

## Minutes of the meeting held on December 4, 2025

Present: Francis Murphy - Chair, Joseph McCann, Michael Gardner, James Monagle, Claire Spinner, Chris Burns, Rafik Ghazarian, Veronica Genin, and Madison Moore.

Absent: Nadia Chamblin-Foster

The meeting was called to order at 11:00 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 – Segal Marco Advisors

Ghazarian reviewed a private equity cash flow study prepared by Segal Marco. After calculating likely capital calls and expected returns, Segal has recommended that the system commit \$25 million to the PRIT private equity fund in 2026. This is a lower commitment than was made in the last two years. The system is already overallocated to private equity. The portfolio is now 14.1% invested in private equity, vs, the target allocation of 13%. Ghazarian also noted that private equity has been experiencing a slowdown, with fewer deal commitments, mergers and IPOs. Gardner and the Chair asked for additional information on how to read the statements provided by PRIT and what is represented by negative entries under drawdowns, distributions and interest. Motion by Gardner, seconded by Monagle to commit \$25 million to the PRIT 2026 Private Equity Fund. The motion carried on a 4-0 vote with Chamblin-Foster absent.

Ghazarian reviewed Segal Marco's written analysis of investment performance for the period ending September 30, 2025. Returns were very strong across most asset classes during the quarter. The fund returned 5.3% in the third quarter which outperformed the policy index return of 4.7%. The fund has returned 12.3% year to date and 8.9% annually over the trailing ten years. Gardner recalled a prior discussion about investing in an equal-weighted S&P 500 index, noting that Ghazarian stated that he would not expect a significant difference between that and a cap-weighted index. Ghazarian stated that, given the outsize returns of the Magnificent Seven stocks, he had been wrong to state that equal weighting would be similar to cap weighting. Looking ahead, he stated that equal weighting could be advantageous if the larger stocks revert to the mean. However, it appears likely that future returns will be generated by AI companies where the larger firms have an advantage. October also saw strong returns, with November being more flat. Ghazarian stated that 2025 is on track to show excellent returns.

Ghazarian reviewed the fund's asset allocation. The fund is largely in-line with target allocations, although somewhat overallocated to equities and private equity, while underallocated in the other asset classes. He stated that he would recommend a new asset allocation study after the Board makes a decision about which investment consultant to use going forward.

Ted Bair and Daved Langguth represented Mellon. A written portfolio review was presented to the Board. The firm currently has \$2.1 trillion in assets under management, including \$538 billion in index assets. There were no changes to the management team or strategy in the index portfolio. Gardner asked to what extent the firm uses AI in their trading and analysis. Langguth replied that it is not used in any part of the investment process. Employees may use Microsoft CoPilot internally for various purposes. Bair stated that their human process is excellent at executing trades while keeping costs very low and he would not want to introduce any unnecessary risk of AI hallucinations. Cambridge is currently invested in two index funds

through Mellon. The system invests \$108 million in a small cap index and \$115 million in an Emerging Markets index. Both funds are securities lending products, which generates a small extra return.

Over the last year. The Emerging Markets fund returned 28.59% over the last year and has now returned 7.5% annually since inception. EM funds have outperformed developed market equities over the last year. A weaker US Dollar was a major driver of returns. South Korea, Taiwan and China have been the strongest performers due to heavy AI investments. The weaker countries were India, Indonesia and the Philippines and were all hurt by the Trump administration's tariff regime. The fund was able to generate 40 basis points of extra returns through a favorable tax treatment of dividends paid overseas. Mellon continues to hold 26 Russian stocks and is unable to sell them. They are currently marked at zero value.

The small cap fund returned 14.62% over the last year and has returned 9.53% annually since inception. The fund tracks the index very closely and uses minimal sampling only to replicate some smaller securities. Growth and technology stocks were the strongest performers.

Consumer staples and other stocks which were affected by tariff policy were the worst performers. The Chair asked if the Mellon index fund is publicly traded and Bair stated that it is not and only available to Mellon's clients.

Denise D'Entremont and Julie Lee represented RhumbLine. A written portfolio report was submitted to the Board. Rhumbline manages two index portfolios for Cambridge, the Russell 1000 Pooled Index Fund and the MSCI EAFE Pooled Index Fund. There were no changes to the management team or strategy in the index portfolio. The firm did make additional hires for finance and client service positions. The Russell 1000 has returned 21.08% in the last year, and 16.38% annually since inception. Cambridge currently invests \$470 million in this fund, which comprises 15.2% ownership of the total portfolio. The Chair noted that the system frequently takes withdrawals from this account in order to fund monthly payroll. D'Entremont discussed custom index strategies which screen out certain stocks and described how they are able to overweight certain other companies to make up for the omitted firm. She added that PERAC does not enforce regulations against owning tobacco stocks against pooled funds investing in an index that includes tobacco. Gardner requested that RhumbLine provide information comparing the performance of the S&P 500 cap weighted index vs the equal weighted index. Gardner asked about the impact of index funds now making up more than 50% of invested assets and how markets are made going forward. Lee stated that markets remain efficient, although the largest ten stocks now make up more than 12% of the index. D'Entremont added that active managers will remain a large portion of the market across all asset classes. She also noted that with thousands of published indexes, there is still great diversity in investment strategies.

The EAFE fund has returned 23.2% over the last year and 9.09% annually since inception. Cambridge has \$159 million invested in this fund, comprising 17.8% of the fund value.

David Bowser, Jeremy Burton and Tom Cosmer represented PineBridge Investments. A written portfolio review was presented to the Board. Bowser reported that he expects the firm's acquisition by MetLife to close within days. There were no changes to the management team or strategy in the bank loans portfolio. Burton described the investment strategy. The portfolio includes both bank loans and high yield bonds. The bank loans are mainly floating rate debt, and all broadly syndicated. He noted that all the loans are actively traded and the strategy does not involve originating loans and holding them to maturity. The portfolio will typically include 175-200 loans. The portfolio currently holds \$27.4 billion in assets. Burton described the operations of the fund's credit committee and how they evaluate potential investments. Gardner asked how often there are dissenting votes on the committee. Burton stated that there are frequently dissenting votes and that 4-1 and 3-2 votes have an impact on how the portfolio managers evaluate an ongoing investment. Burton discussed how the firm analyzes a borrower's credit trend, with PineBridge focusing primarily on how the borrower will perform over the next six to

nine months. The firm tends to be very cautious about investing in companies in turnaround or transition. Burton discussed how the fund evaluates ESG factors for borrowers. The fund does have an outreach program and over the last three years has engaged with borrowers to prod them to improve their ESG ranking. Over the last year, the fund returned 7.15% net of fees, which outperformed the Morningstar benchmark return of 7%. The fund has underperformed over the trailing five years, returning 6.55% vs the benchmark at 6.96%. Burton stated that security selection was the major driver of performance. He discussed the holding of Telesat, a Canadian satellite services company. The company had been distressed since 2022 but has improved with support from the Canadian government. The fund also saw good returns from Sinclair Broadcasting, which has benefitted from reduced regulations around mergers. Burton stated that the fund also saw a good return from Herbalife, noting that multi-level marketing firms tend to struggle in a good economy but they have not been able to refinance their loans. The fund saw losses from First Brands Group and Aimbridge Hospitality, both of which filed for bankruptcy. Burton described the current composition of the portfolio, noting that their average yield was in-line with the benchmark and that the firm's strategy is not to take excessive risk around high yields but to pick a more stable portfolio with more winners and fewer losers. The portfolio is currently underweighted to the health care sector. Burton noted that this segment is vulnerable to the Trump administration pushing changes to the system or making intemperate remarks about particular companies.

Tom Harvey and Paul Mohr represented Aberdeen. A written portfolio review was submitted to the Board. There were no changes to the management team or strategy in the bank loans portfolio. Mohr reported that the firm has executed a rebranding, changing from "abrdn" back to "Aberdeen" after enduring repeated ridicule from clients and the press. Mohr stated that the fund lost four clients over the last year, leaving nineteen clients invested and \$1.2 billion in assets in the Emerging Markets portfolio. The firm has offices in London, Sao Paulo, Singapore, Hong Kong and Bangkok. The Chair asked how the worldwide staff conducts meetings. Harvey responded that the office conducts meetings on Teams with all groups collaborating weekly despite the time differences. Analysts from different offices will also meet in person while conducting site visits at companies in the portfolio. Harvey stated that the environment for Emerging Markets has been excellent due to weakness of the US Dollar and investments in AI. The Chair asked how an interest rate cut from the Fed would affect the portfolio. Harvey stated that it would be positive in that it would drive increased risk appetite and would also tend to keep the dollar weak. Over the last year the fund has returned 18.51% vs then benchmark at 18.17%. Gardner noted that the fund's long term performance has been poor and is now 200 basis points under the benchmark since inception. Harvey stated that their style was out of favor, with value stocks outperforming. Burns asked how the portfolio's investment in Russia in early 2022 affected returns. Harvey stated that fund did have an overweight position to Russia, which it attempted to trim prior to the invasion of Ukraine. The fund had to write down approximately 1.5% of the portfolio to zero. The fund also had no exposure to the Middle East, which also hurt performance as more entities switched to buying Middle East oil. Gardner noted that the index appears to be very efficient and asked what Aberdeen could do to outperform over the long term. Harvey responded that the index contains about 1200 names, many of which are lightly covered by analysts. He stated that gives an active manager an opportunity to outperform. He also stated that the fund may tend to underperform in boom years when strong and weak stocks are all rising. Ghazarian noted that the fund would need nearly 20% outperformance in a single year in order to make up their deficit over the lifetime of Cambridge's investment.

Mike Schantz and Alyssa Howard represented RBC Global Asset Management. A written portfolio review was submitted to the Board. Howard reported that the last year has seen very strong returns in Emerging Markets. The weakening US dollar has been a major driver of returns, as well as a general perception that EM stocks were undervalued. Howard discussed the

impact of new tariffs, noting that tariffs in the US have not been this high since 1934. She noted that countries like Mexico, where exports to the United States represent a third of GDP, are highly incentivized to negotiate. Conversely, China has also seen very high tariffs despite the fact that exports to the USA only make up 3% of GDP. Trade among EM countries has been growing sharply over the last 20 years, making all of them less reliant on trade with the United States. The portfolio has historically been overweight to India but now has an underweight position as India now appears overpriced. Investments in AI have also been a driver of growth, and Howard described the fund's investments in chipmakers in South Korea and Taiwan. Gardner asked for Howard's view on the Indian government. She responded that Modi is now in his third term, which legally should be his last. She noted that India has made huge investments in post-secondary education but that primary education continues to be lacking. The country must also increase labor participation for women. In the last year, the fund returned 25.92% which underperformed the benchmark return of 27.91%. She stated that the fund may tend to underperform in boom years when strong and weak stocks are all rising but should outperform in flat or down markets. Gardner asked about the major threats to the portfolio. Howard stated that she is concerned about China, as property values and consumer demand have remained depressed. She also stated that she was optimistic about long-term growth from Indonesia.

The Board agreed to take up an initial consideration of the Investment Consultant proposals no earlier than 1:00 PM at the regular Board Meeting scheduled for January 5, 2026. The Board agreed to conduct interviews with the finalists on Thursday, January 22, 2026 starting at 10:00 AM.

Francesco Daniele represented the PRIT Fund. A written portfolio report was submitted to the Board. Daniele noted that PRIM was recognized as the #4 private equity portfolio among public funds, based on 10-year performance. They have achieved a top five ranking in every year the study was conducted. There have been no additions or departures among senior managers. In 2025, PRIT made no adjustments to their asset allocation strategy.

Daniele stated that private equity activity has picked up in 2025 after a slow year in 2024. The year saw five buyouts in excess of \$10 billion, and 191 IPOs, which is a 27% increase over 2024. The fund will likely draw approximately 70% of private equity commitments for the 2025 vintage fund. He stated that the fund will generally draw down commitments over 5-6 years and clarified that funds are classified based on when the commitment is made, so all 2025 commitments remain in the 2025 fund, but funds may continue being drawn on that fund through 2031. Burns asked if PRIT even sells older funds on the secondary market and Daniele responded that their practice is to hold the funds until termination. Ghazarian asked how PRIT records an "adjusted commitment" after the close of a fund. Daniele stated that PRIT may opt for a lower commitment when they feel that not enough promising funds have come to market. Daniele stated that once an adjusted commitment is calculated, that represents a new cap on the amount that will be called for that vintage year.

Daniele stated that the commercial real estate market continues a slow recovery. Demand for AI data centers is also strong. Real estate now makes up 8.9% of the PRIT fund, with that sleeve returning 1.5% over the trailing year. Core properties make up 83% of real estate holdings, with smaller amounts in REITs or properties under development. In 2025, PRIT completed two acquisitions within their directly owned portfolio, including a student housing complex. There were three dispositions, including two underperforming office properties.

Ghazarian reviewed the overall fund returns. In the third quarter, the fund returned 5.3% which outperformed the policy index return of 4.7%. Acadian was one of the strongest drivers of the outperformance. Gardner noted that the fund is now even with the policy index over the trailing ten years. Since inception, the fund has returned 7.2% annually, which underperforms the policy index return at 8%. Ghazarian confirmed that the inception date is in 1995, noting that the

private equity shortfall prior to 2015 may have been a factor. He stated that the policy index is adjusted periodically to match the system's asset allocation. Ghazarian reviewed the funds performance compared to other public funds in excess of \$1 billion. Over the last five years, Cambridge is in the top quartile.

Gardner stated that he remains concerned with the performance from Aberdeen despite their improvement over the last year. He requested that the investment consultant follow up in six months to review their performance again.

Ghazarian reviewed a report on 2025 Capital Market Assumptions. He noted that this would be a normal preliminary to an asset allocation study. The report sets out a range of returns for various asset classes over the next 20 years. The Chair requested that any consultants who are invited to interview in front of the Board should be asked to provide a plan for changes to the system's asset allocation.

Monagle moved to adjourn at 2:40 PM.