



Commonwealth of Massachusetts State Retiree Benefits Trust Fund

Board of Trustees

Henry Clay, Chair

*Deborah B. Goldberg · Matthew Gorzkowicz · William McNamara
William T. Keefe · Catherine Moore · Theresa Flynn · Michael C. Tow*

State Retiree Benefits Trust Board of Trustees

Minutes of the Meeting of

March 13, 2025.

As approved by The Board at the 06.12.2025 meeting

I. Call to Order:

A meeting of the State Retiree Benefits Trust Fund Board (SRBTF Board or Board) was held on Thursday, March 13, 2025, via remote participation pursuant to the Open Meeting Law, G.L. c.30A, §20, as amended.

A quorum being present at the meeting was called to order at 9:35 a.m. The SRBTF Board members or designees present for all, or part of the meeting, were Henry Clay, William McNamara, William Keefe, and Catherine Moore, who was introduced to the Trustees as the new member of the Board, representing the Group Insurance Commission (GIC). All participants were notified that this meeting would be video recorded. All votes were taken via roll call.

Also present for all or part of the meeting were: Francesco Daniele and Emily Green of the Pension Reserves Investment Management Board (PRIM); Katherine Hesse and Veronica Turovsky Genin of Murphy, Hesse, Toomey & Lehane, LLP; Matthew Feeney of Feeney and Feeney Law, LLP; and Ingrid Goretti Rica of the SRBTF.

II. Approval of December 12, 2024 Meeting Minutes

The Chair reviewed the minutes and found them pretty comprehensive and relatively straightforward. He asked the Board to consider the minutes of the December 12, 2024 board meeting.

On a motion made by Mr. Keefe and duly seconded by Mr. McNamara, the Board took the following action.

VOTED: To approve the minutes of December 12, 2024 board meeting.

Mr. McNamara – Yes.

Mr. Keefe – Yes.
Ms. Moore – Abstained.
Mr. Clay – Yes.

III. Investment Report

The Chair invited Mr. Daniele to give the market update and present the investment report.

Mr. Daniele opened his presentation by outlining the agenda, which included an extended organizational update. He acknowledged the recent passing of Paul Shanley, an elected representative to the PRIM Board. Mr. Shanley joined the Board in July 2008, succeeding Ralph White. He brought over 35 years of experience in public pension management and was highly valued for his expertise and collegiality. Mr. Daniele emphasized Mr. Shanley's lasting contributions to PRIM and expressed that he will be deeply missed.

Still on the organizational update, Mark Latman was appointed by the Governor to the PRIM Board, filling the seat vacated by Peter Monaco, who served for nine years. Peter Monaco will continue as a member of the Investment Committee. Mr. Daniele described Mr. Latman as a consistently thoughtful and engaged contributor. Mr. Latman has worked in investment management since 1979, previously serving as CEO of Independent Investment Associates. He holds a PhD in History from Harvard (1982) and is a Chartered Financial Analyst (CFA). He serves on several boards and has significant experience in managing equity and fixed income portfolios.

Lastly, Matt Marshall has joined the private equity team as an Investment Officer, reporting to Elissa Ackerman. He has over 10 years of experience in private markets and has worked with endowments on portfolio management.

Moving on to the performance update, Mr. Daniele reported strong calendar year 2024 results for the PRIM Fund, which posted a 9.1% return, translating it to \$9.1 billion in net investment gains. The fund's balance reached \$109.7 billion, just below the record high from September. No changes were made to the strategic asset allocation this year. Mr. Daniele noted that the previous year's 1% shift from global equities to value-add fixed income remains in place. He emphasized that asset allocation decisions are based on both analytical rigor and practical constraints.

The PRIM Board recently approved \$2 billion in new capital deployments across public markets, hedge funds, and private equity, following committee review. It also approved several benchmark changes and updated proxy voting guidelines. Market volatility remained relatively subdued, with the VIX at 17.8—below the five-year average—and the MOVE index at 97, slightly above average. The 10-year Treasury yield rose sharply before stabilizing around 4.25%,

reflecting market uncertainty about inflation and economic policy. U.S. GDP grew at 2.3% in Q4, indicating ongoing resilience despite slower growth. Inflation was moderate, consumer sentiment is being closely watched, and the Federal Reserve held interest rates steady at 4.25%–4.5% in January.

Performance by strategy showed the PRIM Fund’s diversification was tested by concentrated gains in large-cap tech stocks. U.S. equities rose 24% for the year, while non-U.S. equities returned 4–7%. Global equities returned over 16%, and value-add fixed income was up around 9%. Core fixed income declined 5% in Q4.

Finally, PRIM terminated T. Rowe Price from its emerging markets portfolio due to underperformance, and Brandywine returned capital after winding down its U.S. micro-cap strategy.

Mr. Daniele concluded by turning the meeting over to Ms. Green for the private equity update.

Ms. Green provided an update on PRIM’s private equity (PE) portfolio, noting that due to reporting lags, the data reflected the quarter ending September 2024. Private equity posted its third consecutive quarter of positive performance, continuing a steady rebound. Long-term returns remained strong, with a 10-year net return of 16.7% and a 5-year return of 17%. However, the 3-year return was muted at 2.4%, reflecting the difficult market conditions of 2022 and 2023. In contrast, public equity markets performed strongly in 2024, with notable improvements in global M&A activity. For the trailing one-year period, private equity returned 7.8% net, which lagged the Russell 3000 and MSCI Europe indices. However, on a non-lagged basis, performance was stronger at 9.3%, outperforming all comparable Hamilton Lane PE substrategy benchmarks.

Ms. Green highlighted that, unlike public markets—which were heavily driven by the “Magnificent Seven” (Amazon, Apple, Google, Meta, Microsoft, NVIDIA, Tesla)—PRIM’s private equity portfolio is highly diversified, with the top seven holdings comprising only 6% of its total market value across over 3,900 companies. The portfolio has no exposure to the Magnificent Seven, underscoring its distinct positioning. She also noted the lag effect in private equity valuations and referenced Hamilton Lane research showing that in past cycles where public equities outperformed PE over a three-year period, private equity rebounded over the subsequent 3–5 years with average outperformance of 850–1050 basis points.

PRIM’s co-investment portfolio returned 2.8% for the quarter and 5.9% over the trailing year. These investments are fee-free and represent a unique strength of PRIM’s strategy. As of this report, private equity assets had grown to \$18.2 billion, or 16.6% of the PRIM Fund, a new high watermark. The portfolio spans 409 active partnerships and 107 general partners, with \$17.2 billion in unfunded commitments (“dry powder”), providing strong capacity to pursue future investment opportunities.

Ms. Green concluded her remarks and opened the floor for questions before handing the meeting back to Francesco Daniele.

Following Emily Green's report, Mr. Daniele opened the floor for questions. The Chair inquired about how PRIM's private equity managers were performing considering market volatility. Mr. Daniele responded that the portfolio remained positive, a strong indicator amid challenging conditions. While capital deployment has been selective, PRIM has maintained its rigorous underwriting standards, approving only 60–70% of private equity capital requested in 2024. He added that the team has earmarked \$2 billion in potential new private equity investments for 2025 and mentioned the recent launch of a new venture capital program, which is still in early stages but may be a future agenda item.

Mr. Daniele also highlighted strong performance in PRIM's Portfolio Completion Strategies (PCS), especially hedge funds. The directional hedge fund portfolio returned 24.2%, while the stable value component returned 10.2%. Notably, PRIM's hedge funds, like its private equity holdings, had no exposure to the "Magnificent Seven" tech stocks, reinforcing their role as effective diversifiers.

In response to a remark about generative AI, Francesco acknowledged the growing interest in new technologies but emphasized PRIM's cautious and cost-aware approach to innovation. He compared AI adoption to the early days of Excel—useful for efficiency but always requiring a strong human oversight component.

The Chair then asked about PRIM's prospects for new clients. Mr. Daniele reported that two new investor applications were in progress—a relatively high number, given that PRIM typically sees two to three per year. These prospects originated via referrals from the retirement side of PRIM's operations.

Matthew Feeney provided a brief update, explaining that both applicants are in the early stages of the legal process, as neither had initially adopted the required enabling statute. With legislative steps now underway, both applications are expected to be ready for review at the June board meeting, pending final legal compliance.

The Chair closed by offering support for the application process and thanking the team for their thorough updates.

IV. Adjournment

There being no further business, the Chair initiated the adjournment of the meeting and asked for a motion to adjourn. A motion was made by Ms. Moore, and duly seconded by Mr. McNamara to adjourn the meeting at 10:02 a.m.

Mr. McNamara – Yes.

Mr. Keefe – Yes.

Ms. Moore – Yes.
Mr. Clay – Yes.