



**PENSION
RESERVE TRUST**

FIDEICOMISO DE RESERVA DE PENSIONES

Working to Preserve Pension Benefits

**Report of the Pension Reserve Trust for the Quarter ending
June 30, 2026**

September 9, 2026

Agenda

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

Appendices

- A. Investment Detail
- B. Budget & Expense Detail
- C. FY2026 Financial Report & Data

Since our Last Meeting

- **Published the Asset & Withdrawal Management study (“AWM”) prepared by Segal.**
- **Published PRT’s budget for FY27.**
- **Began the FY26 external audit.**
- **Began the FY26 Agreed Upon Procedures (“AUPs”)**

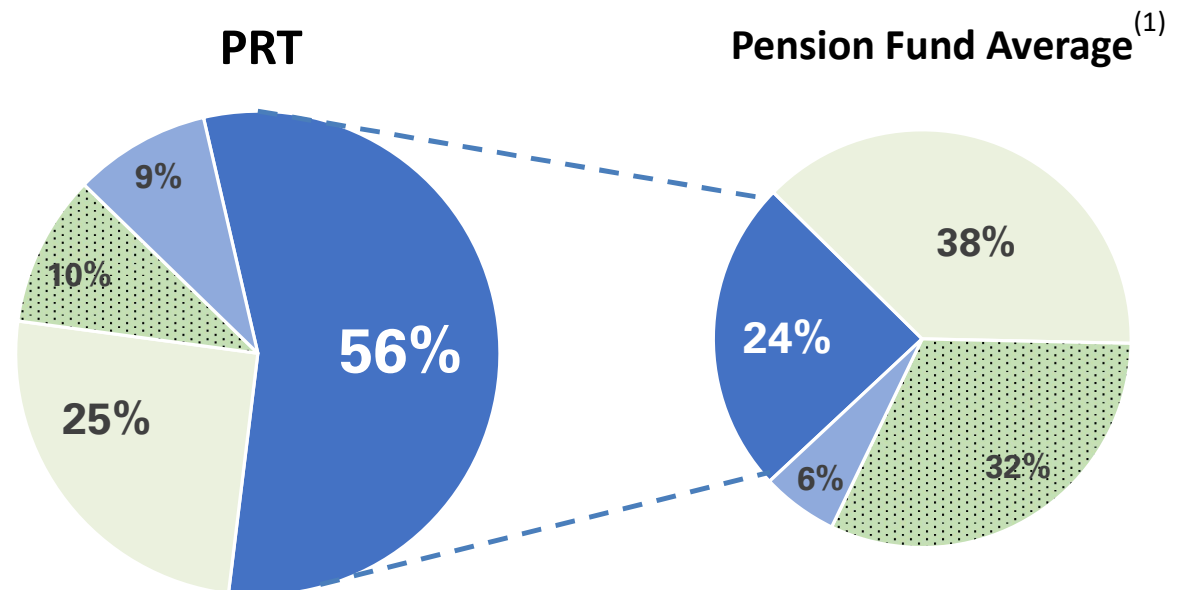


Investment Performance

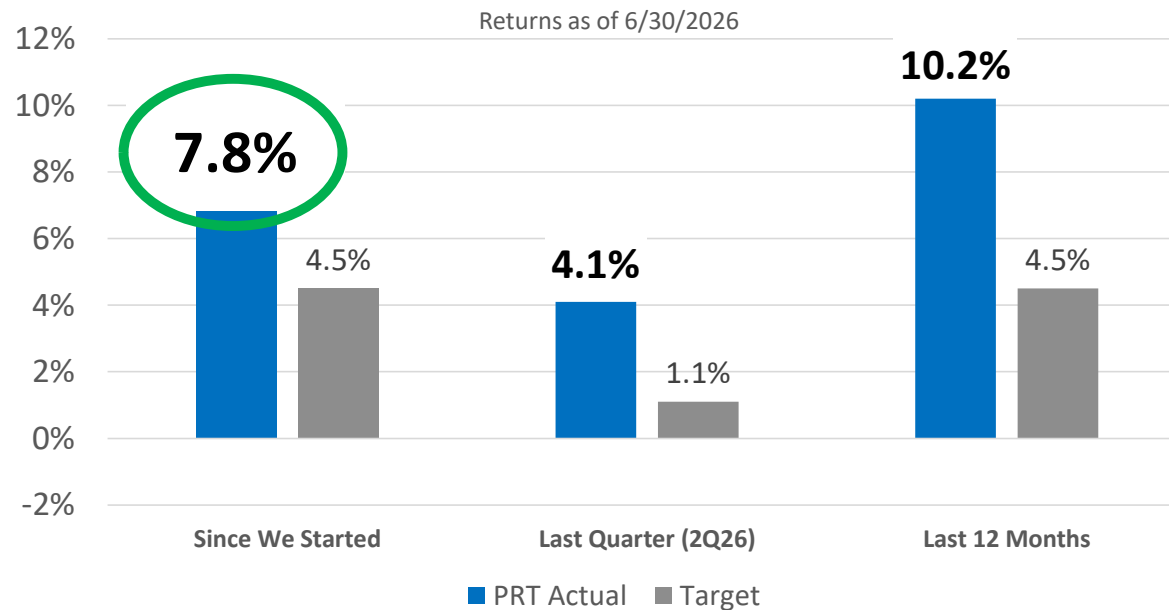
We continue to:

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

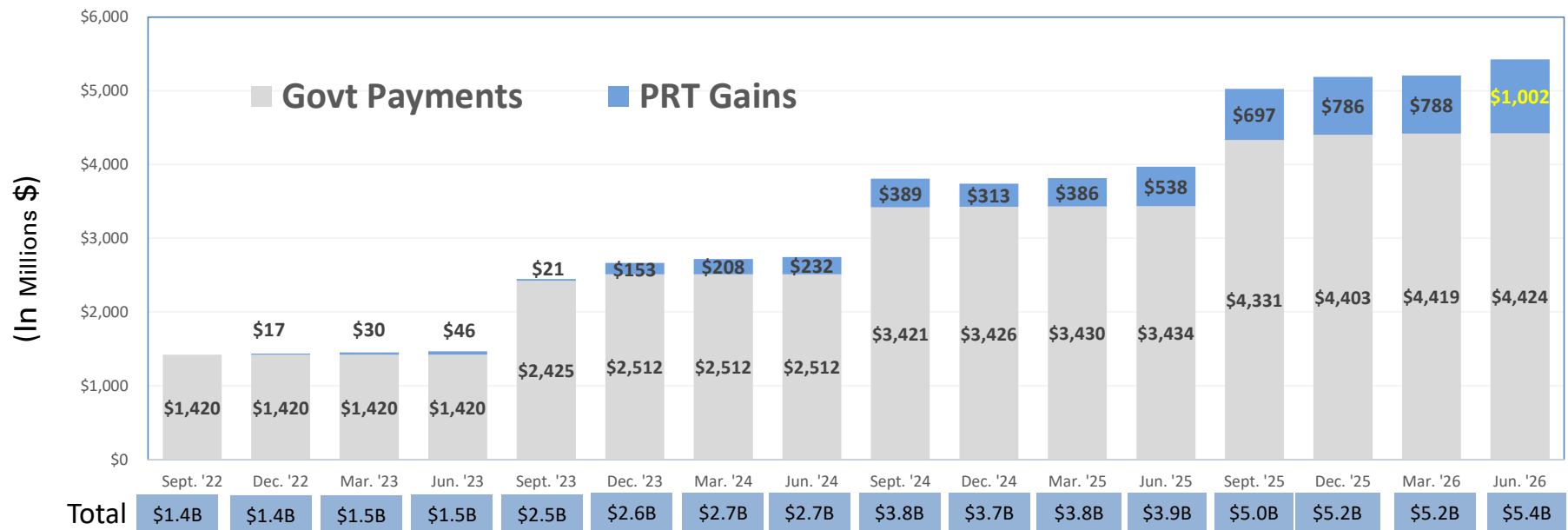
PRT remains more conservatively invested than pension funds.



***Despite continued conflict in the Middle East,
PRT earned a +4.1% in the last quarter, and 7.8% since we started***



PRT total investment returns \$1 billion*



*Gains include income, realized, unrealized gains and net of fees and expenses.



Operations & Budget

PRT continues to operate within its budget

As of June 30, 2026 ⁽¹⁾

FY 2026 – Year-end Budget v. Actual Results	Budget	Actual Expenses ⁽¹⁾	% of Budget spent YTD
Administrative and Operating Expenses⁽²⁾	1,850,000	1,590,681	86%
Investment-Related and Other Expenses⁽³⁾	7,500,000	6,797,429	91%
Total Expenses⁽¹⁾	9,350,000	8,388,110	90%

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

(1) Unaudited.

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

(3) Reflect ongoing implementation of the Investment Policy

PRT's expense ratio remains low

AUM v. Actual Expenses	Expenses ⁽¹⁾	As % of AUM
Assets under Management ("AUM")		\$5,426,474,826
Administrative & Operating Expenses	\$ 1,590,681	0.03%
Investment-Related & Other Expenses	<u>6,797,429</u>	<u>0.13%</u>
Ongoing Expenses	\$8,388,110	0.16%⁽²⁾

(1) Unaudited.

(2) NCPERS Annual Pension Survey 2025 average is 0.73%

As of June 30, 2026 ⁽¹⁾

A

Investments & Operations

- **PRT will review Investment Policy after considering AWM study.**

B

Governance & Accountability

- **Complete the FY26 Audit.**
- **Complete the AUPs for FY26.**

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Appendix A

Investment Detail

Period ending June 30, 2026 (net of fees)

Pension Reserve Trust

June 30, 2026

COMPOSITE PERFORMANCE DETAIL

	Allocation			Performance (%)						Inception Date
	Market Value (\$)	% of Portfolio	Policy (%)	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	Inception (%)	
Total Composite	5,426,474,826	100.0	100.0	4.1	4.4	10.2	10.0	8.8	7.8	Oct-22
Policy Index				4.5	4.3	10.3	10.1	8.5	7.6	
4.5% Target				1.1	2.2	4.5	4.5	4.5	4.5	
Public Equity	1,378,399,722	25.4	25.0	13.6	12.3	24.7	19.9		18.2	Aug-23
MSCI AC World IMI Index (Net)				14.9	11.8	24.2	20.0		18.5	
High Quality Fixed Income	2,965,451,832	54.6	55.0	0.8	0.7	3.6	4.9		4.5	Aug-23
Bloomberg U.S. Aggregate Index				0.7	0.6	3.8	4.9		4.3	
Return Seeking Fixed Income	500,151,963	9.2	10.0	1.6	1.3	4.8	6.7		6.7	Aug-23
Credit Custom BM				1.8	1.3	4.8	6.3		6.7	
Diversification	553,737,620	10.2	10.0	2.0	8.3	19.6	16.9		14.5	Aug-23
Diversification Custom BM				2.8	8.3	19.8	17.0		14.3	
Cash	28,733,689	0.5	0.0	0.9	1.8	3.8	4.2	4.7	4.6	Oct-22
90 Day U.S. Treasury Bill				0.9	1.7	3.8	4.3	4.6	4.5	

Source: NEPC
FYTD = Fiscal Year

Period ending June 30, 2026 (net of fees)

Pension Reserve Trust

June 30, 2026

TOTAL FUND PERFORMANCE DETAIL

	Allocation			Performance (%)						
	Market Value (\$)	% of Portfolio	Policy (%)	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	Inception (%)	Inception Date
Total Composite	5,426,474,826	100.0	100.0	4.1	4.4	10.2	10.0	8.8	7.8	Oct-22
Policy Index				4.5	4.3	10.3	10.1	8.5	7.6	
4.5% Target				1.1	2.2	4.5	4.5	4.5	4.5	
Public Equity	1,378,399,722	25.4	25.0	13.6	12.3	24.7	19.9		18.2	Aug-23
Vanguard S&P 500 ETF	646,902,905	11.9		15.3	10.2	22.3	18.6		19.9	Aug-23
S&P 500 Index				15.2	10.2	22.3	18.7		20.0	
Vanguard Value ETF	141,282,493	2.6		11.6	15.3	25.9	19.1		17.2	Aug-23
Morningstar U.S. Large Cap Value Index				11.5	15.2	25.8	19.1		17.1	
Vanguard Extended Market ETF	108,350,866	2.0		19.9	18.4	29.2	22.2		18.0	Aug-23
S&P Completion Index				19.8	18.3	28.9	22.1		17.8	
Vanguard FTSE Developed Markets ETF	172,273,879	3.2		11.8	14.8	28.6	23.6		18.5	Aug-23
FTSE Developed All Cap ex-US Index (Net)				13.9	14.1	28.2	23.3		18.1	
State Street Hedged Intl Dev Eq Idx K	164,629,251	3.0		10.3	13.0	27.7	18.8		18.4	Aug-23
MSCI EAFE Index (Hedged) (Net)				12.1	13.0	27.9	18.9		18.5	
Vanguard FTSE Emerging Markets ETF	144,960,329	2.7		10.6	11.2	23.8	20.1		15.3	Aug-23
FTSE EM All Cap China A Inclusion Net Tax (US RIC)				12.4	9.3	22.4	18.7		15.1	
Public Debt	3,465,603,795	63.9	65.0	0.9	0.8	3.8	5.2		4.8	Aug-23
High Quality Fixed Income	2,965,451,832	54.6	55.0	0.8	0.7	3.6	4.9		4.5	Aug-23
Treasuries	1,234,136,508	22.7		0.5	0.6	2.9	3.7		3.1	Aug-23
Vanguard Short-Term Treasury ETF	116,010,002	2.1		0.4	0.6	2.9	4.3		4.3	Aug-23
Blmbg. U.S. Treasury: 1-3 Year				0.4	0.6	2.9	4.3		4.4	
Vanguard Long-Term Treasury ETF	488,942,034	9.0		0.9	0.8	2.9	2.2		0.2	Aug-23
Blmbg. U.S. Treasury: Long				0.9	0.4	2.9	2.2		0.3	
Vanguard Intermediate-Term Trs	408,658,442	7.5		0.0	0.0	2.4	4.5		4.0	Aug-23
Bloomberg U.S. Treasury 3-10 Year Index				0.0	-0.1	2.4	4.5		4.0	
Schwab US TIPS ETF	220,526,031	4.1		0.8	1.3	3.4	4.6		4.0	Aug-23
Blmbg. U.S. TIPS				0.9	1.2	3.4	4.6		4.1	

Source: NEPC
FYTD = Fiscal Year

Period ending June 30, 2026 (net of fees) (Cont.)

Pension Reserve Trust

June 30, 2026

TOTAL FUND PERFORMANCE DETAIL

	Allocation			Performance (%)						
	Market Value (\$)	% of Portfolio	Policy (%)	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	Inception (%)	Inception Date
Corporate Bonds	1,731,315,324	31.9		1.0	0.8	4.2	6.0		5.8	Aug-23
Vanguard Short-Term Corporate Bond ETF	470,173,890	8.7		0.8	0.9	3.9	5.6		5.6	Aug-23
Bloomberg US Corporate 1-5 Years				0.8	0.9	3.9	5.5		5.6	
Vanguard Inter-Term Corp Bd ETF	578,069,390	10.7		1.1	0.7	4.5	6.5		6.2	Aug-23
Blmbg. U.S. Credit Corp 5-10 Year Index				1.2	0.5	4.6	6.5		6.3	
IR&M Intermediate Credit Fund	683,072,044	12.6		1.1	0.8	4.2			5.7	Jan-25
Blmbg. U.S. Intermediate Credit				0.9	0.7	4.0			5.7	
Return Seeking Fixed Income	500,151,963	9.2	10.0	1.6	1.3	4.8	6.7		6.7	Aug-23
Vanguard Total Corporate Bond ETF	277,305,984	5.1		1.2	0.9	4.3	5.6		5.2	Aug-23
Bloomberg US Corporate				1.4	0.9	4.3	5.6		5.3	
iShares Broad USD High Yield Corp Bd ETF	111,210,857	2.0		2.2	1.9	5.7	8.1		8.6	Aug-23
ICE BofA US High Yield Master II Constrained				2.5	1.9	5.7	8.0		8.5	
iShares 0-5 Year High Yield Corp Bd ETF	111,635,122	2.1		2.0	1.8	5.3	7.5		7.8	Aug-23
ICE BofA 0-5 Year U.S. High Yield Constrained				2.3	2.0	5.5	7.7		8.1	
Diversification	553,737,620	10.2	10.0	2.0	8.3	19.6	16.9		14.5	Aug-23
Public Real Assets	263,075,537	4.8		-4.0	8.1	21.9	19.4		14.8	Aug-23
Diversification Real Assets Custom BM				-3.4	9.1	23.6	19.7		15.2	
SPDR S&P Global Natural Resources ETF	49,252,746	0.9		-8.8	9.6	27.5	13.6		9.0	Aug-23
S&P Global Natural Resources Sector Index (Net)				-8.6	9.4	27.7	13.3		8.8	
iShares Global Infrastructure ETF	52,059,422	1.0		0.8	10.1	15.9	21.7		15.9	Aug-23
S&P Global Infrastructure (Net)				1.3	9.5	15.8	21.1		15.5	
iShares Global REIT ETF	57,450,042	1.1		10.6	12.0	15.9	13.1		9.2	Aug-23
FTSE EPRA/NAREIT Global REITs Index				11.0	12.3	16.2	13.5		9.6	
SPDR Gold MiniShares	52,742,822	1.0		-14.3	-7.0	21.2	31.3		27.6	Aug-23
Bloomberg Gold Subindex Total Return				-13.5	-7.4	21.0	30.1		26.6	
Aberdeen Bloomberg All Commodity Strategy K-1 Free ETF	51,570,505	1.0		-8.0	14.4	25.0	14.9		9.3	Aug-23
Bloomberg Commodity Index Total Return				-8.1	14.4	25.5	15.2		9.7	

Source: NEPC
FYTD = Fiscal Year

Pension Reserve Trust

June 30, 2026

TOTAL FUND PERFORMANCE DETAIL

	Allocation			Performance (%)						
	Market Value (\$)	% of Portfolio	Policy (%)	3 Mo (%)	YTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	Inception (%)	Inception Date
Multi-Asset	290,662,083	5.4		8.1	8.1	16.8	14.1		14.0	Aug-23
SSGA Moderate Strategic Balanced Strategy	290,662,083	5.4		8.1	8.1	16.8			19.5	Apr-25
60% MSCI ACWI (Net) / 40% Bloomberg Aggregate				9.1	7.1	15.5			18.8	
Cash	28,733,689	0.5	0.0	0.9	1.8	3.8	4.2	4.7	4.6	Oct-22
90 Day U.S. Treasury Bill				0.9	1.7	3.8	4.3	4.6	4.5	
Northern Trust Money Market Treasury NTPXX	28,733,689	0.5		0.9	1.8	3.8	4.2	5.0	5.0	May-23



Appendix B

Budget & Expense Detail

Administrative and Operating Expenses	Annual Budget	Actual Expenses ⁽¹⁾	% of Budget
Management & Staff	677,000	658,730	97%
Trustees	423,000	421,090	99%
Legal Counsel	85,000	46,468	55%
Accounting and Audit	265,000	211,963	80%
Other Professionals	125,000	77,838	62%
Ordinary Business (General)	130,000	103,304	80%
Travel and other reimbursable expenses	110,000	71,288	65%
Emergency and Contingency Reserve	35,000	-	0%
Total Administrative and Operating Expenses ⁽¹⁾	1,850,000	1,590,681	86%

As of June 30, 2026 ⁽¹⁾

⁽¹⁾ Unaudited.

Investment-Related and Other Expenses	Annual Budget	Actual Expenses ⁽¹⁾	% of Budget
Management & Staff	495,000	494,704	99%
Custodian	250,000	187,285	75%
Insurance Policies (D&O, Cyber, etc.)	175,000	111,511	64%
Legal, Regulatory & Compliance	350,000	122,111	35%
Other	30,000	288	1%
Equipment, Software and Licenses	100,000	37,451	38%
Asset Withdrawal Management (AWM) study	100,000	57,748	58%
Investment consultant annual fee	1,700,000	1,726,016	102% ⁽²⁾
Investment management fees	4,300,000	4,060,315	94%
Total Investment-Related and Other Expenses⁽¹⁾	7,500,000	6,797,429	91%

As of June 30, 2026 ⁽¹⁾

⁽¹⁾ Unaudited.

⁽²⁾ Assets value exceeded budgeted projections, therefore, fees increased accordingly.

Appendix C

FY2026 Financial Report & Data (Unaudited)

**Statement of Revenues, Expenditures, and Change in Trust Fund Balance for Year ended
June 30, 2026 ⁽¹⁾ *(Dollars in thousands)***

Total Revenues	\$	469,928
Total Expenditures		(5,408)
Total other financing sources		989,104
Change in fund balance	\$	1,453,624
 Fund balance, beginning of year – restricted		3,973,005
Fund balance, end of year – restricted	\$	5,426,629

More detailed information regarding the financial statements follows.

⁽¹⁾ Unaudited.

Balance Sheet for Year ended June 30, 2026 ⁽¹⁾ *(Dollars in thousands)*

Assets	\$	5,427,797
Liabilities		1,168
Fund balance, end of year – restricted	\$	5,426,629

More detailed information regarding the financial statements follows.

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

Balance Sheet at June 30, 2026 ⁽¹⁾ *(Dollars in thousands)*

Assets	Balance
Current Assets	
Cash	\$ 1,063
Investments at fair value	5,426,475
Other Current Assets	93
Total Current Assets	5,427,631
Property, Plant & Equipment – Net	2
Operating lease right –of-use asset	164
Total Assets	\$ 5,427,797

⁽¹⁾ Unaudited. (Excludes PBC financials)

Balance Sheet at June 30, 2026 ⁽¹⁾ *(Dollars in thousands) (Continued)*

Liabilities	Balance
Accounts Payable	\$ 64
Accrued Expenses	939
Current portion of operating lease liability	23
Withholding Taxes	1
Total Current Liabilities	1,027
Operating lease liability	141
Total Liabilities	1,168
 Fund balance – restricted	 \$ 5,426,629

⁽¹⁾ Unaudited. (Excludes PBC financials)

Statement of Revenues, Expenditures, and Change in Trust Fund Balance as of June 30, 2026 ⁽¹⁾
(Dollars in thousands)

Revenues	Balance
Interest income	151,279
Net realized gain on investments	51,786
Net unrealized appreciation on investments	266,863
Total Revenues	469,928
General Government Expenditures	
Personnel Related	659
Trustees	421
Legal Counsel	47
Accounting and Audit	212
Other Professionals	78
Administrative	103
Travel & Other Reimbursable Expenses	71
Depreciation & Amortization	6
Total General Government Expenditures	1,597

⁽¹⁾ Unaudited. (Excludes PBC financials)

Statement of Revenues, Expenditures, and Change in Trust Fund Balance as of June 30, 2026 ⁽¹⁾
(Dollars in thousands) (Continued)

Investment Expenditures	Balance
Investment personnel related	495
Custodian	187
D&O insurance policy	111
Investment consultant services & OCIO	1,726
Investment management fees	1,074
Regulatory & Compliance	106
Equipment, Software, and Licensing	38
Asset & Withdrawal Management Study	58
Quarterly meetings	16
Total Investment Expenditures	3,811
Total Expenditures	5,408

⁽¹⁾ Unaudited. (Excludes PBC financials)

Statement of Revenues, Expenditures, and Change in Trust Fund Balance as of June 30, 2026 ⁽¹⁾
(Dollars in thousands) (Continued)

Other financing sources (uses)

Transfer in – Commonwealth	989,580
Transfer out – Pension Benefits Council (“PBC”)	(476)

Total other financing sources **989,104**

Change in fund balance **1,453,624**

Fund balance, beginning of year – restricted **3,973,005**

Fund balance, end of year – restricted **\$ 5,426,629**

⁽¹⁾ Unaudited. (Excludes PBC financials)

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.*