

# PRIM Board Quarterly Update

## Third Quarter 2022



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December 1, 2022

#### 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).

### **Organizational Updates**

**Jessica Murphy** joined PRIM in October as the Manager of Performance Reporting. Jess comes to PRIM 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 excelled 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.

### **Recent Recognition**

We congratulate Treasurer Deborah Goldberg on her recent reelection for her third term as Treasurer and Receiver General. We look forward to working with her over the next four years and are thankful to her for her unwavering support of PRIM and our important mission.

Treasurer Goldberg has also received 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.”

*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 at a ceremony to recognize their outstanding performance in their respective areas.

On December 14<sup>th</sup> at the Boston Convention Center, the Governor’s office recognized PRIM’s FUTURE Initiative, the effort to increase the use of diverse investment managers and vendors, for the Commonwealth Equity in Governance Award. **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.

### **ESG Committee Membership Recommendation**

The PRIM Board appointed the following individuals to the ESG Committee:

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

