

# Town of Franklin

355 East Central Street  
Franklin, Massachusetts 02038-1352



Phone: (508) 520-4949  
[www.franklinma.gov](http://www.franklinma.gov)

OFFICE OF THE TOWN ADMINISTRATOR

## Other Post-Employment Benefits (OPEB) Trust Meeting

September 18, 2023

11:00 AM

Municipal Building  
355 East Central Street  
Conference Room 205

### Agenda

1. Approval of Minutes
  - a. September 13, 2022
2. Review of Investments

OPEB Trust Committee Minutes  
September 13, 2022  
Franklin Town Hall  
10:00am – Conference Room 205

In attendance: Kerri Bertone, Miriam Goodman, Peter Lounsbury, Greg McNeillie, Alecia Alleyne, Chris Sandini, Jamie Hellen

PRIM Representatives in attendance: Francesco Daniele

Absent: none

Jamie Hellen called the meeting to order at 10:06AM

Motion by Jamie Hellen, second by Peter Lounsbury to approve previous minutes as listed:

- March 16, 2016
- March 14, 2018
- May 30, 2019
- October 15, 2019
- June 15, 2020
- June 7, 2021
- December 13, 2021

Motion was unanimously approved.

Francesco Daniele discussed PRIM's core values and recent recognitions, specifically noting that FY21 was a record performance year with 30% returns and that even in this negative market, the PRIT fund outperformed benchmarks. He indicated that 3, 5, and 10-year returns were all strong. Discussion focused on asset allocation ranges and expected returns and assumptions.

As of June 30, 2022 Franklin had \$10,506,000 invested. Returns as of June 30, 2022 (since inception of 8/28/15) showed an 8.3% increase (net of fees), the one-year return ending June 30, 2022 showed a decrease of 3.79% (net of fees). For the month of June, 2022, the fund performance was down 3.94%.

Motion to adjourn by Greg McNeillie, seconded by Miriam Goodman.

Meeting adjourned at approximately 10:55AM.

Respectfully submitted by:

Miriam Goodman



# TOWN OF FRANKLIN OPEB

PRESENTED BY

Laura Strickland, Senior Client Services Officer

SEPTEMBER 18, 2023

**Deborah B. Goldberg**, Treasurer and Receiver General, Chair

**Michael G. Trotsky**, CFA, Executive Director and Chief Investment Officer

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# PRIM BOARD & PRIT FUND OVERVIEW



AS OF JUNE 30, 2023

# PRIT Fund Snapshot

As of June 30, 2023

## PRIT FUND FACTS

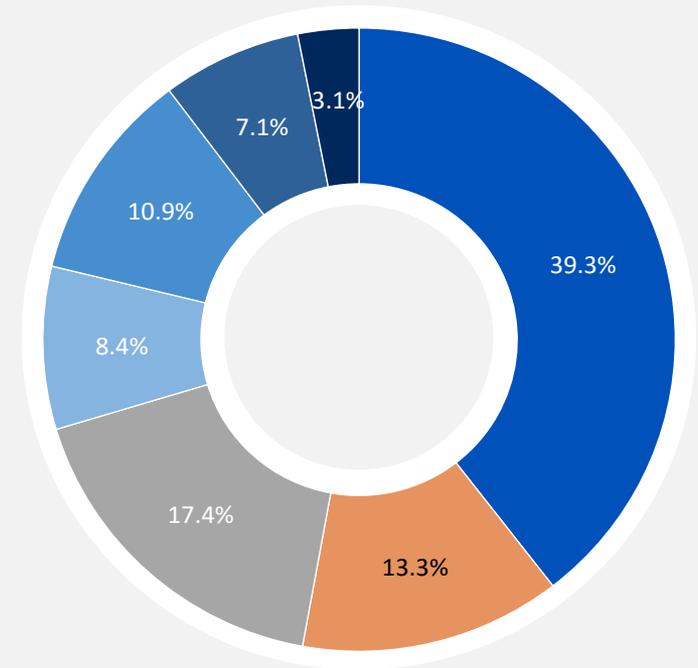
- \$96.6 billion AUM
- 63 public markets portfolios
- 16 real estate, timber and REIT portfolios
- 100+ private equity managers;  
350+ partnerships
- 35 portfolio completion strategies managers

## OVERSIGHT AND STAFFING

- 9 appointed and elected trustees
- 5 advisory committees, consisting of 42 industry professionals and Board members
- Staff of over 50 professionals
  - 30 Masters
  - 13 CFAs
  - 6 CPAs
  - 3 CAIAs
  - 3 JDs
  - 1 FRM
  - 1 CRE
  - 8 CFA Investment Foundations Program Certificate Holders

## ASSET ALLOCATION

(as of 6/30/23)



## TARGET RANGES

(approved 2/16/23)

- Global Equities 32% - 42%
- Core Fixed Income 12% - 18%
- Private Equity 13% - 19%
- Portfolio Completion Strategies 7% - 13%
- Real Estate 7% - 13%
- Value-Added Fixed Income 5% - 11%
- Timberland 1% - 7%

# About PRIM



**\$96.6 billion investment fund that invests public employee pension benefits**

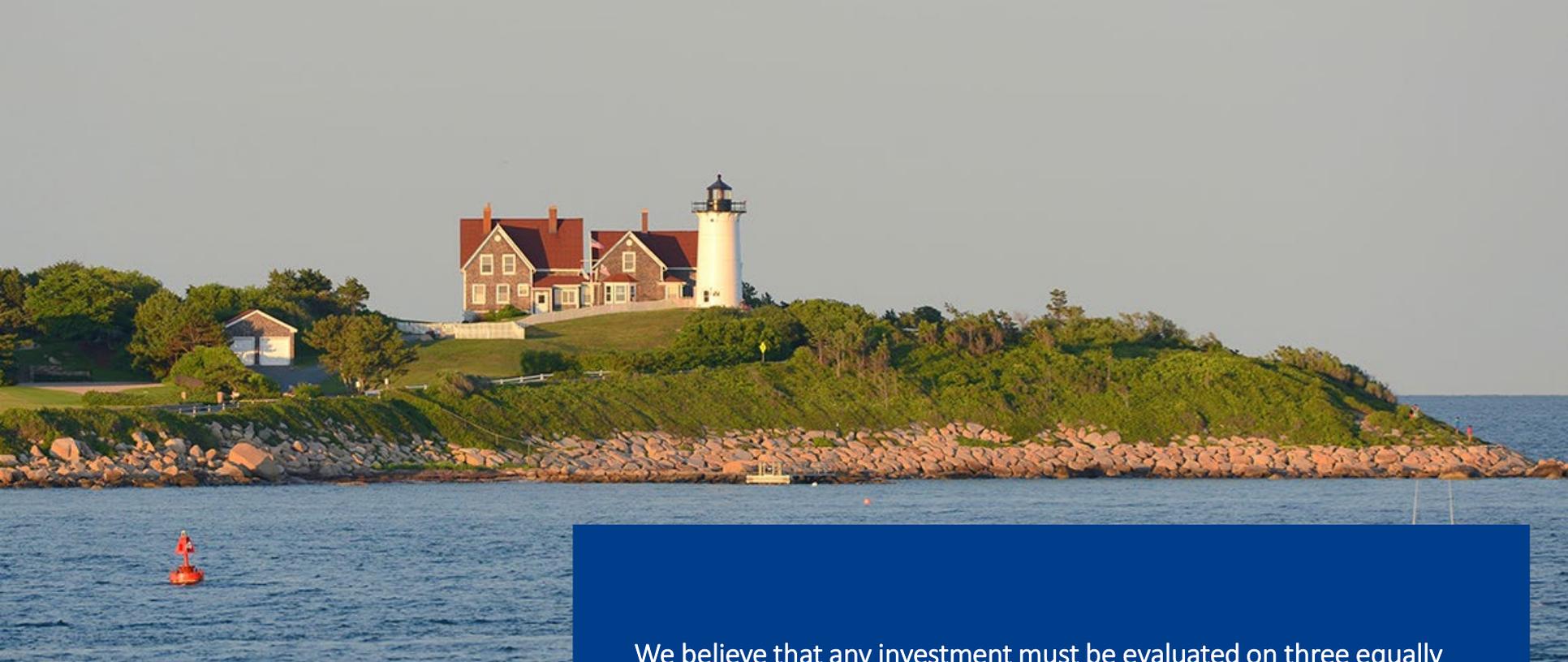
- PRIM has a professional, experienced and focused investment staff.
- PRIM does not administer benefits.

**PRIM's mission is to relieve the pension funding burden on the taxpayer**

- Self-funded agency which generates asset returns for the Massachusetts pension system.
- PRIM's Project SAVE initiative is achieving over \$275 million annualized value enhancing activities for the fund annually.

**PRIM is independent and governed by a nine-member Board of Trustees**

- Massachusetts State Treasurer is the Chair of the PRIM Board.
- A robust committee structure lends investment and operational expertise to the decision-making process.



## PRIM Core Beliefs

We believe that any investment must be evaluated on three equally important parameters: return, risk and cost.

We don't make tactical asset allocation decisions or investment decisions based on market or economic predictions. Instead, we engineer a strategic, long-term asset allocation strategy that we hope will stand the test of a long-time horizon.

We value a basis point of cost reduction more than a basis point of return. Because we can count on cost savings every year, but nobody ever really knows what the markets will deliver.

# PRIM Top 10 Accomplishments

1

Stable organization: Exceptional staff with low turnover supported by a strong, stable Board and Committee structure

2

National recognition for PRIM and its staff

3

Strong relative and absolute investment performance

4

Sophisticated risk management platform and framework

5

Methodical asset allocation decisions

6

Project SAVE

7

Re-engineered Hedge Fund program – Portfolio Completion Strategies

- Direct hedge funds
- Hedge fund replication
- Emerging manager direct hedge fund
- Hedge fund and other credit fund co-investment

8

Enhanced manager search and selection process

9

Private Equity co-investment

10

Direct Real Estate Program

# PRIM Board



**Chair**  
**DEBORAH B. GOLDBERG**  
State Treasurer and  
Receiver General,  
Commonwealth of Massachusetts



**Ruth Ellen  
Fitch**

Appointee of  
the State  
Treasurer



**Catherine  
D'Amato**

Designee  
of the  
Governor,  
Ex Officio  
Member



**Peter  
Monaco**

Appointee  
of the  
Governor,  
Non-State  
Employee or  
Official



**Carly Rose**

Appointee  
of the  
Governor,  
Public Safety



**Theresa F.  
McGoldrick,  
Esquire**

State  
Retirement  
Board  
Member  
(SRB)



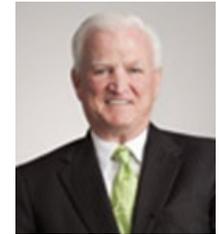
**Dennis J.  
Naughton**

Teachers'  
Retirement  
Board  
Member  
(TRB)



**Robert L.  
Brousseau**

Elected  
Representative  
State Teachers'  
Retirement  
System



**Paul E.  
Shanley,  
Esquire**

Elected  
Representative  
State  
Employees  
Retirement  
System



# PRIM Advisory Committees

## Investment Committee

The Committee advises the Board with respect to the asset allocation policy of PRIM and related investment policies and assist the Board in overseeing the investment program. The mandate of the Investment Committee does not include real estate and timber. Members include:

1. **Deborah B. Goldberg**, Chair, Treasurer and Receiver General of Massachusetts, PRIM Board Chair (Ex Officio)
2. **Joseph C. Bonfiglio**, Massachusetts & Northern New England Laborers' District Council
3. **C. LaRoy Brantley**, Investment Consultant
4. **Catherine D'Amato**, President and CEO, The Greater Boston Food Bank
5. **Michael Even**, Former President and CEO, Numeric Investors
6. **Constance M. Everson**, CFA, Managing Director, Capital Markets Outlook Group
7. **Ruth Ellen Fitch**, Esq., Board Member, Former President and CEO, the Dimock Center
8. **James B. G. Hearty**, Board Member, Former Partner, Clough Capital (Ex Officio)
9. **Peter Monaco**, Board Member, Managing Director, Raptor Group
10. **Phillip H. Perelmuter**, Former Managing Partner, Wellington Management
11. **Philip Rotner**, Chief Investment Officer, Boston Children's Hospital
12. **Paul E. Shanley**, Esq., Board Member, Director of Professional Liability, Amity Insurance
13. **Glenn P. Strehle**, CFA, Treasurer Emeritus, MIT
14. **Timothy L. Vaill**, Former Chairman and CEO, Boston Private Holdings



# PRIM Advisory Committees

## Real Estate Committee

The Committee advises the Board in setting investment policy within the real estate and timber portfolios and assist the Board in overseeing these portfolios. Members include:

1. **Jill S. Hatton**, CRE, Chair, Real Estate Investment Professional
2. **Deborah B. Goldberg**, Treasurer and Receiver General of Massachusetts, PRIM Board Chair (Ex Officio)
3. **Lydia Chesnick**, Esq., Partner, Bernkopf Goodman LLP
4. **Robert Gifford**, RGA Corp.
5. **Jack Lutz**, PhD., Forest Research Group
6. **William F. (Bill) McCall, Jr.**, CRE, McCall & Almy, Inc.
7. **Garlan Morse, Jr.**, CRE, Morris and Morse Company, Inc.
8. **Peter F. O'Connell**, Marina Bay Company
9. **Carly Rose**, Board Member, Public Safety Union Member

## Administration and Audit Committee

The Committee assists the Board in overseeing all issues related to the governance, administration, and audit functions of PRIM, and to provide recommendations for the Board's consideration. Members include:

1. **Robert L. Brousseau**, Chair, Board Member, Retired Teacher, Town of Wareham School System
2. **Deborah B. Goldberg**, Treasurer and Receiver General of Massachusetts, PRIM Board Chair (Ex Officio)
3. **Patrick E. Brock**, Chairman, Hampshire County Retirement Board
4. **Catherine D'Amato**, President and CEO, The Greater Boston Food Bank
5. **James B. G. Hearty**, Board Member, Former Partner, Clough Capital (Ex Officio)
6. **Theresa F. McGoldrick**, Esq., Board Member, National Executive Vice President, National Association of Government Employees (NAGE)
7. **Dennis J. Naughton**, Board Member, Retired Educator, Millis Public Schools



# PRIM Advisory Committees

## ESG Committee

The Committee assists the Board in overseeing all issues related to the development and ongoing implementation of an ESG framework and related engagement activities, and to provide recommendations for the Board's approval. Members include:

1. **Deborah B. Goldberg**, Treasurer and Receiver General of Massachusetts, PRIM Board Chair (Ex Officio)
2. **Ruth Ellen Fitch**, Esq., Board Member, Former President and CEO, the Dimock Center
3. **Theresa F. McGoldrick**, Esq., Board Member, National Executive Vice President, National Association of Government Employees (NAGE)
4. **Dennis J. Naughton**, Board Member, Retired Educator, Millis Public Schools
5. **Michael Even**, Former President and CEO, Numeric Investors
6. **Poonam Patidar**, Member, Mintz
7. **Mary Cerulli**, Founder, Climate Finance Action
8. **Marcella Pinilla**, Director of Sustainable Investing, Zevin Asset Management

## Compensation Committee

The Committee assists the Board in overseeing staff compensation and benefit policies. The Administration and Audit Committee is responsible for assisting the Board on other human resource matters. Members include:

1. **Deborah B. Goldberg**, Chair, Treasurer and Receiver General of Massachusetts, PRIM Board Chair (Ex Officio)
2. **Robert L. Brousseau**, Board Member, Retired Teacher, Town of Wareham School System
3. **Patrick E. Brock**, Chairman, Hampshire County Retirement Board
4. **Catherine D'Amato**, President and CEO, The Greater Boston Food Bank

# Recent Recognition

## **Northeast Women in Public Finance Freda Johnson Lifetime Achievement Award**

Treasurer Deborah B. Goldberg received the Northeast Women in Public Finance Freda Johnson Lifetime Achievement Award. “The award recognizes a woman serving or who has served in a position for a public or non-profit issuer who exemplifies the qualities that Freda Johnson brought to our industry as a trailblazer, leader, innovator, and mentor.” (December 2022)

## **PRIM Future Initiative Awarded Commonwealth Equity in Governance Award**

PRIM received the Commonwealth’s ‘Equity in Governance Award’ for the FUTURE Initiative. The award recognizes “an employee or group of employees who have demonstrated commitment to and attainment of the principles of equity” for activity that “promotes the participation of minority business enterprises and women business enterprises,” among other things. (December 2022)

## **PRIM’s Private Equity Portfolio Ranked #3 by the American Investment Council**

PRIM’s Private Equity Portfolio was ranked #3 among 176 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. (June 2022)

## **Private Equity Women Investor Network Limited Partner of the Year**

Private Equity Women Investment Network (PE-WIN), which is the preeminent organization for senior-level women investment professionals in private equity, recognized PRIM as “Limited Partner of the Year” for “empowering women in private equity.” The award reflected both PRIM’s work on investing with women and diverse managers via the FUTURE Initiative and the strong leadership presence of women on PRIM’s Private Equity team. (July 2023)

## **Institutional Investor’s Alpha Edge Award**

PRIM’s Private Equity team won Alpha Edge recognition for Alpha Generation from Institutional Investor, which cited PRIM’s strong leadership culture, collaboration, and thesis-driven approach to manager selection as well as PRIM’s annual commitment modeling process and strong long-term performance in the asset class. (July 2023)

## **PRIM Ranked #8 For Assets Managed by Diverse Managers by Pensions & Investments**

PRIM was ranked seventh among the largest 200 funds in the U.S. for assets managed by diverse managers. This is an indication that PRIM’s ongoing efforts over the years, combined with the new FUTURE initiative are putting PRIM at the top of the rankings in terms of progress. (February 2023)

## **Institutional Investor’s Partnership of the Year Award**

PRIM’s role with the Aggregate Confusion Project was awarded “Partnership of the Year” at the fifth annual Allocators’ Choice Awards. PRIM is a founding partner with MIT Sloan School of Management in this project to “reduce the level of noise in ESG management” by improving data available to managers and allocators. (September 2022)

## **Certificate of Achievement for Excellence in Financial Reporting – Government Finance Officer Association**

PRIM was awarded the Government Finance Officer Association’s Certificate of Achievement for Excellence in Financial Reporting for the 18<sup>th</sup> consecutive year. (June 2023)

## **GIPS® Compliance**

For the 6th consecutive year, PRIM has completed the CFA Institute’s Global Investment Performance Standards (GIPS®) of integrity and transparency.\* PRIM is one of only a handful of large public pension plans to comply with the GIPS® standards. Additionally, Matt Liposky, PRIM’s Chief Investment Operations Officer, was appointed by the CFA Institute to chair the GIPS® Standards Asset Owner Subcommittee. (August 2023)

12 \*PRIM claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. You may obtain GIPS® compliant performance information by emailing [clientservice@mapension.com](mailto:clientservice@mapension.com)



# PRIM'S FUTURE INITIATIVE



# PRIM's FUTURE Initiative

PRIM believes that diversity of thought and investment equity is critical to the FUTURE success of PRIM and the asset management industry. To successfully implement and accomplish these goals, PRIM must plan for the FUTURE:

F U T U R E

**Firmwide  
Commitment**

Continuation of PRIM's firmwide commitment to diversity and inclusion and diversity of thought.

**Unbiased**

PRIM will remain unbiased when evaluating and selecting investment managers or other vendors.

**Transparent**

PRIM will be fully transparent as to the progress toward our goals, as well as our successes and challenges.

**Utilize  
Technology**

PRIM will utilize technology to successfully track and manage the amount of data this initiative requires.

**Resources**

PRIM will employ additional internal and external resources as required to accomplish our goals.

**Expand**

PRIM will expand the conversation about diversity and inclusion in the asset management industry by being at the forefront of meaningful change.

# FUTURE Initiative

PRIM's FUTURE Initiative is our strategic plan to achieve the goals set forth by the Investment Equity Legislation as well as position PRIM to be a leader on improving diversity in the asset management industry.



## PRIM continues to make progress on the keys to FUTURE Initiative:

1. Continue to Allocate Capital to Diverse Managers
2. Enhance Diversity, Equity & Inclusion (DEI) Reporting
3. Reduce Barriers
4. Improve Sourcing

A photograph of a city skyline at dusk, with buildings illuminated and reflected in the water. The scene is overlaid with a blue gradient.

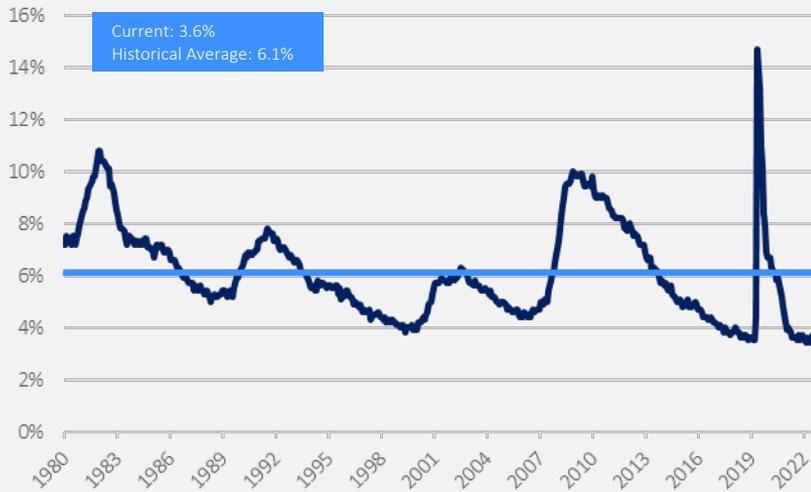
# ECONOMIC BACKDROP

The logo for Mass PRIM, featuring the word "Mass" in a sans-serif font above the word "PRIM" in a bold, sans-serif font. To the left of the text are three vertical bars of increasing height, resembling a bar chart.

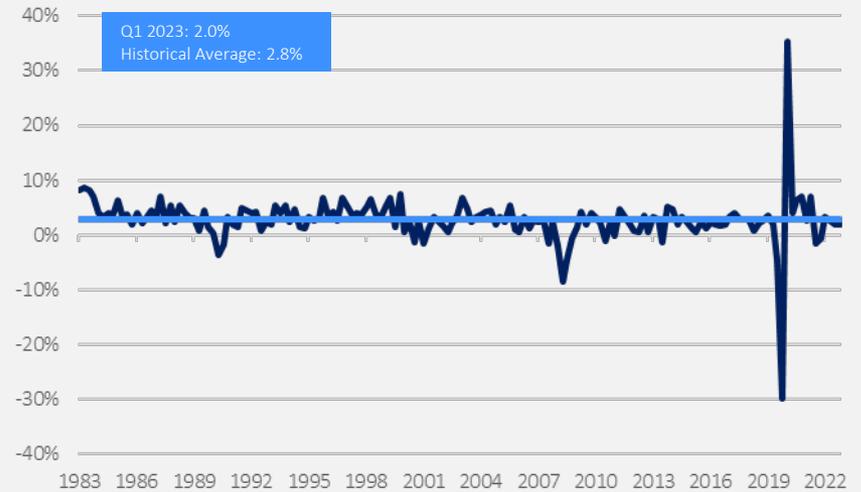
AS OF JUNE 30, 2023

# U.S. Economic Data

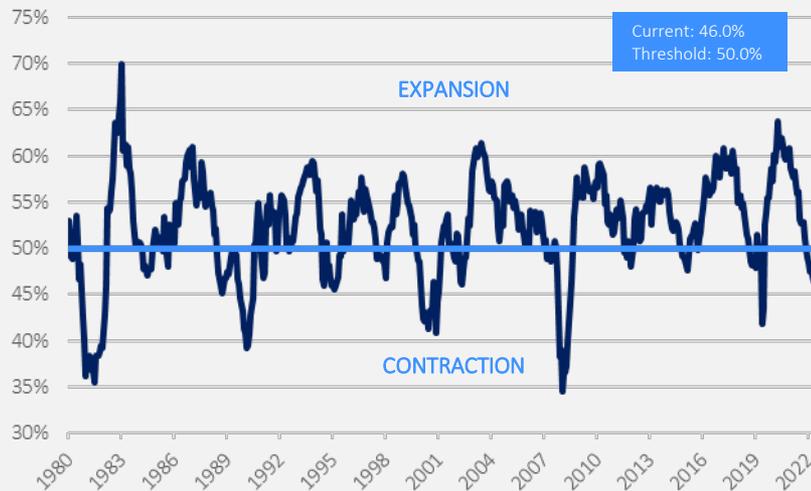
## UNEMPLOYMENT RATE



## GDP GROWTH RATE



## MANUFACTURING PMI

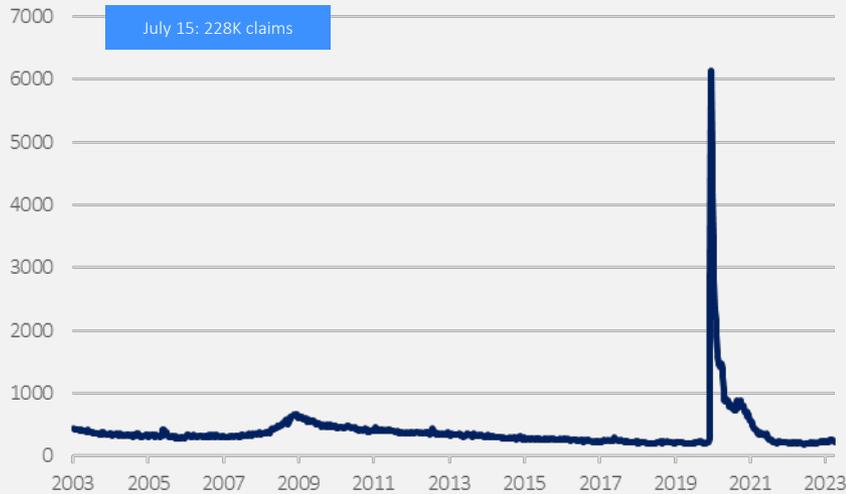


## CONSUMER PRICE INDEX

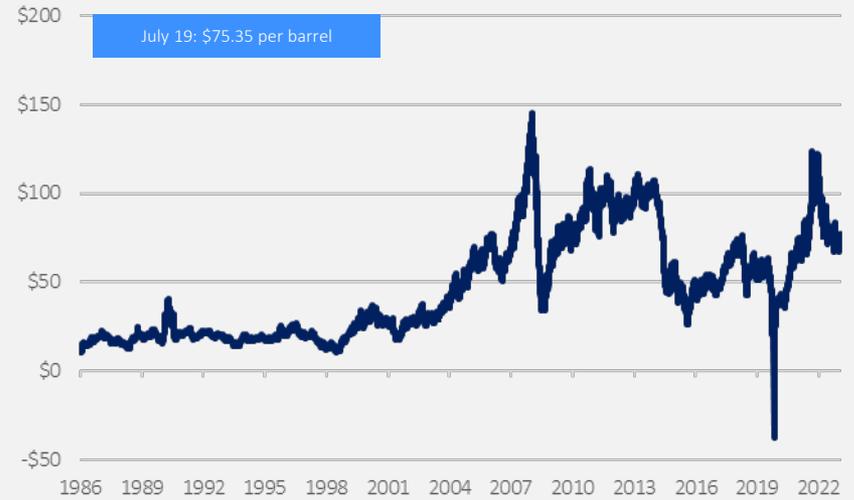


# U.S. Economic Data

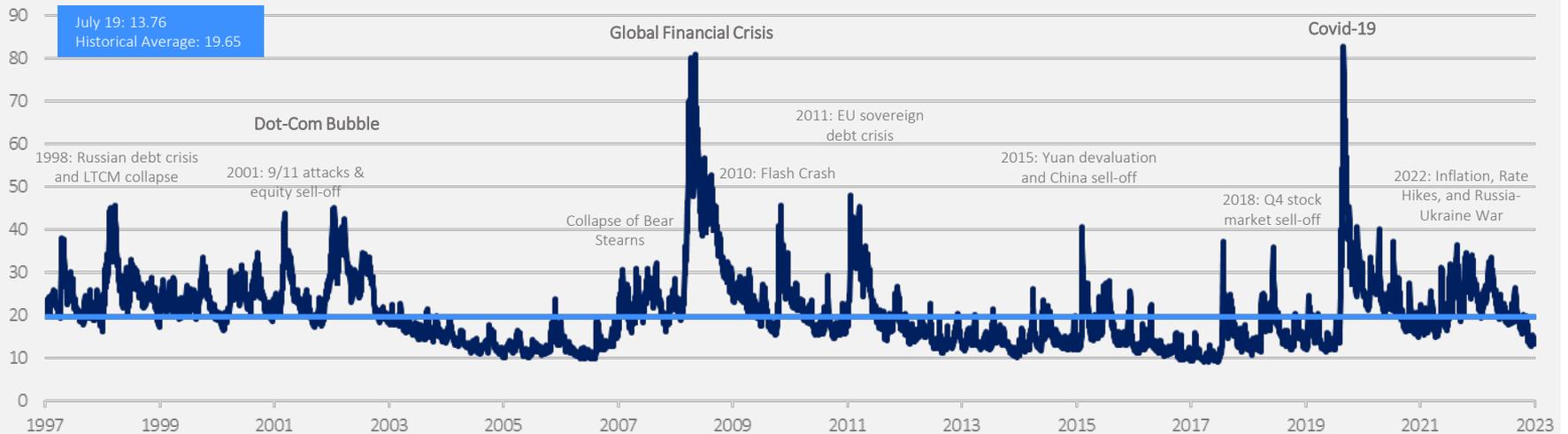
## WEEKLY INITIAL JOBLESS CLAIMS (IN MILLIONS)



## WTI CRUDE OIL (\$/BBL)



## CBOE MARKET VOLATILITY INDEX (VIX)





# PRIT FUND ASSET ALLOCATION TARGETS

Mass  
PRIM

# Changes to Target Ranges – PRIT Fund Asset Allocation

Approved February 16, 2023

## Increase in Allocation Range

**Private Equity:**  
Target Band moves up 1%

## Same Allocation Range

**Core Fixed Income:**  
Target Band stays the same

**Value-Added Fixed Income:**  
Target Band stays the same

**Real Estate:**  
Target Band stays the same

**Timberland:**  
Target Band stays the same

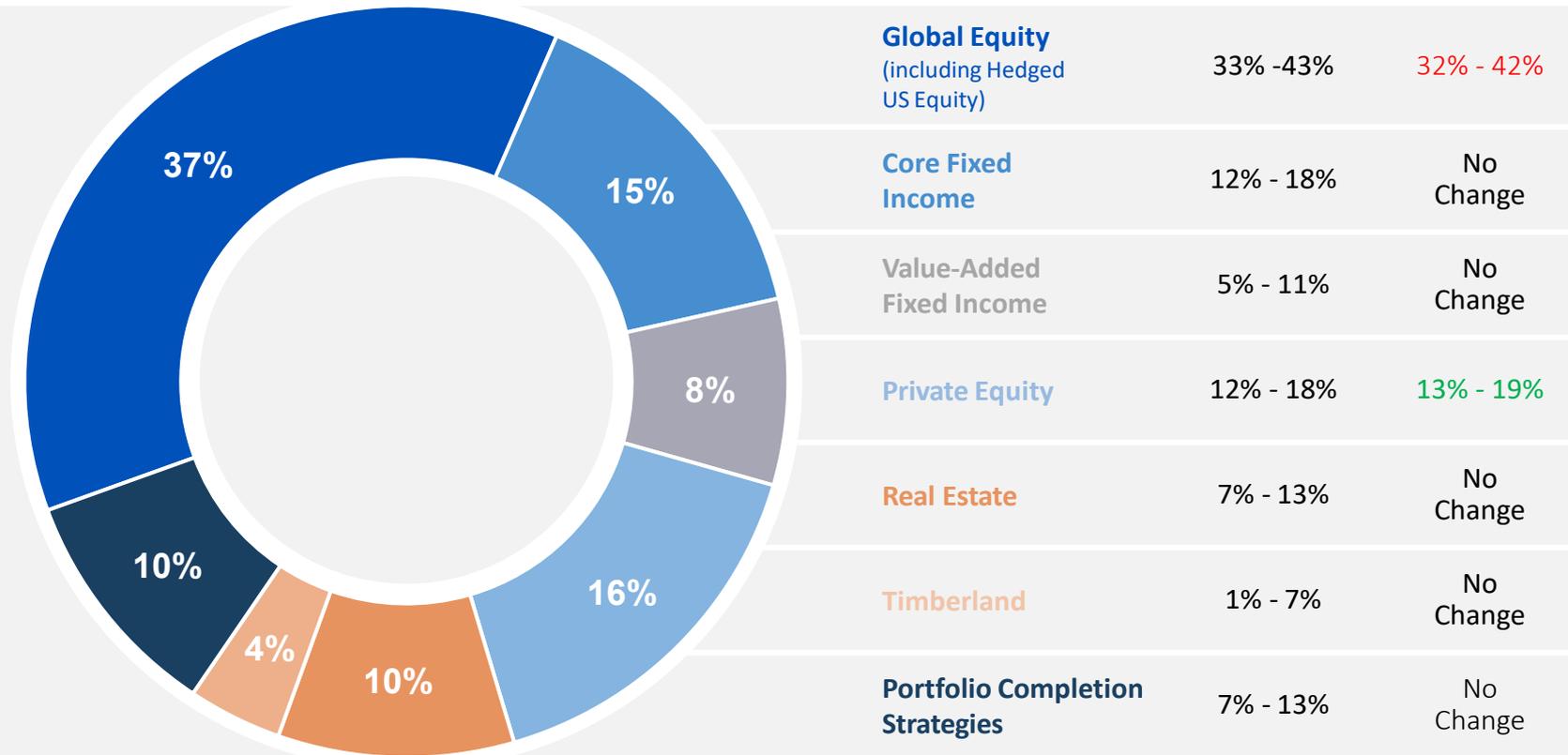
**Portfolio Completion Strategies:**  
Target Band stays the same

## Decrease in Allocation Range

**Global Equity:**  
Target Band moves down 1%

# PRIT Asset Allocation

Approved February 16, 2023



The ranges in the PRIM asset allocation reflect the long-standing use of bands around a midpoint. Managing the asset allocation to a particular midpoint in the range is not always possible, practical or advisable.

# PRIM 2023 Asset Allocation Recommendations

## NEPC Capital Market Assumptions with PE and Global Equity Changes

		12/31/22 Asset Class Assumptions	
Asset Classes	Target Range	10 Yr. Expected Return	30 Yr. Expected Return
US Equity <sup>1</sup>		5.6%	7.1%
International Equities <sup>2</sup>		5.9%	6.9%
Emerging International Equities <sup>3</sup>		9.6%	9.6%
<b>Global Equity</b>	<b>32% - 42%</b>		
Core Bonds		4.8%	4.7%
Short-Term Fixed Income <sup>4</sup>		4.2%	3.8%
20+ Yr. Treasury STRIPS		3.9%	4.3%
TIPS/ILBs		4.0%	4.1%
<b>Core Fixed Income</b>	<b>12% - 18%</b>		
Value-Added Fixed Income <sup>5</sup>	5% - 11%	8.0%	7.8%
Private Equity	13% - 19%	9.4%	10.2%
Real Estate <sup>6</sup>	7% - 13%	4.6%	5.7%
Timberland <sup>7</sup>	1% - 7%	6.6%	7.0%
Portfolio Completion (PCS) <sup>8</sup>	7% - 13%	6.5%	6.5%
<b>Total Fund Expected Return<sup>9</sup></b>		<b>7.0%</b>	<b>7.7%</b>

1. Blended allocation to large-cap equity, small-cap equity, micro-cap equity
2. Blended allocation to large-cap equity and small-cap equity
3. Blended allocation to large-cap equity and small-cap equity
4. Modeled as Short-Term Treasury
5. Blended allocation to high yield, bank loans, EMD, private debt

6. Blended allocation to Private Real Estate and REITs
7. Timberland is modeled as Private Real Assets Infrastructure/Land
8. Modeled as equal weighted blend of Hedge Fund Equity, Credit, and Macro
9. Asset classes modeled at the midpoint of the asset allocation range

A blue-tinted photograph of a city skyline at dusk, viewed from a waterfront promenade. The sky is a deep blue, and the city lights are beginning to glow. In the foreground, there is a paved walkway with a low stone wall and some greenery on the left. The water of the harbor is visible on the right, with several wooden pilings extending into it.

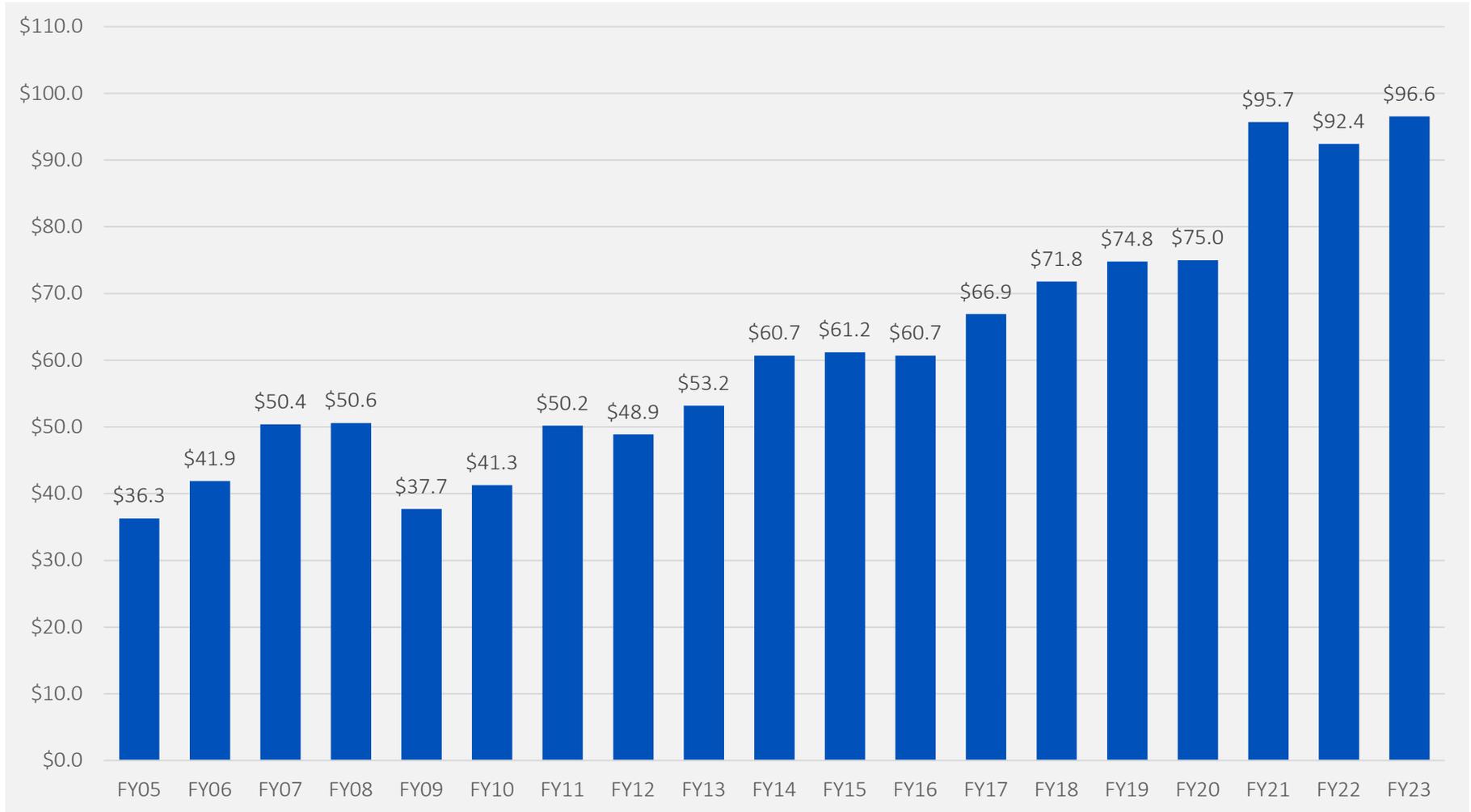
# PRIT FUND PERFORMANCE

The logo for Mass PRIM, featuring the word "Mass" in a sans-serif font above the word "PRIM" in a larger, bold, sans-serif font. To the left of the text are three vertical bars of increasing height, resembling a bar chart.

AS OF JUNE 30, 2023

# Total PRIT Fund Fiscal Year Market Value

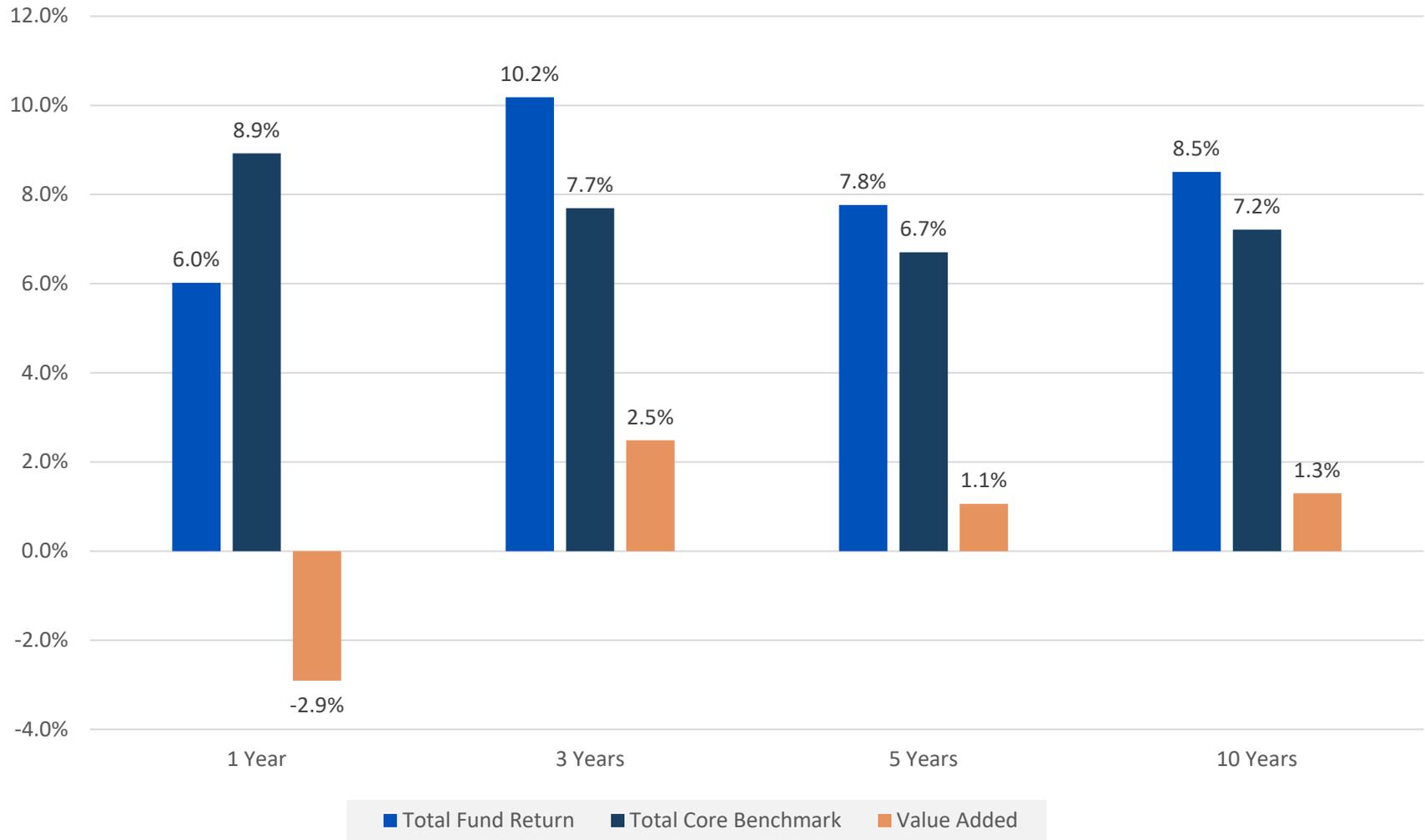
Value (\$Billions)



Source: BNY Mellon. As of June 30, 2023.

# PRIT Fund Total Returns

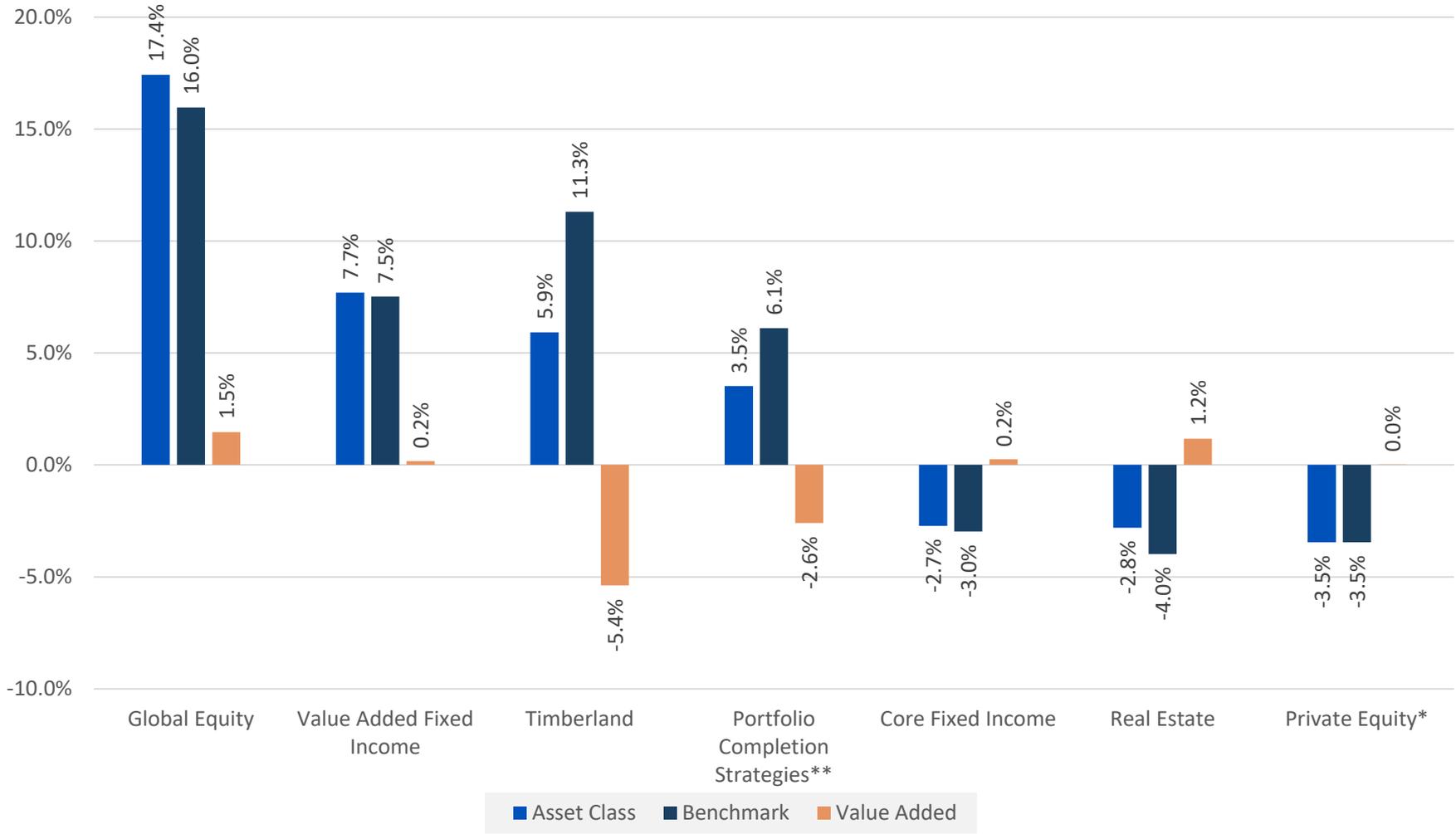
Annualized Returns as of June 30, 2023 (Gross of Fees)



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

# PRIT Asset Class Performance Summary

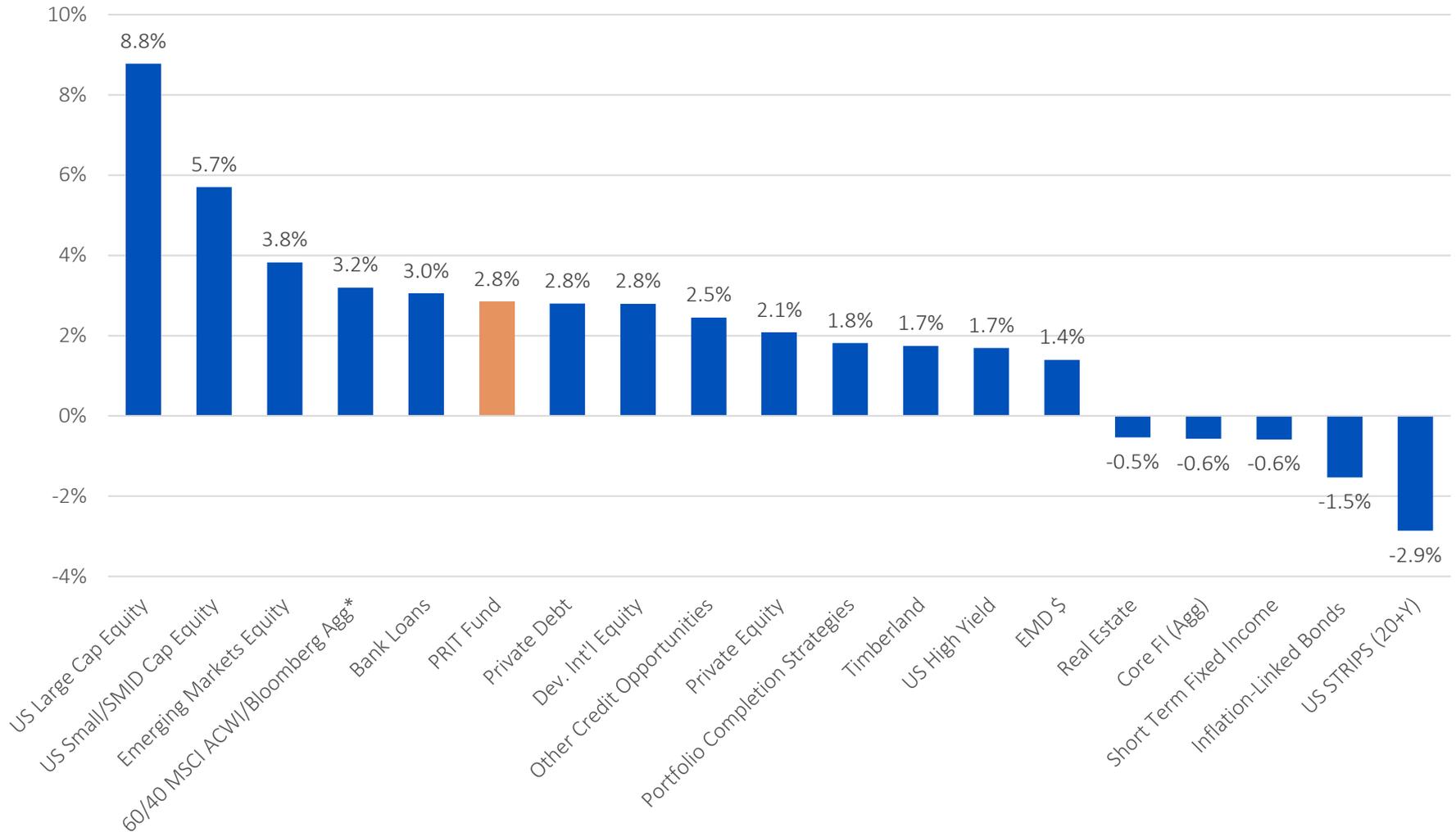
One-Year Ended June 30, 2023 (Gross of Fees)



Source: BNY Mellon. Totals may not add due to rounding. \*Benchmark is actual performance. \*\*Hedge Fund returns are net of fees.

# PRIT Performance By Strategy – Second Quarter 2023

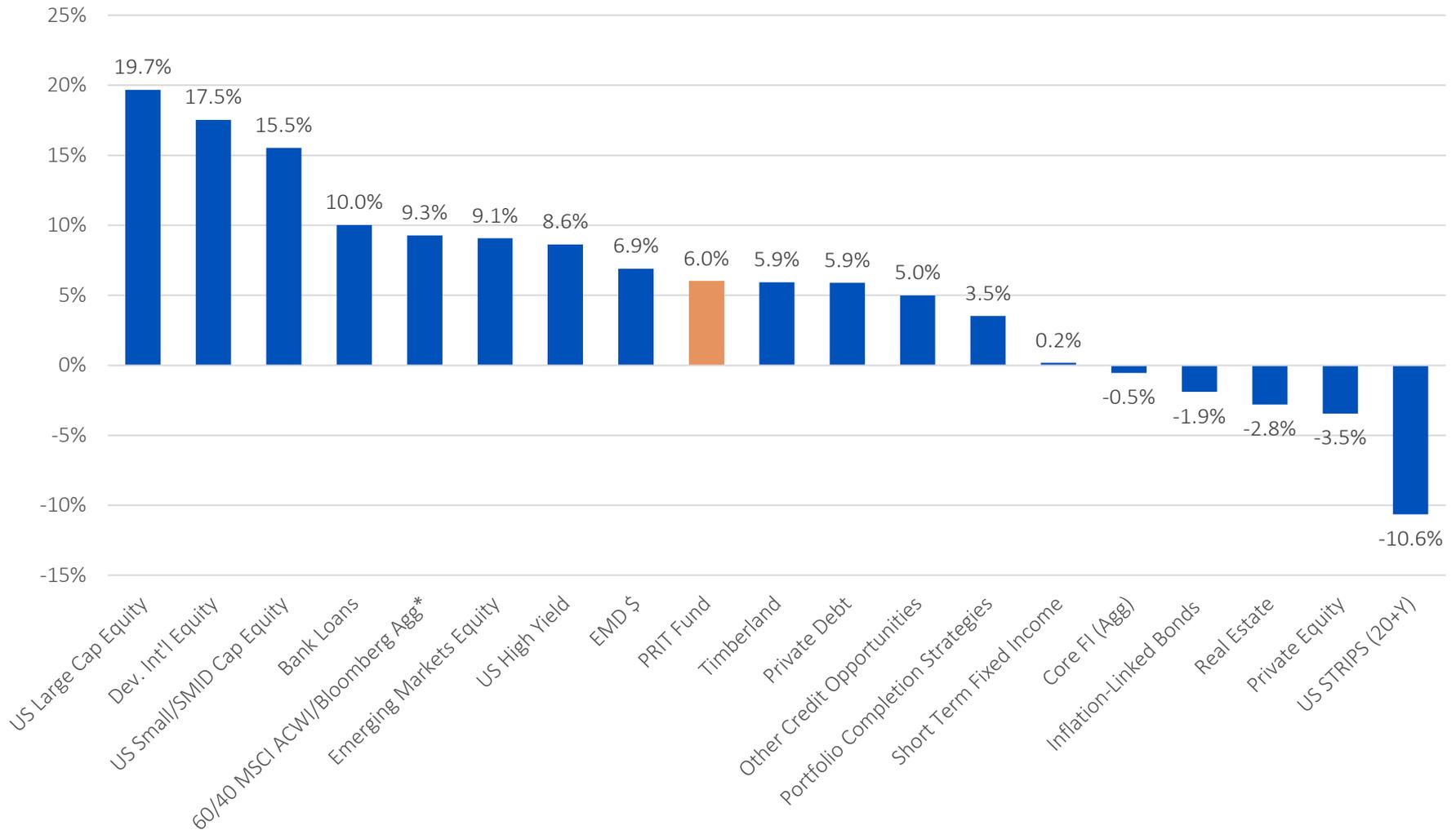
Quarter Ended June 30, 2023 (Gross of Fees)



Source: BNY Mellon, FactSet. All performance figures reflected are PRIT Fund Asset Class returns. \*MSCI ACWI/Bloomberg Aggregate is derived from a 60/40 combination of index returns.

# PRIT Performance By Strategy – One-Year

One-Year Ended June 30, 2023 (Gross of Fees)



Source: BNY Mellon, FactSet. All performance figures reflected are PRIT Fund Asset Class returns. \*MSCI ACWI/Bloomberg Aggregate is derived from a 60/40 combination of index returns.

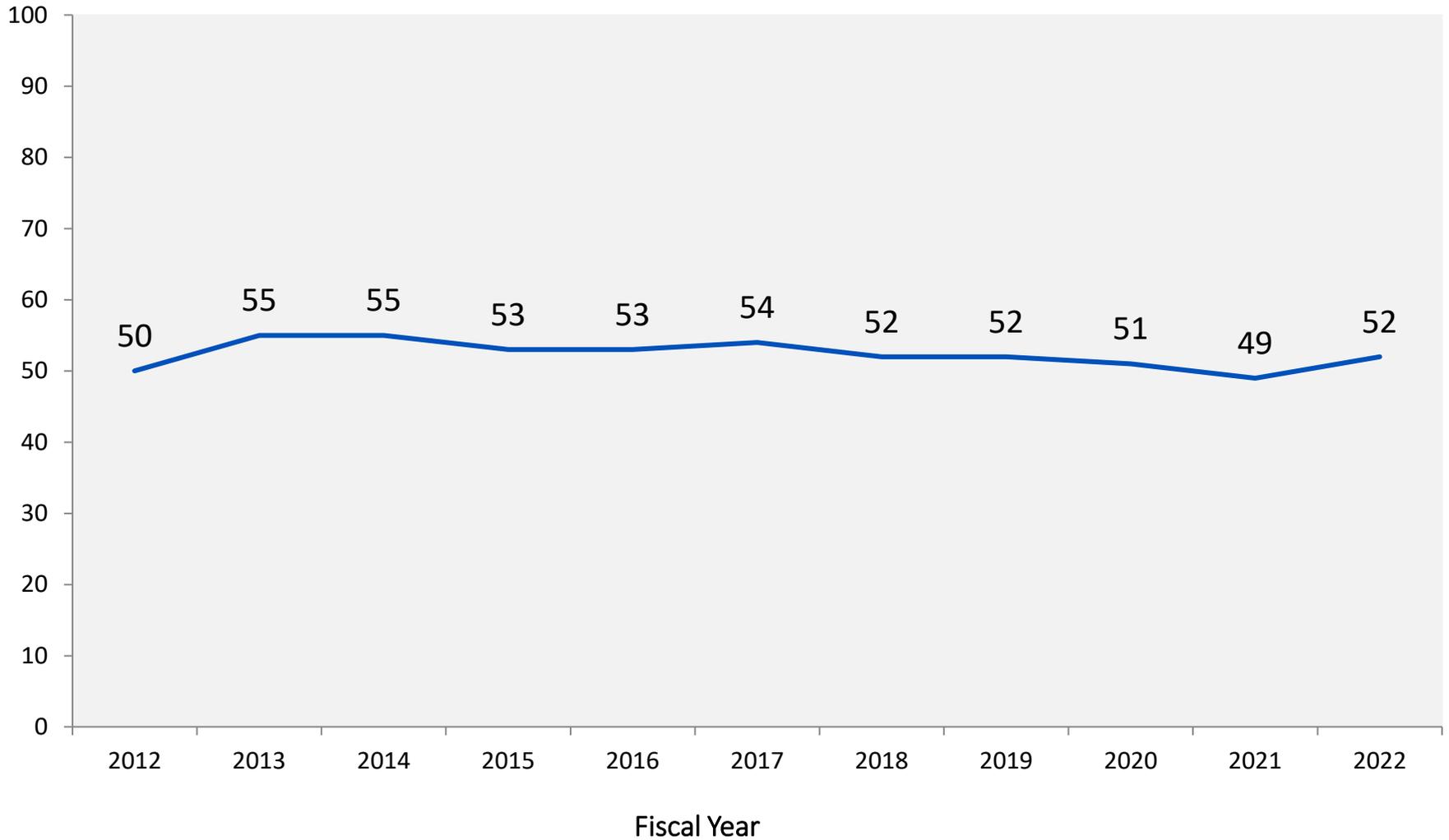
# PRIT Fund Annualized Returns By Asset Class

As of June 30, 2023 (Gross of Fees)

1 Year	3 Year	5 Year	10 Year
GLOBAL EQUITY 17.4%	PRIVATE EQUITY 28.5%	PRIVATE EQUITY 21.3%	PRIVATE EQUITY 20.3%
VALUE-ADDED FIXED INCOME 7.7%	REAL ESTATE 12.6%	REAL ESTATE 8.9%	REAL ESTATE 9.8%
TIMBER 5.9%	GLOBAL EQUITY 11.9%	GLOBAL EQUITY 8.0%	GLOBAL EQUITY 9.0%
PORTFOLIO COMPLETION STRATEGIES 3.5%	TIMBER 8.4%	VALUE-ADDED FIXED INCOME 5.0%	TIMBER 6.3%
CORE FIXED INCOME (2.7%)	VALUE-ADDED FIXED INCOME 7.3%	TIMBER 5.0%	VALUE-ADDED FIXED INCOME 4.7%
REAL ESTATE (2.8%)	PORTFOLIO COMPLETION STRATEGIES 5.9%	PORTFOLIO COMPLETION STRATEGIES 2.8%	PORTFOLIO COMPLETION STRATEGIES 3.8%
PRIVATE EQUITY (3.5%)	CORE FIXED INCOME (5.1%)	CORE FIXED INCOME 1.1%	CORE FIXED INCOME 2.6%

Source: BNY Mellon.

# Total PRIT Fund - Ratio of Expenses in Basis Points



A photograph of a city skyline at dusk, with buildings illuminated and reflected in the water. The scene is overlaid with a blue gradient.

# STATE RETIREE BENEFITS TRUST FUND (SRBTF)

The logo for Mass PRIM, featuring the word "Mass" in a serif font above the word "PRIM" in a bold, sans-serif font. To the left of the text are three vertical bars of increasing height, resembling a bar chart.

AS OF JUNE 30, 2023

# Composition of the SRBTF Board of Trustees

Secretary of Administration & Finance or designee

(Vacant)

State Treasurer & Receiver-General or designee

**Deborah B. Goldberg**

*Kathleen Bramlage serves as Treasurer Goldberg's Designee and is SRBTF Board Chair*

State Comptroller or designee

**William McNamara**

Executive Director, Group Insurance Commission or designee

**Matthew Veno**

*James Rust serves as Mr. Veno's designee*

Executive Director, Public Employee Retirement Administration Commission or designee

**John W. Parsons**

Treasurer's Appointee

**Michael C. Tow, CFP**

President & Founder, New Boston Financial

Governor's Appointee

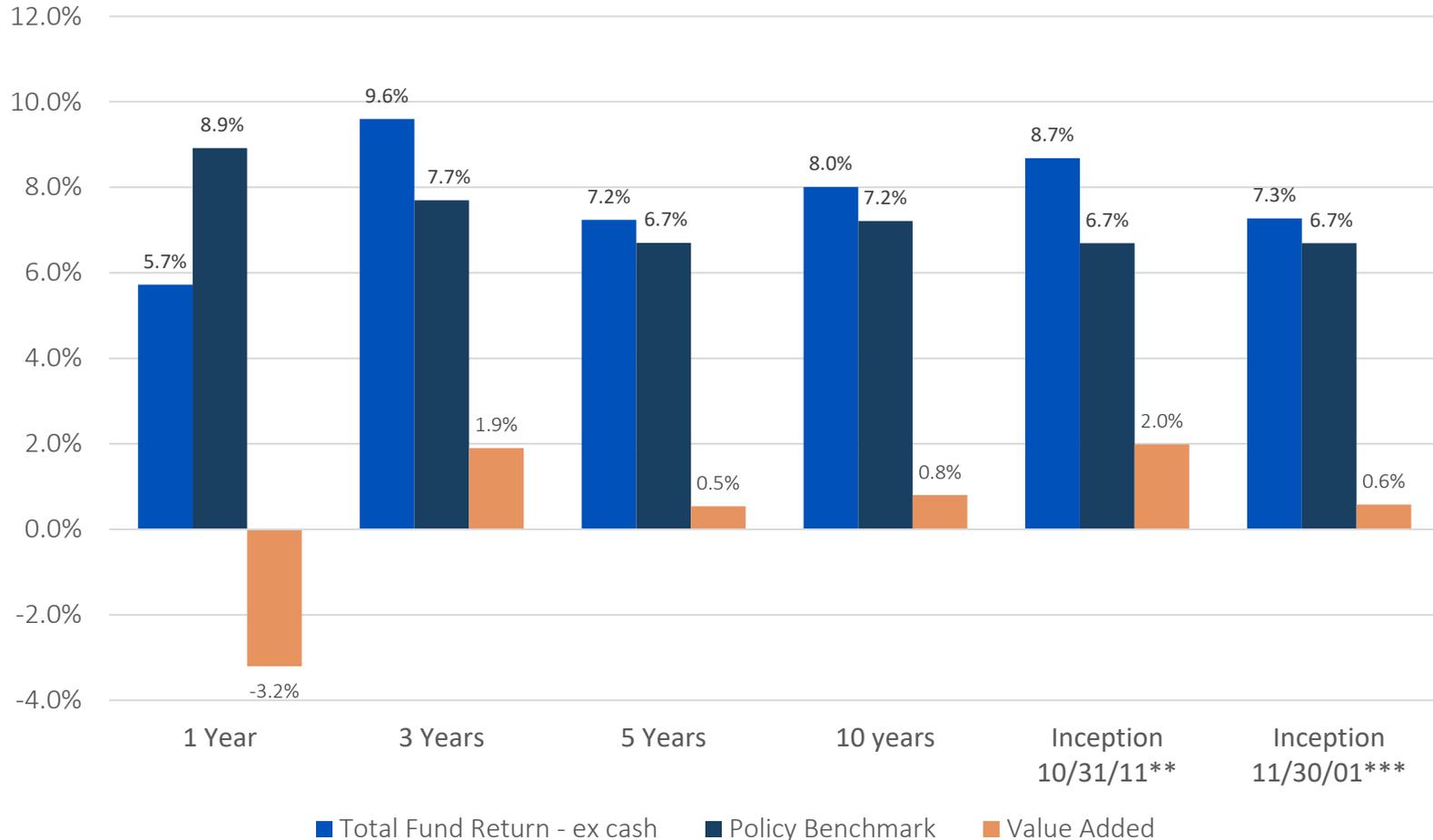
**Theresa Flynn**

Principal, Strategic Benefit Advisors

*Five of the seven Trustees are Ex Officio Members. The two appointed Trustees serve five-year terms.*

# Total SRBT Fund Returns

\$3.1 Billion\* One Year Ended June 30, 2023 (Net of Fees)



\*Participant assets, excluding Mass State Retirees, were \$991.0 million as of June 30, 2023

\*\* The inception date for the SRBT's investment in the PRIT Fund General Allocation Account (PRIT GA) was 10/31/2011, when 82% of the fund was transitioned from separate accounts to PRIT GA. The remaining 18% of separate account assets were transitioned over the following 14 months with 100% of assets invested in PRIT GA by 12/31/2012. **This ITD value of 8.68% reflects the inception-to-date return for PRIT GA assets only.**

33 \*\*\* The inception date for the TOTAL FUND was 11/30/2001. This ITD value reflects the true inception-to-date return for all SRBT assets including legacy separate account investments as well as the PRIT GA investments.

# Town of Franklin OPEB Assets in SRBTF

Net of Fees Returns as of June 30, 2023

	MKT \$ (000)	%	Month	QTR	FY '23	Calendar					Inception
						YTD	1 Year	3 Year	5 Year	10 Year	
<b>TOWN OF FRANKLIN</b>	<b>12,349</b>	<b>100%</b>	<b>2.57</b>	<b>2.76</b>	<b>5.64</b>	<b>6.48</b>	<b>5.64</b>	<b>9.52</b>	<b>7.19</b>		<b>7.96</b>
SRBTF OPEB MASTER TRUST	12,349	100%	2.57	2.76	5.72	6.56	5.72	9.60	7.24		
<i>POLICY BENCHMARK</i>			2.39	2.66	8.92	6.64	8.92	7.70	6.70		

Inception date is August 28, 2015



# APPENDIX PRIT FUND ASSET CLASS DETAIL

 Mass  
PRIM

AS OF JUNE 30, 2023

A blue-tinted photograph of a city skyline, likely New York City, with several tall skyscrapers. In the foreground, a body of water is filled with numerous sailboats. The sky is blue with scattered white clouds. The overall scene is bright and clear.

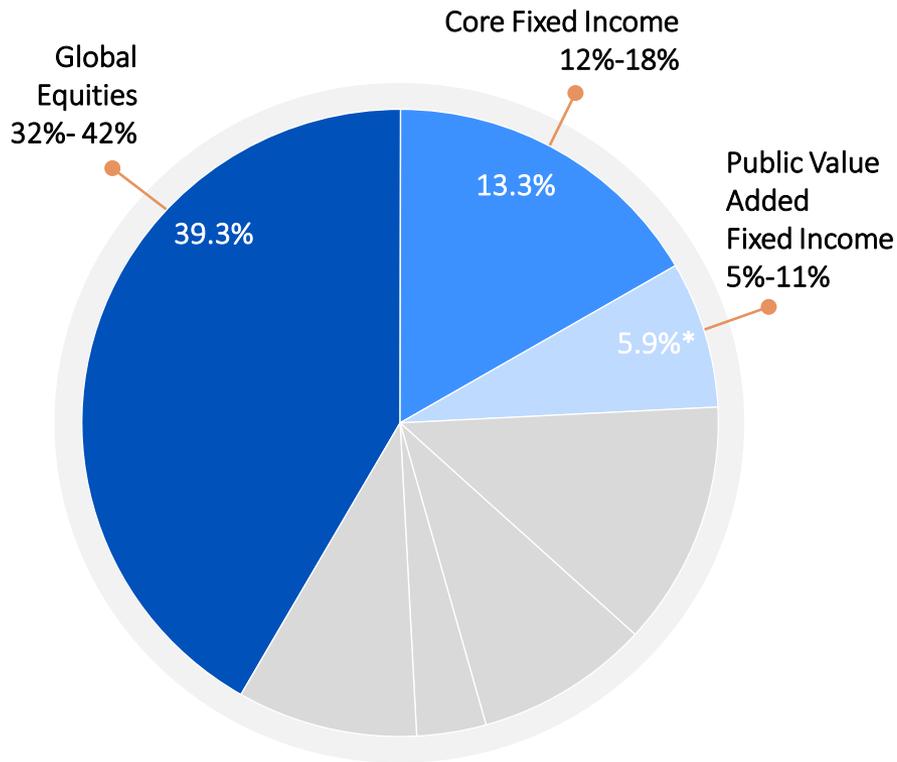
# PUBLIC MARKETS PORTFOLIOS

Mass  
PRIM

# Public Market Portfolios

## PRIT FUND TARGET ASSET ALLOCATION

Actual Allocation as of June 30, 2023



Source: BNY Mellon and PRIM Staff.  
\*Excludes Private Debt allocation.

**\$56.5 billion 58.5% of PRIT Fund**

- Global Equities: \$37.9 billion, 39.3% of PRIT Fund
- Public Fixed Income: \$18.6 billion, 19.2% of PRIT Fund\*

**46% Active / 54% Passive**

- Global Equities: 39% Active / 61% Passive
- Public Fixed Income: 61% Active / 39% Passive

**63 Portfolios**

- 32 equity portfolios
- 31 fixed income portfolios

**15 Asset Classes**

- U.S. Large Cap Equity
- U.S. Small/SMID Cap Equity
- Developed International Equity
- Developed International Small Cap Equity
- Emerging Markets Equity
- Emerging Markets Small Cap Equity
- Core Bonds
- 20+ Year STRIPS
- Short Term Fixed Income
- U.S. TIPS
- Global Inflation-Linked Bonds
- High Yield Bonds
- Bank Loans
- EMD \$
- Other Credit Opportunities

**3 Team Members**

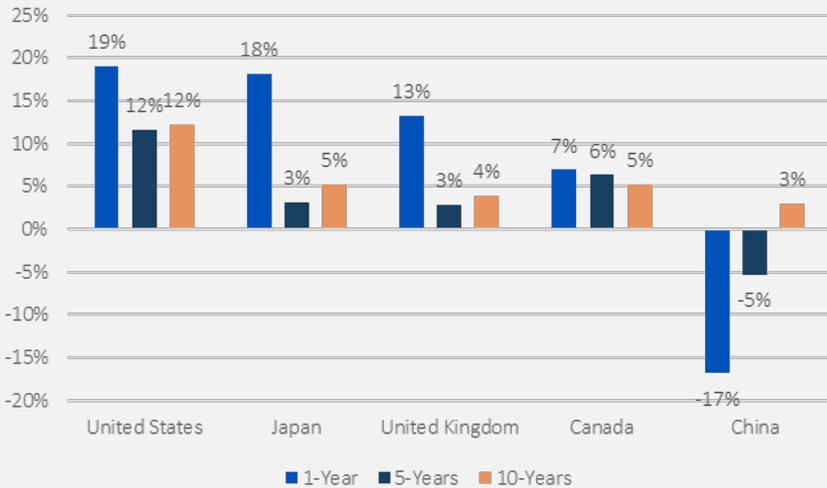


## Public Markets – Key Initiatives

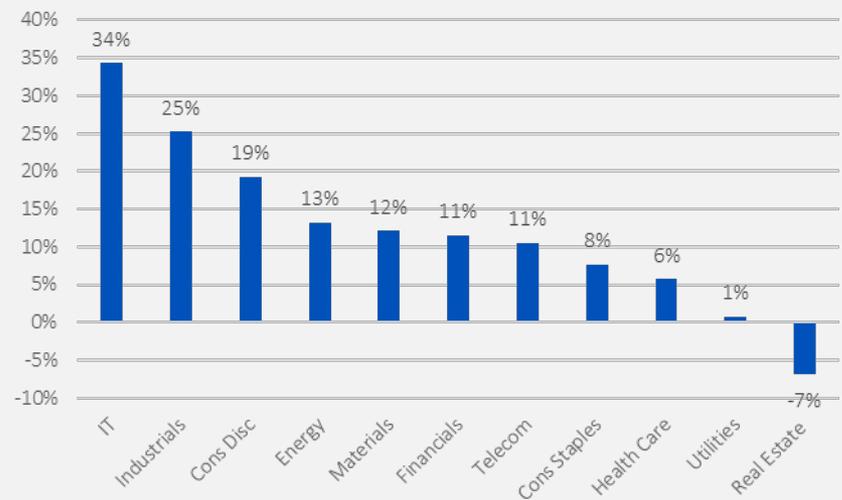
- Continue to source and allocate to diverse investment managers.
- Continue to implement PRIM’s Emerging-Diverse Manager Program for Global Equities and Fixed Income.
- Research and identify complimentary active U.S. equity managers to increase active/passive allocation.
- Research and identify complimentary growth managers in Developed International allocation.
- Continue to identify Other Credit Opportunities investments, including co-investment opportunities.
- Evaluate role of specialized (sector or county specific) equity managers within PRIT Fund structure.
- Collaborate with PRIM Risk Team on continued enhancements to equity and fixed income risk analytic tools.
- Support the newly established ESG Committee to develop an ESG framework and related activities.

# Public Equity Review

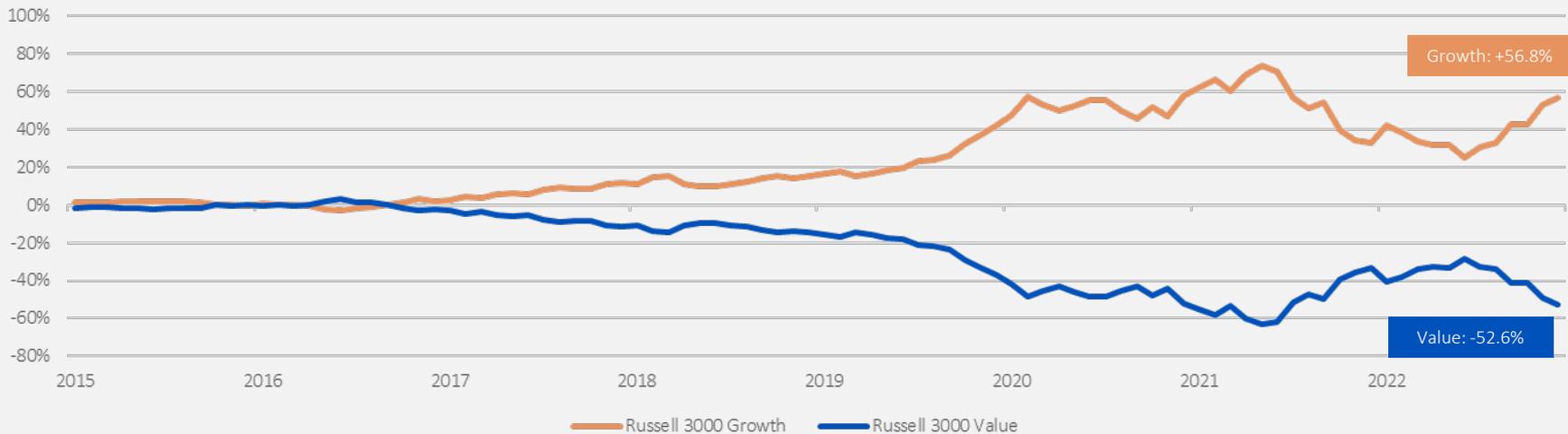
## MAJOR COUNTRY RETURNS (MSCI ACWI)



## GLOBAL ONE-YEAR RETURN BY SECTOR (MSCI ACWI)

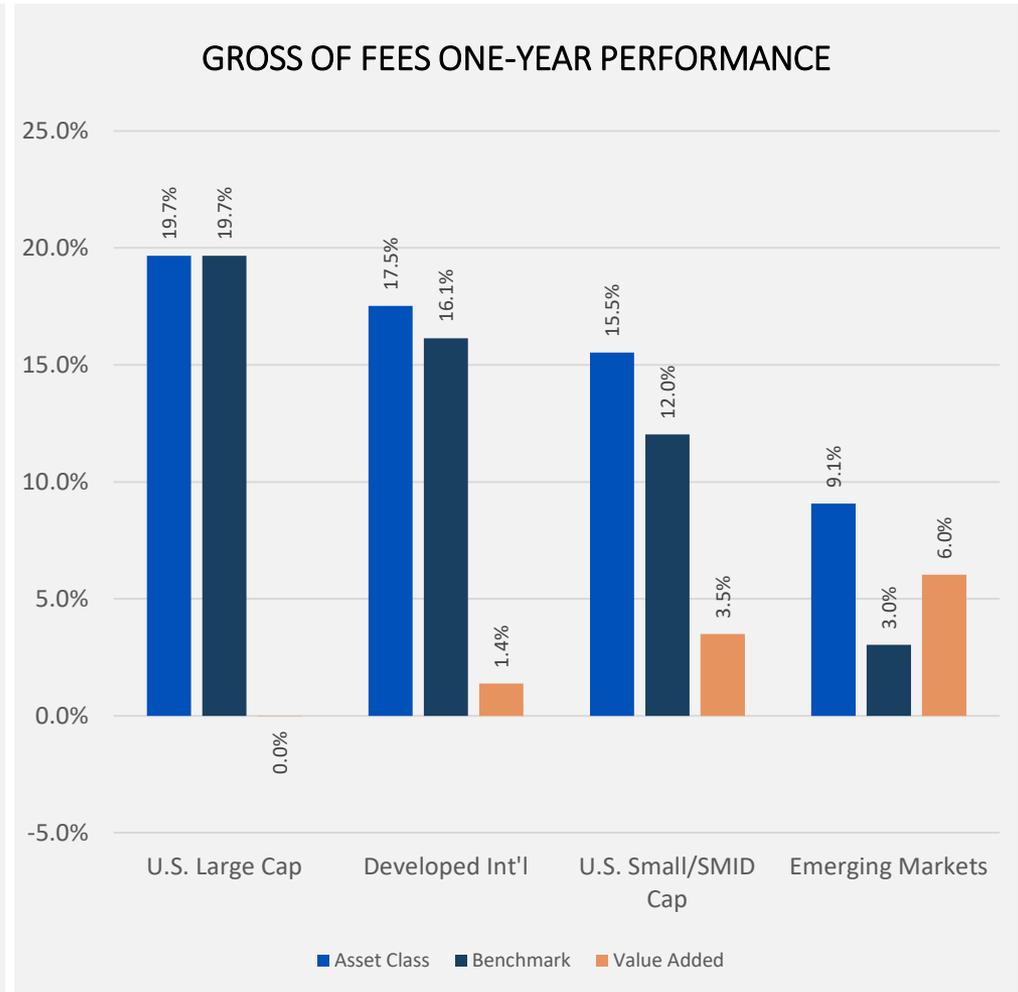
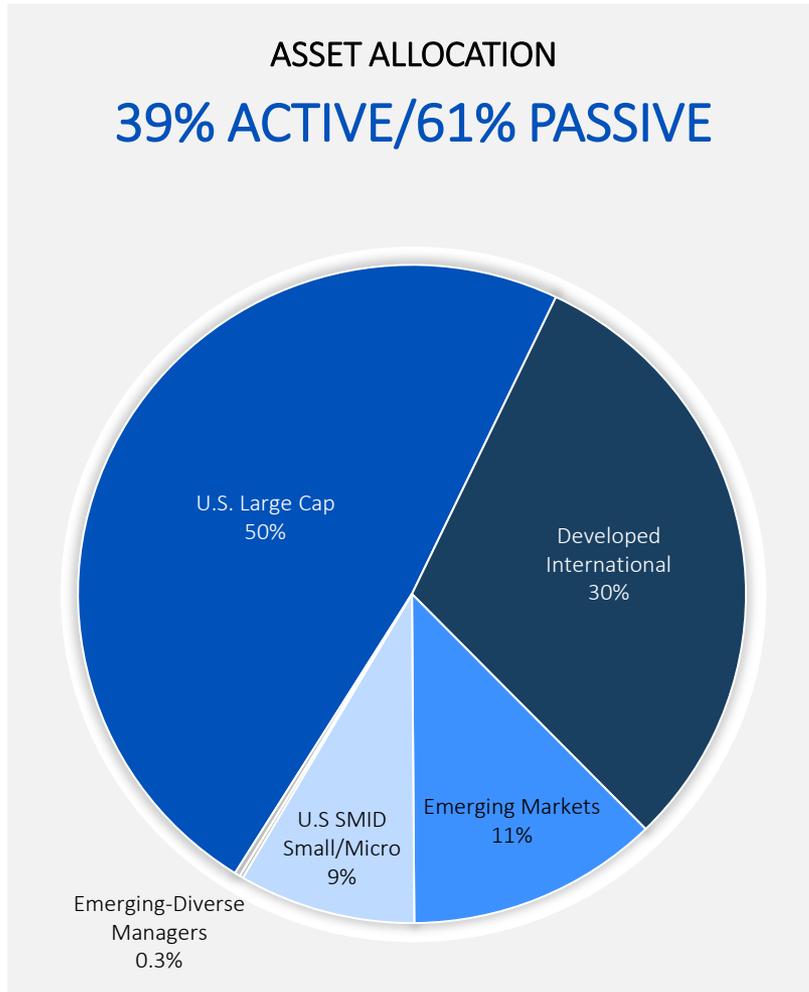


## VALUE VS. GROWTH: RELATIVE RETURNS VS. RUSSELL 3000 (CUMULATIVE)



# Global Equity

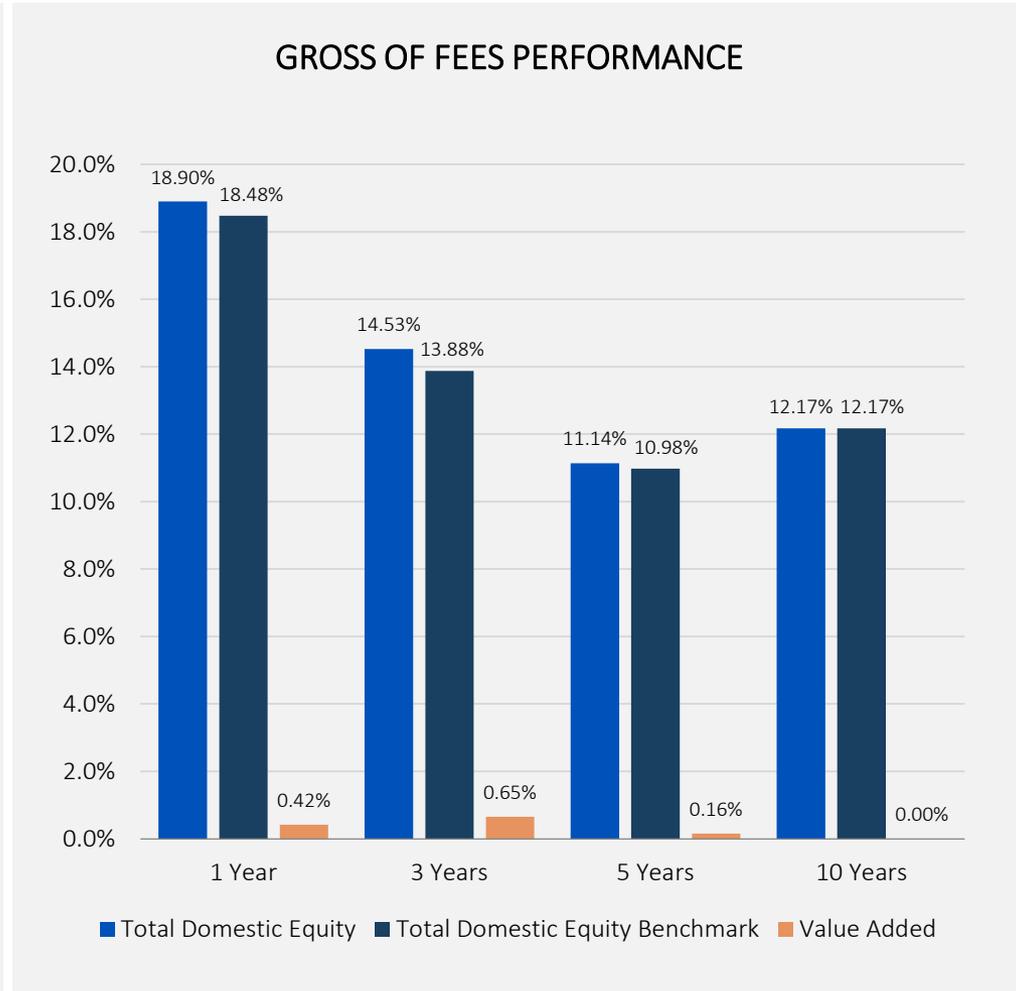
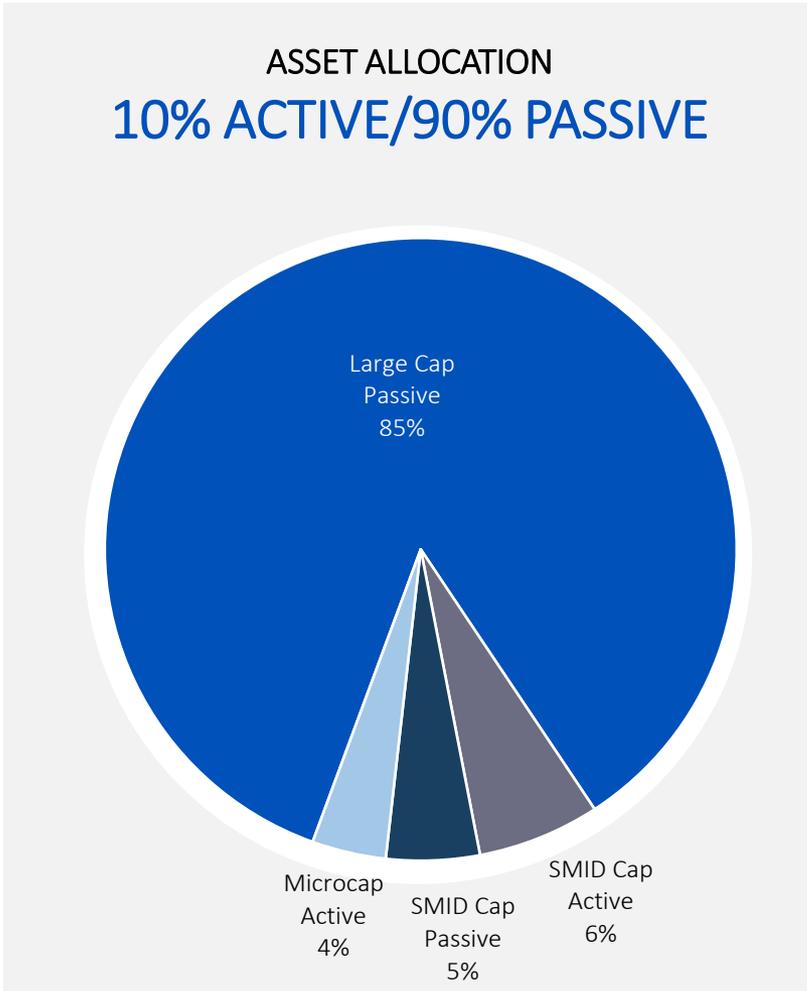
As of June 30, 2023, \$37.9 Billion – 39.3% of PRIT FUND (Target 32%-42%)



Source: BNY Mellon, PRIM Staff. As of June 30, 2023.

# Domestic Equity

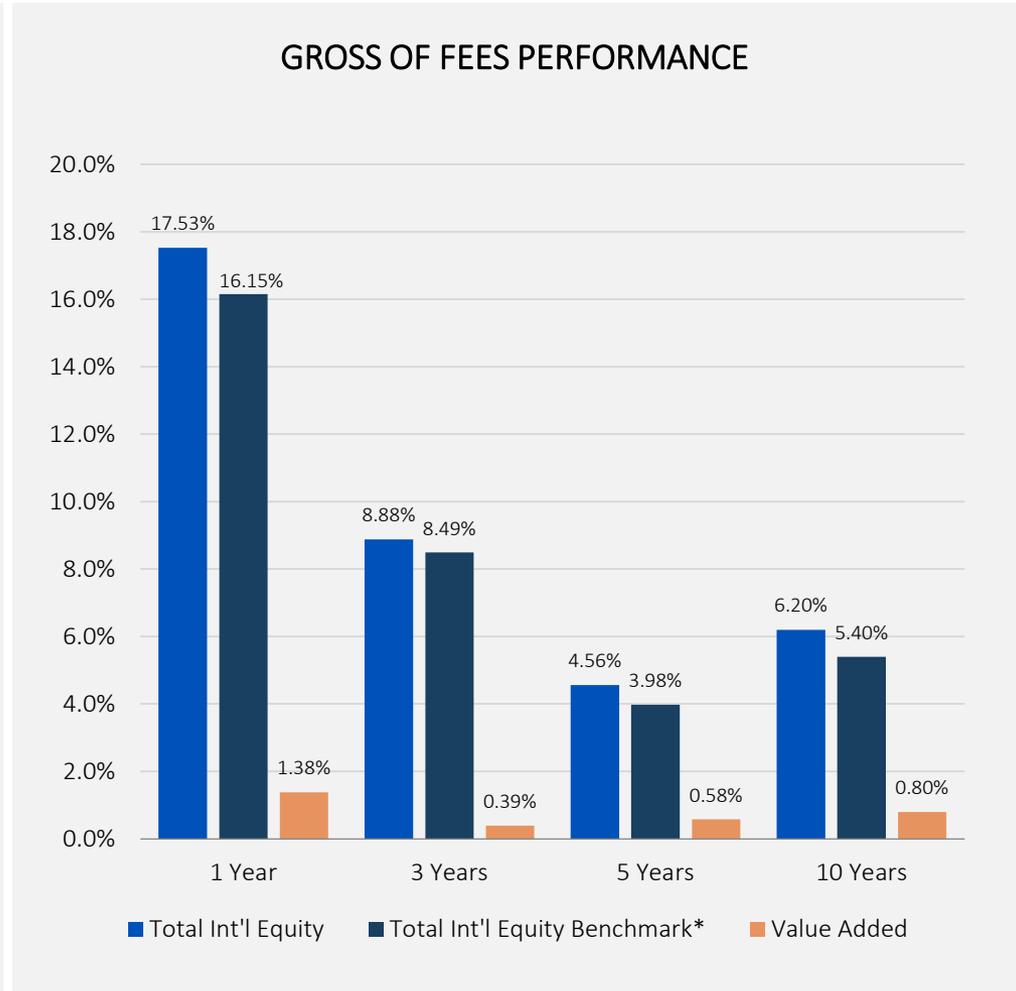
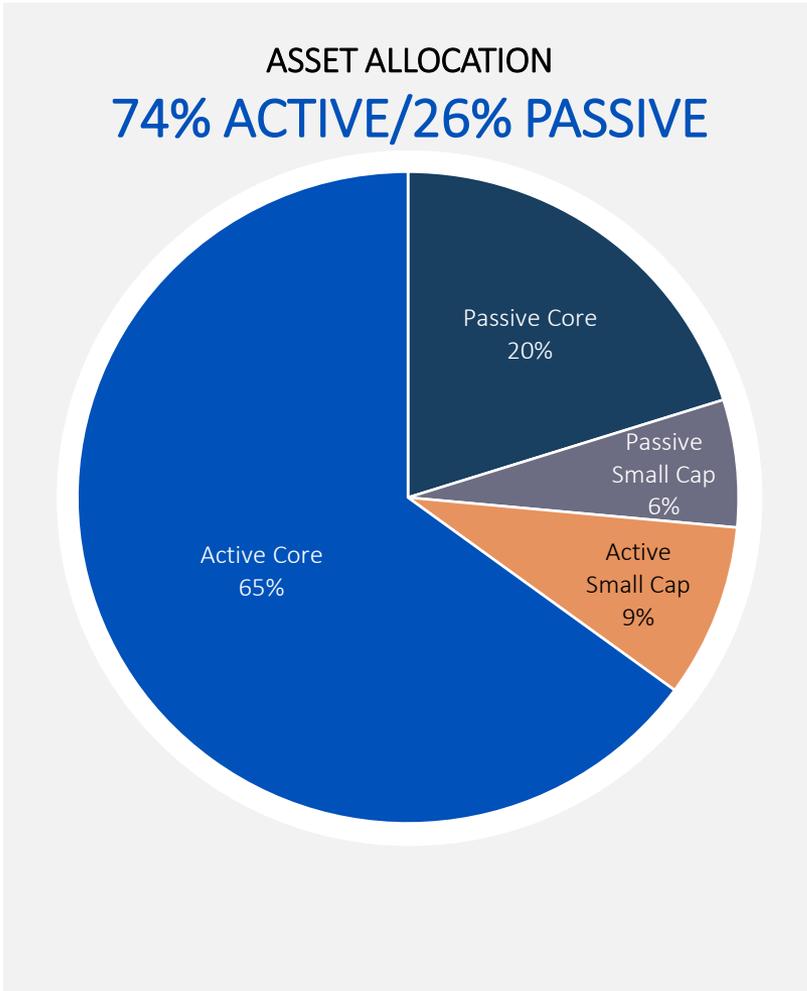
As of June 30, 2023, \$22.2 Billion – 23.0% of PRIT Fund



\*Total Domestic Equity Benchmark: Currently the Total Domestic Equity benchmark is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the total domestic equity portfolio.

# Developed International Equity

As of June 30, 2023, \$11.3 Billion – 11.7% of PRIT Fund

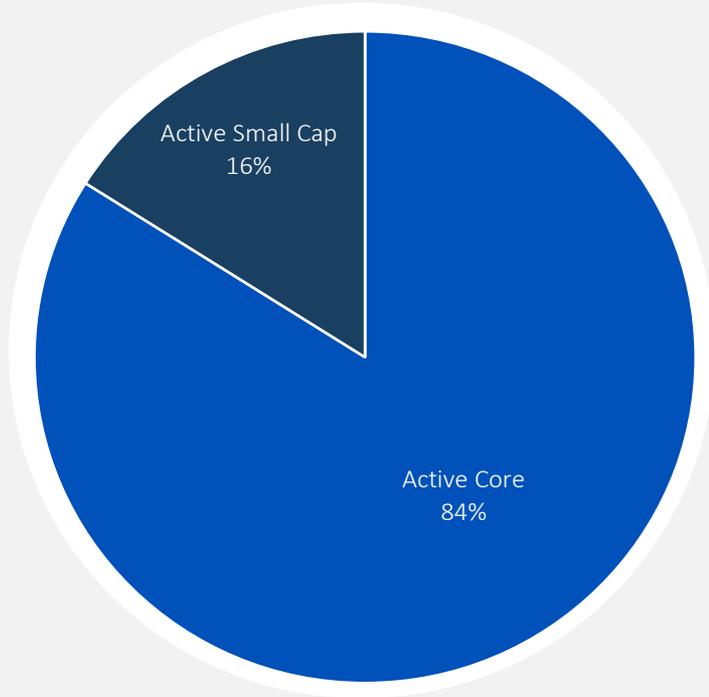


\*Total International Equity Benchmark: Custom MSCI World Ex-US IMI Net Divs, customized to exclude legislatively prohibited tobacco, Sudan Iran and Russian securities (blend is maintained by MSCI).

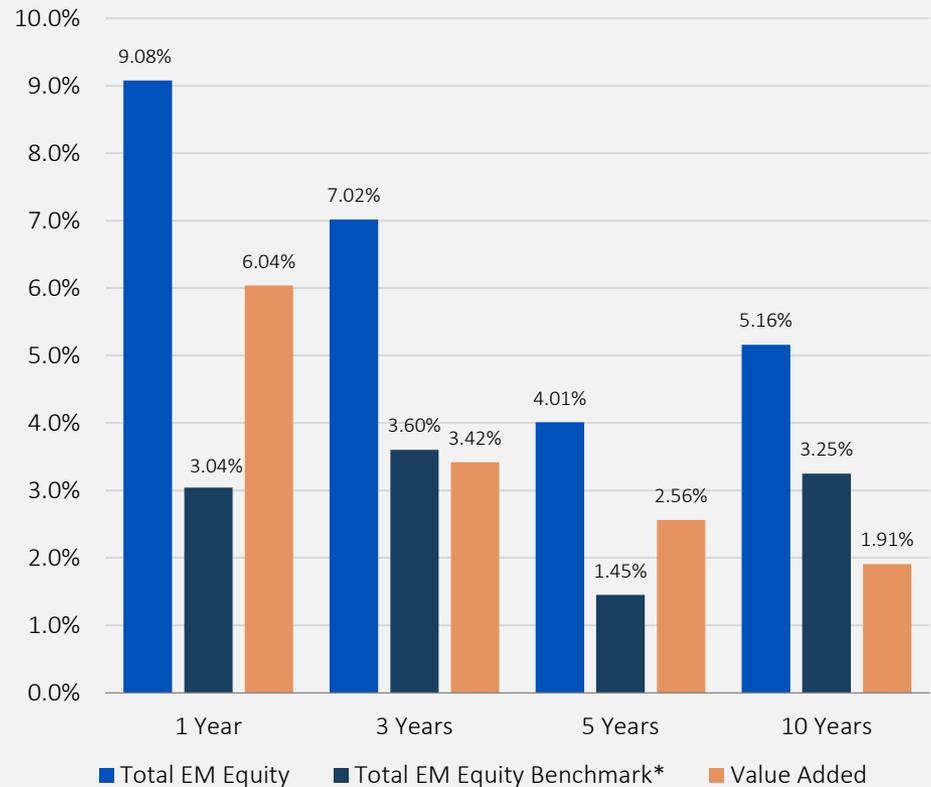
# Emerging Markets Equity

As of June 30, 2023, \$4.3 Billion – 4.4% of PRIT Fund

## ASSET ALLOCATION 100% ACTIVE



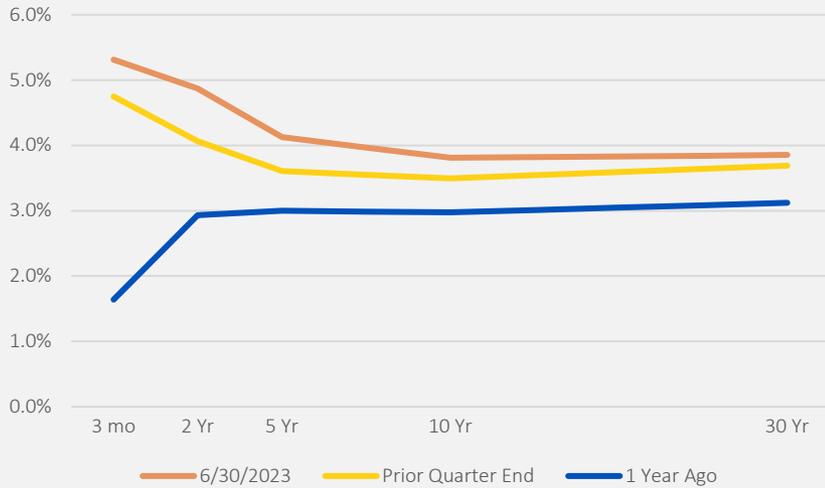
## GROSS OF FEES PERFORMANCE



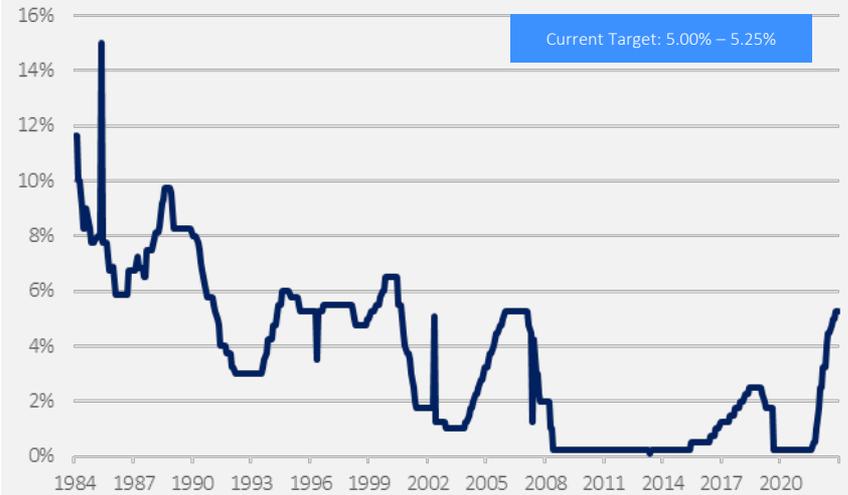
\*Total Emerging Markets Equity Benchmark: currently Custom MSCI Emerging Markets IMI Net Divs, customized to exclude legislatively prohibited tobacco, Sudan, Iran and Russian securities (blend is maintained by MSCI).

# Public Fixed Income Review

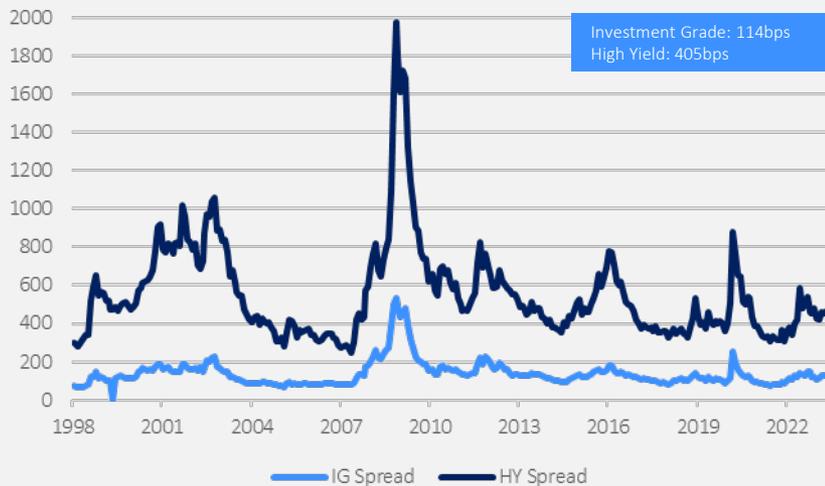
## U.S. TREASURY YIELD CURVE



## TARGET FED FUNDS RATE



## U.S. CREDIT SPREADS

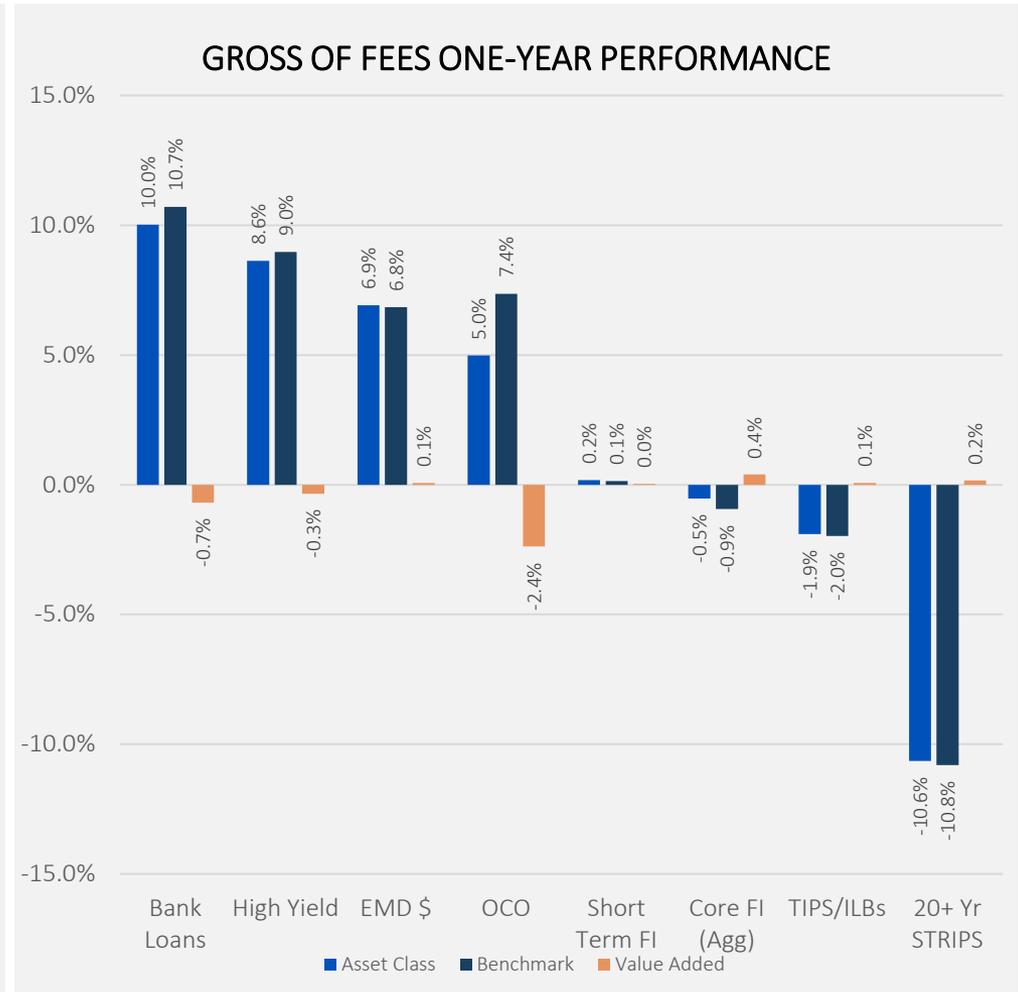
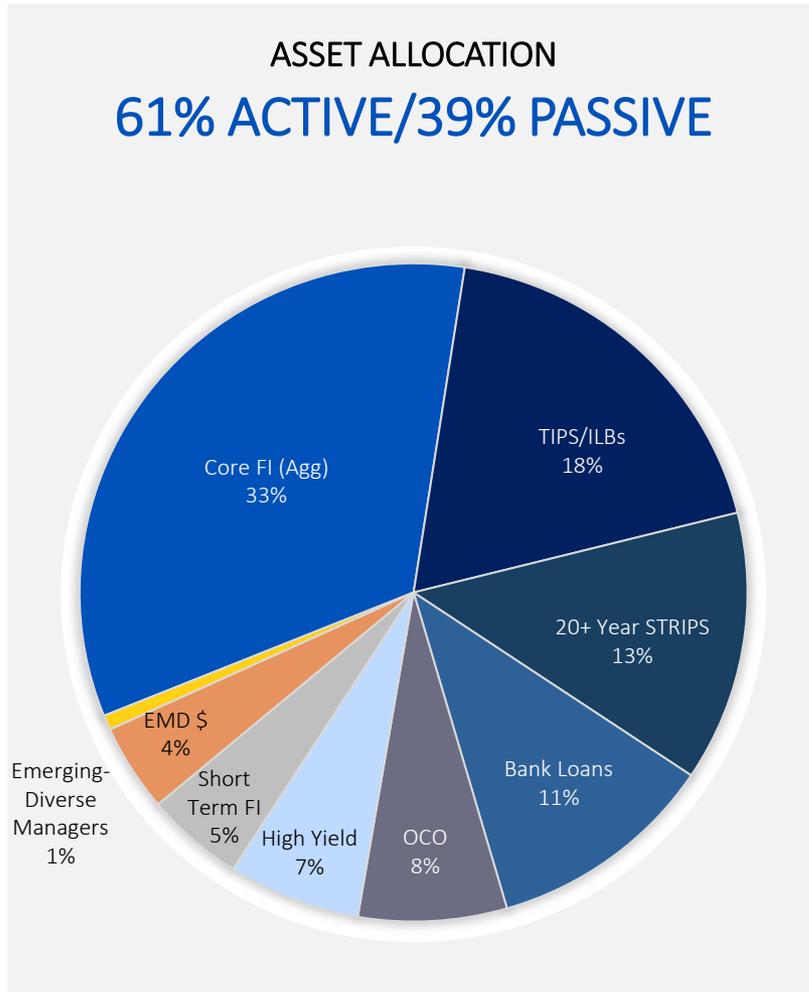


## EMERGING MARKETS DEBT SPREAD



# Core & Value-Added Fixed Income

As of June 30, 2023, \$18.6 Billion – 19.2% of PRIT Fund\* (Target 17%-29%)



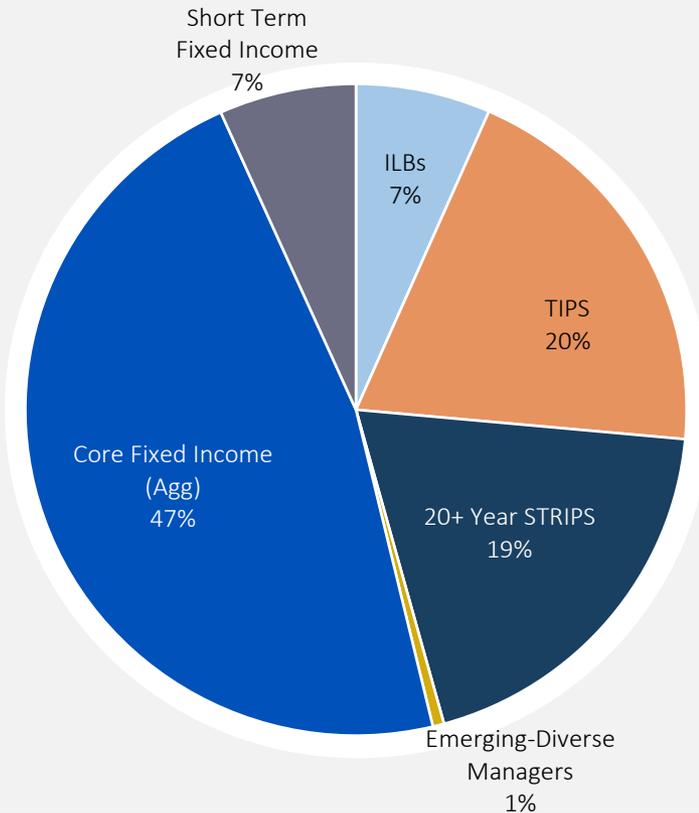
Source: BNY Mellon, PRIM Staff. As of June 30, 2023. \*Excludes Private Debt allocation.

# Domestic Investment Grade & Inflation-Linked Fixed Income

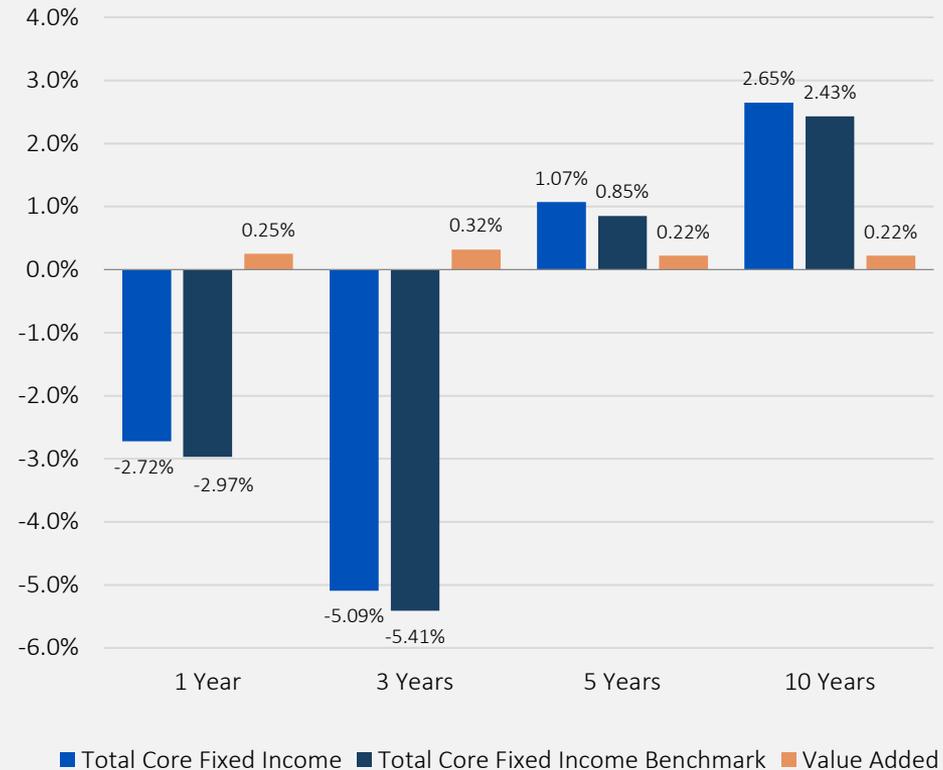
As of June 30, 2023, \$12.8 Billion – 13.3% of PRIT Fund (Target 12%-18%)

## ASSET ALLOCATION

**43% ACTIVE/57% PASSIVE**



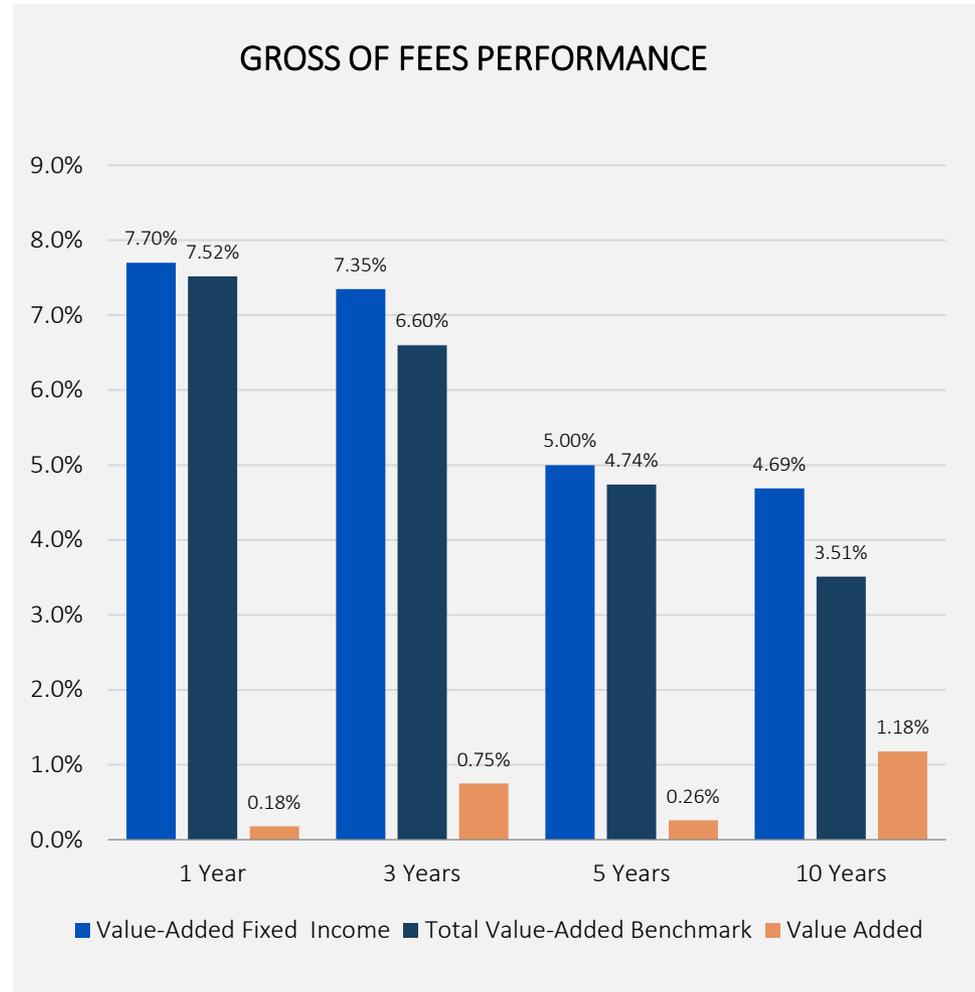
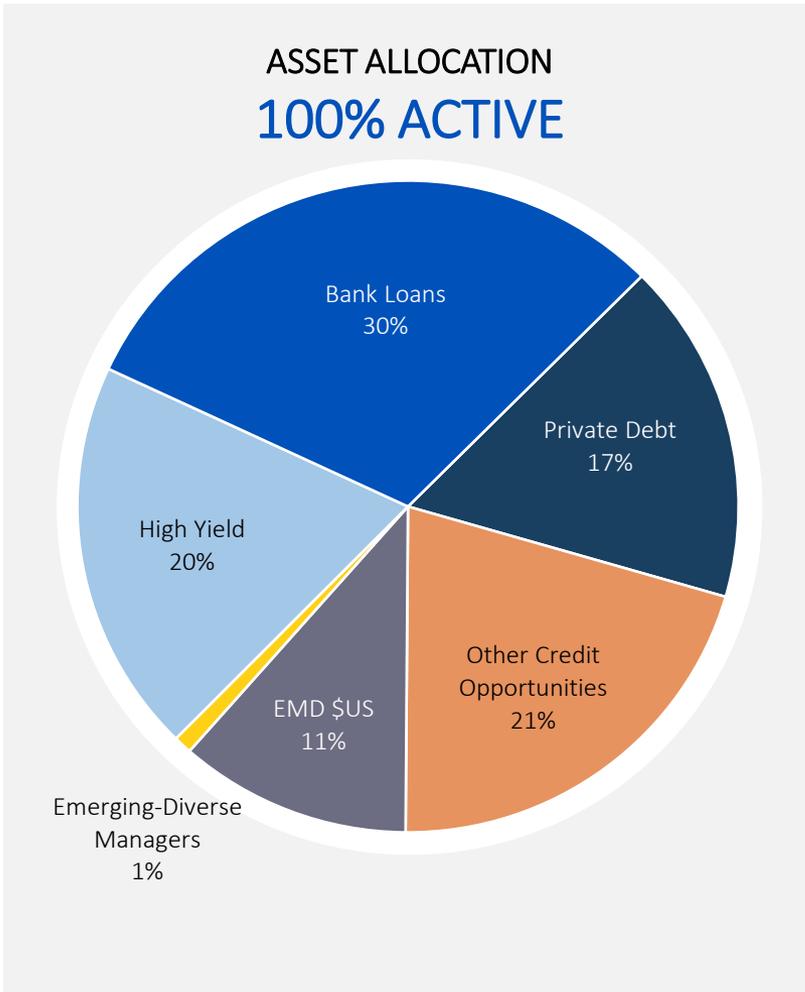
## GROSS OF FEES PERFORMANCE



\*Core Fixed Income Benchmark: Currently 46.6666% Bloomberg U.S. Aggregate Bond/20% Bloomberg Global IL U.S. Tips/6.6667% Bloomberg World Gov Inflation-Linked USD Hdg/20% Bloomberg US STRIPS 20+ Years/6.6667% Bloomberg U.S. Treasury: 1-3 Year. Formerly labeled 46.6666% BC Aggregate/20% BC US TIPS/6.6667% BC ILB US\$ Hedged/20% BC STRIPS 20+/6.6667% Bloomberg Barclays US Treasury 1-3 Year Index.

# Value-Added Fixed Income

As of June 30, 2023, \$6.9 Billion – 7.1% of PRIT Fund (Target 5%-11%)



\*Currently the Value-Added benchmark is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the value-added fixed income portfolio, Private Debt component is using actual Private Debt Returns through 12/31/2021; currently Burgiss Distressed Debt Universe Lagged, if the Burgiss return is not available, the actual portfolio net return will be used as a placeholder until the Burgiss Private Debt BM is published. These weightings will be automatically adjusted on a monthly basis.

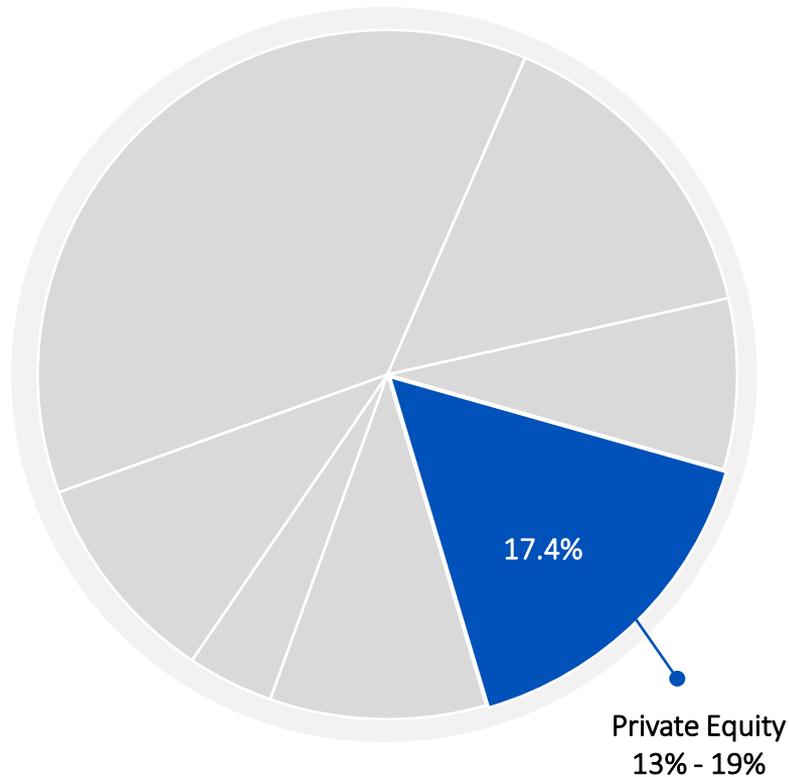
# PRIVATE EQUITY PORTFOLIO



# Private Equity Portfolio

## PRIT FUND TARGET ASSET ALLOCATION

Actual Allocation as of June 30, 2023



### Private Equity

\$16.8 billion, 17.4% of PRIT Fund

### Private Debt

\$1.2 billion, 1.2% of PRIT Fund

### 103 GP Relationships

### 383 Active Partnerships

- 71 Co-Investment Partnerships

### Emerging-Diverse Managers

7 team members

~ 30 investment decisions/year

### 5 core investment strategies:

- Large buyouts
- Small and mid cap buyouts
- Growth equity
- Venture capital
- Distressed debt

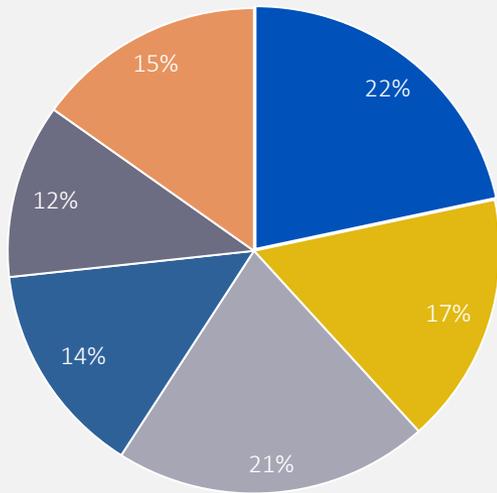


## Private Equity Key Initiatives

- **Execute successful Private Equity Investment strategy.**
  - Increase Private Equity target allocation range to PRIT Fund to from 12% to 18% to 13%-19%.
  - Commitment goal of \$2.2 billion to \$3.0 billion to funds and co-investments.
  - Continue to source and evaluate attractive new investment opportunities.
  - Continue to scale and improve co-investment program.
- **Continue to source and allocate to diverse investment managers.**
- **Continue to implement PRIM's Emerging-Diverse Manager Program.**
- **Private Equity Research:**
  - Further refine and accelerate venture capital strategy.
  - Develop new analytical tools to enhance decision making.
  - Evaluate secondary market opportunity
- **Build the team's expertise and capacity.**
  - Develop more robust private equity talent pipelines.
  - Recruit talented team members with complementary skills to existing members.
  - Increase collaboration with other PRIM teams.
- **Support the newly established ESG Committee to develop an ESG framework and related activities.**

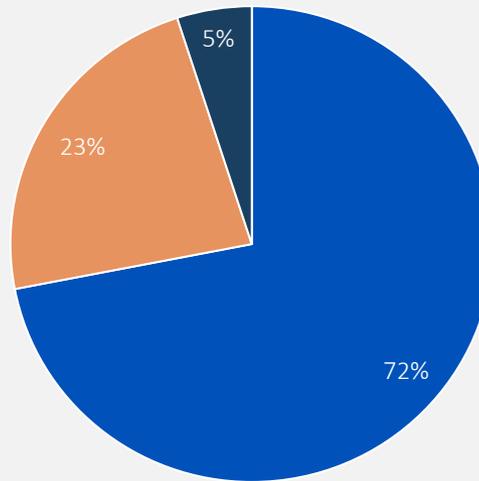
# Private Equity Diversification

## By Strategy



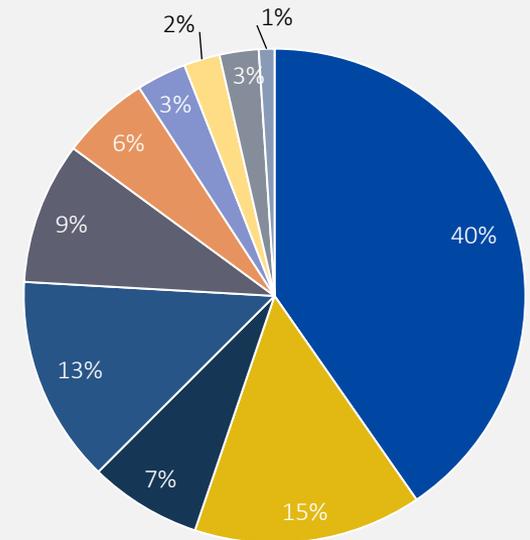
- Buyout - Mid
- Buyout - Large
- Buyout - Mega
- Buyout - Small
- Venture Capital
- Growth Equity

## By Geography



- North America
- Western Europe
- Other

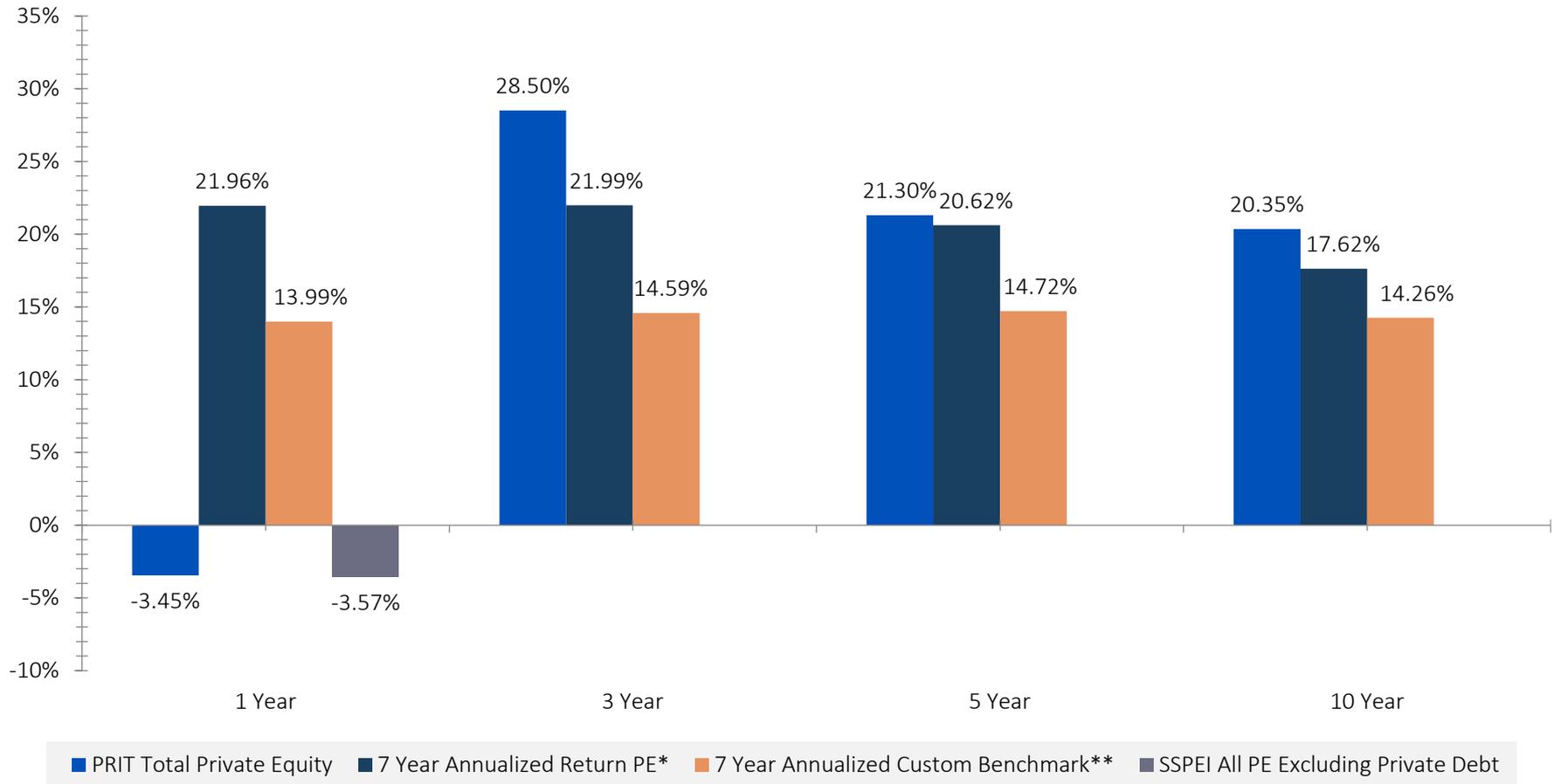
## By Sector



- Information Technology
- Health Care
- Consumer Discretionary
- Industrials
- Financials
- Communication Services
- Energy & Utilities
- Materials
- Consumer Staples
- Other

# Private Equity

Annualized Returns as of June 30, 2023 (Gross of Fees)



\* The 7 Year Annualized performance is used in the Policy Return and Policy Benchmark.

\*\*The 7 Year Annualized Benchmark: Currently year annualized return of a blend of the 88% Russell 3000 + 3% / 12% MSCI Europe IMI + 3%.

# Private Equity Performance by Vintage Year

Performance Summary By Vintage Year as of March 31, 2023

Private Equity Vintage Year	Capital Committed	Paid-In Capital	Percentage Contributed	Capital Distributed	Percentage Distributed	Reported Market Value	TVPI	Net IRR 3/31/2023	Cambridge Median IRR
1986	\$77,680,426	\$79,264,625	102.04%	\$ 238,804,549	301.28%	-	3.01x	15.58%	9.47%
1987	216,385,228	215,372,662	99.53%	420,456,645	195.22%	-	1.95x	11.34%	15.15%
1988	93,451,860	89,954,995	96.26%	184,708,592	205.33%	-	2.05x	14.99%	11.83%
1989	61,340,193	59,296,115	96.67%	126,898,769	214.01%	-	2.14x	20.38%	14.23%
1990	218,931,380	225,129,257	102.83%	516,114,811	229.25%	-	2.29x	13.51%	20.16%
1991	1,000,000	1,000,000	100.00%	796,310	79.63%	-	0.80x	(4.22%)	20.26%
1992	28,010,702	27,694,264	98.87%	51,950,840	187.59%	-	1.88x	23.29%	18.47%
1993	151,028,336	150,975,841	99.97%	282,602,309	187.18%	-	1.87x	18.20%	19.17%
1994	15,000,000	15,024,279	100.16%	28,813,938	191.78%	-	1.92x	19.98%	18.46%
1995	251,100,601	215,034,991	85.64%	414,254,435	192.65%	\$1	1.93x	17.23%	16.66%
1996	64,257,593	67,485,450	105.02%	110,478,819	163.71%	-	1.64x	12.65%	10.33%
1997	380,791,347	399,674,317	104.96%	744,523,311	186.28%	-	1.86x	17.37%	11.08%
1998	564,974,028	550,291,977	97.40%	812,641,641	147.67%	1,908,272	1.48x	7.75%	8.15%
1999	413,881,039	411,151,611	99.34%	373,455,602	90.83%	460,151	0.91x	(1.59%)	(0.22%)
2000	1,084,468,703	1,064,444,562	98.15%	1,802,519,192	169.34%	9,925,853	1.70x	12.65%	3.10%
2001	568,221,572	582,099,003	102.44%	1,217,833,799	209.21%	7,946,742	2.11x	26.09%	8.57%
2002	128,587,392	129,693,101	100.86%	231,245,933	178.30%	8,348,214	1.85x	12.16%	8.30%
2003	521,790,693	534,068,384	102.35%	983,563,958	184.16%	3,999,591	1.85x	17.54%	9.75%
2004	400,000,000	394,951,529	98.74%	930,055,382	235.49%	11,133,639	2.38x	23.30%	7.82%
2005	725,288,765	738,228,116	101.78%	1,175,166,950	159.19%	11,888,860	1.61x	9.53%	7.62%
2006	1,911,201,996	1,968,198,038	102.98%	3,120,698,152	158.56%	51,406,867	1.61x	8.55%	7.32%
2007	941,020,957	1,021,210,183	108.52%	1,677,996,105	164.31%	51,323,686	1.69x	11.62%	9.06%
2008	1,444,037,306	1,533,665,659	106.21%	2,792,816,458	182.10%	76,118,313	1.87x	14.37%	9.08%
2009	569,713,768	597,596,760	104.89%	1,128,854,875	188.90%	39,301,795	1.95x	18.90%	13.02%
2010	381,250,000	406,445,419	106.61%	1,062,485,186	261.41%	219,655,396	3.15x	21.43%	12.59%
2011	1,501,737,981	1,670,644,810	111.25%	2,991,824,007	179.08%	662,050,354	2.19x	17.75%	14.19%
2012	708,936,046	817,404,552	115.30%	1,505,249,261	184.15%	337,880,790	2.25x	21.59%	13.52%
2013	461,167,348	558,748,476	121.16%	785,716,302	140.62%	398,892,697	2.12x	16.92%	15.01%
2014	1,259,869,138	1,270,447,020	100.84%	1,834,458,984	144.39%	1,382,786,766	2.53x	22.46%	17.76%
2015	952,752,540	1,069,672,482	112.27%	1,200,869,629	112.27%	1,206,141,177	2.25x	22.08%	17.31%
2016	1,660,545,188	1,650,593,520	99.40%	1,565,334,845	94.83%	1,722,678,677	1.99x	20.52%	19.15%
2017	698,236,678	688,362,659	98.59%	426,293,956	61.93%	847,938,888	1.85x	20.98%	22.93%
2018	1,901,756,928	1,842,427,998	96.88%	824,729,917	44.76%	2,293,893,694	1.69x	22.17%	20.20%
2019	2,052,233,327	1,814,625,591	88.42%	475,415,476	26.20%	2,429,418,008	1.60x	27.15%	19.01%
2020	2,898,954,739	2,055,342,375	70.90%	95,868,350	4.66%	2,378,797,943	1.20x	12.65%	14.04%
2021	3,031,675,778	1,675,775,224	55.28%	6,268,797	0.37%	1,713,773,290	1.03x	2.35%	(0.14%)
2022	2,921,126,609	609,399,160	20.86%	192,725	0.03%	611,003,959	1.00x	0.47%	(15.54%)
2023	960,000,000	20,016,370	2.09%	-	0.00%	20,003,372	1.00x	(0.06%)	(15.32%)
<b>Total Private Equity:</b>	<b>\$32,222,406,185</b>	<b>\$27,221,411,373</b>	<b>84.48%</b>	<b>\$32,141,958,810</b>	<b>118.08%</b>	<b>\$16,498,676,994</b>	<b>1.79x</b>	<b>14.08%</b>	



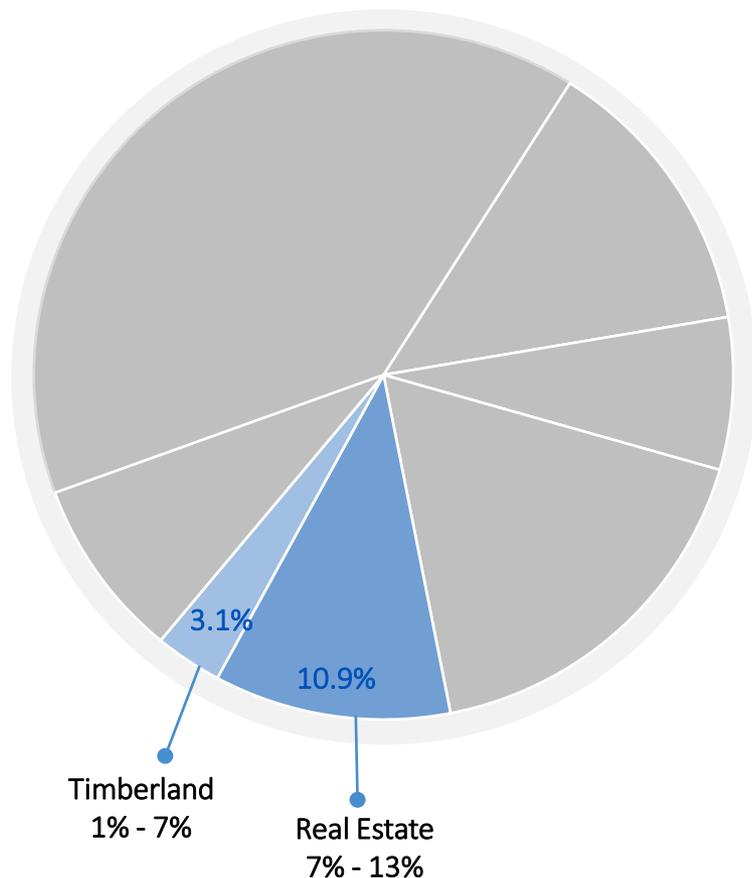
**REAL ESTATE AND TIMBERLAND  
PORTFOLIO**

**Mass  
PRIM**

# Real Estate and Timberland Portfolios

## PRIT FUND TARGET ASSET ALLOCATION

Actual Allocation as of June 30, 2023



\$13.3 billion, 14.0% of PRIT Fund

- Real Estate: \$10.5 billion, 10.9% of PRIT Fund
- Timberland: \$3.0 billion, 3.1% of PRIT Fund

### 16 portfolios

- 6 core portfolios
- 5 non-core portfolios
- 2 global REIT portfolios
- 2 timberland portfolios
- 1 direct investment portfolio

### Property Investments

- Real Estate – 120 properties
- Timberland – 23 properties

### 99 Global real estate securities

### 5 Emerging-Diverse Managers

### 4 primary strategies

- Core U.S. private real estate
- Non-core U.S. private real estate
- Global real estate securities
- Global timberland

### 5 team members

# Real Estate and Timberland Key Initiatives

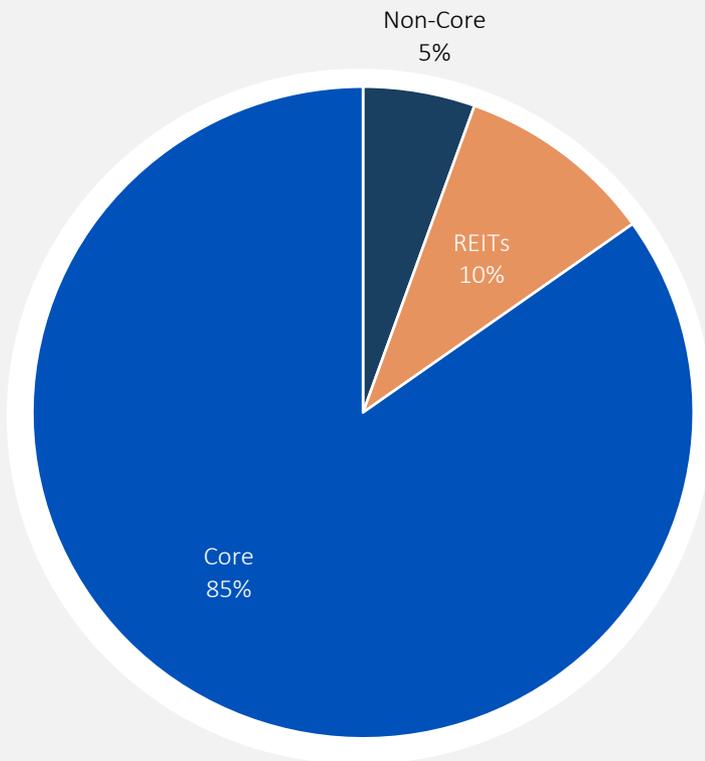


- Continue to source and allocate to diverse investment managers.
- Continue to implement PRIM's Emerging-Diverse Manager Program for Real Estate.
- Utilize REITs , PRIM's internal real estate financing facility, and other available capital sources to fund new acquisitions, address pending financing maturities and maintain PRIM's current leverage structure.
- Continue to execute PRIM's Internal Real Estate Management strategy, consistent with the 2019 Board-approved plan to allocate up to 15% of total Real Estate net asset value.
- Source high quality operating partnerships and investment opportunities.
- Effectively monitor and exercise decision authority on existing investments.
- Collaborate with the Public Markets team to source and conduct due diligence on Other Credit Opportunities investments.
- Oversee the implementation of asset business plans and hold-sell recommendations in the real estate and timberland separate accounts.
- Support the newly established ESG Committee to develop an ESG framework and related activities.

# Real Estate

As of June 30, 2023, \$10.5 Billion – 10.9% of PRIT Fund (Target 7%-13%)

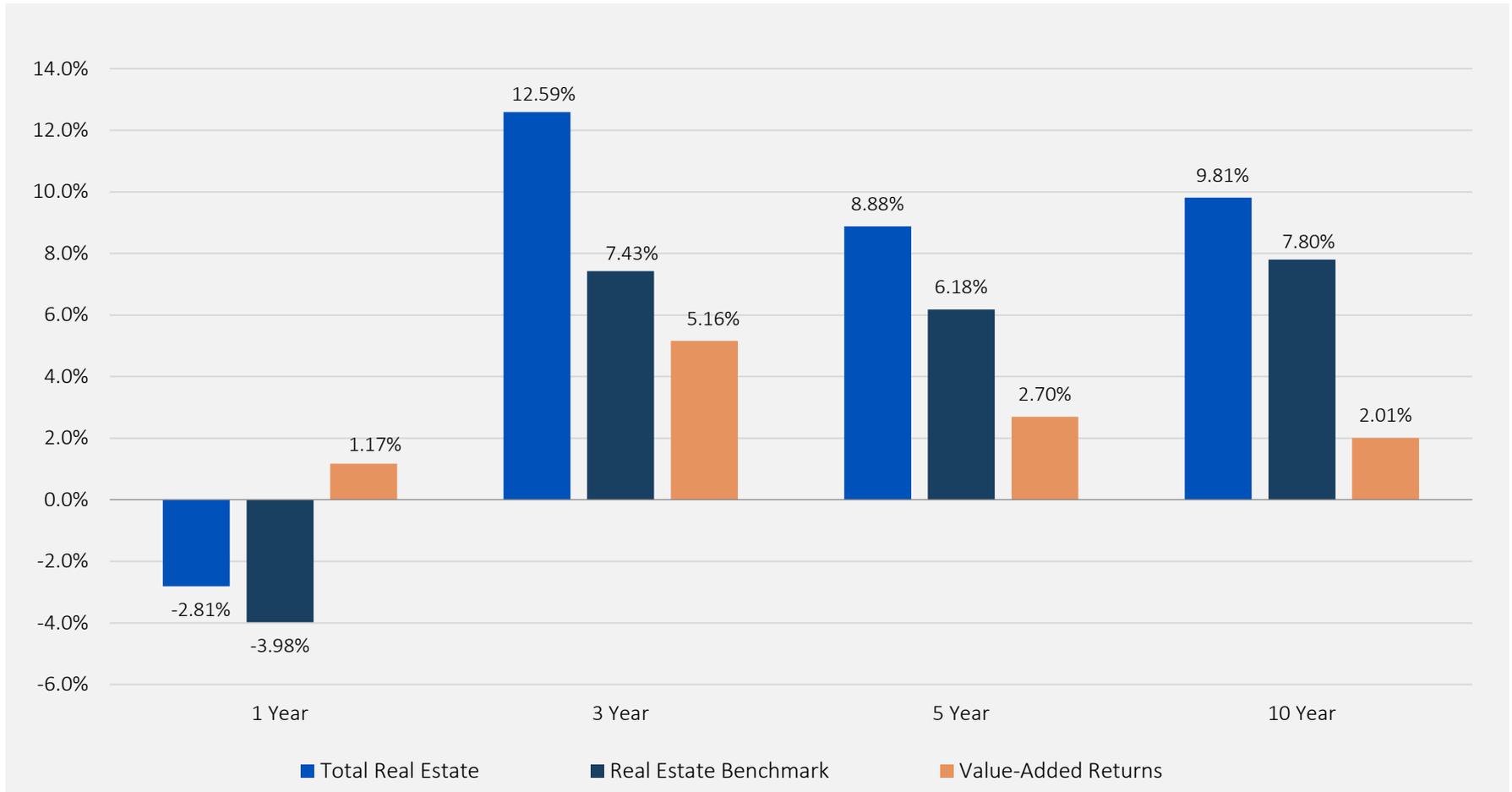
## ASSET ALLOCATION



- Equity investments in both directly-owned properties and **REIT** securities
- Directly-owned **Core** properties make up the majority of the real estate portfolio
  - **Core** properties are typically well-leased, operating properties that provide regular cash flow from rents
- **Non-Core** investments make up approximately 5% of the real estate portfolio
  - **Non-Core** includes properties that are under development

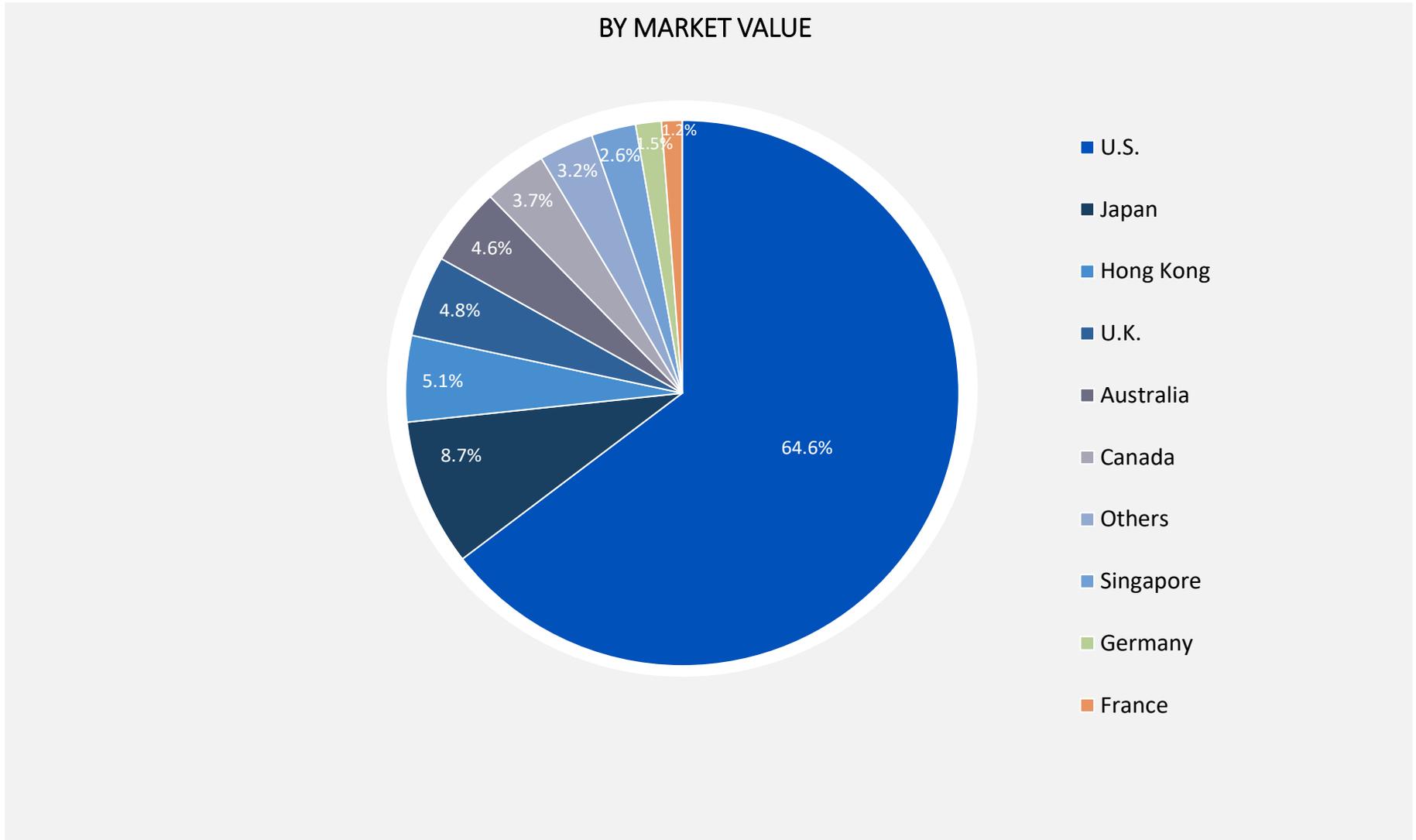
# Total Real Estate Performance

Annualized Returns as of June 30, 2023 (Gross of Fees)

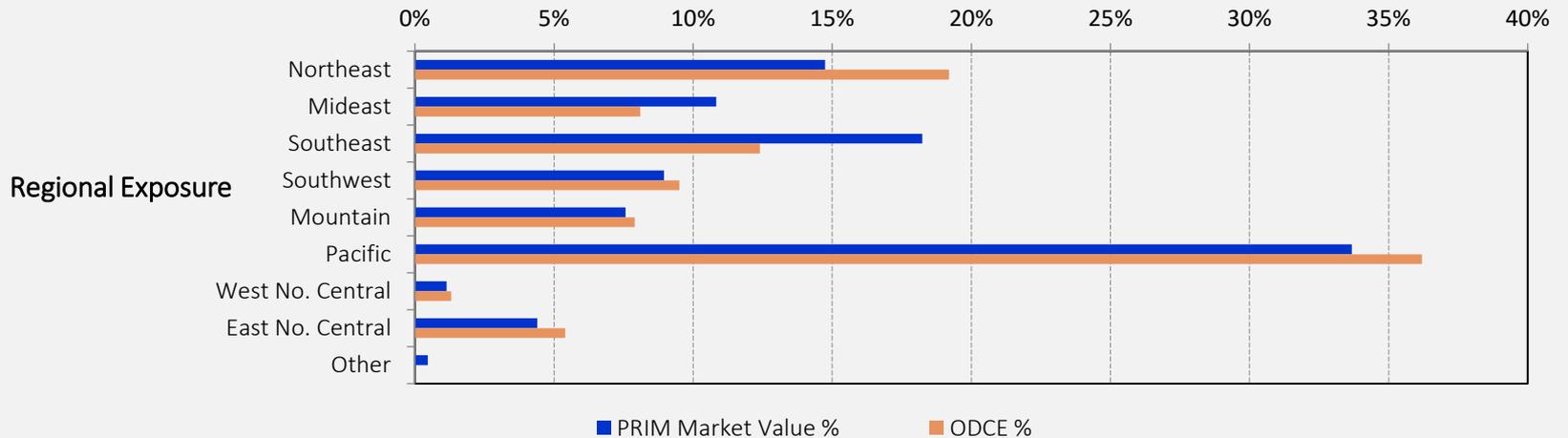
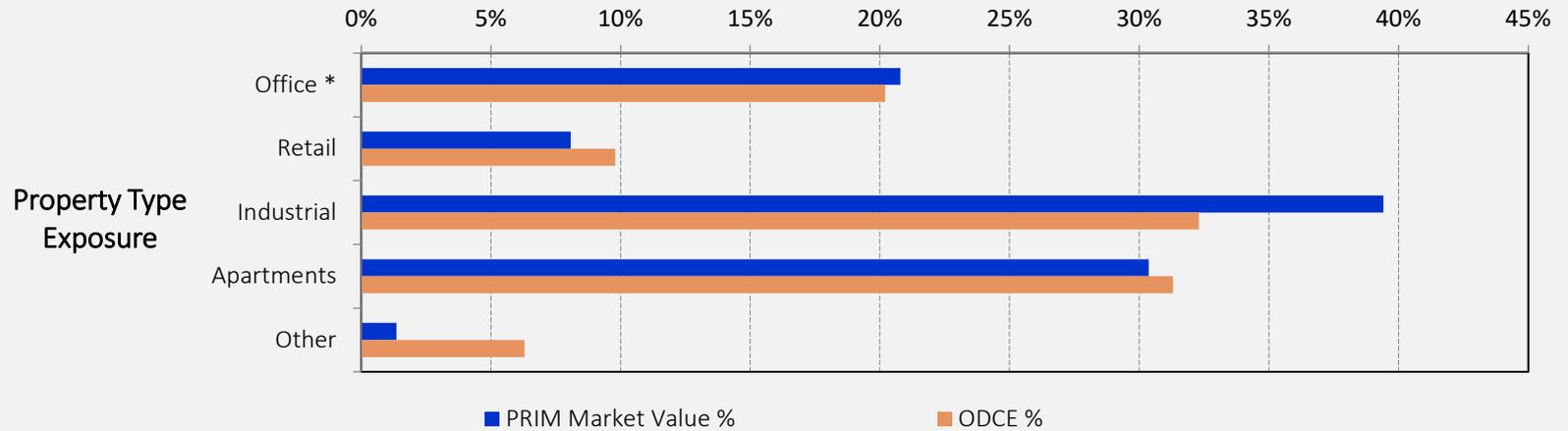


Benchmark: Currently benchmark is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the Total RE portfolio. These weights are based on the beginning adjusted monthly market value of each sub asset.

# Public Real Estate (REITs) Exposure by Country

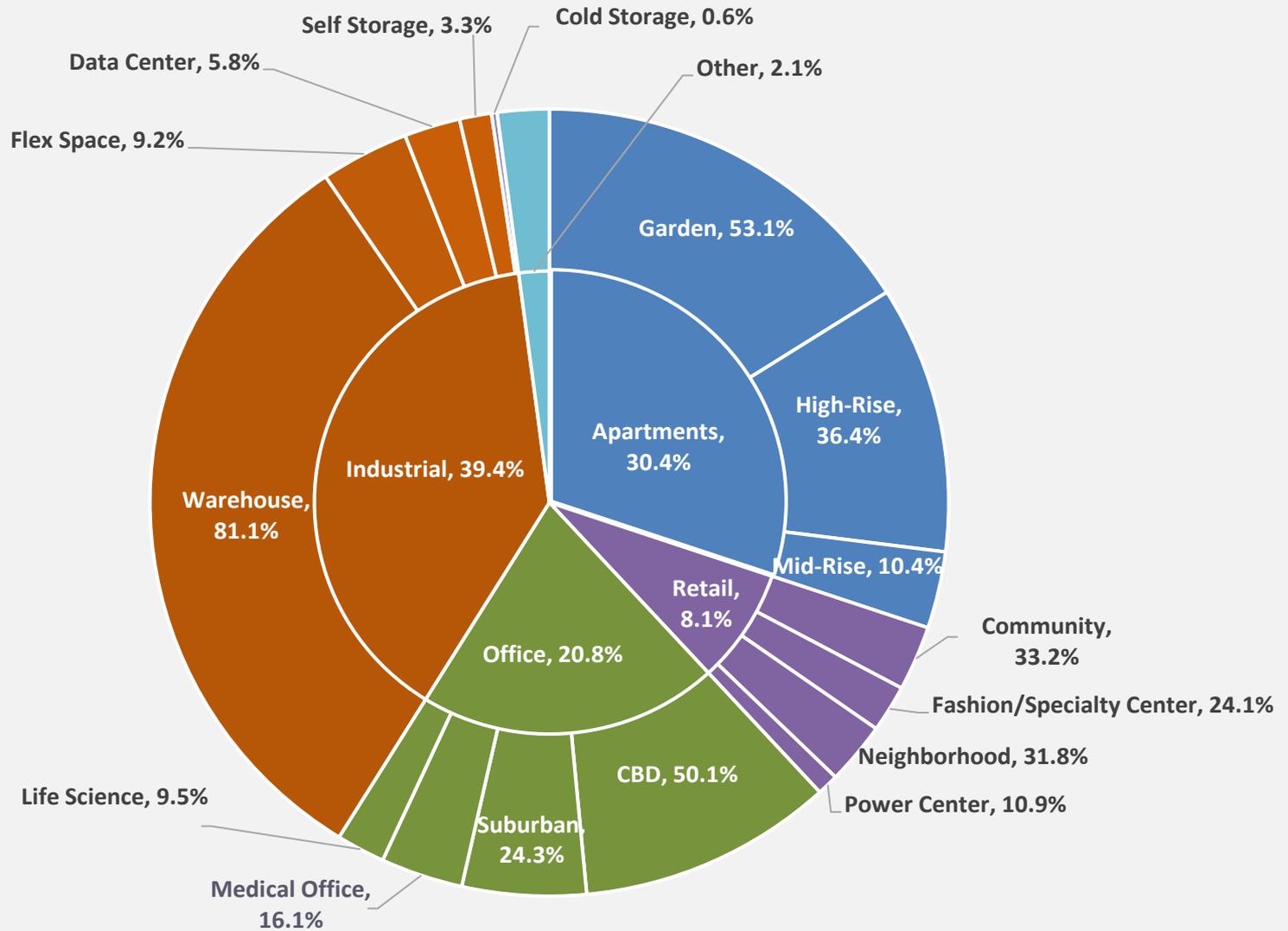


# Private Real Estate Portfolio Exposure



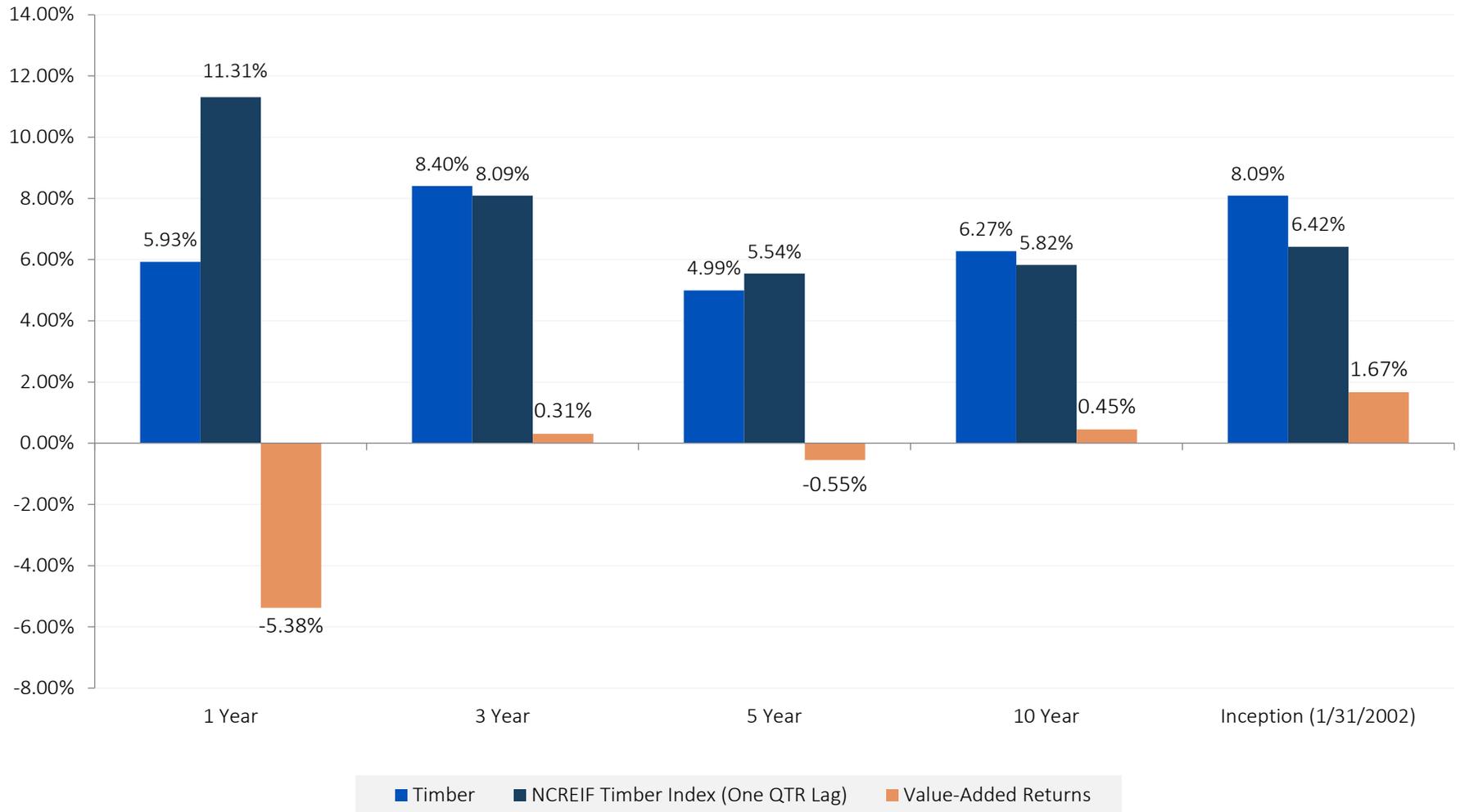
\* Office includes life science assets

# Property Subtype Breakdown



# Timberland

Annualized Returns as of June 30, 2023 (Gross of Fees)

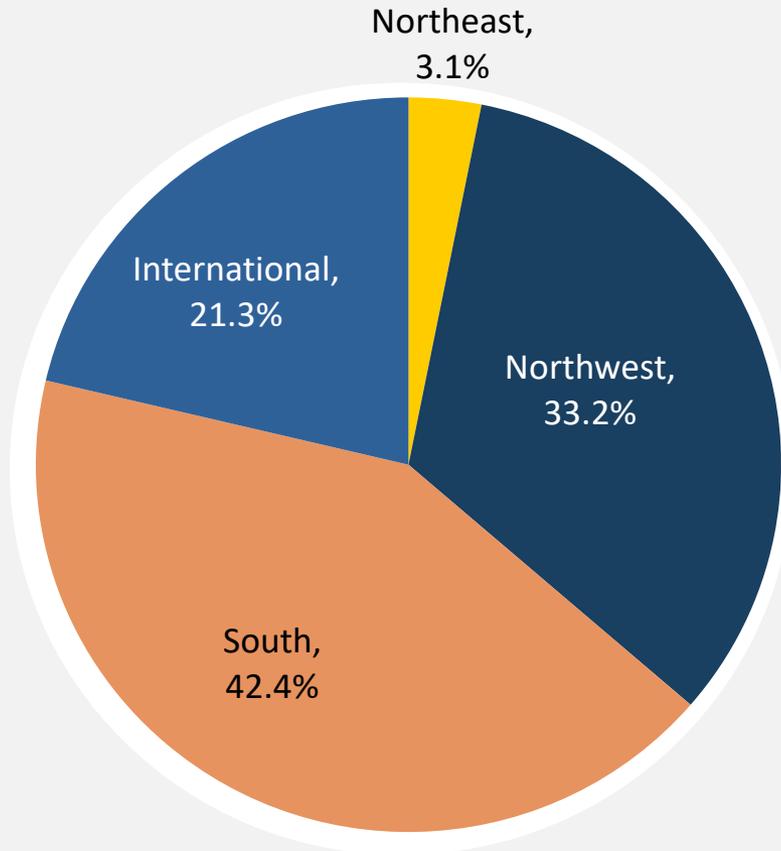


Benchmark: Currently NCREIF Timberland Index one quarter lag.

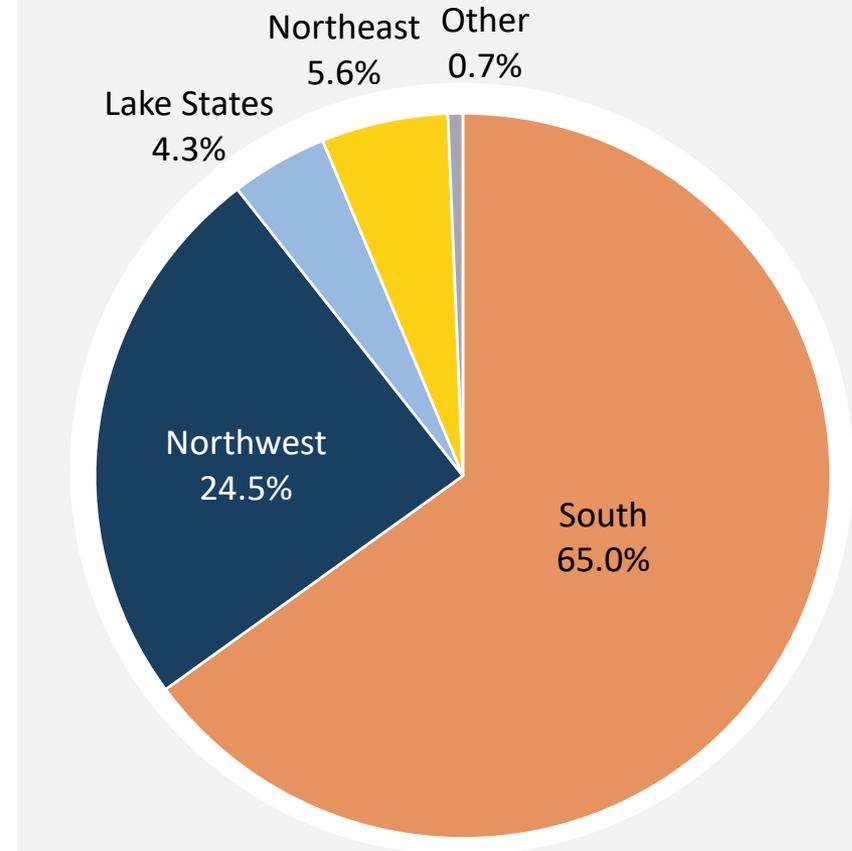
# Timberland Exposure by Region vs. Benchmark

As of June 30, 2023, \$3.0 Billion – 3.1% of PRIT Fund (Target 1%-7%)

## PRIM REGION EXPOSURE



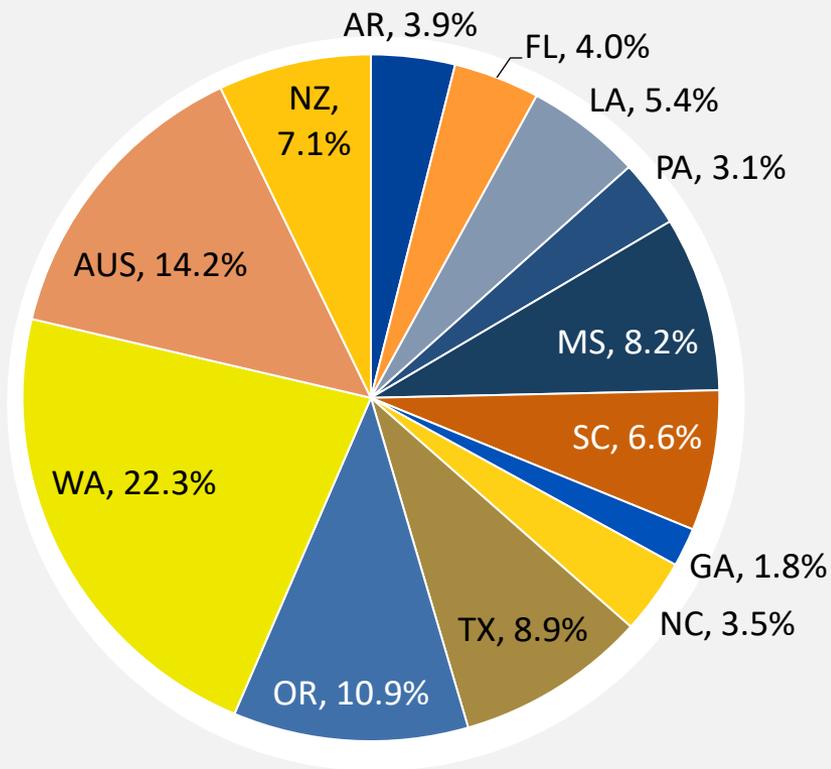
## BENCHMARK



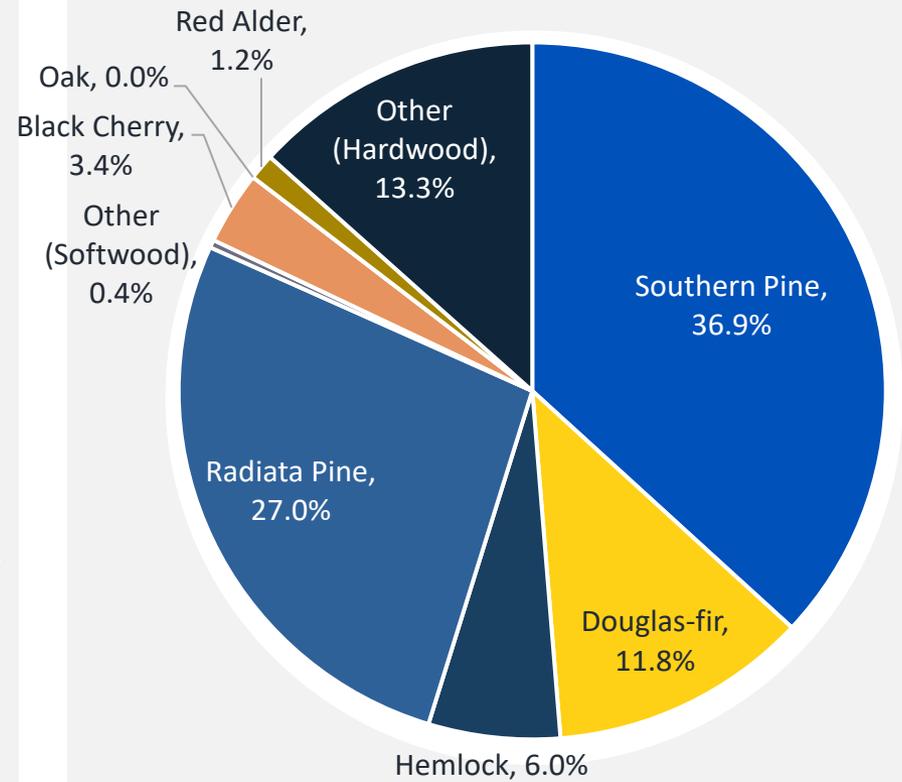
# Timberland Exposure by State/Region

# Timberland Exposure by Species

BY EQUITY VALUE



BY ACRES



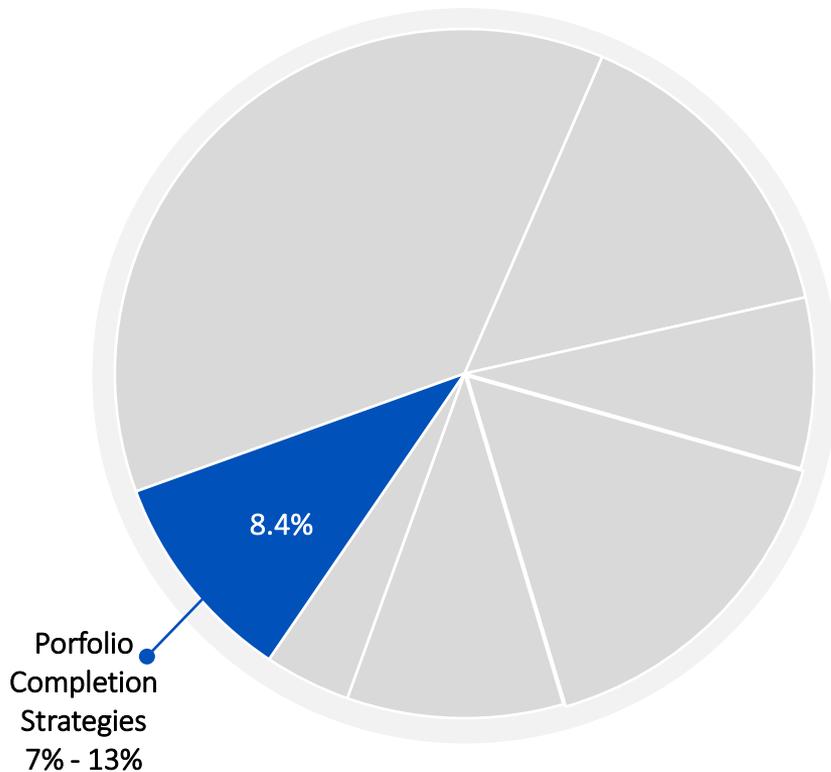
# PORTFOLIO COMPLETION STRATEGIES



# Portfolio Completion Strategies (PCS)

## PRIT FUND TARGET ASSET ALLOCATION

Actual Allocation as of June 30, 2023



PCS \$8.1 billion, 8.4% of PRIT Fund

- Directional Hedge Funds: \$2.1 billion, 26% of PCS
- Stable Value Hedge Funds: \$4.5 billion, 55% of PCS
- Hedge Fund of Funds: \$0.7 billion, 9% of PCS
- Real Assets: \$0.7 billion, 9% of PCS

28 Hedge Fund managers:

- 1 FoHF Manager
- 27 Direct Hedge Fund Managers

7 Real Assets Managers

Emerging-Diverse Managers

5 team members

Collaboration across all PRIM teams

# Portfolio Completion Strategies

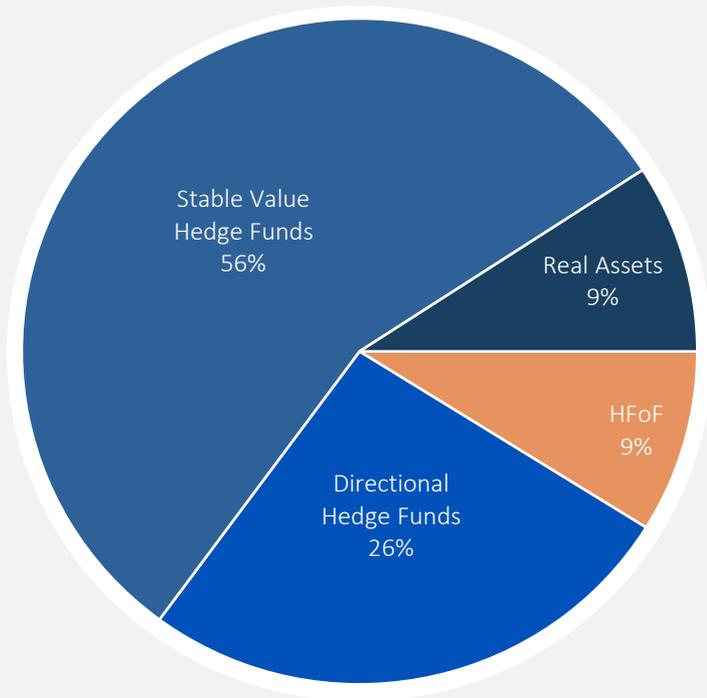
## Key Initiatives

- Investments:
  - Maintain allocation to Stable Value Funds.
  - Continue to identify co-investment opportunities.
  - Finish researching the expanding presence of multi-PM platforms and the impact on hedge fund industry.
  - Continue exploring Directional Funds; collaborate with Public Markets on sector/country specialist funds.
  - Evaluate the evolving thesis of Special Situation/Distressed Investing.
  - Continue to implement PRIM's Emerging Manager Program for Hedge Funds.
  - Clarify investment metrics and develop a holistic portfolio strategy for Real Assets.
  - Investigate the growing theme of Sustainability in the Real Assets context.
- Continue to source and allocate to diverse investment managers.
- Continue frequent collaboration with other PRIM teams.
- Support the newly established ESG committee to develop and ESG framework and related activities.

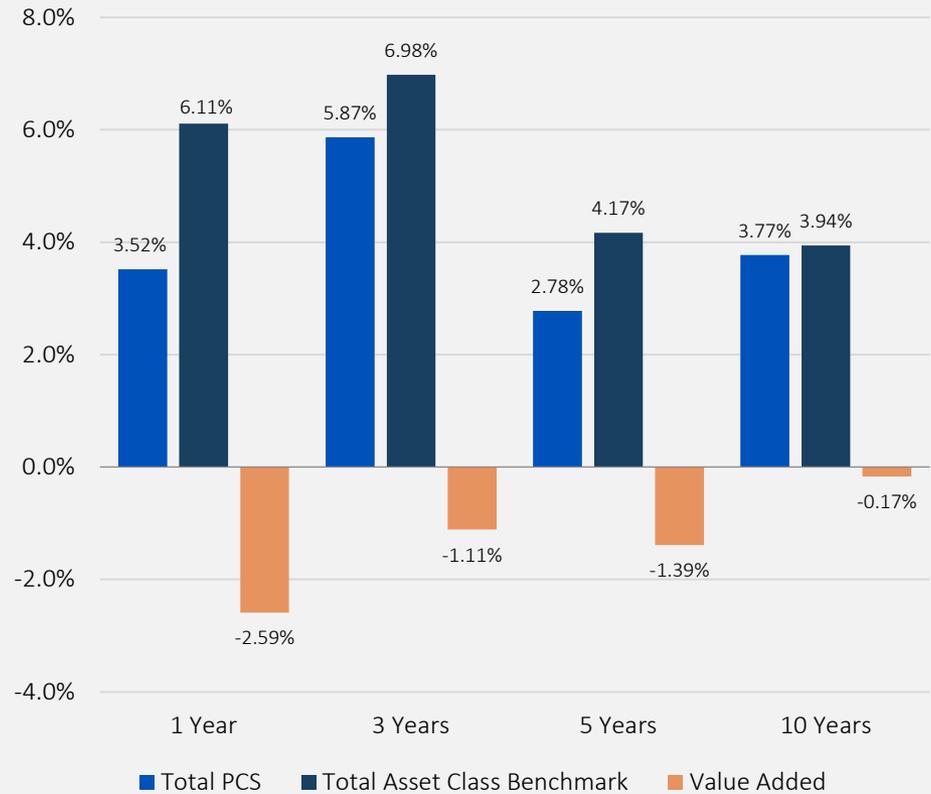
# Portfolio Completion Strategies

As of June 30, 2023, \$8.1 Billion – 8.4% of PRIT Fund (Target 7%-13%)

## ASSET ALLOCATION



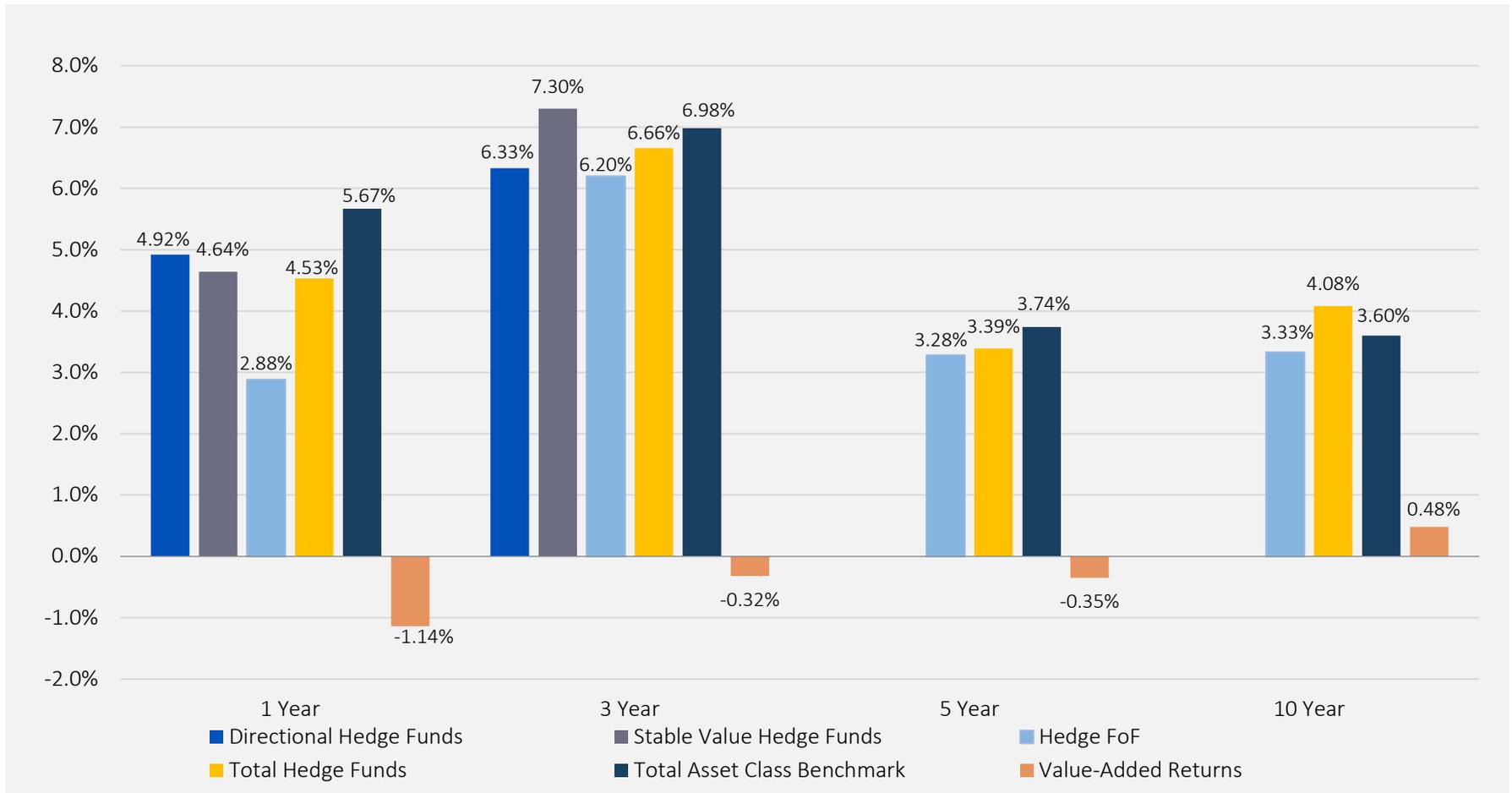
## PERFORMANCE\*



Benchmark: Total Portfolio Completions Composite Index was formed on April 1, 2017 by combining the prior Portfolio Completion Strategies with Total Hedge Funds. Total Portfolio Completion Strategies Composite Index is calculated by applying the underlying benchmark return for each sub asset class to the asset class's weight within the Total Portfolio Completion Strategies Composite. These weights are based on the beginning adjusted monthly market value of each sub asset. \*Hedge Funds returns, 91% of the PCS Portfolio, are net of fees.

# Hedge Funds Performance

Annualized Returns as of June 30, 2023 (Net of Fees)



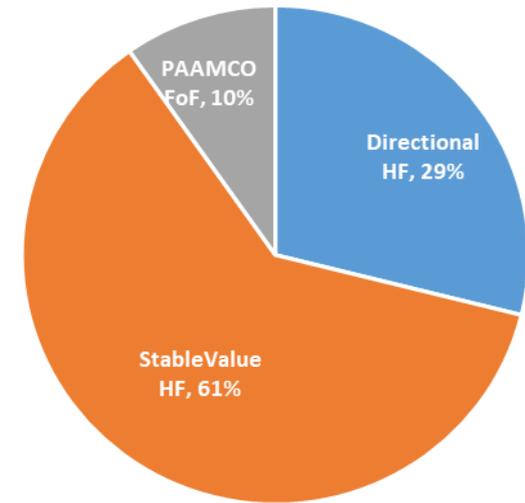
Benchmark: Currently, Total Hedge Funds benchmark is calculated by applying the investment performance of the sub asset class benchmarks to the sub asset class weights within the Total HF portfolio. These weights are based on the beginning adjusted monthly market value of each sub asset.

# PRIM Hedge Funds Portfolio Snapshot

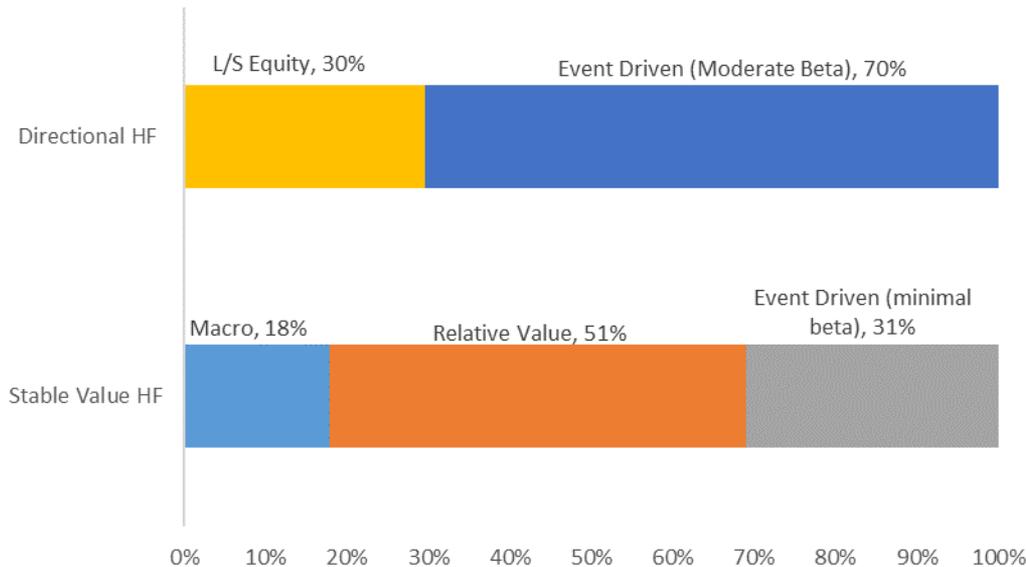
As of June 30, 2023, \$7.4 Billion – 7.6% of PRIT Fund

- Directional Hedge Funds: \$2.1 Billion
- Stable Value Hedge Funds: \$4.5 Billion
- Hedge Fund of Funds: \$0.7 Billion

### Hedge Fund Portfolio Breakdown



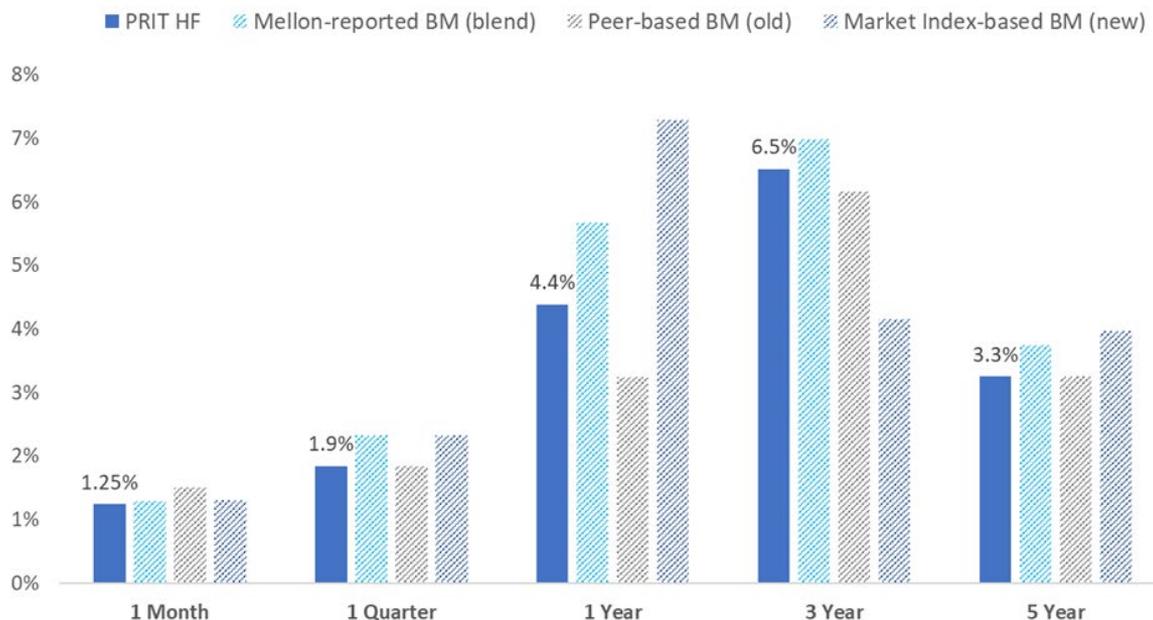
### Sub Strategy Breakdown



# PRIM Hedge Funds Performance Summary

As of June 30, 2023

Performance - PRIT HF (as of 6/2023)



	NAV	1 Month	1 Quarter	1 Year	3 Year	5 Year
<b>PRIT HF</b>	<b>\$7.36 bn</b>	<b>1.25%</b>	<b>1.9%</b>	<b>4.4%</b>	<b>6.5%</b>	<b>3.3%</b>
Mellon-reported BM (blend)		1.30%	2.3%	5.7%	7.0%	3.7%
Peer-based BM (old)		1.51%	1.8%	3.2%	6.2%	3.3%
Market Index-based BM (new)		1.31%	2.3%	7.3%	4.2%	4.0%

- Returns over 1 year are annualized.
- “Peer-based BM” is an aggregate of HFRI strategy indices. It was the benchmark used through 2/2023.
- “Market Index-based BM” is the new benchmark recently approved and implemented starting 3/2023.
- “Mellon-reported BM” blends Peer-based BM through 2/2023 and Market Index-based BM starting 3/2023.

# Sharpe Ratio and Market Beta Performance

As of June 30, 2023 (Net of Fees)

Sharpe Ratio by Asset Classes (as of Jun-2023)								
	Directional HF	StableValue HF	Total HF	Total PCS	PRIT Fund	MSCI ACWI	Barclays Agg	
1 Year	Return	4.9%	4.6%	4.4%	3.3%	5.6%	17.1%	-0.9%
	Volatility	11.6%	2.5%	4.2%	3.9%	9.8%	19.5%	8.9%
	<b>Return/Volatility</b>	<b>0.4</b>	<b>1.9</b>	<b>1.0</b>	<b>0.9</b>	<b>0.6</b>	<b>0.9</b>	<b>(0.1)</b>
	<i>EQ Beta</i>	<i>0.5</i>	<i>(0.0)</i>	<i>0.2</i>	<i>0.1</i>	<i>0.5</i>	<i>1.0</i>	<i>0.4</i>
	<i>Bond Beta</i>	<i>1.0</i>	<i>(0.0)</i>	<i>0.3</i>	<i>0.2</i>	<i>1.0</i>	<i>1.8</i>	<i>1.0</i>
	<i>Beta vs. PRIT Fund</i>	<i>1.1</i>	<i>0.0</i>	<i>0.3</i>	<i>0.3</i>	<i>1.0</i>	<i>2.0</i>	<i>0.8</i>
3 Year	Return	6.3%	7.3%	6.5%	5.7%	9.7%	11.5%	-4.0%
	Volatility	10.0%	3.1%	4.3%	3.9%	8.9%	17.3%	6.2%
	<b>Return/Volatility</b>	<b>0.6</b>	<b>2.3</b>	<b>1.5</b>	<b>1.5</b>	<b>1.1</b>	<b>0.7</b>	<b>(0.6)</b>
	<i>EQ Beta</i>	<i>0.5</i>	<i>0.1</i>	<i>0.2</i>	<i>0.2</i>	<i>0.5</i>	<i>1.0</i>	<i>0.2</i>
	<i>Bond Beta</i>	<i>0.9</i>	<i>(0.0)</i>	<i>0.3</i>	<i>0.2</i>	<i>1.0</i>	<i>1.9</i>	<i>1.0</i>
	<i>Beta vs. PRIT Fund</i>	<i>0.9</i>	<i>0.1</i>	<i>0.4</i>	<i>0.3</i>	<i>1.0</i>	<i>1.8</i>	<i>0.5</i>
5 Year	Return			3.3%	2.6%	7.3%	8.6%	0.8%
	Volatility			5.5%	5.2%	8.9%	17.9%	5.5%
	<b>Return/Volatility</b>			<b>0.6</b>	<b>0.5</b>	<b>0.8</b>	<b>0.5</b>	<b>0.1</b>
	<i>EQ Beta</i>			<i>0.2</i>	<i>0.2</i>	<i>0.5</i>	<i>1.0</i>	<i>0.1</i>
	<i>Bond Beta</i>			<i>0.2</i>	<i>0.1</i>	<i>0.7</i>	<i>1.4</i>	<i>1.0</i>
	<i>Beta vs. PRIT Fund</i>			<i>0.5</i>	<i>0.4</i>	<i>1.0</i>	<i>1.9</i>	<i>0.3</i>

Note: returns are annualized, net of fees.

- Returns are annualized
- Since 2Q 2020, Mellon started separately reporting Stable Value vs. Directional, after Asset Allocation decided to bifurcate their different value propositions.

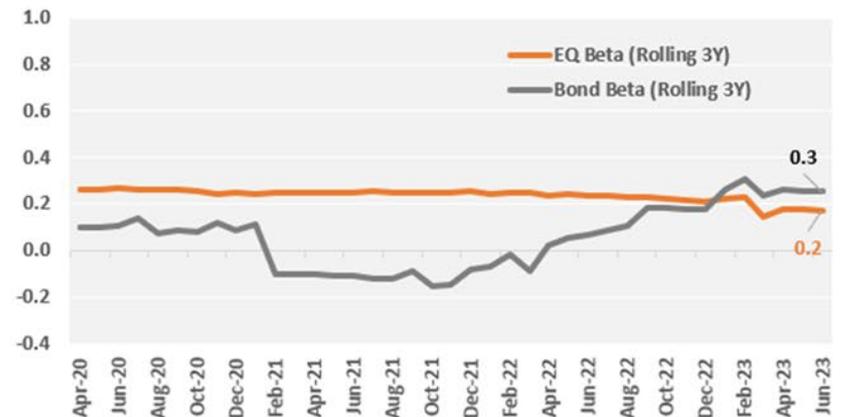
# Sharpe Ratio and Market Beta

As of June 30, 2023

### Risk-Adjusted Return : 3 Years



### Diversifying Benefit - PRIT HF's Beta



# PRIM Hedge Funds and PCS Performance Breakdown

As of June 30, 2023 (Net of Fees)

	NAV	as of Total HF	as of Total PCS	1 Quarter	1 Year	3 Year
<b>StableValue HF</b>	\$4.48 bn	61%	55%	<b>1.8%</b>	<b>4.6%</b>	<b>7.3%</b>
Mellon-reported BM (blend)				1.8%	4.1%	7.1%
Peer-based BM (old)				1.6%	1.9%	6.4%
Market Index-based BM (new)				1.8%	6.0%	3.4%
<b>Directional HF</b>	\$2.11 bn	29%	26%	<b>3.1%</b>	<b>4.9%</b>	<b>6.3%</b>
Mellon-reported BM (blend)				3.7%	9.1%	7.3%
Peer-based BM (old)				2.4%	5.6%	6.2%
Market Index-based BM (new)				3.7%	10.5%	6.5%
<b>PAAMCO FoF</b>	\$0.71 bn	10%	9%	<b>-0.7%</b>	<b>2.9%</b>	<b>6.2%</b>
Mellon-reported BM (blend)				1.8%	5.5%	5.8%
Peer-based BM (old)				1.4%	4.4%	5.4%
Market Index-based BM (new)				1.8%	6.0%	3.4%
<b>Real Assets</b>	\$0.74 bn	N/A	9%	<b>0.9%</b>	<b>-6.1%</b>	<b>-1.2%</b>
Mellon-reported BM				2.0%	10.1%	7.2%

- Returns over 1 year are annualized.
- Since 2Q2020, Mellon started separately reporting Stable Value vs. Directional, after Asset Allocation decided to bifurcate their different value propositions.
- “Peer-based BM” is an aggregate of HFRI strategy indices. It was the benchmark used through 2/2023.
- “Market Index-based BM” is the new benchmark recently approved and implemented starting 3/2023.
- “Mellon-reported BM” blends Peer-based BM through 2/2023 and Market Index-based BM starting 3/2023.

# Glossary of PRIT Fund Investment Terms

**Active Management** – Refers to a portfolio management strategy where the manager makes specific investments with the goal of outperforming an investment benchmark index.

**Barclays Capital Aggregate Bond Index** – An index that replicates the U.S. investment-grade bond market. The index is comprised of government and corporate bonds.

**Core Fixed Income Portfolio** – Investments in investment-grade bonds (see definition of Barclays Capital Aggregate Bond Index).

**Domestic Equity Portfolio** – Investments in shares of publicly-traded U.S. companies utilizing a large capitalization (large cap), small and middle capitalization (small/smld cap), and micro capitalization (micro cap) strategies.

**Emerging-Diverse Manager** – Investment managers with less than \$2B of AUM, less than 3 yrs track record, that are minority-owned or women-owned.

**Emerging Markets Equity Portfolio** – The primary strategy for this portfolio is investing in companies in developing countries, including, but not limited to, China, Brazil, Russia, South Korea, Taiwan, India and Turkey. These countries typically have less efficient securities markets, and thus there is opportunity for substantial returns.

**Hedge Fund Research, Inc. (HFRI)** – An organization that specializes in the areas of indexation and analysis of hedge funds.

**International Equity Portfolio** – The primary strategy for this portfolio is investing in companies in developed markets, industrialized nations outside of the United States, including, but not limited to, Japan, Germany, the United Kingdom, France, Italy, Switzerland, Hong Kong, Canada, and Australia.

**MSCI ACWI Index** – Captures large and mid cap representation across 23 Developed Markets and 25 Emerging Markets.

**MSCI Emerging Markets Index** – Captures large and mid cap representation across 25 Emerging Markets.

**MSCI Europe Investable Market Index** – Captures large, mid and small cap representation across 15 Developed Markets

**Passive Management** - An investing strategy that tracks a market-weighted index or portfolio. The most popular method is to mimic the performance of an externally specified index by buying an index fund.

**Portfolio Completion Strategies (PCS)** – The objective of the PCS portfolio is to provide the PRIT Fund access to broader investment opportunities. Investments selected for the PCS portfolio should enhance the risk/return profile of the PRIT Fund. Investments may include long-term strategic investments or short-term opportunistic investments. Some of these strategies include hedge funds and real assets.

**Private Equity Portfolio** – Two components comprise the PRIT Fund’s Private Equity portfolio: venture capital (early-stage and multi-stage) and special equity partnerships (buyout and growth equity). Unlike public markets, where the investor has the ability to “cash out” of positions at any time, these private market investments are illiquid.

**Real Estate Portfolio** – Equity investments in both directly-owned properties and REIT securities. Directly-owned core properties make up most of the portfolio. Core properties are typically well-leased, operating properties that provide regular cash flow from rents. Non-core investments include properties that are under development.

**REIT** – A company that owns, and in most cases operates, income-producing real estate. REITs often trade on major exchanges like other securities and provide investors with a liquid stake in real estate.

**Russell 3000 Index** – A stock market index that measures the performance of the largest 3,000 U.S. companies representing approximately 97% of the investable U.S. equity market.

**Standard & Poor’s (S&P) 500 Index** – A U.S. stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ.

**Timberland Portfolio** – Direct investments in timberland: in the United States timberland markets are divided into three regions, each with distinct economic characteristics: the Pacific Northwest, the Northeast and the Southeast. The Pacific Northwest is a high value softwood market, in which the growing cycle to produce a mature tree is forty to fifty years; in Australia, there is approximately 2 million hectares (4.9 million acres) of plantation timberlands that are almost evenly split between hardwood and softwood species.

**Treasury Inflation-Protected Securities (TIPS)** – Investment grade fixed income investments designed to provide a hedge against rising inflation. The principal of a TIPS increases with inflation and decreases with deflation, as measured by the Consumer Price Index. When a TIPS matures, the investor is paid the adjusted principal or original principal, whichever is greater.

**Treasury Separate Trading of Registered Interest and Principal of Securities (STRIPS)** – Bonds that are sold at a discount to their face value. The investor does not receive interest payments but is repaid the full-face value when the bonds mature. Also called “zero coupon” bonds.

**Value Added Fixed Income** – A fixed income portfolio consisting of the following strategies: high yield bonds (non-investment grade corporate debt); bank loans (senior secured corporate debt); emerging markets debt (debt issued within the emerging, or developing countries, marketplace, and private debt (investments in private partnerships that invest directly in companies under financial distress).



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THANK YOU

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