



Appendix D

Developed International Growth Equity Recommendation Presentation

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DEVELOPED INTERNATIONAL GROWTH EQUITY MANAGER SEARCH RECOMMENDATION

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May 7, 2024

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Michael G. Trotsky, CFA, Executive Director and Chief Investment Officer

Executive Summary

Recommendation

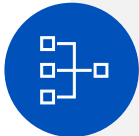
Hire C WorldWide Asset Management, PineStone Asset Management, and Walter Scott & Partners to provide active investment management services for a World ex-US Growth Equity mandate.

- Initial allocation of up to \$400 million in a separately managed account to each manager.
- Funds will be primarily sourced from our existing active World ex-US/Developed International equity portfolio.



Style Diversification

The selected managers offer distinct approaches to growth investing, resulting in low correlation of excess returns, mitigating style-specific risk within the growth portion of the portfolio.



Reduce Manager Concentration

Diversifying across multiple skilled managers reduces reliance on a single manager's performance and investment style.



Enhance Risk-Return Profile

The selected managers have demonstrated a consistent track record of strong risk-adjusted returns over a long period of time. Given potential funding sources, this allocation may help reduce the portfolio's active risk, enhancing portfolio stability.



Increase Flexibility

Allocating to multiple managers allows for more granular rebalancing and the ability to capitalize on opportunities or mitigate risks as they arise.

PRIM's Public Markets Manager Selection Process

- Staff utilizes a five-stage process to, efficiently and effectively, evaluate and ultimately select investment managers.
- Advisors Meketa and Albourne supplement our internal due diligence.

Sourcing

The initial process of identifying potential investment managers through various channels.

Quantitative Screening

Systematically assess and narrow down a pool of investment managers by analyzing measurable data points.

Qualitative Screening

Comprehensive analysis of qualitative information gathered from initial interviews and due diligence questionnaires (DDQs).

Due Diligence

Deep-dive assessment of the investment strategy, organization, and fit.

Implementation

Finalizing selection process, fees and guidelines, and presenting recommendations for review, followed by contract execution, account onboarding, and funding.

Search Objectives

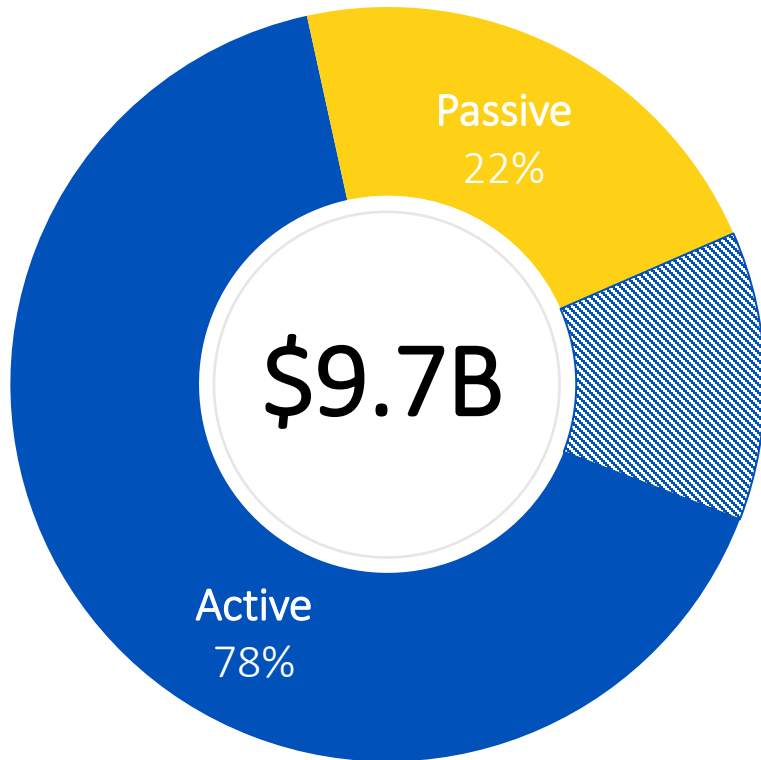
Developed International Growth Equity

- **Capital Allocation:** Initially seeking to allocate approximately \$1.0 billion across 2-3 managers, with target allocation ranges from \$300 to \$500 million per manager.
- **Benchmarking:** Utilize the MSCI World ex-US-ND Index as the benchmark for performance evaluation.
- **Opportunity Set:** Source managers from a large pool using internal and external database resources. Selected managers should primarily invest in large cap stocks of companies in developed countries outside the United States.
- **Manager-specific:** Identify and allocate to best-in-class managers, prioritizing those with a strong and consistent track record of risk-adjusted returns in developed international growth equities. Key considerations include a stable and sustainable organization, robust investment process, operational efficiency, prudent risk management, and cost-effectiveness.
- **Fit:** Ensure that the chosen manager(s) add value and diversify the existing portfolio, with a particular focus on complementing current growth exposure.
- **Account Structure:** Separately Managed Accounts (SMAs) only.
- **Cost:** Target an effective fee structure that is below the median manager fee to ensure cost-efficiency.

Recommendation

Hire Walter Scott & Partners, C WorldWide Asset Management, and PineStone Asset Management to provide active investment management services for a World ex-US Growth Equity mandate.

Pro Forma PRIT Developed International Equity Portfolio



- **Active** Developed International Equity Managers
- **Passive** Developed International Equity Managers

Proposed Investment

Reallocate \$1.2 billion (12.3%) in active equity exposure to:

- Walter Scott - \$400m
- C WorldWide - \$400m
- PineStone - \$400m

This allocation will:

- Be sourced from existing managers.
- Not increase our exposure to equities.
- Cost well below the median manager.

Manager Snapshot

As of December 31, 2023

Strategy	C WorldWide Asset Management International Equities	PineStone Asset Management International Equity	Walter Scott & Partners EAFE Equity
Headquarters:	Copenhagen, Denmark	Montreal, Quebec	Edinburgh, Scotland
Year Founded:	1986	2021	1983
# of Employees:	133	27	173
Portfolio Manager(s):	Bo Knudsen & Peter O'Reilly	Nadim Rizk & Andrew Chan	Team Approach
Fund Inception:	9/1/1986	1/1/2010	1/1/1992
Firm AUM:	\$17.4 Billion	\$47.8 Billion	\$82.5 Billion
Strategy AUM:	\$0.6 Billion	\$11.6 Billion	\$30.5 Billion
Benchmark:	MSCI World ex-US	MSCI World ex-US	MSCI World ex-US
Market Cap:	Large Cap	Large Cap	Large Cap
Geography:	World ex-US	World ex-US	World ex-US
Investment Approach:	Fundamental	Fundamental	Fundamental
Screening Approach:	Hybrid	Bottom-Up	Bottom-Up
Style Emphasis:	Growth	Growth	Growth
# of Holdings:	25-30 stocks	20-35 stocks	40-60 stocks
Turnover Range:	15-25%	5-15%	5-20%
Existing PRIM Relationship?	No	No	No

Portfolio Metrics Since Inception

As of December 31, 2023 (Gross of Fees)

Versus Core Benchmark (MSCI World ex-US Index)

Fund	Inception Date	Excess Return	Tracking Error	Beta	Information Ratio	Downside Capture	Upside Capture	Batting Average	Standard Deviation
C WorldWide	12/2001*	3.27%	5.64%	0.92	0.58	88.90%	101.58%	58.49%	16.31%
PineStone	1/2010	4.88%	5.59%	0.90	0.87	80.49%	100.26%	61.90%	15.41%
Walter Scott	1/1992	3.06%	6.56%	0.80	0.47	77.08%	88.08%	54.17%	14.10%

Versus Growth Benchmark (MSCI World ex-US Growth Index)

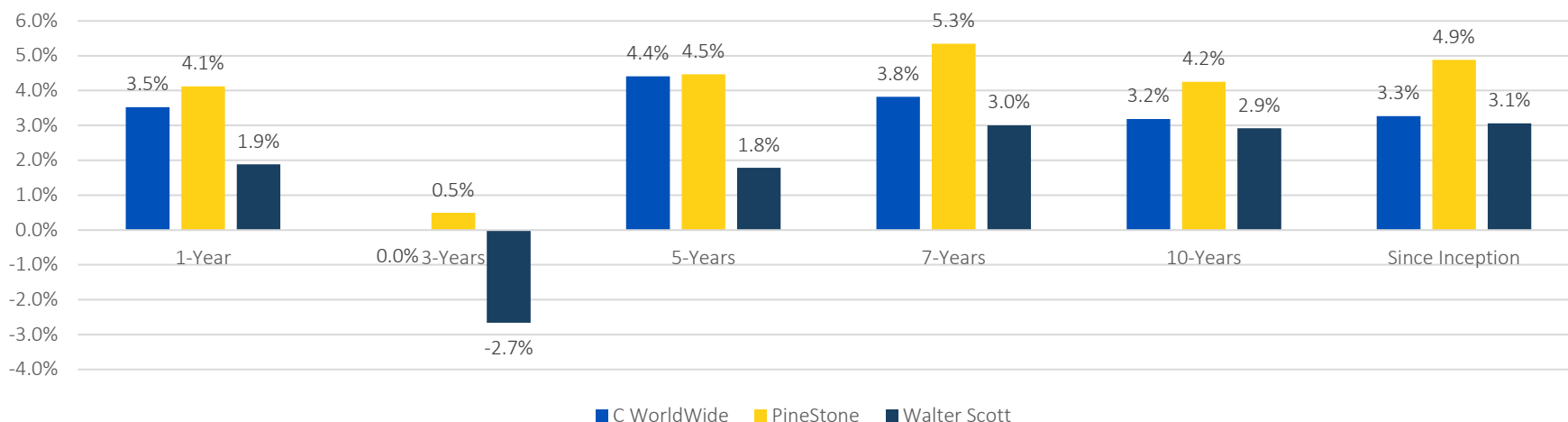
Fund	Inception Date	Excess Return	Tracking Error	Beta	Information Ratio	Downside Capture	Upside Capture	Batting Average	Standard Deviation
C WorldWide	12/2001*	3.17%	4.78%	0.95	0.66	91.43%	104.60%	56.23%	16.31%
PineStone	1/2010	4.18%	3.45%	0.95	1.21	87.47%	105.56%	63.10%	15.41%
Walter Scott	1/1992	3.81%	6.47%	0.80	0.59	76.38%	89.99%	54.43%	14.10%

Source: eVestment.

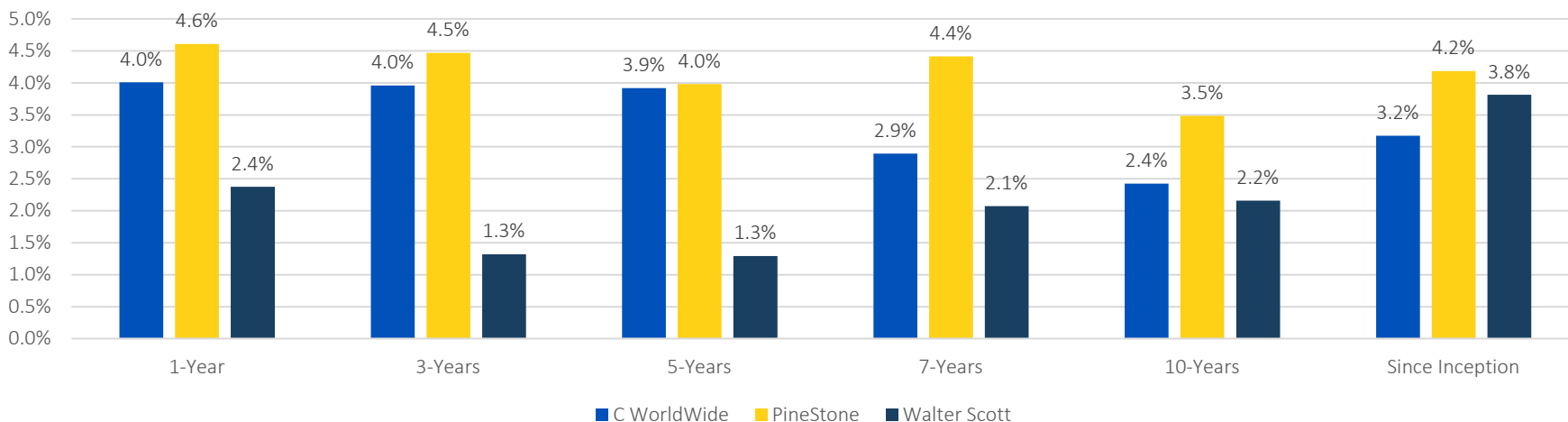
*For the purposes of this analysis, C WorldWide's inception date corresponds with when the lead PM started managing the strategy.

Performance

Annualized Excess Returns vs. Core Benchmark (MSCI World ex-US Index)



Annualized Excess Returns vs. Growth Benchmark (MSCI World ex-US Growth Index)



Source: eVestment.

Excess returns are gross of fees and as of December 31, 2023.

C WorldWide's inception date: 12/2001; PineStone: 1/2010; and Walter Scott: 1/1992.

Correlation of Excess Returns

MSCI World ex-US Growth Index

3-Years	C WorldWide	PineStone	Walter Scott
C WorldWide	1.00	0.16	0.46
PineStone	0.16	1.00	0.40
Walter Scott	0.46	0.40	1.00
5-Years	C WorldWide	PineStone	Walter Scott
C WorldWide	1.00	0.40	0.44
PineStone	0.40	1.00	0.48
Walter Scott	0.44	0.48	1.00
7-Years	C WorldWide	PineStone	Walter Scott
C WorldWide	1.00	0.41	0.43
PineStone	0.41	1.00	0.49
Walter Scott	0.43	0.49	1.00
10-Years	C WorldWide	PineStone	Walter Scott
C WorldWide	1.00	0.42	0.32
PineStone	0.42	1.00	0.46
Walter Scott	0.32	0.46	1.00