MassPRIM

Pension Reserves Investment Management Board

FISCAL YEAR 2027 OPERATING BUDGET

As Approved by The PRIM Board
MAY 21, 2026

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BUDGET DISCUSSION

The Pension Reserves Investment Management (PRIM) Board's Fiscal Year 2027 (FY2027) Operating Budget reflects the investment management, advisory, and operational costs necessary to implement, measure, and monitor the projected $129 billion in investments of the Pension Reserves Investment Trust (PRIT) Fund.

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

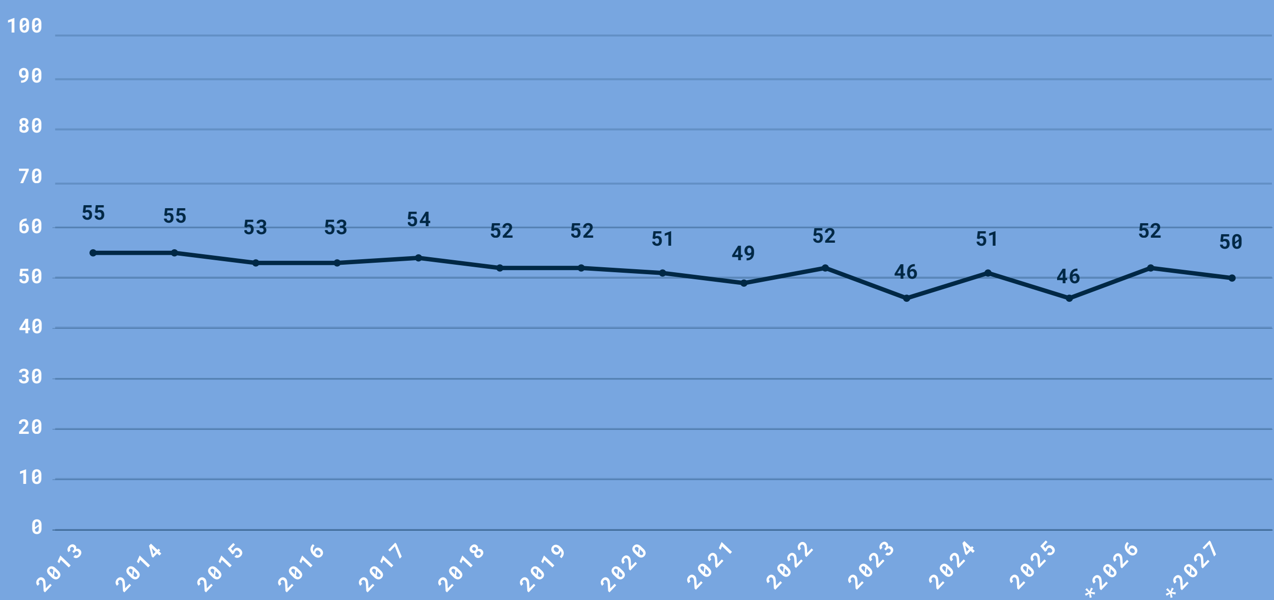
Budget Highlights

The projected FY2027 budget of $645.9 million is 50.0 basis points (bps) of projected average PRIT Fund assets ($129 billion). The expense ratio has remained steady, even while consistently growing the investment program and PRIM's internal resources to pursue several innovative, industry-leading key initiatives (Chart 1).

The FY2027 budget includes an increase of $42.3 million, or 7.0%, from the prior year due primarily to a projected growth in assets ($129 billion compared to $116 billion of budgeted assets). As is our custom, budgeted expenses for FY2027 are conservative and foresee continued asset growth. Actual expenses incurred may vary because most expenses are a function of asset levels and investment performance is not predictable.

CHART 1

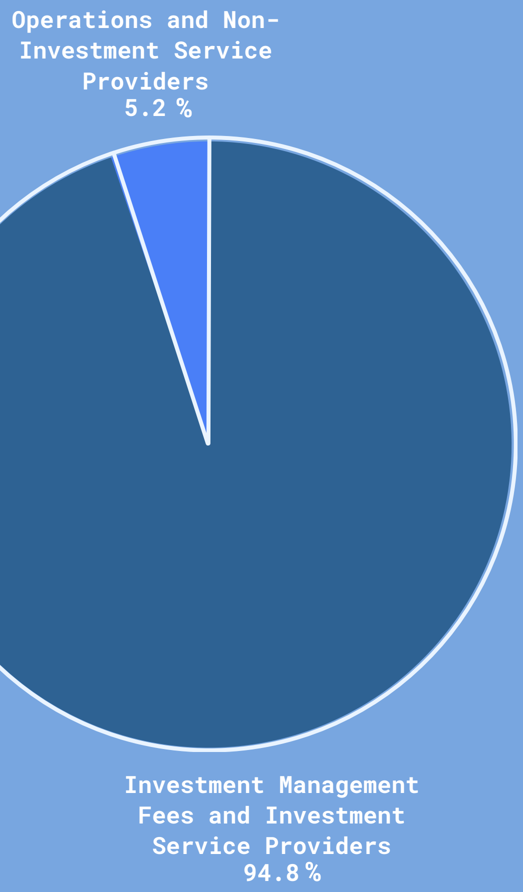
Total PRIT Fund - Ratio of Expenses in Basis Points



*Estimate based on preliminary/budgeted data.

CHART 2

Fiscal Year 2027 Investment and Operations Budget



Investment Management Fees and Investment Service Providers Fees comprise $612.3 million, or 94.8%, of the projected total budget. Operations and Non-Investment Service Providers Fees comprise $33.6 million, or 5.2%, of the total budget (Chart 2).

Investment Management Fees increased by $39.7 million, or 7.3%, based on the projected growth in assets ($129 billion vs $116 billion in fiscal year 2026).

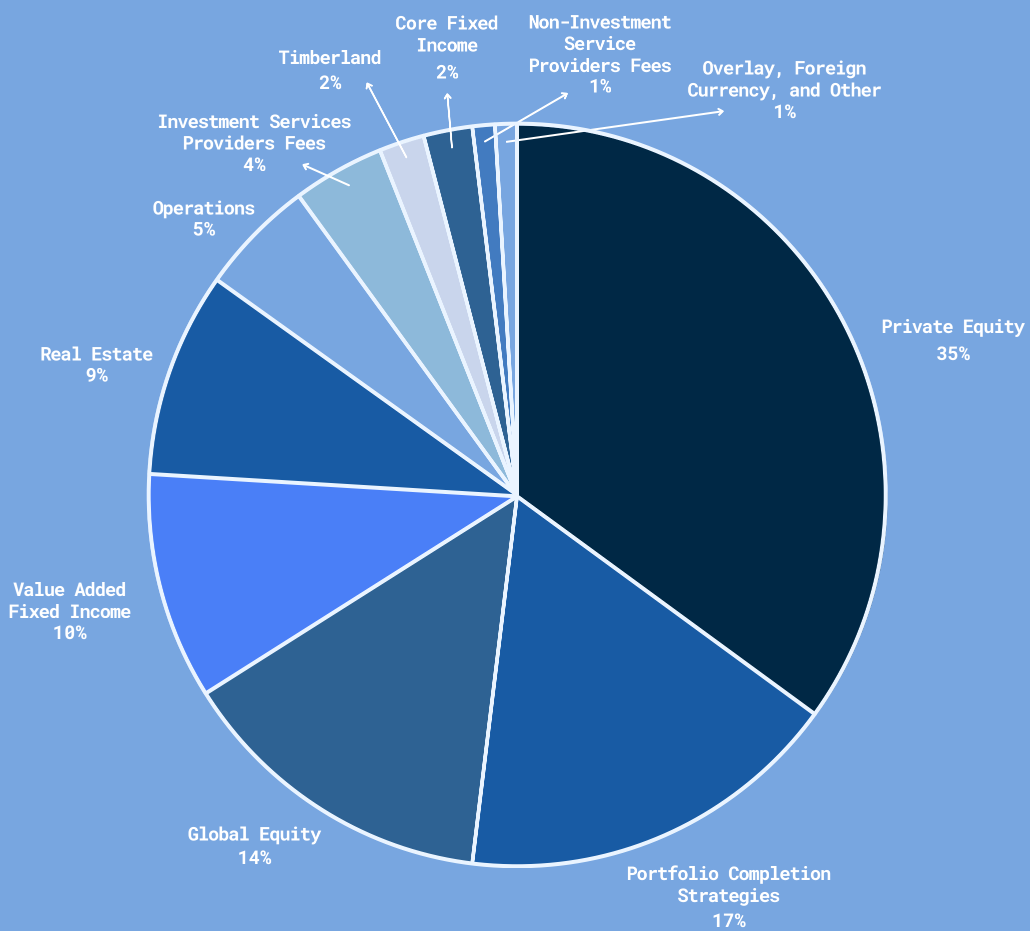
Projected costs for Investment Service Providers Fees increased by $0.8 million, or 2.9%, mainly due to higher budgeted assets within managed account platforms, which provide for better control and transparency. Operations and Non-Investment Service Providers Fees increase by $1.9 million, or 5.8%, due primarily to projected organizational growth.

The PRIT Fund's current target asset allocation ranges, approved in February 2026, are depicted in the table below. There were no changes for FY2027. The allocation of fees in Chart 3 reflect these asset allocation ranges.

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

CHART 3

Fiscal Year 2027 Operating Budget Allocation



PENSION RESERVES INVESTMENT MANAGEMENT BOARD

(AMOUNTS IN THOUSANDS)

Investment Expenses

Investment Management Fees ^	FY27 (BPS)#	FY26 (BPS)#	FY2027	FY2026
Global Equities	18.2	17.8	95,896	80,839
Core Fixed Income	7.1	6.2	13,740	11,001
Value Added Fixed Income	63.4	62.9	65,660	55,070
Real Estate	53.2	56.0	58,355	58,122
Timberland	31.3	34.4	10,200	11,100
Private Equity	114.2	120.1	228,350	229,750
Portfolio Completion Strategies (PCS)	97.7	98.5	111,050	97,890
Overlay, Foreign Currency, and Other	12.5	12.0	1,465	1,220
Total Investment Management Fees	**45.2**	**47.1**	**584,716**	**544,992**
Investment Service Providers Fees				
Custody	0.1	0.1	935	935
General	0.2	0.2	3,031	2,731
Real Estate & Timberland	2.0	1.9	2,800	2,650
Public Markets	0.4	0.4	3,400	3,200
Private Equity	1.3	1.4	2,600	2,600
Portfolio Completion Strategies	9.6	10.5	10,950	10,450
Research	0.0	0.1	500	600
Audit & Tax	0.0	0.0	477	459
Risk Measurement and Analytics	0.2	0.3	2,900	3,200
Total Investment Service Providers Fees	**2.1**	**2.3**	**27,593**	**26,825**
Total Investment Expenses	**47.4**	**49.4**	**612,309**	**571,817**

Non-Investment Expenses

Operations Expenses	FY27 (BPS)#	FY26 (BPS)#	FY2027	FY2026
Compensation & Employee Benefits	2.0	2.1	26,150	24,500
Occupancy	0.2	0.2	2,350	2,275
Insurance	0.0	0.0	540	490
General Office Expenses	0.0	0.0	510	460
Technology Expenses	0.1	0.1	1,230	1,230
Travel, Prof. Develop, Dues & Subscriptions	0.0	0.1	640	590
Client Service	0.0	0.0	55	55
PRIM Board Elections	0.0	0.0	-	250
Total Operations Expenses	**2.4**	**2.6**	**31,475**	**29,850**
Non-Investment Service Providers Fees				
General	0.1	0.1	1,370	1,145
Audit & Tax-PRIM	0.0	0.0	120	115
Legal	0.0	0.1	600	600
Governance	0.0	0.0	70	70
Total Non-Investment Service Providers Fees	**0.2**	**0.2**	**2,160**	**1,930**
Total Non-Investment Expenses	**2.6**	**2.7**	**33,635**	**31,780**

	FY27 (BPS)#	FY26 (BPS)#	FY2027	FY2026
Total Operating Budget	**50.0**	**52.2**	**645,944**	**603,597**

Basis points (bps) for Investment Management Fees are calculated by dividing the budgeted fees by the estimated assets under management (AUM) for each asset class. Basis points for Service Providers for Real Estate & Timberland, Public Markets, Private Equity, and PCS are also calculated based upon each asset classes estimated AUM. For all other expenses, the bps are calculated based upon the total PRIT Fund AUM, which is estimated to be $129 billion and $116 billion for FY27 and FY26 respectively.
^ No investment performance, incentive, or carried interest fees are budgeted.

INVESTMENT MANAGEMENT FEES

GLOBAL EQUITIES

(AMOUNTS IN THOUSANDS)

Domestic Equity

Domestic Equity	FY 2027	FY 2026
State Street (MSCI USA Index)	950	915
Rhumbline (MSCI USA Index)	250	213
State Street (MSCI USA Small Cap Index)	100	146
Frontier	3,200	3,218
Riverbridge	-	1,716
Summit Creek	2,700	4,111
Acadian	800	677
Lord Abbett	2,000	2,223
Driehaus	3,500	2,722
Rhumbline (EIA Index)	800	871
Enhanced Domestic Equity-Potential New Managers	2,500	-
Total	**16,800**	**16,812**

International Equity

International Equity	FY 2027	FY 2026
SSGA (World Ex-US Index)	280	213
SSGA (Small Cap World Ex – US Index)	56	57
Marathon	10,100	9,212
Baillie Gifford	-	1,320
Mondrian Investment	3,000	2,396
Xponance	1,800	2,136
ARGA	3,600	2,966
Acadian	2,600	2,120

International Equity *(continued)*

	FY 2027	FY 2026
AQR	2,650	2,082
Driehaus	1,850	1,399
Artisan	1,500	1,923
Causeway	3,750	2,648
Columbia	2,200	1,828
Pzena	2,500	2,069
C WorldWide	1,800	1,525
Pinestone	2,200	2,068
Walter Scott	2,400	2,284
Total	**42,286**	**38,246**

Emerging Markets Equity

	FY 2027	FY 2026
Baillie Gifford	7,500	5,092
Driehaus	6,500	4,563
Pzena	10,000	7,353
AQR (Performance Fees Only)^	-	-
Acadian	7,000	5,570
Wasatch	-	1,700
Total	**31,000**	**24,278**

Integrated Global Equity Mandate

	FY 2027	FY 2026
Potential New Managers	4,000	-
Total	**4,000**	**-**

FUTURE Initiative

	FY 2027	FY 2026
Xponance	965	797
Various Managers	845	706
Total	**1,810**	**1,503**
Total Global Equities	**95,896**	**80,839**

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

CORE FIXED INCOME

(AMOUNTS IN THOUSANDS)

	FY 2027	FY 2026
Blackrock (Agg Index)	120	124
Blackrock (TIPS Index)	340	307
Blackrock (ILB)	1,700	1,337
Blackrock (STRIPS Index)	325	286
Blackrock (Short Term FI Index)	115	103
Potential New Managers (Active Core)	700	-
PIMCO	2,700	2,097
Loomis Sayles	3,300	2,871
AFL-CIO*	190	174
Longfellow	1,200	1,022
New Century	1,200	1,016
Pugh	1,300	1,159
FUTURE Initiative – Core Bivium Fixed Income	250	236
FUTURE Initiative – Various Managers	300	269
Total Core Fixed Income	**13,740**	**11,001**

VALUE-ADDED FIXED INCOME

(AMOUNTS IN THOUSANDS)

	FY 2027	FY 2026
Fidelity	2,300	2,061
Loomis Sayles	1,200	1,036
Shenkman	1,500	1,320
Eaton Vance*	-	251
Voya*	-	170
PIMCO	2,200	1,921
Ashmore*	-	1,000
Beach Point	1,500	1,303
Ares Management	2,200	1,945
RBC Global Asset Management	2,100	1,862
Private Debt – Various Managers*	8,000	8,000
Other Credit Opportunities – Various Managers*	35,700	26,500
Anchorage Capital	2,300	1,737
Shenkman-MAC	2,200	2,030
KKR-KMAC	1,800	1,505
KKR-GCOF	1,900	1,764
FUTURE Initiative – Bivium Value-Added Fixed Income	260	231
FUTURE Initiative – Various Managers	500	434
Total Value-Added Fixed Income	**65,660**	**55,070**

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

REAL ESTATE

(AMOUNTS IN THOUSANDS)

REITs

	FY 2027	FY 2026
CenterSquare	3,200	2,525
PGIM	970	776
DWS	940	826
Total	**5,110**	**4,127**

Core Strategy

	FY 2027	FY 2026
AEW*	7,800	8,000
INVESCO*	10,800	11,300
LaSalle*	10,100	10,300
CBRE Global Investors*	3,900	3,800
Stockbridge Advisors*	5,400	4,500
DivcoWest Core*	1,000	1,000
Total	**39,000**	**38,900**

Non - Core and Direct Strategies

	FY 2027	FY 2026
Various Managers*	9,850	11,800
Total	**9,850**	**11,800**

FUTURE Initiative

	FY 2027	FY 2026
Cambridge Associates	600	500
Various Managers*	3,795	2,795
Total	**4,395**	**3,295**
Total Real Estate	**58,355**	**58,122**

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

TIMBERLAND

(AMOUNTS IN THOUSANDS)

	FY 2027	FY 2026
Forest Investment Associates*	4,400	4,700
Campbell Group*	5,800	6,400
Total Timberland	**10,200**	**11,100**

PRIVATE EQUITY

(AMOUNTS IN THOUSANDS)

Private Equity Managers	FY 2027	FY 2026
Various Managers*	224,000	225,400
FUTURE Initiative - Various Managers*	4,350	4,350
Total Private Equity	**228,350**	**229,750**

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

PORTFOLIO COMPLETION STRATEGIES (PCS)

(AMOUNTS IN THOUSANDS)

	FY 2027	FY 2026
Replication Strategies	200	190
PAAMCO – Hedge Fund-of-Funds*^	6,850	6,450
Hedge Funds Various Managers*	90,000	78,000
Emerging Manager Program Various Managers*	7,000	7,000
Real Assets Various Managers*	7,000	6,250
Total PCS	**111,050**	**97,890**

OVERLAY, FOREIGN CURRENCY, AND OTHER

(AMOUNTS IN THOUSANDS)

	FY 2027	FY 2026
Parametric (Overlay)	565	470
Russell (Foreign Currency)	900	750
Total Overlay, Foreign Currency, and Other	**1,465**	**1,220**

Total Investment Management Fees	**584,716**	**544,992**

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

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

INVESTMENT SERVICE PROVIDERS FEES

(AMOUNTS IN THOUSANDS)

Custody

	FY 2027	FY 2026
Master Custody Services	935	935
Total	**935**	**935**

General

	FY 2027	FY 2026
Asset Allocation Advisor	230	230
Benchmarking Advisory Services	126	126
Operational Due Diligence Advisor	750	750
Legislative Restrictions & Benchmarking Services	225	225
Compliance Advisors	100	100
Stewardship & Sustainability Initiatives	700	550
Miscellaneous Service Providers and Other Initiatives	900	750
Total	**3,031**	**2,731**

Real Estate and Timberland

	FY 2027	FY 2026
Real Estate and Timberland Advisors	800	800
Debt Compliance and Reporting	1,200	1,050
Direct Investment Advisory & Other Advisory Projects	800	800
Total	**2,800**	**2,650**

Public Markets

	FY 2027	FY 2026
Public Markets Advisors	900	700
Managed Account Platform Providers-OCO	1,900	1,900
Other Advisory Services	600	600
Total	**3,400**	**3,200**

Private Equity

	FY 2027	FY 2026
Private Equity Advisor	1,350	1,800
Other Advisory Services	1,250	800
Total	**2,600**	**2,600**

Portfolio Completion Strategies

	FY 2027	FY 2026
Portfolio Completion Strategies Advisors	1,300	1,500
Managed Account Platform Provider	9,200	8,500
Other Advisory Services	450	450
Total	**10,950**	**10,450**

Research

	FY 2027	FY 2026
Research Software, Systems, and Tools	500	600
Total	**500**	**600**

Audit and Tax

	FY 2027	FY 2026
Annual Financial Statement Audits^	290	275
Agreed-Upon Procedures	72	69
Tax Services & Other	115	115
Total	**477**	**459**

Risk Measurement and Analytics

	FY 2027	FY 2026
Risk Measurement Systems	400	1,000
Investment Tools and Analytics	2,500	2,200
Total	**2,900**	**3,200**
Total Investment Service Providers Fees	**27,593**	**26,825**

	FY 2027	FY 2026
Total Investment Expenses	**612,309**	**571,817**

^ Additional audit fees are incurred and are charged directly to the investments.

OPERATIONS EXPENSES

NON-INVESTMENT EXPENSES

(AMOUNTS IN THOUSANDS)

Compensation & Employee Benefits	FY 2027	FY 2026
Full-Time Staff (including vacant positions)	25,500	23,900
Benefits, Taxes, and Other	650	600
Total	**26,150**	**24,500**

Occupancy	FY 2027	FY 2026
Lease	2,300	2,200
Leasehold Improvements and Other	50	75
Total	**2,350**	**2,275**

Insurance	FY 2027	FY 2026
Fiduciary	350	300
Business Insurance Policies	65	65
Workers Compensation	25	25
Cyber	50	50
Other	50	50
Total	**540**	**490**

General Office Expenses	FY 2027	FY 2026
Printing, Postage, and Courier	70	65
Payroll / Employee HRIS	85	75
Stenographer and other meeting expenses	30	30
Records Storage	125	90
Office Supplies, Equipment, and Other	130	130
Temporary Labor	70	70
Total	**510**	**460**

Technology Expenses

	FY 2027	FY 2026
Hardware & Software	800	800
Support and Development	285	285
MIS Other / ISP & Remote Access	145	145
Total	**1,230**	**1,230**

Travel, Prof. Development & Dues and Subscriptions

	FY 2027	FY 2026
Due Diligence Travel	250	240
Professional Development	170	160
Professional Dues and Subscriptions	220	190
Total	**640**	**590**

Client Service

	FY 2027	FY 2026
Client Meetings and Conferences	55	55
Total	**55**	**55**

Board Elections

	FY 2027	FY 2026
PRIM Board Member Elections	-	250
Total	**-**	**250**

	FY 2027	FY 2026
Total Operations Expenses	**31,475**	**29,850**

NON-INVESTMENT SERVICE PROVIDERS FEES

(AMOUNTS IN THOUSANDS)

General	FY 2027	FY 2026
Information Technology Advisors	950	800
Communications Advisors	150	125
Compensation and Human Resources Advisors	120	120
Miscellaneous Service Providers and Other Initiatives	150	100
Total	**1,370**	**1,145**

Audit and Tax	FY 2027	FY 2026
Annual Financial Statements Audits	50	46
Tax Services & Other	70	69
Total	**120**	**115**

Legal	FY 2027	FY 2026
Outside Counsel	600	600
Total	**600**	**600**

Governance	FY 2027	FY 2026
Board Education	20	20
Advisory Services and Other	50	50
Total	**70**	**70**
Total Non-Investment Service Providers Fees	**2,160**	**1,930**

	FY 2027	FY 2026
Total Non-Investment Expenses	33,635	31,780

	FY 2027	FY 2026
Total Operating Budget	645,944	603,597

OPERATING BUDGET NARRATIVE

The FY2027 Operating Budget is presented in four broad expense categories:

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

Investment Management Fees

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

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

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

Investment Service Providers Fees

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

Operations

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

Non-Investment Service Providers Fees

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

INVESTMENT MANAGEMENT FEES

Global Equities

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

Domestic Equity

The total Domestic Equity fee budget of $16.8 million stays relatively flat in FY2027, due in part to our disciplined rebalancing process.

Manager	Mandate*	Active/Passive	Fee Type
State Street	MSCI USA Index	Passive	Net Asset Value (NAV)
Rhumbline	MSCI USA Index	Passive	NAV
State Street	MSCI USA Small Cap Index	Passive	NAV
Frontier	Russell 2000 Value	Active	NAV
Summit Creek	Russell 2000 Growth	Active	NAV
Acadian	Russell Microcap	Active	NAV and Performance
Lord Abbett	Russell Microcap – Growth	Active	NAV
Driehaus	Russell Microcap - Growth	Active	NAV
Rhumbline	EIA IFED – LG Index	Passive	NAV
Enhanced Domestic Equity-Potential New Managers	MSCI USA	Active	NAV

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

International Equity

The total International Equity fee budget of $42.3 million, increases $4.0 million, or 10.6%, in FY2027. This is mainly due to an increase in budgeted assets in FY2027 compared to FY2026, which reflects the strength of non-US equity markets.

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

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

Emerging Markets Equity

The total Emerging Markets Equity fee budget of $31.0 million, increases $6.7 million, or 27.7%, in FY2027. This is mainly due to an increase in budgeted assets in FY2027 compared to FY2026, reflecting the strength of non-US equity markets.

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

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

Integrated Global Equity Mandate

The initial budget for Integrated Global Equity Mandate is $4.0 million.

Manager	Mandate	Active/Passive	Fee Type
Potential New Managers	MSCI ACWI	Active	NAV

FUTURE Initiative

PRIM's FUTURE Initiative is the strategic plan to achieve the goals set forth by the legislation to increase the use of diverse (women, minority, or persons with disabilities) investment managers and to remove barriers to the full participation of diverse managers and investment opportunities. A component of the FUTURE Initiative program utilizes manager-of-managers to invest in emerging and diverse managers. The FUTURE Initiative Program for Global Equities fee budget of $1.8 million increases $0.3 million, or 20.4%, in FY2027. This is mainly due to an increase in budgeted assets in FY2027.

Manager	Mandate	Active/Passive	Fee Type
Xponance	Various	Active	NAV
Various Managers	Various	Active	NAV

Core Fixed Income

The total Core Fixed Income fee budget of $13.7 million increases $2.7 million, or 24.9%, in FY2027. This is mainly due to an increase in budgeted assets in FY2027 compared to FY2026 due in part to our disciplined rebalancing process and a potential new active core strategy.

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

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

Value-Added Fixed Income

The total Value-Added Fixed Income fee budget of $65.7 million, increases by $10.6 million, or 19.2%, in FY2027. This is due to an increase in budgeted assets in FY2027 compared to FY2026 with continued growth of OCO allocation.

Manager	Mandate*	Active/Passive	Fee Type
Fidelity	High Yield Bonds	Active	NAV
Loomis Sayles	High Yield Bonds	Active	NAV
Shenkman	High Yield Bonds	Active	NAV
PIMCO	EM Debt Hard Currency	Active	NAV
Beach Point	Bank Loans	Active	NAV
Ares Management	Bank Loans	Active	NAV
RBC Global Asset Mangt.	EM Debt Hard Currency	Active	NAV
Various Managers	Private Debt	Active	Commingled Funds – Committed Capital
Various Managers	Other Credit Opportunities	Active	Commingled Funds - Committed Capital and Performance
Anchorage Capital	Multi-Asset Credit	Active	NAV
Shenkman-MAC	Multi-Asset Credit	Active	NAV
KKR-KMAC	Multi-Asset Credit	Active	NAV
KKR-Global Credit - GCOF	Multi-Asset Credit	Active	NAV
FUTURE Initiative – Bivium	Various	Active	NAV
FUTURE Initiative Various Managers	Various	Active	NAV

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

Real Estate

Real Estate Investment Trusts (REITs)

The total REITs fee budget of $5.1 million, increases by $1.0 million, or 23.8%, in FY2027. This change is mainly due to an increase in budgeted assets in FY2027 compared to FY2026. PRIM increased its REIT exposure in January 2026.

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

Core Strategy

The total Core Strategy fee budget of $39.0 million, stays relatively flat in FY2027.

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

Non – Core and Direct Strategy

The total Non - Core and Direct Strategy fee budget of $9.9 million, decreases by $(2.0) million, or (16.5)%, in FY2027, as existing fund positions will continue to mature and distribute capital back to PRIM.

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

FUTURE Initiative Program

The total FUTURE Initiative Program for Real Estate fee budget of $4.4 million, increases by $1.1 million, or 33.4% in FY2027. PRIM expects to add additional commitments to high conviction managers.

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

Timberland

The total Timberland fee budget of $10.2 million, decreases by $(0.9) million, or (8.1)% in FY2027. This change is mainly due to lower negotiated fees in FY2027 than budgeted for in FY2026.

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

Private Equity

The total Private Equity fee budget of $228.4 million decreases by $(1.4) million, or (0.6)%, in FY2027, as the target commitment range has decreased this year compared to last. Private Equity management fees are typically a percentage of committed capital during the active investment period and become a percentage of cost of remaining investments later in the life of the partnership.

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

Portfolio Completion Strategies (PCS)

The total Portfolio Completion Strategies fee budget of $111.1 million, increases by $13.2 million, or 13.4%, in FY2027. This change is mainly due to an increase in budgeted Hedge Fund assets in FY2027 compared to FY2026 with additional mandates added at the margin as opportunities arise.

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

Overlay, Foreign Currency, and Other

The total Overlay, Foreign Currency and Other fee budget of $1.5 million, increases by $0.3 million or 20.1% in FY2027. This change is mainly due to an increase in budgeted foreign currency transactions.

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

INVESTMENT SERVICE PROVIDER FEES

The FY2027 budget for Investment Service Provider Fees (including Custody and Advisors as well as Research, Audit & Tax, and Risk Measurement & Investment Analytics) of $27.6 million increases by $0.8 million, or 2.9%. The increase is driven primarily by an increase in budgeted assets in the Managed Account Platforms. Costs in this category are generally the result of competitively bid contracts and estimates for future potential services.

Custody

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

General

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

Real Estate & Timberland

The FY2027 budget reflects the advisory fees for a bench of professional real estate advisors and PRIM's timberland advisor, International Woodland Company, financial reporting costs associated with the real estate leverage program, expenses related to potential direct investments, data tools, legal and other consulting costs.

Public Markets

The FY2027 budget reflects contractual fees for PRIM's Public Market advisors: Meketa, Aberdeen and Innocap. It also includes fees related to operational due diligence, legal and other consulting costs.

Private Equity

The FY2027 budget reflects contractual fees for PRIM's Private Equity advisor Stepstone. In addition, It includes fees for monthly accounting, and detailed performance reporting for the PRIT Fund's Private Equity program. The budget also includes projected fees for data tools, legal and other consulting costs.

Portfolio Completion Strategies

The FY2027 budget reflects the contractual fees for PRIM's PCS advisors: Aberdeen, New Alpha, and Innocap. The budget also includes projected fees for data tools, legal and other consulting costs.

Audit & Tax

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

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

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

Research

The FY2027 budget reflects projected fees for data infrastructure, research tools, and other research initiatives.

Risk Measurement and Investment Analytics

Risk measurement and Other investment analytical tools include FactSet, eVestment, Bloomberg, and others.

OPERATIONS

The FY2027 Operations budget of $31.5 million increases $1.6 million or, 5.4%, reflecting primarily an increase in Compensation and Employee Benefits due to projected organizational growth.

Compensation & Employee Benefits

The FY2027 Compensation budget includes allocations for new positions and additional resources to support the PRIT Fund's growth and PRIM's many new initiatives, as well as potential increases for existing staff based on the Board approved salary bands.

Per PRIM's Compensation Philosophy, to ensure PRIM remains competitive with market trends, a comprehensive compensation level analysis is conducted by PRIM's compensation consultant, McLagan. To continue to make incremental progress within these Board approved salary bands we have included amounts in the FY2027 budget for potential base salary increases and for potential promotions. The budget for employee benefits consists primarily of dental, vision, and disability costs for employees as well as a contingency to cover potential unemployment claims since PRIM does not participate in the state's unemployment insurance pool. The budget also includes estimated Medicare taxes and Massachusetts Paid Family Medical Leave for all employees.

Occupancy

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

General Office Expenses

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

Technology Expenses

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

Client Service

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

Insurance

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

Policy Type	Coverage	Deductible
Fiduciary Liability	$15,000,000	$250,000
Commercial Crime	$10,000,000	$100,000
Employment Practices Liability	$1,000,000	$100,000
Workers Compensation	$1,000,000	N/A
Cyber Insurance	$3,000,000	$25,000
Commercial General Liability	$1,000,000	N/A
Commercial Property	$1,060,000	$250
Umbrella Liability	$4,000,000	$10,000
Hired Auto	$1,000,000	N/A

Travel, Professional Development & Dues and Subscriptions

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

NON-INVESTMENT SERVICE PROVIDER FEES

The FY2027 budget for Non-Investment Service Provider Fees (Including Audit & Tax, Legal and Governance) of $2.2 million increases by $0.2 million, or 11.9%. The increase is primarily due to projected additional Information Technology cost associated with AI research. Costs in this category are generally the result of competitively bid contracts.

General

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

Audit & Tax

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

Legal

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

Governance

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

KEY ASSUMPTIONS

Estimated Assets Under Management and Asset Allocation in FY2027

Many of the budgeted expenses for FY2027 are based upon the estimated average assets under management. The estimated average assets under management for FY2027 is $129 billion. To estimate PRIM's FY2027 average assets under management, the beginning AUM of FY2027 (July 1, 2026) was estimated to equal the PRIT Fund assets under management as of January 31, 2026. The ending AUM of FY2027 (June 30, 2027) was estimated to increase by NEPC's expected 10-year return forecast of 6.3%. The estimated average AUM of FY2027 is the average of the estimated beginning and ending AUM, which is approximately $129 billion. Please note that future investment performance is not predictable and actual performance will vary.

Performance, Incentive, or Carried Interest Fees

No investment performance, incentive, or carried interest fees are budgeted in FY2027. These fees can vary dramatically from year to year and are not predictable.

MassPRIM