I. Approval of the Minutes (Voting Item)

The minutes of the January 30, 2024, PRIM Investment Committee meeting are attached as **Appendix A**.

II. Executive Director/Chief Investment Officer Report

Markets and PRIT Fund Performance Summary

PRIT Core Fund Performance Reports include:

- The PRIT Fund Performance Report is attached as **Appendix B.**
- The BNY Mellon Gross of Fees Performance Report is attached as **Appendix C.**

III. Public Markets

A. Performance Summary

B. Manager Recommendations – Developed International Growth Equity (Voting Item)

PRIM staff recommends that the Investment Committee make a recommendation to the PRIM Board to approve initial allocations of up to $400 million to C WorldWide Asset Management (C WorldWide); $400 million to PineStone Asset Management (PineStone); and $400 million to Walter Scott & Partners (Walter Scott) to provide active investment management services for a World ex-US Growth equity mandate.

PRIM staff's presentation is attached as **Appendix D**. Meketa's report and Albourne's operational due diligence memorandum are attached as **Appendices E** and **F**, respectively.

Executive Summary

Benefits

- Style and Manager Diversification: The selected managers have distinct approaches to growth investing, resulting in low correlation of excess returns, and mitigating style- and manager-specific risk within the growth portion of the portfolio.
- Enhance Risk-Return Profile: The selected managers have demonstrated a consistent track record of strong risk-adjusted returns over a long period of time. This allocation should reduce the portfolio's active risk and enhance portfolio stability.
- Increase Flexibility: Multiple managers allows for more granular rebalancing and the ability to capitalize on opportunities or mitigate risks as they arise.

Risks

- As with all investments, there are risks that need to be considered including market conditions, volatility, exposure to an economic downturn or exogenous events, and firm specific risks.

Staff also reviewed the following risks and concerns associated with these managers:

- Ownership and Alignment Risk: Concerns may stem from the ownership structure, such as when an external party holds a significant stake, or when employee ownership is minimal. Changes in ownership can lead to shifts in strategy or management instability, potentially affecting the firm's performance and strategic direction.
- Key Person Risk: This risk occurs when a firm's success and operational stability are heavily dependent on one or a few individuals. If these key individuals were unable to continue their roles, due to incapacity or departure, it could jeopardize the firm's performance and long-term viability. This risk highlights the importance of succession planning and the potential vulnerability of an organization's structure.

C WorldWide Asset Management

Manager Size:	$17.4 billion
Strategy Size:	$600 million
Recommendation:	Initial allocation of up to $400 million

C WorldWide is a Copenhagen-based equity boutique investment management firm founded in 1986, with a single investment style, philosophy, and process across its nine strategies. The firm, majority-owned by Altor Equity Partners since 2009 with a 20% management and employee stake, has grown its assets under management (AUM) to more than $17 billion, primarily from institutional clients. C WorldWide's portfolio managers are supported by a collaborative, generalist investment team of 17 professionals with an average tenure of over 13 years, focused on identifying businesses with durable moats, strong governance, and clear long-term strategies that can sustain consistent growth. The firm's research process is iterative and extensive, involving around 3,000 annual meetings and continuous monitoring of up to 100 stocks. C WorldWide's thematic approach, a core part of their investment process for over 30 years, seeks to understand the drivers of change in equity markets, economies, and societies over a 5–10-year timeframe, diversifying across multiple themes to mitigate timing risk. The concentrated portfolio of 25-30 stocks is constructed qualitatively, emphasizing diversification across themes rather than geographic regions, with position sizes based on conviction.

PineStone Asset Management

Manager Size:	$47.8 billion
Strategy Size:	$11.6 billion
Recommendation:	Initial allocation of up to $400 million

PineStone, an employee-owned investment management firm founded by CEO and CIO Nadim Rizk in 2021, spun out of Fiera while maintaining a sub-advisory arrangement. The firm, headquartered in Montreal, manages more than $47 billion in assets, with more than $11 billion in the International Equity strategy (primarily institutional). The investment team, led by Nadim Rizk and Andrew Chan as Head of Research, consists of 26 employees. PineStone employs a bottom-up, fundamental, long-term, and concentrated investment approach, seeking to identify best-of-breed companies with competitive advantages and growth potential at attractive valuations. The research-intensive process involves proprietary screening, in-depth analysis, and collaboration among team members, with buy decisions requiring unanimous agreement. The portfolio typically holds between 20-35 positions. Portfolio construction is driven by bottom-up stock selection, with position sizes determined by conviction and risk/reward profile, as assessed by their proprietary scoring system.

Walter Scott & Partners

Manager Size:	$82.5 billion
Strategy Size:	$30.5 billion
Recommendation:	Initial allocation of up to $400 million

Walter Scott, an Edinburgh-based investment management firm founded in 1983 and fully acquired by Mellon Corporation in 2006, operates autonomously as a subsidiary of Bank of New York Mellon. Under the leadership of Managing Director Jane Henderson, the firm has grown to 180 employees while maintaining a collaborative culture and consistent investment philosophy and process. Walter Scott manages over $82 billion in assets with more than $30 billion in the EAFE equity strategy (primarily institutional). The firm employs a bottom-up, fundamental, and long-term investment approach, seeking to identify world-leading businesses that can compound over decades. The investment team, consisting of 20 members organized into three regional groups, is responsible for research and rotates across the regional teams to become global generalists. The research process involves ongoing due diligence on existing portfolio holdings and new idea generation, with decisions being the culmination of an ongoing research process and requiring unanimous team approval. Portfolios are constructed based on a bottom-up stock selection process, typically holding 40-60 equally-weighted positions.

C. Multi-Asset Class Credit Investment Strategies RFP Recommendations (Voting Item)

In August 2023, the Board approved the issuance of a Request for Proposals (RFP) for Multi-Asset Class Credit Investment Strategies within the Value-Added Fixed Income portfolio of the PRIT Fund. PRIM staff will present the Mult-Asset Class Credit Investment Strategies RFP Evaluation Committee's recommendation to select Anchorage Capital Advisors, LLC (Anchorage), HPS Investment Partners (HPS), KKR Credit (KKR), and Shenkman Capital Management (Shenkman). The Evaluation Committee recommends that the Investment Committee make a recommendation to the PRIM Board to approve an initial allocation of up to $2.0 billion across Anchorage, HPS, KKR, and Shenkman to provide active investment management services for a Multi-Asset Class Credit Investment Strategies.

The Evaluation Committee's presentation is attached as **Appendix G**. Meketa's report and Albourne's operational due diligence memorandum are attached as **Appendices H** and **I**, respectively.

Executive Summary

Benefit

PRIM staff identified several existing managers in the Public Value-Added Fixed Income portfolio that were underperforming their respective benchmarks. As part of the performance analysis, PRIM researched the benefit of Multi-Asset Credit strategies that included both High Yield Bonds and Bank Loans in the opportunity set, allowing for more manager flexibility in generating returns.

PRIM staff is recommending this mandate primarily for the following reasons:

- Interest rate management flexibility – Managers can better control duration risk using a combination of fixed and floating rate instruments.
- Relative value opportunities across capital structure – Companies can issue varying credit obligations. Managers can analyze the entire capital structure of a company in an industry and find relative value between its bonds, loans, or convertibles, both secured and unsecured.
- Rotation between asset classes as an additional alpha source – Managers can rotate between asset classes during different points in the credit cycle, generating additional alpha to enhance returns.
- Increased flexibility and asset types – Managers can leverage additional asset classes (Collateralized Loan Obligations "CLOs", convertible bonds, etc.) to achieve greater risk-adjusted returns.

Risks

- Complexity – Managing multiple asset classes can be more operationally complex versus a single-asset strategy, requiring a higher level of expertise and oversight.
- Liquidity Risks – Some types of credit assets can be less liquid than others in certain market conditions.
- Credit Risk – Multi-Asset Credit strategies tend to tilt lower in credit quality, requiring strong underwriting practices to support the strategy.

Fees

- The effective management fee for the proposed allocation will be 33.5bps per year.
- This represents a 5.8bps reduction from initial fee proposals which equates to approximately $1.1 million in annual savings.

Anchorage Capital Advisors, LLC

Firm Size:	$26.7 billion AUM
Strategy AUM:	$5.8 billion
Recommendation:	Initial allocation of up to $300 million

Anchorage was founded in June 2003 and began as a long/short hedge fund, primarily focusing on credit investing across a wide range of products including loans, bonds, credit derivatives, defaulted debt, and restructured equity. In 2009, Anchorage launched its illiquid funds that were developed to capture illiquid risk outside of the traditional hedge fund structure. The Multi-Asset Credit (AMAC) strategy employs an active, long-only performing credit strategy, with the flexibility to invest across credit vehicles, including high yield bonds, investment grade bonds, bank loans, and structured credit such as CLOs. Anchorage combines strong fundamental credit research with highly active trading and frequent repositioning of the portfolio to capture relative value across adjacent credit asset classes. Understanding the asymmetric risk profile of credit investing, Anchorage places a strong emphasis on stress testing and downside analysis to identify potential weaknesses. The firm also leverages its extensive experience in special situations and distressed investing to take advantage of lower quality credits where they can extract value relative to their peers.

HPS Investment Partners

Firm Size:	$106.0 billion AUM
Strategy AUM:	$3.7 billion
Recommendation:	Initial allocation of up to $600 million

HPS was founded in 2007 as a subsidiary of Highbridge Capital Management, LLC. In March 2016, senior executives of HPS acquired HPS and its subsidiaries from JPMorgan and Highbridge. HPS Governing Partners and other senior members of the firm own 100% of the voting interest in the company. The Institutional Credit Strategy seeks to generate attractive risk-adjusted returns by investing in a portfolio that rotates exposures across leveraged loans, high yield and investment grade bonds, and securitized assets, with a strong emphasis on performing credit. The strategy emphasizes fundamental credit selection and ongoing relative value assessments across asset classes and industry sectors to select investments. The team is highly selective and limits the number of credits in the portfolio, leading to more concentrated exposures – while less diversified, they believe their credit selection ability helps them avoid defaults and outperform the broader index on a risk-adjusted basis. The firm is active in the private credit space as well, HPS will often leverage the knowledge gained in the private side of the HPS platform to inform decisions in the public space.

KKR Credit (Multi-Asset Credit “KMAC” & Global Credit Opportunities Fund “GCOF”)

Firm Size:	$202.0 billion AUM (KKR Credit)
Strategy AUM:	$1.6 billion (KMAC) & $3.9 billion (GCOF)
Recommendation:	Initial allocation of up to $500 million in KMAC and $200 million in GCOF

KKR is a global investment firm founded in 1976 by Kohlberg, Kravis, and Roberts and began as a leading private equity business. KKR Credit was formed in 2004 so the firm could pursue credit investments as part of its asset management strategy. With a broad platform across not only credit but also private equity, infrastructure, and real estate, the firm is able to achieve economies of scale and access a broader opportunity set of investments.

KMAC is a diversified credit strategy that invests across bank loans, high yield bonds, structured credit, and convertible bonds to generate consistent income across a large pool of assets. The investment process combines fundamentally driven rigorous credit research and macroeconomic views to construct a portfolio focused on capital preservation and diversification. Deal sourcing by leveraging the full resources of the KKR platform, including its private equity, capital markets, and advisor professionals, gives KKR credit the opportunity to view a larger number of opportunities not widely available to smaller competitors.

GCOF is a high conviction strategy that analyzes a similar opportunity set to KMAC but takes on relatively larger position sizes, especially in companies that show favorable attributes, tilting towards lower rated, mispriced credits. While KMAC will maintain a portfolio of roughly 400-500 issuers, GCOF will aim to hold 100-150 issuers, with individual position sizing up to 5%. This concentrated portfolio leads to a higher risk and return profile with more upside but also more drawdown risk. An allocation to each KKR strategy will allow PRIM to capitalize on the best ideas of KKR Credit in GCOF while also leveraging KKR's scale to gain broad market exposure through KMAC.

Shenkman Capital Management

Firm Size: $29.4 billion AUM
Strategy AUM: $3.2 billion
Recommendation: Initial allocation of up to $400

Shenkman was founded by veteran Mark Shenkman in 1985 as a pioneer in the high yield and leveraged finance markets. The MAC strategy began in 2010 and was built around the belief that dynamically making tactical allocations across non-investment grade credit can result in superior returns for investors when compared to siloed allocations. Shenkman's MAC strategy places a strong emphasis on interest income and principal appreciation through careful credit selection, using a disciplined checklist grading scale to capture the credit risk associated with non-investment grade assets. They believe their ability to synthesize fundamental credit views with broad credit market outlooks allows them to realize higher returns and lower volatility. In addition to their top-down view on asset allocation, a key element of their portfolio construction is the use of convertible bonds, which provide a return-seeking equity optionality with controlled downside, limiting risk but allowing the strategy to enhance returns.

IV. Portfolio Completion Strategies Performance Summary

V. Private Equity

A. Performance Summary and Cash Flows

PRIM Board Private Equity Portfolio Performance as of March 31, 2024 [1]					
Committed	Contributed [2]	Distributed	Market Value	Total Value	Net IRR [3]
33,788,435,116	28,940,481,911	34,069,219,465	17,225,759,161	51,294,978,626	13.92%

[1] Excludes Private Debt and Private Natural Resources partnerships.

[2] Contributions include fees.

[3] Net IRR since inception, as calculated by Hamilton Lane's Portfolio Reporting System.

2024 Cash flows [1]			
Quarter	**Contributions [2]**	**Distributions**	**Net Cash Flow**
31-Mar-24	388,219,194	535,219,396	147,000,202
TOTAL	***$388,219,194***	***$535,219,396***	***$147,000,202***

[1] Excludes Private Debt and Private Natural Resources partnerships.

[2] Contributions include fees.

B. Commitment Summary

PRIM Private Equity 2024 Investment Summary (in millions)	
*Denotes existing PRIM relationship	
Partnership	
Approved at the February 15th Board Meeting	
Flagship Pioneering Fund VIII, L.P.*	$60
Spark Capital VIII, L.P.*	$17
Spark Capital Growth Fund V, L.P.*	$34
Approved Co-Investments & GP-Led Secondaries	$81
Total	**$192**
2024 Investment Plan	**$2,200 - $3,000**

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