



Minutes of the PRIM Administration and Audit Committee Remote Meeting
Thursday, February 12, 2026

Committee members attending:

- Treasurer Deborah Goldberg, Acting Chair
- Patrick Brock
- Theresa McGoldrick, Esq.
- Dennis Naughton

Committee members not attending:

- Robert Brousseau, Chair
- Catherine D’Amato
- James Hearty

The PRIM Administration and Audit Committee meeting was called to order at 10:00 a.m. Treasurer Deborah Goldberg, acting as Chair, announced that the meeting was being held in accordance with Massachusetts General Laws Chapter 30A, section 20, as amended by Chapter 2 of the Acts of 2025, which permits remote participation by all Committee members via the use of adequate alternative means, such as audio or video conferencing, to ensure public access to the deliberations of the Committee. All members of the Committee who participated did so remotely via audio/video conferencing, and public access to the Committee's deliberations was provided by telephone. All documents referenced during the meeting were available for viewing on PRIM’s website (www.mapension.com). At the start of the meeting, the names of the members who were participating remotely were announced.

I. Approval of the Minutes (Voting Item)

The PRIM Administration and Audit Committee approved (unanimously) by roll call vote the minutes of its November 24, 2025, meeting.

II. Executive Director / Chief Investment Officer Report

A. Markets and PRIT Fund Performance Summary

Michael G. Trotsky, CFA, Executive Director, and Chief Investment Officer, made comments to the Committee, including:

Mr. Trotsky began by highlighting the December 31, 2025, results - the second quarter of fiscal year 2026. The financial markets remained strong through the end of the year and into 2026, and the PRIT Fund ended with another record balance of \$123.3 billion, surpassing the previous record of \$121.1 billion set last quarter. For the December quarter alone, the PRIT Fund returned 2.1% net of fees, and over the trailing 12 months, it returned 12.6% net, representing an investment gain of \$13.8 billion. PRIM is very proud of its 12.6% return, nearly twice the state’s actuarial rate of 7%.

Mr. Trotsky added that he was named to Markets 2026's list of Elite Institutional Chief Investment Officers. The designation honor is to those who “have excelled amid shifting macroeconomic conditions, geopolitical complexity [and] evolving risk frameworks...They continue to strengthen long-term resilience, elevate portfolio construction and governance standards, and steward capital with purpose and accountability.”

PRIT Fund Update

Mr. Trotsky noted that PRIM's 12.6% net gain for calendar year 2025 was the third consecutive year of outstanding gains, following gains of 9% in 2024 and 11% in 2023. This represents an annualized 3-year rate of return of 11% and a 3-year total investment gain of \$34.6 billion. Over the last three-year period, US equities remained unusually strong, up nearly 23% annualized while international markets were weaker, but still up more than 17%. Mr. Trotsky then put things into perspective: A three-year streak with an annualized return of roughly 23% for US equities is exceptionally rare – it's a "Super Streak." Looking at calendar-year-end returns in the roughly 100-year history of the S&P 500, similar performance levels have occurred only a handful of times, typically during major technological shifts or recoveries from deep bear markets. A 23% annualized return means the market has nearly doubled in just 3 years, and finding a 3-year period with an average annual return above 23% is very difficult.

Mr. Trotsky then began explaining why a super streak is happening now. Analysts generally point out three factors for the current 23% run:

1. The AI Surge: A small group of "Mega-cap" tech stocks (like Nvidia, Google, and Microsoft) has seen unprecedented growth. The Magnificent 7 effect.
2. Resilient Earnings: Despite higher interest rates, corporate profits have remained at record highs.
3. The 2022 Post-Pandemic Bounce: Because 2022 was a bad year, the 2023 recovery started from a "lower" floor, which makes the percentage gains look more dramatic.

Mr. Trotsky then explained what typically happens next. History shows that these "Super Streaks" usually end in one of two ways – a "Mean Reversion" or a "Soft Landing" - and the incidence of each has not been a coin toss:

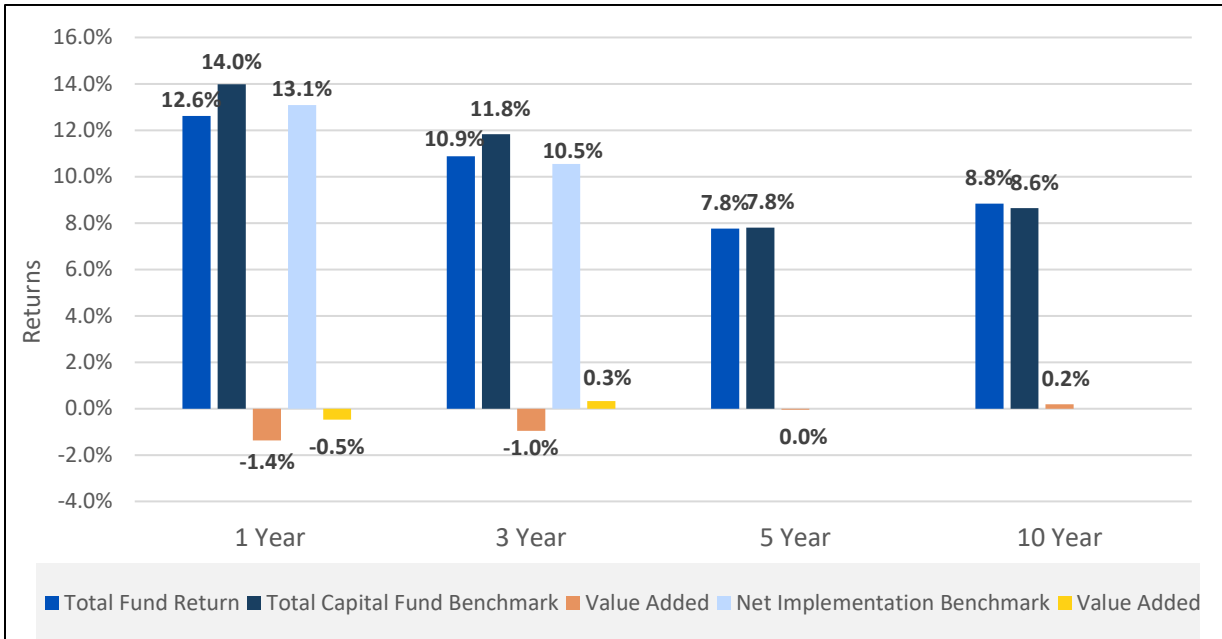
- Most of the time in the year after a "Super Streak," there is a "Mean Reversion". That is when the market takes a break. After a Super Streak, the market typically declines by double digits the following year.
- Only once following these historical Super Streaks has there been a "Soft Landing" when the market continued to rise after a super streak, but at a more modest pace.

Mr. Trotsky then stated that PRIM doesn't try to predict the future. That sentiment is one of PRIM's core investment beliefs. That wisdom is one of the very best guideposts of investing. PRIM's asset allocation recommendations, on today's agenda, do not rely on future predictions of returns. Instead, PRIM's internally developed process utilizes quantitative, statistical techniques to express the well-proven and Nobel-prize-winning economic science of portfolio construction through diversification. PRIM doesn't try to anticipate market returns or outcomes; it engineers a portfolio that remains resilient across all market environments. PRIM remains pleased and confident in the resilience of the PRIT Fund and in its performance across all time periods and across multiple market environments, in both up and down markets.

Mr. Trotsky discussed the December 2025 PRIT Fund performance in more detail, referencing the following performance charts:

Total PRIT Fund Returns

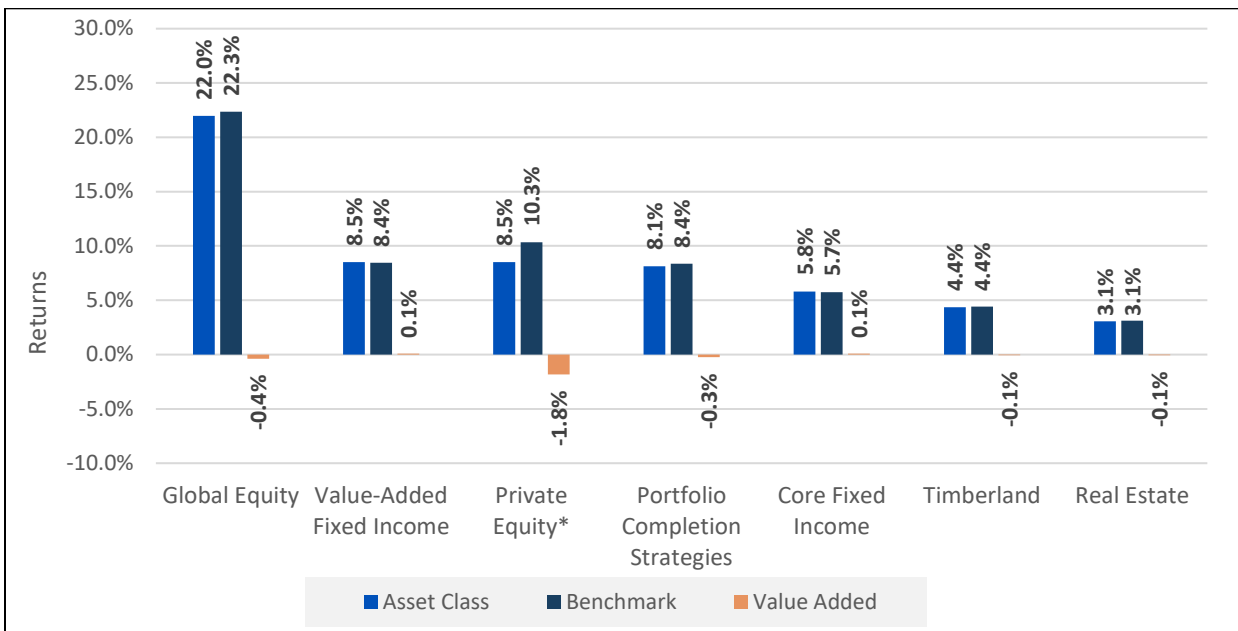
Annualized Returns as of December 31, 2025 (Net of Fees)



Source: BNY. Total Capital Fund Benchmark includes private equity benchmark; Net Implementation Benchmark includes short-term PE benchmark.

PRIT Asset Class Performance Summary

One Year ended December 31, 2025 (Net of Fees)



Source: BNY. Totals may not add due to rounding. *Benchmark is State Street PE Index.

PRIT Fund Annualized Returns by Asset Class

(December 31, 2025 – Net of Fees)

GLOBAL EQUITY 22.0%	GLOBAL EQUITY 19.9%	PRIVATE EQUITY 13.8%	PRIVATE EQUITY 16.0%
VALUE-ADDED FIXED INCOME 8.5%	VALUE-ADDED FIXED INCOME 10.1%	GLOBAL EQUITY 10.9%	GLOBAL EQUITY 11.6%
PRIVATE EQUITY 8.5%	PORTFOLIO COMPLETION STRATEGIES 10.0%	TIMBER 7.5%	VALUE-ADDED FIXED INCOME 6.5%
PORTFOLIO COMPLETION STRATEGIES 8.1%	PRIVATE EQUITY 7.3%	PORTFOLIO COMPLETION STRATEGIES 7.2%	TIMBER 5.7%
CORE FIXED INCOME 5.8%	TIMBER 6.1%	VALUE-ADDED FIXED INCOME 6.8%	REAL ESTATE 5.7%
TIMBER 4.4%	CORE FIXED INCOME 3.0%	REAL ESTATE 5.0%	PORTFOLIO COMPLETION STRATEGIES 5.3%
REAL ESTATE 3.1%	REAL ESTATE (2.2%)	CORE FIXED INCOME (2.2%)	CORE FIXED INCOME 1.9%

Source: BNY.

Market Update

Mr. Trotsky began his update by discussing the quarter ending December 31, 2025. U.S. equities were up 2.7%, while Developed International equities were up 5.2%, and Emerging Market equities were up 4.7%. Bonds were up 1.0% as yields fell slightly. The benchmark 10-year Treasury yield stood at 4.17% at the end of December and remained in that range. For the calendar year through December 31, the 12-month period, Domestic equities were up 17.8%, Developed International equities were up 31.7%, and Emerging Markets equities were up 33.4%. Mr. Trotsky noted that international equities outperformed US equities for the first time in many years. International returns were nearly twice the returns of the U.S. for the year. China was up 31% for the year, Germany up 36.1%, the UK up 35%, and Japan up 24.5%, while US equities were up 17.8%. US markets are up in the low single digits so far in 2026.

Mr. Trotsky added that U.S. GDP expanded at an annualized rate of 4.4% in the third quarter of 2025, modestly above the initial estimate of 4.3% and marking the strongest pace of growth since the third quarter of 2023. Growth was supported by resilient consumer spending, a rebound in external demand, and increased government outlays. The annual inflation rate (CPI) held steady at 2.7% year over year in December, in line with market expectations. The unemployment rate edged down to 4.4% in December. However, the number of Americans filing for unemployment benefits increased by 22,000 to 231,000 in the final week of January, well above market expectations and marking the highest weekly reading in nearly two months. There is uncertainty among economists and the Fed about the health of the labor market, and this warrants close monitoring. Employment directly affects consumer spending, which drives two-thirds of US GDP. The ISM Manufacturing PMI unexpectedly rose to 52.6 in January from 47.9 in December, well above the 48.5 forecast. The reading showed that economic activity in the manufacturing sector expanded in January for the first time in 12 months and at the highest level since 2022. The Fed left rates unchanged at its January meeting, following three consecutive rate cuts in 2025.

In other large economies, China's GDP expanded 4.5% year-over-year in Q4 2025, down from 4.8% in the prior quarter and marking the slowest pace of growth in three years. The deceleration reflected continued weakness in domestic demand. The unemployment rate held steady, and inflation remained subdued. The People's Bank left rates unchanged in January.

The Eurozone economy (GDP) expanded by 1.3% year-over-year in Q4 2025, according to a preliminary reading. This marks the slowest pace in a year but is easing only modestly. The unemployment rate there held steady at 6.2%. Inflation eased to 1.7%, and the European Central Bank also left rates unchanged at its recent meeting.

Japan's economy (GDP) contracted 0.6% quarter-over-quarter in Q3 2025, a sharper decline than expected on weak business investment. The unemployment rate held at 2.6% in, and the annual inflation rate eased to 2.1%. Japan's Central Bank also left rates unchanged.

Dennis Naughton asked for more granular information on the consumer spending and jobs data.

Mr. Trotsky offered to look more closely into the data and send the additional information separately.

B. Summary of 2026 Annual Plans

PRIM's governance documents require the Executive Director to "approve divisional business plans, as appropriate." Mr. Trotsky invited members to review the annual plans and contact him directly with any input or feedback.

Mr. Trotsky explained that the 2026 Annual Plans are a continuation of the work underway at PRIM and highlighted the following initiatives.

PRIM's focus of the year across all asset classes is to identify new sources of alpha, while also continuing efforts to improve every aspect of the business. In public markets, we have an ambitious, well-thought-out plan to identify new sources of alpha for our Public Equities portfolio. In Private Equity, commitment pacing remains brisk, with a goal of identifying more than \$2.0 billion in new high-performing opportunities in 2026. The team will remain highly selective. In Real Estate, performance reversed, moving from a 3% loss in 2024 in the aftermath of the Pandemic to a 3% gain in 2025. This remains below PRIM's expectations and needs, so the team continues to drive performance improvements by pursuing high-quality investments and enhancing investment manager evaluation and sourcing. PRIM plans to exit and avoid underperforming real estate strategies and closely monitor existing managers' asset-level business plans. The PCS team has improved the performance of the Hedge Fund portfolio over the past few years. The team continues to identify attractive new investments in both Stable Value and Directional Funds. Risk remains embedded across asset classes, with ongoing monitoring and evaluation of credit risk, liquidity, and portfolio construction, with a keen focus on risk control and diversification across all asset classes. The Research team continues to work on methods to improve the asset allocation model. PRIM will assess the long-term effectiveness of its decisions to identify process improvements and new investment strategies. In Finance and Operations, the primary goal is to ensure that reporting and financial statements remain highly transparent, accurate, and complete. Work continues on the rollout of the new Solovis reporting platform, featuring new analytical tools. Legal and Communications prioritize transparency and documentation to ensure PRIM remains above reproach. PRIM is still responding to a

significant increase in public records requests. Legal is also continuing to support the Attorney General's office in their suit against Exxon Mobil, which has resulted in increased legal expenses and time.

In Stewardship, the team continues to execute its data-driven, Board-approved Stewardship Priorities while pursuing purposeful engagement with portfolio companies aligned with these priorities.

Across all functional groups, PRIM continues to explore the applications of Artificial Intelligence (AI). Several tools are currently being evaluated that show great promise. Enthusiasm for AI tools is very high across the organization, but PRIM plans to be very methodical when rolling out this technology. PRIM wants to innovate, adhere to best practices, and continuously seek efficiencies while working within the established budget. Cybersecurity is paramount in all aspects of PRIM. A policy and framework have been created to guide staff in the use of AI. Mr. Trotsky believes that the benefits of AI, if well implemented, will accrue most to organizations like PRIM with more limited resources.

III. Legal/Legislative Update

E. Renee LeFevre, Chief Legal Officer, notified the Committee that she is working with PRIM's outside counsel, Foley Hoag, to conduct a Board Self-Evaluation Survey and to update the Board Governance Manual. Previously scheduled for late December, the survey will be administered at the start of March. The change in date is due to the comments made at the December 2025 Board Meeting. Ms. LeFevre reminded members to submit their evaluations promptly, as the evaluation results will be presented by Foley Hoag at the upcoming May 21, 2026, Board meeting. Treasurer Goldberg offered her assistance in ensuring all Board members respond to the survey.

Emily Kowtoniuk, Director of Policy and Legislative Affairs in Treasurer Goldberg's office, provided a legislative update, stating that the legislature is working on the 2027 budget and that she would keep the Committee informed of any legislation that would impact PRIM.

I. Other Matters:

The Committee members briefly discussed the following topics:

- A. December 2025 PRIM budget
- B. Travel Report
- C. Client Service

List of documents and exhibits used during the meeting:

- Minutes of the PRIM Administration and Audit Committee Meeting of November 24, 2025
- PRIT Fund Performance Presentation (December 31, 2025)
- PRIT Fund Performance Report (December 31, 2025)
- 2026 PRIM Staff Annual Plans
- December 2025 PRIM Operating Budget
- Travel Report