



PENSION
RESERVE TRUST

FIDEICOMISO DE RESERVA DE PENSIONES

Working to Preserve Pension Benefits

Report of the Pension Reserve Trust for June 30, 2025

September 24, 2025

Agenda

- **Since Our Last Meeting**
- **Investment Performance**
- **Operations & Expenses**
- **Next Steps**

Appendices

- A. FY2025 Financial Report
& Data**
- B. Investment Detail**
- C. Budget & Expense Detail**

Since our Last Meeting

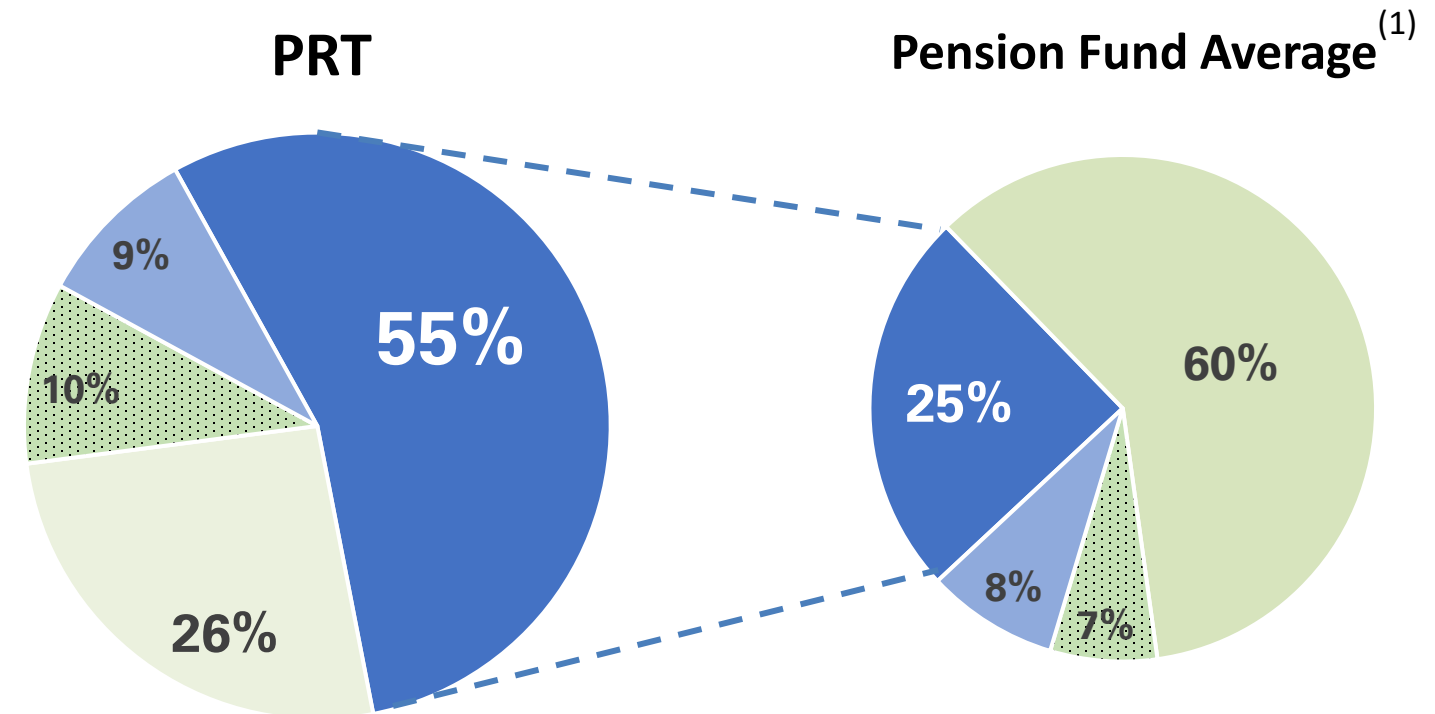
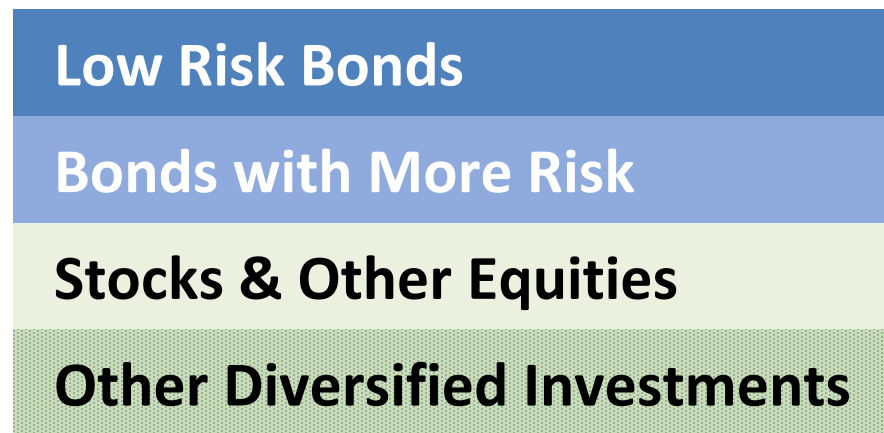
- **Hired Segal to begin Asset & Withdrawal Management study. Requested information from Government.**
- **Engaged KPMG & began the FY25 audit.**
- **Engaged KPMG for the FY25 compliance audit.**

Investment Performance

We continue to:

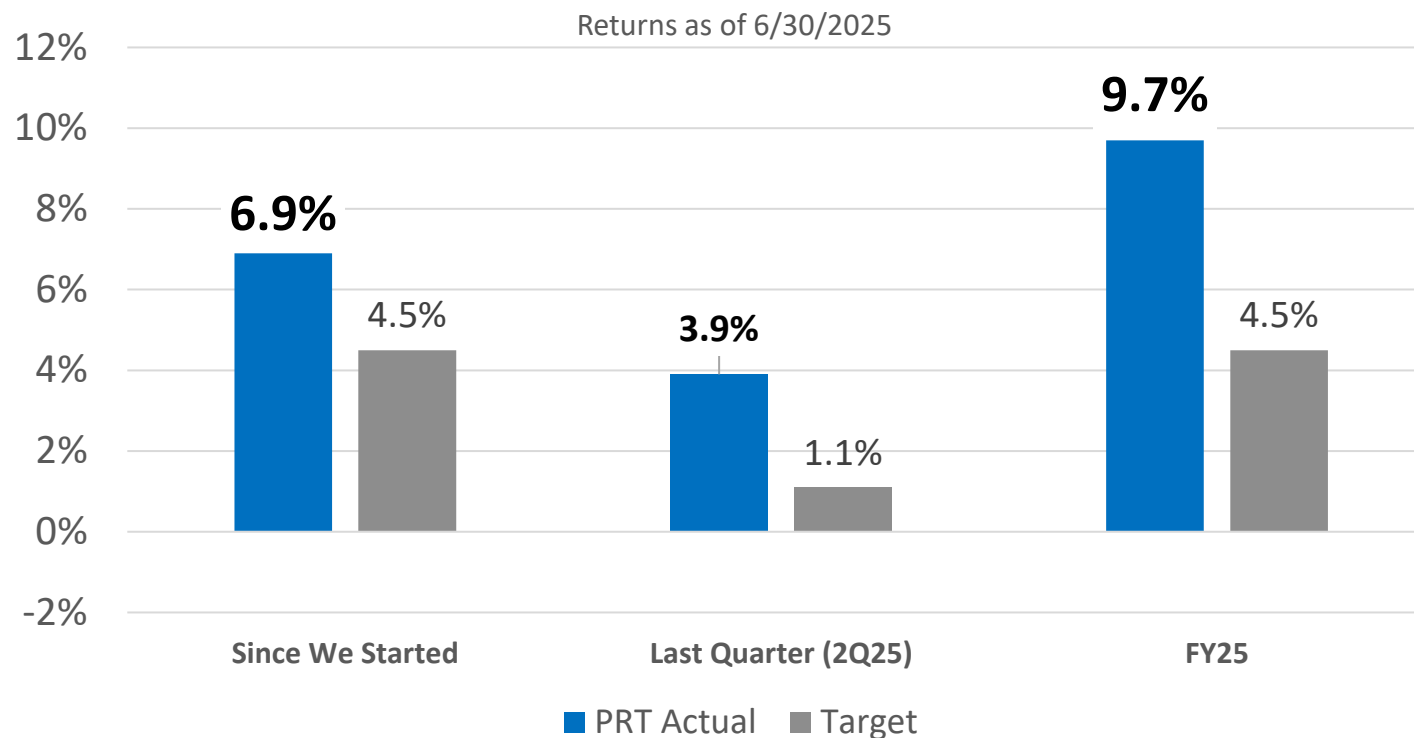
- **Invest conservatively.**
- **Diversify investments.**
- **Keep investment expenses low.**
- **Rely appropriately on professional investment advice.**
- **Aim for getting the necessary returns over the next three decades despite month to month & year to year fluctuations.**

PRT remains more conservatively invested than pension funds.

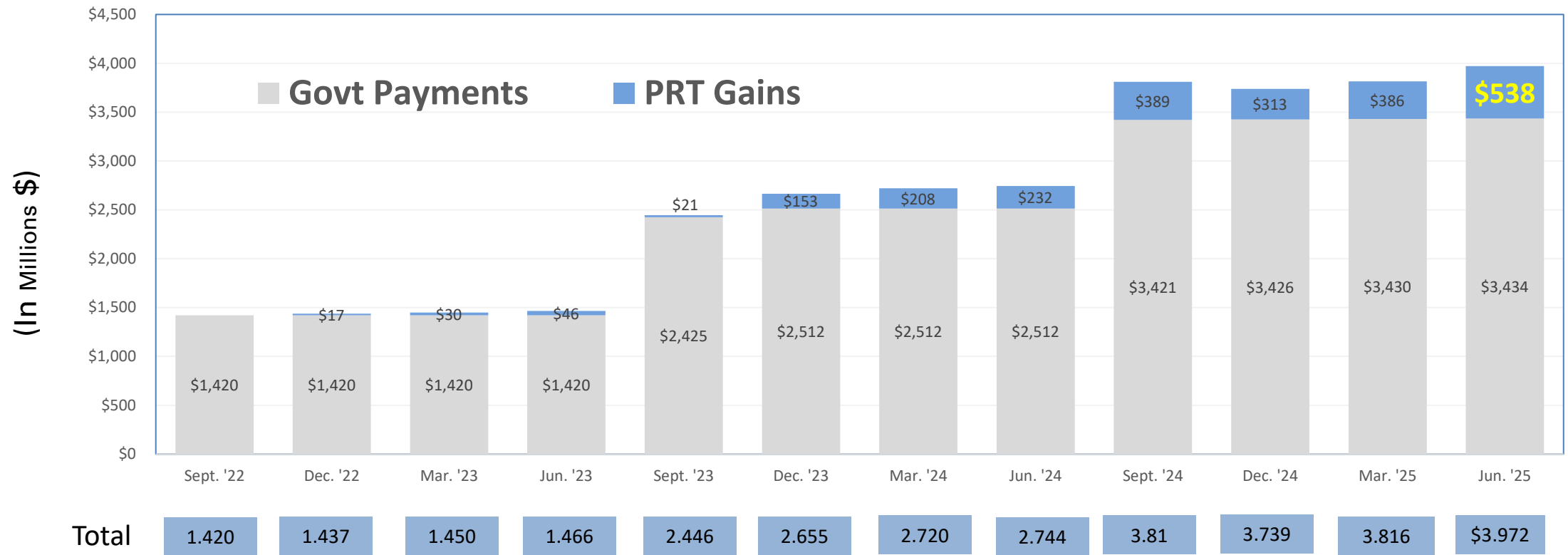


(1) InvestMetrics Public DB Universe as of June 30, 2025; 2024 NCPERS Public Fund Annual Survey

Despite worldwide uncertainty PRT returned 9.7% in FY25, 6.9% since we started

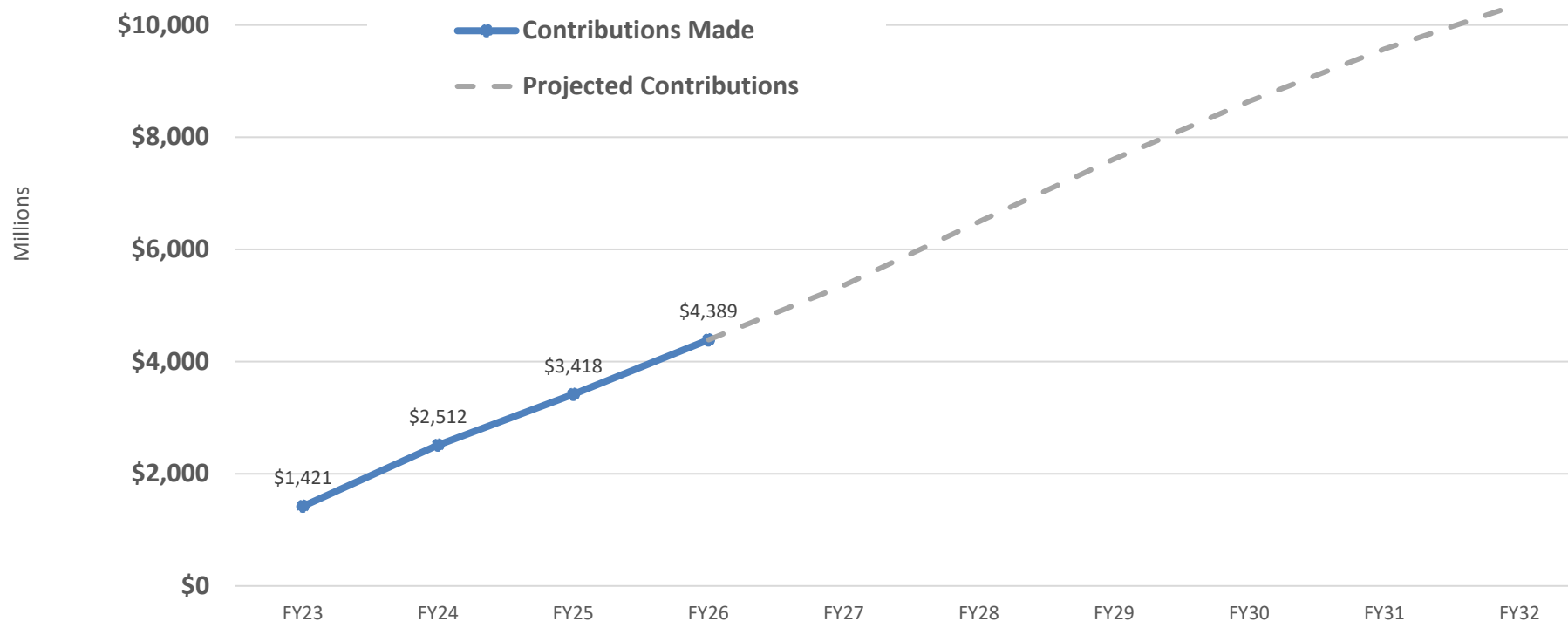


PRT total investment returns over \$500,000,000



Gains include income, realized and unrealized gains*

**Government contributions are expected to be more than \$10 billion.
A shortfall could change the Trust's investment strategy &
perhaps its ability to help fund future pensions.**



Note: projected contributions are based on the 2022 Commonwealth Certified Fiscal Plan

Operations & Budget

FY 2025 – Year-end Budget v. Actual Results	Budget	Actual Expenses ⁽¹⁾	% of Budget
Administrative and Operating Expenses⁽²⁾	1,650,000	1,560,756	95%
Investment Related & Non-Ordinary Expenses⁽³⁾	13,150,000	5,309,837	40%
Start-Up Expenses	200,000	154,320	77%
Total Expenses⁽¹⁾	15,000,000	7,024,913	47%

For more detailed information regarding these expenses, please refer to the Appendix C.

(1) Unaudited.

(2) Subject to budget cap in accordance with Section 7.3 of the Guidelines.

(3) Reflect ongoing implementation of the Investment Policy

As of June 30, 2025 ⁽¹⁾

PRT's expense ratio remains low

AUM v. Actual Expenses	Expenses ⁽¹⁾	As % of AUM
Assets under Management (“AUM”)		\$3,972,966,437
Administrative & Operating Expenses	\$1,560,756	0.04%
Investment & Non-ordinary Expenses	<u>5,309,837</u>	<u>0.13%</u>
Ongoing Expenses	\$6,870,593	0.17%
Start-Up Expenses	154,320	NA

⁽¹⁾ Unaudited.

Through June 30, 2025 ⁽¹⁾

Budget for FY 2026

	FY 25 Budget	FY 26 Budget
Administrative and Operating Budget	1,650,000	1,850,000
Investment & Non-ordinary Expenses	13,150,000	7,500,000
Total	14,800,000	9,350,000



Investments

- **Receive requested information from the Government to begin Asset & Withdrawal Management Study.**
- **Review Investment Policy based on AWM & determine future allocations.**



Operations

- **Work with FOMB to approve asset managers.**



Governance & Accountability

- **Complete FY25 External Audit.**
- **Begin the FY25 Annual Compliance Audit.**



For further information contact:

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Appendix A

FY2025 Financial Report &

Data (Unaudited)

Statement of Revenues, Expenditures, and Change in Trust Fund Balance for Year ended June 30, 2025 ⁽¹⁾ *(Dollars in thousands)*

Total Revenues	\$	309,694
Total Expenditures		(3,956)
Total other financing sources		922,619
Change in fund balance	\$	1,228,357
Fund balance, beginning of year – restricted		2,744,648
Fund balance, end of year – restricted	\$	3,973,005

More detailed information regarding the financial statements follows.

⁽¹⁾ Unaudited.

Balance Sheet for Year ended June 30, 2025 ⁽¹⁾ *(Dollars in thousands)*

Assets	\$	3,974,194
Liabilities		1,189
Fund balance, end of year – restricted	\$	3,973,005

More detailed information regarding the financial statements follows.

⁽¹⁾ Unaudited. Excludes Pension Benefits Council financial data.

Balance Sheet at June 30, 2025 ⁽¹⁾ *(Dollars in thousands)*

Assets	Balance
Current Assets	
Cash	\$ 940
Investments at fair value	3,972,967
Other Current Assets	92
Total Current Assets	3,973,999
Property, Plant & Equipment – Net	8
Operating lease right –of-use asset	187
Total Assets	\$ 3,974,194

⁽¹⁾ Unaudited. (Excludes PBC financials)

Balance Sheet at June 30, 2025 ⁽¹⁾ *(Dollars in thousands) (Continued)*

Liabilities	Balance
Accounts Payable	\$ 266
Accrued Expenses	685
Personnel Related Payable	45
Current portion of operating lease liability	23
Withholding Taxes	6
Total Current Liabilities	1,025
Operating lease liability	164
Total Liabilities	1,189
Fund balance – restricted	\$ 3,973,005

⁽¹⁾ Unaudited. (Excludes PBC financials)

Statement of Revenues, Expenditures, and Change in Trust Fund Balance as of June 30, 2025 ⁽¹⁾

(Dollars in thousands)

Revenues	Balance
Interest and amortization	117,393
Net realized gain on investments	21,754
Net unrealized appreciation on investments	170,547
Total Revenues	309,694
General Government Expenditures	
Personnel Related	918
Trustees	350
Legal Counsel	40
Accounting and Audit	84
Other Professionals	26
Administrative	97
Travel & Other Reimbursable Expenses	45
Start Up Costs	154
Depreciation & Amortization	8
Total General Government Expenditures	1,722

⁽¹⁾ Unaudited. (Excludes PBC financials)

Statement of Revenues, Expenditures, and Change in Trust Fund Balance as of June 30, 2025 ⁽¹⁾
(Dollars in thousands) (Continued)

Investment Expenditures	Balance
Custodian	141
D&O insurance policy	108
Investment consultant & OCIO	1,332
Investment management fees	431
Regulatory & Compliance	167
Quarterly meetings	29
Other investment expenditures	26
Total Investment Expenditures	2,234
Other financing sources (uses)	
Transfer in – Commonwealth	923,053
Transfer out – Pension Benefits Council (“PBC”)	(434)
Total other financing sources	922,619
Change in fund balance	1,228,357
Fund balance, beginning of year – restricted	2,744,648
Fund balance, end of year – restricted	\$ 3,973,005

⁽¹⁾ Unaudited. (Excludes PBC financials)

Appendix B

Investment Detail

Pension Reserve Trust

June 30, 2025

COMPOSITE PERFORMANCE DETAIL

	Allocation			Performance (%)					Inception Date
	Market Value (\$)	% of Portfolio	Policy (%)	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	Inception (%)	
Total Composite	3,972,966,437	100.0	100.0	3.9	5.9	9.7	8.1	6.9	Oct-22
Policy Index				4.3	6.1	9.9	7.6	6.7	
4.5% Target				1.1	2.2	4.5	4.5	4.5	
Public Equity	1,025,565,491	25.8	25.0	9.6	8.9	15.4		15.0	Aug-23
MSCI AC World IMI Index (Net)				11.6	9.8	15.9		15.7	
High Quality Fixed Income	2,128,603,642	53.6	55.0	1.3	4.3	6.2		4.9	Aug-23
Blmbg. U.S. Aggregate Index				1.2	4.0	6.1		4.6	
Return Seeking Fixed Income	380,985,538	9.6	10.0	2.7	4.4	8.6		7.7	Aug-23
Credit Custom BM				2.4	3.9	7.9		7.7	
Diversification	397,949,448	10.0	10.0	5.4	8.6	14.3		11.9	Aug-23
Diversification Custom BM				5.1	9.5	14.3		11.5	
Cash	39,862,319	1.0	0.0	1.0	2.1	4.6	5.2	4.9	Oct-22
90 Day U.S. Treasury Bill				1.0	2.1	4.7	5.0	4.8	

Pension Reserve Trust

June 30, 2025

TOTAL FUND PERFORMANCE DETAIL

	Allocation			Performance (%)					
	Market Value (\$)	% of Portfolio	Policy (%)	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	Inception (%)	Inception Date
Total Composite	3,972,966,437	100.0	100.0	3.9	5.9	9.7	8.1	6.9	Oct-22
Policy Index				4.3	6.1	9.9	7.6	6.7	
4.5% Target				1.1	2.2	4.5	4.5	4.5	
Public Equity	1,025,565,491	25.8	25.0	9.6	8.9	15.4		15.0	Aug-23
Vanguard S&P 500 ETF	464,989,358	11.7		10.9	6.1	15.0		18.7	Aug-23
S&P 500 Index				10.9	6.2	15.2		18.7	
Vanguard Value ETF	116,572,932	2.9		2.9	5.6	12.7		12.9	Aug-23
CRSP U.S. Large Cap Value TR Index				2.9	5.6	12.7		12.9	
Vanguard Extended Market ETF	77,339,726	1.9		12.2	2.1	15.5		12.5	Aug-23
S&P Completion Index				12.2	2.1	15.6		12.4	
Vanguard FTSE Developed Markets ETF	179,273,931	4.5		13.0	20.7	18.9		13.6	Aug-23
FTSE Developed All Cap ex-US Index (Net)				13.3	19.8	18.6		13.2	
State Street Hedged Intl Dev Eq Idx K	90,856,483	2.3		4.7	9.2	10.5		13.9	Aug-23
MSCI EAFE Index (Hedged) (Net)				5.3	8.8	10.5		14.0	
Vanguard FTSE Emerging Markets ETF	96,533,060	2.4		9.6	12.7	16.5		11.2	Aug-23
FTSE EM All Cap China A Inclusion Net Tax (US RIC)				9.9	11.2	15.2		11.5	
Public Debt	2,509,589,180	63.2	65.0	1.5	4.3	6.6		5.3	Aug-23
High Quality Fixed Income	2,128,603,642	53.6	55.0	1.3	4.3	6.2		4.9	Aug-23
Treasuries	870,266,055	21.9		0.1	4.0	4.5		3.2	Aug-23
Vanguard Short-Term Treasury ETF	72,106,484	1.8		1.2	2.8	5.7		5.1	Aug-23
Blmbg. U.S. Treasury: 1-3 Year				1.2	2.8	5.7		5.2	
Vanguard Long-Term Treasury ETF	365,897,293	9.2		-1.5	3.2	1.5		-1.1	Aug-23
Blmbg. U.S. Treasury: Long				-1.5	3.1	1.6		-1.1	
Vanguard Intermediate-Term Trs	309,745,344	7.8		1.7	4.8	6.7		4.8	Aug-23
Bloomberg U.S. Treasury 3-10 Year Index				1.7	4.8	6.7		4.8	
Schwab US TIPS ETF	122,516,935	3.1		0.4	4.6	5.9		4.4	Aug-23
Blmbg. U.S. TIPS				0.5	4.7	5.8		4.4	

Pension Reserve Trust

June 30, 2025

TOTAL FUND PERFORMANCE DETAIL

	Allocation			Performance (%)					
	Market Value (\$)	% of Portfolio	Policy (%)	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	Inception (%)	Inception Date
Corporate Bonds	1,258,337,587	31.7		2.2	4.4	7.8		6.7	Aug-23
Vanguard Short-Term Corporate Bond ETF	373,228,412	9.4		1.8	3.7	7.3		6.5	Aug-23
Bloomberg US Corporate 1-5 Years				1.8	3.8	7.3		6.6	
Vanguard Inter-Term Corp Bd ETF	366,778,958	9.2		2.6	5.3	8.5		7.1	Aug-23
Bloomberg U.S. Credit Corp 5-10 Year Index				2.6	5.4	8.5		7.2	
IR&M Intermediate Credit Fund	518,330,217	13.0		2.1	4.3			4.3	Jan-25
Bloomberg U.S. Intermediate Credit				2.1	4.5			4.5	
Return Seeking Fixed Income	380,985,538	9.6	10.0	2.7	4.4	8.6		7.7	Aug-23
Vanguard Total Corporate Bond ETF	189,885,748	4.8		1.9	4.2	7.0		5.8	Aug-23
Bloomberg US Corporate				1.8	4.2	6.9		5.8	
iShares Broad USD High Yield Corp Bd ETF	96,150,246	2.4		3.6	4.9	10.6		10.1	Aug-23
ICE BofA US High Yield Master II Constrained				3.6	4.5	10.2		10.0	
iShares 0-5 Year High Yield Corp Bd ETF	94,949,544	2.4		3.3	4.3	9.8		9.1	Aug-23
ICE BofA 0-5 Year U.S. High Yield Constrained				3.2	4.0	9.9		9.5	
Diversification	397,949,448	10.0	10.0	5.4	8.6	14.3		11.9	Aug-23
Public Real Assets	194,071,981	4.9		3.8	12.2	17.0		11.2	Aug-23
Diversification Real Assets Custom BM				2.8	11.0	16.0		11.0	
SPDR S&P Global Natural Resources ETF	39,643,474	1.0		3.3	10.5	1.2		0.4	Aug-23
S&P Global Natural Resources Sector Index (Net)				3.3	10.4	0.6		0.1	
iShares Global Infrastructure ETF	39,425,957	1.0		10.1	15.2	27.7		15.9	Aug-23
S&P Global Infrastructure (Net)				10.0	14.9	26.6		15.4	
iShares Global REIT ETF	38,582,808	1.0		2.6	4.4	10.4		5.9	Aug-23
FTSE EPRA/NAREIT Global REITs Index				3.0	4.7	10.8		6.4	
SPDR Gold MiniShares	38,303,844	1.0		5.9	26.0	42.2		31.1	Aug-23
Bloomberg Gold Subindex Total Return				5.2	24.4	39.8		29.6	
Aberdeen Bloomberg All Commodity Strategy K-1 Free ETF	38,115,899	1.0		-3.2	5.2	5.6		2.0	Aug-23
Bloomberg Commodity Index Total Return				-3.1	5.5	5.8		2.3	

Pension Reserve Trust

June 30, 2025

TOTAL FUND PERFORMANCE DETAIL

	Allocation			Performance (%)					
	Market Value (\$)	% of Portfolio	Policy (%)	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	Inception (%)	Inception Date
Multi-Asset	203,877,466	5.1		7.0	5.0	11.5		12.5	Aug-23
SSGA Moderate Strategic Balanced Strategy	203,877,466	5.1		7.0				7.0	Apr-25
60% MSCI ACWI (Net) / 40% Bloomberg Aggregate				7.3				7.3	
Cash	39,862,319	1.0	0.0	1.0	2.1	4.6	5.2	4.9	Oct-22
90 Day U.S. Treasury Bill				1.0	2.1	4.7	5.0	4.8	
Northern Trust Money Market Treasury NTPXX	39,862,319	1.0		1.0	2.1	4.6	5.7	5.6	May-23

Appendix C

Budget & Expense Detail

Administrative and Operating Expenses	Annual Budget	Actual Expenses ⁽¹⁾	% of Budget
Management & Staff	924,000	918,132	99%
Trustees	352,000	349,937	99%
Legal Counsel	84,000	40,264	48%
Accounting and Audit	85,000	84,747	99%
Other Professionals	26,000	25,680	99%
Ordinary Business (General)	97,000	96,655	99%
Travel and other reimbursable expenses	75,000	45,341	60%
Emergency and Contingency Reserve	7,000	-	0%
Total Administrative and Operating Expenses ⁽¹⁾	1,650,000	1,560,756	95%

As of June 30, 2025 ⁽¹⁾

⁽¹⁾ Unaudited.

Investment Related & Non-Ordinary Expenses	Annual Budget	Actual Expenses ⁽¹⁾	% of Budget
Investment Staff	80,000	-	0%
Custodian	250,000	140,974	56%
Insurance Policies (D&O, Cyber, etc.)	150,000	108,010	72%
Legal, Regulatory & Compliance	450,000	195,868	44%
Other	20,000	1,118	6%
Equipment, Software and Licenses	100,000	22,020	22%
Asset Withdrawal Management (AWM) study	250,000	2,826	1%
Investment consultant annual fee	1,350,000	1,332,445	99%
Investment management fees	10,500,000	3,506,576	33%
Total Non-Ordinary and Investment Related Expenses ⁽¹⁾	13,150,000	5,309,837	40%

As of June 30, 2025 ⁽¹⁾

⁽¹⁾ Unaudited.

Non-Recurring Start-Up Expenses	FY25 Budget	Actual Expenses⁽¹⁾	% of Budget
Recruitment consultant	-	-	0%
IT/website set-up	10,000	9,313	93%
Legal Counsel	150,000	145,007	97%
Office Configuration	15,000	-	0%
Furniture and Electronic Equipment	25,000	-	0%
Total Start-Up Expenses⁽¹⁾	200,000	154,320	77%

⁽¹⁾ Unaudited.

As of June 30, 2025 ⁽¹⁾

Administrative and Operating Budget	FY25	FY26
Management & Staff	924,000	757,000
Trustees	352,000	423,000
Legal Counsel	84,000	85,000
Accounting and Audit	85,000	255,000
Other Professionals	26,000	95,000
Ordinary Business (General)	97,000	110,000
Travel and other reimbursable expenses	75,000	90,000
Emergency and Contingency Reserve	7,000	35,000
Total Administrative and Operating Budget	1,650,000	1,850,000

Investment Related & Non-Ordinary Expenses	FY25	FY26
Management Staff	80,000	298,000
Custodian	250,000	250,000
Insurance Policies (D&O, Cyber, etc.)	150,000	175,000
Legal, Regulatory & Compliance	450,000	500,000
Other	20,000	32,000
Equipment, Software and Licenses	100,000	100,000
Asset Withdrawal Management (AWM) study	250,000	145,000
Investment consultant annual fee	1,350,000	1,700,000
Investment management fees	10,500,000	4,300,000
Total Non-Ordinary and Investment Related Budget	13,150,000	7,500,000

Important Notices & Disclaimers

- ▶ *This presentation is being provided for the information and use of the Act 106 Board and the Pension Benefits Council. **It is not investment advice or legal advice.***
- ▶ *The objective of the Pension Reserve Trust is, if possible, to provide funds to the Government adequate to meet pension obligations by prudently investing its funds over the next several decades. The investment decisions of the Trust are made with that objective while minimizing unnecessary risks. However, **all investments carry some level of risk. Their performance in the future can and will differ from their past performance and the Trust's asset values will fluctuate from quarter to quarter and year to year.** Diversification and other asset allocation techniques do not ensure profit or protect against losses.*
- ▶ *The PRT and Board make investment decisions to implement the particular requirements of the Plan of Adjustment, the Deed of Trust, and the Guidelines. **This presentation and the Trust's investment decisions should not be relied on in any way by any other party for any other purpose, particularly (but not only) decisions about investment of pension funds and of individual retirement plans.** Every person should make their own analysis based on their own goals with independent financial professionals before making any investment.*
- ▶ *The views presented here represent the good faith views of the Pension Reserve Trust as of the publication date and are subject to change at any time. The presentation does not contain all the analysis and data examined by the Board in coming to its views.*
- ▶ *Some of the information presented here has been obtained from external sources including the FOMB, the Commonwealth Government, consultants, vendors, etc.. While the Board has exercised reasonable professional care in preparing this content, we cannot guarantee the accuracy of all source information. Any financial information is unaudited.*