

Minutes of the meeting held on March 11, 2026

Present: Francis Murphy, Joseph McCann, Michael Gardner, James Monagle, Claire Spinner, Chris Burns, Rafik Ghazarian, Erik Brown and Christopher McLaughlin.

Absent: Nadia Chamblin-Foster

The meeting was called to order at 11:02 AM. This was a hybrid meeting, held in-person in the Sheila Tobin Conference Room at 125 CambridgePark Drive, with some participants joining via Zoom videoconference. Burns announced that the Retirement Board audio and video records the meeting, which in conjunction with the minutes, constitutes the official record of the meeting. The minutes are made available to the public. In addition, third parties may also audio and/or video record the meeting.

Agenda Item # 1 – 2025 Performance Review

Ghazarian thanked the Board for their decision to rehire Segal Marco and for their continued confidence in their service.

Ghazarian reviewed Segal Marco's written analysis of investment performance for the period ending December 31, 2025. Returns were strong across nearly all asset classes. The S&P 500 returned 17.88% and the EAFE Index returned 31.22%.

Ghazarian reviewed the system's current asset allocation. He noted that he has updated the report to present the information in a new way which emphasizes current balances vs. the target allocation. The system remains underallocated to real estate, with that sleeve now making up 7.6% of the portfolio vs. the target allocation of 9%. Gardner asked about the system's cash flow, noting that the cash outflow in the last quarter was much higher than in the third quarter. Burns responded that this was due to the system receiving the annual appropriation payment on July 1. Ghazarian stated that he felt that the system's cash flow was healthy, with the outflow comprising only 2% of the total value of the fund. Ghazarian stated that he would not be concerned unless the outflow exceeded 5%. Gardner asked Ghazarian if he could prepare a report showing the cash outflow at comparable pension funds in Massachusetts.

Reviewing Cambridge's returns in 2025, the total fund was valued at \$2.179 billion, representing a gain of 2.5% in the last quarter. For the full year, the fund returned 15.1%, which outperformed the policy index return of 14.5%. Emerging Markets Equity was the best performing asset class, returning 34.2%. Returns in international equities also exceeded 30%. MetLife (formerly Mesirow) underperformed over the last year, returning 5.1% vs the Bloomberg High Yield benchmark at 8.6%. Real estate continues to recover slowly, returning 4% over the last year. Ghazarian discussed the difficulty in repositioning empty office buildings as housing, and noting that converting former lab space was even more difficult and costly. Returns from the timber sleeve continue to lag other asset classes. Gardner noted that he attended Hancock Timber's annual meeting in Boston. At that time, they explained that they had invested in a family owned business in Chile and were held up by the family's reluctance to modernize equipment. This was only resolved after Hancock bought out the family's interest. Gardner stated that he felt the problems should have been foreseeable. The private equity sleeve continues to show strong returns. Ghazarian noted that the 2023 vintage fund has shown excellent returns while still being early in their investment cycle.

Gardner noted that IFM has consistently topped their benchmark, which is set at CPI + 3.5%. He asked if that was a reasonable benchmark, or if they should be measured against other infrastructure funds. Ghazarian responded that at the time that IFM was hired, there were no commonly used benchmarks for infrastructure funds, but that there is now a generally accepted

benchmark which compares the performance of global infrastructure funds. The system could also consider a benchmark such as the 10-year Treasury bond +5% which might give the fund a more challenging hurdle to clear.

Earl McKennon and Melissa Moesman represented Fidelity Institutional Asset Management. A written portfolio report was submitted to the Board. McKennon reviewed the fixed income portfolio. There have been no changes to the portfolio management team, or investment strategy over the last year. Over the last year, the portfolio returned 7.36% net of fees vs. the Bloomberg US Aggregate at 7.3%. The portfolio consists entirely of investment grade, US Dollar-denominated bonds. The fund has outperformed the benchmark in nine of the last ten years. The bond market continues to price in an expectation of falling interest rates over the next year, likely consisting of either one or two cuts, with the first in September. This would be a positive driver for the portfolio. As of January, corporate spreads are at an historically low level. On average, the corporate yield is only a quarter percent higher than Treasuries. The portfolio continues to take a risk-off approach, with US Treasuries now comprising 52.3% of the portfolio, significantly more than the index holding of 45.56%. The portfolio has never had such a large holding of US Treasuries. The portfolio is underweight to corporates and Agency MBS, with McKennon noting that the spreads on these bonds do not justify increased risk. Gardner noted that the fund currently shows a legative allocation to cash, which McKennon explained as being due to certain derivatives and forward settlements of mortgage bonds. Monagle asked if the portfolio contains any social bonds and McKennon stated that it does not. Fidelity offers other products that may invest in social bonds.

Jeffrey Detwiler and Justo Gonzalez represented Garcia Hamilton. A written portfolio report was submitted to the Board. There have been no changes to the portfolio management or strategy. The firm is 100% employee owned, with sixteen employees holding an equity stake. Cambridge invested \$40 million as of September 2022. Detwiler discussed increasing use of AI and stressed that Garcia Hamilton will strive to keep a human touch in their client service division. Since inception, the fund has returned 5.21% vs. the Bloomberg US Aggregate at 5.19%. Over the last year, the return was 7.44% vs. the index at 6.26%. Detwiler noted that the firm stuck to their strategy of longer duration bonds and an overweight to mortgage-backed securities. This strategy has resulted in an underperformance in 2024, but much better performance in 2025. The firm is underweight to corporates due to their low spreads over Treasuries. Average duration in the portfolio is 7.1 years, vs. the benchmark at 6 years. Detwiler discussed the need for diversification in a portfolio and reviewed the lack of correlation between fixed income and other asset classes. Reviewing the present economic situation, Detwiler saw warning signs of a recession as the job market shows weakness. He also noted that tariffs are likely to have a significant impact on household budgets, with the average family paying over \$1,000 annually and cutting into discretionary income. Increased energy prices from a prolonged war with Iran would also have a bad impact on the economy. Gonzalez stated that he anticipates falling interest rates and that the portfolio's longer duration will drive returns going forward. He also stated that equities appear overpriced and are vulnerable to a significant correction. Equities are now at their highest P/E ratio since the dotcom bubble. Gardner asked if it would be viable to index the portfolio. Detwiler noted that it would be possible to buy an index fund of US Treasuries or Corporate bonds but that Garcia Hamilton generates value by being able to adjust their holdings of various bonds and duration in response to the investment environment. Monagle asked about the impact of AI, and Detwiler stated that it appears to be a boost to productivity, which would be deflationary. At the same time, tech stocks have declined on concerns around high capital expenditure and low profitability. It also appears to have slowed hiring of younger workers.

Matt O'Connell and Mike Sheldon represented Income Research & Management. A written portfolio report was submitted to the Board. O'Connell noted that IRM has now been working with Cambridge for 31 years and thanked the Board for the continuing relationship. O'Connell reported that three employees were recently made equity partners and the firm now has 74 employee shareholders. In making the decision to offer shares to an employee, the firm considers their work performance, collegiality and community service. The employee is then granted shares which vest over five years. In September, Mark D'Alfonso was hired as COO. The former COO, Max DeSantis, moved into a portfolio manager role. The fund has maintained a consistent outperformance since inception. Since 1995, the fund has returned 4.65% annually, net of fees. This outperforms the index return of 4.4% annually. Over the last year, the fund returned 6.81% net of fees, vs, the index at 6.88%. The last time that fixed income returns approached 7% annually was in 2020. Over the last year, holdings of high quality corporates and mortgages were major drivers of performance. The fund maintains an underweight to US Treasuries. Gardner asked how IRM sees the current environment of tight credit spreads. Sheldon responded that the firm tries to invest only in the highest quality issues and that they anticipate that spreads will widen as rates are cut. The firm evaluates a bond by considering the strength of a company's balance sheet and the experience of their management. He noted that the firm does not take positions on duration that are significantly different from the benchmark, which insulates them from unexpected interest rate moves. Monagle asked about the firm's reliance on rating agencies and Sheldon responded that IRM does their own evaluation of bonds in the portfolio and does not assume that rating agencies are always accurate. Ghazarian stated that he felt that all three of the fixed income managers gave strong presentations and that their different strategies mesh well together, with all of them showing good returns.

Kevin Buckle, Stephen Driscoll, Alex McCaulley and Bob Sydow represented MetLife Investment Management. A written portfolio review was submitted to the Board. McCaulley noted that MetLife completed their acquisition of PineBridge effective on December 30, 2025. This will not have any impact on the management or strategy of the High Yield portfolio. Sydow noted that when he presented a year ago, Mesirow had just completed their acquisition by MetLife. Sydow reported that they have benefitted from MetLife's larger size. The High Yield team now has a dedicated trader. At Mesirow, all trades were executed by the portfolio manager. The portfolio has lost one client since the merger, in part due to performance reasons. Spreads on high yield bonds remained historically tight throughout 2025. Defaults remain low. Sydow stated that he took this as an indicator that markets do not expect a recession in the near future. In the last year, the fund returned 5.56% which fell well short of the benchmark return of 8.62%. Sydow stated that this was the fund's worst-ever result. The fund saw some recovery in January, which returned 50 basis points over the benchmark by Sydow conceded that the fund was unlikely to make up the 2025 underperformance over the next year. Gardner noted that Sydow's presentation included slides that were not provided to the Board in advance. Sydow apologized and confirmed that certain slides were added within the last day. Sydow reviewed the current portfolio composition. The portfolio maintains a much shorter average duration at 3.9 years vs. 5.5 years in the index. He stated that this does not constitute a bet on interest rate movements, but rather because the fund consists of 15% term loans which have effectively zero duration. The portfolio also has a much higher average yield than the index. Sydow stated that B and CCC bonds are normally their biggest drivers of performance, and the fund underweights BB bonds. The portfolio consists of 128 issues, which means that each analyst is required to cover about 40 issues. The portfolio strategy focuses on buying higher-yielding bonds, which tend to be riskier, but still minimizing defaults. The largest underperformers over the last year were in transportation and consumer cyclicals. Sydow focused on three issues that caused 70% of the underperformance. One was Brightline, a privately financed passenger rail service linking Miami and Orlando. The service has been operating for two years but has failed to attract significant ridership. MetLife sold their bonds at a significant loss. Buckle discussed the

holding of First Brands, which filed for bankruptcy and was found to be engaged in fraud around double pledging receivables. Buckle stated that the fraud was impossible to have seen from outside the company. The third underperformer was Old Castle. Sydow stated that he did not foresee any similar blowups in the portfolio going forward and urged the Board to focus on the fund's long term performance. He stated that the MetLife acquisition was not a factor in the losses. Gardner asked how early the fund understood that Brightline was an unacceptable risk. Sydow stated that the bond was issued and trading at par in January 2025. He noted that ridership did show growth throughout 2025, but not quickly enough to make the company profitable. The bond was trading at 60 as late as June and Sydow hoped to see a significant investment from an infrastructure or sovereign wealth fund, which never materialized. Ghazarian stated that he was not satisfied with the explanation of the underperformance and asked Sydow to contact Segal Marco's research division to have a longer discussion. Ghazarian stated that he would report back to the Board after consultation with his research division.

Fernando Phillips, Andrew Szmulewicz and Audrey Wang represented Marathon. A written portfolio review was submitted to the Board. This is an Emerging Markets Debt fund with Cambridge having invested \$25 million on May 1, 2024. Wang stated that Marathon will be acquired by CVC Capital Partners, with the deal expected to close at the end of the second quarter. CVC primarily focuses on private equity and infrastructure and is looking to expand into the United States. CVC anticipates that they will not make any changes to the fund management or strategy and the employees have been well incentivized to stay. CVC also has the resources to upgrade back office and IT operations. CVC is based in the Netherlands, with their senior staff based in London. For incorporation purposes, they are headquartered in Jersey, in the Channel Islands. Over the last year, the fund has returned 14.73% which outperforms the EMBIGD index return of 14.3%. Phillips stated that the market rewarded risk taking in Emerging Markets in the wake of Liberation Day, which was quickly followed by a 90-day pause in tariffs. Tariff rates have mostly fallen since that time. Following a number of key elections in 2024, government policies in most emerging markets countries reflect a continuity with past policy. The portfolio has also benefitted from lower interest rates and a weaker US Dollar. Mexico, Venezuela and the Dominican Republic were all strong drivers of performance. Szmulewicz stated that the firm is bullish on the Middle East as the Trump administration seems to be interested in expansion of the Abraham Accords. Marathon does seek more highly rated bonds, with the Middle East portion having an average A rating. The portfolio as a whole has an average B+ rating. The portfolio was hurt by an underweight position in China. Szmulewicz stated that he still believes that Chinese bonds are a poor investment due to their tight spreads. Gardner noted that the fund is underweight to Quasi-Sovereign bonds. Szmulewicz stated that these are 100% government-owned companies, and the fund also invests in other firms that are majority owned by the government. The underweight is primarily caused by avoiding Chinese quasi-sovereign bonds.

Hillary Goldberg and Maura Neely represented Wellington Management. A written portfolio summary was reviewed by the Board. There have been no changes to the portfolio management or strategy. Goldberg stated that Steve Klar, a managing partner, will retire in June. Neely stated that she will also retire in June and that Diana Dengo will take over as the Platform Lead. Neely reviewed the Emerging Local Debt fund, which invests in corporate and sovereign debt, as well as currencies. Over the last year, the fund returned 20.06% which outperformed the benchmark return of 19.41%. The portfolio has benefitted from lower interest rates and a weaker US Dollar. Currency effects were most pronounced in Europe and Latin America. India and Thailand saw their currencies remain weak and were relative detractors from performance. Falling interest rates in Brazil, Columbia and Mexico also drove performance. Neely noted that their central banks had raised rates in order to control inflation. With that now under better control, they were able to cut interest rates. Within the last year, the fund has made new

investments in Kazakhstan, Egypt and Argentina which offer interest rates in the mid-teens. Interest rates throughout most Asian countries remain low, in the range of 2% to 5%. The fund is underweight to Poland due to low interest rates and a high rate of government spending. Looking ahead, Neely stated that the overall EM market is improving. She noted improving corporate governance and that the universe of bonds had more ratings upgrades than downgrades. The last year has also seen lower inflation and healthy growth. She stated that tariff policy in the United States was likely to be inflationary and to keep the Dollar weak. The portfolio has a higher average yield than the index, neutral duration and a higher average rating. The fund has moved to reduce risk in light of the possibility of extended military conflict in Iran.

Ghazarian stated that the infrastructure manager, IFM, is due for a seven year review. He stated that IFM has had an excellent record of returns and has been pro-active about reducing fees when possible. He also stated that it was possible that Segal's pending asset allocation study may recommend adding more money to the infrastructure sleeve. Motion by Gardner, seconded by McCann to issue an RFP for an infrastructure manager. The motion carried on a 4-0 vote with Chamblin-Foster absent.

Ghazarian reviewed the returns for January 2026, noting that he added columns to show the return for each manager for the most recent month and quarter-to-date. The portfolio returned 2.4% in January.

McCann moved to adjourn at 2:20 PM.