MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Board of Trustees

Public Meeting Packet

January 9, 2025

MainePERS Board of Trustees
January 9, 2025
139 Capitol Street, Augusta

AGENDA

9:00 a.m.[1]		CALL TO ORDER		Dick Metivier
9:00 – 9:05 a.m.	1.	CONSIDERATION OF CONSENT CALENDAR • Minutes of December 12, 2024 • Consideration of Items Removed	ACTION	Dick Metivier
9:05 – 9:20 a.m.	2.	INVESTMENT REVIEW • Investment Monthly Review		James Bennett Scott Lupkas
9:20 – 9:25 a.m.	3.	PRIVATE MARKETS REVIEW • Private Markets Activity		James Bennett Scott Lupkas
9:25 – 9:45 a.m.	4.	CAPITAL MARKETS EXPECTATIONS AND ASSET ALLOCATION REVIEW		James Bennett Stuart Cameron, Brian McDonnell, Cambridge Assocs.
9:45 – 10:15 a.m.	5.	RISK DIVERSIFIER REVIEW		James Bennett Scott Lupkas Seth Keller Stuart Cameron, Brian McDonnell, Cambridge Assocs.
10:15 – 10:25 a.m.	6.	RISK DIVERSIFIER PORTFOLIO UPDATE • Executive Session pursuant to 1 M.R.S. §§ 402(3)(B), 405(6)(F); 5 M.R.S. §17057(4)	ACTION	James Bennett Dick Metivier
		Board moves out of executive session.		
10:25 – 10:40 a.m.		*BREAK*		
10:40 – 11:10 a.m.	7.	CEO REPORT • Mission Moment – Internal Audit Program		Dr. Rebecca M. Wyke Sherry Vandrell
11:10 – 11:20 a.m.	8.	LEGISLATIVE UPDATE		Kathy Morin

[1] All times are estimated based upon the anticipated length of each presentation, hearing, discussion, and action. The presiding officer may take agenda items out of order for more efficient or effective conduct of the meeting.

11:20 – 11:30 a.m.	9.	MEMBER SERVICES, FINANCE, AND OPERATIONS REPORT		Chip Gavin Sherry Vandrell Michael Colleran
11:30 – 11:35 a.m.	10.	LITIGATION UPDATE		Betsy Stivers
11:35 a.m. – 12:05 p.m.	11.	CHIEF EXECUTIVE OFFICER EVALUATION • Executive Session pursuant to 1 M.R.S. 405(6)(A) *Board moves out of executive session.*	ACTION	Dick Metivier
12:05 – 12:10 p.m.	12.	CHIEF EXECUTIVE OFFICER COMPENSATION	ACTION	Dick Metivier
12:10 p.m.		ADJOURNMENT		Dick Metivier

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees	MainePERS
Board Meeting	Augusta
December 12, 2024	9:00 a.m.

The Board of Trustees met at MainePERS, 139 Capitol Street, Augusta, ME 04330 at 9:00 a.m. on December 12, 2024. Brian Noyes, Chair, presided. Other Trustees participating were: Dick Metivier, Vice Chair; Henry Beck, State Treasurer, Greg Olson, Deputy State Treasurer; John Beliveau; Shirrin Blaisdell; Nate Burnett; and John Kimball. Joining the Trustees were Dr. Rebecca Wyke, Chief Executive Officer; Michael Colleran, Chief Operating Officer and General Counsel; James Bennett, Chief Investment Officer; Sherry Vandrell, Chief Financial Officer; Chip Gavin, Chief Services Officer; Scott Lupkas, Deputy Chief Investment Officer; Monica Gorman, Secretary to the Board of Trustees; Joseph Perry, Treasurer-Elect; and Betsy Stivers, Assistant Attorney General and Board Counsel. The Board also was joined for select portions of the meeting by Shelley O'Brian, Assistant Director of Member Services, Andrew Black, Assistant Attorney General; Stuart Cameron, Cambridge Associates; William Greenwood, Albourne; and Tom Lynch and George Bumeder, Cliffwater.

Brian Noyes called the meeting to order at 9:05 a.m. Greg Olson participated through video remote access pursuant to 1 M.R.S. § 403-B, having been excused from in-person attendance. All other Trustees attended in-person.

Brian Noyes introduced and welcomed Treasurer-Elect, Joseph Perry, to the Trustees. Mr. Perry shared he was looking forward to working with the Trustees as he takes on his new endeavor.

CONSIDERATION OF THE CONSENT CALENDAR

The presiding officer called for consideration of the Consent Calendar. The action items on the Consent Calendar were:

- Minutes of November 14, 2024
- Dismissal, Dawe Appeal

- Action. Dick Metivier made the motion, seconded by Nate Burnett, to approve the Consent Calendar. Unanimously voted in favor by seven Trustees (Blaisdell, Burnett, Beliveau, Kimball, Metivier, Noyes and Olson).

FINANCE AND AUDIT COMMITTEE APPOINTMENTS

- Action. Brian Noyes made the motion, seconded by John Kimball, that the Board concurs with the Board Chair's appointments of Shirrin Blaisdell, Dick Metivier, and Brian Noyes to the Finance and Audit Committee. Unanimously voted by seven Trustees (Beliveau, Blaisdell, Burnett, Kimball, Metivier, Noyes, and Olson).

INVESTMENT REVIEW

Investment Monthly Review

Jim Bennett reported that as of November 30, 2024, the MainePERS fund had a preliminary market value of $20.3 billion, the preliminary return for the month was 1.0%, and the preliminary calendar year-to-date return was 7.8%.

PRIVATE MARKETS REVIEW

Private Markets Activity

Scott Lupkas reviewed the private market funds and co-investments that had closed during the past 12 months. Scott shared there is no manager meeting scheduled for December.

RISK DIVERSIFIERS REVIEW

Scott Lupkas shared the Investment Team and Cambridge Associates are reviewing the Risk Diversifiers asset allocation and will provide an update at the January meeting.

MaineSTART QUARTERLY REVIEW

Michael Colleran presented the MaineSTART Quarterly Review for the quarter ending 9/30/24. Michael answered questions from the Trustees.

CEO REPORT

Meeting with Ms. Hawes

Dr. Wyke provided the Trustees with an update from the latest meeting with Ms. Hawes regarding the disability program.

Pension Administration System

Dr. Wyke shared the project will begin in early 2025 and MainePERS will provide the Trustees with multi-year cost projections.

Preliminary Benefit to Final Mission Moment

Chip Gavin and Shelley O’Brian reviewed the steps taken to streamline the process of going from a preliminary benefit to a final benefit. Chip and Shelley answered questions from the Trustees. Brian Noyes thanked Chip, Shelley and her team for all of their hard work.

Henry Beck joined the meeting at 9:50 a.m.

MEMBER SERVICES, FINANCE, AND OPERATIONS REPORT

Chip Gavin stated that behind the scenes work on the PAS Project by staff continues while the Sagitec contract discussions are in progress. Chip shared the new supplemental metrics format for finalizing benefits with the Trustees. He also shared new educational videos have been launched providing an overview of the Group Life Insurance (GLI) program.

Sherry Vandrell stated 95% of employer payrolls were submitted on time in November. She reported staff continues work on the unreconciled accounts. Progress continues with Portland Public Schools on the payroll reporting issues. Sherry shared the Annual Comprehensive Financial Report (ACFR) is near completion and copies will be provided when ready.

Michael Colleran shared RFP processes have been completed for two cybersecurity contracts. Tyler Technologies was the top scoring bidder for both, and contract negotiations have begun. Michael stated a system bill was submitted to the Legislature by the December 4th cloture date. He reviewed with the Trustees some of the changes included in the bill.

Brian Noyes read a sentiment recognizing and thanking Henry Beck for his service on the Board and wished him well. Henry Beck thanked the Chair and Trustees for the great work that is done by the Board on behalf of its members.

COLLECTIVE BARGAINING

- Action. Dick Metivier made the motion, seconded by Shirrin Blaisdell that the Board enter into executive session pursuant to 1 M.R.S. §405(6)(D) to discuss contract negotiations. Unanimously voted by seven Trustees (Beck, Beliveau, Blaisdell, Burnett, Kimball, Metivier, and Noyes).

The Board moved out of executive session.

- Action. Shirrin Blaisdell made the motion, seconded by Nate Burnett that the Board approve the Administrative, Professional/Technical, and Supervisory collective bargaining agreements negotiated by the staff and authorize the Chief Executive Officer, Chief Operating Officer and General Counsel, and Director of Human Resources and Administration as signatories to execute the agreements. Unanimously voted by seven Trustees (Beck, Beliveau, Blaisdell, Burnett, Kimball, Metivier, and Noyes).

LITIGATION UPDATE

Betsy Stivers shared no new information from last month in the Stoddard overpayment case.

QUARTERLY INVESTMENT EDUCATION

Fossil Fuel Divestment

Dr. Wyke introduced the refresher education on fossil fuel divestment. She discussed plan funding and the importance of investment earnings to providing benefits earned by members. She discussed the constitutional amendments adopted by Maine voters to protect plan assets so they are available to pay retirement benefits. Michael Colleran provided the Trustees with an overview of the 2021 law regarding fossil fuel investments. Jim Bennett shared a presentation covering the System's exposures to fossil fuel and for-profit prison investments. Jim answered questions from the Trustees.

- Action: Shirrin Blaisdell made the motion, seconded by John Kimball that the Board enter into executive session pursuant to 1 M.R.S. §405(6)(E) to consult with legal counsel concerning the Board's legal rights and duties. Unanimously voted by seven Trustees (Beck, Beliveau, Blaisdell, Burnett, Kimball, Metivier, and Noyes).

The Board moved out of executive session.

ESG FACTORS

ESG Policy Review

Jim Bennett stated the ESG report includes Board Policy 2.6, which has been reviewed by Jim and the Investment Team. They recommend no changes.

ESG Report

Jim Bennett and Scott Lupkas shared and discussed with the Trustees the 2024 ESG Report.

CEO ANNUAL REVIEW

- Action. Nate Burnett made the motion, seconded by Dick Metivier that the Board enter into executive session pursuant to 1 M.R.S. §405(6)(A) to discuss evaluation of an employee. Unanimously voted by seven Trustees (Beck, Beliveau, Blaisdell, Burnett, Kimball, Metivier, and Noyes).

The Board moved out of executive session.

ADJOURNMENT

- Action. Shirrin Blaisdell made the motion, seconded by Nate Burnett that the December meeting adjourn. Unanimously voted by seven Trustees (Beck, Beliveau, Blaisdell, Burnett, Kimball, Metivier, and Noyes).

The meeting adjourned at approximately 1:45 p.m.

1/9/25
Date Approved by the Board

Dr. Rebecca M. Wyke, Chief Executive Officer

Date Signed

MAINEPERS

BOARD OF TRUSTEES INVESTMENTS MEMORANDUM

TO: BOARD MEMBERS

FROM: JAMES BENNETT, CHIEF INVESTMENT OFFICER

SUBJECT: **MONTHLY INVESTMENT REVIEW**

DATE: JANUARY 2, 2025

Following this memo is the Monthly Investment Review for December.

POLICY REFERENCE

Board Policy 2.1 – Investment Policy Statement

Board Policy 4.5 – Board/Staff Relations

Board Policy 4.6 – Communication and Support to the Board

MONTHLY INVESTMENT REVIEW: HIGHLIGHTS AND OBSERVATIONS

Preliminary Fund results for the month include:

- Month-end fund value of $20.1 billion.
- Monthly return of -0.9%.
- Calendar year-to-date return of 6.8%.
- Fiscal year-to-date return of 2.2%.

MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Investment Review

January 9, 2025

Investment Policy Objective

Investment Objective

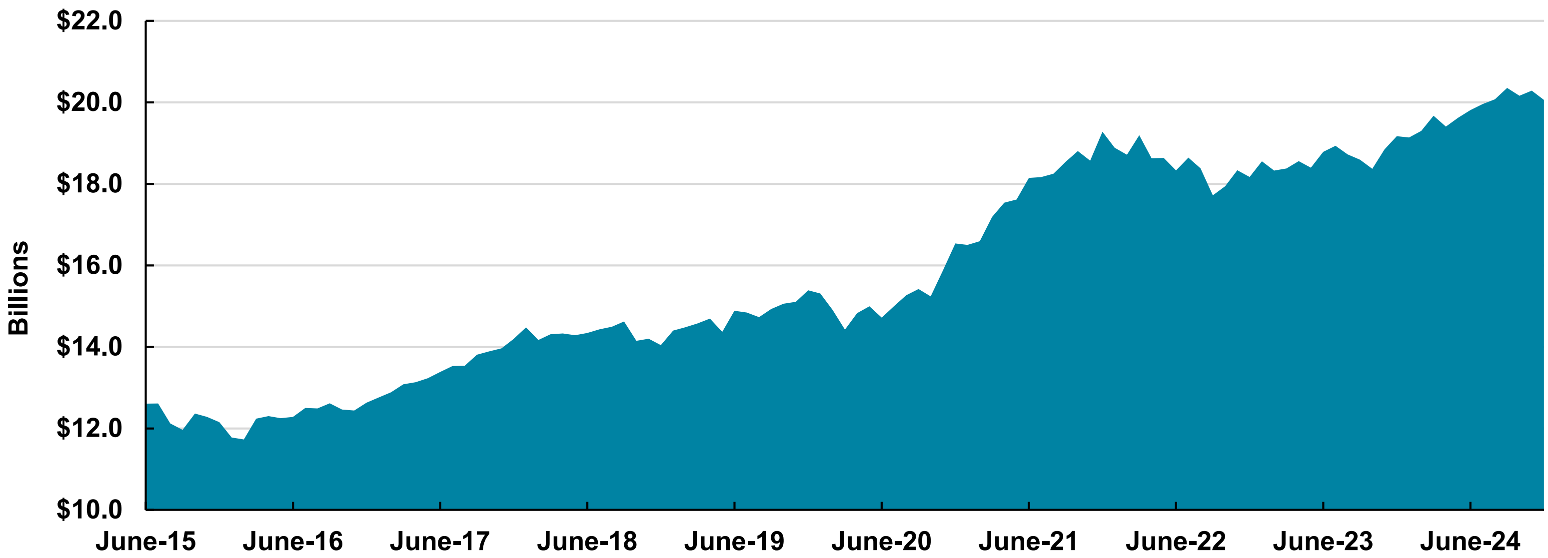
MainePERS' investment objectives balance the System's twin goals of generating investment returns (to ensure growth of the trust funds) and minimizing investment risks (loss of capital and cash flow shortfalls).

The Board recognizes and accepts that these goals are in opposition, and that a trade-off exists between expected risk and return. The Board balances these goals by seeking to optimize portfolio returns consistent with an established targeted portfolio risk level.

Additionally, by optimizing investment returns on trust assets, rather than attempting to maximize them, the Board seeks to maintain contribution rate and funding level volatility at acceptable levels that have been determined from time to time during strategic asset allocation planning and asset/liability reviews.

December 2024 Performance (Preliminary)

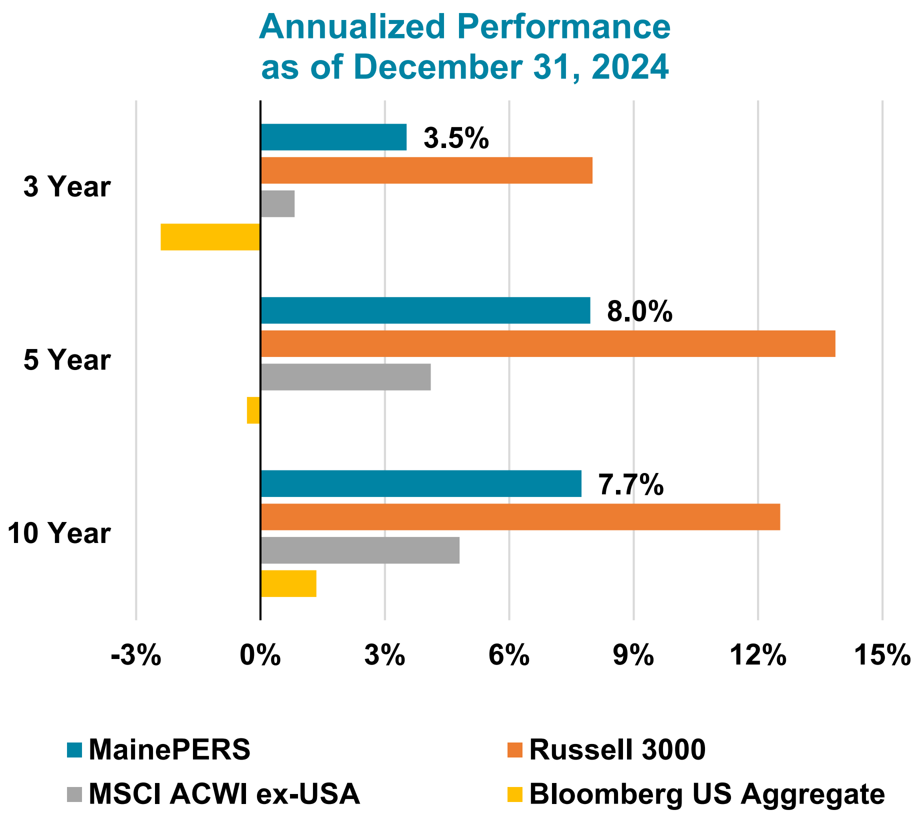
The preliminary fund value at the end of December is $20.1 billion.

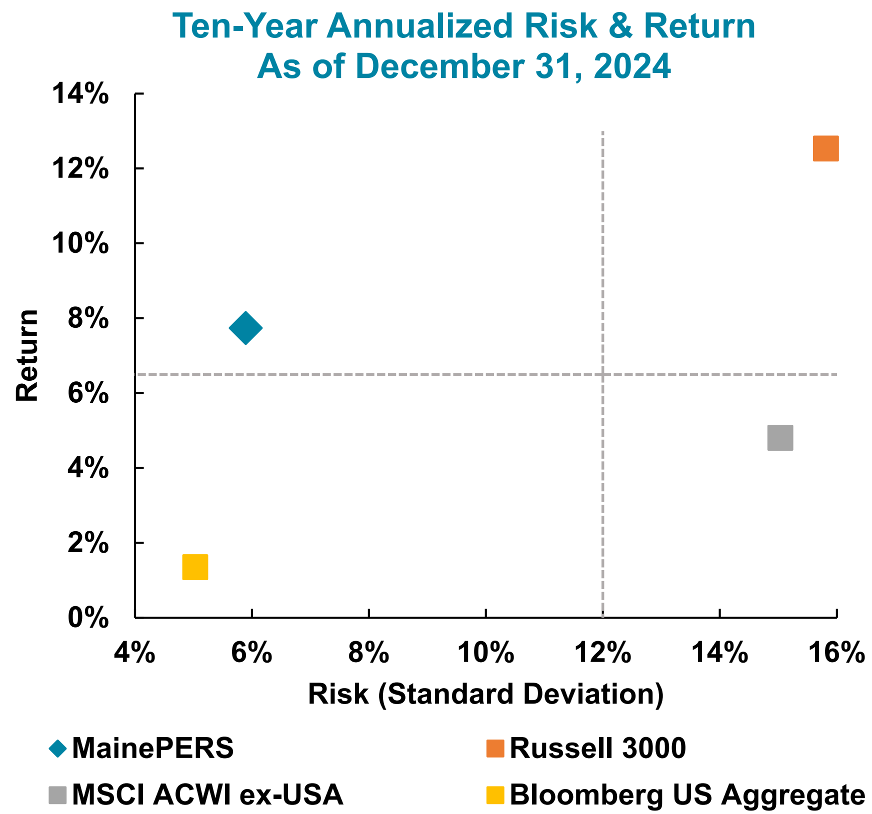


Fund and Benchmark Returns

	December 2024	CYTD 2024	FYTD 2025	1 Year
MainePERS	-0.9%	6.8%	2.2%	6.8%
Russell 3000	-3.1%	23.8%	9.0%	23.8%
MSCI ACWI ex-USA	-1.9%	5.5%	-0.1%	5.5%
Bloomberg US Aggregate	-1.6%	1.3%	2.0%	1.3%

Long-Term Performance & Risk





- Fund returns have exceeded the System's discount rate over the long term
- U.S. allocations buoyed MainePERS performance over all periods
- Diversification has resulted in strong risk/return profile over trailing 10 years
  - Substantially lower risk than global equity markets

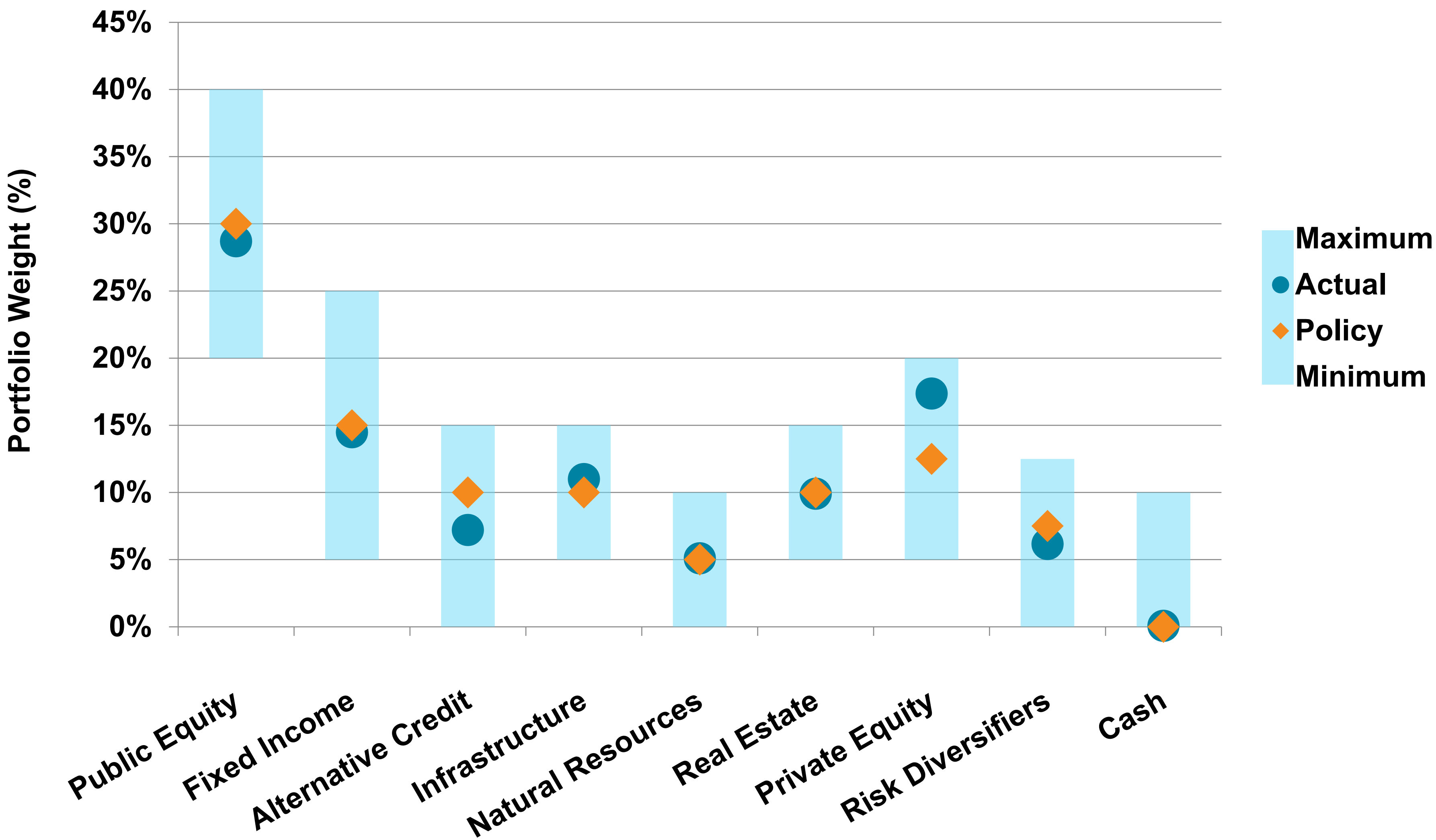
December 2024 Asset Allocation (Preliminary)

Assets (Millions)		Value	% of Fund	Policy %
MainePERS Portfolio	**$**	**20,060**	**100.0%**	**100.0%**
Domestic Equity	$	3,885	19.4%	20.0%
International Equity	$	1,872	9.3%	10.0%
Fixed Income	$	2,906	14.5%	15.0%
Alternative Credit	$	1,445	7.2%	10.0%
Infrastructure	$	2,206	11.0%	10.0%
Natural Resources	$	1,022	5.1%	5.0%
Private Equity	$	3,484	17.4%	12.5%
Real Estate	$	1,987	9.9%	10.0%
Risk Diversifiers	$	1,237	6.2%	7.5%
Cash	$	15	0.1%	0.0%

Portfolio weights for most asset classes remain near MainePERS Investment Policy asset allocation weights.

Private equity remains overweight at ~17.4% of Fund value, and private markets assets in aggregate comprise 50.6% of the overall portfolio, above the 47.5% policy weight.

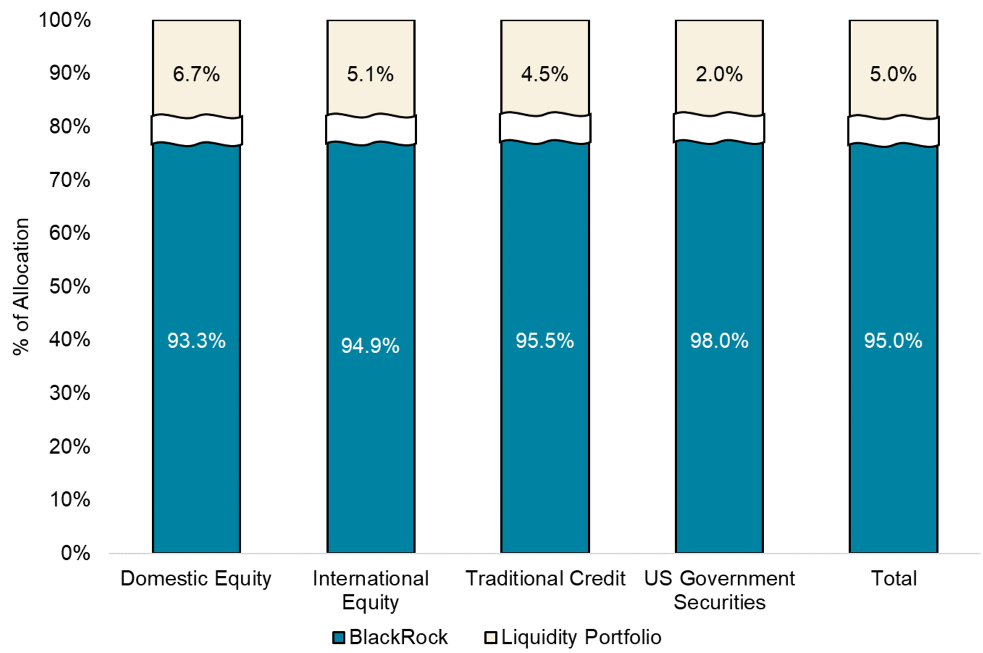
December 2024 Asset Allocation (Preliminary)



Public Securities: Liquidity Portfolio

At the end of December, 2.2% of Fund assets were invested via ETFs and futures contracts in an account managed by Parametric Associates.

The Liquidity Portfolio accounts for 5.0% of MainePERS' total exposure to public securities.



MainePERS Liquidity Portfolio	Market Value (Millions)	Exposure Type
Parametric Domestic Equity	$259.6	Futures
Parametric International Equity	$94.8	Futures
Parametric Traditional Credit	$43.5	ETFs
Parametric US Government Securities	$39.2	Futures
Total Liquidity Portfolio	**$437.0**	

Derivatives and Leverage

MainePERS has **exposure to derivatives** in the following areas:

- Public Equities, Public Fixed Income, and Risk Diversifiers

MainePERS has **financial leverage** (borrowing and investing) in the following areas:

- BlackRock – Financial leverage in securities lending
- JP Morgan – Financial leverage in securities lending
- Alternative Credit
- Infrastructure
- Natural Resources
- Private Equity
- Real Estate

Investment Related Fees: December 2024

Description	FY 25	FY 24	FY 23	FY 22	FY 21
Investment Mgmt. Fees	$65,088,628	$131,940,081	$135,770,817	$130,884,088	$120,429,567
Securities Lending Fees [1]	454,176	1,356,735	1,303,543	1,744,317	1,653,172
Consulting Fees	607,500	1,215,000	1,193,543	1,120,000	1,120,000
Broker Commissions [2]	59,913	77,495	136,039	77,558	52,364
Placement Agent Fees	0	0	0	0	0
Total	**$66,210,217**	**$134,589,311**	**$138,403,942**	**$133,825,963**	**$123,255,103**
Percentage of Fund [3]	**0.66%**	**0.68%**	**0.74%**	**0.73%**	**0.68%**

1. Securities Lending Fees are through 11/30/2024
2. Actual paid commissions reported by JP Morgan
3. For FY25: Total fees projected for the full fiscal year ($132,420,435) divided by current Fund value.
   For prior FY: Total fees divided by FYE Fund value.

Securities Lending: November 2024

	Average Lendable Assets	Average Assets On Loan	Total Sec Lending Revenue	Revenue Split	MainePERS Net Income	MainePERS Net Income, FYTD
BlackRock						
Fixed Income	$2,337,332,832	$1,502,631,753	$201,056	60%/40%	$120,634	$479,956
Total Equity	$1,647,557,457	$159,191,388	$62,335	60%/40%	$41,091	$224,269
Total Blackrock	$3,984,890,289	$1,661,823,141	$263,391		$161,725	$704,225
JP Morgan						
Domestic Equities	$3,399,769,274	$188,231,755	$25,477	85%/15%	$21,660	$129,416
Total JP Morgan	$3,399,769,274	$188,231,755	$25,477		$21,660	$129,416
Total	**$7,384,659,563**	**$1,850,054,896**	**$288,868**		**$183,385**	**$833,641**

Total Annualized Securities Lending Income, FY 2025:	$2,000,737 (0.01%, or 1.0 bps)
Total Actual Securities Lending Income, FY 2024:	$2,441,429 (0.01%, or 1.2 bps)

Liquidity Schedule: December 2024

Term	Market Value	Percent of Portfolio
Liquid[1]	$8,678m	43.3%
Semi-Liquid[2]	$2,304m	11.5%
Illiquid[3]	$9,077m	45.3%
Total	**$20,060m**	**100.0%**

Sources and Uses of Liquidity		
Private Markets Activity	**Last 12 Months Actual**	**Next 12 Months Projection**
Capital Contributions	-$998m	-$720m
Distributions	$1,558m	$1,790m
Net Private Markets Activity	**$559m**	**$1,070m**
Benefit Payments	**-$450m**	**-$460m**
Net Cash Flows	**$109m**	**$610m**

[1]Liquid assets includes public equities and public fixed income
[2]Semi-liquid assets includes risk diversifiers, open-end real estate investments, and listed alternative credit funds
[3]Illiquid assets includes closed-end alternative credit, infrastructure, natural resources, private equity, and real estate funds

MainePERS Alternative Investments Summary

as of 12/31/2024	# of Funds	# of GP Relationships
Alternative Credit	26	13
Infrastructure	36	11
Natural Resources	16	10
Private Equity	133	35
Real Estate	35	18
Risk Diversifiers	14	12
Total*	**260**	**90**

*GP Total may not add due to overlapping relationships

Currently, MainePERS is invested in 260 funds, and has 90 distinct manager relationships.

MainePERS Alternative Investments Summary

(in $millions) as of 12/31/2024	Current Market Value Dollars	Current Market Value % of Fund	Policy %*	Unfunded Commitment Dollars	Unfunded Commitment % of Fund
Alternative Credit	$ 1,445	7.2%	10.0%	$ 770	3.8%
Infrastructure	$ 2,206	11.0%	10.0%	$ 458	2.3%
Natural Resources	$ 1,022	5.1%	5.0%	$ 203	1.0%
Private Equity	$ 3,484	17.4%	12.5%	$ 1,058	5.3%
Real Estate	$ 1,987	9.9%	10.0%	$ 238	1.2%
Risk Diversifiers	$ 1,237	6.2%	7.5%	$ 37	0.2%
Total Alternatives	**$ 11,381**	**56.7%**	**55.0%**	**$ 2,764**	**13.8%**

For more details please see Private Markets Investment Summary at http://www.mainepers.org/Investments/

*Investment Policy weights approved by the Board of Trustees effective May 2022

Note: Market values shown above are preliminary estimates. Private market asset values are based on 6/30/2024 values, adjusted for subsequent cash flows.

(in $millions) as of 12/31/2024	Private Market Commitments by Vintage Year 2021	2022	2023	2024	3-Year Average[1]
Alternative Credit	$ 410	$ 550	$ 80	$ 275	$ 347
Infrastructure	$ 180	$ 200	$ 50	$ 25	$ 143
Natural Resources	$ -	$ 30	$ 40	$ -	$ 23
Private Equity	$ 438	$ 218	$ 71	$ 274	$ 242
Real Estate	$ 285	$ 180	$ 50	$ 35	$ 172
Total Commitments	**$ 1,313**	**$ 1,178**	**$ 291**	**$ 609**	**$ 927**

[1]3-Year Average: 2021-2023

MainePERS Private Market Investments Summary: 09/30/2024

Asset Class Summary	Commitment (A)	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Alternative Credit	$ 2,618,339	$ 2,229,061	$ 1,257,375	$ 1,471,737	$ 2,729,112	7.9%
Infrastructure	$ 3,480,758	$ 3,737,245	$ 3,138,028	$ 2,442,082	$ 5,580,110	11.2%
Natural Resources	$ 1,060,500	$ 1,134,133	$ 482,798	$ 1,010,296	$ 1,493,094	5.8%
Private Equity	$ 5,175,845	$ 5,138,922	$ 4,671,874	$ 3,764,008	$ 8,435,882	14.9%
Real Estate	$ 2,818,149	$ 3,012,324	$ 2,028,102	$ 1,994,142	$ 4,022,243	5.9%
Total	$ 15,153,591	$ 15,251,684	$ 11,578,177	$ 10,682,265	$ 22,260,442	9.9%

Note: This Asset Class Summary table includes all private market investments: both fund investments and co-investments.

Co-Investment Summary	Commitment (A)	# of Co-Investments	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Alternative Credit Co-Investments	$ 311,425	40	$ 298,285	$ 155,028	$ 211,080	$ 366,108	10.4%
Infrastructure Co-Investments	$ 219,968	11	$ 216,118	$ 301,105	$ 101,600	$ 402,706	14.5%
Natural Resources Co-Investments	$ 32,500	2	$ 32,770	$ 37	$ 57,945	$ 57,982	12.0%
Private Equity Co-Investments	$ 387,742	34	$ 389,294	$ 317,823	$ 279,264	$ 597,086	12.1%
Real Estate Co-Investments	$ 74,746	6	$ 65,804	$ 8,740	$ 39,183	$ 47,923	-9.4%
Total	$ 1,026,381	93	$ 1,002,272	$ 782,733	$ 689,072	$ 1,471,805	11.8%

Note: This table contains values for the co-investment portion of the private market portfolio.

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 09/30/2024

Alternative Credit

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Angelo Gordon Direct Lending Fund II	$ 25,000	3/31/2020	$ 23,749	$ 22,560	$ 12,020	$ 34,581	17.3%
Angelo Gordon Direct Lending Fund III	$ 100,000	7/20/2018	$ 103,520	$ 90,999	$ 55,576	$ 146,574	10.3%
Participation Agreement #1	$ 7,500	10/11/2019	$ 7,479	$ 3,226	$ 7,212	$ 10,438	9.6%
Participation Agreement #2	$ 5,000	10/11/2019	$ 4,994	$ 5,422	$ -	$ 5,422	8.8%
Participation Agreement #3	$ 5,000	10/11/2019	$ 5,000	$ 5,700	$ -	$ 5,700	7.3%
Participation Agreement #4	$ 10,000	10/18/2019	$ 9,889	$ 4,005	$ 9,478	$ 13,483	10.1%
Participation Agreement #5	$ 5,000	12/6/2019	$ 5,000	$ 6,824	$ -	$ 6,824	9.9%
Participation Agreement #6	$ 10,000	12/6/2019	$ 9,991	$ 3,895	$ 9,583	$ 13,479	10.2%
Participation Agreement #7	$ 5,000	12/11/2019	$ 5,000	$ 2,549	$ 4,601	$ 7,151	9.5%
Participation Agreement #8	$ 5,000	8/13/2020	$ 4,866	$ 6,689	$ -	$ 6,689	10.0%
Participation Agreement #9	$ 7,500	4/9/2021	$ 7,407	$ 3,009	$ 6,887	$ 9,896	11.0%
Participation Agreement #10	$ 10,000	4/20/2021	$ 9,955	$ 2,256	$ 9,349	$ 11,604	9.5%
Participation Agreement #11	$ 5,000	5/5/2021	$ 5,000	$ 1,486	$ 4,469	$ 5,956	6.1%
Angelo Gordon Direct Lending Fund IV	$ 100,000	1/24/2020	$ 97,222	$ 30,250	$ 101,791	$ 132,041	11.5%
Participation Agreement #1	$ 5,000	10/23/2020	$ 4,913	$ 6,266	$ -	$ 6,266	9.2%
Participation Agreement #2	$ 12,500	8/17/2021	$ 12,295	$ 3,777	$ 11,930	$ 15,707	10.4%
Participation Agreement #3	$ 7,500	10/5/2021	$ 7,500	$ 7,913	$ -	$ 7,913	7.9%
Participation Agreement #4	$ 5,000	12/21/2021	$ 4,925	$ 1,520	$ 4,820	$ 6,340	10.8%
Participation Agreement #5	$ 5,000	12/21/2021	$ 4,925	$ 2,611	$ 3,604	$ 6,215	10.5%
Participation Agreement #6	$ 5,000	1/12/2022	$ 4,911	$ 1,538	$ 4,815	$ 6,353	11.2%
Participation Agreement #7	$ 7,500	1/12/2022	$ 7,378	$ 2,286	$ 7,128	$ 9,414	10.6%
Participation Agreement #8	$ 12,500	6/16/2022	$ 12,391	$ 3,404	$ 12,149	$ 15,554	11.7%
Angelo Gordon Direct Lending Fund IV Annex	$ 50,000	11/18/2021	$ 48,677	$ 16,498	$ 44,670	$ 61,168	11.3%
Angelo Gordon Direct Lending Fund V	$ 125,000	8/3/2022	$ 54,229	$ 14,336	$ 50,394	$ 64,731	NM
Participation Agreement #1	$ 7,500	9/1/2022	$ 7,388	$ 1,807	$ 7,257	$ 9,064	11.4%
Participation Agreement #2	$ 12,500	10/7/2022	$ 12,216	$ 2,933	$ 12,111	$ 15,044	NM
Participation Agreement #3	$ 10,000	10/19/2022	$ 9,840	$ 2,348	$ 9,672	$ 12,020	NM
Participation Agreement #4	$ 10,000	10/27/2022	$ 9,800	$ 2,774	$ 9,221	$ 11,995	NM
Participation Agreement #5	$ 10,000	2/27/2023	$ 9,811	$ 1,879	$ 9,531	$ 11,409	NM
Participation Agreement #6	$ 5,000	10/20/2023	$ 4,868	$ 573	$ 4,862	$ 5,435	NM
Participation Agreement #7	$ 10,000	5/22/2024	$ 9,850	$ 398	$ 9,826	$ 10,225	NM
Participation Agreement #8	$ 10,000	6/21/2024	$ 9,800	$ 329	$ 9,825	$ 10,154	NM
Participation Agreement #9	$ 10,000	8/6/2024	$ 9,850	$ 161	$ 9,801	$ 9,962	NM
Ares Capital Europe IV	$ 122,000	4/30/2018	$ 96,890	$ 47,604	$ 72,515	$ 120,119	5.3%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 09/30/2024

Alternative Credit

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Ares Capital Europe V	$ 122,000	9/4/2020	$ 93,641	$ 17,809	$ 95,758	$ 113,567	8.9%
Ares Capital Europe VI	$ 82,500	3/17/2023	$ 23,444	$ 4,986	$ 20,708	$ 25,694	NM
Ares Senior Direct Lending Fund II	$ 100,000	12/10/2021	$ 69,596	$ 17,472	$ 70,681	$ 88,153	15.2%
Ares Senior Direct Lending Fund III	$ 100,000	7/28/2023	$ 15,002	$ -	$ 15,886	$ 15,886	NM
Audax Senior Debt (MP), LLC	$ 100,000	6/30/2017	$ 100,000	$ 125,900	$ 9,119	$ 135,019	5.3%
Brookfield Infrastructure Debt Fund III	$ 100,000	7/15/2022	$ 78,708	$ 27,462	$ 56,468	$ 83,931	7.7%
BID III DESRI Co-Invest	$ 8,571	4/30/2024	$ 1,197	$ 147	$ 1,063	$ 1,210	NM
Comvest Credit Partners VI	$ 125,000	5/20/2022	$ 118,969	$ 55,392	$ 77,252	$ 132,644	12.0%
Comvest Credit Partners VII	$ 75,000	5/1/2024	$ 11,065	$ -	$ 11,054	$ 11,054	NM
Deerpath Capital VI	$ 75,000	9/30/2021	$ 66,980	$ 12,156	$ 67,823	$ 79,979	8.6%
Global Infrastructure Partners Spectrum	$ 100,000	2/20/2019	$ 112,323	$ 64,477	$ 60,640	$ 125,117	7.3%
Mesa West Core Lending Fund	$ 100,000	6/18/2013	$ 127,612	$ 69,432	$ 101,077	$ 170,509	4.4%
Blue Owl Capital Corporation	$ 100,000	3/10/2017	$ 116,571	$ 177,029	$ -	$ 177,029	9.8%
Participation Agreement #1	$ 5,000	5/7/2018	$ 4,851	$ 5,499	$ -	$ 5,499	12.7%
Participation Agreement #2	$ 6,185	7/31/2018	$ 6,196	$ 7,745	$ -	$ 7,745	9.9%
Participation Agreement #3	$ 5,000	8/7/2018	$ 4,938	$ 5,634	$ -	$ 5,634	7.9%
Participation Agreement #4	$ 5,000	8/20/2018	$ 4,566	$ 5,835	$ -	$ 5,835	8.1%
Participation Agreement #5	$ 5,000	12/21/2018	$ 4,987	$ 6,733	$ -	$ 6,733	7.7%
Participation Agreement #6	$ 11,653	8/7/2020	$ 12,917	$ 5,315	$ 11,275	$ 16,591	10.8%
Participation Agreement #7	$ 7,500	7/26/2021	$ 6,557	$ 7,970	$ -	$ 7,970	9.8%
Participation Agreement #8	$ 12,500	6/17/2022	$ 12,778	$ 15,206	$ -	$ 15,206	12.4%
Participation Agreement #9	$ 7,500	9/26/2022	$ 7,388	$ 1,871	$ 7,147	$ 9,018	11.6%
Blue Owl Capital Corporation III	$ 100,000	6/19/2020	$ 118,400	$ 42,007	$ 108,921	$ 150,928	9.2%
Pathlight Capital Fund II	$ 75,000	4/22/2021	$ 130,980	$ 88,186	$ 62,216	$ 150,402	10.9%
Participation Agreement #1	$ 7,500	4/1/2022	$ 7,264	$ 3,201	$ 6,324	$ 9,525	13.8%
Participation Agreement #2	$ 7,500	4/1/2022	$ 7,406	$ 2,294	$ 7,139	$ 9,433	11.5%
Pathlight Capital Fund III	$ 75,000	6/24/2022	$ 98,520	$ 61,831	$ 48,453	$ 110,283	14.6%
Solar Capital Private Corporate Lending Fund	$ 50,000	6/26/2019	$ 40,188	$ 13,164	$ 41,826	$ 54,990	11.9%
Solar Capital Debt Fund	$ 50,000	6/26/2019	$ 25,000	$ 5,848	$ 26,385	$ 32,233	12.0%
SLR Private Corporate Lending Fund II	$ 125,000	12/23/2022	$ 12,403	$ 460	$ 15,625	$ 16,085	NM
Silver Point Specialty Credit II	$ 50,000	1/31/2020	$ 62,775	$ 34,084	$ 42,289	$ 76,373	10.5%
Tennenbaum Direct Lending VIII	$ 100,000	11/30/2017	$ 100,883	$ 98,086	$ 27,816	$ 125,902	6.3%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 09/30/2024

Infrastructure

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Alinda Infrastructure Fund II	$ 50,000	9/17/2009	$ 68,297	$ 74,099	$ 301	$ 74,401	1.9%
ArcLight Energy V	$ 75,000	10/28/2011	$ 76,031	$ 103,624	$ -	$ 103,624	8.0%
Shore Co-Investment Holdings II	$ 20,000	1/30/2014	$ 17,709	$ 19,737	$ -	$ 19,737	8.4%
ArcLight Energy VI	$ 150,000	11/25/2014	$ 159,687	$ 137,590	$ 51,582	$ 189,173	3.8%
Great River Hydro Partners	$ 12,000	6/17/2017	$ 10,718	$ 45,094	$ -	$ 45,094	39.5%
Brookfield Infrastructure Fund II	$ 100,000	6/28/2013	$ 118,542	$ 132,606	$ 87,356	$ 219,962	10.6%
Brookfield Infrastructure Fund III	$ 100,000	4/15/2016	$ 112,844	$ 70,594	$ 113,232	$ 183,825	12.3%
Co-Investment #1	$ 20,000	3/31/2017	$ 15,954	$ 29,538	$ 8,240	$ 37,777	25.4%
Carlyle Global Infrastructure Opportunity Fund	$ 100,000	5/1/2019	$ 99,964	$ 24,598	$ 108,711	$ 133,309	12.2%
Carlyle Infrastructure Partners	$ 50,000	11/2/2007	$ 57,366	$ 64,289	$ 361	$ 64,650	2.5%
Carlyle Power Partners II	$ 50,000	11/19/2015	$ 66,787	$ 53,791	$ 38,910	$ 92,701	8.7%
Cube Infrastructure	$ 45,000	4/16/2010	$ 60,063	$ 96,665	$ 422	$ 97,087	8.0%
Cube Infrastructure II	$ 90,000	9/11/2018	$ 80,860	$ 5,744	$ 83,285	$ 89,029	2.3%
Cube Infrastructure III	$ 90,000	8/16/2021	$ 57,514	$ 4,749	$ 60,779	$ 65,528	7.2%
EQT Infrastructure III	$ 68,000	12/3/2016	$ 107,182	$ 158,963	$ 26,813	$ 185,776	20.3%
EQT Infrastructure IV	$ 100,000	12/17/2018	$ 102,180	$ 18,103	$ 129,644	$ 147,747	11.3%
EQT Infrastructure V	$ 75,000	12/8/2020	$ 72,378	$ 10,261	$ 80,417	$ 90,678	12.4%
Global Energy & Power Infrastructure Fund	$ 50,000	6/30/2010	$ 59,778	$ 53,224	$ 1,385	$ 54,608	-2.6%
Global Energy & Power Infrastructure Fund II	$ 100,000	10/21/2013	$ 128,845	$ 129,452	$ 27,926	$ 157,379	11.3%
Global Infrastructure Partners Sonic	$ 35,000	7/31/2020	$ 34,402	$ -	$ 19,612	$ 19,612	-13.8%
Global Infrastructure Partners	$ 75,000	3/31/2008	$ 101,173	$ 205,062	$ 219	$ 205,280	17.2%
Global Infrastructure Partners II	$ 75,000	12/3/2011	$ 109,173	$ 168,447	$ 22,656	$ 191,103	15.6%
Global Infrastructure Partners III	$ 150,000	4/15/2016	$ 190,543	$ 135,994	$ 143,378	$ 279,372	9.7%
Co-Investment #1	$ 29,000	2/28/2017	$ 28,218	$ 19,345	$ 33,427	$ 52,772	12.3%
Co-Investment #2	$ 25,000	8/16/2018	$ 27,443	$ 3,953	$ 31,218	$ 35,171	4.7%
Global Infrastructure Partners IV	$ 150,000	12/21/2018	$ 148,438	$ 22,332	$ 152,007	$ 174,340	7.5%
IFM Global Infrastructure (US), L.P.	$ 100,000	12/20/2012	$ 144,550	$ 208,040	$ -	$ 208,040	9.8%
KKR Diversified Core Infrastructure Fund	$ 100,000	4/29/2022	$ 107,294	$ 7,294	$ 110,761	$ 118,055	6.7%
KKR Global Infrastructure Investors	$ 75,000	9/29/2010	$ 87,917	$ 154,328	$ 93	$ 154,421	13.1%
KKR Global Infrastructure Investors II	$ 150,000	10/24/2014	$ 187,266	$ 276,307	$ 58,195	$ 334,502	17.0%
KKR Atlanta Co-Invest	$ 24,000	9/26/2014	$ 21,428	$ 28,551	$ -	$ 28,551	5.7%

(all dollar amounts in thousands)

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Infrastructure

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
KKR Taurus Co-Invest II	$ 25,000	8/15/2017	$ 25,000	$ 56,779	$ 852	$ 57,631	21.3%
KKR Byzantium Infrastructure Aggregator	$ 15,000	10/17/2017	$ 15,000	$ 7,013	$ 16,409	$ 23,422	9.1%
KKR Global Infrastructure Investors III	$ 100,000	3/29/2018	$ 97,966	$ 49,292	$ 90,108	$ 139,401	12.1%
Meridiam Infrastructure (SCA)	$ 11,000	9/23/2015	$ 21,938	$ 14,242	$ 29,359	$ 43,601	9.7%
Meridiam Infrastructure (SCA) B Shares	$ 305	9/23/2015	$ 305	$ 55	$ 26,937	$ 26,991	65.7%
Meridiam Infrastructure Europe II (SCA)	$ 22,500	9/23/2015	$ 36,936	$ 19,548	$ 39,830	$ 59,378	8.9%
Meridiam Infrastructure Europe II B Shares	$ 178	9/23/2015	$ 178	$ 9,354	$ -	$ 9,354	92.5%
Meridiam Infrastructure Europe III SLP	$ 95,000	4/27/2016	$ 78,513	$ 19,545	$ 81,752	$ 101,297	7.2%
Meridiam Sustainable Infrastructure Europe IV	$ 90,000	4/16/2021	$ 27,608	$ 2,171	$ 26,963	$ 29,134	NM
Meridiam Infrastructure N.A. II	$ 75,000	9/28/2012	$ 88,232	$ 44,105	$ 196,538	$ 240,643	16.5%
MINA II CIP*	$ 175	6/30/2015	$ 169	$ 938	$ 20,688	$ 21,627	98.0%
Meridiam Infrastructure N.A. II	$ 20,000	6/30/2015	$ 18,870	$ 7,679	$ 47,308	$ 54,986	20.6%
Meridiam Infrastructure N.A. III	$ 50,000	7/12/2017	$ 39,304	$ 1,241	$ 53,463	$ 54,705	15.1%
Stonepeak Infrastructure Partners II	$ 140,000	11/12/2015	$ 192,576	$ 266,657	$ 11,609	$ 278,266	13.0%
Stonepeak Claremont Co-Invest	$ 25,000	5/30/2017	$ 25,000	$ 51,959	$ -	$ 51,959	17.8%
Stonepeak Spear (Co-Invest) Holdings	$ 25,000	1/8/2018	$ 19,648	$ 38,368	$ 95	$ 38,463	11.2%
Stonepeak Infrastructure Partners III	$ 150,000	10/13/2017	$ 168,262	$ 60,044	$ 180,771	$ 240,815	10.7%
Stonepeak Guardian (Co-Invest) Holdings	$ 10,000	4/27/2023	$ 10,000	$ 769	$ 11,359	$ 12,128	NM
Stonepeak Infrastructure Partners IV	$ 125,000	5/8/2020	$ 87,279	$ 18,032	$ 83,179	$ 101,211	8.6%
Stonepeak Infrastructure Partners V	$ 25,000	6/28/2024	$ -	$ -	$ -	$ -	NM
Stonepeak Core Infrastructure Fund	$ 100,000	8/5/2022	$ 104,440	$ 4,440	$ 117,552	$ 121,992	11.6%
Stonepeak Opportunities Fund	$ 50,000	6/12/2023	$ 19,477	$ 3,422	$ 16,358	$ 19,780	NM

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 09/30/2024

Natural Resources

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
ACM Permanent Crops	$ 35,000	10/24/2014	$ 39,821	$ 12,107	$ 59,180	$ 71,287	8.1%
ACM Permanent Crops II	$ 35,000	5/12/2016	$ 42,906	$ 8,885	$ 17,544	$ 26,429	-11.3%
AMERRA Agri Fund III	$ 50,000	2/11/2016	$ 101,390	$ 94,268	$ 12,805	$ 107,073	2.1%
Denham Mining Fund	$ 35,000	6/29/2018	$ 34,456	$ 659	$ 39,767	$ 40,426	4.3%
Homestead Capital Farmland II	$ 50,000	8/8/2016	$ 56,713	$ 12,142	$ 55,381	$ 67,523	3.7%
Homestead Capital Farmland III	$ 30,000	10/26/2018	$ 33,116	$ 4,633	$ 30,983	$ 35,616	3.1%
Orion Mine Finance Fund II	$ 50,000	5/25/2016	$ 102,219	$ 85,453	$ 44,409	$ 129,862	8.8%
Orion Mine Finance Co-Fund II	$ 20,000	8/13/2018	$ 20,233	$ -	$ 43,406	$ 43,406	13.8%
Silver Creek Aggregate Reserves Fund	$ 100,000	11/6/2018	$ 15,554	$ 3,692	$ 20,192	$ 23,884	NM
Sprott Private Resource Lending Fund III	$ 30,000	8/31/2022	$ 11,602	$ 1,015	$ 10,863	$ 11,878	NM
Sprott Private Resource Streaming and Royalty Annex	$ 40,000	5/17/2023	$ 23,279	$ 477	$ 22,933	$ 23,411	NM
Taurus Mining Fund	$ 50,000	3/27/2015	$ 41,459	$ 47,039	$ 3,471	$ 50,510	7.6%
Taurus Mining Fund Annex	$ 23,000	12/1/2016	$ 18,397	$ 23,562	$ 764	$ 24,326	17.5%
Taurus Mining Fund No. 2	$ 75,000	4/18/2019	$ 69,529	$ 49,701	$ 35,483	$ 85,184	15.3%
Teays River Integrated Agriculture	$ 200,000	7/1/2015	$ 197,022	$ 28,770	$ 341,362	$ 370,132	7.5%
Twin Creeks Timber	$ 200,000	1/7/2016	$ 203,882	$ 98,793	$ 138,539	$ 237,332	3.4%
U.S. Farming Realty Trust III	$ 100,000	7/7/2015	$ 110,017	$ 11,565	$ 118,675	$ 130,240	2.8%
Canally Coinvest Holdings	$ 12,500	12/9/2019	$ 12,537	$ 37	$ 14,539	$ 14,576	4.6%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 09/30/2024

Private Equity

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
ABRY Advanced Securities Fund II	$ 20,000	5/4/2011	$ 20,541	$ 29,705	$ 249	$ 29,953	13.0%
ABRY Advanced Securities Fund III	$ 30,000	4/30/2014	$ 45,323	$ 35,888	$ 8,779	$ 44,668	-0.4%
ABRY Heritage Partners	$ 10,000	5/31/2016	$ 11,178	$ 14,775	$ 6,135	$ 20,911	25.2%
ABRY Partners VII	$ 10,000	4/29/2011	$ 12,985	$ 17,969	$ 1,898	$ 19,867	12.2%
ABRY Partners VIII	$ 20,000	8/8/2014	$ 24,202	$ 29,841	$ 3,904	$ 33,745	9.7%
ABRY Senior Equity IV	$ 10,000	12/7/2012	$ 10,853	$ 17,114	$ 874	$ 17,988	14.5%
ABRY Senior Equity V	$ 12,050	1/19/2017	$ 13,135	$ 7,647	$ 11,919	$ 19,566	12.3%
Advent International GPE VII	$ 30,000	6/29/2012	$ 34,811	$ 54,885	$ 3,322	$ 58,207	13.2%
Advent International GPE VIII	$ 50,000	2/5/2016	$ 58,274	$ 68,450	$ 44,578	$ 113,028	16.6%
Advent International GPE IX	$ 50,000	5/9/2019	$ 46,753	$ 9,247	$ 66,715	$ 75,963	16.8%
GPE IX TKE Co-Investment	$ 24,000	3/30/2020	$ 21,243	$ -	$ 38,751	$ 38,751	15.4%
Advent International GPE X	$ 45,000	4/28/2022	$ 21,043	$ -	$ 26,074	$ 26,074	NM
AI Co-Investment I-A	$ 7,500	3/2/2023	$ 7,443	$ -	$ 9,498	$ 9,498	NM
Advent Latin America PE Fund VI	$ 20,000	10/17/2014	$ 20,272	$ 18,950	$ 15,869	$ 34,819	13.3%
Affinity Asia Pacific Fund IV	$ 60,000	2/28/2013	$ 67,171	$ 79,800	$ 42,542	$ 122,341	16.3%
Affinity Asia Pacific Fund V	$ 40,000	12/11/2017	$ 28,162	$ 7,083	$ 29,285	$ 36,368	10.2%
Bain Capital Ventures 2021	$ 25,000	10/28/2020	$ 21,250	$ 1	$ 22,181	$ 22,182	1.7%
Bain Capital Ventures 2022	$ 25,000	6/10/2022	$ 7,438	$ 0	$ 9,488	$ 9,488	NM
Bain Capital Venture Coinvestment Fund III	$ 15,000	4/1/2021	$ 15,750	$ 825	$ 15,060	$ 15,885	0.4%
Bain Capital Venture Coinvestment Fund IV	$ 15,000	6/10/2022	$ 2,925	$ -	$ 3,412	$ 3,412	NM
Berkshire Fund VIII	$ 15,000	7/20/2011	$ 16,993	$ 33,908	$ 4,091	$ 37,999	16.6%
Berkshire Fund IX	$ 50,000	3/18/2016	$ 58,808	$ 39,424	$ 57,769	$ 97,193	14.4%
Blackstone Capital Partners VI	$ 30,000	6/30/2010	$ 38,479	$ 57,480	$ 7,161	$ 64,641	12.2%
Blackstone Capital Partners VII	$ 54,000	3/27/2015	$ 63,455	$ 53,245	$ 47,644	$ 100,890	12.7%
Carlyle Asia Partners III	$ 15,000	12/31/2009	$ 20,694	$ 31,227	$ -	$ 31,227	12.6%
Carlyle Asia Partners IV	$ 60,000	6/3/2014	$ 88,909	$ 130,130	$ 12,118	$ 142,248	13.1%
Carlyle Asia Partners V	$ 45,000	10/30/2017	$ 47,600	$ 15,284	$ 43,239	$ 58,523	9.9%
Centerbridge Capital Partners III	$ 30,000	10/24/2014	$ 48,746	$ 51,369	$ 24,798	$ 76,166	16.1%
CB Blizzard Co-Invest	$ 15,684	9/11/2019	$ 15,684	$ 10,053	$ 1,779	$ 11,832	-20.2%
Charterhouse Capital Partners VIII	$ 13,500	1/6/2011	$ 11,188	$ 14,160	$ -	$ 14,160	7.9%
Charterhouse Capital Partners IX	$ 4,500	1/6/2011	$ 5,410	$ 7,275	$ 35	$ 7,309	12.0%
Charterhouse Capital Partners X	$ 67,000	5/13/2015	$ 63,099	$ 81,611	$ 36,509	$ 118,120	20.4%

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Private Equity

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Charterhouse Acrostone	$ 12,000	8/24/2018	$ 13,254	$ 21,268	$ -	$ 21,268	16.9%
Charterhouse Capital Partners XI	$ 45,000	4/23/2021	$ 26,911	$ 2,685	$ 29,621	$ 32,306	18.6%
CVC Capital Partners VI	$ 67,000	7/12/2013	$ 105,187	$ 129,539	$ 58,933	$ 188,472	16.2%
CVC Capital Partners VII	$ 48,000	5/9/2017	$ 80,940	$ 71,144	$ 56,779	$ 127,923	20.7%
CVC Capital Partners VIII	$ 44,000	6/11/2020	$ 66,308	$ 31,203	$ 40,615	$ 71,818	8.3%
CVC Capital Partners IX	$ 44,000	6/29/2023	$ 470	$ 470	$ (350)	$ 120	NM
CVC Capital Partners Pachelbel (A) SCSp	$ 6,966	6/14/2024	$ 6,435	$ -	$ 7,634	$ 7,634	NM
EnCap Energy Capital VIII	$ 30,000	1/31/2011	$ 34,203	$ 24,454	$ 10,868	$ 35,323	0.6%
EnCap Energy Capital Fund VIII Co-Investors	$ 16,238	12/8/2011	$ 16,523	$ 6,533	$ 5,991	$ 12,524	-3.5%
EnCap Energy Capital Fund IX	$ 30,000	12/19/2012	$ 36,110	$ 47,214	$ 6,575	$ 53,789	10.8%
EnCap Energy Capital Fund X	$ 40,000	3/5/2015	$ 46,428	$ 61,973	$ 29,064	$ 91,036	16.4%
EnCap Energy Capital Fund XI	$ 40,000	5/31/2017	$ 43,068	$ 28,396	$ 48,131	$ 76,528	21.4%
EnCap Flatrock Midstream Fund III	$ 20,000	4/9/2014	$ 25,316	$ 25,050	$ 10,077	$ 35,127	9.8%
EnCap Flatrock Midstream Fund IV	$ 22,000	11/17/2017	$ 20,491	$ 11,585	$ 13,638	$ 25,222	8.0%
General Catalyst X - Early Venture	$ 19,565	3/26/2020	$ 19,174	$ -	$ 29,255	$ 29,255	12.8%
General Catalyst X - Endurance	$ 22,826	3/26/2020	$ 22,859	$ 1,431	$ 24,249	$ 25,680	3.3%
General Catalyst X - Growth Venture	$ 32,609	3/26/2020	$ 32,120	$ -	$ 40,064	$ 40,064	6.3%
General Catalyst XI - Creation	$ 8,823	10/29/2021	$ 7,588	$ -	$ 7,757	$ 7,757	1.8%
General Catalyst XI - Endurance	$ 29,412	10/29/2021	$ 26,524	$ -	$ 26,603	$ 26,603	0.2%
General Catalyst XI - Ignition	$ 11,765	10/29/2021	$ 9,175	$ -	$ 9,254	$ 9,254	0.4%
General Catalyst XII - Creation	$ 6,250	1/26/2024	$ 2,139	$ -	$ 2,729	$ 2,729	NM
General Catalyst XII - Endurance	$ 9,375	1/26/2024	$ 1,136	$ -	$ 1,093	$ 1,093	NM
General Catalyst XII - Health Assurance	$ 3,125	1/26/2024	$ 313	$ -	$ 255	$ 255	NM
General Catalyst XII - Ignition	$ 6,250	1/26/2024	$ 1,232	$ -	$ 1,134	$ 1,134	NM
GTCR Fund X	$ 30,000	1/28/2011	$ 31,766	$ 64,646	$ -	$ 64,646	21.4%
GTCR Fund XI	$ 35,000	11/15/2013	$ 35,162	$ 85,389	$ 26,826	$ 112,216	31.6%
GTCR Fund XII	$ 50,000	9/29/2017	$ 52,960	$ 33,192	$ 62,982	$ 96,174	21.6%
Co-Investment #1	$ 5,238	4/26/2019	$ 4,556	$ -	$ 12,314	$ 12,314	20.2%
Co-Investment #2	$ 5,997	11/1/2019	$ 5,977	$ 10,962	$ 2,295	$ 13,257	42.1%
GTCR XIII	$ 50,000	10/27/2020	$ 36,713	$ 5,556	$ 42,994	$ 48,550	19.2%
GTCR XIV	$ 50,000	12/16/2022	$ 0	$ -	$ 527	$ 527	NM
H.I.G. Bayside Loan Fund II	$ 25,000	5/28/2010	$ 23,985	$ 32,321	$ 160	$ 32,480	7.1%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 09/30/2024

Private Equity

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
H.I.G. Bayside Loan Ops Fund III (Europe)	$ 30,000	7/27/2012	$ 26,707	$ 31,070	$ 3,374	$ 34,444	7.0%
H.I.G. Brazil & Latin America Partners	$ 60,000	7/1/2015	$ 68,644	$ 28,755	$ 66,332	$ 95,087	8.8%
H.I.G. Capital Partners V	$ 15,000	2/28/2013	$ 21,697	$ 34,188	$ 8,251	$ 42,439	22.8%
H.I.G. Europe Capital Partners II	$ 22,500	7/1/2013	$ 25,952	$ 24,556	$ 12,309	$ 36,864	10.4%
H.I.G. Growth Buyouts & Equity Fund II	$ 17,500	6/30/2011	$ 26,028	$ 37,820	$ 6,501	$ 44,321	13.7%
H.I.G. Growth Buyouts & Equity Fund III	$ 35,000	9/13/2018	$ 24,675	$ 2,501	$ 24,353	$ 26,854	4.8%
H.I.G Middle Market LBO Fund II	$ 40,000	2/7/2014	$ 49,774	$ 69,764	$ 22,861	$ 92,625	25.4%
Co-Investment #1	$ 9,000	10/12/2017	$ 9,000	$ -	$ 0	$ 0	-82.1%
Co-Investment #2*	$ 686	6/19/2020	$ 686	$ -	$ 1,045	$ 1,045	11.0%
Co-Investment #3	$ 1,000	6/1/2021	$ 1,079	$ -	$ 0	$ 0	-92.8%
H.I.G. Middle Market LBO Fund III	$ 40,000	7/23/2019	$ 37,089	$ 2,021	$ 43,789	$ 45,810	9.8%
Hellman & Friedman Capital Partners VII	$ 30,000	6/19/2009	$ 45,189	$ 111,116	$ 2,684	$ 113,800	24.6%
Hellman & Friedman Capital Partners VIII	$ 45,000	9/24/2014	$ 49,416	$ 33,026	$ 51,315	$ 84,340	11.7%
Hellman & Friedman Capital Partners IX	$ 45,000	9/28/2018	$ 47,215	$ 6,351	$ 66,652	$ 73,003	13.3%
Hellman & Friedman Capital Partners X	$ 45,000	5/10/2021	$ 34,924	$ 3,260	$ 39,100	$ 42,360	8.8%
Inflexion Buyout Fund IV	$ 27,000	9/30/2014	$ 38,206	$ 51,187	$ 13,770	$ 64,957	14.6%
Inflexion Partnership Capital Fund I	$ 17,000	9/30/2014	$ 26,071	$ 40,821	$ 8,075	$ 48,895	22.2%
Inflexion Supplemental Fund IV	$ 10,000	5/31/2016	$ 15,548	$ 23,332	$ 7,103	$ 30,435	23.0%
Kelso Investment Associates VIII	$ 3,000	1/6/2011	$ 3,044	$ 4,358	$ 10	$ 4,368	7.9%
Kelso Investment Associates IX	$ 60,000	11/5/2014	$ 70,347	$ 88,010	$ 33,890	$ 121,901	18.6%
KIA IX (Hammer) Investor	$ 25,000	8/12/2016	$ 25,492	$ 69,544	$ -	$ 69,544	21.4%
Kelso Investment Associates X	$ 45,000	3/16/2018	$ 50,556	$ 20,564	$ 70,528	$ 91,092	23.0%
Kelso Investment Associates XI	$ 45,000	12/22/2021	$ 19,143	$ 1,924	$ 20,932	$ 22,856	NM
Kelso XI Heights Co-Investment	$ 12,000	8/19/2022	$ 10,025	$ -	$ 10,041	$ 10,041	0.1%
KKR North American Fund XI	$ 60,000	2/7/2012	$ 101,578	$ 168,091	$ 21,908	$ 189,999	19.0%
KKR North America Fund XI (Platinum)	$ 8,003	2/26/2016	$ 8,040	$ 2,313	$ 1,247	$ 3,559	-17.1%
KKR Element Co-Invest	$ 10,000	8/29/2016	$ 10,050	$ 24,030	$ -	$ 24,030	23.5%
KKR Americas XII	$ 60,000	3/3/2016	$ 66,691	$ 51,192	$ 78,569	$ 129,760	20.1%
KKR Sigma Aggregator	$ 15,000	6/22/2018	$ 15,000	$ -	$ 24,341	$ 24,341	8.0%
KKR Enterprise Co-Invest	$ 15,000	10/11/2018	$ 15,000	$ -	$ -	$ -	-100.0%
KKR Enterprise Co-Invest AIV A	$ 8,936	11/8/2019	$ 8,936	$ 7,908	$ 195	$ 8,103	-10.5%
KKR North America XIII	$ 40,000	6/25/2021	$ 28,452	$ 421	$ 32,160	$ 32,581	10.4%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 09/30/2024

Private Equity

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
KKR Special Situations Fund	$ 60,000	12/19/2012	$ 118,957	$ 103,368	$ 3,437	$ 106,804	-3.9%
KKR Special Situations Fund II	$ 60,000	12/19/2014	$ 98,284	$ 80,208	$ 16,853	$ 97,061	-0.5%
Long Ridge Equity Partners IV	$ 15,000	6/26/2023	$ -	$ -	$ -	$ -	NM
Metwest Enhanced TALF Strategy Fund L. P.	$ 75,000	7/31/2009	$ 53,350	$ 67,405	$ -	$ 67,405	10.2%
Oaktree Opportunities VIII	$ 30,000	12/9/2009	$ 30,000	$ 43,920	$ 53	$ 43,973	9.1%
ONCAP IV	$ 15,000	11/8/2016	$ 17,260	$ 7,774	$ 17,927	$ 25,701	11.4%
Onex Partners III	$ 10,000	1/6/2011	$ 11,217	$ 17,199	$ 1,858	$ 19,058	13.1%
Onex Partners IV	$ 60,000	11/22/2013	$ 65,780	$ 63,624	$ 29,419	$ 93,043	7.4%
Co-Investment #1	$ 10,000	2/27/2017	$ 10,471	$ 1,235	$ 1,843	$ 3,078	-19.3%
Onex Partners V	$ 45,000	7/11/2017	$ 42,659	$ 7,980	$ 51,863	$ 59,842	12.6%
Paine & Partners Capital Fund IV	$ 60,000	12/18/2014	$ 58,443	$ 29,302	$ 49,023	$ 78,325	6.2%
Wawona Co-Investment Fund I	$ 15,000	3/31/2017	$ 15,023	$ -	$ (3)	$ (3)	-100.0%
Lyons Magnus Co-Investment Fund I	$ 15,000	11/8/2017	$ 15,016	$ -	$ 23,612	$ 23,612	6.8%
PSP Maverick Co-Invest	$ 7,238	9/12/2019	$ 7,264	$ -	$ 476	$ 476	-41.8%
PSP AH&N Co-Investment Fund	$ 23,895	11/27/2019	$ 21,361	$ -	$ 35,382	$ 35,382	13.3%
Paine Schwartz Food Chain Fund V	$ 45,000	8/3/2018	$ 49,690	$ 23,888	$ 44,766	$ 68,654	16.9%
SNFL Co-Investment Fund	$ 5,000	10/11/2019	$ 5,024	$ 5,524	$ 5,685	$ 11,208	20.3%
Rhone Partners V	$ 56,000	3/12/2015	$ 77,228	$ 68,641	$ 75,163	$ 143,804	16.9%
Riverside Capital Appreciation Fund VI	$ 60,000	7/3/2013	$ 64,286	$ 79,867	$ 19,595	$ 99,461	11.3%
RCAF VI CIV XXXII	$ 12,399	10/21/2015	$ 12,687	$ 35,268	$ -	$ 35,268	19.9%
Riverside Micro-Cap Fund III	$ 35,000	6/30/2014	$ 51,608	$ 194,767	$ 30,967	$ 225,734	35.2%
Riverside Micro-Cap Fund IV	$ 60,000	10/23/2015	$ 55,659	$ 5,112	$ 87,888	$ 93,000	7.9%
Riverside Micro-Cap Fund IV-B	$ 20,000	8/9/2019	$ 24,474	$ 5,583	$ 34,183	$ 39,766	15.0%
Riverside Micro-Cap Fund V	$ 40,000	8/21/2018	$ 40,674	$ 3,345	$ 57,586	$ 60,932	13.6%
Riverside Micro-Cap Fund VI	$ 45,000	8/26/2021	$ 19,297	$ 263	$ 19,110	$ 19,373	NM
Shoreview Capital Partners III	$ 24,000	7/24/2013	$ 25,947	$ 39,739	$ 14,891	$ 54,630	17.2%
Shoreview Capital Partners IV	$ 30,000	6/3/2019	$ 19,686	$ 6,047	$ 32,798	$ 38,845	45.8%
Shoreview Capital Partners V	$ 25,000	9/13/2024	$ -	$ -	$ -	$ -	NM
Sovereign Capital IV	$ 46,500	7/7/2014	$ 41,052	$ 28,794	$ 33,265	$ 62,059	9.6%
Summit Partners Credit II	$ 60,000	10/25/2013	$ 91,474	$ 88,635	$ 10,890	$ 99,525	3.3%
Summit Europe Growth Equity III	$ 22,000	3/18/2020	$ 21,350	$ 5,075	$ 22,717	$ 27,791	13.6%
Summit Europe Growth Equity IV	$ 22,000	2/10/2023	$ 0	$ -	$ (220)	$ (220)	NM

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 09/30/2024

Private Equity

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Summit Growth Equity VIII	$ 25,000	5/27/2011	$ 34,275	$ 69,195	$ 5,803	$ 74,999	25.7%
Co-Investment #1*	$ 16,000	6/3/2015	$ 16,000	$ 38,735	$ 22,617	$ 61,352	31.3%
Summit Growth Equity IX	$ 60,000	8/26/2015	$ 85,417	$ 96,552	$ 79,869	$ 176,422	26.2%
Co-Investment #1	$ 15,000	11/29/2016	$ 14,895	$ 41,743	$ -	$ 41,743	159.6%
Summit Partners Co-Invest (Ironman)	$ 16,020	4/20/2018	$ 16,024	$ -	$ 16,053	$ 16,053	0.0%
Summit Partners Co-Invest (Giants-B)	$ 15,292	10/22/2019	$ 15,292	$ 42,588	$ 4,874	$ 47,462	79.3%
Summit Growth Equity X	$ 60,000	2/26/2019	$ 62,176	$ 18,454	$ 69,618	$ 88,072	14.6%
Summit Partners Co-Invest (Lions)	$ 7,534	10/14/2020	$ 7,534	$ 119	$ 14,415	$ 14,534	18.7%
Summit Partners Co-Invest (Indigo)	$ 10,000	12/11/2020	$ 11,436	$ -	$ 11,421	$ 11,421	0.0%
Summit Growth Equity XI	$ 45,000	10/1/2021	$ 15,033	$ 183	$ 16,470	$ 16,653	NM
Summit Venture Capital III	$ 13,150	5/27/2011	$ 18,044	$ 32,899	$ 3,209	$ 36,109	17.5%
Summit Venture Capital IV	$ 40,000	8/26/2015	$ 52,460	$ 52,823	$ 77,838	$ 130,661	36.3%
Summit Venture Capital V	$ 45,000	6/16/2020	$ 33,066	$ 2,771	$ 32,760	$ 35,531	3.7%
Summit Partners Co-Invest (CS)	$ 13,753	10/22/2021	$ 13,798	$ -	$ 12,966	$ 12,966	-2.3%
Technology Crossover Ventures VIII	$ 60,000	5/8/2013	$ 56,269	$ 86,399	$ 41,450	$ 127,850	12.3%
Technology Crossover Ventures IX	$ 60,000	2/19/2016	$ 51,835	$ 69,470	$ 37,752	$ 107,222	18.7%
TCV Sports	$ 8,000	9/25/2018	$ 8,000	$ -	$ 10,497	$ 10,497	4.6%
Technology Crossover Ventures X	$ 45,000	8/31/2018	$ 38,003	$ 17,169	$ 69,573	$ 86,742	23.0%
Technology Crossover Ventures XI	$ 45,000	10/2/2020	$ 35,669	$ -	$ 36,114	$ 36,114	0.6%
Technology Impact Fund	$ 40,000	12/18/2017	$ 38,706	$ 24,707	$ 89,875	$ 114,582	36.4%
Technology Impact Fund II	$ 40,000	4/13/2021	$ 16,346	$ 342	$ 17,615	$ 17,957	NM
Technology Impact Growth Fund*	$ 40,000	11/26/2018	$ 50,666	$ 26,676	$ 34,156	$ 60,832	7.4%
Technology Impact Growth Fund II	$ 40,000	8/6/2021	$ 18,394	$ 1	$ 15,758	$ 15,759	NM
TIGF II Direct Strategies LLC - Series 3	$ 5,000	7/14/2023	$ 5,044	$ -	$ 4,997	$ 4,997	NM
Tenex Capital Partners IV	$ 50,000	7/2/2024	$ -	$ -	$ -	$ -	NM
Thoma Bravo Fund XI	$ 50,000	5/1/2014	$ 79,267	$ 172,814	$ 40,951	$ 213,765	26.3%
Thoma Bravo Fund XII	$ 60,000	4/27/2016	$ 78,447	$ 80,943	$ 76,649	$ 157,593	16.1%
Thoma Bravo Fund XIII	$ 45,000	12/7/2018	$ 60,997	$ 46,096	$ 66,592	$ 112,688	24.6%
Thoma Bravo Special Opportunities Fund II	$ 15,000	3/27/2015	$ 18,113	$ 21,091	$ 19,021	$ 40,112	16.1%
Thoma Bravo Discover Fund IV	$ 45,000	7/1/2022	$ 25,731	$ -	$ 32,611	$ 32,611	19.1%
Thoma Bravo Discover Fund V	$ 50,000	5/31/2024	$ -	$ -	$ -	$ -	NM
Tillridge Global Agribusiness Partners II	$ 50,000	10/21/2016	$ 33,668	$ 4,807	$ 25,369	$ 30,176	-3.1%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 09/30/2024

Private Equity

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Water Street Healthcare Partners III	$ 25,000	7/25/2012	$ 30,619	$ 78,721	$ 10,218	$ 88,939	35.1%
Water Street Healthcare Partners IV	$ 33,000	9/15/2017	$ 36,745	$ 12,753	$ 54,355	$ 67,107	18.4%
Water Street Healthcare Partners V	$ 43,000	4/15/2022	$ 15,053	$ -	$ 13,173	$ 13,173	NM
Wayzata Opportunities Fund III	$ 30,000	9/11/2012	$ 14,718	$ 14,990	$ 870	$ 15,860	1.5%
Wynnchurch Capital Partners IV	$ 40,000	10/23/2014	$ 38,806	$ 54,384	$ 52,733	$ 107,117	25.3%
Wynnchurch Capital Partners V	$ 40,000	1/15/2020	$ 36,938	$ 1,406	$ 45,245	$ 46,651	11.8%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 09/30/2024

Real Estate

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Angelo Gordon Net Lease IV	$ 50,000	2/17/2020	$ 47,682	$ 8,010	$ 46,741	$ 54,751	5.4%
Angelo Gordon Realty Fund XI	$ 50,000	3/31/2022	$ 15,853	$ 157	$ 15,425	$ 15,583	NM
Bain Capital Real Estate II	$ 50,000	3/5/2021	$ 35,372	$ 3,221	$ 33,304	$ 36,525	1.9%
Bain Capital Real Estate III	$ 35,000	12/18/2023	$ 10,687	$ 881	$ 8,553	$ 9,434	NM
Blackrock Granite Property Fund	$ 63,791	9/30/2006	$ 68,771	$ 53,312	$ -	$ 53,312	-4.9%
Blackstone Property Partners	$ 350,000	6/29/2017	$ 350,000	$ 47,575	$ 367,750	$ 415,324	3.1%
Blackstone Real Estate Partners VII	$ 75,000	2/26/2012	$ 106,854	$ 157,371	$ 10,414	$ 167,785	14.4%
Blackstone Real Estate Partners VIII	$ 50,000	3/27/2015	$ 64,935	$ 68,688	$ 33,046	$ 101,734	13.6%
Blackstone Real Estate Partners IX	$ 40,000	12/21/2018	$ 45,957	$ 17,180	$ 43,847	$ 61,027	12.5%
Barings Asia Real Estate II	$ 50,000	7/31/2018	$ 38,239	$ 2,506	$ 30,475	$ 32,981	-6.0%
EQT Real Estate II	$ 55,000	4/26/2019	$ 38,519	$ 6,768	$ 38,186	$ 44,954	6.8%
EQT Real Estate Rock Co-Investment	$ 11,000	8/10/2020	$ 9,384	$ -	$ 11,158	$ 11,158	5.2%
H/2 Credit Partners, L.P.	$ 75,000	6/21/2011	$ 75,000	$ 112,177	$ -	$ 112,177	5.9%
Harrison Street Core Property Fund, L.P.	$ 75,000	4/30/2012	$ 96,922	$ 59,249	$ 118,595	$ 177,843	7.2%
HSRE-Coyote Maine PERS Core Co-Investment	$ 20,000	12/4/2020	$ 16,083	$ 2,344	$ 11,009	$ 13,352	-5.7%
High Street Real Estate Fund IV, L.P.	$ 25,000	8/23/2013	$ 24,717	$ 34,157	$ -	$ 34,157	14.7%
High Street Real Estate Fund V	$ 25,000	7/24/2015	$ 24,925	$ 36,176	$ -	$ 36,176	13.2%
High Street Real Estate Fund VI	$ 25,000	3/22/2019	$ 25,000	$ 8,203	$ 36,595	$ 44,798	17.7%
HSREF VI Elgin Co-Invest	$ 10,000	4/9/2021	$ 10,000	$ 2,236	$ 15,051	$ 17,287	18.8%
High Street Real Estate Fund VII	$ 35,000	8/16/2021	$ 35,000	$ 1,057	$ 42,526	$ 43,584	11.0%
High Street Real Estate VII Venture	$ 15,000	3/17/2023	$ 15,000	$ 279	$ 20,120	$ 20,399	NM
High Street Logistics Value Fund I	$ 35,000	4/17/2024	$ 36,192	$ 4,987	$ 29,298	$ 34,284	NM
High Street VF I Co-Invest	$ 7,470	8/28/2024	$ 5,043	$ -	$ 5,043	$ 5,043	NM
Hines US Property Partners	$ 200,000	9/9/2021	$ 217,352	$ 17,781	$ 202,720	$ 220,501	1.1%
Invesco Real Estate Asia IV	$ 30,000	3/25/2020	$ 26,079	$ 19,396	$ 9,008	$ 28,404	8.4%
Invesco US Income Fund	$ 195,000	7/17/2014	$ 244,507	$ 85,784	$ 292,983	$ 378,768	7.9%
IPI Data Center Partners I	$ 30,000	12/15/2017	$ 38,841	$ 28,145	$ 31,666	$ 59,811	14.2%
IPI Data Center Partners II	$ 25,000	12/20/2019	$ 24,535	$ 1,619	$ 30,682	$ 32,301	14.5%
JPMCB Strategic Property Fund	$ 130,000	11/15/2005	$ 186,941	$ 297,519	$ -	$ 297,519	5.8%
KKR Real Estate Partners Europe I	$ 50,000	12/2/2015	$ 54,208	$ 56,040	$ 14,878	$ 70,918	9.3%
KKR Real Estate Partners Europe II	$ 25,000	12/23/2019	$ 24,548	$ 6,411	$ 18,891	$ 25,302	1.7%
KKR Real Estate Partners Americas I	$ 50,000	12/20/2013	$ 50,173	$ 60,761	$ 491	$ 61,253	10.5%
KKR Real Estate Partners Americas II	$ 50,000	6/2/2016	$ 62,340	$ 74,890	$ 9,566	$ 84,456	18.6%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 09/30/2024

Real Estate

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Northbridge-Strategic Fund II	$ 30,000	2/8/2019	$ 30,000	$ 7,624	$ 49,743	$ 57,367	13.0%
Prima Mortgage Investment Trust, LLC	$ 75,000	7/29/2011	$ 97,490	$ 131,918	$ -	$ 131,918	3.8%
Principal Life Insurance Company U.S. Property	$ 60,000	5/20/2005	$ 60,000	$ 125,410	$ -	$ 125,410	6.2%
PRISA	$ 90,000	6/30/2005	$ 139,622	$ 222,450	$ -	$ 222,450	5.3%
Rubenstein Properties Fund III	$ 30,000	10/23/2015	$ 30,606	$ 627	$ 5,172	$ 5,799	-27.0%
LCC Co-Investor B	$ 15,000	10/18/2019	$ 15,000	$ -	$ -	$ -	-100.0%
Rubenstein Properties Fund IV	$ 25,000	4/16/2019	$ 8,286	$ 56	$ 382	$ 438	NM
Prudential Senior Housing Fund V	$ 50,000	3/17/2015	$ 41,333	$ 5,723	$ 36,950	$ 42,673	0.5%
Smart Markets Fund, L.P.	$ 195,000	6/17/2013	$ 236,837	$ 83,978	$ 291,935	$ 375,914	7.4%
Stonelake Opportunity Partners VII	$ 40,000	6/30/2022	$ 16,000	$ -	$ 14,375	$ 14,375	NM
Walton Street Real Estate Fund VII	$ 50,000	5/9/2012	$ 44,187	$ 54,586	$ 5,247	$ 59,833	8.5%
Walton Street Real Estate Fund VIII	$ 50,000	10/23/2015	$ 43,732	$ 39,090	$ 20,322	$ 59,413	8.7%
Co-Investment #1	$ 10,000	9/27/2017	$ 10,293	$ 4,160	$ -	$ 4,160	-60.0%
Westbrook Real Estate Fund IX	$ 15,000	6/30/2014	$ 17,464	$ 17,500	$ 1,475	$ 18,976	3.3%
Westbrook Real Estate Fund X	$ 50,000	1/15/2015	$ 51,769	$ 42,649	$ 11,595	$ 54,244	2.2%
Westbrook Real Estate Fund XI	$ 40,000	1/31/2019	$ 44,043	$ 17,449	$ 32,132	$ 49,581	10.7%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 9/30/2024

Notes: *As of 6/30/2024. NM = Not Meaningful. MainePERS only reports IRRs for funds with more than 24 months of history and for which Amount Contributed is greater than 50% of Commitments. "Date of Commitment" is not the date of first capital draw. The "IRR" presented uses interim estimates and may not be indicative of ultimate performance of partnership investments due to a number of factors including lags in valuation, maturity of fund, and differences in investment pace and strategy of various funds. Performance figures should not be used to compare returns among multiple funds or different limited partners. Private market investments are long-term investments which are expected to generate returns over the course of their entire life cycle of 10 or more years. Common industry practice dictates that any performance analysis on these funds while they are still in the early years of their investment cycle would not generate meaningful results. The Interim Net IRR figures presented in this table are based on cash flow information provided by the general partner. The above information was not prepared, reviewed, or approved by any of the partnerships, general partners, or their affiliates and may differ from those generated by the general partner or other limited partners due to differences in timing of investments, disposal of in-kind distributions, and accounting and valuation policies.

MAINEPERS

EROA & ASSET ALLOCATION ANALYTICS

CAMBRIDGE ASSOCIATES FIFTY YEARS

JANUARY 2025

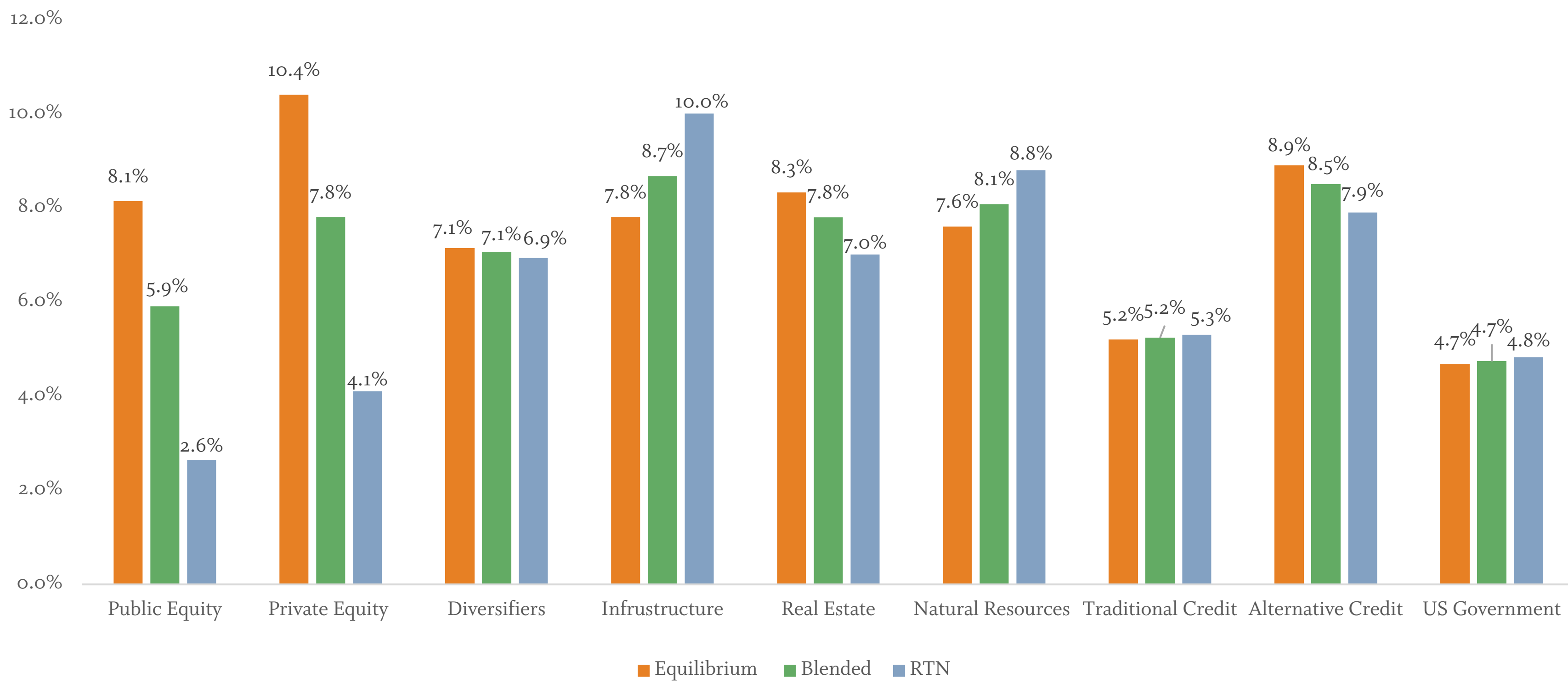
Return-to-Normal, Long-Term Equilibrium and Blended Return Assumptions

- **The Return-to-Normal Framework** is a forecast that assumes current asset class valuations return to long-term averages over 10 years. This is in contrast to the Steady State framework, which assumes that current valuations remain stable over 10 years.
- **The Long-Term Equilibrium Framework** is a forecast that predicts returns based entirely on long-term fair value estimates. The framework is calculated nominally using a 2.5% inflation rate.
- **The Blended Framework** is a forecast that assumes current asset class valuations return to long-term averages over 10 years (Return-to-Normal framework) and remain stable after that (Long-Term Equilibrium Framework). In particular, for all asset classes, this approach explicitly models the current valuation of each asset class today, the "fair" or average valuation of each asset class historically, and the estimated return associated with reverting to "fair value" over a 10-year period, with fair value largely based on historical averages. Following the 10-year period, expected returns are based on long-term fair value estimates that typically range 15 years.
- **For the MainePERS EROA calculations, a Blended Framework was used**

CA Asset Class Return Projections as of November 30, 2024

10 YEAR NOMINAL RETURN SCENARIOS: "RETURN TO NORMAL"

AS OF NOVEMBER 30, 2024 • NOMINAL AACR (%)



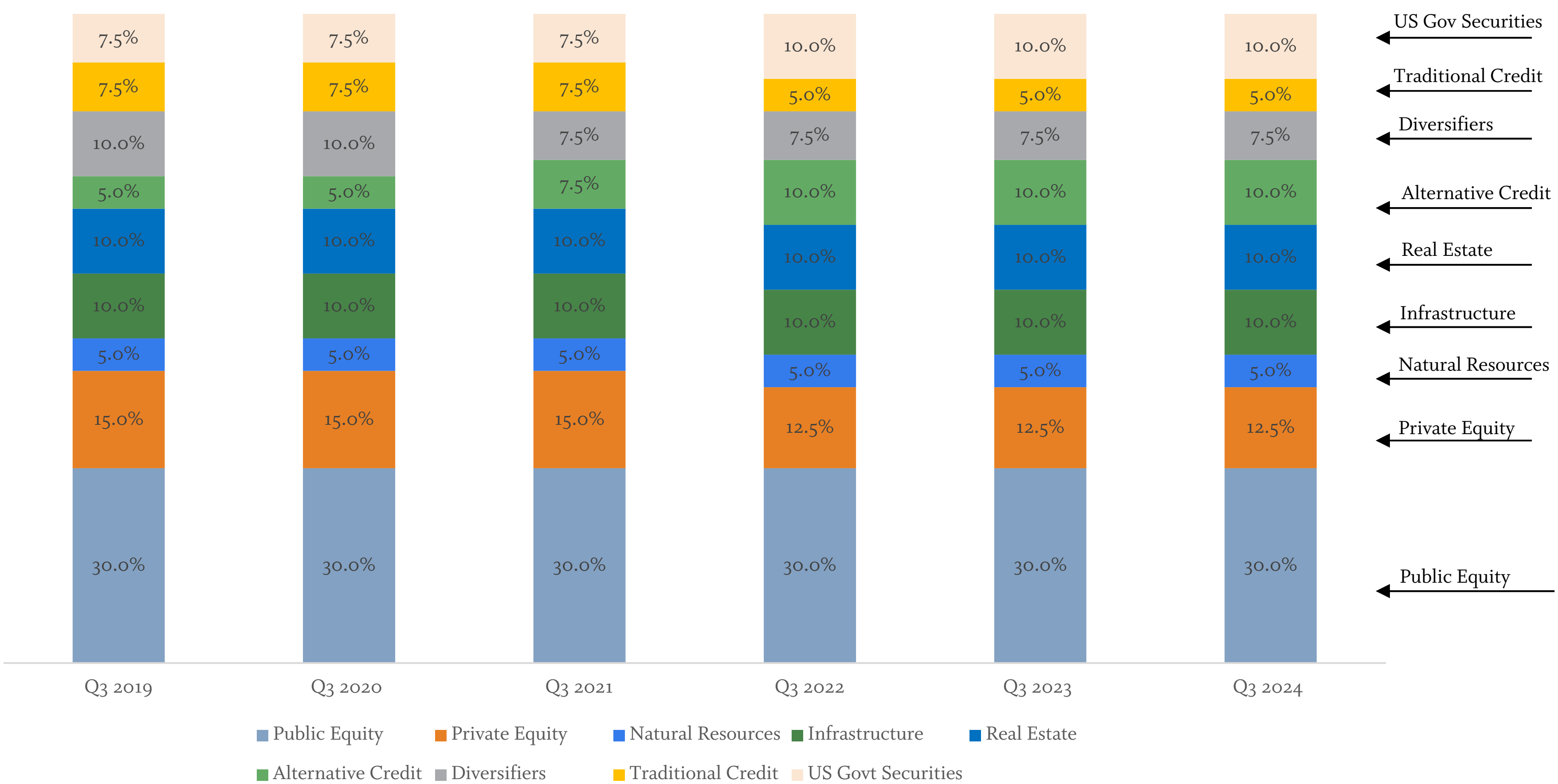
Note(s):Public Equities assumptions are a blend of Cambridge Associates' assumptions: 66% US Equity, 24% Developed ex US Equity, 10% Emerging Markets Equity. Private Equity assumptions include an additional 70bps of alpha. Diversifiers assumptions are a blend Cambridge Associates' assumptions: 70% Absolute Return and 30% cash plus 300bps of alpha. Alternative Credit assumptions is Cambridge Associates' High Yield assumption plus 200bps of alpha. US Government Securities are a blend of Cambridge Associates' assumptions: 50% US TIPS, 50% US Govt Bonds. Steady State is a variation of Cambridge Associates' 10-year capital markets assumptions. Long Term returns are Cambridge Associates' Long Term (formerly Equilibrium) capital markets assumptions. Blended return assumes 10 years of RTN and 15 years of Long -Term Returns.

MainePERS Current Long Term Asset Allocation Targets as of 11/30/2024

Asset Class	Benchmark	Long-Term Target
	Russell 3000[1]	19.7%
	MSCI ACWI ex US[2]	10.3%
Public Equity	Total Public Equity	30.0%
Private Equity	Russell 3000 + 3% per annum (1 qtr lag)	12.5%
Risk Diversifiers	0.3 Beta MSCI ACWI[3]	7.5%
Real Estate	NCREIF Property (1 qtr lag)	10.0%
Infrastructure	Cambridge Associates Infrastructure Median (1 qtr lag)	10.0%
Natural Resources	Cambridge Associates Natural Resources Median (1 qtr lag)	5.0%
Traditional Credit	Barclays US Agg ex Treasury	5.0%
Alternative Credit	50% BAML US HY II + 50% S&P/LSTA US Leveraged Loan Index (1 qtr lag)[4]	10.0%
US Govt Treasuries	Custom Fixed Income[5]	10.0%
Total		**100.0%**

MainePERS Long Term Asset Allocation Targets

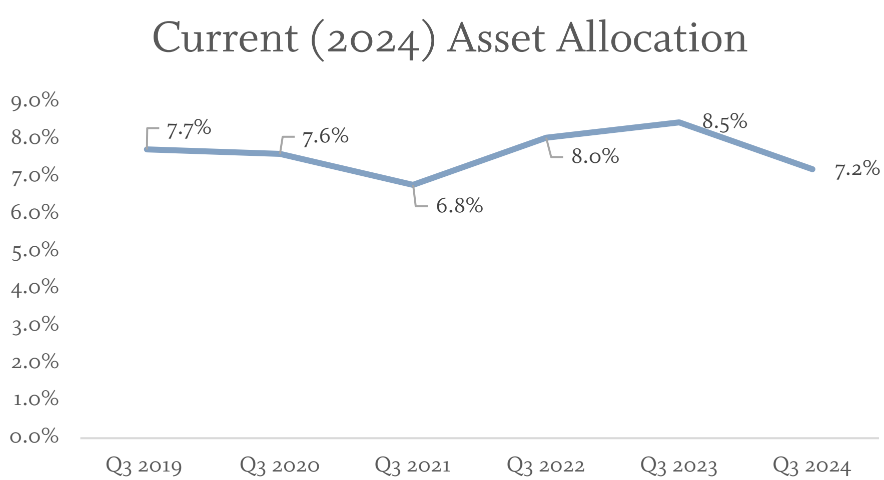
Q3 2019 – Q3 2024

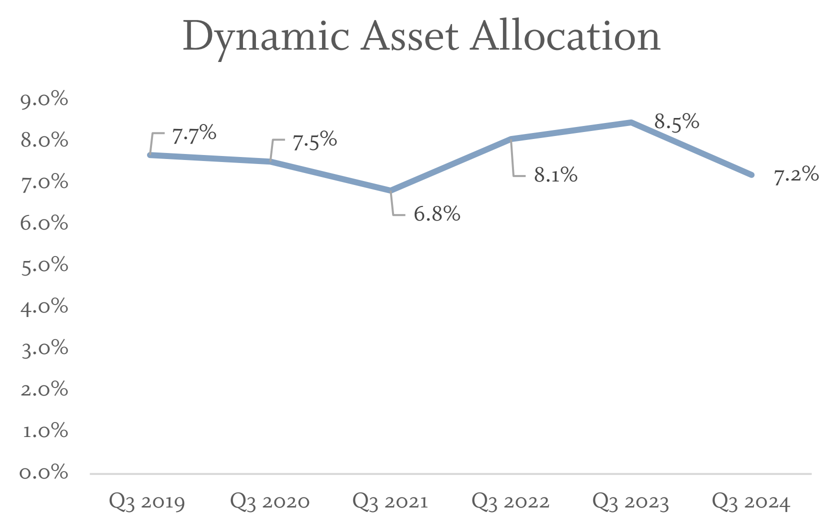


Expected Return on Assets (EROA) Calculations

Q3 2019 – Q3 2024

- Current (2024) Asset Allocation: Analysis uses current (2024) asset allocation for all time periods paired with assumptions from each time period to calculate EROA
- Dynamic Asset Allocation: Analysis uses asset allocation from each time period paired with assumptions from each time periods to calculate EROA





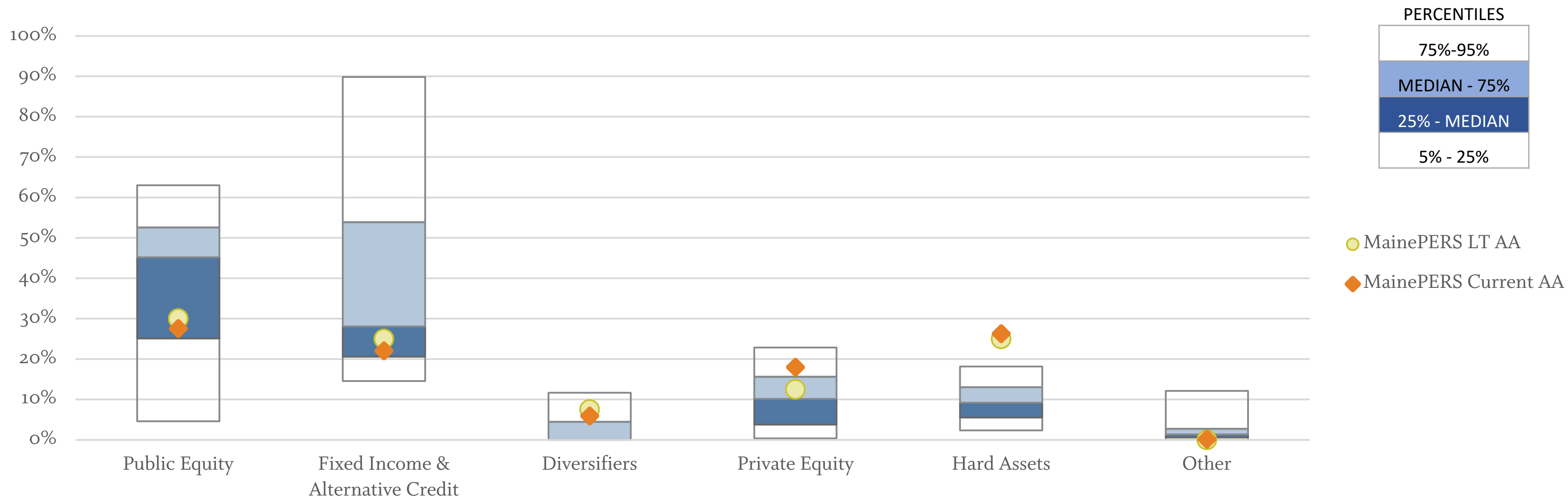
	Q3 2019	Q3 2020	Q3 2021	Q3 2022	Q3 2023	Q3 2024
BLENDED RETURN	7.7%	7.6%	6.8%	8.0%	8.5%	7.2%

	Q3 2019	Q3 2020	Q3 2021	Q3 2022	Q3 2023	Q3 2024
BLENDED RETURN	7.7%	7.5%	6.8%	8.1%	8.5%	7.2%

Note(s):Q3 2024 is as of 11/30/2024. Public Equities assumptions are a blend of Cambridge Associates' assumptions: 66% US Equity, 24% Developed ex US Equity, 10% Emerging Markets Equity. Private Equity assumptions include an additional 70bps of alpha. Diversifiers assumptions are a blend Cambridge Associates' assumptions: 70% Absolute Return and 30% cash plus 300bps of alpha. Alternative Credit assumptions is Cambridge Associates' High Yield assumption plus 200bps of alpha. US Government Securities are a blend of Cambridge Associates' assumptions: 50% US TIPS, 50% US Govt Bonds. Steady State is a variation of Cambridge Associates' 10-year capital markets assumptions. Long Term returns are Cambridge Associates' Long Term (formerly Equilibrium) capital markets assumptions. Blended return assumes 10 years of RTN and 15 years of Long -Term Returns.

MainePERS Total Plan Allocation vs. Investorforce Public Pension Plans >$1b in AUM

As of 9/30/2024



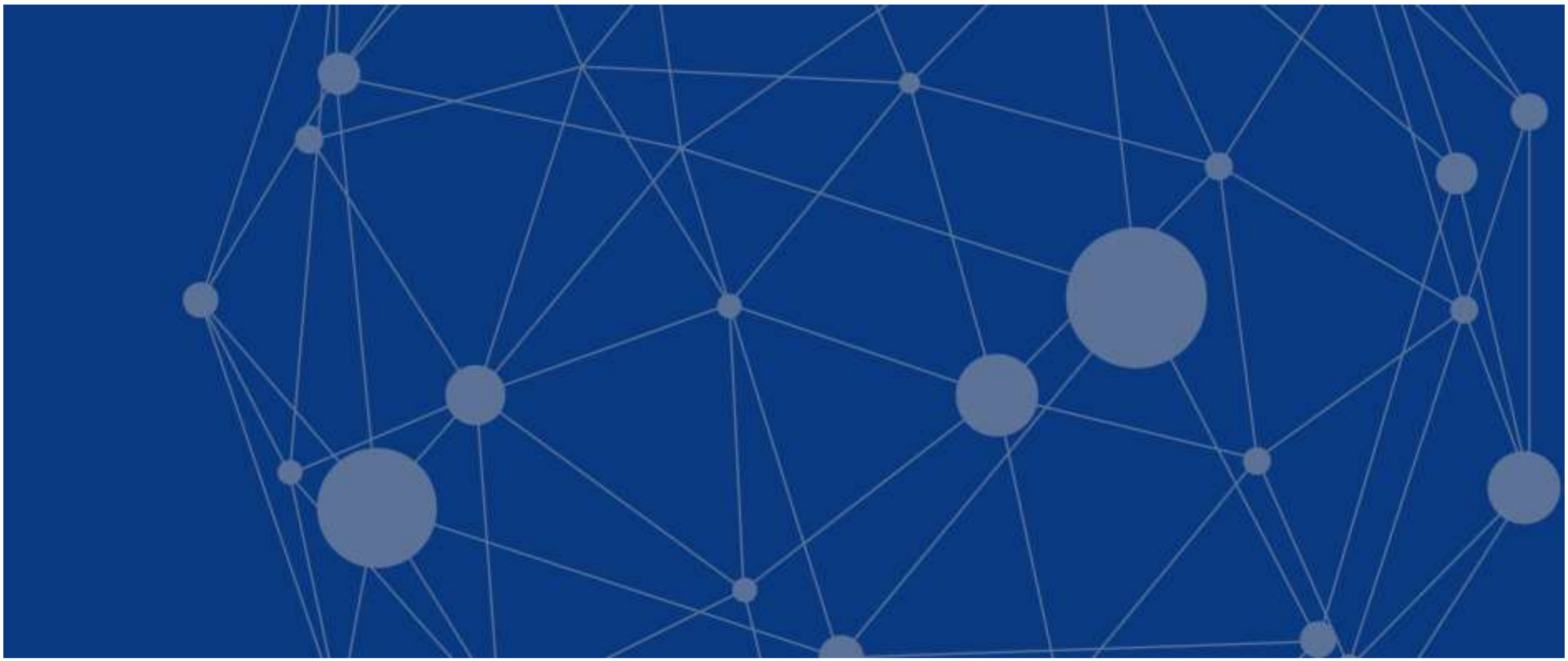
	Public Equity	Fixed Income & Alternative Credit	Diversifiers	Private Equity	Hard Assets	Other
MainePERS LT AA	30.0%	25.0%	7.5%	12.5%	25.0%	0.0%
MainePERS Current AA	27.6%	22.1%	5.9%	18.0%	26.3%	0.2%
95th Percentile	63.0%	89.8%	11.6%	22.9%	18.2%	12.1%
75th Percentile	52.6%	53.9%	4.5%	15.6%	13.0%	2.7%
Median	45.2%	28.1%	0.0%	10.1%	9.2%	1.4%
25th Percentile	25.1%	20.6%	0.0%	3.8%	5.5%	0.6%
5th Percentile	4.6%	14.5%	0.0%	0.4%	2.3%	0.0%

Note(s): All data is as of 9/30/2024 and there were 101 Public Pension Plans with >$1b in AUM, reporting asset allocations as of 9/30/2024. *Private Investments* includes Private Equity and Venture Capital, *Hard Assets* includes Real Estate and Commodities, and *Other* includes multi asset, balanced, global tactical asset allocations, and cash. Different funds may report allocations and classify investments inconsistently. MainePERS Current AA total may not sum to 100% due to rounding.

Disclaimer: While this is provided for informational purposes, the utility of this comparative information is limited. The investment allocation of any plan, including MainePERS, is developed based on a variety of factors unique to the plan, such as investment goals and philosophy, funding levels, risk tolerance and time horizon. Accordingly, this comparison, standing alone, does not indicate the appropriateness of any particular allocation.

MAINEPERS

RISK DIVERSIFIERS EDUCATION



CAMBRIDGE ASSOCIATES

JANUARY 2025

WHY INVEST IN DIVERSIFIERS?

CAMBRIDGE
ASSOCIATES

What are Risk Diversifiers?

Risk Diversifiers represent a wide range of strategies with different risk and return profiles

- The role(s) of Risk Diversifiers
  - Risk Diversifiers provide greater flexibility in remit than traditional long-only equity and bond managers in order to generate greater alpha potential
  - Risk Diversifiers encompass different strategies across a wide risk/return spectrum
  - Should be considered within the context of the role they serve in the overall portfolio

We classify diversifiers in two broad categories:

Growth Risk Diversifiers	Diversifying Risk Diversifiers
— Includes managers with higher equity market sensitivity (beta) as well as more directional (less hedged) strategies. — Expect an equity-like return with limited downside protection.	— Should provide more differentiated return streams relative to other assets in the portfolio. — Typically, lower equity market sensitivity and correlation to the broad markets and will act as a buffer in equity markets declines. — Return potential varies between equity-like and bond-like.

Long-biased long/short equity	Event-driven	Low net long/short equity & credit	Multi-strategy	Niche Credit	Global Macro

Examples

Why invest in Risk Diversifiers?

Benefits of Diversifiers	Rationale
Flexibility	Wide investment mandates and the ability to control inflows and outflows allow diversifiers to employ investment strategies off-limits to conventional equity and bond managers
Downside Protection	Two important components of diversifiers' flexibility is their ability to take long and short positions as well as hold cash. Short positions allow them to profit from falling asset prices. Opportunistically raising and lower cash levels allows funds to take more conservative positioning in response to changing market conditions
Diversify Sources of Return	By using unique or differentiated investment strategies, diversifiers are designed to generate returns which have limited correlation to equity and bond markets
"Best In Class" Active Managers	Unique strategies and the potential for substantial remuneration incentivize top investing talent to join the industry
Enhance Returns	Ultimately, diversifiers are designed to reduce a portfolio's overall volatility and enhance compound returns over a "full market cycle"

- However, Diversifiers, particularly the program MainePERS has created are <u>not</u> designed to consistently outperform equity markets

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Risk Diversifiers Sub-strategies

Absolute Return	Long/Short Equity	Trade-Oriented Funds

Absolute Return

- **Event (Merger) Arbitrage**
  - Typically, buying the stock of an announced acquisition target and shorting the stock of the acquirer
  - Related investments include spin-offs, divestitures, reorganizations, and restructurings
- **Credit and Distressed Securities**
  - Purchasing, at a large discount, the debt of companies in bankruptcy or distress and participating in the reorganization
- **Convertible Arbitrage**
  - Typically, purchasing a convertible bond and shorting the common stock of the same issuer
- **Other Arbitrage Strategies**
  - Fixed income arbitrage
  - Derivative and Warrant Arbitrage
  - Statistical Arbitrage
  - Closed-End Fund Arbitrage

Long/Short Equity

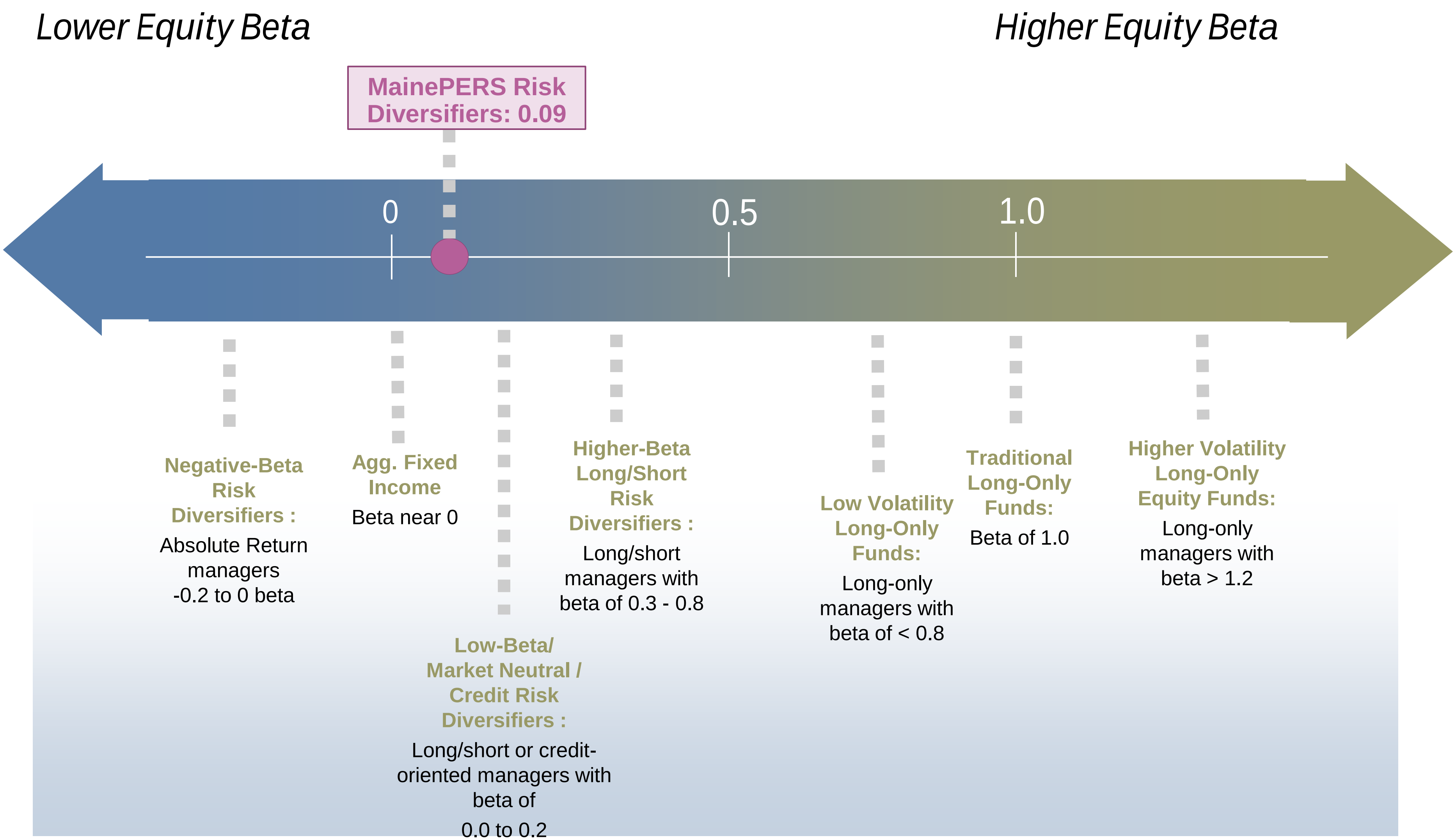
- **Long/Short Funds**
  - Combine long stock positions with short stock positions
  - Short positions reduce market risk, and manager seeks to add value through stock selection in both long and short portfolio
  - Net market exposure varies but typically funds are net long
  - Style bias, geographic focus, sector focus, concentration and market exposure vary greatly across funds
- **Short Selling**
  - Managers invest only on the short side, making outright bets that their shorts will decline in price
- **Market-Neutral Equity**
  - Equally-matched long and short portfolios
  - Net market exposure close to zero

Trade-Oriented Funds

- **Global Macro Funds**
  - Broad range of opportunistic investments in equity markets, currencies, commodities, etc., based on evaluation of macro trends
  - Tend to make significant bets and use high degrees of leverage
- **Trend Following**
  - Trading strategy that attempts to capture gains through the analysis of a security's momentum in a particular direction.

Beta Spectrum

Diversifying among asset classes can significantly reduce portfolio risk



Fees

Risk Diversifiers managers typically charge higher fees as compared to public equity managers due to outperformance potential.

Risk Diversifiers investments include both high management fees and performance fees on realized investments.

Volatility

Risk Diversifiers managers employ aggressive strategies that may increase volatility of returns. Some techniques include borrowed funds, derivative securities, long/short positions, and computer algorithms.

Volatility and/or underperformance may lead to organizational risk if investors move to pull their money from Risk Diversifiers managers.

Low Transparency

Risk Diversifiers remain largely unregulated and disclosure requirements to LPs are low. Managers require a level of secrecy due to the competitive nature of the industry.

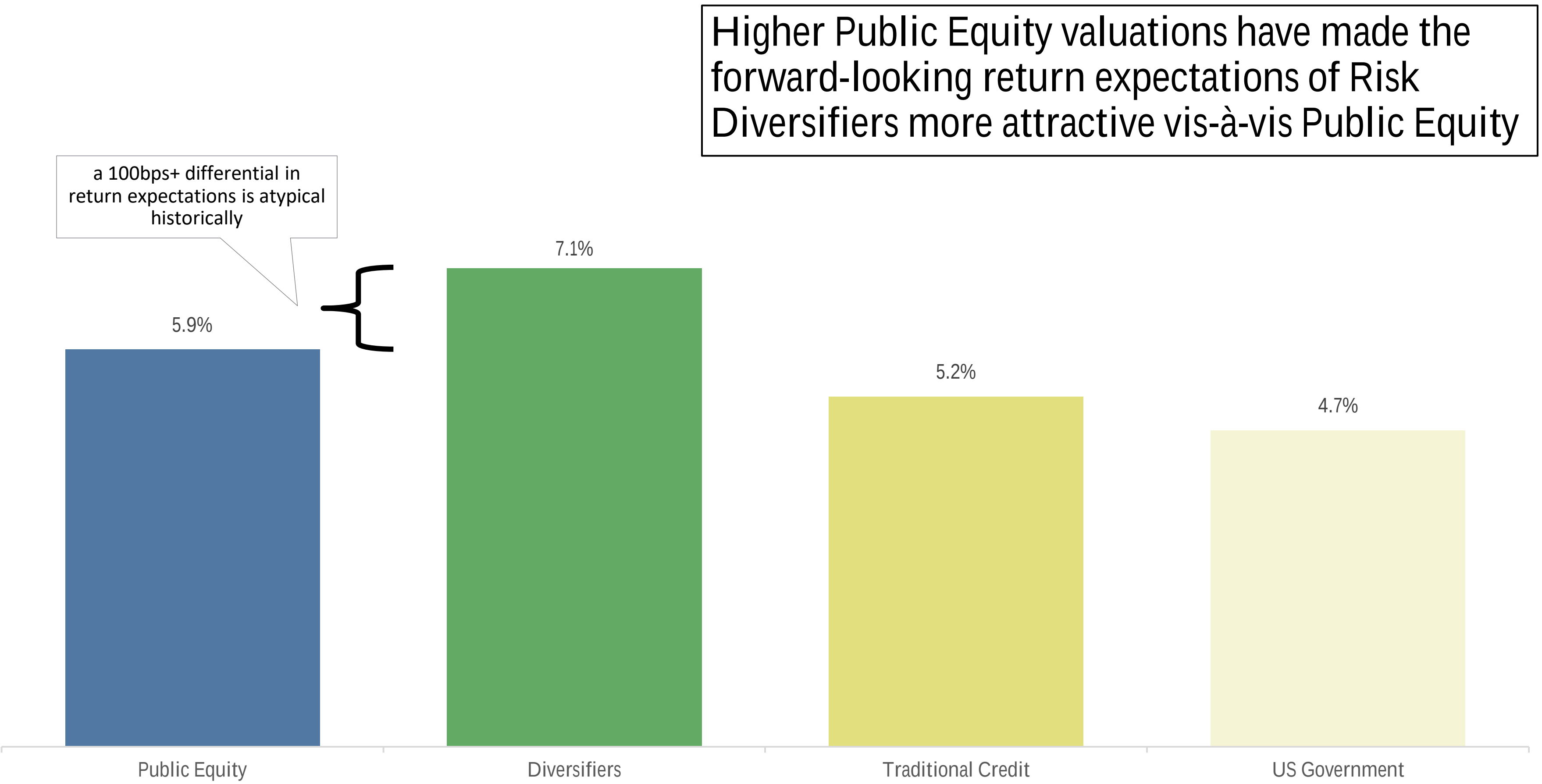
Liquidity

Risk Diversifiers liquidity is subjective and determined by the manger. Investor agreements typically include a gate provision, which allows a manager to halt redemptions, or withdrawals, from the fund.

CA Asset Class Return Projections as of November 30, 2024

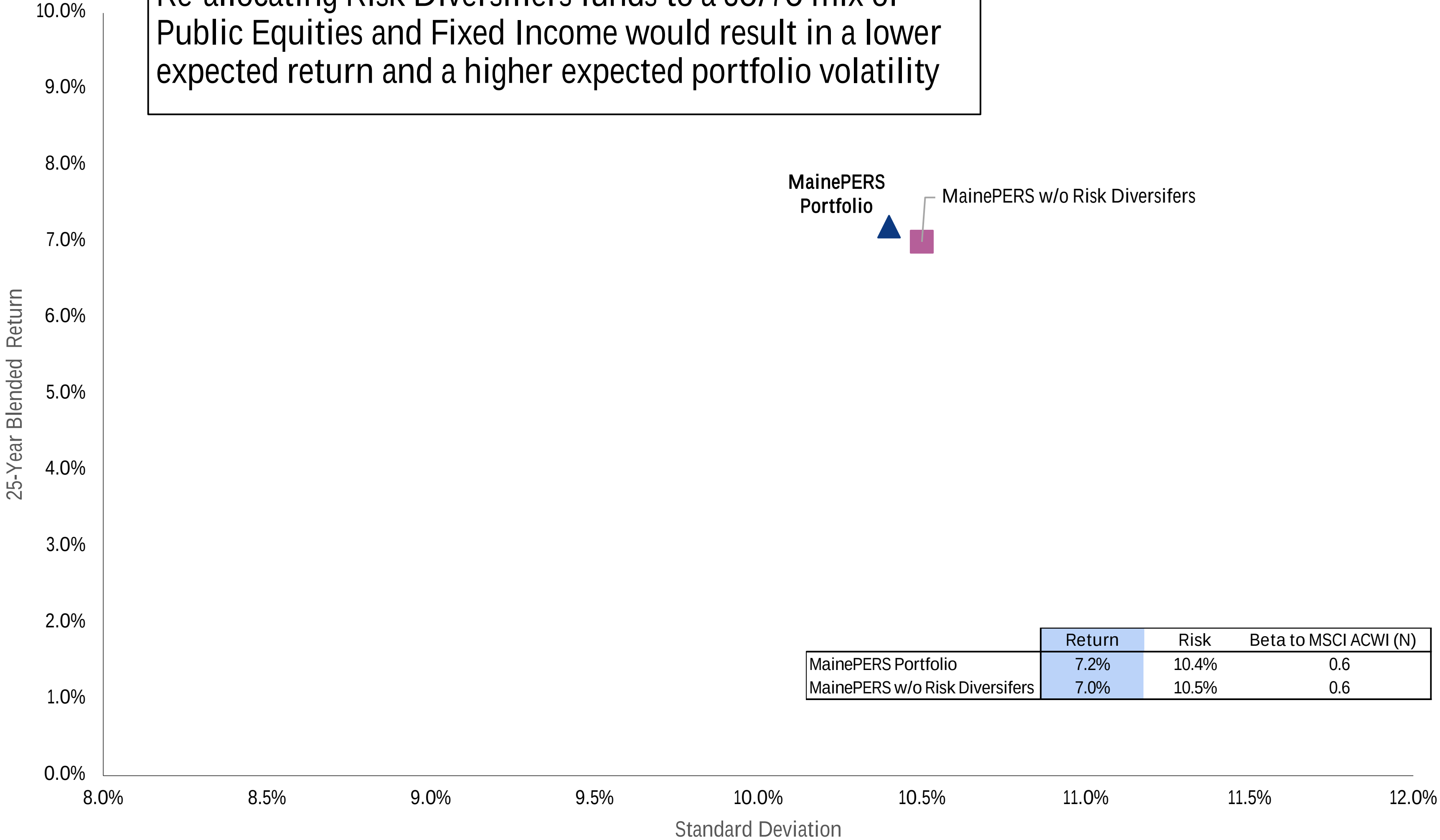
25 YEAR NOMINAL RETURN SCENARIOS: “BLENDED”

AS OF NOVEMBER 30, 2024 • NOMINAL AACR (%)



Note(s):Public Equities assumptions are a blend of Cambridge Associates’ assumptions: 66% US Equity, 24% Developed ex US Equity, 10% Emerging Markets Equity. Private Equity assumptions include an additional 70bps of alpha. Diversifiers assumptions are a blend Cambridge Associates’ assumptions: 70% Absolute Return and 30% cash plus 300bps of alpha. Alternative Credit assumptions is Cambridge Associates’ High Yield assumption plus 200bps of alpha. US Government Securities are a blend of Cambridge Associates’ assumptions: 50% US TIPS, 50% US Govt Bonds. Long Term returns are Cambridge Associates’ Long Term (formerly Equilibrium) capital markets assumptions. Blended return assumes 10 years of RTN and 15 years of Long -Term Returns.

Re-allocating Risk Diversifiers funds to a 30/70 mix of Public Equities and Fixed Income would result in a lower expected return and a higher expected portfolio volatility



	Return	Risk	Beta to MSCI ACWI (N)
MainePERS Portfolio	7.2%	10.4%	0.6
MainePERS w/o Risk Diversifers	7.0%	10.5%	0.6

Note(s): MainePERS w/o Risk Diversifiers has Diversifiers reallocated into 30/70 Equities/Gov. Public Equity, 35% Traditional Credit, 35% Treasuries. MainePERS Portfolio is composed of the portfolio's long term policy targets. Public Equities assumptions are a blend of Cambridge Associates' assumptions: 66% US Equity, 24% Developed ex US Equity, 10% Emerging Markets Equity. Private Equity assumptions include an additional 70bps of alpha. Diversifiers assumptions are a blend Cambridge Associates' assumptions: 70% Absolute Return and 30% cash plus 300bps of alpha. Alternative Credit assumptions is Cambridge Associates' High Yield assumption plus 200bps of alpha. US Government Securities are a blend of Cambridge Associates' assumptions: 50% US TIPS, 50% US Govt Bonds. Blended return assumes 10 years of RTN and 15 years of Long -Term Returns.

MAINEPERS DIVERSIFIERS BENCHMARKING

CAMBRIDGE ASSOCIATES

Benchmarking – Diversifiers

- The objective is to create a benchmark that reflects the risk/return expectations of the Risk Diversifiers allocation – both at a strategy level (long/short vs. absolute return) and a program level.
- It is generally most effective to benchmark the entire Diversifiers portfolio vs a single benchmark
  - Individual manager returns tend to be driven by idiosyncratic factors not well represented by a passive index
  - While tracking error also exists at the program level, it tends to be more muted than at the manager level
- There is no consensus among institutions on benchmarking diversifiers. There is no "ideal" benchmark for several reasons:
  - These strategies entail broad mandates of opportunistic strategies employing financial instruments and vehicles which are not replicated by an index and not priced with regularity.
  - Transparency is relatively poor compared with marketable long-only.
  - Universe of managers is in a state of flux due to manager turnover, with challenges in creating a static comparative manager benchmark; but there are indices of groups of similarly-styled managers (HFRI Indices).
- The benchmark should be both investable and measurable, acting as a viable alternative to active management available at the time that investment decisions are made and providing the ability to measure risk/return characteristics on a reasonable frequent basis
- The HFRI Conservative is a grouping of Diversifiers managers who seek to have a lower equity beta and volatility and profile, consistent with our objectives for MainePERS
  - **We recommend inclusion of the HFRI Conservative as a secondary lens from which to evaluate the Risk Diversifiers program.**

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Hedge Fund Program Benchmark Alternatives

	CURRENT: .3 BETA ACWI	OPTIONAL SECONDARY: HFRI FUND OF FUNDS CONSERVATIVE	ALTERNATIVE : HFRI FUND OF FUNDS COMPOSITE	ALTERNATIVE: T-BILLS +XX%
SUMMARY	Investable risk-adjusted benchmark	Designed to reflect the performance of conservatively managed FoF within the hedge fund industry.	Designed to reflect hedge fund industry performance	Cash + absolute return premium
PROS	• Investable • Incorporates elements of equity market risk • Beta-level can be customized to program's goals (or bifurcated across different allocations)	• Focuses on funds with lower volatility and risk • Provides a benchmark for conservative investment strategies, aiding in the evaluation of risk-averse portfolios. • Useful for investors seeking stable returns with minimized exposure to market fluctuations.	• Represents practical elements of portfolio construction (including access constraints) • Best representation of opportunity cost of decision to implement HFs through direct program ("investable") • May be best approach for short- to medium-term benchmarking if tracking error minimization is priority	• Assesses the ability of the program to assist the portfolio in meeting a long term preservation of purchasing power goal • Potentially useful if used over long periods of time to assess efficacy of the allocation decision
CONS	• Not representative of underlying strategies • Short- to intermediate-term deviations from actual program returns • Actual beta of hedge fund program may shift over time	• May underperform in high-growth market environments due to its conservative nature. • Limited representation of aggressive or high-risk strategies • Reflects a second layer of fees, similar to other fund of funds indices, which can impact net performance.	• Survivorship and 'instant history' bias*, although to a lesser degree than other benchmarks. • Very limited ability to compare look-through exposures • Reflects second layer of fees direct programs often do not bear on performance reports	• Not investible • Zero volatility (over any time frame) • Over the short to intermediate term will likely deviate materially from actual program returns

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*Survivorship bias reflects the inaccurate appearance of high returns because poorly performing funds are closed and their returns are not counted. Instant history (or backfill) bias reflects the inaccurate appearance of high returns because new, successful funds and their historical track records are added to the manager universe.

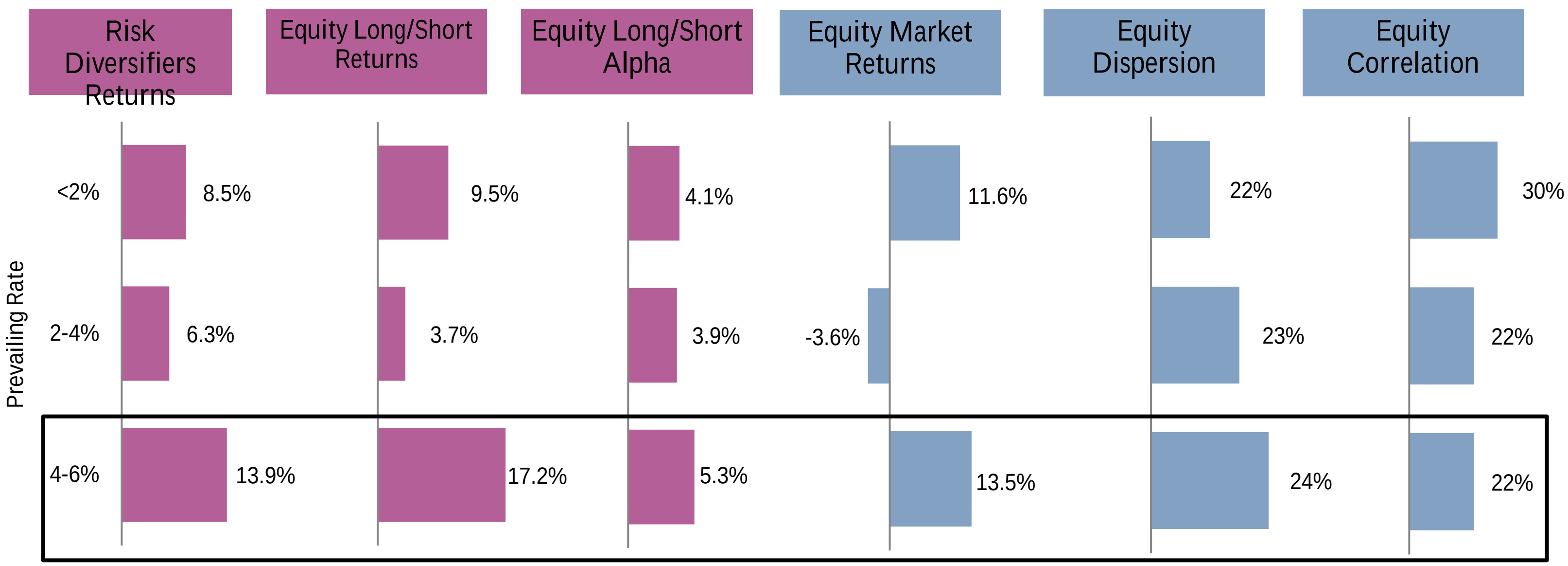
CURRENT MARKET OPPORTUNITY SET

CAMBRIDGE ASSOCIATES

Higher rate environments provide meaningful tailwinds for Risk Diversifiers alpha

- Risk Diversifiers returns have increased as interest rates rise, while equity market returns remain more volatile in rising rate environments
- As equity dispersion increases with rising rates, Risk Diversifiers have greater opportunities to take advantage of short-term dislocations and mispricings

INTEREST RATE REGIME EFFECTS ON RETURNS OF Risk Diversifiers



Source(s): SPDJI, Goldman Sachs Marquee Connect, investor letters to the Goldman Sachs Capital Introduction team, HFR. Prevailing rate refers to 3-month ICE LIBOR annualized rate; equities returns refers to MSCI World TR; equity dispersion and correlation refer to S&P 500 realized intrastock correlation & dispersion; equity L/S alpha calculated on an equally-weighted basis using Jensen's alpha methodology: Equity L/S returns minus beta-adjusted equity index returns minus risk free rate. Calculations are based on prevailing rate by month and then annualized. All data as of 12/31/2022 except where otherwise noted. Past performance is not indicative of future results. This material is for discussion purposes only and does not purport to contain a comprehensive analysis of the risks / rewards of any idea or strategy.

Strategy implications

STRATEGY TYPE	OPPORTUNITIES	IMPLICATIONS OF CURRENT INTEREST RATES
EVENT-DRIVEN & CREDIT	▪ Corporate events including mergers & acquisitions, restructurings, spinoffs, defaults	▪ Higher interest rates will manifest in higher interest expense as companies need to refinance debt at higher rates. ▪ The inability of some companies to service this higher interest expense from cash flow will result in defaults. Other companies will survive and investors will be compensated for lending at higher rates. ▪ This dynamic should result in great dispersion and especially benefit funds that can be nimble and invest both long and short as we head into a period of higher defaults.
LONG/SHORT EQUITY	▪ Decreased correlation, increased dispersion, increased short rebate	▪ Similar to the implications on credit investing, higher rates lead to higher cost of capital for corporates. ▪ This should create more dispersion between companies as this higher cost of funding should impact the prospective growth prospects of some companies more than others. ▪ This greater level of dispersion of returns is a key backdrop for true long/short strategies. ▪ Additionally, long/short equity managers will once again receive a rebate from short selling, a significant departure from the past 15 years.
GLOBAL MACRO	▪ Increase in interest rate and currency volatility, short- and medium-term trends in rates, fx, equity and commodity markets	▪ The positive of higher interest rates for global macro strategies is that this typically comes with higher level of rate volatility—a key ingredient for a robust global macro investing environment. These periods have historically been the strongest for macro investing. ▪ Additionally, many of these strategies hold high levels of unencumbered cash, which earn a positive return in this environment. That said, the leverage employed in these strategies is significant, therefore negating some of the benefits of higher rates as funding costs are also higher.

MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Risk Diversifiers Review
January 9, 2025

Strategy Evolution

2018 to 2019

Initial Construction

- Large investments
- Liquid, systematic strategies
- Concentrated positioning
- 5 to 7 Managers

2020 to 2024

Build-out

- Diversified return streams
- Reduced manager specific risk
- Exited managers underperforming
- 10+ Managers

2025

Move to Target

- Achieve long-term targets
- Fully diversify allocation
- ~15 Managers

Risk Diversifiers Portfolio Role

Objectives

- Deliver long-term expected returns aligned with the total plan's 6.5% discount rate
- Provide diversification benefits away from growth assets with low correlation to rising or falling markets over full cycles
- Exposure to return streams that differ from those available in passive public market investments
  - Allocate to traditional markets in non-traditional ways
  - Take advantage of market inefficiencies
- Serve as a volatility dampener for the total plan while meeting overall return objectives
- Not expected to consistently outperform equity markets

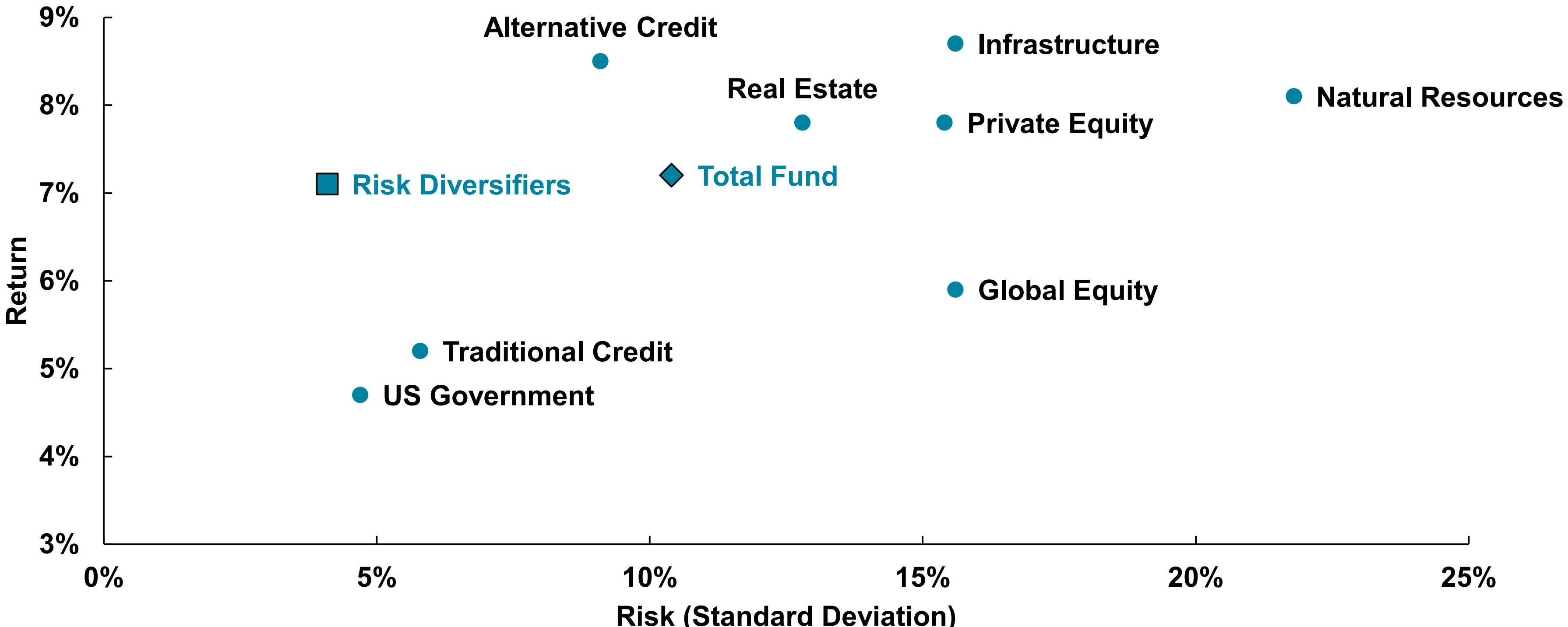
Considerations

- Fees
  - High relative to passive public market investments, comparable to private market asset classes.
- Liquidity
  - Periodic redemption cycles (i.e., monthly or longer) which may include initial lock-up periods or redemption gates
- Leverage
  - Synthetic leverage used for return generation and capital efficiency
  - Can magnify risks in challenging market environments
- Transparency
  - Limited access to full position level detail
- Manager selection
  - Requires resources dedicated to identifying value-adding managers and strategies

Risk Diversifiers Role within Asset Allocation

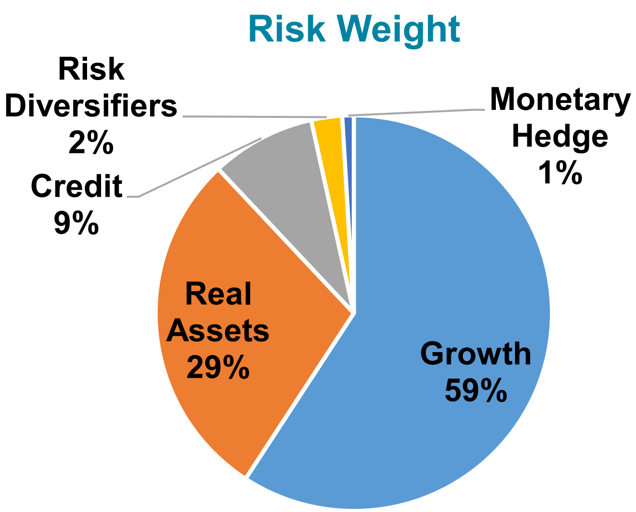
- Expected to produce returns in-line with the 6.5% discount rate with risk levels similar to public fixed income investments
- Diversification benefits relative to growth asset classes

Asset Class Expected Risk and Return
Capital Market Assumptions* as of November 30, 2024



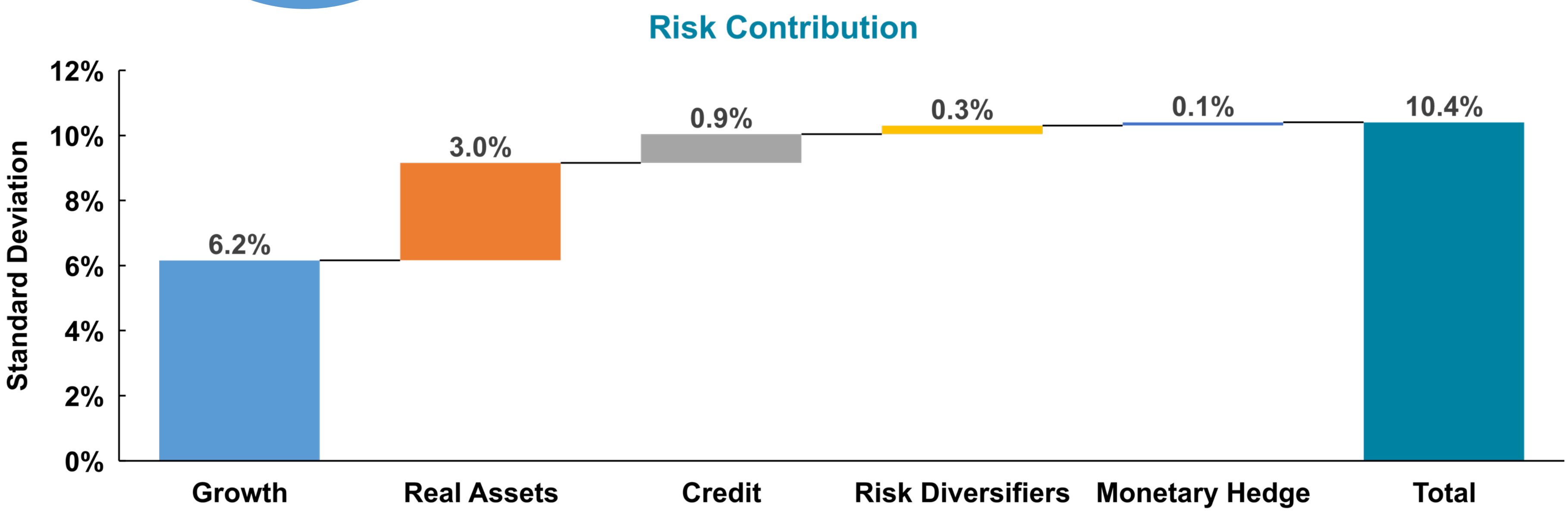
*Source: Cambridge Associates

Risk Based on Portfolio Role



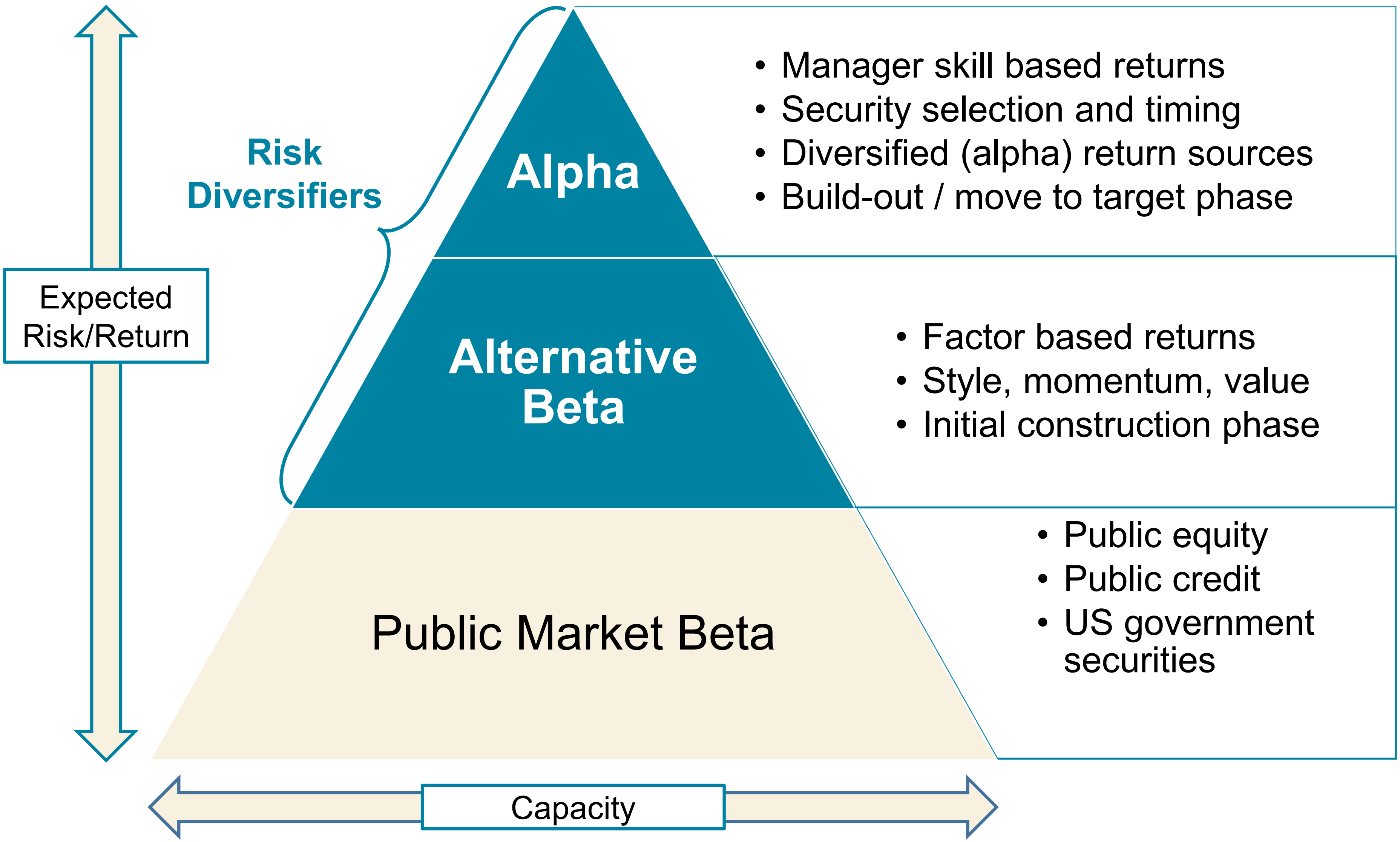
Risk Diversifiers

- Nominal contribution to total risk, despite meaningful (7.5%) allocation
- Diversifies risk away from growth assets



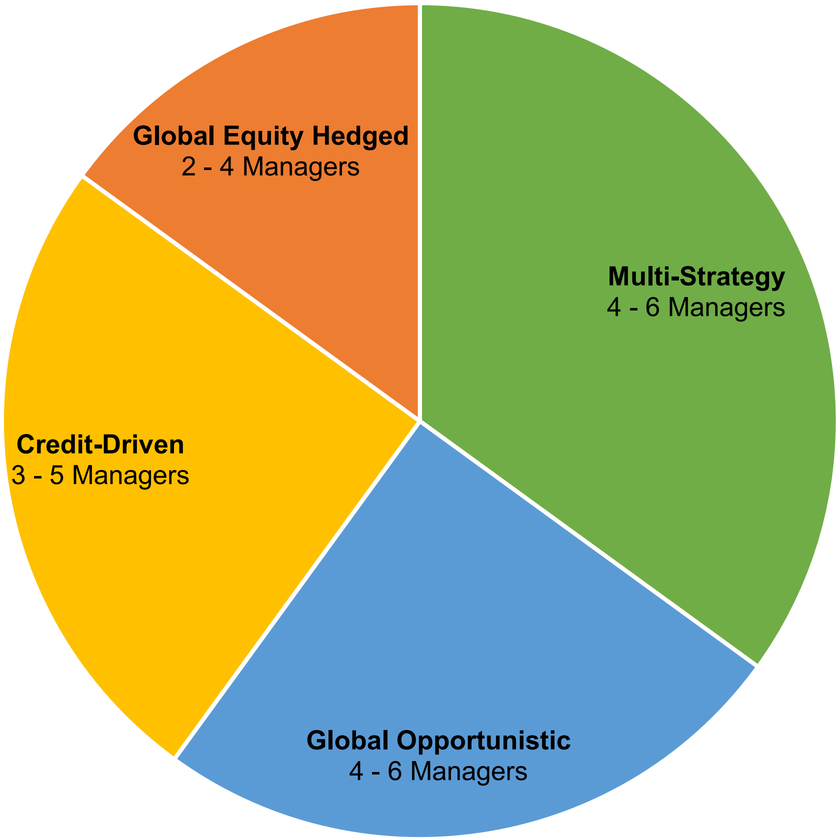
Note: Totals shown may not sum due to rounding

Risk Diversifiers Perspective



Strategy Review

Target Allocations



Target: ~15 Managers

Construction

Multi-Strategy: 35% target / 25 – 45% range

- Actively allocates capital across range of sub-strategies
- Event-Driven, merger arbitrage, fixed income, volatility

Global Opportunistic: 25% target / 15 – 35% range

- Invests based on macroeconomic factors and trends
- Strategies may be discretionary or fully systematic
- Generate returns from pricing dislocations in both upward and downward trending markets

Credit-Driven: Target 25% / 15 – 35% range

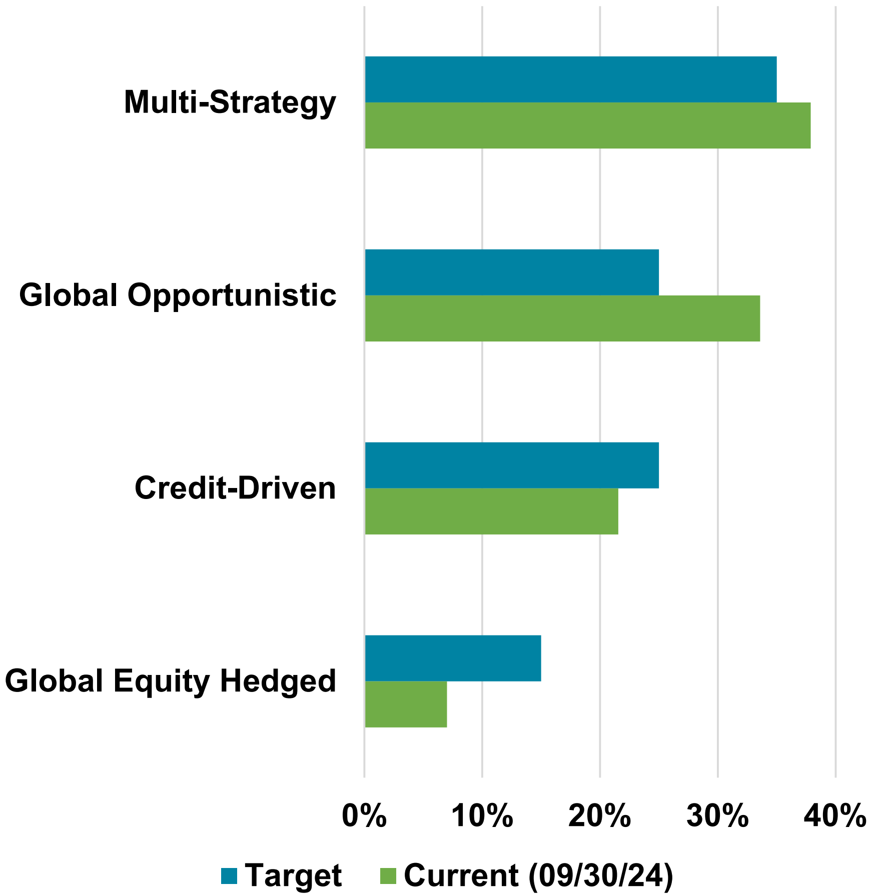
- Generate returns based on fundamental credit research
- Structured investments, potentially in stressed situations

Global Equity Hedged: Target 15% / 5 – 25% range

- Profit from market inefficiencies that cause specific publicly traded equities to be over- or underpriced
- Aims to profit from both rising and falling stock prices
- May result in concentrated portfolio positioning

Strategy Allocation Review

Weights vs. Targets



Initiatives

Multi-Strategy

- Near target
- Opportunistic addition or upsizings 2025 – 2026

Global Opportunistic

- Above target
- Continued re-sizing and re-evaluation of legacy managers

Credit-Driven

- Below target
- Continued build-out with focus on expanding relationship with existing managers.
- Drawdown fund investments in process or identified for 2025

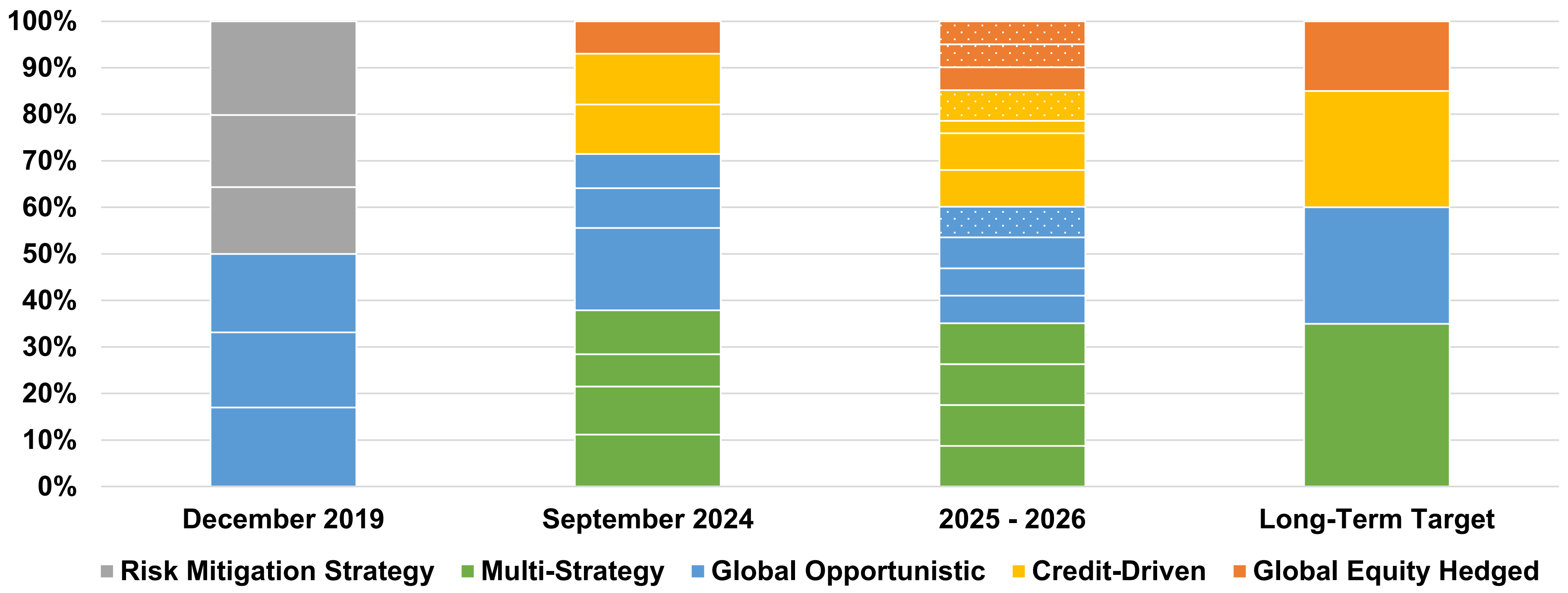
Global Equity Hedged

- Below target
- New initiative for asset class
- Manager pipeline established for 2025

Risk Diversifiers Manager Allocations

- Substantial progress achieved towards long-term allocation objectives
- Diversified portfolio by managers and strategies currently
  - Increased to 10 investments in 2024
  - 4 to 5 new investments expected from 2025 to 2026 (patterned boxes)
  - Risk Mitigation strategies removed
- Expanding Global Equity Hedged and Credit-Driven exposure

Strategy Weights by Investments



Position Sizing and Liquidity Management

Position Sizing

- Target of 15 Investments/manager relationships
- Typical allocation: 3% to 8%
- Maximum allocation expected : 12.5%

Liquidity

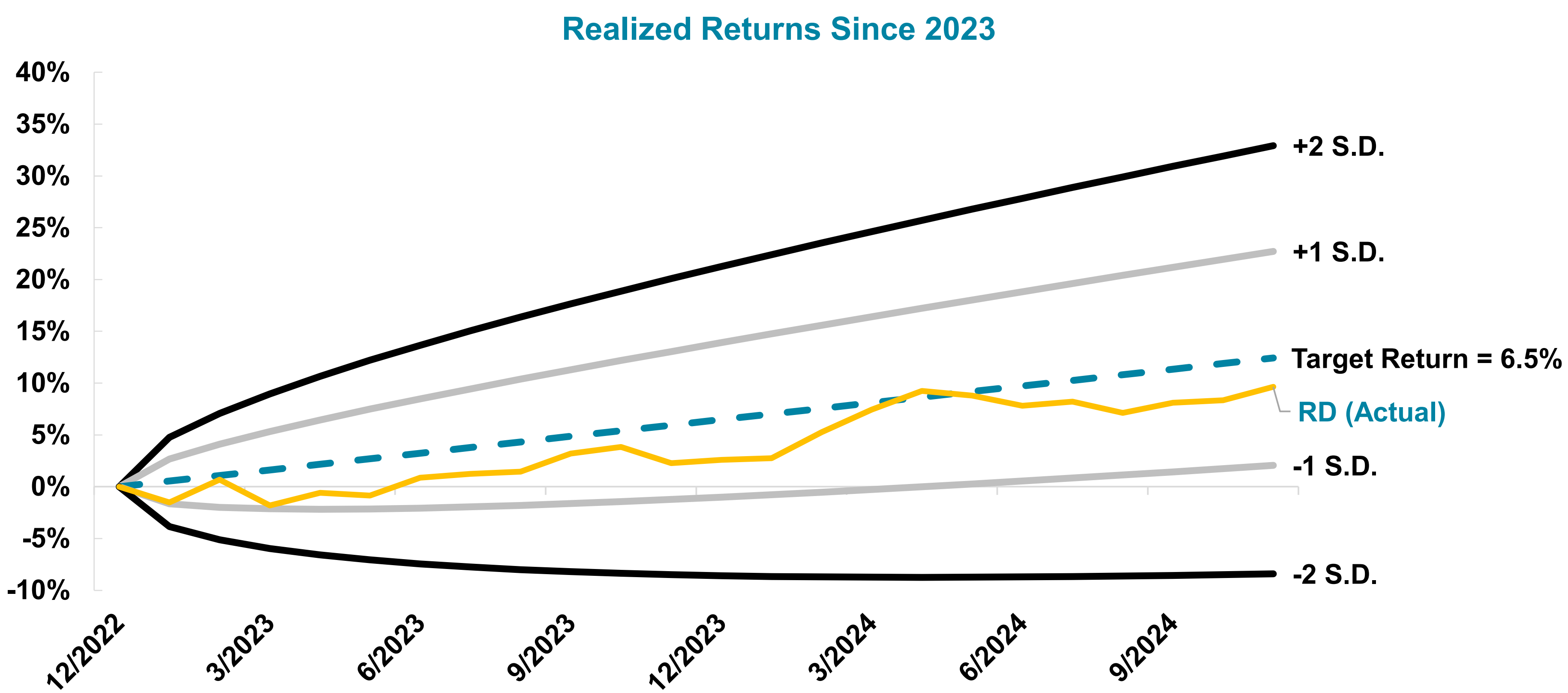
- Expect 70% of portfolio can be liquidated within a year
- Rebalance as needed consistent with asset class and strategy objectives

Policy Considerations

- Review policies to optimize efficiencies of execution with regard to portfolio construction and sizing
- Consistent with proper oversight and risk management

Recent Performance Results

- "Performance is evidence, not proof"
- Recent results indicative of Risk Diversifiers positive transformation in recent years, with 5.3% annualized return from January 2023 to November 2024



Summary

- Risk Diversifiers can provide attractive risk adjusted return and diversification benefits
- Portfolio build out initiatives are beginning to impact total allocation performance
- Allocation is in the final stage of evolution
- Goal of diversified return streams from approximately 15 managers
- Anticipate adding 4 to 5 new managers in next 24 months

MAINEPERS

BOARD OF TRUSTEES MEMORANDUM

TO: BOARD MEMBERS

FROM: DR. REBECCA M. WYKE, CEO

SUBJECT: CEO REPORT

DATE: JANUARY 2, 2025

Pension Administration System
We continue to be in contract negotiations and anticipate the project will begin early in the first quarter of 2025. We expect to have revised multi-year cost projections for the Board early next year.

WEP and GPO Update
Late last month Congress passed the Social Security Fairness Act of 2023 which would repeal the *Social Security Windfall Elimination Provision* (WEP) and *Government Pension Offset* (GPO) if signed into law by President Biden. This change would help many of our retired members whose Social Security benefits are being offset due to their MainePERS benefit. The change would not affect the MainePERS benefit received by retirees.

Director of Actuarial and Legislative Affairs
We are pleased to announce that William "Bill" Brown has been hired as Director of Actuarial and Legislative Affairs. Bill has served in various staff roles for the Maine House of Representatives since 1999, most recently serving as Chief of Staff to Speaker Rachel Talbot Ross from 2022-2024. Bill holds a Bachelor of Arts in Political and Social Sciences from the University of Maine at Farmington.

Bill will replace Kathy Morin when she retires later this year after more than three decades of service to MainePERS. Bill is expected to begin work at MainePERS on January 13th and will work closely with Kathy over the next several months pending her transition.

Internal Audit Program
In 2022 the internal audit function was transitioned to a model utilizing external third parties to perform the work, including the development of a comprehensive 5-year audit plan. The detailed 5-year plan categorizes the risk level for each area of audit as low, medium or high. The plan contains many high-risk areas, as many of our programs had not been audited in a number of years. The plan ensures that all areas at risk will be audited on a regular cycle going forward. The Board's Finance and Audit Committee has jurisdiction over the internal audit function and meets with auditors to discuss their reports. At the January Board Meeting Chief Financial Officer Sherry Vandrell will provide a mission moment for the Board on this program.

MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Board of Trustees Mission Moment Internal Audit Program

January 9, 2025

Agenda

- Internal Audit Background
- Decision to Outsource
- Outsourcing Process
- Initial Risk Assessment
- Five Year Audit Plan
- How it all Works
- Questions?

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Internal Audit Program – Some Background

- Internal Auditor was a member of staff, reporting to the Executive Director and Board of Trustees
- Developed and maintained the universe of auditable areas, assigned risk ratings
- More recently – Oversaw the employer auditing function
- Conducted periodic reviews according to risk level and reported findings to management and the Board

  - 2003 – 2014 : John Fleming
  - 2014 – 2016 : Sally Merritt
  - 2016 – 2021 : Randal Lloyd

Internal Audit Program – Decision to Outsource

- Randal Lloyd announced his retirement in 2021
- Dr. Rebecca Wyke, CEO, introduced the notion of outsourcing vs. hiring staff auditor
- Benefits:
  - Ability to access expertise by having a pool of audit firms to work with
  - Ability to conduct concurrent engagements if needed or desired
  - Introduced more formality, further independence
  - Trusted experts
  - Cost effective
- Disadvantages:
  - Availability of audit firms
  - Need to utilize internal staff in different ways to manage aspects of the program formerly managed by a staff auditor

Internal Audit Program – Outsourcing Process

- Request for Proposals Issued – December 2021
- Successfully Contracted with two Respondents – March 2022
  - Wipfli
  - CLA (CliftonLarsonAllen)
- Engaged Wipfli to Perform Initial Risk Assessment – Board Presentation on Approach – May 2022
- Initial Risk Assessment and 5-Year Plan Presentation – August 2022

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Internal Audit Program – Initial Risk Assessment

- Staff compiled universe of auditable areas from work papers of former internal auditor

- Wipfli engaged to conduct the risk assessment
  - Interview key staff and management
  - Review prior audits and findings
  - Review other relevant documentation, as applicable and available

- Risk Factors included Inherent Risks as well as Mitigating Controls

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Internal Audit Program – Initial Risk Assessment

- Inherent Risks
  - Balance of Account or Volume of Transactions
  - New or Changed Processes, Systems, or Procedures
  - Personnel Turnover
  - Complexity of the Function
  - Susceptibility to Fraud
  - Volume and Severity of Issues Previously Identified

- Risks Offset by Mitigating Control Environment
  - Level of Documentation available, Level of Monitoring, Automation
  - Staff Competency, including Training and Backup for a Function

- Risk Score Assigned to each Area

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Internal Audit Program – 5 Year plan

- Initial Universe of Auditable Areas Assigned by Year with objective of completing an audit of each area over the five year time period

- Plan has since been updated year over year to reflect actual audits and planned future audits

  - Some modification to take into account anticipated staff turnover and workload

  - Proposed Annual Plan presented to the Finance and Audit Committee each year for approval

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Internal Audit Program – FY25 Audit Plan

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Proposed FY2025 Audit Plan Based on FY2023 Risk Assessment_Revised 4/27/2023					
Business Continuity Planning	**Risk Classification**	**Quarter**	**Completed Quarter**	**Comments and Recommendations**	**Status**
Disaster Recovery Mgmt.	Moderate	Q1	Q2		Complete
Continuity Plan	Moderate	Q1	Q2		Complete
Disaster Recovery Site	Moderate	Q1	Q2		Complete
Actuarial and Leglislative	**Risk Classification**	**Quarter**	**Completed Quarter**	**Comments and Recommendations**	
Actuarial Process - Including Asset/Liability Studies (Investment), Rate Making, Experience Studies	High	Q2			In Progress
Accounting and Finance / Employer Reporting	**Risk Classification**	**Quarter**	**Completed Quarter**	**Comments and Recommendations**	
MaineSTART Accounting and Financials	Moderate	Q3			In Progress
MaineSTART Reporting and Contribution Tracking	N/A	Q3			
Actuarial and Leglislative	**Risk Classification**	**Quarter**	**Completed Quarter**	**Comments and Recommendations**	
Legislative Work - Enactment of Laws	High	Q4			Planning

Internal Audit Program – How it Works

- Plan for each new year developed and approved by CEO, Finance and Audit Committee in May
- Each Quarter, scoping document developed with input from management overseeing the area to be audited
- Approved scoping document sent to audit firms for consideration
- Engagement assigned based on expertise, availability, cost
- Key staff person in accounting serves as liaison for each engagement
  - Handles scheduling, meeting notes, tracks deliverables

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Internal Audit Program – How it Works

- Once engagement is complete, draft report reviewed and management responses provided

- Draft report presented to Finance and Audit Committee
  - Typically by the auditor(s) conducting the work

- Findings and mitigation of findings are tracked and status reported to Finance and Audit Committee quarterly

Activity for May through November 4, 2024				
Source	Open Items Beginning of Quarter	Findings Resolved	Identified	Open Items End of Quarter
Internal Audit	6	8	6	4
External Audit	-	-	-	-
Total	6	8	6	4

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Internal Audit Program – Audits Since Inception

- 2022 - Initial Risk Assessment
- 2022 - Disability Program Review
- 2023 - Cash Disbursements and Procurement
- 2023 - Facilities Policies and Physical Plan Security
- 2023 - Investment Process Review
- 2024 - Business Continuity Program Review
- 2024 - Member Statements and Estimates Process Review
- 2024/2025 - Actuarial Practices and Policies
- 2024/2025 - MaineSTART Accounting Practices
- Next – Legislative Practices Review

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Questions

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BOARD OF TRUSTEES LEGISLATIVE MEMORANDUM

TO: BOARD MEMBERS

FROM: KATHY MORIN, DIRECTOR, ACTUARIAL AND LEGISLATIVE AFFAIRS

SUBJECT: **LEGISLATIVE UPDATE**

DATE: JANUARY 2, 2025

The First Regular Session of the 132nd Legislature convened on December 4, 2024. We will review proposed bills as they are printed and will bring to you bills that either could directly impact the System or are likely of interest.

POLICY REFERENCE

Board Policy 3.1 – Reporting

Board Policy 3.2 – Legislation

Board Policy 4.5 – Board/Staff Relations

Board Policy 4.6 – Communications and Support to the Board

COMMITTEE OF JURISDICTION

We have received confirmation that the Labor Committee will remain the legislative committee of jurisdiction that will hear pension-related bills. The makeup of the Committee includes seven returning members with the remaining members new to either the Committee or the Legislature as first time legislators.

CLOTURE

The deadline for submission of bills by legislators is January 10, 2025. Bills have not yet started to be printed.

REPORTS

The following reports have been or will be prepared for the Legislature during the upcoming weeks:

BOARD AND PLD ADVISORY COMMITTEE ACTIVITY

The System is required to report annually to the Secretary of State on activities of the Board of Trustees and the PLD Advisory Committee. These reports have been submitted, and copies are included with this memo.

ESG POLICY

The System is required to report information annually to the Legislature regarding its environmental, social and governance investment policy. This report must disclose commonly available environmental performance metrics on the environmental effects of the board’s investment. This report was filed on December 20, 2024 and a copy is included with this memo.

DIVESTMENT

The System is required to report information to the Legislature regarding the progress of divestment from fossil fuels and the implementation of the divestment law enacted in 2021 (PL c. 231). This report was filed on December 20, 2024 and a copy is included with this memo.

PROCUREMENT

The System is required to report information annually to the Legislature regarding procurement, contributions, and changes to certain policies and procedures. This report is due by February 1, 2025, and a copy of the report will be provided to the Board once it is completed.

MILITARY SUBSIDY REPORT

The System is required to report information annually to the Legislature regarding military service credit purchase requests received from certain categories of members. This report is due by February 15, 2025, and a copy of the report will be provided to the Board once it is completed.

ANNUAL REPORT TO THE LEGISLATURE

The System is required to submit an annual report to the Legislature, including specific information set out in statute. This report is due by March 1, 2025, and a copy of the report will be provided to the Board once it is completed.

Maine Secretary of State

Board or Commission Annual Report

Covering calendar year 2024

BOARD OF TRUSTEES, MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
MONICA GORMAN, Clerk of the Board
P.O. BOX 349
139 CAPITOL STREET
AUGUSTA, ME 04332-0349

SOS Tracking #: 411
Title 5, Chapter 379: 5 MRSA § 12004-F, sub-§ 9

Name of Person Completing the Report: MONICA GORMAN
Estimate of the number of hours that the Clerk spent working for the board or commission: 700.00
Date Report Filed: December 30, 2024

Is your board or commission active?: Yes
Did your board or commission meet in 2024?: Yes

Total number of meetings in 2024?: 12
Average number of members attending: 7.25
Average length of meeting: 3.96

Summary of the activities of the board or commission related to accomplishing its mission in 2024:

The MainePERS Board of Trustees met monthly to oversee the functions and operations of the System.

411 - BOARD OF TRUSTEES, MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
Detailed Meeting Information for 2024

1 - **Meeting or Other Activity**
Description of meeting or other activity: BOARD OF TRUSTEES MEETING
Date of meeting or other activity: 01/11/2024
Location of meeting or other activity: AUGUSTA, ME
Number of members attending: 6 of 8
Length of meeting or other activity: 3.00

Total Expense related to the functioning of the board for refreshment costs for a meeting or other activity of the board.: $430.54
Funding Source: PRIVATE FUND: $430.54

Total Reimbursement to board members other than for per diem or expenses such as a stipend.: $0.00

Total Per diem compensation received by board members for each meeting or other activity of the board. This expense category includes per diem payments only.: $330.00
Funding Source: PRIVATE FUND: $330.00

Total Expense related to the functioning of the board for public hearing costs for a meeting or other activity of the board.: $0.00

Total Expense related to the functioning of the board for facility rental costs for a meeting or other activity of the board. This expense category may also include, but is not limited to, the cost associated with internet connections, audio visual equipment or telecommunication connections and equipment.: $0.00

Total Expenses for which board members were reimbursed for each meeting or other activity of the board. This expense category includes, but is not limited to, mileage, lodging, tolls and meals and incidentals.: $87.40
Funding Source: PRIVATE FUND: $87.40

Total Expense related to the functioning of the board for other expenses not classified in 5 MRSA Section 12005-A, sub-section 6-A, paragraph D. This expense category may include, but is not limited to, the cost of professional services. This expense category (as well as the other expense categories) does NOT include State employee (personal services) costs to support the board; this information does not need to be reported.: $0.00

411 - BOARD OF TRUSTEES, MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
Detailed Meeting Information for 2024

2 - Meeting or Other Activity

Description of meeting or other activity: BOARD OF TRUSTEES MEETING
Date of meeting or other activity: 02/08/2024
Location of meeting or other activity: AUGUSTA, ME
Number of members attending: 8 of 8
Length of meeting or other activity: 3.00

Total Expense related to the functioning of the board for refreshment costs for a meeting or other activity of the board.: $328.52
Funding Source: PRIVATE FUND: $328.52

Total Reimbursement to board members other than for per diem or expenses such as a stipend.: $0.00

Total Per diem compensation received by board members for each meeting or other activity of the board. This expense category includes per diem payments only.: $385.00
Funding Source: PRIVATE FUND: $385.00

Total Expense related to the functioning of the board for public hearing costs for a meeting or other activity of the board.: $0.00

Total Expense related to the functioning of the board for facility rental costs for a meeting or other activity of the board. This expense category may also include, but is not limited to, the cost associated with internet connections, audio visual equipment or telecommunication connections and equipment.: $0.00

Total Expenses for which board members were reimbursed for each meeting or other activity of the board. This expense category includes, but is not limited to, mileage, lodging, tolls and meals and incidentals.: $140.60
Funding Source: PRIVATE FUND: $140.60

Total Expense related to the functioning of the board for other expenses not classified in 5 MRSA Section 12005-A, sub-section 6-A, paragraph D. This expense category may include, but is not limited to, the cost of professional services. This expense category (as well as the other expense categories) does NOT include State employee (personal services) costs to support the board; this information does not need to be reported.: $0.00

411 - BOARD OF TRUSTEES, MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
Detailed Meeting Information for 2024

3 - Meeting or Other Activity

Description of meeting or other activity: BOARD OF TRUSTEES MEETING
Date of meeting or other activity: 03/14/2024
Location of meeting or other activity: AUGUSTA, ME
Number of members attending: 7 of 8
Length of meeting or other activity: 3.50

Total Expense related to the functioning of the board for refreshment costs for a meeting or other activity of the board.: $439.90
Funding Source: PRIVATE FUND: $439.90

Total Reimbursement to board members other than for per diem or expenses such as a stipend.: $0.00

Total Per diem compensation received by board members for each meeting or other activity of the board. This expense category includes per diem payments only.: $220.00
Funding Source: PRIVATE FUND: $220.00

Total Expense related to the functioning of the board for public hearing costs for a meeting or other activity of the board.: $0.00

Total Expense related to the functioning of the board for facility rental costs for a meeting or other activity of the board. This expense category may also include, but is not limited to, the cost associated with internet connections, audio visual equipment or telecommunication connections and equipment.: $0.00

Total Expenses for which board members were reimbursed for each meeting or other activity of the board. This expense category includes, but is not limited to, mileage, lodging, tolls and meals and incidentals.: $234.30
Funding Source: PRIVATE FUND: $234.30

Total Expense related to the functioning of the board for other expenses not classified in 5 MRSA Section 12005-A, sub-section 6-A, paragraph D. This expense category may include, but is not limited to, the cost of professional services. This expense category (as well as the other expense categories) does NOT include State employee (personal services) costs to support the board; this information does not need to be reported.: $0.00

411 - BOARD OF TRUSTEES, MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
Detailed Meeting Information for 2024

4 - Meeting or Other Activity

Description of meeting or other activity: BOARD OF TRUSTEES MEETING
Date of meeting or other activity: 04/11/2024
Location of meeting or other activity: AUGUSTA, ME
Number of members attending: 7 of 8
Length of meeting or other activity: 3.50

Total Expense related to the functioning of the board for refreshment costs for a meeting or other activity of the board.: $487.79
Funding Source: PRIVATE FUND: $487.79

Total Reimbursement to board members other than for per diem or expenses such as a stipend.: $0.00

Total Per diem compensation received by board members for each meeting or other activity of the board. This expense category includes per diem payments only.: $275.00
Funding Source: PRIVATE FUND: $275.00

Total Expense related to the functioning of the board for public hearing costs for a meeting or other activity of the board.: $0.00

Total Expense related to the functioning of the board for facility rental costs for a meeting or other activity of the board. This expense category may also include, but is not limited to, the cost associated with internet connections, audio visual equipment or telecommunication connections and equipment.: $0.00

Total Expenses for which board members were reimbursed for each meeting or other activity of the board. This expense category includes, but is not limited to, mileage, lodging, tolls and meals and incidentals.: $180.50
Funding Source: PRIVATE FUND: $180.50

Total Expense related to the functioning of the board for other expenses not classified in 5 MRSA Section 12005-A, sub-section 6-A, paragraph D. This expense category may include, but is not limited to, the cost of professional services. This expense category (as well as the other expense categories) does NOT include State employee (personal services) costs to support the board; this information does not need to be reported.: $0.00

411 - BOARD OF TRUSTEES, MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
Detailed Meeting Information for 2024

5 - **Meeting or Other Activity**

Description of meeting or other activity: BOARD OF TRUSTEES MEETING
Date of meeting or other activity: 05/09/2024
Location of meeting or other activity: AUGUSTA, ME
Number of members attending: 6 of 8
Length of meeting or other activity: 3.00

Total Expense related to the functioning of the board for refreshment costs for a meeting or other activity of the board.: $633.76
Funding Source: PRIVATE FUND: $633.76

Total Reimbursement to board members other than for per diem or expenses such as a stipend.: $0.00

Total Per diem compensation received by board members for each meeting or other activity of the board. This expense category includes per diem payments only.: $275.00
Funding Source: PRIVATE FUND: $275.00

Total Expense related to the functioning of the board for public hearing costs for a meeting or other activity of the board.: $0.00

Total Expense related to the functioning of the board for facility rental costs for a meeting or other activity of the board. This expense category may also include, but is not limited to, the cost associated with internet connections, audio visual equipment or telecommunication connections and equipment.: $0.00

Total Expenses for which board members were reimbursed for each meeting or other activity of the board. This expense category includes, but is not limited to, mileage, lodging, tolls and meals and incidentals.: $176.50
Funding Source: PRIVATE FUND: $176.50

Total Expense related to the functioning of the board for other expenses not classified in 5 MRSA Section 12005-A, sub-section 6-A, paragraph D. This expense category may include, but is not limited to, the cost of professional services. This expense category (as well as the other expense categories) does NOT include State employee (personal services) costs to support the board; this information does not need to be reported.: $0.00

411 - BOARD OF TRUSTEES, MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
Detailed Meeting Information for 2024

6 - **Meeting or Other Activity**
Description of meeting or other activity: BOARD OF TRUSTEES MEETING
Date of meeting or other activity: 06/13/2024
Location of meeting or other activity: AUGUSTA, ME
Number of members attending: 8 of 8
Length of meeting or other activity: 5.00

Total Expense related to the functioning of the board for refreshment costs for a meeting or other activity of the board.: $311.69
Funding Source: PRIVATE FUND: $311.69

Total Reimbursement to board members other than for per diem or expenses such as a stipend.: $0.00

Total Per diem compensation received by board members for each meeting or other activity of the board. This expense category includes per diem payments only.: $330.00
Funding Source: PRIVATE FUND: $330.00

Total Expense related to the functioning of the board for public hearing costs for a meeting or other activity of the board.: $0.00

Total Expense related to the functioning of the board for facility rental costs for a meeting or other activity of the board. This expense category may also include, but is not limited to, the cost associated with internet connections, audio visual equipment or telecommunication connections and equipment.: $0.00

Total Expenses for which board members were reimbursed for each meeting or other activity of the board. This expense category includes, but is not limited to, mileage, lodging, tolls and meals and incidentals.: $237.50
Funding Source: PRIVATE FUND: $237.50

Total Expense related to the functioning of the board for other expenses not classified in 5 MRSA Section 12005-A, sub-section 6-A, paragraph D. This expense category may include, but is not limited to, the cost of professional services. This expense category (as well as the other expense categories) does NOT include State employee (personal services) costs to support the board; this information does not need to be reported.: $0.00

411 - BOARD OF TRUSTEES, MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
Detailed Meeting Information for 2024

7 - Meeting or Other Activity

Description of meeting or other activity: BOARD OF TRUSTEES
Date of meeting or other activity: 07/11/2024
Location of meeting or other activity: AUGUSTA, ME
Number of members attending: 6 of 8
Length of meeting or other activity: 3.50

Total Expense related to the functioning of the board for refreshment costs for a meeting or other activity of the board.: $402.20
Funding Source: PRIVATE FUND: $402.20

Total Reimbursement to board members other than for per diem or expenses such as a stipend.: $0.00

Total Per diem compensation received by board members for each meeting or other activity of the board. This expense category includes per diem payments only.: $275.00
Funding Source: PRIVATE FUND: $275.00

Total Expense related to the functioning of the board for public hearing costs for a meeting or other activity of the board.: $0.00

Total Expense related to the functioning of the board for facility rental costs for a meeting or other activity of the board. This expense category may also include, but is not limited to, the cost associated with internet connections, audio visual equipment or telecommunication connections and equipment.: $0.00

Total Expenses for which board members were reimbursed for each meeting or other activity of the board. This expense category includes, but is not limited to, mileage, lodging, tolls and meals and incidentals.: $151.50
Funding Source: PRIVATE FUND: $151.50

Total Expense related to the functioning of the board for other expenses not classified in 5 MRSA Section 12005-A, sub-section 6-A, paragraph D. This expense category may include, but is not limited to, the cost of professional services. This expense category (as well as the other expense categories) does NOT include State employee (personal services) costs to support the board; this information does not need to be reported.: $0.00

411 - BOARD OF TRUSTEES, MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
Detailed Meeting Information for 2024

8 - Meeting or Other Activity

Description of meeting or other activity: BOARD OF TRUSTEES MEETING
Date of meeting or other activity: 08/08/2024
Location of meeting or other activity: AUGUSTA, ME
Number of members attending: 8 of 8
Length of meeting or other activity: 5.00

Total Expense related to the functioning of the board for refreshment costs for a meeting or other activity of the board.: $831.89
Funding Source: PRIVATE FUND: $831.89

Total Reimbursement to board members other than for per diem or expenses such as a stipend.: $0.00

Total Per diem compensation received by board members for each meeting or other activity of the board. This expense category includes per diem payments only.: $330.00
Funding Source: PRIVATE FUND: $330.00

Total Expense related to the functioning of the board for public hearing costs for a meeting or other activity of the board.: $0.00

Total Expense related to the functioning of the board for facility rental costs for a meeting or other activity of the board. This expense category may also include, but is not limited to, the cost associated with internet connections, audio visual equipment or telecommunication connections and equipment.: $0.00

Total Expenses for which board members were reimbursed for each meeting or other activity of the board. This expense category includes, but is not limited to, mileage, lodging, tolls and meals and incidentals.: $180.50
Funding Source: PRIVATE FUND: $180.50

Total Expense related to the functioning of the board for other expenses not classified in 5 MRSA Section 12005-A, sub-section 6-A, paragraph D. This expense category may include, but is not limited to, the cost of professional services. This expense category (as well as the other expense categories) does NOT include State employee (personal services) costs to support the board; this information does not need to be reported.: $0.00

411 - BOARD OF TRUSTEES, MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
Detailed Meeting Information for 2024

9 - **Meeting or Other Activity**
Description of meeting or other activity: BOARD OF TRUSTEES MEETING
Date of meeting or other activity: 09/12/2024
Location of meeting or other activity: AUGUSTA, ME
Number of members attending: 8 of 8
Length of meeting or other activity: 3.50

Total Expense related to the functioning of the board for refreshment costs for a meeting or other activity of the board.: $412.13
Funding Source: PRIVATE FUND: $412.13

Total Reimbursement to board members other than for per diem or expenses such as a stipend.: $0.00

Total Per diem compensation received by board members for each meeting or other activity of the board. This expense category includes per diem payments only.: $330.00
Funding Source: PRIVATE FUND: $330.00

Total Expense related to the functioning of the board for public hearing costs for a meeting or other activity of the board.: $0.00

Total Expense related to the functioning of the board for facility rental costs for a meeting or other activity of the board. This expense category may also include, but is not limited to, the cost associated with internet connections, audio visual equipment or telecommunication connections and equipment.: $0.00

Total Expenses for which board members were reimbursed for each meeting or other activity of the board. This expense category includes, but is not limited to, mileage, lodging, tolls and meals and incidentals.: $237.50
Funding Source: PRIVATE FUND: $237.50

Total Expense related to the functioning of the board for other expenses not classified in 5 MRSA Section 12005-A, sub-section 6-A, paragraph D. This expense category may include, but is not limited to, the cost of professional services. This expense category (as well as the other expense categories) does NOT include State employee (personal services) costs to support the board; this information does not need to be reported.: $0.00

411 - BOARD OF TRUSTEES, MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
Detailed Meeting Information for 2024

10 -Meeting or Other Activity

Description of meeting or other activity: BOARD OF TRUSTEES MEETING
Date of meeting or other activity: 10/10/2024
Location of meeting or other activity: AUGUSTA, ME
Number of members attending: 8 of 8
Length of meeting or other activity: 4.50

Total Expense related to the functioning of the board for refreshment costs for a meeting or other activity of the board.: $289.48
Funding Source: PRIVATE FUND: $289.48

Total Reimbursement to board members other than for per diem or expenses such as a stipend.: $0.00

Total Per diem compensation received by board members for each meeting or other activity of the board. This expense category includes per diem payments only.: $330.00
Funding Source: PRIVATE FUND: $330.00

Total Expense related to the functioning of the board for public hearing costs for a meeting or other activity of the board.: $0.00

Total Expense related to the functioning of the board for facility rental costs for a meeting or other activity of the board. This expense category may also include, but is not limited to, the cost associated with internet connections, audio visual equipment or telecommunication connections and equipment.: $0.00

Total Expenses for which board members were reimbursed for each meeting or other activity of the board. This expense category includes, but is not limited to, mileage, lodging, tolls and meals and incidentals.: $180.50
Funding Source: PRIVATE FUND: $180.50

Total Expense related to the functioning of the board for other expenses not classified in 5 MRSA Section 12005-A, sub-section 6-A, paragraph D. This expense category may include, but is not limited to, the cost of professional services. This expense category (as well as the other expense categories) does NOT include State employee (personal services) costs to support the board; this information does not need to be reported.: $0.00

411 - BOARD OF TRUSTEES, MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
Detailed Meeting Information for 2024

11 -Meeting or Other Activity

Description of meeting or other activity: BOARD OF TRUSTEES MEETING
Date of meeting or other activity: 11/14/2024
Location of meeting or other activity: AUGUSTA, ME
Number of members attending: 8 of 8
Length of meeting or other activity: 5.00

Total Expense related to the functioning of the board for refreshment costs for a meeting or other activity of the board.: $529.95
Funding Source: PRIVATE FUND: $529.95

Total Reimbursement to board members other than for per diem or expenses such as a stipend.: $0.00

Total Per diem compensation received by board members for each meeting or other activity of the board. This expense category includes per diem payments only.: $330.00
Funding Source: PRIVATE FUND: $330.00

Total Expense related to the functioning of the board for public hearing costs for a meeting or other activity of the board.: $0.00

Total Expense related to the functioning of the board for facility rental costs for a meeting or other activity of the board. This expense category may also include, but is not limited to, the cost associated with internet connections, audio visual equipment or telecommunication connections and equipment.: $0.00

Total Expenses for which board members were reimbursed for each meeting or other activity of the board. This expense category includes, but is not limited to, mileage, lodging, tolls and meals and incidentals.: $200.50
Funding Source: PRIVATE FUND: $200.50

Total Expense related to the functioning of the board for other expenses not classified in 5 MRSA Section 12005-A, sub-section 6-A, paragraph D. This expense category may include, but is not limited to, the cost of professional services. This expense category (as well as the other expense categories) does NOT include State employee (personal services) costs to support the board; this information does not need to be reported.: $0.00

411 - BOARD OF TRUSTEES, MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
Detailed Meeting Information for 2024

12 -Meeting or Other Activity

Description of meeting or other activity: BOARD OF TRUSTEES MEETING
Date of meeting or other activity: 12/12/2024
Location of meeting or other activity: AUGUSTA, ME
Number of members attending: 7 of 8
Length of meeting or other activity: 5.00

Total Expense related to the functioning of the board for refreshment costs for a meeting or other activity of the board.: $534.36
Funding Source: PRIVATE FUND: $534.36

Total Reimbursement to board members other than for per diem or expenses such as a stipend.: $0.00

Total Per diem compensation received by board members for each meeting or other activity of the board. This expense category includes per diem payments only.: $330.00
Funding Source: PRIVATE FUND: $330.00

Total Expense related to the functioning of the board for public hearing costs for a meeting or other activity of the board.: $0.00

Total Expense related to the functioning of the board for facility rental costs for a meeting or other activity of the board. This expense category may also include, but is not limited to, the cost associated with internet connections, audio visual equipment or telecommunication connections and equipment.: $0.00

Total Expenses for which board members were reimbursed for each meeting or other activity of the board. This expense category includes, but is not limited to, mileage, lodging, tolls and meals and incidentals.: $237.50
Funding Source: PRIVATE FUND: $237.50

Total Expense related to the functioning of the board for other expenses not classified in 5 MRSA Section 12005-A, sub-section 6-A, paragraph D. This expense category may include, but is not limited to, the cost of professional services. This expense category (as well as the other expense categories) does NOT include State employee (personal services) costs to support the board; this information does not need to be reported.: $0.00

411 - BOARD OF TRUSTEES, MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
Members of the Board or Commission as recorded in the Secretary of State's office as of the date of filing:

Seat 01
JOHN S. BELIVEAU
MAINEPERS, P.O. BOX 349, AUGUSTA, ME 04332-0349
Appointment Date: 01/27/2022
Expiration Date: 12/31/2024

Seat 02
BRIAN H. NOYES
P.O. BOX 491, SOUTH FREEPORT, ME 04078
Appointment Date: 04/02/2024
Expiration Date: 12/31/2026

Seat 03
JOHN H. KIMBALL
MAINEPERS, P.O. BOX 349, AUGUSTA, ME 04332-0349
Appointment Date: 04/19/2023
Expiration Date: 12/31/2025

Seat 04
NATHAN BURNETT
139 CAPITOL STREET, P.O. BOX 349, AUGUSTA, ME 04332-0349
Appointment Date: 01/31/2024
Expiration Date: 12/31/2026

Seat 05
KIRK B. DUPLESSIS
139 CAPITOL STREET, P.O. BOX 349, AUGUSTA, ME 04332-0349
Appointment Date: 01/31/2024
Expiration Date: 12/31/2026

Seat 06
RICHARD T. METIVIER
MAINEPERS, P.O. BOX 349, AUGUSTA, ME 04332-0349
Appointment Date: 04/19/2023
Expiration Date: 12/31/2025

Seat 07
SHIRRIN L. BLAISDELL
MAINEPERS, P.O. BOX349, AUGUSTA, ME 04332-0349
Appointment Date: 01/27/2022
Expiration Date: 12/30/2024

Seat 08
HENRY BECK
39 SHS, AUGUSTA, ME 04333-0039
Appointment Date: 01/08/2019
Expiration Date:

Total seats vacant as of December 31, 2024: 0

Maine Secretary of State

Board or Commission Annual Report

Covering calendar year 2024

PARTICIPATING LOCAL DISTRICT ADVISORY COMMITTEE
MONICA GORMAN, Clerk of the Board
P.O. BOX 349
AUGUSTA, ME 04332-0349

SOS Tracking #: 5051
Title 5, Chapter 379: 5 MRSA § 12004-I, sub-§ 78-A

Name of Person Completing the Report: MONICA GORMAN
Estimate of the number of hours that the Clerk spent working for the board or commission: 40.00
Date Report Filed: December 19, 2024

Is your board or commission active?: Yes
Did your board or commission meet in 2024?: Yes

Total number of meetings in 2024?: 4
Average number of members attending: 9.00
Average length of meeting: 1.50

Summary of the activities of the board or commission related to accomplishing its mission in 2024:

The Participating Local District Advisory Committee met to review items related to the administration of the PLD Consolidated Retirement Plan.

5051 - PARTICIPATING LOCAL DISTRICT ADVISORY COMMITTEE
Detailed Meeting Information for 2024

1 - **Meeting or Other Activity**

Description of meeting or other activity: PLD ADVISORY COMMITTEE
Date of meeting or other activity: 01/30/2024
Location of meeting or other activity: AUGUSTA, ME
Number of members attending: 9 of 12
Length of meeting or other activity: 1.00

Total Reimbursement to board members other than for per diem or expenses such as a stipend.: $0.00

Total Per diem compensation received by board members for each meeting or other activity of the board. This expense category includes per diem payments only.: $0.00

Total Expense related to the functioning of the board for public hearing costs for a meeting or other activity of the board.: $0.00

Total Expense related to the functioning of the board for facility rental costs for a meeting or other activity of the board. This expense category may also include, but is not limited to, the cost associated with internet connections, audio visual equipment or telecommunication connections and equipment.: $0.00

Total Expenses for which board members were reimbursed for each meeting or other activity of the board. This expense category includes, but is not limited to, mileage, lodging, tolls and meals and incidentals.: $0.00

Total Expense related to the functioning of the board for other expenses not classified in 5 MRSA Section 12005-A, sub-section 6-A, paragraph D. This expense category may include, but is not limited to, the cost of professional services. This expense category (as well as the other expense categories) does NOT include State employee (personal services) costs to support the board; this information does not need to be reported.: $0.00

Total Expense related to the functioning of the board for refreshment costs for a meeting or other activity of the board.: $0.00

5051 - PARTICIPATING LOCAL DISTRICT ADVISORY COMMITTEE
Detailed Meeting Information for 2024

2 - Meeting or Other Activity

Description of meeting or other activity: PLD ADVISORY COMMITTEE
Date of meeting or other activity: 04/30/2024
Location of meeting or other activity: AUGUSTA, ME
Number of members attending: 9 of 12
Length of meeting or other activity: 1.50

Total Reimbursement to board members other than for per diem or expenses such as a stipend.: $0.00

Total Per diem compensation received by board members for each meeting or other activity of the board. This expense category includes per diem payments only.: $0.00

Total Expense related to the functioning of the board for public hearing costs for a meeting or other activity of the board.: $0.00

Total Expense related to the functioning of the board for facility rental costs for a meeting or other activity of the board. This expense category may also include, but is not limited to, the cost associated with internet connections, audio visual equipment or telecommunication connections and equipment.: $0.00

Total Expenses for which board members were reimbursed for each meeting or other activity of the board. This expense category includes, but is not limited to, mileage, lodging, tolls and meals and incidentals.: $0.00

Total Expense related to the functioning of the board for other expenses not classified in 5 MRSA Section 12005-A, sub-section 6-A, paragraph D. This expense category may include, but is not limited to, the cost of professional services. This expense category (as well as the other expense categories) does NOT include State employee (personal services) costs to support the board; this information does not need to be reported.: $0.00

Total Expense related to the functioning of the board for refreshment costs for a meeting or other activity of the board.: $0.00

5051 - PARTICIPATING LOCAL DISTRICT ADVISORY COMMITTEE
Detailed Meeting Information for 2024

3 - **Meeting or Other Activity**

Description of meeting or other activity: PLD ADVISORY COMMITTEE
Date of meeting or other activity: 07/30/2024
Location of meeting or other activity: AUGUSTA, ME
Number of members attending: 9 of 12
Length of meeting or other activity: 2.00

Total Reimbursement to board members other than for per diem or expenses such as a stipend.: $0.00

Total Per diem compensation received by board members for each meeting or other activity of the board. This expense category includes per diem payments only.: $0.00

Total Expense related to the functioning of the board for public hearing costs for a meeting or other activity of the board.: $0.00

Total Expense related to the functioning of the board for facility rental costs for a meeting or other activity of the board. This expense category may also include, but is not limited to, the cost associated with internet connections, audio visual equipment or telecommunication connections and equipment.: $0.00

Total Expenses for which board members were reimbursed for each meeting or other activity of the board. This expense category includes, but is not limited to, mileage, lodging, tolls and meals and incidentals.: $0.00

Total Expense related to the functioning of the board for other expenses not classified in 5 MRSA Section 12005-A, sub-section 6-A, paragraph D. This expense category may include, but is not limited to, the cost of professional services. This expense category (as well as the other expense categories) does NOT include State employee (personal services) costs to support the board; this information does not need to be reported.: $0.00

Total Expense related to the functioning of the board for refreshment costs for a meeting or other activity of the board.: $0.00

5051 - PARTICIPATING LOCAL DISTRICT ADVISORY COMMITTEE
Detailed Meeting Information for 2024

4 - Meeting or Other Activity

Description of meeting or other activity: PLD ADVISORY COMMITTEE
Date of meeting or other activity: 11/05/2024
Location of meeting or other activity: AUGUSTA, ME
Number of members attending: 9 of 12
Length of meeting or other activity: 1.50

Total Reimbursement to board members other than for per diem or expenses such as a stipend.: $0.00

Total Per diem compensation received by board members for each meeting or other activity of the board. This expense category includes per diem payments only.: $55.00
Funding Source: PRIVATE FUND: $55.00

Total Expense related to the functioning of the board for public hearing costs for a meeting or other activity of the board.: $0.00

Total Expense related to the functioning of the board for facility rental costs for a meeting or other activity of the board. This expense category may also include, but is not limited to, the cost associated with internet connections, audio visual equipment or telecommunication connections and equipment.: $0.00

Total Expenses for which board members were reimbursed for each meeting or other activity of the board. This expense category includes, but is not limited to, mileage, lodging, tolls and meals and incidentals.: $0.00

Total Expense related to the functioning of the board for other expenses not classified in 5 MRSA Section 12005-A, sub-section 6-A, paragraph D. This expense category may include, but is not limited to, the cost of professional services. This expense category (as well as the other expense categories) does NOT include State employee (personal services) costs to support the board; this information does not need to be reported.: $0.00

Total Expense related to the functioning of the board for refreshment costs for a meeting or other activity of the board.: $0.00

5051 - PARTICIPATING LOCAL DISTRICT ADVISORY COMMITTEE
Members of the Board or Commission as recorded in the Secretary of State's office as of the date of filing:

Seat 01
JOHN BRACCIODIETA
[redacted]
Appointment Date: 08/14/2023
Expiration Date: 05/21/2025

Seat 02
JOHN NUTTAL
[redacted]
Appointment Date: 07/10/2023
Expiration Date: 05/21/2027

Seat 03
STEVEN BUTTERFIELD
[redacted]
Appointment Date: 05/30/2024
Expiration Date: 05/21/2029

Seat 04
RICK CAILLER
[redacted]
Appointment Date: 07/18/2023
Expiration Date: 07/18/2028

Seat 05
ED MARZANO
[redacted]
Appointment Date: 11/27/2023
Expiration Date: 05/21/2026

Seat 06
SOPHIA WILSON
[redacted]
Appointment Date: 05/21/2021
Expiration Date: 05/21/2026

Seat 07
BRENDAN O'CONNELL
[redacted]
Appointment Date: 05/23/2023
Expiration Date: 05/21/2028

Seat 08
RICHARD CROMWELL
[redacted]
Appointment Date: 05/04/2024
Expiration Date: 05/21/2025

Seat 09
CHRIS DOWNING
[redacted]
Appointment Date: 06/26/2024
Expiration Date: 05/21/2029

Seat 10
DEBORAH L. ROBERTS
[redacted]
Appointment Date: 07/14/2022
Expiration Date: 05/21/2027

Seat 11
RICHARD THOMPSON
[redacted]
Appointment Date: 06/07/2027
Expiration Date: 05/21/2025

Seat 12
REBECCA M. WYKE
PO BOX 349, AUGUSTA, ME 04333
Appointment Date: 08/30/2021
Expiration Date:

Total seats vacant as of December 31, 2024: 0

MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

December 20, 2024

Senator Michael Tipping, Senate Chair
Representative Amy Roeder, House Chair
Members, Joint Standing Committee on Labor
100 State House Station
Augusta, ME 04333-0100

Re: ESG Report

Dear Sen. Tipping, Rep. Roeder, and Members of the Labor Committee:

I am pleased to submit the enclosed ESG Report, which is required by 5 M.R.S. §1957, sub-§5.

We look forward to assisting the Committee in its review of this report.

Sincerely,

Michael J. Colleran
Chief Operating Officer and General Counsel

Enclosure

EVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Public Law 2021, c. 231

January 2025

Maine Public Employees Retirement System

Table of Contents

I. Introduction

The MainePERS Board of Trustees adopted Policy 2.6 – Environmental, Social and Governance Policy in January 2015 and subsequently amended this policy in May 2017 and November 2021. This policy directs MainePERS staff to incorporate environmental, social and governance (ESG) considerations into its investment decision-making and ongoing monitoring of investments. Policy 2.6 is contained in Appendix A and has three broad areas of focus:

ESG: Maintaining Awareness
Directs staff to maintain awareness and knowledge of ESG considerations and to understand the role these considerations play in investment valuation.

ESG: Investment Implementation
Directs staff to integrate ESG considerations when making investments and in the monitoring of existing investments. It also directs staff to encourage governance structures providing appropriate oversight in audit, risk management, and potential conflicts of interest, and to encourage managers to employ sound ESG practices.

ESG: Transparency and Stakeholder Engagement
Directs staff to provide timely and transparent disclosures regarding ESG matters and be accessible to, and engage with, relevant stakeholders.

II. Investments at MainePERS

MainePERS' approach to ESG implementation in investments varies by investment area due to the nature of the assets and the specific approach taken when investing in different asset classes. Broadly speaking, MainePERS' strategic asset allocation includes three general categories – public markets, risk diversifiers, and private markets. Policy weights by category are shown below:

Public Market Assets	45.0%
Risk Diversifiers	7.5%
Private Market Assets	47.5%

Public market investments include domestic and international equity, traditional credit, and U.S. Government Securities. In broad terms, MainePERS employs a passive "buy the market" approach for its investments in public markets, where the likelihood of generating outperformance is low. This allows the System to earn market returns at very low cost while maintaining a very high level of diversification. Since MainePERS does not make active investment decisions based on the merits of individual securities within this asset class, ESG implementation primarily occurs via proxy voting, where MainePERS encourages appropriate governance and ESG practices.

In contrast, the System uses an active "beat the market" approach for other asset classes, where it is reasonable to believe that an active approach will add value. Investment in Risk Diversifiers are made via funds employing active strategies managed by investment managers with a specialized public markets expertise acting as fiduciaries. These strategies are expected to have little correlation to public markets and are intended to provide diversification away from growth assets. ESG considerations within Risk Diversifiers typically focus on an analysis of the manager's ESG characteristics and practices.

Private market assets include infrastructure, private equity, alternative credit, natural resources, and real estate. MainePERS invests private market assets by committing capital as a limited partner to long-term private investment funds. The general partners (GP) of these funds agree to serve as fiduciaries to MainePERS and have wide discretion in the sourcing, managing, creating value, and timing of the acquisition and disposition of investments. MainePERS typically partners with managers pursuing a generalist investment approach in their funds, which allows the GP to direct capital into industries and sectors based on what it perceives as the most attractive investments based on current market conditions and the long-term opportunity set. Outcomes are driven by GP skill, and there is wide dispersion in performance across the universe of private market managers. MainePERS' investments in this area are made subsequent to conducting due diligence on all aspects of the investments, including ESG considerations.

III. ESG: Maintaining Awareness

As discussed below, the MainePERS' Investment Team is able to draw on a variety of resources to maintain awareness of ESG-related investment considerations, including consultants, peer and professional networks, and participation in broad-based as well as ESG-focused organizations.

ESG Awareness: Weekly Team Meetings

The full Investment Team meets in-person on a weekly basis and is joined virtually by the System's private market asset class consultants (i.e., Albourne and Cliffwater). These meetings are focused on presentations and discussions related to all aspects of the current pipeline of potential investments as well as discussion of existing investments and industry events and trends. While meeting topics are generally not ESG-specific, ESG-related investment issues are consistently considered as the merits of potential investments are presented and discussed. Specific examples include:

- European Union (EU) Sustainable Finance Disclosure Regulation (SFDR) – discussion of the requirements for compliance and potential impact on private market funds' strategies
- Investment Team Briefings – each potential investment is presented to the Team during early stages of due diligence, and key investment aspects (including ESG-related aspects) are presented and discussed

- Team debriefs – individual team members will brief the full group on topics and issues of general interest, including items arising in recent meetings with managers and peers. ESG-specific examples include:
  - Ecosystem Investment Partners – Wetland-mitigation based strategy
  - Copenhagen Infrastructure Partners – renewable energy investments
  - Energy Capital Partners – energy transition, electrification, and decarbonization
  - Excelsior Energy Capital – wind, solar, and storage
  - MUUS Climate Partners – VC approach to climate and technology
  - S&P – Net zero indices
  - CIO-led discussions of stakeholder concerns regarding specific managers or investments
- Consultant discussion of ESG integration into investment due diligence

ESG Awareness: Professional Networks and Organizations
The investment team has access to ESG-related resources from both broad-based professional organizations such as the CFA Institute and CAIA (Chartered Alternative Investment Analyst) Association as well as via System membership in ESG-focused organizations such as the Coalition for Environmentally Responsible Economies (Ceres) and the Thirty Percent Coalition. Many of these organizations produce research and guidance specifically related to ESG considerations in investments including private market investments. Examples of activities and materials related to professional networks and organizations include:

- The CFA Institute's Certificate in Climate Risk, Valuation, and Investing. Two investment team members began working toward this certificate in 2024.
- MainePERS is a member of the CAIA Association, a leading organization in the education of alternative investments. The CAIA Association is also a thought leader with respect to ESG trends and developments and offers a variety of materials and events to assist members.
- MainePERS is a member of the Institutional Limited Partners Association (ILPA), an organization dedicated to advancing the interests of Limited Partners through education, research, and advocacy. Team members attend events both in-person and virtually, and the organization provides substantial ESG-related resources.
- MainePERS is a member of Ceres, a nonprofit group that works with institutional investors to promote investment sustainability. The group produces sustainability-related reports and tools and hosts monthly calls, which MainePERS participates, to discuss risks related to fossil fuel investments.

IV. ESG Considerations in Investments

MainePERS takes a universal approach to integration of ESG principles, with implementation varying by asset class. The below sections highlight this integration.

Public Market Investments
As noted above, MainePERS takes a passive "buy the market" approach to investing in public markets. Such "indexing" allows the System to earn market returns at low cost while maintaining a high level of diversification. This approach does not involve evaluating the investment merits (ESG or otherwise) of individual securities and results in MainePERS owning small minority stakes in thousands of individual companies with limited ability to influence any particular organization. That said, the MainePERS Investment Team selectively engages companies where we believe engagement can have meaningful impact related to encouraging good governance.

The MainePERS Investment Team believes that being active owners and making our voice heard by voting of proxies of publicly traded companies has economic value and can serve to reduce portfolio risk. Proxies are the vehicle by which boards of directors are elected, bylaws are changed, and other actions in which owners are involved are accomplished. In conjunction with our proxy agent, Glass Lewis, MainePERS typically votes on approximately 11,000 individual management and shareholder proxy items each year. During the most recent fiscal year, MainePERS voted in favor of 44% of shareholder proposals and voted against management's recommendations concerning shareholder proposals in 60% of cases.

In addition, MainePERS engaged with 16 companies prior to casting our proxy vote on specific governance items. In these cases, we communicated to the companies our thinking regarding governance best practices and informed the company of our intention to vote our proxy contrary to management's recommendation. Of these sixteen letters, nine supported shareholder proposals regarding an "Independent Board Chair" in order to provide objective oversight and unique, but value added insights. An additional seven letters advocated for proposals regarding a simple majority vote, which strengthens shareholders rights by allowing a majority vote to influence governance decisions versus a more prohibitive supermajority.

Risk Diversifiers
Investments in MainePERS' Risk Diversifier allocation are intended to provide diversification away from growth assets such as equities. Within this allocation, ESG considerations typically arise in the course of conducting manager-level due diligence, rather than strategy-specific due diligence. ESG characteristics reviewed as part of manager-level due diligence include a review of the manager's history, SEC filings, involvement in legal actions, and potential for MainePERS to suffer reputational harm as a result of engaging with the manager. The ownership structure of the manager is considered, as well as the potential for conflicts of interest and the manager's own ESG practices and policies.

Private Market Investments
MainePERS invests in a number of private "alternative" asset classes, including infrastructure, private equity, alternative credit, natural resources, and real estate. Prior to investing with any particular private asset manager, the MainePERS Investment Team completes a thorough due diligence process. This process is designed to assist the Team in the identification and monitoring

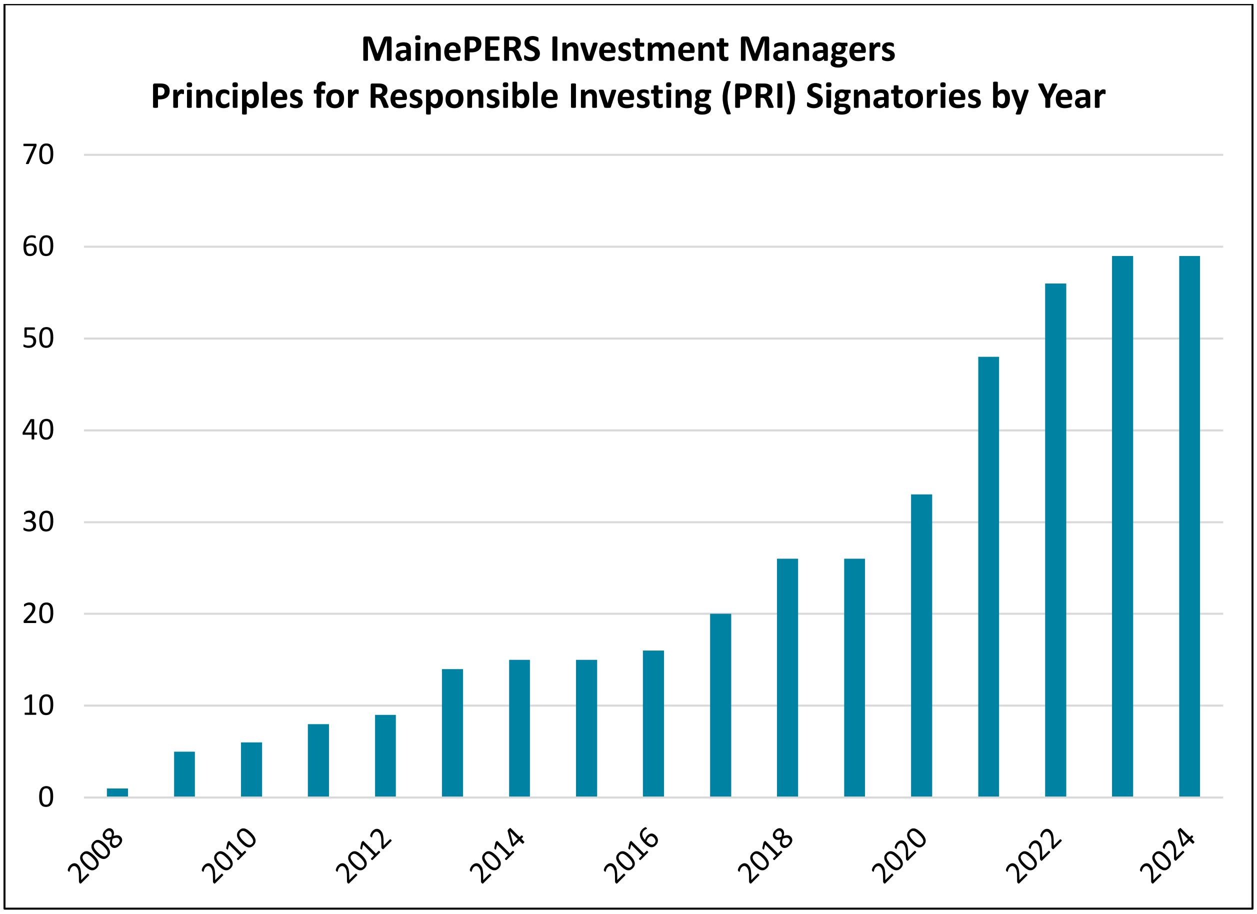
of risk factors, including ESG-specific risks, and includes a review of a prospective manager's internal ESG policy.

Governance and labor practices are crucial concerns in the due diligence process. Appropriate governance and alignment of interests is a prerequisite for any MainePERS investment. We also study labor practices of both the fund and the companies they manage. The due diligence process provides the Investment Team with a road map of strengths and weaknesses that allows it to make an informed investment recommendation to the Board of Trustees.

Our holistic approach means we rarely make an investment decision based on a single issue (ESG-related or otherwise). Bringing all these factors into consideration, MainePERS looks to partner with asset managers that operate in an environmentally responsible manner, foster a fair and meritocratic work environment, and provide responsible corporate citizenship. Our Investment Team also believes that conducting due diligence into the ESG practices of potential managers is itself an important act and in many cases serves to alert managers to a need to improve their ESG practices and disclosures. The improvements to ESG practices are beginning to take root, and we have noticed an increasing number of managers incorporating ESG-related issues such as climate risk into investment decisions each year.

Encouraging Managers

As discussed above, part of MainePERS' due diligence process includes a review of a prospective manager's integration of ESG considerations into investment due diligence. Not surprisingly, the number of managers explicitly incorporating ESG factors into investment decisions has risen over time as institutional investors such as MainePERS include ESG analysis as part of investment due diligence. One quantifiable measure of this is the number of managers that have signed onto the Principles for Responsible Investing (PRI), a United Nations (UN)-supported effort that works with investors and asset managers around the world. PRI signatories commit to incorporating ESG issues into investment analysis and asset ownership as well as appropriate levels of ESG-related disclosures. As shown below, the number of managers in the MainePERS portfolio that have signed on to these Principles for Responsible Investing has grown steadily over time. As of fiscal year end 2024, 59 (out of 87 total) of MainePERS' managers, with investment responsibility for 87% of assets, were PRI signatories.



In 2021 the European Commission began requiring funds marketed to EU investors to provide transparency related to their integration of sustainability considerations into the investment decision making process. Specifically, the EC's Sustainable Finance Disclosure Regulation (SFDR) requires managers to classify fund offerings based on the degree to which certain ESG factors are emphasized:

Classification	Description
Article 6	Fund describes processes for consideration of sustainability risks, but does not have explicit sustainability-linked characteristics
Article 8	Fund identifies and promotes environmental or social characteristics
Article 9	Fund establishes one or more objectives related to sustainable investing or a reduction in carbon emissions

MainePERS has committed $2.3B to 29 funds subject to SFDR disclosures. Of these, 12 are classified as Article 6 funds, with the remaining 17 (representing 65% of dollar commitments) classified as either Article 8 or 9.

V. ESG: Transparency and Stakeholder Engagement

MainePERS, as an organization, strives to be transparent and willing to engage with stakeholders as appropriate. With respect to the System's investments in general, and ESG-related topics specifically, this commitment to transparency is evidenced by the materials available on the System's website. Interested stakeholders are able to easily find and review:

- System policies, including
  - Policy 2.1 – Investment Policy Statement
  - Policy 2.6 – Environmental, Social and Governance Policy
  - Policy 2.7 – Engagement

- System reports, including
  - Annual Comprehensive Financial Reports
  - Annual ESG and Divestment Reports
  - Monthly Investment Reviews prepared for each month's Trustee meeting

- Detailed lists of investment holdings

- Summary and detailed proxy voting reports

Stakeholders, both individuals and organizations, frequently contact MainePERS regarding ESG-related investment issues. These inquiries range from simple requests for information to requests to meet in order to discuss particular issues. In many cases these inquiries lead to the Investment Team holding discussions with individual managers to fully understand the issues raised by stakeholders and, as warranted, result in Trustee notification and discussion. During late 2023 and 2024, MainePERS' CEO and/or CIO also participated in the following meetings in response to stakeholder inquiries:

- November 2023: MainePERS proxy voting discussion with representatives from the Sierra Club and Stand.Earth
- February and May 2024: MainePERS implementation of LD99 discussion with representatives from Divest Maine

VI. ESG Metrics

The development and reporting of ESG-related metrics remains nascent, and such metrics are primarily available only for publicly listed companies. In this section we provide metrics for the public equity portion of MainePERS' portfolio. We hope to expand this reporting in future years as these metrics become available for additional asset classes.

As discussed earlier, MainePERS employs an indexing approach to its public equity investments. This approach allows MainePERS to obtain broad exposure to global stock markets at very low cost. By "buying the market," MainePERS is invested in the shares of over 5,000 companies spread across 50 developed and emerging markets. As a result, the characteristics of MainePERS' equity holdings mirror those of the benchmarks that the portfolio tracks. For example, the U.S. equity portion of the portfolio is indexed to the Russell 3000 Index. This means that the features and characteristics of MainePERS' U.S. equity holdings closely match those of the index.

The below table contains commonly available environmental metrics for those global equity benchmarks to which the MainePERS' equity portfolio is indexed.

	Russell 3000 Index	**MSCI All Country World Index ex U.S.**
MSCI ESG Rating[1] (AAA-CCC)	A	AA
MSCI ESG Quality Score[1] (0-10)	6.6	7.2
Emissions Intensity[2]	100	167

(1) Details available at https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool

(2) Annual tons of CO2 equivalent emissions per $1m revenue.

MSCI ESG Ratings:

AA (Leader): The Fund is exposed to companies that tend to show strong and/or improving management of financially relevent ESG issues. These companies may be more resilient to disruptions arising from ESG events.

A (Average): The Fund is exposed to companies that tend to show average management of ESG issues, or a mix of companies with above-average and below-average ESG risk management.

Board Responsibilities – Investments and Administration

2.6 – Environmental, Social and Governance Policy

Date Adopted: January 8, 2015

Date Amended: May 11, 2017; November 18, 2021

Policy

The MainePERS Board of Trustees considers material environmental, social, and governance (ESG) risks and value creation opportunities critical for inclusion in its due diligence and ongoing monitoring of investments subject to its fiduciary duties, constitutional requirements and in accordance with laws and regulations. The MainePERS Board of Trustees directs the Chief Executive Officer and MainePERS Investment Team to incorporate ESG considerations into all investments considered or made by MainePERS following the adoption date of this policy, and to examine opportunities for ESG integration in existing investments.

MainePERS acknowledges that it will not always be feasible to ensure a particular investment's integration of ESG considerations, especially in cases where MainePERS is a minority owner and has limited ability to influence the organization. In these cases, the MainePERS Investment Team shall engage organizations with which it currently invests to strongly consider relevant ESG-related issues. In addition, MainePERS will consider its ability to influence ESG considerations when weighing prospective investments.

The MainePERS Board of Trustees shall annually review implementation of this policy and update or revise this policy as appropriate.

This policy shall also apply to investment consultants hired by MainePERS to provide guidance on investment due diligence matters.

Statutory/Legal Provisions

- Me. Const. art. IX § 18
- 5 M.R.S. §§ 1957, 17102 and 17103

Roles and Responsibilities

The Chief Executive Officer shall ensure that the MainePERS Investment Team integrates this policy into the investment due diligence process. The MainePERS Chief Investment Officer and Deputy Chief Investment Officer shall ensure that material ESG issues are continually reviewed, revised and integrated by the investment team in the due diligence process. A report describing the implementation of this policy, including recommendations for updates or revisions to this policy, will be provided to the Trustees at the December Board meeting each year. The report must also include commonly available environmental performance metrics on the environmental effects of MainePERS' investments.

ESG Due Diligence

MainePERS believes that organizations that understand the benefit of and openly practice sound environmental, social and governance business practices create strong business models and investment opportunities. Consistent with its fiduciary duties, constitutional requirements and in accordance with laws and regulations, MainePERS shall:

1. Maintain awareness of new and existing key ESG considerations and their impact on investment valuation, and update the due diligence process used to identify material ESG issues accordingly.
2. Examine and understand each potential or existing investment's material ESG risk exposure and use this knowledge when evaluating potential investments and during the duration of investment ownership.
3. Be accessible to, and engage with, relevant stakeholders.
4. Encourage and support the adoption and implementation of sound environmental, social, and governance practices by companies and managers in which MainePERS invests.
5. Encourage governance structures that provide appropriate levels of oversight in the areas of audit, risk management, and potential conflicts of interest.
6. Encourage MainePERS investments, and MainePERS business partners to commit to aligning their operations and strategies with the United Nations Global Compact's principles regarding human rights, labor, environment, and anti-corruption.
7. Provide timely and transparent information accessible by stakeholders on the matters addressed in this policy.

Board Responsibilities – Investments and Administration

2.7 – Engagement

Date Adopted: February 11, 2016

Date Amended: October 11, 2018; November 18, 2021; November 14, 2024

Policy

MainePERS is the fiduciary for funds it is assigned to manage. MainePERS shall be a good steward for the funds entrusted to it, managing and investing these funds as a "prudent investor" in accordance with the "exclusive benefit rule" and the laws and Constitution of the State of Maine. MainePERS shall also promote the long-term success of companies with which the System invests through engagement activities.

Statutory/Legal Provisions

- Me. Const. art. IX, § 18.
- 5 M.R.S. §§ 17102, 17103, 17435; 18-B M.R.S. § 801, *et seq*. (Maine Uniform Trust Code); 18-B M.R.S. § 901*, et seq.* (Maine Uniform Prudent Investor Act).
- 5 M.R.S. §§ 17153(4).
- Restatement (Third) of Trusts § 78(1) (2007) (the "sole interest rule").
- The Employee Retirement Income Security Act ("ERISA"), codified at 29 U.S.C. § 1002, *et seq*., provides a description of the standard of care that applies to trustees of private sector retirement plans. Although the System as a public retirement plan is not specifically governed by the fiduciary duty standard set forth in ERISA, courts will often consider the standard set forth in ERISA when addressing public pension plan issues. Under ERISA, a fiduciary must act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person (expert) acting in a like capacity would act. This statutory standard is derived from the common law of trusts, which is applicable in the State of Maine.

Engagement

Engagement is encouraging long-term success and growth of publicly traded companies with whom MainePERS invests through activities such as:

- Direct engagement
- Participating in or sponsoring shareholder litigation
- Proxy voting

Direct Engagement

MainePERS will maintain a direct engagement effort consistent with the need for and resources available to encourage the publicly traded companies in its portfolio to achieve long term growth and success, balancing the long term focus of good stewardship with the short term challenges the company faces. Direct engagement opportunities may be based on continuous monitoring of its investments including investment analysis, trade publications, trade organizations, or coordination with other institutional investors.

Direct engagement includes written and oral communication to companies, including attending shareholder meetings and sponsoring shareholder resolutions in unusual circumstances.

Shareholder Litigation

MainePERS will participate in shareholder litigation only to the extent that participation is likely to benefit MainePERS members as pension beneficiaries. MainePERS generally will not assume the role of lead plaintiff in a securities class action unless no other investor with interests similar to MainePERS and sufficient resources to support the litigation is willing to serve as lead plaintiff and the System otherwise will lose the benefit of the litigation to members.

Proxy Voting

MainePERS will vote its proxies in the best interests of its members as pension beneficiaries. This will generally mean focusing on good stewardship by the companies with which MainePERS invests, including:

- Voting to optimize each company's value to shareholders, balancing the long-term focus of good stewardship with the short-term challenges the company faces. Good stewardship includes establishment of effective governance and management practices, responsibility to employee and customer welfare, and responsibility to the environment;
- When there is a conflict between long- and short-term interests, voting shall be in favor of proposals that maximize shareholder control consistent with effective business operations of the company;
- Refraining from voting to further the interests of any group other than the best interests of MainePERS members as pension beneficiaries.

The MainePERS Investment Team shall create, maintain, and update general guidelines consistent with these principles in the following areas:

- Management resolutions
    - Elections of officers
    - Ratification of auditors
    - Governance structure and shareholder rights
    - Compensation

- Shareholder proposals
    - Environment
    - Social matters
    - Governance
    - Compensation
- Mergers and proxy contests

The Chief Executive Officer and Chief Investment Officer are responsible for ensuring that proxy voting is performed according to these principles across the System’s Public Equity holdings in a cost effective manner. The MainePERS Investment Team shall monitor proxy voting across the System’s holdings and report at least annually to the Board of Trustees.

Board Responsibilities – Investment Policy for Defined Benefit Plans

2.1 – Investment Policy Statement

Date Adopted: June 9, 2016

Date Amended: November 10, 2016; May 11, 2017; June 8, 2017; September 14, 2017; December 14, 2017; November 12, 2020; January 14, 2021; May 12, 2022; February 9, 2023; March 14, 2024

Policy

The Board of Trustees of the Maine Public Employees Retirement System is authorized and responsible for administering defined benefit retirement programs at the State and local levels. The Board carries out this responsibility by adopting investment objectives and establishing an investment program through which the policy is implemented. In the case of conflicts, this policy statement supersedes previous policies and actions by the Board.

This policy covers the investment management of the assets of the following defined benefit programs administered by the Board:

- Legislative Retirement Program;
- Judicial Retirement Program;
- State Employee and Teacher Retirement Program, which includes State employees and public school members; and
- Participating Local District Retirement Program, which includes retirement plans of withdrawn participating local districts and the Consolidated Plan for Participating Local Districts.

Collectively, the assets of these programs are referred to as the DB Plan Assets. Statutes allow for the pooling of the DB Plan Assets for the purpose of investment. Pooling provides significant efficiencies. Because the relevant characteristics of the DB plans are sufficiently similar, all the DB Plan Assets are pooled for investment.

Statutory/Legal Provisions

- Me. Const. art. IX, § 18.
- 5 M.R.S. §§ 1957-1958 (divestment statutes)
- 5 M.R.S. §§ 17102, 17103, 17435; 18-B M.R.S. § 801, et seq. (Maine Uniform Trust Code); 18-B M.R.S. § 901, et seq. (Maine Uniform Prudent Investor Act).
- 5 M.R.S. §§ 17153(4).
- Restatement (Third) of Trusts § 78(1) (2007) (the “sole interest rule”).
- Restatement (Third) of Trusts formally permits, and in some cases requires, the delegation of investment decisions from trustees to internal staff or external agents with the necessary skills and knowledge.

- The Employee Retirement Income Security Act (“ERISA”), codified at 29 U.S.C. § 1002, *et seq.*, provides a description of the standard of care that applies to trustees of private sector retirement plans. Although the System as a public retirement plan is not specifically governed by the fiduciary duty standard set forth in ERISA, courts will often consider the standard set forth in ERISA when addressing public pension plan issues. Under ERISA, a fiduciary must act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person (expert) acting in a like capacity would act. This statutory standard is derived from the common law of trusts, which is applicable in the State of Maine.

Resources

The Board of Trustees implements this investment policy in coordination with:

- in-house investment professionals (the “Investment Team”), with experience, authority and responsibility to implement the investment policy and administer investment operations;
- consultants, with appropriate expertise, to assist the Board and the Investment Team;
- investment managers, selected individually and collectively to reflect and implement the investment policy, having full discretion within policy and contractual limits to manage assets allocated to them;
- custodians qualified to carry out recordkeeping, reporting, measurement and custodial functions; and
- other advisors that the Board deems appropriate and necessary

The Investment Team shall oversee the processes by which Custodians, Consultants, and other Advisors are hired, evaluated, and terminated, and shall work with the General Counsel on the terms of contracts of engagement.

At least every five years, the Investment Team will evaluate the performance and contract terms of all such service providers and make a recommendation to the Board as to whether or not a search process for new providers and/or renegotiation of terms be initiated.

Investment Objectives

MainePERS’ investment objectives balance the System’s twin goals of generating investment returns (to ensure growth of the trust funds) and minimizing investment risks (loss of capital and cash flow shortfalls). The Board recognizes and accepts that these goals are in opposition, and that a trade-off exists between expected risk and return. The Board balances these goals by seeking to optimize portfolio returns consistent with an established targeted portfolio risk level. Additionally, by optimizing investment returns on trust assets, rather than attempting to maximize them, the Board seeks to maintain contribution rate and funding level volatility at acceptable levels that have been determined from time to time during strategic asset allocation planning and asset/liability reviews.

Strategic Asset Allocation and Rebalancing

The Investment Team and Board consultants shall annually review long-term capital market expectations and existing asset class allocations with Trustees. The Board shall review, and when strategically appropriate, approve recommended changes to the existing strategic asset classes, target weights, and ranges for implementation by the Investment Team. (See Appendix 1)

The specified policy weight ranges define minimum and maximum acceptable weights for each asset class. (See Appendix 2) The Investment Team shall maintain asset class weights within target ranges, subject to considerations such as transactions costs and the unique characteristics of private market investments, by reallocating capital within existing strategies and investments. The Investment Team will provide Trustees with reports showing the fund's current asset allocation at least monthly, and report on rebalancing activity quarterly.

Portfolio Risk Management

The primary method of controlling risk shall be the selection of the strategic asset allocation and asset class target weights within the allocation. (See Appendix 1) Combined with long term capital market expectations, these policy weights define a portfolio with a specific level of risk.

The Chief Investment Officer shall develop a risk strategy for managing assets within the Board approved strategic asset allocation. The risk strategy will specify practices and procedures for the measurement and management of portfolio risk, including the provision of a portfolio risk report to the Board at least quarterly. (See Appendix 3)

Nothing in the risk strategy shall override the Asset Classes, Policy Weights and Ranges described in Appendix 1.

Performance Objectives and Benchmarks

The Board acknowledges that benchmarks provide insight into fund and asset class performance, but are not necessarily guides for changing asset allocations or fund managers. The rate of return earned by fund assets will be measured against a policy benchmark comprised of the asset class benchmarks. (See Appendix 4) Returns earned by individual managers will be compared with a benchmark index appropriate to each manager's investment approach.

For performance evaluation purposes, all rates of return will be measured net of the deduction of investment management fees.

During a period of transition from one asset allocation to another, certain transitional allocations to appropriate benchmarks are permitted.

Investment Implementation

The Investment Team shall implement the investment policy, subject to Board guidelines:

- Exposure to publicly traded equity securities is expected to be obtained passively and with weightings substantially similar to those of the benchmarks specified in Appendix 4. Any exceptions must be approved by the Board.
- Investments within each Asset Class should be consistent with the Asset Class definitions provided in Appendix 1.

Environmental, Social, and Governance; Engagement

In performing due diligence and monitoring activities, the Board and the Investment Team shall comply with Board Policy 2.6, Environmental, Social and Governance Policy; and Board Policy 2.7, Engagement.

Investment Manager Selection and Allocation Process

MainePERS invests through external investment managers, who are charged to act as fiduciaries, and allocates fund assets among them in accordance with the strategic asset allocation. The Investment Team identifies, performs due diligence on, and recommends investment managers and allocations to the Board. The Investment Team also monitors performance and recommends retention and termination decisions to the Board. The Board retains final authority for manager selection, retention and termination decisions.

Managers are selected and retained on the basis of an evaluation that establishes sufficient confidence that the manager will improve the return and risk of the investment program. If and when the Investment Team and/or consultant(s) identify an investment manager that they believe will improve the investment program, the Investment Team will make a recommendation to the Board of Trustees that the manager be hired. This recommendation will be accompanied by an opinion by the investment consultant on this recommendation. The Board retains the final authority to accept or reject such recommendations.

The Investment Team will prepare and present to the Board of Trustees selection criteria they deem pertinent for each manager search and recommendation to hire. The Investment Team will provide the Board with all the necessary information and analysis to enable an informed decision. The Board may choose to interview the recommended manager or they may rely on the Investment Team to conduct interviews.

Derivatives

In general, the use of derivatives is permitted provided that the purpose of the derivative is to achieve an investment objective at lower cost and/or risk than would be the case with direct investments in the underlying securities. The System may also invest in strategies which use derivatives to obtain leverage. In all such cases, the use of derivatives must be disclosed to the

Board prior to the Board's approval, and the strategy must be structured so as to limit System liability to the amount committed to the strategy.

Leverage

The System may invest in strategies in which managers have discretion to use leverage. The use of leverage in any strategy must be disclosed to the Board prior to the Board's approval, and the strategy must be structured so as to limit System liability to the amount committed to the strategy.

Fossil Fuel and Private Prison Investments

The System may invest in strategies providing managers with broad discretion in the selection of investments. The potential for fossil fuel or for-profit prison investment must be disclosed to the Board prior to the Board's approval of a strategy. For those strategies likely to invest in stocks, securities or other obligations of fossil fuel or for-profit prison assets, disclosures will include a description of the expected role of such investments in the proposed strategy and discussion of the process leading to the selection of the strategy.

On an annual basis, the Board will be provided with a report summarizing the System's fossil fuel and for-profit prison investments. This report will include a discussion of the actual and expected changes in these exposures, and analysis of these exposures within the context of the divestment statutes, 5 M.R.S. §§ 1957 and 1958.

Hedging

The Board has reviewed the benefits and risks associated with foreign currency exposures. As a general rule the Board has chosen not to hedge currency at the portfolio level. Unless otherwise directed asset managers will have discretion to hedge investments under their management as they deem most beneficial to their mandate.

Co-Investments and Continuation Vehicles

The System may co-invest alongside private market funds in which the System is a current investor and may invest in continuation vehicles within the guidelines set forth in Appendix 5 without further Board approval. A continuation vehicle is a fund established by the general partner of an existing private market fund that is in the later stages of its life to receive one or more portfolio companies from the existing fund to provide the opportunity for limited partners to remain invested in the companies.

Transaction Costs and Brokerage

The Board of Trustees expects investment managers, in their capacity as fiduciaries, to manage transaction costs in the best interests of the System as an investor. To enable the managers to fulfill this fiduciary duty, it is the Board's policy not to be party to directed brokerage programs.

Securities Lending

The System may participate in a securities lending program either directly through its separately managed portfolios or indirectly through its investments in pooled vehicles. In each case, the securities lending program must focus on low risk, as opposed to maximization of returns. All DB Plan Assets are available for securities lending.

Monitoring

The Board relies on the Investment Team and the investment consultant(s) to continuously monitor the investment program and to report to the Board as outlined below.

- the Investment Team and investment consultant(s) provide comprehensive periodic reports on the entire investment program, including asset allocation, performance of each component relative to benchmarks, attribution analysis, and commentary.
- the Investment Team and investment consultant(s) monitor changes and developments at investment managers and at custodian(s) on an ongoing basis and report significant changes or events with recommended actions as needed.

Emergency Measures

Immediate action may be taken beyond the bounds of this policy under extraordinary circumstances and in order to preserve the best interests of the plans' participants by unanimous decision of the following:

- The Chair, or in the Chair's absence, Vice Chair of the Board
- The Chief Executive Officer, or in the Chief Executive Officer's absence, the Chief Operating Officer and General Counsel
- The Chief Investment Officer, or in the Chief Investment Officer's absence, Deputy Chief Investment Officer, or in the absence of both of them, the general investment consultant

Any such action must be reported to the Board of Trustees at the earliest opportunity.

Appendix 1: Asset Classes, Policy Weights and Ranges

Date Adopted: June 9, 2016

Date Amended: June 8, 2017; September 14, 2017; January 14, 2021; May 12, 2022

The System's assets are invested across nine Asset Classes that play four distinct Roles in the overall Fund. The Trustees define these Roles and Asset Classes and set target policy weights and ranges below.

	Weights		
	Minimum	Policy	Maximum
GROWTH	35%	42.5%	55%
Public Equity	20%	30%	40%
Private Equity	5%	12.5%	20%
RISK DIVERSIFIERS	0%	7.5%	12.5%
HARD ASSETS	15%	25%	35%
Real Estate	5%	10%	15%
Infrastructure	5%	10%	15%
Natural Resources	0%	5%	10%
CREDIT	5%	15%	20%
Traditional Credit	0%	5%	10%
Alternative Credit	0%	10%	15%
MONETARY HEDGE	5%	10%	15%
US Government Securities	5%	10%	15%
Cash	0%	0%	10%

Asset Class Definitions

The below Asset Class definitions are simplified and are intended to convey the general characteristics of investments held within each class. Some investment strategies involve assets and securities that span multiple asset classes.

Public Equity

Investments in publicly-traded shares of companies. May include different classes of common stock, shares of REITs, and MLPs.

Private Equity

Investments in non-publicly traded shares of companies. Investments are typically made via private limited partnerships, and may include both equity and debt securities.

Risk Diversifiers

Investments typically made through private funds that generally invest in listed assets such as stocks, bonds, and commodities, via strategies that are expected to have little correlation with declining or rising stock markets.

Real Estate

Investments providing direct exposure Real Estate, including investments through private funds.

Infrastructure

Investments typically made through private funds that generally invest in assets that meet most or all of the following criteria: provide essential public services, possess monopoly-like characteristics, provide long term contracted cash flows, and bear limited volumetric and price risk.

Natural Resources

Investments in private funds that generally invest in businesses focused on natural resources such as timberland, agriculture, and mining. Private energy investments will generally be included in Private Equity, rather than Natural Resources.

Traditional Credit

Investments in investment-grade debt instruments that are not issued by the U.S. Government. Such debt may or may not be registered for sale to the general public.

Alternative Credit

Investments in debt instruments issued by non-investment grade and unrated entities. This may include, but is not limited to high yield debt, bank loans, structured debt, and asset-backed debt. Alternative credit investments are expected to pay or accrue periodic interest and to return principal at maturity. Distressed debt and other debt or yield-oriented securities that include equity-like exposures are considered Private Equity, not Alternative Credit.

Monetary Hedges

Investments in debt instruments issued by the U.S. Government, including nominal Treasury securities and Treasury Inflation Protected Securities (TIPS), held in approximately equal proportions.

Roles in the Overall Fund

Each of the above asset classes fills a specific Role in the overall portfolio. These Roles are defined below.

Growth Assets

Growth Assets are intended to reduce the system's funding needs in the long term by appreciating in value. Growth Assets possess inherently higher expected returns than other asset classes. Growth Assets also have higher expected volatility than other asset classes, and are expected to increase funding volatility in the short run.

Risk Diversifiers

Risk Diversifiers are investments that primarily derive their return from alpha (or active manager skill) as opposed to market directionality. Risk Diversifiers are expected to provide significant risk diversification benefits away from Growth Assets.

Hard Assets

Investments in the Hard Assets category provide exposure to long-lived "real" assets, such as real estate, timber, agricultural, and infrastructure assets. Expected return levels of Hard Assets are lower than those of Growth Assets, and a substantial portion of such returns is expected to come from ongoing cash flows. Hard Assets are expected to provide inflation protection, to have low correlation with Growth Assets, and to provide diversification benefits.

Credit Assets

Credit investments provide capital to end-users via loans and the purchase of debt securities. Such investments provide for contractual returns (interest) and repayment of principal. Credit investments possess lower risk and expected returns than equity investments, but have higher risk and expected returns than monetary hedges. Credit investments are expected to provide diversification away from Growth Assets.

Monetary Hedges

The role of Monetary Hedges in the portfolio is to provide liquidity and a safe harbor in times of turbulence. These investments are cash and obligations of the U.S. Government, and are considered to be free of default risk.

Board Responsibilities – Investment Policy

Appendix 2: Rebalancing

Date Adopted: June 9, 2016

Date Amended: May 12, 2022; July 14, 2022

The Board has set target weights for each Asset Class and Role in Portfolio category in Appendix 1, and delegates the management of asset class allocation to the Investment Team. The Investment Team is expected to maintain asset class weights near target, subject to considerations such as transactions costs and the unique funding and liquidity characteristics of private market investments.

To this end, the Team is permitted to reallocate capital within existing strategies and investments for rebalancing purposes. The Investment Team is expected to consider both Role in Portfolio and Asset Class policy weights when rebalancing. The Team will provide Trustees with reports showing the Fund's current asset allocation at least monthly, and report on rebalancing activity at least quarterly.

In the specific case of the System's Risk Diversifier allocation, the Investment Team is permitted to rebalance across existing managers and strategies, consistent with the goal of maintaining diversification within the allocation. Rebalancing activity will be reported to Trustees at least quarterly.

Board Responsibilities – Investment Policy

Appendix 3: Risk Strategy

Date Adopted: June 9, 2016

Date Amended: *New*

While this Risk Strategy is in development the Chief Investment Officer shall rely on the Strategic Asset Allocation and Rebalancing provisions of this policy to manage the Fund's risk.

The Investment Team and the Board believe that this approach will deliver an appropriate expected return with commensurate risk over a long term horizon. However they also recognize that the portfolio's realized risk will vary over time which may result in periods during which the fund bears substantially higher risk than the System initially targeted.

In an effort to achieve more stable (less volatile) returns, the Investment Team will seek to develop management tools and practices that they believe will be better able to keep the fund's risk in an acceptable range.

This Risk Strategy shall be updated from time to time by the Trustees to reflect recommendations developed by the Chief Investment Officer.

Nothing in the Risk Strategy shall override the Asset Classes, Policy Weights and Ranges described in Appendix 1.

Board Responsibilities – Investment Policy

Appendix 4: Policy Benchmarks

Date Adopted: June 9, 2016

Date Amended: June 8, 2017, January 14, 2021, May 12, 2022

Asset	Benchmark	Weight
Total Public Equity	Russell 3000 & MSCI ACWI ex-USA, based on ACWI weights	30%
Private Equity	Russell 3000 + 3%	12.5%
Diversifiers	0.3 Beta MSCI ACWI	7.5%
Real Estate	NCREIF Property (lagged one quarter)	10%
Infrastructure	CA Infrastructure Median	10%
Natural Resources	CA Natural Resources Median	5%
Traditional Credit	Barclays US Aggregate, ex Treasury	5%
Alternative Credit	50% BAML US HY II + 50% S&P/LSTA US Leveraged Loan Index	10%
U.S. Government Securities	50% Bloomberg Barclays U.S. Government Bond Market Index + 50% Bloomberg U.S. TIPS Index	10%

Board Responsibilities – Investment Policy

Appendix 5: Co-Investments and Continuation Vehicles

Date Adopted: May 12, 2022

Date Amended: March 14, 2024

Co-investments and investments in continuation vehicles are permitted within private market asset classes, subject to the below guidelines.

Target Allocation	7.5% of total Fund. This target is a subset of the total 47.5% allocation to private market asset classes, and is not in addition to that allocation. The 7.5% target includes investments in both co-investments and continuation vehicles.
Asset Classes	Co-investments and investments in continuation vehicles may be made in each of the private market asset classes.
Discretion	Investment Team has discretion to make co-investments and investments in continuation vehicles, in consultation with the asset class consultant.
Signatories	The Chief Executive Officer, Chief Investment Officer, and General Counsel are authorized as signatories to execute documents in connection with co-investments and investments in continuation vehicles.
Permissible Partners	Unless otherwise authorized, co-investments will only be made alongside Funds in which the System is a current investor. Unless otherwise authorized, investments in continuation vehicles will only be made in cases where the vehicle is being formed to continue ownership of assets being acquired from a fund in which the System is a current investor.
Size Limits	Unless otherwise authorized, maximum of \$25m invested into any single co-investment or continuation vehicle. Unless otherwise authorized, maximum of \$200m aggregate continuation vehicle investment and co-investment in a single asset class with any single General Partner.

	The Investment Team will provide additional reporting to Trustees for those General Partners with more than $100m of aggregate continuation vehicle investment and co-investment in any single asset class.

December 20, 2024

Senator Michael Tipping, Senate Chair
Representative Amy Roeder, House Chair
Members, Joint Standing Committee on Labor
100 State House Station
Augusta, ME 04333-0100

Re: Divestment Report

Dear Sen. Tipping, Rep. Roeder, and Members of the Labor Committee:

I am pleased to submit the enclosed Divestment Report, which is required by 5 M.R.S. §1957.

We look forward to assisting the Committee in its review of this report.

Sincerely,

Michael J. Colleran
Chief Operating Officer and General Counsel

Enclosure

www.mainepers.org

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MAINE RELAY
711

DIVESTMENT REPORT

Public Law 2021, c. 231

January 2025
Prepared by the Maine Public Employees Retirement System

Table of Contents

I. About MainePERS

Our Employers

Since 1942, the Maine Public Employees Retirement System (MainePERS) has partnered with public employers to help their employees prepare for retirement. Our employers include the State of Maine as well as 227 local school districts and 334 other participating local districts across the state.

Our Members

The System has nearly 170,000 individual members, which include active and retired teachers; state, county, and municipal employees; legislators; judges; and others. Of these, about a third are active in MainePERS covered employment and a third are retirees or their beneficiaries, currently receiving aggregate benefits in excess of $100 million per month. The remaining members are inactive, having terminated their MainePERS covered employment and are either eligible for a future benefit or a refund of their contributions.

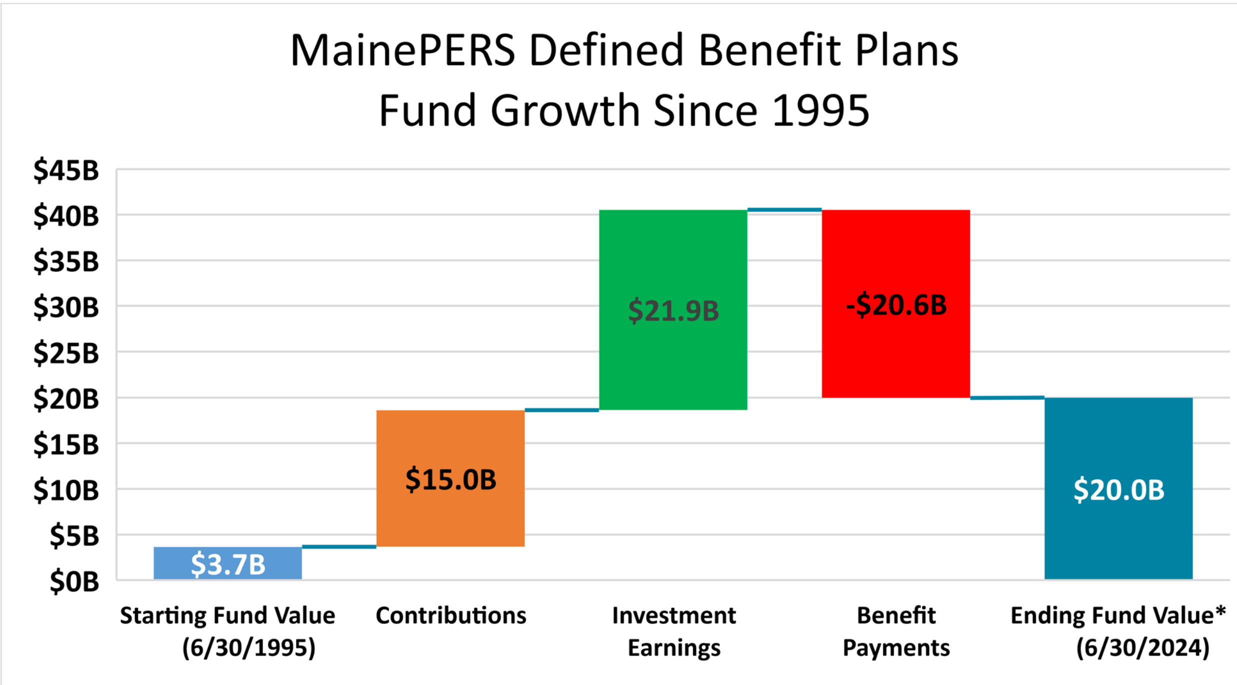
Our Trustees

Responsibility for the operation of MainePERS rests with the System's Board of Trustees. State law specifies the composition of the eight-member Board, five of whom are MainePERS' members. Two trustees are active members, one of whom is elected by the Maine Education Association and one of whom is elected by the Maine State Employees Association. One trustee is an active or retired member of the Participating Local District (PLD) Consolidated Plan appointed by the governing body of the Maine Municipal Association. Four other trustees are appointed by the Governor. Of these, one must be a retiree selected by the Governor from a list of nominees submitted by the Maine Retired Teachers Association and one must be a retiree selected from a list of nominees submitted by State and/or PLD retirees. The remaining two appointees are direct gubernatorial appointments, both of whom must be qualified through training or experience in investments, accounting, banking, insurance, or as actuaries. The eighth trustee is the State Treasurer, who serves ex-officio.

Our Defined Benefit Plans

MainePERS administers four separate defined benefit plans: the State Employee and Teacher Plan, the Judicial Plan, the Legislative Plan, and the PLD Plan. The System also administers retirement related benefits, including disability retirement, group life insurance, survivor services, and a tax-deferred retirement savings program known as MaineSTART.

The defined benefit plans are the prevailing programs administered by MainePERS. These plans provide a fixed, pre-established benefit for employees at retirement based on salary and years of service. The basic funding equation for defined benefit plans provides that, over the long term, contributions plus investment earnings must be equal to benefit obligations. While investment market performance affects plan funding levels and funding requirements, it does not affect contractual benefit obligations owed to employees. The below chart demonstrates the components of this equation and the role of investment earnings in meeting these obligations over the last 30 years.



**Includes total investable and bank account assets.*

As noted in the chart, employer and employee contributions are not sufficient to meet the benefit obligations. The System is heavily reliant on earnings from investments. To illustrate this point, benefit payments in fiscal year 2024 exceeded contributions by $379 million. Contributions from employers and employees totaled $892 million, while benefit payments to retirees and beneficiaries totaled $1.3 billion.

Additionally, the aggregate funded status of the plans is currently 87% with an unfunded liability of $2.9 billion. Meaning the assets in the benefit trust fund are not sufficient to cover the full pension liability. Twice Maine voters have approved constitutional amendments to protect the integrity of the benefit trust fund. In 1962, by a 4 to 1 margin, voters ratified an amendment to enshrine the "exclusive benefit rule" in the Constitution. In 1995, voters again ratified an amendment to further protect the fund by addressing unfunded liabilities and ensuring sound actuarial practices. Although not yet fully funded, the System's funded status has significantly improved since passage of the 1995 amendment.

II. Executive Summary

Article IX, Section 18, of the Maine Constitution (Appendix A) establishes a fiduciary duty to hold, invest, and disburse MainePERS' pension trust funds solely in the best financial interest of the members as pension recipients. In fulfilling its fiduciary obligations, the Board of Trustees owes MainePERS' members, retirees and beneficiaries a duty of loyalty: to follow the exclusive benefit rule established in the Maine Constitution by acting solely in the interests of the members, retirees, and beneficiaries as recipients of retirement or related benefits. This duty includes not using the Board's position of trust for personal gain or to advance other causes. The Board also owes a duty of prudence. This duty requires the Board to exercise reasonable care, skill, and caution. In making investment decisions, the Board is required to consider the portfolio as a whole, the role each investment plays in the portfolio, and diversification. Additionally, the Board may incur only costs that are reasonable in relation to the trust property, the purposes of the trust and the skills of the Board.

Public Law 2021, c. 231, An Act to Require the State to Divest Itself of Assets Invested in the Fossil Fuel Industry (Appendix B), became effective on October 18, 2021. The divestment statute (5 M.R.S. § 1957) directs the Board of Trustees of the Maine Public Employees Retirement System to refrain from future investment in fossil fuel companies and divest of any existing holdings by January 1, 2026, subject to the limitation that these actions be achieved "in accordance with sound investment criteria and consistent with fiduciary obligations." Additionally, the divestment statute requires MainePERS to report annually regarding the progress of divestment. This report includes an update on the status of MainePERS' fossil fuel investments as of June 30, 2024.

Following the enactment of Public Law 2021, c. 231, MainePERS has made a good faith effort to implement the law and has expended considerable resources to explore the financial implications of alternative strategies to avoid fossil fuel investments and the legal issues guiding the fiduciary duty of the Board of Trustees in relation to divestment. The 2023 and 2024 Divestment Reports detail these efforts and may be found on our website at mainepers.org

During this time, MainePERS sought and received advice from the Office of the Attorney General on how to interpret certain provisions of the fossil fuel divestment statute. The Office of the Attorney General issued a letter dated December 8, 2022, (Appendix D). The letter states, in part:

> The subject statutes do not affect the Board's exercise of its fiduciary duties. And they do not require the Board to either cease investing in or divest such holdings unless sound investment criteria and fiduciary obligations require such actions. Both statutes specifically condition their directives on "accordance with sound investment criteria" and "consisten[cy] with fiduciary obligations." As such, they reiterate rather than modify the Board's fiduciary obligations as a trustee – both constitutional and statutory.

The letter also states:

> The Board's focus should remain on adhering to sound investment criteria and fulfilling its fiduciary obligations. However, if the Board encounters a situation where the application of sound investment criteria and its fiduciary obligations neither favors nor disfavors either of two potential investment options, the Board shall pursue the option that more closely complies with the directives of [the divestment statutes].

MainePERS projects that over the course of the current decade our exposure to fossil fuels will drop by more than half, from 8.1% in 2020 to 3.9% by 2028. MainePERS' current exposure to fossil fuels is 6.0%, down 2.1% since 2020. The exposure is diminishing because MainePERS has made no commitments to private market investments with a fossil-fuel focus since 2017 and expects the capital invested in these strategies will be returned by the end of the decade. At this time, MainePERS does not believe further active divestment from fossil fuels would be in the best financial interests of members as benefit recipients, as further action would conflict with both the Trustees' duty of loyalty and its duty of prudence to our members.

It is important to note the exposure to fossil fuels as reported here is based on values as of June 30, 2024, and reflects the definition of a fossil fuel company as outlined in 5 M.R.S. § 1957. This definition is broad and in the public markets includes financial companies such as Berkshire Hathaway, for which fossil fuel activities are a small part of overall operations, and utility companies such as Nextera and Southern Company that are actively participating in the energy transition. In addition, the fossil fuel exposures reported here include private market investments in which MainePERS provides the capital required to transition to lower-emissions business practices, such as shifting the production of electricity from coal to natural gas. Companies and investments such as these account for a meaningful portion of the System's overall exposure to fossil fuel assets.

While MainePERS' exposure to fossil fuels is declining, its commitments to investments related to the energy transition are ramping up. In the private markets, MainePERS' investment approach is focused on selecting managers best able to assist MainePERS in meeting its obligations to members and this approach also includes an analysis of each manager's approach to responsible investing. MainePERS has committed over $1.6 billion to funds raised by managers actively seeking to earn returns while incorporating sustainability and climate-related considerations into their investment approach. Additionally, MainePERS projects that over the next five years it will commit a further $1 billion to similar funds.

Consistent with the advice provided by the Office of the Attorney General, MainePERS has also revised its proxy voting practices to ensure that the System will vote in favor of proposals aligned with the goal of combatting climate change and against proposals promoting policies counter to that goal in cases where the proposal is not expected to have a negative impact on shareholder financial value (Appendix F).

III. DIVESTMENT LEGISLATION

The 130th Legislature enacted Public Law 2021, c. 231, An Act to Require the State to Divest Itself of Assets Invested in the Fossil Fuel Industry, which became effective in October 2021 (Appendix B). The divestment statute requires MainePERS to refrain from certain types of investments and to divest of any existing holdings of these investments to the extent doing so would be "in accordance with sound investment criteria and consistent with fiduciary obligations." The statute includes an exception for de minimis exposure and sets a January 1, 2026, target for completing divestment.

The investments covered by the divestment statute are "stocks, securities or other obligations of any fossil fuel company or any subsidiary, affiliate or parent of any fossil fuel company." PL 2021, c. 231, § 3. "Fossil fuel company" is defined as any company that:

- Is among the 200 publicly traded companies with the largest fossil fuel reserves;
- Is among the 30 largest public company owners in the world of coal-fired power plants;
- Has as its core business the construction or operation of fossil fuel infrastructure (e.g., wells, pipelines, refineries, power plants, storage tanks, export terminals);
- Has as its core business the exploration, extraction, refining, processing or distribution of fossil fuels; or
- Receives more than 50% of its gross revenues from companies meeting the above definitions.

IV. LEGAL AND POLICY FRAMEWORK

<u>Constitutional, Statutory, and Regulatory Context</u>

The Maine Constitution protects the retirement benefit of MainePERS' members by establishing a fiduciary duty to hold, invest, and disburse pension trust funds solely in the best financial interest of members as pension recipients. Article IX, Section 18, of the Constitution (Appendix A) states:

> All of the assets, and proceeds or income therefrom, of the Maine State Retirement System or any successor system and all contributions and payments made to the system to provide for retirement and related benefits shall be held, invested or disbursed as in trust for the exclusive purpose of providing for such benefits and shall not be encumbered for, or diverted to, other purposes.

This "exclusive benefit rule" is also reflected in the Maine Uniform Trust Code, which applies to the MainePERS Board of Trustees and states, "A trustee shall administer the trust solely in the interests of the beneficiaries." *18-B M.R.S. § 802(1); see also 5 M.R.S. § 17153(3)*. The exclusive benefit rule is further reflected in the federal statutes and regulations that qualify MainePERS' retirement plans for federal tax deferment. Under federal law, qualified retirement fund assets must not be "used for, or diverted to purposes other than the exclusive benefit of [the] employees or their beneficiaries." *26 U.S.C. § 401(a)(2)*. The "phrase 'purposes other than for the exclusive benefit of [the] employees or their beneficiaries' includes all objects or aims not solely designed for the proper satisfaction of all liabilities to employees or their beneficiaries covered by the trust." *26 C.F.R. § 1.401-2(a)(3)*.

In addition, the MainePERS Board of Trustees must comply with the Maine Uniform Prudent Investor Act, which requires the Board to "invest and manage trust assets, as a prudent investor would, by considering the purposes, terms, distribution requirements and other circumstances of the trust." *18-B M.R.S. § 902(1)*. The general provisions of Title 5, Part 20, Maine Public Employees Retirement System, lays out these purposes, terms, distribution requirements and other circumstances of the trust administered by the Board, and the findings declare "The Legislature finds that the State owes a great debt to its retired employees for their years of faithful and productive service. Part of that debt is repaid by the benefits provided to retirees…" through the retirement programs administered by MainePERS. *5 M.R.S. § 17151*.

Fiduciary Duty of Trustees

As noted above, the MainePERS Board of Trustees owes fiduciary duties to MainePERS' members, retirees, and beneficiaries.

First, the Board owes a duty of loyalty, which means to follow the exclusive benefit rule established in the Maine Constitution by acting solely in the interests of the members, retirees, and beneficiaries as recipients of retirement or related benefits. This duty includes not using the Board's position of trust for personal gain or to advance other causes.

Second, the Board owes a duty of prudence. This requires the exercise of reasonable care, skill, and caution. In making investment decisions, prudence requires considering the portfolio as a whole, the role each investment plays in the portfolio, and diversification. *See 18-B M.R.S. §§ 804, 902, 903*. Additionally, the Board "may incur only costs that are reasonable in relation to the trust property, the purposes of the trust and the skills of the" Board. *18-B M.R.S. § 805*.

The fossil fuel divestment statute does not alter these fiduciary duties. Analyzing this and the for-profit prison divestment statute, the Attorney General's Office explains:

> The subject statutes do not affect the Board's exercise of its fiduciary duties. And they do not require the Board to either cease investing in or divest such holdings unless sound investment criteria and fiduciary obligations require such actions. Both statutes specifically condition their directives on "accordance with sound investment criteria" and "consisten[cy] with fiduciary obligations." As such, they reiterate rather than modify the Board's fiduciary obligations as a trustee – both constitutional and statutory.

The Attorney General's Office further explains:

> The Board's focus should remain on adhering to sound investment criteria and fulfilling its fiduciary obligations. However, if the Board encounters a situation where the application of sound investment criteria and its fiduciary obligations neither favors nor disfavors either of two potential investment options, the Board shall pursue the option that more closely complies with the directives of [the divestment statutes].

(Appendix D). This analysis echoes that provided by the Attorney General to the Joint Standing Committee on Labor and Housing when the bills that became the divestment statutes were under consideration. (Appendix C). At that time, the Attorney General also alerted the Legislature that fiduciary duties would render the bill's divestment requirement "essentially hollow." "Unless a failure to divest an asset would be a breach of the Trustees' existing fiduciary duties (i.e., not in best interest of the members), any attempt to enforce the statutory requirement to divest would be meritless." (Appendix C).

V. INVESTMENTS AT MAINEPERS

The Board's Investment Policy Statement (Appendix E) directs staff in the investment of trust assets, by spelling out both high-level goals and specific implementation guidelines. As noted at the start of the Policy, all investments are made consistent with the need to balance two competing objectives:

- Generating investment returns (to ensure growth of the trust funds); and
- Minimizing investment risks (loss of capital and cash flow shortfalls);

while maintaining the volatility of contribution rates and the plan's funded status at acceptable levels. As the Policy notes, these two goals are in opposition – generating returns adequate to meet benefit obligations requires constructing a portfolio that exposes trust assets to investment risk.

The Policy defines a strategic asset allocation that specifies asset classes and target portfolio weights. These choices are the primary determinants of the level of investment risk contained in the System's portfolio. The below table groups asset classes and policy weights into three general categories – Public Markets, Risk Diversifiers, and Private Markets, and shows the allocation of the System's $19.9 billion investment portfolio as of June 30, 2024.

Table 1 – FY24 MainePERS Investment Portfolio

Asset	Policy Weight	Value [$M]	Actual Weight
Domestic Equity	19.1%	$3,445.3	17.3%
International Equity	10.9%	$1,910.3	9.6%
Total Public Equity	30.0%	$5,355.6	26.9%
Traditional Credit	5.0%	$952.2	4.8%
US Gov. Securities	10.0%	$1,977.1	9.9%
Total Public Markets	**45.0%**	**$8,284.9**	**41.6%**
Risk Diversifiers	**7.5%**	**$1,094.7**	**5.5%**
Alternative Credit	10.0%	$1,481.3	7.4%
Infrastructure	10.0%	$2,424.2	12.2%
Natural Resources	5.0%	$1,014.0	5.1%
Private Equity	12.5%	$3,673.7	18.4%
Real Estate	10.0%	$1,950.5	9.8%
Total Private Markets	**47.5%**	**$10,543.7**	**52.9%**
Total Fund Value	**100.0%**	**$19,923.4**	**100.0%**

Notes: Domestic and International Equity policy proportions are based on floating MSCI ACWI weights. Totals shown in tables may not sum due to rounding.

Public Market investments include Domestic and International Equity, Traditional Credit, and US Government Securities. In broad terms, MainePERS employs a passive "buy the market" approach for its investments in public markets where the likelihood of generating outperformance is low. This allows the System to earn market returns at very low cost while maintaining a very high level of diversification and ensuring exposure to a broad spectrum of return sources.

In contrast, the System uses an active approach for other asset classes, where it is reasonable to believe that such an approach will add value. Investment in Risk Diversifiers are made via funds employing active strategies managed by investment managers with a specialized public markets expertise acting as fiduciaries. These strategies are expected to have little correlation to public markets and are intended to provide diversification away from growth assets.

The majority of the System's portfolio is invested in Private Market assets, encompassing the Infrastructure, Private Equity, Alternative Credit, Natural Resources, and Real Estate asset classes. MainePERS invests in private market assets by committing capital as a limited partner to long-term private investment funds. The general partners (GP) of these funds serve as fiduciaries to MainePERS, and have wide discretion in the sourcing, managing, creating value, and timing of the acquisition and disposition of investments. Within private markets, MainePERS typically chooses to invest with managers pursuing generalist investment approaches, which allows the GP to direct capital into industries and sectors judged to be most attractive based on current market conditions and the long-term opportunity set. Investment outcomes within private markets are largely driven by GP skill with respect to choosing areas in which to invest and actively managing acquired assets.

The MainePERS' Investment Team and consultants work under the guidance of the Board to identify investment managers with proven expertise and alignment to the objectives of the Investment Policy. Investments are made following completion of extensive due diligence regarding both investment acumen and operational capabilities of a manager, and ongoing monitoring is conducted during the life of the investment.

While this investment approach is focused on selecting managers best able to assist MainePERS in meeting obligations to members, it also includes an analysis of each manager's approach to responsible investing. As discussed in the System's 2025 ESG report, 59 of the System's investment managers (out of 87 total) are signatories to the Principles for Responsible Investing (PRI), a UN-supported effort that works with investors and asset managers around the world. PRI signatories commit to incorporating ESG issues into investment analysis and asset ownership and to appropriate levels of ESG-related disclosures. These 59 signatory managers have oversight responsibility for 87% of the System's investments.

In addition, within private markets, MainePERS' approach has resulted in the System committing over $1.6 billion to funds raised by managers actively seeking to earn returns while incorporating sustainability and climate-related considerations into their investment approach. Specific examples of individual investments made by these funds are provided below. MainePERS projects that following its current investment approach will result in an additional $1 billion in new commitments to similar funds over the next five years.

VI. FOSSIL FUEL EXPOSURES

In this section, we present and discuss the System's exposure to fossil fuel investments as defined by the divestment statute as of June 30, 2024.

A. Fossil Fuel Exposure: Total Fund

As shown below, the System's overall exposure to fossil fuel assets continued to decrease as projected, dropping to 6.0% of assets from 6.5% at the start of the year.

Table 2 – MainePERS Fossil Fuel Exposures

Asset	Asset Value [$M]	Estimated FF [$M]	FF as % of Asset Class	FF as % of Total Fund
Public Markets				
2022	$6,914.6	$445.5	6.4%	2.5%
2023	$7,202.5	$428.4	5.9%	2.3%
2024	$8,284.9	$479.3	5.8%	2.4%
Risk Diversifiers				
2022	$1,292.3	$0.0	0.0%	0.0%
2023	$1,220.9	$0.0	0.0%	0.0%
2024	$1,094.7	$0.0	0.0%	0.0%
Private Markets				
2022	$9,817.3	$962.3	9.8%	5.3%
2023	$10,413.3	$786.8	7.6%	4.2%
2024	$10,543.7	$725.0	6.9%	3.6%
Total				
2022	$18,024.2	$1,407.8		7.8%
2023	$18,836.6	$1,215.2		6.5%
2024	$19,923.4	$1,204.4		6.0%

Note: Totals shown in tables may not sum due to rounding.

Fossil fuel assets decreased to $1,204 million, from $1,215 million in 2023, as an increase in exposures related to public market investments was more than offset by a decrease in private market exposures.

B. Fossil Fuel Exposure: Public Market Assets

Table 3 provides additional details on the System's public market investments. As noted above, the System passively invests in broad market indexes in order to ensure exposure to a wide spectrum of return sources. As a result, the System's exposure to individual sectors and industries (including fossil fuel industries) reflects the composition of the broad market. For example, the System's exposure to fossil fuel assets within Public Equities (7.7% of holdings) is reflective of the global equity market, rather than any decision to invest in or avoid particular sectors.

Over the last year, the *proportion* of fossil fuel holdings within the System's Public Market investments decreased to 5.8% of assets, from 5.9% in the prior year. However, the *dollar value* of fossil fuel holdings increased as the size of the System's Public Markets portfolio grew by over $1 billion during the year, from $7.2 billion to over $8.2 billion, so that the smaller proportion (5.8%) was measured relative to a larger total.

Table 3 – MainePERS Fossil Fuel Exposures – Public Markets

		Fossil Fuel Exposures		
Asset	Asset Value [$M]	FF Value [$M]	% of Asset Class	% of Total Fund
Total Public Equity				
2022	$4,418.1	$404.5	9.2%	2.2%
2023	$4,822.1	$376.0	7.8%	2.0%
2024	$5,355.6	$409.6	7.6%	2.1%
Traditional Credit				
2022	$1,029.3	$41.0	4.0%	0.2%
2023	$782.2	$52.3	6.7%	0.3%
2024	$952.2	$69.8	7.3%	0.4%
US Govt. Securities				
2022	$1,467.2	$0.0	0.0%	0.0%
2023	$1,598.2	$0.0	0.0%	0.0%
2024	$1,977.1	$0.0	0.0%	0.0%
Total Public Markets				
2022	$6,914.6	$445.5	6.4%	2.5%
2023	$7,202.5	$428.4	5.9%	2.3%
2024	$8,284.9	$479.3	5.8%	2.4%

Note: Totals shown in tables may not sum due to rounding.

Public Equities contain the majority of the System's exposure to fossil fuel assets within the Public Market allocation. Note that while fossil fuel assets decreased as a proportion of Public Equity holdings (from 7.8% to 7.6%), the growth in the System's equity portfolio (to nearly $5.4 billion) led to an overall increase in holdings of fossil fuel stocks.

The System's $479 million in Public Market fossil fuel assets are diversified globally and by asset class, as well as by industry, with holdings spanning three distinct sectors: (Energy, Utilities, and Financial). The System's largest exposures within each of these sectors are discussed below.

Table 4 – MainePERS Fossil Fuel Exposures – Public Markets Detail [$M]

Fossil Fuel Asset Sector	US Equity	International Equity	Traditional Credit	Total Public Markets
Energy Sector	$131.7	$105.4	$27.7	$264.8
Utilities Sector	$70.9	$53.2	$40.6	$164.7
Financial (Berkshire Hath.)	$48.3	$0.0	$1.5	$49.8
Total	$251.0	$158.6	$69.8	$479.3

Note: Totals shown in tables may not sum due to rounding.

Fossil Fuel Exposure: Energy Sector

This sector contains companies involved in oil and gas exploration and production, refining, storage and transport, as well as companies providing related equipment and services. The System's largest holding in this sector, at $35 million, is Exxon Mobil Corporation.

Fossil Fuel Exposure: Utilities Sector

This sector encompasses independent power producers, gas utilities, and electric utilities. The System's largest investment in this sector, at $11 million, is Nextera Energy. While classified as a fossil fuel asset due to its ownership of coal-powered generating facilities, Nextera is currently the US's largest generator of wind and sun-based renewable energy. The firm has committed to being net zero by 2045, at which point it will generate only carbon-free energy from wind, solar, nuclear, hydrogen, and other renewable sources. Like many utilities, Nextera's ownership of electric transmission and distribution assets positions the company to benefit from the ongoing energy transition.

Fossil Fuel Exposure: Financial Sector

Berkshire Hathaway is the only financial sector company classified as a fossil fuel investment, and at $50 million is the System's largest single fossil fuel exposure. Berkshire Hathaway is a conglomerate well known for its leadership by Warren Buffet and its ownership of brands such as Geico, Benjamin Moore, Duracell, and others. The firm meets the definition of a fossil fuel company under the divestment statute due to coal-fired power plants owned by its subsidiary Berkshire Hathaway Energy (BHE). This subsidiary contributes approximately 10% of the parent company's profits and revenues, and coal generation assets account for a small proportion (4%) of BHE's net plant, property, and equipment. BHE has invested over $34 billion in wind, solar, and geothermal energy projects.

C. Fossil Fuel Exposure: Private Market Assets

The majority of the System's holdings of fossil fuel assets is contained in the Private Market allocation. Table 5 provides details on asset values and fossil fuel exposures within the System's $10.5 billion Private Market portfolio. Total fossil fuel exposure continued on a downward trend, falling by $61.8 million to $725.0 million during 2024. Fossil fuel exposure represents 6.9% of total Private Market investments, and exposure is concentrated in the Infrastructure and Private Equity asset classes.

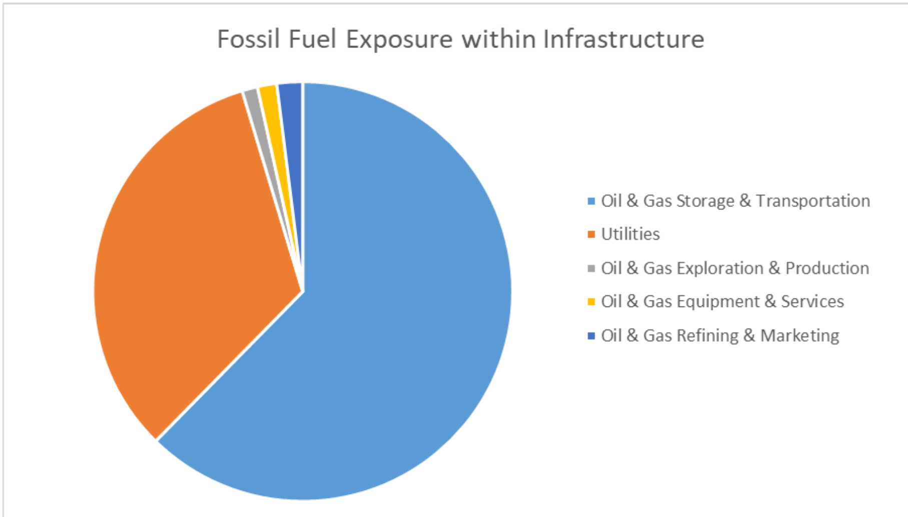
The downward trend in fossil fuel exposure within these asset classes is expected to continue for two reasons. First, MainePERS made its last private market commitments to funds with a fossil fuel focus in 2017, and the capital invested in these strategies is being returned as those investments wind down. In addition, as the universe of potential infrastructure investments broadens to include more opportunities related to the energy transition, MainePERS' generalist managers are increasingly finding these types of investments more attractive relative to fossil fuel investments. The impact of these trends can be seen in the composition of the System's Private Market portfolio, where nearly 75% ($545 million) of the System's $725 million in fossil fuel exposure is held in funds committed to in 2017 or earlier.

Table 5 – MainePERS Fossil Fuel Exposures – Private Markets

Asset	Asset Value [$M]	FF Holdings [$M]	FF % of Asset Class	FF % of Total Fund
Infrastructure				
2022	$2,017.3	$735.5	36.5%	4.1%
2023	$2,305.7	$565.4	24.5%	3.0%
2024	$2,424.2	$533.6	22.0%	2.7%
Private Equity				
2022	$3,793.5	$197.3	5.2%	1.1%
2023	$3,691.9	$159.9	4.3%	0.8%
2024	$3,673.7	$152.8	4.2%	0.8%
Alternative Credit				
2022	$1,219.0	$22.3	1.8%	0.1%
2023	$1,538.7	$57.3	3.7%	0.3%
2024	$1,481.3	$34.4	2.3%	0.2%
Natural Resources				
2022	$902.9	$7.2	0.8%	0.0%
2023	$982.9	$4.3	0.4%	0.0%
2024	$1,014.0	$4.2	0.4%	0.0%
Real Estate				
2022	$1,884.6	$0.0	0.0%	0.0%
2023	$1,894.1	$0.0	0.0%	0.0%
2024	$1,950.5	$0.0	0.0%	0.0%
Total Private Markets				
2022	$9,817.3	$962.3	9.8%	5.3%
2023	$10,413.3	$786.8	7.6%	4.2%
2024	$10,543.7	$725.0	6.9%	3.6%

Note: Totals shown in tables may not sum due to rounding.

The below chart illustrates the composition of the System's fossil fuel exposures within the Infrastructure asset class. Over 95% of this exposure is related to either utilities or the storage and transmission of fuels, with minimal exposure to the exploration, production or refining of fossil fuels.



As discussed above and in the System's 2025 ESG report, many MainePERS' investment managers have a focus on sustainability and their value creation plans for acquired assets frequently involve reductions in emissions and advancing the energy transition. This often involves making investments that while creating fossil fuel exposures, involve significant reductions in emissions. Representative examples of individual investments made within funds in which MainePERS is an investor are below:

University of Iowa Utility System

The System has committed $365 million to infrastructure funds managed by Meridiam. One investment made within these funds involved Meridiam taking over the University's coal-fired utility and committing to eliminating the use of coal by 2025 while "providing heating, cooling, and electricity to the campuses through a dedicated network."

West Texas Gas

The System has committed $650 million to infrastructure funds and co-investments managed by Stonepeak. One investment made by these funds involved a majority interest in West Texas Gas – an integrated natural gas gathering, processing, transmission, and distribution business. A key goal of Stonepeak's 2021 investment was to increase system-wide efficiency and significantly reduce greenhouse gas emissions. This was accomplished via pipe monitoring processes, including system-wide aerial flyovers, resulted in integrity improvements and led to a direct reduction of 9 million metric tons of CO_2.

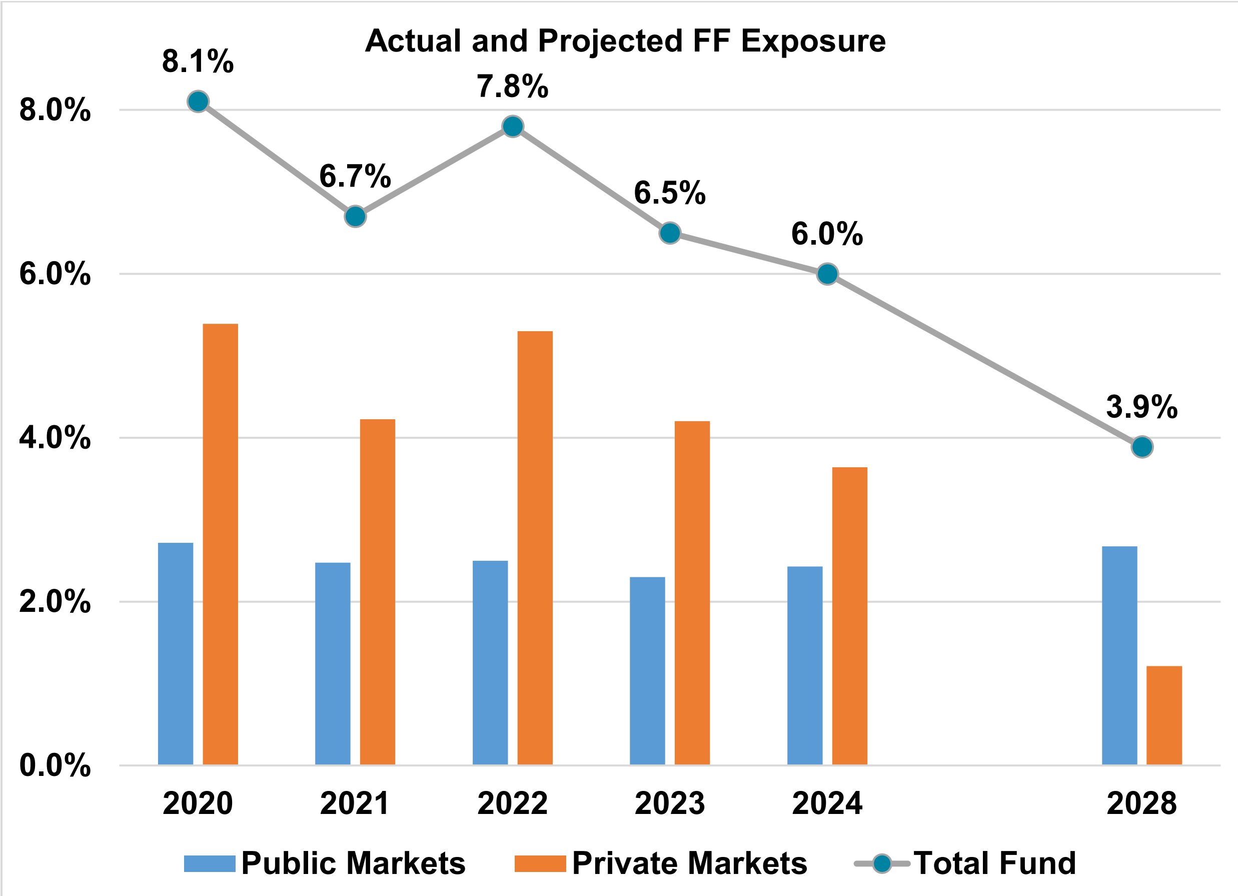
Form Energy
The System has committed $165 million to private equity funds and co-investments managed by Capricorn Investment Group. One Capricorn investment is Form Energy, a company developing a long-duration, utility-scale, iron air battery. As announced by Governor Janet Mills in August 2024, Form Energy was chosen to deploy an 85 MW energy storage project at the Lincoln Technology Park in Lincoln, Maine.

INNIO
The System has committed $227 million to private equity funds managed by Advent International. INNIO is an investment made by an Advent fund in which MainePERS is an investor. INNIO, as a leading global producer of reciprocating gas engines for power generation, is a key enabler and integral part of the energy transition. The company's efficient engines are able to be powered by low-carbon or carbon-free fuels, which allows for a power generation supply to the grid in a low-carbon or zero-carbon capacity.

Greco
The System has committed $225 million to infrastructure funds managed by Cube. Greco is a typical example of the type of investment made by Cube. Greco is a district heating operator in Slovakia, providing heat and hot water to apartment complexes and municipalities. Cube intends to dramatically decrease the use of fossil fuels in Greco's fuel mix in favor of renewables.

D. Fossil Fuel Exposure: Looking Forward

As noted above, the System last committed capital to fossil fuel-focused funds in 2017, and its generalist managers have increasingly invested in the energy transition. Taken together, these factors have put the System on a path to reduce its exposure to fossil fuel investments by half during this decade, to 3.9% of total assets. The below chart is based on projections for fossil fuel intensity within each asset class.



As illustrated earlier, the System's current approach to investing within private markets has resulted in commitments exceeding $1.6 billion to funds raised by managers actively seeking to earn returns while incorporating sustainability and climate-related considerations into their investment approach. MainePERS expects that following its current investment approach will result in an additional $1 billion in commitments to similar funds over the next five years.

VII. IMPACTS OF DIVESTMENT

MainePERS' holdings of fossil fuel investments are widespread, with a majority of asset classes containing at least some fossil fuel exposure. Importantly, these exposures are not intentional, but rather arise as a result of investment decisions made in order to best balance the System's goals of generating returns while minimizing investment risks. Achieving and maintaining a completely fossil fuel-free portfolio by 2026 would require both disposing of significant existing investments as well as making undesirable fundamental changes to MainePERS' investment approach, as discussed below.

A. Initial One-time Costs Associated with Divestment

Public Market Assets

Fossil fuel exposures in the Public Market portion of the portfolio are shown below.

Asset	Asset Value [$M]	FF Holdings [$M]	Total # Securities	# FF Securities
Russell 1000	$3,277.2	$248.5	1,017	132
Russell 2000	$168.1	$2.5	1,969	72
ACWI ex US	$1,910.3	$158.6	2,287	308
Traditional Credit	$952.2	$69.8	14,904	1,822
TOTAL	$6,307.8	$479.3	20,177	2,334

Note: Totals shown in tables may not sum due to rounding.

Removing fossil fuel exposure from this portion of the portfolio would incur transactions costs associated with the sale and reinvestment of securities valued at $479 million.

The System holds its Russell 1000 investments directly, in a Separately Managed Account (SMA). Investments in the other Public Market asset classes shown above are made via investments in commingled funds. In these cases, divestment would require exiting these commingled vehicles and redeploying capital into SMAs where the capital could be directly invested into the non-fossil fuel constituents of each benchmark index. In addition to the transactions costs associated with liquidating and then redeploying capital, SMA creation involves custodial and legal costs, in particular for those accounts holding non-US assets.

Private Market Assets

The System's private market investments generally consist of interests in fixed-life private partnerships. While these interests can be transferred, their illiquid nature requires a lengthy sales process, and transactions typically occur at a discount to Net Asset Value (NAV). Complete removal of fossil fuel exposure would require MainePERS to sell its entire interest in any private market fund containing a fossil fuel asset. Based on indicative quotes recently obtained from secondary market participants, the System could expect to incur discounts averaging 13% on the sale of its partnership interests. This suggests a discount of nearly $400 million if the System were to dispose of the $2.8 billion of partnerships that hold some fossil fuel investments. The System would also incur substantial legal and other costs associated with the transfer of partnership interests.

B. Negative Investment Implications and Ongoing Costs

Public Market Assets

As discussed earlier, the System passively invests in broad market indexes in order to construct a highly diversified portfolio providing exposure to a wide spectrum of return sources. Excluding fossil fuel assets from these holdings would necessarily reduce the portfolio's level of diversification, and expose MainePERS to a higher level of investment risk than it would otherwise bear by concentrating exposures into a smaller number of industries. An additional downside to avoiding fossil fuel securities involves costs. The System's current approach is consistent with its general fiduciary duty to manage expenses in a prudent manner. Investment management fees across the System's public market investments are very low. MainePERS achieves these low investment costs in large part due to structural choices made with respect to investment vehicles. As noted above, MainePERS holds public market assets in both SMAs and commingled funds. Investment via commingled funds allow MainePERS to benefit from economies of scale created via pooling capital with other institutional investors.

In fiscal year 2024 MainePERS paid approximately $956,000 in management fees on an average of $7.61 billion of public market assets, or 0.013% (1.3 basis point). Based on indicative quotes from its current investment managers, MainePERS believes that employing customized strategies to avoid fossil fuel investments would involve paying fees in the range of 3 to 5 basis points on its US equity holdings and 5 to 8 basis points on its non-US equity holdings. The result would be a nearly tripling of management fees for public markets assets.

Private Market Assets

MainePERS' investment policy calls for investing 47.5% of assets across five private market asset classes, and investment staff devote a majority of their time to the oversight of these asset classes. The decision to invest in private markets is driven by key principles related to efficiency, illiquidity, and complexity. MainePERS considers private markets to be inefficient, meaning that skilled managers must be retained to identify, invest, and manage assets that will provide returns that more than compensate for the risks being taken. These managers have wide discretion concerning the types and timing of investments, subject to broad limits specified in partnership documents. This flexibility is by design – MainePERS' private market investments intentionally provide GPs with the ability to devote capital to what they see as the most attractive investment opportunities. Excluding fossil fuel investments would deny MainePERS access to skilled managers with a generalist approach, which would tend to negatively impact returns. For reasons explained previously, MainePERS expects that fossil fuel assets will represent a small portion of investments held within future private market funds.

VIII. IMPLEMENTATION UPDATE

In February 2023, the Board of Trustees amended the Investment Policy Statement (Appendix E) to include the following provision:

> **Fossil Fuel and Private Prison Investments**
>
> The System may invest in strategies providing managers with broad discretion in the selection of investments. The potential for fossil fuel or for-profit prison investment must be disclosed to the Board prior to the Board's approval of a strategy. For those strategies likely to invest in stocks, securities or other obligations of fossil fuel or for- profit prison assets, disclosures will include a description of the expected role of such investments in the proposed strategy and discussion of the process leading to the selection of the strategy.
>
> On an annual basis, the Board will be provided with a report summarizing the System's fossil fuel and for-profit prison investments. This report will include a discussion of the actual and expected changes in these exposures, and analysis of these exposures within the context of the divestment statutes, 5 M.R.S. §§ 1957 and 1958.

MainePERS is in compliance with revised Board Policy 2.1, including required disclosures along with a description of the expected role of the investments in proposed strategy and discussion of the process leading to the selection of the strategy.

Specifically, MainePERS made a total of 21 commitments to private market investments subsequent to adopting the above language in revised Board Policy 2.1. As discussed in section V of this report, these private market investments take the form of interests in private partnerships. Two of the 21 commitments were made to infrastructure funds. It is typical for such funds to include one or more fossil fuel sectors as potential investment areas, however these are expected to represent a minority of fund investments. Per revised Board Policy 2.1, this was disclosed along with a description of the expected role of the investments in proposed strategy and discussion of the process leading to the selection of the strategy.

In November 2024, MainePERS amended the Investment General Practice 21.0 Engagement – Proxy Voting Implementation Guidelines (Appendix F). This practice contains specific guidance for placing proxy votes on a broad variety of topics. The amendments serve to clarify that the System will vote in favor of proposals aligned with the goal of combatting climate change, and against proposals promoting policies counter to the objective of combatting climate change, in cases where the proposal is not expected to have a negative impact on shareholder financial value.

APPENDICES

A. Maine Constitution, Article IX, Section 18
B. Divestment Legislation, Public Law 2021, c. 231
C. Letter from Attorney General Aaron Frey to the Joint Standing Committee on Labor and Housing, April 9, 2021
D. Letter from Assistant Attorney General Andrew Black to MainePERS, December 8, 2022
E. MainePERS Governance Manual, 2.1 Investment Policy Statement
F. Excerpt from MainePERS Investment General Practice 21.0 Engagement-Proxy Voting Implementation Guidelines on Shareholder Proposals

Maine Constitution

Section 18. Limitation on use of funds of Maine State Retirement System. All of the assets, and proceeds or income therefrom, of the Maine State Retirement System or any successor system and all contributions and payments made to the system to provide for retirement and related benefits shall be held, invested or disbursed as in trust for the exclusive purpose of providing for such benefits and shall not be encumbered for, or diverted to, other purposes. Funds appropriated by the Legislature for the Maine State Retirement System are assets of the system and may not be diverted or deappropriated by any subsequent action.

Section 18-A. Funding of retirement benefits under the Maine State Retirement System. Beginning with the fiscal year starting July 1, 1997, the normal cost of all retirement and ancillary benefits provided to participants under the Maine Public Employees Retirement System must be funded annually on an actuarially sound basis. Unfunded liabilities may not be created except those resulting from experience losses. Unfunded liability resulting from experience losses must be retired over a period not exceeding 20 years.

Section 18-B. Payment of unfunded liabilities of the Maine State Retirement System. Each fiscal year beginning with the fiscal year starting July 1, 1997, the Legislature shall appropriate funds that will retire in 31 years or less the unfunded liabilities of the Maine State Retirement System that are attributable to state employees and teachers. The unfunded liabilities referred to in this section are those determined by the Maine State Retirement System's actuaries and certified by the Board of Trustees of the Maine State Retirement System as of June 30, 1996.

APPROVED

JUNE 16, 2021

BY GOVERNOR

CHAPTER

231

PUBLIC LAW

STATE OF MAINE

IN THE YEAR OF OUR LORD

TWO THOUSAND TWENTY-ONE

H.P. 65 - L.D. 99

An Act To Require the State To Divest Itself of Assets Invested in the Fossil Fuel Industry

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 5 MRSA §135, as amended by PL 2005, c. 386, Pt. CC, §2 and PL 2013, c. 16, §10, is further amended by adding at the end a new paragraph to read:

The Treasurer of State may not invest in any prime commercial paper or corporate bonds issued by a fossil fuel company, as defined in section 1957, subsection 1, paragraph C.

Sec. 2. 5 MRSA §138, as amended by PL 2001, c. 44, §11 and affected by §14, is further amended by adding at the end a new paragraph to read:

The Treasurer of State shall review the extent to which the assets of any permanent funds held in trust by the State are invested in the stocks, securities or other obligations of any fossil fuel company or any subsidiary, affiliate or parent of any fossil fuel company, as defined in section 1957, subsection 1, paragraph C. The Treasurer of State shall, in accordance with sound investment criteria and consistent with fiduciary obligations, divest any such holdings and may not invest any assets in any such stocks, securities or other obligations. Divestment pursuant to this paragraph must be complete by January 1, 2026. Nothing in this paragraph precludes de minimis exposure of any permanent funds held in trust by the State to the stocks, securities or other obligations of any fossil fuel company or any subsidiary, affiliate or parent of any fossil fuel company.

Sec. 3. 5 MRSA §1957 is enacted to read:

§1957. Limitation on investment in fossil fuel companies; divestment

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Board" means the Board of Trustees of the Maine Public Employees Retirement System.

B. "Fossil fuel" means coal, petroleum, natural gas or any derivative of coal, petroleum or natural gas that is used for fuel.

C. "Fossil fuel company" means any company that:

(1) Is among the 200 publicly traded companies with the largest fossil fuel reserves in the world;

(2) Is among the 30 largest public company owners in the world of coal-fired power plants;

(3) Has as its core business the construction or operation of fossil fuel infrastructure;

(4) Has as its core business the exploration, extraction, refining, processing or distribution of fossil fuels; or

(5) Receives more than 50% of its gross revenue from companies that meet the definition under subparagraph (1), (2), (3) or (4).

D. "Fossil fuel infrastructure" means oil or gas wells, oil or gas pipelines and refineries; oil, coal or gas-fired power plants; oil and gas storage tanks; fossil fuel export terminals; and any other infrastructure used exclusively for fossil fuels.

2. Limitation on investment in fossil fuel company. The board, in accordance with sound investment criteria and consistent with fiduciary obligations, may not invest the assets of any state pension or annuity fund in the stocks, securities or other obligations of any fossil fuel company or any subsidiary, affiliate or parent of any fossil fuel company. Nothing in this subsection precludes de minimis exposure of any funds held by the board to the stocks, securities or other obligations of any fossil fuel company or any subsidiary, affiliate or parent of any fossil fuel company.

3. Review and divestment of assets. The board shall review the extent to which the assets of any state pension or annuity fund are invested in the stocks, securities or other obligations of any fossil fuel company or any subsidiary, affiliate or parent of any fossil fuel company. The board shall, in accordance with sound investment criteria and consistent with fiduciary obligations, divest any such holdings. Divestment pursuant to this subsection must be complete by January 1, 2026. Nothing in this subsection precludes de minimis exposure of any funds held by the board to the stocks, securities or other obligations of any fossil fuel company or any subsidiary, affiliate or parent of any fossil fuel company.

4. Post on website. On a quarterly basis, the board shall post on the publicly accessible website of the Maine Public Employees Retirement System information detailing all its holdings in the public market and private equity investments.

5. Annual report. Beginning January 1, 2022 and annually thereafter, the board shall issue a report reviewing its environmental, social and governance investment policy. The report must disclose commonly available environmental performance metrics on the environmental effects of the board's investments.

Sec. 4. Report to Legislature. The Treasurer of State and the Board of Trustees of the Maine Public Employees Retirement System shall report annually to the joint standing committee of the Legislature having jurisdiction over retirement matters by January 1, 2023, 2024 and 2025 regarding the progress of divestment under and the implementation of the Maine Revised Statutes, Title 5, sections 138 and 1957. The Treasurer of State and the Board of Trustees of the Maine Public Employees Retirement

System shall make a final report to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs by January 1, 2026 regarding completion of the divestment pursuant to this section.

AARON M. FREY
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April 9, 2021

The Honorable Craig Hickman, Senate Chair
The Honorable Michael Sylvester, House Chair
Joint Standing Committee on Labor and Housing
Cross Building, Room 202
Augusta, ME 04333

Re: LD 99, *An Act to Require the State to Divest Itself of Assets Invested in the Fossil Fuel Industry*
LD 319, *An Act to Promote Socially Responsible Investing by the Maine Public Employees Retirement System by Prohibiting Investment in the Fossil Fuel Industry or For-profit Prisons*

Dear Senator Hickman and Representative Sylvester:

Thank you for your letter of March 9, 2021 on behalf of the Joint Standing Committee on Labor and Housing regarding LD 99 and LD 319 of the 130th Legislature. Your letter poses two questions:

1. Whether LD 99 and LD 319 as drafted are contrary to the Maine Constitution; and

2. Whether the fiduciary responsibility in the Maine Constitution requiring MainePERS to get the most optimal return for members creates a constitutional issue that would prohibit the Maine Legislature from requesting MainePERS to get the most optimal return for members within specific parameters set by the Legislature.

The short answer to both questions is "yes." Enactment of a statute will not amend constitutional mandates. Article IX, Section 18 of the Maine Constitution reads as follows:

> **Section 18. Limitation on use of funds of Maine State Retirement System.** All of the assets, and proceeds or income therefrom, of the Maine State Retirement System or any successor system and all contributions and payments made to the system to provide for retirement and related benefits shall be held, invested or disbursed as in trust for the exclusive purpose of providing for such benefits and

> shall not be encumbered for, or diverted to, other purposes. Funds appropriated by the Legislature for the Maine State Retirement System are assets of the system and may not be diverted or deappropriated by any subsequent action.

The mandate that all MainePERS "assets be held, invested or disbursed as in trust for the exclusive purpose of providing for [retirement and related] benefits" effectively prevents the Legislature from dictating how these funds may be invested. By requiring the assets to be held "as in trust," the Constitution creates the legal framework under which these funds are to be held and managed. Property held in trust is managed by a trustee who is subject to fiduciary duties. The Constitution also defines both the purpose of the fund management and to whom those fiduciary duties run, that is, for retirement and related benefits for MainePERS beneficiaries.

As a fiduciary of a pension trust, the MainePERS Board of Trustees ("the Trustees") has a duty of loyalty to administer the trust solely in the interest of the beneficiaries and for the articulated purpose of the trust – providing retirement and related benefits. A trustee's duty of loyalty is a fundamental principle of common law reflected in the Restatement (Third) of Trusts,[1] the Maine Uniform Trust Code,[2] and the Employee Retirement Income Security Act of 1974 ("ERISA").[3] The constitutional intent is clear. By requiring the funds be held as in trust for the exclusive purpose of providing retirement benefits, the Constitution is mandating that the Trustees manage these funds solely in the best interest of MainePERS members as pension recipients.

As drafted, both LD 99 and LD 319 would: (1) prohibit the Trustees from acquiring assets in certain industries;[4] and (2) require the Trustees to divest of any currently held assets in those industries "in accordance with sound investment criteria and consistent with the board's fiduciary obligations." The first requirement conflicts with the constitutional mandate because it requires the Trustees to refrain from certain investment activity regardless of whether it would be in the best interests of the beneficiaries.[5] The second requirement, although arguably not in conflict with the Trustees' fiduciary duties, is essentially hollow. Unless a failure to divest an asset would be a

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[1] "Except as otherwise provided in the terms of the trust, a trustee has a duty to administer the trust solely in the interest of the beneficiaries." Restatement (Third) of Trusts § 78 (2007).

[2] "A trustee shall administer the trust solely in the interests of the beneficiaries." 18-B M.R.S. § 802(1).

[3] "A fiduciary shall discharge his duties with respect to a plan solely in the interest of the participants and beneficiaries and (A) for the exclusive purpose of (i) providing benefits to participants and their beneficiaries and (ii) defraying reasonable expenses of administering the plan." 29 U.S.C. § 1003(a)(1). "[A]t the heart of the fiduciary relationship is the duty of complete and undivided loyalty to the beneficiaries of the trust." *Donovan* v. *Mazzola,* 716 F.2d 1226, 1238 (9th Cir. 1983) (quoting *Freund* v. *Marshall & Ilsley Bank,* 485 F. Supp. 629, 639 (W.D. Wis. 1979)).

[4] LD 99 would prohibit investment "in any stocks or other securities of any corporation or company within in the fossil fuel industry." LD 319 would prohibit investment "in any stocks or other securities of any corporation or company within the fossil fuel industry or any corporation or company that owns or operates prisons for profit."

[5] One New Hampshire case appears to conflict with this conclusion because the court concluded that a provision in the New Hampshire Constitution similar to that of Maine's did not render New Hampshire's Sudan Divestment Act unconstitutional. *Bd. of Trustees of N.H. Judicial Ret. Plan v. Sec'y of State*, 7 A.3d 1166, 1174 (N.H. 2010). In that case, the court reached its result by construing the language in the underlying ballot initiative, which did not contain the material provisions found in either the New Hampshire or Maine Constitutions. *Id.* at 1173. The case was remanded to the trial court "to determine whether the Act impermissibly interferes with the trustee's statutory or common law fiduciary duties." *Id.* at 1174. Before the trial court ruled on this issue, the New Hampshire Legislature repealed the Act, purportedly because of the high cost of compliance with the Act's mandates. 2011 N.H. Laws ch. 53:1 (eff. May 9, 2011).

breach of the Trustees' existing fiduciary duties (i.e., not in best interest of the members), any attempt to enforce the statutory requirement to divest would be meritless.

On the other hand, a resolution encouraging the Trustees to consider certain non-pecuniary factors (e.g., environmental impact) when making investment decisions may be helpful to the Trustees. Such a resolution may help insulate the Trustees from lawsuits alleging breach of fiduciary duty if the Trustees used such a non-pecuniary factor as a "tiebreaker" when choosing between investment alternatives of comparable risk and return. Although ERISA is not applicable to MainePERS, regulations recently adopted by the U.S. Department of Labor pertaining to ERISA plans indicate that using such factors for tiebreakers would not be inconsistent with a trustee's duty of loyalty.[6]

Although this letter is not a formal Attorney General Opinion pursuant to 5 M.R.S. § 195, I hope it will be helpful to you in the Joint Committee's work sessions.

Sincerely,

Aaron M. Frey
Attorney General

cc. Sandy Matheson, MainePERS Executive Director
Henry E. M. Beck, Esq., State Treasurer and Member, MainePERS Board of Trustees
Members, Joint Standing Committee on Labor and Housing

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[6] 29 C.F.R. § 2550.404(a-1)(c)(2) reads as follows:

Notwithstanding the [pecuniary basis only] requirements of paragraph (c)(1) of this section, when choosing between or among investment alternatives that the plan fiduciary is unable to distinguish on the basis of pecuniary factors alone, the fiduciary may use non-pecuniary factors as the deciding factor in the investment decision provided that the fiduciary documents:

(i) Why pecuniary factors were not sufficient to select the investment or investment course of action;
(ii) How the selected investment compares to the alternative investments with regard to the factors listed in paragraphs (b)(2)(ii)(A) through (C) of this section; and
(iii) How the chosen non-pecuniary factor or factors are consistent with the interests of participants and beneficiaries in their retirement income or financial benefits under the plan.

Although this regulation became effective on January 12, 2021, the Department of Labor issued an enforcement statement on March 10, 2021, stating that until further notice it would not enforce the new regulation.

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December 8, 2022*

Dr. Rebecca M. Wyke
MainePERS Chief Executive Officer
P.O. Box 349
Augusta, ME 04332-0349

Dear Dr. Wyke,

You asked this Office for advice on how to interpret certain provisions of 5 M.R.S. §§ 1957 and 1958. Together, these statutes direct the Board of Trustees ("the Board") of the Maine Public Employees Retirement System ("the System") to (1) cease future investment in fossil fuel companies and for-profit prisons and (2) divest any such current holdings by January 1, 2026. Notably, these directives are subject to a limitation that they be accomplished "in accordance with sound investment criteria and consistent with fiduciary obligations."[1]

As I understand your request, your concerns are whether and to what extent these statutes may affect the Board's exercise of its fiduciary duties and whether and to what extent the Board must adhere to the directives if ceasing to invest or divesting would be inconsistent with sound investment criteria or fiduciary obligations, such as the duty of loyalty or the prudent investor rule.

The subject statutes do not affect the Board's exercise of its fiduciary duties. And they do not require the Board to either cease investing in or divest such holdings unless sound investment criteria and fiduciary obligations require such actions. Both statutes specifically condition their directives on "accordance with sound investment criteria" and "consisten[cy] with fiduciary obligations." As such, they reiterate rather than modify the Board's fiduciary obligations as a trustee—both constitutional[2] and statutory.[3]

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* This version corrects a typographical error that appeared in the original letter.

[1] As an example, section 1957(2) reads in pertinent part: "The board, *in accordance with sound investment criteria and consistent with fiduciary obligations*, may not invest the assets of any state pension or annuity fund in the stocks, securities or other obligations of any fossil fuel company or any subsidiary, affiliate or parent of any fossil fuel company." 5 M.R.S. § 1957(2) (emphasis added). Sections 1957(3) and 1958(2) and (3) contain the same emphasized language.

[2] All the assets of the System "shall be held, invested or disbursed as in trust for the exclusive purpose of providing [retirement and related] benefits." Me. Const. art. IX, §18.

[3] "The members of the board shall be the trustees of the several funds created by this Part [20 of Title 5]." 5 M.R.S. §17153(2). "The board may cause the funds created by this Part to be invested and reinvested in accordance with

Chiefly relevant in this context are the Board's duty of loyalty and its obligation to adhere to the prudent investor rule. Its duty of loyalty requires it to "administer the trust soley in the interests of the beneficiaries."[4] The prudent investor rule requires it to "invest and manage trust assets, as a prudent investor would"[5] and evaluate and make investment decisions "as part of an overall investment strategy having risk and return objectives reasonably suited to the trust."[6] If adherence to sound investment criteria and fiduciary obligations prevents achievement of the investment and divestiture objectives of sections 1957 and 1958, failure to achieve those objectives is not a violation of the directives in those statutes. In short, the Board's focus should remain on adhering to sound investment criteria and fulfilling its fiduciary obligations. However, if the Board encounters a situation where the application of sound investment criteria and its fiduciary obligations neither favors nor disfavors either of two potential investment options, the Board shall pursue the option that more closely complies with the directives of sections 1957 and 1958.

Although this is not a formal Attorney General Opinion pursuant to 5 M.R.S. § 195, I hope it is of assistance to you.

Sincerely,

Andrew L. Black
Assistant Attorney General
Chief, PFR Division

cc: Aaron M. Frey, Attorney General

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the standards defined in Title 18-B, sections 802 to 807 and chapter 9," 5 M.R.S. §17153(3), which provisions of the Maine Uniform Trust Code (sections 802 to 807) delineate the fiduciary duties of trustees and provisions of the Maine Uniform Prudent Investor Act (chapter 9) require adherence to the prudent investor rule.

[4] 18-B M.R.S. § 802(1).

[5] 18-B M.R.S. § 902(1).

[6] 18-B M.R.S. § 902(2).

Board Responsibilities – Investment Policy for Defined Benefit Plans

2.1 – Investment Policy Statement

Date Adopted: June 9, 2016

Date Amended: November 10, 2016; May 11, 2017; June 8, 2017; September 14, 2017; December 14, 2017; November 12, 2020; January 14, 2021; May 12, 2022; February 9, 2023; March 14, 2024

Policy

The Board of Trustees of the Maine Public Employees Retirement System is authorized and responsible for administering defined benefit retirement programs at the State and local levels. The Board carries out this responsibility by adopting investment objectives and establishing an investment program through which the policy is implemented. In the case of conflicts, this policy statement supersedes previous policies and actions by the Board.

This policy covers the investment management of the assets of the following defined benefit programs administered by the Board:

- Legislative Retirement Program;
- Judicial Retirement Program;
- State Employee and Teacher Retirement Program, which includes State employees and public school members; and
- Participating Local District Retirement Program, which includes retirement plans of withdrawn participating local districts and the Consolidated Plan for Participating Local Districts.

Collectively, the assets of these programs are referred to as the DB Plan Assets. Statutes allow for the pooling of the DB Plan Assets for the purpose of investment. Pooling provides significant efficiencies. Because the relevant characteristics of the DB plans are sufficiently similar, all the DB Plan Assets are pooled for investment.

Statutory/Legal Provisions

- Me. Const. art. IX, § 18.
- 5 M.R.S. §§ 1957-1958 (divestment statutes)
- 5 M.R.S. §§ 17102, 17103, 17435; 18-B M.R.S. § 801, et seq. (Maine Uniform Trust Code); 18-B M.R.S. § 901, et seq. (Maine Uniform Prudent Investor Act).
- 5 M.R.S. §§ 17153(4).
- Restatement (Third) of Trusts § 78(1) (2007) (the “sole interest rule”).
- Restatement (Third) of Trusts formally permits, and in some cases requires, the delegation of investment decisions from trustees to internal staff or external agents with the necessary skills and knowledge.

- The Employee Retirement Income Security Act (“ERISA”), codified at 29 U.S.C. § 1002, *et seq*., provides a description of the standard of care that applies to trustees of private sector retirement plans. Although the System as a public retirement plan is not specifically governed by the fiduciary duty standard set forth in ERISA, courts will often consider the standard set forth in ERISA when addressing public pension plan issues. Under ERISA, a fiduciary must act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person (expert) acting in a like capacity would act. This statutory standard is derived from the common law of trusts, which is applicable in the State of Maine.

Resources

The Board of Trustees implements this investment policy in coordination with:

- in-house investment professionals (the “Investment Team”), with experience, authority and responsibility to implement the investment policy and administer investment operations;
- consultants, with appropriate expertise, to assist the Board and the Investment Team;
- investment managers, selected individually and collectively to reflect and implement the investment policy, having full discretion within policy and contractual limits to manage assets allocated to them;
- custodians qualified to carry out recordkeeping, reporting, measurement and custodial functions; and
- other advisors that the Board deems appropriate and necessary

The Investment Team shall oversee the processes by which Custodians, Consultants, and other Advisors are hired, evaluated, and terminated, and shall work with the General Counsel on the terms of contracts of engagement.

At least every five years, the Investment Team will evaluate the performance and contract terms of all such service providers and make a recommendation to the Board as to whether or not a search process for new providers and/or renegotiation of terms be initiated.

Investment Objectives

MainePERS’ investment objectives balance the System’s twin goals of generating investment returns (to ensure growth of the trust funds) and minimizing investment risks (loss of capital and cash flow shortfalls). The Board recognizes and accepts that these goals are in opposition, and that a trade-off exists between expected risk and return. The Board balances these goals by seeking to optimize portfolio returns consistent with an established targeted portfolio risk level. Additionally, by optimizing investment returns on trust assets, rather than attempting to maximize them, the Board seeks to maintain contribution rate and funding level volatility at acceptable levels that have been determined from time to time during strategic asset allocation planning and asset/liability reviews.

Strategic Asset Allocation and Rebalancing

The Investment Team and Board consultants shall annually review long-term capital market expectations and existing asset class allocations with Trustees. The Board shall review, and when strategically appropriate, approve recommended changes to the existing strategic asset classes, target weights, and ranges for implementation by the Investment Team. (See Appendix 1)

The specified policy weight ranges define minimum and maximum acceptable weights for each asset class. (See Appendix 2) The Investment Team shall maintain asset class weights within target ranges, subject to considerations such as transactions costs and the unique characteristics of private market investments, by reallocating capital within existing strategies and investments. The Investment Team will provide Trustees with reports showing the fund's current asset allocation at least monthly, and report on rebalancing activity quarterly.

Portfolio Risk Management

The primary method of controlling risk shall be the selection of the strategic asset allocation and asset class target weights within the allocation. (See Appendix 1) Combined with long term capital market expectations, these policy weights define a portfolio with a specific level of risk.

The Chief Investment Officer shall develop a risk strategy for managing assets within the Board approved strategic asset allocation. The risk strategy will specify practices and procedures for the measurement and management of portfolio risk, including the provision of a portfolio risk report to the Board at least quarterly. (See Appendix 3)

Nothing in the risk strategy shall override the Asset Classes, Policy Weights and Ranges described in Appendix 1.

Performance Objectives and Benchmarks

The Board acknowledges that benchmarks provide insight into fund and asset class performance, but are not necessarily guides for changing asset allocations or fund managers. The rate of return earned by fund assets will be measured against a policy benchmark comprised of the asset class benchmarks. (See Appendix 4) Returns earned by individual managers will be compared with a benchmark index appropriate to each manager's investment approach.

For performance evaluation purposes, all rates of return will be measured net of the deduction of investment management fees.

During a period of transition from one asset allocation to another, certain transitional allocations to appropriate benchmarks are permitted.

Investment Implementation

The Investment Team shall implement the investment policy, subject to Board guidelines:

- Exposure to publicly traded equity securities is expected to be obtained passively and with weightings substantially similar to those of the benchmarks specified in Appendix 4. Any exceptions must be approved by the Board.
- Investments within each Asset Class should be consistent with the Asset Class definitions provided in Appendix 1.

Environmental, Social, and Governance; Engagement

In performing due diligence and monitoring activities, the Board and the Investment Team shall comply with Board Policy 2.6, Environmental, Social and Governance Policy; and Board Policy 2.7, Engagement.

Investment Manager Selection and Allocation Process

MainePERS invests through external investment managers, who are charged to act as fiduciaries, and allocates fund assets among them in accordance with the strategic asset allocation. The Investment Team identifies, performs due diligence on, and recommends investment managers and allocations to the Board. The Investment Team also monitors performance and recommends retention and termination decisions to the Board. The Board retains final authority for manager selection, retention and termination decisions.

Managers are selected and retained on the basis of an evaluation that establishes sufficient confidence that the manager will improve the return and risk of the investment program. If and when the Investment Team and/or consultant(s) identify an investment manager that they believe will improve the investment program, the Investment Team will make a recommendation to the Board of Trustees that the manager be hired. This recommendation will be accompanied by an opinion by the investment consultant on this recommendation. The Board retains the final authority to accept or reject such recommendations.

The Investment Team will prepare and present to the Board of Trustees selection criteria they deem pertinent for each manager search and recommendation to hire. The Investment Team will provide the Board with all the necessary information and analysis to enable an informed decision. The Board may choose to interview the recommended manager or they may rely on the Investment Team to conduct interviews.

Derivatives

In general, the use of derivatives is permitted provided that the purpose of the derivative is to achieve an investment objective at lower cost and/or risk than would be the case with direct investments in the underlying securities. The System may also invest in strategies which use derivatives to obtain leverage. In all such cases, the use of derivatives must be disclosed to the

Board prior to the Board's approval, and the strategy must be structured so as to limit System liability to the amount committed to the strategy.

Leverage

The System may invest in strategies in which managers have discretion to use leverage. The use of leverage in any strategy must be disclosed to the Board prior to the Board's approval, and the strategy must be structured so as to limit System liability to the amount committed to the strategy.

Fossil Fuel and Private Prison Investments

The System may invest in strategies providing managers with broad discretion in the selection of investments. The potential for fossil fuel or for-profit prison investment must be disclosed to the Board prior to the Board's approval of a strategy. For those strategies likely to invest in stocks, securities or other obligations of fossil fuel or for-profit prison assets, disclosures will include a description of the expected role of such investments in the proposed strategy and discussion of the process leading to the selection of the strategy.

On an annual basis, the Board will be provided with a report summarizing the System's fossil fuel and for-profit prison investments. This report will include a discussion of the actual and expected changes in these exposures, and analysis of these exposures within the context of the divestment statutes, 5 M.R.S. §§ 1957 and 1958.

Hedging

The Board has reviewed the benefits and risks associated with foreign currency exposures. As a general rule the Board has chosen not to hedge currency at the portfolio level. Unless otherwise directed asset managers will have discretion to hedge investments under their management as they deem most beneficial to their mandate.

Co-Investments and Continuation Vehicles

The System may co-invest alongside private market funds in which the System is a current investor and may invest in continuation vehicles within the guidelines set forth in Appendix 5 without further Board approval. A continuation vehicle is a fund established by the general partner of an existing private market fund that is in the later stages of its life to receive one or more portfolio companies from the existing fund to provide the opportunity for limited partners to remain invested in the companies.

Transaction Costs and Brokerage

The Board of Trustees expects investment managers, in their capacity as fiduciaries, to manage transaction costs in the best interests of the System as an investor. To enable the managers to fulfill this fiduciary duty, it is the Board's policy not to be party to directed brokerage programs.

Securities Lending

The System may participate in a securities lending program either directly through its separately managed portfolios or indirectly through its investments in pooled vehicles. In each case, the securities lending program must focus on low risk, as opposed to maximization of returns. All DB Plan Assets are available for securities lending.

Monitoring

The Board relies on the Investment Team and the investment consultant(s) to continuously monitor the investment program and to report to the Board as outlined below.

- the Investment Team and investment consultant(s) provide comprehensive periodic reports on the entire investment program, including asset allocation, performance of each component relative to benchmarks, attribution analysis, and commentary.
- the Investment Team and investment consultant(s) monitor changes and developments at investment managers and at custodian(s) on an ongoing basis and report significant changes or events with recommended actions as needed.

Emergency Measures

Immediate action may be taken beyond the bounds of this policy under extraordinary circumstances and in order to preserve the best interests of the plans' participants by unanimous decision of the following:

- The Chair, or in the Chair's absence, Vice Chair of the Board
- The Chief Executive Officer, or in the Chief Executive Officer's absence, the Chief Operating Officer and General Counsel
- The Chief Investment Officer, or in the Chief Investment Officer's absence, Deputy Chief Investment Officer, or in the absence of both of them, the general investment consultant

Any such action must be reported to the Board of Trustees at the earliest opportunity.

Board Responsibilities – Investment Policy

Appendix 1: Asset Classes, Policy Weights and Ranges

Date Adopted: June 9, 2016

Date Amended: June 8, 2017; September 14, 2017; January 14, 2021; May 12, 2022

The System's assets are invested across nine Asset Classes that play four distinct Roles in the overall Fund. The Trustees define these Roles and Asset Classes and set target policy weights and ranges below.

	Weights		
	Minimum	Policy	Maximum
GROWTH	35%	42.5%	55%
Public Equity	20%	30%	40%
Private Equity	5%	12.5%	20%
RISK DIVERSIFIERS	0%	7.5%	12.5%
HARD ASSETS	15%	25%	35%
Real Estate	5%	10%	15%
Infrastructure	5%	10%	15%
Natural Resources	0%	5%	10%
CREDIT	5%	15%	20%
Traditional Credit	0%	5%	10%
Alternative Credit	0%	10%	15%
MONETARY HEDGE	5%	10%	15%
US Government Securities	5%	10%	15%
Cash	0%	0%	10%

Asset Class Definitions

The below Asset Class definitions are simplified and are intended to convey the general characteristics of investments held within each class. Some investment strategies involve assets and securities that span multiple asset classes.

Public Equity

Investments in publicly-traded shares of companies. May include different classes of common stock, shares of REITs, and MLPs.

Private Equity

Investments in non-publicly traded shares of companies. Investments are typically made via private limited partnerships, and may include both equity and debt securities.

Risk Diversifiers

Investments typically made through private funds that generally invest in listed assets such as stocks, bonds, and commodities, via strategies that are expected to have little correlation with declining or rising stock markets.

Real Estate

Investments providing direct exposure Real Estate, including investments through private funds.

Infrastructure

Investments typically made through private funds that generally invest in assets that meet most or all of the following criteria: provide essential public services, possess monopoly-like characteristics, provide long term contracted cash flows, and bear limited volumetric and price risk.

Natural Resources

Investments in private funds that generally invest in businesses focused on natural resources such as timberland, agriculture, and mining. Private energy investments will generally be included in Private Equity, rather than Natural Resources.

Traditional Credit

Investments in investment-grade debt instruments that are not issued by the U.S. Government. Such debt may or may not be registered for sale to the general public.

Alternative Credit

Investments in debt instruments issued by non-investment grade and unrated entities. This may include, but is not limited to high yield debt, bank loans, structured debt, and asset-backed debt. Alternative credit investments are expected to pay or accrue periodic interest and to return principal at maturity. Distressed debt and other debt or yield-oriented securities that include equity-like exposures are considered Private Equity, not Alternative Credit.

Monetary Hedges

Investments in debt instruments issued by the U.S. Government, including nominal Treasury securities and Treasury Inflation Protected Securities (TIPS), held in approximately equal proportions.

Roles in the Overall Fund

Each of the above asset classes fills a specific Role in the overall portfolio. These Roles are defined below.

Growth Assets

Growth Assets are intended to reduce the system's funding needs in the long term by appreciating in value. Growth Assets possess inherently higher expected returns than other asset classes. Growth Assets also have higher expected volatility than other asset classes, and are expected to increase funding volatility in the short run.

Risk Diversifiers

Risk Diversifiers are investments that primarily derive their return from alpha (or active manager skill) as opposed to market directionality. Risk Diversifiers are expected to provide significant risk diversification benefits away from Growth Assets.

Hard Assets

Investments in the Hard Assets category provide exposure to long-lived "real" assets, such as real estate, timber, agricultural, and infrastructure assets. Expected return levels of Hard Assets are lower than those of Growth Assets, and a substantial portion of such returns is expected to come from ongoing cash flows. Hard Assets are expected to provide inflation protection, to have low correlation with Growth Assets, and to provide diversification benefits.

Credit Assets

Credit investments provide capital to end-users via loans and the purchase of debt securities. Such investments provide for contractual returns (interest) and repayment of principal. Credit investments possess lower risk and expected returns than equity investments, but have higher risk and expected returns than monetary hedges. Credit investments are expected to provide diversification away from Growth Assets.

Monetary Hedges

The role of Monetary Hedges in the portfolio is to provide liquidity and a safe harbor in times of turbulence. These investments are cash and obligations of the U.S. Government, and are considered to be free of default risk.

Board Responsibilities – Investment Policy

Appendix 2: Rebalancing

Date Adopted: June 9, 2016

Date Amended: May 12, 2022; July 14, 2022

The Board has set target weights for each Asset Class and Role in Portfolio category in Appendix 1, and delegates the management of asset class allocation to the Investment Team. The Investment Team is expected to maintain asset class weights near target, subject to considerations such as transactions costs and the unique funding and liquidity characteristics of private market investments.

To this end, the Team is permitted to reallocate capital within existing strategies and investments for rebalancing purposes. The Investment Team is expected to consider both Role in Portfolio and Asset Class policy weights when rebalancing. The Team will provide Trustees with reports showing the Fund's current asset allocation at least monthly, and report on rebalancing activity at least quarterly.

In the specific case of the System's Risk Diversifier allocation, the Investment Team is permitted to rebalance across existing managers and strategies, consistent with the goal of maintaining diversification within the allocation. Rebalancing activity will be reported to Trustees at least quarterly.

Board Responsibilities – Investment Policy

Appendix 3: Risk Strategy

Date Adopted: June 9, 2016

Date Amended: *New*

While this Risk Strategy is in development the Chief Investment Officer shall rely on the Strategic Asset Allocation and Rebalancing provisions of this policy to manage the Fund's risk.

The Investment Team and the Board believe that this approach will deliver an appropriate expected return with commensurate risk over a long term horizon. However they also recognize that the portfolio's realized risk will vary over time which may result in periods during which the fund bears substantially higher risk than the System initially targeted.

In an effort to achieve more stable (less volatile) returns, the Investment Team will seek to develop management tools and practices that they believe will be better able to keep the fund's risk in an acceptable range.

This Risk Strategy shall be updated from time to time by the Trustees to reflect recommendations developed by the Chief Investment Officer.

Nothing in the Risk Strategy shall override the Asset Classes, Policy Weights and Ranges described in Appendix 1.

Board Responsibilities – Investment Policy

Appendix 4: Policy Benchmarks

Date Adopted: June 9, 2016

Date Amended: June 8, 2017, January 14, 2021, May 12, 2022

Asset	Benchmark	Weight
Total Public Equity	Russell 3000 & MSCI ACWI ex-USA, based on ACWI weights	30%
Private Equity	Russell 3000 + 3%	12.5%
Diversifiers	0.3 Beta MSCI ACWI	7.5%
Real Estate	NCREIF Property (lagged one quarter)	10%
Infrastructure	CA Infrastructure Median	10%
Natural Resources	CA Natural Resources Median	5%
Traditional Credit	Barclays US Aggregate, ex Treasury	5%
Alternative Credit	50% BAML US HY II + 50% S&P/LSTA US Leveraged Loan Index	10%
U.S. Government Securities	50% Bloomberg Barclays U.S. Government Bond Market Index + 50% Bloomberg U.S. TIPS Index	10%

Board Responsibilities – Investment Policy

Appendix 5: Co-Investments and Continuation Vehicles

Date Adopted: May 12, 2022

Date Amended: March 14, 2024

Co-investments and investments in continuation vehicles are permitted within private market asset classes, subject to the below guidelines.

Target Allocation	7.5% of total Fund. This target is a subset of the total 47.5% allocation to private market asset classes, and is not in addition to that allocation. The 7.5% target includes investments in both co-investments and continuation vehicles.
Asset Classes	Co-investments and investments in continuation vehicles may be made in each of the private market asset classes.
Discretion	Investment Team has discretion to make co-investments and investments in continuation vehicles, in consultation with the asset class consultant.
Signatories	The Chief Executive Officer, Chief Investment Officer, and General Counsel are authorized as signatories to execute documents in connection with co-investments and investments in continuation vehicles.
Permissible Partners	Unless otherwise authorized, co-investments will only be made alongside Funds in which the System is a current investor. Unless otherwise authorized, investments in continuation vehicles will only be made in cases where the vehicle is being formed to continue ownership of assets being acquired from a fund in which the System is a current investor.
Size Limits	Unless otherwise authorized, maximum of $25m invested into any single co-investment or continuation vehicle. Unless otherwise authorized, maximum of $200m aggregate continuation vehicle investment and co-investment in a single asset class with any single General Partner.

	The Investment Team will provide additional reporting to Trustees for those General Partners with more than $100m of aggregate continuation vehicle investment and co-investment in any single asset class.

Excerpt from "Investment General Practice 21.0 Engagement - Proxy Voting Implementation Guidelines"

Amended language in ***bold and italics.***

Shareholder Proposals

MainePERS will generally vote:

- In favor of proposals calling for reasonable disclosures of risks or risk mitigation actions related to environmental factors.
- ***In favor of proposals aligned with the goal of combatting climate change when the proposal is expected to have no impact on shareholder financial value.***
- ***Against proposals that promote policies counter to the objective of combatting climate change when the proposal is expected to have no impact on shareholder financial value.***

MAINEPERS

BOARD OF TRUSTEES MEMORANDUM

TO: BOARD MEMBERS

FROM: MICHAEL J. COLLERAN, CHIEF OPERATING OFFICER & GENERAL COUNSEL
CHIP GAVIN, CHIEF SERVICES OFFICER
SHERRY VANDRELL, CHIEF FINANCIAL OFFICER

SUBJECT: MEMBER SERVICES, FINANCE, AND OPERATIONS REPORT

DATE: JANUARY 2, 2025

Content in the following paragraphs was selected to provide noteworthy information regarding the System's member services, finance, and operations.

POLICY REFERENCE

Board Policy 4.5 – Board/Staff Relations

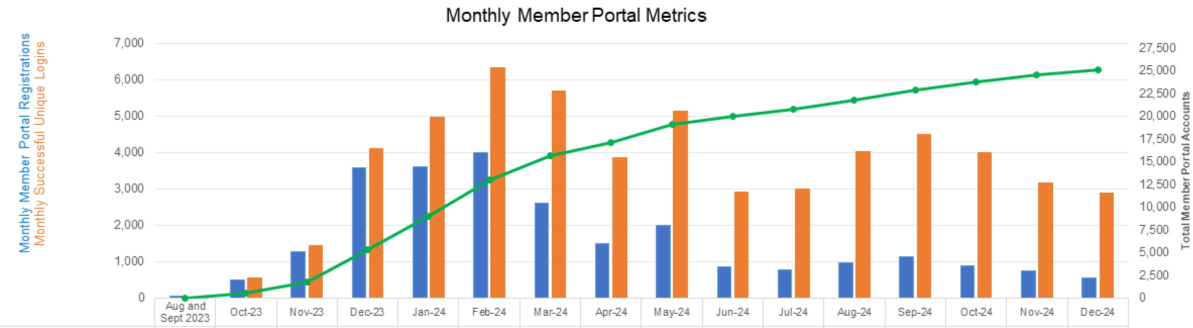
Board Policy 4.6 – Communications and Support to the Board

MEMBER SERVICES

1. PENSION ADMINISTRATION SYSTEM (PAS) PROJECT: Contract discussions are in progress with Sagitec regarding final terms and conditions, schedule and other details. The contract and the work under the contract, pending the conclusion of those discussions, is expected to begin in the first quarter of the 2025 calendar year. This project will be a multi-year modernization project to replace MainePERS' current PAS system. The project currently is expected to reach the implementation milestone in 2028. Until the contract period begins in earnest, there will be limited updates regarding progress, scope and budget. Currently, MainePERS is undertaking a variety of actions regarding business process review and change management to prepare to begin the work and to prepare to work with Sagitec, including initial communications with employers about the upcoming change and potential opportunities to engage.

2. MEMBER PORTAL: The MainePERS member portal crested 25,000 total accounts and 3,000 all time member contact information updates in December. The portal initially launched in the fall of 2023 and had approximately 5,000 accounts as of December 2023. Initially, most activity in the portal was associated with members simply registering and creating their accounts for the first time. Today, approximately 75 percent of activity is associated with ongoing use rather than first time registration. About 3,500 logins occur each month on average and roughly a quarter of that activity is new registrations while 75 percent is other business. The portal in December also largely wrapped up implementation of Phase II functionality, with the latest features now including the ability for users to view and print

details regarding disbursements (a top request of retirees) and an expanded ability by members to view and print documents to now include the retirement estimate and retirement application acknowledgement letter. Further enhancement of the portal will now shift largely to developing a new, future portal that will be a component of the new PAS project



	Aug and Sept 2023	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
NewMP Registrations	41	497	1,262	3,572	3,615	4,001	2,611	1,506	1,986	856	771	972	1,142	886	756	565
Successful Unique Logins	0	542	1,433	4,098	4,961	6,314	5,687	3,857	5,141	2,922	2,992	4,033	4,485	4,001	3,170	2886
All Member Portal Accounts	41	538	1,800	5,372	8,987	12,988	15,599	17,105	19,091	19,947	20,718	21,690	22,832	23,718	24,474	25,039

3. MAINESTART RECORDKEEPER TRANSITION: The MaineSTART plan transition from the Newport Group to Ascensus occurred in November. MainePERS now submits contribution information to and participants now access their online accounts via Ascensus. This transition was the result of a joining of the two companies. An initial challenge with the timely loading of payrolls has been resolved and normal daily operations have resumed. Ascensus is working to propose remedies for any impacts to participants from this initial challenge. If it is determined that there was a negative impact, Ascensus will appropriately adjust the participant account to eliminate the negative impact. MainePERS is continuing to monitor closely. Communication to all individual participants is planned for this month.

FINANCE

1. EMPLOYER REPORTING. Employers submitted defined benefit payrolls on time at rate of 93% in December. This compares to a rate of 97% for the same period last year. Of the 43 payrolls that missed the deadline, 38 were submitted within three days of deadline. The percentage of fully reconciled accounts through October data is 83.1%, which is .1% higher than last month.

   The aging of the currently 116 not fully reconciled accounts breaks down as follows as of December 31, 2024. The numbers in green represent a decrease in count from the prior period and the numbers in red are an increase. Staff made good progress on some of the older accounts again this month, clearing six of those accounts up.

	Oldest Unreconciled Transactions					
Year	2024	2023	2022	2021	2020	2019
# of Accts	73	13	3	5	7	15

   Work with Portland Public Schools is ongoing and we are moving forward with member record reviews and corrections. We anticipate filling the one vacant position that will be dedicated to this project in January with recruitment currently active. This will allow the MainePERS staff on the project to keep pace with the work that BerryDunn is now doing. We have formalized a plan for communicating with BerryDunn and Portland Public Schools as records are corrected so that member account statements can be generated and

Portland Public Schools can communicate with the impacted employees on the status of their accounts.

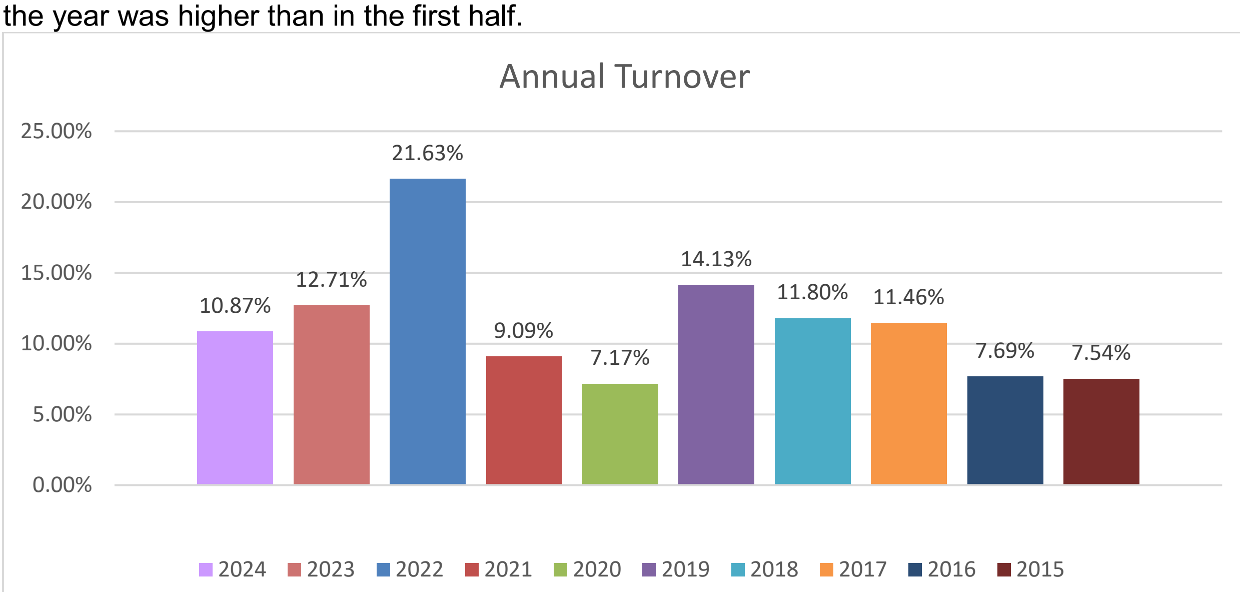
2. EMPLOYER AUDITING. No new audits were opened during the month of December. The focus for the audit staff has been to support closing out long outstanding findings and to support the employer reporting team with the Portland Public Schools corrections project. The percentage of resolved findings to date is 96.8%.

3. ACCOUNTING AND FINANCE. The Annual Comprehensive Financial Report, or ACFR, is just complete and copies will be distributed once it has been printed. This report has been submitted to the Government Finance Officers Association's "Certificate of Excellence in Financial Reporting" program, as has been done in the past. Two new internal audits are underway. These reviews will cover "actuarial practices" and our accounting practices and policies for the MaineSTART program. FY2024 Reports of Pension Liabilities and Related Expenses and OPEB Liabilities and Related Expenses have also been finalized and posted to our website for employers to use to meet their financial reporting requirements.

OPERATIONS

1. INFORMATION TECHNOLOGY: IT staff have been partnering with the business units on performing business process improvement exercises ahead of the start of the PAS project. IT started the migration to Office 365 for the second beta pilot group, and the rollout will continue over the next several months while we configure standardized settings for Office and retention policies for Teams and update policies and practices. Organization-wide rollout of Office 365 is projected to start in March after all Access databases have been rewritten. Recruiting for Senior Programming Analyst and Technical Writer positions is in process.

2. HUMAN RESOURCES: We had two new hires in December and no terminations. We currently are recruiting for nine open positions. As shown in the chart below, retention continued to improve in 2024 compared to the previous two years, although turnover in the second half of the year was higher than in the first half.



The turnover rate is measured by dividing terminations by positions on a monthly basis and aggregating annually.

We have hired a new Director of Actuarial and Legislative Affairs, Bill Brown, who will begin work on January 13, 2025 and work alongside Kathy Morin until her expected retirement later this year. Bill has more than twenty years of legislative experience, including serving as Chief of Staff to the Speaker of the House from 2022-2024.

3. LEGAL:

Though a collaborative effort of Survivor Services, Retirement Services, Document Center, and Compliance staff, we completed all calendar-year-end required minimum distributions.

On December 20, Congress passed legislation repealing the Social Security WEP and GPO retroactive to December of 2023. These provisions resulted in reduction of Social Security benefits for many of our retirees. The repeal does not affect MainePERS benefits.

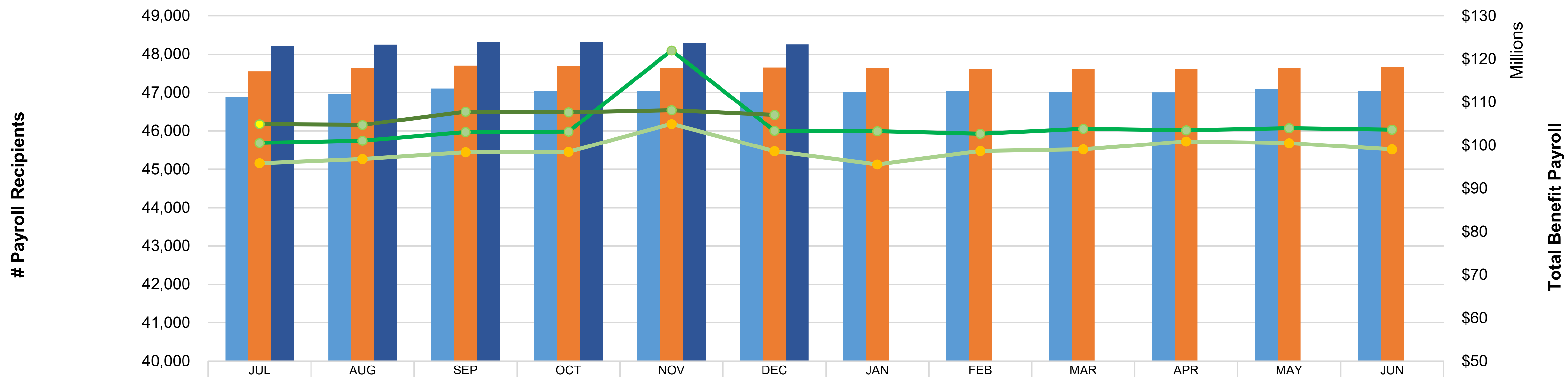
RECOMMENDATION

No Board action is recommended at this time.

RETIREMENT SERVICES

BENEFITS PAYROLL: Regular monthly pension benefit payments were made to 48,256 recipients in December, totaling $107,047,632. Note: Special payments paid outside of the regular payroll run are not reflected in the "Benefits Payroll" total. Applying to all graphs in this report, instead of providing fiscal years of 2022, 2023 and 2024 individually, this graph provides the average of those years against fiscal years 2024 and 2025.

Benefit Recipients & Total Benefits Payroll

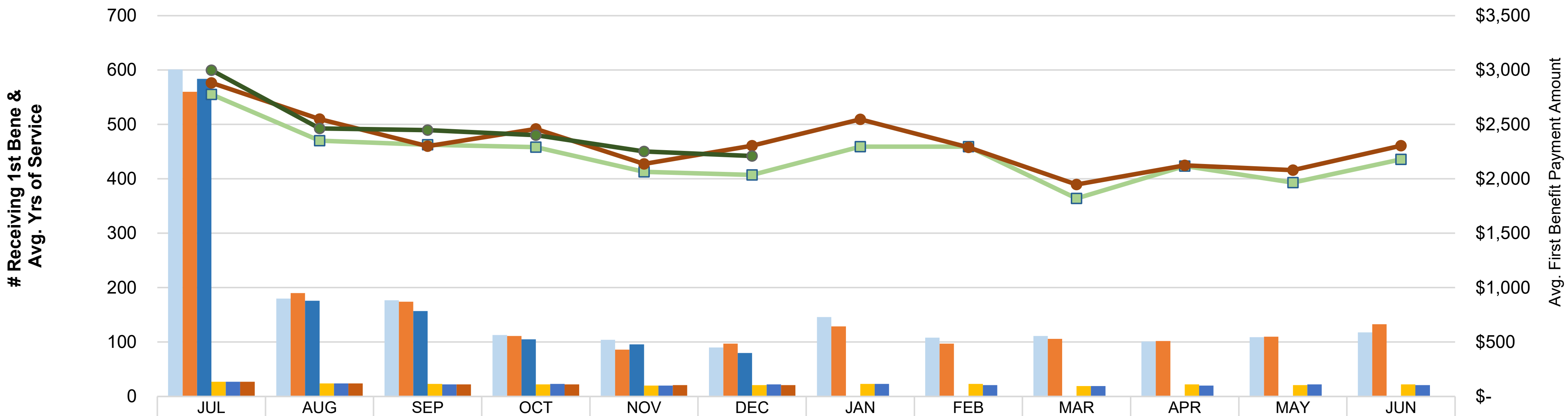


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # of Benefit Recipients (FY22-FY24)	46,878	46,967	47,103	47,050	47,040	47,012	47,018	47,048	47,014	47,006	47,098	47,044
FY24 # of Benefit Recipients	47,554	47,641	47,703	47,695	47,641	47,654	47,646	47,618	47,617	47,611	47,639	47,669
FY25 # Benefit Recipients	48,212	48,251	48,310	48,317	48,300	48,256						
3YR Avg Benefits Payroll (FY22-FY24)	$95,873,240	$96,843,700	$98,401,598	$98,488,685	$104,951,219	$98,638,003	$95,599,618	$98,690,961	$99,087,605	$100,896,727	$100,483,047	$99,089,215
FY24 Benefits Payroll	$100,563,434	$101,088,595	$103,060,700	$103,175,787	$121,966,909	$103,361,846	$103,251,990	$102,697,626	$103,791,103	$103,462,219	$103,945,804	$103,609,109
FY25 Benefits Payroll	$104,858,297	$104,737,939	$107,825,148	$107,667,346	$108,126,893	$107,047,632						

RETIREMENT SERVICES: (CONTINUED)

FIRST TIME BENEFIT RECIPIENTS: Eighty (80) individuals received their first benefit payment in December. The average benefit amount was $2,210. First time recipients averaged twenty-one (21) years of service. The count of new recipients, payment amount, and service are comparable to data seen during the same month in recent prior years.

First Time Benefit Recipients

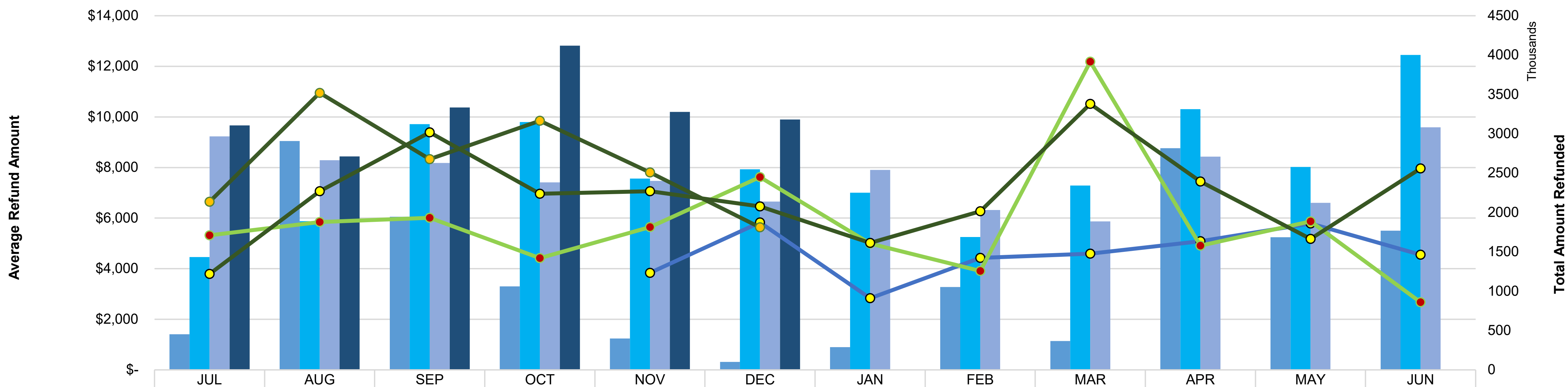


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # Receiving 1st Benefit Pymt (FY22-FY24)	601	180	177	113	104	90	146	108	111	101	109	118
FY24 # Receiving 1st Benefit Pymt	560	190	174	111	86	97	129	97	106	102	110	133
FY25 # Receiving 1st Benefit Pymt	584	176	157	105	96	80						
3YR Avg Years of Svc @1st Benefit Pymt (FY22-FY24)	27	24	23	22	20	21	23	23	19	22	21	22
FY24 Avg Years of Svc @1st Benefit Pymt	27	24	22	23	20	22	23	21	19	20	22	21
FY25 Avg Years of Svc @1st Benefit Pymt	27	24	22	22	21	21						
3YR Avg 1st Benefit Pymt Amount (FY22-FY24)	$2,777	$2,351	$2,313	$2,291	$2,064	$2,036	$2,296	$2,296	$1,820	$2,118	$1,966	$2,179
FY24 Avg 1st Benefit Pymt Amount	$2,883	$2,550	$2,301	$2,458	$2,137	$2,305	$2,547	$2,289	$1,948	$2,125	$2,080	$2,305
FY25 Avg 1st Benefit Pymt Amount	$2,999	$2,463	$2,447	$2,402	$2,252	$2,210						

RETIREMENT SERVICES: (CONTINUED)

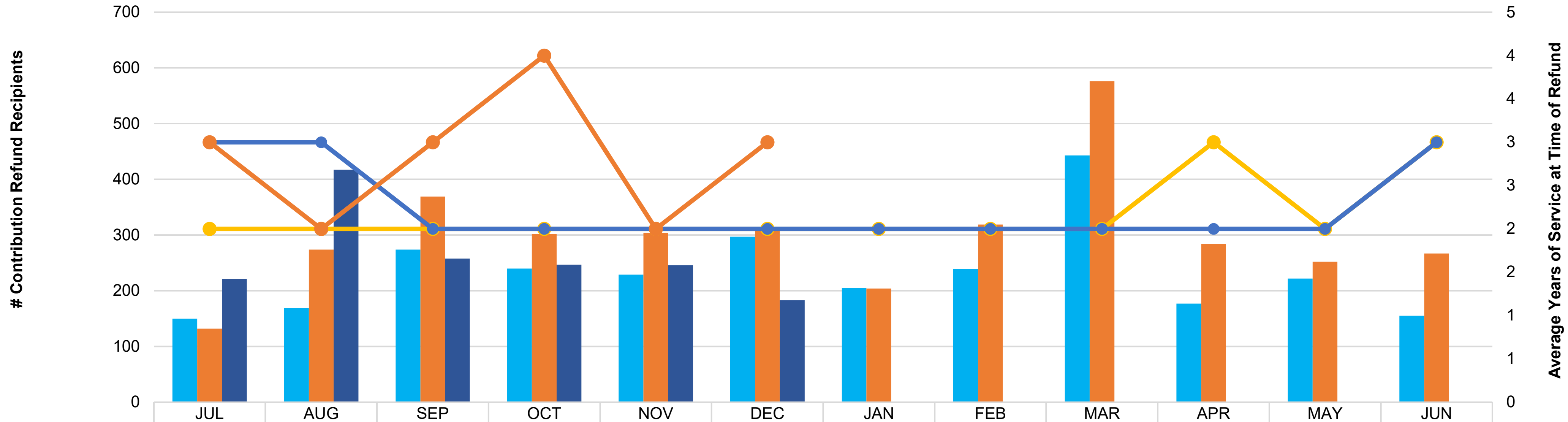
CONTRIBUTION REFUNDS: One hundred eighty-three (183) former members received a refund of their contributions in December. The average refund was $9,894 as the result of an average three (3) years of service. The aggregate amount refunded was $1,810,630. Note: Data for FY22 – July to December – was not captured so the average for those months only includes fiscal years 2023 and 2024.

Contribution Refund Average Amount and Total Amount Refunded



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY22 Avg Refund Amount	$1,408	$9,047	$6,054	$3,304	$1,240	$313	$897	$3,272	$1,141	$8,766	$5,240	$5,506
FY23 Avg Refund Amount	$4,463	$5,879	$9,715	$9,801	$7,563	$7,930	$7,006	$5,253	$7,290	$10,308	$8,023	$12,449
FY24 Avg Refund Amount	$9,231	$8,287	$8,176	$7,414	$7,469	$6,657	$7,907	$6,317	$5,867	$8,426	$6,604	$9,590
FY25 Avg Refund Amount	$9,663	$8,441	$10,376	$12,816	$10,202	$9,894						
FY22 Total Amount Refunded					$1,231,956	$1,873,289	$909,804	$1,421,562	$1,475,250	$1,635,042	$1,860,801	$1,461,766
FY23 Total Amount Refunded	$1,708,414	$1,877,641	$1,933,334	$1,421,169	$1,815,175	$2,450,445	$1,604,476	$1,255,368	$3,914,735	$1,577,107	$1,885,302	$858,954
FY24 Total Amount Refunded	$1,218,454	$2,270,701	$3,017,021	$2,239,106	$2,270,670	$2,076,844	$1,612,971	$2,015,179	$3,379,532	$2,392,904	$1,664,188	$2,560,656
FY25 Total Amount Refunded	$2,135,551	$3,519,778	$2,677,107	$3,165,611	$2,509,638	$1,810,630						

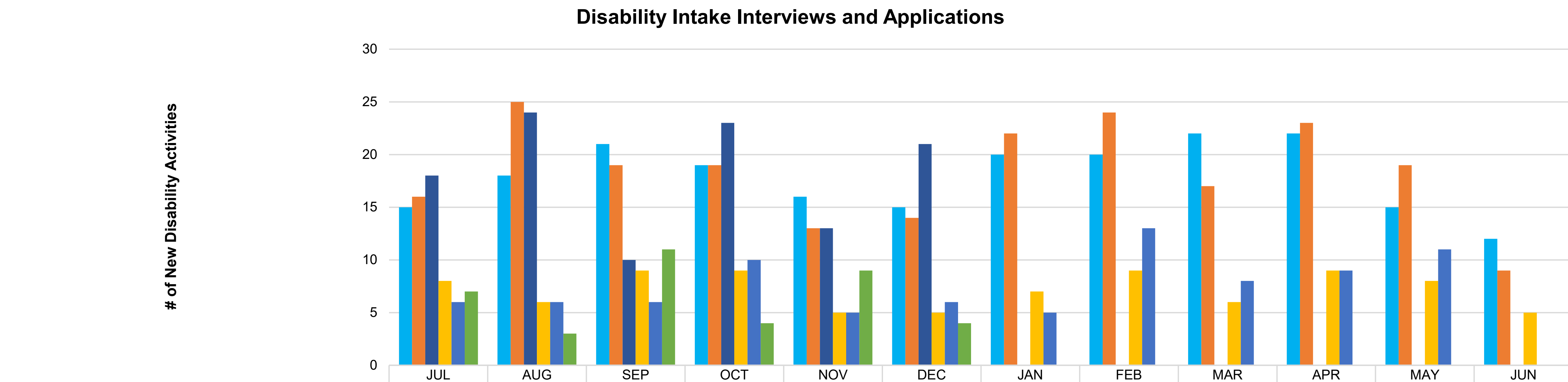
Contribution Refunds Issued: Total Number & Average Years of Service



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # of Contribution Refund Recipients (FY22-FY24)	150	169	274	240	229	297	205	239	443	177	222	155
FY24 # of Contribution Refund Recipients	132	274	369	302	304	312	204	319	576	284	252	267
FY25 # of Contribution Refund Recipients	221	417	258	247	246	183						
3YR Avg YRs of Service at Time of Refund (FY22-FY24)	2	2	2	2	2	2	2	2	2	3	2	3
FY24 Avg YRs of Service at Time of Refund	3	3	2	2	2	2	2	2	2	2	2	3
FY25 Avg YRs of Service at Time of Refund	3	2	3	4	2	3						

DISABILITY SERVICES

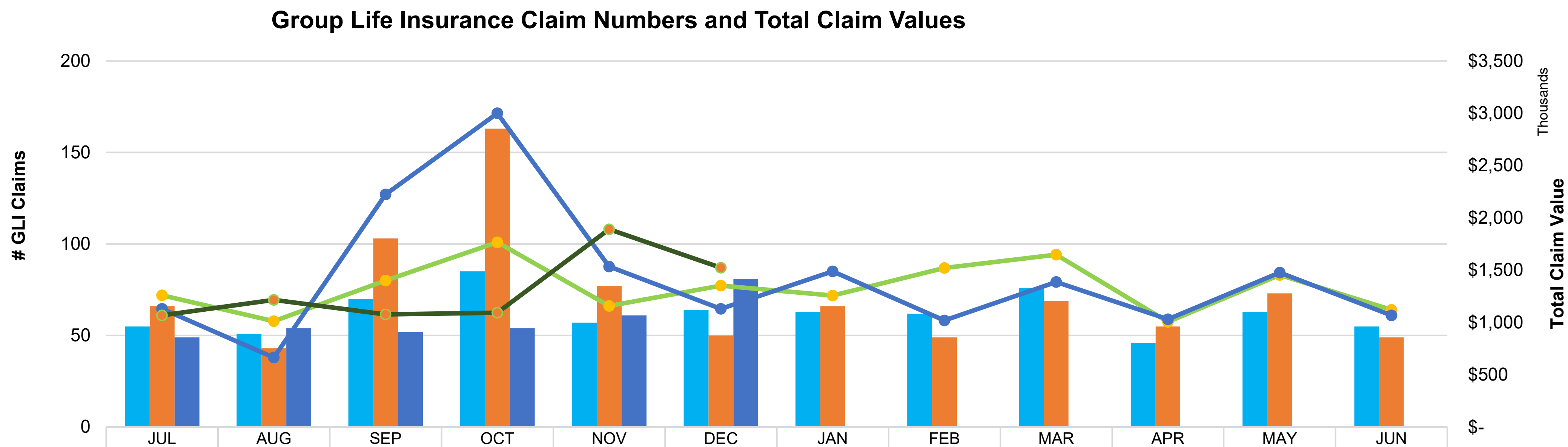
There were twenty-one (21) intake interviews completed in December with varying levels of detail and duration. Intakes included five (5) State members, seven (7) Teacher members, and nine (9) PLD members. There were four (4) new disability retirement applications received in December.



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # Disability Intake Interviews (FY22-FY24)	15	18	21	19	16	15	20	20	22	22	15	12
FY24 # Disability Intake Interviews	16	25	19	19	13	14	22	24	17	23	19	9
FY25 # Disability Intake Interviews	18	24	10	23	13	21						
3YR Avg # Disability Retirement Applications (FY22-FY24)	8	6	9	9	5	5	7	9	6	9	8	5
FY24 # Disability Retirement Applications	6	6	6	10	5	6	5	13	8	9	11	0
FY25 # Disability Retirement Applications	7	3	11	4	9	4						

SURVIVOR SERVICES

There were eighty-one (81) life insurance claims sent to our carrier (The Hartford) in December with a total value of $1,524,215 in payments due to beneficiaries. Of the claims, eighty (80) were retiree claims and one (1) was an active member claim. There were zero (0) dependent claims.

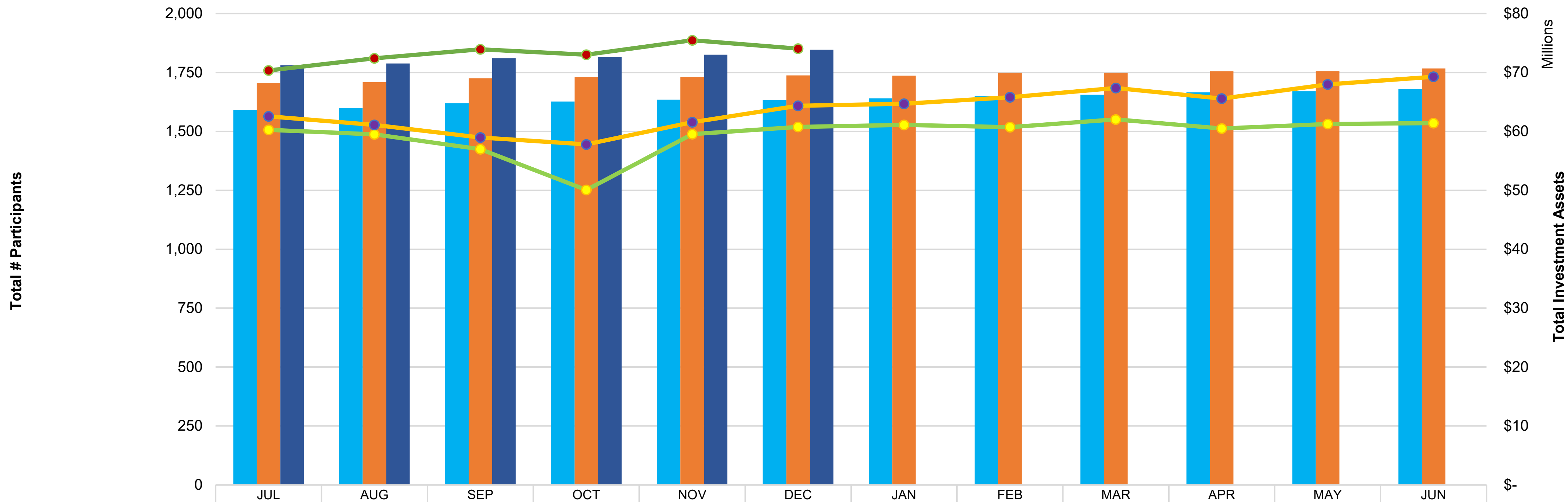


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # Life Insurance Claims Filed (FY22-FY24)	55	51	70	85	57	64	63	62	76	46	63	55
FY24 # Life Insurance Claims Filed	66	43	103	163	77	50	66	49	69	55	73	49
FY25 # Life Insurance Claims Filed	49	54	52	54	61	81						
3YR Avg Total Claim Value (FY22-FY24)	$1,259,908	$1,012,483	$1,400,022	$1,767,095	$1,158,615	$1,351,105	$1,258,217	$1,520,863	$1,648,542	$1,005,447	$1,452,758	$1,120,917
FY24 Total Claim Value	$1,129,025	$664,345	$2,223,120	$2,999,780	$1,535,415	$1,131,030	$1,488,180	$1,019,855	$1,386,725	$1,030,540	$1,477,235	$1,068,305
FY25 Total Claim Value	$1,068,305	$1,216,240	$1,076,760	$1,093,780	$1,891,145	$1,524,215						

DEFINED CONTRIBUTION PLAN SERVICES

MaineSTART had one thousand eight hundred forty-six (1,846) participants at the end of December with $74,024,172 of investment assets in the program.

MaineSTART Total Participants and Investment Assets



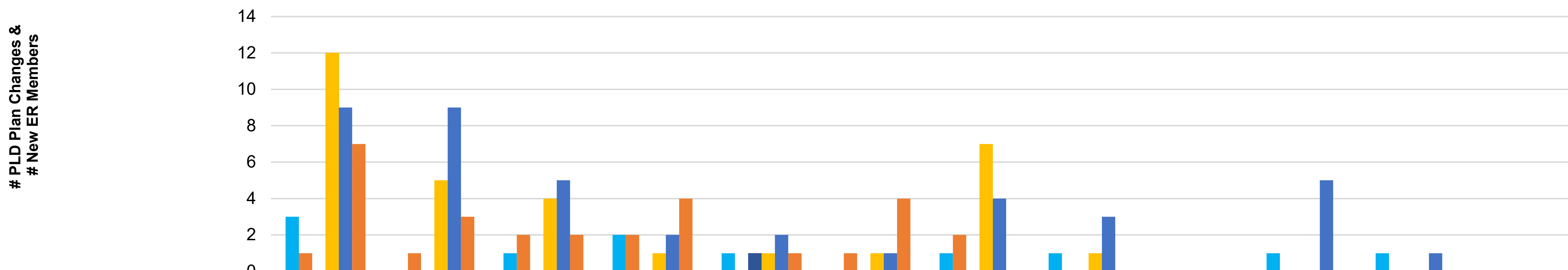
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # MaineSTART Participants (FY22-FY24)	1,591	1,599	1,619	1,627	1,634	1,633	1,640	1,649	1,655	1,666	1,671	1,679
FY24 # MaineSTART Participants	1,705	1,709	1,725	1,731	1,731	1,737	1,736	1,749	1,749	1,755	1,756	1,767
FY25 # MaineSTART Participants	1,780	1,788	1,810	1,815	1,825	1,846						
3 YR Avg Total Investment Assets (FY22-FY24)	$60,268,421	$59,511,980	$56,967,925	$50,058,013	$59,536,716	$60,749,990	$61,096,623	$60,721,925	$62,031,538	$60,487,966	$61,256,406	$61,418,055
FY24 Total Investment Assets	$62,542,153	$61,084,454	$58,962,112	$57,792,717	$61,572,864	$64,342,452	$64,693,311	$65,803,040	$67,350,939	$65,579,958	$67,976,720	$69,264,411
FY25 Total Investment Assets	$70,334,032	$72,386,580	$73,931,443	$72,999,209	$75,465,295	$74,024,172						

PLD

PLAN ADMINISTRATION

There were no new (0) employers joining the PLD Retirement Program effective December 1, 2024. There were four (4) employer plan change effective December 1, 2024. Note: This metric reflects PLD employer changes (joining, returning, adopting plan changes) in the month of their implementation. This format is consistent with MainePERS activity reporting to our actuary.

PLD Plan: New Employer Members & Plan Changes

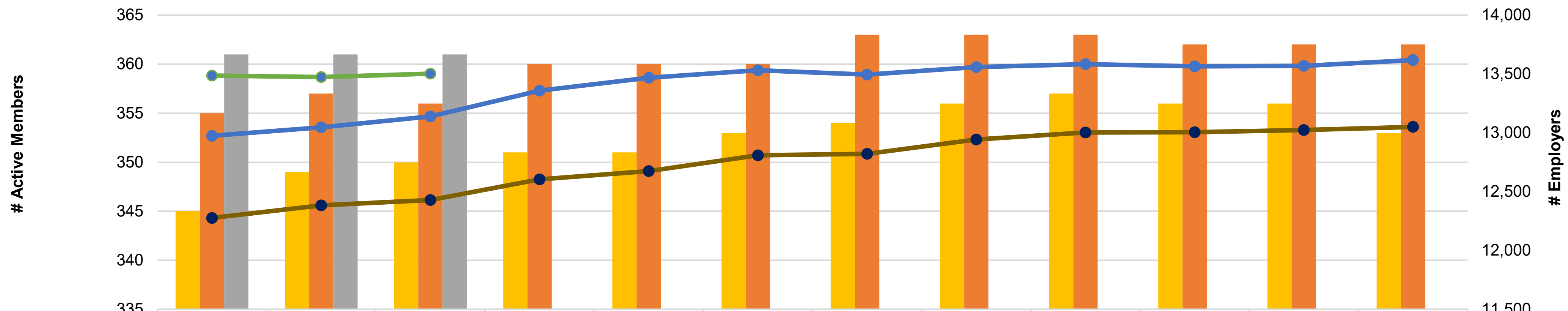


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # New PLD Plan Employers (FY22-FY24)	3	0	1	2	1	0	1	1	0	1	1	0
FY24 # New PLD Plan Employers	1	1	2	2	0	1	2	0	0	0	0	0
FY25 # New PLD Plan Employers	0	0	0	0	1	0						
3YR Avg # PLD's Adopting Plan Changes (FY22-FY24)	12	5	4	1	1	1	7	1	0	0	0	0
FY24 # PLD's Adopting Plan Changes	9	9	5	2	2	1	4	3	0	5	1	0
FY25 # PLD's Adopting Plan Changes	7	3	2	4	1	4						

PLD PLAN ADMINISTRATION (CONTINUED)

PLD employers remained at 361 from July to September; PLD Employee numbers fluctuated in July and August and landed on 13,503 in September. This data will be reported quarterly. Due to the timing of the Board Report the next update will be included in the January supplement numbers at the February 2025 meeting.

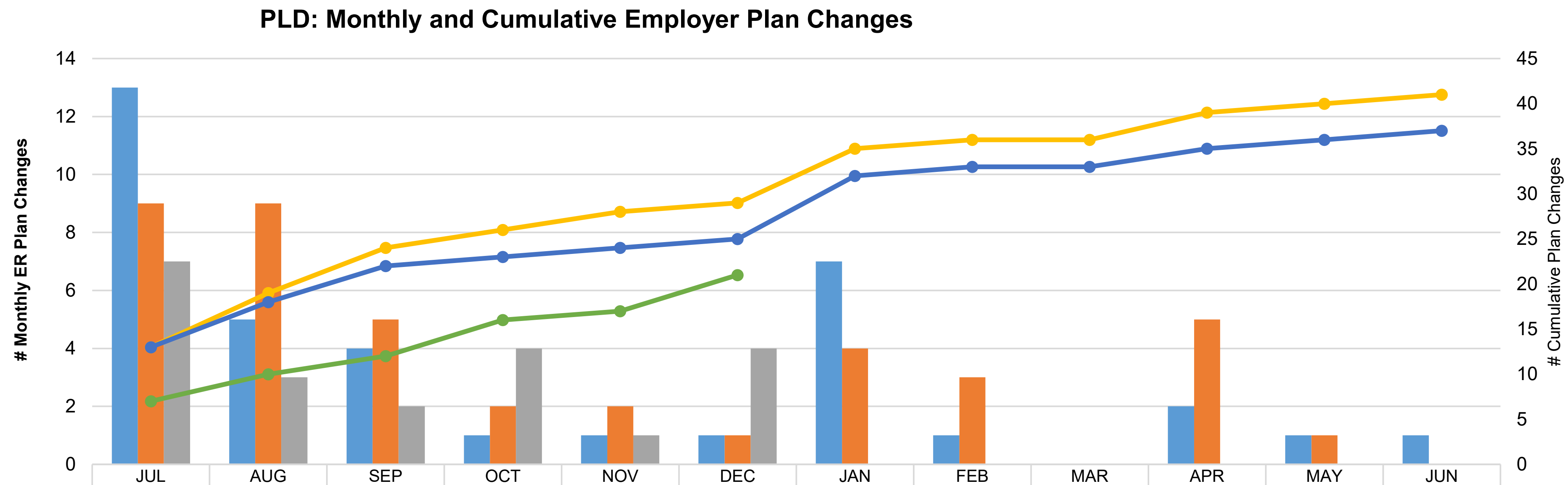
PLD Plan: Employers and Active Members



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # PLD Employers (FY22-FY24)	345	349	350	351	351	353	354	356	357	356	356	353
FY24 # PLD Employers	355	357	356	360	360	360	363	363	363	362	362	362
FY25 # PLD Employers	361	361	361									
3YR Avg # PLD Active Members (FY22-FY24)	12,277	12,383	12,429	12,604	12,675	12,810	12,822	12,944	13,004	13,006	13,023	13,050
FY24 # PLD Active Members	12,975	13,046	13,139	13,358	13,469	13,532	13,494	13,558	13,583	13,565	13,570	13,618
FY25 # PLD Active Members	13,486	13,474	13,503									

PLD PLAN - MONTHLY AND CUMULATIVE EMPLOYER PLAN CHANGES

There were no new employers joining the PLD Retirement Program. There were four (4) employer plan change effective December 1, 2024. Total plan changes for FY25 is twenty-one (21).
Note: This metric reflects PLD employer changes (joining, returning, adopting plan changes) in the month of their implementation. This format is consistent with MainePERS activity reporting to our actuary.

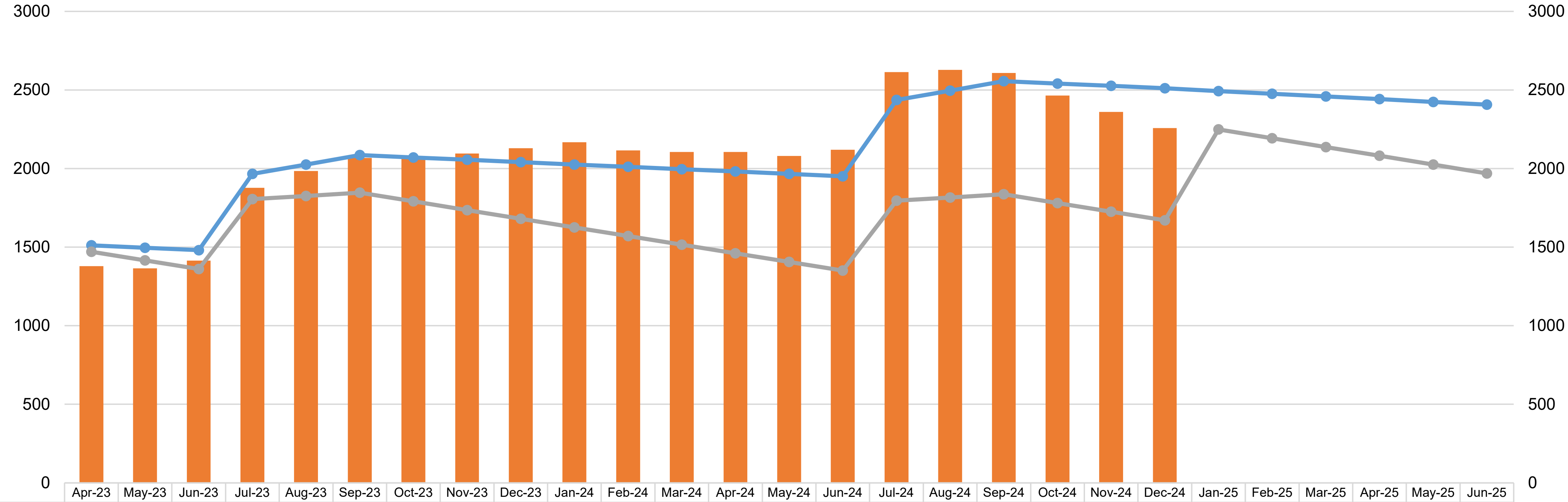


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # PLD's Adopting Plan Changes (FY22-FY24)	13	5	4	1	1	1	7	1	0	2	1	1
FY24 # PLD's Adopting Plan Changes	9	9	5	2	2	1	4	3	0	5	1	0
FY25 # PLD's Adopting Plan Changes	7	3	2	4	1	4						
3YR Avg Cumulative Plan Changes Adopted (FY22-FY24)	13	19	24	26	28	29	35	36	36	39	40	41
FY24 Cumulative Plan Changes Adopted	13	18	22	23	24	25	32	33	33	35	36	37
FY25 Cumulative Plan Changes Adopted	7	10	12	16	17	21						

FOCUS FRIDAY IMPACT ON BACKLOG REDUCTION

PRELIMINARY TO FINAL BENEFIT (PB TO FINAL) BACKLOG THROUGH DECEMBER 31, 2024: The backlog projections and reporting below are based on a data point that counts days since an initial Preliminary Benefit disbursement date (Days on PB) occurred.

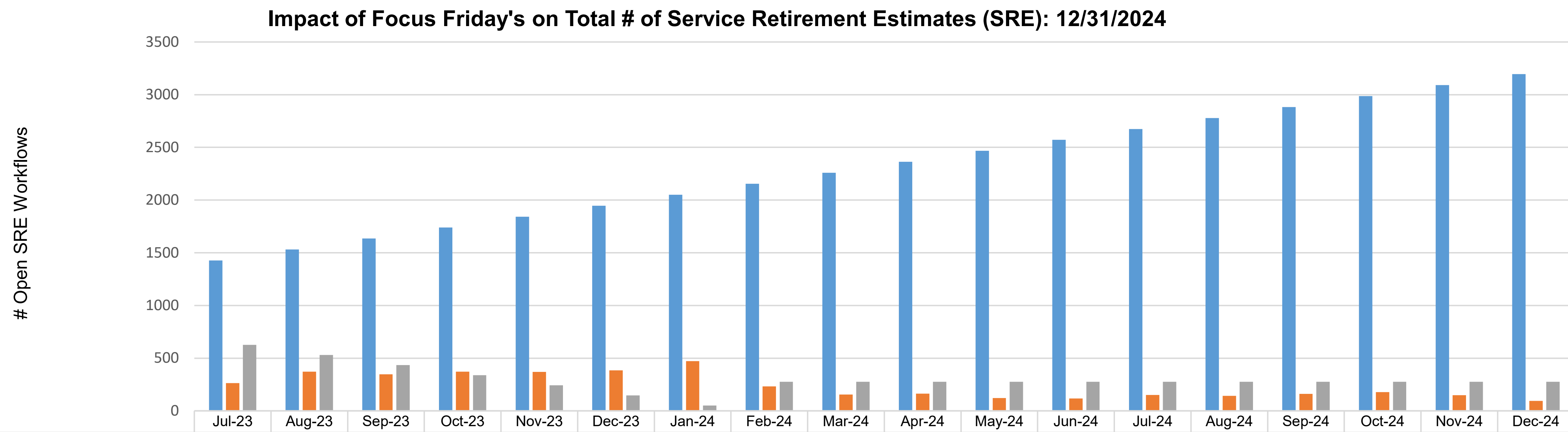
Retirees on Preliminary Benefit Through 12/31/2024 (Total Open Pension Retirement Workflows)



	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Actual # Open PBs WFs	1379	1365	1415	1878	1985	2067	2076	2096	2129	2168	2115	2105	2106	2080	2120	2614	2628	2608	2464	2361	2257						
Project # Open-No Action-Estimate	1511	1496	1481	1966	2026	2086	2071	2056	2041	2026	2011	1996	1981	1966	1951	2436	2496	2556	2541	2526	2511	2493	2476	2459	2441	2424	2407
Projected # Open PB WFs-Estimate	1471	1416	1361	1806	1826	1846	1791	1736	1681	1626	1571	1516	1461	1406	1351	1796	1816	1836	1781	1726	1671	2249	2193	2137	2081	2025	1969

<u>FOCUS FRIDAY IMPACT ON BACKLOG REDUCTION</u> (CONTINUED)

SERVICE RETIREMENT ESTIMATE BACKLOG THROUGH DECEMBER 31, 2024: The backlog projections and reporting below are based on data that count the total number of open Service Retirement Estimate workflows.



	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Proj. Ttl # SRE Wkfl -No Action- Est: 3/8/23	1427	1531	1635	1739	1843	1947	2051	2155	2259	2363	2467	2571	2675	2779	2883	2987	3091	3195
Actual Month End # SRE Wkfl	264	371	347	372	370	385	472	232	155	163	121	118	150	143	162	178	149	95
Proj.Ttl # SRE Wkfl-2 Foc.Fri./Mon. Est: 3/8/23	627	531	435	339	243	147	51	275	275	275	275	275	275	275	275	275	275	275