PRIM Board Quarterly Update

Second Quarter 2026

MassPRIM

PRIM Executive Director and Chief Investment Officer Michael G. Trotsky, CFA provided the following comments to the Board at the August 18 2026, meeting:

Executive Director and Chief Investment Officer Report

The PRIT Fund ended fiscal year 2026 with a record balance of $129.5 billion as of June 30, 2026, the largest fiscal year end value in PRIT's history. The Fund returned 12.7% (net), a gain of $14.7 billion, its strongest fiscal year return in five years and well above its 9% historical (since inception) average. Global Public Equities remained the primary driver of returns, up 24.2% overall, with every major geography posting double digit returns for the fiscal year: Domestic Equity up 24.0%, International Equity up 19.2%, and Emerging Markets up 38.8%. For the second consecutive fiscal year, all seven major asset classes posted positive returns, the first time in 20 years that the Fund has produced back-to-back fiscal years with every major asset class positive, a combination that has occurred only six times in the past two decades and never before in consecutive years. These strong results occurred during a period in which markets and government policy decisions have been changing very quickly, with geopolitical tensions at a historic high given the ongoing conflicts in Ukraine and the Middle East, shifting trade and tariff policies, elevated interest rates, and persistent inflation concerns. Despite this uncertainty, PRIT's diversified structure and disciplined approach continued to serve it well, and investment productivity remained high, with staff successfully researching and deploying more than $3.4 billion into highly attractive new investments.

Organizationally, the depth and talent of PRIM staff remain strong, and we continue to benefit from extremely low turnover, with only one senior level departure during the year, the first such departure in several years. We hired one new full-time employee, welcomed four seasonal interns, and promoted five of PRIM's outstanding contributors. 66% of PRIM's workforce is diverse and 53% of our workforce is female, both slightly higher than last year.

The work of our staff continues to receive local and national recognition. PRIM's Private Equity Portfolio was ranked fourth among 200 U.S. public pension funds based on 10-year performance by the American Investment Council's Public Pension Study. PRIM is the only fund that has been in the top five every year the study has been conducted, including #1 rankings in 2019, 2018, 2015, and 2013. *Pensions & Investments* ranked PRIM fifth among the largest 200 funds in the U.S. for assets managed by diverse managers, outpacing our rank in overall assets under management, a reflection of the continued success of the FUTURE Initiative. *Institutional Investor* honored Helen Huang, Senior Investment Officer and Director of Growth and Venture Capital, with an Alpha Edge recognition as one of the most influential women in private markets, a program that recognizes those whose conviction, judgment, and impact set the standard for the industry. Jessica Murphy was awarded a Commonwealth Citation for Outstanding Performance. Michael Trotsky was named to *Markets Group*'s 2026 list of Elite Institutional Chief Investment Officers, and for the second consecutive year, to the CIO Power 100 list by the publication *Chief Investment Officer*, an honor recognizing leaders who demonstrate the judgment, discipline, and leadership required to navigate uncertainty without losing sight of long-term objectives.

PRIM's financial controls and reporting remain industry leading and irreproachable. PRIM earned the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the 21st consecutive year and successfully completed the CFA Institute's Global Investment Performance Standards (GIPS®) verification for the eighth consecutive year, a standard with which only a small handful of other pension funds comply*. PRIM completed more than 33 separate audits, including one from the State Auditor, and all resulted in unmodified (clean) opinions with no findings.

The FUTURE Initiative, established to meet the objectives of the 2021 Investment Equity legislation, aims to ensure that at least 20% of PRIM's investment managers are women, minorities, or persons with disabilities. Currently, the PRIT Fund allocates approximately $17.7 billion, representing more than 13.7%, to diverse investment managers across all asset classes. Since the Initiative's inception in 2021, PRIM has more than doubled its commitment to diverse managers, allocating more than $9.0 billion to these managers. In FY2026 alone, PRIM allocated $480 million to diverse managers.

The PRIM Stewardship and Sustainability team had an active and productive year. We drafted PRIM's first ever Stewardship Report, outlining our efforts to improve transparency with external stakeholders, and enhanced PRIM's website to better communicate this work. We comprehensively revised PRIM's Custom Proxy Voting Guidelines, voted 12,817 proxy ballots, and initiated PRIM's first ever engagement with fifty publicly traded companies on the Fair Pay and Transparency Stewardship Priority. To advance our climate work, we partnered with Goldman Sachs to assess the climate transition readiness of PRIM's public market portfolio and launched a physical climate risk assessment of PRIM's direct real estate properties. On the private markets side, we developed and presented a Responsible Workforce Management Policy for Private Equity and implemented additional due diligence steps with our due diligence partner, Albourne, to operationalize the policy. We supported the Treasurer by drafting a public comment letter to the SEC regarding reform of Regulation S-K, obtained Board approval for two new partner memberships, and issued an RFP for proxy advisory services. Veena Ramani, PRIM's Director of Stewardship, was invited to serve as Vice Chair of the Council of Institutional Investors' Advisory Council, well deserved recognition for her work over the past several years.

I am thankful to the entire PRIM staff and to the PRIM Board and committee members, for their support, dedication, and hard work during a great fiscal year in very difficult and trying times.

PRIT Fund Performance

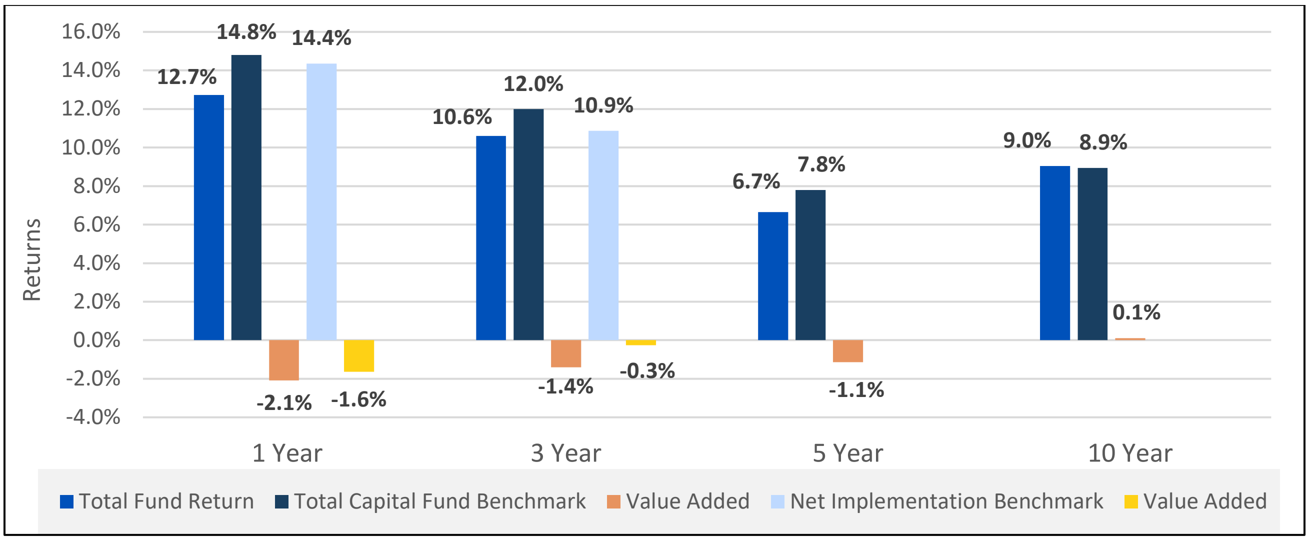
For the one-year as of June 30, 2026, the PRIT Fund was up 12.7%, net of fees, underperforming the total capital fund benchmark of 14.8% by 208 basis points.

- This performance equates to an investment gain of $14.7 billion, net of fees.
- This underperformance equates to $2.4 billion of value below the benchmark return.
- Net total outflows to pay benefits for the one-year ended June 30, 2026, were $565 million.

The following charts summarize the PRIT Fund performance for the one-year ended June 30, 2026.

Total PRIT Fund Returns

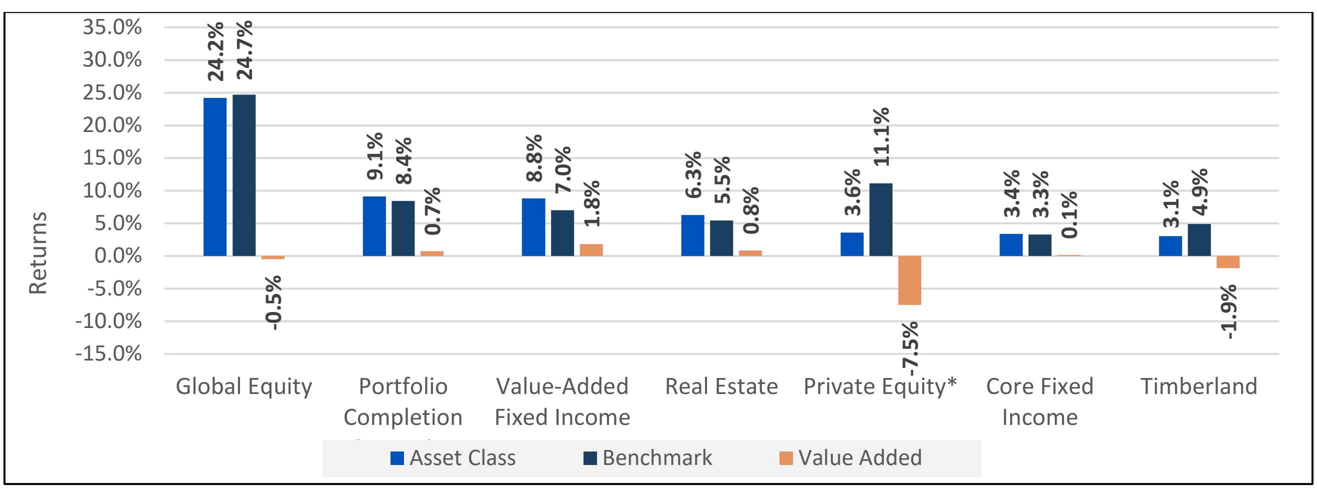
Annualized Returns as of June 30, 2026 (Net of Fees)



Source: BNY. Totals may not add due to rounding. Total Capital Fund Benchmark includes private equity benchmark

PRIT Asset Class Performance Summary

One Year ended June 30, 2026 (Net of Fees)



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

PRIT Fund Annualized Returns By Asset Class

(June 30, 2026 - Net of Fees)

1 Year	3 Year	5 Year	10 Year
GLOBAL EQUITY 24.2%	GLOBAL EQUITY 19.1%	GLOBAL EQUITY 10.6%	PRIVATE EQUITY 15.4%
PCS 9.1%	PCS 10.4%	PRIVATE EQUITY 7.5%	GLOBAL EQUITY 12.7%
VALUE-ADDED FIXED INCOME 8.8%	VALUE-ADDED FIXED INCOME 9.7%	TIMBER 6.8%	VALUE-ADDED FIXED INCOME 6.3%
REAL ESTATE 6.3%	PRIVATE EQUITY 6.2%	PCS 6.6%	PCS 5.8%
PRIVATE EQUITY 3.6%	TIMBER 5.8%	VALUE-ADDED FIXED INCOME 6.4%	TIMBER 5.6%
CORE FIXED INCOME 3.4%	CORE FIXED INCOME 2.3%	REAL ESTATE 3.8%	REAL ESTATE 5.6%
TIMBER 3.1%	REAL ESTATE (0.0%)	CORE FIXED INCOME (1.6%)	CORE FIXED INCOME 0.9%

Source: BNY.

PRIM Board Elections Results

In accordance with the provisions of G.L. c. 32, s.23 (2A)(a), the Pension Reserves Investment Management Board is responsible for the administration of the election of an employee or retiree who is a member of the State Employees' Retirement System and the Massachusetts Teachers' Retirement System to serve on the Pension Reserves Investment Management Board.

Joseph Connarton was elected State Employees' Retirement System representative and Matthew Scheffler was elected Massachusetts Teachers' Retirement System representative to the Pension Reserves Investment Management Board. Their new three-year terms commenced on July 1, 2026.

The Client Services team will continue to meet with PRIM member retirement systems throughout the year. To schedule an investment review, please contact a member of the Client Services Team.

Please remember to notify the Client Services Team of any staffing changes within your organization at clientservice@mapension.com.

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