



**PENSION RESERVES INVESTMENT MANAGEMENT BOARD**

**FISCAL YEAR 2026 OPERATING BUDGET**

**As Approved by the PRIM Board**

**May 22, 2025**

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## BUDGET DISCUSSION

The Pension Reserves Investment Management (PRIM) Board's Fiscal Year 2026 (FY2026) Operating Budget reflects the investment management, advisory, and operational costs necessary to implement, measure, and monitor the approximated \$116 billion in investments of the Pension Reserves Investment Trust (PRIT) Fund.

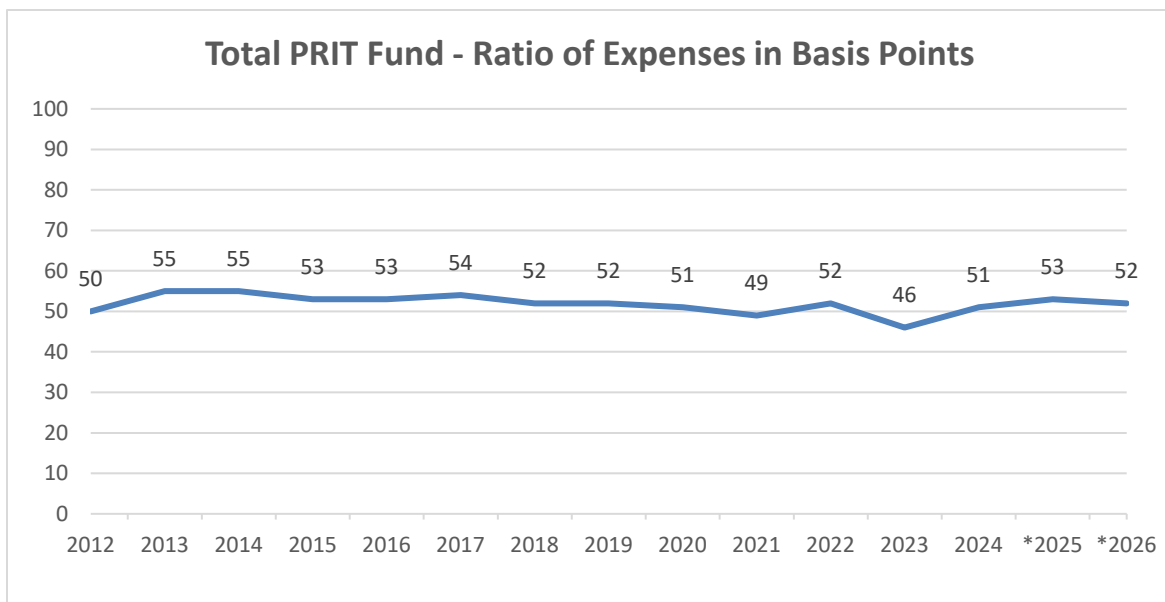
PRIM believes that any investment must be evaluated on three equally important parameters: return, risk and cost. One of PRIM's core beliefs is that a basis point of cost reduction is more valuable than a basis point of return, as PRIM can count on yearly cost savings, but no one knows what the markets will deliver. In 2013 PRIM launched "Project SAVE," a firm-wide effort to continually reduce costs while enhancing value. Project SAVE stands for "Strategic Analysis for Value Enhancement." More than a decade later, Project SAVE and the continuous focus on lowering costs and improving organizational efficiencies remain firmly a part of PRIM's DNA.

### *Budget Highlights*

The projected FY2026 budget of \$603.6 million is 52.2 basis points (bps) of projected average PRIT Fund assets (\$116 billion). The expense ratio has remained steady, even while consistently growing the investment program to include more high-performing, higher-fee strategies, and while growing PRIM's internal resources to pursue several innovative, industry-leading key initiatives (Chart 1).

The FY2026 budget includes an increase of \$44.4 million, or 7.9%, from the prior year due primarily to a projected growth in assets (\$116 billion compared to \$106 billion). As is our custom, budgeted expenses for FY2026 are conservative and foresee continued asset growth. Actual expenses incurred may vary because most expenses are a function of asset levels and investment performance is not predictable.

**Chart 1**

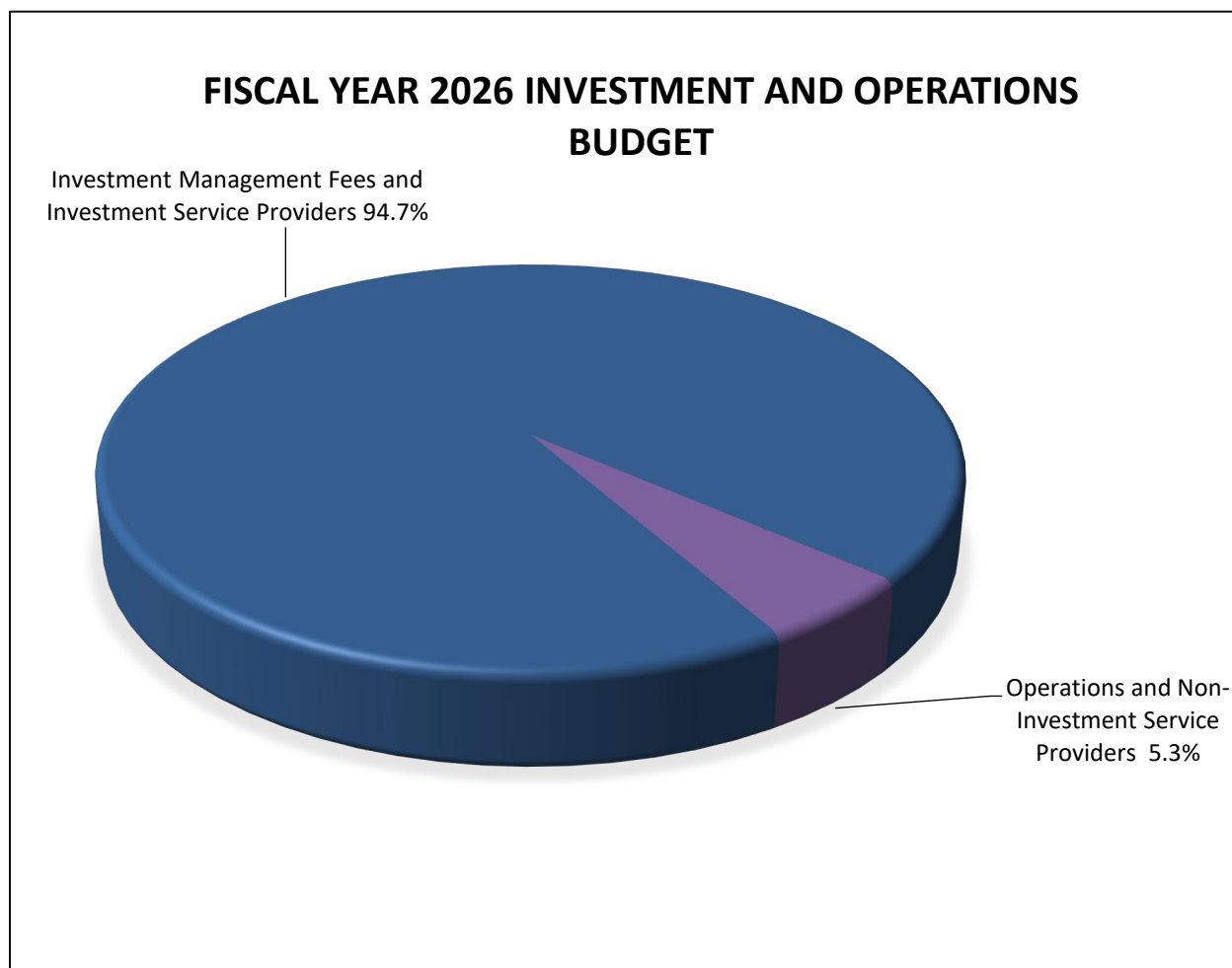


\*Estimate based on preliminary/budgeted data.

Investment Management Fees and Investment Service Providers Fees comprise \$571.8 million, or 94.7%, of the projected total budget. Operations and Non-Investment Service Providers Fees comprise \$31.8 million, or 5.3%, of the total budget (Chart 2).

Investment Management Fees increased by \$40.7 million, or 8.1%, in line with the projected growth in assets of approximately 9% (\$116 billion vs \$106 billion in fiscal year 2025). Projected costs for Investment Service Providers Fees increased by \$2.8 million, or 11.5%, mainly due to higher budgeted assets within managed account platforms, which provide for better control and transparency. Operations and Non-Investment Service Providers Fees increase by \$1.0 million, or 3.2%, due primarily to projected organizational growth.

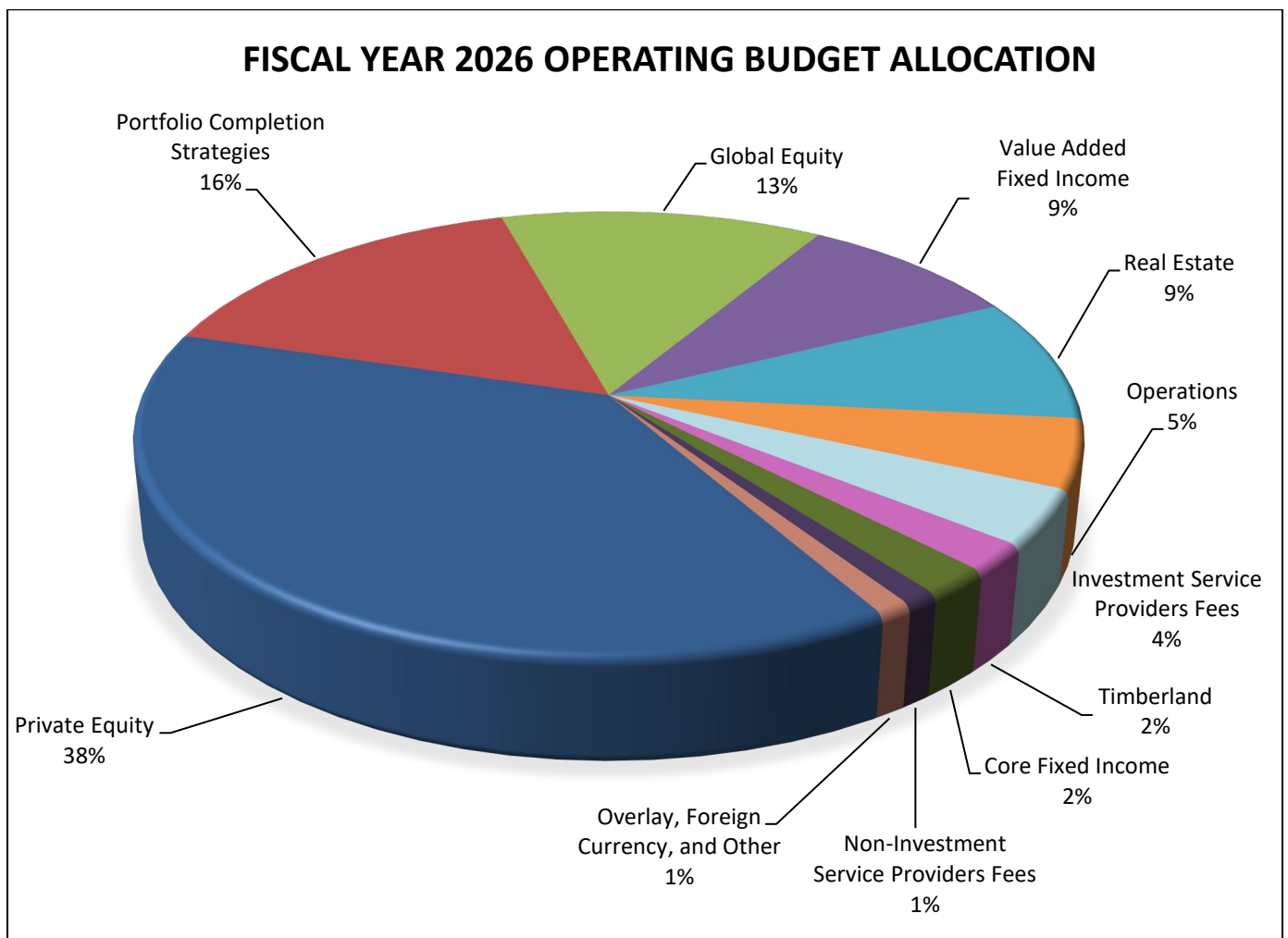
**Chart 2**



The PRIT Fund's current target asset allocation ranges, approved in February 2025, are depicted in the table below. There were no changes for FY2026. The allocation of fees in Chart 3 reflect these asset allocation ranges.

Asset Class	Range
Global Equity	31 - 41%
Core Fixed Income	12 - 18%
Value Added Fixed Income	6 - 12%
Private Equity	13 - 19%
Real Estate	7 - 13%
Timberland	1 - 7%
Portfolio Completion Strategies	7 - 13%

**Chart 3**



**PENSION RESERVES INVESTMENT MANAGEMENT BOARD**  
**Fiscal Year 2026 Budget Summary**

	<u><b>FY26</b></u> <u><b>(bps)#</b></u>	<u><b>FY25</b></u> <u><b>(bps)#</b></u>	<u><b>FY 2026</b></u>	<u><b>FY 2025</b></u>
<b><u>Investment Expenses</u></b>				
<b><u>Investment Management Fees ^</u></b>				
Global Equities	17.8	18.8	80,839,000	79,815,000
Core Fixed Income	6.2	6.5	11,001,000	9,280,000
Value Added Fixed Income	62.9	69.2	55,070,000	53,453,000
Real Estate	56.0	49.5	58,122,000	52,254,000
Timberland	34.4	33.8	11,100,000	11,000,000
Private Equity	120.1	115.4	229,750,000	207,570,000
Portfolio Completion Strategies (PCS)	98.5	101.5	97,890,000	89,940,000
Overlay, Foreign Currency, and Other	12.0	13.3	1,220,000	1,025,000
<b>Total Investment Management Fees</b>	<b>47.1</b>	<b>47.6</b>	<b>544,992,000</b>	<b>504,337,000</b>
<b><u>Investment Service Providers Fees</u></b>				
Custodian	0.1	0.1	935,000	935,000
General	0.2	0.2	2,731,000	2,552,500
Real Estate & Timberland	1.9	1.9	2,650,000	2,600,000
Public Markets	0.4	0.4	3,200,000	2,695,000
Private Equity	1.4	1.1	2,600,000	1,950,000
Portfolio Completion Strategies	10.5	10.6	10,450,000	9,380,000
Research	0.1	0.1	600,000	800,000
Audit & Tax-PRIT	0.0	0.0	459,000	449,000
Risk Measurement and Investment Analytics	0.3	0.3	3,200,000	2,700,000
<b>Total Investment Service Providers Fees</b>	<b>2.3</b>	<b>2.3</b>	<b>26,825,000</b>	<b>24,061,500</b>
<b>Total Investment Expenses</b>	<b>49.4</b>	<b>49.8</b>	<b>571,817,000</b>	<b>528,398,500</b>

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	<u>FY26</u> <u>(bps)#</u>	<u>FY25</u> <u>(bps)#</u>	<u>FY2026</u>	<u>FY 2025</u>
<b><u>Non-Investment Expenses</u></b>				
<b><u>Operations Expenses</u></b>				
Compensation & Employee Benefits	2.1	2.3	24,500,000	24,043,000
Occupancy	0.2	0.2	2,275,000	2,105,000
Insurance	0.0	0.0	490,000	485,000
General Office Expenses	0.0	0.0	460,000	415,000
Technology Expenses	0.1	0.1	1,230,000	1,025,000
Travel, Prof. Develop, Dues & Subscriptions	0.1	0.0	590,000	530,000
Client Service	0.0	0.0	55,000	55,000
PRIM Board Elections	0.0	-	250,000	-
<b>Total Operations Expenses</b>	<b>2.6</b>	<b>2.7</b>	<b>29,850,000</b>	<b>28,658,000</b>
<b><u>Non-Investment Service Providers Fees</u></b>				
General	0.1	0.1	1,145,000	1,095,000
Audit & Tax-PRIM	0.0	0.0	115,000	95,000
Legal	0.1	0.1	600,000	600,000
Governance	0.0	0.0	70,000	355,000
<b>Total Non-Investment Service Providers Fees</b>	<b>0.2</b>	<b>0.2</b>	<b>1,930,000</b>	<b>2,145,000</b>
<b>Total Non-Investment Expenses</b>	<b>2.7</b>	<b>2.9</b>	<b>31,780,000</b>	<b>30,803,000</b>
<hr/>				
<b>Total Operating Budget</b>	<b>52.2</b>	<b>52.7</b>	<b>603,597,000</b>	<b>559,201,500</b>

# Basis points (bps) for Investment Management Fees are calculated by dividing the budgeted fees by the estimated assets under management (AUM) for each asset class. Basis points for Service Providers for Real Estate & Timberland, Public Markets, Private Equity, and PCS are also calculated based upon each asset classes estimated AUM. For all other expenses, the bps are calculated based upon the total PRIT Fund AUM, which is estimated to be \$116 billion and \$106 billion for FY26 and FY25 respectively.

^ No investment performance, incentive, or carried interest fees are budgeted.

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## Global Equities

<u><b>Domestic Equity</b></u>	<u><b>FY 2026</b></u>	<u><b>FY 2025</b></u>
State Street Global Advisors (SSGA) (S&P 500 Index)	915,000	725,000
Rhumblin (S&P 500 Index)	213,000	177,000
SSGA (Russell 2500 Index)	146,000	104,000
Frontier	3,218,000	2,723,000
Riverbridge	1,716,000	2,265,000
Summit Creek	4,111,000	3,529,000
Acadian	677,000	523,000
Brandywine	-	1,305,000
Lord Abbett	2,223,000	1,609,000
Driehaus	2,722,000	2,041,000
Rhumblin (EIA Index)	871,000	222,000
	<b>16,812,000</b>	<b>15,223,000</b>
<u><b>International Equity</b></u>		
SSGA (World Ex-US Index)	213,000	232,000
SSGA (Small Cap World Ex – US Index)	57,000	63,000
Marathon	9,212,000	8,800,000
Baillie Gifford	1,320,000	4,477,000
Mondrian Investment	2,396,000	2,113,000
Xponance	2,136,000	1,983,000
ARGA	2,966,000	3,138,000
Acadian	2,120,000	2,040,000
AQR	2,082,000	1,761,000
Driehaus	1,399,000	1,319,000
Artisan	1,923,000	1,865,000
Causeway	2,648,000	2,170,000
Columbia	1,828,000	1,754,000
Pzena	2,069,000	1,622,000
C WorldWide	1,525,000	1,500,000
Pinestone	2,068,000	1,750,000
Walter Scott	2,284,000	1,750,000
	<b>38,246,000</b>	<b>38,337,000</b>
<u><b>Emerging Markets Equity</b></u>		
Baillie Gifford	5,092,000	4,485,000
Driehaus	4,563,000	4,236,000
Pzena	7,353,000	6,423,000
AQR (Performance Fees Only)^	-	-
T. Rowe Price	-	1,387,000
Acadian	5,570,000	6,100,000
Wasatch	1,700,000	2,100,000
	<b>24,278,000</b>	<b>24,731,000</b>



<b><u>FUTURE Initiative</u></b>	<b><u>FY 2026</u></b>	<b><u>FY 2025</u></b>
Xponance	797,000	813,000
Various Managers	706,000	711,000
	<b>1,503,000</b>	<b>1,524,000</b>
<b><u>Total Global Equities</u></b>	<b>80,839,000</b>	<b>79,815,000</b>

^ No investment performance, incentive, or carried interest fees are budgeted.

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**Core Fixed Income**

	<b><u>FY 2026</u></b>	<b><u>FY 2025</u></b>
Blackrock (Agg Index)	124,000	130,000
Blackrock (TIPS Index)	307,000	270,000
Blackrock (ILB)	1,337,000	1,175,000
Blackrock (STRIPS Index)	286,000	275,000
Blackrock (Short Term FI Index)	103,000	91,000
PIMCO	2,097,000	1,700,000
Loomis Sayles	2,871,000	2,491,000
AFL-CIO*	174,000	160,000
Longfellow	1,022,000	864,000
New Century	1,016,000	844,000
Pugh	1,159,000	930,000
FUTURE Initiative – Core Bivium Fixed Income	236,000	190,000
FUTURE Initiative – Various Managers	269,000	160,000
<b><u>Total Core Fixed Income</u></b>	<b><u>11,001,000</u></b>	<b><u>9,280,000</u></b>

**Value-Added Fixed Income**

Fidelity	2,061,000	1,884,000
Loomis Sayles	1,036,000	2,000,000
Shenkman	1,320,000	1,730,000
Eaton Vance*	251,000	4,200,000
Voya*	170,000	3,643,000
PIMCO	1,921,000	1,452,000
Ashmore*	1,000,000	3,000,000
Beach Point	1,303,000	-
Ares Management	1,945,000	-
New Managers EM Debt	1,862,000	-
Private Debt – Various Managers*	8,000,000	12,000,000
Other Credit Opportunities – Various Managers*	26,500,000	20,841,000
Anchorage Capital	1,737,000	450,000
Shenkman-MAC	2,030,000	450,000
KKR-KMAC	1,505,000	450,000
KKR-GCOF	1,764,000	450,000
FUTURE Initiative – Bivium Value-Added Fixed Income	231,000	310,000
FUTURE Initiative – Various Managers	434,000	593,000
<b><u>Total Value-Added Fixed Income</u></b>	<b><u>55,070,000</u></b>	<b><u>53,453,000</u></b>

\* Investments are in investment structures (commingled funds, partnerships, etc.) where management fees are not directly paid to the investment managers by PRIM, but rather fees are indirectly paid via a reduction of PRIM's investment.

## Real Estate

<u>REITs</u>	<u>FY 2026</u>	<u>FY 2025</u>
CenterSquare	2,525,000	2,500,000
Brookfield	-	1,240,000
PGIM	776,000	-
DWS	826,000	-
	<u>4,127,000</u>	<u>3,740,000</u>

### Core Strategy

AEW*	8,000,000	7,700,000
INVESCO*	11,300,000	10,500,000
LaSalle*	10,300,000	9,500,000
CBRE Global Investors*	3,800,000	3,500,000
Stockbridge Advisors*	4,500,000	4,100,000
DivcoWest Core*	1,000,000	1,000,000
	<u>38,900,000</u>	<u>36,300,000</u>

### Non - Core and Direct Strategies

Various Managers*	11,800,000	9,040,000
	<u>11,800,000</u>	<u>9,040,000</u>

### FUTURE Initiative

Cambridge Associates	500,000	700,000
Various Managers*	2,795,000	2,474,000
	<u>3,295,000</u>	<u>3,174,000</u>

### Total Real Estate

<u>58,122,000</u>	<u>52,254,000</u>
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\*Investments are in investment structures (commingled funds, partnerships, etc.) where management fees are not directly paid to the investment managers by PRIM, but rather fees are indirectly paid via a reduction of PRIM's investment.

**Timberland**

	<b><u>FY 2026</u></b>	<b><u>FY 2025</u></b>
Forest Investment Associates*	4,700,000	4,800,000
Campbell Group*	6,400,000	6,200,000
<b><u>Total Timberland</u></b>	<b><u>11,100,000</u></b>	<b><u>11,000,000</u></b>

**Private Equity**

**Private Equity Managers**

Various Managers*	225,400,000	204,820,000
FUTURE Initiative - Various Managers*	4,350,000	2,750,000
<b><u>Total Private Equity</u></b>	<b><u>229,750,000</u></b>	<b><u>207,570,000</u></b>

\* Investments are in investment structures (commingled funds, partnerships, etc.) where management fees are not directly paid to the investment managers by PRIM, but rather fees are indirectly paid via a reduction of PRIM's investment.

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**Portfolio Completion Strategies (PCS)**

	<b><u>FY 2026</u></b>	<b><u>FY 2025</u></b>
Replication Strategies	190,000	190,000
PAAMCO – Hedge Fund-of-Funds*^	6,450,000	6,230,000
Hedge Funds*	78,000,000	70,000,000
Emerging Manager Program*	7,000,000	5,120,000
Real Assets*	6,250,000	8,400,000
<b><u>Total PCS</u></b>	<b><u>97,890,000</u></b>	<b><u>89,940,000</u></b>

**Overlay, Foreign Currency, and Other**

Parametric (Overlay)	470,000	470,000
Russell (Foreign Currency)	750,000	555,000
<b><u>Total Overlay, Foreign Currency, and Other</u></b>	<b><u>1,220,000</u></b>	<b><u>1,025,000</u></b>

<b>Total Investment Management Fees</b>	<b><u>544,992,000</u></b>	<b><u>504,337,000</u></b>
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\* Investments are in investment structures (commingled funds, partnerships, etc.) where management fees are not directly paid to the investment managers by PRIM, but rather fees are indirectly paid via a reduction of PRIM's investment.

^ Excludes costs of underlying hedge funds. These costs are embedded in net hedge fund performance and grow in proportion to the assets under management.

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**Investment Service Providers Fees**

<b><u>Custody</u></b>	<b><u>FY 2026</u></b>	<b><u>FY 2025</u></b>
Master Custody Services	935,000	935,000
	<b>935,000</b>	<b>935,000</b>

**General**

Asset Allocation Advisor	230,000	230,000
Benchmarking Advisory Services	126,000	122,500
Operational Due Diligence Advisor	750,000	750,000
Legislative Restrictions & Benchmarking Advisors	225,000	225,000
Compliance Advisors	100,000	100,000
Stewardship & Sustainability Initiatives	550,000	375,000
Miscellaneous Service Providers and Other Initiatives	750,000	750,000
	<b>2,731,000</b>	<b>2,552,500</b>

**Real Estate and Timberland**

Real Estate and Timberland Advisors	800,000	1,000,000
Debt Compliance and Reporting	1,050,000	1,000,000
Direct Investment Advisory & Other Advisory Projects	800,000	600,000
	<b>2,650,000</b>	<b>2,600,000</b>

**Public Markets**

Public Markets Advisors	700,000	575,000
Managed Account Platform Providers-OCO	1,900,000	1,620,000
Other Advisory Services	600,000	500,000
	<b>3,200,000</b>	<b>2,695,000</b>

**Private Equity**

Private Equity Advisor	1,800,000	1,200,000
Other Advisory Services	800,000	750,000
	<b>2,600,000</b>	<b>1,950,000</b>

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**Investment Service Providers Fees (continued)**

**Portfolio Completion Strategies**

	<b><u>FY 2026</u></b>	<b><u>FY 2025</u></b>
Portfolio Completion Strategies Advisors	1,500,000	1,500,000
Managed Account Platform Provider	8,500,000	7,500,000
Other Advisory Services	450,000	380,000
	<b><u>10,450,000</u></b>	<b><u>9,380,000</u></b>

**Research**

Research Software, Systems, and Tools	600,000	800,000
	<b><u>600,000</u></b>	<b><u>800,000</u></b>

**Audit and Tax**

Annual Financial Statement Audits^	275,000	267,000
Agreed-Upon Procedures	69,000	67,000
Tax Services & Other	115,000	115,000
	<b><u>459,000</u></b>	<b><u>449,000</u></b>

**Risk Measurement and Analytics**

Risk Measurement Systems	1,000,000	1,000,000
Investment Tools and Analytics	2,200,000	1,700,000
	<b><u>3,200,000</u></b>	<b><u>2,700,000</u></b>

<b>Total Investment Service Providers Fees</b>	<b><u>26,825,000</u></b>	<b><u>24,061,500</u></b>
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<b>Total Investment Expenses</b>	<b><u>571,817,000</u></b>	<b><u>528,398,500</u></b>
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^ Additional audit fees are incurred and are charged directly to the investments.

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**Non-Investment Expenses****Operations Expenses****Compensation & Employee Benefits**

	<b><u>FY 2026</u></b>	<b><u>FY 2025</u></b>
Full-Time Staff (including vacant positions)	23,900,000	23,500,000
Benefits, Taxes, and Other	600,000	543,000
	<b><u>24,500,000</u></b>	<b><u>24,043,000</u></b>

**Occupancy**

Lease	2,200,000	2,095,000
Leasehold Improvements and Other	75,000	10,000
	<b><u>2,275,000</u></b>	<b><u>2,105,000</u></b>

**Insurance**

Fiduciary	300,000	300,000
Business Insurance Policies	65,000	60,000
Workers Compensation	25,000	25,000
Cyber	50,000	50,000
Other	50,000	50,000
	<b><u>490,000</u></b>	<b><u>485,000</u></b>

**General Office Expenses**

Printing, Postage, and Courier	65,000	65,000
Payroll / Employee HRIS	75,000	70,000
Stenographer and other meeting expenses	30,000	30,000
Records Storage	90,000	80,000
Office Supplies, Equipment, and Other	130,000	120,000
Temporary Labor	70,000	50,000
	<b><u>460,000</u></b>	<b><u>415,000</u></b>

**Technology Expenses**

Hardware & Software	800,000	600,000
Support and Development	285,000	280,000
MIS Other / ISP & Remote Access	145,000	145,000
	<b><u>1,230,000</u></b>	<b><u>1,025,000</u></b>

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**Operations Expenses (continued)**

<b><u>Travel, Prof. Development &amp; Dues and Subscriptions</u></b>	<b><u>FY 2026</u></b>	<b><u>FY 2025</u></b>
Due Diligence Travel	240,000	230,000
Professional Development	160,000	150,000
Professional Dues and Subscriptions	190,000	150,000
	<b>590,000</b>	<b>530,000</b>
<b><u>Client Service</u></b>		
Client Meetings and Conferences	55,000	55,000
	<b>55,000</b>	<b>55,000</b>
<b><u>Board Elections</u></b>		
PRIM Board Member Elections	250,000	-
	<b>250,000</b>	-
<b>Total Operations Expenses</b>	<b>29,850,000</b>	<b>28,658,000</b>

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**Non-Investment Service Providers Fees**

<b><u>General</u></b>	<b><u>FY 2026</u></b>	<b><u>FY 2025</u></b>
Information Technology Advisors	800,000	750,000
Communications Advisors	125,000	125,000
Compensation and Human Resources Advisors	120,000	120,000
Miscellaneous Service Providers and Other Initiatives	100,000	100,000
	<b>1,145,000</b>	<b>1,095,000</b>
<b><u>Audit and Tax</u></b>		
Annual Financial Statements Audits	46,000	45,000
Tax Services & Other	69,000	50,000
	<b>115,000</b>	<b>95,000</b>
<b><u>Legal</u></b>		
Outside Counsel	600,000	600,000
	<b>600,000</b>	<b>600,000</b>
<b><u>Governance</u></b>		
Proxy Voting Services#	-	250,000
Council of Institutional Investors#	-	35,000
Board Education	20,000	20,000
Advisory Services and Other	50,000	50,000
	<b>70,000</b>	<b>355,000</b>
<b>Total Non-Investment Service Providers Fees</b>	<b>1,930,000</b>	<b>2,145,000</b>
<b>Total Non-Investment Expenses</b>	<b>31,780,000</b>	<b>30,803,000</b>
<b>Total Operating Budget</b>	<b>603,597,000</b>	<b>559,201,500</b>

# FY 2026 amounts have been reclassified to Stewardship and Sustainability Initiatives included in the Investment Services Providers Fees section.

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## **OPERATING BUDGET NARRATIVE**

The FY2026 Operating Budget is presented in four broad expense categories:

- Investment Management Fees
- Investment Service Providers Fees
- Operations Expenses
- Non-Investment Service Providers Fees

### **Investment Management Fees:**

PRIM employs professional investment managers and gives them discretion, consistent with specified objectives and guidelines, to manage the PRIT Fund's assets. Investment management fees are the fees paid to these investment managers for their services. Each investment manager operates under a contract (generally an investment management agreement or a partnership agreement) that delineates its responsibilities and appropriate performance expectations. Budget projections for investment management fees are based on the following factors and year-to-year budget fluctuations reflect changes to one or more of these factors:

- The PRIT Fund asset allocation
- Assets under management (AUM)
- Contractual fee schedules
- Capital commitments

No performance fees, incentive fees, or carried interest are included in this budget due to the difficulty in estimating these fees in advance.

### **Investment Service Providers Fees:**

PRIM employs investment service providers to support the PRIM Board, committees, and staff in managing the PRIT Fund. Budget projections for Investment service providers are generally estimated based upon current service contracts and estimated future potential services.

### **Operations:**

Operations expenses are projected based on current expenses and strategic initiatives that are deemed to be both probable and estimable.

### **Non-Investment Service Providers Fees:**

PRIM employs non-investment service providers to support the PRIM Board, committees, and staff in managing the operations of the PRIM Board. Budget projections for non-investment service providers are generally estimated based upon current service contracts and estimated future potential services.

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## **Investment Management Fees**

### **Global Equities**

Global Equities is comprised of Domestic Equity, International Equity and Emerging Markets Equity.

#### *Domestic Equity*

The total Domestic Equity fee budget of \$16.8 million increases \$1.6 million, or 10.4%, in FY2026. This is mainly due to an increase in budgeted assets in FY2026 compared to FY2025 as Domestic Equities have outperformed International and Emerging Markets.

Manager	Mandate*	Active/ Passive	Fee Type
<b>SSGA</b>	S&P 500 Index	Passive	Net Asset Value (NAV)
<b>Rhumblin</b>	S&P 500 Index	Passive	NAV
<b>SSGA</b>	Russell 2500 Index	Passive	NAV
<b>Frontier</b>	Russell 2000 Value	Active	NAV
<b>Riverbridge</b>	Russell 2500 Growth	Active	NAV
<b>Summit Creek</b>	Russell 2000 Growth	Active	NAV
<b>Acadian</b>	Russell Microcap	Active	NAV and Performance
<b>Lord Abbett</b>	Russell Microcap - Growth	Active	NAV
<b>Driehaus</b>	Russell Microcap – Growth	Active	NAV
<b>Rhumblin</b>	EIA IFED – LG Index	Passive	NAV

*\*All mandates are customized to exclude legislatively mandated restricted securities.*

#### *International Equity*

The total International Equity fee budget of \$38.3 million stays relatively flat in FY2026.

Manager	Mandate*	Active/ Passive	Fee Type
<b>SSGA</b>	World Ex-US	Passive	NAV
<b>SSGA</b>	World Ex-US Small Cap	Passive	NAV
<b>Marathon</b>	MSCI World Ex-US	Active	NAV
<b>Baillie Gifford</b>	MSCI World Ex-US	Active	NAV
<b>Mondrian</b>	MSCI World Ex-US	Active	NAV
<b>Xponance</b>	MSCI World Ex-US	Active	NAV
<b>ARGA</b>	MSCI World Ex-US	Active	NAV
<b>Acadian</b>	MSCI World Ex-US Small Cap	Active	NAV
<b>AQR</b>	MSCI World Ex-US Small Cap	Active	NAV
<b>Driehaus</b>	MSCI World Ex-US Small Cap	Active	NAV
<b>Artisan</b>	MSCI World Ex-US Small Cap	Active	NAV
<b>Causeway</b>	MSCI World Ex-US	Active	NAV
<b>Columbia</b>	MSCI World Ex-US	Active	NAV
<b>Pzena</b>	MSCI World Ex-US	Active	NAV
<b>C WorldWide</b>	MSCI World Ex-US	Active	NAV
<b>Pinestone</b>	MSCI World Ex-US	Active	NAV
<b>Walter Scott</b>	MSCI World Ex-US	Active	NAV

*\*All mandates are customized to exclude legislatively mandated restricted securities.*

### *Emerging Markets Equity*

The total Emerging Markets Equity fee budget of \$24.3 million, decreases \$(.5) million, or (1.8)%, in FY2026. This is mainly due to a decrease in budgeted assets in FY2026 compared to FY2025.

Manager	Mandate*	Active/ Passive	Fee Type
<b>Baillie Gifford</b>	MSCI Emerging Markets	Active	NAV
<b>Driehaus</b>	MSCI Emerging Markets	Active	NAV
<b>Pzena</b>	MSCI Emerging Markets	Active	NAV
<b>AQR</b>	MSCI Emerging Markets	Active	Performance
<b>Acadian</b>	MSCI EM Small Cap	Active	NAV
<b>Wasatch</b>	MSCI EM Small Cap	Active	NAV

*\*All mandates are customized to exclude legislatively mandated restricted securities.*

### *FUTURE Initiative*

The total Emerging Markets – FUTURE Initiative Program for Global Equities fee budget of \$1.5 million stays flat in FY2026.

Manager	Mandate	Active/ Passive	Fee Type
<b>Xponance</b>	Various	Active	NAV
<b>Various Managers</b>	Various	Active	NAV

PRIM's FUTURE Initiative is the strategic plan to achieve the goals set forth by the legislation to increase the use of diverse (women, minority, or persons with disabilities) investment managers and to remove barriers to the full participation of diverse managers and investment opportunities. A component of the FUTURE Initiative program utilizes manager-of-managers to invest in emerging and diverse managers.

### *Core Fixed Income*

The total Core Fixed Income fee budget of \$11.0 million increases \$1.7 million, or 18.5%, in FY2026. This is mainly due to an increase in budgeted assets in FY2026 compared to FY2025 due in part to our disciplined rebalancing process.

Manager	Mandate	Active/ Passive	Fee Type
<b>BlackRock</b>	US Aggregate Index	Passive	NAV
<b>BlackRock</b>	TIPS Index	Passive	NAV
<b>BlackRock</b>	ILB	Active	NAV
<b>BlackRock</b>	STRIPS 20+Year Index	Passive	NAV
<b>BlackRock</b>	Treasury 1-3 Year	Passive	NAV
<b>PIMCO</b>	US Aggregate FI	Active	Funded and Performance
<b>Loomis Sayles</b>	US Aggregate FI	Active	NAV
<b>AFL-CIO</b>	US Aggregate FI-ETI	Active	Commingled Fund – NAV
<b>Longfellow</b>	US Aggregate FI	Active	NAV
<b>New Century</b>	US Aggregate FI	Active	NAV
<b>Pugh</b>	US Aggregate FI	Active	NAV
<b>FUTURE Initiative- Bivium</b>	Various	Active	NAV
<b>FUTURE Initiative Various Managers</b>	Various	Active	NAV

*\*All mandates are customized to exclude legislatively mandated restricted securities.*

### **Value-Added Fixed Income**

The total Value-Added Fixed Income fee budget of \$55.1 million, increases by \$1.6 million, or 3.0%, in FY2026. This is due to an increase in budgeted assets in FY2026 compared to FY2025, which is offset by a reallocation to new managers at lower fees.

Manager	Mandate	Active/ Passive	Fee Type
<b>Fidelity</b>	High Yield Bonds	Active	NAV
<b>Loomis Sayles</b>	High Yield Bonds	Active	NAV
<b>Shenkman</b>	High Yield Bonds	Active	NAV
<b>Eaton Vance</b>	Bank Loans	Active	Commingled Fund – NAV
<b>Voya</b>	Bank Loans	Active	Commingled Fund – NAV
<b>PIMCO</b>	EM Debt Hard Currency	Active	NAV
<b>Ashmore</b>	EM Debt Hard Currency	Active	Commingled Fund – NAV
<b>Ares Management</b>	Bank Loans	Active	NAV
<b>Beach Point</b>	Bank Loans	Active	NAV
<b>Various Managers</b>	EM Debt Hard Currency	Active	NAV
<b>Various Managers</b>	Private Debt	Active	Commingled Funds – Committed Capital
<b>Various Managers</b>	Other Credit Opportunities	Active	Commingled Funds – Committed Capital
<b>Anchorage Capital</b>	Multi-Asset Credit	Active	NAV
<b>Shenkman-MAC</b>	Multi-Asset Credit	Active	NAV
<b>KKR-KMAC</b>	Multi-Asset Credit	Active	NAV
<b>KKR-Global Credit - GCOF</b>	Multi-Asset Credit	Active	NAV
<b>FUTURE Initiative – Bivium</b>	Various	Active	NAV
<b>FUTURE Initiative Various Managers</b>	Various	Active	NAV

*\*All mandates are customized to exclude legislatively mandated restricted securities.*

### **Real Estate**

#### ***Real Estate Investment Trusts (REITs)***

The total REITs fee budget of \$4.1 million, increases by \$.4 million, or 10.3%, in FY2026. This change is mainly due to an increase in budgeted assets in FY2026 compared to FY2025, offset by our shift from Global REIT strategies to less expensive US only REIT strategies.

Manager	Mandate	Active/ Passive	Fee Type
<b>CenterSquare</b>	US REITs	Active	NAV
<b>PGIM</b>	US REITs	Active	NAV
<b>DWS</b>	US REITs	Active	NAV

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### *Core Strategy*

The total Core Strategy fee budget of \$38.9 million increases by \$2.6 million, or 7.2%, in FY2026. This change is mainly due to a projected increase in contributed capital.

Manager	Mandate	Active/ Passive	Fee Type
<b>AEW</b>	Core Real Estate	Active	Funded and Performance
<b>INVESCO</b>	Core Real Estate	Active	Funded and Performance
<b>LaSalle</b>	Core Real Estate	Active	Funded and Performance
<b>CBRE Global Investors</b>	Core Real Estate	Active	NAV and Performance
<b>Stockbridge Advisors</b>	Core Real Estate	Active	NAV and Performance
<b>DivcoWest Core</b>	Core Real Estate	Active	NAV and Performance

### *Non – Core and Direct Strategy*

The total Non - Core and Direct Strategy fee budget of \$11.8 million, increases by \$2.8 million, or 30.5%, in FY2026. This change is mainly due to a projected increase in contributed capital.

Manager	Mandate	Active/ Passive	Fee Type
<b>Various Managers</b>	Non-Core & Direct Strategies	Active	Generally– Funded and Performance

### *FUTURE Initiative Program*

The total FUTURE Initiative Program for Real Estate fee budget of \$3.3 million, stays relatively flat in FY2026.

Manager	Mandate	Active/ Passive	Fee Type
<b>FUTURE Initiative Cambridge Associates</b>	Various	Active	Various
<b>FUTURE Initiative Various Managers</b>	Various	Active	Various

### **Timberland**

The total Timberland fee budget of \$11.1 million stays relatively flat in FY2026.

Manager	Mandate	Active/ Passive	Fee Type
<b>Forest Invest Associates</b>	Timberland	Active	Funded and Performance
<b>Campbell Global</b>	Timberland	Active	Funded and Performance

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**Private Equity**

The total Private Equity fee budget of \$229.8 million increases by \$22.2 million, or 10.7%, in FY2026 due to a projected increase in committed capital. Private Equity management fees are typically a percentage of committed capital during the active investment period and become a percentage of cost of remaining investments later in the life of the partnership.

Manager	Mandate	Active/ Passive	Fee Type
Various Managers	Private Equity	Active	Generally Committed Capital
FUTURE Initiative - Various Managers	Private Equity	Active	Generally Committed Capital

**Portfolio Completion Strategies (PCS)**

The total Portfolio Completion Strategies fee budget of \$97.9 million, increases by \$8.0 million, or 8.8%, in FY2026. This change is mainly due to an increase in budgeted hedge fund assets in FY2026 compared to FY2025.

Manager	Mandate	Active/ Passive	Fee Type
Various Managers	PCS and Hedge Funds	Active	Generally NAV and Performance

**Overlay, Foreign Currency, and Other**

The total Overlay, Foreign Currency and Other fee budget of \$1.2 million, increases by \$.2 million or 19.0% in FY2026. This change is mainly due to an increase in budgeted foreign currency transactions.

Manager	Mandate	Active/ Passive	Fee Type
Parametric	Overlay	Active	NAV
Russell	Foreign Currency Trading	Active	NAV

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## **Investment Service Provider Fees**

The FY2026 budget for Investment Service Provider Fees (including Custody and Advisors as well as Research, Audit & Tax, and Risk Measurement & Investment Analytics) of \$26.8 million increases by \$2.8 million, or 11.5%. The increase is driven primarily by an increase in budgeted assets in the Managed Account Platforms. Costs in this category are generally the result of competitively bid contracts and estimates for future potential services.

### **Custody**

BNY Mellon currently provides the PRIT Fund with global custody, accounting and performance measurement services. BNY Mellon provides custody for PRIT assets, records all investment transactions for the PRIT Fund, and provides recordkeeping for all participant activity for member retirement systems, including participant performance analysis.

### **General**

PRIM employs several professional advisors to provide comprehensive advisory services to staff and the Board including recommendations on asset allocation, benchmarking and operational due diligence.

### **Real Estate & Timberland**

The FY2026 budget reflects the advisory fees for a bench of professional real estate advisors and PRIM's timberland advisor, International Woodland Company, financial reporting costs associated with the real estate leverage program, expenses related to potential direct investments, data tools, legal and other consulting costs.

### **Public Markets**

The FY2026 budget reflects contractual fees for PRIM's Public Market advisors: Meketa, Aberdeen and Innocap. It also includes fees related to operational due diligence, legal and other consulting costs.

### **Private Equity**

The FY2026 budget reflects the fees that include private equity advisory, monthly accounting, and detailed performance reporting for the PRIT Fund's Private Equity program. The budget also includes projected fees for data tools, legal and other consulting costs.

### **Portfolio Completion Strategies**

The FY2026 budget reflects the contractual fees for PRIM's PCS advisors: Aberdeen, New Alpha, and Innocap. The budget also includes projected fees for data tools, legal and other consulting costs.

### **Research**

The FY2026 budget reflects projected fees for data infrastructure, research tools, and other research initiatives.

### **Audit & Tax**

KPMG provides the annual financial statement audits for the PRIT Fund. KPMG also performs an annual examination of the internal controls surrounding PRIM's procurement of investment managers and other service providers and reviews the PRIT Fund's benchmark calculations in accordance with the guidance contained in the AICPA Statement on Standards for Attestation Engagements.

KPMG also provides audit services for PRIT's Real Estate, Timberland, and certain PCS investments. The audit fees for this work are charged to the underlying investments and are not included in the PRIM budget.

Deloitte provides PRIT with tax advisory services. Real Estate and Timberland property level tax return preparation fees and tax advisory fees are charged to the underlying properties and, as such, are not a part of the PRIM budget. However, the general tax advisory work is paid directly by PRIM.

#### **Risk Measurement and Investment Analytics**

PRIT utilizes MSCI's BarraOne, a single platform multi-asset class investment risk measurement tool. Other investment analytical tools include FactSet, eVestment, Bloomberg, and others.

### **Operations**

The FY2026 Operations budget of \$29.9 million increases \$1.2 million or, 4.2%, reflecting primarily an increase in Compensation and Employee Benefits due to projected organizational growth and PRIM Board elections costs.

#### **Compensation & Employee Benefits**

The FY2026 Compensation budget includes allocations for new positions and additional resources to support the PRIT Fund's growth and PRIM's many new initiatives, as well as potential increases for existing staff based on the Board approved salary bands.

Per PRIM's Compensation Philosophy, to ensure PRIM remains competitive with market trends, a comprehensive compensation level analysis is conducted by PRIM's compensation consultant, McLagan. To continue to make incremental progress within these Board approved salary bands we have included amounts in the FY2026 budget for potential base salary increases and for potential promotions. The budget for employee benefits consists primarily of dental, vision, and disability costs for employees as well as a contingency to cover potential unemployment claims since PRIM does not participate in the state's unemployment insurance pool. The budget also includes estimated Medicare taxes and Massachusetts Paid Family Medical Leave for all employees.

#### **Occupancy**

The occupancy budget includes expenses associated with office space, including rent, maintenance charges, and utilities.

#### **Insurance**

The budget includes insurance premium costs for various business and liability policies. PRIM's current insurance policies are summarized in the following table:

Policy Type	Coverage	Deductible
<b>Fiduciary Liability</b>	\$15,000,000	\$ 250,000
<b>Commercial Crime</b>	\$10,000,000	\$ 100,000
<b>Employment Practices Liability</b>	\$ 1,000,000	\$ 100,000
<b>Workers Compensation</b>	\$ 1,000,000	N/A
<b>Cyber Insurance</b>	\$ 3,000,000	\$ 10,000
<b>Commercial General Liability</b>	\$ 1,000,000	N/A
<b>Commercial Property</b>	\$ 1,194,900	\$ 250
<b>Umbrella Liability</b>	\$ 4,000,000	\$ 10,000
<b>Hired Auto</b>	\$ 1,000,000	N/A

#### **General Office Expenses**

This budget category includes expenses relating to the general administration of PRIM's office operations.

### **Technology Expenses**

This category includes telecom, internet service providers, hardware, software and support agreements, offsite data storage, and equipment for the expected growth of staff.

### **Travel, Professional Development & Dues and Subscriptions**

This budget category represents costs associated with due diligence travel, ongoing professional education of PRIM Board and committee members and staff, including related travel expenses and dues & subscriptions, which includes membership dues in professional associations and subscription costs for professional journals, investment industry publications, and newspaper subscriptions. The budget includes tuition reimbursement charges (e.g., for approved CFA and higher education courses), required continuing education costs for maintaining professional licenses (e.g., CPA license), and attendance at professional conferences and seminars. PRIM is committed to supporting its Board members and staff in their pursuit of professional development.

### **Client Service**

Currently, 100 entities, including the State Retiree Benefits Trust Fund, invest in the PRIT Fund. The client service budget allows for PRIM-sponsored client conferences and on-site client meetings. This budget includes the cost of traveling to client meetings, conferences, and related activities.

### **Board Elections**

PRIM administers and pays the expenses associated with the election of two of the nine PRIM Board members. Elections are held every three years with the next elections occurring in FY2026.

## **Non-Investment Service Provider Fees**

The FY2026 budget for Non-Investment Service Provider Fees (Including Audit & Tax, Legal and Governance) of \$1.9 million decreases by \$(.2) million, or (10.0)%. The decrease is primarily due to moving proxy voting expense to the Stewardship and Sustainability Initiatives line item, to better align this expense with the appropriate budget category. Costs in this category are generally the result of competitively bid contracts.

### **General**

PRIM employs several professional advisors to provide comprehensive advisory services to staff and the Board related to communications, information technology, human resources, compensation and other policies.

### **Audit & Tax**

KPMG provides annual financial statement audits for PRIM and Deloitte provides PRIM with tax advisory services.

### **Legal**

PRIM retains outside counsel as necessary to provide legal services to PRIM. Outside legal expenditures can be difficult to predict and have historically fluctuated significantly based on the nature of activities of PRIM.

### **Governance**

The governance budget includes fees for administration of the Board self-evaluation, potential governance manual updates, and anticipated costs for PRIM Board Education sessions.

## **Key Assumptions**

### **Estimated Assets Under Management and Asset Allocation in FY2026**

Many of the budgeted expenses for FY2026 are based upon the estimated average assets under management. The estimated average assets under management for FY2026 is \$116 billion. To estimate PRIM's FY2026 average assets under management, the beginning AUM of FY2026 (July 1, 2025) was estimated to equal the PRIT Fund assets under management as of February 28, 2025. The ending AUM of FY2026 (June 30, 2026) was estimated to increase by NEPC's expected 10-year return forecast of 6.9%. The estimated average AUM of FY2026 is the average of the estimated beginning and ending AUM, which is approximately \$116 billion. Please note that future investment performance is not predictable and actual performance will vary.

### **Performance, Incentive, or Carried Interest Fees**

No investment performance, incentive, or carried interest fees are budgeted in FY2026. These fees can vary dramatically from year to year and are not predictable.

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