)	493,122	(5,294)	188,635	(221)
SMBC Capital Markets Inc.	A+	250,000	(18,429)	—	—	—	—
U.S. Bank National Association	A+	500,000	(3,255)	—	—	—	—
All others (1)	Various	13,212,418	5,683	1,035,481	(32,336)	3,183,828	2,115
		\$ 14,912,028	(18,474)	3,690,046	(80,434)	4,449,490	15,156

(1) A majority of these swaps are centrally cleared and are settled daily.

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Counterparty	Credit rating	2020					
		Interest rate swaps		Credit default swaps		Total return and other swaps	
		Gross notional	Fair value	Gross notional	Fair value	Gross notional	Fair value
Bank of America NA	A+	\$ 1,341,555	1,445	219,387	(5,590)	34,912	(564)
BNP Paribas Securities Corp	A+	—	—	420,112	4,409	—	—
Citibank NA	A+	—	—	2,300	(1)	479,153	(1,590)
Credit Suisse	A	—	—	710,099	2,875	19,697	287
Goldman Sachs	A+	—	—	515,441	(19,010)	—	—
JPMorgan	A+	—	—	2,200	37	5,329	(2,860)
LCH Ltd	AA-	898,712	16,858	—	—	222,620	(1,083)
Merrill Lynch International	A+	—	—	4,800	48	1,063,288	(3,226)
Morgan Stanley	A+	102,684	72	437,319	(19,169)	1,962,300	1,713
SMBC Capital Markets Inc.	A+	250,000	(31,176)	—	—	—	—
U.S. Bank National Association	A+	500,000	(11,208)	—	—	—	—
All others (1)	Various	18,942,476	4,182	1,016,423	(4,845)	2,460,128	(14,477)
		\$ 22,035,427	(19,827)	3,328,081	(41,246)	6,247,427	(21,800)

(1) A majority of these swaps are centrally cleared and are settled daily.

(8) Investment Management and Other Management Fees

In accordance with the PRIM Board's Operating Trust Agreement, expenses incurred by the PRIM Board in managing the PRIT Fund are charged to the PRIT Fund in the form of management fees. These expenses consist of investment management fees, investment advisory fees, custodian fees and professional fees, as well as staff salaries and other administrative expenses of the PRIM Board.

(a) Investment Management Fees

Investment management fees are paid to discretionary managers pursuant to executed contracts. Total investment management fees were \$164,076 and \$140,692 for the years ended June 30, 2021 and 2020, respectively. \$114,034 and \$96,047 were incurred by the PRIM Board for the years ended June 30, 2021 and 2020, respectively, and the remaining investment management fees were incurred by the single-member limited liability corporations that are consolidated into the PRIT Fund.

All domestic, international, and emerging market equity managers are paid a base fee calculated as a percentage of either current net position under management or an agreed-upon funded amount, typically equal to the amount of original and subsequent funding. In certain cases, this is subject to periodic revision. Base fees are paid quarterly. In addition, some active (nonindexed) equity managers are eligible to receive a performance fee.

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Fixed income managers are generally paid a quarterly asset-based fee. Certain managers are eligible for a performance fee.

Fees for private equity investments are typically a percentage of committed capital with the fee percentage decreasing over time. In addition, the general partners (investment managers) of private equity limited partnerships are allocated additional profit, known as carried interests, based on the net gains generally above a specified hurdle rate, on realized partnership investments.

The LLC's investment management fees generally consist of a base fee and a performance fee. Base fees are calculated and paid monthly. Performance fees are paid to managers who out-perform their respective hurdle rates, as defined in the investment management agreements.

Timberland investment management fees consist of a base fee and a performance fee component and are calculated and paid similar to the LLC's investment management fees.

Hedge fund-of-funds investment managers are paid base fees, which are calculated and paid quarterly.

Fees for portfolio completion strategies investments generally consist of a base fee and a performance fee based on return.

The majority of investment management fees for private equity and distressed debt investments are charged by the general partners to the investment partnerships and not to the limited partner investors directly. Investment management fees for portfolio completion strategies investments and commingled account investments are charged to the respective investments. Most base investment management fees for investments in real estate properties and timberland are charged against the respective investments. Therefore, the fair values of these investments are reported net of investment management fees and these investment management fees are not included in the accompanying statements of changes in pooled net position.

(b) Investment Advisory Fees

NEPC, LLC, Callan Associates, Aberdeen Asset Management Inc., Hamilton Lane, International Woodland Company, and NewAlpha Asset Management served as the PRIM Board's principal investment advisors in fiscal year 2021. NEPC, LLC served as the asset allocation advisor, Callan Associates served as the public markets advisor, Aberdeen Asset Management Inc. and NewAlpha Asset Management provided portfolio completion strategies advisory services, Hamilton Lane served as the private equity advisor, and International Woodland Company provided timberland advisory services. These investment advisors, among others, provided the PRIM Board with comprehensive

(Continued)

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

investment advisory services, including recommendations on asset allocation, selection of investment managers, and the monitoring of performance of the PRIT Fund and its individual investment managers.

For the years ended June 30, 2021 and 2020, investment advisory fees were \$13,049 and \$11,563, respectively, which are included in investment management and other management fees in the accompanying statements of changes in pooled net position.

(c) Custodian Fees

BNY Mellon is the investment custodian and record keeper for the PRIT Fund. BNY Mellon records all daily transactions, including investment purchases and sales, investment income, expenses, and all participant activity for the PRIT Fund. BNY Mellon also provides portfolio performance analysis each month for the PRIT Fund.

For the years ended June 30, 2021 and 2020, custodian fees were \$1,672 and \$1,670, respectively, and are included in investment management and other management fees in the accompanying statements of changes in pooled net position.

(d) Other Administrative Fees

For the years ended June 30, 2021 and 2020, other administrative expenses of the PRIM Board, including employee compensation, professional fees and occupancy costs, charged to the PRIT Fund totaled \$20,147 and \$15,973, respectively, which are included in investment management and other management fees in the accompanying statements of changes in pooled net position.

(9) Commitments

As of June 30, 2021 and 2020, the PRIT Fund had outstanding unfunded commitments to invest \$7,444,345 and \$7,748,100, respectively, in distressed debt, other credit opportunities investments, private equity funds, portfolio completion strategies investments, and real estate investments.

(10) Subsequent Events

For purposes of determining the effects of subsequent events on the financial statements, management has evaluated subsequent events after June 30, 2021 through December 2, 2021, the date on which the financial statements were available to be issued.

Schedule of Pooled Net Position – Capital Fund and Cash Fund

June 30, 2021

(Dollars in thousands)

	Capital Fund	Cash Fund	Total
Assets:			
Investments, at fair value:			
Short-term	\$ 2,431,296	141,426	2,572,722
Fixed income	22,445,081	—	22,445,081
Equity	39,712,411	—	39,712,411
Timberland	2,798,749	—	2,798,749
Private equity funds	13,590,807	—	13,590,807
Real estate:			
Real estate properties	7,702,060	—	7,702,060
Equity	1,512,207	—	1,512,207
Real estate funds	270,007	—	270,007
Other	29,476	—	29,476
Total real estate	9,513,750	—	9,513,750
Portfolio completion strategies:			
Investment funds	2,219,600	—	2,219,600
Equity	2,403,242	—	2,403,242
Fixed income	2,781,967	—	2,781,967
Cash and cash equivalents	1,169,968	—	1,169,968
Agricultural investments	579,862	—	579,862
Other	25,386	—	25,386
Total portfolio completion strategies	9,180,025	—	9,180,025
Total investments	99,672,119	141,426	99,813,545
Cash	219,466	329	219,795
Securities lending collateral	201,581	—	201,581
Interest and dividends receivable	209,010	12	209,022
Receivable for investments sold and other assets	1,323,811	—	1,323,811
Securities sold on a when-issued basis	547,456	—	547,456
Foreign currency forward contracts	88,872	—	88,872
Total assets	102,262,315	141,767	102,404,082
Liabilities:			
Securities sold short and other liabilities, at fair value:			
Portfolio completion strategies liabilities	1,817,428	—	1,817,428
Fixed income	112,606	—	112,606
Total securities sold short and other liabilities	1,930,034	—	1,930,034
Payable for investments purchased and other liabilities	1,516,901	—	1,516,901
Real estate debt and other liabilities	1,457,519	—	1,457,519
Securities lending obligations	451,560	—	451,560
Securities purchased on a when-issued basis	1,210,290	—	1,210,290
Foreign currency forward contracts	87,984	—	87,984
Management fees payable to PRIM	50,949	—	50,949
Total liabilities	6,705,237	—	6,705,237
Net position held in trust for pool participants	\$ 95,557,078	141,767	95,698,845

See accompanying independent auditors' report.

Schedule of Changes in Pooled Net Position – Capital Fund and Cash Fund

Year ended June 30, 2021

(Dollars in thousands)

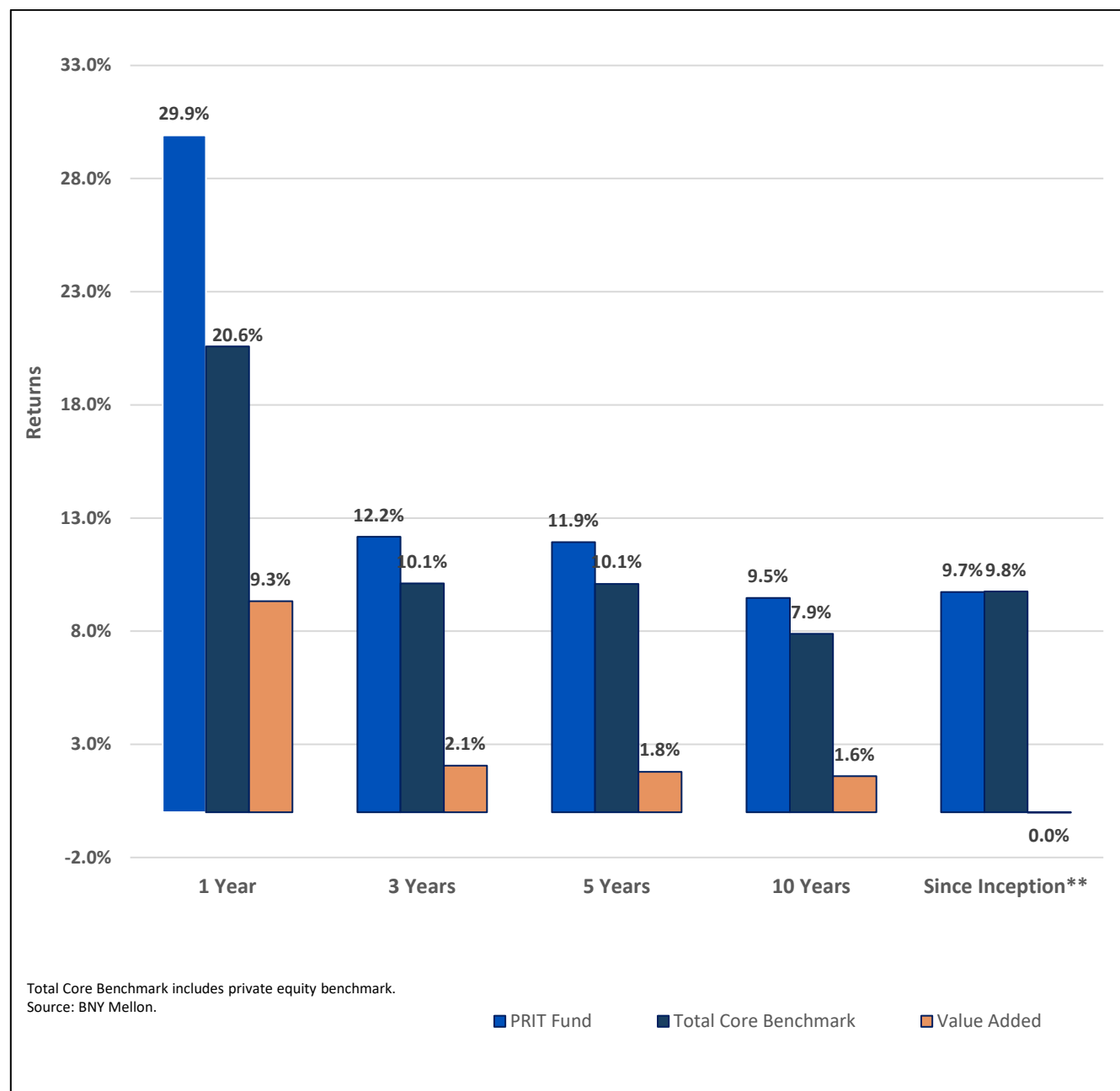
	Capital Fund	Cash Fund	Total
Additions:			
Contributions:			
State employees	\$ —	698,282	698,282
State teachers	—	898,722	898,722
Other participants	—	1,313,240	1,313,240
Total contributions	—	2,910,244	2,910,244
Net investment income:			
From investment activities:			
Net realized gain on investments and foreign currency transactions	6,839,826	—	6,839,826
Net change in unrealized appreciation on investments and foreign currency translations	13,543,569	—	13,543,569
Interest	475,103	238	475,341
Dividends	719,579	—	719,579
Timberland	67,491	—	67,491
Private equity	139,664	—	139,664
Portfolio completion strategies	44,492	—	44,492
Real estate:			
Income	541,807	—	541,807
Expenses	(233,459)	—	(233,459)
Total real estate	308,348	—	308,348
Income from investment activities	22,138,072	238	22,138,310
Investment management and other management fees	(198,944)	—	(198,944)
Net income from investment activities	21,939,128	238	21,939,366
From securities lending activities:			
Securities lending income	6,381	—	6,381
Securities lending expenses	(833)	—	(833)
Net income from securities lending activities	5,548	—	5,548
Total net investment income	21,944,676	238	21,944,914
Total additions	21,944,676	2,910,482	24,855,158
Deductions:			
Redemptions:			
State employees	—	1,450,024	1,450,024
State teachers	—	1,579,435	1,579,435
Other participants	—	1,112,613	1,112,613
Total deductions	—	4,142,072	4,142,072
Interfund transfers (out) in, net	(1,304,320)	1,304,320	—
Net increase in pooled net position	20,640,356	72,730	20,713,086
Net position held in trust for pool participants:			
Balance, beginning of year	74,916,722	69,037	74,985,759
Balance, end of year	\$ 95,557,078	141,767	95,698,845

See accompanying independent auditors' report.

Investment Section

Total PRIT Fund Performance Summary*

For the periods ended June 30, 2021



* Gross of Fees. Total PRIT Fund includes the Core Fund and Cash Fund. Returns are annualized and calculated based on a time-weighted rate of return methodology.

** Performance inception date of January 1, 1985

Investment Strategy Overview

The PRIT Fund was formed in December 1983 with a mandate to accumulate assets through investment earnings to reduce the Commonwealth of Massachusetts' unfunded pension liability and, further on, to assist local participating retirement systems in meeting their future pension obligations. The PRIM Board is charged with the general oversight of the PRIT Fund. The PRIM Board seeks to maximize the return on investments within acceptable levels of risk and cost for an approximately 60% funded public pension fund, by broadly diversifying its investment portfolio, capitalizing on economies of scale to achieve cost-effective operations, and gaining access to high quality, innovative investment management firms, all under the management of a professional staff and members of the PRIM Board. The PRIM Board's overall investment performance goal is to achieve an annual rate of return that exceeds the targeted actuarial rate of return used in determining the Commonwealth of Massachusetts' pension obligations (currently 7.0%). A summary of other investment objectives is provided in the Investment Policy Statement at the end of this section.

As of June 30, 2021, the PRIM Board employed thirty-two public markets investment managers, one hundred one private equity markets managers, nine real estate and timberland managers, thirty-two portfolio completion strategies managers, and six external investment advisors. The PRIT Fund had approximately \$95.7 billion in assets under management at June 30, 2021. Each investment manager operates within guidelines that are established by the PRIM Board and are delineated in a detailed investment management agreement or partnership agreement.

The PRIT Fund's net investment portfolio fair values reported in this section and used as a basis for calculating investment returns differ from those shown in the Financial Section and the Financial Highlights in the Statistical Section of this report. The values used in this section are the appropriate industry standard basis for investment return calculations and are net of all investment receivables and payables. Unless otherwise noted, all return information provided is gross of fees. In addition, "PRIT Core" return information refers to returns for the PRIT Capital Fund. PRIT Core return information excludes the impact of the Cash Fund on the total PRIT Fund return.

Asset Allocation and Diversification Discussion

The Investment Policy Statement adopted by the PRIM Board in September 1998 with subsequent updates, most recently in February 2021, states that over the long-term, asset allocation is the single greatest contributor of return and risk to the PRIT Fund. At reasonable intervals of not more than three to five years, the PRIM Board will complete a comprehensive review of its Asset Allocation Plan and its underlying assumptions, including: the Commonwealth's current and projected pension assets and liabilities; long-term capital markets rate of return assumptions; and the PRIM Board's risk tolerances. The PRIM Board shall examine the Asset Allocation Plan annually and shall consider adjustments to the Plan as may be appropriate given the Plan's long-term nature and objectives.

The PRIM board approved the current Asset Allocation Plan on February 24, 2021, as follows:

Asset Class	6/30/2021 Allocation % (3)	Target Range % (1)
Global Equity	42.7	34 - 44
Core Fixed Income	15.3	12 - 18
Value-Added Fixed Income	6.9	5 - 11
Real Estate	8.3	7 - 13
Private Equity	14.5	11 - 17
Timberland	3.0	1 - 7
Portfolio Completion Strategies	8.3	7 - 13
Overlay (2)	1.0	-

(1) Asset Allocation Plan approved February 24, 2021.

(2) These asset classes do not have target range % because they are not components of the long-term policy target asset allocation.

(3) Totals may not add due to rounding.

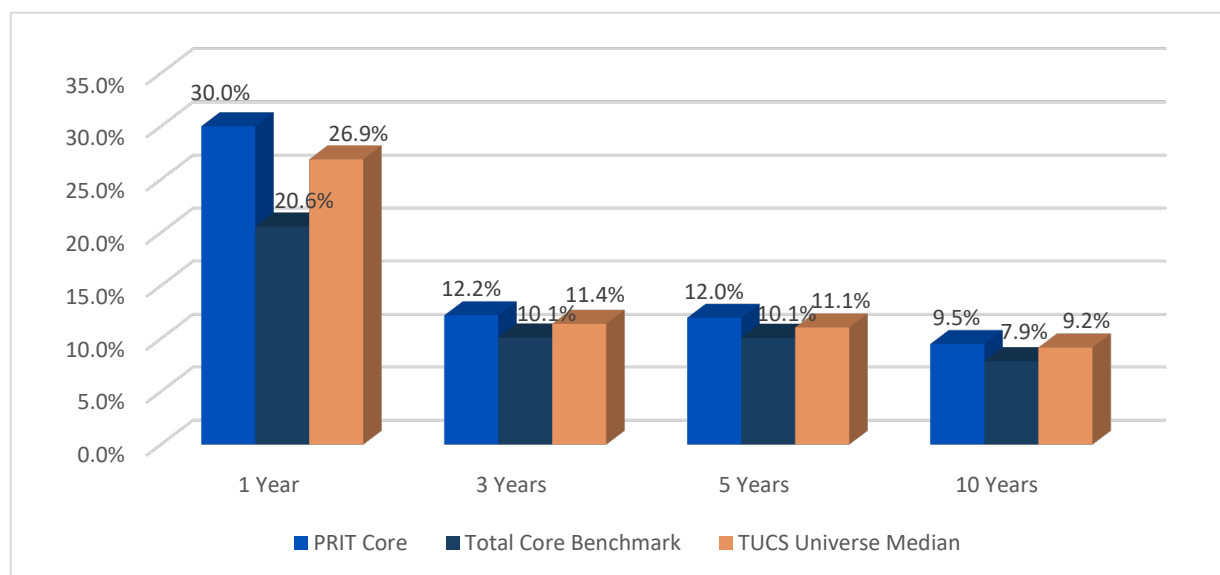
In addition to asset allocation, the PRIM Board seeks to diversify the PRIT Fund through a complementary diversification of investment styles within various asset classes. The PRIM Board requires detailed investment guidelines with each investment manager to ensure portfolios are managed with appropriate diversification and risk control.

Income and Expense Allocation

Income earned and expenses incurred in each investment account are allocated to retirement systems based on each individual retirement system's share of ownership in each investment account. Expenses are classified in three categories for purposes of allocation to retirement systems: 1) investment management fees, 2) investment advisory fees, and 3) operational fees. Investment management fees are those directly associated with the investment management of a certain account. Investment advisory fees are fees that are either directly associated with an individual asset class, or, for general advisors, are allocated pro-rata based on net asset values of each asset class. Operational fees are custodian and other administrative expenses incurred by the PRIM Board in managing the PRIT Fund and are allocated pro-rata based on net asset values of each asset class.

PRIT Core Performance: Fiscal Year 2021

Returns are calculated based on a time-weighted rate of return methodology. PRIT Core Returns (gross of fees) and benchmarks for the periods ended June 30, 2021:



In the fiscal year 2021, the PRIT Core Fund returned 30.01% compared to the Total Core benchmark return of 20.58%. The PRIT Fund began fiscal year 2021 with net position of \$75.0 billion and ended with \$95.7 billion. On a gross basis the fund increased \$20.7 billion, which is the result of \$21.9 billion in net investment income along with \$1.2 billion in net redemptions from the State Employees, State Teachers' and Participant accounts.

The quarterly returns of the PRIT Core Fund in fiscal year 2021 were as follows:

- 6.22% for September 30, 2020 – versus a benchmark return of 3.95%.
- 9.76% for December 31, 2020 – versus a benchmark return of 8.19%.
- 4.40% for March 31, 2021 – versus a benchmark return of 2.42%.
- 6.81% for June 30, 2021 – versus a benchmark return of 4.65%.

The PRIT Fund seeks to outperform its three benchmarks in both up and down markets. In order of priority, these benchmarks are as follows: 1) beating the actuarial rate of return assumption (currently 7.00%); 2) exceeding the long-term Total Core Benchmark, which measures how well the PRIT Fund has implemented its asset allocation; and 3) achieving top quartile rankings in the Wilshire Trust Universe Comparison Service (TUCS) report, which measures the PRIT Fund's investment performance against its peers nationwide. Through June 30, 2021, the PRIT Core Fund returned 9.69% since inception, outperforming the actuarial rate of return of 7.00% by 269 basis points. The PRIT Core Fund outperforms its benchmark over the three-year, five-year, and ten-year periods. According to the TUCS ranking, the PRIT Fund's performance ranked in the top quartile of all U.S. Public Pension Funds over \$25 billion in size for the fiscal year ending June 30, 2021.

Management Costs

Expenses incurred by the PRIM Board in managing the PRIT Fund are charged to the PRIT Fund. These expenses consist of investment management fees, advisory fees, custodian fees, professional fees, salaries, and administrative expenses of the PRIM Board.

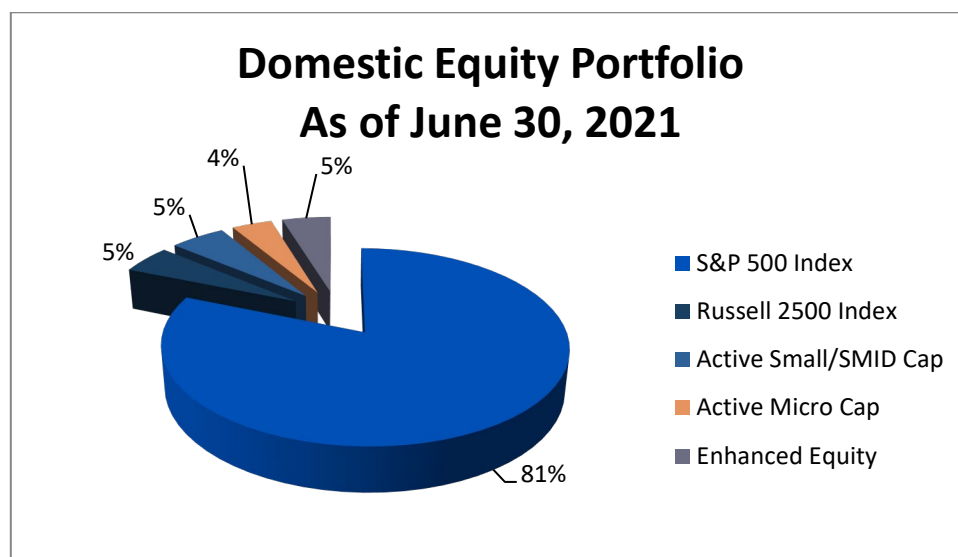
The PRIM Board tracks two types of fees: 1) direct fees and 2) indirect fees. Direct fees are fees the PRIM Board pays directly to vendors for services rendered. These fees include most investment management fees, advisory fees, custodian fees, and salaries and administrative expenses of the PRIM Board. Indirect fees are expenses typically incurred when investing in partnerships or other commingled investment vehicle structures, such as private equity funds, portfolio completion strategies, real estate, timberland, and other commingled funds. Indirect management fees incurred in these funds are charged to the respective investments. The fair value of these investments is reported net of indirect management fees.

The PRIM Board's investment managers operate with formal contracts. Investment management fees accounted for approximately 74.3% of the PRIM Board's total direct expenses for fiscal 2021. The PRIM Board also contracts with a custodian and investment advisors. Fees to these providers were approximately 9.4% of the PRIM Board's total expense for fiscal year 2021.

The total cost of managing the PRIT Fund for fiscal year 2021, *inclusive* of investment management (direct and indirect), advisory, custodial, and overhead charges was 49 basis points of the average net position of the PRIT Fund compared to 51 basis points in fiscal year 2020. For information on expense ratios for each investment account, refer to the *Financial Highlights and Financial Highlights Ratios* on pages 97-106 included in the Statistical Section of this report.

Domestic Equity Portfolio

As of June 30, 2021, the Domestic Equity portfolio had approximately \$23.1 billion in net position, representing 24.2% of the PRIT Fund. As of June 30, 2021, the Domestic Equity portfolio allocation is approximately 81% invested in a passively managed large capitalization equity strategy (large cap), 5% invested in a put-spread-collar enhanced equity strategy (enhanced equity), 10% invested in small and middle capitalization equity strategies (small/smld cap), with the remaining 4% invested in micro capitalization equity strategies (micro cap) as highlighted below.



During the fiscal year, the S&P 500 Index portfolio matched its benchmark. The enhanced equity portfolio, two of the three active small/smld capitalization managers, and the four active micro capitalization managers outperformed their respective benchmarks. The Russell 2500 Index portfolio underperformed its respective benchmark. As of fiscal year end, the weighting of Domestic Equity was 56.6% of the Global Equity portfolio.

Style Neutrality. Because different styles (i.e. growth-oriented versus value-oriented stocks) of investment management are favored in different economic and market environments, and because of the Board's long-term perspective, the Board seeks to maintain a style-neutral portfolio.

Portfolio Risks. Although historically long-term returns in equity investments have exceeded all other public market asset classes (i.e., fixed income and cash), as evidenced by the recent years, there is no guarantee that this trend will continue or that investment in the short-term or long-term will produce positive results. Prices may fluctuate based on changes in a company's financial condition and on overall market and economic conditions. Smaller companies are especially sensitive to these factors. There is a significant risk of loss of principal due to market and economic conditions.

Portfolio Returns. For the fiscal year, the portfolio produced a 44.06% return compared to 43.64% for the portfolio benchmark. The PRIT Fund's large cap manager returned 40.78% compared to the 40.78% return of the large cap benchmark, the customized S&P 500 index (customized to exclude legislatively restricted securities in tobacco, Iran, and Sudan). The PRIT Fund's small/smld/micro cap managers returned 62.26% compared to the

60.81% return of the small/smld/micro cap benchmark which is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the small/smld/micro cap equity portfolio. The PRIT Fund's enhanced equity manager returned 35.88% compared to the 27.97% return of the enhanced equity benchmark (80% S&P 500 index/20% LIBOR as of June 30, 2021).

On a three-, five-, and 10-year basis through June 30, 2021, the PRIT Fund's Domestic Equity portfolio has returned 17.59%, 17.40%, and 14.36%, respectively, compared to the benchmark, which returned 17.88%, 17.53%, and 14.50%, respectively.

The top ten holdings in the Domestic Equity portfolio at June 30, 2021 are illustrated below. A complete listing of holdings is available upon request.

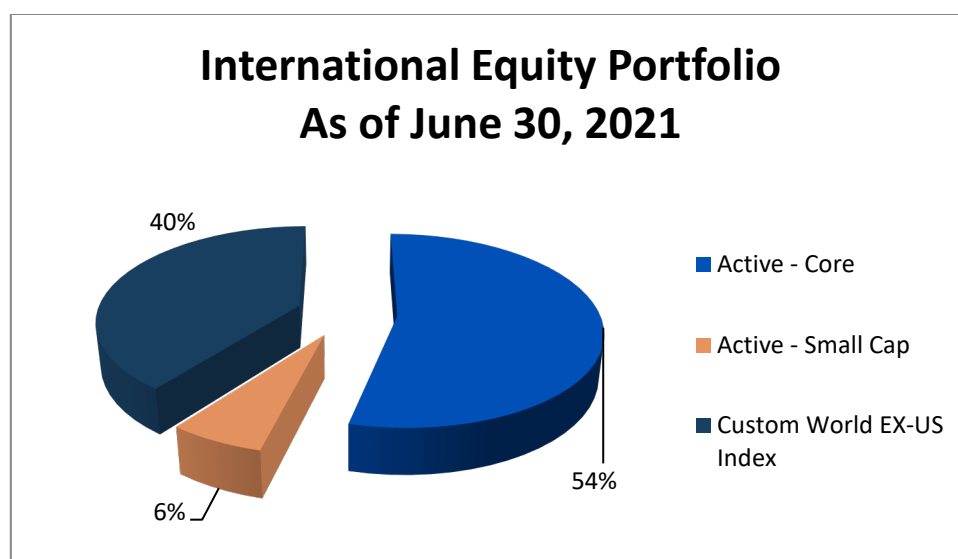
#	Issue Name	% of Account	
		Fair Value (\$000s)	Fair Value
1	Apple Inc.	\$ 1,176,475	5.09%
2	Microsoft Corp.	1,117,071	4.84%
3	Amazon.com Inc.	807,265	3.50%
4	Facebook Inc.	456,182	1.98%
5	Alphabet Inc - CL A	401,967	1.74%
6	Alphabet Inc - CL C	390,823	1.69%
7	Berkshire Hathaway Inc.	288,455	1.25%
8	Tesla Inc	286,756	1.24%
9	Nvidia Corp	272,807	1.18%
10	JPMorgan Chase & Co	257,856	1.12%
	TOTAL	\$ 5,455,657	23.63%

The PRIT Fund's Domestic Equity managers at June 30, 2021 are presented in the following table:

Manager	Investment Mandate	Portfolio Fair Value at June 30, 2021 (\$000s)
State Street Global Advisors	Custom S&P 500 Index	\$ 18,715,098
Goldman Sachs Asset Management	Enhanced Equity	1,083,781
State Street Global Advisors	Custom Russell 2500 Index	1,128,358
Frontier Capital Management	Small Cap Value	406,773
Riverbridge Partners	SMID Cap Growth	491,117
Summit Creek Advisors	Small Cap Growth	528,563
Acadian Asset Management	Micro Cap Core	229,614
Brandywine Investment Management	Micro Cap Value	209,643
Lord, Abnett & Company	Micro Cap Growth	234,137
Driehaus Capital Management	Micro Cap Growth	223,862
Other portfolio net assets		(155,792)
Total Portfolio Fair Value		\$ 23,095,154

International Equity Portfolio

As of June 30, 2021, the International Equity portfolio had approximately \$12.4 billion in net position, representing 13.0% of the PRIT Fund. The active international core equity managers are benchmarked against the Custom MSCI EAFE Net Dividends index (Custom MSCI EAFE – customized to exclude legislatively restricted securities in tobacco, Iran, and Sudan), whose name is derived from the geographical areas of inclusion – Europe, Australia, and the Far East. The active international small cap equity managers are benchmarked against the Custom MSCI EAFE Small Cap Net Dividends index (Custom MSCI EAFE Small Cap – customized to exclude legislatively restricted securities in tobacco, Iran, and Sudan). The International Equity portfolio is allocated to one passively managed account (which comprises 40% of the portfolio), four active core equity accounts (54% of the portfolio), and three active small cap equity accounts (6% of the portfolio). The passive manager is benchmarked against the Custom World ex-U.S. Investable Market Index – Net Dividends (Custom World ex-U.S. IMI – customized to exclude legislatively restricted securities in tobacco, Iran, and Sudan).



The primary strategy for this portfolio is investing in companies in developed markets, industrialized nations outside of the United States, including, but not limited to, Japan, Germany, the United Kingdom, France, Italy, Switzerland, Hong Kong, Canada, and Australia. As of fiscal year-end, the weighting of International Equity was 30.5% of the Global Equity portfolio.

Portfolio Risks. Investing in developed markets outside of the United States carries additional risks as compared to U.S. domestic investments. The added risks are primarily associated with currency, higher trading and settlement cost, and less stringent investor protections and disclosure standards.

Portfolio Returns. For the fiscal year ending June 30, 2021, the International Equity portfolio returned 36.97% compared to the asset class benchmark return (55% Custom MSCI EAFE/5% Custom MSCI EAFE Small Cap/40% Custom World ex-U.S. IMI as of June 30, 2021) of 33.78%. Three of the PRIT Fund's four active international equity managers outperformed the Custom MSCI EAFE index for the fiscal year. Two of the PRIT Fund's three active international small cap equity managers outperformed the Custom MSCI EAFE Small Cap index. The

passive manager outperformed the Custom World ex-U.S.IMI index for the fiscal year. Over the longer-term, PRIT's international equity managers continue to add value over the asset class benchmark. On a three-, five-, and 10-year basis through June 30, 2021, the PRIT Fund's international equity managers posted returns of 9.87%, 11.62%, and 7.37%, respectively, ahead of the benchmark, which returned 8.39%, 10.61%, and 5.92%, respectively, over the same periods.

The top ten holdings in the International Equity portfolio at June 30, 2021 are illustrated below. A complete listing of holdings is available upon request.

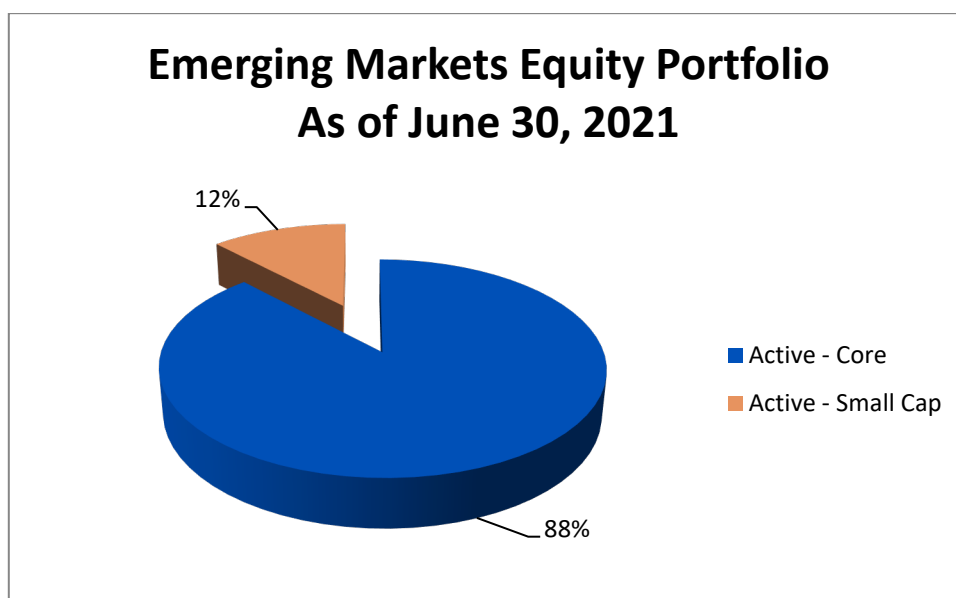
#	Issue Name	% of Account	
		Fair Value (\$000s)	Fair Value
1	ASML Holding N.V.	\$ 178,593	1.44%
2	Zalando SE	101,109	0.81%
3	AIA Group Ltd	99,376	0.80%
4	LVMH	97,776	0.79%
5	Mettler-Toledo	96,511	0.78%
6	Roche Holding AG	95,051	0.76%
7	United Overseas Bank Ltd	89,851	0.72%
8	CIE Financiere Richemont SA	89,477	0.72%
9	BP PLC	82,166	0.66%
10	Avanza Bank Holding AB	74,214	0.60%
	TOTAL	\$ 1,004,124	8.06%
	Roche Holding AG		

The PRIT Fund's International Equity managers at June 30, 2021 are presented in the following table:

Manager	Investment Mandate	Portfolio Fair Value at June 30, 2021 (\$000s)	
State Street Global Advisors	Custom World ex-US IMI Index	\$	4,923,082
Marathon-London	EAFE Core		2,605,925
Baillie Gifford	EAFE Core		2,631,322
Mondrian Investment	EAFE Core		1,077,868
Xponance	EAFE Core		366,012
TimeSquare Capital Management	EAFE Small Cap		150,562
Acadian Asset Management	EAFE Small Cap		321,045
AQR Capital Management	EAFE Small Cap		210,182
Other portfolio net assets			151,176
Total Portfolio Fair Value		\$	12,437,174

Emerging Markets Portfolio

As of June 30, 2021, the Emerging Markets Equity portfolio had approximately \$5.3 billion in net position, representing 5.5% of the PRIT Fund. The active emerging markets core equity managers are benchmarked against the Custom MSCI Emerging Markets Standard Index – Net Dividends (Custom MSCI Emerging Markets Standard – customized to exclude legislatively restricted securities in tobacco, Iran, and Sudan). The active emerging markets small cap equity managers are benchmarked against the Custom MSCI Emerging Markets Small Cap Net Dividends Index (Custom MSCI Emerging Markets Small Cap – customized to exclude legislatively restricted securities in tobacco, Iran, and Sudan). The emerging markets equity portfolio is allocated to five active core equity managers (which comprise about 88% of the emerging market portfolio) and two active small cap equity managers (12% of the portfolio). The PRIM Board maintains a target weighting of 100% active for the Emerging Markets Equity portfolio.



The primary strategy for this portfolio is investing in companies in developing countries, including, but not limited to, China, Brazil, Russia, South Korea, Taiwan, and India. These countries typically have less efficient securities markets, and thus there is opportunity for returns above benchmarks. As of fiscal year end, the weighting of Emerging Markets Equity was 12.9% of the Global Equity portfolio.

Portfolio Risks. Investing in emerging markets carries risks above and beyond those inherent to domestic and developed international equity markets. Emerging markets tend to be less efficient than both U.S. and non-U.S. developed markets, and therefore, are more volatile. In addition to the added volatility, and those risks mentioned in association with investments in developed international equity markets, emerging market investments are subject to economic and political risks, exchange control regulation, expropriation, confiscatory taxation, and social instability.

Portfolio Returns. For the fiscal year, the Emerging Markets Equity portfolio returned 48.63% compared to the custom asset class benchmark return of 43.21%. Four of the PRIT Fund's five active emerging markets core equity

managers outperformed the Custom MSCI Emerging Markets Standard index. One of the PRIT Fund's two active emerging markets small cap equity managers outperformed the MSCI Emerging Markets Small Cap index for the fiscal year. Over the longer-term, PRIT's emerging markets equity managers continue to add value over the asset class benchmark. On a three-, five-, and 10-year basis through June 30, 2021, the PRIT Fund's emerging markets equity managers posted returns of 13.85%, 15.59%, and 5.85%, respectively, compared to the custom asset class benchmark, which returned 11.44%, 12.98%, and 4.47% over the same periods.

The top ten holdings in the Emerging Markets Equity portfolio at June 30, 2021 are illustrated below. A complete listing of holdings is available upon request.

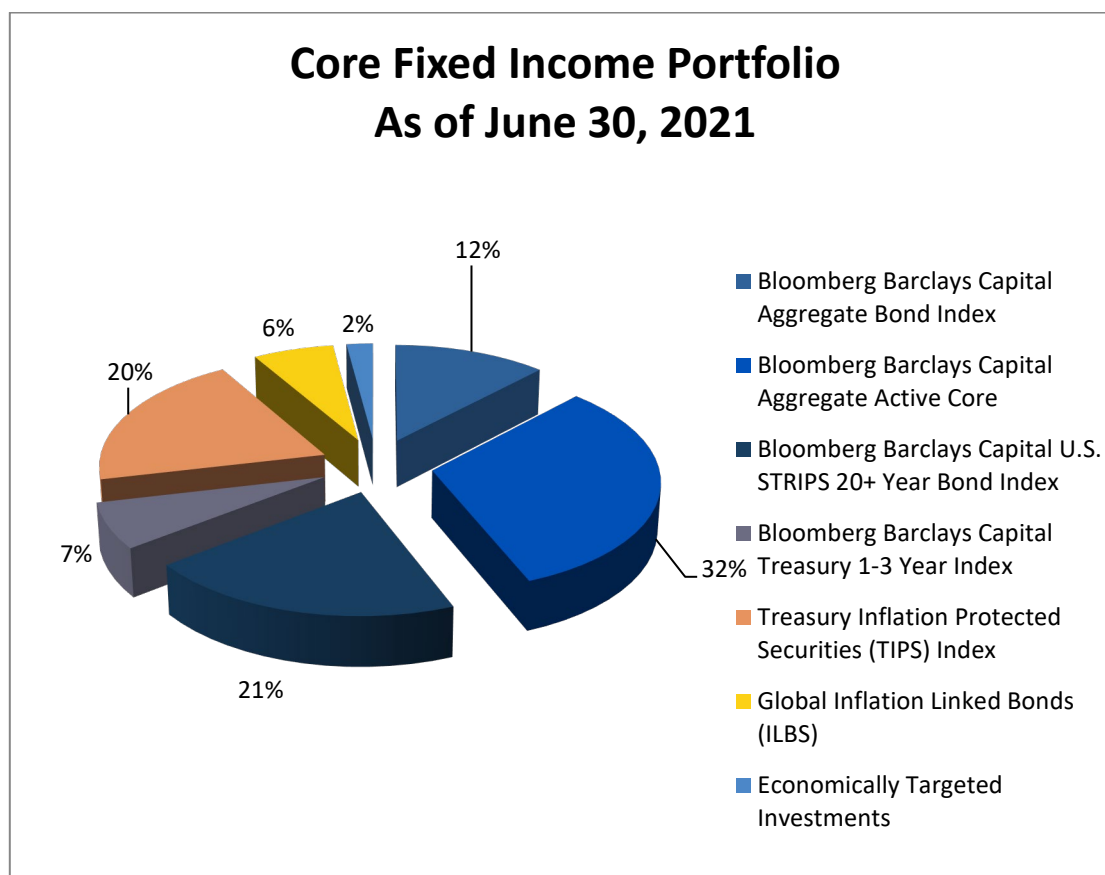
#	Issue Name	Fair Value (\$000s)	% of Account
			Fair Value
1	Tencent Holdings Ltd	\$ 202,837	3.85%
2	Samsung Electronics	199,917	3.79%
3	Tawain Semiconductor Mfg. Co.	182,976	3.47%
4	Tawain Semiconductor Mfg. Co. Ltd. ADR	101,713	1.93%
5	Alibaba Group Holding Ltd HK	85,377	1.62%
6	Alibaba Group Holding Ltd ADR	82,884	1.57%
7	LUKOIL	68,139	1.29%
8	POSCO	56,831	1.08%
9	Hon Hai Precision Industry Co.	53,510	1.01%
10	Sberbank of Russia	50,052	0.95%
	TOTAL	\$ 1,084,236	20.56%

The PRIT Fund's Emerging Markets Equity managers at June 30, 2021 are presented in the following table:

Manager	Investment Mandate	Portfolio Fair Value at June 30, 2021 (\$000s)
AQR Emerging	EM Core	\$ 878,513
Baillie Gifford	EM Core	1,019,600
Driehaus Capital	EM Core	997,056
Pzena Investment Management, LLC	EM Core	1,087,069
T. Rowe Price	EM Core	649,041
Acadian	EM Small Cap	416,741
Wasatch	EM Small Cap	214,689
Other portfolio net assets		10,879
Total Portfolio Fair Value		\$ 5,273,588

Core Fixed Income Portfolio

As of June 30, 2021, the Core Fixed Income Portfolio had approximately \$14.6 billion invested in investment grade Core Fixed Income positions, representing 15.3% of the PRIT Fund. The Core Fixed Income Portfolio is invested using the following strategies:



The Core Fixed Income portfolio is benchmarked to the Bloomberg Barclays Capital Aggregate Bond Index for core fixed income securities, the Bloomberg Barclays Capital U.S. STRIPS 20+ Year Bond Index for STRIPS securities, the Bloomberg Barclays Capital Treasury 1-3 Year Index for short term fixed income securities, the Bloomberg Barclays Capital US TIPS Index for U.S. TIPS securities, and the Barclays Capital Inflation Linked Bond US\$ Hedged Index for the Global Inflation Linked Bonds (ILBs).

The Bloomberg Barclays Capital Aggregate Index replicates the investment grade bond market. The index is comprised of corporate, government, and mortgage-backed securities. The index portfolio is designed to approximate the performance of the Bloomberg Barclays Capital Aggregate Bond Index, while the active managers' mandate is to exceed the index return. The Core Fixed Income portfolio is designed to reduce the long-term volatility of the total PRIT Fund.

The Core Fixed Income portfolio also contains investments with three managers under the PRIM Board's Economically Targeted Investment (ETI) program, which are benchmarked against the Bloomberg Barclays Capital Aggregate Bond Index. The allocations to TIPS and to the ILBs strategy are designed to provide hedges against rises in inflation. The STRIPS portfolio is designed to approximate the performance of the Bloomberg Barclays U.S. STRIPS 20+ Year Bond Index and to lower overall volatility of the total PRIT Fund. The allocation to short term fixed income securities is designed to approximate the performance of the Bloomberg Barclays Treasury 1-3 Year Index and to reduce volatility while increasing liquidity within the Core Fixed Income portfolio.

Portfolio Risks. As in the case of equities, the prices of fixed income securities increase and decrease in value. Price fluctuations in bonds result from rising and falling interest rates, changes in market conditions, and other economic and political developments. The portfolio is subject to credit risk through defaults on bonds and other fixed income securities. Erosion in principal value can result from credit risk and price fluctuations and can adversely affect portfolio returns.

Portfolio Returns. For the fiscal year 2021, the Core Fixed Income composite returned -0.76% compared to the -1.38% return of the benchmark (46.6% Bloomberg Barclays Capital Aggregate/20% Bloomberg Barclays Capital U.S. STRIPS 20+ Year Bond Index /20% Bloomberg Barclays Capital US TIPS/6.7% Bloomberg Barclays Capital ILB US\$ Hedged/6.7% Bloomberg Barclays Capital US Treasury 1-3 Year Index as of June 30, 2021). The Bloomberg Barclays Capital Aggregate mandates returned 0.96%, compared to the Bloomberg Barclays Capital Aggregate Bond Index return of -0.33%. The STRIPS mandate returned -13.92%, compared to the Bloomberg Barclays Capital U.S. STRIPS 20+ Year Bond Index return of -13.95%. The passively managed TIPS mandate returned 6.46%, compared to its benchmark (Bloomberg Barclays Capital US TIPS) which returned 6.51%. The actively managed ILBs mandate returned 4.01%, compared to the Barclays Capital ILB US\$ Hedged Index return of 3.26%. The passively managed short-term fixed income securities mandate returned 0.06%, compared to the Bloomberg Barclays Capital Treasury 1-3 Year Index return of 0.05%.

On a three-, five-, and 10-year basis through June 30, 2021, the PRIT Fund's Core Fixed Income portfolio has returned 6.99%, 3.49%, and 4.97%, respectively, compared to the benchmark, which returned 6.73%, 3.23%, and 4.70%, respectively.

The top ten Core Fixed Income holdings as of June 30, 2021, excluding certain pooled funds and repurchase agreements, are illustrated below. A complete listing of holdings is available upon request.

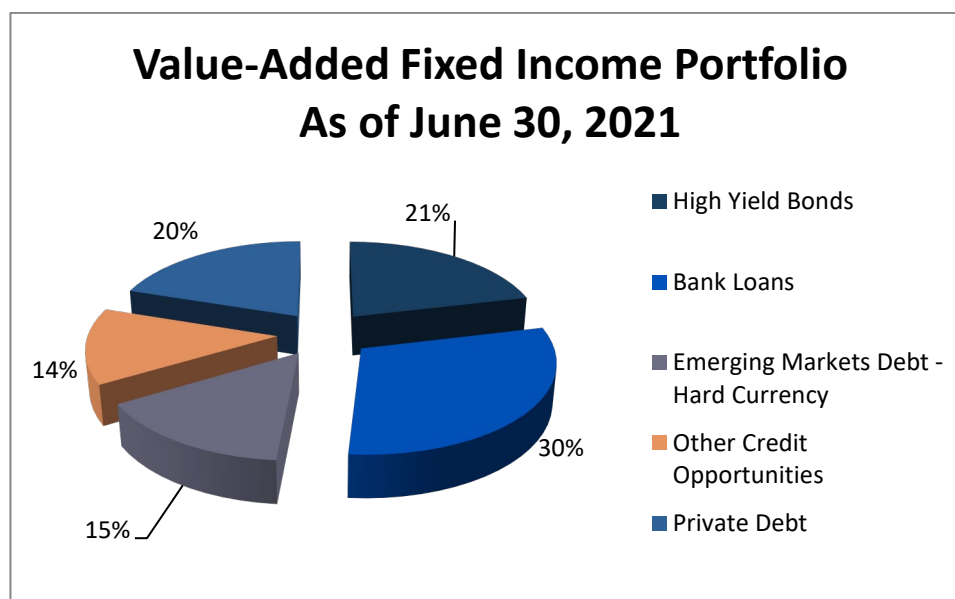
#	Issue Name	% of Account	
		Fair Value (\$000s)	Fair Value
1	U.S. Treasury Bond Principal STRIP 0.000% November 2050	\$ 278,384	1.91%
2	U.S. Treasury Bond Principal STRIP 0.000% February 2048	243,563	1.67%
3	U.S. Treasury Bond Principal STRIP 0.000% May 2048	183,277	1.25%
4	U.S. Treasury-CPI Inflation 0.125% July 2030	180,285	1.23%
5	U.S. Treasury-CPI Inflation 0.500% January 2028	179,478	1.23%
6	U.S. Treasury Bond Principal STRIP 0.000% August 2049	173,761	1.19%
7	U.S. Treasury Bond Principal STRIP 0.000% February 2049	152,114	1.04%
8	U.S. Treasury-CPI Inflation 0.125% January 2023	140,029	0.96%
9	U.S. Treasury Bond Principal STRIP 0.000% May 2043	135,261	0.93%
10	U.S. Treasury Bond Principal STRIP 0.000% November 2047	134,430	0.92%
TOTAL		\$ 1,800,582	12.33%

The PRIT Fund's Core Fixed Income portfolio managers at June 30, 2021 are presented in the following table:

Manager	Investment Mandate	Portfolio Fair Value at June 30, 2021 (\$000s)
<i>Blackrock Financial Management</i>	Core Index	\$ 1,769,198
<i>Loomis, Sayles & Co., LP</i>	Active Core	1,867,863
<i>PIMCO</i>	Active Core	1,582,706
<i>Pugh Capital Management</i>	Active Core	443,552
<i>New Century Advisors</i>	Active Core	300,870
<i>Longfellow Investment Management</i>	Active Core	454,752
<i>Blackrock Financial Management</i>	Inflation Link Bonds	932,222
<i>Blackrock Financial Management</i>	STRIPS Index	3,008,447
<i>Blackrock Financial Management</i>	TIPS Index	2,945,481
<i>Blackrock Financial Management</i>	Short-Term Fixed Income	995,829
<i>AFL - CIO Housing Investment</i>	ETI - Active Core	150,051
<i>RBC Global Asset Management</i>	ETI - Active Core	121,277
<i>Community Capital Management</i>	ETI - Active Core	33,305
<i>Other portfolio net assets</i>		22
Total Portfolio Fair Value		\$ 14,605,575

Value-Added Fixed Income Portfolio

As of June 30, 2021, the Value-Added Fixed Income portfolio had approximately \$6.6 billion in net position, representing 6.9% of the PRIT Fund. The Value-Added Fixed Income portfolio is invested using the following strategies:



High Yield Bonds, which represent 1.5% of the PRIT Fund, are securities that are typically rated below Investment Grade by Standard & Poor's, Fitch, or Moody's. There are three managers in the PRIT Fund high yield bond program, all through separate accounts. Each manager's mandate is to exceed the index return.

Bank Loans, 2.1% of the PRIT Fund, represents investments in senior secured bank loans. There are two managers in the PRIT Fund bank loan program; both invest through commingled funds. Each manager's mandate is to exceed the index return.

Emerging Markets Debt, 1.0% of the PRIT Fund, represents investments in debt issued within the emerging marketplace. There are two managers in the PRIT Fund emerging debt program, representing Hard Currency strategies; one is through a commingled emerging debt investment vehicle while the other is through a separate account. Each manager's mandate is to exceed the index return.

Other Credit Opportunities, 0.9% of the PRIT Fund, represents investments in other credit strategies whose risk, return and liquidity characteristics lie between the public market strategies of high yield bonds, bank loans and emerging markets debt and the private partnerships in the private debt strategies. There are five managers in the PRIT Fund Other Credit Opportunities program; one is through private partnerships while the rest are through separate accounts.

Private Debt, 1.4% of the PRIT Fund, represents investments in private partnerships that invest directly in distressed debt investment opportunities. As of June 30, 2021, the PRIT Fund had approximately \$1.3 billion in distressed debt investments with twelve investment managers.

Portfolio Risks. As in the core fixed income portfolio, the prices of these securities increase and decrease in value. Price fluctuations in bonds result from rising and falling interest rates, changes in market conditions, and other economic and political developments. Lower-quality securities typically offer higher yields, but also carry more credit risk. The allocation of investments to emerging markets and distressed debt expose the portfolio to additional risks. Investments in emerging markets are subject to higher settlement, trading and management costs and greater economic, regulatory, and political risk, as well as currency risk. Investments in private distressed debt funds subject the portfolio to liquidity, valuation and other risks associated with private investments.

Portfolio Returns: In fiscal year 2021, the Value-Added Fixed Income composite returned 18.47% compared to 15.15% for the asset class benchmark. The PRIT Fund's three high yield bond managers returned 17.72%, while the Intercontinental Exchange Bank of America Merrill Lynch (ICE BofAML) High Yield index returned 15.60%. The Emerging Markets Debt portfolio returned 15.88% during the fiscal year, compared to the JP Morgan Emerging Markets Bond Index (JPM EMBI Global Index), which returned 6.81%. The two bank loan managers, returned 10.12%, compared to the S&P LSTA Leveraged Loan index return of 11.65%. The Other Credit Opportunities portfolio returned 24.58% compared to the custom benchmark of 8.52%. The Private Debt portfolio returned 31.64% (3-year annualized return of 5.65%) compared to the index return of -11.66%. The benchmark for the Private Debt portfolio at June 30, 2021 is the 3-year annualized return of the Altman NYU Salomon Center Combined Defaulted Public Bond & Bank Loan Index.

On a three-, five-, and 10-year basis through June 30, 2021, the PRIT Fund's Value-Added Fixed Income portfolio has returned 6.92%, 6.95%, and 5.39%, respectively, compared to the benchmark, which returned 6.22%, 6.93%, and 4.09%, respectively.

The top ten holdings in the Value-Added Fixed Income portfolio at June 30, 2021, excluding investments in emerging debt pooled funds, bank loan funds, private debt and other credit opportunities partnerships, and other pooled funds, are illustrated below. A complete listing of holdings is available upon request.

#	Issue Name	% of Account	
		Fair Value (\$000s)	Fair Value
1	Petroleos Mexicanos 7.690% January 2050	\$ 9,623	0.15%
2	Altice France Holding SA 8.125% February 2027	9,344	0.14%
3	Sprint Capital Corp 8.750% March 2032	9,277	0.14%
4	CCO Holdings LLC 4.750% March 2030	9,174	0.14%
5	Dish Network Corp 3.375% August 2026	9,090	0.14%
6	Ally Financial Inc Variable Rate December 2049	7,250	0.11%
7	Uber Technologies Inc 7.500% September 2027	6,967	0.11%
8	Mexico Government Bond 3.771% May 2061	6,506	0.10%
9	Albertsons Cos Inc 4.875% February 2030	6,284	0.10%
10	South Africa Government Bond 10.500% December 2026	6,209	0.09%
	TOTAL	\$ 79,724	1.22%

The PRIT Fund's Value-Added Fixed Income portfolio managers at June 30, 2021 are presented in the following table:

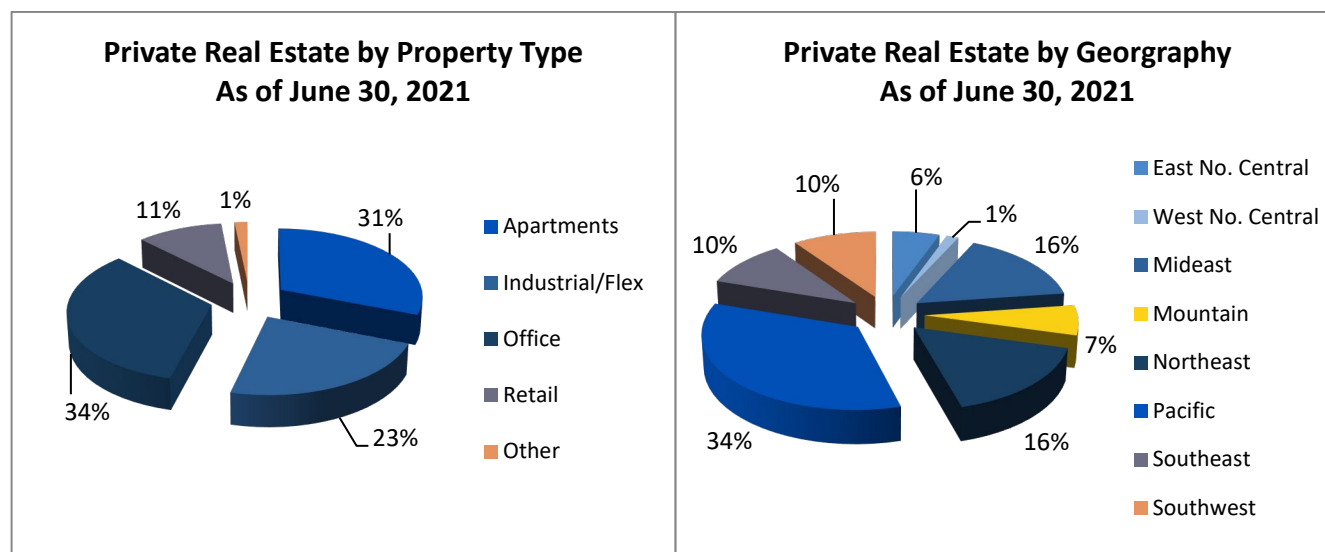
Manager	Investment Mandate	Portfolio Fair Value at June 30, 2021 (\$000s)
<i>Fidelity Management Trust</i>	High Yield Bond	\$ 491,948
<i>Loomis, Sayles & Co., LP</i>	High Yield Bond	487,259
<i>Shenkman Capital Management</i>	High Yield Bond	428,157
<i>Ashmore Investment Management</i>	Emerging Markets Debt Hard Currency	556,944
<i>PIMCO</i>	Emerging Markets Debt Hard Currency	445,558
<i>Eaton Vance</i>	Bank Loans	999,211
<i>Voya</i>	Bank Loans	986,005
<i>Various accounts and partnerships</i>	Other Credit Opportunities	897,070
<i>Various partnerships</i>	Private Debt	1,277,804
<i>Other portfolio net assets</i>		40,933
Total Portfolio Fair Value		\$ 6,610,889

Real Estate Portfolio

As of June 30, 2021, the PRIM Board had \$7.9 billion invested in real estate through the PRIT Fund's ownership interest in PRIT Core Realty Holdings LLC (the LLC), representing 8.3% of the PRIT Fund. Real estate holdings consist of directly-owned properties, REITs, and investments in real estate funds. The PRIT Fund invests in real estate because it provides diversification and attractive returns. Real estate returns typically do not have a strong correlation with stock and bond returns, therefore offering an element of diversification to reduce volatility. Real estate can also offer attractive current returns as a portfolio of well-leased assets provides consistent cash flows from rental income.

Approximately 79% of the real estate allocation is dedicated to direct investments and private partnerships (the "Private Real Estate Investments"). The Private Real Estate Investments are subsequently broken down into Core and Non-Core real estate investments. As of June 30, 2021, \$5.9 billion (net of portfolio debt) of Core real estate investments and \$404 million of Non-Core real estate investments comprise PRIT's Private Real Estate Investments, which represents 6.6% of the PRIT Fund. Typically, Core real estate investments are relatively low risk and substantially leased (80% or greater occupancy at the time of investment) institutional quality real estate. Non-Core real estate investments offer higher potential returns at a higher risk profile. The PRIM Board's Non-Core program targets opportunities associated with development, vacancy and tenant exposure or the potential to physically or financially reposition an investment. Public REITs comprise the remainder of the investments in the PRIT Fund real estate portfolio. As of June 30, 2021, the PRIM Board had approximately \$1.5 billion allocated to public REITs. The public REIT portfolio represents 1.6% of the PRIT Fund.

The following charts display the property type and geographic diversification of the PRIM Board's directly-owned real estate assets, at June 30, 2021:



The PRIM Board's strategies utilize a disciplined portfolio approach to real estate investing that is focused on investments in equity interests in institutional quality real estate. The PRIM Board has established separate accounts with capable real estate investment managers under terms that are beneficial to the PRIM Board.

Because the PRIM Board is typically the sole owner of the real estate in each such account, the managers operate under clear policies and guidelines most appropriate to the PRIM Board's investment needs.

Leverage. The PRIM Board approved the Real Estate Portfolio Level Leverage Policy at its February 26, 2020 Board meeting. This policy permits portfolio level debt to be incurred subject to the following policy guidelines: (i) **Debt Service Coverage:** The ratio of i) portfolio EBITDA to ii) debt service on total indebtedness should be no lower than 1.5x at the time debt is placed, assuming actual debt service. (ii) **Spread of Operating Yield over Borrowing Rate:** PRIM will target a spread of 100 basis points between the property portfolio operating yield (EBITDA/portfolio value at cost) and the weighted average borrowing interest rate on total unsecured indebtedness at the time debt is placed. When acquiring Core Real Estate that requires an assumption of debt or placement of new debt, the property NOI Yield shall be at least 100 basis points, greater than the borrowing interest rate of the assumed or new debt. (iii) **Total Leverage Ratio:** The ratio should be no more than 40% of the total real estate property portfolio. This ratio includes any property-level financing in place as well as the portfolio level facility. The calculation of the loan to value ratio will be: total debt/gross asset value of the real estate property portfolio. (iv) **Financing Characteristics:** PRIM may consider all sources of financing options that are available. Leverage may utilize fixed or floating interest rates and may utilize derivatives to achieve these rates. The decision to use fixed or floating rates will be determined at the time of borrowing and will be a function of availability, rate, and risk. Fixed rate financing will be the preferred method.

In February 2013, the LLC completed a \$1.0 billion portfolio level real estate financing through the issuances of a senior unsecured term loan and senior unsecured notes. In November 2016, the LLC refinanced the existing \$500 million senior unsecured term loan with a new loan facility of the same amount. In addition, the LLC utilized internal securities lending capabilities to increase portfolio leverage by \$250 million. By utilizing the securities lending financing capabilities, the LLC is able to achieve lower borrowing costs for the Real Estate portfolio and allow more flexibility within the real estate debt program. As the \$250 million loan is an inter-entity loan, it has been eliminated in consolidation from the financial statements presented in the *Financial Section*. In February 2020, the LLC issued \$200 million senior unsecured notes and repaid \$175 million senior unsecured notes from the February 2013 issuances.

Portfolio Risks. Investments in real estate are subject to various risks, including adverse changes in economic conditions and in the capital markets, financial conditions of tenants, interest of buyers and sellers in real estate properties, environmental laws and regulations, zoning laws, governmental rules, uninsurable losses, and other factors beyond the control of the property owner. In addition, while diversification is an important tool used by the PRIM Board for mitigating risk, there is no assurance that diversification, either by geographic region or asset type, will consistently be maintained in the Core Real Estate Portfolio because of the illiquid nature of real estate. In addition, the portfolio is subject to valuation risk, as the valuation of the assets in this portfolio is based on estimates made by the PRIM Board in coordination with external appraisers and the investment managers. Furthermore, there can be no assurance that the fair value of the portfolio will ultimately correspond to the realized value of the underlying properties. Public REITs face risks similar to the risks of public equities both domestically and internationally since they are traded on public exchanges. They can experience corrections and price movements that are much more rapid than those experienced by private real estate portfolios and the share price can vary significantly from underlying net asset value.

Performance. During the fiscal year, the PRIM Board's private real estate portfolio outperformed relatively to benchmark. The private real estate sector continues to benefit from a low interest rate environment and strong

demand for quality industrial and multifamily real estate in core markets, two property types where PRIM has a relative overweight.

For the fiscal year 2021, the real estate portfolio returned 17.03% compared to the 8.56% return of the asset class benchmark (80% NCREIF Property Index (one quarter lag)/20% FTSE EPRA NAREIT Developed Net Total Return). The Private Real Estate Investments portfolio returned 12.48% for the year ended June 30, 2021, comparing to the NCREIF Property Index (one quarter lag), which returned 2.61% over the same period. REIT investments returned 37.98%, comparing to its benchmark return of 34.59%.

On a three-, five-, and 10-year basis through June 30, 2021, the PRIT Fund's Real Estate portfolio has returned 7.85%, 7.94%, and 10.00%, respectively, compared to the benchmark, which returned 5.72%, 6.05%, and 8.74%, respectively.

The PRIT Fund's real estate investment managers at June 30, 2021 are presented in the following table:

Manager	Investment Mandate	Portfolio Fair Value at June 30, 2021 (\$000s)
<i>Invesco Realty Advisors</i>	Separate Accounts - Core	\$ 2,298,454
<i>LaSalle Investment Management</i>	Separate Accounts - Core	1,843,880
<i>AEW</i>	Separate Accounts - Core	1,917,494
<i>CBRE</i>	Separate Accounts - Core	383,472
<i>Stockbridge</i>	Separate Accounts - Core	186,347
<i>PRIM Board</i>	Separate Accounts - Core	347,935
<i>Invesco Realty Advisors - Transition Portfolio</i>	Separate Accounts - Core	62,013
<i>AEW - Transition Portfolio</i>	Separate Accounts - Core	78,411
<i>Various Partnerships</i>	Non-Core	403,634
<i>CenterSquare Investment Management</i>	Global REITs	979,216
<i>Brookfield Investment Management</i>	Global REITs	535,224
<i>Other portfolio net assets (portfolio debt included)</i>		(1,090,802)
Total Portfolio Fair Value		\$ 7,945,278

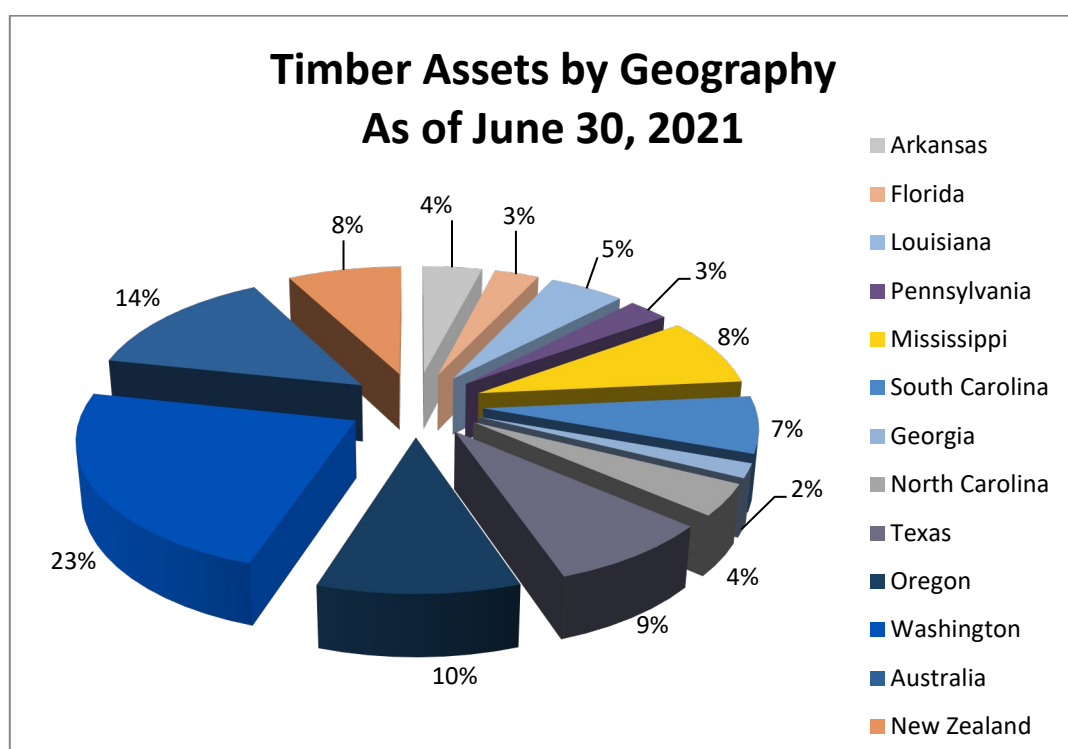
Timberland Portfolio

As of June 30, 2021, the PRIM Board had \$2.8 billion invested in timberland, representing 3.0% of the PRIT Fund. The PRIT Fund's allocation to timberland is through two external timberland investment managers, Forest Investment Associates (FIA) and The Campbell Group (Campbell).

The United States timberland markets are divided into three regions, each with distinct economic characteristics: the Pacific Northwest, the Northeast, and the Southeast. The Pacific Northwest is a high value softwood market, in which the growing cycle to produce a mature tree is forty to fifty years. The high value tree in this region is Douglas Fir, which is used primarily to produce high quality dimensional and structural lumber. The timber growing cycle in the Southeast is much shorter, in the range of twenty-five years. Southern pine is the dominant species and it is used typically to make pulp for the paper industry or lower quality framing lumber. The Northeast market is much smaller than the other two markets and consists of a wider range of trees, including high value specialty woods such as cherry and oak.

In Australia, there is approximately 2 million hectares (4.9 million acres) of plantation timberlands that are almost evenly split between hardwood and softwood species. Australia is a net importer of forest products, with limited domestic supply and high demand. With increasing fiber demand from China, export opportunities exist for plantations with close proximity to ports. There are approximately 2 million hectares of timberland plantations in New Zealand, comprised primarily of softwood (radiata pine). The country produces significantly more logs than it consumes, relying heavily on export markets, particularly China.

The geographical diversification of the PRIT Fund's timberland portfolio at June 30, 2021 is presented below.



Investment returns from timberland investments are derived from the net cash flow generated from the sale of trees (referred to as stumpage sales) combined with capital appreciation from the biological growth of the trees. Both of these return factors depend to some degree upon the direction of forest product commodity prices (paper goods and lumber products). There can also be gains from the timely sale of timberland and from the conversion of timberland into higher and better uses, such as vacation property sales.

Portfolio Risks. Investments in timberland assets are subject to various risks, including adverse changes in general economic conditions, fluctuations in the market price of timber, damage to timber properties due to infestation and weather-related events, changes in regulatory conditions and other governmental rules. In addition, the portfolio is subject to valuation risk, as the valuation of the assets in this segment are based on estimates made by the PRIM Board through coordination with external appraisers and the PRIM Board's timberland investment managers. Accordingly, there can be no assurance that the fair value of investments will correspond to the ultimate realized value of the properties. International timberland investments are also subject to currency fluctuations that can result in unpredictable gains or losses when foreign currency is converted into U.S. dollars.

Performance. As of June 30, 2021, the one-year Timberland return was 7.99% as compared to the NCREIF Timberland Index (one quarter lag) of 1.46%. On a three-, five-, and 10-year basis through June 30, 2021, the PRIT Fund's Timberland portfolio has returned 2.64%, 4.80%, and 4.99%, respectively, compared to the benchmark return of 1.71%, 2.51%, and 4.55%, respectively.

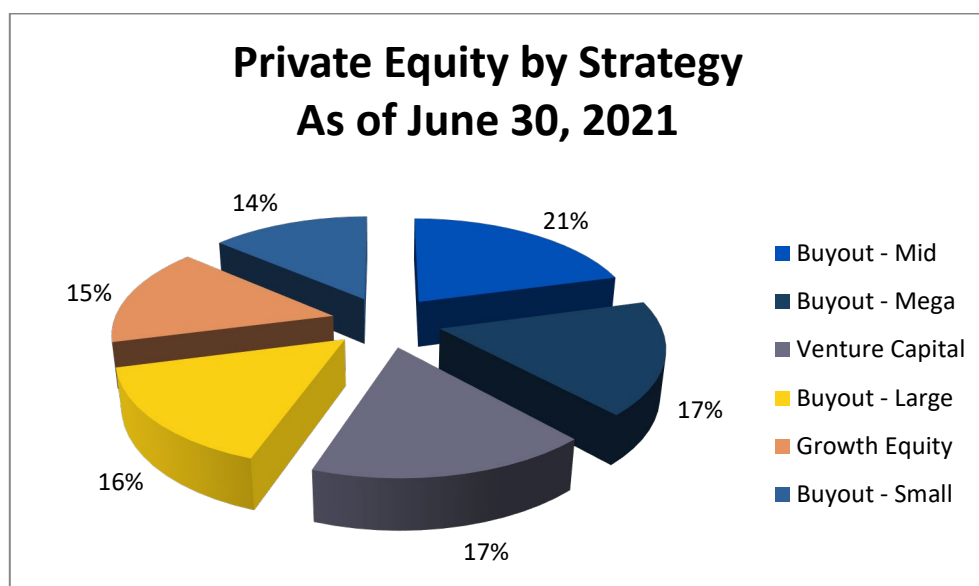
The PRIT Fund's Timberland investment managers at June 30, 2021 are presented in the following table:

Manager	Investment Mandate	Portfolio Fair Value at June 30, 2021 (\$000s)	
<i>Forest Investments Associates</i>	Separate Accounts - Timberland	\$	1,251,309
<i>The Campbell Group</i>	Separate Accounts - Timberland		1,539,431
<i>Other portfolio net assets</i>			42,267
Total Portfolio Fair Value		\$	2,833,007

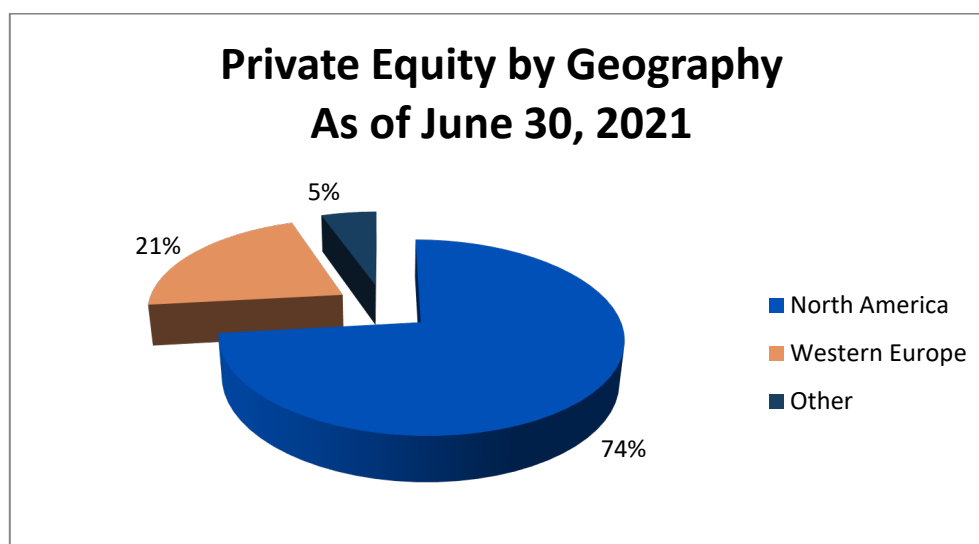
Private Equity Portfolio

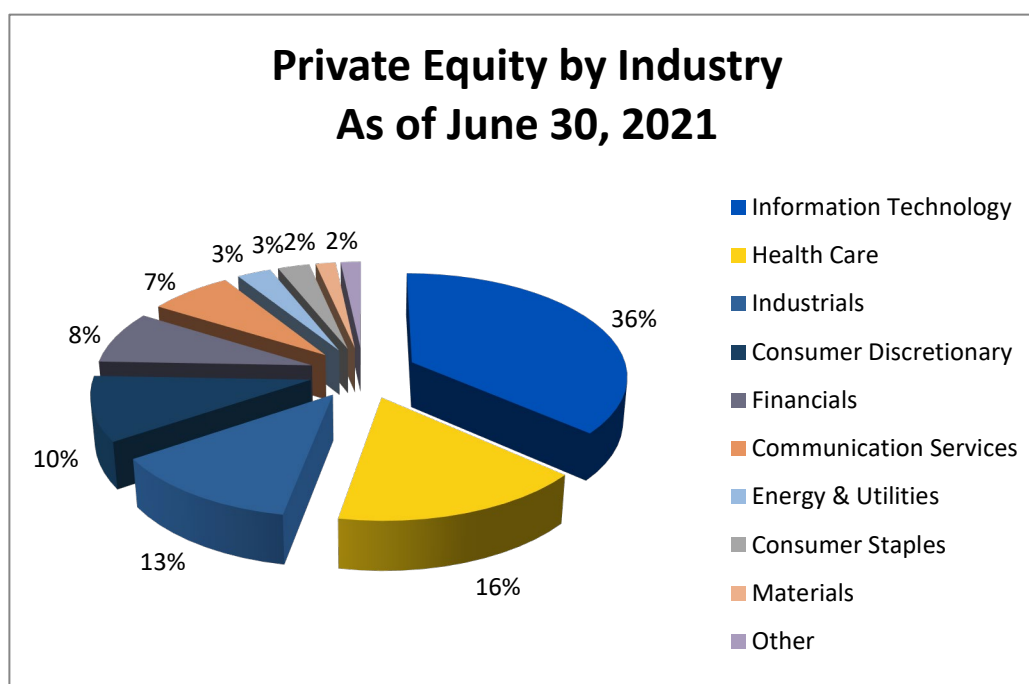
As of June 30, 2021, the fair value of the Private Equity portfolio was \$13.8 billion, representing 14.5% of the PRIT Fund. Unlike public equities, where investors have the ability to liquidate investments generally at any time, private equity investments are illiquid. Therefore, an investment in this category is a long-term commitment.

The Private Equity portfolio is well-diversified by strategy and the allocation as of June 30, 2021 is presented below.



The Private Equity portfolio is diversified at the partnership level by strategy as well as at the underlying portfolio company level by industry and geography. The portfolio's current geographical and industry allocations are presented below.





Capital invested in private equity partnerships is subject to a relatively high degree of risk as compared to other potential investments, with the assumption that the investor will be rewarded with higher returns for that assumption of risk, i.e., the “risk/return trade-off”. This risk/return trade-off is the key consideration in determining if this asset is appropriate for a particular portfolio. These risks are highlighted below.

Portfolio Risks. Risks associated with investing in private equity limited partnerships include, but are not limited to:

- **Illiquidity:** Limited partnership vehicles typically have 10-15-year life cycles during which limited partners are unable to liquidate their entire positions, but instead, will receive the cash flow from successful investments. A defined secondary market such as the New York Stock Exchange does not exist for private equity.
- **Volatility:** Volatility, as measured by standard deviation from a mean return, has historically been greater for private equity investing than many other assets.
- **Management Fee Effect:** Typically, general partners’ fees range from 150 to 250 basis points annually. This is usually drawn down against committed capital, although it may not be invested, and may result in negative returns until investments are realized successfully.
- **Valuation of investments:** Investment valuation at any time may not be reflective of fair market value. Private equity investments are generally valued at fair value. However, because of the inherent uncertainty of the valuation of the portfolio companies, the estimated value may differ significantly from the value that would have been used had a ready market for these investments existed.

- General Partner Discretion: Investors lack control over the general partner's investment decisions. The general partner is provided capital to manage at its discretion and investors are provided limited rights, such as termination of the partnership in certain instances. (These rights may not prove practical except in extreme circumstances.)
- Binding Commitments: There is limited ability to reduce or terminate investments. Under the contractual terms of the partnership, investments may be terminated in some cases by super-majority vote of the investors and after the occurrence of certain events. (These rights may not prove practical except in extreme circumstances.)
- Risk of Loss: There is risk of losing 100% of the investment. Investments in partnerships are usually equity and their risk nature could result in loss of the entire investment.

Performance. The PRIT Fund's Private Equity portfolio delivered a one-year return of 72.67% through June 30, 2021. The PRIT Fund's Private Equity managers were active in making new investments as well as in generating liquidity in the year ending June 30, 2021. The PRIT Fund's managers called \$2.5 billion of capital for additional investments, management fees, and partnership expenses, which compares to the \$1.5 billion called during the prior fiscal year. From a liquidity standpoint, the portfolio generated total distributions of \$3.4 billion which compares to \$1.6 billion of distributions for the 2020 fiscal year.

While there is not currently a widely used or conventional benchmark in this asset class, the PRIM Board staff targets investment opportunities with the ability to generate a long-term rate of return equal to or greater than a custom benchmark (7-year annualized return of a blend of the 85.9% Russell 3000 + 3%/14.1% MSCI Europe IMI + 3% as of June 30, 2021). As of June 30, 2021, the PRIT Fund's Private Equity portfolio returned 72.67% compared to the custom benchmark return of 14.60%. On a three-, five-, and 10-year basis through June 30, 2021, the PRIT Fund's Private Equity portfolio has returned 28.80%, 25.85%, and 20.76%, respectively, compared to the custom benchmark return of 14.80%, 15.28%, and 12.80%, respectively. It is important to remember that there is a one quarter lag inherent in private equity valuations. For this reason, the June 30, 2021 results for the Private Equity portfolio do not reflect the same level of appreciation in asset values that are reflected in public market indices such as the Russell 3000 and the MSCI Europe IMI.

Since inception to June 30, 2021, the PRIT Fund has committed \$27.5 billion to 473 partnerships (319 active) of which \$22.7 billion has been invested. The program has generated \$27.8 billion in distributions. The net IRR since inception for the program is 14.15%.

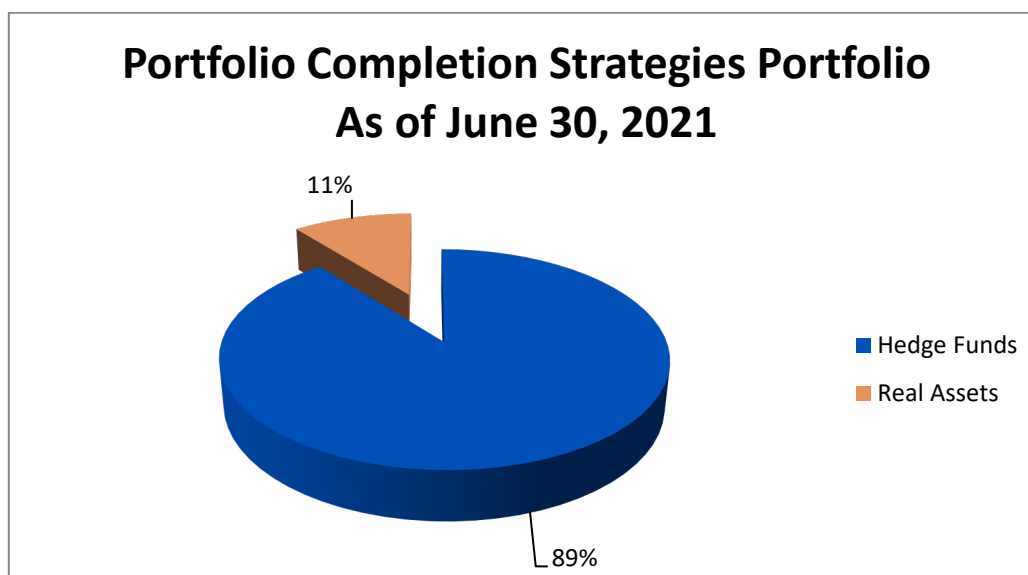
PRIVATE EQUITY EXTERNAL MANAGERS

As of June 30, 2021

Partnership	Location	Partnership	Location
1 Acon Investments	Washington, DC	52 Lovell Minnick Partners	Radnor, PA
2 Advent International	Boston, MA	53 M/C Venture Partners	Boston, MA
3 Alchemy Partners	London, UK	54 Madison Dearborn Capital Partners	Chicago, IL
4 Alta Communications	Boston, MA	55 Medixi Ventures	London, UK
5 American Industrial Partners	New York, NY	56 Menlo Ventures	Menlo Park, CA
6 American Securities	New York, NY	57 Montagu Private Equity	London, UK
7 Apollo Management Co.	New York, NY	58 Montreux Equity Partners	Menlo, CA
8 Ascent Venture Partners	Boston, MA	59 Nautic Partners	Providence, RI
9 Austin Ventures	Austin, TX	60 New Enterprise Associates	Baltimore, MD
10 Bain Capital	Boston, MA	61 Nordic Capital	Stockholm, Sweden
11 Battery Ventures	Boston, MA	62 Odyssey Investment Partners	New York, NY
12 Berkshire Partners	Boston, MA	63 Olympus Growth Fund	Stamford, CT
13 Blackstone Capital Partners	New York, NY	64 Onex Corporation	Toronto, Canada
14 Bridgepoint Capital Limited	London, UK	65 PAI Partners	Paris, France
15 Carlyle Partners	Washington, DC	66 Permira	London, UK
16 Castile Ventures	Waltham, MA	67 Polaris Partners	Boston, MA
17 Catalyst Investors	New York, NY	68 Providence Equity Partners	Providence, RI
18 Centerbridge Capital	New York, NY	69 Providence Strategic Growth	Boston, MA
19 Charles River Ventures	Waltham, MA	70 Quad-C Management	Charlottesville, VA
20 Charlesbank Capital Partners	Boston, MA	71 Quantum Energy Partners	Houston, TX
21 Charterhouse Capital Partners	London, UK	72 Rembrandt Venture Partners	Menlo Park, CA
22 Chequers Partenaires	Paris, France	73 Rhône Group LLC	New York, NY
23 CVC Capital	London, UK	74 SAIF Partners	Hong Kong, China
24 Cypress Group	New York, NY	75 SCP Vitalife	Wayne, PA
25 Denham Capital Management	Boston, MA	76 Sherbrooke Capital	Newton, MA
26 Elysian Capital	London, UK	77 Sofinnova Ventures, Inc.	Menlo Park, CA
27 El Dorado Ventures	Menlo Park, CA	78 Spark Capital	Boston, MA
28 EW Healthcare Partners	New York, NY	79 Spectrum Equity Partners	Boston, MA
29 Ethos Private Equity	Johannesburg, South Africa	80 Stone Point Capital	Greenwich, CT
30 Exponent Private Equity Partners	London, UK	81 Summit Partners	Boston, MA
31 First Reserve Corporation	Greenwich, CT	82 SV Health Investors	Boston, MA
32 Flagship Pioneering	Cambridge, MA	83 TA Associates	Boston, MA
33 Genstar Capital	San Francisco, CA	84 Technology Crossover Ventures	Menlo Park, CA
34 Georgian Partners	Toronto, Canada	85 Tenaska Capital Management	Omaha, NE
35 Gilde Buy Out Partners	Utrecht, Netherlands	86 Thoma Bravo	San Francisco, CA
36 Gores Group	Los Angeles, CA	87 Thoma Cressey Partners	Chicago, IL
37 GTCR Golder Rauner	Chicago, IL	88 Thomas H. Lee Partners	Boston, MA
38 Hellman & Friedman	San Francisco, CA	89 Thompson Street Capital Partners	St. Louis, MO
39 H.I.G. Capital	Miami, FL	90 Torquest Partners	Toronto, Canada
40 Highland Capital Partners	Lexington, MA	91 TowerBrook Capital Partners	New York, NY
41 Hony Capital	Beijing, China	92 TPG Capital	San Francisco, CA
42 Index Ventures	London, UK	93 Trident Capital	Los Angeles, CA
43 Insight Partners	New York, NY	94 Union Square Ventures	New York, NY
44 Institutional Venture Partners	Menlo Park, CA	95 VantagePoint Partners	San Bruno, CA
45 InterWest Partners	Menlo Park, CA	96 Vestar Capital Partners	New York, NY
46 JMI Equity	Baltimore, MD	97 Vista Equity Partners	San Francisco, CA
47 Kelso & Company	New York, NY	98 Waterland Private Equity	Amsterdam, Netherlands
48 Kepha Partners	Waltham, MA	99 Weston Presidio Capital	Boston, MA
49 Keytone Ventures	Beijing, China	100 WestView Capital Partners	Boston, MA
50 Kohlberg Kravis Roberts & Co.	New York, NY	101 Xenon Private Equity, LTD.	Jersey, UK
51 KPS Capital Partners	New York, NY		

Portfolio Completion Strategies (PCS) Portfolio

As of June 30, 2021, the PCS portfolio had approximately \$7.9 billion in net position, representing 8.3% of the PRIT Fund. The PCS portfolio is invested in the following strategies:



The objective of the PCS portfolio is to provide the PRIT Fund access to broader investment opportunities. Investments selected for the PCS portfolio should enhance the risk/return profile of the PRIT Fund. Investments may include long-term strategic investments or short-term opportunistic investments.

Each investment within the PCS portfolio is compared against an appropriate benchmark. The overall PCS portfolio benchmark is the weighted-average of each of the underlying investment benchmarks.

Portfolio Risks. The PCS portfolio is subject to the various risks of underlying investments. The portfolio is subject to market risk through a general downturn in market conditions and a general reversal of the risk premia that the strategies are trying to capture, as well as credit risk inherent in fixed income strategies. The portfolio is also exposed to liquidity risk in unwinding underlying illiquid positions. In addition, the PCS portfolio is exposed to operational risks in executing investment strategies and valuing investment positions. The PRIM Board has developed a detailed PCS investment plan to manage these risks and ensure appropriate diversification within the asset class.

Performance. For the fiscal year, the PCS portfolio returned 15.57% compared to the asset class benchmark return of 17.13%. On a three-, five-, and 10-year basis through June 30, 2021, the PRIT Fund's PCS portfolio has returned 3.76%, 5.17%, and 4.52%, respectively, compared to the benchmark return of 5.48%, 5.72%, and 3.92%, respectively.

The PRIT Fund's PCS managers at June 30, 2021 are presented in the following table:

Manager	Strategy Focus	Location
1 400 Capital Management	Hedge Fund	New York, NY
2 Aeolus Capital Management Ltd	Real Assets	Hamilton, Bermuda
3 Basswood Capital Management, LLC	Hedge Fund	New York, NY
4 BlackRock Financial Management	Real Assets	New York, NY
5 Breakout Funds, LLC	Hedge Fund	Chicago, IL
6 Bridgade Capital Management	Hedge Fund	New York, NY
7 Cantab Capital Partners	Hedge Fund	Cambridge, UK
8 Canvas Capital	Hedge Fund	Rio de Janeiro, Brazil
9 Capula Investment Management	Hedge Fund	Greenwich, CT
10 Cirera Capital Ltd	Hedge Fund	London, UK
11 CKC Capital	Hedge Fund	New York, NY
12 Complux Asset Management Limited	Hedge Fund	Hong Kong, China
13 Contrarian Capital Management	Hedge Fund	Greenwich, CT
14 Davidson Kempner Capital Management	Hedge Fund	New York, NY
15 DLD Asset Management	Hedge Fund	New York, NY
16 East Lodge Capital	Hedge Fund	London, UK
17 Elliot Management Corporation	Hedge Fund	New York, NY
18 Fir Tree Partners	Hedge Fund	New York, NY
19 Investcorp Investment Advisers	Hedge Fund	New York, NY
20 JEN Partners	Real Assets	New York, NY
21 Land and Buildings Investment Management	Hedge Fund	Stamford, CT
22 LMCG Serenitas	Hedge Fund	New York, NY
23 Markel CATCo Investment Management	Real Assets	Hamilton, Bermuda
24 Mudrick Capital Management	Hedge Fund	New York, NY
25 Mygale	Hedge Fund	London, UK
26 PAAMCO	Hedge Fund	Newport Beach, CA
27 PGIM	Real Assets	Newark, NJ
28 RV Capital Management	Hedge Fund	Singapore
29 Sightway Capital	Real Assets	New York, NY
30 Silver Creek Advisory Partners	Real Assets	Seattle, WA
31 Summit Partners Public Asset Management, LLC	Hedge Fund	Boston, MA
32 Tabor Asset Management	Hedge Fund	New York, NY

Overlay

As of June 30, 2021, the Overlay portfolio, managed in part by Parametric Portfolio Associates, had \$941.6 million in net position, representing 1.0% of the PRIT Fund. The Overlay portfolio returned 17.27% for the fiscal year, 8.40% over the three-year period, 7.01% over the five-year period, and 6.22% since its inception in October 2013.

The objective of the overlay program is to provide market exposure to cash which is not invested with a similar risk/return profile of the PRIT Fund. Investments are made through the futures market.

SCHEDULE OF TIME-WEIGHTED RETURNS BY ASSET CLASS*

For the Periods Ended June 30, 2021

Asset Class	1 Year	3 Year	5 Year	10 Year
<i>Benchmark as of June 30, 2021</i>				
Global Equity	42.45%	14.30%	15.09%	10.38%
56.4% Domestic Equity BM/30.8% Interantional Equity BM/12.8% Emerging Markets BM	40.47%	13.60%	14.42%	9.64%
Domestic Equity	44.06%	17.59%	17.40%	14.36%
Asset Class BM (1)	43.64%	17.88%	17.53%	14.50%
International Equity	36.97%	9.87%	11.62%	7.37%
40% Custom MSCI World EX-US IMI NET DIVS/55% Custom MSCI EAFE Standard Index NET DIVS/5% Custom MSCI EAFE Small Cap Index NET DIVS	33.78%	8.39%	10.61%	5.92%
Emerging Markets	48.63%	13.85%	15.59%	5.85%
90% MSCI EM Standard NET DIVS/10% Custom MSCI EM Small Cap NET DIVS	43.21%	11.44%	12.98%	4.47%
Core Fixed Income	-0.76%	6.99%	3.49%	4.97%
46.66% BC Agg/20% BC US STRIPS 20+ Year /20% BC US TIPS/6.67% BC ILB US\$ HEDGED/6.67% BC US Treasury 1-3 Year Index	-1.38%	6.73%	3.23%	4.70%
Value-Added Fixed Income	18.47%	6.92%	6.95%	5.39%
Asset Class BM (2)	15.15%	6.22%	6.93%	4.09%
Real Estate	17.03%	7.85%	7.94%	10.00%
80% NCREIF Property One Qtr. Lag/20% FTSE EPRA NAREIT DEVELOPED Net Total Return	8.56%	5.72%	6.05%	8.74%
Private Equity	72.67%	28.80%	25.85%	20.76%
No Benchmark	na	na	na	na
Timberland	7.99%	2.64%	4.80%	4.99%
NCREIF Timberland Index (one quarter lag)	1.46%	1.71%	2.51%	4.55%
Portfolio Completion Strategies	15.57%	3.76%	5.17%	4.52%
Total Portfolio Completion Strategies Composite Index (3)	17.13%	5.48%	5.72%	3.92%
Overlay (4)	17.27%	8.40%	7.01%	na
No Benchmark	na	na	na	na
	1 Year	3 Year	5 Year	10 Year
Total PRIT Core Fund	30.01%	12.20%	11.97%	9.49%
Policy Benchmark	20.58%	10.11%	10.09%	7.88%
TUCS Universe Median	26.90%	11.40%	11.06%	9.16%
TUCS Universe Ranking	15th	41st	33rd	33rd

- (1) Domestic Equity benchmark is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the domestic equity portfolio.
- (2) Value-Added Fixed Income benchmark is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the value-added fixed income portfolio. Private Debt component is using actual Private Debt Returns.
- (3) Total Portfolio Completion Strategies Composite Index benchmark was formed on April 1, 2017 by combining the prior Portfolio Completion Strategies with Total Hedge Funds. Total Portfolio Completion Strategies Composite Index benchmark is calculated by applying the underlying benchmark return for each sub asset class to the asset class's weight within the Total Portfolio Completion Strategies Composite.
- (4) The Overlay Account's inception date was October 31, 2013.

* All return information is gross of fees. Returns are calculated based on a time-weighted rate of return methodology.

Investment Summary at Fair Value

As of June 30, 2021

	Fair Value (\$000s)	% of Fair Value
Short-term:		
Money market investments	\$ 2,572,722	2.58%
Fixed income:		
U.S. government obligations	9,658,756	9.68%
Domestic fixed income	7,528,546	7.54%
International fixed income	2,832,540	2.84%
Distressed debt	1,277,804	1.28%
Other credit opportunities	1,147,435	1.15%
	<u>22,445,081</u>	<u>22.49%</u>
Equity:		
Domestic equity securities	22,316,534	22.36%
International equity securities	17,395,877	17.43%
	<u>39,712,411</u>	<u>39.79%</u>
Timberland	<u>2,798,749</u>	<u>2.80%</u>
Private Equity:	<u>13,590,807</u>	<u>13.62%</u>
Real estate:		
Real estate properties	7,702,060	7.72%
Real estate equity securities	1,512,207	1.51%
Real estate funds	270,007	0.27%
Other	29,476	0.03%
	<u>9,513,750</u>	<u>9.53%</u>
Portfolio completion strategies:		
Event-driven hedge funds	832,531	0.83%
Relative value hedge funds	366,099	0.37%
Equity long/short hedge funds	751	0.00%
Fund of funds	639,521	0.64%
Distressed loan fund	55,028	0.05%
Real assets fund	325,670	0.33%
Equity securities	2,403,242	2.41%
Fixed income securities	2,781,967	2.79%
Cash and cash equivalent	1,169,968	1.17%
Agricultural investments	579,862	0.58%
Other	25,386	0.02%
	<u>9,180,025</u>	<u>9.19%</u>
Total investments	<u>\$ 99,813,545</u>	<u>100.00%</u>

SUMMARY SCHEDULE OF BROKER COMMISSIONS

(Top 25 Brokers and Cumulative Fees Paid to Others)

Fiscal Year Ended June 30, 2021

Brokerage Firms	Fees Paid (\$)	% Total	Average \$ per share
Morgan Stanley	\$ 1,127,178	10.6%	0.0031
JP Morgan	1,085,669	10.3%	0.0045
Goldman Sachs	774,599	7.3%	0.0025
UBS	723,537	6.8%	0.0029
Merrill Lynch	592,504	5.6%	0.0021
HSBC	473,214	4.5%	0.0026
Credit Suisse	468,795	4.4%	0.0019
Citigroup	457,974	4.3%	0.0021
Jefferies	379,305	3.6%	0.0062
Macquarie	315,247	3.0%	0.0047
Pershing	300,197	2.8%	0.0038
Credit Lyonnais	238,593	2.3%	0.0021
RBC	216,469	2.0%	0.0027
Instinet	198,890	1.9%	0.0022
Sanford C. Bernstein & Co	182,842	1.7%	0.0020
William Blair & Co	176,260	1.7%	0.0395
Daiwa Securities	155,456	1.5%	0.0117
China International Capital Corp	154,371	1.5%	0.0067
Cowen	149,914	1.4%	0.0276
CLSA	147,647	1.4%	0.0046
Liquidnet	126,332	1.2%	0.0171
National Financial Services	116,766	1.1%	0.0180
Investment Technology Group	77,648	0.7%	0.0062
Raymond James	62,774	0.6%	0.0233
Stifel Nicolaus	53,745	0.5%	0.0261
Others	1,828,596	17.3%	0.0023
Totals	\$ 10,584,522	100.0%	0.0029

SCHEDULE OF MANAGEMENT FEES

Fiscal Year Ended June 30, 2021

Investment Management Fees by Asset Class:	(\$000s)
Global Equity	\$ 79,108
Core Fixed Income	7,750
Value-Added Fixed Income	8,563
Real Estate	35,050
Timberland	6,343
Private Equity	5,774
Portfolio Completion Strategies	20,530
Overlay	958
Total Investment Management Fees	164,076
Investment Advisory Fees	13,049
Custodian Fees	1,672
Other Administrative Fees	20,147
 Total Management Fees charged to the PRIT Fund	 \$ 198,944

SCHEDULE OF RETIREMENT SYSTEMS BY INVESTMENT

Segmentation Accounts invested as of June 30, 2021

Retirement System	Net Asset Values (\$000s) 6/30/21	General Allocation	Domestic Equity	International Equity	Emerging Markets	Core Fixed Income	Real Estate	Private Equity	Hedge Funds	Public Value Added Fixed Income
Adams	\$ 41,245	X								
Amesbury	\$ 69,777	X								
Andover	\$ 159,959	X	X	X	X	X	X			X
Arlington	\$ 197,982	X								
Attleboro	\$ 10,422							X		
Barnstable	\$ 1,503,748	X								
Belmont	\$ 57,797	X		X	X		X	X	X	
Berkshire	\$ 327,237	X								
Beverly	\$ 174,726	X								
Blue Hills	\$ 14,558	X								
Boston Teachers	\$ 2,116,554	X								
Braintree	\$ 14,975							X	X	
Bristol County	\$ 106,950							X	X	
Brookline	\$ 401,716	X						X		
Cambridge	\$ 237,205							X	X	
Chelsea	\$ 245,932	X								
Chicopee	\$ 66,429						X	X	X	
Clinton	\$ 69,438	X						X		
Concord	\$ 83,023	X					X	X	X	
Danvers	\$ 59,623			X	X		X	X	X	
Dedham	\$ 186,543	X								
Dukes County	\$ 112,389	X		X			X	X		
Easthampton	\$ 71,240	X								
Essex	\$ 624,852	X								
Everett	\$ 251,668	X								
Fairhaven	\$ 84,959	X								
Fall River	\$ 348,396	X								
Falmouth	\$ 28,050						X	X	X	
Fitchburg	\$ 156,361	X								
Framingham	\$ 415,660	X								
Franklin County	\$ 113,003	X		X	X		X			X
Gardner	\$ 71,182	X								
Gloucester	\$ 142,505	X								
Greenfield	\$ 92,659	X								
Hampden County	\$ 480,605	X								
Hampshire County	\$ 275,768		X	X	X	X	X	X		X
Haverhill	\$ 196,839	X						X		
Hingham	\$ 159,087	X								
Holliston	\$ 44									
Holyoke	\$ 39,742						X		X	
Hull	\$ 66,745	X								
Lawrence	\$ 306,946	X								
Leominster	\$ 279,907	X								
Lexington	\$ 18,089								X	
Lowell	\$ 482,469	X								
Lynn	\$ 465,953	X								
Marblehead	\$ 123,458	X								
Mass Turnpike	\$ 181,044	X								
Massport	\$ 139,482						X	X		
Maynard	\$ 24,372				X	X	X	X	X	X
MBTA	\$ 68,304				X			X	X	
Medford	\$ 59,742						X	X	X	

SCHEDULE OF RETIREMENT SYSTEMS BY INVESTMENT, continued

Segmentation Accounts invested as of June 30, 2021

Retirement System	Net Asset Values (\$000s) 6/30/21	General Allocation	Domestic Equity	International Equity	Emerging Markets	Core Fixed Income	Real Estate	Private Equity	Hedge Funds	Public Value Added Fixed Income
Melrose	\$ 105,896	X								
Methuen	\$ 213,409	X								
Middlesex	\$ 1,839,696	X								
Milford	\$ 125,634	X								
Milton	\$ 184,468	X								
Minuteman	\$ 16,647	X								
Montague	\$ 56,453	X								
MSCBA	\$ 6,626	X								
MWRA	\$ 29,291	X						X	X	
Natick	\$ 54,733	X					X	X		
Needham	\$ 218,423	X								
Newburyport	\$ 111,931	X								
Newton	\$ 467,402	X								
Norfolk	\$ 216,210					X		X	X	
North Adams	\$ 229							X		
Northbridge	\$ 49,158	X								
Northampton	\$ 427							X		
Norwood	\$ 24,500				X		X			
Peabody	\$ 194,861	X								
Pittsfield	\$ 176,567	X								
Plymouth	\$ 63,411	X					X	X	X	
Quincy	\$ 27,523	X				X		X		
Reading	\$ 178,959	X						X		
Revere	\$ 218,147	X								
Salem	\$ 243,905	X								
Saugus	\$ 79,142	X						X		
Shrewsbury	\$ 136,941	X	X	X	X	X	X			X
Somerville	\$ 5,573							X		
Southbridge	\$ 74,603	X								
Springfield	\$ 463,653	X								
State Employees'	\$ 35,656,495	X								
State Retiree Benefits Trust	\$ 2,665,430	X								
State Teachers'	\$ 36,923,236	X								
Stoneham	\$ 53,111	X					X	X	X	
Swampscott	\$ 58,606	X	X	X	X	X				X
Taunton	\$ 2,469							X		
Wakefield	\$ 158,927	X								
Waltham	\$ 74,730	X					X	X	X	
Watertown	\$ 75,716		X				X	X	X	
Webster	\$ 10,771						X	X	X	
Wellesley	\$ 263,467	X								
Westfield	\$ 49,507						X		X	
Weymouth	\$ 29,088						X		X	
Winchester	\$ 161,552	X								
Winthrop	\$ 96,395	X								
Woburn	\$ 182,266	X								
Worcester	\$ 655,771	X			X		X	X		
Worcester Regional	\$ 969,531	X								
	<u>\$ 95,698,845</u>									

INVESTMENT POLICY STATEMENT

The following are significant elements and related excerpts from the PRIM Board's investment policy statement. The purpose of the statement is to delineate the investment policy and guidelines and to establish the overall investment strategies and discipline of the PRIM Board. This policy is intended to allow for sufficient flexibility to capture investment opportunities yet provide parameters that ensure prudence and care in the execution of the investment program. This policy is issued for the guidance of fiduciaries, including Trustees, staff professionals, investment managers, custodians, and investment consultants, for managing the assets of the PRIT Fund. The policy is intended to provide a foundation from which to oversee the management of the PRIT Fund in a prudent manner.

A. Investment Objectives

PRIM's overall objective is to achieve the highest level of investment performance that is compatible with its risk tolerance and prudent investment practices. Because of the long-term nature of the Commonwealth's pension liabilities, PRIM maintains a long-term perspective in formulating and implementing its investment policies, and in evaluating its investment performance. Investment performance is measured by three integrated long-term objectives: 1) the actuarial target rate of return, 2) the investment policy benchmark, and 3) peer universe comparison.

The *actuarial target rate of return* is the key actuarial assumption affecting future Commonwealth funding rates and pension liabilities. Investment performance that exceeds or underperforms the target rate may materially impact future funding rates and liabilities. The PRIM Board seeks to have a long-term investment performance that will meet or exceed its actuarial target rate of return.

The *investment policy benchmark* is calculated by applying the investment performance of the asset class benchmarks to the PRIT Fund's asset allocation targets. The investment policy benchmark enables PRIM to compare the PRIT Fund's actual performance to a passively managed proxy and to measure the contribution of active investment management and policy implementation.

PRIM also compares its total fund performance to an appropriate public plan sponsor *comparison universe*. A peer universe comparison permits PRIM to compare its performance to large public and other pension plans. While PRIM seeks to rank consistently in the top half of comparable public pension funds, PRIM recognizes that other funds may have investment objectives and risk tolerances that differ substantially from PRIM's.

PRIM expects to meet or exceed these objectives over its long-term investment horizon. The expected volatility of markets and unique objectives of PRIM relative to other pension plans may not favor, over shorter periods, PRIM's strategic investment policies.

B. Asset Allocation Plan

PRIM recognizes that over the long-term, asset allocation is the single greatest contributor of return and risk to the PRIT Fund. At reasonable intervals of not more than three to five years, PRIM will complete a comprehensive review of its Asset Allocation Plan and its underlying assumptions, including: the Commonwealth's current and

projected pension assets and liabilities; long-term capital markets rate of return assumptions; and PRIM's risk tolerances. The PRIM Board shall examine the Asset Allocation Plan annually and shall consider adjustments to the Plan as may be appropriate given the Plan's long-term nature and objectives.

C. Rebalancing Policy

The actual asset allocation mix will deviate from the Asset Allocation Plan's target due to market movement, cash flows, and manager performance. Material deviations from the asset allocation targets can alter the expected return and risk of the PRIT Fund. Accordingly, the PRIM Board has adopted asset class ranges for each asset class, and positioning within a specified asset class range is acceptable and constitutes compliance with the Asset Allocation Plan. It is the responsibility of PRIM staff to keep actual asset class allocations within the asset allocation ranges. It is anticipated that the PRIM Board will make periodic revisions to the Asset Allocation Plan, and it is recognized that in some cases it may be prudent to allow an extended period of time to fully implement revisions to the Asset Allocation Plan. The spirit of this policy is to implement the investment strategy within the asset class ranges at a reasonable cost, recognizing that overly precise management of asset exposures can result in transactions costs that are not economically justified. In the circumstance that a rebalancing is warranted, staff shall have the discretion to instruct public securities managers (including an overlay manager) to use futures as a short-term tool to rebalance the PRIT Fund. The PRIM Board acknowledges that market conditions or circumstances beyond PRIM's control may lead to asset class weightings being temporarily out of their target ranges, especially as those ranges relate to illiquid asset classes.

Statistical Section

Schedules of Changes in Pooled Net Position

For Fiscal Years Ending June 30

(Dollars in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Additions										
State Employees contributions	\$ 698,282	\$ 705,315	\$ 733,289	\$ 727,625	\$ 855,586	\$ 727,147	\$ 580,527	\$ 547,627	\$ 529,031	\$ 544,166
State teachers contributions	898,722	851,798	860,223	804,171	761,753	752,835	721,148	709,114	669,815	640,056
Other participants contributions	1,313,240	1,466,201	1,579,329	1,218,193	1,071,727	922,092	877,252	793,507	613,345	898,837
Net investment income (loss)	21,944,914	1,448,873	4,046,225	6,354,624	7,655,016	1,091,671	2,073,376	8,991,375	5,922,932	(280,407)
Total additions to pooled net position	24,855,158	4,472,187	7,219,066	9,104,613	10,344,082	3,493,745	4,252,303	11,041,623	7,735,123	1,802,652
Deductions										
State employees warrants	561,407	542,457	516,014	486,526	458,340	444,166	381,565	357,089	347,330	315,943
State teachers warrants	708,768	680,135	656,099	621,701	596,815	569,054	544,646	494,363	496,987	451,844
Participants redemptions	1,112,613	1,218,278	1,073,298	996,520	1,055,203	924,710	768,507	739,175	683,279	532,873
State appropriation funding	1,723,567	1,844,875	1,910,459	2,014,583	2,034,579	2,066,264	1,954,853	1,973,058	1,815,315	1,851,504
Operating expenses	35,717	36,321	29,200	34,082	41,509	40,491	35,761	30,789	30,394	28,447
Total deductions to pooled net position	4,142,072	4,322,066	4,185,070	4,153,412	4,186,446	4,044,685	3,685,332	3,594,474	3,373,305	3,180,611
Changes in pooled net position	\$ 20,713,086	\$ 150,121	\$ 3,033,996	\$ 4,951,201	\$ 6,157,636	\$ (550,940)	\$ 566,971	\$ 7,447,149	\$ 4,361,818	\$ (1,377,959)

The above table provides additional information regarding changes in pooled net position from that presented in the Statement of Changes in Pooled Net Position in the *Financial Section* of the ACFR. Deductions represent redemptions from the PRIT fund by state employees, state teachers and other participant retirement systems. Deductions also include redemptions for state appropriation funding and reimbursement of MASTERS operating expenses. State appropriation funding represents funds withdrawn to cover the shortfall in the pension appropriation of the Commonwealth of Massachusetts. Operating expenses represent redemptions made by state employees and state teachers for certain operating expenses. This information is derived from the same information used for the basic financial statements. Current fiscal year-end information should be read in conjunction with the Schedule of Changes in Pooled Net Position - Capital Fund and Cash Fund provided in the Financial Section.

Financial Highlights and Financial Highlights Ratios

Pages 98-100 provide the financial highlights of the PRIT Fund for the year ended June 30, 2021. In addition, pages 101-106 provide additional financial highlights ratios for the nine previous fiscal year ends. Together, these tables provide additional information regarding important ratios to assist the reader of the ACFR in understanding the financial position of the PRIT Fund. This information includes important return and expense ratios for the entire PRIT Fund as well as the various accounts that comprise the PRIT Fund. This information should be read in conjunction with the description of the investment program highlighted in the *Investment Section* of the ACFR.

Financial Highlights

For the year ended June 30, 2021

	General	Domestic	International	Emerging	Core	Public					Private	Private	Private	Private
	Allocation	Equity	Equity	Markets	Fixed	Value-					Equity	Equity	Equity	Equity
	Account	Account	Account	Account	Income	Added	Private	Hedge	Liquidating	Private	Vintage	Vintage	Vintage	Vintage
					Account	Income	Debt	Funds	Portfolios	Equity	Year	Year	Year	Year
						Account	Account	Account	Account	Account	2000	2001	2002	2003
											Account	Account	Account	Account
Net position per unit, beginning of year	\$ 400.60	402.17	317.82	502.28	340.47	321.67	144.66	87.33	40.06	452.26	178.11	770.68	161.33	524.32
Investment operations:														
Net investment income (loss)(1)	8.62	6.56	7.61	8.27	6.20	16.34	2.64	(0.02)	(0.01)	0.77	(0.07)	(0.31)	(0.10)	23.69
Net realized and unrealized gain (loss) on investments and foreign currency	109.28	174.69	108.97	231.37	(9.03)	26.43	40.41	15.10	14.79	(2.31)	57.40	72.17	117.21	(52.55)
Total from investment operations	117.90	181.25	116.58	239.64	(2.83)	42.77	43.05	15.08	14.78	(1.54)	57.33	71.86	117.11	(28.86)
Net position per unit, end of year	\$ 518.50	583.42	434.40	741.92	337.64	364.44	187.71	102.41	54.84	450.72	235.44	842.54	278.44	495.46
Ratios and supplementary data:														
Total net return(2)	29.43%	45.07%	36.68%	47.71%	(0.83)%	13.30%	29.76%	17.27%	36.89%	(0.34)%	32.19%	9.32%	72.59%	(5.50)%
Net position, end of year (\$'000s)	\$ 93,212,189	22,011,373	12,437,174	5,273,588	14,605,575	4,395,888	1,317,931	7,081,240	72,548	213,642	18,835	20,221	2,506	13,873
Units outstanding, end of year ('000s)	179,774	37,728	28,631	7,108	43,258	12,062	7,021	69,146	1,323	474	80	24	9	28
Ratios to average net assets:														
Ratio of expenses, including indirect management fees	0.49%	0.14%	0.23%	0.69%	0.08%	0.37%	2.94%	1.06%	0.37%	0.03%	0.04%	0.07%	0.04%	0.04%
Ratio of expenses, excluding indirect management fees	0.20%	0.14%	0.23%	0.69%	0.08%	0.15%	0.07%	0.18%	0.03%	0.03%	0.04%	0.04%	0.04%	0.04%

Note: Financial Highlights include only the Core Fund and does not include the Cash Fund which maintains a stable net asset value of \$1.00 per unit.

(1) Based on weighted average units outstanding.

(2) Total net return calculation is based on the value of a single unit of participation outstanding throughout the year. It represents the percentage change in the net asset value per unit between the beginning and end of the year.

Financial Highlights, continued**For the year ended June 30, 2021**

	Private Equity Vintage Year 2004 Account	Private Equity Vintage Year 2005 Account	Private Equity Vintage Year 2006 Account	Private Equity Vintage Year 2007 Account	Private Equity Vintage Year 2008 Account	Private Equity Vintage Year 2009 Account	Private Equity Vintage Year 2010 Account	Private Equity Vintage Year 2011 Account	Private Equity Vintage Year 2012 Account	Private Equity Vintage Year 2013 Account	Private Equity Vintage Year 2014 Account	Private Equity Vintage Year 2015 Account	Private Equity Vintage Year 2016 Account	Private Equity Vintage Year 2017 Account
Net position per unit, beginning of year	\$ 179.68	184.85	112.09	50.46	185.35	198.59	191.55	131.49	25.74	167.62	137.02	177.69	71.82	110.96
Investment operations:														
Net investment income (loss)(1)	(0.07)	0.90	0.59	1.64	13.19	2.74	1.29	2.17	0.17	1.43	3.61	0.47	0.65	1.05
Net realized and unrealized gain (loss) on investments and foreign currency	45.50	68.60	58.64	24.18	78.07	274.66	207.12	102.47	20.19	182.87	75.10	132.90	45.68	70.15
Total from investment operations	45.43	69.50	59.23	25.82	91.26	277.40	208.41	104.64	20.36	184.30	78.71	133.37	46.33	71.20
Net position per unit, end of year	\$ 225.11	254.35	171.32	76.28	276.61	475.99	399.96	236.13	46.10	351.92	215.73	311.06	118.15	182.16
Ratios and supplementary data:														
Total net return(2)	25.28%	37.60%	52.84%	51.17%	49.24%	139.68%	108.80%	79.58%	79.10%	109.95%	57.44%	75.06%	64.51%	64.17%
Net position, end of year (\$'000s)	\$ 8,104	39,678	138,429	305,643	524,998	276,548	705,125	638,740	869,212	1,025,485	1,557,125	2,359,373	872,298	1,332,666
Units outstanding, end of year ('000s)	36	156	808	4,007	1,898	581	1,763	2,705	18,855	2,914	7,218	7,585	7,383	7,316
Ratios to average net assets:														
Ratio of expenses, including indirect management fees	0.38%	0.54%	(0.01)%	0.45%	0.35%	0.66%	0.61%	1.07%	0.99%	0.94%	0.97%	1.05%	1.69%	2.23%
Ratio of expenses, excluding indirect management fees	0.03%	0.04%	(0.04)%	0.04%	0.08%	0.03%	0.03%	0.09%	0.04%	0.03%	0.03%	0.16%	0.03%	0.03%

Note: Financial Highlights include only the Core Fund and does not include the Cash Fund which maintains a stable net asset value of \$1.00 per unit.

(1) Based on weighted average units outstanding.

(2) Total net return calculation is based on the value of a single unit of participation outstanding throughout the year. It represents the percentage change in the net asset value per unit between the beginning and end of the year.

Financial Highlights, continued**For the year ended June 30, 2021**

	Private Equity Vintage Year 2018 Account	Private Equity Vintage Year 2019 Account	Private Equity Vintage Year 2020 Account	Private Equity Vintage Year 2021 Account	Real Estate Account	Timberland Account	Cash Overlay Account	Risk Premia Account (4)	Real Assets Account	Enhanced Equity Account (5)	Other Credit Opportunities Account
Net position per unit, beginning of year	\$ 78.14	91.62	93.65	100.00	679.28	279.93	224.99	105.51	88.55	116.89	107.97
Investment operations:											
Net investment income (loss)(1)	0.57	(0.23)	(0.01)	(0.22)	25.24	11.08	(0.05)	(105.51)	(1.19)	5.99	0.06
Net realized and unrealized gain (loss) on investments and foreign currency	50.34	62.53	37.56	(2.04)	86.45	9.89	68.57	0.00	2.14	35.34	26.28
Total from investment operations	50.91	62.30	37.55	(2.26)	111.69	20.97	68.52	(105.51)	0.95	41.33	26.34
Net position per unit, end of year	\$ 129.05	153.92	131.20	97.74	790.97	300.90	293.51	0.00	89.50	158.22	134.31
Ratios and supplementary data:											
Total net return(2)	65.15%	68.00%	40.10%	(2.26)% (3)	16.44%	7.49%	30.45%	(100.00)%	1.07%	35.36%	24.40%
Net position, end of year (\$'000s)	\$ 1,398,299	994,786	333,380	174,180	7,945,278	2,833,009	941,595	—	837,883	1,083,781	897,070
Units outstanding, end of year ('000s)	10,835	6,463	2,541	1,782	10,045	9,415	3,208	—	9,362	6,850	6,679
Ratios to average net assets:											
Ratio of expenses, including indirect management fees	2.66%	3.00%	5.65%	0.09% (3)	0.52%	0.46%	0.07%	—%	1.04%	0.42%	1.14%
Ratio of expenses, excluding indirect management fees	0.03%	0.50%	0.04%	0.09% (3)	0.17%	0.19%	0.07%	—%	0.04%	0.42%	1.14%

Note: Financial Highlights include only the Core Fund and does not include the Cash Fund which maintains a stable net asset value of \$1.00 per unit.

(1) Based on weighted average units

(2) Total net return calculation is based on the value of a single unit of participation outstanding throughout the year. It represents the percentage change in the net asset value per unit between the beginning and end of the year.

(3) Denotes account commenced operations subsequent to the beginning of the fiscal year. Total return and ratios not annualized.

(4) Risk Premia account was liquidated during the year.

(5) Formerly Equity Hedged Account

Financial Highlights Ratios

For the years ended June 30, 2020-2012

	General Allocation Account	Domestic Equity Account	International Equity Account	Emerging Markets Account	Core Fixed Income Account	Public Value-Added Fixed Income Account	Private Debt Account	Hedge Funds Account	Liquidating Portfolios Account (2)	Private Equity Account	Vintage Year 2000 Account	Vintage Year 2001 Account	Vintage Year 2002 Account	Vintage Year 2003 Account	Vintage Year 2004 Account
Ratios and supplementary data:															
2020															
Total net return (1)	1.99%	5.49%	(3.51)%	(3.23)%	13.82%	(2.50)%	(7.70)%	(5.51)%	(45.46)%	1.34%	(29.66)%	0.89%	(29.91)%	(12.07)%	20.89%
Net position, end of year (\$'000s)	73,216,082	12,066,835	10,383,531	4,461,293	11,759,338	3,873,573	1,201,948	6,419,650	70,224	88,643	17,099	21,579	2,420	16,254	7,187
Units outstanding, end of year ('000s)	182,766	30,004	32,671	8,882	34,539	12,042	8,309	73,511	1,753	196	96	28	15	31	40
2019															
Total net return (1)	5.68%	8.66%	(0.13)%	1.42%	8.22%	6.44%	4.08%	2.79%	(18.07)%	3.53%	(13.15)%	0.06%	19.20%	20.65%	26.18%
Net position, end of year (\$'000s)	73,116,815	11,763,882	11,264,739	4,652,110	10,162,275	4,376,086	1,249,573	6,029,787	162,686	160,219	26,334	26,737	4,373	20,869	22,889
Units outstanding, end of year ('000s)	186,154	30,858	34,200	8,963	33,974	13,264	7,973	65,240	2,215	359	104	35	19	35	154
2018															
Total net return (1)	9.55%	15.50%	8.47%	8.62%	1.29%	1.47%	9.27%	6.06%	4.04%	6.02%	(0.51)%	3.54%	(10.09)%	27.26%	(2.24)%
Net position, end of year (\$'000s)	70,145,449	13,695,898	11,831,052	4,537,474	9,153,731	4,441,960	1,153,692	5,999,629	203,319	137,947	35,279	46,571	4,827	42,008	22,851
Units outstanding, end of year ('000s)	188,731	39,037	35,873	8,867	33,118	14,331	7,661	66,727	2,268	320	121	61	25	85	194
2017															
Total net return (1)	12.80%	18.49%	19.98%	27.49%	(4.48)%	7.67%	15.40%	9.32%	16.35%	2.00%	2.08%	18.17%	(7.69)%	2.31%	25.85%
Net position, end of year (\$'000s)	65,460,073	13,216,006	12,038,165	5,243,481	7,984,311	4,176,825	1,225,906	5,579,937	250,843	67,900	43,665	60,463	9,019	55,921	41,088
Units outstanding, end of year ('000s)	192,948	43,507	39,591	11,130	29,261	13,674	8,895	65,823	2,911	167	149	82	42	144	341
2016															
Total net return (1)	1.87%	1.51%	(7.86)%	(9.91)%	14.58%	2.79%	(6.84)%	(5.43)%	(20.30)%	(0.94)%	(6.12)%	(3.72)%	6.54%	(4.22)%	(4.63)%
Net position, end of year (\$'000s)	59,382,003	11,359,746	10,018,446	4,264,286	8,404,125	3,868,726	1,251,421	5,192,238	195,445	66,569	56,265	77,994	13,493	69,465	80,997
Units outstanding, end of year ('000s)	197,436	44,312	39,533	11,540	29,419	13,636	10,478	66,965	2,639	167	196	125	58	183	846
2015															
Total net return (1)	3.41%	6.60%	(2.94)%	(6.14)%	4.58%	(5.14)%	1.96%	3.64%	(4.25)%	5.03%	5.97%	7.56%	4.11%	13.06%	5.97%
Net position, end of year (\$'000s)	59,982,623	11,745,353	10,341,307	4,011,292	8,377,734	3,702,871	1,350,323	5,575,153	32,057	52,713	103,656	102,397	20,089	145,442	119,669
Units outstanding, end of year ('000s)	203,159	46,508	37,600	9,780	33,603	13,416	10,533	67,998	345	131	339	158	92	367	1,192
2014															
Total net return (1)	17.18%	24.78%	24.23%	13.76%	5.66%	6.90%	15.18%	10.72%	(5.88)%	8.25%	23.80%	27.29%	8.97%	21.56%	52.79%
Net position, end of year (\$'000s)	59,507,530	11,478,177	10,382,202	4,263,167	8,398,309	3,787,240	1,360,006	5,845,587	49,684	94,631	137,922	133,764	35,025	197,688	257,109
Units outstanding, end of year ('000s)	208,428	48,451	36,639	9,756	35,228	13,017	10,817	73,892	512	247	478	222	167	564	2,714
2013															
Total net return (1)	12.28%	21.98%	19.34%	5.10%	(0.45)%	3.07%	9.16%	(3)	12.20%	2.39%	3.28%	8.68%	10.18%	11.79%	8.87%
Net position, end of year (\$'000s)	52,274,725	11,066,413	9,531,557	3,438,125	6,712,701	3,444,265	1,269,546	4,903,178	72,275	160,679	173,402	189,340	58,316	270,764	265,784
Units outstanding, end of year ('000s)	214,541	58,286	41,787	8,951	29,751	12,655	11,630	68,628	701	454	744	400	303	939	4,287
2012															
Total net return (1)	(0.54)%	3.64%	(12.15)%	(16.79)%	7.96%	2.81%	N/A	(1.74)%	(7.47)%	(0.35)%	5.23%	(2.66)%	26.76%	0.80%	9.06%
Net position, end of year (\$'000s)	48,101,609	9,415,207	8,155,824	3,261,031	6,352,958	4,180,242	N/A	4,809,557	110,458	177,159	278,587	242,301	66,969	345,110	360,592
Units outstanding, end of year ('000s)	221,647	60,491	42,670	8,923	28,029	15,830	N/A	75,522	1,097	517	1,299	564	389	1,251	6,332
Ratios to average net assets:															
2020															
Ratio of expenses, including indirect management fees	0.51%	0.11%	0.24%	0.58%	0.08%	0.43%	1.57%	1.11%	0.75%	0.04%	0.04%	—	0.05%	0.04%	0.24%
Ratio of expenses, excluding indirect management fees	0.20%	0.11%	0.24%	0.58%	0.08%	0.19%	0.04%	0.13%	0.04%	0.04%	0.04%	0.04%	0.05%	0.04%	0.05%
2019															
Ratio of expenses, including indirect management fees	0.52%	0.11%	0.23%	0.57%	0.11%	0.44%	1.59%	1.11%	0.89%	0.06%	0.04%	0.03%	0.09%	0.04%	0.31%
Ratio of expenses, excluding indirect management fees	0.20%	0.11%	0.23%	0.57%	0.11%	0.22%	0.04%	0.12%	0.03%	0.06%	0.04%	0.04%	0.04%	0.04%	0.04%
2018															
Ratio of expenses, including indirect management fees	0.52%	0.11%	0.23%	0.47%	0.10%	0.44%	1.76%	1.17%	0.92%	0.05%	0.04%	0.01%	0.68%	0.04%	0.21%
Ratio of expenses, excluding indirect management fees	0.18%	0.11%	0.23%	0.47%	0.10%	0.23%	0.04%	0.09%	0.03%	0.05%	0.04%	0.04%	0.05%	0.04%	0.04%
2017															
Ratio of expenses, including indirect management fees	0.54%	0.10%	0.20%	0.58%	0.10%	0.47%	1.91%	1.25%	1.02%	0.06%	0.04%	0.15%	0.77%	0.15%	0.20%
Ratio of expenses, excluding indirect management fees	0.18%	0.10%	0.20%	0.58%	0.09%	0.29%	0.04%	0.09%	1.02%	0.06%	0.04%	0.09%	0.04%	0.04%	0.04%
2016															
Ratio of expenses, including indirect management fees	0.53%	0.13%	0.19%	0.44%	0.09%	0.47%	1.76%	1.42%	1.41%	0.08%	0.18%	0.17%	0.79%	0.28%	0.43%
Ratio of expenses, excluding indirect management fees	0.14%	0.13%	0.19%	0.44%	0.08%	0.30%	0.04%	0.06%	1.40%	0.08%	0.04%	0.07%	0.04%	0.04%	0.06%

Financial Highlights Ratios, continued

For the years ended June 30, 2020-2012

	General Allocation Account	Domestic Equity Account	International Equity Account	Emerging Markets Account	Core Fixed Income Account	Public Value-Added Fixed Income Account	Private Debt Account	Hedge Funds Account	Liquidating Portfolios Account (2)	Private Equity Account	Vintage Year 2000 Account	Vintage Year 2001 Account	Vintage Year 2002 Account	Vintage Year 2003 Account	Vintage Year 2004 Account
2015															
Ratio of expenses, including indirect management fees	0.53%	0.14%	0.18%	0.31%	0.10%	0.47%	1.55%	1.40%	0.04%	0.04%	0.25%	0.22%	0.76%	0.38%	0.90%
Ratio of expenses, excluding indirect management fees	0.16%	0.14%	0.18%	0.31%	0.09%	0.30%	0.04%	0.04%	0.02%	0.04%	0.04%	0.05%	0.04%	0.04%	0.05%
2014															
Ratio of expenses, including indirect management fees	0.55%	0.14%	0.19%	0.27%	0.11%	0.49%	1.90%	1.50%	0.10%	0.03%	0.25%	0.59%	0.49%	0.59%	0.88%
Ratio of expenses, excluding indirect management fees	0.15%	0.14%	0.19%	0.24%	0.10%	0.31%	0.04%	0.05%	0.02%	0.03%	0.05%	0.07%	0.05%	0.04%	0.08%
2013															
Ratio of expenses, including indirect management fees	0.55%	0.08%	0.19%	0.33%	0.14%	0.85%	0.92% (3)	1.33%	0.13%	—%	0.39%	0.59%	0.77%	0.90%	0.94%
Ratio of expenses, excluding indirect management fees	0.14%	0.08%	0.19%	0.32%	0.12%	0.34%	0.01% (3)	0.05%	0.02%	(0.03)%	0.07%	0.09%	0.05%	0.05%	0.12%
2012															
Ratio of expenses, including indirect management fees	0.50%	0.09%	0.19%	0.32%	0.14%	0.89%	N/A	0.91%	0.09%	0.24%	0.54%	0.73%	0.81%	0.83%	0.80%
Ratio of expenses, excluding indirect management fees	0.14%	0.09%	0.19%	0.30%	0.13%	0.18%	N/A	0.04%	0.02%	0.04%	0.07%	0.08%	0.04%	0.04%	0.11%

(1) Total net return calculation is based on the value of a single unit of participation outstanding throughout the year. It represents the percentage change in the net asset value per unit between the beginning and end of the year.

(2) Includes Portable Alpha Wind Down, Hedge Funds closed portfolios, and Natural Resources Private Wind Down. Prior to January 31, 2016, Natural Resources Private assets were reflected in the Timberland portfolio.

(3) Denotes account commenced operations subsequent to the beginning of the fiscal year. Total return and ratios not annualized.

Financial Highlights Ratios, continued

For the years ended June 30, 2020-2012

	Vintage Year 2005 Account	Vintage Year 2006 Account	Vintage Year 2007 Account	Vintage Year 2008 Account	Vintage Year 2009 Account	Vintage Year 2010 Account	Vintage Year 2011 Account	Vintage Year 2012 Account	Vintage Year 2013 Account	Vintage Year 2014 Account	Vintage Year 2015 Account	Vintage Year 2016 Account	Vintage Year 2017 Account	Vintage Year 2018 Account	Vintage Year 2019 Account
Ratios and supplementary data:															
2020															
Total net return (1)	(14.41)%	(7.06)%	0.20%	(12.99)%	1.22%	(7.30)%	(1.55)%	6.80%	15.47%	5.34%	13.21%	7.87%	(1.83)%	(6.56)%	(7.67)%
Net position, end of year (\$'000s)	48,247	146,274	249,451	431,299	192,827	482,128	628,788	607,363	675,522	1,175,774	1,539,669	562,258	680,492	572,418	354,096
Units outstanding, end of year ('000s)	261	1,305	4,944	2,327	971	2,517	4,782	23,595	4,030	8,581	8,665	7,829	6,133	7,326	3,865
2019															
Total net return (1)	8.66%	9.35%	14.14%	13.88%	26.97%	18.09%	20.06%	12.46%	16.72%	23.83%	23.40%	4.10%	7.47%	(15.53)%	(0.77)% (2)
Net position, end of year (\$'000s)	84,655	236,036	443,048	574,946	262,119	611,034	759,937	645,784	711,849	1,214,210	1,467,994	503,055	389,158	245,699	57,257
Units outstanding, end of year ('000s)	392	1,957	8,798	2,699	1,336	2,957	5,690	26,792	4,904	9,335	9,353	7,556	3,443	2,938	577
2018															
Total net return (1)	10.58%	4.94%	16.60%	24.15%	20.66%	24.74%	18.83%	19.25%	14.10%	25.68%	29.69%	7.73%	5.21%	(0.99)% (2)	N/A
Net position, end of year (\$'000s)	135,744	306,512	538,342	726,311	343,201	701,188	866,997	739,683	623,594	1,087,916	941,586	290,614	127,993	15,842	N/A
Units outstanding, end of year ('000s)	683	2,779	12,203	3,883	2,221	4,007	7,794	34,520	5,014	10,357	7,403	4,544	1,217	160	N/A
2017															
Total net return (1)	19.15%	9.31%	23.14%	28.78%	16.27%	16.58%	23.76%	21.34%	19.87%	17.62%	15.25%	(28.04)%	(0.04)% (2)	N/A	N/A
Net position, end of year (\$'000s)	196,987	440,532	769,225	882,880	379,849	791,761	919,627	623,043	493,966	659,809	520,540	108,285	27,388	N/A	N/A
Units outstanding, end of year ('000s)	1,096	4,191	20,328	5,860	2,966	5,644	9,824	34,669	4,532	7,894	5,308	1,824	274	N/A	N/A
2016															
Total net return (1)	8.56%	2.52%	9.87%	12.84%	20.05%	15.08%	22.91%	8.34%	5.06%	5.15%	(9.23)%	(17.50)% (2)	N/A	N/A	N/A
Net position, end of year (\$'000s)	430,797	612,037	912,296	904,434	443,570	806,666	796,339	542,987	308,790	399,073	184,978	165	N/A	N/A	N/A
Units outstanding, end of year ('000s)	2,856	6,365	29,691	7,731	4,027	6,704	10,528	36,668	3,396	5,616	2,174	2	N/A	N/A	N/A
2015															
Total net return (1)	15.15%	11.51%	9.04%	16.66%	24.02%	19.09%	24.07%	11.77%	(5.24)%	(13.53)%	(6.26)% (2)	N/A	N/A	N/A	N/A
Net position, end of year (\$'000s)	594,274	848,797	1,154,470	1,017,713	494,545	762,278	704,428	425,548	170,840	177,995	40,871	N/A	N/A	N/A	N/A
Units outstanding, end of year ('000s)	4,277	9,049	41,282	9,816	5,390	7,290	11,447	31,126	1,974	2,634	436	N/A	N/A	N/A	N/A
2014															
Total net return (1)	20.33%	23.18%	22.67%	30.63%	27.66%	27.52%	17.90%	16.81%	(8.66)%	(21.85)% (2)	N/A	N/A	N/A	N/A	N/A
Net position, end of year (\$'000s)	703,977	1,098,091	1,319,704	1,050,050	401,949	597,679	435,298	215,895	52,887	3,204	N/A	N/A	N/A	N/A	N/A
Units outstanding, end of year ('000s)	5,834	13,054	51,443	11,815	5,433	6,807	8,777	17,648	579	41	N/A	N/A	N/A	N/A	N/A
2013															
Total net return (1)	13.07%	13.29%	14.39%	17.96%	15.65%	14.41%	(1.98)%	(21.87)%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net position, end of year (\$'000s)	801,538	1,217,424	1,212,620	895,341	301,492	391,799	201,700	61,569	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Units outstanding, end of year ('000s)	7,993	17,827	57,995	13,161	5,203	5,691	4,794	5,879	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2012															
Total net return (1)	16.13%	13.20%	11.33%	14.15%	0.62%	(9.88)%	(54.42)%	(86.60)% (2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net position, end of year (\$'000s)	879,582	1,291,372	1,072,936	685,645	184,789	214,792	97,989	134	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Units outstanding, end of year ('000s)	9,918	21,422	58,687	11,889	3,688	3,569	2,283	10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ratios to average net assets:															
2020															
Ratio of expenses, including indirect management fees	0.67%	0.42%	0.50%	0.46%	1.57%	0.93%	1.04%	1.28%	1.15%	1.02%	1.35%	2.37%	3.95%	6.23%	3.86%
Ratio of expenses, excluding indirect management fees	0.04%	0.07%	0.05%	0.09%	0.04%	0.04%	0.06%	0.04%	0.04%	0.04%	0.24%	0.08%	0.05%	0.08%	0.12%
2019															
Ratio of expenses, including indirect management fees	0.56%	0.55%	0.45%	0.56%	1.63%	0.79%	1.08%	1.39%	1.45%	1.58%	1.89%	3.33%	8.34%	4.39%	0.14% (2)
Ratio of expenses, excluding indirect management fees	0.04%	0.07%	0.04%	0.09%	0.04%	0.04%	0.09%	0.04%	0.04%	0.04%	0.32%	0.04%	0.04%	0.17%	0.14% (2)
2018															
Ratio of expenses, including indirect management fees	0.53%	0.62%	0.92%	0.70%	1.59%	1.25%	1.35%	1.59%	1.77%	2.19%	3.16%	6.59%	10.13%	0.14% (2)	N/A
Ratio of expenses, excluding indirect management fees	0.06%	0.08%	0.04%	0.09%	0.04%	0.04%	0.07%	0.04%	0.04%	0.04%	0.51%	0.04%	0.04%	0.14% (2)	N/A
2017															
Ratio of expenses, including indirect management fees	0.65%	0.74%	0.98%	0.75%	1.47%	1.15%	1.53%	1.82%	2.82%	3.69%	5.87%	10.75%	0.01% (2)	N/A	N/A
Ratio of expenses, excluding indirect management fees	0.06%	0.03%	0.04%	0.08%	0.04%	0.04%	0.15%	0.04%	0.04%	0.04%	0.74%	0.30%	0.01% (2)	N/A	N/A
2016															
Ratio of expenses, including indirect management fees	0.73%	0.77%	1.00%	0.98%	1.29%	1.30%	1.74%	2.28%	4.91%	4.71%	9.50%	(21.53)% (2)	N/A	N/A	N/A
Ratio of expenses, excluding indirect management fees	0.04%	0.03%	0.04%	0.14%	0.04%	0.04%	0.16%	0.04%	0.04%	0.05%	0.04%	(21.53)% (2)	N/A	N/A	N/A

Financial Highlights Ratios, continued

For the years ended June 30, 2020-2012

	Vintage Year 2005 Account	Vintage Year 2006 Account	Vintage Year 2007 Account	Vintage Year 2008 Account	Vintage Year 2009 Account	Vintage Year 2010 Account	Vintage Year 2011 Account	Vintage Year 2012 Account	Vintage Year 2013 Account	Vintage Year 2014 Account	Vintage Year 2015 Account
2015											
Ratio of expenses, including indirect management fees	0.82%	0.80%	1.01%	0.97%	1.71%	1.61%	2.21%	3.27%	8.83%	9.28%	2.57% (2)
Ratio of expenses, excluding indirect management fees	0.05%	0.05%	0.04%	0.11%	0.04%	0.04%	0.15%	0.05%	0.04%	0.06%	0.02% (2)
2014											
Ratio of expenses, including indirect management fees	0.91%	0.84%	1.32%	1.70%	2.59%	2.55%	4.26%	7.53%	14.31%	10.58% (2)	N/A
Ratio of expenses, excluding indirect management fees	0.08%	0.06%	0.04%	0.15%	0.04%	0.04%	0.41%	0.05%	0.04%	0.11% (2)	N/A
2013											
Ratio of expenses, including indirect management fees	1.01%	0.97%	1.70%	1.88%	3.26%	3.69%	7.38%	14.26%	N/A	N/A	N/A
Ratio of expenses, excluding indirect management fees	0.09%	0.10%	0.04%	0.16%	0.04%	0.04%	0.17%	0.08%	N/A	N/A	N/A
2012											
Ratio of expenses, including indirect management fees	1.02%	1.11%	2.12%	2.54%	5.61%	7.85%	16.15%	8.19% (2)	N/A	N/A	N/A
Ratio of expenses, excluding indirect management fees	0.08%	0.19%	0.04%	0.21%	0.04%	0.04%	0.04%	0.25% (2)	N/A	N/A	N/A

(1) Total return calculation is based on the value of a single unit of participation outstanding throughout the year. It represents the percentage change in the net asset value per unit between the beginning and end of the year.

(2) Denotes account commenced operations subsequent to the beginning of the fiscal year. Total return and ratios not annualized.

Financial Highlights Ratios, continued

For the years ended June 30, 2020-2012

	Vintage Year 2020 Account	Real Estate Account	Timberland Account	Cash Overlay Account	Portfolio Completion Strategies Account (3)	Risk Premia Account (3)	Real Assets Account (3)	Enhanced Equity Account	Other Credit Opportunities Account
Ratios and supplementary data:									
2020									
Total net return (1)	(6.35)% (2)	0.56%	(1.74)%	15.21%	N/A	2.94%	(2.90)%	(0.34)%	(1.01)%
Net position, end of year (\$'000s)	51,697	6,921,152	2,766,226	444,807	N/A	2	832,035	4,589,770	574,855
Units outstanding, end of year ('000s)	552	10,189	9,882	1,977	N/A	—	9,396	39,267	5,324
2019									
Total net return (1)	N/A	5.56%	1.57%	1.34%	N/A	(0.60)%	(14.97)%	6.17%	5.95%
Net position, end of year (\$'000s)	N/A	6,992,131	2,888,192	465,349	N/A	615,528	804,725	4,586,863	257,835
Units outstanding, end of year ('000s)	N/A	10,351	10,138	2,383	N/A	6,005	8,825	39,107	2,364
2018									
Total net return (1)	N/A	8.86%	7.38%	2.64%	N/A	5.49%	5.95%	10.47%	2.94% (2)
Net position, end of year (\$'000s)	N/A	6,454,777	2,433,762	304,443	N/A	618,533	631,406	2,372,889	164,184
Units outstanding, end of year ('000s)	N/A	10,087	8,677	1,580	N/A	5,998	5,888	21,480	1,595
2017									
Total net return (1)	N/A	6.27%	7.65%	14.55%	N/A	(5.06)%	1.22%	N/A	N/A
Net position, end of year (\$'000s)	N/A	6,047,656	2,483,085	682,197	N/A	585,639	153,348	N/A	N/A
Units outstanding, end of year ('000s)	N/A	10,288	9,506	3,634	N/A	5,991	1,515	N/A	N/A
2016									
Total net return (1)	N/A	11.70%	(3.31)%	5.65%	8.62%	N/A	N/A	N/A	N/A
Net position, end of year (\$'000s)	N/A	6,302,436	2,012,000	286,627	736,581	N/A	N/A	N/A	N/A
Units outstanding, end of year ('000s)	N/A	11,394	8,292	1,749	7,154	N/A	N/A	N/A	N/A
2015									
Total net return (1)	N/A	11.30%	(2.04)%	5.19%	(5.21)% (2)	N/A	N/A	N/A	N/A
Net position, end of year (\$'000s)	N/A	6,093,142	2,347,050	567,427	94,882	N/A	N/A	N/A	N/A
Units outstanding, end of year ('000s)	N/A	12,305	9,353	3,658	1,001	N/A	N/A	N/A	N/A
2014									
Total net return (1)	N/A	12.91%	12.81%	47.46% (2)	N/A	N/A	N/A	N/A	N/A
Net position, end of year (\$'000s)	N/A	5,380,022	2,374,863	549,427	N/A	N/A	N/A	N/A	N/A
Units outstanding, end of year ('000s)	N/A	12,093	9,271	3,726	N/A	N/A	N/A	N/A	N/A
2013									
Total net return (1)	N/A	12.28%	6.27%	N/A	N/A	N/A	N/A	N/A	N/A
Net position, end of year (\$'000s)	N/A	4,382,052	2,129,694	N/A	N/A	N/A	N/A	N/A	N/A
Units outstanding, end of year ('000s)	N/A	11,121	9,379	N/A	N/A	N/A	N/A	N/A	N/A
2012									
Total net return (1)	N/A	9.41%	(8.68)%	N/A	N/A	N/A	N/A	N/A	N/A
Net position, end of year (\$'000s)	N/A	4,724,457	1,903,043	N/A	N/A	N/A	N/A	N/A	N/A
Units outstanding, end of year ('000s)	N/A	13,463	8,906	N/A	N/A	N/A	N/A	N/A	N/A
Ratios to average net assets:									
2020									
Ratio of expenses, including indirect management fees	4.22% (2)	0.49%	0.09%	0.07%	N/A	0.52%	1.23%	0.37%	1.14%
Ratio of expenses, excluding indirect management fees	1.91% (2)	0.15%	0.30%	0.07%	N/A	0.14%	0.05%	0.37%	1.14%
2019									
Ratio of expenses, including indirect management fees	N/A	0.49%	0.26%	0.08%	N/A	0.89%	1.48%	0.43%	0.92%
Ratio of expenses, excluding indirect management fees	N/A	0.15%	0.26%	0.08%	N/A	0.12%	0.07%	0.43%	0.92%
2018									
Ratio of expenses, including indirect management fees	N/A	0.50%	0.55%	0.06%	N/A	0.90%	1.37%	0.42%	0.62% (2)
Ratio of expenses, excluding indirect management fees	N/A	0.14%	0.21%	0.06%	N/A	0.11%	0.03%	0.03%	0.62% (2)
2017									
Ratio of expenses, including indirect management fees	N/A	0.46%	0.67%	0.07%	N/A	1.27%	0.04%	N/A	N/A
Ratio of expenses, excluding indirect management fees	N/A	0.09%	0.34%	0.07%	N/A	0.15%	0.04%	N/A	N/A
2016									
Ratio of expenses, including indirect management fees	N/A	0.47%	0.23%	0.07%	0.90%	N/A	N/A	N/A	N/A
Ratio of expenses, excluding indirect management fees	N/A	0.09%	(0.11)%	0.07%	0.16%	N/A	N/A	N/A	N/A

Financial Highlights Ratios, continued

For the years ended June 30, 2020-2012

	Real Estate Account	Timberland Account	Cash Overlay Account	Portfolio Completion Strategies Account
2015				
Ratio of expenses, including indirect management fees	0.64%	0.70%	0.07%	0.29% (2)
Ratio of expenses, excluding indirect management fees	0.27%	0.40%	0.07%	0.10% (2)
2014				
Ratio of expenses, including indirect management fees	0.56%	0.55%	0.09% (2)	N/A
Ratio of expenses, excluding indirect management fees	0.17%	0.16%	0.09% (2)	N/A
2013				
Ratio of expenses, including indirect management fees	0.49%	0.67%	N/A	N/A
Ratio of expenses, excluding indirect management fees	0.13%	0.15%	N/A	N/A
2012				
Ratio of expenses, including indirect management fees	0.50%	0.78%	N/A	N/A
Ratio of expenses, excluding indirect management fees	0.15%	0.19%	N/A	N/A

(1) Total return calculation is based on the value of a single unit of participation outstanding throughout the year. It represents the percentage change in the net asset value per unit between the beginning and end of the year.

(2) Denotes account commenced operations subsequent to the beginning of the fiscal year. Total return and ratios not annualized.

(3) Prior to July 2016, Risk Premia and Real Assets were reflected in the Portfolio Completion Strategies account.

PRIT Fund Asset Allocation

As of June 30:

The following table is intended to provide readers of this ACFR with further information regarding the financial position of the PRIT Fund over the past ten years. This table provides the change in assets during this time period. This table should be read in conjunction with the discussion on asset allocation in the *Investment Section* of this ACFR.

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Domestic Equity (1)	24.2%	22.2%	21.9%	19.1%	19.8%	18.7%	19.2%	19.0%	20.8%	19.2%
International Equity	13.0%	13.9%	15.1%	16.5%	18.0%	16.5%	16.9%	17.1%	18.0%	16.7%
Emerging Markets	5.5%	6.0%	6.2%	6.3%	7.9%	7.0%	6.6%	7.0%	6.5%	6.7%
Core Fixed Income	15.3%	15.7%	13.6%	12.8%	12.0%	13.9%	13.7%	13.9%	12.6%	13.0%
Value-Added Fixed Income	6.9%	7.5%	7.9%	8.0%	8.1%	8.4%	8.3%	8.5%	8.9%	8.6%
Private Equity	14.5%	11.4%	11.3%	10.8%	10.6%	11.1%	11.3%	11.1%	11.7%	12.1%
Real Estate	8.3%	9.2%	9.4%	9.0%	9.1%	10.4%	10.0%	8.9%	8.2%	9.7%
Timberland	3.0%	3.7%	3.9%	3.4%	3.7%	3.3%	3.8%	3.9%	4.0%	3.9%
Hedge Funds (2)	0.0%	0.0%	0.0%	0.0%	0.0%	8.6%	9.1%	9.6%	9.2%	9.9%
Liquidating Portfolios (3)	0.1%	0.1%	0.2%	0.3%	0.4%	0.3%	0.1%	0.1%	0.1%	0.2%
Overlay	1.0%	0.6%	0.6%	0.4%	1.0%	0.5%	0.9%	0.9%	-	-
Portfolio Completion Strategies (1,2)	8.3%	9.7%	10.0%	13.4%	9.5%	1.2%	0.2%	-	-	-

Totals may not add due to rounding.

- (1) Includes Enhanced Equity. Prior to March 1, 2019, Enhanced Equity assets were reflected in the Portfolio Completion Strategies portfolio.
- (2) At the February 14, 2017 Board meeting, the PRIM Board voted to combine the Hedge Funds and Portfolio Completion Strategies portfolios into a single portfolio (Portfolio Completion Strategies).
- (3) Includes Portable Alpha Wind Down, Hedge Funds closed portfolios, and Natural Resources Private Wind Down. Prior to January 31, 2016, Natural Resources Private assets were reflected in the Timberland portfolio.



Mass PRIM

84 State Street, Boston, MA 02109
www.mapension.com