Minutes of the PRIM Real Estate and Timberland Committee Remote Meeting
Wednesday, August 5, 2026

Committee members attending:

- Jill Hatton, CRE, Chair
- Treasurer Deborah Goldberg
- Jack Lutz, Ph.D.
- William McCall, CRE
- Garlan Morse, Jr., CRE

Committee members not attending:

- Lydia Chesnick, Esq.
- Robert Gifford
- Peter O'Connell
- Carly Rose

The PRIM Real Estate and Timberland Committee meeting was called to order at 9:32 a.m. Chair Jill Hatton announced that the meeting was being held in accordance with Massachusetts General Laws Chapter 30A, section 20, as amended by Chapter 2 of the Acts of 2025, which permits remote participation by all Committee members via the use of adequate alternative means, such as audio or video conferencing, to ensure public access to the deliberations of the Committee. All members of the Committee who participated did so remotely via audio/video conferencing or telephone, and public access to the Committee's deliberations was provided by telephone. All documents referenced during the meeting were available for viewing on PRIM's website (www.mapension.com). At the start of the meeting, the names of the members who were participating remotely were announced.

I. Approval of the Minutes (Voting Item)

The PRIM Real Estate and Timberland Committee approved (unanimously) by roll call vote the minutes of its May 6, 2026, meeting.

II. Executive Director / Chief Investment Officer Report

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

The PRIT Fund ended fiscal year 2026 with a record balance of $129.5 billion, the largest fiscal year end value in PRIT's history, with a return of 12.7% (net), a gain of $14.7 billion. For the second consecutive fiscal year, all seven major asset classes posted positive returns, the first time in 20 years the Fund has produced back-to-back years with every major asset class positive.

The 12.7% return exceeded our most important goal, the actuarial rate of return (7%), by a wide margin. However, we are not pleased with the 2% relative underperformance versus the capital fund benchmark. The underperformance was driven almost entirely by Private Equity, which represented 14.6% of the PRIT Fund at fiscal year-end.

We understand the reasons for the Private Equity underperformance relative to our expectations and are working to address them. At any given time, we expect to have both stronger and weaker performing asset classes, and while Private Equity has not lived up to expectations in the short term, it remains PRIM's strongest asset class over the long term. The primary driver of the recent relative underperformance is

the benchmark mismatch we have discussed for several years: Private Equity is measured against a Public Markets Equity Index plus 3%, and Global Public Equity returns have been two to three times larger than the returns of all other asset classes, including Private Equity, for three consecutive years. This is an unusual and sustained level of outperformance we have called a Super Streak in Global Equities.

Markets have also been driven overwhelmingly by a narrow set of Artificial Intelligence (AI) and AI infrastructure companies. The S&P 500's ten largest holdings now represent nearly 40% of the index's total market capitalization, nearly double the historical norm of approximately 20%. At that level of concentration, the S&P 500 Index is no longer technically defined as a diversified portfolio under the SEC's 40 Act rule. A similar dynamic has emerged in emerging markets, where the MSCI Emerging Markets Index has become so concentrated in two South Korean semiconductor companies, Samsung and SK Hynix, that their share prices effectively drive the index's return, with Korea's overall country weight approaching a quarter of the Emerging Markets benchmark.

Private Equity's absolute underperformance, returning only 3.6% for the fiscal year, is related to this same concentration and has affected the Venture, Growth, and Buyout strategies, largely because of what the portfolio does and does not own. The Venture Capital market, like Global Equities, has been extremely concentrated in a handful of AI large language model, Space, and Defense Technology companies such as OpenAI, SpaceX, Anthropic, Cursor, Databricks, and Anduril, making this the most concentrated venture capital market in history. Growth and Buyout strategies are similarly underweighted to these AI, Space, and Defense themes and light on the outperforming semiconductor and large language model sectors, while overweighted to the software sector, which has sold off.

PRIM's Venture Capital portfolio generated a strong one-year return of 13.6% (net) but underperformed the Venture Capital sector overall, the strongest area of Private Equity, which was up more than 20% over the last 12 months. PRIM missed some of the largest price moves in Venture Capital, including the $1.7 trillion IPO of SpaceX and the rise of OpenAI, largely because the managers in this space have historically been reluctant to accept public pension capital, drawing instead from endowments, foundations, family offices, and sovereign wealth funds. The team has been focused on gaining access to higher performing VC partnerships, and the Private Equity team have onboarded 13 new strategies over the last five years.

Additionally, PRIM's Venture Capital exposure to Massachusetts based companies is roughly three times the national average, and Massachusetts has lower exposure to the current wave of AI, Space, and Defense Technology companies. PRIM’s Massachusetts venture exposure is instead overweight to Biotechnology and Life Sciences, sectors that have significantly underperformed due to headwinds including federal research, regulatory, and budgetary pressure.

In an environment this concentrated, broadly diversified portfolios like PRIT's are structurally positioned to lag narrow, concentration driven benchmarks, even when absolute returns are historically strong. FY2026's relative underperformance reflects a market backdrop in which concentration, not diversification, has been rewarded, yet PRIM continues to believe that maintaining diversification is the right long-term discipline for a fund of PRIT's size and liability profile, even when it is out of favor in the short run.

We remain in good company on this point. Historically, spreading risk across managers, sectors, strategies, and geographies has reduced volatility without sacrificing return. Harry Markowitz's Modern Portfolio

Theory, published in 1952, demonstrated mathematically that combining assets with imperfectly correlated returns can lower a portfolio's overall volatility without a proportional sacrifice in expected return, and he called diversification the closest thing to a free lunch in investing. Decades of empirical research since Markowitz have reinforced this central implication: a broadly diversified portfolio is designed to deliver steadier risk adjusted returns across full market cycles, even when it necessarily lags during periods dominated by a single narrow theme. That relationship has broken down over the past three years, but three, or even five, years do not make a full cycle. Performance Super Streaks, like the one we are in, do not last forever, and leadership will change. The challenge is not to describe the past but to predict the future, and PRIM's core investment belief is that nobody can consistently predict which investment strategies will produce the highest returns going forward. We therefore believe the correct approach is to remain on the side of diversification and of empirical evidence and academic research for the long term.

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 of Integrity and Transparency (GIPS) 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.

Next, Mr. Trotsky moved on to discussing the PRIM Stewardship and Sustainability team's active and productive year. PRIM drafted its first-ever Stewardship Report, outlining efforts to improve transparency with external stakeholders and interested parties, and enhanced PRIM's website to better communicate this work. The team 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 PRIM's climate work, they partnered with Goldman Sachs to assess the climate transition readiness of PRIM's Public Markets portfolio. PRIM launched a physical climate risk assessment of PRIM's direct Real Estate properties. On the private markets side, PRIM 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. PRIM supported the Treasurer by drafting a public comment letter to the SEC regarding reform of Regulation S-K, obtained Board approvals for two new partner memberships, and issued an RFP for proxy advisory services. Finally, Veena Ramani, PRIM's Director of Stewardship, was invited to serve as Vice Chair of the Council of Institutional Investors' Advisory Council, adding that this is a much-deserved recognition of the great work she has done on Stewardship over the past several years.

Markets and PRIT Fund Performance

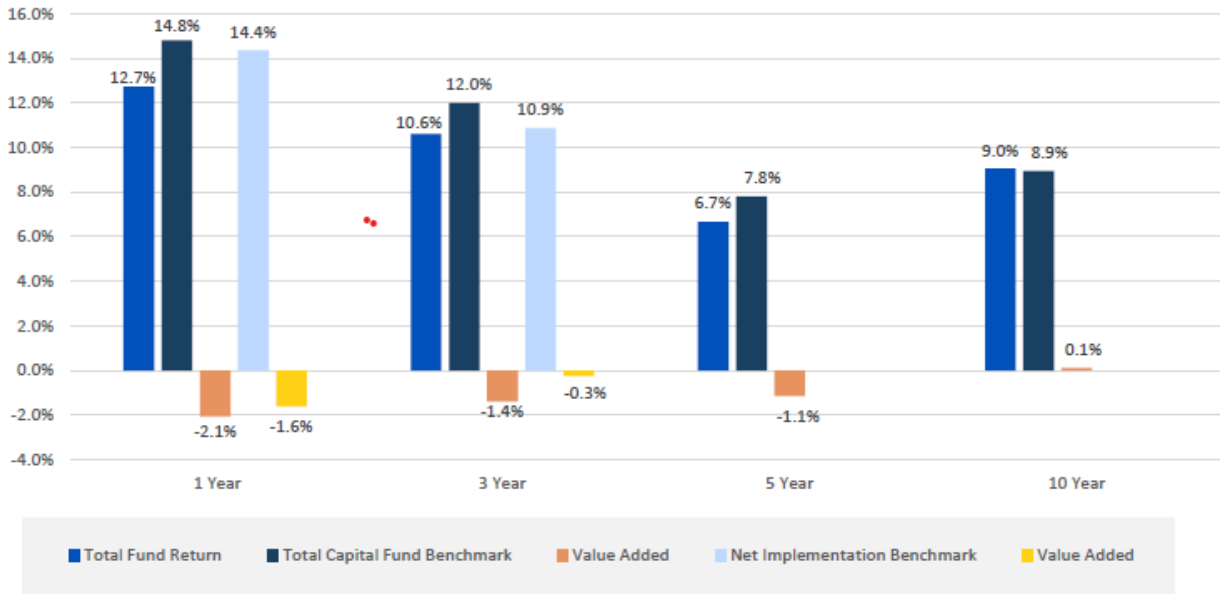
For the one-year as of June 30, 2026, the PRIT Fund was up 12.7%, net of fees, underperforming the total capital fund benchmark of 14.8% by 208 basis points.

- 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 approximately $565 million.

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

Total PRIT Fund Returns

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

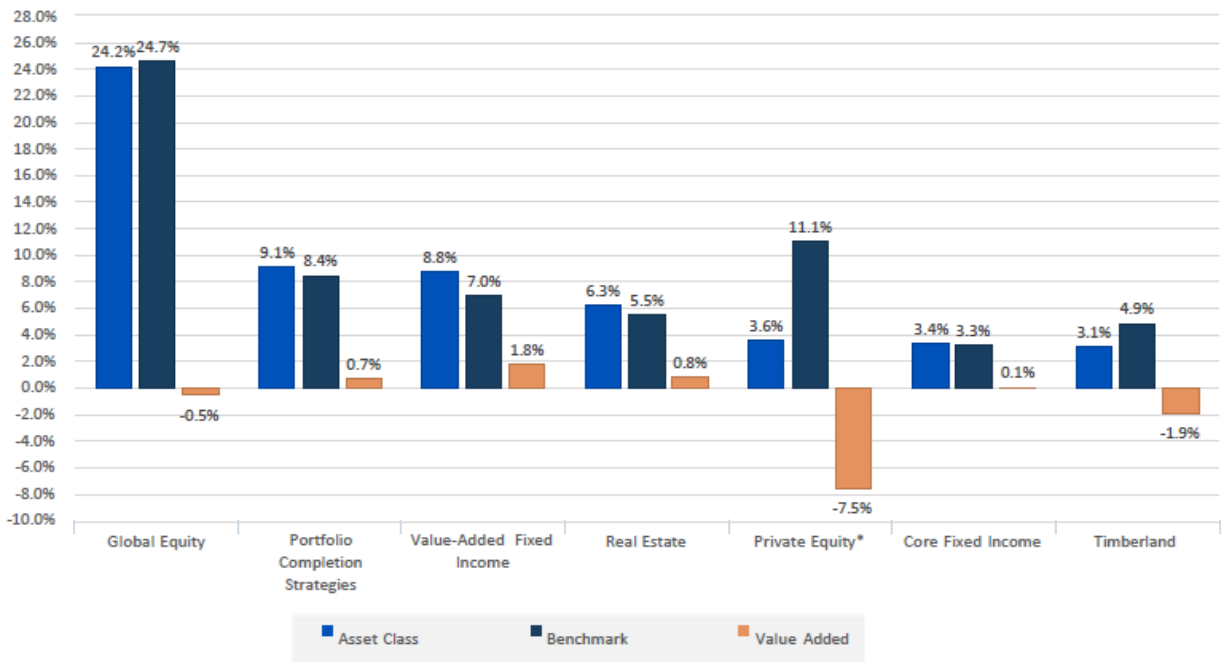


Source: BNY. Totals may not add due to rounding. Total Capital Fund Benchmark includes private equity benchmark.

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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 actual performance.

PRIT Fund Annualized Returns by Asset Class

As of 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%
PORTFOLIO COMPLETION STRATEGIES 9.1%	PORTFOLIO COMPLETION STRATEGIES 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%	PORTFOLIO COMPLETION STRATEGIES 6.6%	PORTFOLIO COMPLETION STRATEGIES 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

III. Performance Review and Market Summary

Timothy Schlitzer, CFA, CRE, Director of Real Estate and Timberland, began by noting that there were no voting items for the meeting and that he would provide a performance update. He thanked the Real Estate and Timberland team as well as the finance team, for their work during another busy fiscal year.

He highlighted that during the fiscal year, the team reviewed over $26 billion in investment opportunities and executed $2.2 billion in capital allocation decisions. This activity included acquisitions and dispositions in the direct real estate and timberland separate accounts, non-core and real estate credit commitments, real estate borrowing activity, and new REIT investments. The team also completed multiple service provider RFPs and research projects and went on 30 trips to tour assets, meet with managers, and engage with the industry and peers.

Real Estate

Mr. Schlitzer noted that the macro environment continues to be dynamic, with inflationary risk and overall uncertainty from global conflict and energy costs, AI's trajectory, tariff impact, and regulatory changes top of mind. Real estate has traditionally been viewed as an inflation hedge, and observable constraints on new supply continue to reinforce that view.

He observed that compressed yield assumptions persist in the market and may not contemplate higher future rates, particularly the ten-year Treasury. The team is particularly mindful of this as it considers acquisition opportunities with PRIM's managers. These dynamics also affect PRIM's capital structure. Accretive borrowing with a spread, a cornerstone of PRIM's approach, is not currently an option, while many index participants are borrowing out of necessity, a problem PRIM does not have.

PRIM's private market benchmark, the ODCE Index, returned 1% net of fees for the quarter and 3.1% net for the prior year. The U.S. REIT market returned 12.4% in the second quarter and 21% for the prior year, in line with the broader public market. REITs have benefited from higher implied cap rates than the private market and a differentiated sector makeup. REIT performance was broad-based at the sector level and reflective of the most relevant economic drivers—data centers reflecting the AI theme, healthcare reflecting the aging population and baby boomers turning 80, lodging and retail reflecting the "K-shaped economy," and industrial, with warehousing and growing advanced manufacturing—all of which were up over 20% for the year.

Real Estate represents $11.1 billion, or 8.6% of the PRIT Fund, well within its range. The allocation is down slightly from the last meeting, driven primarily by the denominator, as the PRIT Fund returned twice the real estate return for the year, led by the public markets portfolio, which returned 24%, four times that of real estate.

Total Real Estate returned 6.3% net for the year, 83 basis points above the benchmark. Mr. Schlitzer noted that total returns have improved and the team is pleased to see growing relative outperformance. Public Real Estate (REITs) was the primary return driver, ending the year at 15.1% of the portfolio and returning 22.4% net, 85 basis points above benchmark. Private Real Estate, which ended the year at 84% of the real estate portfolio, in line with last quarter, returned 3.9% net, 81 basis points above benchmark.

Levered core, representing 94% of the private portfolio, returned 4.9%, 180 basis points above the ODCE Index. Senior housing, retail, and self-storage led the index from a sector perspective, while PRIM's returns continued to be driven by several sector, asset-level, and geographic factors, including office. The portfolio ended the quarter 92% occupied, on total inventory of just over 31 million square feet and over 9,000 apartment units. Managers closed four transactions during the quarter—three dispositions and one acquisition—across multiple sectors.

Non-core Real Estate, at 5% of the private portfolio, detracted from performance with a -11.6% return for the year. Mr. Schlitzer noted there has been no change in positioning. Office and life science, as well as apartment strategies with higher leverage, more complex business plans, and development, have been more challenged, with life science exposure having the most impact this year. He explained that there is a supply overhang and demand continues to be a challenge, even for the highest-quality assets, driven notably by federal funding policy, which has moderated but has had a serious impact on tenant decision making and capital flows.

Timberland

Turning to Timberland, Mr. Schlitzer reported that PRIM's U.S. timber market benchmark was up 1.1% for the quarter and 4.9% for the year, with continued strength in the Southern region, which materially outperformed the Northwest. U.S. housing activity remains tepid across construction, sales, and renovation, driven by higher mortgage rates and affordability issues magnified by cost inflation concerns, despite a favorable demographic backdrop.

He noted that, despite these broader headwinds, the South continues to benefit from additional mill capacity coming online, population growth, and growing export demand for pulp products and wood pellets. Meanwhile, the Pacific Northwest continues to feel the impact of lower export activity and overall demand for lumber, the region's primary product.

Timberland represents $3.2 billion, or 2.5% of the PRIT Fund, in line with last quarter and within its range. There was one transaction during the quarter: the sale of a large Pacific Northwest property that Mr. Schlitzer had noted at several meetings as a detractor from returns. Following the transaction, the portfolio remains a little above 1.3 million acres. He pointed out that the property was sold at a 20% premium to its carrying value, further evidence of how dynamic the market and valuations have become as capital builds up in an illiquid market.

PRIM's portfolio returned 3.0% net for the one-year period, 186 basis points below benchmark, or 137 basis points below on an unlagged basis. The underperformance was concentrated in the South's strong regional outperformance and PRIM's underweight to that region, offset by Australia and New Zealand exposure, which was flat. Overall, the managers performed in line with or outperformed their regional benchmarks. Mr. Schlitzer noted continued softness in New Zealand in particular, which has underperformed on log price forecast revisions as well as a material wind event at the end of last year that impacted value.

Lastly, Mr. Schlitzer commented that it is fire season, with significant activity in the U.S. and Canada. To date, PRIM's properties have not been impacted. The team has been in touch with both of PRIM's managers, each of whom has a robust operational approach to fire risk.

The PRIM Real Estate and Timberland Committee meeting adjourned at 10:23 a.m.

List of documents and exhibits used during the meeting:

- *Minutes of the PRIM Real Estate and Timberland Committee Meeting of May 6, 2026*
- *PRIT Fund Performance Presentation (June 30, 2026)*
- *PRIT Fund Performance Report (June 30, 2026)*
- *Real Estate and Timberland Performance Charts*