



PENSION RESERVES INVESTMENT TRUST FUND
(A Component Unit of the Commonwealth of Massachusetts)
Financial Statements and Required Supplementary and Other
Supplementary Information
June 30, 2025 and 2024
(With Independent Auditors' Report Thereon)

PENSION RESERVES INVESTMENT TRUST FUND
(A Component Unit of the Commonwealth of Massachusetts)

June 30, 2025 and 2024

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Independent Auditors' Report

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 (PRIT Fund), a component unit of the Commonwealth of Massachusetts, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the PRIT Fund's basic financial statements as of and 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, 2025 and 2024, and the changes in pooled net position for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit 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 audit. 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended June 30, 2025, 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, 2025. The schedule of pooled net position – capital fund and cash fund and schedule of changes in pooled net position – capital fund and cash fund as of and for the year ended June 30, 2025 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 as of and for the year ended June 30, 2025, 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 as of and for the year ended June 30, 2025.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2025 on our consideration of the PRIT Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the PRIT Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the PRIT Fund's internal control over financial reporting and compliance.

KPMG LLP

Boston, Massachusetts
December 4, 2025

PENSION RESERVES INVESTMENT TRUST FUND
(A Component Unit of the Commonwealth of Massachusetts)

Required Supplementary Information –
Management's Discussion and Analysis

June 30, 2025 and 2024

(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, 2025 and 2024 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 net 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, 2025 and 2024 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 2025

- The net position of the PRIT Fund increased \$10.2 billion during the year ended June 30, 2025. Total net position was \$115.5 billion at June 30, 2025, compared to \$105.3 billion at June 30, 2024.
- Net investment income for fiscal year 2025 was \$10.2 billion, compared to net investment income of \$9.2 billion for the prior fiscal year. The PRIT Fund returned 9.62%, net of fees, in fiscal year 2025, compared to 9.46% in fiscal year 2024.
- Contributions to the PRIT Fund totaled \$4.2 billion during the year ended June 30, 2025, compared to \$3.8 billion during the year ended June 30, 2024.
- Redemptions from the PRIT Fund totaled \$4.1 billion during the year ended June 30, 2025, compared to \$4.3 billion during the year ended June 30, 2024.

Fiscal Year 2024

- The net position of the PRIT Fund increased \$8.7 billion during the year ended June 30, 2024. Total net position was \$105.3 billion at June 30, 2024, compared to \$96.6 billion at June 30, 2023.

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Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

- Net investment income for fiscal year 2024 was \$9.2 billion, compared to net investment income of \$5.1 billion for the prior fiscal year. The PRIT Fund returned 9.46%, net of fees, in fiscal year 2024, compared to 5.58% in fiscal year 2023.
- Contributions to the PRIT Fund totaled \$3.8 billion during the year ended June 30, 2024, compared to \$3.5 billion during the year ended June 30, 2023.
- Redemptions from the PRIT Fund totaled \$4.3 billion during the year ended June 30, 2024, compared to \$4.5 billion during the year ended June 30, 2023.

Condensed Financial Information

Summary balances and activities of the PRIT Fund as of and for the years ended June 30, 2025, 2024, and 2023 are presented below:

		June 30	
	2025	2024	2023
Summary of pooled net position:			
Assets:			
Investments	\$ 121,695,725	109,561,828	100,382,001
Cash	151,090	167,672	160,920
Securities lending collateral	238,819	97,857	87,748
Receivables and other assets	2,843,443	2,010,692	1,855,800
Total assets	<u>124,929,077</u>	<u>111,838,049</u>	<u>102,486,469</u>
Liabilities:			
Other liabilities	8,289,579	5,682,098	5,029,914
Securities lending obligations	1,140,922	851,690	841,326
Management fees payable to PRIM	40,083	50,327	53,812
Total liabilities	<u>9,470,584</u>	<u>6,584,115</u>	<u>5,925,052</u>
Net position held in trust for pool participants	<u>\$ 115,458,493</u>	<u>105,253,934</u>	<u>96,561,417</u>

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Required Supplementary Information –
Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

		June 30	
	2025	2024	2023
Summary of changes in pooled net position:			
Additions:			
Contributions	\$ 4,177,647	3,813,111	3,469,500
Net investment income	10,199,405	9,171,644	5,143,498
Total additions	14,377,052	12,984,755	8,612,998
Deductions:			
Redemptions	4,141,434	4,262,528	4,455,390
Administrative expenses	31,059	29,710	25,246
Total deductions	4,172,493	4,292,238	4,480,636
Change in pooled net position	10,204,559	8,692,517	4,132,362
Net position held in trust for pool participants:			
Balance, beginning of year	105,253,934	96,561,417	92,429,055
Balance, end of year	\$ 115,458,493	105,253,934	96,561,417

The PRIT Fund Performance during the year ended June 30, 2025

The PRIT Fund began fiscal year 2025 with net position of \$105.3 billion and ended the fiscal year with a net position of \$115.5 billion, representing a 9.70% increase. Net investment income for the year ended June 30, 2025 was \$10.2 billion, which when added to net participant contributions (contributions less redemptions) of \$36.2 million, resulted in an overall increase in net position of \$10.2 billion.

For the year ended June 30, 2025, the PRIT Fund returned 9.62% net of fees, lagging its benchmark of 10.93% by 131 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, net of fees, for the year ended June 30, 2025 are as follows: Global Equity 15.22%; Core Fixed Income 3.78%; Value-Added Fixed Income 9.47%; Private Equity 7.28%; Real Estate 0.93%; Timberland 4.20%; Portfolio Completion Strategies 11.64%; and Overlay 17.91%.

The PRIT Fund outperformed its benchmarks over the five-year and 10-year periods and has returned an average of 8.46%, net of fees, annually since January 1, 1995.

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Required Supplementary Information –
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(Unaudited)

The PRIT Fund Performance during the year ended June 30, 2024

The PRIT Fund began fiscal year 2024 with net position of \$96.6 billion and ended the fiscal year with a net position of \$105.3 billion, representing a 9.00% increase. Net investment income for the year ended June 30, 2024 was \$9.2 billion, which when added to net participant redemptions (contributions less redemptions) of \$449.4 million, resulted in an overall increase in net position of \$8.7 billion.

For the year ended June 30, 2024, the PRIT Fund returned 9.46% net of fees, lagging its benchmark of 10.29% by 83 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, net of fees, for the year ended June 30, 2024 are as follows: Global Equity 18.09%; Core Fixed Income -0.12%; Value-Added Fixed Income 10.69%; Private Equity 7.69%; Real Estate -6.78%; Timberland 10.35%; Portfolio Completion Strategies 10.56%; and Overlay 14.15%.

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, 53 State Street, Boston, Massachusetts 02109.

PENSION RESERVES INVESTMENT TRUST FUND
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Statements of Pooled Net Position

June 30, 2025 and 2024

(Dollars in thousands)

	2025	2024
Assets:		
Investments, at fair value:		
Short-term	\$ 2,011,181	1,302,183
Fixed income	27,351,699	23,242,875
Equity	45,060,493	41,807,764
Timberland	3,138,919	3,192,283
Private equity funds	18,847,838	17,589,527
Real estate:		
Real estate properties	10,217,534	9,974,149
Equity	1,097,702	743,848
Real estate funds	718,596	763,954
Mortgage loans receivable	219,071	114,176
Other	160,911	149,575
Total real estate	<u>12,413,814</u>	<u>11,745,702</u>
Portfolio completion strategies:		
Investment funds	3,039,986	2,699,741
Equity	2,702,124	2,096,612
Fixed income	4,988,410	3,886,321
Cash and cash equivalents	1,717,259	1,528,904
Agricultural investments	424,002	469,916
Total portfolio completion strategies	<u>12,871,781</u>	<u>10,681,494</u>
Total investments	121,695,725	109,561,828
Cash	151,090	167,672
Securities lending collateral	238,819	97,857
Interest and dividends receivable	362,204	298,991
Receivable for investments sold and other assets	1,130,854	715,936
Receivable for securities sold on a when-issued basis	1,118,749	871,172
Foreign currency forward contracts	231,636	124,593
Total assets	<u>124,929,077</u>	<u>111,838,049</u>
Liabilities:		
Securities sold short and other liabilities, at fair value:		
Portfolio completion strategies	2,832,627	1,864,416
Fixed income	13,234	—
Total securities sold short and other liabilities	<u>2,845,861</u>	<u>1,864,416</u>
Payable for investments purchased and other liabilities	2,018,650	988,154
Real estate debt and other liabilities	863,373	930,671
Securities lending obligations	1,140,922	851,690
Payable for securities purchased on a when-issued basis	2,229,927	1,802,239
Foreign currency forward contracts	331,768	96,618
Management fees payable to PRIM	40,083	50,327
Total liabilities	<u>9,470,584</u>	<u>6,584,115</u>
Net position held in trust for pool participants	<u>\$ 115,458,493</u>	<u>105,253,934</u>

See accompanying notes to financial statements.

PENSION RESERVES INVESTMENT TRUST FUND
(A Component Unit of the Commonwealth of Massachusetts)

Statements of Changes in Pooled Net Position

Years ended June 30, 2025 and 2024

(Dollars in thousands)

	<u>2025</u>	<u>2024</u>
Additions:		
Contributions:		
State employees	\$ 916,063	902,529
State teachers	1,124,442	1,136,487
Other participants	<u>2,137,142</u>	<u>1,774,095</u>
Total contributions	<u>4,177,647</u>	<u>3,813,111</u>
Net investment income (loss):		
From investment activities:		
Net realized gain on investments and foreign currency transactions	3,825,057	2,607,560
Net change in unrealized appreciation on investments and foreign currency translations	3,870,942	4,140,316
Interest	997,180	794,115
Dividends	881,784	904,059
Timberland	17,889	32,143
Private equity	184,179	158,083
Portfolio completion strategies	200,636	301,935
Real estate:		
Income	721,853	728,920
Expenses	<u>(262,269)</u>	<u>(243,931)</u>
Total real estate	<u>459,584</u>	<u>484,989</u>
Income from investment activities	10,437,251	9,423,200
Investment expenses	<u>(211,643)</u>	<u>(227,682)</u>
Net income from investment activities	<u>10,225,608</u>	<u>9,195,518</u>
From securities lending activities:		
Securities lending income	4,701	4,610
Securities lending expenses	<u>(30,904)</u>	<u>(28,484)</u>
Net loss from securities lending activities	<u>(26,203)</u>	<u>(23,874)</u>
Total net investment income	<u>10,199,405</u>	<u>9,171,644</u>
Total additions	<u>14,377,052</u>	<u>12,984,755</u>
Deductions:		
Redemptions:		
State employees	1,553,109	1,608,857
State teachers	1,101,053	1,235,719
Other participants	<u>1,487,272</u>	<u>1,417,952</u>
Total redemptions	<u>4,141,434</u>	<u>4,262,528</u>
Administrative expenses	<u>31,059</u>	<u>29,710</u>
Total deductions	<u>4,172,493</u>	<u>4,292,238</u>
Net increase in pooled net position	10,204,559	8,692,517
Net position held in trust for pool participants:		
Balance, beginning of year	<u>105,253,934</u>	<u>96,561,417</u>
Balance, end of year	<u>\$ 115,458,493</u>	<u>105,253,934</u>

See accompanying notes to financial statements.

PENSION RESERVES INVESTMENT TRUST FUND
(A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements

June 30, 2025 and 2024

(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 her designee; (2) the State Treasurer, ex officio, or her 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 prudently increase the value of the PRIT Fund to ensure that current and future benefit obligations are adequately funded. The PRIM Board seeks to maximize the probability of achieving the required rate of return while limiting unanticipated large drawdowns. 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.

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(Dollars in thousands)

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, 2025, there were 37 Participating Systems and 63 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 2000-2001 and 2003-2025. 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

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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: General Allocation, Domestic Equity, International Equity, Emerging Markets Equity, Core Fixed Income, Public Value-Added Fixed Income, Real Estate, Hedge Funds, and Private Equity Vintage Year accounts.

(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'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. Realized gains and losses on security transactions are determined using cost calculated on an average cost basis.

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,

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Notes to Financial Statements

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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, 2025 and 2024, 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, mortgage loans receivable, 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. The fair value of mortgage loans receivable generally represents the sum of accumulated loan advances that have been made as of the date of valuation using a discounted cash flow model which applies certain key assumptions including terms of the contract, changes in market rates, interest rate spreads, performance of the underlying collateral, liquidity, and other factors. Real estate fund investments are invested through limited partnerships and are recorded at fair value estimated by the PRIM Board,

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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, distressed loan funds, 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, 2025 and 2024, foreign taxes withheld of \$59,822 and \$44,305, 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

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income from agricultural investments as well as investment income from managed accounts. Distributions that represent returns of capital in excess of cumulative profits and losses are credited to investment cost rather than investment income.

(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,

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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

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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, 2025 and 2024:

	2025					
	Fair value measurements using					
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs or not redeemable (Level 3)	Net asset value (NAV)	Unfunded commitments
Investments at fair value	Total					
Short-term:						
Money market investments	\$ 2,011,181	—	2,011,181	—	—	
Fixed income:						
U.S. government obligations (1)	10,409,289	10,409,289	—	—	—	
Domestic fixed income (2)	10,361,994	30,133	9,229,626	1,102,235	—	
International fixed income (3)	3,608,840	102,233	3,075,855	430,752	—	
Private debt (4)	670,547	—	—	—	670,547	431,350
Other credit opportunities (5)	2,301,029	134,217	652,137	419,915	1,094,760	1,609,589
	27,351,699	10,675,872	12,957,618	1,952,902	1,765,307	
Equity:						
Domestic equity securities	27,814,998	27,811,971	3,027	—	—	
International equity securities	17,245,495	17,245,495	—	—	—	
	45,060,493	45,057,466	3,027	—	—	
Timberland	3,138,919	—	—	3,138,919	—	
Private equity funds (6)	18,847,838	—	—	—	18,847,838	6,794,753
Real estate:						
Real estate properties	10,217,534	—	—	10,217,534	—	
Real estate equity securities	1,097,702	1,089,706	7,996	—	—	
Real estate funds (7)	718,596	—	—	—	718,596	163,205
Mortgage loans receivable	219,071	—	—	219,071	—	26,315
Other	160,911	—	—	160,911	—	
	12,413,814	1,089,706	7,996	10,597,516	718,596	

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2025						
Fair value measurements using						
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs or not redeemable (Level 3)	Net asset value (NAV)	
Investments at fair value	Total					Unfunded commitments
Portfolio completion strategies:						
Event-driven hedge funds (8)	\$ 1,121,336	—	—	—	1,121,336	21,376
Relative value hedge funds (9)	715,499	—	—	—	715,499	
Fund of funds (10)	928,765	—	—	—	928,765	
Distressed loan fund (11)	75,051	—	—	—	75,051	181,845
Real assets funds (12)	199,335	—	—	—	199,335	539,565
Investment funds	3,039,986	—	—	—	3,039,986	
Equity securities	2,702,124	2,505,990	9,743	186,391	—	
Fixed income securities	4,988,410	863,938	3,656,164	405,107	63,201	
Cash and cash equivalents	1,717,259	1,587,560	129,699	—	—	
Agricultural investments	424,002	—	—	424,002	—	
	<u>12,871,781</u>	<u>4,957,488</u>	<u>3,795,606</u>	<u>1,015,500</u>	<u>3,103,187</u>	
Total investments	<u>\$ 121,695,725</u>	<u>61,780,532</u>	<u>18,775,428</u>	<u>16,704,837</u>	<u>24,434,928</u>	
Securities lending collateral:						
Money market investments	\$ 238,819	—	238,819	—	—	
Total securities lending collateral	<u>\$ 238,819</u>	<u>—</u>	<u>238,819</u>	<u>—</u>	<u>—</u>	
Securities sold short and other liabilities at fair value:						
Portfolio completion strategies:						
Equity securities	\$ 926,028	915,613	7,099	3,316	—	
Cash and cash equivalents	1,179,475	471,702	707,773	—	—	
Fixed income securities	677,532	121,011	556,521	—	—	
Other	49,592	—	—	49,592	—	
	2,832,627	1,508,326	1,271,393	52,908	—	
Fixed income:						
Other credit opportunities (5)	13,234	13,234	—	—	—	
Total securities sold short and other liabilities	<u>\$ 2,845,861</u>	<u>1,521,560</u>	<u>1,271,393</u>	<u>52,908</u>	<u>—</u>	

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Fair value 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	\$ 1,302,183	—	1,302,183	—	—	
Fixed income:						
U.S. government obligations (1)	9,189,444	9,189,444	—	—	—	
Domestic fixed income (2)	8,752,145	7,673	8,607,553	136,919	—	
International fixed income (3)	2,457,005	122,543	2,290,234	44,228	—	
Private debt (4)	868,115	—	—	—	868,115	471,233
Other credit opportunities (5)	1,976,166	67,986	632,475	540,131	735,574	1,327,934
	<u>23,242,875</u>	<u>9,387,646</u>	<u>11,530,262</u>	<u>721,278</u>	<u>1,603,689</u>	
Equity:						
Domestic equity securities	25,746,015	25,745,992	23	—	—	
International equity securities	16,061,749	16,058,982	2,767	—	—	
	<u>41,807,764</u>	<u>41,804,974</u>	<u>2,790</u>	<u>—</u>	<u>—</u>	
Timberland	3,192,283	—	—	3,192,283	—	
Private equity funds (6)	17,589,527	—	—	—	17,589,527	6,908,965
Real estate:						
Real estate properties	9,974,149	—	—	9,974,149	—	
Real estate equity securities	743,848	740,266	3,582	—	—	
Real estate funds (7)	763,954	—	—	—	763,954	183,930
Mortgage loans receivable	114,176	—	—	114,176	—	125,618
Other	149,575	—	—	149,575	—	
	<u>11,745,702</u>	<u>740,266</u>	<u>3,582</u>	<u>10,237,900</u>	<u>763,954</u>	
Portfolio completion strategies:						
Event-driven hedge funds (8)	998,816	—	—	—	998,816	50,000
Relative value hedge fund (9)	590,623	—	—	—	590,623	
Fund of funds (10)	775,120	—	—	—	775,120	
Distressed loan fund (11)	80,218	—	—	—	80,218	49,801
Real assets funds (12)	254,964	—	—	—	254,964	763,701
Investment funds	2,699,741	—	—	—	2,699,741	
Equity securities	2,096,612	1,959,320	5,249	132,043	—	
Fixed income securities	3,886,321	216,226	3,389,485	280,610	—	
Cash and cash equivalents	1,528,904	1,461,513	67,391	—	—	
Agricultural investments	469,916	—	—	469,916	—	
	<u>10,681,494</u>	<u>3,637,059</u>	<u>3,462,125</u>	<u>882,569</u>	<u>2,699,741</u>	
Total investments	<u>\$ 109,561,828</u>	<u>55,569,945</u>	<u>16,300,942</u>	<u>15,034,030</u>	<u>22,656,911</u>	

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		2024				Unfunded commitments
		Fair value 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)	
Securities lending collateral:						
Money market investments	\$ 97,857	—	97,857	—	—	
Total securities lending collateral	\$ 97,857	—	97,857	—	—	
Securities sold short and other liabilities at fair value:						
Portfolio completion strategies:						
Equity securities	\$ 801,859	796,312	5,547	—	—	
Cash and cash equivalents	659,518	349,799	309,719	—	—	
Fixed income securities	349,150	1,150	348,000	—	—	
Other	53,889	—	—	53,889	—	
Total securities sold short and other liabilities	\$ 1,864,416	1,147,261	663,266	53,889	—	

- (1) Fiscal year 2025 rates range from 0.00% to 6.75%, and maturities range from 2025 to 2055. Fiscal year 2024 rates range from 0.00% to 6.75%, and maturities range from 2024 to 2054.
- (2) Fiscal year 2025 rates range from 0.00% to 13.50%, and maturities range from 2025 to 2122. Fiscal year 2024 rates range from 0.00% to 14.00%, and maturities range from 2024 to 2122.
- (3) Fiscal year 2025 rates range from 0.00% to 48.87%, and maturities range from 2025 to 2122. Fiscal year 2024 rates range from 0.00% to 14.50%, and maturities range from 2024 to 2122.
- (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 make 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.

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- (7) This includes real estate funds that invest in U.S. real estate. The funds generally have initial terms of seven 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 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, 2025 and 2024. Redemption frequency for these investments ranged from quarterly to semi-annually with 60 to 65 days' notice.
- (9) This includes one hedge fund that invests in relative value strategies such as fixed income relative value positions at June 30, 2025 and 2024. Redemption frequency for this investment is quarterly with 45 days' notice.
- (10) The majority of this investment includes one active hedge fund of funds manager, valued at \$926,675 and \$771,944, at June 30, 2025 and 2024, 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 four liquidating portfolios in which distributions are received as the funds liquidate the underlying assets.
- (11) This includes two and one funds that invests in distressed loans at June 30, 2025 and 2024, respectively. Limited partners in the funds are unable to redeem their positions and distributions are received as the funds liquidate the underlying assets.
- (12) This includes six and nine funds that invest in real assets at June 30, 2025 and 2024, respectively. 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, 2025 and 2024.

(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

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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 U.S. Aggregate Bond index, Bloomberg U.S. STRIPS 20+ Year index, Bloomberg U.S. Treasury 1-3 Year index, Bloomberg U.S. TIPS index, Bloomberg World Government Inflation Linked Bonds index, Morningstar LSTA Leveraged Loan index, JP Morgan Emerging Markets Bond Index Global, and the Intercontinental Exchange Bank of America U.S. High Yield index.

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

Investment	2025		2024	
	Fair value	Effective weighted duration rate (Years)	Fair value	Effective weighted duration rate (Years)
Asset-backed securities	\$ 1,392,626	4.52	\$ 1,456,366	6.34
Commercial mortgage – backed securities	698,218	9.86	709,809	9.22
Corporate bonds and other credits	13,100,636	3.36	8,181,558	4.02
U.S. government bonds	6,587,303	15.05	5,984,417	14.42
U.S. government agencies	14,330	5.50	17,295	1.99
U.S. government TIPS	3,995,534	6.57	3,419,573	6.63
U.S. government mortgage – backed securities	3,006,709	5.23	2,668,889	5.05
Global inflation linked bonds	291,490	7.71	247,557	7.90
Municipal bonds	53,286	8.61	45,513	9.23
Pooled money market fund (1)	2,133,189	N/A	1,359,442	N/A
Other pooled funds (2)	3,077,969	N/A	4,340,960	N/A
Total fixed income and short-term investments	\$ <u>34,351,290</u>		\$ <u>28,431,379</u>	
Securities lending collateral investments:				
Pooled money market fund (1)	\$ <u>238,819</u>	N/A	\$ <u>97,857</u>	N/A
Total securities lending collateral investments	\$ <u>238,819</u>		\$ <u>97,857</u>	

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

(2) Other pooled funds have a weighted average maturity of approximately two and one years at June 30, 2025 and 2024, respectively.

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(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 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, 2025 and 2024, respectively. The following tables present the PRIT Fund's fixed-income securities credit ratings at June 30:

	Total fair value	2025					
		Investment grade			Noninvestment grade		
		AAA	AA+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Not rated
Asset-backed securities	\$ 1,392,626	91,983	78,509	8,981	245,363	248,521	719,269
Commercial mortgage-backed securities	698,218	103,195	22,638	86,565	112,776	55,667	317,377
Corporate bonds and other credits	13,100,636	473,235	1,960,548	2,198,205	3,649,864	1,175,229	3,643,555
U.S. government agencies	14,330	—	14,330	—	—	—	—
U.S. government mortgage-backed securities	2,759,176	—	1,271,348	11,306	—	—	1,476,522
Global inflation linked bonds	291,490	36,319	133,163	98,529	2,109	—	21,370
Municipal bonds	53,286	1,270	49,103	2,398	515	—	—
Pooled money market fund	2,133,189	—	—	—	—	—	2,133,189
Other pooled funds	3,077,969	—	—	—	—	—	3,077,969
Total credit risk, fixed income, and short-term investments	\$ 23,520,920	<u>706,002</u>	<u>3,529,639</u>	<u>2,405,984</u>	<u>4,010,627</u>	<u>1,479,417</u>	<u>11,389,251</u>
Fixed income investments explicitly backed by the U.S. government	<u>10,830,370</u>						
Total fixed income and short-term investments	\$ <u>34,351,290</u>						
Securities lending collateral investments:							
Pooled money market fund	\$ 238,819	238,819	—	—	—	—	—
Total securities lending collateral investments	\$ 238,819	238,819	—	—	—	—	—

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	Total fair value	2024					
		Investment grade			Noninvestment grade		Not rated
		AAA	AA+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	
Asset-backed securities	\$ 1,456,366	64,334	116,008	14,763	236,809	232,707	791,745
Commercial mortgage-backed securities	709,809	151,117	15,244	75,089	82,696	67,505	318,158
Corporate bonds and other credits	8,181,558	447,073	1,349,073	1,640,856	1,954,034	716,495	2,074,027
U.S. government agencies	17,295	—	17,295	—	—	—	—
U.S. government mortgage-backed securities	2,406,044	28	1,084,536	6,220	8,162	—	1,307,098
Global inflation linked bonds	247,557	41,159	113,402	72,649	1,862	—	18,485
Municipal bonds	45,513	1,502	41,799	1,713	499	—	—
Pooled money market fund	1,359,442	—	—	—	—	—	1,359,442
Other pooled funds	4,340,960	—	—	—	—	—	4,340,960
 Total credit risk, fixed income, and short-term investments	 \$ 18,764,544	 <u>705,213</u>	 <u>2,737,357</u>	 <u>1,811,290</u>	 <u>2,284,062</u>	 <u>1,016,707</u>	 <u>10,209,915</u>
 Fixed income investments explicitly backed by the U.S. government	 <u>9,666,835</u>						
 Total fixed income and short-term investments	 \$ <u>28,431,379</u>						
 Securities lending collateral investments:							
Pooled money market fund	\$ 97,857	97,857	—	—	—	—	—
 Total securities lending collateral investments	 \$ <u>97,857</u>	 <u>97,857</u>	 <u>—</u>	 <u>—</u>	 <u>—</u>	 <u>—</u>	 <u>—</u>

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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):

2025							
	Cash and short-term investments	Equity	Fixed income	Portfolio completion strategies	Private equity investments	Timberland investments	Total
Australian Dollar	\$ 2,116	393,101	9,762	1,251	—	486,570	892,800
Brazilian Real	2,161	206,012	96,340	66,306	—	—	370,819
British Pound	8,611	2,168,573	230,774	24,107	143,817	—	2,575,882
Canadian Dollar	4,661	808,873	28,186	52,546	6,272	—	900,538
Euro	66,992	3,596,014	692,040	166,973	2,497,322	—	7,019,341
Hong Kong Dollar	5,274	1,298,345	—	17,360	—	—	1,320,979
Indian Rupee	1,280	669,316	—	(746)	—	—	669,850
Japanese Yen	33,679	2,387,872	44,247	338,842	—	—	2,804,640
New Taiwan Dollar	245	680,772	—	(97)	—	—	680,920
South Korean Won	3,891	568,829	13,010	7,424	—	—	593,154
Swedish Krona	1,419	299,765	5,236	(1,461)	—	—	304,959
Swiss Franc	3,571	654,679	—	4,085	56,497	—	718,832
Other foreign currencies	18,609	1,532,381	41,646	367,783	—	—	1,960,419
Total securities subject to foreign currency risk	152,509	15,264,532	1,161,241	1,044,373	2,703,908	486,570	20,813,133
International investments denominated in U.S. dollars	—	1,980,963	2,545,408	—	—	208,730	4,735,101
Total international investments and cash deposits	\$ 152,509	17,245,495	3,706,649	1,044,373	2,703,908	695,300	25,548,234

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	2024						
	Cash and short-term investments	Equity	Fixed income	Portfolio completion strategies	Private equity investments	Timberland investments	Total
Australian Dollar	\$ 2,274	391,910	10,729	(2,129)	—	420,655	823,439
Brazilian Real	2,190	182,095	91,355	79,484	—	—	355,124
British Pound	4,903	2,081,126	218,769	26,426	101,814	—	2,433,038
Canadian Dollar	2,318	747,505	26,382	34,443	3,383	—	814,031
Danish Krone	9,930	331,532	1,321	(672)	—	—	342,111
Euro	64,135	3,129,113	348,102	75,560	1,970,701	—	5,587,611
Hong Kong Dollar	2,922	1,042,906	—	3,633	—	—	1,049,461
Indian Rupee	2,399	714,563	—	4,852	—	—	721,814
Japanese Yen	21,078	2,300,702	20,512	162,374	—	—	2,504,666
New Taiwan Dollar	112	700,740	—	(817)	—	—	700,035
South Korean Won	5,317	572,326	12,244	(3,896)	—	—	585,991
Swedish Krona	2,968	381,355	5,371	(2,071)	—	—	387,623
Swiss Franc	10,533	547,475	—	(737)	—	—	557,271
Other foreign currencies	20,764	1,189,192	32,987	93,169	—	—	1,336,112
Total securities subject to foreign currency risk	151,843	14,312,540	767,772	469,619	2,075,898	420,655	18,198,327
International investments denominated in U.S. dollars	—	1,749,209	1,797,700	—	—	216,836	3,763,745
Total international investments and cash deposits	\$ 151,843	16,061,749	2,565,472	469,619	2,075,898	637,491	21,962,072

(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, 2025 and 2024.

(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

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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, 2025 and 2024, 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, 2025 and 2024.

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, 2025 and 2024, the fair value of securities on loan was \$1,114,468 and \$828,071, respectively, and the associated collateral received in cash was \$1,140,922 and \$851,690, 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, 2025 and 2024. The PRIT Fund pays a monthly rebate on approximately \$650,000 of the cash collateral received and is included in securities lending expenses in the accompanying statements of changes in pooled net position.

For the years ended June 30, 2025 and 2024, in accordance with the Securities Lending Agency Agreement, the PRIT Fund loaned \$900,000 and \$750,000, respectively, 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, which was transitioned to an agreed upon Fallback SOFR rate after June 30, 2023. \$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. \$150,000 of the loans mature on September 27, 2034 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 \$238,819 and \$97,857 at June 30, 2025 and 2024, 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:

	<u>2025</u>	<u>2024</u>
Senior unsecured notes	\$ 200,000	350,000
Total	\$ <u>200,000</u>	<u>350,000</u>

On February 14, 2013, the LLC issued 4.00% Series C Senior Notes in the aggregate principal amount of \$150,000 which matured on February 14, 2025. Interest on the notes was 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.

The Senior Unsecured Notes contain certain financial covenants as outlined in the respective agreements. The LLC was in compliance with such covenants at June 30, 2025 and 2024.

(b) Mortgage Loans Payable

The LLC had 13 property-level mortgage loans payable as of June 30, 2025 and 2024. The mortgages have a weighted average interest rate of 4.78% and 4.71% and a weighted average maturity of 2.6 and 3.8 years at June 30, 2025 and 2024, respectively. The following table presents the face value of mortgage loans payable at June 30:

	<u>2025</u>	<u>2024</u>
Mortgage loans payable	\$ 653,648	571,140
Total	\$ <u>653,648</u>	<u>571,140</u>

(c) Other Liabilities

The LLC had other liabilities of \$9,725 and \$9,531 as of June 30, 2025 and 2024, 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

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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:

2025				
Description	Number of contracts	Gross notional amount	Fair value of contracts	Unrealized appreciation (depreciation)
Long exposure	34,579,073	\$ 40,127	40,127	—
Short exposure	(2,535,534)	(45,488)	(46,474)	(986)
Total exposure		\$ (5,361)	(6,347)	(986)

2024				
Description	Number of contracts	Gross notional amount	Fair value of contracts	Unrealized appreciation (depreciation)
Long exposure	34,471,907	\$ 86,145	86,322	177
Short exposure	(1,405,200)	(72,886)	(74,468)	(1,582)
Total exposure		\$ 13,259	11,854	(1,405)

For the years ended June 30, 2025 and 2024, the change in net unrealized appreciation (depreciation) on contracts for differences was \$419 and \$(7,867), 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:

		2025			
	<u>Fair value</u>	<u>Aggregate face value</u>	<u>Delivery date(s)</u>	<u>Unrealized appreciation</u>	<u>Unrealized depreciation</u>
Foreign currency exchange contracts purchased:					
Brazilian Real	\$ 133,149	\$ 129,766	7/1/25–10/2/25	—	(3,383)
British Pound	585,306	579,881	7/1/25–6/17/26	—	(5,425)
Chinese Yuan	1,042,243	1,037,233	7/2/25–12/17/26	—	(5,010)
Coin(O)	755,831	776,067	7/14/25–4/16/26	20,236	—
Euro	1,466,107	1,424,333	7/1/25–6/17/26	—	(41,774)
Gold	665,694	673,791	7/1/25–7/25/25	8,097	—
Hong Kong Dollar	1,615,156	1,620,993	7/2/25–6/16/26	5,837	—
Japanese Yen	789,239	771,142	7/1/25–7/1/27	—	(18,097)
Mexican Peso	138,011	134,973	8/14/25–9/17/25	—	(3,038)
New Taiwan Dollar	825,872	790,459	7/1/25–10/8/26	—	(35,413)
Polish Zloty	73,861	71,414	7/10/25–10/17/25	—	(2,447)
Singapore Dollar	6,682,593	6,515,055	7/1/25–9/10/26	—	(167,538)
South Korean Won	401,968	396,782	7/1/25–7/17/26	—	(5,186)
Swiss Franc	121,852	118,698	7/1/25–4/16/26	—	(3,154)
Other foreign currencies	1,457,926	1,449,675	7/1/25–5/16/30	743	(8,994)
Foreign currency exchange contracts sold:					
Australian Dollar	271,193	268,832	7/1/25–6/17/26	2,361	—
Brazilian Real	194,002	187,976	7/2/25–9/17/25	6,026	—
Chinese Yuan	955,448	950,671	7/2/25–12/17/26	4,777	—
Coin(O)	702,225	722,970	7/14/25–3/23/26	—	(20,745)
Euro	951,805	930,396	7/1/25–6/17/26	21,409	—
Gold	664,484	672,557	7/1/25–7/25/25	—	(8,073)
Hong Kong Dollar	883,339	886,493	7/2/25–6/16/26	—	(3,154)
Hungarian Forint	50,573	48,356	9/17/25	2,217	—
Japanese Yen	400,069	395,866	7/1/25–7/1/27	4,203	—
New Taiwan Dollar	850,487	822,440	7/2/25–10/8/26	28,047	—
Singapore Dollar	6,056,829	5,943,803	7/1/25–8/11/26	113,026	—
South Korean Won	413,269	408,599	7/2/25–7/17/26	4,670	—
Swiss Franc	133,174	129,613	7/1/25–4/16/26	3,561	—
Other foreign currencies	1,476,708	1,470,619	7/1/25–6/10/27	6,426	(337)
Total				\$ 231,636	(331,768)

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		2024			
	Fair value	Aggregate face value	Delivery date(s)	Unrealized appreciation	Unrealized depreciation
Foreign currency exchange contracts purchased:					
Australian Dollar	\$ 526,951	\$ 518,957	7/3/24–3/19/25	\$ —	(7,994)
Brazilian Real	162,212	168,637	7/3/24–4/2/25	6,425	—
Chinese Yuan	1,776,019	1,800,994	7/2/24–6/20/25	24,975	—
Coin (O)	1,635,617	1,660,692	7/2/24–7/14/25	25,075	—
Czech Koruna	75,113	77,145	7/2/24–9/18/24	2,032	—
Euro	1,141,602	1,147,049	7/1/24–11/14/24	5,447	—
Japanese Yen	621,080	642,035	7/1/24–6/20/25	20,955	—
Singapore Dollar	4,679,492	4,705,375	7/1/24–6/27/25	25,883	—
Other foreign currencies	4,302,241	4,306,249	7/1/24–7/2/29	8,225	(4,217)
Foreign currency exchange contracts sold:					
Australian Dollar	600,318	597,700	7/1/24–3/19/25	2,618	—
Brazilian Real	80,550	84,144	7/2/24–9/18/24	—	(3,594)
Chinese Yuan	1,251,638	1,269,230	7/2/24–6/3/25	—	(17,592)
Coin (O)	956,296	978,181	7/2/24–12/27/24	—	(21,885)
Hungarian Forint	143,763	147,407	7/1/24–9/18/24	—	(3,644)
Japanese Yen	168,771	174,853	7/1/24–6/18/25	—	(6,082)
Mexican Peso	131,133	134,108	7/15/24–9/18/24	—	(2,975)
Singapore Dollar	4,704,102	4,723,342	7/1/24–4/24/25	—	(19,240)
Other foreign currencies	3,404,343	3,410,780	7/1/24–3/25/26	2,958	(9,395)
Total				\$ 124,593	(96,618)

For the years ended June 30, 2025 and 2024, the change in net unrealized (depreciation) appreciation on foreign currency exchange contracts was \$(128,107) and \$47,992, 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:

Description	Number of contracts	Expiration dates (month/year)	2025		
			Gross notional amount	Fair value of contracts	Unrealized appreciation (depreciation)
Short cash and cash equivalents:					
90-Day Bank Bill	(5,630)	12/25	\$ (3,661,811)	(3,664,636)	(2,825)
3-month SOFR	(1,518)	3/26-6/28	(367,252)	(368,037)	(785)
Euro FX currency	(569)	9/25	(84,184)	(86,241)	(2,057)
Other short cash and cash equivalents	(548)	9/25-3/26	(92,173)	(92,735)	(562)
Long cash and cash equivalents:					
90-Day Bank Bill	5,630	6/26-12/26	3,662,601	3,664,940	2,339
Euro FX currency	250	9/25	36,139	37,049	910
Other long cash and cash equivalents	9,636	7/25-3/28	2,373,629	2,374,831	1,202
Short fixed income:					
Euro-Schatz	(706)	9/25	(87,666)	(88,867)	(1,201)
US 10-Yr Treasury Notes	(2,147)	9/25	(242,668)	(246,004)	(3,336)
US 5-Yr Treasury Notes	(641)	9/25	(69,869)	(70,707)	(838)
Ultra US 10-Yr Treasury Notes	(774)	9/25	(86,840)	(88,442)	(1,602)
Other short fixed income	(3,439)	9/25	(460,712)	(463,567)	(2,855)
Long fixed income:					
US 2-Yr Treasury Notes	2,111	9/25	437,873	439,417	1,544
US 5-Yr Treasury Notes	4,443	9/25	480,691	485,926	5,235
US 10-Yr Treasury Notes	1,892	9/25	210,619	213,396	2,777
US Treasury Bond	302	9/25	33,590	34,872	1,282
Ultra US 10-Yr Treasury Notes	992	9/25	111,201	113,352	2,151
Ultra US Treasury Bond	973	9/25	111,179	116,083	4,904
Other long fixed income	3,831	9/25	337,890	339,290	1,400
Short equity and commodities:					
Metal	(1,456)	7/25-12/25	(164,356)	(171,577)	(7,221)
Other short equity and commodities	(7,952)	7/25-7/26	(135,796)	(136,294)	(498)
Long equity and commodities:					
Metal	1,439	7/25-12/25	167,425	174,206	6,781
KOSPI Index	629	9/25	44,659	48,606	3,947
MSCI EAFE Index	1,608	9/25	212,604	215,609	3,005
MSCI Emerging Markets Index	2,002	9/25	119,762	123,473	3,711
Russell 2000 Mini Index	317	9/25	33,699	34,738	1,039
S&P 500 E-mini Index	505	9/25	152,621	157,907	5,286
S&P Midcap 400 E-mini Index	127	9/25	38,521	39,694	1,173
Other long equity and commodities	2,536	7/25-4/26	204,337	206,050	1,713
Total futures exposure			\$ 3,315,713	3,342,332	26,619

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Description	Number of contracts	Expiration dates (month/year)	2024		
			Gross notional amount	Fair value of contracts	Unrealized appreciation (depreciation)
Short cash and cash equivalents:					
90-Day Bank Bill	(6,121)	9/24-6/25	\$ (4,043,105)	(4,042,382)	723
US Dollar Index	(3,210)	9/24	(318,843)	(321,259)	(2,416)
Other short cash and cash equivalents	(3,300)	9/24-12/27	(973,631)	(973,231)	400
Long cash and cash equivalents:					
90-Day Bank Bill	6,077	12/24-3/26	4,016,025	4,013,585	(2,440)
Other long cash and cash equivalents	2,951	7/24-12/27	653,143	651,981	(1,162)
Short fixed income:					
US 10-Yr Treasury Notes	(2,900)	9/24	(322,502)	(324,351)	(1,849)
Other short fixed income	(3,107)	9/24	(464,833)	(464,487)	346
Long fixed income:					
US 5-Yr Treasury Notes	2,894	9/24	307,114	308,454	1,340
Ultra US Treasury Bond	907	9/24	112,658	114,334	1,676
Other long fixed income	5,733	9/24	750,831	752,017	1,186
Short equity and commodities:					
Agriculture	(2,162)	8/24-12/24	(56,303)	(53,799)	2,504
Metal	(3,100)	7/24-12/25	(281,665)	(272,106)	9,559
Oil and gas	(346)	7/24-12/24	(10,111)	(9,246)	865
Other short equity and commodities	(4,717)	7/24-12/25	(123,250)	(124,107)	(857)
Long equity and commodities:					
Metal	3,024	7/24-12/25	301,631	292,997	(8,634)
Oil and gas	788	7/24-8/24	65,707	67,084	1,377
KOSPI Index	466	9/24	31,378	32,699	1,321
MSCI EAFE Index	1,657	9/24	195,220	194,134	(1,086)
MSCI Emerging Markets Index	1,923	9/24	102,558	104,630	2,072
Other long equity and commodities	7,634	7/24-12/24	653,725	655,234	1,509
Total futures exposure			\$ 595,747	602,181	6,434

For the years ended June 30, 2025 and 2024, the change in net unrealized appreciation (depreciation) on futures contracts was \$20,185 and \$2,254, respectively.

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(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:

	2025				
	PRIT pays/receives interest rate	PRIT pays/receives index/ protection	Maturity dates (month/year)	Gross notional amount	Net unrealized appreciation (depreciation)
Interest rate swaps	0.27%–13.05%	Various*	7/25-9/58	\$ 39,856,538	75,305
Credit default swaps	0.11%–5.00%	Credit default protection	12/25-12/72	5,456,436	(188,353)
Other swaps	Variable	Various*	7/25-11/54	493,725	9,489
Total swaps				\$ 45,806,699	(103,559)

* PRIT pays/receives counterparty based on 1-Week CNY, 1-Month JIBAR, 1-Month MYR, 3-Month AUD Fixing Rate, 3-Month BKBM, 3-Month CDOR, 3-Month HKD, 3-Month KRW CD Rate, 3-Month MYR, 3-Month NZD Bank Bill, 3-Month NZD Fixing Rate, 3-Month TWD TWCPBA, 6-Month AUD Fixing Rate, 6-Month EURIBOR, 6-Month PRIBOR, 6-Month WIBOR, AUD O/N OIS Rate, Brazil CDI rate, BUBOR, BZDIOVRA, Chile Interbank rate, CORRA, Effective Federal Funds Rate, ESTRON Index, Eurozone HICP rate, INR OIS ON, JPY ON, Mexican TIIE rate, NZD ON OIS rate, OBFR, SIBCSORA, SOFR, SONIA, SORA, TELBOR, TONA, THB ON Repo Rate, US CPI URBAN CONSUMERS NSA

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(Dollars in thousands)

	2024				
	PRIT pays/receives interest rate	PRIT pays/receives index/ protection	Maturity dates (month/year)	Gross notional amount	Net unrealized appreciation (depreciation)
Interest rate swaps	0.00%–13.05%	Various*	7/24-9/58	\$ 43,814,192	72,405
Credit default swaps	0.00%–5.0%	Credit default protection	7/24-12/72	3,381,762	(138,304)
Other swaps	Variable	Various*	7/24-12/53	1,043,465	1,213
Total swaps				<u>\$ 48,239,419</u>	<u>(64,686)</u>

* PRIT pays/receives counterparty based on 1-Week CNY, 1-Month JIBAR, 1-Month MYR, 1-Month WIBOR, 3-Month AUD Fixing Rate, 3-Month CDOR, 3-Month HKD, 3-Month KRW CD Rate, 3-Month MYR, 3-Month NZD Bank Bill, 3-Month NZD BKBK, 3-Month NZD Fixing Rate, 3-Month TWD TWCPBA, 6-Month AUD BBSW, 6-Month AUD Fixing Rate, 6-Month EURIBOR, 6-Month PRIBOR, 6-Month WIBOR, AUD O/N OIS Rate, Brazil CDI rate, BZDIOVRA, Chile Interbank rate, CORRA, CPI inflation rate, Effective Federal Funds Rate, ESTRON Index, Euro Short-Term rate, Eurozone HICP rate, INR OIS ON, JPY ON, Mexican TIIE rate, NZD ON OIS rate, OBFR, SIBCSORA, SOFR, SONIA, SORA, TELBOR, TONA, THB ON Repo Rate, UK RPI, US CPI Urban Consumers NSA Index.

For the years ended June 30, 2025 and 2024, the change in net unrealized (depreciation) appreciation on swap contracts was \$(38,873) and \$7,117, respectively.

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(Dollars in thousands)

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

Counterparty	Credit rating	2025					
		Interest rate swaps		Credit default swaps		Other swaps	
		Gross notional	Fair value	Gross notional	Fair value	Gross notional	Fair value
Bank of America NA	A+	\$ —	—	56,790	(7,174)	1	1
Barclays Bank PLC	A+	8,400	99	438,767	(16,496)	458	(47)
BNP Paribas SA	A+	4,245,817	208	211,812	(41,151)	—	—
BNP Paribas Commodity Futures Li	A+	—	—	79,871	(6,555)	—	—
CME Group Inc.	AA-	502,909	(2,548)	—	—	—	—
Goldman Sachs & Co	A+	1,398,916	38,500	3,319,666	(43,561)	8,500	149
Goldman Sachs International	A+	—	—	41,285	(3,828)	2,119	307
Intercontinental Exchange Holdings	A-	—	—	196,944	4,127	—	—
JPMorgan Chase Bank NA	AA-	28,125	(1,666)	42,896	(9,111)	118,482	5,268
JP Morgan Securities	AA-	29,215,094	32,503	553,887	(20,574)	19,954	45
LCH Ltd	AA-	2,108,288	2,772	—	—	179,164	59
Morgan Stanley & Co LLC	A+	1,476,240	325	379,352	(30,965)	9,710	104
Morgan Stanley Capital Services	A+	—	—	122,870	(13,120)	20	95
SMBC Capital Markets Inc.	A	250,000	5,623	—	—	—	—
All others	Various	622,749	(511)	12,296	55	155,317	3,508
		<u>\$ 39,856,538</u>	<u>75,305</u>	<u>5,456,436</u>	<u>(188,353)</u>	<u>493,725</u>	<u>9,489</u>

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(Dollars in thousands)

Counterparty	Credit rating	2024					
		Interest rate swaps		Credit default swaps		Other swaps	
		Gross notional	Fair value	Gross notional	Fair value	Gross notional	Fair value
Bank of America NA	A+	\$ —	—	28,358	(4,438)	35,701	195
BofA Securities	A+	—	—	25,000	(2,903)	—	—
Barclays Bank PLC	A+	—	—	388,152	(7,852)	10,614	(31)
BNP Paribas SA	A+	2,884,536	239	179,437	(40,013)	205,178	(1,561)
BNP Paribas Commodity Futures LI	A+	—	—	36,539	(3,285)	—	—
Citibank NA	A+	—	—	8,200	34	354	3,217
Goldman Sachs & Co	A+	1,040,583	60,476	2,049,664	(15,361)	229,501	(369)
Goldman Sachs International	A+	—	—	53,084	(5,760)	616	(111)
JPMorgan Chase Bank NA	A+	178,062	209	62,409	(10,851)	143,612	404
JP Morgan Securities	A+	33,464,960	(4,278)	135,838	(6,038)	5,179	115
LCH Ltd	AA-	1,374,850	3,259	—	—	73,006	172
Morgan Stanley & Co LLC	A+	3,086,450	461	202,842	(24,285)	6,379	263
Morgan Stanley Capital Services	A+	—	—	131,783	(18,695)	61	(162)
SMBC Capital Markets Inc.	A	250,000	13,754	—	—	—	—
All others	Various	1,534,751	(1,715)	80,456	1,143	333,264	(919)
		<u>\$ 43,814,192</u>	<u>72,405</u>	<u>3,381,762</u>	<u>(138,304)</u>	<u>1,043,465</u>	<u>1,213</u>

(8) Investment Expenses

Investment expenses consist of investment management fees, investment advisory fees, and custodian fees.

(a) Investment Management Fees

Investment management fees are paid to discretionary managers pursuant to executed contracts. Total investment management fees were \$193,922 and \$211,251 for the years ended June 30, 2025 and 2024, respectively, of which \$104,716 and \$121,739 were incurred by the PRIM Board for the years ended June 30, 2025 and 2024, respectively. The remaining investment management fees were incurred by the single-member limited liability corporations that are consolidated into the PRIT Fund.

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

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June 30, 2025 and 2024

(Dollars in thousands)

Fixed income managers are generally paid a quarterly asset-based fee. Certain managers are eligible for a performance fee. Fees for other credit opportunities investments generally consist of a base fee and a performance fee based on return.

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. Performance fees are paid to managers who out-perform their respective hurdle rates, as defined in the investment management agreements or partnership 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. Investment management fees for investments in real estate funds are charged to the investment partnership and not to the limited partner investors directly. 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, with the exception of investment management fees incurred by the single-member limited liability corporations that are consolidated into the PRIT Fund.

(b) Investment Advisory Fees

NEPC, LLC, Meketa Investment Group, Aberdeen Asset Management Inc., Hamilton Lane, International Woodland Company, and NewAlpha Asset Management served as the PRIM Board's principal investment advisors as of fiscal year end 2025. NEPC, LLC served as the asset allocation advisor, Meketa Investment Group 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

PENSION RESERVES INVESTMENT TRUST FUND
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June 30, 2025 and 2024

(Dollars in thousands)

For the years ended June 30, 2025 and 2024, investment advisory fees were \$16,786 and \$15,496, respectively, which are included in investment expenses 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, 2025 and 2024, custodian fees were \$935 and are included in investment expenses in the accompanying statements of changes in pooled net position.

(9) Administrative Expenses

For the years ended June 30, 2025 and 2024, administrative expenses of the PRIM Board, including employee compensation, professional fees and occupancy costs, charged to the PRIT Fund totaled \$31,059 and \$29,710, respectively, which are included in the accompanying statements of changes in pooled net position.

(10) Commitments

As of June 30, 2025 and 2024, the PRIT Fund had outstanding unfunded commitments to invest \$9,767,998 and \$9,881,182, respectively, in private debt, other credit opportunities, private equity, portfolio completion strategies, and real estate investments.

(11) Subsequent Events

For purposes of determining the effects of subsequent events on the financial statements, management has evaluated subsequent events after June 30, 2025 through December 4, 2025, the date on which the financial statements were available to be issued.

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, 2025
(Dollars in thousands)

	<u>Capital fund</u>	<u>Cash fund</u>	<u>Total</u>
Assets:			
Investments, at fair value:			
Short-term	\$ 1,923,727	87,454	2,011,181
Fixed income	27,351,699	—	27,351,699
Equity	45,060,493	—	45,060,493
Timberland	3,138,919	—	3,138,919
Private equity funds	18,847,838	—	18,847,838
Real estate:			
Real estate properties	10,217,534	—	10,217,534
Equity	1,097,702	—	1,097,702
Real estate funds	718,596	—	718,596
Mortgage loans receivable	219,071	—	219,071
Other	160,911	—	160,911
Total real estate	<u>12,413,814</u>	<u>—</u>	<u>12,413,814</u>
Portfolio completion strategies:			
Investment funds	3,039,986	—	3,039,986
Equity	2,702,124	—	2,702,124
Fixed income	4,988,410	—	4,988,410
Cash and cash equivalents	1,717,259	—	1,717,259
Agricultural investments	424,002	—	424,002
Total portfolio completion strategies	<u>12,871,781</u>	<u>—</u>	<u>12,871,781</u>
Total investments	121,608,271	87,454	121,695,725
Cash	150,991	99	151,090
Securities lending collateral	238,819	—	238,819
Interest and dividends receivable	361,392	812	362,204
Receivable for investments sold and other assets	1,130,854	—	1,130,854
Receivable for securities sold on a when-issued basis	1,118,749	—	1,118,749
Foreign currency forward contracts	231,636	—	231,636
Total assets	<u>124,840,712</u>	<u>88,365</u>	<u>124,929,077</u>
Liabilities:			
Securities sold short and other liabilities, at fair value:			
Portfolio completion strategies	2,832,627	—	2,832,627
Fixed income	13,234	—	13,234
Total securities sold short and other liabilities	<u>2,845,861</u>	<u>—</u>	<u>2,845,861</u>
Payable for investments purchased and other liabilities	2,018,650	—	2,018,650
Real estate debt and other liabilities	863,373	—	863,373
Securities lending obligations	1,140,922	—	1,140,922
Payable for securities purchased on a when-issued basis	2,229,927	—	2,229,927
Foreign currency forward contracts	331,768	—	331,768
Management fees payable to PRIM	40,083	—	40,083
Total liabilities	<u>9,470,584</u>	<u>—</u>	<u>9,470,584</u>
Net position held in trust for pool participants	<u>\$ 115,370,128</u>	<u>88,365</u>	<u>115,458,493</u>

See accompanying independent auditors' report.

PENSION RESERVES INVESTMENT TRUST FUND
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Schedule of Changes in Pooled Net Position – Capital Fund and Cash Fund

Year ended June 30, 2025

(Dollars in thousands)

	<u>Capital fund</u>	<u>Cash fund</u>	<u>Total</u>
Additions:			
Contributions:			
State employees	\$ —	916,063	916,063
State teachers	—	1,124,442	1,124,442
Other participants	—	2,137,142	2,137,142
Total contributions	—	4,177,647	4,177,647
Net investment income (loss):			
From investment activities:			
Net realized gain on investments and foreign currency transactions	3,825,057	—	3,825,057
Net change in unrealized appreciation on investments and foreign currency translations	3,870,942	—	3,870,942
Interest	985,096	12,084	997,180
Dividends	881,784	—	881,784
Timberland	17,889	—	17,889
Private equity	184,179	—	184,179
Portfolio completion strategies	200,636	—	200,636
Real estate:			
Income	721,853	—	721,853
Expenses	(262,269)	—	(262,269)
Total real estate	459,584	—	459,584
Income from investment activities	10,425,167	12,084	10,437,251
Investment expenses	(211,643)	—	(211,643)
Net income from investment activities	10,213,524	12,084	10,225,608
From securities lending activities:			
Securities lending income	4,701	—	4,701
Securities lending expenses	(30,904)	—	(30,904)
Net loss from securities lending activities	(26,203)	—	(26,203)
Total net investment income	10,187,321	12,084	10,199,405
Total additions	10,187,321	4,189,731	14,377,052
Deductions:			
Redemptions:			
State employees	—	1,553,109	1,553,109
State teachers	—	1,101,053	1,101,053
Other participants	—	1,487,272	1,487,272
Total redemptions	—	4,141,434	4,141,434
Administrative expenses	31,059	—	31,059
Total deductions	31,059	4,141,434	4,172,493
Interfund transfers in (out), net	47,319	(47,319)	—
Net increase in pooled net position	10,203,581	978	10,204,559
Net position held in trust for pool participants:			
Balance, beginning of year	105,166,547	87,387	105,253,934
Balance, end of year	\$ 115,370,128	88,365	115,458,493

See accompanying independent auditors' report.