

Board Meeting Agenda Thursday, December 1, 2022, 9:30 a.m.*

- I. Consent Agenda (Voting Item)
- **II. Executive Director/Chief Investment Officer Report**
 - A. Markets and PRIT Fund Performance
 - B. Organizational Updates
- III. ESG Committee Membership Recommendation (Voting Item)
- **IV. Investment Report**
 - A. Public Markets
 - 1. Performance Summary
 - 2. Other Credit Opportunities New Investment Recommendation: BentallGreenOak US Value-Add Lending Fund (Voting Item)
 - 3. Other Credit Opportunities New Investment Recommendation: KKR Opportunistic Real Estate Credit Fund II (Voting Item)
 - B. Private Equity
 - 1. Performance Summary and Cash Flows
 - 2. Commitment Summary
 - 3. New Investment Recommendation: Altor Fund VI, AB (Voting Item)
 - 4. New Co-Investment Manager Recommendation: Altor Equity Partners (Voting Item)
 - 5. Follow-on Investment Recommendation: Waterland Private Equity Fund IX C.V. & Waterland Partnership Fund I C.V. (Voting Item)
 - 6. Follow-on Investment Recommendation: WestView Capital Partners V, L.P. (Voting Item)
 - 7. Follow-on Investment Recommendation: Lovell Minnick Equity Partners VI, L.P. (Voting Item)
 - C. Portfolio Completion Strategies Performance Summary
 - D. Real Estate and Timberland Performance Summary

V. Finance & Administration Report

- A. Fiscal Year 2022 Audit Results (Voting Item)
- B. Equal Pay Audit Results and Presentation
- C. Proposed 2023 Proxy Voting Guidelines
- D. Legislative Update
- E. Other Matters:
 - 1. September 2022 PRIM Budget
 - 2. Travel Report
 - 3. Client Services
 - 4. Global Investment Performance Standard (GIPS)

VI. Compensation Committee Report

- A. Executive Director's Fiscal Year 2022 Individual Performance Component (Voting Item)
- B. Executive Director's Salary Adjustment (Voting Item)
- C. Fiscal Year 2022 Incentive Compensation (Voting Item)

*This meeting will be held in accordance with the provisions of Massachusetts, "Chapter 22 of the Acts of 2022" which was signed into law on February 15, 2022, and most recently amended on July 16, 2022, that includes an extension until March 31, 2023, of the remote meeting provisions of the March 12, 2020, Executive Order "Suspending Certain Provisions of the Open Meeting Law", and all members of the Board will participate remotely via audio/video conferencing, and public access to the deliberations of the Board will likewise be provided via telephone.

Appendices

- A. Minutes of the PRIM Board Meeting on August 17, 2022
- B. Draft Fiscal Year 2022 Annual Comprehensive Financial Report
- C. PERAC Examination Report
- D. Proposed 2023 PRIM Board and Committee Meeting Schedule
- E. Evaluation Committee's Report for Investment Legal Services RFQ
- F. PRIT Fund Performance Report September 30, 2022
- G. BNY Mellon Gross of Fees Performance Report September 30, 2022
- H. Proposed ESG Committee Member Appointee Biographies
- I. Real Estate and Timberland Performance Charts
- J. KPMG Fiscal Year 2022 Audit Results
- K. Aon (McLagan) Equal Pay Audit Presentation
- L. September 2022 PRIM Operating Budget
- M. Travel Report
- N. Fiscal Year 2022 PRIT Fund GIPS Compliant Presentation
- O. Draft Minutes of the Board's Fiscal Year 2022 Performance Evaluation of the Executive Director

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I. Consent Agenda (Voting Item)

In April of 2014, the Board approved the implementation of a consent agenda to best utilize Board meeting time to focus on deliberation on the most substantive matters. A consent agenda is a meeting practice whereby routine and other non-controversial voting items that do not require discussion are presented and approved as a single agenda item in a single motion.

If one or more Board Members identify an item from the consent agenda that they wish to discuss, it will be removed as a single item and voted on separately. Certain items are not authorized to be included in a consent agenda, including asset allocation decisions, approval to hire investment managers, and significant changes to PRIM's organizational structure or policies.

The PRIM Board's December 1, 2022 meeting includes the following proposed consent agenda items:

- 1. Approval of the PRIM Board Minutes of its August 17, 2022, meeting
- 2. Approval of Draft Fiscal Year 2022 Annual Comprehensive Financial Report
- 3. Approval of the PERAC Examination Report for the Period July 1, 2014 June 30, 2019
- 4. Approval of the Proposed 2023 PRIM Board and Committee Meeting Schedule
- 5. Approval of the Information Technology Consulting Services Recommendation
- 6. Approval of the Investment Legal Services Request for Qualifications (RFQ) Recommendation

Below is additional information regarding these consent agenda items:

- 1. Approval of the minutes of the PRIM Board meeting of August 17, 2022. The draft minutes are attached as **Appendix A**.
- 2. Approval of Draft Fiscal Year 2022 Annual Comprehensive Financial Report

PRIM staff and the Administration and Audit Committee recommend (unanimously) to the PRIM Board that the Board approve the draft Fiscal Year 2022 PRIT Fund Annual Comprehensive Financial Report, attached as **Appendix B**.

PRIM staff has completed its 18th PRIT Fund Annual Comprehensive Financial Report. The primary purpose of this document is to provide a thorough, detailed and transparent presentation of PRIT's financial position and results of operations.

The report has four sections – Introductory, Financial, Investment and Statistical. PRIM submits its Annual Comprehensive Financial Report for a comprehensive review by the Government Finance Officers Association (GFOA) each year. The GFOA determines if the report continues to qualify for the organization's prestigious Certificate of Achievement for Excellence in Financial Reporting, which recognizes and encourages excellence in financial reporting by state and local governments. PRIM staff, with KPMG's assistance, prepared the Annual Comprehensive Financial Report based upon the GFOA's checklist, and is optimistic that its submission will result in a 18th certificate.

3. Approval of the PERAC Examination Report for the Period July 1, 2014 – June 30, 2022

In 2022, the Commonwealth of Massachusetts Public Employees Retirement Administration Commission (PERAC) conducted an examination of PRIM's accounting and management records according to standards established by PERAC in regulation 840 CMR 25.00. This examination covered the period July 1, 2014-June 30, 2019.

There were no findings or recommendations as a result of the PERAC examination. On August 10, 2022, PERAC issued a report commending PRIM for its exemplary operations. The PERAC report is contained in **Appendix C**.

4. Approval of the Proposed 2023 PRIM Board and Committee Meeting Schedule
PRIM staff and the Administration and Audit Committee recommend (unanimously) to the PRIM



Board that the Board approve the proposed 2023 Board and Committee Meeting Schedule, attached as **Appendix D**.

- 5. Approval of the Information Technology Consulting Services Recommendation
 PRIM staff and the Administration and Audit Committee recommend (unanimously) to the PRIM
 Board that the Board approve a six-month contract extension for PRIM's current Information
 Technology Consultant, Edge-Tech.
- 6. Approval of the Investment Legal Services Request for Qualifications (RFQ) Recommendation
 The Evaluation Committee and the Administration and Audit Committee recommend (unanimously)
 to the PRIM Board that the Board approve the following firms be added to the PRIM Board's list of
 approved legal services providers:
 - Faegre Drinker Biddle & Reath LLP
 - Seyfarth Shaw LLP
 - Kramer Levin Naftalis & Frankel LLP
 - Kirby McInerney LLP
 - Foley Hoag LLP
 - Scott + Scott
 - Venable LLP

The Evaluation Committee's report is attached as **Appendix E**.

II. Executive Director/Chief Investment Officer Report

A. Markets and PRIT Fund Performance

The global challenges of the last two quarters persisted into the September quarter. During the September quarter COVID continued with a significant number of daily cases in the US and worldwide, while the flu and other respiratory illnesses, namely RSV, were on the rise. Interest rates remained stubbornly high, and inflation remained at multi-decade highs; markets digested slowing economic growth worldwide, tightening monetary policy, the Russia/Ukraine war, and continued geopolitical tensions. This provided a significant headwind for economies and financial markets in the September quarter, making it the third consecutive quarter of market declines. Through this challenging period, the PRIT Fund performance was stronger than the markets and most of our peers. We remain pleased with the resiliency of the Fund and its performance over all time periods, including in the September quarter, and throughout several different market environments.

The Fund was down 4.7%, net, in the September quarter as compared to a 60/40 mix, which was down 6.0%. Market downturns create good buying opportunities, and the PRIM team has been busy identifying many new opportunities. Deployment of capital to new ideas of \$6.9 billion last fiscal year was a 58 percent increase over the previous year. In the current quarter, deployment of new capital is expected to total approximately \$800 million. Rebalancing trades increase during times of elevated market volatility; this ensures the deployment of capital to asset classes with the most significant declines. Rebalancing trades last fiscal year exceeded \$8 billion, and in the first five months of this fiscal year, July through November, rebalancing trades exceeded \$3.5 billion.

The deployment of capital to new ideas and rebalancing of the portfolio was timely; there has been a significant rebound in the markets since the end of the September. The S&P 500, for example, was down more than 15% for the 12-month period ending September but has gained back nearly 11% in October and November alone.

The outlook for the global economy is uncertain and PRIM does not trade or adjust the portfolio on



any projections of the future. We remain pleased with the performance of the PRIT Fund as it is carefully constructed to perform well in a variety of market conditions.

PRIT Fund Performance

For the one-year ended September 30, 2022, the PRIT Fund was down -9.6%%, (-10.1% net), underperforming the total core benchmark of -7.9% by 178 basis points (220 bps net).

- This performance equates to an investment loss of \$9.9 billion, net of fees.
- This underperformance equates to \$2.2 billion of value below the benchmark return, net of fees.
- Net total outflows to pay benefits for the one-year ended September 30, 2022, were approximately \$29 million.

The following charts summarize the PRIT Fund performance for the fiscal year ended September 30, 2022. More detailed PRIT Fund performance reports are attached as **Appendices F and G**.

10.0% 8.2% 8.0% 6.7% 6.7% 6.6% 5.3% 6.0% 4.6% 4.0% 2.1% 1.5% 1.5% 2.0% 0.0% -2.0% 1.8% -4.0% -6.0% -8.0% 7.9% -10.0% -9.6% -12.0% 1 Year 3 Years 5 Years 10 Years ■ Total Fund Return ■ Total Core Benchmark ■ Value Added

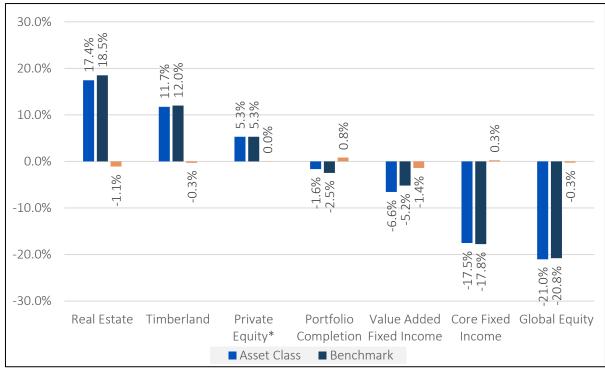
Total PRIT Fund Returns
(Gross of Fees) Annualized Returns as of September 30, 2022

 $Source: BNY \, Mellon. \, Totals \, may \, not \, add \, due \, to \, rounding. \, Total \, Core \, Benchmark \, includes \, private \, equity \, benchmark.$

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PRIT Performance by Asset Class (Gross of Fees) Annualized Returns as of September 30, 2022



 $Source: BNY \, Mellon. \, Totals \, may \, not \, add \, due \, to \, rounding. \, ^*Benchmark \, is \, actual \, performance. \, *^*Hedge \, Fund \, returns \, are \, net \, of \, fees. \, details \, for all a contract of the property of th$

PRIT Fund Periodic Table of Returns (Gross of Fees) as of September 30, 2022

1 Year	3 Year	5 Year	10 Year
REAL ESTATE 17.4%	PRIVATE EQUITY 27.4%	PRIVATE EQUITY 24.1%	PRIVATE EQUITY 21.5%
TIMBER 11.7%	REAL ESTATE 13.0%	REAL ESTATE 11.1%	REAL ESTATE 11.1%
PRIVATE EQUITY 5.3%	TIMBER 5.7%	TIMBER 5.1%	GLOBAL EQUITY 7.6%
PORTFOLIO COMPLETION STRATEGIES (1.6%)	GLOBAL EQUITY 4.0%	GLOBAL EQUITY 4.3%	TIMBER 6.3%
VALUE-ADDED FIXED INCOME (6.6%)	VALUE-ADDED FIXED INCOME 3.0%	VALUE-ADDED FIXED INCOME 3.6%	PORTFOLIO COMPLETION STRATEGIES 4.3%
CORE FIXED INCOME (17.5%)	PORTFOLIO COMPLETION STRATEGIES 2.6%	PORTFOLIO COMPLETION STRATEGIES 2.9%	VALUE-ADDED FIXED INCOME 4.2%
GLOBAL EQUITY (21.0%)	CORE FIXED INCOME (3.4%)	CORE FIXED INCOME 0.5%	CORE FIXED INCOME 2.0%

Source: BNY Mellon.



B. Organizational Updates

We recently announced one new employee and four promotions:

Jessica Murphy joined PRIM in October as the Manager of Performance Reporting. Jess comes to us from Bank of New York Mellon where she served as Lead Manager within the bank's Performance Reporting Group. Jessica is familiar with PRIM, having served as PRIM's main point of contact for all performance reporting matters for the past 13 years and she brings more than 16 years of performance reporting experience to the organization. At Mellon, Jess also oversaw performance reporting for many other large public pension funds, endowments, and corporate clients. She earned a Bachelor of Science degree in Economics and Finance from Bentley College, and will report into our Chief Investment Operating Officer, Matt Liposky.

Sara Coelho was promoted to Finance Manager. Sara was hired in November of 2018 and has exceled first as a Corporate Accountant and then as a Senior Corporate Accountant. Sara's work ensures that PRIM's month-end close is completed timely and accurately. Sara has also expanded her role with payroll, time and attendance, and benefits by becoming an expert on Replicon, the human resources system. She has also taken on a larger role with supervision of finance staff and reviews a large volume of their work. Sara earned a Bachelor of Science in Finance and Accounting Management from Northeastern University.

Mini Kouame was promoted to Investment Officer on the Research team. Hired in July of 2021, Mini is responsible for multiple research initiatives, including ESG research and blockchain research. Mini earned an MBA from ESCP Europe, a top university in Europe and a master's degree from Harvard's Kennedy School. Prior to the Kennedy School, Mini spent eight years in management consulting where he provided solutions to top-level executives using a strategic, data-driven approach. Mini is currently enrolled in the prestigious Certificate in Quantitative Finance (CQF) where he will continue to build upon his data science skillset.

Liu Liu was promoted to Investment Officer on the PCS team. Hired first as an intern in 2017, Liu quickly gained the confidence of her managers and was offered a full-time position in September of 2018. Liu has earned both a CFA charter and CAIA charter during that time. Liu has a master's in finance from Brandeis University and a bachelor's degree in finance from Shanghai Jiao Tong University.

Chuck LaPosta was promoted to Director of Fixed Income on the Public Markets team. Since being hired in September of 2013, Chuck has become PRIM's fixed income expert and he continues to identify unique opportunities by working collaboratively with other PRIM asset class teams. He is an excellent communicator of fixed income investments, concepts, and trends, which can be quite complex.

Recognition

On September 13th at a ceremony in New York City, *Institutional Investor* recognized PRIM for our leading work on ESG, by bestowing on PRIM and our partners on the MIT Sloan School Aggregate Confusion project the "Partnership of the Year" award. The project works to "reduce the level of noise in ESG measurement" by improving data available to managers and allocators. PRIM's Director of Research, *Maria Garrahan*, spoke on behalf of PRIM when accepting the award. This recognition reflects the leading role our team and partners are playing in driving the research in this evolving area.

Tony Falzone, PRIM's Deputy Executive Director and Chief Operating Officer and **Jay Leu**, PRIM's Director of Risk, were recently selected by Treasurer Goldberg as recipients for this year's Performance Recognition Program. Each of them has been selected to receive a citation from the



Treasurer later this month at a ceremony to recognize their outstanding performance in their respective areas.

The Governor's office will recognize PRIM's FUTURE Initiative, the effort to increase the use of diverse investment managers and vendors, for the Commonwealth Equity in Governance Award. The ceremony for this award will be held by the Governor's office on December 14th at the Boston Convention Center. **Dave Gurtz** and the entire team worked to create and successfully execute PRIM's Future Initiative, the program to implement the Investment Equity legislation created and championed by Treasurer Goldberg and her staff and signed into law in January of 2021.

Treasurer Goldberg has been selected to receive the Northeast Women in Public Finance Freda Johnson Lifetime Achievement Award. "The award recognizes a woman serving or who has served in a position for a public or non-profit issuer who exemplifies the qualities that Freda Johnson brought to our industry as a trailblazer, leader, innovator, and mentor."

III. ESG Committee Membership Recommendation (Voting Item)

The Chair recommends to the PRIM Board that the Board appoint the following individuals to the ESG Committee. A brief biography of each proposed appointee is attached as **Appendix H**.

- Treasurer Deborah B. Goldberg
- Ruth Ellen Fitch, Esq.
- Theresa F. McGoldrick, Esq.
- Dennis J. Naughton
- Michael Even
- Poonam Patidar
- Mary Cerulli
- Marcella Pinilla

IV. Investment Report

A. Public Markets

1. Performance Summary

2. Other Credit Opportunities – New Investment Recommendation: BentallGreenOak US Value-Add Lending Fund (Voting Item)

Manager Name: BentallGreenOak ("BGO")

Fund Name: BentallGreenOak US Value-Add Lending Fund

Manager Size: \$70 billion AUM Fund Size: \$500 million

Recommendation: Commitment of up to \$100 million

Recommendation

PRIM staff and the Investment Committee recommend (unanimously) to the PRIM Board that the Board approve a commitment of up to \$100 million to BentallGreenOak US Value-Add Lending Fund (the "Fund") as part of the Other Credit Opportunities allocation. The approval will be subject to satisfactory contract negotiations. If approved, BentallGreenOak will be added to the OCO coinvestment program in accordance with the Board-approved PCS and OCO co-investment guidelines in assessing the opportunities. The Fund's strategy will be to originate whole loans and mezzanine loans secured by US commercial properties. This is BGO's first fund of this strategy in the United States. BGO has been executing a similar strategy in Europe, UK, and Canada.



PRIM staff is recommending this investment primarily for the following reasons:

- Attractive Risk-Adjusted Returns: Risk adjusted returns of private commercial real estate debt compare favorably to other fixed income strategies.
- Achieves OCO objectives: Risk-adjusted returns are comparable to PRIM's value-add fixed income portfolio and adds exposure to real estate credit, a sector where PRIM is underallocated.
- Compelling Investment Sector: Real estate debt has relatively low correlation to other asset classes, stable and predictable income returns, and accretive returns compared to other fixed income investments.
- Defensive Position in the Capital Stack: Because equity is subordinate to the debt, the debt positions are in a more protected position in the capital stack relative to the equity.
- Demonstrated Credit Process: BGO has been originating commercial mortgages in the U.S.,
 Europe, and Canada since 2012 and has not experienced a loss in any of its loans.
- Integrated Real Estate Platform: Having an integrated real estate debt and equity platform
 provides the BGO debt team with current market insight on rents, occupancy, yields,
 construction activity, etc. In addition, the BGO team has extensive value-add asset management
 capabilities, which adds to the debt team's asset management efforts in overseeing complex
 business plans.
- Strong DEI initiatives. BGO has diverse leadership across the firm. Both the Co-CEO and President are diverse. In addition, the subject strategy is led by two female professionals, Abbe Borok and Jessica Lee. BGO is also one of 16 organizations to become initial signatories to the CFA Institute's DEI Code.

Sponsor Summary

BentallGreenOak is a global real estate investment manager with approximately \$70 billion of assets under management, including over \$17 billion in real estate debt investments. BGO has offices in 24 cities across twelve countries. BGO was established in 2019 from the merger of GreenOak Real Estate with Bentall Kennedy, the wholly owned real estate investment management firm owned by Sun Life Financial ("Sun Life"). Senior management of the combined firm includes leaders from both Bentall Kennedy and GreenOak. BGO is led by Sonny Kalsi, John Carrafiell, both Co-Founders of GreenOak, and Amy Price, former President, and CIO of Bentall Kennedy.

Team Members Leading the Strategy

Abbe Franchot Borok, Managing Director and Head of US Debt

Abbe Franchot Borok is Managing Director and Head of US Debt for BGO. In her role, Abbe has overall responsibility for the BGO US Debt business, including management of core, core plus and high yield debt strategies. Abbe also leads the management and business development activities for the US Debt business. Most recently, Abbe was Managing Director and Head of CRE & Debt Strategies at The Amherst Group. In this role, Abbe was responsible for launching and managing two CRE debt investment vehicles and overseeing capital markets activity across Amherst's Debt and Equity businesses. Prior to joining Amherst Capital, Abbe was a senior member of the NYC-based commercial real estate lending team at CapitalSource, a division of Pacific Western Bank. Abbe has broad experience in sourcing and underwriting commercial real estate debt, with a focus on high yield loans backing transitional or value-add business plans.

Abbe holds an MBA from Columbia University and a BA in Communications from the University of Pennsylvania. She is a member of the Board of Governors of CREFC, most recently serving as co-Chair of the HYDRA Forum. Abbe also serves as a member of the mentorship committee for WX,



which promotes and supports women in commercial real estate, and a frequent speaker and panel participant at industry events.

Jessica Lee, Managing Director, Originations, US Debt

Jessica Lee is the Managing Director, Originations for BGO's US Debt business, based in New York. In her role, Jessica is focused on sourcing and structuring senior and subordinate debt investments. Before joining BGO, Jessica was a Principal on the Credit Opportunities team at Carlyle. Previously, Jessica was a Vice President and Partner at H/2 Capital Partners where she was responsible for sourcing, underwriting, and structuring commercial real estate credit. Earlier in her career, Jessica worked on equity and credit real estate investments at J.P. Morgan Investment Management, and served as an Analyst in the Transaction Real Estate practice at Ernst & Young LLP. Jessica holds a Bachelor of Science degree from Cornell University's School of Hotel Administration.

<u>Jim Blakemore, Managing Partner, Head of Global Debt</u>

Jim Blakemore is a Managing Partner at BGO. Jim leads the firm's global real estate debt strategies, managing approximately \$16 billion of commercial mortgage loan assets. Jim founded the BGO European debt team which currently manages over \$4 billion of capital from institutional investors and is an active lender for commercial real estate properties located in the UK and across Western Europe. Jim was previously European Head of Lehman Brothers Global Real Estate Group for EMEA. In this role, Jim oversaw Lehman Brothers European on-balance sheet real estate activities including commercial mortgage and mezzanine lending. At Lehman Brothers, Jim served on its European Operating Committee, European Fixed Income Executive Committee as well as its Global Fixed Income Operating Committee. Prior to coming to London, Jim worked at Lehman Brothers in New York where he originated and structured mortgage loans and CMBS transactions. Prior to joining Lehman Brothers, Jim was an attorney at Thacher Proffitt and Wood (New York) where he practiced real estate and securities law.

Jim is a member of the Urban Land Institute and the Commercial Real Estate Finance Council and a leader and supporter of a number of London -based charities and community groups. Jim is a graduate of New York University School of Law and Lewis and Clark College.

Chris Taylor, Managing Partner, Chief Credit Officer

Chris Taylor is a Managing Partner and Chief Credit Officer for the debt business at BGO, and a member of the Investment Committee. In this role, he is responsible for the oversight of loan underwriting and structuring. Chris has 27 years of commercial real estate experience, and since 2000 has worked in Europe, where he has been the lead lender on over €9.7 billion of commercial real estate loans. He was previously a managing director in Lehman Brothers Global Real Estate Group. Chris ran the group's European financial sponsor team, where he was responsible for originating and underwriting European senior and mezzanine loans. Prior to joining Lehman Brothers, he spent 8 years at JP Morgan, where he helped establish both the European commercial real estate finance group and the firm's North American commercial real estate lending subsidiary, Dover House Capital. There, his duties included internal credit approval of loans originated by Dover House and conduit partners as well as the development of in-house underwriting standards and loan performance monitoring criteria.

He received a bachelor's degree from the University of California, Los Angeles, a master's degree in real estate development from the University of Southern California, and an MBA from Columbia Business School.

Experience in the Sector

BentallGreenOak is an active commercial real estate lender throughout North America, Europe and Canada and manages over \$17 billion on behalf of institutional investors globally. Senior members



of the Team have an average of 20 years of experience in real estate debt investing. Since 2012, BGO has originated over 460 commercial real estate loans across the United States. The US debt team draws from the relationships and cross-cycle experience of its senior team members, who have executed over \$50 billion of US commercial real estate debt during their combined careers. In addition to its US experience, BGO has been actively implementing both core and value add lending strategies across Canada, Europe, and UK with over 1,300 loans originated.

BentallGreenOak US Value-Add Lending Fund Summary

The subject Fund is a \$500 million closed-end commingled fund that will originate a portfolio of loans collateralized by transitional commercial real estate properties. Transitional properties refer to those that are undergoing a business plan which may consist of renovation, repositioning, lease-up or ground-up construction. BGO will seek to construct a diverse portfolio with no major property, sponsor, or market concentration. The strategy is US-focused and will include diversified property sectors including multifamily, industrial, office, retail, hospitality, and other niche sectors. Loans will have a term of approximately two to five years. Due to the nature of value-add lending, BGO lends on opportunities where LTV, debt service coverage ratio, and debt yield are expected to improve as a sponsor's business plan is implemented. BentallGreenOak expects that the Fund's lending opportunities will be sourced primarily through the team's longstanding relationships and believes that these relationships are one of its primary competitive advantages in accessing high quality loan investments. BGO will apply diversified sources of financing for whole loan investments effectively leveraging their position in each loan to create a senior and subordinate position. BGO will retain the subordinate position.

Key Risk Factors

- US Value-Add Lending Team is new to BGO. Abbe Borok and Jessica Lee joined BGO approximately two years ago to develop this strategy.
 - Jim Blakemore, Head of Global Debt, and Chris Taylor, Head of Global Credit, have been with the firm since 2011.
- Limited track record implementing the subject strategy in the United States.
 - o BGO has extensive history implementing a senior debt strategy in the US since 2012.
 - BGO has been implementing a similar value-add lending strategy in Europe, UK, and Canada since 2011-2012.
- Business plan execution risk. Most loans will be collateralized by transitional properties undergoing renovation, repositioning, lease-up or ground-up construction. If Borrower is unable to achieve its underwritten business plan, the Borrower's ability to repay or refinance the loan could be impacted.
- Potential Decline in Property Values. In the current environment, as interest rates increase, we
 may experience decreasing property values which could affect the Borrower's ability to repay
 its loan.
 - Loans are originated at a reasonably conservative last dollar basis, creating significant equity subordination.
 - As the borrower implements its business plan, the value of the asset is expected to increase, effectively deleveraging the loan.
 - The current environment provides for more lender-favorable loan structuring and conservative underwriting.
- Deal Flow. The Fund's ability to achieve its target returns is contingent upon adequate deal flow.



- Traditional lenders like banks have been constrained due to regulatory restrictions creating more deal flow to alternative lenders like debt funds.
- Impending loan maturities will require refinancing creating additional deal flow.
- Syndication Risk. To achieve targeted returns, BGO will utilize structural leverage. Their ability to secure attractive financing terms from lenders could affect returns.
 - BGO will seek to secure financial leverage simultaneously with the closing of the whole loan investment.

3. Other Credit Opportunities – New Investment Recommendation: KKR Opportunistic Real Estate Credit Fund II (Voting Item)

Manager Name: Kohlberg Kravis Roberts & Co. L.P. ("KKR")
Fund Name: KKR Opportunistic Real Estate Credit Fund II

Manager Size: \$185 billion AUM in Credit

Fund Size: \$1 billion

Recommendation: Commitment of up to \$150 million

Recommendation

PRIM staff and the Investment Committee recommend (unanimously) to the PRIM Board that the Board approve a commitment of up to \$150 million to KKR Opportunistic Real Estate Credit Fund II ("ROX II" or the "Fund") as part of the Other Credit Opportunities ("OCO") allocation. The approval will be subject to satisfactory contract negotiations. If approved, KKR will be added to the OCO coinvestment program in accordance with the Board-approved PCS and OCO co-investment guidelines in assessing the opportunities. The Fund's strategy will be to originate senior loans on high-quality, transitional assets owned by institutional sponsors and located in major markets.

PRIM staff is recommending this investment primarily for the following reasons:

- Attractive Risk-Adjusted Returns. Risk adjusted returns of private commercial real estate debt compare favorably to other fixed income strategies.
- Achieves OCO objectives. Risk-adjusted returns are comparable to PRIM's value-add fixed income portfolio and adds exposure to real estate credit.
- Compelling Investment Sector. Real estate debt has relatively low correlation to other asset classes, stable and predictable income returns, and accretive returns compared to other fixed income investments.
- Defensive Position in the Capital Stack. Because equity is subordinate to the debt, the debt positions are in a more protected position in the capital stack relative to the equity.
- Depth of Team. KKR Real Estate Credit, which was established in 2015 under the leadership of Matt Salem, includes over 65 dedicated investment and asset management professionals.
- Integrated Debt and Equity Platform: The KKR Real Estate Credit team is integrated with the broader KKR Real Estate equity platform and its established sourcing network and can underwrite and structure credit risk from an owner's and lender's perspective.
- Financing Resources. KKR has a dedicated capital markets team with over 70 professionals globally who provide access to financing sources that help the credit team improve the capital structures of each investment. The credit team focuses on bespoke, matched-term, non-mark-to-market loan-on-loan facilities.
- Lending Environment. Increased market volatility is creating a more attractive lending environment with the opportunity to originate at wider spreads, higher all-in rates, and lower



LTVs with more lender favorable covenants. Many traditional lenders are on the sidelines due to regulatory pressures.

Sponsor Summary

KKR began operations in 1976 as a private equity firm specializing in leveraged buyouts. Founders, Henry R. Kravis, George R. Roberts and Jerome Kohlberg, had been buyout pioneers at Bear, Stearns & Co. Since 1976, KKR's global private equity funds have invested over \$99 billion in over 645 private equity transactions.

KKR Real Estate

Founded in 2011, KKR Real Estate is a global real estate investment platform investing across the capital structure focusing on property-level equity, debt, and special situations transactions. Led globally by Ralph Rosenberg, the team has over 165 investment and asset management professionals in thirteen cities and ten countries, with over 90 investment and asset management professionals in the U.S. Since the formation of the business, KKR Real Estate has grown to over \$38 billion of AUM, including \$32.2 billion in the U.S. across equity and credit.

KKR Real Estate Credit

In January 2015, KKR established KKR Real Estate Credit, focusing primarily on senior transitional loan originations via its publicly traded REIT (NYSE: KREF) which had its IPO in May 2017. It now has a market capitalization of \$1.1 billion. In 2020, KKR established ROX, the predecessor to the subject fund which also focuses on senior transitional loan originations. The ROX fund was seeded by internal capital from an opportunistic fund with a broader credit mandate. ROX II will be the first vintage to raise third-party LP capital.

Team Biographies

Matt Salem, Partner Head of Real Estate Credit

Matt Salem (New York) joined KKR in 2015 and is a Partner and Head of Real Estate Credit. He also serves as Chief Executive Officer of KKR Real Estate Finance Trust Inc (NYSE: KREF). Mr. Salem sits on KKR's Real Estate Investment Committees. Prior to joining KKR, Mr. Salem was a managing director at Rialto Capital Management. Before joining Rialto in 2012, he was a managing director and head of CMBS trading at Goldman Sachs. Before joining Goldman Sachs in 2006, Mr. Salem held positions at Morgan Stanley and Citigroup Alternative Investments where he invested in mezzanine debt and other high yield CRE credit on behalf of the Travelers Insurance Companies. He began his career in 1996 at Midland Loan Services in Kansas City. Mr. Salem has a B.A. in Economics from Bates College. He has served on the Board of Governors of the Commercial Real Estate Finance Council and as Chair of the B-Piece Buyer Forum.

Julia Butler, Managing Director Real Estate Credit

Julia Butler (New York) joined KKR in 2017 and is a member of the Real Estate team. Prior to joining KKR, Ms. Butler was an executive vice president at iStar, a publicly traded REIT, where she was responsible for sourcing and executing new investment opportunities as well as managing a portfolio of assets. Prior to iStar, Ms. Butler worked in the treasury department of The Walt Disney Company in Los Angeles, CA. Ms. Butler earned her B.A. in Government, cum laude, from Harvard College.

Patrick Mattson, Managing Director Real Estate Credit COO

Patrick Mattson (New York) joined KKR in 2015 and is the Chief Operating Officer of the Real Estate Credit group and the President and Chief Operating Officer of KKR Real Estate Finance Trust Inc. (NYSE: KREF). He is a member of the Real Estate Credit Investment Committee and Portfolio Management Committee. Prior to joining KKR, Mr. Mattson was a managing director at Rialto



Capital Management and led the mezzanine debt platform. Prior to Rialto, he was at Morgan Stanley for nine years and held various positions within the commercial real estate groups, most recently on the securitized products trading desk. Prior to Morgan Stanley, he was at Deloitte & Touche focused on the firm's CMBS practice. Mr. Mattson received a B.A. from the University of Virginia and is a CFA charter holder. He currently serves as Vice Chairman of the Mortgage Bankers Association (MBA) Capital Council and as a member of the MBA Commercial/Multifamily Board of Governors.

ROX II Fund Summary

ROX II will originate or acquire transitional senior loans collateralized by institutional-quality commercial real estate assets that are owned and operated by experienced and well-capitalized sponsors and located in liquid markets with strong underlying fundamentals. ROX II also intends to invest in mezzanine loans, preferred equity, and other debt-oriented instruments with similar characteristics. ROX II may include public securities investment, but it is expected to be limited. Most positions in the fund will be direct, private loan originations. The Fund will focus on US investments, with some investment in Europe which is expected to be limited. Loans will be originated at a basis that represents a substantial discount to the value of the collateral. In most instances KKR will employ leverage on each loan investment. Leverage sources include warehouse facilities, repurchase facilities, and syndication of senior loan positions. Most leverage arrangements are matched term, non-mark-to-market financing sources that are not subject to mark-to-market provisions.

Kev Risk Factors

- Business Plan Execution Risk. Most loans will be collateralized by transitional properties
 undergoing renovation, repositioning, lease-up or ground-up construction. If Borrower is
 unable to achieve its underwritten business plan, the Borrower's ability to repay or refinance
 the loan could be impacted.
- Potential Decline in Property Values. In the current environment, as interest rates increase, we
 may experience decreasing property values which could affect the Borrower's ability to repay
 its loan.
 - Average LTVs represent a reasonably conservative last dollar basis, creating significant equity subordination.
 - As the borrower implements its business plan, the value of the asset is expected to increase, effectively deleveraging the loan.
 - The current environment provides for more lender-favorable loan structuring and conservative underwriting.
- Deal Flow. The Fund's ability to achieve its target returns is contingent upon adequate deal flow.
 - Traditional lenders like banks have been constrained due to regulatory restrictions creating more deal flow to alternative lenders like debt funds.
 - Impending loan maturities will require refinancing creating additional deal flow.
- Allocation Risk. KKR's Mortgage REIT (NYSE: KREF) executes a similar strategy and has priority to deal flow.
 - KREF is not actively investing new capital, therefore it is expected that a disproportionate amount of the deal flow will be directed to the Fund.
 - The Fund can share deals with KREF on a pari-passu basis.
- Syndication Risk. To achieve targeted returns, KKR will utilize structural leverage. Their ability to secure attractive financing terms from lenders could affect returns.



- KKR will make best efforts to secure financial leverage simultaneously with the origination of the underlying whole loan.
- KKR has a dedicated capital markets team who is charged with developing and sourcing financing strategies across the entire KKR platform. Since 2006, they have been developing strong relationships with key financing sources that are expected to be additive to this strategy.

B. Private Equity

1. Performance Summary and Cash Flows

PRIM Private Equity Portfolio Performance as of September 30, 2022 ¹					
Committed	Contributed ²	Distributed	Market Value	Total Value	Net IRR ³
29,912,752,068	26,104,978,928	31,394,027,777	15,966,821,928	47,360,849,705	14.19%

 $^{^{\}rm 1}\,{\rm Excludes}$ Alternative Fixed Income and Private Natural Resources partnerships.

³ Net IRR since inception, as calculated by Hamilton Lane's Portfolio Reporting System.

2022 Cash flows ¹						
Quarter	Contributions ²		Distributions		Net Cash Flow	
31-Mar-22	564,716,536		409,875,781		(154,840,755)	
30-Jun-22	600,076,429		481,153,129		(118,923,299)	
30-Sep-22	458,171,623		347,401,088		(110,770,535)	
TOTAL	\$ 1,622,964,587	\$	1,238,429,998	\$	(384,534,588)	

 $^{^{\}rm 1}$ Excludes Alternative Fixed Income and Private Natural Resources partnerships.

2. Commitment Summary

PRIM Private Equity			
2022 Investment Summary (in millions)			
*Denotes existing PRIM relationship			
Partnership	PRIT Commitment		
Approved at the February 17th Board Meeting			
Advent International GPE X, L.P.*	\$350		
Chequers XVIII*	\$91 (€80)		
JMI Equity Fund XI, L.P.*	\$100		
Polaris Growth Fund II, L.P.*	\$40		
Thoma Bravo Discover IV, L.P.*	\$150		
Thoma Bravo Explore II, L.P.*	\$150		
Thoma Bravo XV, L.P.*	\$275		
USV 2022, L.P.*	\$11		
USV Opportunity 2022, L.P.*	\$14		
Approved in March as Interim			
Nordic Capital Fund XI*	\$219 (€200)		
Approved at the May 19th Board Meeting			
Insight Partners Vision Capital II, L.P.*	\$30		
Insight Partners Fund XI Follow-on Fund, L.P.*	\$20		
Medicxi IV, L.P.*	\$37 (€35)		
Technology Crossover Ventures XII, L.P.*	\$200		
Sequoia Capital China Seed Fund III, L.P.	\$4		
Sequoia Capital China Venture Fund IX, L.P.	\$10		
Sequoia Capital China Growth Fund VII, L.P.	\$40		
Sequoia Capital China Expansion Fund I, L.P.	\$45		
Approved on July 15 as Interim			
USV Climate 2022*	\$4		
Approved at the August 17th Board Meeting			
TowerBrook Investors VI*	\$200		
Total	\$1,990		
2022 Investment Plan	\$2,700 - \$3,300		



² Contributions include fees.

² Contributions include fees.

3. New Investment Recommendation: Altor Fund VI, AB (Voting Item)

Manager Name: Altor Equity Partners

Manager Size: €8.2 billion
Fund Name: Altor Fund VI, AB
Fund Size: €3.0 billion

Recommendation: Commitment of up to €100 million

Recommendation

PRIM staff and the Investment Committee recommend (unanimously) to the PRIM Board that the Board approve a commitment of up to €100 million to Altor Fund VI, AB ("Fund VI"). Founded in 2003, Altor Equity Partners ("Altor") is an established Northern European private equity firm with a strong track record and deep local presence in its core geographies. Altor invests in lower middle market businesses that have transformational value creation potential and seeks to build industry leaders with best-in-class operations in partnership with highly capable management teams. Altor continues to refine its successful approach to investing, targeting companies in the Nordic and DACH regions operating across the industrials, financial services, technology, consumer, and business services sectors. PRIM has not invested in Altor's prior funds.

Executive Summary

Benefits

- Consistently strong performance within the middle market
 - o Prior funds perform well compared to industry benchmarks
 - Consistent with PRIM's goal to increase exposure in small and middle market buyouts
- Provides access to an attractive region for growth and investment
 - Altor targets established companies with attractive growth potential located in the Nordic and DACH regions
- Disciplined investment approach that reduces risk
 - Maintains price discipline and uses conservative capital structures
 - Operating agenda is well defined and seeks to transform businesses
- Highly talented organization with proven investment skill
 - o Investment team has significant experience working together
 - Altor has a deep local network and well-established presence in their local markets. Firm reputation and sector expertise provide access to highly sought-after businesses

Risks

As with all investments there are risks and concerns that need to be considered including illiquidity, exposure to an economic downturn, private equity market conditions, and firm specific risks.

Staff also reviewed the following risks and concerns associated with Altor Fund VI:

- Strategy Risk: If Altor is unable to execute on their value creation plans, investment performance would likely suffer.
- Geography/Currency Exposure. Investment in the fund increases exposure to the economic, political, and regulatory environment in those European countries where the firm's portfolio companies operate. Altor's investments will be denominated in European



currencies, and a sustained, material weakening in those currencies relative to the U.S. dollar would affect Fund VI's dollar performance.

4. New Co-Investment Manager Recommendation: Altor Equity Partners (Voting Item)

PRIM staff and the Investment Committee recommend (unanimously) to the PRIM Board that the Board approve Altor Equity Partners for co-investment because Altor Equity Partners meets PRIM's co-investment criteria. Those criteria include: a superior track record; a strong co-investment history; and a willingness to partner with PRIM.

5. Follow-on Investment Recommendation: Waterland Private Equity Fund IX C.V. & Waterland Partnership Fund I C.V. (Voting Item)

Manager Name: Waterland Private Equity Investments B.V.

Manager Size: €10 billion

Fund Name: Waterland Private Equity Fund IX C.V.

Fund Size: €3.5 billion

Recommendation: Commitment of up to €130 million

Fund Name: Waterland Partnership Fund I C.V.

Fund Size: €500 million

Recommendation: Commitment of up to €20 million

Recommendation

PRIM staff and the Investment Committee recommend (unanimously) to the PRIM Board that the Board approve a commitment of up to €130 million to Waterland Private Equity Fund IX C.V ("Fund IX") and a commitment of up to €20 million to Waterland Partnership Fund I C.V. ("Partnership Fund" or "WPF I"). PRIM has invested in two prior Waterland Private Equity Investments B.V. ("Waterland") funds since 2018. Waterland has a stable and highly experienced team and a strong and consistent track record. The firm is an established private equity manager and will make investments in small and middle market companies primarily in Western Europe.

Executive Summary

Benefits

- Consistently strong performance within the middle market
 - o Portfolios capture significant upside by pursuing transformative acquisitions
 - Investment approach targets small and mid-market buyouts at attractive valuations
 - Consistent with PRIM's goal to increase exposure in middle market buyouts
- Strong sourcing capabilities
 - Investing across Europe from thirteen local offices for greater market knowledge
 - Waterland's teams are organized by geography and have extensive relationships in their local
 - markets, which increases the pipeline of acquisition targets at attractive prices
- Highly talented organization with proven investment skill
 - Large, experienced team that is well-resourced compared to other middle market firms
 - Highly disciplined culture that encourages collaboration and rewards thoughtful risktaking
- Benefit Specific to WPF I



 Information advantage in ability to assess likelihood of continued company growth alongside proven management teams

Risks

As with all investments there are risks and concerns that need to be considered including illiquidity, exposure to an economic downturn, private equity market conditions, and firm specific risks.

Staff also reviewed the following risks and concerns associated Fund IX and WPF I:

- Geography / Currency Exposure: Investment in the fund increases exposure to the
 economic, political, and regulatory environment in those European countries where the
 firm's portfolio companies operate. Waterland's investments will be denominated in
 European currencies, and a sustained, material weakening in those currencies relative to
 the U.S. dollar would affect Fund IX and WPF I's dollar performance
- Manager Risk: The fund's success relies on the performance of the firm's investment professionals to execute its investment strategy. The firm will struggle if it is unable to attract and retain talent. Manager growth in assets could inhibit investment performance
- Organizational Risk: Waterland is a large organization that is undergoing a leadership change while growing its geographic footprint and product offerings. The investment team must manage the transition and complexity well to drive success across the Waterland platform

Risks Specific to WPF I

- Conflicts: WPF I will buy into existing Waterland flagship fund portfolio companies while the Waterland flagship fund is selling all or a portion of its position
 - Waterland has been thoughtful in their approach to mitigate the conflicts inherent to the strategy
- Minority ownership risk: WPF I will own minority equity in small private businesses.
 Investment outcomes can be materially affected by controlling and majority shareholders

6. Follow-on Investment Recommendation: WestView Capital Partners V, L.P. (Voting Item)

Manager Name: WestView Capital Partners

Manager Size: \$1.7 billion

Fund Name: WestView Capital Partners V, L.P.

Fund Size: \$1 billion

Recommendation: Commitment of up to \$125 million

Recommendation

PRIM staff and the Investment Committee recommend (unanimously) to the PRIM Board that the Board approve a commitment of up to \$125 million to WestView Capital Partners V, L.P. ("Fund V"). Founded in 2004, WestView Capital Partners ("WestView") is a Boston-based private equity firm with a strong track record of investing in healthy, growing, and profitable companies in the lower end of the middle market. Fund V will continue to target growth opportunities across the business services, IT services, healthcare IT, software, and growth industrial sectors. PRIM has invested in three prior WestView funds since 2009.

Executive Summary

Benefits

- Consistently strong performance within the middle market
 - Prior funds perform well compared to industry benchmarks



- o Portfolio companies generate earnings growth higher than public equity index
- Flexible investment approach to obtain minority or majority ownership
 - Provides access to high growth businesses in a market segment difficult for PRIM to access
 - Significant roll-over equity by entrepreneurs helps to align interests.
- Highly talented organization with proven investment skill
 - o Investment team has significant experience working together

Risks

As with all investments there are risks and concerns that need to be considered including illiquidity, exposure to an economic downturn, private equity market conditions, and firm specific risks.

Staff also reviewed the following risks and concerns associated Fund V:

- Manager Risk: If WestView were to lose any of its senior investment professionals, it
 would likely disrupt the firm. Smaller firms are more reliant on their partners to run the
 business and invest the fund than larger investment firms.
- Firm Growth: WestView's fund size has grown, which increases pressure on the organization to continue to generate outstanding investment performance while managing larger funds.

7. Follow-on Investment Recommendation: Lovell Minnick Equity Partners VI, L.P. (Voting Item)

Manager Name: Lovell Minnick Partners

Manager Size: \$2.2 billion

Fund Name: Lovell Minnick Equity Partners VI, L.P.

Fund Size: \$1.5 billion

Recommendation: Commitment of up to \$150 million

Recommendation

PRIM staff and the Investment Committee recommend (unanimously) to the PRIM Board that the Board approve a commitment of up to \$150 million to Lovell Minnick Equity Partners VI, L.P. ("Fund VI" or "LMEP VI"). PRIM has invested in two prior Lovell Minnick Partners ("LMP") funds and three co- investments since 2015. LMP is a small, highly focused firm with an experienced and motivated team. LMP has a strong and consistent track record. Fund VI will target control and non-control oriented private equity investments in middle market financial services companies.

Executive Summary

<u>Benefits</u>

- Consistent performance within the middle market over various market cycles
 - o Portfolio companies generate strong, resilient earnings growth
 - Consistent with PRIM's goal to increase exposure in small and middle market buyouts
- Domain specialist investing in financial services businesses with significant opportunities to become market leaders
 - Add-on M&A activity can be especially meaningful in highly fragmented markets like consulting services and wholesale brokerages
 - Add-on acquisition strategy creates value by transforming platform companies into larger businesses attractive to strategic acquirers and financial sponsors



- o Financial services sector focus provides PRIM's portfolio with diversification benefits
- Highly talented team with proven investment skill
 - Sector expertise and firm reputation provides access to highly sought-after businesses via proprietary and limited bidding processes
 - o Partners are experienced, disciplined, and focused

Risks

As with all investments there are risks and concerns that need to be considered including illiquidity, exposure to an economic downturn, private equity market conditions, and firm specific risks.

Staff also reviewed the following risks and concerns associated with Fund VI:

- Financial Services Market Risk: Similar to financial service investing in publicly traded companies, private companies are exposed to financial market risks with volatile valuations.
- Business Combination Execution Risk: Bringing different businesses togethers involves uncertainty. Post-acquisition synergies might not materialize according to plan.
- Manager Risk: If LMP were to lose any of its senior investment professionals it would likely
 disrupt the firm. Smaller firms are more reliant on their partners to run the business and
 invest the fund than larger investment firms.
- Firm Growth: LMP has grown its investment professionals as well as its investment team considerably over the past five years. Managing this firm specific risk is critical for LMP.

C. Portfolio Completion Strategies Performance Summary

D. Real Estate and Timberland Performance Summary

Performance data for Real Estate and Timberland is attached as Appendix I.

V. Finance and Administration Report

A. Fiscal Year 2022 Audit Results (Voting Item)

PRIM staff and the Administration and Audit Committee recommend (unanimously) to the PRIM Board that the Board accept 1) the Fiscal Year 2022 PRIM and PRIT audited financial statements, 2) the Agreed-Upon Procedures report on PRIM's Procurement Process for Investment Management and Other Professional Services, and 3) the Agreed-Upon Procedures report on the PRIT Fund's Benchmark Calculations.

The annual audits of PRIM and PRIT have concluded with unmodified (clean) opinions. The Agreed-Upon Procedures review of PRIM's Procurement Process for Investment Management and Other Professional Services and the Agreed-Upon Procedures review of the PRIT Fund's Benchmark Calculations (the AUP reviews) have concluded with no findings.

KPMG's report is attached as **Appendix J** and includes an overview of the audit processes that were employed, copies of the draft audit opinion letters, and KPMG's report on the AUP reviews.

B. Equal Pay Audit Results and Presentation

The PRIM Board's compensation consultant, Aon (McLagan), will present the results of PRIM's equal pay audit. A presentation of their audit findings is attached as **Appendix K**.

Aon conducted the audit at PRIM's request as part of PRIM's continuing efforts to promote wage equality, workplace diversity and attract and retain the best employees in the industry. Conducting a pay equity audit is one of many strategies outlined in PRIM's Diversity, Equity and Inclusion



Framework created and implemented in collaboration with PRIM's Diversity Equity and Inclusion consultant IBIS Consulting Group.

C. Proposed 2023 Proxy Voting Guidelines

The following proxy voting enhancements proposed by Treasurer Deborah B. Goldberg are as follows:

Access to Reproductive Health Care:

 Vote FOR shareholder proposals that require companies to provide access to the full range of reproductive healthcare, including, but not limited to, policies that provide for employees that must travel to access care.

Access to Parental Leave:

 Vote FOR shareholder proposals that require companies to provide comprehensive paid parental leave.

Disclosure: Political Giving:

- Vote FOR shareholder resolutions that request companies to provide greater disclosure of corporate campaign financing.
- Vote FOR shareholder resolutions that request companies to disclose any and all corporate expenditures for advertising in support of, or in opposition to, any political candidate, issue, and/or ballot referendum, including contributions to political candidates, political action committees, 501(c)(3, 4, and 5) organizations or any other expenditure which may be used to influence an election.
- Vote FOR shareholder resolutions that call on the board to establish corporate political giving guidelines and internal reporting provisions or controls.
- Vote AGAINST shareholder resolutions that seek shareholder input to corporate political giving policies or on the contributions themselves.
- Vote AGAINST shareholder resolutions seeking an advisory vote on political contributions.

These enhancements will be discussed and voted on by the Board at its next meeting in February 2023.

D. Legal/Legislative Update

The Board will receive an update on legal and legislative matters.

E. Other Matters

1. September 2022 PRIM Operating Budget (Appendix L)

Global Equity

Fee Type	Actual	Budget	Variance	Percent
Base Fees	14,820,206	19,592,500	4,772,294	24%
Performance Fees	(764,919)	-	764,919	N/A
Total:	14,055,287	19,592,500	5,537,213	28%

Base fees variance is due to lower than projected assets. Performance fees variance is due to one manager who is earning a fee and a claw-back for another manager. Note, no performance fees are budgeted.

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Core Fixed Income

Fee Type	Actual	Budget	Variance	Percent
Base Fees	1,963,461	2,440,500	477,039	20%
Performance Fees	566,307	-	(566,307)	N/A
Total:	2,529,768	2,440,500	(89,268)	-4%

Base fees variance is due to lower than projected assets. Performance fees variance is due to one manager who is earning a fee. Note, no performance fees are budgeted.

Value Added Fixed Income

Fee Type	Actual	Budget	Variance	Percent
Base Fees	10,378,898	12,675,000	2,296,102	18%
Base fees variance is due to	o lower than projected assets.			

Real Estate

Fee Type	Actual	Budget	Variance	Percent
Base Fees	9,438,487	10,908,750	1,470,263	13%
Performance Fees	1,655,665	-	(1,655,665)	N/A
Total:	11,094,152	10,908,750	(185,402)	-2%

Base fees variance is due to lower than projected assets. Performance fees variance is due to one manager who is earning a fee. Note, no performance fees are budgeted.

Timberland

Fee Type	Actual	Budget	Variance	Percent
Base Fees	1,848,223	2,062,500	214,277	10%
Performance Fees	(1,940,723)	-	1,940,723	N/A
Total:	(92,500)	2,062,500	2,155,000	104%

Base fees variance is due to lower than projected assets. Performance fees variance is due to a claw-back for one manager. Note, no performance fees are budgeted.

Private Equity

Fee Type	Actual	Budget	Variance	Percent
Base Fees	48,428,777	46,400,000	(2,028,777)	-4%

Base fees variance is within expectations.

Portfolio Completion Strategies

Fee Type	Actual	Budget	Variance	Percent
Base Fees	19,046,910	22,254,500	3,207,590	14%

Base fees variance is due to lower than projected assets.

Overlay & Foreign

Currency

Fee Type	Actual	Budget	Variance	Percent
Transaction	211,344	301,250	89,906	30%

Foreign currency transactions lower than budgeted.

Third Party Service Providers and Operations

Fee Type	Actual	Budget	Variance	Percent
Operations and				
Contractual	9,913,078	12,862,625	2,949,547	23%

Variance is due primarily to lower-than-budgeted PCS and Research Third-Party service provider fees and lower compensation expense due to open positions.



2. Travel Report

A detailed schedule of expenses associated with travel (including for due diligence and fiduciary education/professional development) that have been reimbursed during the fiscal year is attached as **Appendix M**.

3. Client Services

Currently 100 entities, including the State Retiree Benefits Trust Fund (SRBTF – the Commonwealth's Other Post-Employment Benefits (OPEB) liability fund), invest in the PRIT Fund. PRIM serves as an investment manager for approximately 90% of all state and local retirement systems. PRIM has 38 clients (38%) that are classified as "Participating Systems," or systems that invest their total pension assets in the PRIT Fund and 62 clients (62%) that are classified as "Purchasing Systems," or systems that may choose to invest their total assets in the PRIT Fund or participate in the Segmentation Program. Segmentation allows systems to invest in individual asset classes, or "segments," of the PRIT Fund as an alternative to investing in the aggregate Fund. Among the 62 Purchasing Systems, 44 invest in segments of the PRIT Fund; the remaining 18 Purchasing Systems invest their total pension assets in the PRIT Fund. Participating Retirement Systems have a mandatory five-year participation period, while Purchasing Retirement Systems do not have a minimum investment period.

Client and Other Meetings

The Client Services team continues to meet virtually and in person with many of PRIM's member retirement systems. The Client Services team also meets with professional organizations and government entities interested in learning more about the State Retiree Benefits Trust Fund (SRBTF). The following is a list of completed and upcoming meetings since we updated the PRIM Board on August 17, 2022.

Date	Name of Retirement System/Entity
8/18/2022	Chelsea Retirement Board
8/18/2022	Quincy Retirement Board
8/18/2022	Manchester-by-the-Sea
8/23/2022	Hull Retirement Board
8/23/2022	Montague Retirement Board
8/25/2022	Peabody Retirement Board
8/25/2022	Lowell Retirement Board
8/30/2022	Medford Retirement Board
8/31/2022	Berkshire County Retirement Board
8/31/2022	Lawrence Retirement Board
9/7/2022	Milford Retirement Board
9/8/2022	Concord Area Special Education Collaborative
9/14/2022	Attleboro Retirement Board
9/12/2022	SRBTF Board
9/13/2022	Town of Franklin
9/14/2022	Needham Retirement Board
9/14/2022	Attleboro Retirement Board
9/14/2022	Shawsheen Valley Vocational Regional Technical School
9/15/2022	PERAC Emerging issues Forum
9/16/2022	MBTA RF Board
9/20/2022	Saugus Retirement Board
9/21/2022	Hampshire Country Retirement Board
9/22/2022	Falmouth Retirement Board



9/22/2022 **Braintree Retirement Board** 9/27/2022 Fairhaven Retirement Board 9/27/2022 Worcester Regional Retirement Board 9/28/2022 Chicopee Retirement Board 9/28/2022 Woburn Retirement Board 9/29/2022 Pittsfield Retirement Board 9/29/2022 Andover Retirement Board 10/11/2022 Haverhill Retirement Board 10/12/2022 Town of Wayland 10/19/2022 Waltham Retirement Board 10/20/2022 Webster Retirement Board 10/21/2022 Town of Bellingham 10/24/2022 Belmont Retirement Board 10/25/2022 Barnstable Retirement Board 10/25/2022 Winthrop Retirement Board 10/25/2022 Natick Retirement Board 10/26/2022 Fall River Retirement Board 10/26/2022 Revere Retirement Board 10/26/2022 Gloucester Retirement Board 10/27/2022 Lexington Retirement Board 10/27/2022 Amesbury Retirement Board 11/1/2022 Town of Lenox 11/2/2022 Hampden County Retirement Board 11/2/2022 Springfield Retirement Board 11/7/2022 Massachusetts State College Building Authority 11/18/2022 MTRS Board 11/18/2022 Plymouth Retirement Board 11/18/2022 MBTA RF Board 11/22/2022 Hull Retirement Board 11/22/2022 Newton Retirement Board 11/29/2022 Wellesley Retirement Board 11/30/2022 Franklin Regional Retirement System 11/30/2022 Danvers Retirement Board 11/30/2022 Clinton Retirement Board 12/7/2022 PRIM Investor Advisory Council 12/7/2022 Norfolk County Retirement Board 12/7/2022 **MWRA** 12/8/2022 **SRBTF Board** 12/14/2022 Chicopee Retirement Board 12/14/2022 Middlesex County Retirement Board 12/15/2022 Taunton Retirement Board 12/19/2022 Reading Retirement Board 12/20/2022 Winchester Retirement Board 12/20/2022 Watertown Retirement Board Adams Retirement Board 1/31/2023

State Retiree Benefits Trust Fund (SRBTF) Update

The SRBTF Board met on September 12, 2022, and approved two new governmental unit submissions to invest in the SRBTF, the Dracut Water Supply District and the Somerset Berkley Regional School District. As of September 30, 2022, the total market value of the SRBTF assets



was \$2.7 billion, of which approximately \$862 million were "local" governmental unit assets. There are currently 83 governmental units, including MA Retirees, that invest in the SRBTF.

Private Equity Vintage Year 2023 (PEVY 2023)

On October 14, 2022, eligible retirement systems received notice of the availability to commit to PEVY 2023 from the Client Services team via email. Boards that wish to participate must provide a written response on letterhead by December 15, 2022, informing PRIM of the decision, stating that the Board has voted and including the specific dollar amount.

4. Global Investment Performance Standard (GIPS)

The CFA Institute's Global Investment Performance Standards (GIPS) is a common set of ethical guidelines for calculating and presenting investment performance that was adopted by PRIM as voluntary standards for the PRIT Fund in Fiscal Year 2018. It is considered a best practice to provide a GIPS presentation to the PRIM Board annually. The Fiscal Year 2022 PRIT Fund GIPS compliant presentation is attached at **Appendix N**.

VI. Compensation Committee Report

A. Executive Director's Fiscal Year 2022 Individual Performance Component (Voting Item)

At its meeting on November 17, 2022, the Compensation Committee voted unanimously to recommend to the Board that the Board approve 1.00 as the Executive Director/Chief Investment Officer's Performance Multiplier for the fiscal year ended June 30, 2022, based on the Board's evaluation of the Executive Director/Chief Investment Officer's performance as "outstanding", at its August 17, 2022, meeting.

The PRIM governance documents indicate that the Board shall set the Executive Director's compensation, including incentive compensation, after receiving the recommendation of the Compensation Committee. PRIM's Incentive Compensation awards are composed of two components: 1) The PRIT Fund Investment Performance Component (80% weight) is determined on the basis of the PRIT Fund's trailing three-year return versus the PRIT Fund's benchmark; and 2) The Individual Performance Component (20% weight) is determined as part of the employee's annual performance review.

The Compensation Committee recommended, and the Board approved, that the Executive Director/Chief Investment Officer receive a "1.00" Performance Multiplier for Fiscal Years 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014.

At its meeting on August 17, 2022, the Board completed its evaluation of the Executive Director/Chief Investment Officer. The overall performance of the Executive Director/Chief Investment Officer was characterized by many Board and committee members as "outstanding." Below are several comments from Board members.

PRIM Board member Robert L. Brousseau, Chair of the Administration and Audit Committee, is responsible for coordinating the evaluation process.

Mr. Brousseau commented:

"In terms of the evaluation, Michael's evaluation this year is the same as last year. In other words, it's the same as last year, the same as the year before that, the same as the year before that, and the same as the year before that. Actually, as far back as I can recall, Michael's evaluation has been outstanding, and I would tell you just all of the 13 replies that I received or evaluations all stated basically the same thing, that his evaluation is outstanding."

Other comments provided by Board and committee members:



"And we do know that leadership starts at the top. And these leadership skills were expressed in just about all, of the evaluations that I saw."

"His collaboration with staff, his collaboration with our managers, his collaboration with board members, committee members is superb."

"A good leader has a vision for the organization. And he certainly has a vision, and he has kept the vision intact. He is supportive. His communication skills are excellent."

"He is creative, and his expertise is tremendous. His innovation. Another one here, ethical. Michael is an extremely ethical person, and he exudes this with all of the people that he works with."

"I view that Michael Trotsky is the gold standard for other executive directors here to emulate."

"I think Michael continues to do an outstanding job. We are lucky to have him. He has helped shape an impressive culture at PRIM, a culture of collaboration that I assume will positively impact returns over time. Relative to diversity and ESG, which are two topics which many funds are focused on, I think Michael has approached those topics in a distinctive and creative way. I observed many leaders during my career, and Michael is one of the best I have seen."

"The past year has been challenging for everyone at PRIM, and Michael's continued successful leadership has been very important to the favorable results."

"Michael's broad knowledge and attention to detail, combined with his comprehensive vision and support of staff, has kept PRIM as a top performer, even in a down market in fiscal year 2022 and surely at the top of the peer group."

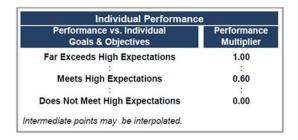
"Not only does performance continue to be terrific, but the methodology, the process and the discipline continue to be superb, giving us all comfort that what we're doing is logical and repeatable."

"Mike is a consummate communicator, and he needs that skill because his constituencies are very different from each other and quite numerous. Mike now communicates with PRIM's beneficiaries and clients, the state government, the Treasurer's Office, the internal staff, the investment industry, regulators and his own governance committees, just to name a few."

"I reviewed the discussion guide, and in my opinion, he exceeds expectation and outstanding in all areas. I would say the following about Michael. I have the utmost confidence and respect for him in the role of executive director. The beneficiaries of this fund are lucky to have such a great mind protecting their retirement security, especially during volatile times."

The complete transcribed evaluation can be found in the section of the minutes of the August 17, 2022, PRIM Board meeting attached as **Appendix O**.

Assessments of individual performance are defined using the following scale and the accompanying individual performance multipliers.





B. Executive Director's Salary Adjustment (Voting Item)

At its meeting on November 17, 2022, the Compensation Committee voted unanimously to recommend that the Board approve an increase of \$10,000 (1.9%) to the Executive Director/Chief Investment Officer's annual salary, effective December 1, 2022.

The Compensation Committee is charged with making recommendations to the Board regarding the Executive Director's compensation. Relevant considerations regarding the Executive Director's employment and compensation at PRIM include the following:

- At its November 2021 meeting, the Compensation Committee voted (unanimously), and at its December 2021 meeting, the Board approved (unanimously), the updated salary ranges prepared and presented by McLagan, PRIM's Compensation Consultant, based on 2021 salary data, thereby establishing a new salary range for the Executive Director/Chief Investment Officer of \$372,000 to \$560,000.
- At its November 2021 meeting, the Compensation Committee voted (unanimously), and at its December 2021 meeting, the Board approved (unanimously), an increase to the Executive Director/Chief Investment Officer's annual salary to reflect the updated salary range. The annual salary was increased \$10,000 (1.9%) to \$530,000, which was the 84th percentile of the range.
- At its November 2020 meeting, the Executive Director/Chief Investment Officer informed
 the Chair of the PRIM Board and the Chair of the Administration and Audit Committee of
 the decision to freeze all PRIM salaries in fiscal year 2021 in light of the COVID pandemic
 and its associated economic damage. Accordingly, the Executive Director/Chief Investment
 Officer requested that there be no change to his salary for fiscal year 2021.
- At its November 2019 meeting, the Compensation Committee voted (unanimously), and at its November 2019 meeting, the Board approved (unanimously), to adjust the Executive Director/Chief Investment Officer's salary nearer to the top of the range over time, based on continued high achievement and outstanding performance. The annual salary was increased \$25,000 (5.1%) to \$520,000 which was the 89th percentile of the range (\$360,000 to \$540,000).
- At its November 2018 meeting, the Compensation Committee voted (unanimously), and at
 its November 2018 meeting, the Board approved (unanimously) to adjust the Executive
 Director/Chief Investment Officer's salary to reflect the updated, Board-approved salary
 range. The annual salary was increased \$25,000 to \$495,000, which was the 75th percentile
 of the range (\$360,000 to \$540,000).
- At its March 2018 meeting, the Compensation Committee voted (unanimously), and at its May 2018 meeting, the Board approved (unanimously), updated salary ranges prepared and presented by McLagan, PRIM's Compensation Consultant, based on 2017 salary data, establishing a new salary range for the Executive Director/Chief Investment Officer of \$360,000 to \$540,000.
- At its November 2017 meeting, the Compensation Committee recognized that the
 performance, accomplishments, expertise, and experience (more than 25 years of
 investment experience) of the Executive Director/Chief Investment Officer requires that he
 be placed at or near the very top of the Board-approved salary range. The Committee
 agreed that the Executive Director/Chief Investment Officer's salary should be adjusted to
 move nearer to the top of the range over time, based on continued high achievement and
 outstanding performance. Accordingly, the Committee voted (unanimously) to recommend
 to the Board the adjustment of the Executive Director/Chief Investment Officer's salary to



approximately the 75th percentile (\$470,000) of the Board-approved salary range. The Board approved (unanimously) the Committee's recommendation at its November 2017 meeting.

• In October 2012, the PRIM Board added the title and duties of Chief Investment Officer to the Executive Director's responsibilities.

C. Fiscal Year 2022 Incentive Compensation (Voting Item)

At its meeting on November 17, 2022, the Compensation Committee voted unanimously to recommend to the PRIM Board that the Board approve the release of incentive compensation for Fiscal Year 2022.

For the Fiscal Year ending June 30, 2022, staff incentive compensation was earned. It is based on the PRIT Fund's trailing three-year performance relative to the benchmark. As reported last quarter, the PRIT Fund returned 8.4%, net of fees, for the three-year period, exceeding the benchmark by 2.4%.

The PRIM Board may release or defer incentive compensation when the one-year PRIT Fund performance falls between 0% and -10%. The one-year PRIT Fund performance for Fiscal Year 2022 was reported at -3.4%, net of fees.

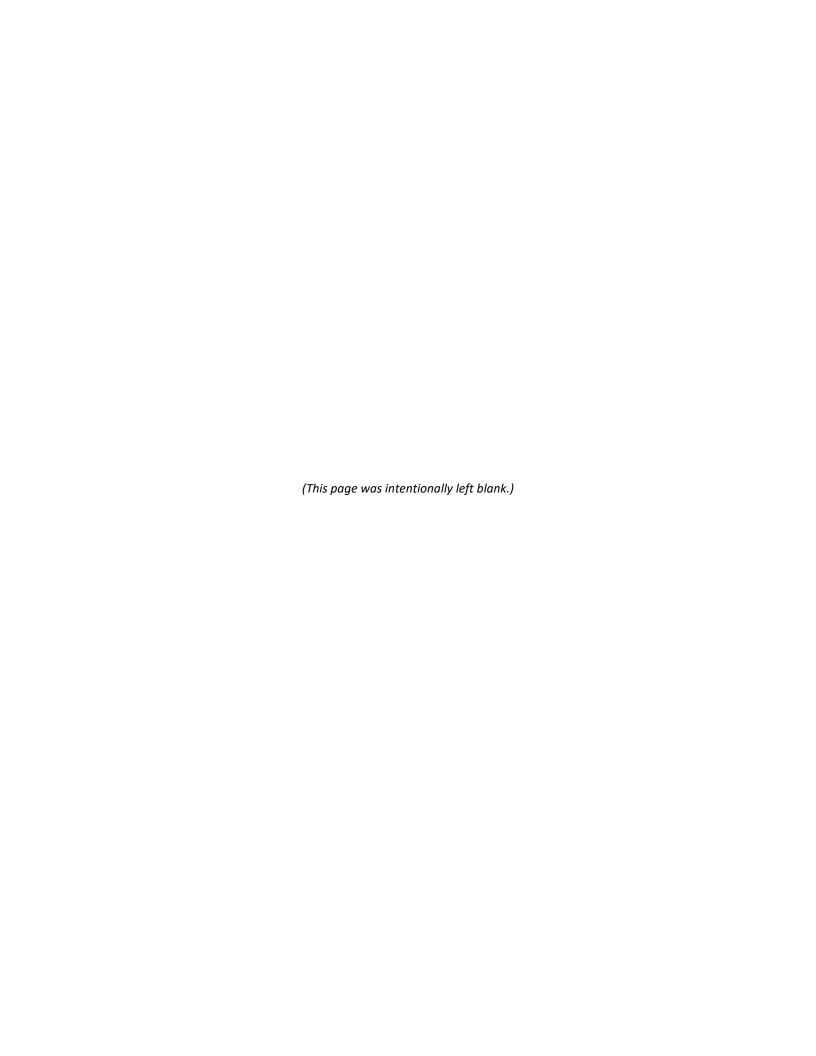
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Appendix A

Minutes of the PRIM Board Meeting August 17, 2022



COMMONWEALTH OF MASSACHUSETTS PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Minutes of the Board Meeting
Wednesday, August 17, 2022
commencing at 9:30 a.m.

(CONDUCTED REMOTELY)

PRIM Board Offices 84 State Street Boston, Massachusetts

ATTENDEES

(Via Zoom)

Board Members

- · Treasurer Deborah B. Goldberg, Chair
- · Robert L. Brousseau
- · Ruth Ellen Fitch
- · James B.G. Hearty
- · Theresa F. McGoldrick, Esq.
- · Dennis J. Naughton
- · Carly Rose
- Paul E. Shanley, Esq.

Other Attendees (partial list):

- · Andre Abouhala
- · Francesco Daniele
- · Anthony Falzone
- · Alyssa Fiore
- · David Gurtz
- · Minching Kao
- · Eleni Klempner
- Emily Kowtoniuk
- · Renee LeFevre
- · Bill Li
- · Christina Marcarelli
- Michael McElroy
- · Michael McGirr
- · Tim Schlitzer
- · Michael Trotsky

P R O C E E D I N G S

2	A meeting of the Pension Reserves
3	Investment Management Board (PRIM Board) was held
4	remotely on August 17, 2022. The meeting was
5	called to order and convened at 9:30 a.m.
6	Treasurer and Receiver-General Deborah Goldberg
7	chaired the meeting.
8	TREASURER GOLDBERG: Welcome to the
9	board meeting of the MassPRIM board, Wednesday,
10	August 17. This meeting is being held in
11	accordance with the provisions of Massachusetts
12	Chapter 22 of the Acts of 2022, which was signed
13	into law on February 15, 2022 and most recently
14	amended on July 16, 2022, that includes an
15	extension until March 31, 2023 of the remote
16	meeting provisions of the March 12, 2020 executive
17	order suspending certain provisions of the Open
18	Meeting Law.
19	All members of the board will
20	participate remotely via audio, videoconferencing.
21	And public access to the deliberations of the
22	board will likewise be provided via telephone with
23	all documents referenced at the meeting available
24	to be viewed on PRIM's website, which is

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	A ⁻	ll pers	sons s	peak	king	today	at	the	
meeting	are	asked	first	to	ider	ntify	then	nselv	/es.

Also the Open Meeting Law requires anyone wishing to record a meeting to first notify the chair so that the chair can inform the other attendees. Accordingly, I am informing you that stenographer Virginia Dodge from Lexitas is transcribing and also recording this meeting, and we are joined by Colin Young from State House News, who will be recording most parts of the meeting.

If anyone else does intend to record today's meeting, please do notify Seth Gitell by email at sgitell@mapension.com.

Additionally, the Attorney General's guidance on holding remote meetings reads as follows: At the start of the meeting, the chair must announce the name of the member or members who are participating remotely. And I will now announce the names of all PRIM Board members who are participating remotely in today's meeting.

Firstly, myself, Treasurer Deb Goldberg,
Bob Brousseau, Ruth Ellen Fitch, Jim Hearty,

1	ineresa McGoldrick, Peter Monaco, Dennis Naughton
2	Carly Rose and Paul Shanley.
3	Okay. Everybody got that?
4	And so as is always, I will seek a
5	motion to approve the board meeting minutes from
6	May 19, 2022, attached as Appendix A of the
7	expanded agenda, and further to authorize the
8	executive director to take all actions necessary
9	to effectuate this vote.
10	Is there a motion?
11	MR. BROUSSEAU: So moved.
12	MR. NAUGHTON: Moved to approve.
13	TREASURER GOLDBERG: Is there a second?
14	MS. McGOLDRICK: Second.
15	TREASURER GOLDBERG: Questions?
16	Comments? Changes?
17	Hearing none, we will move forward with
18	a roll call vote.
19	Bob Brousseau?
20	MR. BROUSSEAU: Yes.
21	TREASURER GOLDBERG: Ruth Ellen Fitch?
22	Ruth Ellen Fitch?
23	MS. FITCH: Yes.
24	TREASURER GOLDBERG: Jim Hearty?

1	MR. HEARTY: Yes.
2	TREASURER GOLDBERG: Theresa McGoldrick?
3	MS. McGOLDRICK: Yes.
4	TREASURER GOLDBERG: Peter Monaco?
5	MR. MONACO: Yes.
6	TREASURER GOLDBERG: Dennis Naughton?
7	MR. NAUGHTON: Yes.
8	TREASURER GOLDBERG: Carly Rose?
9	MS. ROSE: Yes.
10	TREASURER GOLDBERG: Paul Shanley?
11	MR. SHANLEY: Yes.
12	TREASURER GOLDBERG: Myself, yes. The
13	motion carries.
14	Next item of the agenda is the executive
15	director/chief investment officer report, and
16	Michael will first do a summary and organizational
17	updates, followed by PRIT Fund performance.
18	Thank you, Michael.
19	MR. TROTSKY: Thank you, Treasurer, and
20	welcome, everybody. Thank you for making the time
21	in mid-August to be with us today.
22	We have a full
23	TREASURER GOLDBERG: Michael, we
24	wouldn't miss it.

		MR.	TR01	ΓSKY	:	full	slat	te.	Everyone
made	it,	so th	nank	you	very	much	for	that	

Good morning. You know, we are very proud this quarter that our internally developed investment tools really have allowed us to construct a portfolio that performs well in both strong and weaker markets. Obviously the heightened volatility of the markets over the last two years has really provided an extraordinary test of those tools and our processes here.

If you remember, last year, in the strong markets of fiscal year 2021, the PRIT Fund recorded its best-ever, best in history, performance with a return of 30 percent. That was 29 and a half percent net and was at the very top of our peer group. The fund last year also outperformed its benchmark by a record-setting 9 percent. That was astounding.

And this year, we are pleased to report that in fiscal year 2022, the fiscal year that we're presenting today which ended at the end of June, during the weakest market since the world financial crisis more than 13 years ago, the PRIT Fund also performed very strongly and was down

only 3 percent. That's 3.4 percent net of all fees, outperforming broad market indices by a very wide margin and its benchmark by 1.5 percent.

- You know, we believe that performing strongly in both up and down markets is really the hallmark of a well-constructed portfolio with proven, skillful managers.
 - You all know that the challenges during the fiscal year were unusual and unexpected.

 Continuing COVID flare-ups with new variants worldwide, rising interest rates, inflation at multi-decade highs, the Russian invasion of Ukraine, supply chain disruptions, food and energy shortages, labor constraints and economies worldwide that, at best, are teetering on the edge of recession, provided really a backdrop that was too much for the market to bear.
 - For the one-year period ending in June of 2022, U.S. stocks were down 10.6 percent, developed international stocks were down 17.7 percent, and emerging markets stocks were down 25 percent, while diversified bonds were down 10.3 percent as interest rates rose.

A common benchmark that the industry

- 1 uses is a 60/40 mix of global stocks and bonds.
- 2 That was down 13 and a half percent, 13 and a half
- percent, in fiscal year 2022. And the PRIT Fund
- 4 fared better. Its return of negative 3 percent,
- 5 negative 3.4 percent net, for fiscal year 2022 is
- 6 a strong result in a weak market.
- 7 And we should expect market declines and
- 8 economic cycles to impact the PRIT Fund
- 9 periodically. And we remain pleased with the
- 10 resiliency of the fund and its performance over
- 11 all time periods and throughout several different
- 12 market environments.
- The PRIT Fund's trailing 3-, 5- and 10-
- 14 year returns remain very strong and consistently
- above the benchmarks, above the required actuarial
- rate of return, which is now 7 percent, and at the
- top of our peer group.
- In fiscal 2022, our diversifying asset
- 19 classes such as private equity, real estate and
- timberland and also hedge funds helped buffer the
- 21 downturn in our public markets portfolios, which
- were down significantly, as you might expect.
- But private equity was up more than
- 24 27 percent. Real estate was up more than

25 percent, and timberland was up more than
11 percent for the fiscal year, while hedge funds
were essentially flat. In comparison, global
equities were down more than 16 percent, and core
fixed income, bonds, was down more than

11 percent.

We'll have more detail later in the agenda from our asset class heads on each of those asset classes.

We have recently described the current investment environment as requiring all hands on deck here at PRIM. We have asked each team to examine every strategy in the portfolio and to increase our communications with each investment manager. Our risk team, Jay Leu and Shannon Ericson, have been deeply embedded within our asset class teams all year long. We are a group of highly trained and talented professionals, and we're lucky that they are attentive to every detail in the portfolio.

Now, we do believe that market downturns, while they are painful, also create opportunities to improve the portfolio. And the team continues to identify compelling new

investment opportunities in the weaker market. In fact, our deployment of capital to new ideas of 6.9 billion in fiscal year 2022, 6.9 billion, almost \$7 billion in one year, that was a

58 percent increase over last year.

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6 Additionally, during times of increased 7 volatility like we've been through, we closely 8 adhere to our monthly rebalancing discipline, 9 which enables us to redeploy capital to areas hit 10 hardest, while also maintaining our commitment to 11 staying within our long-term strategic asset 12 allocation bands, which we believe have and will 13 continue to serve us well. And our rebalancing 14 trades during the year were large. We exceeded 15 \$8 billion in rebalancing trades during the year.

Operationally, even while navigating the difficult investment environment, we had an extremely productive year. We hired and onboarded 11 new full-time employees. That's an increase from seven last year. And eight of the 11 are diverse. We promoted four of our highest performing staff members, and all of those promotions are females. And we sponsored 10 interns, all of whom are diverse.

1	PRIM also became a founding signatory to
2	the new CFA Institute's Diversity, Equity and
3	Inclusion Code for the Investment Profession.
1	That's a very important step for us and also for
5	the investment management profession in general.
6	It was something, as you know, that I personally
7	worked on with the CFA Institute from its very
3	inception several years ago. And we are big
9	promoters of that.

We successfully launched the FUTURE

Initiative. That's the plan to increase the

diversity of PRIM's investment managers and

vendors to at least 20 percent by increasing

access for minorities, women, and disabled

investment managers and business partners.

And we are very proud, extremely proud, of our fast progress with the FUTURE Initiative. During 2022, fiscal 2022, PRIM invested approximately \$3.4 billion with diverse managers over five different asset classes. Additionally, PRIM committed \$1 billion to a new emerging-diverse manager program, which utilizes five new expert advisors, and more than \$200 million has already been deployed to that program.

The PRIT Fund currently invests more	
than \$7.7 billion, more than 8 percent of the PRI	ΙT
Fund, with diverse investment managers. And	
according to the publication <i>Pensions and</i>	
Investments, PRIM is ranked seventh, number 7,	
among the largest 200 funds for the U.S. for	
assets managed by diverse managers. This is far	
above our rank in size.	

We also filed our first annual progress report to the Massachusetts legislature as required under the law. And later in today's agenda, you will be voting on an additional \$750 million to three diverse investment managers.

On ESG, environmental, social and governance issues, following the Treasurer's very strong lead, something she and I are passionate about, we began work on creating the structure and charter of the new and unique ESG advisory committee, which the board approved in February, and you will vote today to finalize the charter.

PRIM voted -- and I had this wrong during the Investment Committee. I read the wrong column. PRIM voted 11,369 proxy ballots. I said two weeks ago it was a little over 8,000. Still

huge numbers, but 11,369 proxy ballots aligned with PRIM's progressive proxy voting guidelines on areas such as board diversity requirements, overboarded directors, gender pay gaps, labor and human rights, and executive compensation. And we also adopted a new proxy voting guideline to vote against all directors at companies targeted by the group Climate Action 100+.

PRIM continues to support the MIT Sloan School of Management Aggregate Confusion Project as its first founding member. Remember, the goal of that project is to develop tools to address inconsistencies in the measurement of ESG data, which has become widely recognized as a substantial challenge to impactful ESG investing.

In fact, just two weeks ago, the *Harvard Business Review* published an article on the subject. And even more recently, *The Economist* magazine had an entire issue dedicated to ESG, and in the issue, the MIT Aggregate Confusion Project, which illuminated data quality issues, was prominently featured.

I really believe that PRIM is ahead of the curve on identifying these challenges. We

- 1 have been with our partnership with MIT Professors
- 2 Roberto Rigobon and Jason Jay, and we expect to
- 3 launch strategies based on the advancements,
- 4 mainly better data, over the course of the next
- 5 year.
- 6 The Aggregate Confusion Project also
- 7 welcomed four new additional members. And they
- 8 are MFS Investment Management, here in Boston; AQR
- 9 Capital Management down in Greenwich, Connecticut;
- 10 Qontigo in Europe, and Asset Management One out of
- 11 Japan. These members represent a range of
- 12 geographic and professional perspectives in the
- investment world.
- 14 And that's it. The membership is now
- 15 closed to new members. The project has accepted
- all the partners it will have. And I believe we
- 17 all have complementary skill sets and resources we
- need to be efficient and successful. We're
- 19 already working well together. In fact, we met in
- person recently at MIT in Cambridge, and it was
- 21 very productive and exciting.
- And last, here at PRIM, we launched a
- new series of educational seminars during the
- fiscal year. That is something we heard from you,

the board, in your feedback surveys. We had 13 seminars in total last year on subjects including PRIT Fund leverage, public/private crossover funds, venture capital investing, ESG landscape, climate finance, cash transaction processes and procedures, cybersecurity, private equity replication, and even a primer on the blockchain ecosystem. We had a primer on insider trading and a training on external communication

protocols.

And those seminars were provided not only to PRIM Board and committee members, but to staff and clients as well. And they were very, very well-received.

Now, I did mention at the last board meeting that the list of non-investment projects is longer than usual. And in fact, many of the new projects during the fiscal year were unexpected and unavoidable. These diversions of resources came at a time obviously when the markets were exceedingly turbulent. For example, we spent approximately six weeks providing technical assistance to the legislature, the governor and the Treasurer's team in support of

the newly passed Russian divestment law.

Other resource-intensive and unexpected projects include a PERAC audit, a state auditor's audit. Those are in addition to our normal KPMG audits of the PRIT Fund and PRIT and PRIM.

We had a comprehensive IT security review in light of the recent global uptick in nefarious activities, support of the Attorney General's lawsuit against ExxonMobil, support of securities class action lawsuits on foreign exchange trading, and support and response to really what was an unprecedented level of media requests and public information requests for matters related to our investment program, proxy voting policies, diversity, inclusion and ESG-related matters.

And really, I'm proud of this team. The focus and efforts of this team were nothing short of remarkable under the unique circumstances of the year. And we all must realize, and I've said this before for a few board cycles now, that PRIM is currently resource-constrained. We'll continue to recruit talent as approved by the board and encouraged by the board. And we will grow the

- 1 team as quickly and as responsibly as possible.
- 2 11 people last year. That's a lot. But it's no
- 3 small feat really in today's very challenging
- 4 employment environment.
- 5 So I couldn't be prouder of this team,
- 6 how we responded during what seemed like crisis
- 7 after crisis over the last years. And how we
- 8 overcame the challenges not only to deliver strong
- 9 investment performance in a difficult year, but
- 10 also extraordinary -- I believe extraordinary non-
- investment innovation and responsiveness.
- So I'm thankful to the entire PRIM staff
- and to you, our board and committee members, for
- 14 your support, dedication and hard work over what
- was a challenging year.
- Now, moving on to other organizational
- 17 updates. First, some late-breaking news that you
- haven't heard. I just mentioned the PERAC audit,
- and we just received word from PERAC that their
- audit of PRIM is complete, and there were no,
- 21 zero, findings. It was a clean audit.
- The last sentence of the transmittal
- letter said, quote, "We commend the PRIM Board for
- its exemplary operation."

1	So thank you. Congratulations to the
2	entire team for this outcome, but especially
3	Qingmei Li, our director of audits and financial
4	reporting; Deb Coulter, our CFO; and of course
5	deputy executive director and COO Tony Falzone for
6	his leadership of the entire finance and
7	operations team. We all know that you're the best
8	in the business.

In the area of recognition, in June, PRIM's private equity portfolio was ranked number 3 among 176 U.S. public pension funds based on 10-year performance by the American Investment Council public pension study. And PRIM is the only fund that has been in the top five every single year this study's been conducted, including number 1 rankings in 2019, 2018, 2015 and 2013. Congratulations to Mike McGirr and your team on that.

In July, *Institutional Investor*nominated PRIM as a finalist in the fifth annual allocator's choice award in the partnership of the year category. And this is for the MIT Sloan Sustainability Initiative's Aggregate Confusion Project, which I just mentioned. And we're

_	
1	nominated along with MIT, MFS, AQR and Asset
2	Management One. Those are our partners. And this
3	is for, quote, "working to reduce the level of
4	noise in ESG measurement by improving data
5	available to managers and allocators."
6	Congratulations, Maria Garrahan and
7	everyone else working on ESG initiatives. I hope
8	we win that award later in the fall.
9	Next PRIM was awarded the Government
10	Finance Officer Association Certificate of
11	Achievement for Excellence in Financial Reporting
12	for the 17th consecutive year. That's a strong
13	testimony to the timeliness and transparency of
14	our financial reporting. Another shout-out to the
15	excellent work of Qingmei and Deb Coulter.
16	Congratulations.
17	And then last month, in a reception in
18	New York City, very fun reception, I was honored
19	by the National Association of Investment
20	Companies, the NAIC, as an honorary co-chair of
21	the NAIC midsummer VIP reception.
22	This organization serves the broader
23	community of diverse alternative asset managers,

and we've been involved with them for several

- 1 years now.
- This year's celebration, in the words of
- 3 its founder Robert Greene, quote, "was full of
- 4 champions and leaders who genuinely embrace the
- 5 ideals of inclusion, raising awareness of high-
- 6 performing diverse managers, or otherwise serving
- 7 as examples of remarkable level of diverse talent
- 8 in the industry," unquote.
- 9 So it was a very fun and heartwarming
- 10 night. We also picked up lots of FUTURE
- 11 Initiative leads.
- No new employees since the last time we
- met, but we have welcomed six new interns who are
- 14 different affinity groups such as the Treasurer's
- Women in Finance Fellowship, Girls Who Invest, the
- 16 CFA Women in Investment Management Internship
- 17 Program as well.
- 18 All interns are diverse. Five of the
- 19 six are female. And it's really a great class of
- 20 interns this year. Christina Marcarelli, senior
- 21 investment officer and director of real estate
- debt, helps run the program with our director of
- human resources, Michelle Witkes.
- 24 Christina and I had lunch with this

- 1 class in the boardroom just a couple of weeks ago.
- 2 It was a ton of fun. They're energetic, bright,
- ambitious, and I think they've had a great summer
- 4 here. We've certainly enjoyed having them. It's
- 5 been very productive.
- And last, another bit of new news since
- 7 the last time we met, Ellen Hennessy, our
- 8 compliance analyst responsible for all of our
- 9 proxy voting and also all of Public Records Act
- 10 requests, has announced her retirement starting in
- 11 September after 10 years at PRIM.
- We congratulate you, Ellen, and we thank
- 13 you for your hard work and dedication to really an
- ever-growing and more complex set of proxy votes
- and also an ever-growing set of information
- requests. We wish you a very happy, healthy and
- 17 enjoyable retirement. You deserve it.
- Now, on to markets and PRIT Fund
- 19 performance. As you know, the markets were
- 20 challenged last fiscal year with a confluence of
- 21 worldwide issues that led to rising inflation,
- 22 higher interest rates and slowing growth.
- But after a significant near 20 percent
- 24 correction in worldwide equity markets during the

- 1 first half of the calendar year -- and by the way,
- 2 that was the worst first half in more than
- 3 50 years -- markets thankfully rebounded strongly
- 4 in the month of July and now into the third week
- 5 of August.
- 6 At the Investment Committee meeting two
- 7 weeks ago, we spoke at length about the rebound
- 8 coinciding with a peak in bond yields and some
- 9 encouraging signs that inflation, though still
- 10 very high, has begun to moderate. The main risks
- 11 going forward are very similar and familiar. The
- 12 risks are that inflation remains too high.
- 13 Consumer and business spending may falter, and
- 14 corporate earnings may weaken more than currently
- 15 anticipated.
- Reviewing the numbers, it's interesting.
- 17 I mention the fiscal year 2022 ending in June.
- 18 For that fiscal year, the 12-month period, the S&P
- was down 10.6 percent. Now, in July and August
- alone, the S&P is up 13.9 percent. So it's
- 21 already reversed.
- Developed international markets, that's
- 23 mainly Europe and Japan, were down 17.7 percent in
- the fiscal year 2022. And they've reversed, and

- they're up 6.4 percent for the first two months,July and August.
- Emerging markets, that's predominantly

 China, Southeast Asian and Latin America, down

 percent for the fiscal year. They've reversed

 a little, and they're up 2 percent in July and

 August.

Diversified bonds, down 10 percent last year, are up almost 2 percent this year. And a 60/40 mix, which I mentioned, was down 13 and a half percent last year, fiscal year, is up 7.2 percent in the first two months of the new fiscal year.

Now, before reviewing performance, just a quick review of recent economic data. As we indicated at the board and during the last cycle, the main -- at the committee meetings, I mean -- the main concern around the globe is still economic growth. Global GDP growth has been mixed, and all signs still point to lower growth moving forward. The U.S. contracted in the most recent period, while China, Japan and Europe actually expanded a little.

Inflation is accelerating or remains

- elevated across the globe. The U.S. Fed and the European Central Bank are the most aggressive in raising rates to stem inflation, while China and
- 4 Japan remain more accommodative.
- 5 Focusing a little on the U.S., as you
- 6 know, U.S. GDP declined and annualized 0.9 percent
- 7 in Q2, and that follows a 1.6 percent drop in Q1.
- 8 Two straight quarters of decline. And economists
- 9 had expected the GDP to increase slightly in Q2,
- so that was a disappointment.
- 11 U.S. Consumer Price Index, inflation
- 12 really, a common measure of inflation, fell
- 13 slightly to 8 and a half percent in July from its
- peak in June of 9.1 percent. So that's good.
- 15 It's off its peak at least, but still it remains
- very, very high.
- 17 The employment picture remains steady.
- The U.S. employment rate fell to 3.5 percent in
- 19 July.
- And of course, you know at its July
- 21 meeting, the Federal Reserve raised its federal
- funds rate by 75 basis points. That was the
- fourth consecutive rate hike here in the U.S. And
- 24 Chair Powell said that the next decisions will be

more data-dependent. So waiting to see on that.

Manufacturing and retail spending are holding in there okay. They're not terrible, but housing has weakened recently with rising prices of housing and obviously higher mortgage rates.

With that as an economic backdrop, at the Investment Committee meeting two weeks ago, both Jay Leu, our director of risk, and Connie Everson, our Investment Committee member, spoke about the current market environments.

And Jay pointed to several inflection points since June. The elevated equity and bond market volatility as measured by the VIX and the MOVE. They both moderated in July. Credit spreads, both investment grade and high yield, widened in the first half, but have since been tightening. Sharply rising interest rates have been falling a little since mid-June, and inflation expectations as seen by the 10-year breakeven fell 50 basis points in the second quarter.

Jay and Shannon also on the risk team are well-embedded within each asset class team to help assess portfolio risk. They attend the

investment manager due diligence meetings
regularly. And fortunately, they haven't
uncovered any material problems at this point with
our managers.

- And in a bold conversation, you may remember at the Investment Committee meeting, Connie Everson, who is really our resident economist and strategist, she made the case that the bottom in the markets is already in. And I believe that is a very strong and very interesting nonconsensus view.
- She highlighted that Chair Powell's comments at the Fed, at the meeting last month, were what Connie described as a game changer, as the Fed now believes we are near the neutral interest rate level necessary to tame inflation.
- She suggested that the bond market has peaked and has stopped paying attention to the Fed and has started to pay more attention to the economy, and so far, in her words, the economy remains relatively stable.
- Remember, the last time we met, the biggest fear was that the Fed would overshoot.

 Now the bond market is measured by bond futures as

pricing in just a few more small rate hikes. And then next year, the market is actually pricing in rate cuts.

So Connie acknowledged that the economic downturn is already upon us, but she believes that the slowdown actually doesn't matter, that Q3 GDP print won't matter that much. She asserted that a credible peak in bond yields is now in, with a slowdown already under way. Commodity prices such as oil and wheat have backed off. The dollar has stopped rising, and the repo market is still functioning well. That's an indication that dollar liquidity, liquidity in general, is not a problem.

All of those things Connie believes creates a much better outlook for the markets, again a very positive outlook.

Now, I speak to Connie frequently. And I first spoke to her about this nonconsensus view in early June, well before the move in the markets. And really I remain impressed that the market rebound in July and so far in August have confirmed her predictions that she made in early June.

1	Of course the main risk is that
2	inflation spikes again or remains very high. Q3
3	growth and corporate earnings could be much worse
4	than expected. Let's hope not.
5	But please be assured that we don't
6	trade and we don't adjust the portfolio on any
7	projections of the future. You're well-aware of
8	our philosophy. I've said it many times. Many of
9	you could probably repeat it.
10	But it's still nice to hear an
11	optimistic view from a very credible source of
12	ours with a very strong track record too. I hope
13	she's right, but as I mentioned at the outset in
14	my remarks, no matter how the future unfolds, I'm
15	confident that the PRIT Fund will perform well.
16	It's carefully constructed to perform well in a
17	variety of different market conditions as we've
18	proven in the last two years and over longer
19	history too.
20	I'll stop there, take any questions
21	before quickly going through the performance
22	slides.
23	Any questions?

TREASURER GOLDBERG: Are there any

- 1 questions for Michael?
- As usual, Michael, you were very
- 3 thorough.
- 4 MR. TROTSKY: I can go through the
- 5 performance slides, just to get it on the record.
- TREASURER GOLDBERG: Yes. Please do
- 7 since we do have some --
- 8 MR. TROTSKY: Tony, do you want to pull
- 9 those up? Next page.
- 10 So this shows our annual returns as of
- 11 June 30. The PRIT Fund was down 3 percent for the
- 12 fiscal year, as I mentioned. That's down
- 13 3.4 percent net of all fees and now stands at
- 14 \$92.4 billion. That was an investment loss of
- 15 3.2 billion, but an outperformance of 1.5 percent
- or 1.4 billion above a benchmark return.
- 17 Net outflows were somewhat unusual this
- 18 year. We only had net outflows of \$30 million for
- the year. Usually they're between one and one and
- a half billion dollars. I mentioned before, that
- 21 was primarily a result of a couple of pension bond
- issuances by our clients. And we receive those
- pension bond proceeds which offset net outflows.
- You can also see that the 3-, 5- and 10-

- year numbers were all very strong and abovebenchmark.
- Next slide. As I mentioned, private
- 4 equity, real estate and timberland led the way,
- 5 very strong performance. Up in the twenties for
- 6 real estate and private equity, and over
- 7 11 percent for timberland. Global equities and
- 8 fixed income on the right, the weakest asset
- 9 classes, as I mentioned.
- 10 All asset classes either outperformed or
- 11 were in line with their benchmarks.
- 12 Next slide. A little more detail for
- the year. On the left, you can see what did well,
- 14 private equity, real estate, timberland.
- 15 On the right, bonds, equities in
- general. Emerging market debt is the farthest on
- 17 the right. Emerging markets equities hit very
- hard. Interestingly, a 60/40 mix of stocks and
- 19 bond down 13 and a half percent.
- 20 And the PRIT Fund fared better. In the
- 21 middle in orange, you can see it was down
- 22 3 percent.
- And the favorite slide of mine, the
- quilt chart, you can see what drives the bus here

- at PRIM. Private equity leads the way over all 1 2 time periods. Real estate, a very strong 3 performer. Global equities more volatile. 4 this year, portfolio completion strategies, which 5 is mostly hedge funds, really helped buffer the 6 volatility in the equity markets and bond markets. 7 So that's the performance. Happy to 8 take any questions before moving to the next 9 agenda item. 10 TREASURER GOLDBERG: Again, any 11 questions for Michael?
- Hearing none, Michael, we might as well
 go on to the executive director fiscal year 2022
 performance evaluation and fiscal year 2023 goals
 and objectives.

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- This is where I turn it over -- it is a voting item. However, I turn it over to my good friend Bob Brousseau.
- Bob, you need to unmute, though, because
 we know you have terrific things to say. And then
 I'll plan on adding to that when you're done.
- MR. BROUSSEAU: Okay. Thank you, Madam 23 Chair.
- 24 Fortunately, I guess, Michael did a lot

- of what I'm probably going to repeat today in

 terms of the evaluation of the executive director

 that we do annually and of course which is

 required.
- But first of all, let me say, as the
 Treasurer has said many times, this is perhaps
 Michael's least favorite day. And I would say
 that after 12 years --
- 9 TREASURER GOLDBERG: Actually also the
 10 day that we do executive compensation is -- that's
 11 his least favorite. This is his second-to-least
 12 favorite.
- MR. BROUSSEAU: Okay. Second. Okay.
- 14 Well, after 12 years, Michael, I'm sure 15 you are now used to the whole process and what 16 we're doing. So I will just I guess ask you to 17 sit back, relax and enjoy it because certainly 18 there are not going to be any surprises here 19 today. And I'm sure that everything we heard 20 today is a far cry from what you were hearing 21 earlier in the year.

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But anyway, just a little bit about the process. As you probably know, we get new people serving on committees. The board people have been

around for quite a while, but the annual 1 2 evaluation is an open session. State law requires 3 that our evaluation of the executive director be 4 held in open session.

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- My role as a board person, as chairman 6 of the Admin and Audit Committee, is simply to coordinate the process and present a report to the board. I do not evaluate the executive director. Mine is one of nine trustees who do this. But I 10 must coordinate and present something to you so you can either agree or you can further meet with 12 Michael. Your participation in this is certainly encouraged and appreciated.
 - Michael's self-evaluation was sent to the board and to the committee members on August And it was sent for your information and the 2nd. hopefully your participation.

Your participation is certainly There is no rule that says you had to optional. fill out a form, either the form that is used as a discussion guide, or you did not have to contact me. You could wait until today to do this evaluation verbally at the end of my report, or you could participate in it.

We encourage people to participate in it
because at least it gives me something to tell you
about Michael and also to lead this discussion, if
there is a discussion at the end of the report.

So I encourage board members to further comment at the conclusion of this report.

So all evaluations serve, as we know, to improve performance. And that should be the goal of all performance is to improve performance. I know probably some would say can we do better than we have been doing now because we are near total perfection from what I can hear the reports that Michael has given us.

But first of all, I'd like to thank the board and committee members for their part in this process. Thirteen people participated in Michael's evaluation, five board members and eight committee members. And I believe that is the same number who participated in this process last year.

This evaluation is used later this year in November by the Compensation Committee to recommend the compensation for the executive director for the coming year.

In terms of the evaluation, Michael's

evaluation this year is the same as last year. In other words, it's the same as last year, the same as the year before that, the same as the year before that, and the same as the year before that. Actually, as far back as I can recall, Michael's evaluation has been outstanding, and I would tell you just all of the 13 replies that I received or evaluations all stated basically the same thing, that his evaluation is outstanding.

- A challenging year for Michael, for our staff and for PRIM definitely. In fact, as the year started last spring when Michael gave his report in March and again in June, I was reminded a little bit of the classic novel, *The Tale of Two Cities*. It begins, "It was the best of times; it was the worst of times."
- And as we looked at the year last year, we were, at the end of the year, a 30 percent return. We were nearing \$100 billion in assets.

 The pandemic appeared to be abating a little bit.

Then came 2022, and as Michael told us at one of the meetings, the world apparently turned upside down on us. Market volatility. The effects of the pandemic caused political and

- 1 economic malaise. Russia's invasion of the
- 2 Ukraine. Geopolitical tensions around the world.
- The worst inflation in 40 years, and more and more
- 4 that we could list.

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- But that said, Michael and his amazing

 staff, and he refers to them as his amazing staff,

 continued to innovate and guide us through these

 difficult times. And your evaluation did bear

 this out.
- 10 As I looked through all these
 11 evaluations, I tried to pick out some qualities
 12 that did appear in all of the evaluations that
 13 people gave him. And I just want to mention a few
 14 of these qualities, and there were quite a few of
 15 them.
 - Michael's management style does have certain qualities that the more you work with him, the more you realize not only Michael, but the staff also, he is a leader. And we do know that leadership starts at the top. And these leadership skills were expressed in just about all of the evaluations that I saw.
 - Another one, his collaboration. His collaboration with

- our managers, his collaboration with board members, committee members is superb.
- Also his vision. A good leader has a vision for the organization. And he certainly has a vision, and he has kept the vision intact.
- He is supportive. His communication skills are excellent. You heard that this morning.
- Another one was unique, I thought.

 Inclusivity. And Michael is an inclusive person,

 and I think that bodes well for the successes that

 we've experienced here at PRIM.

- He is creative, and his expertise is tremendous. His innovation. Another one here, ethical. Michael is an extremely ethical person, and he **ex**udes this with all of the people that he works with.
- Also one can say his dedication to the organization and to PRIM is above reproach.
- Now, in terms of initiatives, we saw
 this past year and people mentioned there in
 evaluations the FUTURE Initiative that David has
 been working on just about all of this year, the
 diversity and inclusion of staff, and as we have

- seen here, the implementation of the investment
 equity law that the Treasurer worked so diligently
 on and getting passed into legislature is being,
 as we see here, applied here at PRIM very
 successfully.
- As Michael said today -- what was it?

 61 percent of our staff is now diverse.

 8 52 percent of the staff are female. This is just

 9 an example of how we are moving in this area of

 10 diversity and also with our investments.

The ESG initiative, the Sloan School collaboration and the Russian divestment that they had to deal with after the legislature by legislation said we had to divest our holdings in Russia, which as we know at one point could have been as much as \$240 million, this was done, and it was done as quickly as possible. And again, I say we have to attribute that not only to our staff, but again to Michael's vision as to what has to be done here.

We heard today about the *Institutional Investor* awards. Three were brought out, how PRIM continues to get these awards. Michael is recognized. And this just adds of course I think

to his standard, not only that, but his standing here at PRIM and also in the investment world.

He mentioned the audits, the audits, something we know are going to come, but they came unannounced this year. The PERAC audit. The audit from the state auditor. These were handled. Again, all the requirements that have been put on staff. And staff, as well as Michael, were able to handle this very, very successfully.

We heard of the seminars and the board education, committee education program throughout the year. Another example. With all of this going on in the world, Michael and the staff was able to continue with this and to help PRIM to grow.

PRIM staff has grown. They on-boarded

11 new people in the past year. We now have

55 people on staff, and hopefully there will be at
least half a dozen more hired this year also.

What I would like to do actually is to share with you some of the commentary. I think that people get used to that. You're saying, well, probably Bob has exaggerated some of this. And just to give you an idea of some of the

- 1 comments that were made, I've got a few of them
 2 here, probably seven or eight that I would like to
 3 share with you.
- Here's one that came and says from one
 of the evaluators, said, "We are still producing
 superior returns in today's very challenging
 market. Our returns place us in the top tier when
 compared with our peers."

And this person also at the end said that he had been reading an article how someone was honored by their peers. And it referred to the person as a gold standard. And this person said, "I view that Michael Trotsky is the gold standard for other executive directors here to emulate." And I think that was certainly an honor for Michael.

Another one of the evaluations, I'm trying to pull these out here as they came to me, stated, "While Michael always correctly credits his staff for PRIM's successes, his leadership of that staff has always been critical to its success."

And the person gave some examples over the last year of what Michael has been able to

Here are some. The creation of the 1 accomplish. 2 PRIM ESG committee. Shepherding a huge growth of 3 the PRIT Fund in fiscal year 2021 to \$95 billion. 4 Continuing to foster a true sense of team at PRIM. 5 Continuing in a very collaborative relationship 6 with Treasurer Goldberg. Further developing 7 PRIM's research relationship with the MIT Sloan 8 School on ESG investing. Continuing the expansion 9 of diversity of our PRIM staff. Continuing 10 successful retention of PRIM staff. Once more 11 presiding over national recognition of PRIM and 12 PRIM staff for outstanding achievements. And 13 continued success of Phase II of Project SAVE. 14 Another evaluation states, "I think 15 Michael continues to do an outstanding job. We 16 are lucky to have him. He has helped shape an 17 impressive culture at PRIM, a culture of 18 collaboration that I assume will positively impact 19 returns over time. Relative to diversity and ESG, 20 which are two topics which many funds are focused 21 on, I think Michael has approached those topics in 22 a distinctive and creative way. I observed many 23 leaders during my career, and Michael is one of 24 the best I have seen."

And another comment stated that "The
pace of non-investment projects combined with
unusual market volatility can create strains on
the organization and particular staff that needs
to be understood and, if possible, planned for in
the time ahead. I am not aware of any specific
complaints. This observation is more of a
concern, as we have been in unusual times."
And this I said the idea that Michael

And this -- I said the idea that Michael has told us how the strains and the extreme amount of extra work that has been placed on our staff during this very difficult period.

"PRIM, in my view, has been remarkably successful in recruiting and on-boarding 11 new full-time PRIM employees in the past 12 months. I continue to be pleased, perhaps even amazed, at the knowledge and experience of those I have met and how they seem to fit into the team.

"The past year has been challenging for everyone at PRIM, and Michael's continued successful leadership has been very important to the favorable results."

Another one stated, "Michael's broad knowledge and attention to detail, combined with

his comprehensive vision and support of staff, has
kept PRIM as a top performer, even in a down
market in fiscal year 2022 and surely at the top
of the peer group.

"I take great pride as a PRIM Board
member in Michael's leadership and in the PRIM
staff, all of whom have worked so hard and so
smart in a very difficult investment environment."

Another evaluation highlighted four areas of Michael's: his performance, people, communications, strategy and leadership. And in all of these, stated, "Not only does performance continue to be terrific, but the methodology, the process and the discipline continue to be superb, giving us all comfort that what we're doing is logical and repeatable."

Another one of the people, "Mike continues to manage a complex organization towards more capabilities and better people. It's been a struggle to do this, but yet Michael has done it very, very well."

And communications, "Mike is a consummate communicator, and he needs that skill because his constituencies are very different from

1	each other and quite numerous. Mike now
2	communicates with PRIM's beneficiaries and
3	clients, the state government, the Treasurer's
4	Office, the internal staff, the investment
5	industry, regulators and his own governance
6	committees, just to name a few."
7	And in strategy and leadership, "In an
8	ever more complex world, Mike continues to
9	catapult PRIM to strategic and thought
10	leadership."
11	TREASURER GOLDBERG: Is it my turn, Bob?
12	MR. BROUSSEAU: No. I'm just going to
13	conclude, I guess, in about two minutes, Madam
14	Treasurer, but these they're all the same, and
15	I just wanted to take about two or three more.
16	"I reviewed the discussion guide, and in
17	my opinion, he exceeds expectation and outstanding
18	in all areas. I would say the following about
19	Michael. I have the utmost confidence and respect
20	for him in the role of executive director. The
21	beneficiaries of this fund are lucky to have such
22	a great mind protecting their retirement security,
23	especially during volatile times."

And there were several more, and they

- 1 are all saying the very same thing in terms of 2 Michael's evaluation.
- So having said that, Madam Treasurer. I'm going to conclude this. I know I probably spent a little too long, but I think for the record, I think that it is noteworthy that when the board does evaluate Michael, and with all that he has done, I think it's important that the record show that this is stated by people he works with, especially the board people and the committee people.

And at this point, I am going to turn it back to you now so that if any members of the board have any further comments or would like to do their own evaluations, they can do so. Okay. It is yours, before we go on to the goals and objectives.

TREASURER GOLDBERG: Well, first of all,
Michael, is there a reason why you've turned
multiple shades of red in the last 10 minutes?

Michael, as you know, Bob and other

members of the board, actually becomes a little bit embarrassed when we go on and on about his performance. But I feel compelled to reiterate

many of the things that Bob quoted in comments from other members of the board and the subcommittees.

I was trying to remember this morning just how many times I've gone through this, but in December, Michael, you and I will have known each other eight years, and I can say unequivocably that you as an individual, as an executive director, as a CIO, have continued to grow tremendously in the role that you are in.

Using the word "exceed expectations," I always had very high expectations of you, as you have of yourself. And that's something that I think that we're very fortunate, that you don't rest on your laurels, that your strategies make a great deal of sense. You support superlative individuals within your organization, and that is the key to success.

How you choose, how you lead and how you support, beyond all of the items mentioned by Bob and others in their comments. And to me, that is an example of success. And when we say "exceeded expectations," I know for a fact that you will continue to raise the bar for yourself every

- 1 single year.
- And consequently, I just want to
- 3 reiterate everything that's been said before. I
- 4 don't think we need to go any further.
- I want to share with those who aren't as
- 6 familiar with Michael's and my working
- 7 relationship that it is open communication at all
- 8 times and that when my office -- and we have my
- 9 head of policy and legislative affairs on this
- 10 call. I also see my first deputy is on this call.
- 11 We work collaboratively. And in
- 12 particular keeping PRIM and its strategies on a
- 13 constant trajectory upward and working with
- individuals within the organization, who are all
- so incredibly talented.
- So with that, I will turn it back in
- terms of looking at goals and objectives for the
- following year, but keep up the good work. I know
- that you will be able to sustain us through
- whatever volatility and uncertainty that we have,
- 21 moving through the next year. And we've done it
- before. Knock wood, we will do it again, and we
- 23 will do it together.
- So go ahead, Bob, move on to goals and

objectives unless there's anyone else who wants to 1 2 add anything. And that will be a voting item. 3 MR. BROUSSEAU: I think if any board 4 people because it is their evaluation, if they 5 want to just complete --6 TREASURER GOLDBERG: Absolutely, though I did say that. 7 8 MR. BROUSSEAU: They can be recognized 9 so they can do that. 10 TREASURER GOLDBERG: Anybody want to add to this? 11 12 MR. BROUSSEAU: I'm going to add a 13 message for Michael. One of the evaluations says 14 that this person hopes that you are definitely here for at least another decade. 15 16 TREASURER GOLDBERG: We have a deal 17 going on. I'm staying; he's staying. 18 MR. BROUSSEAU: Okay. 19 MR. NAUGHTON: Madam Chairman, I'd just 20 like to say a word, if I may. 21 TREASURER GOLDBERG: Absolutely. MR. NAUGHTON: You know, with all of 22 23 those very superlative things that have been said

about Michael, I'm not going to repeat any of

- those because I share them wholeheartedly. But the one thing that strikes me is -- and I've been around the block a few times at my age. I would observe that Michael is one of the most even-demeanored people that I know, had the pleasure to And regardless of what the market or politics or anything else has thrown his way, he never, never shakes his approach, which is positive, which has a sense of humor in it when needed, and which I think provides the basis for his superlative leadership of our wonderful staff.
 - And I just want to conclude my remarks by saying, oh, if only the Red Sox had somebody like him.

Thank you.

MR. TROTSKY: So thank you very much, everyone, Treasurer Goldberg, Bob, Dennis, and many others who have availed themselves of the opportunity to speak with me, took time out of their busy schedules to make appointments, phone calls, in-person, to speak with me about the performance evaluation. I appreciate that very much.

It is very embarrassing to me, but also

your sentiments are heartfelt, and they mean the
world to me. It's great to have everyone's
confidence going forward in what I think may be
some challenging times ahead. We'll see.

- But more than anything, I have to call out the staff. We're lucky to have assembled a group that in the words of many of you and myself is second to none, not only in the pension fund industry, but in the entire investment management industry.
 - And it's an absolute pleasure to come to work every day to be with them, to see them work, to see the passion, drive and dedication, frankly, to our mission here.
 - So they are the people that do all the work. I may be the conductor, but they're doing all the work, and they're fantastic at their jobs.
 - Now, the one thing that I've heard loud and clear and is resonating is that there's always room to improve. And I do believe that. And we try to do that every year.
 - You may remember that long ago in my career at Intel, I was mentored and got to meet and be trained or indoctrinated, if you will, by

the late great Andy Grove, who was the founder of Intel. I met him. It was a privilege of my life to meet him, but he wrote the book called *Only the Paranoid Survive*. That's the number 1 thing that guides me.

- The number 2 thing that guides me is a famous quote from the also late great college football coach Joe Paterno of Penn State. And he said once, and it resonates, I think about all the time, "If you're not getting better, you're getting worse."
- So those are kind of our philosophies in terms of management here. And I think everyone agrees that there's always room to improve. We're looking around the organization at ourselves, at myself, every single day. We take feedback from coaches, board members, committee members, to try to improve our performance every year. And you have a guarantee that we will continue to do that and not rest on our laurels, Treasurer Goldberg.
- So thank you so much for really another heartwarming and very meaningful review.
- MR. BROUSSEAU: Treasurer Goldberg, I guess the next part of this is the approval of

- Michael's goals for 2023, and they're found in 1 2 Appendix D of the agenda, of the expanded agenda. 3 And it is a voting item. 4 TREASURER GOLDBERG: That is correct. 5 MR. TROTSKY: Right. 6 TREASURER GOLDBERG: So I will seek a 7 motion and a second that we approve Michael 8 Trotsky's fiscal year 2023 goals and objectives. 9 Is there a motion? 10 MR. BROUSSEAU: So moved. 11 MS. FITCH: So moved. 12 TREASURER GOLDBERG: Is there a second? 13 MR. NAUGHTON: Second. 14 TREASURER GOLDBERG: Are there any 15 questions or comments on --MR. TROTSKY: I just have a few 16
- The goals --

comments. I'll be quick.

- 19 TREASURER GOLDBERG: I just want to
 20 share with those visually, if you can see. This
 21 is the writeup, and so Michael put a lot of
 22 thought into what he is going to be doing and
 23 thinking about in the next year.
- 24 MR. TROTSKY: Right. And I assure you I

- 1 won't go into all those pages.
- TREASURER GOLDBERG: We didn't think you
- would, and I just wanted to let people know, this
- 4 is not a one-page --
- 5 MR. TROTSKY: Yes.
- 6 The goals and objectives really for
- fiscal 2023 are very consistent with past years.
- 8 They include things like consistently
- 9 outperforming the PRIM benchmark, ensuring that
- 10 staffing levels are appropriate, high standards of
- job conduct for everyone, communications, et
- 12 cetera.
- 13 What's new this year is what I will
- 14 highlight. And number 1 is no surprise, but a new
- goal and objective is to establish and support the
- new ESG committee, which you will be voting on
- today.
- And also a new one on here is to
- successfully implement the FUTURE Initiative,
- 20 continue to be successful there.
- In addition, in terms of human relations
- and diversity and inclusion, we are going to
- complete another pay equity study this year. We
- 24 did it I believe three years ago, and we're due

- 1 for it again this year.
- We're going to continue our advocacy
- 3 work alone and also with the CFA Institute's
- 4 Global Diversity and Inclusion Advisory Committee
- on their code of conduct, something I helped
- 6 create, feel passionate about, and we do advocate
- for.
- 8 And then last, as we mentioned several
- 9 times already this morning and in the past, we are
- 10 resource-constrained. We're 55 people strong over
- 11 two floors here at 84 State Street. We have plans
- to grow, at your urging and at the board's
- approval to grow staff, and we are currently out
- of space.
- So a major goal of this year is to
- 16 complete a review of our office space suitability.
- 17 And also we're looking seriously at other options
- so that we can all be on one floor rather than two
- or three. Better for collaboration and better for
- 20 economics. And we'll be getting back to you with
- 21 plans on office space suitability and a possible
- move.
- That's it. Those are really the key
- 24 differences from last year.

1	TREASURER GOLDBERG: So are there any
2	other questions or comments from other members of
3	the board?
4	All right. Then we will proceed with
5	the roll call vote.
6	Bob?
7	MR. BROUSSEAU: Yes.
8	TREASURER GOLDBERG: Ruth Ellen?
9	MS. FITCH: Yes.
10	TREASURER GOLDBERG: Jim?
11	MR. HEARTY: Yes.
12	TREASURER GOLDBERG: Theresa?
13	MS. McGOLDRICK: Yes.
14	TREASURER GOLDBERG: Peter?
15	MR. MONACO: Yes.
16	TREASURER GOLDBERG: Dennis?
17	MR. NAUGHTON: Yes.
18	TREASURER GOLDBERG: Carly?
19	MS. ROSE: Yes.
20	TREASURER GOLDBERG: Paul?
21	MR. SHANLEY: Yes.
22	TREASURER GOLDBERG: Myself, yes. The
23	motion carries.
24	Okay then. Moving right along.

1	Congratulations, Michael.
2	We will move on to the diverse
3	investment manager, which is the FUTURE
4	Initiative, and this is an update. It is not a
5	voting item.
6	MR. GURTZ: That's right. Good morning,
7	everybody. I'm David Gurtz, here to give you a
8	very brief update on our FUTURE Initiative and the
9	activities over the last six months in particular.
10	I think Tony's going to show a slide 2
11	there. I'll just talk about this slide very
12	briefly.
13	First, we continue to allocate capital
14	to diverse managers. In the fist half of 2022,
15	PRIM allocated or committed over \$1 billion to
16	diverse investment managers. And today, as
17	Michael mentioned, staff is recommending another
18	\$750 million to diverse managers.
19	In addition, our \$1 billion emerging-
20	diverse manager program, which is specifically
21	designed to reduce barriers for diverse managers,
22	is up and running. To date, our managers of
23	managers, which include Xponance, Bivium,
24	Cambridge Associates and Hamilton Lane, have

invested \$230 million with nine emerging-diverse
managers in four different asset classes. And
each asset class team is holding monthly meeting
with these manager of managers to discuss their
pipelines and potential next investments.

And at the last meeting, we recommended committing to Insight Partners Vision Fund II.

This is a fund dedicated to investing in emerging-diverse venture capital managers. And PRIM's \$30 million commitment makes us one of the largest limited partners in this very unique fund.

So in just in a few months, we've made great progress on this exciting and new program. We're off to a great start. We've got more to come, lots more in the pipeline. So expect more updates in the future.

Outside of investing, we continue to enhance DEI reporting. As Michael announced earlier, PRIM became a founding signatory and champion of the CFA Institute's DEI code. Signing this DEI code means we as an organization are committed to embracing its core principles to improve our workforce and the industry.

In addition, later this fall, Lenox Park

Solutions will conduct our second annual DEI survey of our investment managers. This survey of our managers' DEI metrics allows us to track the efforts and progress our managers are making to improve the diversity within their own organizations.

And this information also helps us prepare our annual report to the legislation, detailing our progress toward the legislation's goals. PRIM prepared and submitted our first annual report to the legislation in January of this year.

And finally, we continue to improve our sourcing of diverse managers by getting the word out that PRIM is open to working with diverse managers. We continue to highlight the FUTURE Initiative at conferences and in the press.

And it seems to be working as diverse managers are telling us and our advisors that they appreciate the initiative and the opportunity to possibly work with PRIM.

And I think one example of this, as

Michael mentioned earlier, was him being invited

by the NAIC, which is the largest network of

diverse-owned alternative investment management
firms, to be an honorary co-chair of their
midsummer VIP event, which took place a few weeks
ago.

- And again, as Michael mentioned at the event, he met with many diverse firms, and we've added a number of them to our pipeline of diverse managers.
- So we expect the second half of 2022 to
 be just as productive as we continue to make
 progress on the four keys to the FUTURE
 Initiative. We'll continue to allocate capital to
 diverse managers, as I mentioned. Today we're
 recommending \$750 million to be invested by
 diverse managers.
 - We'll continue allocating capital to the emerging-diverse manager program, which directly reduces barriers for diverse firms. We continue to enhance DEI data and reporting. Lenox Park will survey our managers again this fall, and we'll complete by mid-January our second annual legislative report on the progress we are making towards the goals set forth in the legislation.

And finally, we continue to get the word

1	out to improve our sourcing and pipeline of
2	diverse managers.
3	So a quick, brief update, and happy to
4	answer any questions, if you have any.
5	TREASURER GOLDBERG: Are there questions
6	for David? At all?
7	Okay. Thank you so much.
8	And David, Chuck LaPosta and I actually
9	had a very fascinating conversation this week with
10	one of the new investment managers. What was
11	interesting is they were not aware of the degree
12	of work that has been done since 2014 in this
13	space for not only PRIM, but all of Treasury.
14	So they were fascinated by it and I
15	think very pleasantly surprised.
16	Wouldn't you agree?
17	MR. GURTZ: Absolutely. Yes.
18	TREASURER GOLDBERG: It was kind of an
19	interesting meeting.
20	MR. GURTZ: Yes. It was, it was.
21	TREASURER GOLDBERG: They thought they
22	were going to share some information with us.
23	MR. GURTZ: The other way around, I
24	think.

1	TREASURER GOLDBERG: But anyway, it goes
2	to show how committed and passionate they are.
3	And one thing that made us feel very confident was
4	their constant emphasis in outperformance.
5	MR. GURTZ: Yes.
6	TREASURER GOLDBERG: So we were happy
7	with the fact that they focused on the critical
8	thing for PRIM, which is their performance.
9	MR. GURTZ: Absolutely. Yes.
10	TREASURER GOLDBERG: With that, if there
11	are no other questions, we can move on to our
12	investment report, beginning with public markets.
13	MR. McELROY: Great. Thank you, Madam
14	Treasurer.
15	This is Michael McElroy. Let me just
16	make a few comments on the public market returns
17	in addition to kind of what's been talked about
18	already, as well as how we performed relative to
19	these markets.
20	As you know, the public markets, the
21	equities and the bonds represent about 60 percent
22	of the PRIT Fund. And given its diversification,
23	we expect it should weather market environments
24	like we've seen. Certainly the last two quarters

have l	peen	chal	leng	ing.	We	saw	both	equities	and
bonds	down	at	the	same	time	2			

First let me comment on the equities side and then shift over to the fixed income environment.

So in the second quarter, we certainly saw the acceleration of behaviors that we observed in the first quarter. As noted, the developed markets declined between 15 and 16 percent.

Emerging markets were actually a bit stronger. They only declined about 12 percent, and that was really due to China having a pretty strong snap back, up 3 percent in the quarter, though for the entire fiscal year, China was very weak. Down 32 percent for the fiscal year.

For the whole fiscal year, as noted, the developed and emerging markets returns were negative. The aggregate global equity was down about 16 percent.

Value or cheaper stocks outperformed the growthier or more expensive stocks in all markets in the second quarter. We saw this shift start last year. We do expect it to continue, and we'll talk about that with some manager recommendations

- 1 after this update.
- 2 On a benchmark-relative basis, we
- performed in line in the second quarter. Our U.S.
- 4 managers slightly outperformed. Our non-U.S.
- 5 managers in aggregate slightly underperformed.
- And that's mostly due to weaker performance from
- 7 our growth-oriented managers.
- And for the full fiscal year, we saw a similar profile with the U.S. managers slightly ahead, the developed international managers
- 11 lagging and our emerging managers in line.
- So even with the mixed performance that
- we saw, the diversification, both by manager and
- style, kept the overall global equity performance
- in line with its benchmarks, albeit negative
- 16 benchmark returns.
- 17 From an interest rate perspective,
- interest rates were higher across the yield curve,
- and credit spreads did widen in the second
- quarter, both compared to last quarter as well as
- 21 to a year ago.
- 22 So this increase in rates certainly
- impacted performance in both our core and our
- value-added fixed income portfolio. Though

absolute returns were negative by between 4 and 7 percent, on a benchmark-relative basis, the core fixed income performed in line, and our value-added fixed income, more of the credit-oriented and emerging markets, slightly underperformed.

- And though the credit spreads widened, they still remain below the long-term averages and really far from levels that we saw in either 2008 during the global financial crisis or in the early parts of 2020 when the pandemic struck.
- So there has been an increase in highyield bonds trading at what we'd call distressed levels. However, default rates remain near historic lows, and it's certainly something we continue to monitor.

As we mentioned last quarter, inflation continues to be a major theme. Though the current headline inflation rate just below 9 percent is higher than the last quarter, the longer term inflation expectations are still running at around 2.5 percent. Inverted yield curve, where the rates on the shorter maturities tend to be higher than the longer maturities, this can often portend a recession so we're asking our managers about

their views on	the duration and the potential
depth of this,	as well as how they're positioning
for a rebound,	which inevitably will come, and
maybe we're in	the midst of that right now.

Common themes related to inflation are around the impact of energy prices and labor costs and the ability of companies to be able to kind of work through that in terms of being able to increase prices to offset some of those pressures.

Though company fundamentals remain strong, from what we hear from our managers, they are expecting a bit of a turn over the next one to two quarters.

And in terms of positioning and portfolio characteristics, managers have been reducing duration of the fixed income portfolios, though as these assets have sold off, managers are now starting to see some value in those longer duration assets as they've really declined in value.

On the equity side, the value-oriented managers have been outperforming kind of the longer duration growth managers. We're closely monitoring this exposure between growth and value

within the aggregate PRIT portfolio as well as
other factors like debt burden that these
companies face in the event that rates continue
upward.

Overall, we continue to have very good factor balance in the aggregate portfolio. And then just finally in terms of risks, both geopolitical and economic risks, the list remains long. Volatility is high in both equity and fixed income markets. It's been amplified by the war, as well as the slowdown in China due to both kind of the COVID lockdown, as well as property market concerns.

Increasing energy prices, though they have backed off more recently, have impacted countries that are more externally dependent for their energy needs.

And then we did see a selloff in cryptocurrency in the second quarter as well.

This heightened some fears of contagion and potential financial system stress, though those concerns seem to have receded recently.

High volatility should be a good environment -- and I've said this several times --

1	for our active managers to add value. Where
2	there's dispersion, there's good opportunity. But
3	because of the myriad of different risks that
4	we've seen, it's been fairly challenging to manage
5	this broad set of risks.
6	In aggregate, and I guess just to
7	finish, the aggregate risk of our overall equity
8	and fixed income portfolios currently and has
9	remained low.
10	So I'm happy to take any questions on
11	this update, or we could move to the next item.
12	TREASURER GOLDBERG: Any questions for
13	Michael?
14	Hearing none, so we can move on to the
15	voting item, which you're referring to the
16	approval of developed international, correct,
17	Michael?
18	MR. McELROY: Correct. Yes.
19	TREASURER GOLDBERG: So I'm going to
20	seek a motion in a second, and then I'll turn it
21	over to you to do an explanation.
22	MR. McELROY: Thank you.
23	TREASURER GOLDBERG: I seek a motion

that the PRIM Board approve the Investment

1	Committee's recommendation to approve the initial
2	allocations of up to \$450 million to Columbia
3	Threadneedle Investments, \$300 million to Causeway
4	Capital Management and \$250 million to Pzena
5	Investment Management to provide active investment
6	management services for a world ex-U.S. value
7	equity mandate as described in the expanded
8	agenda, and further to authorize the executive
9	director to take all actions necessary to
10	effectuate this vote.
11	Is there a motion?
12	MR. BROUSSEAU: So moved.
13	TREASURER GOLDBERG: Second?
14	MS. FITCH: Second.
15	MS. McGOLDRICK: Second.
16	TREASURER GOLDBERG: Okay. Go ahead,
17	Michael.
18	MR. McELROY: Great. Thank you.
19	And as I think noted in the expanded
20	agenda as well, Appendices F and G have this
21	information that is on the screen here. You can
22	see some of Appendix F.
23	Let me start out with just kind of a
24	quick executive summary, and this will be on

- page 2. And then I'll pass it over to mycolleague Andre Abouhala to kind of finish up.
- But just as noted, our recommendation is to hire three active managers for a world ex-U.S.

5 value equity mandate.

I would note that the search process was very collaborative between the public markets staff, between risk, as well as the research team here at PRIM. And so I really appreciate everyone's contributions and time committed to go through the work required in order to identify these three managers.

We expect that this funding will be sourced from our current passive exposure so this will increase the portion of international equities that are actively managed. This has been an area where managers have historically added value relative to their benchmark. And we are targeting funding for the beginning of October of this year.

Just from kind of a top-down highlight,

I would just mention that hiring these managers

will help reduce manager concentration as well as
enhance the risk-return profile of our

- 1 international equities exposure. Currently, we
- 2 have five active managers that represent about
- 3 60 percent of this active international exposure.
- 4 So this just helps broaden out the opportunity sat
- for us. It gives us latitude to help us balance
- 6 some of those style exposures that I mentioned,
- 7 value versus growth.
- 8 And then as I mentioned, also
- 9 international value managers have historically
- 10 outperformed our benchmarks. This is an area
- 11 where active managers add value.
- 12 All three of these managers have long
- and successful track records. Causeway and Pzena
- 14 are diverse investment managers. And Pzena, we
- already have exposure in the emerging markets
- 16 portion of our global equity portfolio, so they're
- a known quantity in terms of their style, how they
- manage, and they've been very successful in the
- 19 emerging markets. And this does also give us
- ample capacity to do further allocations, if so
- 21 desired.
- So if no questions at my end, I'll pass
- it over to Andre Abouhala to provide a little more
- 24 detail.

1	MR. ABOUHALA: Thank you, Mike.
2	Good morning, everyone. I'm Andre
3	Abouhala, investment officer on the public markets
4	team. We're on page 3 of the presentation.
5	So just to reiterate the recommendation,
6	we're seeking approval of an allocation of up to
7	1 billion to three active international value
8	equity managers: 450 to Columbia Threadneedle,
9	300 million to Causeway Capital Management and
10	250 million to Pzena Investment Management.
11	Funding for this investment will be
12	sourced from our existing passive world ex-U.S.
13	portfolio. Therefore, this allocation will not
14	change our exposure to equities. However, this
15	allocation will increase our active/passive split
16	from 60/40 to 70/30, a small change, but one that
17	will have an impact on our three most important
18	core investment considerations: risk, return and
19	cost.
20	From a risk perspective, the addition of
21	these three managers will marginally increase the
22	total risk of the portfolio, while moderately
23	increasing our active risk. This is primarily due

to the 1 billion shift from passive to active, not

because these managers are inherently riskier than the existing active manager roster.

Active risk arises from the manager's effort to outperform the benchmark. Naturally, our passive account possesses zero tracking risk with a beta of one.

All three managers we're recommending today are within reasonable risk limits. Causeway and Columbia are versatile, straddling both core and value styles. This provides us diversification and some flexibility in balancing exposures as Mike stated, whereas Pzena has a deeper value style with a slightly higher expected risk. We expect Pzena to be more active versus Causeway and Columbia over time.

From a return perspective, all three strategies have demonstrated excellent alpha capability versus the value benchmark over long time periods. All have an information ratio of .5 or above since inception, indicating that they are achieving appropriate excess returns for their level of active risk.

I'd say what's most impressive is that all three managers have outperformed the core

benchmark since inception, despite an enormously
challenging market environment for value
strategies over the past decade. These teams are
true survivors in what has been an unloved and
underappreciated style versus growth.

And lastly, in regards to cost, from an absolute standpoint, international large cap is the lowest cost asset class across PRIM's active public equities. We were able to negotiate competitive fee terms with each manager. For this mandate, PRIM will pay a blended effective fee of 33 basis points on 1 billion in assets under management.

And finally, who are these three managers? They are established firms with large institutional businesses. Causeway and Pzena are diverse investment firms. Causeway is womanowned, and Pzena's portfolio management team is women-led and diverse.

All have long track records of managing international equity strategies. Each PM that launched the strategy at their respective firm is still managing or overseeing that strategy today.

And lastly, differentiated approaches to

portfolio management in construction. Causeway utilizes a hybrid approach with the investment team organized into two groups: fundamental and quantitative. The fundamental team is responsible for in-depth bottom-up research, while the quantitative staff develops and maintains a proprietary risk model which provides a roadmap for portfolio construction. Both teams are led by Sarah Ketterer and Harry Hartford, who cofounded the firm in June of 2001.

Based in Boston, Columbia Threadneedle's strategy is led by Fred Copper, who's been investing in international markets for over 30 years. Their process is built on the blend of fundamental, quantitative and macro analysis. Their top-down framework is unique in that they are seeking to understand where a particular stock is in the business cycle and how the cost of doing business is likely to change. This shows up in their subtle positioning of the portfolio relative to their macro views.

Pzena employs a classic value approach, seeking to buy good businesses at low prices, focusing on companies that are mispriced relative

'	to their instorical earnings power. This strategy
2	is led by Allison Fisch, Caroline Cai and John
3	Goetz.
4	In addition to the three PMs, the
5	strategy is supported by a centralized investment
6	team. PRIM has an existing relationship with
7	Pzena and emerging markets where they manage
8	1 billion in assets, and they have outperformed by
9	over 2 percent net of fees since inception.
10	Ms. Fisch and Ms. Cai are portfolio managers for
11	that strategy as well.
12	For any more detail on the managers and
13	this search, Mike and I are happy to answer any
14	questions.
15	TREASURER GOLDBERG: Do we have
16	questions for Andre or Mike?
17	Thank you.
18	Hearing none, we actually can move on to
19	the vote.
20	Bob?
21	Did we lose Bob Brousseau?
22	MR. BROUSSEAU: No. Yes.
23	TREASURER GOLDBERG: Thank you.
24	MR. BROUSSEAU: You didn't lose me, no.

1	I was mute	ed.	
2		TREASURER GOLDBERG:	I was all of a
3	sudden loo	oking, and the screen	changed.
4		Ruth Ellen?	
5		MS. FITCH: Yes.	
6		TREASURER GOLDBERG:	Jim?
7		MR. HEARTY: Yes.	
8		TREASURER GOLDBERG:	Theresa?
9		MS. McGOLDRICK: Yes	
10		TREASURER GOLDBERG:	Peter?
11		MR. MONACO: Yes.	
12		TREASURER GOLDBERG:	Dennis?
13		MR. NAUGHTON: Yes.	
14		TREASURER GOLDBERG:	Dennis Naughton?
15		MR. NAUGHTON: Yes.	
16		TREASURER GOLDBERG:	Carly?
17		MS. ROSE: Yes.	
18		TREASURER GOLDBERG:	Paul?
19		MR. SHANLEY: Yes.	
20		TREASURER GOLDBERG:	Myself, yes. The
21	motion ca	rries.	
22		MR. SHANLEY: Nice j	ob.
23		TREASURER GOLDBERG:	Thank you.
24		All right. Now we a	re moving on to

1	portfolio completion strategies with a performance			
2	summary and then a follow-on investment			
3	recommendation.			
4	Bill?			
5	MR. LI: That's correct. Thank you,			
6	Madam Treasurer.			
7	My name is Bill Li, senior investment			
8	officer and director of portfolio completion			
9	strategies.			
10	First thing first, performance. For			
11	the full fiscal year, portfolio completion			
12	strategies was roughly flat, down by .8 percent,			
13	outpacing benchmark by 56 basis points.			
14	PRIT Hedge Fund had a slight decline			
15	of 1.2 percent, still outperforming benchmark by			
16	over 120 basis points. In comparison, the			
17	market standard 60/40 mix detracted by 13.5			
18	percent for the same period.			
19	While PRIT Hedge Fund was not entirely			
20	immune to the challenging backdrop, it continued			
21	to provide diversification to the overall PRIT			
22	Fund. Notably, CTAs, or trend followers,			
23	capitalized on the trending commodities and			
24	currencies.			

Other substrategy types saw a dispersion

of outcomes, but in general found meaningful buffer in their ability to express vigilance via short-selling or hedging.

So if fiscal year 2021 rewarded equity beta risk with lucrative returns, fiscal year 2022 was about those mindful of capital preservation really persevering.

Our stable value funds had an excellent year, delivering a positive 3.6 percent. Going forward, within this stable value vertical, PRIM's investment partners continue to emphasize a low net exposure plus nimbleness to capture relative values.

On the other hand, directional funds understandably had a negative year. Despite a negative 10.5 percent, it managed to weather better than most other risk assets. After the recent selloff, which was indiscriminate across liquid assets, some directional managers started presenting dislocated opportunities in pockets of market.

To summarize PRIT Hedge Fund's fiscal year, vigilance helped preserve capital. While the plan is to continue being careful amid these

abundant uncertainties, we will also evaluate the pockets of dislocations highlighted by our investment partners.

As mentioned before, PRIM's style of hedge fund investing focuses on security selection alpha and structural alpha, namely selecting assets at intriguing price, executed via a sound operational setup. And we never lose sight of that. Vigilance particularly proved to be our friend in a down market. Meanwhile, we keep an eye out for assets of clear upside. We love asymmetric return profiles.

Vigilance coupled with a valuation awareness, we believe, is the best approach to survive and thrive across cycles.

In terms of the team's work plan this new fiscal year, we continue to be all hands on deck, checking in with the managers frequently, monitoring positions and news daily, debating investment thesis plus operational blocking and tackling with immense help from Matt Liposky's team as well as from Renee LeFevre's legal help.

With that, happy to answer any questions, or we can move on to the next item.

1	TREASURER GOLDBERG: I am muted. I
2	apologize.
3	Are there questions for Bill?
4	Okay. Hearing none, we do have a voting
5	item. So I need to read our motion and get a
6	second, and then Bill will give us the explanation
7	on it.
8	I would seek a motion that the PRIM
9	Board approve the Investment Committee's
10	recommendation to approve a commitment of up to
11	\$125 million to JEN 8 LP as described in the
12	expanded agenda, and further to authorize the
13	executive director to take all actions necessary
14	to effectuate this vote.
15	Is there a motion?
16	MR. BROUSSEAU: So moved.
17	TREASURER GOLDBERG: Second?
18	MR. SHANLEY: Second.
19	TREASURER GOLDBERG: Okay then. Go
20	ahead, Bill.
21	MR. LI: Thank you.
22	This recommendation pertains to a re-up
23	investment, and Eleni Klempner will describe more
24	details here.

1	TREASURER GULDBERG: Thank you.
2	MS. KLEMPNER: Thank you, Bill. Thank
3	you, Madam Treasurer.
4	This is Eleni Klempner, investment
5	officer in PCS.
6	Today we're asking for approval to re-up
7	to JEN Fund VIII. This is an established
8	relationship. We've invested in the preceding
9	three funds. They've performed well, delivering
10	an average IRR of over 24 percent across the
11	three. We're asking for 125 million for this
12	re-up.
13	We were 100 million in JEN 7, and the
14	target raise here is 650 million. That is also up
15	compared to the 550 million raised in Fund VII.
16	While we expect housing prices to
17	further moderate, there is still a severe housing
18	shortage of single-family homes in the JEN
19	submarkets. However, we are still supportive of
20	the JEN strategy, which is going to be the same as
21	in Fund VII. The main strategies are lot banking
22	and land repositioning.
23	In lot banking, JEN provides short-
24	duration high-yield financing to homebuilders.

- There's an option contract, and a defined takedown schedule in any example.
 The secondary strategies are hybrid lot
- banking and build-for-rent single-family. Neither constitutes a dramatic part of the strategy. Each will only take up an expected 10 percent of the fund.
- 8 Us and Aberdeen have completed diligence 9 and are on board with subscribing.
- With that, I'm happy to open up to any questions.
- TREASURER GOLDBERG: Are there any questions?
- MR. BROUSSEAU: One question, Madam

 15 Chair.
- 16 Eleni, I know that we have been invested 17 in three previous funds, and I see the PRIM 18 commitments of 50 million, 50 million,
- 19 100 million. This is 125.
- Are we fully committed to those, or did
 we get only a partial commitment in the
 investment? In other words, did they draw down
 the entire 50, 50 and a hundred?
- 24 MS. KLEMPNER: Yes. That is their

1	strategy. They'll draw down completely. And
2	certainly in Fund VI and Fund V, those have been
3	completely drawn down already, and they have
4	already deployed much of the capital in Fund VII.
5	They raised that in 2020.
6	MR. BROUSSEAU: Thank you.
7	TREASURER GOLDBERG: Are there any other
8	questions?
9	Okay then. Hearing none, we will
10	proceed with our roll call vote.
11	Bob?
12	MR. BROUSSEAU: Yes.
13	TREASURER GOLDBERG: Ruth Ellen?
14	MS. FITCH: Yes.
15	TREASURER GOLDBERG: Jim?
16	MR. HEARTY: Yes.
17	TREASURER GOLDBERG: Theresa?
18	MS. McGOLDRICK: Yes.
19	TREASURER GOLDBERG: Peter?
20	MR. MONACO: Yes.
21	TREASURER GOLDBERG: Dennis?
22	MR. NAUGHTON: Yes.
23	TREASURER GOLDBERG: Carly?
24	MS. ROSE: Yes.

1	TREASURER GOLDBERG: Paul Shanley?
2	MR. SHANLEY: Yes.
3	TREASURER GOLDBERG: Myself, yes. The
4	motion carries.
5	Okay. Thank you, everybody.
6	That would be the end of portfolio
7	completion strategies, and we go on to private
8	equity with Mike McGirr.
9	MR. McGIRR: Thank you, Madam Treasurer.
10	Global M&A activity slowed down
11	considerably in the first half of '22, down
12	21 percent compared to 2021.
13	Now, the vast majority of that can be
14	explained and attributed to the slowdown of
15	corporate mergers, whereas actually global private
16	equity and U.S. private equity actually saw slight
17	increases in the first half of 2022.
18	Now, I think it's important to note the
19	lagged nature of private equity as alot of these
20	transactions in these headline statistics were
21	likely negotiated in late 2021 and 2022 before
22	much of the turmoil rolled through the public
23	markets and the global economy.
24	I think it's reasonable to expect a

continued slowdown in private equity activity in the second half of 2022 as private equity 2 professionals appropriately consider this new 3 market regime. 4

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It's clear, we're undergoing a deep correction, especially in venture and growth, which has unfolded in the public markets and is now spreading through the private markets.

You can see how dramatically this has affected the IPO market in particular. According to Refinitiv, 2022 is on track to be the worst year for U.S. listings, going back since 2009, with IPOs having raised roughly 5 billion in the first seven months so far this year. That's a 96 percent decline compared to 2021. So a big, big change.

Unprofitable tech companies have also seen a dramatic rerating or revaluing in the public markets. Unprofitable publicly traded software companies traded at 17.3 times forward annual recurring revenue at the end of 2021. At the end of 6/30 or the second quarter, they traded at 5.1 times. That's a massive 70 percent Big rerating. decline.

And	publicly traded tech companies that
were darlings	in 2021 like Coinbase have seen
their shares t	trade down dramatically.

In Q2 and into Q3, we're seeing examples of private market down rounds with a notable and well-publicized example being Klarna, the Swedish fin tech company, which is now valued at \$6.9 billion, that's an 85 percent decline from its prior funding round back in June of 2021.

Moving to the debt markets. U.S. LBO
loan volume continue to be robust, although
overall cost of debt has increased with spreads
for new leveraged loans increasing to 525 to 550
basis points over SOFR. So that results in about
all-in yields around
9 percent for secured positions and in the double
digits for unsecured positions, which can change

Fundraising, however, has finally slowed down. PitchBook calls this the most crowded fundraising market in history as large allocators are fully committed not only through 2022, but well into 2023.

the calculus for private equity buyers with more

expensive cost of capital.

1	Turning to performance for the quarter,
2	as Michael had mentioned, private equity was down
3	2.5% gross or 2.75% net.
4	Now, that decline was less than the
5	decline of the public markets in Q1. Again, we're
6	talking about lagged performance here, whereas
7	the Russell 3000 for Q1 was down 5.3%, and the
8	MSCI Europe was down 8 percent.
9	The trailing one-year return for private
10	equity remains strong, 27 percent gross,
11	26 percent net. And that compares favorably to
12	the Russell and the MSCI Europe.
13	Some additional color for the quarter,
14	venture capital and growth equity gave back some
15	of their gains from last year. Venture was down
16	8 percent for the quarter and growth equity down 4
17	percent for the quarter, while buyouts were flat to
18	about down about 3 percent.
19	Currency, as we had mentioned earlier,
20	has also been a headwind as the dollar has
21	strengthened. We saw our Euro-denominated
22	positions detract about 25 basis points of Q2
23	performance.

The entire PE portfolio decreased to

- 1 16.9 billion, but increased as a percent of PRIT, 2 18.4 percent as of 6/30.
- And a quick check-in on our commitment pace for the rest of the year, including our recommendation that Alyssa is going to take us through shortly, we will have committed roughly 2.2 billion in funds and co-investments. And that puts us on pace to reach our targeted goal for calendar year 2022 of between \$2.7 and \$3.3 billion.

- And finally, I'll end with a congratulations to the board and the entire PRIM team on the recognition of our private equity portfolio 10-year performance landing in the 98th percentile. Very strong recognition. And I think it's also important to note that in that top 10 list of public pensions, PRIM has the largest private equity portfolio. So strong performance at scale.
- I'll stop my comments there on performance and happy to take any questions on the portfolio or the markets.
- TREASURER GOLDBERG: I mean I just have to chime in on the congratulations. So

l l	particularly it's actually harder to do that at
2	scale than it is to do it on a smaller level.
3	So thank you, Michael, and all the folks
4	in your group.
5	Are there any other questions or
6	comments for Michael before we do move on to the
7	voting item?
8	Okay then. I'm going to seek a motion
9	that the PRIM Board approve the Investment
10	Committee's recommendation to approve a commitment
11	of up to \$200 million to TowerBrook Investors VI
12	LP as described in the expanded agenda, and
13	further to authorize the executive director to
14	take all actions necessary to effectuate this
15	vote.
16	Is there a motion?
17	MR. NAUGHTON: So moved.
18	TREASURER GOLDBERG: Is there a second?
19	MR. BROUSSEAU: Second.
20	TREASURER GOLDBERG: Okay. And
21	Christina is going to take that, correct?
22	MR. McGIRR: Alyssa will be
23	TREASURER GOLDBERG: Alyssa. Sorry.
24	MR. McGIRR: recommendation.

1	TREASURER GOLDBERG: Looking in the
2	wrong box.
3	MS. FIORE: No problem.
4	Good morning, everyone.
5	MR. TROTSKY: Before you begin, Alyssa,
6	I'm sorry you have COVID, but happy that you look
7	relatively healthy and more happy that you're
8	doing this from home with COVID.
9	But take care of yourself and
10	MS. FIORE: Thank you, Michael.
11	MR. TROTSKY: I hope you're feeling
12	okay.
13	MS. FIORE: Thank you. Yes. It's been
14	a mild case so far so I'm glad I could be here
15	this morning.
16	So I'm going to present TowerBrook
17	Fund VI. TowerBrook is one of our existing SMID
18	managers, and PRIM has invested in four prior
19	funds with TowerBrook since 2008.
20	The firm has a trans-Atlantic strategy.
21	They have headquarters in both London and New
22	York, and they invest in middle market buyouts in
23	the U.S. and western Europe.
24	While TowerBrook is a generalist firm,

'	they do have deep expertise in a rew sectors such
2	as healthcare, consumer, industrials and the
3	financial services sector.
4	They are a value-oriented manager, and
5	they are looking to find companies that have some
6	element of complexity or are contrarian in nature
7	but are also focused on companies that have
8	attractive free cash flow as well as growth
9	potential.
10	We are recommending a commitment of
11	200 million to Fund VI.
12	And I'll stop there and happy to take
13	any questions or comments related to TowerBrook.
14	TREASURER GOLDBERG: Any questions or
15	comments?
16	Hearing none, I think we will proceed
17	with the vote then.
18	Bob?
19	MR. BROUSSEAU: Yes.
20	TREASURER GOLDBERG: Ruth Ellen?
21	MS. FITCH: Yes.
22	TREASURER GOLDBERG: Jim?
23	MR. HEARTY: Yes.
24	TREASURER GOLDBERG: Theresa?

1	MS. McGOLDRICK: Yes.
2	TREASURER GOLDBERG: Peter?
3	MR. MONACO: Yes.
4	TREASURER GOLDBERG: Dennis?
5	MR. NAUGHTON: Yes.
6	TREASURER GOLDBERG: Carly?
7	MS. ROSE: Yes.
8	TREASURER GOLDBERG: Paul?
9	MR. SHANLEY: Yes.
10	TREASURER GOLDBERG: Myself, yes. The
11	motion carries.
12	And, Alyssa, I hope you feel better
13	soon.
14	Okay then. Moving along, Tim Schlitzer
15	real estate and timberland.
16	MR. SCHLITZER: Thank you, Treasurer.
17	Good morning, everyone. Good to see you.
18	So I will not be referring directly to
19	any materials. I'm going to make a few comments
20	on performance in the portfolio, and then I'm
21	going to hand it over to Christina.
22	So let me just start with real estate,
23	and I'll just provide a few statistics here. So
24	at the end of the fiscal year, real estate was

1	10.6 percent of the fund. A fairly significant
2	increase there, up from 8.3 percent at the end of
3	the prior fiscal year. That's an increase in NAV
4	of 1.9 billion to 9.8 billion at the end of the
5	year.

In terms of transaction activity during the fiscal year, we completed 17 transactions in the private real estate portfolio. That's 1.3 billion in acquisitions, also two sales for \$540 million approximately. So that's a net acquisition number of \$730 million.

In terms of returns for the year, total real estate returned 25.5 percent, which is well above the long-term private index average of approximately 9 percent, which is a 20-year number. So we're cognizant of sort of where we are in terms of the return cycle there.

The total return was driven by private real estate at 34.4 percent. That's a levered number. Our leverage, which does remain quite conservative at 19 percent loan-to-value, added about 670 basis points of additional return.

The private portfolio did outperform the

1 ODCE index, which was at 28.3 percent. That's also a levered number.

I will just call out that we did recently implement the new private real estate benchmark, which is a different NCREIF benchmark, which is that ODCE metric that I just mentioned.

PRIM's REITs were down 11.3 percent for the year, tracking more to the public markets, but outperforming the benchmark by 150 basis points.

More sort of qualitatively because it's somewhat an elephant in the room and has been,
I'll just mention that the private returns do seem unintuitive, particularly given the volatility in the public markets.

We do not believe that our third-party appraisals fully reflect market pricing today.

We're clearly in a period of price discovery. I don't think that we're way off, but I think that we're off. And I think that we'll probably figure out more accurately where we are over the next three to six months. Clearly repricing in the debt markets is repricing the equity. And again, we're sort of seeing that in real time. It's a question of magnitude.

And we also are seeing in terms of
underwriting of new acquisitions that the strength
in operating fundamentals over the last year
coupled with higher economic uncertainty is
definitely leading to more conservative pro formas
in terms of the way that our managers are thinking
about the world and I think the way that we're
thinking about the world.

9 Solwanted to just sort of clarify how 10 we're thinking about valuations today.

In terms of portfolio construction,
we've had no major changes to our positioning in
terms of our major risk buckets or sector
exposures.

I did mention to the Real Estate

Committee that our active sector bets, which were essentially overweights to multifamily and industrial and underweights to retail and office, are still intact but have decreased with the benchmark change.

So we're adjusting a bit there, but we continue to like our positioning, and we'll proceed as we have in terms of those sector bets and geographies as well.

1	I'll just mention that our public
2	exposure, meaning our REIT exposure, has shrunk
3	down to about 14 percent. We're comfortable with
1	that. That's been the plan the entire time. It's
5	been more a function of REIT returns versus the
6	private returns. But we like that portfolio
7	positioning, and I think we'll continue to add to
3	our private exposure and build around it.
9	So those are my comments on real estate.

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Let me just say a few things about timber, which represents 3.2 percent of the fund currently versus 3 percent a year ago. That's a fairly small increase, relatively speaking, in our NAV of 100 million. We did not complete any acquisitions during the fiscal year.

As Michael mentioned, performance was pretty strong overall at 11.4 percent, slightly under the benchmark, about 50 basis points.

We've seen strong timber prices in the Pacific Northwest, with less strength in the South. I'd say that the underperformance really lies in that Southern portfolio. I'll call out a couple of specific things.

We continue to replant our Florida

asset, which was hit by Hurricane Michael actually four years ago now, but that still remains in a period of reforestation, which is keeping the cash returns low. That's impacting performance a bit.

We've also seen a little bit of negative valuation in some of the Gulf region properties, really just due to mill closures. And we think that some of those mills may open back up. That could be more short-term volatility, but I wanted to call it out as well.

Alittle bit more generally in terms of the environment on the operating side, I mentioned strong prices in the Pacific Northwest, a little less strong in the South. We're continuing to see margin pressure due to high labor and trucking costs. I don't think that that has really receded at all. And it actually typically increases a little bit in the spring and summer because conditions are drier, and there's more logging, more demand for those various inputs.

The home construction and renovation market, which clearly drives demand in timberland, is cooling. It's been mentioned prior to my comments in this meeting.

Housing starts did decrease in July by
about 10 percent pretty evenly across the single-
family and multifamily segments. That July number
is almost 20 percent lower than last December's
number. So a fairly substantial drop in housing
starts. That's always a volatile number. I have
to say that. But that is a fairly substantial
drop.

Clearly, this is sensitivity to borrowing rates, along with continued inflation and materials and labor, which I think is hindering sentiment and hindering those actual start numbers and I think the homebuilders' willingness to begin construction outside of their existing pipeline.

I've said in the past, we continue to be constructive in the long term in terms of housing demand. There just has been so much underbuilding in the U.S. over the past 10 years, we really are underhoused in this country. But I do think in the short term, it could be a little rocky.

We do have more conviction in the rental market, both for existing and new product. Folks that are pausing on buying houses are renting for

1	the time being, whether it be multifamily units or
2	single-family units.
3	And I think that's going to support the
4	market in the near term to a certain degree, at
5	least, until homebuilders are more ready to
6	build, hopefully with a lower rate environment and
7	some deflation in terms of their inputs as well.
8	So I'm going to leave it at that.
9	Always happy to answer any questions.
10	So good. So let me hand it over to Christina for
11	at least one recommendation.
12	TREASURER GOLDBERG: Okay. Go ahead,
13	Christina first of all, before you go ahead, I
14	am going to seek a motion and a second.
15	And so I would seek a motion that the
16	PRIM Board approve the Real Estate and Timberland
17	Committee's recommendation to approve an
18	investment of up to \$300 million to the Berkshire
19	Group Project Journey co-investment opportunity
20	as described in the expanded agenda, and further
21	to authorize the executive director to take all
22	actions necessary to effectuate this vote.
23	
24	This is one of two voting items in real

'	estate and trimber rand.
2	So do we have a motion?
3	MS. FITCH: So moved.
4	TREASURER GOLDBERG: Do we have a
5	second?
6	MR. BROUSSEAU: Second.
7	TREASURER GOLDBERG: Okay. Go ahead,
8	Christina. Thank you.
9	MS. MARCARELLI: Thanks, Madam
10	Treasurer.
11	Good morning, everyone. I'm Christina
12	Marcarelli, a senior investment officer on the
13	real estate and timberland team.
14	The PRIM real estate team is
15	recommending an investment of up to \$300 million
16	in a co-investment opportunity with the Berkshire
17	Group, alongside Multifamily Value Fund V.
18	Berkshire is a vertically integrated
19	Boston-based firm. They've been around since 1966
20	and have focused almost exclusively on owning and
21	operating multifamily properties across the U.S.
22	through both equity and debt investments.
23	We think this is an interesting
24	opportunity to grow a relationship with an

- existing manager in one of their primary
 strategies. PRIM has been investing with
 Berkshire since 2018 in both debt and equity
 strategies.
- As a reminder, at this time last year,

 PRIM staff recommended and the board approved a

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- The subject co-investment portfolio is well-diversified and consists of multiple properties across numerous southeast and southwest sunbelt markets in the U.S., and this is a pending traction.
- The opportunity allows Berkshire and PRIM to achieve significant scale in markets that are experiencing economic tailwinds, while the property level business plans provide for value-add upside through both asset repositioning and management improvement.
- Berkshire will self-manage the assets, as they typically do, through their property management division, Berkshire Communities.

Berkshire has current property management
 operations in all but one of these markets.

These properties target middle income
renters. Based on Berkshire's diligence, rents at
these properties are at the lower end of the
competitive set within each submarket, which
allows room to increase rents and still be within
attractive rent-income ratios.

The risks that we see with this opportunity relate to potentially increased supply and interest rate movement, in addition to business plan execution risk.

We ran sensitivity analysis and are comfortable with the returns if we experience higher interest rates or exit cap rates or if rent growth is dampened due to higher supply headwinds. In addition, business plan execution risk is partially mitigated because Berkshire has many years of experience implementing this type of strategy.

Overall, we feel this is an attractive opportunity for several reasons, the first being Berkshire is a multifamily specialist, and they have operations in nearly all of these markets.

1	And we're continuing to expand a
2	relationship with an existing manager into a
3	strategy that they've been executing for many
4	years. And lastly, we're able to immediately
5	deploy capital at scale in very diversified
6	portfolio and add exposure to the multifamily
7	sector, which we continue to feel has tailwinds
8	and has been a defensive sector in past cycles.
9	So with that, I'm happy to open it up
10	for any questions.
11	TREASURER GOLDBERG: Are there questions
12	for Christina?
13	Hearing none, then we will proceed with
14	our vote.
15	Bob?
16	MR. BROUSSEAU: Yes.
17	TREASURER GOLDBERG: Ruth Ellen?
18	MS. FITCH: Yes.
19	TREASURER GOLDBERG: Jim?
20	MR. HEARTY: Yes.
21	TREASURER GOLDBERG: Theresa?
22	MS. McGOLDRICK: Yes.
23	TREASURER GOLDBERG: Peter?
24	MR. MONACO: Yes.

1	TREASURER GOLDBERG: Dennis?
2	MR. NAUGHTON: Yes.
3	TREASURER GOLDBERG: Carly?
4	MS. ROSE: Yes.
5	TREASURER GOLDBERG: Paul?
6	MR. SHANLEY: Yes.
7	TREASURER GOLDBERG: Myself, yes. The
8	motion carries.
9	Okay. Thank you.
10	We do have a second voting item, and so
11	I will first seek a motion that the PRIM Board
12	approve the Real Estate and Timberland Committee's
13	recommendation to retain the Altus Group for real
14	estate appraisal services as described in the
15	expanded agenda, and further to authorize the
16	executive director to take all actions necessary
17	to effectuate this vote.
18	Is there a motion?
19	MR. BROUSSEAU: So moved.
20	TREASURER GOLDBERG: Is there a second?
21	MS. FITCH: Second.
22	MS. McGOLDRICK: Second.
23	TREASURER GOLDBERG: Okay.
24	MS. MARCARELLI: I'll be doing this

- 1 recommendation as well.
- TREASURER GOLDBERG: Okay. Thank you.
- MS. MARCARELLI: But I want to give the credit to Minching because Minching did all of the
- 5 work here; unfortunately has a bit of laryngitis
- 6 so is unable to speak.

assets.

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- So I will go ahead and give this
 recommendation. The PRIM staff recommends
 extending our engagement with the Altus Group for
 three years to provide annual appraisal services
 for each of PRIM's privately owned real estate
- 13 PRIM issued an RFP in April, which is a
 14 standard process for appraisal services. PRIM
 15 received seven responses, interviewed four groups
 16 in June, and narrowed down the candidates to two
 17 finalists.

After a thorough review, the evaluation committee has determined that none of the respondents could effectively match the incumbent appraiser's package of pricing, depth of appraisal resources and technology. Altus is one of the largest appraisal service providers, with a global platform and has significant experience serving

1	institutional investors and investment managers.
2	PRIM has had a good experience working
3	with Altus. They've provided PRIM with high
4	quality timely appraisal reports and have
5	demonstrated knowledge of PRIM's assets and the
6	markets where PRIM's assets are located.
7	Altus has also demonstrated their
8	continued investment in technology. They have
9	advanced platforms for managing the approval
10	process and compiling data to help analyze metrics
11	across properties and markets. And the system
12	improves our ability to analyze portfolio
13	performance and attribution.
14	Altus's technological capabilities,
15	coupled with pricing, which was significantly
16	lower than the next competitive group, their depth
17	of resources, distinguish them from other firms.
18	So I'm happy to open it up for any
19	questions.
20	TREASURER GOLDBERG: Are there questions
21	for Christina?
22	And, Minching, I totally get what you're
23	going through. About three weeks ago, I
24	completely lost my voice, and it took quite some

- 1 time to come back. So be sure and rest it.
- MR. MONACO: Hey, Madam Treasurer. It's
- 3 Peter.
- TREASURER GOLDBERG: Hi, Peter.
- 5 MR. MONACO: With apologies, could I
- 6 just hop back to Project Journey for a sec? I
- 7 have a question, just out of curiosity.
- Hey, Tim, did you say what the rent
- g growth assumption was that you're using in the
- base case IRR scenario?
- I think I recalled from the memo that in
- the first couple years, there is the assumption of
- a strong loss to lease. I presume because they'll
- be the upgrades in process.
- But over the investment horizon, how
- much are you going to take in rent? And sort of
- related to that, what is the compound growth in
- the NOI that drives that 15.7 IRR?
- I mean it sounds like a strong project.
- 20 I'm asking just out of curiosity.
- MR. SCHLITZER: Christina, why don't you
- take that?
- MS. MARCARELLI: Sure.
- So, Peter, thanks for the question.

1	There is strong loss-to-lease
2	compression assumptions that Berkshire has. They
3	do believe that the in-place rents versus market
4	rents, there's a significant delta in between
5	those.
6	As far as specific underwriting
7	questions, happy to talk about it further offline.
8	It is a pending transaction that's very live right
9	now. So happy to go into more detail, Peter,
10	offline, if that's okay.
11	MR. MONACO: Sure. Sorry.
12	TREASURER GOLDBERG: Okay. So
13	meanwhile, we're about to take a vote on
14	Christina's well, the group's recommendation
15	for Altus Group.
16	Are there any additional questions with
17	respect to Altus Group?
18	Okay. Hearing none, we will proceed.
19	Bob?
20	MR. BROUSSEAU: Yes.
21	TREASURER GOLDBERG: Ruth Ellen?
22	MS. FITCH: Yes.
23	TREASURER GOLDBERG: Jim?
24	MR. HEARTY: Yes.

1		TREASURER GOLDBERG: Theresa?
2		MS. McGOLDRICK: Yes.
3		TREASURER GOLDBERG: Peter?
4		Peter?
5		Peter, are you on mute?
6		I wonder if he got disconnected.
7		MR. FALZONE: I still see his box on the
8	screen.	
9		MS. McGOLDRICK: Still seeing him.
10		MR. MONACO: Not on mute. Can you hear
11	me?	
12		TREASURER GOLDBERG: Oh, we can now.
13	Thank you	1.
14		MR. MONACO: Sorry. I don't know what
15	happened	there.
16		Yes.
17		TREASURER GOLDBERG: Okay. Thank you.
18		Dennis?
19		MR. NAUGHTON: Yes.
20		TREASURER GOLDBERG: Carly?
21		MS. ROSE: Yes.
22		TREASURER GOLDBERG: Paul?
23		MR. SHANLEY: Yes.
24		TREASURER GOLDBERG: Myself, yes. The

motion carries. 1 MS. MARCARELLI: Thank you. 2 3 TREASURER GOLDBERG: Okay. Unless we 4 have any further questions for Tim and Christina, 5 we can move on to the next item on the agenda, 6 which is the finance and admin report with several 7 items under it. 8 Tony, is that you? 9 MR. FALZONE: That is me. 10 TREASURER GOLDBERG: It looked like you. 11 MR. FALZONE: Thank you, Madam 12 Treasurer. 13 Good morning, everyone. Tony Falzone, 14 deputy executive director and chief operating 15 officer. 16 I'm going to start on page 21 of the 17 expanded agenda, and there's a few things under 18 the finance and administration report, but the ESG 19 charter recommendation is the only voting item 20 today. So the proposed charter is at Appendix J. 21 And I'm going to start with a few words on the 22 process that brought us to the charter that's 23 being presented here today. 24 And I'll start at the very beginning.

1	At the February 17, 2022 board meeting, the board
ı	At the rebruary 17, 2022 board meeting, the board
2	voted and approved the Administration and Audit
3	Committee's recommendation to establish an ESG
4	committee to advise the board on ESG-related
5	matters and then to engage with Funston Advisory
6	Services to assist in developing a proposal for
7	the ESG committee structure and the charter.
8	After that vote, staff engaged with

After that vote, staff engaged with Funston and developed a narrow scope of work for the project. And Funston began by examining ESG policies, practices, charters at other public retirement systems, reviewed PRIM's own ESG activities.

ESG isn't something where that is new to PRIM. As you know, we have a history of proxy voting in a very active way, along with the FUTURE Initiative and our diversity initiatives.

So they looked at all of that and familiarized themselves at very high level with PRIM's governing documents such as the investment policy statement, the charters.

And then held an educational session on the ESG landscape for the board, committees and staff. And then supported PRIM staff, Treasury

staff on the development of a draft charter.

In June, Funston issued an online survey to all PRIM Board and committee members, seeking feedback on the draft ESG committee charter. And additionally, several board and committee members requested follow-up telephone conversations to discuss their survey responses.

We had a special Administration and Audit Committee meeting on July 19, a few weeks back, where Funston provided the summary of the feedback they received from the survey responses, telephone conversations. And then they presented a revised draft of the ESG committee charter based on board and committee member feedback and recommended best practices.

So after discussing Funston's recommendations, the Administration and Audit Committee unanimously agreed to the draft version of the ESG committee charter that, again, I mentioned as an Appendix J.

They also agreed to consider several of Funston's recommendations during a future more comprehensive review of PRIM's governance manual.

As you know, we have an RFP that we'll be issuing

1 for a new governance consultant. 2 Also included in the package is a 3 redlined version of PRIM's governance manual, 4 attached as Appendix K. This incorporates the ESG 5 committee charter into our governance manual, 6 along with the amended Administration and Audit 7 Committee charter to reflect the corresponding 8 changes in proxy voting policy responsibilities. 9 And this is what we're presenting for a vote 10 today. 11 I just wanted to mention on the proxy 12 voting, that is the number one way we engage with 13 our underlying investment companies, and that is 14 why the recommendation was made to move it to the 15 ESG committee. 16 And I'm happy to answer any other 17 questions. 18 TREASURER GOLDBERG: Sorry about that. 19 I forgot I was on mute. 20 We can have questions now, and then 21 we'll do the motion and the second. 22 So are there questions for Tony?

Well, hearing none, I'm going to read

the motion. I seek a motion that the PRIM Board

23

1	approve the Administration and Audit Committee's
2	recommendations to adopt the amended PRIM Board
3	governance manual, which includes the draft ESG
4	committee charter and the amended Administration
5	and Audit Committee charter as described in the
6	expanded agenda, and further to authorize the
7	executive director to take all actions necessary
8	to effectuate this vote.
9	Is there a motion?
10	MR. BROUSSEAU: So moved.
11	MR. SHANLEY: So moved.
12	TREASURER GOLDBERG: Second?
13	MS. McGOLDRICK: Second.
14	TREASURER GOLDBERG: Okay then. Any
15	comments or questions before we move on to a roll
16	call vote?
17	Hearing none, Bob?
18	MR. BROUSSEAU: Yes.
19	TREASURER GOLDBERG: Ruth Ellen?
20	MS. FITCH: Yes.
21	TREASURER GOLDBERG: Jim?
22	MR. HEARTY: Yes.
23	TREASURER GOLDBERG: Theresa?
24	MS. McGOLDRICK: Yes.

1	TREASURER GOLDBERG: Peter?
2	MR. MONACO: Yes.
3	TREASURER GOLDBERG: Dennis?
4	MR. NAUGHTON: Yes.
5	TREASURER GOLDBERG: Carly?
6	MS. ROSE: Yes.
7	TREASURER GOLDBERG: Paul?
8	MR. SHANLEY: Yes.
9	TREASURER GOLDBERG: Myself, yes. The
10	motion carries. Very good.
11	Now, this is actually the end of the
12	public session, and so we will move
13	Oh, wait. No. I'm sorry. Sorry,
14	sorry, sorry.
15	Whoa. Didn't want to steal your
16	thunder, Tony. We have the 2023 PRIM Board and
17	committee meeting schedule, legislative update and
18	other matters before we move on.
19	MR. FALZONE: Thank you.
20	And I want to say thank you to the board
21	and all the committee members that worked with us,
22	providing feedback for the ESG committee charter.
23	It was very helpful so I want to thank all of you
24	for that.

1	Moving on to what is my most difficult
2	job here, working on the board and committee
3	meeting schedule.
4	TREASURER GOLDBERG: And I help make it
5	more difficult, don't I?
6	MR. FALZONE: No, no. That's good. I
7	like a challenge.
8	TREASURER GOLDBERG: It's actually not
9	me intentionally. It's the four or five other
10	boards I also chair. So they all complement each
11	other.
12	MR. FALZONE: You're in very high
13	demand.
14	MR. MONACO: Maybe you're overboarded.
15	TREASURER GOLDBERG: Peter, you don't
16	always say much, but when you do, you're right on.
17	MS. FITCH: Well said.
18	MR. FALZONE: So I'm just presenting the
19	proposed schedule of next year's meetings to try
20	to limit some conflicts. A final draft will be
21	included in the November Administration and Audit
22	Committee meeting materials for recommendation to
23	the board in December. It's been distributed
24	around.

1	We're already looking for anyone that
2	has any conflicts. At your earliest convenience,
3	let me know, and we'll try to work with you.
4	I know that the newly formed ESG
5	committee is not on here. We have to see how that
6	takes shape, and then we can add those dates as
7	needed. So I'll just leave that right there.
8	Then legislative update. I know Emily
9	always offers to help me out with these updates
10	and is going to chime in.
11	TREASURER GOLDBERG: Emily is the best.
12	MS. KOWTONIUK: I'll take it.
13	So I'll be quick too. The big news
14	since we last met is that we now have a FY '23
15	budget in place, and that budget did include
16	\$100 million supplemental transfers to both the
17	PRIT Fund and to the state retirees benefit fund.
18	It also included a one-time increase to retiree
19	COLAs from 3 percent up to 5 percent.
20	So the governor signed all of those
21	portions of the budget. He did return, however,
22	language that was included by way of amendment by
23	the house that did require the governor to select
24	his public safety appointee from a list of three

1 nominated by MACRS.

2

3 amendment requiring instead that the public safety
4 appointee be a member of the state retirees

So instead, he returned that with an

- 5 system, the teachers retiree system or a
- 6 participating system in the fund.
- 7 The house rejected that amendment 8 offered by the governor and instead they replaced
- or terror by the governor and interest they represent
- 9 the language, again reinserting that MACRS
- 10 nomination requirement, but keeping the
- 11 requirement that the appointee be a member of a
- 12 participating system.
- So we haven't seen the senate act on
- 14 this language yet. It will still need to work its
- way through the legislative process as if it were
- a stand-alone bill. So it's something that we'll
- 17 be watching throughout the fall.
- We do expect some action up at the State
- 19 House this fall. As you all have likely seen,
- 20 economic development bill, something that a lot of
- 21 folks are watching and expecting to see finished
- either in whole or in part this fall.
- So happy to answer any other questions
- you all might have.

1	TREASURER GOLDBERG: Any questions for
2	Emily?
3	Okay. Hearing none, thank you, Emily.
4	Other matters, Tony. The operating
5	budget travel report, client services, or are we
6	all set?
7	MR. FALZONE: The travel report and the
8	operating budget are for informational purposes.
9	I'm happy to answer any questions.
10	TREASURER GOLDBERG: And they're
11	included. I just wanted to see if there were any
12	questions at all about them.
13	MR. FALZONE: And I do have client
14	services, if there are no questions, that will
15	give you just a quick update on the activity in
16	that area.
17	MR. DANIELE: Thank you, Tony.
18	Good morning to everyone. Can you hear
19	me?
20	MS. FITCH: Yes.
21	MR. DANIELE: My name is Francesco
22	Daniele, director of client services.
23	First, I want to thank the clients that
24	are participating remotely in this meeting. Thank

- 1 you for your attendance.
- The client service team is very busy.
- 3 Currently, we have 30-plus meetings on the
- 4 calendar, both in-person and virtual.
- I want to thank Emily Green and Laura
- 6 Strickland for their efforts in meeting our
- 7 clients' needs during these volatile markets.
- 8 Looking back to June, members of the
- 9 client service and cash team as well as Dave Gurtz
- and Seth Gitell attended the MACRS conference. At
- 11 MACRS, Dave Gurtz and I held a PRIM fireside chat,
- which we discussed, as you would expect, market
- volatility, PRIM's core beliefs, diversification,
- 14 asset allocation, amongst the many topics.
- The chat format was very well-received.
- We had a lot of great questions and interaction
- 17 with the attendees. And it was very well-received
- 18 as I mentioned.
- 19 One administrative item for clients
- 20 looking to schedule an annual or quarterly
- 21 meeting, please reach out to us, to Laura, myself
- or Emily. We're available to meet with you, both
- in person and virtually.
- 24 If there are no other questions, back to

you, Tony. 1 MR. FALZONE: Thank you. 2 That's a wrap, I think. 3 4 TREASURER GOLDBERG: That's a wrap, I 5 think. 6 So we do have a few items in our 7 protected materials in our closed agenda. 8 So Renee, I don't have language to move 9 from one meeting to the next, nor do I have a link 10 for the next meeting. 11 MR. NAUGHTON: Nor do I. 12 MR. BROUSSEAU: I don't either. 13 MR. FALZONE: Treasurer, if I may, we 14 don't have an executive session per se, but we did 15 provide protected materials. 16 TREASURER GOLDBERG: Okay. That's what 17 confused me a little bit because typically -- very 18 often, we will end one meeting, begin another. 19 Okay. 20 So then this continues as the public 21 meeting? MR. FALZONE: That's correct. 22 23 And all those items in the protected materials were incorporated in the open agenda. 24

1	TREASURER GOLDBERG: Fine, okay.
2	MR. TROTSKY: There is no closed
3	meeting, and we seldom have them.
4	TREASURER GOLDBERG: Thank you.
5	Although I do not actually have the
6	motions for these items. So I'm just going to
7	have to wing it.
8	MR. FALZONE: No. We went
9	MR. TROTSKY: We're done.
10	MR. FALZONE: All of the items that are
11	in the protected materials have been already voted
12	on.
13	TREASURER GOLDBERG: Oh, right. Call me
14	crazy.
15	MR. FALZONE: You're all right. You're
16	good.
17	TREASURER GOLDBERG: You're right. We
18	voted on all of them. TowerBrook, JEN.
19	MR. BROUSSEAU: It's all that
20	overboarding, Madam Treasurer.
21	TREASURER GOLDBERG: Look. I defy any
22	of you keeping all the pieces of paper straight
23	and acting relatively normal during all of these
24	meetings.

1	I would say I do pretty well,
2	considering. And I don't want to make any
3	mistakes, so there we go.
4	All right then. Well, unless there are
5	any other comments or questions from any other
6	members of the board, we have done a sterling job
7	staying on schedule and actually finishing a
8	little bit earlier than usual.
9	So I want to thank everyone in the staff
10	again. We've been having some very interesting
11	times in the market, and whomever I tell about our
12	performance in this market compared to benchmark,
13	they are extraordinarily impressed.
14	And I said that's the whole concept
15	behind a long-term strategy. And let's hope and
16	pray and believe because I believe that our
17	strategies work in both up and down markets.
18	And so I look forward to our next
19	meeting, and I thank you all for your kind
20	engagement.
21	MR. TROTSKY: Once again, I thank you
22	all for your support and recognition. We're
23	looking forward to a productive new fiscal year.
24	And just to make it perfectly clear for

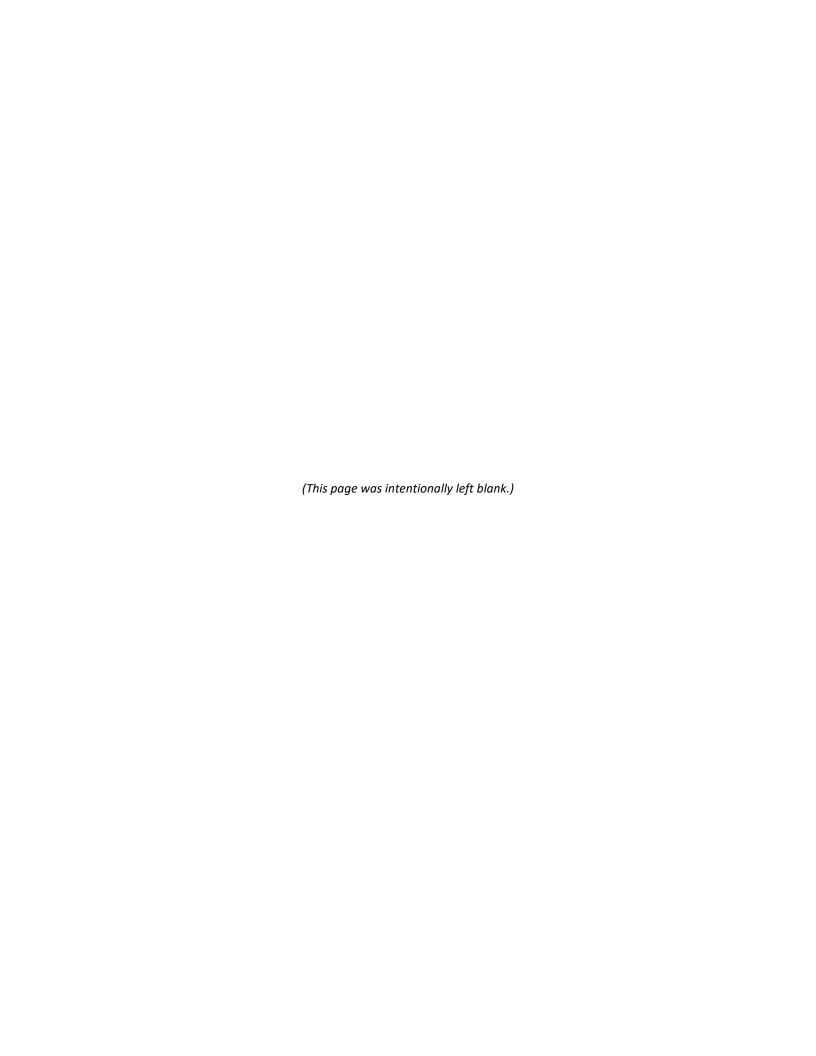
1	the record because there is media on, there is no
2	executive session today and no closed meeting. So
3	we've covered everything.
4	MR. SHANLEY: Thank you.
5	TREASURER GOLDBERG: That was why there
6	was a smidge of embarrassment on my part a few
7	minutes ago.
8	So we do however have to have a motion
9	to adjourn. So I seek a motion to adjourn.
10	MR. BROUSSEAU: So moved.
11	MR. NAUGHTON: So moved.
12	TREASURER GOLDBERG: Is there a second?
13	MS. FITCH: Second.
14	TREASURER GOLDBERG: It is a roll call
15	vote.
16	Bob?
17	MR. BROUSSEAU: Yes.
18	TREASURER GOLDBERG: Ruth Ellen?
19	MS. FITCH: Yes.
20	TREASURER GOLDBERG: Jim?
21	MR. HEARTY: Yes.
22	TREASURER GOLDBERG: Theresa?
23	MS. McGOLDRICK: Yes.
24	TREASURER GOLDBERG: Peter?

1	MR. MONACO: Yes.
2	TREASURER GOLDBERG: Dennis?
3	MR. NAUGHTON: Yes.
4	TREASURER GOLDBERG: Carly?
5	MS. ROSE: Yes.
6	TREASURER GOLDBERG: Paul?
7	MR. SHANLEY: Yes.
8	TREASURER GOLDBERG: Myself, yes.
9	Motion carries.
10	Thank you.
11	(Meeting adjourned at 11:54 a.m.)
12	
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Appendix B

Draft Fiscal Year 2022 Annual Comprehensive Financial Report



Annual Comprehensive Financial Report

Fiscal Years Ended June 30, 2022 and 2021

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, 2022 and 2021

Pension Reserves Investment Trust Fund

(A Component Unit of the Commonwealth of Massachusetts)



Pension Reserves Investment Management Board Staff

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December 1, 2022

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, 2022. The document that follows is the 18th consecutive ACFR produced in the PRIM Board's 38-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, 2022.

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 2022 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 and is used for funding purposes.

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, 2022, the PRIT Fund had approximately \$92.4 billion in net position compared to \$95.7 billion at the end of fiscal year 2021. 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 PRIM Board's internally-developed investment tools have allowed us to construct a portfolio that performs well in both strong and weak markets, and the heightened volatility of the markets over the last two fiscal years has provided an extraordinary test. This year, in fiscal year 2022 (FY 2022), during the weakest market since the Global Financial Crisis (GFC) more than thirteen years ago, the PRIT Fund performed very strongly and was down only 3.0% (-3.4%, net of fees), outperforming broad market indices by a wide margin and its benchmark by 1.5% (net of fees). The PRIT Fund's trailing 3-, 5-, and 10-year returns remain strong, above benchmark, and above the Actuarial Rate of Return, which is currently 7.00%.

We have assembled a group of highly trained and talented professionals and we are extremely proud that they are attentive to every detail in the portfolio. We believe market downturns, while painful, also create opportunities to improve the portfolio and we continue to identify compelling new investment opportunities. In fact, our deployment of \$6.9 billion of capital to new investments in FY 2022 was a 58% increase over the prior year. Additionally, during times of increased volatility, we adhere to our monthly rebalancing discipline, which enables us to redeploy capital to areas hit hardest, while maintaining our commitment to staying within our long-term strategic allocation, which we believe has and will continue to serve us well.

We successfully launched the FUTURE Initiative, a plan to increase the diversity of the PRIM Board's investment managers and vendors to at least 20% by increasing access for minorities, women, and disabled investment managers, and business partners. We are proud of our progress. The PRIT Fund invested approximately \$3.4 billion with diverse managers over five asset classes during the fiscal year. Additionally, the PRIT Fund committed \$1.0 billion to a new Emerging-Diverse Manager Program utilizing five advisors, and more than \$200 million has already been deployed. The PRIT Fund currently invests more than \$7.7 billion, or more than 8% of the PRIT Fund, with diverse investment managers.

Operationally, while navigating the difficult investment environment, the PRIM Board had an extremely productive year. We hired and onboarded eleven new full-time employees, an increase from seven the prior year, and eight are diverse in regard to gender, race, or both; promoted four of our highest-performing staff members (five last year) and sponsored ten interns. The PRIM Board also became a founding signatory to the new CFA Institute Diversity, Equity, and Inclusion (DEI) Code for the Investment Profession.

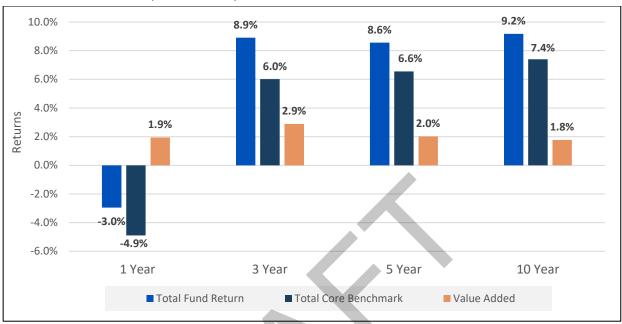
On Environmental, Social and Governance (ESG) issues, we began work on creating the structure and charter of the new and unique ESG advisory committee. This new ESG Committee will advise the Board on ESG-related matters. The PRIM Board continues to support the MIT Sloan School of Management's Aggregate Confusion Project (ACP) as its first founding member. The goal of ACP is to develop tools to address inconsistencies in the measurement of ESG data, which has become widely recognized as an obstacle in ESG investing.

We are proud of how our staff overcame the challenging environment in FY 2022 to deliver not only strong investment performance, but also extraordinary non-investment innovation and responsiveness. We are 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.

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PRIT Total Core Fund Returns

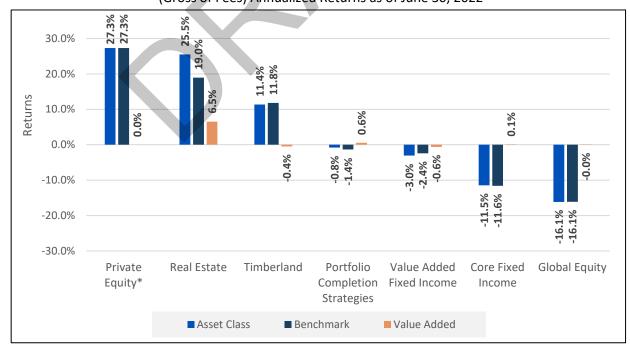
(Gross of Fees) Annualized Returns as of June 30, 2022



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

PRIT Performance by Asset Class

(Gross of Fees) Annualized Returns as of June 30, 2022



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, 2022

1 Year	3 Year	5 Year	10 Year

PRIVATE EQUITY 27.3%	PRIVATE EQUITY 31.9%	PRIVATE EQUITY 27.1%	PRIVATE EQUITY 22.4%
REAL ESTATE	REAL ESTATE	REAL ESTATE	REAL ESTATE
25.5%	14.1%	11.5%	11.5%
TIMBER 11.4%	GLOBAL EQUITY 6.3%	GLOBAL EQUITY 7.0%	GLOBAL EQUITY 9.1%
PORTFOLIO COMPLETION STRATEGIES (0.8%)	TIMBER	TIMBER	TIMBER
	5.8%	5.4%	6.4%
VALUE-ADDED FIXED	VALUE-ADDED FIXED INCOME 3.6%	VALUE-ADDED FIXED	VALUE-ADDED FIXED
INCOME		INCOME	INCOME
(3.0%)		4.2%	4.7%
CORE FIXED	PORTFOLIO COMPLETION	PORTFOLIO COMPLETION	PORTFOLIO COMPLETION
INCOME	STRATEGIES	STRATEGIES	STRATEGIES
(11.5%)	2.9%	3.5%	4.6%
GLOBAL EQUITY	CORE FIXED INCOME	CORE FIXED INCOME	CORE FIXED INCOME
(16.1%)	0.0%	1.9%	2.9%

Source: BNY Mellon

Fiscal Year 2022 Highlights

- 1. **PRIM Private Equity ranked #3** 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 17th 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 became a founding signatory to the CFA Institute's first-ever Diversity, Equity, and Inclusion (DEI) Code for the Investment Profession. DEI Code signatories commit to six metrics-based Principles and to accelerate and amplify the impact of their commitment by making the economic, business, and moral case for diversity, equity, and inclusion.

- 4. For the 4th consecutive year, the PRIM Board has completed the CFA Institute's Global Investment Performance Standards (GIPS®) of integrity and transparency. Additionally, Matt Liposky, the PRIM Board's Chief Investment Operations Officer, was selected to the CFA Institute's GIPS® Asset Owner Subcommittee.
- 5. The PRIM Board was nominated for two awards by *Institutional Investor*, as nominated by industry peers and colleagues.
 - a. The PRIM Board's Portfolio Completion Strategies team was one of six finalists for "Plan of the Year" at *Institutional Investor's* 19th Annual Hedge Fund Industry Awards. The PRIM Board won this award in 2016 and has been nominated every year since, in 2017, 2018, 2019, 2020, and once again in 2021.
 - b. The PRIM Board was honored as the "Partnership of the Year" at the 5th Annual Allocator's Choice Awards for the MIT Sloan Sustainability Initiative's Aggregate Confusion Project, along with MIT, MFS Investment Management, AQR Capital Management, and Asset Management One for "working to reduce the level of noise in ESG measurement by improving data available to managers and allocators."
- 6. Pensions & Investments ranked the PRIM Board seventh among the largest 200 funds in the U.S. for assets managed by diverse managers.
- 7. The PRIM Board deployed \$6.9 billion in new investments during fiscal year 2022.
- 8. The FUTURE Initiative, a plan to increase the diversity of the PRIM Board's investment managers and vendors to at least 20%, has made great progress with the PRIT Fund investing \$3.4 billion with diverse investment managers over five asset classes during fiscal year 2022.
- 9. Treasurer Deborah B. Goldberg was honored by the National Association of State Treasurers (NAST) with the Harlon Bayles/Edward T. Alter Distinguished Service Award, presented to a dedicated and committed public servant whose outstanding career in government has provided a respected voice for NAST at all levels of government.
- 10. Deborah Coulter, CPA, the PRIM Board's Chief Financial Officer and Chief Administration Officer, and Matt Liposky, Chief Investment Operating Officer, were awarded the Treasurer's 2021 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.
- 11. The PRIM Board recruited and on-boarded eleven new full-time employees, eight 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 Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2021

Christophe P. Morrill
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, 2021. This was the 17th 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, 2022

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, Esq., 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, Esq., Elected Representative, State Employees' Retirement System

Director of Professional Liability, Amity Insurance, Quincy, MA

Advisory Committees to the PRIM Board June 30, 2022

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

Former President and CEO, Numeric Investors

Constance M. Everson, CFA

Managing Director, Capital Markets Outlook Group

Ruth Ellen Fitch, Esq.

Board Member

James B. G. Hearty

Board Member

Peter Monaco

Board Member

Phillip H. Perelmuter

Former Managing Partner, Wellington Management

Philip Rotner

Chief Investment Officer, Boston Children's Hospital

Paul E. Shanley, Esq.

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, 2022

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

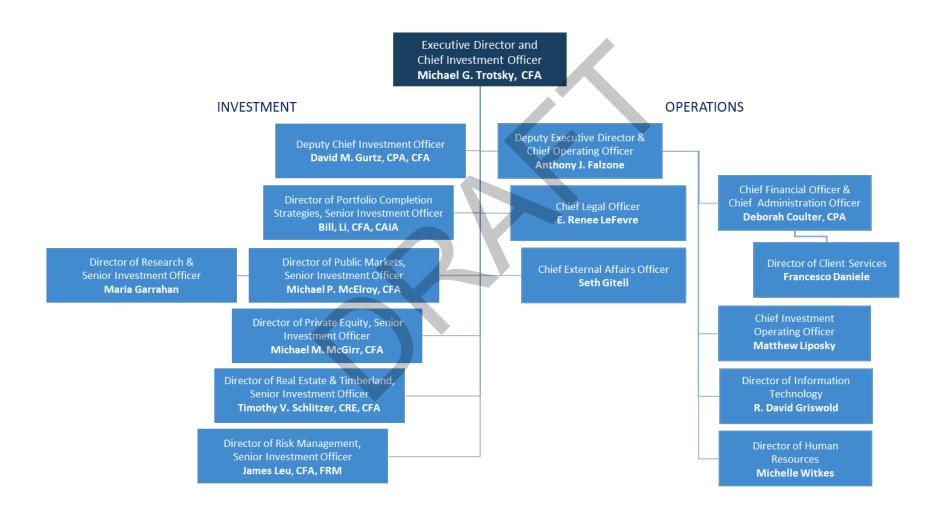
Board Member

Patrick E. Brock

Chairman, Hampshire County Retirement Board

PENSION RESERVES INVESTMENT TRUST FUND Introductory Section

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 66–88.

See Schedule of Management Fees on page 92 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 91.



Independent Auditors' Report

The Administration and Audit Committee and Trustees, Pension Reserves Investment Management Board:

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the PRIT Fund's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the pooled net position of the PRIT Fund as of June 30, 2022 and 2021, and the changes in its pooled net position for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the PRIT Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of 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 audits 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.

Supplementary Information

Our audit for the year ended June 30, 2022 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the PRIT Fund's basic financial statements for the year ended June 30, 2022. The schedule of pooled net position – capital fund and cash fund and schedule of changes in pooled net position – capital fund and cash fund for the year ended June 30, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2022 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2022.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory, investment, and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2022 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.

(signed) KPMG LLP

Boston, Massachusetts December 1, 2022

June 30, 2022 and 2021 (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, 2022 and 2021 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, 2022 and 2021 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 2022

- The net position of the PRIT Fund Decreased \$3.3 billion during the year ended June 30, 2022. Total net position was \$92.4 billion at June 30, 2022, compared to \$95.7 billion at June 30, 2021.
- Net investment loss for fiscal year 2022 was \$3.2 billion, compared to net investment income of \$21.9 billion for the prior fiscal year. The PRIT Fund returned -2.95%, gross of fees, in fiscal year 2022, compared to 29.91% in fiscal year 2021.
- Contributions to the PRIT Fund totaled \$4.3 billion during the year ended June 30, 2022, compared to \$2.9 billion during the year ended June 30, 2021.
- Redemptions from the PRIT Fund totaled \$4.4 billion during the year ended June 30, 2022, compared to \$4.1 billion during the year ended June 30, 2021.

June 30, 2022 and 2021 (Unaudited)

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.

Condensed Financial Information

Summary balances and activities of the PRIT Fund as of and for the years ended June 30, 2022, 2021, and 2020 are presented below:

		June 30	
	2022	2021	2020
		(Dollars in thousands)	
Summary of pooled net position:			
Assets:			
Investments \$	96,805,918	99,813,545	79,568,987
Cash	254,404	219,795	177,151
Securities lending collateral	121,946	201,581	475,937
Receivables and other assets	1,494,813	2,169,161	1,397,891
Total assets	98,677,081	102,404,082	81,619,966
Liabilities:			
Other liabilities	5,258,318	6,202,728	5,876,067
Securities lending obligations	872,820	451,560	725,946
Management fees payable to PRIM	116,888	50,949	32,194
Total liabilities	6,248,026	6,705,237	6,634,207
Net position held in trust for pool			
participants \$ _	92,429,055	95,698,845	74,985,759

June 30, 2022 and 2021 (Unaudited)

			June 30	
	•	2022	2021	2020
	•	([Oollars in thousands)	
Summary of changes in pooled net position: Additions:				
Contributions	\$	4,342,091	2,910,244	3,023,314
Net investment (loss) income		(3,239,745)	21,944,914	1,448,873
Total additions		1,102,346	24,855,158	4,472,187
Deductions:				
Redemptions		4,372,136	4,142,072	4,322,066
Change in pooled net position		(3,269,790)	20,713,086	150,121
Net position held in trust for pool participants:				
Balance, beginning of year		95,698,845	74,985,759	74,835,638
Balance, end of year	\$	92,429,055	95,698,845	74,985,759
	7			

The PRIT Fund Performance during the year ended June 30, 2022

The PRIT Fund began fiscal year 2022 with net position of \$95.7 billion and ended the fiscal year with a net position of \$92.4 billion, representing a 3.42% decrease. Net investment loss for the year ended June 30, 2022 was \$3.2 billion, which when added to net participant redemptions (contributions less redemptions) of \$30.0 million, resulted in an overall decrease in net position of \$3.3 billion.

For the year ended June 30, 2022, the PRIT Fund returned -2.95% gross of fees, outperforming its benchmark of -4.90% by 195 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, 2022 are as follows: Global Equity -16.14%; Core Fixed Income -11.46%; Value-Added Fixed Income -3.04%; Private Equity 27.29%; Real Estate 25.48%; Timberland 11.37%; Portfolio Completion Strategies -0.80%; and Overlay -10.68%.

The PRIT Fund outperformed its benchmarks for the fiscal year ended June 30, 2022 and over the three-year, five-year, and ten-year periods and has returned an average of 9.37%, 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 ten-year period ended June 30, 2022.

June 30, 2022 and 2021 (Unaudited)

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

The 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%.

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, 2022 and 2021 (Dollars in thousands)

	 2022	2021
Assets:		
Investments, at fair value:		
Short-term	\$ 1,635,564	2,572,722
Fixed income	20,686,408	22,445,081
Equity	33,243,865	39,712,411
Timberland	2,904,110	2,798,749
Private equity funds	16,837,964	13,590,807
Real estate:		
Real estate properties	9,796,738	7,702,060
Equity	1,336,488	1,512,207
Real estate funds	481,793	270,007
Other	75,973	29,476
Total real estate	11,690,992	9,513,750
Portfolio completion strategies:		
Investment funds	2,303,551	2,219,600
Equity	2,285,915	2,403,242
Fixed income	3,518,563	2,781,967
Cash and cash equivalents	1,106,108	1,169,968
Agricultural investments	592,878	579,862
Other	 <u> </u>	25,386
Total portfolio completion strategies	9,807,015	9,180,025
Total investments	96,805,918	99,813,545
Cash	254,404	219,795
Securities lending collateral	121,946	201,581
Interest and dividends receivable	234,231	209,022
Receivable for investments sold and other assets	727,187	1,323,811
Securities sold on a when-issued basis	398,418	547,456
Foreign currency forward contracts	 134,977	88,872
Total assets	 98,677,081	102,404,082
Liabilities:		
Securities sold short and other liabilities, at fair value:		
Portfolio completion strategies	2,172,680	1,817,428
Fixed income	 14,747	112,606
Total securities sold short and other liabilities	 2,187,427	1,930,034
Payable for investments purchased and other liabilities	1,198,502	1,516,901
Real estate debt and other liabilities	875,298	1,457,519
Securities lending obligations	872,820	451,560
Securities purchased on a when-issued basis	915,314	1,210,290
Foreign currency forward contracts	81,777	87,984
Management fees payable to PRIM	 116,888	50,949
Total liabilities	6,248,026	6,705,237
Net position held in trust for pool participants	\$ 92,429,055	95,698,845
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See accompanying notes to financial statements.

Statements of Changes in Pooled Net Position Years ended June 30, 2022 and 2021 (Dollars in thousands)

		2022	2021
Additions:			
Contributions:			
State employees	\$	858,181	698,282
State teachers		1,058,832	898,722
Other participants		2,425,078	1,313,240
Total contributions		4,342,091	2,910,244
Net investment income (loss): From investment activities:			
Net realized gain on investments and foreign currency transactions		4,831,600	6,839,826
Net change in unrealized (depreciation) appreciation on		(0.001.911)	12 542 560
investments and foreign currency translations Interest		(9,901,811) 622,086	13,543,569 475,341
Dividends		910,551	719,579
Timberland		41,557	67,491
Private equity		134,138	139,664
Portfolio completion strategies Real estate:		50,980	44,492
Income		594,530	541,807
Expenses		(231,520)	(233,459)
Total real estate	K	363,010	308,348
(Loss) Income from investment activities		(2,947,889)	22,138,310
Investment management and other management fees	<u> </u>	(295,929)	(198,944)
Net (loss) income from investment activities		(3,243,818)	21,939,366
From securities lending activities: Securities lending income Securities lending expenses		6,359 (2,286)	6,381 (833)
Net income from securities lending activities		4,073	5,548
Total net investment (loss) income		(3,239,745)	21,944,914
Total additions		1,102,346	24,855,158
Deductions: Redemptions:			
State employees		1,509,113	1,450,024
State teachers		1,507,198	1,579,435
Other participants		1,355,825	1,112,613
Total deductions		4,372,136	4,142,072
Net (decrease) increase in pooled net position		(3,269,790)	20,713,086
Net position held in trust for pool participants:			
Balance, beginning of year		95,698,845	74,985,759
Balance, end of year	\$	92,429,055	95,698,845

See accompanying notes to financial statements.

(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 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

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, 2022, there were 38 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, Global Equity Emerging-Diverse Manager Program, Core Fixed Income, Public Value-Added Fixed Income, Real Estate, Timberland, Hedge Funds, Private Debt, Overlay, Real Assets, Other Credit (Continued)

Opportunities, Liquidating Portfolios, Private Equity Investments, and Private Equity Investments Vintage Years 2000-2022. 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, 2022 and 2021, 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.

(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

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, 2022 and 2021, 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),

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, 2022 and 2021, foreign taxes withheld of \$28,994 and \$21,984, 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.

(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.

(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.

(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.

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, 2022 and 2021:

			2022			
		Fair va	alue measurements	using		
Investments at fair value	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)	Unfunded commitments
Short-term:						
Money market investments	\$ 1,635,564	-	1,635,564	-	_	
Fixed income:						
U.S. government obligations (1)	8,413,831	8,413,831		_	_	
Domestic fixed income (2)	7,622,270	5,434	7,578,712	38,124	_	
International fixed income (3)	2,334,432	160,437	2,122,135	51,860	_	
Private debt (4)	1,287,209	_	_	_	1,287,209	571,459
Other credit opportunities (5)	1,028,666	128,363	344,697	424,881	130,725	583,375
	20,686,408	8,708,065	10,045,544	514,865	1,417,934	
Equity:	40 622 240	10 502 000	27.554	005		
Domestic equity securities	18,632,240	18,603,880	27,554	806	_	
International equity securities	14,611,625	14,610,935		690		
	33,243,865	33,214,815	27,554	1,496		
Timberland	2,904,110	_	_	2,904,110	_	
Private equity funds (6)	16,837,964	_	_	_	16,837,964	6,274,745
Real estate:						
Real estate properties	9,796,738	_	_	9,796,738	_	
Real estate groperites Real estate equity securities	1,336,488	1,329,261	7,227	5,750,750	_	
Real estate funds (7)	481,793	1,525,201	,,22,	_	481,793	251,847
Other	75,973	_	_	75,973	401,735 —	231,047
Guid						
	11,690,992	1,329,261	7,227	9,872,711	481,793	
Portfolio completion strategies:						
Event-driven hedge funds (8)	890,751	_	_	_	890,751	
Relative value hedge funds (9)	388,591	_	_	_	388,591	
Fund of funds (11)	632,346	_	_	_	632,346	
Distressed Ioan fund (12)	83,361	_	_	_	83,361	52,724
Real assets funds (13)	308,502				308,502	675,748
Investment funds	2,303,551	_	_	_	2,303,551	
Equity securities	2,285,915	1,980,501	27,906	277,508	_	
Fixed income securities	3,518,563	938,159	2,116,424	463,980	_	39,500
Cash and cash equivalents	1,106,108	459,066	647,042	_	_	,
Agricultural investments	592,878			592,878		
	9,807,015	3,377,726	2,791,372	1,334,366	2,303,551	
Total investments	\$ 96,805,918	46,629,867	14,507,261	14,627,548	21,041,242	

		2022							
				lue measurements	using				
		Quoted prices							
			in active	Significant	Significant				
Investments at fair value		Total	markets for identical assets (Level 1)	other observable inputs (Level 2)	unobservable inputs or not redeemable (Level 3)	Net asset value (NAV)	Unfunded commitments		
Securities lending collateral:									
Money market investments	\$_	121,946		121,946					
Total securities lending									
collateral	\$	121,946		121,946					
Securities sold short and other liabilities at fair value: Portfolio completion strategies:									
Equity securities	\$	600,730	581,311	18,605	814	_			
Cash and cash equivalents		951,437	2,283	949,154	_	_			
Fixed income securities		563,101	180,038	356,398	26,665	_			
Other	_	57,412			57,412				
		2,172,680	763,632	1,324,157	84,891	-			
Fixed income:									
Cash and cash equivalents	_	14,747		14,747					
Total securities sold short									
and other liabilities	\$	2,187,427	763,632	1,338,904	84,891				

2021

			2021			
			alue measurements	using		
Investments at fair value	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)	Unfunded commitments
Short-term:						
Money market investments \$	2,572,722	_	2,572,722	_	_	
Fixed income:						
U.S. government obligations (1)	9,658,756	9,658,756	47	_	_	
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	_	
Private debt (4)		202,801	2,314,113	34,504	1,277,804	691,571
	1,277,804	-	- CC7 041	257.024		
Other credit opportunities (5)	1,147,435	80,696	667,041	357,834	41,864	303,461
	22,445,081	9,965,764	10,732,368	427,281	1,319,668	
Equity:						
	22,316,534	22 204 272	11,772	490		
Domestic equity securities		22,304,272			_	
International equity securities	17,395,877	17,393,781	1,456	640		
	39,712,411	39,698,053	13,228	1,130		
Timberland	2,798,749		_	2,798,749	_	
Private equity funds (6)	13,590,807		_	_	13,590,807	5,268,266
Real estate:						
	7 702 000			7 702 000		
Real estate properties	7,702,060	1.500.005	11 242	7,702,060	_	
Real estate equity securities	1,512,207	1,500,965	11,242	_	270.007	250.552
Real estate funds (7)	270,007	_	_		270,007	268,652
Other	29,476			29,476		
	9,513,750	1,500,965	11,242	7,731,536	270,007	
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		_	130,000
Agricultural investments	579,862	, 55,151		579,862	_	
Other	25,386	_	_	25,386	_	
	9,180,025	2,953,271	2,942,334	1,064,820	2,219,600	
Total investments \$	99,813,545	54,118,053	16,271,894	12,023,516	17,400,082	

				2021					
			Fair va	alue measurements	using				
		Quoted prices							
Investments at fair value		Total	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		
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	4	112,606					
Total securities sold short and other liabilities	\$	1,930,034	883,560	968,221	78,253	_			

- (1) Fiscal year 2022 rates range from 0.00% to 7.50%, and maturities range from 2022 to 2052. Fiscal year 2021 rates range from 0.00% to 7.50%, and maturities range from 2021 to 2051.
- (2) Fiscal year 2022 rates range from 0.00% to 17.50%, and maturities range from 2022 to 2115. Fiscal year 2021 rates range from 0.00% to 24.91%, and maturities range from 2021 to 2115.
- (3) Fiscal year 2022 rates range from -0.36% to 49.10%, and maturities range from 2022 to 2121. Fiscal year 2021 rates range from -0.33% to 37.88%, and maturities range from 2021 to 2115.
- (4) This represents investments in private partnerships that invest directly in distressed debt investment opportunities. The life cycles of the private partnerships are typically 10 to 15 years during which limited partners are unable to redeem their positions. Distributions are received as the partnerships liquidate the underlying assets of the funds.
- (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 private partnerships that invest in venture capital, leverage buyouts, private placements, and other investments. The private partnerships typically have a life cycle of 10 to 15 years during which limited partners are unable to redeem their positions. Distributions are received as the partnerships liquidate the underlying assets of the funds.
- (7) This includes ten and seven closed-end real estate funds that invest in U.S. real estate at June 30, 2022 and 2021. The funds generally have initial terms of eight to ten years during which limited partners are unable to redeem their positions. Distributions are received as the funds liquidate the underlying assets.
- (8) This includes four and five 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, 2022 and 2021, 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, 2022 and 2021. Redemption frequency for this investment is quarterly with 45 days' notice.
- (10)This includes one liquidating hedge fund that invested in equity long/short strategies at June 30, 2021. Distributions are received as the funds liquidate the underlying assets.
- (11)This includes one active hedge fund of funds manager, valued at \$619,099 and \$625,587, at June 30, 2022 and 2021, 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 loans at June 30, 2022 and 2021. Limited partners in this fund are unable to redeem their positions and distributions are received as the fund liquidates the underlying assets.
- (13)This includes ten funds that seek to make investments in real assets at June 30, 2022 and 2021. Limited partners in these funds are generally unable to redeem their positions 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.

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, 2022 and 2021.

(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 Aggregate Bond index, US Treasury STRIPS 20+ Year index, Bloomberg Treasury 1-3 Year index, Bloomberg US TIPS index, Bloomberg Inflation Linked Bonds index, S&P LSTA Leveraged Loan index, JP Morgan Emerging Markets Bond index, and the Intercontinental Exchange Bank of America High Yield index.

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

		20	22	2021		
	_		Effective weighted duration		Effective weighted duration	
Investment		Fair value	rate	Fair value	rate	
			(Years)		(Years)	
Asset-backed securities	\$	651,727	3.10	598,095	1.33	
Commercial mortgage – backed securities		342,068	2.33	293,683	2.93	
Corporate bonds and other credits		8,524,904	3.93	8,305,066	6.08	
U.S. government bonds		5,622,597	14.64	6,337,438	15.12	
U.S. government agencies		73,356	1.98	65,497	2.78	
U.S. government TIPS		3,028,434	6.94	3,367,749	7.56	
U.S. government mortgage – backed						
securities		1,571,083	6.25	1,630,294	4.90	
Global inflation linked bonds		221,162	8.04	302,040	8.01	
Municipal bonds		52,931	9.86	75,183	8.75	
Pooled money market fund (1)		1,671,652	N/A	2,636,783	N/A	
Other pooled funds (2)		4,080,621	N/A	4,187,942	N/A	
Total fixed income and						
short-term investments	\$_	25,840,535		27,799,770		
Securities lending collateral investments:						
Pooled money market fund (1)		121,946	N/A	176,581	N/A	
Repurchase agreements (1)		_	N/A	25,000	N/A	
Tatal as wellies law #	_					
Total securities lending		124.046		204 504		
collateral investments	\$ _	121,946		201,581		

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

(c) Credit Risk

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

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 (Continued)

⁽²⁾ Other pooled funds have a weighted average maturity of approximately two years at June 30, 2022 and 2021.

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.

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, 2022 and 2021, respectively. The following tables present the PRIT Fund's fixed-income securities credit ratings at June 30:

				202	22		
	Total		Investment grade		Noninvestn	nent grade	
Investment	fair value	AAA	AA+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Not rated
Asset-backed securities Commercial mortgage-backed securities Corporate bonds and other credits	\$ 651,727 342,068 8,524,904	30,610 190,083 371,400	106,494 28,213 1,163,529	6,987 932 1,597,478	15,731 18,900 1,647,554	230,178 34,621 431,205	261,727 69,319 3,313,738
U.S. government agencies U.S. government mortgage-backed securities Global inflation linked bonds Municipal bonds	73,356 1,398,808 221,162 52,931	125,098 31,776 2,536	25,683 729,757 117,027 46,351	1,397,478 — 19 62,211 3,574	1,047,334 — — 543 470	431,203 — — — —	47,673 543,934 9,605
Pooled money market fund Other pooled funds	1,671,652 4,080,621						1,671,652 4,080,621
Total credit risk, fixed income, and short-term investments	17,017,229	\$ 751,503	2,217,054	1,671,201	1,683,198	696,004	9,998,269
Fixed income investments explicitly backed by the U.S. government	8,823,306						
Total fixed income and short-term investments	\$ 25,840,535						
Securities lending collateral investments: Pooled money market fund	\$ 121,946	121,946					
Total securities lending collateral investments	\$ 121,946	121,946					

PENSION RESERVES INVESTMENT TRUST FUND Financial Section

Notes to Financial Statements June 30, 2022 and 2021 (Dollars in thousands)

	_	2021						
		Total		Investment grade		Noninvestm	ent grade	
Investment		fair value	AAA	AA+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Not rated
Asset-backed securities	خ.	598,095	32,591	71,363	20,637	27,988	262,094	183,422
	ş	,		16,729	844	•	•	33,477
Commercial mortgage-backed securities		293,683	155,376		- · · ·	15,267	71,990	•
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						
backed by the o.s. government	_	3,507,013						
Total fixed income and short-term investments	\$_	27,799,770						
Securities lending collateral investments:			476.504					
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				

(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):

				2022			
	Cash ar	nd		Portfolio			
	short-te	erm	Fixed	completion	Private equity	Timberland	
	investme	ents Equity	income	strategies	investments	investments	Total
Australian Dollar	\$ 4	4,187 550,28	85 8,757	(4,358)	_	395,566	954,437
Brazilian Real	2	2,364 133,82	4 89,987	106,701	_	_	332,876
British Pound	10	1,710,66	216,163	104,517	80,413	_	2,121,775
Canadian Dollar	13	3,685 886,78	8 21,741	26,466	4,374	_	953,054
Chinese Yuan		355 166,41	.2 –	172,868	_	_	339,635
Euro	50	0,939 2,565,32	254,010	140,502	1,802,466	_	4,813,245
Hong Kong Dollar	4	4,887 1,222,45	- 6	(2,000)	_	_	1,225,343
Indian Rupee		970 449,47	'5 –	759	_	_	451,204
Japanese Yen	30	0,660 2,294,05	24,427	159,646	_	_	2,508,784
New Taiwan Dollar		941 416,77	9 24	227	_	_	417,971
South Korean Won	3	3,768 503,28	11,002	16,188	_	_	534,245
Swedish Krona	6	5,078 378,49	8 5,516	510	_	_	390,602
Swiss Franc	19	704,04	- 0	(3,260)	_	_	720,270
Other foreign currencies	45	5,559 1,274,59	2 17,261	13,360	_	_	1,350,772
Total							
securities							
subject to							
foreign							
currency risk	193	3,897 13,256,48	648,888	732,126	1,887,253	395,566	17,114,213
,			,	,		•	, ,
International investments							
denominated in U.S.							
dollars		- 1,355,14	2 1,709,439	_	_	226,040	3,290,621
Total							
international							
investments							
and cash							
	\$ 193	3,897 14,611,62	2,358,327	732,126	1,887,253	621,606	20,404,834
ucposits	7 193	14,011,02	.5 2,330,327	732,120	1,007,233	021,000	20,404,034

				2021			
	Cash and			Portfolio			
	short-term		Fixed	completion	Private equity	Timberland	
•	investments	Equity	income	strategies	investments	investments	Total
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
dollars	 _	2,149,455	1,982,090			217,041	4,349,164
Total							
international							
investments							
and cash							
deposits \$	190,463	17,395,877	2,832,540	599,483	1,713,069	606,472	23,337,904

(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, 2022 and 2021.

(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.

(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, 2022 and 2021, 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 PRIT Fund is indemnified in the event that the lending agent 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 lending agent default during the years ended June 30, 2022 and 2021.

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, 2022 and 2021, the fair value of securities on loan was \$841,435 and \$415,901, respectively, and the associated collateral received in cash was \$872,820 and \$451,560, 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, 2022 and 2021.

For the years ended June 30, 2022 and 2021, in accordance with the Securities Lending Agency Agreement, the PRIT Fund loaned \$750,000 of the cash collateral to the LLC to invest in real estate investments. \$250,000 of the loans mature on March 10, 2027 and can be prepaid at any time. Interest is paid monthly in arrears at a per annum rate equal to LIBOR. \$500,000 of the loans mature on November 18, 2031 and can be prepaid at any time. Interest is paid monthly in arrears at a per annum rate as agreed to by the parties. As these are inter-entity loans, they have been eliminated in consolidation in the accompanying financial statements. The fair value of the remaining cash collateral reinvested was \$121,946 and \$201,581 at June 30, 2022 and 2021, respectively, and is reported as securities lending collateral in the accompanying statements of pooled net position.

(6) Real Estate Debt

(a) Notes Payable

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

	2022	2021	
Senior unsecured term loan	\$ -	500,000	
Senior unsecured notes	525,000	525,000	
Total	\$525,000	1,025,000	

Scheduled long-term maturities of existing indebtedness at June 30, 2022 in each of the next five years and in the aggregate thereafter are as follows:

			Amount
Year ending June 30:			
2023		\$	175,000
2024			_
2025			150,000
2026			_
2027			_
2028–2032			200,000
	:	\$ _	525,000

(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 was 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, the applicable rate was 1.15%.

(ii) Senior Unsecured Notes

On February 14, 2013, the LLC 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, 2022 and 2021.

(b) Mortgage Loans Payable

The LLC had six and nine property-level mortgage loans payable as of June 30, 2022 and 2021, respectively. The mortgages have a weighted average interest rate of 3.57% and 3.50% and a weighted average maturity of 6.0 and 4.6 years at June 30, 2022 and 2021, respectively. The following table presents the face value of mortgage loans payable at June 30:

	 2022	2021
Mortgage loans payable	\$ 343,387	381,686
Total	\$ 343,387	381,686

(c) Other Liabilities:

The LLC had other liabilities of \$6,911 and \$50,833 as of June 30, 2022 and 2021, 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. 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:

		20	22	
Description	Number of contracts	Gross notional amount	Fair value of contracts	Unrealized appreciation (depreciation)
Long exposure Short exposure	21,677,450 \$ (1,283,209)	85,327 (44,548)	82,381 (39,198)	(2,946) 5,350
Total exposure	\$	40,779	43,183	2,404

		202	21	
		Gross		Unrealized
	Number of	notional	Fair value	appreciation
Description	contracts	amount	of contracts	(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

For the years ended June 30, 2022 and 2021, the change in net unrealized appreciation (depreciation) on contracts for differences was \$523 and \$(151), 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.

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

		2022				
	Fair value	Aggregate face value	Delivery date(s)	Unrealized gains	Unrealized losses	
Foreign currency exchange						
contracts purchased:	422 500	425.005	7/4/22 2/45/22 6	2 400		
Australian Dollar	122,589	125,995	7/1/22-3/15/23 \$	3,406	_	
Brazilian Real	170,398	173,102	7/1/22-3/30/23	2,704	_	
Chilean Peso	20,491	22,887	9/21/22	2,396	_	
British Pound	700,800	715,032	7/1/22-3/15/23	14,232	_	
Chinese Yuan	1,231,776	1,247,559	7/5/22-6/21/23	15,783	_	
Euro	841,136	854,022	7/1/22-4/5/23	12,886	_	
Israeli Shekel	107,118	111,211	7/1/22-5/3/23	4,093	_	
Indian Rupee	284,605	288,796	7/5/22-6/26/23	4,191	_	
Japanese Yen	379,939	410,715	7/1/22-5/23/23	30,776	_	
New Taiwan Dollar	130,266	132,928	7/1/22-2/7/24	2,662	_	
Philippines Peso	358,675	373,030	7/1/22-4/12/23	14,355	_	
Singapore Dollar	488,427	496,346	7/1/22-9/25/23	7,919	_	
South Korean Won	172,623	180,806	7/5/22-8/10/23	8,183	_	
Other foreign currencies	1,874,911	1,884,878	7/1/22-6/21/23	10,983	(1,016)	
Foreign currency exchange			,			
contracts sold:						
Australian Dollar	104,407	106,791	7/1/22-12/21/22	_	(2,384)	
Brazilian Real	125,486	132,049	7/1/22-11/9/22	_	(6,563)	
Chilean Peso	34,229	37,885	9/21/22	_	(3,656)	
Chinese Yuan	1,125,990	1,142,410	7/5/22-6/21/23	_	(16,420)	
Euro	496,264	499,751	7/1/22-4/5/23	_	(3,487)	
Indian Rupee	328,091	332,754	7/5/22-3/20/24	_	(4,663)	
Japanese Yen	193,214	196,299	7/1/22-5/23/23	_	(3,085)	
New Taiwan Dollar	74,236	76,889	7/1/22-2/7/24	_	(2,653)	
Philippines Peso	331,016	344,178	7/1/22-3/22/23	_	(13,162)	
Singapore Dollar	665,745	670,881	7/1/22-9/25/23	_	(5,136)	
South African Rand	149,973	154,205	7/5/22-5/31/23	_	(4,232)	
Other foreign currencies	2,300,675	2,315,587	7/1/22-8/10/23	408	(15,320)	
Total			\$	134,977	(81,777)	

		2021				
		Aggregate	Delivery	Unrealized	Unrealized	
	Fair value	face value	date(s)	gains	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)	

For the years ended June 30, 2022 and 2021, the change in net unrealized appreciation (depreciation) on foreign currency exchange contracts was \$52,312 and \$879, 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 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:

			2022		
	Number of	Expiration	Gross notional	Fair value	Unrealized appreciation
Description	contracts	date	amount	of contracts	(depreciation)
Short cash and cash equivalents:					
Euro FX currency	(315)	9/22 \$	(41,493)	(40,495)	998
90-Day Eurodollar	(871)	12/22-9/25	(210,967)	(211,768)	(801)
Other short cash and cash equivalents	(2,789)	7/22-3/25	(692,477)	(692,342)	135
Long cash and cash equivalents:					
3-Month Euribor	837	12/23-6/24	214,620	215,531	911
Euro FX currency	288	9/22	38,881	37,937	(944)
Other long cash and cash equivalents	2,853	6/22-12/24	512,517	510,986	(1,531)
Short fixed income:					
Australian 3-Yr Treasury Bond	(1,255)	9/22	(92,738)	(93,912)	(1,174)
Euro-BOBL	(174)	9/22	(23,511)	(22,591)	920
Euro-BUND	(193)	9/22	(31,393)	(30,020)	1,373
US 2-Yr Treasury Notes	(2,818)	9/22	(591,839)	(589,455)	2,384
US 5-Yr Treasury Notes	(2,487)	9/22	(279,124)	(277,331)	1,793
US 10-Yr Treasury Notes	(2,124)	9/22	(251,731)	(248,930)	2,801
Other short fixed income	(2,283)	8/22-3/24	(368,929)	(368,742)	187
Long fixed income:					
Euro-BTP	169	9/22	22,945	21,753	(1,192)
US 2-Yr Treasury Notes	746	9/22	157,380	156,586	(794)
US 10-Yr Treasury Notes	1,738	9/22	207,165	206,007	(1,158)
Ultra US 10-Yr Treasury Notes	527	9/22	67,879	67,127	(752)
Ultra US Treasury Bond	633	9/22	98,494	97,723	(771)
Other long fixed income	5,335	8/22-3/23	623,958	625,141	1,183
Short equity and commodities:					
Metal	(323)	7/22-10/22	(31,924)	(28,718)	3,206
Other short equity and commodities	(1,626)	6/22-10/22	(77,804)	(76,131)	1,673
Long equity and commodities:					
Agriculture	585	7/22-12/22	29,022	28,001	(1,021)
Metal	248	7/22-9/22	26,174	21,843	(4,331)
Oil and gas	343	7/22-11/22	34,637	30,562	(4,075)
MSCI EAFE Index	1,949	9/22	183,940	180,926	(3,014)
MSCI Emerging Markets Index	2,807	9/22	142,025	140,729	(1,296)
Russell 2000 Mini Index	412	9/22	36,836	35,185	(1,651)
S&P 500 E-mini Index	3,621	9/22	680,258	686,089	5,831
S&P Midcap 400 E-mini Index	154	9/22	36,650	34,927	(1,723)
S&P/TSX 60 Index	227	9/22	42,802	40,210	(2,592)
TOPIX Index	219	8/22-9/22	32,003	30,057	(1,946)
Other long equity and commodities	3,872	7/22-12/22	145,509	143,563	(1,946)
Total futures exposure		\$	639,765	630,448	(9,317)

				2021		
Description	Number of contracts	Expiration date		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:	(-,,	,		(),11,1	(,=== , = ,	
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	47	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)

For the years ended June 30, 2022 and 2021, the change in net unrealized appreciation (depreciation) on futures contracts was (1,376) and (14,194), 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, 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:

			2022		
	PRIT pays/receives	PRIT pays/receives index/	Maturity	Gross notional	Net unrealized appreciation
Description	interest rate	protection	date	 amount	(depreciation)
Interest rate swaps Credit default swaps	-0.45%–13.54% 0.11%–16.20%	Various* Credit default protection	7/22-6/57 7/22-12/72	\$ 27,118,880 4,018,177	57,637 (126,939)
Total return and other swaps	Variable	Various*	7/22-6/52	 413,860	(21,458)
Total swaps				\$ 31,550,917	(90,760)

* PRIT pays/receives counterparty based on 1-Week CNY, 1-Month AUD Fixing Rate, 1-Month HKD, 1-Month USD LIBOR, 3-Month AUD Fixing Rate, 3-Month CDOR, 3-Month HKD, 3-Month JIBAR, 3-Month JPY DTIBOR, 3-Month KRW CD Rate, 3-Month MYR, 3-Month NZD Bank Bill, 3-Month NZD Fixing Rate, 3-Month PRIBOR, 3-Month TELBOR, 3-Month TWD TWCPBA, 3-Month USD LIBOR, 3-Month WIBOR, 6-Month AUD Fixing Rate, 6-Month BUBOR, 6-Month Euribor, 6-Month JPY LIBOR, 6-Month PRIBOR, 6-Month SGD, 6-Month WIBOR, AUD O/N OIS Rate, Brazil CDI rate, CPI inflation rate, Euro short-term rate, Eurozone HICP rate, INR OIS ON, JPY ON, Mexican TIIE rate, MIBOR, NZD ON OIS Rate, NZDOND, SOFR, SONIA, SORA, THB ON Repo Rate, UK RPI rate, USD FED Fund rate.

			2021			
Description	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 KWCDC, 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 KWCDC, 6-Month JPY LIBOR, 6-Month MIBOR, 6-Month PRIBOR, 6-Month SIBOR, 6-Month SOR, 6-Month THBFIX, 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.

For the years ended June 30, 2022 and 2021, the change in net unrealized appreciation (depreciation) on swap contracts was \$(7,008) and \$(879), respectively.

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

				2022	!		
		Interest	t rate	Credit de	fault	Total retu	rn and
		swaps	<u> </u>	swap	s	other swaps	
	Credit	Gross	Fair	Gross	Fair	Gross	Fair
Counterparty	rating	notional	value	notional	value	notional	value
Barclays Bank PLC	A \$	65,406	331	616,832	2,285	_	_
BNP Paribas SA	A+	_	_	40,963	(23,534)	_	_
CME Group	AA-	148,902	(6,094)	-	_	_	_
Goldman Sachs & Co	A+	686,689	46,530	2,634,224	(10,925)	_	_
Goldman Sachs International	A+	_	_	97,459	(17,951)	25,524	375
Intercontinental Exchange	A-	_	_	112,104	(3,654)	_	_
JMP Securities LLC	A+	_	_	49,527	(17,979)	_	_
JPMorgan Chase Bank NA	A+	317,506	18,490	54,557	(13,579)	269,137	(18,298)
JP Morgan Securities LLC	A+	24,461,829	(8,060)	62,239	4,951	1,531	(39)
LCH Ltd	AA-	198,982	(2,448)	_	_	90,425	(644)
Morgan Stanley & Co Intl PLC	A+	20,011	451	91,580	(22,181)	415	(29)
Morgan Stanley Capital Services	A+	_	_	203,155	(24,796)	12,500	178
SMBC Capital Markets Inc.	A+	250,000	6,640	_	_	_	_
All others	Various	969,555	1,797	55,537	424	14,328	(3,001)
	\$	27,118,880	57,637	4,018,177	(126,939)	413,860	(21,458)

				2021			
		Interest	rate	Credit de	fault	Total retu	rn and
		swaps		swap	S	other swaps	
	Credit	Gross	Fair	Gross	Fair	Gross	Fair
Counterparty	rating	notional	value	notional	value	notional	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.

(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 \$257,331 and \$164,076 for the years ended June 30, 2022 and 2021, respectively. \$183,403 and \$114,034 were incurred by the PRIM Board for the years ended June 30, 2022 and 2021, 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.

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 private 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 2022. 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

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, 2022 and 2021, investment advisory fees were \$15,059 and \$13,049, 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, 2022 and 2021, custodian fees were \$936 and \$1,672, 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, 2022 and 2021, other administrative expenses of the PRIM Board, including employee compensation, professional fees and occupancy costs, charged to the PRIT Fund totaled \$22,603 and \$20,147, 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, 2022 and 2021, the PRIT Fund had outstanding unfunded commitments to invest \$8,449,398 and \$7,444,345, respectively, in private 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, 2022 through December 1, 2022, the date on which the financial statements were available to be issued.

Schedule of Pooled Net Position – Capital Fund and Cash Fund June 30, 2022

(Dollars in thousands)

		Capital Fund	Cash Fund	Total
Assets:				
Investments, at fair value:				
Short-term	\$	1,467,244	168,320	1,635,564
Fixed income		20,686,408	· —	20,686,408
Equity		33,243,865	_	33,243,865
Timberland		2,904,110	_	2,904,110
Private equity funds		16,837,964	_	16,837,964
Real estate:				
Real estate properties		9,796,738	_	9,796,738
Equity		1,336,488	_	1,336,488
Real estate funds		481,793	_	481,793
Other		75,973		75,973
Total real estate		11,690,992	_	11,690,992
Portfolio completion strategies:				
Investment funds		2,303,551	_	2,303,551
Equity		2,285,915	_	2,285,915
Fixed income		3,518,563	_	3,518,563
Cash and cash equivalents		1,106,108	_	1,106,108
Agricultural investments	14	592,878		592,878
Total portfolio completion strategies	W_	9,807,015		9,807,015
Total investments		96,637,598	168,320	96,805,918
Cash		254,297	107	254,404
Securities lending collateral		121,946	_	121,946
Interest and dividends receivable		233,962	269	234,231
Receivable for investments sold and other assets		727,187	_	727,187
Securities sold on a when-issued basis		398,418	_	398,418
Foreign currency forward contracts		134,977		134,977
Total assets		98,508,385	168,696	98,677,081
Liabilities: Securities sold short and other liabilities, at fair value:				
Portfolio completion strategies liabilities		2,172,680	_	2,172,680
Fixed income		14,747	_	14,747
Total securities sold short and other liabilities	-	2,187,427		2,187,427
Payable for investments purchased and other liabilities	_	1,198,502	_	1,198,502
Real estate debt and other liabilities		875,298	_	1,198,502 875,298
		•	_	•
Securities lending obligations Securities purchased on a when-issued basis		872,820	_	872,820
		915,314	_	915,314
Foreign currency forward contracts		81,777	_	81,777
Management fees payable to PRIM	_	116,888		116,888
Total liabilities	_	6,248,026		6,248,026
Net position held in trust for pool participants	\$	92,260,359	168,696	92,429,055

See accompanying independent auditors' report.

Schedule of Changes in Pooled Net Position – Capital Fund and Cash Fund Year ended June 30, 2022 (Dollars in thousands)

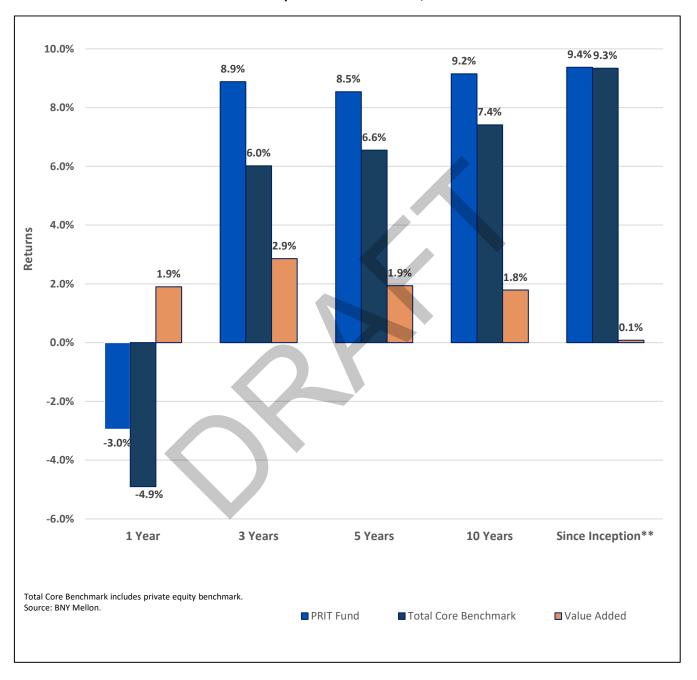
	Capital Fund	Cash Fund	Total
Additions:			
Contributions:			
State employees \$	_	858,181	858,181
State teachers	_	1,058,832	1,058,832
Other participants		2,425,078	2,425,078
Total contributions		4,342,091	4,342,091
Net investment income (loss): From investment activities: Net realized gain on investments and			
foreign currency transactions Net change in unrealized depreciation on investments	4,831,600	-	4,831,600
and foreign currency translations	(9,901,811)	_	(9,901,811)
Interest	621,361	725	622,086
Dividends	910,551	_	910,551
Timberland	41,557	_	41,557
Private equity Portfolio completion strategies	134,138 50,980	_	134,138 50,980
Real estate:	30,300	_	30,360
Income	594,530	_	594,530
Expenses	(231,520)	_	(231,520)
Total real estate	363,010		363,010
(Loss) Income from investment activities	(2,948,614)	725	(2,947,889)
Investment management and other management fees	(295,929)		(295,929)
Net (loss) income from investment activities	(3,244,543)	725	(3,243,818)
From securities lending activities:			
Securities lending income	6,359	_	6,359
Securities lending expenses	(2,286)	<u> </u>	(2,286)
Net income from securities lending activities	4,073	_	4,073
Total net investment (loss) income	(3,240,470)	725	(3,239,745)
Total (deductions) additions	(3,240,470)	4,342,816	1,102,346
Deductions:			
Redemptions:			
State employees	_	1,509,113	1,509,113
State teachers	_	1,507,198	1,507,198
Other participants		1,355,825	1,355,825
Total deductions	_	4,372,136	4,372,136
Interfund transfers (out) in, net	(56,249)	56,249	
Net (decrease) increase in pooled net position	(3,296,719)	26,929	(3,269,790)
Net position held in trust for pool participants:			
Balance, beginning of year	95,557,078	141,767	95,698,845
Balance, end of year \$	92,260,359	168,696	92,429,055

See accompanying independent auditors' report.

Investment Section

Total PRIT Fund Performance Summary*

For the periods ended June 30, 2022



^{*} 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 a 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'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, 2022, the PRIM Board employed thirty-two public markets investment managers, ninety-seven private equity markets managers, nine real estate and timberland managers, thirty-six portfolio completion strategies managers, and six external investment advisors. The PRIT Fund had approximately \$92.4 billion in assets under management at June 30, 2022. 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 2022, 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 17, 2022, as follows:

	6/30/2022	
Asset Class	Allocation % (3)	Target Range % (1)
Global Equity	37.3	33 - 43
Core Fixed Income	14.5	12 - 18
Value-Added Fixed Income	6.8	5 - 11
Real Estate	10.6	7 - 13
Private Equity	18.4	12 - 18
Timberland	3.2	1 - 7
Portfolio Completion Strategies	8.6	7 - 13
Overlay (2)	0.6	-

- (1) Asset Allocation Plan approved February 17, 2022.
- (2) This asset class does not have target range % because it's not a component of the long-term policy target asset allocation.
- (3) Totals may not add due to rounding.

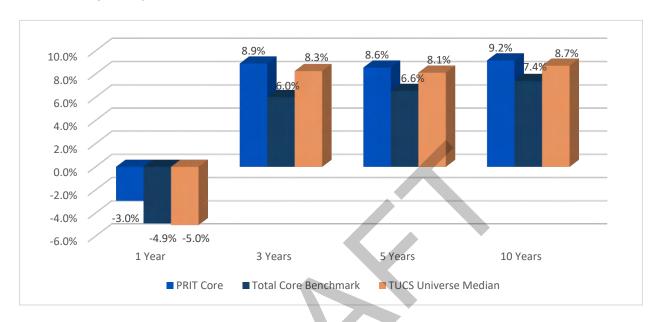
In addition to asset allocation, the PRIM Board seeks to diversify the PRIT Fund through a complementary diversification of investment styles within various asset classes. The PRIM Board requires detailed investment guidelines with each investment manager to ensure portfolios are managed with appropriate 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 2022

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, 2022:



In the fiscal year 2022, the PRIT Core Fund returned -2.95% compared to the Total Core benchmark return of -4.90%. The PRIT Fund began fiscal year 2022 with net position of \$95.7 billion and ended with \$92.4 billion. On a gross basis the fund decreased \$3.3 billion, which is the result of \$3.2 billion in net investment loss along with \$30 million in net redemptions from the State Employees, State Teachers' and Participant accounts.

The quarterly returns of the PRIT Core Fund in fiscal year 2022 were as follows:

- 2.48% for September 30, 2021 versus a benchmark return of 0.44%.
- 5.53% for December 31, 2021 versus a benchmark return of 4.02.
- -2.11% for March 31, 2022 versus a benchmark return of -2.09%.
- -8.33% for June 30, 2022 versus a benchmark return of -7.02%.

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, 2022, the PRIT Core Fund returned 9.33% since inception, outperforming the actuarial rate of return of 7.00% by 233 basis points. The PRIT Core Fund outperforms its benchmark over the one-year, 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 ten-year period ending June 30, 2022.

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.

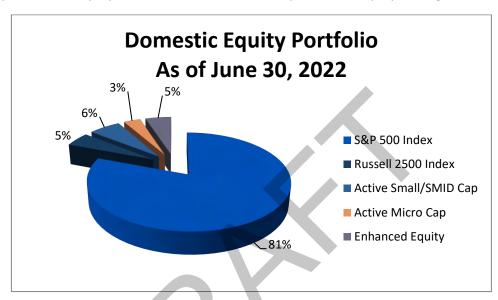
The PRIM Board tracks two types of fees: 1) direct fees and 2) indirect fees. Direct fees are fees the PRIM Board pays directly to vendors for services rendered. These fees include most investment management fees, advisory fees, custodian fees, and salaries and administrative expenses of the PRIM Board. 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 81.8% of the PRIM Board's total direct expenses for fiscal 2022. The PRIM Board also contracts with a custodian and investment advisors. Fees to these providers were approximately 7.1% of the PRIM Board's total expense for fiscal year 2022.

The total cost of managing the PRIT Fund for fiscal year 2022, *inclusive* of investment management (direct and indirect), advisory, custodial, and overhead charges was 52 basis points of the average net position of the PRIT Fund compared to 49 basis points in fiscal year 2021. For information on expense ratios for each investment account, refer to the *Financial Highlights and Financial Highlights Ratios* on pages 98-107 included in the Statistical Section of this report.

Domestic Equity Portfolio

As of June 30, 2022, the Domestic Equity portfolio had approximately \$19.7 billion in net position, representing 21.3% of the PRIT Fund. As highlighted below, the Domestic Equity portfolio allocation is approximately 81% invested in passively managed large capitalization equity strategies (S&P500), 11% invested in small and mid-capitalization equity strategies (Russell 2500, small/SMID cap), 5% invested in a put-spread-collar enhanced equity strategy (Enhanced Equity) and 3% invested in micro-capitalization equity strategies (Micro Cap).



Portfolio Risks. Although historically and recently long-term returns in equity investments have exceeded all other public market asset classes (i.e., fixed income and cash), 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 Domestic Equity portfolio returned -12.28% compared to -13.21% for the portfolio benchmark. The PRIT Fund's large cap managers returned -10.67% compared to the -10.69% return of its benchmark, the customized S&P 500 index (which excludes legislatively restricted securities in tobacco, Iran, and Sudan). The PRIT Fund's Small/SMID/Micro-cap managers returned -22.30% compared to the -27.96% return of the benchmark, which is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the Small/SMID/Micro-cap equity portfolio. The PRIT Fund's enhanced equity manager returned -9.15% compared to the -8.32% return of the enhanced equity benchmark (80% S&P 500 index/20% LIBOR as of June 30, 2022).

On a three-, five-, and 10-year basis through June 30, 2022, the PRIT Fund's Domestic Equity portfolio has returned 9.55%, 10.52%, and 12.46%, respectively, compared to the benchmark, which returned 9.57%, 10.40%, and 12.46%, respectively.

The top ten holdings in the Domestic Equity portfolio at June 30, 2022 are illustrated below. A complete listing of holdings is available upon request.

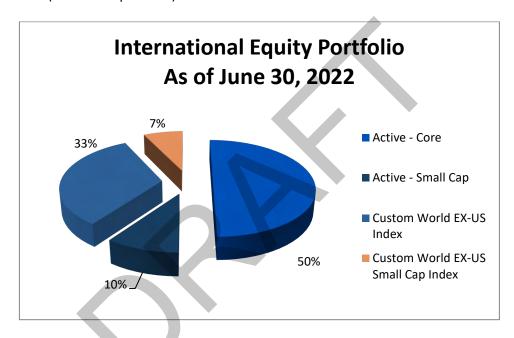
				% of Account
#	Issue Name	Fair	Value (\$000s)	Fair Value
1	Apple Inc.	\$	1,095,283	5.56%
2	Microsoft Corp.		1,000,795	5.08%
3	Amazon.com Inc.		484,198	2.46%
4	Alphabet Inc - CL A		341,586	1.74%
5	Alphabet Inc - CL C		314,256	1.60%
6	Tesla Inc		294,427	1.50%
7	Berkshire Hathaway Inc		257,352	1.31%
8	UnitedHealth Group Inc		251,067	1.28%
9	Johnson & Johnson		243,373	1.24%
10	Nvidia Corp		197,837	1.01%
	TOTAL	\$	4,480,174	22.78%

The PRIT Fund's Domestic Equity managers at June 30, 2022 are presented in the following table:

Manager	Investment Mandate	Portfolio Fair Value at June 30, 2022 (\$000s)		
State Street Global Advisors	Custom S&P 500 Index	\$	14,861,372	
RhumbLine Advisers, LP	Custom S&P 500 Index		1,030,616	
Goldman Sachs Asset Management	Enhanced Equity		985,503	
State Street Global Advisors	Custom Russell 2500 Index		965,994	
Frontier Capital Management	Small Cap Value		428,469	
Riverbridge Partners	SMID Cap Growth		341,594	
Summit Creek Advisors	Small Cap Growth		436,389	
Acadian Asset Management	Micro Cap Core		194,437	
Brandywine Investment Management	Micro Cap Value		161,797	
Lord, Abbett & Company	Micro Cap Growth		139,420	
Driehaus Capital Management	Micro Cap Growth		142,937	
Other portfolio net assets			(5,608)	
Total Portfolio Fair Value		\$	19,682,920	

International Equity Portfolio

As of June 30, 2022, the International Equity portfolio had approximately \$10.6 billion in net position, representing 11.5% of the PRIT Fund. The international core equity accounts are benchmarked against the Custom MSCI World ex-U.S. index — Net Dividends (Custom MSCI World ex-U.S. — customized to exclude legislatively restricted securities in tobacco, Iran, and Sudan). The international small cap equity accounts are benchmarked against the Custom World ex-U.S. Small Cap index — Net Dividends (Custom World ex-U.S. Small Cap — customized to exclude legislatively restricted securities in tobacco, Iran, and Sudan). The International Equity portfolio is allocated to one passive core equity account (33% of the portfolio), five active core equity accounts (50% of the portfolio), one passive small cap equity account (7% of the portfolio), and four active small cap equity accounts (10% of the portfolio).



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 30.7% 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, 2022, the International Equity portfolio returned -19.81% compared to the benchmark return of -17.81%. Two of the PRIT Fund's five active international equity managers outperformed the Custom MSCI World ex-U.S. index for the fiscal year. Two of the PRIT Fund's four active international small cap equity managers outperformed the Custom World ex-U.S. Small Cap index. The passive manager performed in-line with the benchmark for the fiscal year. On a three-, five-, and 10-year basis through June 30, 2022, the PRIT Fund's international equity managers posted returns of 2.04%, 2.94%, and 6.38%,

respectively, ahead of the benchmark, which returned 1.42%, 2.48%, and 5.51%, respectively, over the same periods.

The top ten holdings in the International Equity portfolio at June 30, 2022 are illustrated below. A complete listing of holdings is available upon request.

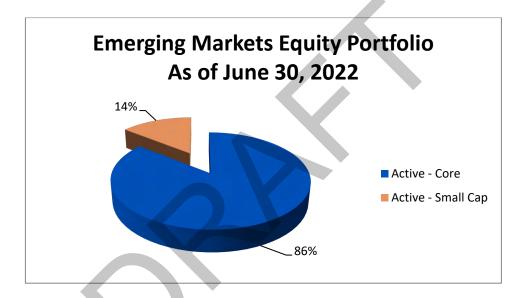
			% of Account Fair
#	Issue Name	Fair Value (\$000s)	Value
1	ASML Holding N.V.	\$ 105,801	1.00%
2	AIA Group Ltd	94,694	0.90%
3	Roche Holding AG	93,935	0.89%
4	BP PLC	90,717	0.86%
5	United Overseas Bank Ltd	90,115	0.85%
6	Novo Nordisk	86,164	0.81%
7	Nestle SA	80,610	0.76%
8	Novartis AG	79,572	0.75%
9	LVMH	79,407	0.75%
10	GSK PLC	76,964	0.73%
	TOTAL	\$ 877,979	8.30%

The PRIT Fund's International Equity managers at June 30, 2022 are presented in the following table:

Manager	Investment Mandate	 olio Fair Value at 30, 2022 (\$000s)
State Street Global Advisors	Custom World ex-US Index	\$ 3,480,253
Marathon-London	EAFE Core	2,006,652
Baillie Gifford	EAFE Core	1,450,897
Mondrian Investment	EAFE Core	953,739
ARGA Investment Management	EAFE Core	573,747
Xponance	EAFE Core	298,597
State Street Global Advisors	Custom World ex-US Small Cap Index	762,921
Acadian Asset Management	EAFE Small Cap	321,590
AQR Capital Management	EAFE Small Cap	200,028
Artisan Partners	EAFE Small Cap	114,228
Driehaus Capital Management	EAFE Small Cap	112,015
Other portfolio net assets		301,987
Total Portfolio Fair Value		\$ 10,576,654

Emerging Markets Portfolio

As of June 30, 2022, the Emerging Markets Equity portfolio had approximately \$4.1 billion in net position, representing 4.4% 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 86% of the emerging market portfolio) and two active small cap equity managers (14% 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 11.9% 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 -24.39% compared to the benchmark return of -24.64%. Three of the PRIT Fund's five active emerging markets core equity managers outperformed the benchmark. 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. On a three-, five-, and 10-year

basis through June 30, 2022, the PRIT Fund's emerging markets equity managers posted returns of 3.04%, 4.01%, and 4.81%, respectively, compared to the asset class benchmark, which returned 1.23%, 2.37%, and 3.37% over the same periods.

The top ten holdings in the Emerging Markets Equity portfolio at June 30, 2022 are illustrated below. A complete listing of holdings is available upon request.

				% of Account
#	Issue Name	Fair	Value (\$000s)	Fair Value
1	Samsung Electronics	\$	134,231	3.27%
2	Tawain Semiconductor Mfg. Co.		120,264	2.93%
3	Alibaba Group Holding Ltd HK		109,804	2.67%
4	Tencent Holdings Ltd		106,606	2.60%
5	Tawain Semiconductor Mfg. Co. Ltd. ADR		85,427	2.08%
6	Meituan		57,929	1.41%
7	Reliance Industries Ltd		54,227	1.32%
8	Hon Hai Precision Industry Co.		50,095	1.22%
9	Housing Development Finance Co.		41,139	1.00%
10	Trip.com Group Ltd		40,410	0.98%
	TOTAL	\$	800,132	19.48%

The PRIT Fund's Emerging Markets Equity managers at June 30, 2022 are presented in the following table:

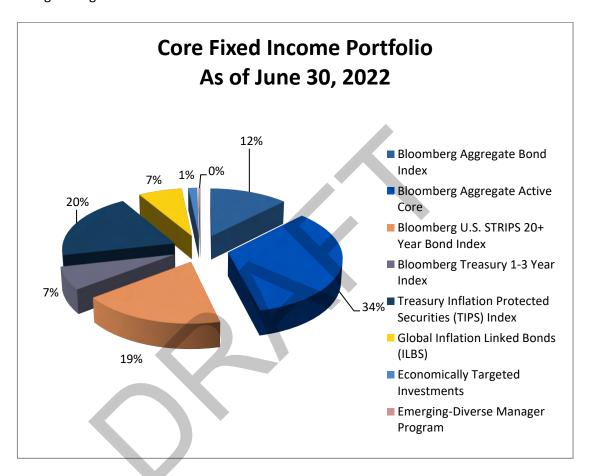
Manager	Investment Mandate	Portfolio Fair Value at June 30, 2022 (\$000s)
AQR Emerging	EM Core	\$ 689,886
Baillie Gifford	EM Core	690,689
Driehaus Capital	EM Core	780,963
Pzena Investment Management, LLC	EM Core	1,007,228
T. Rowe Price	EM Core	345,039
Acadian	EM Small Cap	432,650
Wasatch	EM Small Cap	150,058
Other portfolio net assets		8,648
Total Portfolio Fair Value		\$ 4,105,161

Global Equity Emerging-Diverse Manager Program

As of June 30, 2022, the Global Equity Emerging-Diverse Manager Program (inception in May 2022), managed by Xponance (manager-of-managers), had \$93.7 million in net position, representing 0.3% of the Global Equity portfolio and 0.1% of the PRIT Fund.

Core Fixed Income Portfolio

As of June 30, 2022, the Core Fixed Income Portfolio had approximately \$13.3 billion invested in investment grade Core Fixed Income positions, representing 14.5% 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 Aggregate Bond Index for core fixed income securities, the Bloomberg U.S. STRIPS 20+ Year Bond Index for STRIPS securities, the Bloomberg Treasury 1-3 Year Index for short term fixed income securities, the Bloomberg US TIPS Index for U.S. TIPS securities, and the Bloomberg Inflation Linked Bond US\$ Hedged Index for the Global Inflation Linked Bonds (ILBs).

The Bloomberg Aggregate Bond 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 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 investment with a manager under the PRIM Board's Economically Targeted Investment (ETI) program, which are benchmarked against the Bloomberg 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 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 Treasury 1-3 Year Index and to reduce volatility while increasing liquidity within the Core Fixed Income portfolio. Less than 0.1% of the PRIT Fund, represents investments with diverse managers. There is one manager-of-managers in the PRIT Fund Core Fixed Income Emerging-Diverse Manager Program.

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 2022, the Core Fixed Income composite returned -11.46% compared to the -11.57% return of the benchmark (46.6% Bloomberg Aggregate/20% Bloomberg U.S. STRIPS 20+ Year Bond Index /20% Bloomberg US TIPS/6.7% Bloomberg ILB US\$ Hedged/6.7% Bloomberg US Treasury 1-3 Year Index as of June 30, 2022). The Bloomberg Aggregate mandates returned -10.37%, compared to the Bloomberg Aggregate Bond Index return of -10.29%. The STRIPS mandate returned -24.31%, compared to the Bloomberg U.S. STRIPS 20+ Year Bond Index return of -24.38%. The passively managed TIPS mandate returned -5.14%, compared to the Bloomberg US TIPS Index which returned -5.14%. The actively managed ILBs mandate returned -7.75%, compared to the Bloomberg ILB US\$ Hedged Index return of -7.66%. The passively managed short-term fixed income securities mandate returned -3.48%, compared to the Bloomberg Treasury 1-3 Year Index return of -3.51%. Since its inception in June 2022, the Core Fixed Income Emerging-Diverse Manager Program had a return of -1.36% compared to the custom benchmark return of -1.57%.

On a three-, five-, and 10-year basis through June 30, 2022, the PRIT Fund's Core Fixed Income portfolio has returned 0.03%, 1.92%, and 2.90%, respectively, compared to the benchmark, which returned -0.28%, 1.70%, and 2.62%, respectively.

The top ten Core Fixed Income holdings as of June 30, 2022, excluding certain pooled funds and repurchase agreements, are illustrated below. A complete listing of holdings is available upon request.

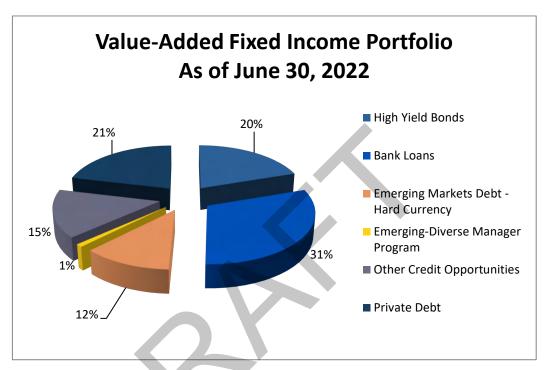
			(4000.)	% of Account
#	Issue Name	Fair	Value (\$000s)	Fair Value
1	U.S. Treasury Bond Principal STRIP 0.000% November 2050	\$	423,521	3.17%
2	U.S. Treasury Bond Principal STRIP 0.000% February 2051		192,786	1.44%
3	U.S. Treasury Bond Principal STRIP 0.000% February 2048		183,669	1.38%
4	U.S. Treasury-CPI Inflation 0.125% July 2030		158,239	1.19%
5	U.S. Treasury Bond Principal STRIP 0.000% August 2048		148,823	1.11%
6	U.S. Treasury Bond Principal STRIP 0.000% May 2048		138,778	1.04%
7	U.S. Treasury Bond Principal STRIP 0.000% August 2050		137,823	1.03%
8	U.S. Treasury Bond Principal STRIP 0.000% August 2049		132,758	0.99%
9	U.S. Treasury-CPI Inflation 0.500% January 2028		126,799	0.95%
10	Commit to Purchase FNMA 2.500% August 2052		125,280	0.94%
	TOTAL	\$	1,768,476	13.24%

The PRIT Fund's Core Fixed Income portfolio managers at June 30, 2022 are presented in the following table:

		Portfolio Fair Value at		
Manager	Investment Mandate	June 30, 2022 (\$000s)		
Blackrock Financial Management	Core Index	\$	1,671,450	
Loomis, Sayles & Co., LP	Active Core		1,765,947	
PIMCO	Active Core		1,419,123	
Pugh Capital Management	Active Core		462,580	
New Century Advisors	Active Core		401,020	
Longfellow Investment Management	Active Core		472,943	
Blackrock Financial Management	Inflation Link Bonds		926,982	
Blackrock Financial Management	STRIPS Index		2,480,683	
Blackrock Financial Management	TIPS Index		2,659,752	
Blackrock Financial Management	Short-Term Fixed Income		909,719	
AFL - CIO Housing Investment	ETI - Active Core		134,841	
Bivium Capital Partners	Emerging-Diverse		39,442	
Other portfolio net assets			3,517	
Total Portfolio Fair Value		\$	13,347,999	

Value-Added Fixed Income Portfolio

As of June 30, 2022, the Value-Added Fixed Income portfolio had approximately \$6.2 billion in net position, representing 6.8% of the PRIT Fund. The Value-Added Fixed Income portfolio is invested using the following strategies:



High Yield Bonds, which represent 1.3% 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, 0.8% 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.

Emerging-Diverse Manager Program, 0.1% of the PRIT Fund, represents investments with diverse managers. There is one manager-of-managers in the PRIT Fund Value-Added Fixed Income Emerging-Diverse Manager Program.

Other Credit Opportunities, 1.0% 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 six managers in the PRIT Fund Other Credit Opportunities program; two are 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, 2022, 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 2022, the Value-Added Fixed Income composite returned -3.04% compared to -2.44% for the asset class benchmark. The PRIT Fund's three high yield bond managers returned -11.98%, while the Intercontinental Exchange Bank of America High Yield index returned -12.67%. The Emerging Markets Debt portfolio returned -25.55% during the fiscal year, compared to the JP Morgan Emerging Markets Bond Index, which returned -19.25%. The two bank loan managers, returned -3.08%, compared to the S&P LSTA Leveraged Loan index return of -2.78%. Since its inception in June 2022, the Value-Added Fixed Income Emerging-Diverse Manager Program returned -2.66% compared to the custom benchmark of -5.72%. The Other Credit Opportunities portfolio returned 6.41% compared to the custom benchmark of 0.85%. The Private Debt portfolio returned 19.56% compared to the index return of -0.09%. The benchmark for the Private Debt portfolio at June 30, 2022 is the Burgiss Distressed Debt Universe Lagged Index.

On a three-, five-, and 10-year basis through June 30, 2022, the PRIT Fund's Value-Added Fixed Income portfolio has returned 3.60%, 4.23%, and 4.68%, respectively, compared to the benchmark, which returned 3.18%, 3.90%, and 3.56%, respectively.

The top ten holdings in the Value-Added Fixed Income portfolio at June 30, 2022, 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.

			% of Account
#	Issue Name	Fair Value (\$000s)	Fair Value
1	Altice France Holding SA 8.125% February 2027	\$ 9,581	0.15%
2	U.S. Treasury Note 0.125% February 2023	9,108	0.15%
3	Petroleos Mexicanos 7.690% January 2050	7,612	0.12%
4	U.S. Treasury Bill 0.000% July 2022	7,586	0.12%
5	CSC ServiceWorks 0.000% March 2028	7,406	0.12%
6	Dish Network Corp 3.375% August 2026	7,329	0.12%
7	U.S. Treasury Bill 0.000% July 2022	7,086	0.11%
8	CCO Holdings LLC 5.125% May 2027	6,484	0.10%
9	CSC Holdings LLC 4.625% December 2030	6,470	0.10%
10	Albertsons Companies Inc 4.875% February 2030	6,328	0.10%
	TOTAL	\$ 74,990	1.19%

The PRIT Fund's Value-Added Fixed Income portfolio managers at June 30, 2022 are presented in the following table:

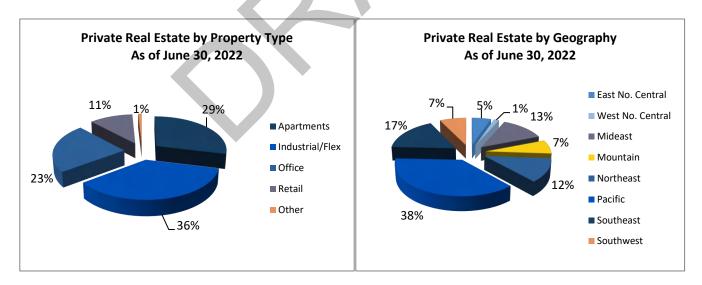
Manager	Investment Mandate	Portfolio Fair Value at June 30, 2022 (\$000s)	
Fidelity Management Trust	High Yield Bond	\$	441,892
Loomis, Sayles & Co., LP	High Yield Bond		413,780
Shenkman Capital Management	High Yield Bond		382,961
Ashmore Investment Management	Emerging Markets Debt Hard Currency		382,724
PIMCO	Emerging Markets Debt Hard Currency		361,138
Eaton Vance	Bank Loans		967,088
Voya	Bank Loans		950,182
Bivium Capital Partners	Emerging-Diverse		58,375
Various accounts and partnerships	Other Credit Opportunities		951,732
Various partnerships	Private Debt		1,287,209
Other portfolio net assets			41,180
Total Portfolio Fair Value		\$	6,238,261

Real Estate Portfolio

As of June 30, 2022, the PRIM Board had \$9.8 billion invested in real estate through the PRIT Fund's ownership interest in PRIT Core Realty Holdings LLC (the LLC), representing 10.6% 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 88% 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, 2022, \$8.2 billion (net of portfolio debt) of Core real estate investments and \$492 million of Non-Core real estate investments comprise PRIT's Private Real Estate Investments, which represents 9.4% 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, 2022, the PRIM Board had approximately \$1.3 billion allocated to public REITs. The public REIT portfolio represents 1.5% 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, 2022:



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.

The LLC had portfolio level notes payable of \$525 million at June 30, 2022. In addition, the LLC utilized internal securities lending capabilities to increase portfolio leverage by \$750 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 \$750 million loan is an inter-entity loan, it has been eliminated in consolidation from the financial statements presented in the *Financial Section*.

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 benefitted 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 2022, the real estate portfolio returned 25.48% compared to the 18.95% return of the asset class benchmark. The Private Real Estate Investments portfolio returned 34.34% for the year ended June 30, 2022, comparing to the NCREIF NFI-ODCE Index (one quarter lag), which returned 25.73% over the same period. REIT investments returned -11.32%, comparing to its benchmark return of -12.86%.

On a three-, five-, and 10-year basis through June 30, 2022, the PRIT Fund's Real Estate portfolio has returned 14.07%, 11.49%, and 11.46%, respectively, compared to the benchmark, which returned 9.40%, 8.51%, and 9.41%, respectively.

The PRIT Fund's real estate investment managers at June 30, 2022 are presented in the following table:

		Portfo	olio Fair Value at	
Manager	Investment Mandate	June 3	June 30, 2022 (\$000s)	
Invesco Realty Advisors	Separate Accounts - Core	\$	2,528,018	
LaSalle Investment Management	Separate Accounts - Core		2,483,624	
AEW	Separate Accounts - Core		2,692,185	
CBRE	Separate Accounts - Core		640,101	
Stockbridge	Separate Accounts - Core		402,214	
PRIM Board	Separate Accounts - Core		436,165	
Invesco Realty Advisors - Transition Portfolio	Separate Accounts - Core		62,537	
AEW - Transition Portfolio	Separate Accounts - Core		74,461	
Various Partnerships	Non-Core		491,930	
CenterSquare Investment Management	Global REITs		879,759	
Brookfield Investment Management	Global REITs		463,257	
Other portfolio net assets (portfolio debt included)			(1,335,050)	
Total Portfolio Fair Value		\$	9,819,201	

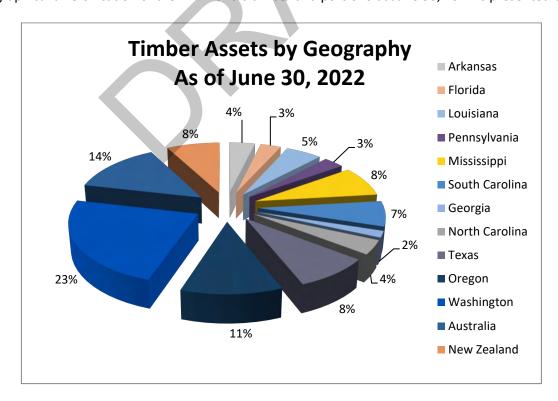
Timberland Portfolio

As of June 30, 2022, the PRIM Board had \$2.9 billion invested in timberland, representing 3.2% 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, 2022 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, 2022, the one-year Timberland return was 11.37% as compared to the NCREIF Timberland Index (one quarter lag) of 11.82%. On a three-, five-, and 10-year basis through June 30, 2022, the PRIT Fund's Timberland portfolio has returned 5.75%, 5.39%, and 6.36%, respectively, compared to the benchmark return of 4.75%, 4.08%, and 5.60%, respectively.

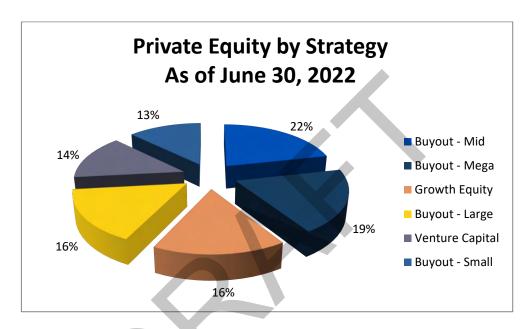
The PRIT Fund's Timberland investment managers at June 30, 2022 are presented in the following table:

		Portf	olio Fair Value at		
Manager	Investment Mandate	June	June 30, 2022 (\$000s)		
Forest Investments Associates	Separate Accounts - Timberland	\$	1,276,717		
The Campbell Group	Separate Accounts - Timberland		1,615,310		
Other portfolio net assets			27,948		
Total Portfolio Fair Value		\$	2,919,975		

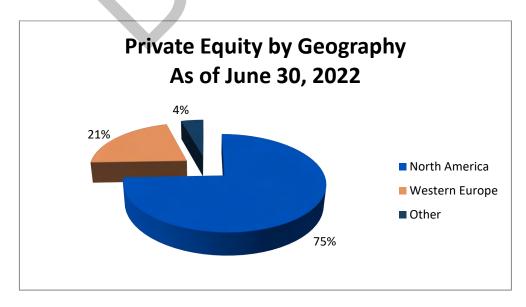
Private Equity Portfolio

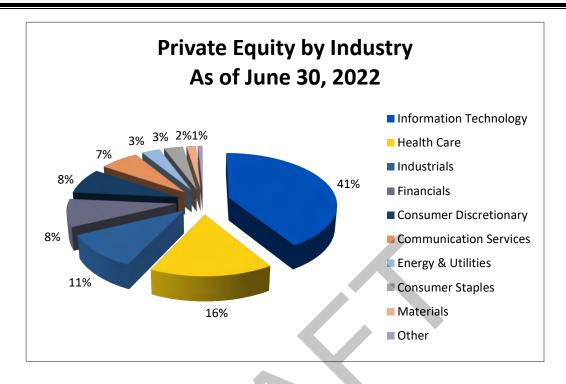
As of June 30, 2022, the fair value of the Private Equity portfolio was \$16.9 billion, representing 18.4% of the PRIT Fund. Unlike public equities, where investors have the ability to liquidate investments generally at any time, private equity investments are illiquid. Therefore, an investment in this category is a long-term commitment.

The Private Equity portfolio is well-diversified by strategy and the allocation as of June 30, 2022, 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:

- <u>Illiquidity</u>: 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.
- <u>Volatility</u>: Volatility, as measured by standard deviation from a mean return, has historically been greater for private equity investing than many other assets.
- <u>Management Fee Effect</u>: 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.
- <u>Valuation of investments</u>: 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.

- <u>General Partner Discretion</u>: 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.)
- <u>Binding Commitments</u>: 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.)
- <u>Risk of Loss</u>: 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 27.29% through June 30, 2022. 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, 2022. The PRIT Fund's managers called \$2.9 billion of capital for additional investments, management fees, and partnership expenses, which compares to the \$2.5 billion called during the prior fiscal year. From a liquidity standpoint, the portfolio generated total distributions of \$3.3 billion which compares to \$3.4 billion of distributions for the 2021 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 87.5% Russell 3000 + 3%/12.5% MSCI Europe IMI + 3% as of June 30, 2022). As of June 30, 2022, the PRIT Fund's Private Equity portfolio returned 27.29% compared to the custom benchmark return of 15.17%. On a three-, five-, and 10-year basis through June 30, 2022, the PRIT Fund's Private Equity portfolio has returned 31.91%, 27.08%, and 22.38%, respectively, compared to the custom benchmark return of 14.70%, 14.99%, and 13.62%, respectively. It is important to remember that there is a one quarter lag inherent in private equity valuations.

Since inception to June 30, 2022, the PRIT Fund has committed \$29.8 billion to 519 partnerships (348 active) of which \$25.6 billion has been invested. The program has generated \$31.0 billion in distributions. The net IRR since inception for the program is 14.39%.

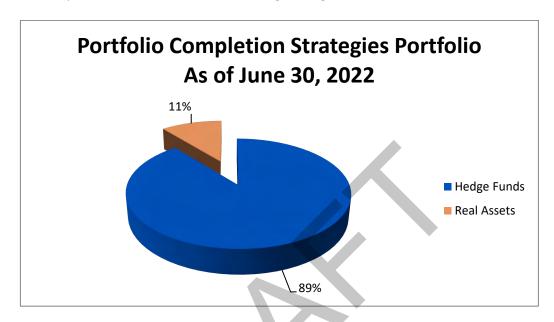
PRIVATE EQUITY EXTERNAL MANAGERS

As of June 30, 2022

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

Portfolio Completion Strategies (PCS) Portfolio

As of June 30, 2022, the PCS portfolio had approximately \$7.9 billion in net position, representing 8.6% 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 -0.80% compared to the asset class benchmark return of -1.36%. On a three-, five-, and 10-year basis through June 30, 2022, the PRIT Fund's PCS portfolio has returned 2.92%, 3.45%, and 4.62%, respectively, compared to the benchmark return of 4.10%, 4.21%, and 4.08%, respectively.

The PRIT Fund's PCS managers at June 30, 2022 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	Complus 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	GaoTeng Global Asset Management Limited	Hedge Fund	Hong Kong, China
20	Investcorp Investment Advisers	Hedge Fund	New York, NY
21	JEN Partners	Real Assets	New York, NY
22	Land and Buildings Investment Management	Hedge Fund	Stamford, CT
23	LMCG Serenitas	Hedge Fund	New York, NY
24	Markel CATCo Investment Management	Real Assets	Hamilton, Bermuda
25	Mudrick Capital Management	Hedge Fund	New York, NY
26	Mygale	Hedge Fund	London, UK
27	North Peak Capital Management	Hedge Fund	New York, NY
28	PAAMCO	Hedge Fund	Newport Beach, CA
29	PGIM	Real Assets	Newark, NJ
30	Power Pacific Investment Management	Hedge Fund	Montreal, Canada
31	RV Capital Management	Hedge Fund	Singapore
32	Sightway Capital	Real Assets	New York, NY
33	Silver Creek Advisory Partners	Real Assets	Seattle, WA
34	Summit Partners Public Asset Management, LLC	Hedge Fund	Boston, MA
35	Tabor Asset Management	Hedge Fund	New York, NY
36	Valent Asset Management	Hedge Fund	New York, NY

Overlay

As of June 30, 2022, the Overlay portfolio, managed in part by Parametric Portfolio Associates, had \$539.3 million in net position, representing 0.6% of the PRIT Fund. The Overlay portfolio returned -10.68% for the fiscal year, 3.88% over the three-year period, 3.24% over the five-year period, and 4.13% since its inception in October 2013.

The objective of the overlay program is to reduce performance drag by earning market returns on cash which is not invested. Investments are made through the futures market.

SCHEDULE OF TIME-WEIGHTED RETURNS BY ASSET CLASS* For the Periods Ended June 30, 2022

Asset Class	1 Year	3 Year	5 Year	10 Year
Benchmark as of June 30, 2022				
Global Equity	-16.14%	6.29%	6.98%	9.11%
56.9% Domestic Equity BM/43.1% Custom ACWI EX-US IMI NET DIVS	-16.09%	5.78%	6.47%	8.53%
Domestic Equity	-12.28%	9.55%	10.52%	12.46%
Asset Class BM (1)	-13.21%	9.57%	10.40%	12.46%
International Equity	-19.81%	2.04%	2.94%	6.38%
Custom MSCI World EX-US IMI NET DIVS	-17.81%	1.42%	2.48%	5.51%
Emerging Markets Equity	-24.39%	3.04%	4.01%	4.81%
Custom MSCI Emerging Markets IMI NET DIVS	-24.64%	1.23%	2.37%	3.37%
Core Fixed Income	-11.46%	0.03%	1.92%	2.90%
46.6% Bloomberg Agg/20% Bloomberg US TIPS/6.7% Bloomberg ILB US\$				
Hedged/20% Bloomberg US STRIPS 20+ Year/6.7% Bloomberg US Treasury 1-3				
Year Index	-11.57%	-0.28%	1.70%	2.62%
Value-Added Fixed Income	-3.04%	3.60%	4.23%	4.68%
Asset Class BM (2)	-2.44%	3.18%	3.90%	3.56%
Real Estate	25.48%	14.07%	11.49%	11.46%
Asset Class BM (3)	18.95%	9.40%	8.51%	9.41%
Private Equity	27.29%	31.91%	27.08%	22.38%
No Benchmark	na	na	na	na
Timberland	11.37%	5.75%	5.39%	6.36%
NCREIF Timberland Index (one quarter lag)	11.82%	4.75%	4.08%	5.60%
Portfolio Completion Strategies	-0.80%	2.92%	3.45%	4.62%
Total Portfolio Completion Strategies Composite Index (4)	-1.36%	4.10%	4.21%	4.08%
Overlay (5)	-10.68%	3.88%	3.24%	na
No Benchmark	na	na	na	na
	1 Year	3 Year	5 Year	10 Year
Total PRIT Core Fund	-2.95%	8.91%	8.56%	9.18%
Policy Benchmark	-4.90%	6.02%	6.55%	7.41%
TUCS Universe Median	-5.04%	8.26%	8.12%	8.72%
TUCS Universe Ranking	46th	32nd	28th	25th

⁽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 Burgiss Distressed Debt Universe Lagged, if the Burgiss return is not available, the actual portfolio net return will be used as a placeholder until the Burgiss Private Debt BM is published.

⁽³⁾ Real Estate benchmark is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the real estate portfolio

⁽⁴⁾ 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.

⁽⁵⁾ 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, 2022

Short-term:	Fair Value (\$000s)	% of Fair Value
Money market investments \$	1,635,564	1.69%
Fixed income:	_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
U.S. government obligations	8,413,831	8.69%
Domestic fixed income	7,622,270	7.88%
International fixed income	2,334,432	2.41%
Private debt	1,287,209	1.33%
Other credit opportunities	1,028,666	1.06%
	20,686,408	21.37%
Equity:		
Domestic equity securities	18,632,240	19.25%
International equity securities	14,611,625	15.09%
	33,243,865	34.34%
Timberland	2,904,110	3.00%
Private equity	16,837,964	17.39%
Real estate:		
Real estate properties	9,796,738	10.12%
Real estate equity securities	1,336,488	1.38%
Real estate funds	481,793	0.50%
Other	75,973	0.08%
	11,690,992	12.08%
Portfolio completion strategies:		
Event-driven hedge funds	890,751	0.92%
Relative value hedge funds	388,591	0.40%
Fund of funds	632,346	0.65%
Distressed loan fund	83,361	0.09%
Real assets fund	308,502	0.32%
Equity securities	2,285,915	2.36%
Fixed income securities	3,518,563	3.64%
Cash and cash equivalent	1,106,108	1.14%
Agricultural investments	592,878	0.61%
	9,807,015	10.13%
Total investments \$	96,805,918	100.00%

SUMMARY SCHEDULE OF BROKER COMMISSIONS

(Top 25 Brokers and Cumulative Fees Paid to Others)

Fiscal Year Ended June 30, 2022

			Average \$
Brokerage Firms	Fees Paid (\$)	% Total	per share
Morgan Stanley	\$ 1,014,120	9.9%	0.0039
JP Morgan	985,392	9.6%	0.0031
Goldman Sachs	854,884	8.3%	0.0028
Merrill Lynch	682,233	6.6%	0.0022
UBS	642,527	6.3%	0.0021
HSBC	429,117	4.2%	0.0029
Jefferies	392,757	3.8%	0.0055
Citigroup	390,527	3.8%	0.0043
Credit Suisse	378,078	3.7%	0.0016
Macquarie	348,548	3.4%	0.0043
Instinet	342,708	3.3%	0.0017
Pershing	306,747	3.0%	0.0084
Sanford C. Bernstein & Co	247,108	2.4%	0.0033
RBC	188,635	1.8%	0.0129
National Financial Services	182,874	1.8%	0.0235
Credit Lyonnais	174,215	1.7%	0.0020
Liquidnet	163,276	1.6%	0.0203
Daiwa Securities	160,375	1.6%	0.0062
William Blair & Co	154,541	1.5%	0.0335
Virtu Americas LLC	123,967	1.2%	0.0157
CLSA	105,525	1.0%	0.0021
Cowen	103,221	1.0%	0.0310
JonesTrading	90,834	0.9%	0.0341
Banco BTG Pactual	65,603	0.6%	0.0045
Piper Sandler	60,308	0.6%	0.0102
Others	1,679,533	16.4%	0.0064
Totals	\$ 10,267,653	100.0%	0.0035

SCHEDULE OF MANAGEMENT FEES

Fiscal Year Ended June 30, 2022

Investment Management Fees by Asset Class:	 (\$000s)				
Global Equity	\$ 89,062				
Core Fixed Income	9,817				
Value-Added Fixed Income	12,512				
Real Estate	90,759				
Timberland	6,246				
Private Equity	8,923				
Portfolio Completion Strategies	38,992				
Overlay	1,020				
Total Investment Management Fees	257,331				
Investment Advisory Fees	15,059				
Custodian Fees	936				
Other Administrative Fees	22,603				
Total Management Fees charged to the PRIT Fund	\$ 295,929				

SCHEDULE OF RETIREMENT SYSTEMS BY INVESTMENT

Segmentation Accounts invested as of June 30, 2022

			, ₂ 2		Charging Wayers	Ore Fred Mone				
		> .5	Domestic fruit,	Mernational Equity tonal	. K.	, e e e	Real Estate	Private Faury	Heoge Funds	Public Value
Retirement System	Asset Vaules 10s) 6/30/22	Senera/ Alloarion	Service	ntenoti Equity	A SECTION OF THE SECT	Ç.	P84/ES		, 68°	Public Vall Added Vall Moone Tx
Adams	\$ 38,569	x		` `						` ` ` `
Amesbury	\$ 65,191	х								
Andover	\$ 309,919	х	х	х	х	х	х			x
Arlington	\$ 190,533	х								
Attleboro	\$ 15,762							х		
Barnstable	\$ 1,434,605	х								
Belmont	\$ 60,594	х		х	х		х	х	х	
Berkshire	\$ 312,782	х					A			
Beverly	\$ 168,465	х								
Blue Hills	\$ 13,679	х								
Boston Teachers	\$ 2,016,308	х								
Braintree	\$ 17,145							х	х	
Bristol County	\$ 137,378					>		х	х	
Brookline	\$ 404,263	х						х		
Cambridge	\$ 328,821						х	х	х	
Chelsea	\$ 240,331	х		<u> </u>						
Chicopee	\$ 76,516					7	х	х	х	
Clinton	\$ 67,282	х			х			х		
Concord	\$ 91,695	х			х		х	х	х	
Danvers	\$ 55,485			x	х		х	х	х	
Dedham	\$ 176,256	х								
Dukes County	\$ 113,559	х		x			х	х		
Easthampton	\$ 68,131	х								
Essex	\$ 602,838	x								
Everett	\$ 231,823	x								
Fairhaven	\$ 81,254	х		Y						
Fall River	\$ 333,410	х								
Falmouth	\$ 38,565						х	х	х	
Fitchburg	\$ 150,896	x								
Framingham	\$ 397,001	х								
Franklin County	\$ 107,634	х		х	х		х			х
Gardner	\$ 67,846	х	7							
Gloucester	\$ 136,640	x								
Greenfield	\$ 88,433	x								
Hampden County	\$ 457,353	x								
Hampshire County	\$ 403,979		х	x	х	х	х	х		x
Haverhill	\$ 201,496	х		х	х	х	х	х	х	х
Hingham	\$ 151,845	х								
Holliston	\$ 315	х								
Holyoke	\$ 34,735						х	х	х	
Hull	\$ 64,115	x								
Lawrence	\$ 295,321	х								
Leominster	\$ 265,127	x								
Lexington	\$ 25,963						х		х	
Lowell	\$ 460,047	х								
Lynn	\$ 449,747	x								
Marblehead	\$ 115,782	x								
Mass Turnpike	\$ 160,710	х								
Massport	\$ 169,228						х	х		
Maynard	\$ 26,111					х	х	х	х	х
MBTA	\$ 139,973				х		х	х	х	
Medford	\$ 72,083						х	х	х	

SCHEDULE OF RETIREMENT SYSTEMS BY INVESTMENT, continued

	Segmentation Accounts invested as of June 30, 2022													
	Net	: Asset Vaules	General Allocation	Domestic fully	^{International} Equity	^{Ene Big} Nahers	Coe Fixed Income	, general seasons of the seasons of	Private Equity	Hedge Funds	Public Value Podeol File Moone			
Retirement System		00s) 6/30/22	e e	OF	Incomer County	ty.	Ġ [®]	<i>*</i>	ونتخ	, pa	10 0 C			
Melrose	\$	100,162	х											
Methuen	\$	207,182	х											
Middlesex	\$	1,798,587	х											
Milford	\$	119,579	х											
Milton	\$	177,365	х											
Minuteman	\$	15,373	x											
Montague	\$	53,777	х											
MSCBA	\$	5,587	х											
MWRA	\$	34,047	х						х	х				
Natick	\$	66,358	х					х	х					
Needham	\$	207,026	х											
Newburyport	\$	108,392	х											
Newton	\$	448,219	x											
Norfolk	\$	272,652	,				х	x	х	х				
North Adams	\$	187						^	x					
Northbridge	\$	47,287	х						^					
Northampton	\$	345							х					
Norwood	\$	36,406				х		х	^					
Peabody	\$	183,818	x			^		A						
Pittsfield	\$	168,042	×											
		•						v	v	v				
Plymouth	\$	75,484 414,087	X				х	Х	x x	х				
Quincy		•	X				Х							
Reading	\$	172,222	X						X					
Revere	\$	213,611	X											
Salem	\$	235,166	X			,								
Saugus	\$	80,396	х					Х	Х	х				
Shrewsbury	\$	126,500	X	X	X	X	х	Х			х			
Somerville	\$	10,904							Х					
Southbridge	\$	72,074	х	_										
Springfield	\$	460,435	Х											
State Employees'	\$	33,713,733	X											
State Retiree Benefits Trust	\$	2,705,796	х											
State Teachers'	\$	35,120,964	X											
Stoneham	\$	56,541	х					Х	X	х				
Swampscott	\$	52,907	X	х	х	х	х				X			
Tauton	\$	6,448							X					
Wakefield	\$	151,039	X											
Waltham	\$	83,830	x					Х	х	х				
Watertown	\$	87,050		X				Х	X	х				
Webster	\$	51,184	х						х					
Wellesley	\$	252,389	х											
Westfield	\$	19,802						Х	х	х				
Weymouth	\$	35,706						X		х				
Winchester	\$	154,378	x											
Winthrop	\$	92,360	x											
Woburn	\$	174,505	х											
Worcester	\$	689,426	х			х		х	x					
Worcester Regional	\$	936,188	х											

\$ 92,429,055

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 as described below:

- (a) 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.
- (b) 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.
- (c) 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.





Schedules of Changes in Pooled Net Position

For Fiscal Years Ending June 30

(Dollars in thousands)

Additions	2	022	2021	2020	2019	2018	2017	2016	2015	2014	2013
State Employees contributions	\$	858,181 \$	698,282 \$	705,315 \$	733,289 \$	727,625 \$	855,586 \$	727,147 \$	580,527 \$	547,627 \$	529,031
State teachers contributions	1	,058,832	898,722	851,798	860,223	804,171	761,753	752,835	721,148	709,114	669,815
Other participants contributions	2	,425,078	1,313,240	1,466,201	1,579,329	1,218,193	1,071,727	922,092	877,252	793,507	613,345
Net investment income (loss)	(3	,239,745)	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
Total additions to pooled net position	1	,102,346	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
Deductions											
State employees warrants		617,937	561,407	542,457	516,014	486,526	458,340	444,166	381,565	357,089	347,330
State teachers warrants		729,006	708,768	680,135	656,099	621,701	596,815	569,054	544,646	494,363	496,987
Participants redemptions	1	,355,825	1,112,613	1,218,278	1,073,298	996,520	1,055,203	924,710	768,507	739,175	683,279
State appropriation funding	1	,639,792	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
Operating expenses		29,576	35,717	36,321	29,200	34,082	41,509	40,491	35,761	30,789	30,394
Total deductions to pooled net position	4	,372,136	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
Changes in pooled net position	\$ (3	,269,790) \$	20,713,086 \$	150,121 \$	3,033,996 \$	4,951,201 \$	6,157,636 \$	(550,940) \$	566,971 \$	7,447,149 \$	4,361,818

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 99-101 provide the financial highlights of the PRIT Fund for the year ended June 30, 2022. In addition, pages 102-107 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, 2022

							Public					Private	Private	Private	Private
							Value-					Equity	Equity	Equity	Equity
			i			Core	Added					Vintage	Vintage	Vintage	Vintage
		General	Domestic	International	Emerging	Fixed	Fixed	Private	Hedge	Liquidating	Private	Year	Year	Year	Year
		Allocation	Equity	Equity	Markets	Income	Income	Debt	Funds	Portfolios	Equity	2000	2001	2002	2003
	-	Account	Account	Account	Account	Account	Account	Account	Account	Account	Account	Account	Account	Account	Account
Net position per unit, beginning 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
Investment operations:		_													
Net investment income (loss)(1)		10.28	7.46	10.91	18.06	10.27	16.63	3.79	0.12	(0.14)	2.19	11.51	(0.30)	118.05	(0.17)
Net realized and unrealized gain (loss)															
on investments and foreign currency		(29.71)	(80.94)	(97.81)	(202.97)	(49.24)	(58.15)	30.25	(1.43)	21.91	(1.52)	(23.80)	194.89	299.84	7.07
Total from investment															
operations	_	(19.43)	(73.48)	(86.90)	(184.91)	(38.97)	(41.52)	34.04	(1.31)	21.77	0.67	(12.29)	194.59	417.89	6.90
Net position per unit, end of year	\$	499.07	509.94	347.50	557.01	298.67	322.92	221.75	101.10	76.61	451.39	223.15	1,037.13	696.33	502.36
Bullion of the section of the	=														
Ratios and supplementary data:		/2.75\0/	(42.50)0/	(20.00)0/	(24.02)0((44 54)0/	(44.20)0/	40.420/	(4.20)0/	20.700/	0.450/	/F 22\n/	22.400/	450.000/	4.200/
Total net return(2)	_	(3.75)%	(12.59)%	(20.00)%	(24.92)%	(11.54)%	(11.39)%	18.13%	(1.28)%	39.70%	0.15%	(5.22)%	23.10%	150.08%	1.39%
Net position, end of year (\$'000s)	\$	89,306,605	18,697,417	10,576,654	4,105,161	13,347,999	3,958,023	1,328,505	7,088,137	55,009	168,818	12,273	16,594	2,089	14,066
Units outstanding, end of year ('000s)		178,945	36,666	30,436	7,370	44,691	12,257	5,991	70,113	718	374	55	16	3	28
Ratios to average net assets:															
Ratio of expenses, including indirect															
management fees		0.52%	0.16%	0.24%	0.63%	0.09%	0.33%	1.20%	1.05%	0.11%	0.08%	0.04%	0.03%	0.03%	0.03%
Ratio of expenses, excluding indirect															
management fees		0.24%	0.16%	0.24%	0.63%	0.09%	0.14%	0.10%	0.19%	0.11%	0.08%	0.04%	0.04%	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, 2022

	Private													
	Equity Vintage													
	Year													
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	Account													
Net position per unit, beginning of year Investment operations:	\$ 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
Net investment income (loss)(1)	(0.09)	(0.33)	2.73	0.83	9.54	1.03	3.36	1.54	0.05	3.46	1.61	1.75	2.61	0.78
Net realized and unrealized gain (loss)														
on investments and foreign currency	41.58	7.36	20.80	2.76	66.39	194.22	21.82	93.51	(2.36)	68.67	66.04	52.33	32.02	58.07
Total from investment														
operations	41.49	7.03	23.53	3.59	75.93	195.25	25.18	95.05	(2.31)	72.13	67.65	54.08	34.63	58.85
Net position per unit, end of year	\$ 266.60	261.38	194.85	79.87	352.54	671.24	425.14	331.18	43.79	424.05	283.38	365.14	152.78	241.01
Ratios and supplementary data:														
Total net return(2)	18.43%	2.76%	13.73%	4.71%	27.45%	41.02%	6.30%	40.25%	(5.01)%	20.50%	31.36%	17.39%	29.31%	32.31%
Net position, end of year (\$'000s)	\$ 6,665	18,819	130,548	198,489	431,504	188,619	595,619	666,661	588,923	1,008,811	1,674,473	2,132,407	940,692	1,867,792
Units outstanding, end of year ('000s)	25	72	670	2,485	1,224	281	1,401	2,013	13,449	2,379	5,909	5,840	6,157	7,750
Ratios to average net assets:														
Ratio of expenses, including indirect														
management fees	(0.02)%	0.29%	(0.11)%	0.44%	0.16%	0.20%	0.37%	0.76%	0.84%	0.64%	0.59%	0.73%	1.10%	1.03%
Ratio of expenses, excluding indirect														
management fees	0.04%	0.04%	(0.14)%	0.14%	0.06%	0.03%	0.06%	0.08%	0.04%	0.04%	0.07%	0.13%	0.03%	0.12%

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, 2022

		Private	Private	Private	Private	Private							
		Equity	Equity	Equity	Equity	Equity							Global
		Vintage	Vintage	Vintage	Vintage	Vintage						Other	Equity
		Year	Year	Year	Year	Year	Real		Cash	Real	Enhanced	Credit	Emerging
		2018	2019	2020	2021	2022	Estate	Timberland	Overlay	Assets	Equity	Opportunities	Diverse
	_	Account	Account	Account	Account	Account	Account	Account	Account	Account	Account	Account	Account
Net position per unit, beginning of year	\$	129.05	153.92	131.20	97.74	100.00	790.97	300.90	293.51	89.50	158.22	134.31	100.00
Investment operations:													
Net investment income (loss)(1)		0.57	(0.66)	0.23	(0.07)	(0.85)	26.99	6.48	0.37	(0.36)	4.29	(0.16)	0.70
Net realized and unrealized gain (loss)													
on investments and foreign currency	_	45.18	73.20	31.38	9.72	(4.54)	164.75	26.37	(53.53)	1.82	(19.41)	8.47	(7.02)
Total from investment													
operations	_	45.75	72.54	31.61	9.65	(5.39)	191.74	32.85	(53.16)	1.46	(15.12)	8.31	(6.32)
Net position per unit, end of year	\$_	174.80	226.46	162.81	107.39	94.61	982.71	333.75	240.35	90.96	143.10	142.62	93.68
Ratios and supplementary data:													
Total net return(2)		35.45%	47.13%	24.09%	9.87%	(5.39)% (3)	24.24%	10.92%	(18.11)%	1.63%	(9.56)%	6.19%	(6.32)% (3)
Net position, end of year (\$'000s)	\$:	2,007,542	1,659,513	1,303,273	1,138,431	163,587	9,819,201	2,919,996	539,337	857,795	985,503	951,732	93,678
Units outstanding, end of year ('000s)		11,485	7,328	8,005	10,601	1,729	9,992	8,749	2,244	9,430	6,887	6,673	1,000
Ratios to average net assets:													
Ratio of expenses, including indirect													
management fees		1.24%	1.23%	2.98%	3.16%	0.31% (3)	1.06%	0.45%	0.06%	1.04%	0.43%	1.33%	0.21% (3)
Ratio of expenses, excluding indirect													
management fees		0.03%	0.29%	0.04%	0.06%	0.31% (3)	0.72%	0.19%	0.06%	0.03%	0.43%	1.33%	0.21% (3)

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 net return and ratios not annualized.

Financial Highlights Ratios

	General Allocation	Domestic Equity	International Equity	Emerging Markets	Core Fixed Income	Public Value-Added Fixed Income	Private Debt	Hedge Funds	Liquidating Portfolios	Private Equity	Vintage Year 2000	Vintage Year 2001	Vintage Year 2002	Vintage Year 2003	Vintage Year 2004
	Account	Account	Account	Account	Account	Account	Account	Account	Account (2)	Account	Account	Account	Account	Account	Account
Ratios and supplementary data:															
2021															
Total net return (1)	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)%	25.28%
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	8,104
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	36
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	=		(0.40)						(40.00)		/40 4510/				
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 35	22,889
Units outstanding, end of year ('000s) 2018	186,154	30,858	34,200	8,963	33,974	13,264	7,973	65,240	2,215	359	104	35	19	35	154
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	40,571	4,827	42,008 85	194
2017	100,731	35,037	33,673	8,807	33,110	14,331	7,001	00,727	2,208	320	121	01	23	83	154
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	132,340	43,307	33,331	11,130	23,201	13,074	0,055	03,023	2,311	107	143	02	72	144	341
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	,	,				20,000	,	,	_,						
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%	4.52%	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
Ratios to average net assets:															
2021															
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%	0.38%
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%	0.03%
2020															
Ratio of expenses, including indirect management fees	0.51% 0.20%	0.11% 0.11%	0.24% 0.24%	0.58% 0.58%	0.08% 0.08%	0.43% 0.19%	1.57% 0.04%	1.11% 0.13%	0.75% 0.04%	0.04% 0.04%	0.04% 0.04%	—% 0.04%	0.05% 0.05%	0.04% 0.04%	0.24% 0.05%
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, including indirect management fees Ratio of expenses, excluding indirect management fees	0.32%	0.11%	0.23%	0.57%	0.11%	0.22%	0.04%	0.12%	0.03%	0.06%	0.04%	0.03%	0.09%	0.04%	0.31%
2018	0.20%	0.11%	0.23%	0.37%	0.11%	0.2270	0.04%	0.12%	0.03%	0.00%	0.04/0	0.04%	0.04%	0.04%	0.0476
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%	0.01%	0.05%	0.04%	0.04%
2017	0.13/6	0.11/6	0.23/6	0.47/0	0.10%	0.23/6	0.04/6	0.03/6	0.05/6	0.05/6	0.04/6	0.0476	0.03/8	0.04/8	0.0470
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%
-	'	•													

Financial Highlights Ratios, continued

							Public					Vintage	Vintage	Vintage	Vintage	Vintage
		General	Domestic	International	Emerging	Core Fixed	Value-Added	Private	Hedge	Liquidating	Private	Year	Year	Year	Year	Year
		Allocation	Equity	Equity	Markets	Income	Fixed Income	Debt	Funds	Portfolios	Equity	2000	2001	2002	2003	2004
		Account	Account	Account	Account	Account	Account	Account	Account	Account (2)	Account	Account	Account	Account	Account	Account
2016	i e															
	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%
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%

⁽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 net return and ratios not annualized.

Financial Highlights Ratios, continued

	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:											•				
2021								4							
Total net return (1)	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%	65.15%	68.00%
Net position, end of year (\$'000s) Units outstanding, end of year ('000s)	39,678 156	138,429 808	305,643 4,007	524,998 1,898	276,548 581	705,125 1,763	638,740 2,705	869,212 18,855	1,025,485 2,914	1,557,125 7,218	2,359,373 7,585	872,298 7,383	1,332,666 7,316	1,398,299 10,835	994,786 6,463
2020	130	808	4,007	1,050	361	1,703	2,703	10,033	2,514	7,210	7,363	7,363	7,310	10,633	0,403
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	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
Total net return (1) 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 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	003	2,773	12,203	3,003	2,221	4,007	1,154	34,320	3,014	10,337	7,403	4,544	1,217	100	19/6
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
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) 2015	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
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% 801,538	13.29% 1,217,424	14.39%	17.96% 895,341	15.65% 301,492	14.41% 391,799	(1.98)%	(21.87)%	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A	N/A N/A
Net position, end of year (\$'000s) Units outstanding, end of year ('000s)	7,993	17,827	1,212,620 57,995	13,161	5,203	5,691	201,700 4,794	61,569 5,879	N/A N/A	N/A	N/A N/A	N/A N/A	N/A	N/A N/A	N/A N/A
onits outstanding, end of year (ooos)	7,555	17,027	37,333	15,101	3,203	3,031	4,754	3,073	14/15	N/A	14/15	14/15	N/A	19/6	19/6
Ratios to average net assets:															
2021															
Ratio of expenses, including indirect management fees	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%	2.66%	3.00%
Ratio of expenses, excluding indirect management fees	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%	0.03%	0.50%
2020		(=:=:,,:=		0.00.0											
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	0.0470	0.0770	0.0370	0.0570	0.0470	0.0470	0.00%	0.0470	0.0470	0.0470	0.2470	0.0070	0.0370	0.00%	0.12/0
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)
	0.04%		0.04%		0.04%		0.09%	0.04%	0.04%	0.04%			0.04%	0.17%	
Ratio of expenses, excluding indirect management fees 2018	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)
	0.530/	0.62%	0.92%	0.70%	1.59%	1.25%	1.35%	1.59%	1.77%	2.19%	3.16%	6.59%	10.13%	0.140/ (3)	N1/A
Ratio of expenses, including indirect management fees	0.53%													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

Financial Highlights Ratios, continued

	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
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)
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)
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)	N/A
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)	N/A
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	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	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	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	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 net return and ratios not annualized.

Financial Highlights Ratios, continued

	Vintage Year 2020 Account	Vintage Year 2021 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:										
2021		(
Total net return (1) Net position, end of year (\$'000s)	40.10% 333,380	(2.26)% (2) 174,180	16.44% 7,945,278	7.49% 2,833,009	30.45% 941,595	N/A N/A	(100.00)%	1.07% 837,883	35.36% 1,083,781	24.40% 897,070
Units outstanding, end of year ('000s)	2,541	1,782	10,045	2,833,009 9,415	3,208	N/A N/A		9,362	6,850	6,679
2020	2,3 12	1,702	10,015	3,113	3,200	.,,,,		3,302	0,030	0,075
Total net return (1)	(6.35)% (2)	N/A	0.56%	(1.74)%	15.21%	N/A	2.94%	(2.90)%	(0.34)%	(1.01)%
Net position, end of year (\$'000s)	51,697	N/A	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	N/A	10,189	9,882	1,977	N/A		9,396	39,267	5,324
2019 Total net return (1)	N/A	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 N/A	N/A	6,992,131	2,888,192	465,349	N/A N/A	615,528	804,725	4,586,863	257,835
Units outstanding, end of year ('000s)	N/A	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	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	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) 2017	N/A	N/A	10,087	8,677	1,580	N/A	5,998	5,888	21,480	1,595
Total net return (1)	N/A	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	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	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	N/A N/A	11.70% 6,302,436	(3.31)% 2,012,000	5.65% 286,627	8.62% 736,581	N/A N/A	N/A N/A	N/A N/A	N/A N/A
Net position, end of year (\$'000s) Units outstanding, end of year ('000s)	N/A N/A	N/A N/A	11,394	8,292	1,749	7,154	N/A N/A	N/A	N/A	N/A
2015	NA	19/6	11,334	0,232	1,743	7,154	N/A	14/7	14/7	14/15
Total net return (1)	N/A	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	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	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	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 N/A	N/A N/A	5,380,022	2,374,863	549,427	N/A N/A	N/A	N/A	N/A	N/A
Units outstanding, end of year ('000s)	N/A	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	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	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	N/A	11,121	9,379	N/A	N/A	N/A	N/A	N/A	N/A
Ratios to average net assets:										
2021										
Ratio of expenses, including indirect management fees	5.65%	0.09% (2)	0.52%	0.46%	0.07%	N/A	-%	1.04%	0.42%	1.14%
Ratio of expenses, excluding indirect management fees	0.04%	0.09% (2)	0.17%	0.19%	0.07%	N/A	-%	0.04%	0.42%	1.14%
2020										
Ratio of expenses, including indirect management fees	4.22% (2)	N/A	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)	N/A	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	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	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	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	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	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	N/A	0.09%	0.34%	0.07%	N/A	0.15%	0.04%	N/A	N/A

Financial Highlights Ratios, continued

	Real Estate Account	Timberland Account	Cash Overlay Account	Portfolio Completion Strategies Account
2016	<u> </u>			
Ratio of expenses, including indirect management fees	0.47%	0.23%	0.07%	0.90%
Ratio of expenses, excluding indirect management fees	0.09%	(0.11)%	0.07%	0.16%
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

⁽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 net 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.

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Domestic Equity (1)	21.3%	24.2%	22.2%	21.9%	19.1%	19.8%	18.7%	19.2%	19.0%	20.8%
International Equity	11.5%	13.0%	13.9%	15.1%	16.5%	18.0%	16.5%	16.9%	17.1%	18.0%
Emerging Markets	4.4%	5.5%	6.0%	6.2%	6.3%	7.9%	7.0%	6.6%	7.0%	6.5%
Global Equity Emerging-Diverse										
Manager Program	0.1%	-	-		-	-	-	-	-	-
Core Fixed Income	14.5%	15.3%	15.7%	13.6%	12.8%	12.0%	13.9%	13.7%	13.9%	12.6%
Value-Added Fixed Income	6.8%	6.9%	7.5%	7.9%	8.0%	8.1%	8.4%	8.3%	8.5%	8.9%
Private Equity	18.4%	14.5%	11.4%	11.3%	10.8%	10.6%	11.1%	11.3%	11.1%	11.7%
Real Estate	10.6%	8.3%	9.2%	9.4%	9.0%	9.1%	10.4%	10.0%	8.9%	8.2%
Timberland	3.2%	3.0%	3.7%	3.9%	3.4%	3.7%	3.3%	3.8%	3.9%	4.0%
Hedge Funds (2)	-		-	-	-	-	8.6%	9.1%	9.6%	9.2%
Liquidating Portfolios (3)	0.1%	0.1%	0.1%	0.2%	0.3%	0.4%	0.3%	0.1%	0.1%	0.1%
Overlay	0.6%	1.0%	0.6%	0.6%	0.4%	1.0%	0.5%	0.9%	0.9%	-
Portfolio Completion Strategies (1,2)	8.6%	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.

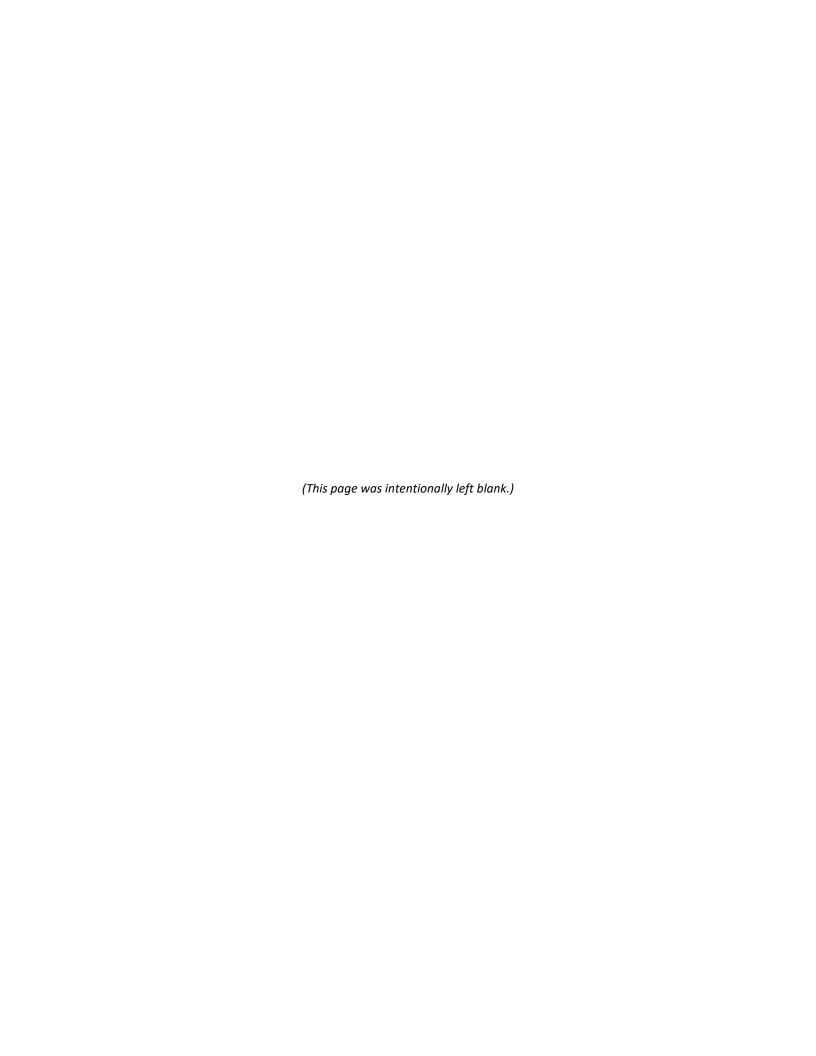
⁽²⁾ At the February 14, 2017 Board meeting, the PRIM Board voted to combine the Hedge Funds and Portfolio Completion Strategies portfolios into a single portfolio (Portfolio Completion Strategies).

⁽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.



Appendix C

PERAC Examination Report



MASSACHUSETTS PENSION RESERVES INVESTMENT MANAGEMENT BOARD

AUDIT REPORT JULY 1, 2014 - JUNE 30, 2019



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COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., Chairman

JOHN W. PARSONS, ESQ., Executive Director

Auditor SUZANNE M. BUMP | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES M. MACHADO | RICHARD MacKINNON, Jr. | JENNIFER F. SULLIVAN

August 10, 2022

The Public Employee Retirement Administration Commission has completed an examination of the Massachusetts Pension Reserves Investment Management (PRIM) Board, as Trustee of the Massachusetts Pension Reserves Investment Trust (PRIT) Fund, pursuant to G.L. c. 32, § 21. The examination covered the period from July 1, 2014 to June 30, 2019. This audit was conducted in accordance with the accounting and management standards established by the Public Employee Retirement Administration Commission, in regulation 840 CMR 25.00. There were certain limitations to the scope of work conducted in accordance with an opinion issued by the Attorney General of the Commonwealth of Massachusetts dated May 29, 2001.

In our opinion, within the limitations to the scope referred to above, the financial records are being maintained and the management functions are being performed in conformity with the standards established by the Public Employee Retirement Administration Commission.

We commend the PRIM Board for its exemplary operation.

In closing, I acknowledge the work of PERAC auditors who conducted this examination, and express appreciation to the PRIM Board, its Executive Director and staff for their courtesy and cooperation.

Sincerely,

John W. Parsons, Esq. Executive Director





STATEMENT OF POOLED NET POSITION

(000s Omitted)

	AS OF JU	JNE 30,			
	2019	2018	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets:					
Investments at fair value:					
Short-term	\$1,844,046	\$1,621,234	\$1,676,219	\$1,204,170	\$1,733,529
Fixed Income	17,610,397	15,801,995	14,023,318	14,046,001	14,389,277
Equity	29,954,299	29,214,292	29,392,931	24,907,679	24,642,955
Timberland	2,875,480	2,420,914	2,480,243	2,003,805	1,664,581
Private equity	8,345,095	7,570,364	7,017,326	6,661,690	6,980,423
Real Estate	8,749,584	8,020,036	7,680,623	7,759,075	7,684,335
Hedge funds	0	0	0	6,055,951	5,826,127
Portfolio completion strategies	<u>8,358,389</u>	10,972,357	<u>7,917,016</u>	<u>749,202</u>	<u>98,045</u>
Total Investments	77,737,290	75,621,192	70,187,676	63,387,573	63,019,272
Cash	230,363	169,376	267,019	221,028	282,624
Securities lending collateral	119,541	256,445	306,659	622,640	557,158
Interest and dividends receivable	243,419	202,232	160,624	164,874	139,679
Receivable for investments sold and other assets	400,210	499,162	394,855	101,228	1,281,902
Securities sold on a when-issued basis	383,787	435,489	506,614	295,967	223,685
Foreign currency forward contracts	77.431	51,160	15.410	62,409	13,440
Total Assets	79,192,041	77,235,056	71,838,857	64,855,719	65,517,760
Liabilities:					
Payable for Investments Purchased	452,987	810,099	231,202	170,744	1,010,502
Real Estate debt	1,434,633	1,425,825	1,390,612	1,450,193	1,517,304
Securities lending obligations	368,928	505,746	556,237	622,487	557,135
Securities Purchased on a When-Issued Basis	718,888	949,570	1,029,545	755,796	648,945
Foreign currency forward contracts	90,803	28,659	20,234	36,752	25,810
Management Fees Payable to PRIM	44,498	42,838	39,854	28,887	39,823
Hedge funds Liabilities:	0	0	0	1,098,055	474,496
Portfolio completion strategies liabilities	<u>1,245,666</u>	1,670,677	1,720,732	<u>0</u>	<u>0</u>
Total Liabilities	4,356,403	5,433,414	4,988,416	<u>4,162,914</u>	4,274,015
Net position held in trust for pool participants	<u>\$74,835,638</u>	<u>\$71,801,642</u>	<u>\$66,850,441</u>	<u>\$60,692,805</u>	<u>\$61,243,745</u>

STATEMENT OF CHANGES IN POOLED NET POSITION

(000s Omitted)

FOR THE PERIOD ENDING JUNE 30,											
	<u> 2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>						
Additions:											
Contributions:											
State Employees	\$733,289	\$727,625	\$855,586	\$727,147	\$580,527						
State Teachers	860,223	804,171	761,753	752,835	721,148						
Other Participants	1,579,329	1,218,193	1,071,727	922,092	877,252						
Total contributions	3,172,841	2,749,989	2,689,066	2,402,074	2,178,927						
Net Investment Income:											
From Investment Activities:											
Net realized gain on investments and foreign											
currency transactions	3,148,833	3,859,853	2,577,447	1,420,910	2,527,856						
Net change in unrealized appreciation/(depreciation)											
on investments and foreign currency translations	(516,330)	991,372	3,619,175	(1,668,459)	(1,699,446)						
Interest Income	437,885	357,027	311,988	288,535	270,131						
Dividend Income	815,586	791,098	735,490	688,955	650,996						
Real Estate Income, Net	294,845	287,978	304,144	298,922	281,518						
Timber Income	35,701	48,301	25,147	684	11,854						
Private equity Income	99,730	122,014	197,368	147,228	151,001						
Hedge funds Income (Loss)	0	0	0	12,136	(4,438)						
Portfolio completion strategies Income (Loss)	<u>(110,407)</u>	<u>46,046</u>	18,295	<u>3,537</u>	<u>(241)</u>						
Total Income from investment activities	4,205,843	<u>6,503,689</u>	7,789,054	1,192,448	<u>2,189,231</u>						
Management Fees	(167,867)	<u>(159,459)</u>	(144,004)	(112,129)	(120,781)						
Total Net Investment Income	4.037.976	6,344,230	7.645.050	1.080,319	2,068,450						
From Securities Lending Activities:											
Securities lending income	9,510	12,030	11,374	12,927	5,624						
Securities lending expenses	(1,261)	(1,636)	(1,408)	(1,575)	<u>(698)</u>						
Total Net Income from securities lending activities	8,249	10,394	9,966	11,352	4,926						
Total Additions	<u>7,219,066</u>	<u>9,104,613</u>	10,344,082	<u>3,493,745</u>	4,252,303						
Deductions:											
Redemptions:											
State Employees	1,445,514	1,442,808	1,459,041	1,452,096	1,266,799						
State Teachers	1,666,258	1,714,084	1,672,202	1,667,879	1,650,026						
Other Participants	1,073,298	996,520	1,055,203	924,710	768,507						
Total Deductions:	4,185,070	4,153,412	4,186,446	4,044,685	3,685,332						
Net Increase (Decrease) in Pooled Net Position	3,033,996	4,951,201	6,157,636	(550,940)	566,971						
Net position held in trust for pool participants:	·	·		, , , /							
Balance, Beginning of Fiscal Year	<u>71,801,642</u>	<u>66,850,441</u>	60,692,805	61,243,745	60,676,774						
Balance, End of Fiscal Year	<u>\$74,835,638</u>	<u>\$71,801,642</u>	\$66,850,441	\$60,692,80 <u>5</u>	<u>\$61,243,745</u>						

NOTES TO FINANCIAL STATEMENTS

PRIM BOARD OVERVIEW

The Pension Reserves Investment Management (PRIM) Board was created by the state legislature (Chapter 661 of the Acts of 1983). The PRIM Board consists of nine members: the State Treasurer, the State Treasurer's appointee, the Governor (or his designee), the Governor's two appointees, and two representatives each from the State Employees' and Mass Teachers' Systems. The Treasurer serves as its chair. The Board is charged with the general supervision of the Pension Reserves Investment Trust (PRIT) Fund, which was established by the same act of the legislature and is governed by a declaration of trust adopted by the Board and subject to approval of the legislature.

The PRIT Fund was created with a mandate to accumulate assets through investment earnings and other revenue sources in order to reduce the Commonwealth's unfunded pension liability, and to assist local participating retirement systems in meeting their future pension obligations. The PRIT Fund merged with the Massachusetts State Teachers' and Employees' Retirement System (MASTERS) Trust on January 1, 1997, in accordance with Chapter 315 of the Acts of 1996.

Pursuant to G.L. c. 32, § 23(2A)(e), the Board has authority to employ an Executive Director, outside investment managers, custodians, consultants, and other professionals to formulate policies and procedures and to take other actions necessary and appropriate to manage the assets of the Fund. The Board acts as trustee for each retirement system that invests in the PRIT Fund and is therefore a fiduciary. Accordingly, under G.L. c. 32 § 23 and 840 CMR I.00, it is required to:

- I. Act solely in the interest of the participating retirement systems' members and beneficiaries, for the exclusive purpose of providing benefits and defraying the reasonable costs of managing the systems' assets.
- 2. Act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
- 3. Diversify the investments of the PRIT Fund in order to minimize the risks of large losses unless under the circumstances it is clearly prudent not to do so.
- 4. Act in accordance with the PRIT Fund's authorizing statute and governing documents.

NOTES TO FINANCIAL STATEMENTS (Continued)

Pursuant to G.L. c. 32 § I, fiduciary standards of conduct also apply to PRIM's staff, investment managers, custodians, investment consultants, and others who exercise discretionary authority or discretionary control over the management or disposition of PRIT Fund assets. The Board is responsible for establishing the policies and guidelines by which the PRIT Fund is managed and PRIM is operated. To assist the Board in carrying out its duties, it has established four standing committees as described below. Pursuant to the By-Laws of the Massachusetts PRIM Board, Article II, § 8, the role of each committee is to make recommendations to the Board within its stated area of responsibility. Members of the committees shall be appointed by the chairperson after consultation with other Board members and shall be ratified by Board vote. Such committees may include, at the option of the Board, representatives from PRIM's participating or purchasing systems or from the investment or business community.

Administration and Audit Committee: The Committee reviews all issues related to the administration of PRIM. As such, its responsibilities include but are not limited to: recommending amendments to the PRIT Fund's Operating Trust and the By-Laws of PRIM; authorizing and eliminating staff positions; conducting Executive Director evaluations; overseeing the custodian of the PRIT Fund's assets; the PRIM operating budget and financial statements; staff and Board member travel; and office management. The Committee also oversees the annual audits of the PRIT Fund and PRIM, including the selection and hiring of auditors, the review of the completed audits, and the PRIM staff's responses to auditors' findings.

Investment Committee: The Investment Committee reviews all investment-related policy, performance, and management issues. The Investment Committee reviews and recommends the broad asset allocation among various asset classes. For all asset classes other than real estate/timber, the committee also reviews and recommends investment structure, recommends hiring and terminating investment managers and consultants, and monitors investment performance.

Real Estate and Timber Committee: The Real Estate and Timber Committee reviews all policy, performance and management issues related to investment in real estate and timber. The Real Estate and Timber Committee reviews and recommends the structure of the real estate and timber asset class, hiring and terminating those investment managers and consultants, and acquiring or disposing of properties where this authority is not delegated to another fiduciary. The committee also monitors investment results and manager performance.

Compensation Committee: The Compensation Committee reviews all issues related to staff compensation and benefit policies.

The Executive Director, with the assistance of PRIM staff, has the responsibility and authority to assist the Board and its committees in establishing investment and administrative policy, to implement the policies and programs established by the Board, and to report to the Board on the status of the PRIT Fund and the operations of PRIM.

NOTES TO FINANCIAL STATEMENTS (Continued)

The Board employs professional investment managers and gives them discretion, consistent with specified objectives and guidelines, to manage the PRIT Fund's assets. The Board and PRIM staff do not directly manage any PRIT Fund portfolios, except the Project Save Initiative. Each investment manager operates under a formal contract that delineates responsibilities and performance expectations, including formal investment guidelines and administrative requirements for each portfolio. The Board reviews the investment performance of all managers against their stated objectives at least quarterly.

The Board utilizes the services of seven investment management consultants to assist the Board and PRIM staff in performance review, asset allocation studies, investment structure analyses, manager screening and selection, investment research and other matters of investment policy, procedures, and implementation. The analysis and recommendations of the consultants may be considered by the Board in conjunction with other available information for the purpose of making decisions.

The Board retains a custodian bank to hold the assets of the PRIT Fund. The custodian accounts for and assists in the settlement of all transactions executed by PRIM's investment managers and makes available to the Board and to PRIM staff information with respect to the holdings, transactions, and performance of the PRIT Fund. Currently, custodian services are provided by BNY Mellon Corp.

The Board may utilize the services of independent auditors, appraisers and other third parties, as needed. Currently, the annual audit is provided by KPMG LLP.

PRIM's mission is to maximize the return on investment within acceptable levels of risk by broadly diversifying the PRIT Fund's investment portfolio, capitalizing on economies of scale to achieve cost-effective operations, and providing access to high quality, innovative investment management firms, all under the management of a professional staff and members of the Board.

PRIT FUND OVERVIEW

The PRIT Fund is a pooled investment vehicle which invests not only the assets of the Teachers' and State Employees' Retirement Systems, but also the assets of various Massachusetts retirement systems that choose to or are mandated to invest in the Fund. The Teachers' and State Employees' Retirement Systems are required by statute to participate. Chapter 68 of the Acts of 2007 required the Public Employee Retirement Administration Commission to assess the investment performance and funded ratio of retirement systems as of January Ist of each year. This law provided that any other public retirement system which underperforms relative to the PRIT Fund by at least 2% on an annualized basis over 10 years and is less than 65% funded must transfer its assets into the PRIT Fund permanently. If any system deemed underperforming had voluntarily transferred its assets to the Fund by October 1, 2007, that system retains the right to revoke its participation after five years.

NOTES TO FINANCIAL STATEMENTS (Continued)

Systems not required to be in the PRIT Fund can invest as either a purchasing or participating system. Participating systems invest all their assets in PRIT and must remain for at least five years; they are entitled to share in appropriations made to PRIT by the Commonwealth in accordance with Massachusetts General Laws, Chapter 32, Section 22B. Purchasing systems may invest all or a portion of their assets in PRIT and retain the ability to contribute and withdraw funds at their discretion. These systems are not entitled to share in appropriations made to PRIT by the Commonwealth in accordance with Massachusetts General Laws, Chapter 32, Section 22B. (The Commonwealth has made no such appropriations since fiscal year 2000.) Both the participating and purchasing systems share in the investment earnings of PRIT based on their proportionate share of the net assets of the fund. These systems rely upon the investment strategy of the PRIM Board to maintain their progress toward full funding of the system. That strategy seeks to balance the exposure to common deposit and investment risks related to custody, credit concentrations, interest rate and foreign currency fluctuations.

PRIT consists of two separate investment funds, the Cash Fund and the General Allocation Fund.

The Cash Fund is a short-term investment fund that is used to satisfy the liquidity requirements of both participating and purchasing systems. The Cash Fund investments consist of short term liquid cash equivalents. Systems may withdraw funds on the first business day of the month to meet their demands for funding benefit payments and operating expenses. Investment earnings consist primarily of interest and are reinvested daily.

The General Allocation Fund invests in all the asset classes of PRIT in accordance with the current asset allocation strategy. This portfolio spans a widely diversified investment spectrum. Each participating and purchasing system shares in the investment results of this portfolio in proportion to its contribution. Redemptions are permitted based on established guidelines at specific intervals usually at month end.

Purchasing systems are allowed to specify their contributions to certain segments of the PRIT investment spectrum. This option was provided as an alternative to investing in the General Allocation Fund. The investment risk assumed is commensurate with the ordinary exposure inherent to the particular segment they participate and invest in.

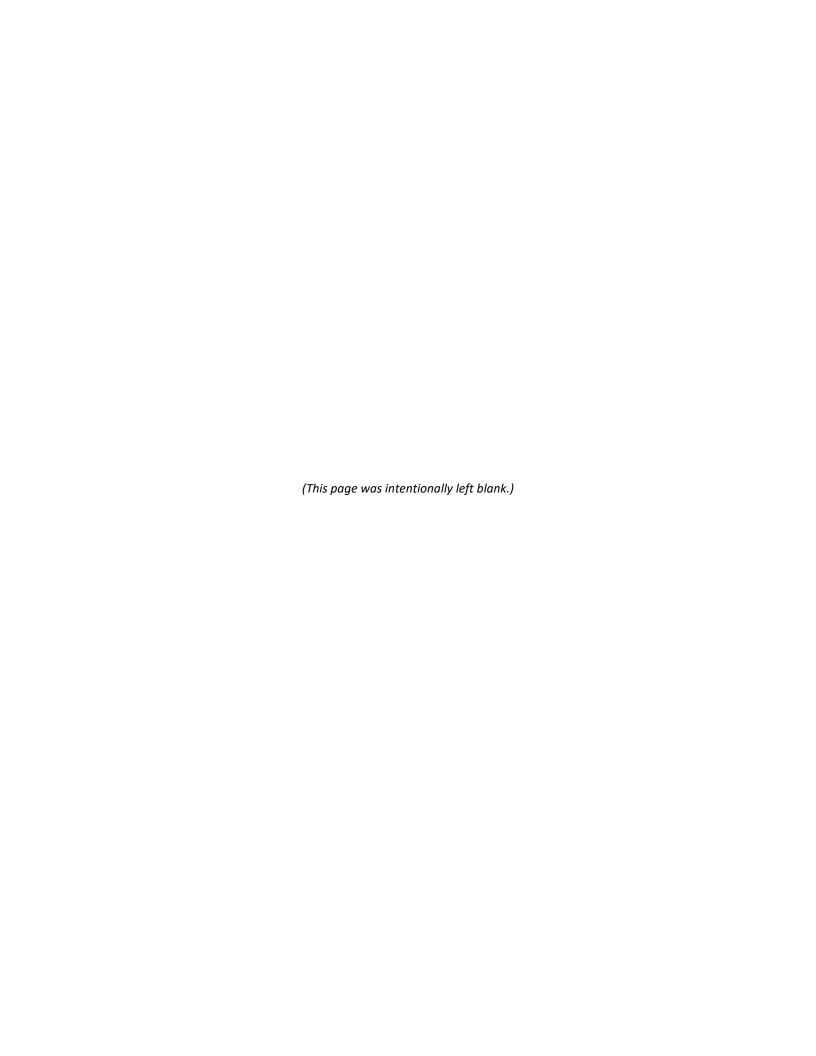
On May 29, 2001, the Attorney General of the Commonwealth of Massachusetts issued an opinion stating "that PERAC lacks authority to review the process adopted by the PRIM Board for the selection of particular investment managers or advisors, or to assess the results of such selections." The Attorney General's decision was the result of a request in November 2000 by PERAC to clarify its authority with respect to PRIM's selection process for its investments and investment managers. In light of the Attorney General's decision, the scope of this PERAC audit is limited in reviewing the investment practices of the Board.





Appendix D

Proposed 2023 PRIM Board and Committee Meeting Schedule





DRAFTProposed 2023 PRIM Board and Committee Meeting Dates

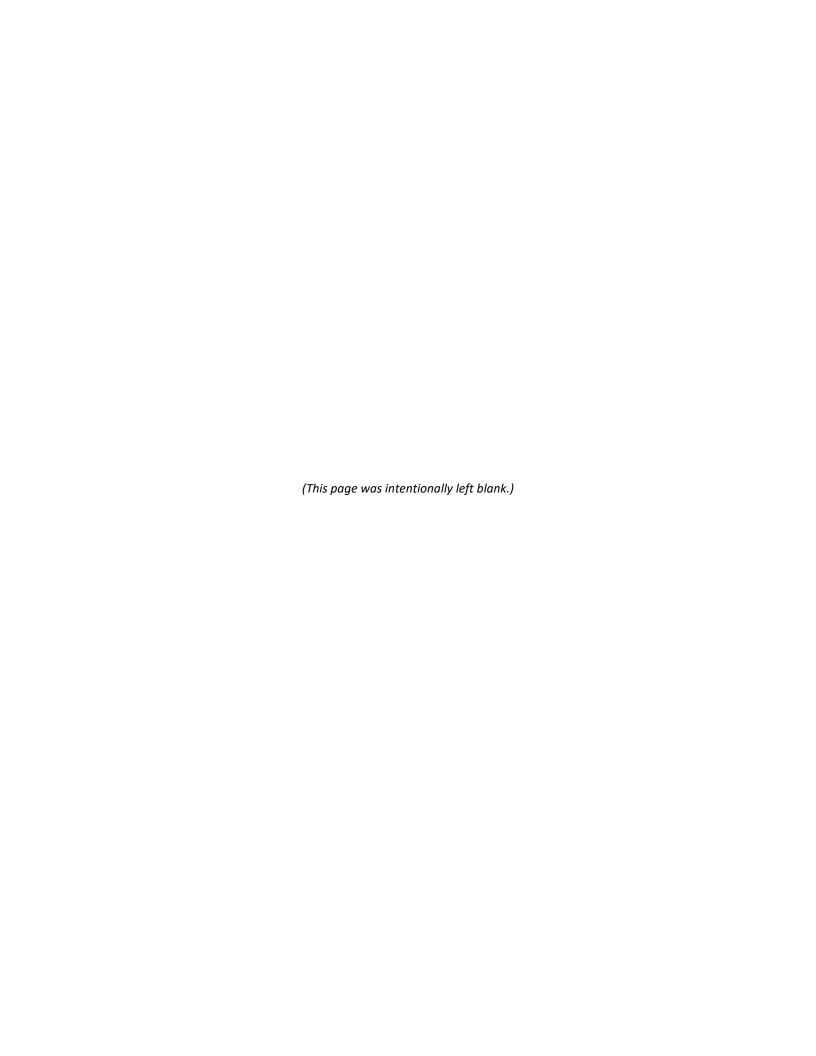
Board Meeting	Thursday	February 16, 2023	9:30 a.m.
Investment Committee	Tuesday	January 31, 2023	9:30 a.m.
Real Estate and Timberland Committee	Wednesday	February 1, 2023	9:30 a.m.
Administration and Audit Committee	Thursday	February 2, 2023	10:00 a.m.
Board Meeting	Thursday	May 18, 2023	9:30 a.m.
Investment Committee	Tuesday	May 2, 2023	9:30 a.m.
Real Estate and Timberland Committee	Wednesday	May 3, 2023	9:30 a.m.
Administration and Audit Committee	Thursday	May 4, 2023	10:00 a.m.
Board Meeting	Tuesday	August 15, 2023	9:30 a.m.
Investment Committee	Tuesday	August 1, 2023	9:30 a.m.
Real Estate and Timberland Committee	Wednesday	August 2, 2023	9:30 a.m.
Administration and Audit Committee	Thursday	August 3, 2023	10:00 a.m.
Board Education Retreat	T.B.D.	T.B.D.	T.B.D.
			_
Board Meeting	Thursday	November 30, 2023	9:30 a.m.
Investment Committee	Tuesday	November 14, 2023	9:30 a.m.
Real Estate and Timberland Committee	Wednesday	November 15, 2023	9:30 a.m.
Administration and Audit Committee	Thursday	November 16, 2023	9:30 a.m.
Compensation Committee	Thursday	November 16, 2023	11:30 a.m.





Appendix E

Evaluation Committee's Report for Investment Legal Services RFQ



PENSION RESERVES INVESTMENT MANAGEMENT BOARD Investment Legal Services Request for Qualifications ("RFQ") Evaluation Committee Report

Responses to RFQ

PRIM issued a Request for Qualifications ("RFQ") for investment legal services on August 1, 2022. The purpose of the RFQ was to expand PRIM's list of approved law firms, particularly for transactional legal services. The search was advertised in Pension & Investments and was posted on PRIM's website. Responses to the RFQ were due by 3:00 p.m. ET on September 16, 2022. Seven responses were submitted by the deadline. In addition, two law firms that are already on PRIM's approved Legal Services providers list also responded to the RFQ.

Evaluation Committee and Process

The Evaluation Committee consists of PRIM's Chief Legal Officer and Chief Investment Operating Officer, in consultation with each asset class head. The Evaluation Committee finds all respondents to be qualified. The responses were thoroughly reviewed, and all respondents were selected based on criteria detailed in the RFQ. The criteria included relative qualifications and experience, knowledge of subject matter, quality of response, proposed team, and references.

The Evaluation Committee held remote and in-person interviews with all respondents on October 17, 21, 28, 31, 2022, and on November 1, 2022, including four respondents with whom PRIM does not currently have a business relationship.

Recommendation

The Evaluation Committee recommends that all seven firms be placed on PRIM's list of approved Legal Services providers. Each firm will be eligible to provide legal services to PRIM based upon executing engagement letters. The firms are as follows:

- Faegre Drinker Biddle & Reath LLP
- Seyfarth Shaw LLP
- Kramer Levin Naftalis & Frankel LLP
- Kirby McInerney LLP
- Foley Hoag LLP
- Scott + Scott
- Venable LLP
- Nossaman LLP (Already on PRIM's approved Legal Services providers list)
- Robinson Bradshaw and Hinson P.A. (Already on PRIM's approved Legal Services providers list)

Summary of Respondents

1. Faegre Drinker Biddle & Reath LLP:

Faegre Drinker Biddle & Reath LLP (Faegre Drinker") consists of over 1,200 legal and consulting professionals located in 21 locations across the United States, London, and Shanghai. Faegre Drinker has capabilities in all areas relevant to investment transactions, across all types of vehicles and entity structures, advising on fund formation, private equity, real estate, tax, corporate transactional work including mergers, divestitures, and acquisitions. The law firm includes over 60 professionals focused on investment management and has represented numerous public pension fund and state investment boards. PRIM staff has worked with one of the attorneys at Faegre Drinker who would become PRIM's dedicated point of contact for firm services.

2. Seyfarth Shaw LLP ("Seyfarth"):

Seyfarth Shaw LLP ("Seyfarth") includes almost 900 attorneys located in 17 offices in the United States, London, and Shanghai, Hong Kong, Melbourne, and Sydney. Seyfarth has represented government plans for almost 30 years and its Institutional Investor team includes more than 60 attorneys in corporate, benefits, tax, fiduciary, derivatives, real estate, litigation, and bankruptcy. Seyfarth relevant experience includes representing institutional investors in connection with their private equity and co-investments, hedge funds, joint ventures, investment management agreements, secondary market transactions, and real estate investments. PRIM staff have worked with two of the attorneys at Seyfarth who will become PRIM's dedicated point of contact for firm services.

3. Kramer Levin Naftalis & Frankel LLP ("Kramer Levin"):

Kramer Levin Naftalis & Frankel LLP ("Kramer Levin") is headquartered in New York City with offices in the Silicon Valley (CA), Washington, D.C., and Paris. Kramer Levin has approximately 400 lawyers with extensive experience handling private equity co-investments, private funds, public funds, private equity sponsor led transactions, ESG, financial services litigation, tax, real estate, derivatives and structured products, bankruptcy, and securitization. Kramer Levin has regularly advised other governmental bodies and public pensions in connection with their investments in private equity funds and hedge funds.

4. Kirby McInerney LLP ("KM"):

Kirby McInerney LLP ("KM") was founded 75 years ago and today employs 26 attorneys, including 10 partners, located across three offices in New York City, Chicago, and San Diego. KM's main practice focuses on securities litigation across a broad array of industries and all related securities and corporate governance matters. representing major public and private institutional investors. Particularly, KM has extensive experience advising and representing state and local government pension funds as well as other major institutional investors.

5. Foley Hoag LLP ("Foley Hoag"):

Foley Hoag LLP ("Foley Hoag") is a firm of 330 attorneys with offices located in Boston, New York, Paris, and Washington, D.C. Over the course of four decades, Foley Hoag has developed a strong private funds team with broad experience and expertise. Foley Hoag advises on hedge funds and tangible asset funds (including forestry, clean energy and infrastructure), as well as venture capital, private equity, real estate, and debt fund spaces. Foley Hoag has extensive experience working with other Massachusetts agencies advising on governance related matters. PRIM staff have worked with a number of Foley Hoag attorneys, three of which will become PRIM's point of contacts.

6. Scott + Scott Attorneys at Law LLP ("Scott + Scott):

Scott + Scott Attorneys at Law LLP ("Scott + Scott") consists of over 100 experienced attorneys providing advice, litigation and recovery services in connection with securities class actions, corporate and investment matters across the United States and in the United Kingdom and Dutch courts. Scott + Scott's proposed comprehensive approach to providing legal services to PRIM would help identify any fraudulent activity, recovery options, and implementation of best practices. Scott + Scott's experience includes working with other Massachusetts government entities.

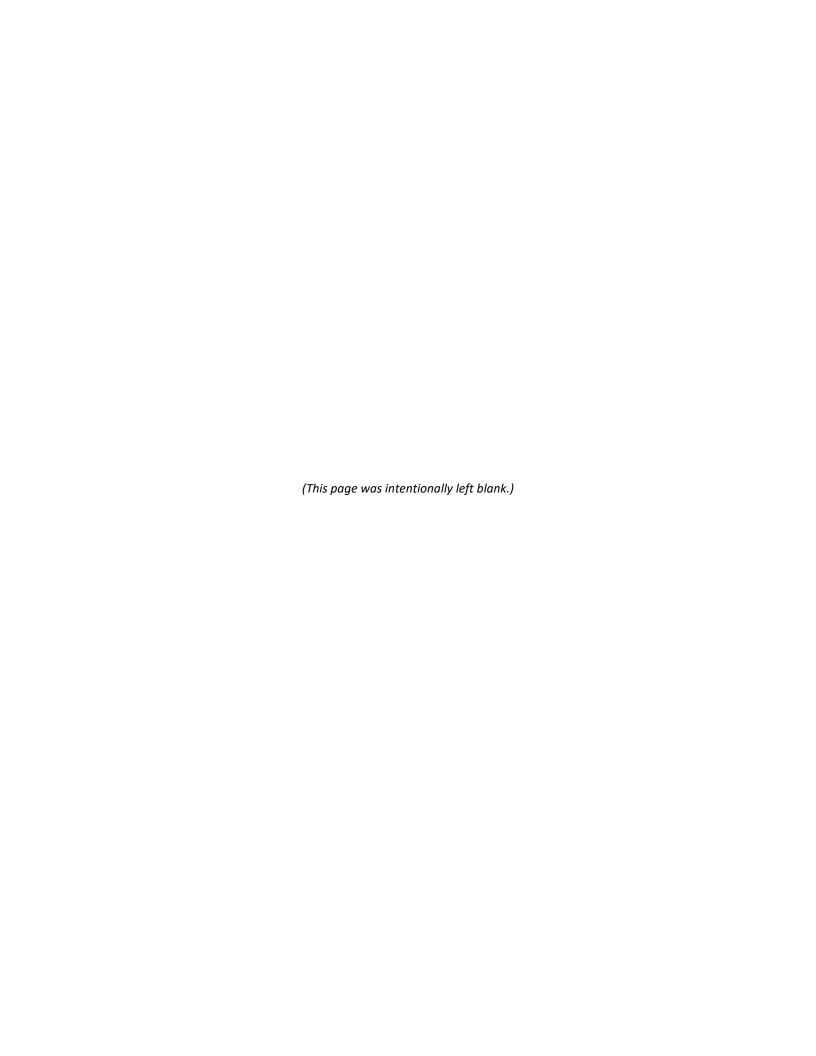
7. Venable LLP ("Venable"):

Venable LLP ("Venable") was established in 1907 and today includes 850 professionals delivering services around the world. Venable has one of the leading real estate practices in the nation, capable of handling all types of transactions for PRIM. Lawyers at Venable have worked on PRIM matters for over 25 years and are intimately familiar with PRIM's fiduciary requirements and protocols. Venable's relevant capabilities include advising on ESG, real estate, acquisitions and dispositions, development and leasing, financing transactions, joint ventures and investment transactions, REITs, and tax. PRIM staff have worked with a number of Venable attorneys, two of which will become PRIM's point of contacts.



Appendix F

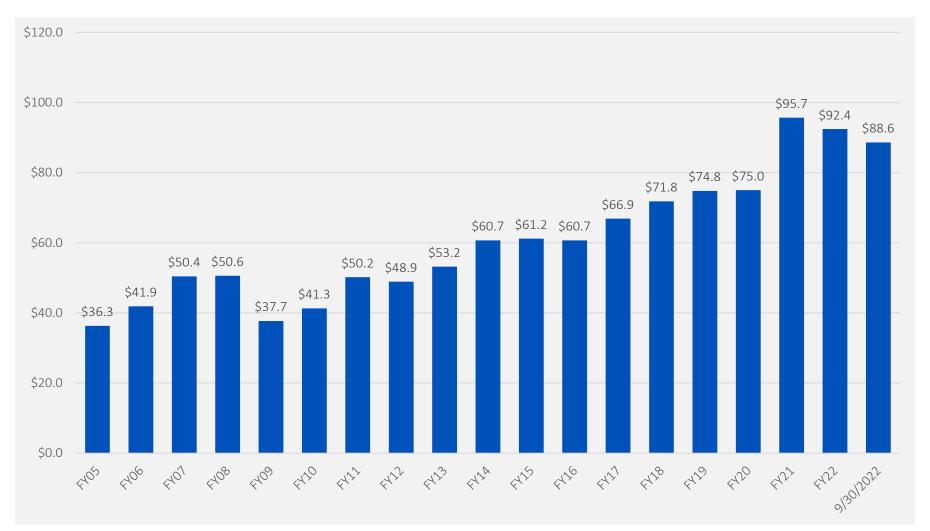
PRIT Fund Performance Report September 30, 2022





Total PRIT Fund Fiscal Year Market Value

Value (\$Billions)

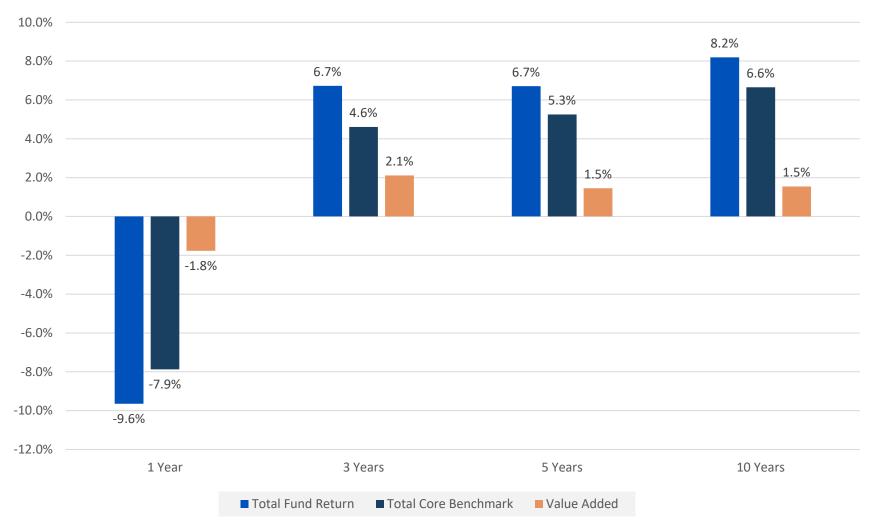


Source: BNY Mellon. As of September 30, 2022.



PRIT Fund Total Returns

Annualized Returns as of September 30, 2022 (Gross of Fees)

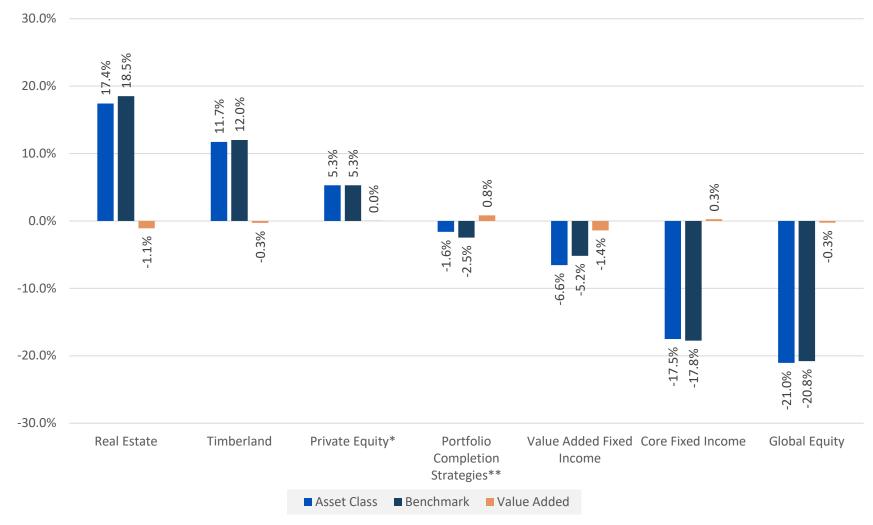


Source: BNY Mellon. Totals may not add due to rounding. Total Core Benchmark includes private equity benchmark.



PRIT Asset Class Performance Summary

One-Year Ended September 30, 2022 (Gross of Fees)

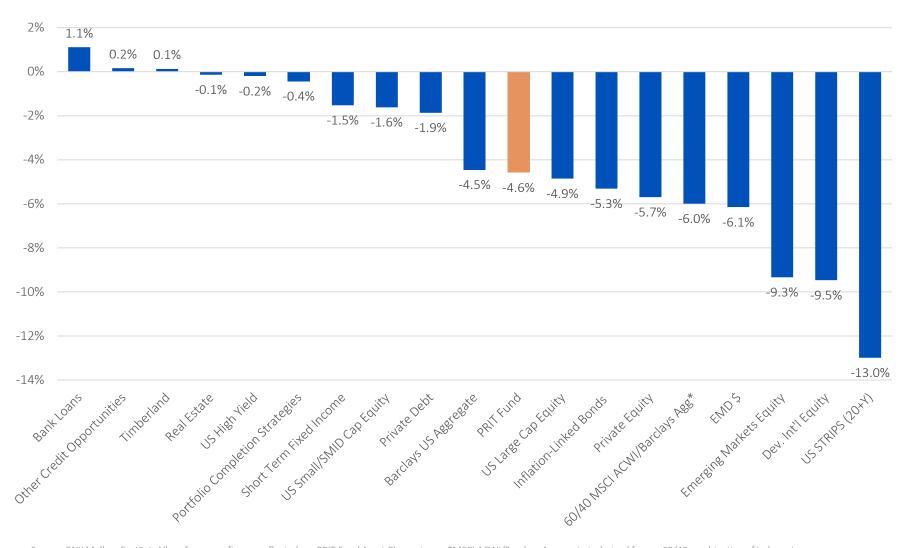


Source: BNY Mellon. Totals may not add due to rounding. *Benchmark is actual performance. **Hedge Fund returns are net of fees.



PRIT Performance By Strategy – Third Quarter 2022

Quarter Ended September 30, 2022 (Gross of Fees)

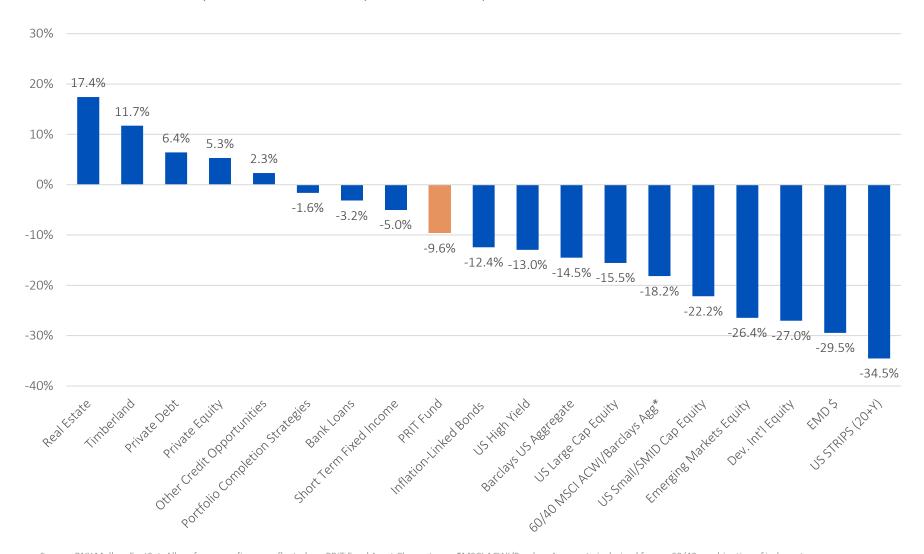


Source: BNY Mellon, FactSet. All performance figures reflected are PRIT Fund Asset Class returns. *MSCI ACWI/Barclays Aggregate is derived from a 60/40 combination of index returns.



PRIT Performance By Strategy – One-Year

One-Year Ended September 30, 2022 (Gross of Fees)



Source: BNY Mellon, FactSet. All performance figures reflected are PRIT Fund Asset Class returns. *MSCI ACWI/Barclays Aggregate is derived from a 60/40 combination of index returns.



PRIT Fund Annualized Returns By Asset Class

As of September 30, 2022 (Gross of Fees)

1 Year	3 Year	5 Year	10 Year
REAL ESTATE	PRIVATE EQUITY	PRIVATE EQUITY	PRIVATE EQUITY
17.4%	27.4%	24.1%	21.5%
TIMBER	REAL ESTATE	REAL ESTATE	REAL ESTATE
11.7%	13.0%	11.1%	11.1%
PRIVATE EQUITY	TIMBER	TIMBER	GLOBAL EQUITY
5.3%	5.7%	5.1%	7.6%
PORTFOLIO COMPLETION STRATEGIES (1.6%)	GLOBAL EQUITY	GLOBAL EQUITY	TIMBER
	4.0%	4.3%	6.3%
VALUE-ADDED FIXED INCOME	VALUE-ADDED FIXED INCOME	VALUE-ADDED FIXED INCOME	PORTFOLIO COMPLETION STRATEGIES 4.3%
(6.6%)	3.0%	3.6%	
CORE FIXED INCOME (17.5%)	PORTFOLIO COMPLETION STRATEGIES 2.6%	PORTFOLIO COMPLETION STRATEGIES 2.9%	VALUE-ADDED FIXED INCOME 4.2%
GLOBAL EQUITY	CORE FIXED INCOME	CORE FIXED INCOME	CORE FIXED INCOME
(21.0%)	(3.4%)	0.5%	2.0%

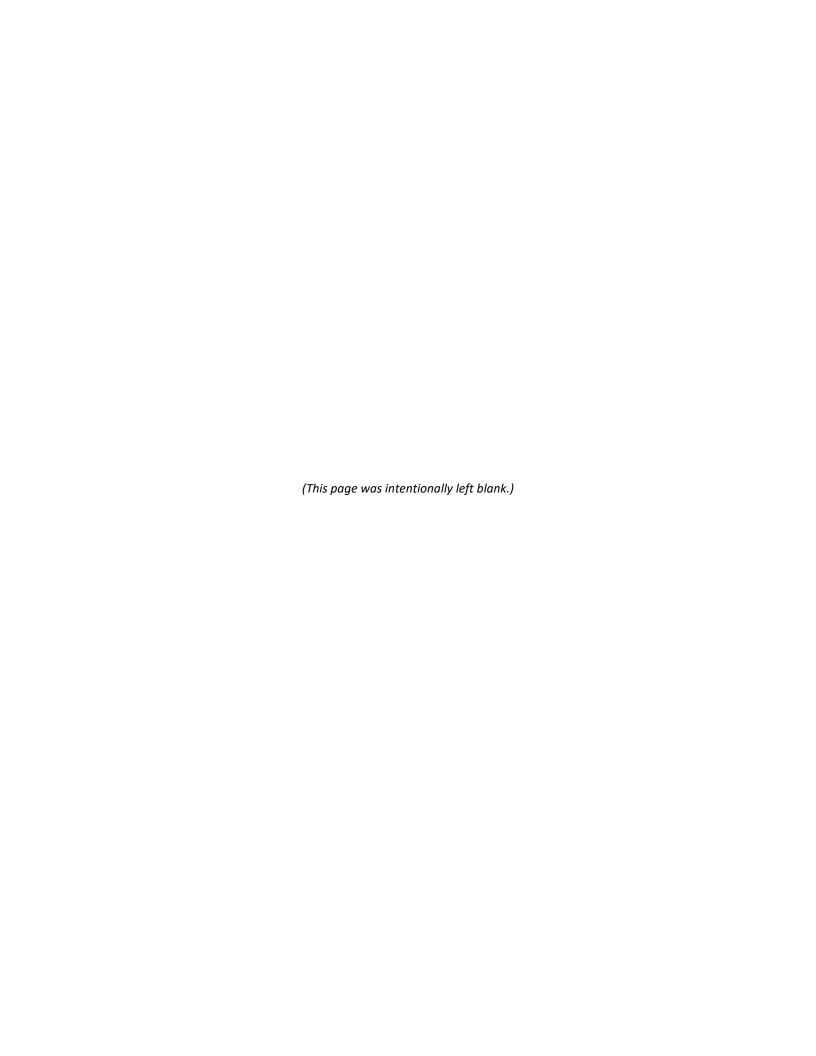
Source: BNY Mellon.





Appendix H

Proposed ESG Committee Member Appointee Biographies





Treasurer Deborah B. Goldberg

Massachusetts State Treasurer & Receiver General

Deborah B. Goldberg is the Massachusetts State Treasurer and Receiver General. In that role she is responsible for the state's cash and debt management, unclaimed property, and chairs state boards and commissions, including the Massachusetts School Building Authority, the Pension Reserves Investment Management Board, the State Board of Retirement, Massachusetts State Lottery Commission, and the Massachusetts Clean Water Trust. In 2015, she established the new Office of Economic Empowerment, the first of its kind in the country, and chairs its Economic Empowerment Trust Fund. Treasurer Goldberg is the former President of the National Association of State Treasurers and is the Co-Chair of the National Institute of Public Finance.

As a former businesswoman and local elected leader, Treasurer Goldberg brings innovative leadership, disciplined fiscal management and an unwavering commitment to uphold economic stability and create opportunity for every Massachusetts resident. Treasurer Goldberg served for six years on the Brookline Board of Selectmen, including two as its Chair. Prior to her career in public service, she worked in retail operations, buying, and consumer affairs at The Stop & Shop Companies, Inc.

Treasurer Goldberg is the President Emeritus of Adoptions with Love and serves on the Advisory Board of the Greater Boston Food Bank. She was one of the founders of Berkshire Hills Music Academy, a school for individuals with intellectual disabilities, is a trustee emeritus at Beth Israel Lahey Health, and a former Director at Affiliated Physicians Group / Beth Israel Deaconess HealthCare. Treasurer Goldberg has been actively involved with numerous philanthropic activities, including The Grow Clinic, the 100 Club, Planned Parenthood League of Massachusetts, and the Combined Jewish Philanthropies.

A graduate of Boston University, Boston College Law School and Harvard Business School, Treasurer Goldberg lives in Brookline with her husband Michael Winter. She has a son, Evan, and daughter, Meredith.



Ruth Ellen Fitch, Esq.

Appointee of the Treasurer, Former President and CEO, The Dimock Center

Ruth Ellen Fitch served as President and Chief Executive Officer for nine years at The Dimock Center, retiring in June 2013. Prior to her position with Dimock, Ms. Fitch practiced law with Palmer & Dodge LLP where she became the first Black woman partner at a Boston law firm. Before attending law school, Ms. Fitch was Director of the METCO program in the Brookline Public Schools. She also taught Black literature at the University of Massachusetts at Boston.

She holds a Bachelor of Arts Degree in Economics from Barnard College, Columbia University and a Juris Doctor degree from Harvard Law School, where she served for three years on the Law School Administrative Board.

As President and Chief Executive Officer of The Dimock Center, Ms. Fitch returned to the Roxbury neighborhood where she grew up, bringing her significant experience managing complex organizations, as well as her commitment to helping others overcome social and economic obstacles. She serves as a Director of Health Law Advocates and as a Director of the Harvard Pilgrim Health Care Foundation. She is also a trustee of the Ludcke Foundation.

Ms. Fitch received an Honorary Doctor of Humanities degree from Curry College in 2011 and an Honorary Doctoral Degree from Simmons College in 2014. She received the Pinnacle Award for achievement in the legal profession from the Greater Boston Chamber of Commerce, the Women's Bar Association of Massachusetts Award, the Charles Hamilton Houston Public Service Award from the Harvard Black Law Students Association, and the Distinguished Alumna Award from Girls' Latin School/Boston Latin Academy, where she has been a commencement speaker.



Theresa F. McGoldrick, Esq.

Elected Member of the State Employees' Retirement Board, National Executive Vice President, National Association of Government Employees (NAGE)

Theresa McGoldrick is the National Executive Vice President of the National Association of Government Employees (NAGE) and the President of Local 207, NAGE Unit 6. NAGE is the largest public-sector union in Massachusetts with the most beneficiaries of the PRIT fund. NAGE represents over 15,000 Massachusetts state employees and NAGE members statewide and approximately 40,000 NAGE members nationally. Prior to Theresa's involvement with NAGE, she worked as an attorney for The Mass.

Department of Revenue, Child Support Enforcement Division, where she earned the American Jurisprudence Award for Excellence in Family Law. She is a graduate of both the New England School of Law and Stonehill College. Theresa has been the elected member to the State Retirement Board and a member of the PRIM board since 2004 and is a strong advocate of the beneficiaries of the fund.



Dennis J. Naughton

Elected Member of the State Teachers' Retirement Board, Retired Educator, Millis Public Schools

Mr. Naughton began his career as a public school educator in the Millis Public Schools in 1968, where he served as a high school social studies teacher for 33 years, as well as social studies department head and golf coach. During that time he served on New England Association of Schools and Colleges (NEASC) evaluating teams at Concord-Carlisle Regional High School, Manchester High School (now Manchester Essex High School) in Manchester-by-the-Sea, and University Park Campus School in Worcester. He served as principal of Millis High School from 2001 to his retirement in 2004.

From 1977 to 1997, Mr. Naughton served as president of the Millis Teachers Association. He also served several terms on both the Board of Directors and Executive Committee of the Massachusetts Teachers Association. Since his retirement, he served as interim assistant principal at Norton High School in 2005-2006, and as interim principal at Douglas High School in 2009.

Mr. Naughton is actively involved as a retired life member of the Massachusetts Teachers Association and the National Educational Association. He holds an A.B. in History from Saint Anselm College and an M.A.T. in History from Assumption College. Mr. Naughton resides in Foxborough.



Michael Even

Former President and CEO, Numeric Investors

Mr. Even currently serves as: a Director of Investment Research and Strategy for FaithInvest; an Investment Committee member for Whitehead Institute; an Advisor for CircleUp; an Advisory Committee Member for KingsCrowd; an Advisory Board Member for Lumint Corporation; a Director and member of the Investment Committee for Osmosis Investment Management; an Advisor for Forge.Al; and a member of the Investment Committee of the Massachusetts Pension Reserves Management Board. Previously, he served as the Chairman and CEO of Man Numeric. Prior to Man Numeric, Mr. Even worked at Citigroup for nine years overseeing investment teams running nearly \$500B in client assets. Prior to joining

Citigroup, Mr. Even spent 13 years at Independence Investment Associates in Boston.



Poonam Patidar

Member, Mintz

Poonam counsels governments, quasi-public authorities, and higher education facilities on the issuance of tax-exempt and taxable debt as well as securities and tax law matters. She also represents institutional investors and indenture trustees in the purchase and restructuring of high-yield municipal debt. Poonam has a background in finance and focuses on developing innovative, cost-effective solutions that help clients achieve their strategic goals.

Poonam is a Member in Mintz's Public Finance Practice and Chair of the firm's Alumni Program.

Poonam brings experience in a wide array of industries, including transportation, higher education, health care, economic development, project finance, stadium financing, water, and wastewater.

Poonam also represents institutional investors and indenture trustees with respect to the purchase and restructuring/workout of high yield municipal debt for energy, infrastructure, health care, higher education, charter schools, and senior living facilities. She has extensive experience on all sides of municipal transactions and brings a holistic perspective to her work on complex matters. This 360-degree insight — along with a background in finance — enables Poonam to deliver creative and thoughtful counsel to clients including financial advisors, credit analysts, and portfolio managers and to structure cost-effective transactions that protect their investments while achieving their strategic goals.

In her position as Chair of the Mintz Alumni Program, Poonam launches and manages initiatives that provide her former colleagues and current Mintz attorneys with access to innovative professional development programs, social events, continuing legal education, webinars, and a robust professional network.



Mary Cerulli

Founder, Climate Finance Action

Mary Cerulli is the founder of Climate Finance Action formed May 6, 2020 after 18 months of climate finance work in conjunction with an investor-led (former New York City Comptroller Scott Stringer) campaign to decarbonize the 20 largest electric generating utilities in North America and efforts to press JPMorgan to replace lead independent director Lee Raymond, the former CEO of Exxon.

Prior to entering the nonprofit sector, Mary worked as an analyst and consultant for over twenty years in the financial services industry. She began her career at a subsidiary of New York Life to create tax-advantaged packaged products in oil and gas and real estate and later helped to found Cerulli Associates, Inc. where she concentrated on retail distribution dynamics, packaged products, and the retirement markets. She authored Cerulli reports on the wealth management industry, high-net-worth market, and the annuity industry. She worked on client projects on emerging manager expansion strategies and independent registered investment advisors (RIAs).

Mary now uses her experience in the financial sector to research and decode financial information and empower advocates to wage smart effective campaigns to push the financial sector to address the climate crisis.



Marcella Pinilla

Director of Sustainable Investing, Zevin

Marcela brings her background in the integration of environmental, social, and governance risks and impacts into active investing. As Director of Sustainable Investing for Zevin Asset Management, she extends this discipline into her advocacy work, collaborating with investors, NGOs, experts, and fellow advocates to address core business activities that pose deleterious impacts on society or the environment and to stimulate positive change.

Previously, Marcela worked with Mercy Investments as Director of Shareholder Advocacy, CBIS as Director of Sustainable Investing, and Boston Trust Walden leading ESG research. More recently Marcela has, on her own and with BSR, consulted for various Fortune 500 companies. With BSR, she also advised on and supported ESG and impact due diligence for KKR's Global Impact Fund.

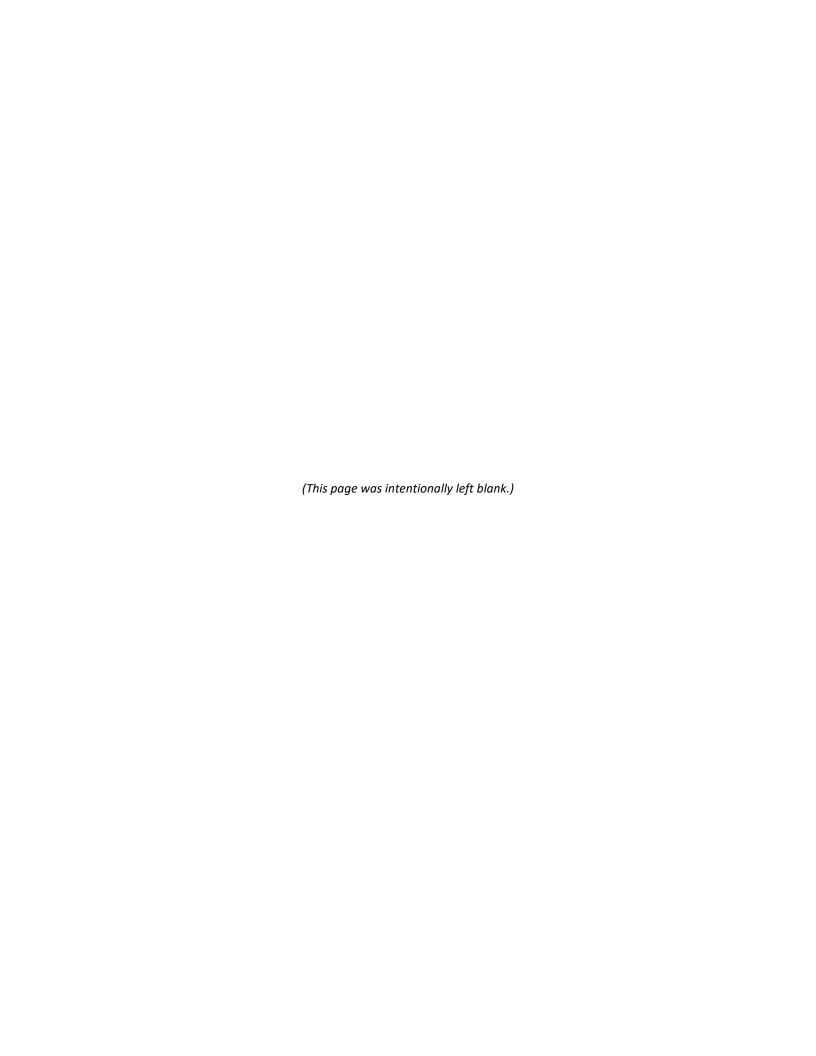
Marcela is a born New Yorker from Panamanian and Nicaraguan parents and grew up in Mexico City. She is deeply committed to social and environmental justice, both on the streets of her Brooklyn neighborhood and in her corporate advocacy work serving clients at Zevin Asset Management. Marcela earned an MS in International Health Policy & Management and an MBA with a focus on Sustainable Development, both from Brandeis University.





Appendix J

KPMG Fiscal Year 2022 Audit Results





Pension Reserves Investment Management Board

Presentation of audit results for the year ended June 30, 2022

November 17, 2022

We continually assess factors that could impact our independence, considering non-audit services performed and relationships between our firm and the PRIM Board and persons in a financial oversight role at the PRIM Board that may reasonably be thought to bear on independence. Consistent with prior years, in connection with our audits of the PRIM Board and the PRIT Fund, KPMG and relevant KPMG professionals have complied with relevant ethical requirements regarding independence, as that term is defined by the professional standards. We are independent with respect to all professional standards as of the date of our report.

Executive summary

Required Administration & Audit Committee communications Agreed-upon procedures Material written communications between KPMG and management Independence	2
Material written communications between KPMG and management	
	8
Independence	10
	12
Questions?	14
Appendices	16



Required Administration & Audit Committee communications

Summary

Financial statement audit results, required communications and other matters

		Response	
	Outstanding matters	 Legal confirmations: Pending receipt of legal confirmations to be received cl date, as required by our audit process. 	ose to the expected sign off
		Approval/acceptance of the financial statements by the PRIM Board	
		Evaluate impact of any subsequent events	
		Obtain management representation letters	
		Completion	
	Significant unusual transactions	No significant unusual transactions identified during the audit.	
Audit Results	Uncorrected audit differences	Consistent with prior years, we have quantified the unrecorded amount of unrefixed income, private equity, real estate and timberland investments as of Junearises as these investments are recorded using lagged fair values (as of March the PRIM Board's historical financial reporting policy.	e 30, 2022. This difference
Au		The impact on the PRIT Fund financial statements to record this difference wo	uld be as follows (in 000's)
		Timberland investments Net change in unrealized depreciation on investments and foreign currency translations	\$2,632 \$986,554
		Private equity investments Fixed income investments Real estate investments	\$920,398 \$26,248 \$42,540



Financial statement audit results, required communications and other matters (continued)

		Response
	Corrected audit differences	PRIT Fund: Disclosure entry reclassifying the leveling of various Fixed income, PCS – Fixed Income, Equity, PCS – Equity, and PCS – Securities sold short from Level 1 and 2 to Level 3 within the Notes to the Financial Statements. Amounts reclassified (in 000's) total \$18,289, \$364,875, \$1,023, \$11,205, and (27,479), respectively.
	Financial presentation and disclosure omissions	No matters to communicate.
ts	Non-GAAP policies and practices	 PRIT Fund: Management records the investment valuation results for certain investments on a quarter lag, due to the timing of receipt of financial information. See uncorrected audit differences above.
Audit Results		PRIT Fund: Management records net derivative activity in investments, instead of gross derivative activity
dit	Auditors' report	We expect to issue an unmodified opinion on the financial statements
Au	Changes to our planned risk assessment and audit strategy	There were no significant changes to our planned risk assessment and audit strategy presented to you on May 5, 2022.
	Significant accounting policies and practices	We annually discuss the acceptability and quality of the PRIM Board and the PRIT Fund's accounting policies. Significant policies are outlined in note 2 to the financial statements.
	Significant accounting estimates	Accounting estimates are an integral part of the financial statements. We have evaluated the key factors and assumptions used to develop management's estimates (such as the valuation of alternative investments) and found them to be reasonable in relation to the financial statements taken as a whole. Our assessment of the risks associated with valuation estimates has not changed significantly from the prior year, as there have been no modifications in the accounting judgments made by management.



Summary

Financial statement audit results, required communications and other matters (continued)

		Response
	Related parties	No significant findings or issues related to related party transactions were identified during the audit.
	Going concern	No matters to report.
	Subsequent events	None to report.
	Illegal acts or fraud	No actual or suspected fraud involving management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.
	Noncompliance with laws and regulations	No matters to report.
ts	Significant difficulties encountered during the audit	No matters to report.
Audit Results	Significant findings or issues discussed, or the subject of correspondence, with management	No matters to report.
	Management's consultation with other accountants	No matters to report.
	Difficult or contentious matters for which the auditor consulted	No matters to report.
	Disagreements with management	No matters to report.
	Other significant matters	No matters to report.
	Independence	See slide 13.



Audit areas of emphasis

Area	Area of emphasis
PRIM Board	Recalculated a sample of management and performance fees
	Reviewed other operating results
PRIT Fund	 Investments are measured at fair value. Most of the portfolio is comprised of separate accounts with marketable securities or funds holding marketable securities. The PRIT Fund utilizes net asset value (NAV), which is reviewed by management, as a practical expedient to estimate fair value of its alternative investments that are held through commingled funds and limited partnerships. During our audit we:
	 Assessed the design and implementation of custodial controls over directly held marketable investments and management's user controls.
	- Performed appropriate procedures to test the relevant assertions (e.g., valuation and existence) of the assets in the investment portfolio, as discussed on the next slide.
Other	Reviewed conformity of presentation and disclosure with GASB standards.
Significant risks	 Fraud Risk: Management override of controls – this is an inherent risk in all entities as management is in a position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.
	In response, the audit team has:
	- Assessed management's design and implementation of controls over journal entries and post-closing adjustments.
	 Assessed the appropriateness of changes compared to prior year to the methods and underlying assumptions used to prepare accounting estimates.
	- Performed risk assessment procedures to determine existence of any high-risk entries.
	- Performed procedures to assess reasonableness of material manual post-close adjustments
	 Performed procedures over the completeness, existence, accuracy, and valuation of the investment portfolio, which includes benchmarking comparisons for alternative investments and pricing marketable securities using independence third party vendors.



Audit areas of emphasis - investments

Area	Procedures performed
Securities	 Reviewed the process for holding and valuing marketable securities, including reviewing the BNYM Type II SOC 1 report, as well as relevant user controls at the PRIM Board
	 Independently priced the vast majority of marketable securities using third party vendors
Private Equity	 Reviewed process in place over valuation and existence of private equity investments
	 Confirmed a sample of private equity investments and compared to the PRIT Fund's valuation
	 Reviewed a sample of December 31, 2021 audited financial statements and performed a rollforward of the NAV to June 30, 2022; tested the reasonableness of private equity investment performance
Portfolio Completion	 Reviewed processes in place over valuation and existence of PCS funds and PCS investments
Strategies (PCS)	 Independently priced the securities held within the Managed Accounts and PCS funds (Boston Patriot Funds)
	 Confirmed existence of a sample of PCS investment funds and compared to the PRIT Fund valuation
	 Reviewed selected December 31, 2021 audited financial statements and performed a rollforward of the NAV to June 30, 2022; tested the reasonableness of PCS investment fund performance
Real Estate	Reviewed processes in place over valuation and existence of real estate investments
	Tested a sample of real estate valuation statements to the PRIT Fund's records
	 Reviewed December 31, 2021 audited financial statements of the real estate portfolios and performed a rollforward to the valuation at June 30, 2022, including testing the reasonableness of a sample of real estate properties' performance
Timberland	Reviewed processes in place over valuation and existence of timberland investments
	 Tested a sample of timberland valuation statements to the PRIT Fund records
	 Reviewed selected December 31, 2021 audited financial statements and performed a rollforward to the value at June 30, 2022; tested the reasonableness of timberland investment performance



Agreed-upon procedures

Agreed-upon procedures

Results (For the year ended June 30, 2022)

Procurements

- The PRIM Board has controls related to the selection of third parties to provide investment management, investment advisory, custody and recordkeeping, auditing, and other professional services related to the management of the PRIM Board and the PRIT Fund.
- These controls are in place to ensure the PRIM Board's procurement process of professional services is open, competitive, objective, and designed to ensure that the Trustees have access to a broad array of the highest quality service providers.
- KPMG performed agreed-upon procedures on these procurement controls solely to assist specified parties in evaluating PRIM Board's procurement process.
- No findings noted as a result of KPMG's procedures performed.

Benchmarking

- KPMG performed agreed-upon procedures on the Performance Measurement Report as of June 30, 2022 that is prepared by BNY Mellon (BNYM).
- KPMG inquired of BNYM about the nature of the differences identified in Section III, IV, and V. BNYM informed us that the majority
 of the differences related to the benchmark indices which were revised subsequent to the date of the Performance Measurement
 Presentation used for testing. These changes were recorded retroactively by BNYM and differ from the data used for the
 Performance Measurement Presentation. We did not perform any procedures over these index changes. BNYM stated that
 effective January 1, 2012, the PRIM Board's policy is to update certain asset class benchmarks for any subsequent revisions
 reported by the benchmark data vendors. These indices are components of the Implementation, Total Core, and Net-of-Fees
 Adjusted Policy benchmarks; therefore, these benchmarks are subject to the same revisions that the indices themselves are
 subject to.
- KPMG determined that this revision impacted the benchmark returns for each period identified in our report. BNYM noted that
 this revision will be captured in the extended period returns presented in the Performance Measurement Presentation going
 forward; therefore no adjustment is considered necessary as BNYM followed policy and revised the benchmarks for prospective
 reporting upon receiving the revision reported by the benchmark data vendors.



Material written communications between KPMG and management

Written communications

Material written communications

- Draft audit reports (Appendix A)
- Draft reports on internal control over financial reporting in accordance with Government Auditing Standards (Appendix B)
- Draft benchmarking agreed-upon procedures report (Appendix C)
- Draft procurement process agreed-upon procedures report (Appendix D)
- Draft management representation letters audits, benchmarking agreed-upon procedures report, and procurement process agreed-upon procedures report (on file with management)



Independence

Independence communications

We continually assess factors that could impact our independence, considering non-audit services performed and relationships between our firm and the PRIM Board and persons in a financial oversight role at the PRIM Board that may reasonably be thought to bear on independence. Consistent with prior years, in connection with our audits of the PRIM Board and the PRIT Fund, KPMG and relevant KPMG professionals have complied with relevant ethical requirements regarding independence, as that term is defined by the professional standards. We are independent with respect to all professional standards as of the date of our report.



Questions?

For additional information and audit committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, visit KPMG's Audit Committee Institute (ACI) at www.kpmg.com/ACI

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Appendix A

(A Component Unit of the Commonwealth of Massachusetts)

Financial Statements and Required Supplementary and Other Supplementary Information

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

(A Component Unit of the Commonwealth of Massachusetts)

June 30, 2022 and 2021

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Independent Auditors' Report

The Administration and Audit Committee and Trustees, Pension Reserves Investment Management Board:

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the PRIT Fund's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the pooled net position of the PRIT Fund as of June 30, 2022 and 2021, and the changes in its pooled net position for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the PRIT Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of 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 audits 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.

Supplementary Information

Our audit for the year ended June 30, 2022 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the PRIT Fund's basic financial statements for the year ended June 30, 2022. The schedule of pooled net position – capital fund and cash fund and schedule of changes in pooled net position – capital fund and cash fund for the year ended June 30, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2022 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2022.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2022 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.

(signed) KPMG LLP

Boston, Massachusetts December 1, 2022

(A Component Unit of the Commonwealth of Massachusetts)

Required Supplementary Information – Management's Discussion and Analysis June 30, 2022 and 2021 (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, 2022 and 2021 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, 2022 and 2021 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 2022

- The net position of the PRIT Fund Decreased \$3.3 billion during the year ended June 30, 2022. Total net position was \$92.4 billion at June 30, 2022, compared to \$95.7 billion at June 30, 2021.
- Net investment loss for fiscal year 2022 was \$3.2 billion, compared to net investment income of \$21.9 billion for the prior fiscal year. The PRIT Fund returned -2.95%, gross of fees, in fiscal year 2022, compared to 29.91% in fiscal year 2021.
- Contributions to the PRIT Fund totaled \$4.3 billion during the year ended June 30, 2022, compared to \$2.9 billion during the year ended June 30, 2021.
- Redemptions from the PRIT Fund totaled \$4.4 billion during the year ended June 30, 2022, compared to \$4.1 billion during the year ended June 30, 2021.

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.

(A Component Unit of the Commonwealth of Massachusetts)

Required Supplementary Information – Management's Discussion and Analysis

June 30, 2022 and 2021

(Unaudited)

- 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.

Condensed Financial Information

Summary balances and activities of the PRIT Fund as of and for the years ended June 30, 2022, 2021, and 2020 are presented below:

			June 30	
		2022	2021	2020
			(Dollars in thousands)	
Summary of pooled net position:				
Assets:				
Investments	\$	96,805,918	99,813,545	79,568,987
Cash		254,404	219,795	177,151
Securities lending collateral		121,946	201,581	475,937
Receivables and other assets	_	1,494,813	2,169,161	1,397,891
Total assets	_	98,677,081	102,404,082	81,619,966
Liabilities:				
Other liabilities		5,258,318	6,202,728	5,876,067
Securities lending obligations		872,820	451,560	725,946
Management fees payable to PRIM		116,888	50,949	32,194
Total liabilities	_	6,248,026	6,705,237	6,634,207
Net position held in trust for pool				
participants	\$_	92,429,055	95,698,845	74,985,759

(A Component Unit of the Commonwealth of Massachusetts)

Required Supplementary Information – Management's Discussion and Analysis

June 30, 2022 and 2021 (Unaudited)

	_		June 30	
		2022	2021	2020
		(Dollars in thousands)	
Summary of changes in pooled net position: Additions:				
Contributions	\$	4,342,091	2,910,244	3,023,314
Net investment (loss) income	_	(3,239,745)	21,944,914	1,448,873
Total additions		1,102,346	24,855,158	4,472,187
Deductions:				
Redemptions		4,372,136	4,142,072	4,322,066
Change in pooled net position		(3,269,790)	20,713,086	150,121
Net position held in trust for pool participants:				
Balance, beginning of year	_	95,698,845	74,985,759	74,835,638
Balance, end of year	\$_	92,429,055	95,698,845	74,985,759

The PRIT Fund Performance during the year ended June 30, 2022

The PRIT Fund began fiscal year 2022 with net position of \$95.7 billion and ended the fiscal year with a net position of \$92.4 billion, representing a 3.42% decrease. Net investment loss for the year ended June 30, 2022 was \$3.2 billion, which when added to net participant redemptions (contributions less redemptions) of \$30.0 million, resulted in an overall decrease in net position of \$3.3 billion.

For the year ended June 30, 2022, the PRIT Fund returned -2.95% gross of fees, outperforming its benchmark of -4.90% by 195 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, 2022 are as follows: Global Equity -16.14%; Core Fixed Income -11.46%; Value-Added Fixed Income -3.04%; Private Equity 27.29%; Real Estate 25.48%; Timberland 11.37%; Portfolio Completion Strategies -0.80%; and Overlay -10.68%.

The PRIT Fund outperformed its benchmarks for the fiscal year ended June 30, 2022 and over the three-year, five-year, and ten-year periods and has returned an average of 9.37%, 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 ten-year period ended June 30, 2022.

(A Component Unit of the Commonwealth of Massachusetts)

Required Supplementary Information –
Management's Discussion and Analysis

June 30, 2022 and 2021

(Unaudited)

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

The 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%.

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.

(A Component Unit of the Commonwealth of Massachusetts)

Statements of Pooled Net Position

June 30, 2022 and 2021

(Dollars in thousands)

	2022	2021
Assets:		
Investments, at fair value:		
Short-term \$	1,635,564	2,572,722
Fixed income	20,686,408	22,445,081
Equity	33,243,865	39,712,411
Timberland	2,904,110	2,798,749
Private equity funds	16,837,964	13,590,807
Real estate:		
Real estate properties	9,796,738	7,702,060
Equity	1,336,488	1,512,207
Real estate funds	481,793	270,007
Other	75,973	29,476
Total real estate	11,690,992	9,513,750
Portfolio completion strategies:		
Investment funds	2,303,551	2,219,600
Equity	2,285,915	2,403,242
Fixed income	3,518,563	2,781,967
Cash and cash equivalents	1,106,108	1,169,968
Agricultural investments	592,878	579,862
Other		25,386
Total portfolio completion strategies	9,807,015	9,180,025
Total investments	96,805,918	99,813,545
Cash	254,404	219,795
Securities lending collateral	121,946	201,581
Interest and dividends receivable	234,231	209,022
Receivable for investments sold and other assets	727,187	1,323,811
Securities sold on a when-issued basis	398,418	547,456
Foreign currency forward contracts	134,977	88,872
Total assets	98,677,081	102,404,082
Liabilities:		
Securities sold short and other liabilities, at fair value:		
Portfolio completion strategies	2,172,680	1,817,428
Fixed income	14,747	112,606
Total securities sold short and other liabilities	2,187,427	1,930,034
Payable for investments purchased and other liabilities	1,198,502	1,516,901
Real estate debt and other liabilities	875,298	1,457,519
Securities lending obligations	872,820	451,560
Securities purchased on a when-issued basis	915,314	1,210,290
Foreign currency forward contracts	81,777	87,984
Management fees payable to PRIM	116,888	50,949
Total liabilities	6,248,026	6,705,237
Net position held in trust for pool participants \$	92,429,055	95,698,845

See accompanying notes to financial statements.

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PENSION RESERVES INVESTMENT TRUST FUND

(A Component Unit of the Commonwealth of Massachusetts)

Statements of Changes in Pooled Net Position

Years ended June 30, 2022 and 2021

(Dollars in thousands)

		2022	2021
Additions:			
Contributions:			
State employees	\$	858,181	698,282
State teachers		1,058,832	898,722
Other participants	_	2,425,078	1,313,240
Total contributions	_	4,342,091	2,910,244
Net investment income (loss):			
From investment activities:			
Net realized gain on investments and foreign currency			
transactions		4,831,600	6,839,826
Net change in unrealized (depreciation) appreciation on			
investments and foreign currency translations		(9,901,811)	13,543,569
Interest		622,086	475,341
Dividends		910,551	719,579
Timberland		41,557	67,491
Private equity		134,138	139,664
Portfolio completion strategies		50,980	44,492
Real estate:			
Income		594,530	541,807
Expenses	_	(231,520)	(233,459)
Total real estate	_	363,010	308,348
(Loss) income from investment activities		(2,947,889)	22,138,310
Investment management and other management fees	_	(295,929)	(198,944)
Net (loss) income from investment activities	_	(3,243,818)	21,939,366
From securities lending activities:			
Securities lending income		6,359	6,381
Securities lending expenses		(2,286)	(833)
Net income from securities lending activities	_	4,073	5,548
Total net investment (loss) income		(3,239,745)	21,944,914
Total additions		1,102,346	24,855,158
Deductions:			
Redemptions:			
State employees		1,509,113	1,450,024
State teachers		1,507,198	1,579,435
Other participants		1,355,825	1,112,613
Total deductions	_	4,372,136	4,142,072
Net (decrease) increase in pooled net position	_	(3,269,790)	20,713,086
		\-,,,,	-,,
Net position held in trust for pool participants: Balance, beginning of year		95,698,845	74,985,759
	. —		
Balance, end of year	\$ _	92,429,055	95,698,845

See accompanying notes to financial statements.

(A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements

June 30, 2022 and 2021

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

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Notes to Financial Statements

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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, 2022, there were 38 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, Global Equity Emerging-Diverse Manager Program, Core Fixed Income, Public Value-Added Fixed Income, Real Estate, Timberland, Hedge Funds, Private Debt, Overlay, Real Assets, Other Credit Opportunities, Liquidating Portfolios, Private Equity Investments, and Private Equity Investments Vintage Years 2000-2022. 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

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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, 2022 and 2021, 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.

(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

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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 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, 2022 and 2021, 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.

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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), 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.

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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, 2022 and 2021, foreign taxes withheld of \$28,994 and \$21,984, 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.

(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

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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.

(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.

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(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.

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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, 2022 and 2021:

	-			2022			
	_			lue measurement	s using		
Investments at fair value		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)	Unfunded commitments
Short-term:							
Money market investments	\$	1,635,564	_	1,635,564	_	_	
Fixed income:							
U.S. government obligations (1)		8,413,831	8,413,831	_	_	_	
Domestic fixed income (2)		7,622,270	5,434	7,578,712	38,124	_	
International fixed income (3)		2,334,432	160,437	2,122,135	51,860	_	
Private debt (4)		1,287,209	_	_	_	1,287,209	571,459
Other credit opportunities (5)	-	1,028,666	128,363	344,697	424,881	130,725	583,375
	_	20,686,408	8,708,065	10,045,544	514,865	1,417,934	
Equity:							
Domestic equity securities		18,632,240	18,603,880	27,554	806		
International equity securities	_	14,611,625	14,610,935		690		
	-	33,243,865	33,214,815	27,554	1,496		
Timberland		2,904,110	_	_	2,904,110	_	
Private equity funds (6)		16,837,964	_	_	_	16,837,964	6,274,745
Real estate:							
Real estate properties		9,796,738	_	_	9,796,738	_	
Real estate equity securities		1,336,488	1,329,261	7,227	· · · —	_	
Real estate funds (7)		481,793	· · · · —	_	_	481,793	251,847
Other	-	75,973			75,973		
	-	11,690,992	1,329,261	7,227	9,872,711	481,793	
Portfolio completion strategies:							
Event-driven hedge funds (8)		890,751	_	_	_	890,751	
Relative value hedge funds (9)		388,591	_	_	_	388,591	
Fund of funds (11)		632,346	_	_	_	632,346	
Distressed loan fund (12)		83,361	_	_	_	83,361	52,724
Real assets funds (13)	-	308,502			<u> </u>	308,502	675,748
Investment funds		2,303,551	_	_	_	2,303,551	
Equity securities		2,285,915	1,980,501	27,906	277,508	_	
Fixed income securities		3,518,563	938,159	2,116,424	463,980	_	39,500
Cash and cash equivalents		1,106,108	459,066	647,042	· —	_	,
Agricultural investments	-	592,878			592,878		
	-	9,807,015	3,377,726	2,791,372	1,334,366	2,303,551	
Total investments	\$	96,805,918	46,629,867	14,507,261	14,627,548	21,041,242	

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				2022			
				ue measurement	s using		
		T -4-1	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs or not redeemable	Net asset value	Unfunded
Investments at fair value		Total	(Level 1)	(Level 2)	(Level 3)	(NAV)	commitments
Securities lending collateral: Money market investments	\$_	121,946		121,946			
Total securities lending collateral	\$_	121,946		121,946			
Securities sold short and other liabilities at fair value: Portfolio completion strategies:							
Equity securities	\$	600,730	581,311	18,605	814	_	
Cash and cash equivalents		951,437	2,283	949,154	_	_	
Fixed income securities Other		563,101 57,412	180,038	356,398	26,665 57,412		
		2,172,680	763,632	1,324,157	84,891	_	
Fixed income:							
Cash and cash equivalents	_	14,747		14,747			
Total securities sold short and other liabilities	\$_	2,187,427	763,632	1,338,904	84,891		

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			2021			
			lue measuremen	ts using		
Investments at fair value	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)	Unfunded commitments
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	_	
Private 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
	22,445,081	9,965,764	10,732,368	427,281	1,319,668	
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	_	
international equity occurred						
	39,712,411	39,698,053	13,228	1,130		
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		
	9,513,750	1,500,965	11,242	7,731,536	270,007	
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		
	9,180,025	2,953,271	2,942,334	1,064,820	2,219,600	
Total investments	\$ 99,813,545	54,118,053	16,271,894	12,023,516	17,400,082	

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	_			2021			
	-			lue measurement	s using		
Investments at fair value		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)	Unfunded commitments
Securities lending collateral: Money market investments Repurchase agreements	\$	176,581 25,000		176,581 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	_	
	-						

- (1) Fiscal year 2022 rates range from 0.00% to 7.50%, and maturities range from 2022 to 2052. Fiscal year 2021 rates range from 0.00% to 7.50%, and maturities range from 2021 to 2051.
- (2) Fiscal year 2022 rates range from 0.00% to 17.50%, and maturities range from 2022 to 2115. Fiscal year 2021 rates range from 0.00% to 24.91%, and maturities range from 2021 to 2115.
- (3) Fiscal year 2022 rates range from -0.36% to 49.10%, and maturities range from 2022 to 2121. Fiscal year 2021 rates range from -0.33% to 37.88%, and maturities range from 2021 to 2115.
- (4) This represents investments in private partnerships that invest directly in distressed debt investment opportunities. The life cycles of the private partnerships are typically 10 to 15 years during which limited partners are unable to redeem their positions. Distributions are received as the partnerships liquidate the underlying assets of the funds.
- (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.

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- (6) This includes private partnerships that invest in venture capital, leverage buyouts, private placements, and other investments. The private partnerships typically have a life cycle of 10 to 15 years during which limited partners are unable to redeem their positions. Distributions are received as the partnerships liquidate the underlying assets of the funds.
- (7) This includes ten and seven closed-end real estate funds that invest in U.S. real estate at June 30, 2022 and 2021. The funds generally have initial terms of eight to ten years during which limited partners are unable to redeem their positions. Distributions are received as the funds liquidate the underlying assets.
- (8) This includes four and five 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, 2022 and 2021, 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, 2022 and 2021. Redemption frequency for this investment is quarterly with 45 days' notice.
- (10) This includes one liquidating hedge fund that invested in equity long/short strategies at June 30, 2021. Distributions are received as the funds liquidate the underlying assets.
- (11) This includes one active hedge fund of funds manager, valued at \$619,099 and \$625,587, at June 30, 2022 and 2021, 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 loans at June 30, 2022 and 2021. Limited partners in this fund are unable to redeem their positions and distributions are received as the fund liquidates the underlying assets.
- (13) This includes ten funds that seek to make investments in real assets at June 30, 2022 and 2021. Limited partners in these funds are generally unable to redeem their positions 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.

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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, 2022 and 2021.

(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 Aggregate Bond index, US Treasury STRIPS 20+ Year index, Bloomberg Treasury 1-3 Year index, Bloomberg US TIPS index, Bloomberg Inflation Linked Bonds index, S&P LSTA Leveraged Loan index, JP Morgan Emerging Markets Bond index, and the Intercontinental Exchange Bank of America High Yield index.

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

	_	202	22	202	21
Investment		Fair value	Effective weighted duration	Fairvalue	Effective weighted duration
investment		Fair value	rate (Years)	Fair value	rate
			(Years)		(Years)
Asset-backed securities	\$	651,727	3.10	598,095	1.33
Commercial mortgage – backed securities		342,068	2.33	293,683	2.93
Corporate bonds and other credits		8,524,904	3.93	8,305,066	6.08
U.S. government bonds		5,622,597	14.64	6,337,438	15.12
U.S. government agencies		73,356	1.98	65,497	2.78
U.S. government TIPS		3,028,434	6.94	3,367,749	7.56
U.S. government mortgage – backed					
securities		1,571,083	6.25	1,630,294	4.90
Global inflation linked bonds		221,162	8.04	302,040	8.01
Municipal bonds		52,931	9.86	75,183	8.75
Pooled money market fund (1)		1,671,652	N/A	2,636,783	N/A
Other pooled funds (2)	_	4,080,621	N/A	4,187,942	N/A
Total fixed income and					
short-term investments	\$_	25,840,535		27,799,770	
Securities lending collateral investments:					
Pooled money market fund (1)		121,946	N/A	176,581	N/A
Repurchase agreements (1)	_		N/A	25,000	N/A
Total securities lending					
collateral investments	\$_	121,946		201,581	

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

(c) Credit Risk

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

⁽²⁾ Other pooled funds have a weighted average maturity of approximately two years at June 30, 2022 and 2021.

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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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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, 2022 and 2021, respectively. The following tables present the PRIT Fund's fixed-income securities credit ratings at June 30:

						202	22		
		Total		Ir	vestment grad	le	Noninvestr	nent grade	
Investment		fair value	_	AAA	AA+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Not rated
Asset-backed securities	\$	651,727		30,610	106,494	6,987	15,731	230,178	261,727
Commercial mortgage-backed securities		342,068		190,083	28,213	932	18,900	34,621	69,319
Corporate bonds and other credits		8,524,904		371,400	1,163,529	1,597,478	1,647,554	431,205	3,313,738
U.S. government agencies		73,356		_	25,683	· · · —	· · · —	· —	47,673
U.S. government mortgage-backed securities		1,398,808		125,098	729,757	19	_	_	543,934
Global inflation linked bonds		221,162		31,776	117,027	62,211	543	_	9,605
Municipal bonds		52,931		2,536	46,351	3,574	470	_	_
Pooled money market fund		1,671,652		_	_	_	_	_	1,671,652
Other pooled funds	_	4,080,621							4,080,621
Total credit risk, fixed income, and short-term									
investments		17,017,229	\$_	751,503	2,217,054	1,671,201	1,683,198	696,004	9,998,269
Fixed income investments explicitly									
backed by the U.S. government	_	8,823,306							
Total fixed income and short-term investments	\$_	25,840,535							
Securities lending collateral investments:									
Pooled money market fund	\$_	121,946		121,946					
Total securities lending collateral investments	\$	121,946		121,946	_	_	_	_	_

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					2021						
		Total		Ir	vestment grad	le	Noninvestr	nent grade			
Investment	_	fair value		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:											
•	\$	176,581		176,581	_	_	_	_	_		
Repurchase agreements	_	25,000	_		25,000						
Total securities lending collateral investments	\$	201,581		176,581	25,000	_	_	_	_		

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(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):

				2022			
	Cash and			Portfolio			
	short-term		Fixed	completion	Private equity	Timberland	
	investments	Equity	income	strategies	investments	investments	Total
Australian Dollar	\$ 4,187	550,285	8,757	(4,358)	_	395,566	954,437
Brazilian Real	2,364	133,824	89,987	106,701	_	· –	332,876
British Pound	10,014	1,710,668	216,163	104,517	80,413	_	2,121,775
Canadian Dollar	13,685	886,788	21,741	26,466	4,374	_	953,054
Chinese Yuan	355	166,412	· —	172,868	· —	_	339,635
Euro	50,939	2,565,328	254,010	140,502	1,802,466	_	4,813,245
Hong Kong Dollar	4,887	1,222,456	· —	(2,000)	· · · —	_	1,225,343
Indian Rupee	970	449,475	_	759	_	_	451,204
Japanese Yen	30,660	2,294,051	24,427	159,646	_	_	2,508,784
New Taiw an Dollar	941	416,779	24	227	_	_	417,971
South Korean Won	3,768	503,287	11,002	16,188	_	_	534,245
Sw edish Krona	6,078	378,498	5,516	510	_	_	390,602
Swiss Franc	19,490	704,040	· —	(3,260)	_	_	720,270
Other foreign currencies	45,559	1,274,592	17,261	13,360	_	_	1,350,772
Total securities subject to foreign currency risk	193,897	13.256,483	648,888	732,126	1,887,253	395,566	17,114,213
currency risk	193,097	13,230,403	040,000	732,120	1,007,233	393,300	17,114,213
International investments denominated in U.S. dollars		1,355,142	1,709,439			226,040	3,290,621
Total international investments and cash deposits	\$ 193,897	14.611,625	2,358,327	732,126	1,887,253	621,606	20,404,834

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				2021			
	Cash and			Portfolio			
	short-term investments	Equity	Fixed income	completion strategies	Private equity investments	Timberland investments	Total
	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 Taiw an Dollar	1,063	631,233	_	42	_	_	632,338
South Korean Won	4,952	710,211	19,795	51,839	_	_	786,797
Sw edish Krona	3,897	619,012	5,731	1,701	_	_	630,341
Sw iss 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	§ <u>190,463</u>	17,395,877	2,832,540	599,483	1,713,069	606,472	23,337,904

(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, 2022 and 2021.

(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.

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(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, 2022 and 2021, 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 PRIT Fund is indemnified in the event that the lending agent 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 lending agent default during the years ended June 30, 2022 and 2021.

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, 2022 and 2021, the fair value of securities on loan was \$841,435 and \$415,901, respectively, and the associated collateral received in cash was \$872,820 and \$451,560, 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, 2022 and 2021.

For the years ended June 30, 2022 and 2021, in accordance with the Securities Lending Agency Agreement, the PRIT Fund loaned \$750,000 of the cash collateral to the LLC to invest in real estate investments. \$250,000 of the loans mature on March 10, 2027 and can be prepaid at any time. Interest is paid monthly in arrears at a per annum rate equal to LIBOR. \$500,000 of the loans mature on November 18, 2031 and can be prepaid at any time. Interest is paid monthly in arrears at a per annum rate as agreed to by the parties. As these are inter-entity loans, they have been eliminated in consolidation in the accompanying financial statements. The fair value of the remaining cash collateral reinvested was \$121,946 and \$201,581 at June 30, 2022 and 2021, respectively, and is reported as securities lending collateral in the accompanying statements of pooled net position.

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(6) Real Estate Debt

(a) Notes Payable

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

	 2022	2021
Senior unsecured term loan	\$ _	500,000
Senior unsecured notes	 525,000	525,000
Total	\$ 525,000	1,025,000

Scheduled long-term maturities of existing indebtedness at June 30, 2022 in each of the next five years and in the aggregate thereafter are as follows:

		Amount
Year ending June 30:	Φ.	475.000
2023 2024	\$	175,000
2025		150,000
2026		——————————————————————————————————————
2027		_
2028–2032		200,000
	\$	525,000

(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 was 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, the applicable rate was 1.15%.

(ii) Senior Unsecured Notes

On February 14, 2013, the LLC 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.

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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, 2022 and 2021.

(b) Mortgage Loans Payable

The LLC had six and nine property-level mortgage loans payable as of June 30, 2022 and 2021, respectively. The mortgages have a weighted average interest rate of 3.57% and 3.50% and a weighted average maturity of 6.0 and 4.6 years at June 30, 2022 and 2021, respectively. The following table presents the face value of mortgage loans payable at June 30:

	 2022	2021
Mortgage loans payable	\$ 343,387	381,686
Total	\$ 343,387	381,686

(c) Other Liabilities

The LLC had other liabilities of \$6,911 and \$50,833 as of June 30, 2022 and 2021, 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. 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.

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Contracts for differences held at June 30 were as follows:

	2022								
Description	Number of contracts		Gross notional amount	Fair value of contracts	Unrealized appreciation (depreciation)				
Long exposure Short exposure	21,677,450 (1,283,209)	\$_	85,327 (44,548)	82,381 (39,198)	(2,946) 5,350				
Total exposure		\$_	40,779	43,183	2,404				

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

For the years ended June 30, 2022 and 2021, the change in net unrealized appreciation (depreciation) on contracts for differences was \$523 and \$(151), 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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Foreign currency exchange contracts open at June 30 (in U.S. dollars) were as follows:

		2	2022		
		Aggregate	Delivery	Unrealized	Unrealized
	Fair value	face value	date(s)	gains	losses
Foreign currency exchange					
contracts purchased:					
Australian Dollar	122,589	125,995	7/1/22-3/15/23 \$	3,406	_
Brazilian Real	170,398	173,102	7/1/22-3/30/23	2,704	_
Chilean Peso	20,491	22,887	9/21/22	2,396	_
British Pound	700,800	715,032	7/1/22-3/15/23	14,232	_
Chinese Yuan	1,231,776	1,247,559	7/5/22-6/21/23	15,783	_
Euro	841,136	854,022	7/1/22-4/5/23	12,886	_
Israeli Shekel	107,118	111,211	7/1/22-5/3/23	4,093	_
Indian Rupee	284,605	288,796	7/5/22-6/26/23	4,191	_
Japanese Yen	379,939	410,715	7/1/22-5/23/23	30,776	_
New Taiwan Dollar	130,266	132,928	7/1/22-2/7/24	2,662	_
Philippines Peso	358,675	373,030	7/1/22-4/12/23	14,355	_
Singapore Dollar	488,427	496,346	7/1/22-9/25/23	7,919	_
South Korean Won	172,623	180,806	7/5/22-8/10/23	8,183	_
Other foreign currencies	1,874,911	1,884,878	7/1/22-6/21/23	10,983	(1,016)
Foreign currency exchange					
contracts sold:					
Australian Dollar	104,407	106,791	7/1/22-12/21/22	_	(2,384)
Brazilian Real	125,486	132,049	7/1/22-11/9/22		(6,563)
Chilean Peso	34,229	37,885	9/21/22	_	(3,656)
Chinese Yuan	1,125,990	1,142,410	7/5/22-6/21/23	_	(16,420)
Euro	496,264	499,751	7/1/22-4/5/23	_	(3,487)
Indian Rupee	328,091	332,754	7/5/22-3/20/24	_	(4,663)
Japanese Yen	193,214	196,299	7/1/22-5/23/23	_	(3,085)
New Taiwan Dollar	74,236	76,889	7/1/22-2/7/24	_	(2,653)
Philippines Peso	331,016	344,178	7/1/22-3/22/23	_	(13,162)
Singapore Dollar	665,745	670,881	7/1/22-9/25/23	_	(5,136)
South African Rand	149,973	154,205	7/5/22-5/31/23	_	(4,232)
Other foreign currencies	2,300,675	2,315,587	7/1/22-8/10/23	408	(15,320)
Total			\$	134,977	(81,777)

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		2	2021		
	Fair value	Aggregate face value	Delivery date(s)	Unrealized gains	Unrealized losses
	raii value	lace value	uale(5)	yanıs	105565
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)

For the years ended June 30, 2022 and 2021, the change in net unrealized appreciation (depreciation) on foreign currency exchange contracts was \$52,312 and \$879, 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 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.

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Futures contracts held at June 30 were as follows:

				2022		
Description	Number of contracts	Expiration date		Gross notional amount	Fair value of contracts	Unrealized appreciation (depreciation)
Short cash and cash equivalents:						
Euro FX currency	(315)	9/22	\$	(41,493)	(40,495)	998
90-Day Eurodollar	(871)	12/22-9/25	Ψ	(210,967)	(211,768)	(801)
Other short cash and cash equivalents	(2,789)	7/22-3/25		(692,477)	(692,342)	135
Long cash and cash equivalents:	(2,.00)	.,22 0,20		(002,)	(002,012)	.00
3-Month Euribor	837	12/23-6/24		214,620	215,531	911
Euro FX currency	288	9/22		38,881	37,937	(944)
Other long cash and cash equivalents	2,853	6/22-12/24		512,517	510,986	(1,531)
Short fixed income:	2,000	0/22 12/21		012,011	010,000	(1,001)
Australian 3-Yr Treasury Bond	(1,255)	9/22		(92,738)	(93,912)	(1,174)
Euro-BOBL	(174)	9/22		(23,511)	(22,591)	920
Euro-BUND	(193)	9/22		(31,393)	(30,020)	1,373
US 2-Yr Treasury Notes	(2,818)	9/22		(591,839)	(589,455)	2,384
US 5-Yr Treasury Notes	(2,487)	9/22		(279, 124)	(277,331)	1,793
US 10-Yr Treasury Notes	(2, 124)	9/22		(251,731)	(248,930)	2,801
Other short fixed income	(2,283)	8/22-3/24		(368,929)	(368,742)	187
Long fixed income:	(2,200)	0/22 0/2 1		(000,020)	(000,1 12)	101
Euro-BTP	169	9/22		22,945	21,753	(1,192)
US 2-Yr Treasury Notes	746	9/22		157,380	156,586	(794)
US 10-Yr Treasury Notes	1.738	9/22		207,165	206,007	(1,158)
Ultra US 10-Yr Treasury Notes	527	9/22		67,879	67,127	(752)
Ultra US Treasury Bond	633	9/22		98,494	97,723	(771)
Other long fixed income	5,335	8/22-3/23		623,958	625,141	1,183
Short equity and commodities:	0,000	0/22 0/20		020,000	020,111	1,100
Metal	(323)	7/22-10/22		(31,924)	(28,718)	3,206
Other short equity and commodities	(1,626)	6/22-10/22		(77,804)	(76,131)	1,673
Long equity and commodities:	(1,020)	0,22 .0,22		(11,001)	(, 0, , 0 ,)	.,0.0
Agriculture	585	7/22-12/22		29,022	28,001	(1,021)
Metal	248	7/22-9/22		26,174	21,843	(4,331)
Oil and gas	343	7/22-11/22		34,637	30,562	(4,075)
MSCI EAFE Index	1,949	9/22		183,940	180,926	(3,014)
MSCI Emerging Markets Index	2,807	9/22		142,025	140,729	(1,296)
Russell 2000 Mini Index	412	9/22		36,836	35,185	(1,651)
S&P 500 E-mini Index	3,621	9/22		680,258	686,089	5,831
S&P Midcap 400 E-mini Index	154	9/22		36,650	34,927	(1,723)
S&P/TSX 60 Index	227	9/22		42,802	40,210	(2,592)
TOPIX Index	219	8/22-9/22		32,003	30,057	(1,946)
Other long equity and commodities	3,872	7/22-12/22	_	145,509	143,563	(1,946)
Total futures exposure			\$_	639,765	630,448	(9,317)

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(Dollars in thousands)

2021 Unrealized Number of Expiration notional Fair value appreciation Description contracts date amount of contracts (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: 2,366 Australian 3-Yr Treasury Bond (908)9/21 (81,773)(79.407)Euro-BOBL (217)9/21 (35,611) (34,522)1,089 Furo-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 9/21 93,692 92,936 (756)68 US Long Bond 686 9/21 108,006 110.275 2.269 Ultra US Treasury Bond 621 9/21 115,275 119,659 4,384 645,502 644,565 Other long fixed income 4,542 9/21 (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 72,282 69,640 1,448 9/21 (2,642)FTSE 100 Index 9/21 51,190 49,566 (1,624)514 MSCIEAFE 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 9/21 332 65,215 64,491 (724)TOPIX Index 39,949 39,039 223 9/21 (910)1,006,777 7/21-12/21 Other long equity and commodities 509,186 506,488 (2,698)

For the years ended June 30, 2022 and 2021, the change in net unrealized appreciation (depreciation) on futures contracts was \$(1,376) and \$(14,194), respectively.

Total futures exposure

37 (Continued)

895,280

887,339

(7,941)

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Notes to Financial Statements

June 30, 2022 and 2021

(Dollars in thousands)

(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, 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:

			2022			
Description	PRIT pays/receives interest rate	PRIT pays/receives index/ protection	Maturity date		Gross notional amount	Net unrealized appreciation (depreciation)
Interest rate swaps	-0.45%-13.54%	Various*	7/22-6/57	\$	27,118,880	57,637
Credit default swaps	0.11%–16.20%	Credit default protection	7/22-12/72		4,018,177	(126,939)
Total return and other swaps	Variable	Various*	7/22-6/52	_	413,860	(21,458)
Total swaps				\$	31,550,917	(90,760)

^{*} PRIT pays/receives counterparty based on 1-Week CNY, 1-Month AUD Fixing Rate, 1-Month HKD, 1-Month USD LIBOR, 3-Month AUD Fixing Rate, 3-Month CDOR, 3-Month HKD, 3-Month JIBAR, 3-Month JPY DTIBOR, 3-Month KRW CD Rate, 3-Month MYR, 3-Month NZD Bank Bill, 3-Month NZD Fixing Rate, 3-Month PRIBOR, 3-Month TELBOR, 3-Month TWD TWCPBA 3-Month USD LIBOR, 3-Month WIBOR, 6-Month AUD Fixing Rate, 6-Month BUBOR, 6-Month Euribor, 6-Month JPY LIBOR, 6-Month PRIBOR, 6-Month SGD, 6-Month WIBOR, AUD O/N OIS Rate, Brazil CDI rate, CPI inflation rate, Euro short-term rate, Eurozone HICP rate, INR OIS ON, JPY ON, Mexican TIIE rate, MIBOR, NZD ON OIS Rate, NZDOND, SOFR, SONIA, SORA, THB ON Repo Rate, UK RPI rate, USD FED Fund rate.

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Notes to Financial Statements
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(Dollars in thousands)

			2021			
Description	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 KWCDC, 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 KWCDC, 6-Month JPY LIBOR, 6-Month MIBOR, 6-Month PRIBOR, 6-Month SIBOR, 6-Month SOR, 6-Month THBFIX, 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.

For the years ended June 30, 2022 and 2021, the change in net unrealized appreciation (depreciation) on swap contracts was \$(7,008) and \$(879), respectively.

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

					202	2		
		_		st rate	Credit d		Total retu	
		_	swa		swa		other s	_
	Credit		Gross	Fair	Gross	Fair	Gross	Fair
Counterparty	rating		notional	value	notional	value	notional	value
Barclays Bank PLC	Α	\$	65,406	331	616,832	2,285	_	_
BNP Paribas SA	A+		_	_	40,963	(23,534)	_	_
CME Group	AA-		148,902	(6,094)	_		_	_
Goldman Sachs & Co	A+		686,689	46,530	2,634,224	(10,925)	_	_
Goldman Sachs International	A+		_	_	97,459	(17,951)	25,524	375
Intercontinental Exchange	A-		_	_	112,104	(3,654)	_	_
JMP Securities LLC	A+		_	_	49,527	(17,979)	_	_
JPMorgan Chase Bank NA	A+		317,506	18,490	54,557	(13,579)	269,137	(18,298)
JP Morgan Securities LLC	A+		24,461,829	(8,060)	62,239	4,951	1,531	(39)
LCH Ltd	AA-		198,982	(2,448)	_	_	90,425	(644)
Morgan Stanley & Co Intl PLC	A+		20,011	451	91,580	(22,181)	415	(29)
Morgan Stanley Capital Services	A+		_	_	203,155	(24,796)	12,500	178
SMBC Capital Markets Inc.	A+		250,000	6,640	_	_	_	_
All others	Various		969,555	1,797	55,537	424	14,328	(3,001)
		\$_	27,118,880	57,637	4,018,177	(126,939)	413,860	(21,458)

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(Dollars in thousands)

			2021							
	_			st rate	Credit d		Total return and			
		_	swa		swa		other swaps			
Counterparty	Credit rating		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. U.S. Bank National	A+		250,000	(18,429)	_	_	_	_		
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.

(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 \$257,331 and \$164,076 for the years ended June 30, 2022 and 2021, respectively. \$183,403 and \$114,034 were incurred by the PRIM Board for the years ended June 30, 2022 and 2021, 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.

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

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Notes to Financial Statements

June 30, 2022 and 2021

(Dollars in thousands)

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 private 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 2022. 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 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, 2022 and 2021, investment advisory fees were \$15,059 and \$13,049, respectively, which are included in investment management and other management fees in the accompanying statements of changes in pooled net position.

(A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements

June 30, 2022 and 2021

(Dollars in thousands)

(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, 2022 and 2021, custodian fees were \$936 and \$1,672, 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, 2022 and 2021, other administrative expenses of the PRIM Board, including employee compensation, professional fees and occupancy costs, charged to the PRIT Fund totaled \$22,603 and \$20,147, 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, 2022 and 2021, the PRIT Fund had outstanding unfunded commitments to invest \$8,449,398 and \$7,444,345, respectively, in private 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, 2022 through December 1, 2022, the date on which the financial statements were available to be issued.

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PENSION RESERVES INVESTMENT TRUST FUND

(A Component Unit of the Commonwealth of Massachusetts)

Schedule of Pooled Net Position – Capital Fund and Cash Fund

June 30, 2022

(Dollars in thousands)

		Capital Fund	Cash Fund	Total
Assets:				
Investments, at fair value:				
Short-term	\$	1,467,244	168,320	1,635,564
Fixed income		20,686,408	· —	20,686,408
Equity		33,243,865	_	33,243,865
Timberland		2,904,110	_	2,904,110
Private equity funds		16,837,964	_	16,837,964
Real estate:				
Real estate properties		9,796,738	_	9,796,738
Equity		1,336,488	_	1,336,488
Real estate funds		481,793	_	481,793
Other		75,973		75,973
Total real estate	· -	11,690,992		11,690,992
Portfolio completion strategies:				
Investment funds		2,303,551	_	2,303,551
Equity		2,285,915	_	2,285,915
Fixed income		3,518,563	_	3,518,563
Cash and cash equivalents		1,106,108	_	1,106,108
Agricultural investments		592,878		592,878
Total portfolio completion strategies		9,807,015		9,807,015
Total investments		96,637,598	168,320	96,805,918
Cash		254,297	107	254,404
Securities lending collateral		121,946	_	121,946
Interest and dividends receivable		233,962	269	234,231
Receivable for investments sold and other assets		727,187	_	727,187
Securities sold on a when-issued basis		398,418	_	398,418
Foreign currency forward contracts		134,977		134,977
Total assets		98,508,385	168,696	98,677,081
Liabilities:				
Securities sold short and other liabilities, at fair value:				
Portfolio completion strategies liabilities		2,172,680	_	2,172,680
Fixed income	-	14,747		14,747
Total securities sold short and other liabilities	-	2,187,427		2,187,427
Payable for investments purchased and other liabilities		1,198,502	_	1,198,502
Real estate debt and other liabilities		875,298	_	875,298
Securities lending obligations		872,820	_	872,820
Securities purchased on a when-issued basis		915,314	_	915,314
Foreign currency forward contracts		81,777	_	81,777
Management fees payable to PRIM	•	116,888		116,888
Total liabilities		6,248,026		6,248,026
Net position held in trust for pool participants	\$	92,260,359	168,696	92,429,055

See accompanying independent auditors' report.

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PENSION RESERVES INVESTMENT TRUST FUND

(A Component Unit of the Commonwealth of Massachusetts)

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

Year ended June 30, 2022

(Dollars in thousands)

Additions: Contributions: State employees \$		<u>-</u>	Capital Fund	Cash Fund	Total
State employees \$ — 888,181 1058,832 1,058,832 1,058,832 2,425,078 31,058,832 2,425,078 1,058,832 2,425,078 1,058,832 2,425,078 1,058,832 2,425,078 1,058,832 2,425,078 2,425,078 Total contributions - - 4,342,091 4,342,091 Net investment activities: - - 4,831,600 - 4,831,600 Net realized gain on investments and foreign currency transactions 4,831,600 - 4,831,600 Net realized gain on investments and foreign currency transactions 621,361 725 622,086 Net realized gain on investments and foreign currency transactions 621,361 725 622,086 Dividends 910,551 - 41,557 - 910,551 Interest 621,341 725 622,086 - 150,551 Private equity 134,133 - 134,133 - 154,135 Portfolic completion strategies 594,530 - 594,530 - 594,530 Expenses (2231,520) - (231,520) -	Additions:				
Salate leachers					
Other participants — 2,425,078 2,425,078 Total contributions — 4,342,091 4,342,091 Net investment income (loss): — 4,831,600 — 4,831,600 Net realized gain on investments and foreign currency transactions 4,831,600 — 4,831,600 Net change in unrealized depreciation on investments and foreign currency transactions (9,901,811) — (9,901,811) Interest 621,386 725 622,086 Dividends 910,551 — 910,551 Timberland 41,557 — 910,551 Timberland 41,557 — 910,551 Private equity 134,138 — 134,138 Portfolic completion strategies 50,980 — 50,980 Real estate: — — 594,530 — 594,530 Expenses (231,520) — 6,359 — 6,239 Investment management activities (2,948,614) 725 (2,947,889) Investment (loss) income from investment activities	State employees	\$	_	858,181	858,181
Total contributions — 4,342,091 4,342,091 Net investment income (loss): From investment activities: From investment activities: 4,831,600 — 4,831,600 Net realized gain on investments and foreign currency translations 4,931,600 — 4,831,600 Net change in unrealized depreciation on investments and foreign currency translations (9,901,811) — (9,901,811) Interest 621,361 725 622,086 Dividends 910,551 — 910,551 Timberland 41,557 — 910,551 Timberland 41,557 — 910,551 Private equity 134,133 — 134,133 Portfolio completion strategies 50,980 — 50,980 Real estate (231,520) — (231,520) Total real estate 363,010 — 363,010 (Loss) income from investment activities (2,948,614) 725 (2,947,889) Investment management and other management fees (295,929) — (2,255,929) Net (foss) inc	State teachers		_	1,058,832	1,058,832
Net investment income (loss): From investment activities: 4,831,600 — 4,831,600 Net realized gain on investments and foreign currency translations (9,901,811) — (9,901,811) Net change in unrealized depreciation on investments and foreign currency translations (9,901,811) — (9,901,811) Interest 622,361 725 622,086 Dividends 910,551 — 910,551 Timberland 41,557 — 41,557 Private equity 134,138 — 134,138 Portfolic completion strategies 50,980 — 50,980 Real estate: Income 594,530 — 594,530 Expenses (231,520) — 231,520 Total real estate 363,010 — 363,010 (Loss) income from investment activities (2,948,614) 725 (2,947,889) Investment management and other management fees (295,929) — (295,929) Net (loss) income from investment activities (3,244,543) 725 (3,243,816) From	Other participants	-		2,425,078	2,425,078
From investment activities: Net realized gain on investments and foreign currency transactions 4,831,600 — 4,831,600 Net change in unrealized depreciation on investments and foreign (9,901,811) — (9,901,811) (1,000,000) (1	Total contributions	-		4,342,091	4,342,091
Net realized gain on investments and foreign currency transactions Net change in unrealized depreciation on investments and foreign currency translations 4,831,600 — 4,831,600 90,901,811 — (9,901,811) — (1,05,51) — (1,05,51) — (1,05,50) — (2,908) — (2,908) — (2,91,500) — (2,91,500) — (2,91,500) — (2,91,500) — (2,91,500) — (2,91,500) — (2,91,500) — (2,91,500) — (2,91,500) — (2,91,500) — (2,91,500)	` ,				
Interest 621,361 725 622,086 Dividends 910,551 — 910,551 Timberland 41,557 — 41,557 Private equity 134,138 — 134,138 Portfolio completion strategies 50,980 — 50,980 Real estate: — 594,530 — 594,530 Expenses (231,520) — (231,520) Total real estate 363,010 — 363,010 (Loss) income from investment activities (2,948,614) 725 (2,947,889) Investment management and other management fees (295,929) — (295,929) Net (loss) income from investment activities (3,244,543) 725 (3,243,818) From securities lending activities: — 6,359 — 6,359 Securities lending securities lending activities 4,073 — 4,073 Securities lending expenses (2,286) — 4,073 Total (deductions) additions (3,240,470) 725 (3,239,745)	• • • • • • • • • • • • • • • • • • • •		4,831,600	_	4,831,600
Interest 621,361 725 622,086 Dividends 910,551 — 910,551 Timberland 41,557 — 41,557 Private equity 134,138 — 134,138 Portfolio completion strategies 50,980 — 50,980 Real estate: — 594,530 — 594,530 Expenses (231,520) — (231,520) Total real estate 363,010 — 363,010 (Loss) income from investment activities (2,948,614) 725 (2,947,889) Investment management and other management fees (295,929) — (295,929) Net (loss) income from investment activities (3,244,543) 725 (3,243,818) From securities lending activities: — 6,359 — 6,359 Securities lending securities lending activities 4,073 — 4,073 Securities lending expenses (2,286) — 4,073 Total (deductions) additions (3,240,470) 725 (3,239,745)	currency translations		(9,901,811)	_	(9,901,811)
Timberland 41,557 — 41,557 Private equity 134,138 — 134,138 Portfolio completion strategies 50,980 — 50,980 Real estate: — 594,530 — 594,530 Expenses (231,520) — 594,530 Expenses (231,520) — 363,010 Total real estate (2,948,614) 725 (2,947,889) Investment analysement activities (2,948,614) 725 (2,947,889) Investment management and other management fees (295,929) — (295,929) Net (loss) income from investment activities (3,244,543) 725 (3,243,818) From securities lending activities: — 6,359 — 6,359 Securities lending expenses (2,286) — 4,073 Net income from securities lending activities 4,073 — 4,073 Total (deductions) additions (3,240,470) 725 (3,239,745) Total (deductions) additions (3,240,470) 4,342,816 1,509,	Interest		621,361	725	622,086
Private equity 134,138 — 134,138 Portfolio completion strategies 50,980 — 50,980 Real estate: — 594,530 — 594,530 Income 594,530 — 594,530 Expenses (231,520) — (231,520) Total real estate 363,010 — 363,010 (Loss) income from investment activities (295,929) — (295,929) Net (loss) income from investment activities (3,244,543) 725 (3,243,818) From securities lending activities: — 6,359 — 6,359 Securities lending income 6,359 — 6,359 Securities lending expenses (2,286) — 4,073 At income from securities lending activities 4,073 — 4,073 Total net investment (loss) income (3,240,470) 725 (3,239,745) Total (deductions) additions — 1,509,113 1,509,113 State employees — 1,509,113 1,509,113	Dividends		910,551	_	910,551
Portfolio completion strategies 50,980 — 50,980 Real estate: 10,000 594,530 — 594,530 Expenses (231,520) — (231,520) Total real estate 363,010 — 363,010 (Loss) income from investment activities (2,948,614) 725 (2,947,889) Investment management and other management fees (295,929) — (295,929) Net (loss) income from investment activities (3,244,543) 725 (3,243,818) From securities lending activities: — 6,359 — 6,359 Securities lending income 6,359 — 6,359 Securities lending expenses (2,286) — 4,073 Net income from securities lending activities 4,073 — 4,073 Total cleductions) additions (3,240,470) 725 (3,239,745) Total (deductions) additions (3,240,470) 4,342,816 1,109,113 State employees — 1,507,198 1,507,198 Other participants — <td< td=""><td>Timberland</td><td></td><td>41,557</td><td>_</td><td>41,557</td></td<>	Timberland		41,557	_	41,557
Real estate: 594,530 — 594,530 Expenses (231,520) — 594,530 Total real estate 363,010 — 363,010 (Loss) income from investment activities (2,948,614) 725 (2,947,889) Investment management and other management fees (295,929) — (295,929) Net (loss) income from investment activities (3,244,543) 725 (3,243,818) From securities lending activities: — 6,359 — 6,359 Securities lending income 6,359 — (2,286) Net income from securities lending activities 4,073 — 4,073 Total net investment (loss) income (3,240,470) 725 (3,239,745) Total (deductions) additions (3,240,470) 4,342,816 1,102,346 Deductions: — 1,509,113 1,509,113 State employees — 1,509,113 1,507,198 State eachers — 1,355,825 1,355,825 Other participants — 4,372,136 4,372,136 <td>Private equity</td> <td></td> <td>134,138</td> <td>_</td> <td>134,138</td>	Private equity		134,138	_	134,138
Income 594,530 — 594,530 Expenses (231,520) — (231,520) Total real estate 363,010 — 363,010 (Loss) income from investment activities (2,948,614) 725 (2,947,889) Investment management and other management fees (295,929) — (295,929) Net (loss) income from investment activities (3,244,543) 725 (3,243,818) From securities lending activities: — 6,359 — 6,359 Securities lending expenses (2,286) — (2,286) Net income from securities lending activities 4,073 — 4,073 Total net investment (loss) income (3,240,470) 725 (3,239,745) Total (deductions) additions (3,240,470) 4,342,816 1,102,346 Deductions: — 1,509,113 1,509,113 State employees — 1,509,113 1,509,113 State employees — 1,507,198 1,507,198 Other participants — 1,355,825 1,355,825<	Portfolio completion strategies		50,980	_	50,980
Expenses (231,520) — (231,520) Total real estate 363,010 — 363,010 (Loss) income from investment activities (2,948,614) 725 (2,947,889) Investment management and other management fees (295,929) — (295,929) Net (loss) income from investment activities (3,244,543) 725 (3,243,818) From securities lending activities: — 6,359 — 6,359 Securities lending expenses (2,286) — 4,073 Net income from securities lending activities 4,073 — 4,073 Total net investment (loss) income (3,240,470) 725 (3,239,745) Total (deductions) additions (3,240,470) 4,342,816 1,102,346 Deductions: — 1,509,113 1,509,113 State employees — 1,509,113 1,509,113 State eachers — 1,507,198 1,507,198 Other participants — 1,355,825 1,355,825 Total deductions — 4,372,136	Real estate:				
Total real estate 363,010 — 363,010 (Loss) income from investment activities (2,948,614) 725 (2,947,889) Investment management and other management fees (295,929) — (295,929) Net (loss) income from investment activities (3,244,543) 725 (3,243,818) From securities lending activities: Securities lending income 6,359 — 6,359 Securities lending expenses (2,286) — (2,286) Net income from securities lending activities 4,073 — 4,073 Total net investment (loss) income (3,240,470) 725 (3,239,745) Total (deductions) additions (3,240,470) 725 (3,239,745) Total (deductions) additions (3,240,470) 4,342,816 1,102,346 Deductions: Redemptions: — 1,509,113 1,509,113 State employees — 1,507,198 1,507,198 Other participants — 1,355,825 1,355,825 Total deductions — 4,372,136 4,372,136<	Income		,	_	594,530
(Loss) income from investment activities (2,948,614) 725 (2,947,889) Investment management and other management fees (295,929) — (295,929) Net (loss) income from investment activities (3,244,543) 725 (3,243,818) From securities lending activities: Securities lending income 6,359 — 6,359 Securities lending expenses (2,286) — (2,286) Net income from securities lending activities 4,073 — 4,073 Total net investment (loss) income (3,240,470) 725 (3,239,745) Total (deductions) additions (3,240,470) 4,342,816 1,102,346 Deductions: State employees — 1,509,113 1,509,113 State employees — 1,507,198 1,507,198 Other participants — 1,507,198 1,507,198 Other participants — 4,372,136 4,372,136 Interfund transfers (out) in, net (56,249) 56,249 — Net (decrease) increase in pooled net position (3,296,719) 26,929 (Expenses	-	(231,520)		(231,520)
Investment management and other management fees	Total real estate	-	363,010		363,010
Net (loss) income from investment activities (3,244,543) 725 (3,243,818) From securities lending activities: 8 5 6,359 6,249 6,289 6,289 7,072 3,239,745 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,	(Loss) income from investment activities		(2,948,614)	725	(2,947,889)
From securities lending activities: 6,359 — 6,359 Securities lending income 6,359 — 6,359 Securities lending expenses (2,286) — (2,286) Net income from securities lending activities 4,073 — 4,073 Total net investment (loss) income (3,240,470) 725 (3,239,745) Total (deductions) additions (3,240,470) 4,342,816 1,102,346 Deductions: State employees — 1,509,113 1,509,113 State employees — 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,355,825 1,3	Investment management and other management fees	-	(295,929)		(295,929)
Securities lending income 6,359 — 6,359 Securities lending expenses (2,286) — (2,286) Net income from securities lending activities 4,073 — 4,073 Total net investment (loss) income (3,240,470) 725 (3,239,745) Total (deductions) additions (3,240,470) 4,342,816 1,102,346 Deductions: Redemptions: State employees — 1,509,113 1,509,113 1,509,113 1,509,113 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,355,825 1,355,825 1,355,825 1,355,825 1,355,825 1,355,825 1,355,825 1,355,825 1,355,825 1,355,825 1,207,136 4,372,136	Net (loss) income from investment activities	-	(3,244,543)	725	(3,243,818)
Securities lending expenses (2,286) — (2,286) Net income from securities lending activities 4,073 — 4,073 Total net investment (loss) income (3,240,470) 725 (3,239,745) Total (deductions) additions (3,240,470) 4,342,816 1,102,346 Deductions: Redemptions: State employees — 1,509,113 1,509,113 State teachers — 1,507,198 1,507,198 Other participants — 1,355,825 1,355,825 Total deductions — 4,372,136 4,372,136 Interfund transfers (out) in, net (56,249) 56,249 — Net (decrease) increase in pooled net position (3,296,719) 26,929 (3,269,790) Net position held in trust for pool participants: — 95,557,078 141,767 95,698,845	From securities lending activities:				
Net income from securities lending activities 4,073 — 4,073 Total net investment (loss) income (3,240,470) 725 (3,239,745) Total (deductions) additions (3,240,470) 4,342,816 1,102,346 Deductions: Redemptions: State employees — 1,509,113 1,509,113 State teachers — 1,507,198 1,507,198 Other participants — 1,355,825 1,355,825 Total deductions — 4,372,136 4,372,136 Interfund transfers (out) in, net (56,249) 56,249 — Net (decrease) increase in pooled net position (3,296,719) 26,929 (3,269,790) Net position held in trust for pool participants: — 95,557,078 141,767 95,698,845	Securities lending income		6,359	_	6,359
Total net investment (loss) income (3,240,470) 725 (3,239,745) Total (deductions) additions (3,240,470) 4,342,816 1,102,346 Deductions: Redemptions: State employees — 1,509,113 1,509,113 State teachers — 1,507,198 1,507,198 Other participants — 1,355,825 1,355,825 Total deductions — 4,372,136 4,372,136 Interfund transfers (out) in, net (56,249) 56,249 — Net (decrease) increase in pooled net position (3,296,719) 26,929 (3,269,790) Net position held in trust for pool participants: 95,557,078 141,767 95,698,845	Securities lending expenses	-	(2,286)		(2,286)
Total (deductions) additions (3,240,470) 4,342,816 1,102,346 Deductions: Redemptions: State employees — 1,509,113 1,509,113 State teachers — 1,507,198 1,507,198 Other participants — 1,355,825 1,355,825 Total deductions — 4,372,136 4,372,136 Interfund transfers (out) in, net (56,249) 56,249 — Net (decrease) increase in pooled net position (3,296,719) 26,929 (3,269,790) Net position held in trust for pool participants: 95,557,078 141,767 95,698,845	Net income from securities lending activities	-	4,073		4,073
Deductions: Redemptions: 3 1,509,113 1,509,113 1,509,113 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,507,198 1,355,825 <td>Total net investment (loss) income</td> <td>-</td> <td>(3,240,470)</td> <td>725</td> <td>(3,239,745)</td>	Total net investment (loss) income	-	(3,240,470)	725	(3,239,745)
Redemptions: State employees — 1,509,113 1,509,113 State teachers — 1,507,198 1,507,198 Other participants — 1,355,825 1,355,825 Total deductions — 4,372,136 4,372,136 Interfund transfers (out) in, net (56,249) 56,249 — Net (decrease) increase in pooled net position (3,296,719) 26,929 (3,269,790) Net position held in trust for pool participants: Balance, beginning of year 95,557,078 141,767 95,698,845	Total (deductions) additions	-	(3,240,470)	4,342,816	1,102,346
State employees — 1,509,113 1,509,113 State teachers — 1,507,198 1,507,198 Other participants — 1,355,825 1,355,825 Total deductions — 4,372,136 4,372,136 Interfund transfers (out) in, net (56,249) 56,249 — Net (decrease) increase in pooled net position (3,296,719) 26,929 (3,269,790) Net position held in trust for pool participants: 95,557,078 141,767 95,698,845					
State teachers — 1,507,198 1,507,198 Other participants — 1,355,825 1,355,825 Total deductions — 4,372,136 4,372,136 Interfund transfers (out) in, net (56,249) 56,249 — Net (decrease) increase in pooled net position (3,296,719) 26,929 (3,269,790) Net position held in trust for pool participants: 8 141,767 95,698,845	•		_	1 509 113	1 509 113
Other participants — 1,355,825 1,355,825 Total deductions — 4,372,136 4,372,136 Interfund transfers (out) in, net (56,249) 56,249 — Net (decrease) increase in pooled net position (3,296,719) 26,929 (3,269,790) Net position held in trust for pool participants: 8 141,767 95,698,845	• •		_		, ,
Interfund transfers (out) in, net (56,249) 56,249 — Net (decrease) increase in pooled net position (3,296,719) 26,929 (3,269,790) Net position held in trust for pool participants: 95,557,078 141,767 95,698,845			_		, ,
Net (decrease) increase in pooled net position (3,296,719) 26,929 (3,269,790) Net position held in trust for pool participants: Balance, beginning of year 95,557,078 141,767 95,698,845	Total deductions	•	_	4,372,136	4,372,136
Net position held in trust for pool participants: Balance, beginning of year 95,557,078 141,767 95,698,845	Interfund transfers (out) in, net		(56,249)	56,249	<u> </u>
Balance, beginning of year 95,557,078 141,767 95,698,845	Net (decrease) increase in pooled net position	·-	(3,296,719)	26,929	(3,269,790)
Balance, beginning of year 95,557,078 141,767 95,698,845	Net position held in trust for pool participants:				
Balance, end of year \$ 92,260,359 168,696 92,429,055	·	_	95,557,078	141,767	95,698,845
	Balance, end of year	\$	92,260,359	168,696	92,429,055

See accompanying independent auditors' report.

Financial Statements and Required Supplementary Information

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

Financial Statements and Required Supplementary Information
June 30, 2022 and 2021

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Independent Auditors' Report

The Administration and Audit Committee and Trustees, Pension Reserves Investment Management Board:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Pension Reserves Investment Management Board (the PRIM Board) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the PRIM Board's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the PRIM Board as of June 30, 2022 and 2021, and the changes in its fiduciary net position for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the PRIM Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of 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 audits 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2022 on our consideration of the PRIM Board'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 PRIM Board'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 PRIM Board's internal control over financial reporting and compliance.

(signed) KPMG LLP

Boston, Massachusetts December 1, 2022

Required Supplementary Information – Management's Discussion and Analysis June 30, 2022 and 2021 (Unaudited)

This section presents management's discussion and analysis of the Pension Reserves Investment Management Board's (the PRIM Board's) financial performance for the fiscal years ended June 30, 2022 and 2021 and should be read in conjunction with the financial statements, which follow this section.

The PRIM Board was created by Massachusetts legislation to provide supervision of the management of the investments of the Pension Reserves Investment Trust Fund (the PRIT Fund).

Overview of the Financial Statements

The financial statements include the statements of fiduciary net position, which present the PRIM Board's financial position as of June 30, 2022 and 2021, and the statements of changes in fiduciary net position, which present the PRIM Board's financial activities for the years then ended. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements. The notes describe the significant accounting policies of the PRIM Board and provide detailed disclosures on certain account balances.

The PRIM Board's financial statements are prepared in conformity with U.S. generally accepted accounting principles using the economic resources measurement focus and the accrual basis of accounting.

Financial Highlights and Analysis

At June 30, 2022, the PRIM Board maintained a fiduciary net position value of zero, consistent with the prior year, because all expenses incurred by the PRIM Board in managing the PRIT Fund are reimbursed by the PRIT Fund. The PRIM Board held no investments (investments are held by the PRIT Fund). Total assets and liabilities increased 116.7% in fiscal year 2022, primarily due to higher accrued investment management fees, which were \$109.4 million and \$43.9 million at June 30, 2022 and 2021, respectively.

Total assets and liabilities increased 60.3% from June 30, 2020 to June 30, 2021, primarily due to higher accrued investment management fees during the fiscal year.

	 June 30				
	 2022	2021	2020		
	(Amounts in thousands)				
Total assets	\$ 121,105	55,896	34,861		
Total liabilities	 121,105	55,896	34,861		
Total fiduciary net position	\$ <u> </u>	<u> </u>			

Required Supplementary Information – Management's Discussion and Analysis

June 30, 2022 and 2021

(Unaudited)

All expenses of the PRIM Board are reimbursed by the PRIT Fund; therefore, additions equaled deductions for the years ended June 30, 2022, 2021, and 2020.

	 June 30				
	2022	2021	2020		
	(A	mounts in thousands)			
Total additions Deductions:	\$ 224,642	153,601	130,261		
Investment management fees	183,666	114,069	96,083		
Investment advisory fees	15,059	12,799	11,563		
Custodian fees	936	1,672	1,670		
Other expenses	 24,981	25,061	20,945		
Total deductions	 224,642	153,601	130,261		
Change in fiduciary net position	_	_	_		
Fiduciary net position, beginning of year	 				
Fiduciary net position, end of year	\$ 				

The PRIM Board expenses were \$224.6 million for the year ended June 30, 2022 compared to \$153.6 million for the year ended June 30, 2021, representing a 46.3% increase in total expenses. Investment management fees, which include both base and performance fees, increased by \$69.6 million in fiscal 2022. Base fees increased by \$7.7 million and performance fees increased by \$61.9 million. The base fee increase is attributable to an increase in the PRIT Fund's assets under management during the fiscal year. The performance fee increase was primarily due to outperformance by a U.S. micro cap equity manager and a real estate manager. Investment advisory fees increased 17.7% primarily due to increases in public markets, portfolio completion strategies, and real estate leverage advisory fees. Custodian fees decreased 44.0% in accordance with contractual fee arrangements. Other expenses decreased 0.3%, primarily due to an increase in salaries and employee benefits expenses offset by decreases in pension and postemployment benefits other than pensions expenses.

Required Supplementary Information – Management's Discussion and Analysis June 30, 2022 and 2021 (Unaudited)

The PRIM Board expenses were \$153.6 million for the year ended June 30, 2021 compared to \$130.3 million for the year ended June 30, 2020, representing a 17.9% increase in total expenses. Investment management fees, which include both base and performance fees, increased by \$18.0 million in fiscal 2021. Base fees decreased by \$2.0 million and performance fees increased by \$20.0 million. The base fee decrease is attributable to a reduced domestic enhanced equity allocation offset by an increase in the PRIT Fund's assets under management. The performance fee increase was primarily due to outperformance by a U.S. micro cap equity manager, an emerging markets equity manager, and a timberland manager. Investment advisory fees increased 10.7% primarily due to increases in operational due diligence fees and managed accounts advisory fees. Custodian fees remained consistent with contractual fee arrangements. Other expenses increased 19.7%, primarily due to an increase in salaries and employee benefits expenses.

Other Information

This financial report is designed to provide a general overview of the PRIM Board'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 Fiduciary Net Position

June 30, 2022 and 2021

(Dollars in thousands)

		2022	2021
Assets:			
Cash	\$	263	173
Receivable from PRIT		116,888	50,986
Right-of-use asset - leased building		4,410	4,410
Right-of-use asset - leased building - accumulated amortization		(2,075)	(1,037)
Net right-of-use asset - leased building		2,335	3,373
Other assets		1,619	1,364
Total assets		121,105	55,896
Liabilities:			
Lease liability		2,370	3,410
Accrued custodian fees		156	146
Accrued investment advisory fees		1,903	1,517
Accrued investment management fees		109,388	43,874
Other accrued expenses	_	7,288	6,949
Total liabilities		121,105	55,896
Fiduciary net position	\$	<u> </u>	

See accompanying notes to financial statements.

Statements of Changes in Fiduciary Net Position

Years ended June 30, 2022 and 2021

(Dollars in thousands)

		2022	2021
Additions:			
Reimbursement of fees and other expenses	\$	224,642	153,601
Deductions:			
Investment management fees:			
Base fees		105,064	97,384
Performance fees		78,602	16,685
Investment advisory fees		15,059	12,799
Custodian fees		936	1,672
Other expenses:			
Salaries and employee benefits		15,670	14,088
Pension		772	2,734
Postemployment benefits other than pensions		1,606	2,142
Right-of-use amortization expense		1,038	1,037
Interest expense - lease		12	17
Occupancy		207	165
Legal and audit fees		880	840
Research		390	187
Other		4,406	3,851
Total deductions	_	224,642	153,601
Change in fiduciary net position		_	_
Fiduciary net position, beginning of year			
Fiduciary net position, end of year	\$	<u> </u>	

See accompanying notes to financial statements.

Notes to Financial Statements
June 30, 2022 and 2021
(Dollars in thousands)

(1) Description of the PRIM Board

The Pension Reserves Investment Management Board (the PRIM Board) was created in 1983 by the Commonwealth of Massachusetts (the Commonwealth) through legislation (Chapter 661 of the Acts of 1983, as amended by Chapter 315 of the Acts of 1996), to provide general supervision of the investments and management of the Pension Reserves Investment Trust Fund (the PRIT Fund). The PRIT Fund was created by the same legislation and is the investment portfolio for the assets of the State Employees' and State Teachers' Retirement Systems, the State Retiree Benefit Trust Fund, as well as local retirement systems and authorities that choose to invest in the PRIT Fund.

The PRIM Board is governed by a nine-member board of trustees. 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 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 (as amended by Section 45 of Chapter 68 of the Acts of 2011), 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 a schedule of state pension appropriations that assumes a long-term actuarial rate of return for the PRIT Fund of 7.0%.

The nine-member 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 is the legal custodian of the PRIT Fund and has fiduciary responsibility for the assets transferred to the PRIT Fund. The PRIM Board selects investment managers and advisors, reviews and evaluates performance, and performs various other activities in the daily management of the PRIT Fund. As of June 30, 2022 and 2021, the PRIT Fund had net position totaling approximately \$92.4 billion and \$95.7 billion, respectively. For a copy of the audited financial statements of the PRIT Fund, contact the PRIM Board.

Notes to Financial Statements
June 30, 2022 and 2021
(Dollars in thousands)

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting and Financial Statement Presentation

The PRIM Board's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as specified by the Governmental Accounting Standards Board's (GASB's) requirements for fiduciary activities.

(b) Additions and Deductions

In accordance with the PRIM Board's operating trust, all expenses incurred by the PRIM Board in managing the PRIT Fund are reimbursed by the PRIT Fund. These expenses consist of investment management, investment advisory, custodian and other professional fees, salaries, and all other expenses of the PRIM Board.

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires 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.

(d) Adoption of New Accounting Standard

The PRIM Board adopted the provisions of GASB Standard No. 87 (GASB 87), *Leases*, effective July 1, 2020. The PRIM Board recorded a right-of-use asset – leased building and lease liability of \$4,410 as of July 1, 2020. Because all expenses, including any additional expenses recognized with the adoption of GASB 87, are reimbursed by the PRIT Fund, the effect on the July 1, 2020 fiduciary net position and change in net position as of June 30, 2021 was \$0.

The adoption of GASB 87 also resulted in immaterial restatements to previously reported 2021 amounts including the receivable from PRIT as well as certain additions and deductions in the accompanying financial statements.

(e) Leases

The PRIM Board recognizes an intangible right-to-use asset and corresponding lease liability for its lease arrangement. The lease asset is amortized into amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. At lease commencement, the lease liability is measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The discount rate used in the present value calculation is an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term.

Notes to Financial Statements
June 30, 2022 and 2021
(Dollars in thousands)

(3) Receivable from PRIT

The receivable from the PRIT Fund includes amounts due to the PRIM Board for reimbursement of management fees and other expenses incurred as a result of supervising the investments and management of the PRIT Fund. Certain investment management fees and other expenses are paid over a period longer than one year.

(4) Investment Management, Investment Advisory, Custodian, and Other Fees

(a) Investment Management Fees

Investment management fees are paid to managers pursuant to executed contracts.

All domestic, international, and emerging markets 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.

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 investment limited partnerships are allocated additional profits, known as carried interests, based on the net gains generally above a specified hurdle rate, on realized partnership investments.

Real estate and timberland investment management fees consist of a base fee and a performance fee. Base fees are calculated and paid monthly. Performance fees are paid to managers who outperform their respective hurdle rates, as defined in the investment management agreements.

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 investments and private 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 are charged to the respective investments. Most investment management base fees for investments in real estate properties and timberland are charged against the respective investments. In addition, certain investments are in commingled funds, which charge fees at the fund level. Therefore, these investments are reported net of investment management fees and these investment management fees are not included in the accompanying statements of changes in fiduciary net position.

Notes to Financial Statements
June 30, 2022 and 2021
(Dollars in thousands)

(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 2022. 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 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, 2022 and 2021, investment advisory fees were \$15,059 and \$12,799, respectively.

(c) Custodian Fees

BNY Mellon is the 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, 2022 and 2021, custodian fees were \$936 and \$1,672, respectively.

(d) Other Expenses

For the years ended June 30, 2022 and 2021, other expenses of the PRIM Board, including employee compensation and benefits, professional fees, occupancy, and other costs, totaled \$24,981 and \$25,061, respectively.

(5) Lease Arrangement

The PRIM Board leases office space at 84 State Street in Boston, Massachusetts from a PRIT Fund real estate subsidiary. The lease term, as amended, expires in September 2024. Monthly payments are based on the fixed price per square footage of leased space. The monthly payments range from \$85 to \$92. The PRIM Board used an incremental borrowing rate of 0.43%.

Notes to Financial Statements
June 30, 2022 and 2021
(Dollars in thousands)

The right-to-use asset and accumulated amortization for the leased building for the years ended June 30, 2022 and 2021 are as follows:

	Beginning			Ending
	Balance	Additions	Deletions	Balance
June 30, 2022:				
Right-of-use asset - leased building	\$ 4,410	_		4,410
Less: Accumulated amortization	(1,037)	(1,038)		(2,075)
Net right-of-use asset - leased building	\$ 3,373	(1,038)		2,335
June 30, 2021:				
Right-of-use asset - leased building	\$ 4,410	_	_	4,410
Less: Accumulated amortization	<u> </u>	(1,037)		(1,037)
Net right-of-use asset - leased building	\$ 4,410	(1,037)		3,373

A summary of changes in the lease liability for the years ended June 30, 2022 and 2021 are as follows:

	<u>-</u>	Beginning Balance	Additions	Deletions	Ending Balance	Amount due in 1 year
June 30, 2022	\$	3,410	_	1,040	2,370	1,069
June 30, 2021	\$	4,410	_	1,000	3,410	1,040

The future annual lease payments as of June 30, 2022 are as follows:

		_	Principal	Interest	Total
Fiscal year:					
2023		\$	1,069	8	1,077
2024			1,096	3	1,099
2025		_	205		205
	Total	\$	2,370	11	2,381

(6) Custodial Credit Risk

At June 30, 2022 and 2021, the PRIM Board held no investments (investments are held by the PRIT Fund). As a result, its custodial credit risk was limited to its deposits. Custodial credit risk is the risk that, in the event of bank failure, the PRIM Board's deposits and investments may not be returned to it. The PRIM Board manages its exposure to custodial credit risk by requiring all cash to be held with a major financial institution. The PRIM Board has not adopted a formal custodial credit risk policy.

Notes to Financial Statements

June 30, 2022 and 2021

(Dollars in thousands)

Cash balances represent amounts held in bank depository accounts that may be subject to custodial credit risk. The PRIM Board maintains cash and cash equivalents with a major financial institution. The account balance may periodically exceed federally insured limit. No losses have been incurred as of June 30, 2022 and 2021.

(7) Pension Plan

All full-time employees of the PRIM Board must participate in the Massachusetts State Employees' Retirement System (SERS). The percentage rate of contribution is determined by an employee's entry date into the SERS. Such employees become vested after ten years of creditable service. The Commonwealth is legally responsible for making all actuarially determined employer contributions on behalf of the PRIM Board.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers and nonemployers to recognize their proportionate share of the collective pension liability, deferred outflows and deferred inflows of resources, and pension expense. The collective pension amounts of participating entities in SERS have been allocated based on actual employer contribution and nonemployer contributions made by the Commonwealth.

Because contributions to SERS are the legal responsibility of the Commonwealth and not the PRIM Board, a "special funding" situation under GASB Statement No. 68 exists which requires the Commonwealth, not the PRIM Board, to record the pension liability for the PRIM Board employees in its financial statements.

For the years ended June 30, 2022 and 2021, the PRIM Board recognized pension expense of \$772 and \$2,734, respectively, and a corresponding amount of reimbursement income in the accompanying statements of changes in fiduciary net position. The net pension liability reported by the Commonwealth on behalf of the PRIM Board was \$12,635 and \$18,316 as of June 30, 2022 and 2021, respectively.

The fiscal 2022 net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021.

The fiscal 2021 net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2020.

(8) Postemployment Benefits Other Than Pensions Plan

Employees of the PRIM Board participate in the Commonwealth's Postemployment Benefits Other Than Pensions (OPEB) Plan (Plan), a singled employer defined benefit OPEB Plan. Under Chapter 32A of the Massachusetts General Laws, the Commonwealth is legally responsible for providing certain health care and life insurance benefits for retired employees of the PRIM Board by making contributions directly to a single employer defined OPEB Plan.

Notes to Financial Statements
June 30, 2022 and 2021
(Dollars in thousands)

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, requires participating employers and nonemployers to recognize, their proportionate share of the collective OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense. The collective OPEB amounts of participating entities in the OPEB Plan have been allocated based on actual employer contributions and nonemployer contributions made by the Commonwealth.

Because contributions to the Plan are the legal responsibility of the Commonwealth and not the PRIM Board, a "special funding" situation under GASB Statement No. 75 exists which requires the Commonwealth, not the PRIM Board, to record the OPEB liability for the PRIM Board employees in its financial statements.

For the years ended June 30, 2022 and 2021, the PRIM Board has recognized OPEB expense of \$1,606 and \$2,142, respectively, and a corresponding amount of reimbursement income in the accompanying statements of changes in fiduciary net position. The net OPEB liability reported by the Commonwealth on behalf of the PRIM Board was \$20,049 and \$22,878 as of June 30, 2022 and 2021, respectively.

The fiscal 2022 net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021.

The fiscal 2021 net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to June 30, 2020.

(9) Subsequent Events

For purposes of determining the effects of subsequent events on the financial statements, management has evaluated subsequent events after June 30, 2022 through December 1, 2022, the date on which the financial statements were available to be issued.

Appendix B

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

The Administration and Audit Committee and Trustees, Pension Reserves Investment Management Board:

We have audited, in accordance with the 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, the financial statements of the Pension Reserves Investment Trust Fund (the PRIT Fund), which comprise the PRIT Fund's statement of pooled net position as of June 30, 2022, and the related statement of pooled net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 1, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the PRIT Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the PRIT Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the PRIT Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the PRIT Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the PRIT Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the PRIT Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

(signed) KPMG LLP

Boston, Massachusetts December 1, 2022

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

The Administration and Audit Committee and Trustees, Pension Reserves Investment Management Board:

We have audited, in accordance with the 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, the financial statements of the Pension Reserves Investment Management Board (the PRIM Board), which comprise the PRIM Board's statement of fiduciary net position as of June 30, 2022, and the related statement of fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 1, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the PRIM Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the PRIM Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the PRIM Board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the PRIM Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the PRIM Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the PRIM Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

(signed) KPMG LLP

Boston, Massachusetts December 1, 2022

Appendix C

Independent Accountants' Agreed-Upon Procedures Report

Pension Reserves Investment Management Board:

We have performed the procedures enumerated below, which were agreed to by the Pension Reserves Investment Management Board (the PRIM Board), on the accuracy of the following benchmarks (collectively, the Benchmarks) presented in the documents titled "Pension Reserves Investment Management Board, Performance Measurement, June 30, 2022" and "Pension Reserves Investment Management Board, Performance Measurement, Net of Fees, June 30, 2022" (collectively, the Performance Measurement Presentation) as of June 30, 2022:

- Total Core Benchmark.
- Net-of-Fees Adjusted Policy Benchmark,
- Implementation Benchmark, and
- Asset Class Benchmarks (comprised of Domestic Equity, International Equity, Emerging Markets, Global Equity, Core Fixed Income, Value Added Fixed Income, Private Equity, Real Estate, Timberland, Portfolio Completion Strategies (PCS), Overlay, and Liquidating Portfolios) (collectively, the Asset Class Benchmarks).

The PRIM Board's management is responsible for the accuracy of the Benchmarks presented in the Performance Measurement Presentation.

The PRIM Board has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the accuracy of the benchmarks identified above in the Performance Measurement Presentation. This report may not be suitable for any other purpose. No other parties have agreed to or acknowledged the appropriateness of these procedures for the intended purpose or any other purpose.

The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. We make no representation regarding the appropriateness of the procedures either for the intended purpose or for any other purpose.

As agreed with the PRIM Board, any recalculation differences resulting in an impact of less than 0.01% to the amounts presented in the Performance Measurement Presentation are considered immaterial and consequently are not reported herein.

The procedures and the associated findings are as follows:

- I. We obtained the following reports from BNYM:
 - 1) Performance Measurement Presentation as of June 30, 2022.
 - 2) <u>Benchmark List</u>, listing of benchmarks presented in the Performance Measurement Presentation.
 - 3) <u>Master Structure Map</u>, listing the composite benchmark, the benchmarks that make up the composite, start date, end date, segment, category, sector, level, and the weighted percentage of the composite.

- 4) <u>Benchmark Return Streams</u>, for the Total Core Benchmark, Net-of-Fees Adjusted Policy Benchmark, Implementation Benchmark, and the Asset Class Benchmarks for the year ended June 30, 2022 obtained directly from its data vendors. The data in the report was updated through August 30, 2022. We did not independently verify any of the benchmark data BNYM obtained from the data vendors.
- 5) <u>Benchmark Change Letters</u>, prepared by the PRIM Board and periodically sent to BNYM instructing any changes to benchmark calculations of the in-scope benchmarks. Refer to section II.1 for the individual Change Letters and corresponding effective date.
- 6) Benchmark Maintenance Forms for the in-scope benchmarks, prepared and provided by BNYM to document the authorization, execution, and review of the benchmark changes requested in the Benchmark Change Letters. Refer to Section II.2 for each Benchmark Maintenance Form and corresponding effective date.
- II. The following procedures were performed for each benchmark:
 - 1) We obtained copies of the following Benchmark Changes Letters in order to determine that all Total Core, Net-of-Fees Adjusted Policy, Implementation, and Asset Class Benchmarks included in the scope of our procedures were calculated as described in the following letters:

Benchmark Change Letter Date	Effective Date(s) of Change (period ended)	
May 10, 2021	July 1, 2021	
December 2, 2021	January 1, 2022	

We recalculated Total Core, Net-of-Fees Adjusted Policy, Implementation and Asset Class Benchmarks as described in the letters without exception.

2) We obtained the following Benchmark Maintenance Forms in order to determine whether they were completed by BNYM:

<u>Benchmark</u>	Effective Date of Change (period ended)
Implementation Benchmark	July 1, 2021
Private Equity	July 1, 2021
International Equity	July 1, 2021
Emerging Markets	July 1, 2021
Global Equity	July 1, 2021
Implementation Benchmark	January 1, 2022
Adjusted Policy Benchmark	January 1, 2022
Real Estate	January 1, 2022

We determined the benchmark maintenance forms listed above were completed, without exception.

III. For the Asset Class Benchmarks, using the Benchmark Return Streams, we performed procedures 1) to 7) using the following formula:

Step 1:

Product of Returns (as provided) and Weights (as provided)

Equals Monthly Return (recalculated)

Divided by 100

Plus 1

Equals Monthly Figure (recalculated)

Step 2:

Product of the Monthly Figure(s) for the applicable period from Step 1 ^ (1/number of years)

Less 1

Equals Return for the applicable period (recalculated)

 We recalculated the June 30, 2022 Month to Date Return and agreed it to the Performance Measurement Presentation

No exceptions noted, other than those caused by subsequent revisions to industry benchmarks.

Asset Class Benchmark	KPMG Calculation	BNYM Report	Difference ⁽¹⁾
Portfolio Completion	-1.82%	-1.50%	-0.32%
Strategies			

Asset	Class Benchmark	KPMG Calculation	BNYM Report	Difference ⁽¹⁾
Value	Added Fixed Income	-2.64%	-2.65%	-0.01%

2) We recalculated the June 30, 2022 Quarter to Date Return and agreed it to the Performance Measurement Presentation

No exceptions noted, other than those caused by subsequent revisions to industry benchmarks.

Asset Class Benchmark	KPMG Calculation	BNYM Report	Difference ⁽¹⁾
Portfolio Completion	-3.24%	-2.92%	-0.32%
Strategies			

Asset Class Benchmark	KPMG Calculation	BNYM Report	Difference ⁽¹⁾
Value Added Fixed Income	-4.82%	-4.86%	-0.04%

3) We recalculated the Calendar Year to Date Return (January 1, 2022 – June 30, 2022) and agreed it to the Performance Measurement Presentation

Asset Class Benchmark	KPMG Calculation	BNYM Report	Difference ⁽¹⁾
Portfolio Completion	-2.77%	-2.46%	-0.31%
Strategies			
Asset Class Benchmark	KPMG Calculation	BNYM Report	Difference ⁽¹⁾
Value Added Fixed Income	-6.44%	-6.47%	-0.03%

4) We recalculated the 1 Year Return (July 1, 2021 – June 30, 2022) and agreed it to the Performance Measurement Presentation

No exceptions noted, other than those caused by subsequent revisions to industry benchmarks.

Asset Class Benchmark	KPMG Calculation	BNYM Report	Difference ⁽¹⁾
Portfolio Completion	-1.68%	-1.36%	-0.32%
Strategies			

Asset Class Benchmark	KPMG Calculation	BNYM Report	Difference ⁽¹⁾
Value Added Fixed Income	-2.40%	-2.44%	0.04%

5) We recalculated the trailing 3 Year Return (July 1, 2019 – June 30, 2022) and agreed it to the Performance Measurement Presentation

No exceptions noted, other than those caused by subsequent revisions to industry benchmarks.

Asset Class Benchmark	KPMG Calculation	BNYM Report	Difference ⁽¹⁾
Portfolio Completion	4.0%	4.10%	-0.10 %
Strategies			

Asset Class Benchmark	KPMG Calculation	BNYM Report	<u>Difference</u> ⁽¹⁾
Value Added Fixed Income	3.20%	3.18%	0.02%

6) We recalculated the trailing 5 Year Return (July 1, 2017 – June 30, 2022) and agreed it to the Performance Measurement Presentation

No exceptions noted, other than those caused by subsequent revisions to industry benchmarks.

Asset Class Benchmark	KPMG Calculation	BNYM Report	Difference ⁽¹⁾
Portfolio Completion	4.17%	4.21%	-0.04%
Strategies			

7) We recalculated the trailing 10 Year Return (July 1, 2012 – June 30, 2022) and agreed it to the Performance Measurement Presentation

Asset Class Benchmark	KPMG Calculation	BNYM Report	Difference ⁽¹⁾
Portfolio Completion	4.05%	4.08%	-0.03%
Strategies			

IV. Using the monthly Asset Class Benchmarks recalculated in Section III, we performed procedures 1) to 5) over the Total Core Benchmark and the Implementation Benchmark using the following formula:

Step 1:

Sum of Weight (as provided) multiplied by Monthly Return for each asset class (as recalculated in Step III) Equals Custom Benchmark (recalculated)

Divided by 100

Plus 1

Equals Monthly Figure (recalculated)

Step 2:

Product of the Monthly Figure(s) for the applicable period from Step 1 ^ (1/number of years)

Less 1

Equals Return for the applicable period (recalculated)

 We recalculated the June 30, 2022 Month to Date Return and agreed it to the Performance Measurement Presentation

No exceptions noted, other than those caused by subsequent revisions to industry benchmarks.

<u>Benchmark</u>	KPMG Calculation	BNYM Report	Difference ⁽¹⁾
Total Core Benchmark	-3.26%	-3.20%	-0.06%

 We recalculated the June 30, 2022 Quarter to Date Return and agreed it to the Performance Measurement Presentation

No exceptions noted, other than those caused by subsequent revisions to industry benchmarks.

<u>Benchmark</u>	KPMG Calculation	BNYM Report	Difference ⁽¹⁾
Implementation	-7.65%	-7.69%	0.04%
Benchmark			
Total Core Benchmark	-7.13%	-7.02%	-0.11%

3) We recalculated the Calendar Year to Date Return (January 1, 2022 – June 30, 2022) and agreed it to the Performance Measurement Presentation

<u>Benchmark</u>	KPMG Calculation	BNYM Report	Difference ⁽¹⁾
Implementation	-9.11%	-9.24%	0.13%
Benchmark			
Total Core Benchmark	-8.89%	-8.96%	0.07%

4) We recalculated the 1 Year Return (July 1, 2021 – June 30, 2022) and agreed it to the Performance Measurement Presentation

No exceptions noted, other than those caused by subsequent revisions to industry benchmarks.

<u>Benchmark</u>	KPMG Calculation	BNYM Report	Difference ⁽¹⁾
Implementation	-3.57%	-3.47%	-0.10%
Benchmark			
Total Core Benchmark	-4.74%	-4.90%	0.16%

5) We recalculated the trailing 3 Year Return (July 1, 2019 – June 30, 2022) and agreed it to the Performance Measurement Presentation

No exceptions noted, other than those caused by subsequent revisions to industry benchmarks.

<u>Benchmark</u>	KPMG Calculation	BNYM Report	Difference ⁽¹⁾
Total Core Benchmark	5.91%	6.02%	-0.11%

V. Using the Total Core Benchmark recalculated in Section IV, we recalculated and subtracted the percentage impact of the monthly fees, as listed below, related to the illiquid investments (private equity, risk premia, real assets, private debt, real estate, timberland, and natural resources) and performed procedures 1) to 5) over the Net-of-Fees Adjusted Policy Benchmark using the formulas listed below, for purposes of considering gross returns:

<u>Month</u>	Fees Subtracted	<u>Percentage</u>
		<u>Impact</u>
July 2021	\$ 221,782.99	-0.0002%
August 2021	\$ 1,761,443.25	-0.0018%
September 2021	\$ 53,494,895.86	-0.0545%
October 2021	\$ 4,912,409.57	-0.0050%
November 2021	\$ 31,523,363.41	-0.0312%
December 2021	\$ 45,418,744.62	-0.0453%
January 2022	\$ 172,168.20	-0.0002%
February 2022	\$ 11,304,777.36	-0.0112%
March 2022	\$ 28,963,446.15	-0.0291%
April 2022	\$ 2,690,756.13	-0.0027%
May 2022	\$ 35,059,136.76	-0.0363%
June 2022	\$ 15,577,851.89	-0.0162%

Step 1:

Total Fees (as provided)

Divided by Beginning Adjusted Market Value (as provided)

Multiplied by 100

Equals Basis Point Impact (recalculated)

Step 2:

PRMGX090PBA2 – Actual BM Return (as provided)

Plus Basis Point Impact (from Step 1)

Equals New Incentive BM Return – PRMGX0903PBB (recalculated)

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Step 3:

New Incentive BM Return – PRMGX0903PBB (from Step 2)

Divided by 100

Plus 1

Equals Monthly Figure (recalculated)

Step 4:

Monthly Figure for the last month (from Step 3)

Less 1

Equals Monthly Return (recalculated)

Product of Monthly Figures for the applicable period (from Step 3) ^ (1/number of years)

Less 1

Equals Return for the applicable period (recalculated)

1) We recalculated the June 30, 2022 Month to Date Return and agreed it to the Performance Measurement Presentation:

No exceptions noted, other than those caused by subsequent revisions to industry benchmarks.

Benchmark	KPMG Calculation	BNYM Report	<u>Difference</u> ⁽¹⁾
Adjusted Policy Benchmark	-3.24%	-3.22%	-0.02%

2) We recalculated the June 30, 2022 Quarter to Date Return and agreed it to the Performance Measurement Presentation:

No exceptions noted, other than those caused by subsequent revisions to industry benchmarks.

<u>Benchmark</u>	KPMG Calculation	BNYM Report	<u>Difference</u> ⁽¹⁾
Adjusted Policy Benchmark	-7.10%	-7.07%	-0.03%

3) We recalculated the June 30, 2022 Calendar Year to Date Return and agreed it to the Performance Measurement Presentation:

<u>Benchmark</u>	KPMG Calculation	BNYM Report	Difference ⁽¹⁾
Adjusted Policy Benchmark	-9.07%	-9.05%	-0.02%

4) We recalculated the 1 year Return (July 1, 2021 – June 30, 2022) and agreed it to the Performance Measurement Presentation:

No exceptions noted, other than those caused by subsequent revisions to industry benchmarks.

Benchmark	KPMG Calculation	BNYM Report	<u>Difference</u> ⁽¹⁾
Adjusted Policy Benchmark	-5.14%	-5.12%	-0.02%

5) We recalculated the Trailing 3 Year Return (July 1, 2019 – June 30, 2022) and agreed it to the Performance Measurement Presentation:

No exceptions noted.

Information Regarding Calculation Differences Noted

(1) We inquired of BNYM about the nature of the differences identified in Section III, IV, and V. BNYM informed us that the differences related to the benchmark indices which were revised subsequent to the date of the Performance Measurement Presentation used for testing. These changes were recorded retroactively by BNYM and differ from the data used for the Performance Measurement Presentation. We did not perform any procedures over these index changes. BNYM stated that effective January 1, 2012, the PRIM Board's policy is to update certain asset class benchmarks for any subsequent revisions reported by the benchmark data vendors. These indices are components of the Implementation Benchmark, Total Core Benchmark, and Net-of-Fees Adjusted Policy Benchmark; therefore, these benchmarks are subject to the same revisions as the indices.

* * * * * * *

We were engaged by the PRIM Board to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, which involves us performing the specific procedures agreed to and acknowledged above and reporting on findings based on performing those procedures. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Performance Measurement Presentation as of June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the PRIM Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the PRIM Board, and is not intended to be, and should not be, used by anyone other than the specified parties.

(signed) KPMG LLP

Boston, Massachusetts December 1, 2022

Appendix D

PENSION RESERVES INVESTMENT MANAGEMENT BOARD (THE PRIM BOARD)

Report on the PRIM Board's
Procurement Process for Investment Management and
Other Professional Services

Year ended June 30, 2022

(With Independent Auditors' Report Thereon)

PENSION RESERVES INVESTMENT MANAGEMENT BOARD (THE PRIM BOARD)

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A. Description

This Section describes the controls of the Pension Reserves Investment Management Board (the PRIM Board) as they relate to the selection of third parties to provide investment management, advisory, custody and recordkeeping, auditing and other professional services related to the management of the PRIM Board and the Pension Reserves Investment Trust Fund (the PRIT Fund). Section II contains the report of agreed-upon procedures applied by KPMG LLP (KPMG). Appendix I details control objectives and related controls prepared by the PRIM Board, a description of the tests of selected controls performed by KPMG, and the results of those tests. Appendix II provides a listing of the services covered by this report that were procured by the PRIM Board during the period from July 1, 2021 to June 30, 2022.

B. PRIM Board/PRIT Fund Overview

Organization

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 Fund. The PRIT Fund is not registered with the Securities and Exchange Commission, but is subject to oversight provided by the PRIM Board. The PRIM Board was created by legislation to provide general supervision of the investments and management of the PRIT Fund.

A nine-member Board of Trustees (the Board) governs the PRIM Board. The Board has authority to employ an Executive Director, outside investment managers, custodians, advisors, and others 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. See Massachusetts General Laws (M.G.L) ch. 32, sec. 23(2A) (e). To assist them in carrying out their duties, the Board has established four advisory committees which include Board members and non-Board members: Investment; Administration and Audit; Real Estate and Timberland; and Compensation.

As trustees of the PRIT Fund, members of the Board are fiduciaries. The PRIM Board members fiduciary standards are guided by M.G.L ch. 32, sec. 23(3). Fiduciary standards of conduct also apply to the PRIM Board committee members, staff, investment managers, custodians, investment advisors, and others who exercise discretionary authority or discretionary control over the management or disposition of the PRIT Fund assets. See M.G.L. ch. 32, sec. 1.

Specific duties and responsibilities of the Board, Board Chair, Executive Director and Committees are outlined in the Board Governance Manual.

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.

The PRIM Board employs professional investment managers and gives them discretion, consistent with specified objectives and guidelines, to manage the PRIT Fund's assets. Each investment manager operates under a contract that delineates responsibilities and performance expectations, including investment guidelines and administrative requirements.

The PRIM Board may contract with investment management advisors to assist the Board, committees, and staff in performance review, asset allocation studies, investment structure analyses, manager screening and selection, investment research and other matters of investment policy, procedures and implementation.

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The PRIM Board may contract with one or more custodian banks or trust institutions to provide the PRIT Fund with comprehensive global custodial services associated with a complex, multi-billion dollar pension investment fund client. The custodian is responsible for the physical retention and administration of property received by the PRIT Fund, the collection of income, disbursement of funds, and the monthly reporting of all transactions in accordance with U.S. generally accepted accounting principles.

The PRIM Board may utilize the services of independent auditors, appraisers and other third parties, as needed.

C. Summary of the PRIM Board's Procurement Practices

The PRIM Board's procurement practices apply to the selection of investment managers, advisors, custodians, auditors and other specific providers of services to the PRIM Board. Procurement procedures are designed to ensure that the PRIM Board has access to a broad array of the highest quality of service providers. The PRIM Board's procurement practices are detailed in its Procurement Policy.

Request for Proposals

The PRIM Board's Request for Proposals (RFP) practice includes the following:

- 1. The PRIM Board staff, in conjunction with an advisor where appropriate, recommends to the appropriate Committee to recommend to the Board the issuance of an RFP for the specific services. The Board must approve the issuance of all RFPs.
- 2. The PRIM Board staff, in conjunction with an advisor where appropriate, drafts and issues a RFP. The RFP provides background information on the PRIM Board, outlines the scope of services, minimum criteria (if applicable), selection criteria and process, and requests detailed information on all topics relevant to the services sought. The RFP is advertised in industry and/or local publications.
- 3. An evaluation committee (typically comprised of the PRIM Board staff, an advisor where appropriate, and potentially representatives of the Trustees and/or their pertinent Committee) reviews the proposals received and makes objective judgments based solely on the selection criteria outlined in the RFP. The evaluation committee may interview finalists, undertake site visits, and conduct such other due diligence as is prudent and warranted under the circumstances. The evaluation committee's recommendation is presented to the pertinent Committee of the Trustees for review. If approved, the Committee presents that recommendation to the Trustees for final approval. If approved, the Trustees delegate to the Executive Director the authority to carry out the recommendation.

*To ensure PRIM can source high performing, institutional quality investment managers, procurement and selection of investment managers may also take place utilizing the "Alternate Procurement for Investment Opportunities" process outlined in the following section.

During the search process, all participants are provided with identical information and judged by the same criteria. The PRIM Board's principal tool to ensure the fairness of the process is an open RFP process. The PRIM Board does not employ "by invitation only" RFPs. The RFP guides participants through the process of offering to manage assets for, or provide other services to, the PRIM Board. It lays out the rules of the RFP process, establishes the selection criteria and provides applicable documents which may influence how participants would manage a portfolio for, or provide other services to, the PRIM Board. Once the search is concluded, all information relevant to the selection process is available to the public.

The most fundamental procurement risk the PRIM Board faces is that of selecting an investment manager or other professional service provider who does not perform up to expectations. When this occurs, the PRIM Board incurs opportunity costs and potential disruption of its investment program.

While it is never possible to predict any future performance, the RFP process is intended to give the PRIM Board the opportunity to engage organizations whose investment skill and/or other capabilities (e.g., client service) will persist. The RFP is a detailed document and seeks to approach each of the principal issues in the selection process from a variety of perspectives. The evaluation committee reviews each proposal and prepares an evaluation committee memorandum summarizing the selection process.

Firms assessed through the RFP process generally are judged on the following criteria: 1) the firm's stability and general experience; 2) the experience of firm personnel; 3) client relations and referrals; 4) philosophy/process; and 5) fees.

If the evaluation committee is seeking to engage an investment manager, it makes a quantitative and qualitative assessment of how the manager will fit into the existing portfolio in the particular asset class or subasset class. Such an assessment is based on many of the same factors used in asset allocation, namely, risk, return, and correlation among managers, as well as a thorough understanding of the types of risk factors the managers use to earn excess return. It is intended to avoid the risk that by hiring a particular manager, the PRIM Board may overweight a particular investment style or factor and thereby create an unintended bias.

If the evaluation committee is seeking to engage an advisor, custodian, auditor or other professional service provider, it makes an assessment of how the firm will meet the needs of the PRIM Board and the PRIT Fund. It will assess which firm can best provide the required services outlined in the RFP, with consideration given to the cost of providing those services.

The Trustees' vote to approve the engagement of investment managers and other professional service providers is made during public board meetings and is subject to the satisfactory outcome of contract and fee negotiations.

Alternate Procurement for Investment Opportunities

Certain investments, such as Private Equity, Alternative Debt, Direct Hedge Fund, Core and Non-Core Real Estate partnerships, Core and Non-Core Real Estate direct property level investments, and Portfolio Completion Strategies (PCS) investments, cannot be sourced through a competitive bidding process (RFP process). Therefore, the Trustees have developed the following process to source, evaluate and select these investment opportunities as they arise.

The Trustees will select investments based on the due diligence and the resulting recommendation of the PRIM Board staff and investment advisor, where appropriate. The following criteria will be considered when selecting investments for recommendation:

- a. Quality and stability of the investment team.
- b. Previous investment track record.
- c. Proposed investment strategy.
- Ability of investment manager to demonstrate its capability to generate superior returns.
- e. Alignment of interests.
- f. Operational capabilities.
- g. PRIT Fund portfolio fit.

The Trustees select investments in accordance with the following process:

- a. The PRIM Board staff, along with an investment advisor, where applicable, performs due diligence on investment opportunities that meet the selection criteria and are appropriate for investment.
- b. An Investment Report, which includes the PRIM Board staff's recommendation and an advisor's due diligence report, where applicable, is presented to the Trustees' Investment or Real Estate and Timberland Committee (RE Committee), whichever is appropriate, for review. If approved, the appropriate Committee presents that recommendation to the Trustees for final approval. If approved, the Trustees delegate to the Executive Director the authority to carry out the recommendation.
- c. If the timing of the closing of a private equity or alternative debt investment is expected to occur prior to scheduled PRIM Board's Investment Committee and Board meetings, an interim meeting approval process is followed. This interim meeting approval process may only be used for investment recommendations for existing relationships that the Board has previously approved. Upon completion of due diligence, the PRIM Board staff provides the Investment Committee and Trustees with the Investment Report, which includes the PRIM Board staff's recommendation and an advisor's due diligence report. The Investment Committee and Trustees may present questions and concerns to the PRIM Board staff. In consideration of all discussion with the Investment Committee and Trustees, the Chief Investment Officer has discretion to approve an investment in the recommended vehicle.

Independent Accountants' Agreed Upon Procedures Report

Pension Reserves Investment Management Board:

We have performed the procedures enumerated below on the PRIM Board's Procurement Process for the selection of third parties to provide investment management, consulting, custody and record keeping, auditing and other professional services (Procurement Process) related to the management of the PRIM Board and the Pension Reserves Investment Trust Fund (the PRIT Fund) for the year ended June 30, 2022. The PRIM Board is responsible for the Procurement Process.

The PRIM Board has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the PRIM Board in evaluating the Procurement Process relating to the PRIM Board and the PRIT Fund for the year ended June 30, 2022. This report may not be suitable for any other purpose. No other parties have agreed to or acknowledged the appropriateness of these procedures for the intended purpose or any other purpose.

The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. We make no representation regarding the appropriateness of the procedures either for the intended purpose or for any other purpose.

The PRIM Board Controls listed in Appendix I are management's responsibility. The agreed-upon procedures were performed with respect to the Listing of Services Procured through Requests for Proposal (RFP) during the year ended June 30, 2022, as listed in Appendix II. Certain procedures required the following selection methodology, which was approved by the PRIM Board. Use of the selection method is noted where applicable.

Population Size	Selection Size
Less than 13	2
13 to 52	5
53 to 365	15
More than 365	25

No exceptions were noted in the performance of our procedures noted in Appendix I.

We were engaged by the PRIM Board to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, which involves us performing the specific procedures agreed to and acknowledged above and reporting on findings based on performing those procedures. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Procurement Process for the year ended June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the PRIM Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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This report is intended solely for the information and use of the PRIM Board, and is not intended to be, and should not be, used by anyone other than the specified parties.

Boston, Massachusetts December 1, 2022

Appendix I

THE PRIM BOARD CONTROL OBJECTIVES, CONTROLS AND AGREED-UPON PROCEDURES PERFORMED BY KPMG Year ended June 30, 2022

A. Request for Proposals (RFP)

1. Controls provide reasonable assurance that the Trustees approve the issuance of RFPs.

The PRIM Board Controls

- The PRIM Board staff requests the appropriate Committee to make a recommendation to the Trustees to issue an RFP. If granted, the Committee makes a formal recommendation to the Trustees, which is included in the Board Meeting Agenda package. The Board has the authority to issue an RFP without prior recommendation from the committee.
- The Trustees decide by a majority vote during a public meeting whether to accept or reject the recommendation of the Committee to issue an RFP.

Agreed-Upon Procedures

- For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected the Board Meeting Agenda package and noted an agenda item of the recommendation by the PRIM Board staff and the applicable Committee to request the Trustees to issue the RFP.
- For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected Trustees' meeting minutes and noted whether the minutes reflected that a majority of the Trustees voted to issue the RFP.
- 2. Controls provide reasonable assurance that pertinent information regarding the RFP process is provided to potential respondents.

The PRIM Board Controls

 Each RFP authorized and issued by the Trustees defines the scope of services to be provided.

Agreed-Upon Procedures

 For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected copies of the RFPs and noted whether there was a Section containing scope of services.

The PRIM Board Controls

- Each RFP authorized and issued by the Trustees includes a copy of The PRIM Board's standard investment management agreement, if applicable.
- Each RFP authorized and issued by the Trustees describes the selection process.
- Each RFP authorized and issued by the Trustees provides a tentative timetable for the selection process.
- Each RFP authorized and issued by the Trustees defines minimum qualifications (if appropriate) that respondents must meet in order to be granted further consideration.
- Each RFP authorized and issued by the Trustees contains selection criteria that will be used to evaluate respondents' proposals.

Agreed-Upon Procedures

- For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected copies of the RFPs and noted whether a standard investment management agreement was included, where applicable.
- For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected copies of the RFPs and noted whether the selection process was described.
- For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected copies of the RFPs and noted whether a tentative timetable was included.
- For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected copies of the RFPs and noted whether the minimum qualifications (if applicable) were defined.
- For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected copies of the RFPs and noted whether there were specific selection criteria.
- 3. Controls provide reasonable assurance that potential respondents are informed about the legal structure of PRIM as well as the overall investment mix of the PRIT Fund (if appropriate).

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The PRIM Board Controls

 Each RFP authorized and issued by the Trustees includes summary information on the PRIM Board's legal structure, the PRIT Fund's investment allocation (if appropriate), and/or a link referring potential respondents to a website which contains such information.

Agreed-Upon Procedures

 For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected copies of the RFPs and noted whether they included a summary of the PRIM Board's legal structure, the PRIT Fund's investment allocation (if applicable), and/or a link referring potential respondents to a website which contains such information.

4. Controls provide reasonable assurance that communication with potential respondents during the search process is organized and controlled.

The PRIM Board Controls

- Each RFP authorized and issued by the Trustees includes the name of the Procurement Officer and clearly states that all communications regarding the RFP and selection process should be directed to the Procurement Officer.
- Each RFP authorized and issued by the Trustees provides an opportunity and means for potential respondents to submit questions and obtain responses from the Procurement Officer prior to the Proposal Deadline.
- Inquiries from potential respondents are answered when received in writing on or before the stated Question Deadline Date. Questions received subsequent to the deadline are not answered.

Agreed-Upon Procedures

- For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected copies of the RFPs and noted whether the name of the Procurement Officer and a statement directing all questions to the Procurement Officer was included.
- For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected the RFPs and noted whether an explanation of the question and answer process and deadline for submission of questions was included.
- For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected the PRIM Board's Responses to Questions, which comprises a listing of questions and responses. In accordance with the selection method on page 5, KPMG selected questions from the list and agreed them to the originating firm's transmittal. KPMG inspected the originating firm's transmittal and noted whether the date and time stamp on the transmittal (or in its absence, the date of the transmittal) was dated before or on the Question Deadline Date. For RFP-3, KPMG selected questions numbered 2, 4, 5, 9, and 18 to perform the above procedures. For RFP-12, KPMG selected questions 1, and 3 to perform the above procedures. For RFP-27, KPMG noted no questions to perform the above procedures.

and time of receipt. The Evaluation Committee does not consider

proposals received after the Proposal Deadline.

The PRIM Board Controls **Agreed-Upon Procedures** For each RFP listed in Appendix II for which services were procured during the period, KPMG selected questions from the population of respondent transmittals. In accordance with the selection method on page 5, KPMG inspected the respondent transmittal and noted whether the date and time stamp on the respondent's transmittal (or in its absence, the date of the transmittal) was dated before or on the Question Deadline Date. KPMG agreed the question(s) from the respondent's transmittal to the PRIM Board's Responses to Questions document. For RFP-3, KPMG selected questions numbered 2, 4, 5, 9, and 18 to perform the above procedures. For RFP-12, KPMG selected questions 1, and 3 to perform the above procedures. For RFP-27, KPMG noted no questions to perform the above procedures. 5. Controls provide reasonable assurance that information regarding the issuance of an RFP is widely disseminated. The PRIM Board Controls **Agreed-Upon Procedures** Each RFP issuance is advertised in industry publications, local For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected copies of and/or publications or both, if appropriate. original advertisements. For each RFP listed in Appendix II for which services were Each RFP is available on the PRIM Board's website procured during the period, KPMG inspected a series of screen (www.mapension.com) until the Proposal Deadline. shots and/or confirmation from website administrator evidencing that a respondent could download the RFP from the PRIM Board website. Controls provide reasonable assurance that proposals received after the stated deadline are not evaluated. 6. **The PRIM Board Controls Agreed-Upon Procedures** For each RFP listed in Appendix II for which services were Each RFP authorized and issued by the Trustees contains a procured during the period, KPMG inspected the date and time Proposal Deadline. All responses to RFPs are denoted with date stamp on the submitted proposal and noted whether all proposals

10 (Continued)

considered were received prior to or on the Proposal Deadline.

7. Controls provide reasonable assurance that responses to an RFP are reviewed and evaluated objectively.

The PRIM Board Controls

For each RFP, an Evaluation Committee is established if appropriate.

- The Evaluation Committee initially reviews responses to ensure that respondents meet the minimum qualifications as stipulated in the RFP.
- The Evaluation Committee may invite selected respondents (finalists) to an interview.
- The Evaluation Committee evaluates the respondents and makes objective judgments and recommendations based on the selection criteria outlined in the RFP.

Agreed-Upon Procedures

- For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected the Evaluation Committee Report and noted whether an Evaluation Committee was established, if appropriate.
- For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected a selection of RFP response packages, and verified whether the respondent provided documentation indicating that it met the minimum qualifications as stipulated in the RFP.
- For all RFPs, if applicable, for which services were procured during the period, KPMG inspected the notifications sent to each finalist, and noted whether the time and place of an interview were defined.
- For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected the Evaluation Committee report and noted whether the objective selection criteria outlined in the RFP was used to determine their selections.
- 8. Controls provide reasonable assurance that an investment advisor, where appropriate, provides insight into the selection process.

The PRIM Board Controls

 For each RFP, an investment advisor (if appropriate) assists the Evaluation Committee in the evaluation of responses and provides the appropriate Committee and Trustees with an independent recommendation (if applicable).

Agreed-Upon Procedures

For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected copies of Evaluation Committee reports addressed to the applicable Committee and noted whether separate reports of an investment advisor were included, if applicable.

9. Controls provide reasonable assurance that potential conflicts of interest are identified.

The PRIM Board Controls

Agreed-Upon Procedures

- For each recommendation, the Evaluation Committee ensures the recommended firms have completed the Disclosure Statement that requires the respondent to disclose relationships with the PRIM Board, the Commonwealth of Massachusetts and its Office of the Treasurer.
- For each recommendation approved by the Trustees during the period, KPMG inspected copies of the Disclosure Statements and noted whether they were completed.
- 10. Controls provide reasonable assurance that the appropriate Committee is educated about the search and selection process in order to make an informed recommendation to the Trustees.

The PRIM Board Controls

- The selection process is summarized by the Evaluation Committee in a written recommendation that is included in the appropriate Committee Meeting Agenda package and discussed during the Committee meeting.
- The appropriate Committee decides by a majority vote whether to accept, reject or modify the recommendation of the Evaluation Committee. The Committee then makes a formal recommendation to the Trustees, which is included in the Board Meeting Agenda package.

Agreed-Upon Procedures

- For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected copies of applicable Committee materials, and noted whether reports from Evaluation Committee were included.
- For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected the Board Meeting Agenda package, and noted whether there was a formal recommendation made by the applicable Committee to the Trustees.

11. Controls provide reasonable assurance that the Trustees are informed about the search and selection process prior to accepting, rejecting or modifying the recommendation of the appropriate Committee.

The PRIM Board Controls

- The selection process is summarized by the Evaluation Committee in a written recommendation that is included in the Board Meeting Agenda package and discussed during the Board meeting.
- The Trustees decide by a majority vote whether to accept, reject or modify the recommendation of the appropriate Committee during a public meeting.

Agreed-Upon Procedures

- For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected Trustees' meeting agendas and minutes and noted whether there was a presentation by the appropriate Committee to the Trustees, including results of the search and the applicable Committee's recommendation.
- For each RFP listed in Appendix II for which services were procured during the period, KPMG inspected the Trustees' meeting minutes and noted whether the decision to accept, reject or modify the recommendation of the applicable Committee was made by a majority vote of the Trustees.

B. Alternate Procurement for Investment Opportunities

1. Controls provide reasonable assurance that an investment advisor, where appropriate, provides insight into investment opportunities.

The PRIM Board Controls

- An investment advisor provides a detailed Investment Analysis Report for each proposed investment opportunity that concludes with a recommendation which generally considers the following criteria, where applicable:
 - Quality and stability of the investment team.
 - Previous investment track record.
 - Proposed investment strategy.
 - Ability of investment manager to demonstrate its capability to generate superior returns.
 - Legal and economic terms governing the investment structure.
 - Alignment of interests.
 - Operational capabilities.
 - PRIT Fund portfolio fit.

Agreed-Upon Procedures

 For each investment RFP listed in Appendix II, KPMG inspected copies of the investment advisor's report and noted whether the information specified was included, if applicable.

2. Controls provide reasonable assurance that potential conflicts of interest are identified.

The PRIM Board Controls

 For each investment, the general partner/manager must complete a standard Disclosure Statement. The Disclosure Statement requires the respondent to disclose relationships with the PRIM Board, the Commonwealth of Massachusetts and its Office of the Treasurer.

Agreed-Upon Procedures

 For each investment RFP listed in Appendix II, KPMG inspected copies of the Disclosure Statements and noted whether they were completed.

3. Controls provide reasonable assurance that the appropriate Committee is educated about investment opportunities in order to make an informed recommendation to the Trustees.

The PRIM Board Controls

- Each investment opportunity is summarized by the PRIM Board staff and is included in the appropriate Committee Meeting Agenda package.
- The investment advisor's Investment Analysis Report for each investment opportunity is provided as an appendix to the appropriate Committee Meeting Agenda package, if applicable.
- The applicable Committee decides by a majority vote whether to accept or reject the recommendation of the PRIM Board staff and the investment advisor, if appropriate. If accepted, the Committee then makes a formal recommendation to the Trustees, which is included in the Board Meeting Agenda package.
- 4. Controls provide reasonable assurance that the Trustees are informed about the investment opportunity prior to accepting or rejecting the recommendation of the appropriate Committee.

The PRIM Board Controls

 The investment opportunity is summarized and included in the Board Meeting Agenda package and discussed during the Board meeting.

Agreed-Upon Procedures

- For each investment RFP listed in Appendix II, KPMG inspected copies of applicable Committee materials and reviewed the PRIM Board staff and the investment advisor recommendations. The investments subject to RFP-19 were approved via interim meeting approval in accordance with the Summary of the PRIM Board's Procurement Practices in Section I.
- For each investment RFP listed in Appendix II, KPMG inspected the applicable Committee Meeting Agenda package and verified whether the investment advisor's Investment Analysis Report, if applicable, for each investment opportunity was provided as an appendix. The investments subject to RFP-19 were approved via interim meeting approval in accordance with the Summary of the PRIM Board's Procurement Practices in Section I.
- For each investment RFP listed in Appendix II, KPMG inspected the Board Meeting Agenda package and noted the Committee's formal recommendation to the Trustees. The investments subject to RFP-19 were approved via interim meeting approval in accordance with the Summary of the PRIM Board's Procurement Practices in Section I.

Agreed-Upon Procedures

For each investment RFP listed in Appendix II, KPMG inspected Trustees' meeting agendas and minutes and noted whether there were presentations by the applicable Committee to the Trustees, including recommendation of the investment. The investments subject to RFP-19 were approved via interim meeting approval in accordance with the Summary of the PRIM Board's Procurement Practices in Section I.

The PRIM Board Controls

The Trustees decide by a majority vote whether to accept, reject or modify the recommendation of the appropriate Committee during a public meeting.

Agreed-Upon Procedures

For each investment RFP listed in Appendix II, KPMG inspected the Trustees' meeting minutes and noted whether the decision to accept, reject or modify the recommendation by the applicable Committee was made by a majority vote of the Trustees. The investments subject to RFP-19 were approved via interim meeting approval in accordance with the Summary of the PRIM Board's Procurement Practices in Section I.

Appendix II

Listing of Services Procured Through RFP July 1, 2021 – June 30, 2022

RFP No.	Board approval date	Advisory committee	Decision	Type of RFP	Description
1	8/17/2021	Investment	Approval to Invest	Public Markets	Approve an initial allocation of up to \$1 billion to Rhumbline Passive S&P 500 Index
2	8/17/2021	Investment	Approval to Invest	Public Markets - Other Credit Opportunities	Approve an initial allocation of \$150 million to Newmarket IIFC III Fund-of- One LLC
3	8/17/2021	Investment	Approval to Hire	Asset Allocation Advisory Services	Select NEPC to provide asset allocation advisory services
4	8/17/2021	Investment	Approval to Invest	Private Equity	Approve a commitment of up to \$150 million to Trident IX, L.P.
5	8/17/2021	Investment	Approval to Invest	Private Equity	Approve a commitment of up to \$75 million to Tidemark Fund I, L.P.
6	8/17/2021	Real Estate and Timberland	Approval to Invest	Non-Core Real Estate	Approve a commitment of \$25 million to Berkshire Multifamily Value Fund V, up to \$75 million investment in the Multifamily Co-Investment Opportunity, and up to \$100 million investment in future co-investment opportunities
7	12/2/2021	Investment	Approval to Invest	Emerging-Diverse Manager Program	Approve an initial allocation of up to \$1 billion to the Emerging-Diverse Manager Program and select the following firms to manage the program: Bivium Capital for Fixed Income, Hamilton Lane for Private Equity, Xponance, Inc for Global Equities, and Cambrige Associates for Real Estate. PAAMCO will continue to invest in emerging-diverse Hedge Fund managers.
8	12/2/2021	Investment	Approval to Invest	Public Markets	Approve an initial allocation of up to \$300 million to Arga Investment Management, LP and initial allocations of up to \$150 million to both Artisan Partners LP and Driehaus Capital Management
9	12/2/2021	Investment	Approval to Invest	Private Equity	Approve a commitment of up to \$125 million to GTCR Strategic Growth Fund I L.P.
10	12/2/2021	Investment	Approval to Invest	Private Equity	Approve a commitment of up to \$100 million to Georgian Growth Fund VI, L.P. and up to \$50 million to Georgian Alignment Fund II, L.P.
11	12/2/2021	Investment	Approval to Invest	Private Equity	Approve a commitment of up to \$14 million to Spark Capital VII, L.P. and up to \$28 million to Spark Capital Growth IV, L.P.

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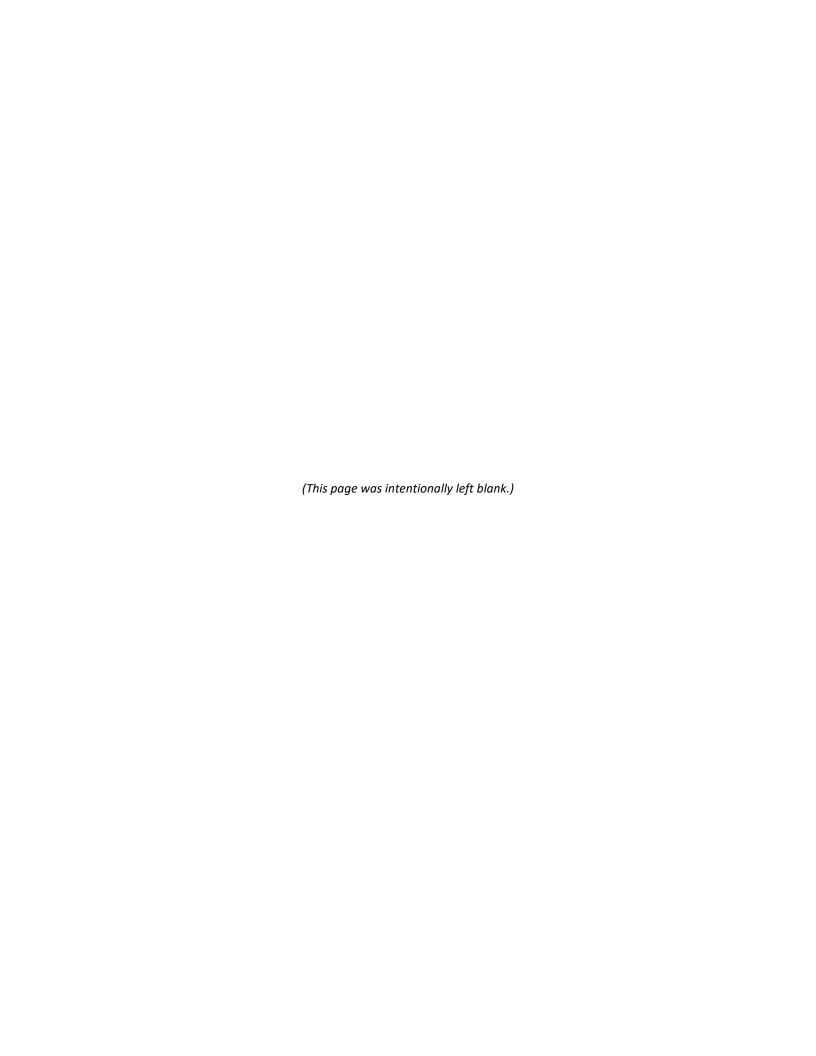
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12	12/2/2021	Administrati on and Audit	Approval to Hire	Proxy Advisory and Voting Services	Select Institutional Shareholder Services to provide proxy advisory and voting services
13	2/17/2022	Investment	Approval to Invest	Private Equity	Approve a commitment of up to \$275 million to Thoma Bravo Fund XV, L.P., up to \$150 million to Thoma Bravo Discover Fund IV, L.P., and up to \$150 million to Thoma Bravo Explore Fund II, L.P.
14	2/17/2022	Investment	Approval to Invest	Private Equity	Approve a commitment of up to €80 million to Chequers Capital XVIII, SLP
15	2/17/2022	Investment	Approval to Invest	Private Equity	Approve a commitment of up to \$40 million to Polaris Growth Fund II, L.P.
16	2/17/2022	Investment	Approval to Invest	Private Equity	Approve a commitment of up to \$100 million to JMI Equity Fund XI, L.P.
17	2/17/2022	Investment	Approval to Invest	Private Equity	Approve a commitment of up to \$350 million to Advent International GPE X, L.P.
18	2/17/2022	Investment	Approval to Invest	Private Equity	Approve a commitment of up to \$22 million to USV 2022, L.P. and up to 32 million to USV Opportunity 2022, L.P.
19	3/28/2022	Investment	Approval to Invest*	Private Equity	Approve a commitment of up to €200 million to Nordic Capital Fund XI
20	5/19/2022	Investment	Approval to Invest	Public Markets - Other Credit Opportunities	Approve an initial commitment of up to \$200 million to ArrowMark PRIM Fund of the One
21	5/19/2022	Investment	Approval to Invest	Portfolio Completion Strategies	Approve an initial allocation of up to \$175 million to North Peak Capital
22	5/19/2022	Investment	Approval to Invest	Private Equity	Approve a commitment of up to \$8.2 million to Sequoia Capital China Seed III, L.P., up to \$18.8 million to Sequoia Capital China Venture IX, L.P., up to \$61.5 million to Sequoia Capital China Growth VII, L.P., and up to \$61.5 million to Sequoia Capital China Expansion I, L.P.
23	5/19/2022	Investment	Approval to Invest	Private Equity	Approve a commitment of up to \$50 million to Insight Partners Vision Capital II, L.P.
24	5/19/2022	Investment	Approval to Invest	Private Equity	Approve a commitment of up to \$20 million to Insight Partners Fund XI Follow-On Fund, L.P.
25	5/19/2022	Investment	Approval to Invest	Private Equity	Approve a commitment of up to €40 million to Medicxi IV, L.P.
26	5/19/2022	Investment	Approval to Invest	Private Equity	Approve a commitment of up to \$200 million to Technology Crossover Ventures XII, L.P.
27	5/19/2022	Real Estate and Timberland	Approval to Hire	Timberland Appraisal	Approve nine firms be placed on PRIM's list of approved timberland appraisers ard's interim alternative investment review procedures.



Appendix K

Aon (McLagan) Equal Pay Audit Presentation



AON

Massachusetts PRIM

Equal Pay Audit 2022





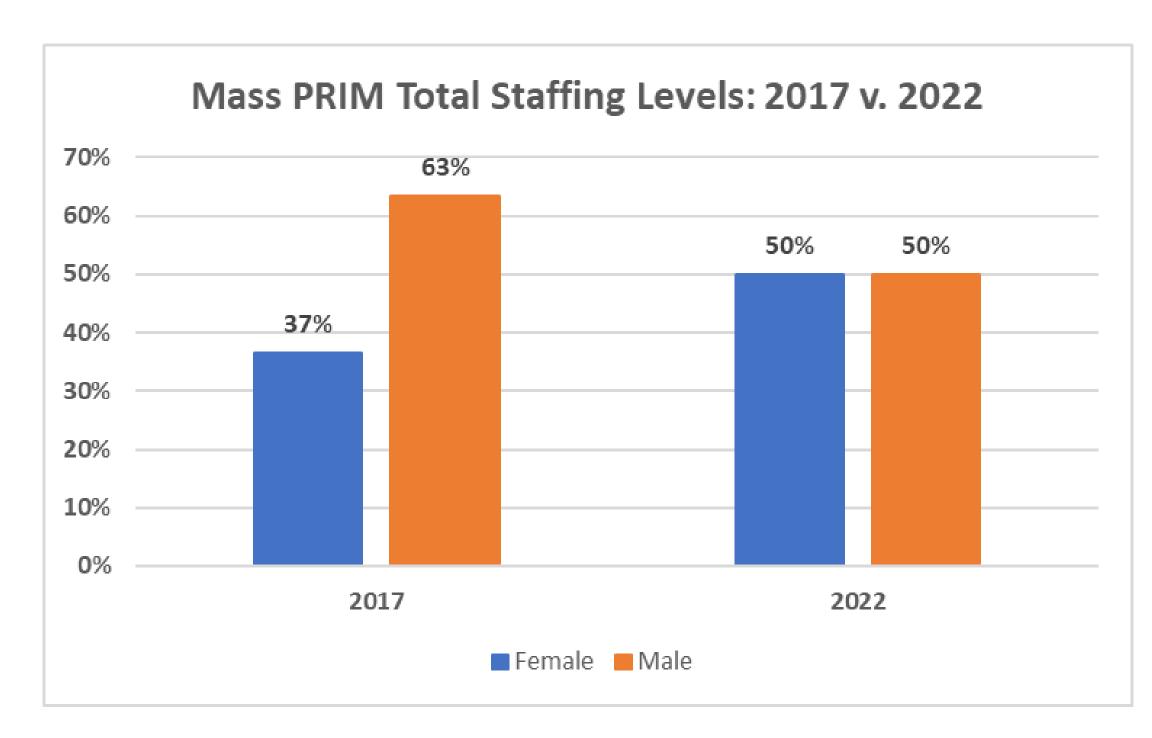
Overview

- Massachusetts PRIM asked McLagan to update the analysis completed in 2017 that reviewed its employees' salaries
 to ensure that its employees are paid fairly and competitively, without regard to gender.
- PRIM provided McLagan with all PRIM employees and their: current salaries, salary ranges, internal titles, performance rating, tenure, and gender. Only PRIM employees with performance ratings are included in this analysis (i.e., all new hires have been excluded).
- To help assess gender pay equity, McLagan:
 - 1. Assessed how PRIM has adjusted their employee gender mix over the last five years.
 - 2. Compared the salary range placement of all PRIM employees. We attempted to answer the question: Is there a gender bias in salary range placement?
 - 3. Assessed salary range placement, factoring in individual employees' performance and tenure. That is, our analysis addressed the question: On a performance- and tenure-adjusted basis, is there a gender bias?
- In conducting this analysis, McLagan found that:
 - For employees at the same job level and/or position at PRIM, we do not observe a gender bias.
 - Of the female population, more than half (60%) are paid at or above their predicted salary range midpoint, compared to 40% of the male population.



1. How has PRIM Adjusted their Employee Mix Over the Last Five Years?

- McLagan last conducted this analysis in 2017, and found that PRIM's overall staffing levels were predominantly male (i.e., 63% of staff were male vs. 37% female).
 - Digging a bit further, 89% of staff in the top-four salary ranges were male.
- However, within the past five years, PRIM has made a concerted effort to not only hire more female staff, but also focus on hiring more senior female staff. Through these efforts, PRIM's overall staffing is currently split 50% female and 50% male.
 - Importantly, within the top-four salary ranges, females make up 30% of the population (previously 11% in 2017).

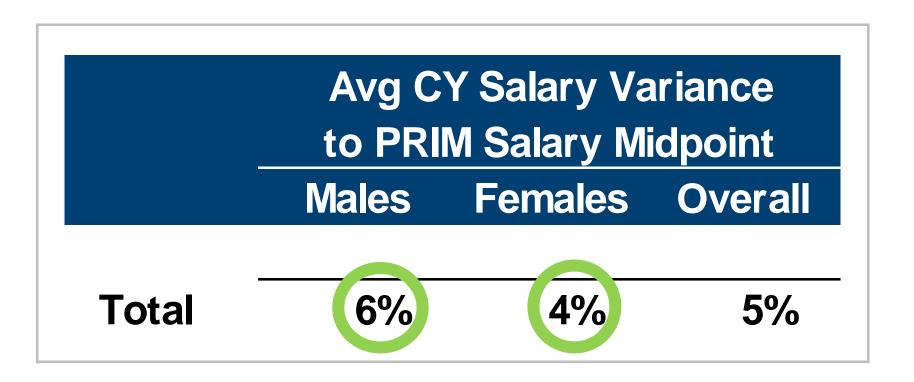


■ Note, compared to 2017, PRIM's male employee population has stayed largely flat, both in total headcount (+4%) and within the top-four salary bands (+0%). PRIM has increased its female population by +80% in total headcount and +250% within the top-four salary bands.



2. Does Placement within PRIM's Salary Range Reflect Gender Bias?

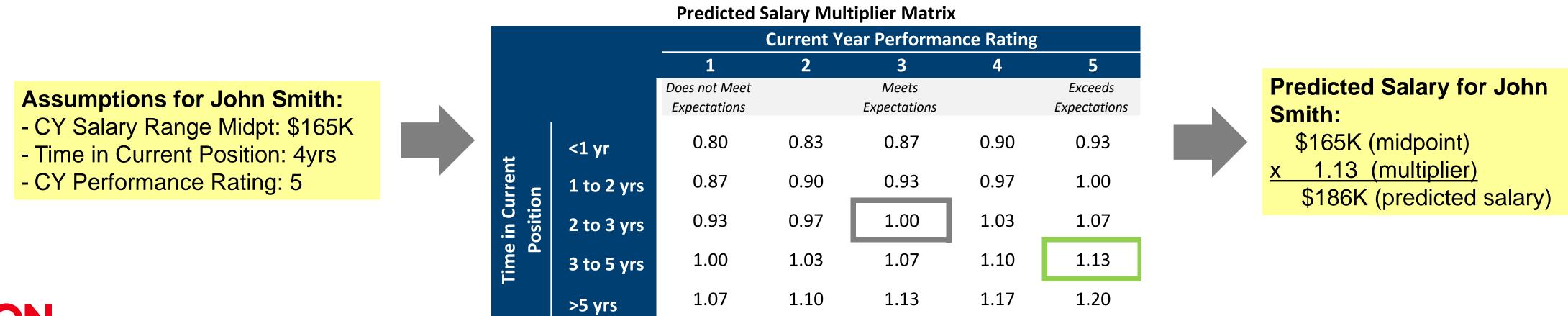
- PRIM's Board-approved salary structure is designed to reflect competitive market norms and help PRIM manage its overall compensation costs.
- In general, PRIM employees that fully satisfy the experience and knowledge requirements of their position and who meet expectations for performance, are expected to be paid around the salary structure's midpoint.
- To assess whether placement within PRIM's salary ranges reflects gender bias (i.e., with men paid more than women or women paid more than men), McLagan mapped the salary range placement of each PRIM employee.
- Unadjusted for performance and tenure, PRIM's male and female employees are both positioned ~4% to 6%, on average, above their salary midpoints.





3. Factoring in Performance & Tenure, is there a Gender Bias?

- Placement within PRIM's salary ranges is expected to be impacted by an individual incumbent's:
 - Time in current position: Incumbents that are long tenured within their current position are expected to be paid higher within their respective salary ranges (i.e., likely between the midpoint and the maximum salary range).
 - Performance: Higher-performing incumbents are expected to be paid higher in their respective salary ranges (i.e., likely between the midpoint and the maximum salary range).
- To account for differences in incumbent experience and performance, McLagan developed incumbent-specific predicted salaries above or below range midpoints based on individual incumbent's time in position and performance. These predicted salaries provide a potentially more useful basis for understanding relative differences in pay between males and females, factoring in each incumbent's performance and tenure in position.
- We used the following matrix to determine these performance- and tenure-adjusted predicted salaries.





3. Factoring in Performance & Tenure, is there a Gender Bias?...

- Overall, PRIM's current year salaries fell below the predicted salary levels (average variance of -6%). We found that:
 - Females' current year salaries, on average, were 5% below their predicted salary levels.
 - Males' current year salaries were further below their predicted salaries (on average 7% below).
- Of the female population, 60% are paid at or above their predicted salary level, compared to 40% of the male population.

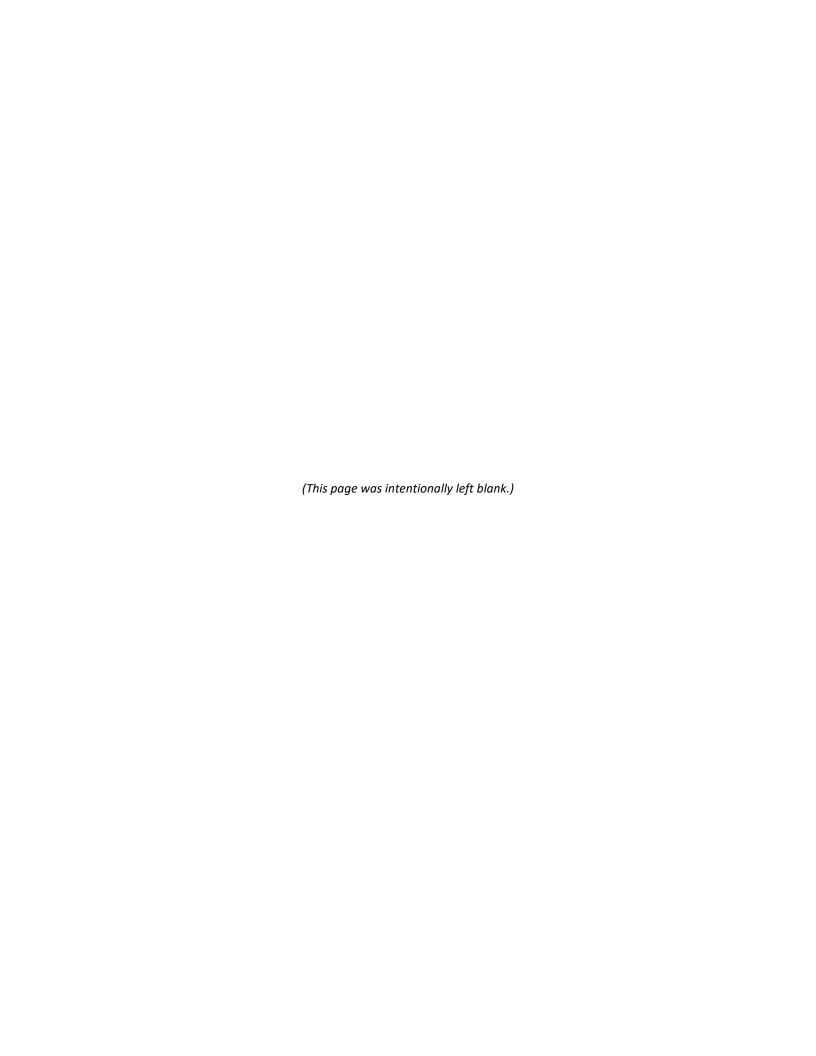
CY Salaries vs. Predicted Salary Level Number of Incumbents Whose Salaries are:					
More than More than 5% below +/- 5% 5% Above					
Males	12	4	4		
Females	8	10	2		
Total	20	14	6		





Appendix L

September 2022 PRIM Operating Budget



PENSION RESERVES INVESTMENT MANAGEMENT BOARD Budget as of September 30, 2022

FY 2023	Investment Management Fees	YTD Actual	YTD Budget	Variance Under (Over)	<u>%</u>
<u></u>				<u> </u>	<u> 70</u>
78,370,000	Global Equity	14,820,206	19,592,500	4,772,294	24.4%
0	Global Equity Performance Fee	(764,919)	0	764,919	N/A
9,762,000	Core Fixed Income	1,963,461	2,440,500	477,039	19.5%
0	Core Fixed Income Performance Fee	566,307	0	(566,307)	N/A
50,700,000	Value Added Fixed Income	10,378,898	12,675,000	2,296,102	18.1%
43,635,000	Real Estate	9,438,487	10,908,750	1,470,263	13.5%
0	Real Estate Performance Fee	1,655,665	0	(1,655,665)	N/A
8,250,000	Timberland	1,848,223	2,062,500	214,277	10.4%
0	Timberland Performance Fee	(1,940,723)	0	1,940,723	N/A
185,600,000	Private Equity	48,428,777	46,400,000	(2,028,777)	-4.4%
89,018,000	Portfolio Completion Strategy	19,046,910	22,254,500	3,207,590	14.4%
1,205,000	Overlay, Foreign Currency	211,344	301,250	89,906	29.8%
466,540,000	Total Investment Management Fees	105,652,636	116,635,000	10,982,364	9.4%
	Third-Party Service Providers				
935,000	Custodian	233,750	233,750	0	0.0%
2,512,500	General	404,083	628,125	224,042	35.7%
2,900,000	Real Estate & Timberlands	606,676	725,000	118,324	16.3%
2,650,000	Public Markets	438,437	662,500	224,063	33.8%
1,900,000	Private Equity	430,510	475,000	44,490	9.4%
8,955,000	Portfolio Completion Strategies	1,885,125	2,238,750	353,625	15.8%
1,500,000	Research	130,025	375,000	244,975	65.3%
481,000	Audit & Tax	89,314	120,250	30,936	25.7%
475,000	Legal	21,521	118,750	97,229	81.9%
340,000	Governance	58,374	85,000	26,626	31.3%
1,800,000	Risk Measurement & Analytics	427,181	450,000	22,819	5.1%
24,448,500	Total Third-Party Service Providers	4,724,996	6,112,125	1,387,129	22.7%
	<u>Operations</u>				
22,500,000	Compensation & Benefits	4,523,235	5,625,000	1,101,765	19.6%
1,830,000	Occupancy	308,373	457,500	149,127	32.6%
515,000	Insurance	75,272	128,750	53,478	41.5%
380,000	General Office Expenses	37,749	95,000	57,251	60.3%
1,170,000	Computer & MIS	186,727	292,500	105,773	36.2%
467,000	Travel, Development & Dues	54,790	116,750	61,960	53.1%
55,000	Client Service	1,936	13,750	11,814	85.9%
85,000	Board Elections	0	21,250	21,250	100.0%
27,002,000	Total Operations	5,188,082	6,750,500	1,562,418	23.1%
517,990,500	Total PRIM Direct Operating Budget	115,565,714	129,497,625	13,931,911	10.8%

YTD Budget 1

Global Equities

FY 2023 Budget	<u>Manager</u>	<u>Year to Date</u> <u>Actual</u>	Year to Date Budget	<u>Variance</u> <u>Under (Over)</u>
Domestic Equity				
850,000	SSgA (S&P 500 Index)	152,154	212,500	60,346
100,000	Rhumbline (S&P 500 Index)	21,102	25,000	3,898
100,000	SSgA (Russell 2500 Index)	20,957	25,000	4,043
2,500,000	Frontier	517,741	625,000	107,259
3,000,000	Riverbridge	602,479	750,000	147,521
4,700,000	Summit Creek	988,879	1,175,000	186,121
4,800,000	GSAM Domestic Enhanced Equity	493,011	1,200,000	706,989
450,000	Acadian Micro Cap	102,558	112,500	9,942
0	Acadian Micro Cap Performance	2,112,832	0	(2,112,832)
1,500,000	Brandywine Micro Cap	301,711	375,000	73,289
1,400,000	Lord Abbett Micro Cap	290,653	350,000	59,347
1,600,000	Driehaus Micro Cap	322,332	400,000	77,668
21,000,000	Total Domestic Equity	5,926,409	5,250,000	(676,409)
International Equity				
370,000	SSgA (World Ex-US Index)	83,457	92,500	9,043
100,000	SSgA (Small Cap)	17,693	25,000	7,307
8,600,000	Marathon	1,611,167	2,150,000	538,833
5,500,000	Baillie Gifford	996,248	1,375,000	378,752
3,900,000	Mondrian Investment	780,336	975,000	194,664
1,860,000	Xponance	391,616	465,000	73,384
1,700,000	ARGA	578,201	425,000	(153,201)
1,990,000	Acadian	404,915	497,500	92,585
1,700,000	AQR	308,904	425,000	116,096
1,150,000	Driehaus	185,695	287,500	101,805
1,500,000	Artisan	250,957	375,000	124,043
28,370,000	Total International Equity	5,609,189	7,092,500	1,483,311
Emerging Markets Eq	uity			
5,500,000	Baillie Gifford	941,601	1,375,000	433,399
4,400,000	Driehaus	908,519	1,100,000	191,481
8,200,000	Pzena	1,559,633	2,050,000	490,367
0	AQR (Performance Fee)	(2,877,751)	0	2,877,751
2,900,000	T. Rowe Price	439,580	725,000	285,420
4,400,000	Acadian	1,023,389	1,100,000	76,611
2,300,000	Wasatch	385,393	575,000	189,607
27,700,000	Total Emerging Markets	2,380,364	6,925,000	4,544,636
FUTURE Initiative - En	merging Diverse Managers Program			
600,000	Xponance	81,226	150,000	68,774
700,000	Various Emerging - Diverse Managers	58,099	175,000	116,901
1,300,000	Total Diverse Managers	139,325	325,000	185,675
78,370,000	Total Global Equities	14,055,287	19,592,500	5,537,213

Fixed Income

FY 2023 Budget	<u>Manager</u>	<u>Year to Date</u> <u>Actual</u>	Year to Date Budget	<u>Variance</u> <u>Under (Over)</u>
Core Fixed Income				
170,000	Blackrock (Agg Index)	37,803	42,500	4,697
280,000	Blackrock (TIPS Index)	65,069	70,000	4,931
1,325,000	Blackrock (ILB)	283,410	331,250	47,840
272,000	Blackrock (STRIPS Index)	59,970	68,000	8,030
95,000	Blackrock Short Term FI	21,643	23,750	2,107
1,700,000	PIMCO	359,214	425,000	65,786
0	PIMCO Performance Fee	566,307	0	(566,307)
2,300,000	Loomis Sayles	518,988	575,000	56,012
150,000	AFL-CIO	30,872	37,500	6,628
965,000	Longfellow	176,590	241,250	64,660
935,000	New Century	170,861	233,750	62,889
1,020,000	Pugh	194,496	255,000	60,504
0	Community Capital	(352)	0	352
250,000	FUTURE Initiative - Bivium Core FI	24,441	62,500	38,059
300,000	FUTURE Initiative - Various Emerging-Diverse Managers	20,456	75,000	54,544
9,762,000	Total Core Fixed Income	2,529,768	2,440,500	(89,268)
Value Added Fixed Inc	<u>come</u>			
1,600,000	Fidelity	358,986	400,000	41,014
2,020,000	Loomis Sayles	446,234	505,000	58,766
1,630,000	Shenkman	370,220	407,500	37,280
4,100,000	Eaton Vance*	970,513	1,025,000	54,487
3,400,000	Voya*	786,253	850,000	63,747
1,500,000	PIMCO	308,083	375,000	66,917
3,500,000	Ashmore*	669,584	875,000	205,416
16,400,000	Private Debt*	3,673,281	4,100,000	426,719
16,000,000	Other Credit Strategies	2,700,552	4,000,000	1,299,448
250,000	FUTURE Initiative - Bivium Value Added FI	36,559	62,500	25,941
300,000	FUTURE Initiative - Various Emerging-Diverse Managers	58,633	75,000	16,367
50,700,000	Total Value Added Fixed Income	10,378,898	12,675,000	2,296,102

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

Fixed Income 3

Real Estate and Timberland

FY 2023 Budget	<u>Manager</u>	Year to Date Actual	Year to Date Budget	<u>Variance</u> <u>Under (Over)</u>
REITs				
3,200,000	CenterSquare	687,688	800,000	112,312
2,900,000	Brookfield	520,006	725,000	204,994
6,100,000	Total REIT	1,207,694	1,525,000	317,306
Core Strategy				
7,100,000	AEW*	1,795,208	1,775,000	(20,208)
9,800,000	Invesco*	2,037,568	2,450,000	412,432
7,400,000	LaSalle*	1,912,453	1,850,000	(62,453)
1,700,000	CBRE Global Investors	476,789	425,000	(51,789)
1,500,000	Stockbridge Advisors	432,314	375,000	(57,314)
1,000,000	DivcoWest Core	0	250,000	250,000
28,500,000	Total Core Strategy	6,654,332	7,125,000	470,668
Non-core Strategy				
7,035,000	Various Managers	1,438,961	1,758,750	319,789
7,035,000	Total Non-Core Strategy	1,438,961	1,758,750	319,789
FUTURE Initiative	Emerging Diverse Managers Program			
700,000	Cambridge Associates	137,500	175,000	37,500
1,300,000	Various Emerging - Diverse Managers	0	325,000	325,000
	randad zmerging zmerse managere		020,000	323,666
2,000,000	Total Diverse Managers	137,500	500,000	362,500
Performance Fee				
0	Core Performance Fee	1,745,830	0	(1,745,830)
0	Non-Core Performance Fee	(90,165)	0	90,165
0	Total Performance Fee	1,655,665	0	(1,655,665)
43,635,000	Total Real Estate	11,094,152	10,908,750	(185,402)
<u>Timberland</u>				
3,000,000	Forest Investment Associates*	700,937	750,000	49,063
5,250,000	Campbell Group*	1,147,286	1,312,500	165,214
0	Campbell Performance Fee	(1,940,723)	0	1,940,723
8,250,000	Total Timberland	(92,500)	2,062,500	2,155,000

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

Private Equity

FY 2023 Budget	<u>Manager</u>	Year to Date Actual	Year to Date Budget	<u>Variance</u> <u>Under (Over)</u>
Private Equity Mana	agers_			
183,000,000	Various Managers	48,278,777	45,750,000	(2,528,777)
183,000,000	Total Private Equity Managers	48,278,777	45,750,000	(2,528,777)
FUTURE Initiative -	Emerging - Diverse Managers Program			
600,000	Hamilton Lane	150,000	150,000	0
2,000,000	Various Emerging - Diverse Managers	0	500,000	500,000
2,600,000	Total Diverse Managers	150,000	650,000	500,000
185,600,000	Total Private Equity	48,428,777	46,400,000	(2,028,777)

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

Portfolio Completion Strategies

FY 2023 Budget	<u>Manager</u>	<u>Year to Date</u> <u>Actual</u>	Year to Date Budget	<u>Variance</u> <u>Under (Over)</u>
Portfolio Completion	<u>Strategies</u>			
168,000	Replication Strategies	32,319	42,000	9,681
6,500,000	PAAMCO-Hedge Fund of Funds*<	1,358,198	1,625,000	266,802
66,000,000	Direct Hedge Funds*	14,532,231	16,500,000	1,967,769
5,020,000	Emerging Manager Program	1,034,757	1,255,000	220,243
11,330,000	Real Assets*	2,089,405	2,832,500	743,095
				_
89,018,000	Total Portfolio Completion Strategies	19,046,910	22,254,500	3,207,590

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

<Fees listed here exclude costs of underlying hedge funds, which typically charge fees ranging from 1% to 2% of net assets values, plus performance fees of up to 20% of excess returns. These costs are embedded in net hedge fund performance.

Overlay/Foreign Currency/Other

FY 2023 Budget	<u>Manager</u>	Year to Date Actual	Year to Date Budget	<u>Variance</u> <u>Under (Over)</u>
Overlay/Foreign Curre	ency & Other			
565,000	Parametric (Overlay)	122,417	141,250	18,833
640,000	Russell (Foreign Currency)	88,927	160,000	71,073
1,205,000	Total	211,344	301,250	89,906

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

Third Party Service Providers

FY 2023 Budget		<u>Year to Date</u> <u>Actual</u>	Year to Date Budget	<u>Variance</u> <u>Under (Over)</u>
<u>Custody</u>				
935,00	0 Master Custody Services	233,750	233,750	0
935,00	0 Total Custody	233,750	233,750	0
<u>General</u>				
230,00	0 Asset Allocation	57,500	57,500	0
122,50	0 Benchmarking Advisory Services	0	30,625	30,625
515,00	O Operational Due Diligence	69,167	128,750	59,583
500,00	0 Information Technology	105,121	125,000	19,879
200,00	O Legislative Restrictions & Benchmark	42,812	50,000	7,188
125,00	0 Communications	26,775	31,250	4,475
120,00	O Compensation and Human Resources	6,763	30,000	23,237
100,00	0 Compliance	39,204	25,000	(14,204)
250,00	0 Investment Equity Diversity Program	16,250	62,500	46,250
350,00	Misc. Service Providers & Other Initiatives	40,491	87,500	47,009
2,512,50	O Total Advisory Services-General	404,083	628,125	224,042
RE and Timberland	•			
1,000,000		205,327	250,000	44,673
800,000		216,751	200,000	(16,751)
1,100,000		184,598	275,000	90,402
2,900,000	Total Real Estate & Timber Advisory	606,676	725,000	118,324
Public Markets		400.004	407.500	24.400
550,00		106,301	137,500	31,199
1,500,00	_	274,661	375,000	100,339
600,00	O Public Markets - Other	57,475	150,000	92,525
2,650,000	Total Public Markets Advisory	438,437	662,500	224,063
Private Equity				
1,500,00	0 Private Equity Advisor	375,000	375,000	0
400,00		55,510	100,000	44,490
1,900,00	O Total Private Equity Advisory	430,510	475,000	44,490

Third Party Service Providers (continued)

	Year to Date Actual	Year to Date Budget	<u>Variance</u> <u>Under (Over)</u>
n Strategies			
Advisor-Portfolio Completion Strategies	319,949	375,000	55,051
Managed Acct Platform Provider	1,525,711	1,768,750	243,039
PCS Advisor - Other	39,465	95,000	55,535
Total Portfolio Completion Strategies Advisory	1,885,125	2,238,750	353,625
Research Tools	130,025	375,000	244,975
Total Research	130,025	375,000	244,975
Annual Finan. Statement Audits	73,250	73,250	0
			88
Tax Services & Other	402	31,250	30,848
Total Audit & Tax	89,314	120,250	30,936
Outside Counsel	21,521	118,750	97,229
Total Outside Counsel	21,521	118,750	97,229
Proxy Voting Services	43,374	52,500	9,126
Council of Inst. Investors	7,500	8,750	1,250
Board Education	0	5,000	5,000
Advisory Services and Other	7,500	18,750	11,250
Total Governance	58,374	85,000	26,626
& Analytics			
Risk Measurement Systems	209,606	225,000	15,394
Investment Tools and Analytics	217,575	225,000	7,425
Total Risk Measurement	427,181	450,000	22,819
Total Third-Party Providers	4,724,996	6,112,125	1,387,129
	Managed Acct Platform Provider PCS Advisor - Other Total Portfolio Completion Strategies Advisory Research Tools Total Research Annual Finan. Statement Audits Agreed-Upon Procedures Tax Services & Other Total Audit & Tax Outside Counsel Total Outside Counsel Proxy Voting Services Council of Inst. Investors Board Education Advisory Services and Other Total Governance & Analytics Risk Measurement Systems Investment Tools and Analytics Total Risk Measurement	Actual Advisor-Portfolio Completion Strategies 319,949 Managed Acct Platform Provider 1,525,711 PCS Advisor - Other 39,465 Total Portfolio Completion Strategies Advisory 1,885,125 Research Tools 130,025 Total Research 130,025 Annual Finan. Statement Audits 73,250 Agreed-Upon Procedures 15,662 Tax Services & Other 402 Total Audit & Tax 89,314 Outside Counsel 21,521 Proxy Voting Services 43,374 Council of Inst. Investors 7,500 Board Education 0 Advisory Services and Other 7,500 Total Governance 58,374 & Analytics Risk Measurement Systems 209,606 Investment Tools and Analytics 217,575 Total Risk Measurement 427,181	Actual Budget n Strategies Advisor-Portfolio Completion Strategies 319,949 375,000 Managed Acct Platform Provider 1,525,711 1,768,750 PCS Advisor - Other 39,465 95,000 Total Portfolio Completion Strategies Advisory 1,885,125 2,238,750 Research Tools 130,025 375,000 Total Research 130,025 375,000 Annual Finan. Statement Audits 73,250 73,250 Agreed-Upon Procedures 15,662 15,750 Tax Services & Other 402 31,250 Total Audit & Tax 89,314 120,250 Outside Counsel 21,521 118,750 Total Outside Counsel 21,521 118,750 Proxy Voting Services 43,374 52,500 Council of Inst. Investors 7,500 8,750 Board Education 0 5,000 Advisory Services and Other 7,500 18,750 Total Governance 58,374 85,000 Risk Measurement Sys

Operations

FY 2023 Budget		<u>Year to Date</u> <u>Actual</u>	Year to Date Budget	<u>Variance</u> <u>Under (Over)</u>
Compensation & Be	nefits_			
22,000,000	Full-Time Staff	4,452,180	5,500,000	1,047,820
9,000	Dental and Vision	2,214	2,250	36
76,000	Disability	22,829	19,000	(3,829)
315,000	Medicare Tax	36,611	78,750	42,139
100,000	Miscellaneous	9,401	25,000	15,599
22,500,000	Total Compensation & Benefits	4,523,235	5,625,000	1,101,765
Occupancy 1,750,000 60,000	Lease Utilities	297,589 8,383	437,500 15,000	139,911 6,617
20,000 1,830,000	Leasehold Improvements, Other Total Occupancy	2,401 308,373	5,000 457,500	2,599 149,127
Insurance				
350,000	Fiduciary	62,612	87,500	24,888
45,000	Business Insurance Policies	10,225	11,250	1,025
20,000	Workers Compensation	2,435	5,000	2,565
100,000	Other	0	25,000	25,000
515,000	Total Insurance	75,272	128,750	53,478

Operations 10

Operations (continued)

FY 2023 Budget		Year to Date Actual	Year to Date Budget	<u>Variance</u> <u>Under (Over)</u>
General Office Expe	nses_			
65,000	Printing, Postage, and Courier	12,296	16,250	3,954
70,000	Payroll / Employee Timesheets	6,255	17,500	11,245
25,000	Meeting Expense & Stenographer	172	6,250	6,078
50,000	Records Storage	6,945	12,500	5,555
120,000	Off. Supplies, Equip and Other	10,558	30,000	19,442
50,000	Temporary Labor	1,523	12,500	10,977
0	Cap Assets-Office Equipment	0	0	0
0	Cap Assets-Leasehold	0	0	0
380,000	Total Office Expense	37,749	95,000	57,251

Operations (continued)

FY 2023 Budget		Year to Date Actual	Year to Date Budget	<u>Variance</u> <u>Under (Over)</u>
Computer MIS Exp	<u>ense</u>			
680,000	Hardware & Software	137,107	170,000	32,893
365,000	Support and Development	23,366	91,250	67,884
125,000	MIS Other/ISP& Remote Access	22,733	31,250	8,517
0	Cap Assets-Computer Equipment	3,521	0	(3,521)
0	Cap Assets-Software Development	0	0	0
1,170,000	Total Computer & MIS	186,727	292,500	105,773

Operations (continued)

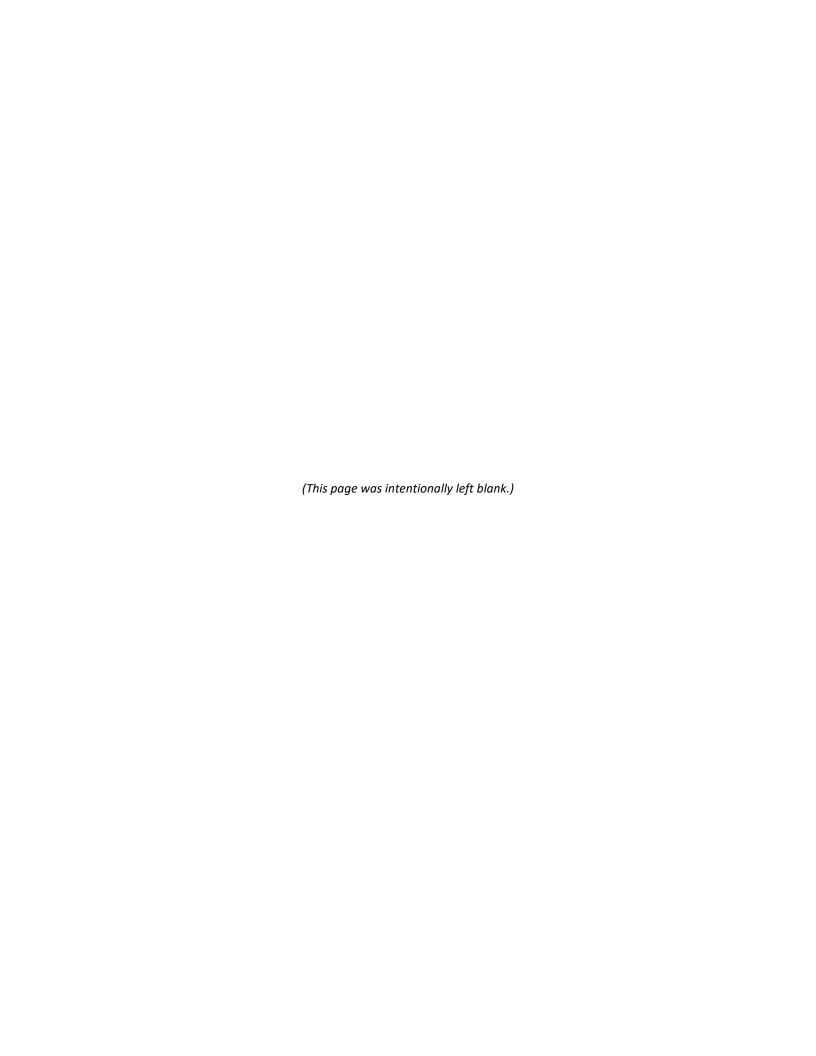
FY 2023 Budget		Year to Date Actual	Year to Date Budget	<u>Variance</u> <u>Under (Over)</u>
Travel, Developme	nt, Dues & Subscriptions			
215,000	Due Diligence Travel	23,416	53,750	30,334
132,000	Professional Development	3,187	33,000	29,813
120,000	Professional Dues and Subscrip.	28,187	30,000	1,813
467,000	Total Travel, Development & Dues	54,790	116,750	61,960
Client Services				
20,000	Meetings & Conferences	564	5,000	4,436
15,000	Auto Mileage & Parking	1,372	3,750	2,378
20,000	Printing	0	5,000	5,000
55,000	Total Client Services	1,936	13,750	11,814
Board Elections 85,000	PRIM Board Members' Elections	0	21,250	21,250
85,000	Total Board Elections	0	21,250	21,250
27,002,000	Total Operations	5,188,082	6,750,500	1,562,418





Appendix M

Travel Report



					Education/Professional
Deter	Nema	Openitation	Lacation	Due Dilineres	
Dates	Name	Organization	Location	Due Diligence	Development
5/24-5/25/22	Tim Doyle	Hellman & Friedman	San Francisco, CA	141.68	
6/6-6/7/22	Tim Doyle	Stonepoint	New York, NY	168.08	
0/0 0///22	Total Tim Doyle	o.o.repoint	new rong m	309.76	-
9/26-10/1/22	Alyssa Fiore	Aitor, Nordic, CVC Manager Meetings	Stockholm, Sweden	4,973.37	
	Total Alyssa Fiore			4,973.37	-
9/6-9/7/22	Eliza Haynes	Thoma Bravo Advisory Board Meeting	New York, NY	286.70	
9/26-10/1/22	Eliza Haynes	Aitor, Nordic, CVC Manager Meetings	Stockholm, Sweden	4,973.37	
	Total Eliza Haynes			5,260.07	-
4/25 4/20/22	Electivism of	De Maria Kanana Calabara Tan Cara Inda Carala Manda and a familia de Familia de Familia de Familia de Familia	Name Vanla NIV	108.45	400.46
4/25-4/28/22	Eleni Klempner Total Eleni Klempner	Davidson Kempner, Sightway Two Sigma, Institutional Investor Hedge Fund Forum & 19th Hedge Fund Awards	New York, NY	108.45	108.46 108.46
-	Total Elelli Kleinpher			100.45	100.40
6/7/2022	John LaCara	Property and Market Tour with Slate Property Group - 85 East End	New York, NY	59.25	
	Total John LaCara		,	59.25	_
3/28/2022	Jay Leu	North Peak and Point72 Review	New York, NY	170.10	
	Total Jay Leu			170.10	-
·					
6/23-6/24/22	Bill Li	CKC Capital and Valent Capital	New York, NY	571.20	
6/28-6/30/22	Bill Li	World Bank Pension Investment, TRowe Price, Tabor, and DLD	Washington, DC	1,117.59	
7/13-7/15/22	Bill Li	Valent, Morgan Stanley, Investcorp-Tages, Elliott and Fir Tree	New York, NY	1,801.42	
8/24-8/25/22	Bill Li	Manager Meetings with Dragoneer Investment Group, PGIM, and Woodline Capital	San Francisco, CA	1,857.91	
	Total Bill Li			5,348.12	-
4/26-4/27/22	Liu Liu	Sycale meeting, Institutional Investor Hedge Fund Forum & 19th Hedge Fund Awards	New York, NY		141.50
6/9/2022	Liu Liu	Jefferies Capital Intelligence Healthcare Forum	New York, NY		118.50
0/3/2022	Total Liu Liu	Jenenes Capital intelligence realiticale i orum	New Tork, N	-	260.00
8/23-8/25/22	Tim Schlitzer	Site visits with Irvine Company	San Francisco, CA	2,794.63	
	Total Timothy Schlitzer		·	2,794.63	-
6/29-6/30/22	Joy Seth	TRowe Price, Tabor, and DLD	Baltimore, MD & New York, NY	166.90	
7/12-7/15/22	Joy Seth	Valent, Morgan Stanley, Investcorp-Tages, Elliott and Fir Tree	New York, NY	1,636.57	
9/9/2022	Joy Seth	Breakout Funds (Emerging Manager program)	Chicago, IL	607.75	
	Total Joy Seth			2,411.22	-
7/27/2022	Michael Trotsky	AQR and NAIC event	New York, NY	1,910.03	
	Total Michael Trotsky			1,910.03	-
7/17-7/20/22	Paul Shanley	OPAL Group Public Funds Summit	Newport, RI		1,609.07
1/11-1/20/22	Total Paul Shanley	Of the Group I dolle I dries suffilling	ivewpoit, ni		1,609.07
	rotal Faul Silailley				1,009.07

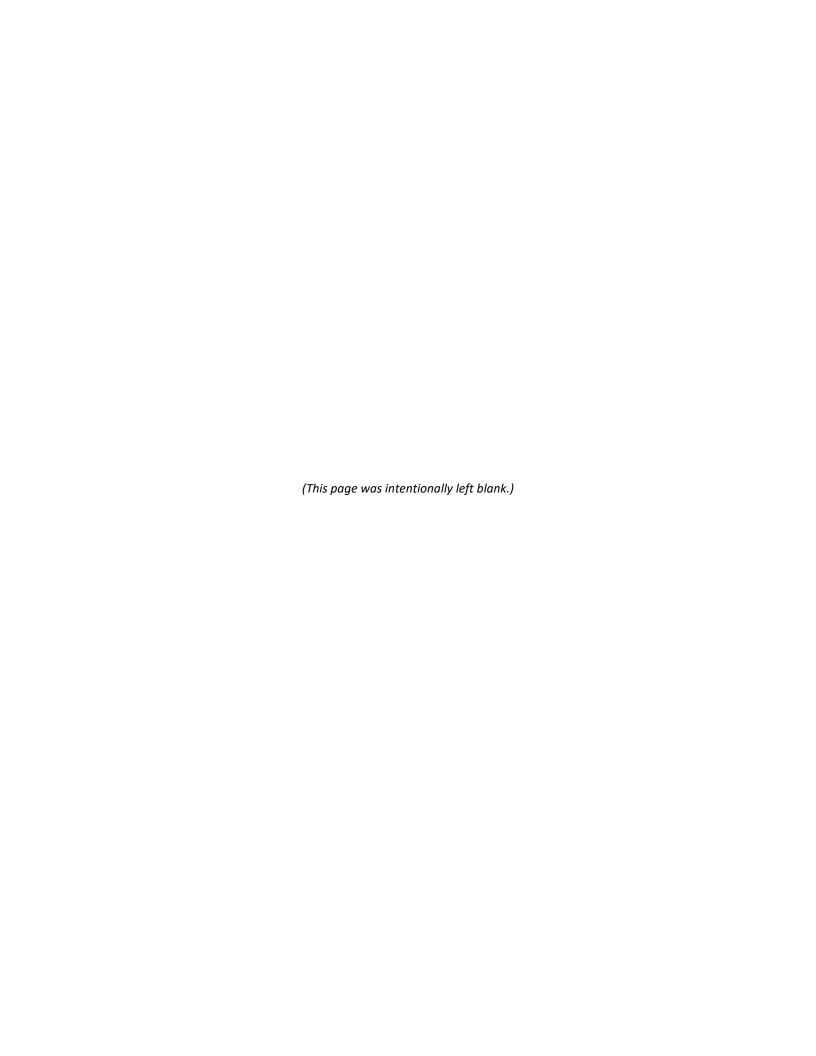
Fiduciary





Appendix N

Fiscal Year 2022 PRIT Fund GIPS Compliant Presentation



PENSION RESERVES INVESTMENT MANAGEMENT ("PRIM") BOARD PENSION RESERVES INVESMENT TRUST ("PRIT") TOTAL FUND GIPS ASSET OWNER REPORT

1-Year Period Ending	Year End	Total Asset Owner Assets (USD) (Billions)	Total Fund Assets (USD) (Billions)	Annual Performance Net	Total Core Custom Blended Benchmark Returns	Composite 3 Yr Std Dev	Total Core Custom Blended Benchmark 3 Yr Std Dev
30-Jun-22	FY22	\$92	\$92	-3.4%	-4.9%	8.9%	8.5%
30-Jun-21	FY21	\$96	\$96	29.5%	20.6%	8.8%	8.4%
30-Jun-20	FY20	\$75	\$75	2.0%	3.9%	7.7%	7.5%
30-Jun-19	FY19	\$75	\$75	5.7%	6.6%	5.8%	5.3%
30-Jun-18	FY18	\$72	\$72	9.5%	8.1%	5.5%	5.4%
30-Jun-17	FY17	\$67	\$67	12.8%	12.0%	5.3%	5.5%
30-Jun-16	FY16	\$61	\$61	1.9%	1.5%	5.9%	6.0%
30-Jun-15	FY15	\$61	\$61	3.5%	2.8%	4.6%	4.6%
30-Jun-14	FY14	\$61	\$61	17.1%	14.9%	7.7%	7.9%
30-Jun-13	FY13	\$53	\$53	12.3%	10.9%	8.6%	8.8%

PRIM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. PRIM has been independently verified for the periods July 1, 2008 through June 30, 2022. The verification reports are available upon request.

An asset owner that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the asset owner's policies and procedures related to total fund and composite maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on an asset owner-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

PRIT Total Fund Description: 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 a time-weighted return that exceeds the targeted actuarial rate of return used in determining the Commonwealth of Massachusetts' pension obligations. The target actuarial rate for FY22 was 7.0%. The total fund is compared against the Total Core Benchmark, which is custom blended benchmark that is weighted dynamically to match the actual asset class weights of the fund. Prior to April 1, 2020, some benchmark components were weighted based on target weights for the asset class. Details of the custom blended benchmark components, weights, and historical changes can be found in the tables on the final two pages of this report. The PRIT Total Fund was created September 2018 and incepted on July 1, 2008.

For purposes of complying with the GIPS standards, the "Asset Owner" is defined as Pension Reserves Investment Management Board ("PRIM"). PRIM manages the Pension Reserves Investment Trust Fund ("PRIT"), created by legislation (Chapter 661 of the Acts of 1983) to accumulate assets through investment earnings and other revenue sources in order to assist the Commonwealth in reducing its unfunded pension liability. PRIM assists local participating retirement systems to meet their pension obligations. Because the PRIT Total Fund represents 100% of the assets managed by PRIM, this presentation represents PRIM's list of total fund and composite descriptions.

The U.S. Dollar is the currency used to express performance. Total fund net-of-fee returns are net of transaction costs and actual investment management costs (internal and external). Investment management costs include internal investment department staffing costs, actual external manager fees (both asset-based and performance-based), data valuation fees, investment research services, custodian fees, performance measurement services, consultant advisory fees, administrative fees, and the allocation of technology service and other overhead costs and expenses, such as human resources. Subadvisors have been used for the entire period shown. The PRIT Total Fund includes all individual portfolios that are combined into one aggregate portfolio. The performance of the combined portfolio reflects the overall mandate of the plan. The three-year annualized standard deviation measures the variability of the total fund's net of fee returns over the preceding 36-month period. Total Fund and benchmark performance are presented net of foreign withholding taxes. Past performance is not indicative of future results. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

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Custom Blended Benchmark Components and Weightings as of June 30, 2022:

39.2% Global Equities:		10.1% Real Estate*:	
39.2% Global Equities:		NCREIF Property 1Q in Arrears*†	0.0%
56.9% Total Domestic Equity:		FTSE EPRA NAREIT Developed Index Net*	15.1%
Total Equity Hedge*:		Private Real Estate Benchmark*	84.9%
· S&P 500	80.0%	· NCREIF NFI ODCE N 1QA	100.0%
· LIBOR 1M	20.0%	3.0% Timberland:	
Domestic Equity*:	95.1%	NCREIF Timberland Index 1Q in Arrears†	100.0%
· S&P 500 *	85.0%	8.4% Portfolio Completion Strategies:	
· Total Small/SMID Cap:	15.0%	89.4% Total Hedge Fund*:	
· Russell 2000 Growth Index* [‡]	14.6%	65.4% lotul neuge runu ".	
· Russell 2000 Value Index* [‡]	15.7%	Stable Value Funds*:	61.7%
· Russell 2500 Growth Index* [‡]	11.8%	HFRI Credit Index*	7.2%
· Russell 2500 Index* [‡]	34.9%	HFRI EH: Equity Market Neutral Index*	0.1%
Blended Total US Micro Cap*:		HFRI ED: Distressed/Restructuring Index*	5.3%
· Russell Microcap Growth Index*		HFRI Event-Driven (Total) Index (Asset Weighted)*	18.9%
· Russell Microcap Value Index*			4.9%
· · · · · · · · · · · · · · · · · · ·		HFRI Macro: Systematic Diversified Index*	
· MSCI USA Microcap Net Index **	30.4%	HFRI Macro (Total) Index (Asset Weighted)*	8.9%
43.1% Total Non-US Equity:	100.00/	HFRI RV: Fixed Income-Asset Backed Index*	23.9% 12.9%
MSCI ACWI Ex-US IMI NET DIVS‡	100.0%	HFRI Relative Value (Total) Index (Asset Weighted)*	
14.2% Fixed Income:		HFRI Macro (Total) Index*	10.1%
Bloomberg Barclays US Aggregate Bond Index	46 704	S&P European All Loans USD Total Return Hedged Index* HFRI RV: Multi-Strategy Index*	1.9% 5.9%
Bloomberg Barclays Global Inflation-Linked: U.S. TIPS Index		Directional Funds*:	29.6%
Bloomberg Barclays World Govt Inflation-Linked All Maturities		Russell 3000 Index*0.25*	17.8%
Bloomberg Barclays US Strips 20+ Years Index		HFRI EH: Technology/Healthcare Index*	7.8%
Bloomberg Barclays Treasury 1-3 Year Index		HFRI Equity Hedge Fundamental Value Index*	8.5%
	01770	HFRI ED: Distressed/Restructuring Index*	35.1%
6.7% Value-Added Fixed Income*:		HFRI Event-Driven (Total) Index (Asset Weighted)*	15.5%
ML Master II High Yield Constrained Index*	20.4%	MSCI China A Onshore NET Index USD*	7.0%
S&P LSTA Leveraged Loan Index*	30.4%	Investment Manager Custom Benchmark*:	8.3%
JP Morgan Emerging Markets Bond Index Global*	12.7%	· ICEML 3 M LIBOR/USD	30.0%
JP Morgan GBI-Emerging Markets Global Diversified*	0.0%	· Russell 2500 Growth Index~	70.0%
3Yr Annualized Altman NYU Solomon Center Combined Defaulted Public	20.5%		
Bond & Bank Loan*	20.5%	Total PAAMCO*:	8.7%
Bivium Public VAFI Benchmark*:	0.9%	 HFRI Fund of Funds Composite Index* 	6.3%
· ICE BofA Global High Yield Constrained Index*	50.0%	· HFRI ED: Merger Arbitrage Index*	7.9%
 JP Morgan 50P EMBI Global 50P CEMBI Broad Diversified Index* 	50.0%	· HFRI Equity Hedge (Total) Index*	27.1%
OCO*:	15.0%	· HFRI EH: Equity Market Neutral Index*	6.1%
· S&P LSTA US Leveraged Loan 100 Index*	20.9%	· HFRI Relative Value (Total) Index*	40.9%
· LIBOR 3M + 3%*	28.2%	· BB Treasury 1-3 Mo Index + 250*	9.3%
· S&P LSTA Leveraged Loan Index*	20.9%	· PAAMCO Cash*	2.4%
· NCREIF Apartment Index 1Q in Arrears*†	5.6%	10.6% Real Assets*:	
· HFRI RV: Fixed Income-Asset Backed Index*	19.4%	10.0% Neur A33213 .	
· JP Morgan CLOIE Total Return Index *~	5.0%	NCREIF Farmland Index 1Q in Arrears*†	63.3%
47 70/ D-11- Fit		Eurekahedge ILS Advisers Insurance Linked Securities*	0.2%
17.7% Private Equity:		50% LIBOR 1M + 3% / 50% ML Master II HY Constrained Index*	11.9%
7YR Annualized Russell 3000 + 3%	87.5%	Custom Rail Car*:	4.1%
7YR Annualized MSCI EUROPE IMI + 3%	12.5%	· CRB BLS Raw Industrials Sub-Index	50.0%
0.6% Overlay:		· US PPI Rail Rolling Stock 2M in Arrears	50.0%
0.0% Overlay.		Custom Aviation*:	15.6%
Actual Performance**	100.0%	· Aircraft Leasing Returns 1M in Arrears	50.0%
0.1% Liquidating Portfolios:		· US PPI Aircraft Manufacturing 2M in Arrears	50.0%
0.1% Liquidating Portionos:		US PPI Construction Sand, Gravel, and Crushed Stone Index 1M in Arrears	5.0%
Actual Performance**	100.0%	oo i i i construction sanu, ciavei, and crushed stone muex sivilli Affedis	3.070

^{*}The index is dynamically weighted monthly for all periods. The weightings are determined by BNY Mellon monthly based upon the beginning adjusted market value asset weights within each custom blended benchmark.

Prior to April 1, 2020, all indices other than those footed with "*" are rebalanced to their static weight monthly. Beginning April 1, 2020, these indices are dynamically weighted monthly. The weightings are determined by BNY Mellon monthly based upon the beginning adjusted market value asset weights within each custom blended benchmark.

[†] The index experiences a quarter lag.

[‡] The index has been customized to exclude Tobacco, Iran, Sudan, and Russia.

^{**}The actual performance of the fund was used for this component since no index is available that offers a meaningful comparison.

Historical Custom Blended Benchmark Changes:

Start Date End Date Benchmark Name Start Date End Date Benchmark Real Estate	ex et
July 2008	ex et
July 2008	et
August 2009	et
August 2009 April 2010 MSCI All Country World Net Index December 2010 MSCI All Country World Investable Market Net Index December 2010 MSCI All Country World Investable Market Net Index December 2011 Upue 2014 S&P 500 - Total Return Index November 2011 June 2014 MSCI All Country World Investable Market Net Index January 2022 NCREIF NET ODCE N IQA November 2011 June 2014 S&P 500 - Total Return Index January 2022 NCREIF NET ODCE N IQA November 2011 August 2014 MSCI World ex US IMI Net Dividends July 2008 December 2015 Upper Global Natural Resource Index November 2011 June 2016 MSCI Emerging Markets IMI Net Dividends September 2008 December 2015 PE Natural Resource Index November 2011 June 2016 Russell 2500 Index July 2008 NCREIF Timberland Index 1Q In Arrears Total Equity Hedge Part of Locompletion Strateg March 2019 S&P 500 - Total Return Index July 2008 December 2009 ICE BofA ML US 3 Month Treasury Bill in	
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July 2016 S&P 500° July 2017 HFRI EH: Equity Market Neutral Index	••
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July 2016 FTSE Russell Custom PRIM 2000 Growth Index July 2017 HFRI RV: Fixed Income-Asset Backed In	
July 2016 FTSE Russell Custom PRIM 2000 Value Index July 2017 HFRI Credit Index	
July 2016 FTSE Russell Custom PRIM 2500 Growth Index July 2017 January 2022 HFRI EH: Multi-Strategy Index	
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July 2008 July 2009 Bloomberg Barclays Global Inflation-Linked: U.S. TIPS Index April 2019 HFRI ED: Merger Arbitrage Index	
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July 2008 July 2009 Russell 3000 Index	
	5//030 +3%

[‡] The index has been customized to exclude Tobacco, Iran, Sudan, and Russia.

Benchmark Descriptions:

Global Equities:

- S&P 500: The S&P 500 is an American stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ.
- LIBOR: LIBOR is a benchmark rate that represents the interest rate at which banks offer to lend funds to one another in the international interbank market for short-term loans. LIBOR is an average value of the interest-rate which is calculated from estimates submitted by the leading global banks on a daily basis.
- FTSE Russell 2000 Growth Index: The Russell 2000 Growth Index is based on roughly 2,000 small-cap companies located in the United States that exhibit growth properties.
- FTSE Russell 2000 Value Index: The Russell 2000 Value Index is based on roughly 2,000 small-cap companies located in the United States that exhibit value properties.
- FTSE Russell 2500 Growth Index: The Russell 2500 Growth Index is designed to measure the performance of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.
- FTSE Russell 2500 Index: The Russell 2500 Index is a broad index, featuring 2,500 stocks that cover the small- and mid-cap market capitalizations. The Russell 2500 is a market cap-weighted index that includes the smallest 2,500 companies covered in the Russell 3000 universe of United States-based listed equities.
- FTSE Russell Microcap Indexes: measures the performance of the microcap segment of the U.S. equity market. It makes up less than 3% of the U.S. equity market. It includes 1,000 of the smallest securities in the Russell 2000 Index based on a combination of their market cap and current index membership and it also includes up to the next 1,000 stocks.
- MSCI USA Microcap Net Index: The MSCI USA Microcap Index is designed to measure the performance of the microcap segment of the US equity market. With 1,004 constituents, the index represents approximately 1% of the free float-adjusted market capitalization in the US.
- MSCI ACWI Ex-US IMI NET DIVS: The MSCI ACWI ex USA Investable Market Index (IMI) captures large, mid, and small cap representation across 22 of 23 Developed Markets (DM) countries (excluding the United States) and 24 Emerging Markets (EM) countries*. With 6,670 constituents, the index covers approximately 99% of the global equity opportunity set outside the US.

Fixed Income:

- Barclays Capital US Aggregate Bond Index: The Barclays Capital US Aggregate Bond Index is a broad bond index covering most US traded bonds and some foreign bonds traded in the US. The index consists of approximately 17,000 bonds.
- Bloomberg Barclays Global Inflation-Linked: U.S. TIPS Index: This index measures the performance of the US Treasury Inflation Protected Securities (TIPS) market. Federal Reserve holdings of US TIPS are not index eligible and are excluded from the face amount outstanding of each bond in the index.
- Bloomberg Barclays World Govt Inflation-Linked All Maturities: This index measures the performance of investment grade, government inflation-linked debt from 12 different developed market countries.
- Barclays Capital US Treasury STRIPS 20+ Yr Index: This index measures the investment return of Treasury STRIPS with maturities of 20+ years.
- Bloomberg Barclay's Treasury 1-3 Year Index: This index measures the performance of US Treasury securities with maturities between 1 and up to 3 years.

Value-Added Fixed Income:

- Merrill Lynch Master II High Yield Constrained Index: The index is a market value-weighted index of all domestic and yankee high-yield bonds, including deferred interest bonds and payment-in-kind securities.
- S&P LSTA Leveraged Loan Index: The index tracks the current outstanding balance and spread over LIBOR for fully funded term loans. The facilities included represent a broad cross section of leveraged loans syndicated in the U.S., including dollar-denominated loans to overseas issuers.
- JP Morgan EMBI Global Index: The Index tracks total returns for traded external debt instruments in the emerging markets. The index includes U.S. dollar-denominated Brady Bonds, loans, and Eurobonds with an outstanding face value of at least \$500 million.
- JP Morgan GBI-EM Global Diversified Index: The Index tracks total returns for traded external debt instruments in the emerging markets. In addition, it limits the weights of those index countries with larger debt stocks by only including a specified portion of these countries eligible current face amounts of debt outstanding.
- 3Yr Annualized Altman NYU Solomon Center Combined Defaulted Public Bond & Bank Loan Index: This index includes defaulted bond and bank loan prices on a monthly basis from the default month until last price available (usually emergence from Chapter 11 or liquidation) from 1987 to present. Defaulted bank loan prices on a monthly basis available from 1996 to the present on over 750 bank loan facilities.
- NCREIF Apartment Index: This is a sub-index of the NCREIF Property Index, focused specifically on a large pool of apartments acquired in the private market for investment purposes only.
- S&P LSTA Leveraged Loan 100 Index: The S&P/LSTA U.S. Leveraged Loan 100 Index is designed to reflect the performance of the largest facilities in the leveraged loan market.
- HFRI Indices Broadly constructed indices designed to capture the breadth of hedge fund performance trends across all strategies and regions. Strategy-based indices are used as a comparison to investments made in similarly managed hedge funds.
- Bivium Public VAFI Benchmark: Compromised of the ICE BofA Global High Yield Constrained Index and JP Morgan 50P EMBI Global 50P CEMBI Broad Diversified Index.
- JP Morgan CLOIE Total Return Index: CLOIE offers total returns and analytics based on observable pricings of a representative pool of bonds following a stated methodology and is published daily. The index holistically captures the USD-denominated CLO market, representing over 3,000 instruments at a total par value of US \$236.1 billion.

Private Equity:

- Russell 3000: The Russell 3000 Index is a capitalization-weighted stock market index, maintained by FTSE Russell, that seeks to be a benchmark of the entire U.S stock market.
- MSCI Europe IMI: The MSCI Europe Investable Market Index (IMI) captures large, mid, and small cap representation across 15 Developed Markets countries in Europe.

Real Estate:

- NCREIF Property Index: The NCREIF Property Index (NPI) is a quarterly, unleveraged composite total return for private commercial real estate properties held for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutional investors and held in a fiduciary environment.
- FTSE EPRA NAREIT Developed Net Total Return Index: The FTSE EPRA NAREIT Global Real Estate Index Series is designed to represent general trends in eligible real estate equities worldwide. Relevant activities are defined as the ownership, disposal, and development of income-producing real estate. The index series now covers Global, Developed and Emerging indices, as well the UK's AIM market.

• NCREIF NFI ODCE N 1QA: An index of investment returns reporting on both a historical and current basis the results of 36 open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. The NFI-ODCE Index is capitalization-weighted and is reported gross of fees. Measurement is time weighted.

Timberland:

• NCREIF Timber Index: The NCREIF Timberland Index is a quarterly time series composite return measure of investment performance of a large pool of individual timber properties acquired in the private market for investment purposes only. All properties in the Timberland Index have been acquired, at least in part, on behalf of tax-exempt institutional investors - the great majority being pension funds. As such, all properties are held in a fiduciary environment.

Portfolio Completion Strategies:

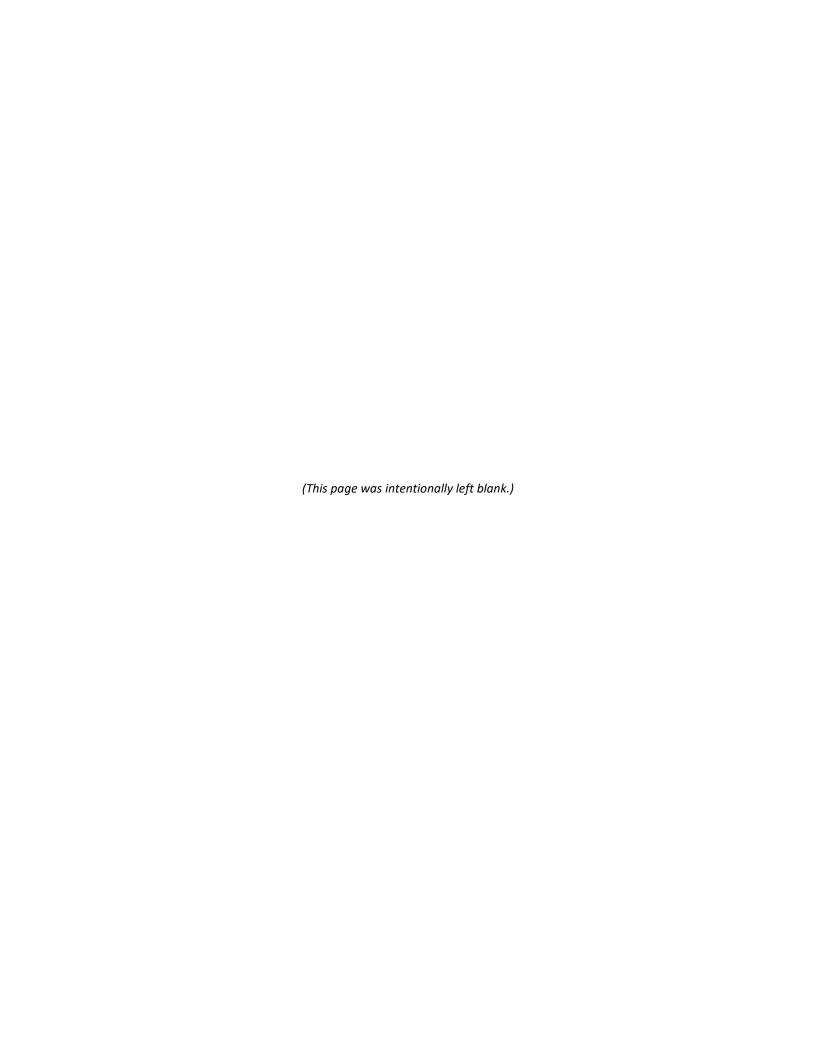
- HFRI Indices Broadly constructed indices designed to capture the breadth of hedge fund performance trends across all strategies and regions. Strategy-based indices are used as a comparison to investments made in similarly managed hedge funds.
- SG Multi Alternative Risk Premia Net Index: The SG Multi Alternative Risk Premia Index represents risk premia managers who employ investment programs diversified across multiple asset classes while utilizing multiple risk premia factors. These managers trade multiple asset classes such as equities, fixed income, currencies, and in many cases commodities, and aim to capture a diversity of discrete risk premia, including most prevalently value, carry, and momentum.
- PAAMCO Tactical Index: The Prisma Apex Tactical strategy provides access to concentrated investments in carefully selected, strictly defined, and often hard-to-access, niche and/or tactical themes, with a particular focus on opportunities arising from market dislocations, regulatory shifts, capital imbalances and/or policy changes where an attractive risk reward has been created. Investments are sourced from across our global platform (both internal and external channels) and are diversified across geographies, sectors, and asset class.
- PAAMCO Cash: The PAAMCO Cash allocation represents a cash return for the liquidating portion of the PAAMCO portfolio.
- NCREIF Farmland Index: The NCREIF Farmland Index is a quarterly time series composite return measure of investment performance of a large pool of individual farmland properties acquired in the private market for investment purposes only. All properties in the Farmland Index have been acquired, at least in part, on behalf of tax-exempt institutional investors the great majority being pension funds. As such, all properties are held in a fiduciary environment.
- Eurekahedge ILS Advisers Insurance Linked Securities: The Eurekahedge ILS Advisers Index tracks the performance of participating Insurance Linked Investment funds. It is the first benchmark that allows a comparison between different insurance-linked securities fund managers in the insurance-linked securities, reinsurance and catastrophe bond investment space.
- CRB BLS Commodity Price Indexes: The commodity BLS Commodity Price Indexes measure price movements of 22 basic commodities whose markets are among the first to be influenced by changes in economic conditions.
- US Producer Price Indexes: The Producer Price Index (PPI) program measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services.
- Ascend Aircraft Leasing Returns Index: The Ascend Leasing Returns Index model estimates monthly returns from equity investment in commercial aircraft leasing through detailed analysis of the Flight Global Fleets Analyser and Flight Ascend Values databases.
- S&P European All Loans USD Total Return Hedged Index: This index is designed to measure the total return on European senior loans with a hedge to USD.
- MSCI China A Onshore NET Index USD: The MSCI China Net Total Return Index measures the performance of global Chinese companies in a net total return form (i.e. reinvestment of net dividend payout into the index portfolio) denominated in USD. market.
- ICEML 3 M LIBOR/USD: The 3-month US Dollar (USD) LIBOR interest rate is the average interest rate at which a selection of banks in London are prepared to lend to one another in American dollars with a maturity of 3 months. Alongside the 3-month US Dollar (USD) LIBOR interest rate we also have a large number of other LIBOR interest rates for other maturities and/or in other currencies.
- FTSE Russell 2500 Growth Index: The Russell 2500 Growth Index is designed to measure the performance of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.





Appendix O

Draft Minutes of the Board's Fiscal Year 2022 Performance Evaluation of the Executive Director



- at PRIM. Private equity leads the way over all 1 2 time periods. Real estate, a very strong 3 performer. Global equities more volatile. 4 this year, portfolio completion strategies, which 5 is mostly hedge funds, really helped buffer the 6 volatility in the equity markets and bond markets. 7 So that's the performance. Happy to 8 take any questions before moving to the next 9 agenda item. 10 TREASURER GOLDBERG: Again, any 11 questions for Michael?
- Hearing none, Michael, we might as well
 go on to the executive director fiscal year 2022
 performance evaluation and fiscal year 2023 goals
 and objectives.

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- This is where I turn it over -- it is a voting item. However, I turn it over to my good friend Bob Brousseau.
- Bob, you need to unmute, though, because
 we know you have terrific things to say. And then
 I'll plan on adding to that when you're done.
- MR. BROUSSEAU: Okay. Thank you, Madam Chair.
- 24 Fortunately, I guess, Michael did a lot

- of what I'm probably going to repeat today in

 terms of the evaluation of the executive director

 that we do annually and of course which is

 required.
- But first of all, let me say, as the
 Treasurer has said many times, this is perhaps
 Michael's least favorite day. And I would say
 that after 12 years --
- 9 TREASURER GOLDBERG: Actually also the
 10 day that we do executive compensation is -- that's
 11 his least favorite. This is his second-to-least
 12 favorite.
- MR. BROUSSEAU: Okay. Second. Okay.
- 14 Well, after 12 years, Michael, I'm sure 15 you are now used to the whole process and what 16 we're doing. So I will just I guess ask you to 17 sit back, relax and enjoy it because certainly 18 there are not going to be any surprises here 19 today. And I'm sure that everything we heard 20 today is a far cry from what you were hearing 21 earlier in the year.

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But anyway, just a little bit about the process. As you probably know, we get new people serving on committees. The board people have been

around for quite a while, but the annual 1 2 evaluation is an open session. State law requires 3 that our evaluation of the executive director be 4 held in open session.

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- My role as a board person, as chairman 6 of the Admin and Audit Committee, is simply to coordinate the process and present a report to the board. I do not evaluate the executive director. Mine is one of nine trustees who do this. But I 10 must coordinate and present something to you so you can either agree or you can further meet with 12 Michael. Your participation in this is certainly encouraged and appreciated.
 - Michael's self-evaluation was sent to the board and to the committee members on August And it was sent for your information and the 2nd. hopefully your participation.

Your participation is certainly There is no rule that says you had to optional. fill out a form, either the form that is used as a discussion guide, or you did not have to contact me. You could wait until today to do this evaluation verbally at the end of my report, or you could participate in it.

We encourage people to participate in it
because at least it gives me something to tell you
about Michael and also to lead this discussion, if
there is a discussion at the end of the report.

So I encourage board members to further comment at the conclusion of this report.

So all evaluations serve, as we know, to improve performance. And that should be the goal of all performance is to improve performance. I know probably some would say can we do better than we have been doing now because we are near total perfection from what I can hear the reports that Michael has given us.

But first of all, I'd like to thank the board and committee members for their part in this process. Thirteen people participated in Michael's evaluation, five board members and eight committee members. And I believe that is the same number who participated in this process last year.

This evaluation is used later this year in November by the Compensation Committee to recommend the compensation for the executive director for the coming year.

In terms of the evaluation, Michael's

evaluation this year is the same as last year. In other words, it's the same as last year, the same as the year before that, the same as the year before that, and the same as the year before that. Actually, as far back as I can recall, Michael's evaluation has been outstanding, and I would tell you just all of the 13 replies that I received or evaluations all stated basically the same thing, that his evaluation is outstanding.

- A challenging year for Michael, for our staff and for PRIM definitely. In fact, as the year started last spring when Michael gave his report in March and again in June, I was reminded a little bit of the classic novel, *The Tale of Two Cities*. It begins, "It was the best of times; it was the worst of times."
- And as we looked at the year last year, we were, at the end of the year, a 30 percent return. We were nearing \$100 billion in assets.

 The pandemic appeared to be abating a little bit.

Then came 2022, and as Michael told us at one of the meetings, the world apparently turned upside down on us. Market volatility. The effects of the pandemic caused political and

- 1 economic malaise. Russia's invasion of the
- 2 Ukraine. Geopolitical tensions around the world.
- The worst inflation in 40 years, and more and more
- 4 that we could list.

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- But that said, Michael and his amazing

 staff, and he refers to them as his amazing staff,

 continued to innovate and guide us through these

 difficult times. And your evaluation did bear

 this out.
- 10 As I looked through all these
 11 evaluations, I tried to pick out some qualities
 12 that did appear in all of the evaluations that
 13 people gave him. And I just want to mention a few
 14 of these qualities, and there were quite a few of
 15 them.
 - Michael's management style does have certain qualities that the more you work with him, the more you realize not only Michael, but the staff also, he is a leader. And we do know that leadership starts at the top. And these leadership skills were expressed in just about all of the evaluations that I saw.
 - Another one, his collaboration. His collaboration with

- our managers, his collaboration with board members, committee members is superb.
- Also his vision. A good leader has a vision for the organization. And he certainly has a vision, and he has kept the vision intact.
- He is supportive. His communication
 skills are excellent. You heard that this
 morning.
- Another one was unique, I thought.

 Inclusivity. And Michael is an inclusive person,

 and I think that bodes well for the successes that

 we've experienced here at PRIM.

- He is creative, and his expertise is tremendous. His innovation. Another one here, ethical. Michael is an extremely ethical person, and he alludes this with all of the people that he works with.
 - Also one can say his dedication to the organization and to PRIM is above reproach.
- Now, in terms of initiatives, we saw
 this past year and people mentioned there in
 evaluations the FUTURE Initiative that David has
 been working on just about all of this year, the
 diversity and inclusion of staff, and as we have

- seen here, the implementation of the investment
 equity law that the Treasurer worked so diligently
 on and getting passed into legislature is being,
 as we see here, applied here at PRIM very
 successfully.
- As Michael said today -- what was it?

 61 percent of our staff is now diverse.

 8 52 percent of the staff are female. This is just

 9 an example of how we are moving in this area of

 10 diversity and also with our investments.

The ESG initiative, the Sloan School collaboration and the Russian divestment that they had to deal with after the legislature by legislation said we had to divest our holdings in Russia, which as we know at one point could have been as much as \$240 million, this was done, and it was done as quickly as possible. And again, I say we have to attribute that not only to our staff, but again to Michael's vision as to what has to be done here.

We heard today about the *Institutional Investor* awards. Three were brought out, how PRIM continues to get these awards. Michael is recognized. And this just adds of course I think

to his standard, not only that, but his standing here at PRIM and also in the investment world.

He mentioned the audits, the audits, something we know are going to come, but they came unannounced this year. The PERAC audit. The audit from the state auditor. These were handled. Again, all the requirements that have been put on staff. And staff, as well as Michael, were able to handle this very, very successfully.

We heard of the seminars and the board education, committee education program throughout the year. Another example. With all of this going on in the world, Michael and the staff was able to continue with this and to help PRIM to grow.

PRIM staff has grown. They on-boarded

11 new people in the past year. We now have

55 people on staff, and hopefully there will be at
least half a dozen more hired this year also.

What I would like to do actually is to share with you some of the commentary. I think that people get used to that. You're saying, well, probably Bob has exaggerated some of this. And just to give you an idea of some of the

- 1 comments that were made, I've got a few of them
 2 here, probably seven or eight that I would like to
 3 share with you.
- Here's one that came and says from one
 of the evaluators, said, "We are still producing
 superior returns in today's very challenging
 market. Our returns place us in the top tier when
 compared with our peers."

And this person also at the end said that he had been reading an article how someone was honored by their peers. And it referred to the person as a gold standard. And this person said, "I view that Michael Trotsky is the gold standard for other executive directors here to emulate." And I think that was certainly an honor for Michael.

Another one of the evaluations, I'm trying to pull these out here as they came to me, stated, "While Michael always correctly credits his staff for PRIM's successes, his leadership of that staff has always been critical to its success."

And the person gave some examples over the last year of what Michael has been able to

Here are some. The creation of the 1 accomplish. 2 PRIM ESG committee. Shepherding a huge growth of 3 the PRIT Fund in fiscal year 2021 to \$95 billion. 4 Continuing to foster a true sense of team at PRIM. 5 Continuing in a very collaborative relationship 6 with Treasurer Goldberg. Further developing 7 PRIM's research relationship with the MIT Sloan 8 School on ESG investing. Continuing the expansion 9 of diversity of our PRIM staff. Continuing 10 successful retention of PRIM staff. Once more 11 presiding over national recognition of PRIM and 12 PRIM staff for outstanding achievements. And 13 continued success of Phase II of Project SAVE. 14 Another evaluation states, "I think 15 Michael continues to do an outstanding job. We 16 are lucky to have him. He has helped shape an 17 impressive culture at PRIM, a culture of 18 collaboration that I assume will positively impact 19 returns over time. Relative to diversity and ESG, 20 which are two topics which many funds are focused 21 on, I think Michael has approached those topics in 22 a distinctive and creative way. I observed many 23 leaders during my career, and Michael is one of 24 the best I have seen."

And another comment stated that "The
pace of non-investment projects combined with
unusual market volatility can create strains on
the organization and particular staff that needs
to be understood and, if possible, planned for in
the time ahead. I am not aware of any specific
complaints. This observation is more of a
concern, as we have been in unusual times."
And this I said the idea that Michael

And this -- I said the idea that Michael has told us how the strains and the extreme amount of extra work that has been placed on our staff during this very difficult period.

"PRIM, in my view, has been remarkably successful in recruiting and on-boarding 11 new full-time PRIM employees in the past 12 months. I continue to be pleased, perhaps even amazed, at the knowledge and experience of those I have met and how they seem to fit into the team.

"The past year has been challenging for everyone at PRIM, and Michael's continued successful leadership has been very important to the favorable results."

Another one stated, "Michael's broad knowledge and attention to detail, combined with

his comprehensive vision and support of staff, has
kept PRIM as a top performer, even in a down
market in fiscal year 2022 and surely at the top
of the peer group.

"I take great pride as a PRIM Board
member in Michael's leadership and in the PRIM
staff, all of whom have worked so hard and so
smart in a very difficult investment environment."

Another evaluation highlighted four areas of Michael's: his performance, people, communications, strategy and leadership. And in all of these, stated, "Not only does performance continue to be terrific, but the methodology, the process and the discipline continue to be superb, giving us all comfort that what we're doing is logical and repeatable."

Another one of the people, "Mike continues to manage a complex organization towards more capabilities and better people. It's been a struggle to do this, but yet Michael has done it very, very well."

And communications, "Mike is a consummate communicator, and he needs that skill because his constituencies are very different from

1	each other and quite numerous. Mike now
2	communicates with PRIM's beneficiaries and
3	clients, the state government, the Treasurer's
4	Office, the internal staff, the investment
5	industry, regulators and his own governance
6	committees, just to name a few."
7	And in strategy and leadership, "In an
8	ever more complex world, Mike continues to
9	catapult PRIM to strategic and thought
10	leadership."
11	TREASURER GOLDBERG: Is it my turn, Bob?
12	MR. BROUSSEAU: No. I'm just going to
13	conclude, I guess, in about two minutes, Madam
14	Treasurer, but these they're all the same, and
15	I just wanted to take about two or three more.
16	"I reviewed the discussion guide, and in
17	my opinion, he exceeds expectation and outstanding
18	in all areas. I would say the following about
19	Michael. I have the utmost confidence and respect
20	for him in the role of executive director. The
21	beneficiaries of this fund are lucky to have such
22	a great mind protecting their retirement security,
23	especially during volatile times."

And there were several more, and they

- 1 are all saying the very same thing in terms of 2 Michael's evaluation.
- So having said that, Madam Treasurer. I'm going to conclude this. I know I probably spent a little too long, but I think for the record, I think that it is noteworthy that when the board does evaluate Michael, and with all that he has done, I think it's important that the record show that this is stated by people he works with, especially the board people and the committee people.

And at this point, I am going to turn it back to you now so that if any members of the board have any further comments or would like to do their own evaluations, they can do so. Okay. It is yours, before we go on to the goals and objectives.

TREASURER GOLDBERG: Well, first of all,
Michael, is there a reason why you've turned
multiple shades of red in the last 10 minutes?

Michael, as you know, Bob and other

members of the board, actually becomes a little bit embarrassed when we go on and on about his performance. But I feel compelled to reiterate

many of the things that Bob quoted in comments from other members of the board and the subcommittees.

I was trying to remember this morning just how many times I've gone through this, but in December, Michael, you and I will have known each other eight years, and I can say unequivocably that you as an individual, as an executive director, as a CIO, have continued to grow tremendously in the role that you are in.

Using the word "exceed expectations," I always had very high expectations of you, as you have of yourself. And that's something that I think that we're very fortunate, that you don't rest on your laurels, that your strategies make a great deal of sense. You support superlative individuals within your organization, and that is the key to success.

How you choose, how you lead and how you support, beyond all of the items mentioned by Bob and others in their comments. And to me, that is an example of success. And when we say "exceeded expectations," I know for a fact that you will continue to raise the bar for yourself every

- 1 single year.
- And consequently, I just want to
- 3 reiterate everything that's been said before. I
- 4 don't think we need to go any further.
- I want to share with those who aren't as
- 6 familiar with Michael's and my working
- 7 relationship that it is open communication at all
- 8 times and that when my office -- and we have my
- 9 head of policy and legislative affairs on this
- 10 call. I also see my first deputy is on this call.
- 11 We work collaboratively. And in
- 12 particular keeping PRIM and its strategies on a
- 13 constant trajectory upward and working with
- individuals within the organization, who are all
- so incredibly talented.
- So with that, I will turn it back in
- terms of looking at goals and objectives for the
- following year, but keep up the good work. I know
- that you will be able to sustain us through
- whatever volatility and uncertainty that we have,
- 21 moving through the next year. And we've done it
- before. Knock wood, we will do it again, and we
- 23 will do it together.
- So go ahead, Bob, move on to goals and

objectives unless there's anyone else who wants to 1 2 add anything. And that will be a voting item. 3 MR. BROUSSEAU: I think if any board 4 people because it is their evaluation, if they 5 want to just complete --6 TREASURER GOLDBERG: Absolutely, though I did say that. 7 8 MR. BROUSSEAU: They can be recognized 9 so they can do that. 10 TREASURER GOLDBERG: Anybody want to add to this? 11 12 MR. BROUSSEAU: I'm going to add a 13 message for Michael. One of the evaluations says 14 that this person hopes that you are definitely here for at least another decade. 15 16 TREASURER GOLDBERG: We have a deal 17 going on. I'm staying; he's staying. 18 MR. BROUSSEAU: Okay. 19 MR. NAUGHTON: Madam Chairman, I'd just 20 like to say a word, if I may. 21 TREASURER GOLDBERG: Absolutely. MR. NAUGHTON: You know, with all of 22 23 those very superlative things that have been said

about Michael, I'm not going to repeat any of

- those because I share them wholeheartedly. But the one thing that strikes me is -- and I've been around the block a few times at my age. I would observe that Michael is one of the most even-demeanored people that I know, had the pleasure to And regardless of what the market or politics or anything else has thrown his way, he never, never shakes his approach, which is positive, which has a sense of humor in it when needed, and which I think provides the basis for his superlative leadership of our wonderful staff.
 - And I just want to conclude my remarks by saying, oh, if only the Red Sox had somebody like him.

Thank you.

MR. TROTSKY: So thank you very much, everyone, Treasurer Goldberg, Bob, Dennis, and many others who have availed themselves of the opportunity to speak with me, took time out of their busy schedules to make appointments, phone calls, in-person, to speak with me about the performance evaluation. I appreciate that very much.

It is very embarrassing to me, but also

your sentiments are heartfelt, and they mean the
world to me. It's great to have everyone's
confidence going forward in what I think may be
some challenging times ahead. We'll see.

- But more than anything, I have to call out the staff. We're lucky to have assembled a group that in the words of many of you and myself is second to none, not only in the pension fund industry, but in the entire investment management industry.
 - And it's an absolute pleasure to come to work every day to be with them, to see them work, to see the passion, drive and dedication, frankly, to our mission here.
 - So they are the people that do all the work. I may be the conductor, but they're doing all the work, and they're fantastic at their jobs.
 - Now, the one thing that I've heard loud and clear and is resonating is that there's always room to improve. And I do believe that. And we try to do that every year.
 - You may remember that long ago in my career at Intel, I was mentored and got to meet and be trained or indoctrinated, if you will, by

the late great Andy Grove, who was the founder of Intel. I met him. It was a privilege of my life to meet him, but he wrote the book called *Only the Paranoid Survive*. That's the number 1 thing that guides me.

- The number 2 thing that guides me is a famous quote from the also late great college football coach Joe Paterno of Penn State. And he said once, and it resonates, I think about all the time, "If you're not getting better, you're getting worse."
- So those are kind of our philosophies in terms of management here. And I think everyone agrees that there's always room to improve. We're looking around the organization at ourselves, at myself, every single day. We take feedback from coaches, board members, committee members, to try to improve our performance every year. And you have a guarantee that we will continue to do that and not rest on our laurels, Treasurer Goldberg.
- So thank you so much for really another heartwarming and very meaningful review.
- MR. BROUSSEAU: Treasurer Goldberg, I guess the next part of this is the approval of