MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Board of Trustees

Public Meeting Packet

December 11, 2025

MainePERS Board of Trustees
December 11, 2025
One City Center, Fisher Meeting Room Second Floor
Portland, ME 04101

AGENDA

9:00 a.m.[1]		CALL TO ORDER		Brian Noyes
9:00 – 9:05 a.m.	1.	CONSIDERATION OF CONSENT CALENDAR • Minutes of November 13, 2025 • Dismissal, Pomeroy Appeal • Decision, N.M. Appeal • Consideration of Items Removed	ACTION	Brian Noyes
9:05 – 9:10 a.m.	2.	PRIVATE MARKETS CONSULTING	ACTION	James Bennett
9:10 – 9:20 a.m.	3.	INVESTMENT REVIEW • Investment Monthly Review		James Bennett Scott Lupkas
9:20 – 9:25 a.m.	4.	PRIVATE MARKETS REVIEW • Private Markets Activity		James Bennett Scott Lupkas
9:25 – 10:25 a.m.	5.	QUARTERLY INVESTMENT EDUCATION • Fossil Fuel Divestment • Divestment Report • Executive Session pursuant to 1 M.R.S. §405(6)(E)	ACTION	Dr. Rebecca M. Wyke James Bennett Scott Lupkas Brian Noyes Tim Steigelman John Nichols
10:25 – 10:35 a.m.	6.	ESG REPORT AND POLICY REVIEW		James Bennett Scott Lupkas
10:35 – 10:50 a.m.		*BREAK*		
10:50 – 11:00 a.m.	7.	MaineSTART QUARTERLY REVIEW		Michael Colleran Chip Gavin Jim Bennett
11:00 – 11:50 a.m.	8.	FUNDING POLICY		Dr. Rebecca M. Wyke Bill Brown Gene Kalwarski Bonnie Rightnour Greg Reardon

[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 effecti ve conduct of the meeting.

11:50 a.m. – 12:10 p.m.	9.	CEO REPORT • Mission Moment – Artificial Intelligence		Dr. Rebecca M. Wyke Joy Childs Nanette Ardry Valerie Scott Chip Gavin James Bennett
12:10 – 12:20 p.m.	10.	MEMBER SERVICES, FINANCE, AND OPERATIONS REPORT		Chip Gavin Sherry Vandrell Michael Colleran
12:20 – 12:25 p.m.	11.	RULEMAKING UPDATE		Nanette Ardry
12:25 – 12:30 p.m.	12.	LITIGATION UPDATE		John Nichols
12:30 – 1:00 p.m.		*LUNCH*		
1:00 – 2:00 p.m.	13.	CEO ANNUAL EVALUATION • Executive Session pursuant to 1 M.R.S. §405(6)(A)	ACTION	Brian Noyes
2:00 p.m.		ADJOURNMENT		Brian Noyes

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees	MainePERS
Board Meeting	Augusta
November 13, 2025	9:00 a.m.

The Board of Trustees met at MainePERS, 139 Capitol Street, Augusta, ME 04330 at 9:00 a.m. on November 13, 2025. Brian Noyes, Chair, presided. Other Trustees participating were: Dick Metivier, Vice Chair; Joe Perry, State Treasurer; John Beliveau; Shirrin Blaisdell; Kirk Duplessis; Nick Fuller Googins; and John Kimball. Joining the Trustees were Dr. Rebecca Wyke, Chief Executive Officer; Michael Colleran, Chief Operating Officer and General Counsel; Sherry Vandrell, Chief Financial Officer; Chip Gavin, Chief Services Officer; Monica Gorman, Secretary to the Board of Trustees; and John Nichols, Assistant Attorney General and Board Counsel. The Board also was joined for select portions of the meeting by James Bennett, Chief Investment Officer; Scott Lupkas, Deputy Chief Investment Officer; Bartley Parker, Managing Director; Bill Proom, Managing Director; Mara McGowen, Assistant Director of Member Services; Brian McDonnell, Cambridge Associates; William Greenwood and Peter Sung, Albourne; and George Bumeder, Cliffwater; Amy McDuffee and Saba Hashmi, Mosaic Governance.

Brian Noyes called the meeting to order at 9:00 a.m. All Trustees attended in person.

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 October 9, 2025

- Action. Dick Metivier made the motion, seconded by Joe Perry, to approve the Consent Calendar. Unanimously voted in favor by eight Trustees (Beliveau, Blaisdell, Duplessis, Fuller Googins, Kimball, Metivier, Noyes, and Perry).

BOARD ELECTIONS

- Action. John Beliveau made the motion, seconded by Shirrin Blaisdell, that the Board elect Brian Noyes as Chair for the next year. Voted in favor by seven Trustees (Beliveau, Blaisdell, Duplessis, Fuller Googins, Metivier, and Perry) with one abstention (Kimball).

- Action. Shirrin Blaisdell made the motion, seconded by Joe Perry, that the Board elect Dick Metivier as Vice Chair for the next year. Voted in favor by seven Trustees (Beliveau, Blaisdell, Duplessis, Fuller Googins, Noyes, and Perry) with one abstention (Kimball).

AMENDMENT TO BOARD POLICY 2.1 (IPS)

Proposed IPS Changes – Redline

Jim Bennett reviewed the proposed changes to Board Policy 2.1 with the Trustees. Jim answered questions from the Trustees.

- Action. Joe Perry made the motion, seconded by John Beliveau, that the Board approve amended Board Policy 2.1. Voted in favor by eight Trustees (Beliveau, Blaisdell, Duplessis, Fuller Googins, Metivier, Noyes, and Perry).

INVESTMENT REVIEW

Investment Monthly Review

Jim Bennett reported that as of September 30, 2025, the MainePERS fund had a preliminary market value of $21.9 billion, the preliminary return for the month was 0.5%, and the preliminary calendar year-to-date return was 10.3%.

Quarterly Rebalancing Report

Scott Lupkas shared the rebalancing report through the end of Q3 2025.

RHIT/GLI/OPEB Quarterly Report

Jim Bennett presented the RHIT/GLI/OPEB Quarterly Review as of September 30, 2025. Jim noted that a benchmark discrepancy had been identified and shared that he would provide additional details at a future meeting. He then answered questions from the Trustees.

Investment Quarterly Review

Brian McDonnell presented the third quarter performance review as of September 30, 2025. Brian answered questions from the Trustees.

PRIVATE MARKETS REVIEW

Private Markets Activity

Scott Lupkas reviewed the table of private market funds and co-investments that had closed during the past 12 months. Scott shared there are no manager meetings scheduled for November or December.

Albourne Quarterly Review

William Greenwood provided an overview of the Infrastructure, Natural Resources, and Real Estate portfolios as of June 30, 2025. William answered questions from the Trustees.

Cliffwater Quarterly Review

George Bumeder shared a presentation of the Private Equity and Alternative Credit portfolios as of June 30, 2025. George answered questions from the Trustees.

RISK DIVERSIFIERS QUARTERLY REVIEW

Brian McDonnell reviewed the Risk Diversifiers quarterly report with the Trustees. Brian answered questions from the Trustees.

ASSET ALLOCATION

Real Assets Strategy Review

Jim Bennett, Bartley Parker, and Bill Proom shared a strategy review for the newly-created Real Assets asset class with the Trustees. Jim, Bartley, and Bill answered questions from the Trustees.

FINANCE AND AUDIT COMMITTEE

Committee Report

Shirrin Blaisdell reported that the Finance and Audit Committee met prior to the Board meeting. The Committee discussed Employer Reporting; the Administrative and Investment budgets; as well as the OPEGA report on travel.

GOVERNANCE

Board Policy and Charter Review

Michael Colleran stated that nine Board policies were reviewed this year as part of the three-year review cycle and recommended substantive amendments to one of the policies and non-substantive changes to two other policies. He shared an annual review of the Board Charter was also conducted and there is one recommended change. Michael explained the recommendations and shared Board Policy 2.6 (ESG) will be reviewed in December.

- Action. Shirrin Blaisdell made the motion, seconded by Joe Perry, that the Board approve amended Board Policy 3.2 and the amended Board Charter. Voted unanimously by eight Trustees (Beliveau, Blaisdell, Duplessis, Fuller Googins, Kimball, Metivier, Noyes, and Perry).

CEO REPORT

Pension Administration System

Dr. Rebecca Wyke stated the project is on track for quality, scope, schedule, and resources (budget).

Employer Satisfaction Survey Results

Dr. Wyke shared the latest employer satisfaction survey conducted September 29 to October 15, 2025.

Actuarial Practices Cycle

Dr. Wyke reviewed the actuarial practices cycle required by Maine law and MainePERS' policies for sound actuarial practices.

Disability Program Enhancements – Mission Moment

Dr. Wyke, Michael Colleran, Chip Gavin, and Mara McGowen shared a presentation with the Trustees that reviewed past and proposed disability program enhancements. The group answered questions from the Trustees.

BOARD 2026 CALENDAR AND WORK PLAN

Dr. Wyke reviewed the Board meeting calendar for 2026 and annual work plan with the Trustees.

- Action. Joe Perry made the motion, seconded by Kirk Duplessis, that the Board accept the proposed MainePERS 2026 Board Calendar and Annual Board Work Plan. Voted unanimously by eight Trustees (Beliveau, Blaisdell, Duplessis, Fuller Googins, Kimball, Metivier, Noyes, and Perry).

MEMBER SERVICES, FINANCE, AND OPERATIONS REPORT

Chip Gavin shared the PAS project is about 15% complete with the schedule, budget, scope, resources and quality remains all green. Chip thanked the staff involved in the project and those handling the daily functions for all their hard work.

Sherry Vandrell provided an update on the Portland School System and stated staff continue to make progress.

Michael Colleran stated legislation is being worked on to simplify and standardize the source of information used to set group life insurance levels.

LITIGATION UPDATE

John Nichols shared there were no new developments in the Clopper FOA matter. John stated in the disability retirement appeal filed by Jennifer O'Bryon, a conference was held and the Court denied all but one of the pending motions. Next steps will be to submit material facts to the Court, and the merit briefs will be in early 2026.

CHIEF EXECUTIVE OFFICER EVALUATION

- Action. Dick Metivier made the motion, seconded by John Kimball, 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 eight Trustees (Beliveau, Blaisdell, Duplessis, Fuller Googins, Kimball, Metivier, Noyes, and Perry).

The Board moved out of executive session.

ADJOURNMENT

Brian Noyes adjourned the meeting at approximately 2:05 p.m.

12/11/25
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: **PRIVATE MARKET CONSULTANT RECOMMENDATION**

DATE: DECEMBER 2, 2025

As a reminder, MainePERS engages two firms for private market investment consulting services: Cliffwater (Private Equity and Alternative Credit) and Albourne (Real Assets: Infrastructure, Natural Resources, Real Estate). As provided for in Board Policy 2.1, these firms provide expertise and assist the Board and Investment Team in implementing MainePERS investment policy. These specialist consultants provide Trustees with independent investment diligence and assist the Investment Team in all aspects of the System's private market investment program, including ongoing investment monitoring and asset class pacing.

POLICY REFERENCE

Board Policy 2.1 – Investment Policy Statement

Board Policy 4.4 – Board / Consultants / Staff Relations

Board Policy 4.5 – Board/Staff Relations

Board Policy 4.6 – Communication and Support to the Board

While the two-consultant model has delivered specialty insight, it has also created challenges at the intersection of asset classes, particularly where pacing decisions, risk budgeting, and manager selection need to align within a unified private markets strategy. The System has received these services from Cliffwater for over 15 years and retained Albourne in January 2023 following an RFP process. As directed by Board policy, the Investment Team will conduct a full review of the System's investment consulting relationships services during 2027.

The Investment Team recommends consolidating investment consulting services for private market assets with a single advisor. While the current structure has served MainePERS well, consolidation is expected to improve efficiencies, result in a consistent research approach, and streamline coordination across private market segments. A centralized consultant model will also better support long-term planning and facilitate a total-portfolio approach to investing across these asset classes.

This recommendation reflects an assessment of the Team's experience with the existing consulting structure, developments in the consultant marketplace, and the recently-approved modifications to the Board's Investment Policy Statement which consolidated asset classes and introduced additional flexibility to allocate across the private market opportunity set. Albourne is well-positioned to serve as MainePERS' sole private markets consultant, offering deep specialized research, comprehensive asset class coverage, a focus on providing consulting services, and a long track record advising institutional investors on alternative portfolios. Its global platform provides strong manager sourcing and portfolio analytics supported by an extensive research network across real assets, private equity, and alternative credit. These capabilities align with MainePERS' objectives and priorities, resulting in a more integrated, efficient private markets oversight model. While consolidation introduces consultant concentration risk, we believe that risk is manageable and mitigated by our oversight process and by the continued presence of Cambridge Associates as MainePERS Board's generalist consultant, who can serve as an alternative resource if needed.

RATIONALE FOR CONSOLIDATION

Holistic and Consistent Research Framework
A single consultant can apply a unified research philosophy across private equity, alternative credit, and real assets strategies. This reduces the potential for inconsistencies in manager evaluation, underwriting assumptions, risk assessment, and portfolio construction methodologies. It also ensures that trade-offs across private markets, for example allocating marginal capital between real estate and infrastructure, are evaluated through a common lens. In addition, use of a single consultant's systems improves the Investment Team's ability to holistically consider interactions with the broader portfolio (i.e., Public Equity, Public Fixed Income, and Risk Diversifiers) by providing a more integrated view of how private markets fit within our total portfolio risk, liquidity, and investment allocation framework.

Improved Portfolio Planning and Pacing Coordination
Private markets pacing requires consistent coordination among asset classes to avoid over or under committing to these long-lived assets. A consolidated consultant relationship can deliver a coherent pacing plan based on consistent modeling approach across the entire private markets program, improving alignment with liquidity, capital call patterns, and the Board approved Strategic Asset Allocation.

Streamlined Communication, Accountability, and Efficiency
Engaging with a single consultant simplifies interaction for the Investment Team and creates a clear point of accountability for recommendations. It is expected to reduce duplicative meetings and potentially mixed messaging on strategy, and enhances the efficiency of quarterly and annual reporting cycles to the Board of Trustees. Consolidation will reduce internal coordination

requirements and support a more integrated workflow for due diligence, monitoring, and performance analysis.

CONSIDERATIONS

The primary risk associated with the recommend consolidation is increased reliance on a single external advisor. Specifically, it introduces potential vulnerabilities, including the impact of firm level changes, personnel turnover, or shifts in service quality. While any advisory relationship carries these risks, this consolidation naturally heightens the sensitivity to them and warrants acknowledgment.

Several factors help mitigate this exposure. MainePERS generalist consultant, Cambridge Associates, is already familiar with our program and our governance structure, and has the capability and institutional knowledge to provide interim support or transition assistance if any issue were to arise with a single provider. In addition, the Investment Team retains full discretion over investment recommendations and will continue to perform its own analysis and oversight. The consolidation is intended to improve the flow of information, not diminish internal responsibility. Finally, the Albourne relationship will remain subject to regular performance review, covering service quality, responsiveness, research depth, and alignment with our objectives. Should concerns emerge, they can be addressed through structured dialogue or, if necessary, a competitive reassessment.

CONCLUSION

Consolidating MainePERS Private Equity, Alternative Credit, and Real Assets consultant responsibilities under Albourne will strengthen our private markets oversight by improving analytical cohesion, simplifying communication, and enhancing pacing and planning. Albourne's focus on providing consulting services, breadth of research, broad asset class coverage, and global platform will support the goal of integrated and efficient private markets oversight. While concentration risk is a valid consideration, MainePERS internal capabilities and broader consultant framework provide meaningful safeguards.

RECOMMENDATION

That MainePERS expand its engagement with Albourne to include consulting services for the Private Equity and Alternative Credit asset classes.

MAINEPERS

BOARD OF TRUSTEES INVESTMENTS MEMORANDUM

TO: BOARD MEMBERS

FROM: JAMES BENNETT, CHIEF INVESTMENT OFFICER

SUBJECT: **MONTHLY INVESTMENT REVIEW**

DATE: DECEMBER 3, 2025

Following this memo is the Monthly Investment Review for November.

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 $21.9 billion.
- Monthly return of 0.1%.
- Calendar year-to-date return of 10.4%.
- Fiscal year-to-date return of 4.6%.

MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Investment Review
December 11, 2025

Investment Policy Objective

Investment Objective

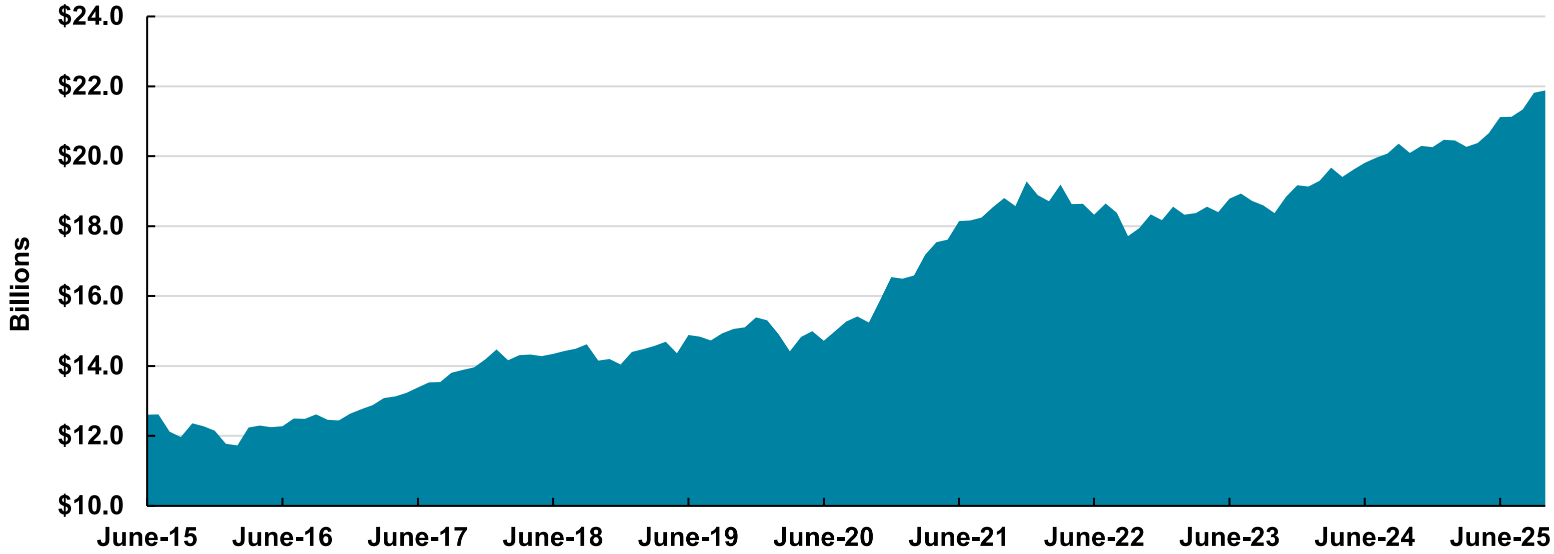
MainePERS' investment objectives balance the System's twin goals of generating investment returns (to ensure growth of the trust funds) and minimizing investment risks (loss of capital and cash flow shortfalls).

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.

November 2025 Performance (Preliminary)

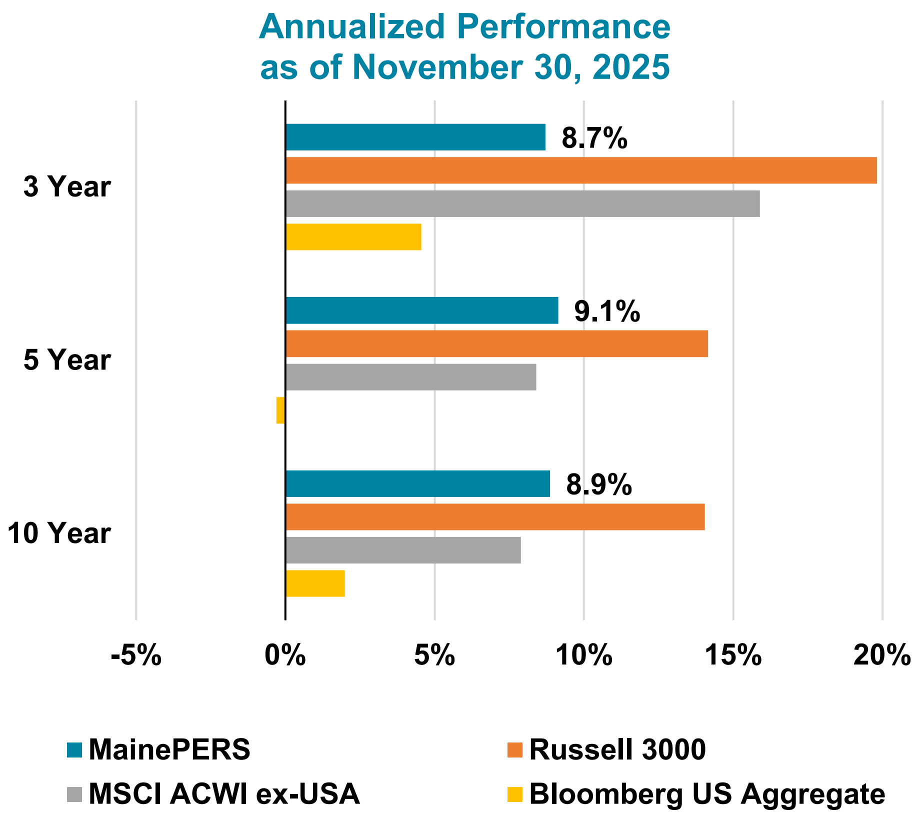
The preliminary fund value at the end of November is $21.9 billion.

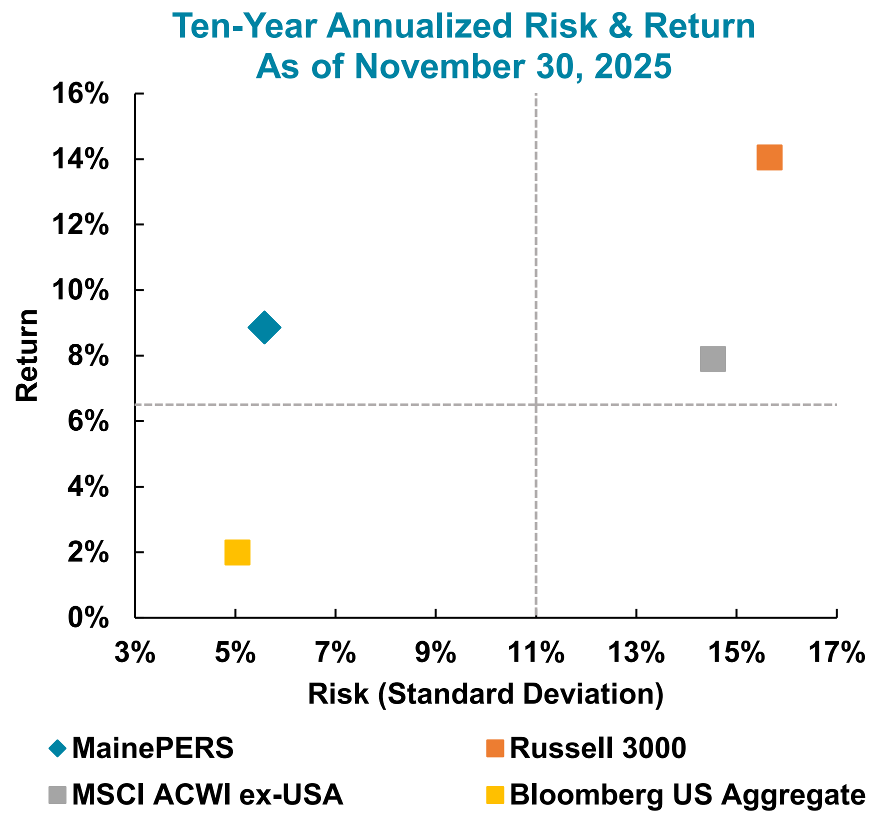


Fund and Benchmark Returns

	November 2025	CYTD 2025	FYTD 2025	1 Year
MainePERS	0.1%	10.4%	4.6%	10.4%
Russell 3000	0.3%	17.2%	10.8%	13.6%
MSCI ACWI ex-USA	0.0%	28.5%	9.0%	26.0%
Bloomberg US Aggregate	0.6%	7.5%	3.3%	5.7%

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

November 2025 Asset Allocation (Preliminary)

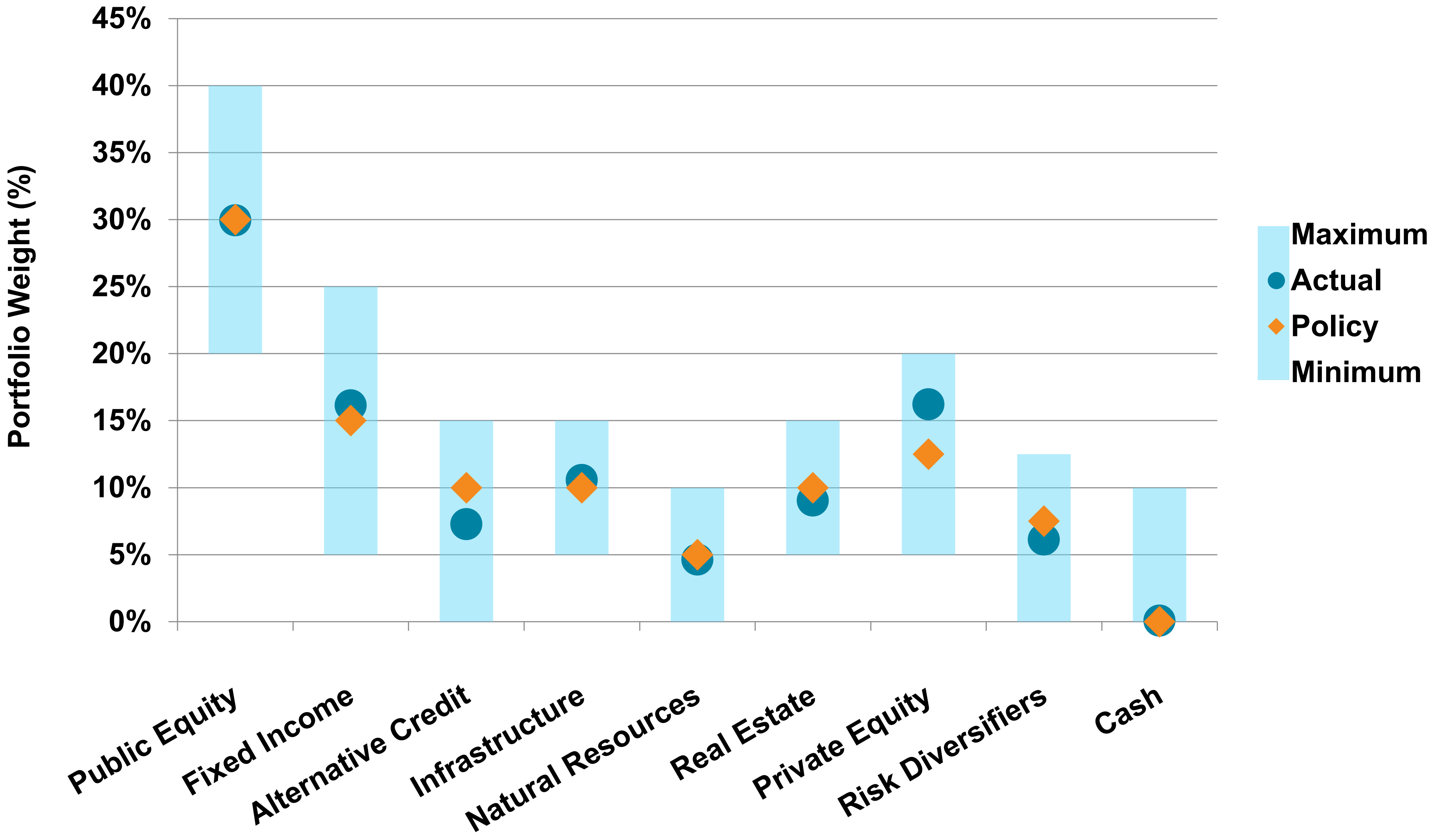
Assets (Millions)	Value	% of Fund	Policy %
MainePERS Portfolio	**$21,863**	**100.0%**	**100.0%**
Domestic Equity	*$ 4,281*	*19.6%*	*19.4%**
International Equity	*$ 2,264*	*10.4%*	*10.6%**
Public Equity	**$ 6,545**	**29.9%**	**30.0%**
Fixed Income	**$ 3,528**	**16.1%**	**15.0%**
Alternative Credit	**$ 1,588**	**7.3%**	**10.0%**
Infrastructure	**$ 2,311**	**10.6%**	**10.0%**
Natural Resources	**$ 1,014**	**4.6%**	**5.0%**
Private Equity	**$ 3,546**	**16.2%**	**12.5%**
Real Estate	**$ 1,975**	**9.0%**	**10.0%**
Risk Diversifiers	**$ 1,339**	**6.1%**	**7.5%**
Cash	**$ 18**	**0.1%**	**0.0%**

* Allocation between Domestic Equity and International Equity corresponds to MSCI ACWI weights.

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

Private equity remains overweight at ~16.2% of Fund value, and private markets assets in aggregate comprise 47.7% of the overall portfolio, above the 47.5% policy weight.

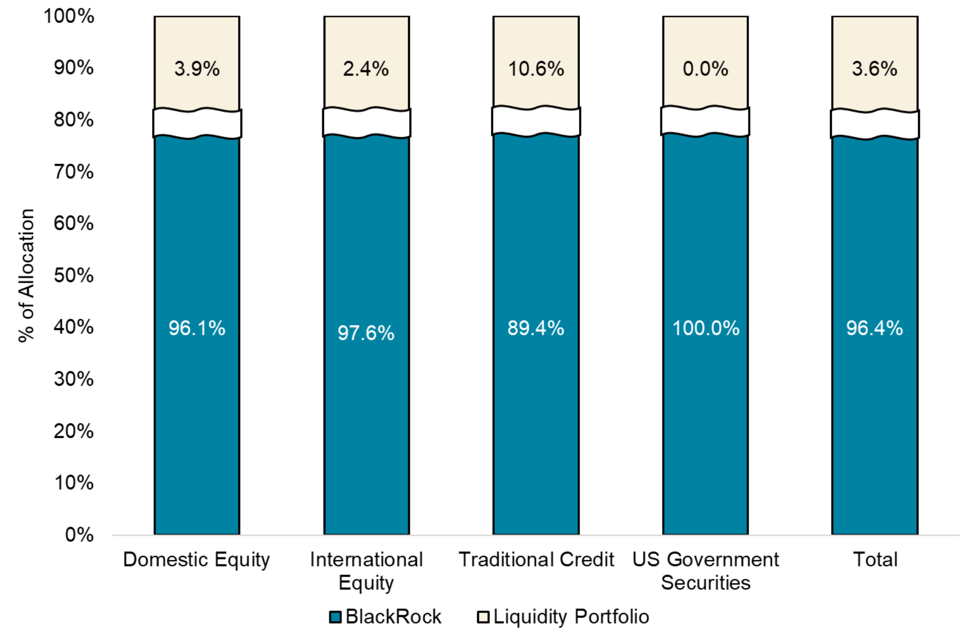
November 2025 Asset Allocation (Preliminary)



Public Securities: Liquidity Portfolio

At the end of November, 1.6% of Fund assets were invested via ETFs and futures contracts in accounts managed by Parametric Associates.

The Liquidity Portfolio accounts for 3.6% of MainePERS' total exposure to public securities.



MainePERS Liquidity Portfolio	Market Value (Millions)	Exposure Type
Parametric Domestic Equity	$165.4	Futures
Parametric International Equity	$54.6	Futures
Parametric Traditional Credit	$137.8	ETFs
Parametric US Government Securities	$0.5	Futures
Total Liquidity Portfolio	**$358.3**	

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: November 2025

Description	FY 26	FY 25	FY 24	FY 23	FY 22
Investment Mgmt. Fees	$53,103,413	$129,093,633	$131,940,081	$135,770,817	$130,884,088
Securities Lending Fees [1]	323,537	1,100,903	1,356,735	1,303,543	1,744,317
Consulting Fees	506,250	1,215,000	1,215,000	1,193,543	1,120,000
Broker Commissions [2]	46,261	120,217	77,495	136,039	77,558
Placement Agent Fees	0	0	0	0	0
Total	**$53,979,461**	**$131,529,753**	**$134,589,311**	**$138,403,942**	**$133,825,963**
Percentage of Fund [3]	**0.59%**	**0.62%**	**0.68%**	**0.74%**	**0.73%**

1. Securities Lending Fees are through 10/31/2025
2. Actual paid commissions reported by JP Morgan
3. For FY26: Total fees projected for the full fiscal year ($129,550,705) divided by current Fund value.
   For prior FY: Total fees divided by FYE Fund value.

Securities Lending: October 2025

	Average Lendable Assets	Average Assets On Loan	Total Sec Lending Revenue	Revenue Split	MainePERS Net Income	MainePERS Net Income, FYTD
BlackRock						
Fixed Income	$2,653,856,965	$1,488,318,952	$80,261	60%/40%	$48,157	$233,218
Total Equity	$2,121,039,135	$218,643,680	$116,729	60%/40%	$77,079	$264,810
Total Blackrock	$4,774,896,100	$1,706,962,632	$196,990		$125,236	$498,028
JP Morgan						
Domestic Equities	$3,972,772,684	$177,671,897	$31,397	85%/15%	$26,689	$164,002
Total JP Morgan	$3,972,772,684	$177,671,897	$31,397		$26,689	$164,002
Total	**$8,747,668,784**	**$1,884,634,529**	**$228,387**		**$151,925**	**$662,030**

Total Annualized Securities Lending Income, FY 2026: $1,986,091 (0.01%, or 0.9 bps)

Total Actual Securities Lending Income, FY 2025: $1,945,362 (0.01%, or 0.9 bps)

Liquidity Schedule: November 2025

Term	Market Value	Percent of Portfolio
Liquid[1]	$10,091m	46.2%
Semi-Liquid[2]	$2,320m	10.6%
Illiquid[3]	$9,452m	43.2%
Total	**$21,863m**	**100.0%**

Sources and Uses of Liquidity		
Private Markets Activity	**Last 12 Months Actual**	**Next 12 Months Projection**
Capital Contributions	-$979m	-$970m
Distributions	$1,561m	$1,530m
Net Private Markets Activity	**$582m**	**$560m**
Benefit Payments	**-$475m**	**-$480m**
Net Cash Flows	**$107m**	**$80m**

[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, real estate funds and risk diversifiers

MainePERS Alternative Investments Summary

as of 11/30/2025	# of Funds	# of GP Relationships
Alternative Credit	30	15
Infrastructure	37	11
Natural Resources	16	10
Private Equity	136	36
Real Estate	36	18
Risk Diversifiers	14	13
Total*	**269**	**94**

*GP Total may not add due to overlapping relationships

Currently, MainePERS is invested in 269 funds, and has 94 distinct manager relationships.

MainePERS Alternative Investments Summary

(in $millions)	Current Market Value			Unfunded Commitment	
as of 11/30/2025	Dollars	% of Fund	Policy %*	Dollars	% of Fund
Alternative Credit	$ 1,588	7.3%	10.0%	$ 1,194	5.5%
Infrastructure	$ 2,311	10.6%	10.0%	$ 403	1.8%
Natural Resources	$ 1,014	4.6%	5.0%	$ 217	1.0%
Private Equity	$ 3,546	16.2%	12.5%	$ 1,073	4.9%
Real Estate	$ 1,975	9.0%	10.0%	$ 240	1.1%
Risk Diversifiers	$ 1,339	6.1%	7.5%	$ 64	0.3%
Total Alternatives	**$ 11,772**	**53.8%**	**55.0%**	**$ 3,191**	**14.6%**

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 06/30/2025 values, adjusted for subsequent cash flows.

(in $millions)	Private Market Commitments by Vintage Year				3-Year
as of 11/30/2025	2022	2023	2024	2025	Average[1]
Alternative Credit	$ 550	$ 80	$ 175	$ 843	$ 268
Infrastructure	$ 200	$ 50	$ 25	$ 125	$ 92
Natural Resources	$ 30	$ 40	$ -	$ -	$ 23
Private Equity	$ 218	$ 71	$ 274	$ 123	$ 188
Real Estate	$ 180	$ 50	$ 35	$ 35	$ 88
Total Commitments	**$ 1,178**	**$ 291**	**$ 509**	**$ 1,126**	**$ 659**

[1]3-Year Average: 2022-2024

MainePERS Private Market Investments Summary: 06/30/2025

Asset Class Summary	Commitment (A)	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Alternative Credit	$ 3,136,844	$ 2,556,412	$ 1,666,616	$ 1,489,665	$ 3,156,281	8.1%
Infrastructure	$ 3,509,687	$ 3,828,731	$ 3,419,919	$ 2,383,290	$ 5,803,209	11.0%
Natural Resources	$ 1,060,500	$ 1,148,286	$ 503,673	$ 1,026,230	$ 1,529,903	5.5%
Private Equity	$ 5,240,447	$ 5,388,901	$ 5,182,772	$ 3,746,871	$ 8,929,642	14.6%
Real Estate	$ 2,818,536	$ 3,092,296	$ 2,122,469	$ 1,997,633	$ 4,120,102	5.6%
Total	$ 15,766,014	$ 16,014,626	$ 12,895,449	$ 10,643,689	$ 23,539,138	9.7%

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	$ 364,035	43	$ 345,608	$ 206,754	$ 223,271	$ 430,024	10.4%
Infrastructure Co-Investments	$ 222,193	11	$ 216,468	$ 341,389	$ 69,005	$ 410,394	14.5%
Natural Resources Co-Investments	$ 32,500	2	$ 32,770	$ 37	$ 77,121	$ 77,159	15.9%
Private Equity Co-Investments	$ 396,572	36	$ 392,016	$ 329,749	$ 294,937	$ 624,686	12.1%
Real Estate Co-Investments	$ 72,243	6	$ 65,202	$ 22,715	$ 26,547	$ 49,261	-6.9%
Total	$ 1,087,543	98	$ 1,052,064	$ 900,644	$ 690,880	$ 1,591,524	12.0%

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

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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	$ 25,328	$ 9,380	$ 34,709	16.1%
Angelo Gordon Direct Lending Fund III	$ 100,000	7/20/2018	$ 103,520	$ 99,055	$ 47,056	$ 146,111	9.6%
Participation Agreement #1	$ 7,500	10/11/2019	$ 7,479	$ 3,912	$ 7,296	$ 11,208	10.2%
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	$ 13,886	$ -	$ 13,886	10.6%
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	$ 4,802	$ 9,458	$ 14,260	10.4%
Participation Agreement #7	$ 5,000	12/11/2019	$ 5,000	$ 7,263	$ -	$ 7,263	9.6%
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	$ 3,656	$ 6,849	$ 10,505	11.2%
Participation Agreement #10	$ 10,000	4/20/2021	$ 9,955	$ 3,125	$ 9,328	$ 12,454	10.3%
Participation Agreement #11	$ 5,000	5/5/2021	$ 5,250	$ 1,853	$ 3,949	$ 5,802	3.1%
Angelo Gordon Direct Lending Fund IV	$ 100,000	1/24/2020	$ 98,818	$ 66,998	$ 70,135	$ 137,133	10.7%
Participation Agreement #1	$ 5,000	10/23/2020	$ 4,913	$ 6,266	$ -	$ 6,266	9.2%
Participation Agreement #2	$ 12,500	8/17/2021	$ 12,264	$ 4,842	$ 11,950	$ 16,792	10.9%
Participation Agreement #3	$ 7,500	10/5/2021	$ 7,500	$ 7,913	$ -	$ 7,913	7.9%
Participation Agreement #4	$ 5,000	12/21/2021	$ 4,919	$ 1,944	$ 4,794	$ 6,738	11.0%
Participation Agreement #5	$ 10,000	12/21/2021	$ 9,975	$ 3,533	$ 8,399	$ 11,932	10.7%
Participation Agreement #6	$ 5,000	1/12/2022	$ 4,887	$ 1,833	$ 4,773	$ 6,605	10.6%
Participation Agreement #7	$ 7,500	1/12/2022	$ 7,378	$ 2,686	$ 6,656	$ 9,343	8.3%
Participation Agreement #8	$ 12,500	6/16/2022	$ 12,391	$ 15,895	$ -	$ 15,895	11.9%
Angelo Gordon Direct Lending Fund IV Annex	$ 50,000	11/18/2021	$ 49,258	$ 29,882	$ 34,804	$ 64,686	11.2%
Angelo Gordon Direct Lending Fund V	$ 125,000	8/3/2022	$ 80,179	$ 20,672	$ 76,193	$ 96,866	10.7%
Participation Agreement #1	$ 7,500	9/1/2022	$ 7,388	$ 2,431	$ 7,224	$ 9,655	11.4%
Participation Agreement #2	$ 12,500	10/7/2022	$ 12,216	$ 4,075	$ 11,910	$ 15,985	12.6%
Participation Agreement #3	$ 10,000	10/19/2022	$ 9,833	$ 3,204	$ 9,433	$ 12,637	11.3%
Participation Agreement #4	$ 10,000	10/27/2022	$ 9,800	$ 3,603	$ 9,207	$ 12,810	12.5%
Participation Agreement #5	$ 10,000	2/27/2023	$ 9,811	$ 2,702	$ 9,673	$ 12,374	12.0%
Participation Agreement #6	$ 5,000	10/20/2023	$ 4,868	$ 882	$ 4,834	$ 5,716	NM
Participation Agreement #7	$ 10,000	5/22/2024	$ 9,850	$ 1,167	$ 9,791	$ 10,958	NM
Participation Agreement #8	$ 10,000	6/21/2024	$ 9,800	$ 1,139	$ 9,788	$ 10,927	NM
Participation Agreement #9	$ 10,000	8/6/2024	$ 9,850	$ 809	$ 9,773	$ 10,582	NM
Participation Agreement #10	$ 10,000	12/11/2024	$ 9,875	$ 515	$ 9,833	$ 10,347	NM

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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
Participation Agreement #11	$	10,000	12/27/2024	$	9,888	$	313	$	9,832	$	10,145	NM
TPG Twin Brook Direct Lending Fund VI	$	150,000	6/20/2025	$	-	$	-	$	-	$	-	NM
Ares Capital Europe IV	$	122,000	4/30/2018	$	96,890	$	72,300	$	52,371	$	124,671	5.6%
Ares Capital Europe V	$	122,000	9/4/2020	$	93,497	$	24,439	$	97,449	$	121,887	9.6%
Ares Capital Europe VI	$	82,500	3/17/2023	$	34,402	$	9,891	$	30,828	$	40,719	NM
Ares Senior Direct Lending Fund II	$	100,000	12/10/2021	$	77,500	$	24,891	$	76,397	$	101,288	13.9%
Ares Senior Direct Lending Fund III	$	100,000	7/28/2023	$	25,730	$	1,564	$	27,456	$	29,020	NM
Audax Senior Debt (MP), LLC	$	100,000	6/30/2017	$	100,000	$	134,916	$	-	$	134,916	5.2%
Brookfield Infrastructure Debt Fund III	$	100,000	7/15/2022	$	98,693	$	31,120	$	76,818	$	107,938	8.1%
BID III DESRI Co-Invest	$	8,571	4/30/2024	$	3,923	$	199	$	3,906	$	4,105	NM
BID III PosiGen Co-Invest	$	10,000	4/1/2025	$	-	$	-	$	-	$	-	NM
Brookfield Infrastructure Debt Fund IV	$	100,000	12/31/2024	$	0	$	-	$	(54)	$	(54)	NM
Comvest Credit Partners VI	$	125,000	5/20/2022	$	186,948	$	95,715	$	111,167	$	206,882	11.3%
Comvest Credit Partners VII	$	75,000	5/1/2024	$	44,729	$	2,037	$	44,182	$	46,219	NM
Deerpath Capital VI	$	75,000	9/30/2021	$	67,500	$	16,635	$	67,885	$	84,520	8.6%
Global Infrastructure Partners Spectrum	$	100,000	2/20/2019	$	129,055	$	72,171	$	73,063	$	145,234	7.3%
Mesa West Core Lending Fund	$	100,000	6/18/2013	$	127,612	$	72,053	$	100,581	$	172,634	4.3%
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	$	6,277	$	11,132	$	17,410	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	$	2,551	$	7,147	$	9,698	12.0%
Blue Owl Capital Corporation III	$	100,000	6/19/2020	$	118,400	$	54,053	$	104,701	$	158,754	9.4%
Pathlight Capital Fund II	$	75,000	4/22/2021	$	138,207	$	124,006	$	38,242	$	162,249	11.2%
Participation Agreement #1	$	7,500	4/1/2022	$	7,082	$	9,848	$	-	$	9,848	15.3%
Participation Agreement #2	$	7,500	4/1/2022	$	7,364	$	3,043	$	7,009	$	10,052	11.9%
Pathlight Capital Fund III	$	75,000	6/24/2022	$	107,434	$	80,541	$	44,149	$	124,690	15.3%
Pathlight Capital Evergreen Fund	$	200,000	3/31/2025	$	46,597	$	-	$	47,028	$	47,028	NM
Solar Capital Private Corporate Lending Fund	$	50,000	6/26/2019	$	40,188	$	24,773	$	31,314	$	56,087	10.7%

(all dollar amounts in thousands)

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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
Solar Capital Debt Fund	$ 50,000	6/26/2019	$ 25,000	$ 12,794	$ 19,543	$ 32,337	9.7%
SLR Private Corporate Lending Fund II	$ 125,000	12/23/2022	$ 31,784	$ 2,045	$ 35,448	$ 37,493	NM
Silver Point Specialty Credit II	$ 50,000	1/31/2020	$ 64,230	$ 41,907	$ 39,976	$ 81,883	11.0%
Tennenbaum Direct Lending VIII	$ 100,000	11/30/2017	$ 100,883	$ 111,576	$ 14,984	$ 126,560	6.2%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 06/30/2025

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	$ 68,244	$ 74,329	$ 28	$ 74,358	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	$ 52,612	$ 190,203	3.7%
Great River Hydro Partners	$ 12,000	6/17/2017	$ 10,718	$ 45,187	$ -	$ 45,187	39.5%
Brookfield Infrastructure Fund II	$ 100,000	6/28/2013	$ 119,185	$ 141,511	$ 82,363	$ 223,874	10.4%
Brookfield Infrastructure Fund III	$ 100,000	4/15/2016	$ 114,780	$ 82,427	$ 108,861	$ 191,289	11.8%
Co-Investment #1	$ 20,000	3/31/2017	$ 15,955	$ 30,599	$ 7,034	$ 37,633	24.8%
Carlyle Global Infrastructure Opportunity Fund	$ 100,000	5/1/2019	$ 104,885	$ 33,829	$ 109,126	$ 142,955	11.0%
Carlyle Infrastructure Partners	$ 50,000	11/2/2007	$ 57,366	$ 64,289	$ 366	$ 64,655	2.5%
Carlyle Power Partners II	$ 50,000	11/19/2015	$ 74,455	$ 101,189	$ 615	$ 101,804	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	$ 11,944	$ 89,610	$ 101,554	4.7%
Cube Infrastructure III	$ 90,000	8/16/2021	$ 60,222	$ 6,201	$ 69,000	$ 75,201	9.3%
EQT Infrastructure III	$ 68,000	12/3/2016	$ 111,362	$ 175,933	$ 15,914	$ 191,847	20.2%
EQT Infrastructure IV	$ 100,000	12/17/2018	$ 103,866	$ 26,681	$ 134,342	$ 161,023	11.5%
EQT Infrastructure V	$ 75,000	12/8/2020	$ 74,792	$ 16,455	$ 79,028	$ 95,483	10.3%
Global Energy & Power Infrastructure Fund	$ 50,000	6/30/2010	$ 59,778	$ 53,224	$ 339	$ 53,563	-3.2%
Global Energy & Power Infrastructure Fund II	$ 100,000	10/21/2013	$ 129,180	$ 129,452	$ 28,933	$ 158,385	10.9%
Global Infrastructure Partners Sonic	$ 35,000	7/31/2020	$ 34,743	$ -	$ 12,914	$ 12,914	-20.1%
Global Infrastructure Partners	$ 75,000	3/31/2008	$ 101,173	$ 205,062	$ 212	$ 205,273	17.2%
Global Infrastructure Partners II	$ 75,000	12/3/2011	$ 110,874	$ 183,116	$ 9,348	$ 192,464	15.5%
Global Infrastructure Partners III	$ 150,000	4/15/2016	$ 193,133	$ 177,646	$ 111,592	$ 289,238	9.7%
Co-Investment #1	$ 29,000	2/28/2017	$ 28,486	$ 20,322	$ 38,416	$ 58,738	13.0%
Co-Investment #2	$ 25,000	8/16/2018	$ 27,519	$ 35,607	$ (68)	$ 35,539	4.7%
Global Infrastructure Partners IV	$ 150,000	12/21/2018	$ 151,702	$ 26,036	$ 161,735	$ 187,771	7.8%
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	$ 111,226	$ 11,226	$ 117,589	$ 128,814	7.2%
KKR Global Infrastructure Investors	$ 75,000	9/29/2010	$ 87,917	$ 154,328	$ 98	$ 154,426	13.1%
KKR Global Infrastructure Investors II	$ 150,000	10/24/2014	$ 188,113	$ 291,055	$ 45,862	$ 336,917	16.7%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 06/30/2025

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 Atlanta Co-Invest	$	24,000	9/26/2014	$	21,428	$	28,551	$	-	$	28,551	5.7%
KKR Taurus Co-Invest II	$	25,000	8/15/2017	$	25,000	$	56,779	$	896	$	57,675	21.3%
KKR Byzantium Infrastructure Aggregator	$	15,000	10/17/2017	$	15,005	$	13,431	$	10,523	$	23,954	8.8%
KKR Global Infrastructure Investors III	$	100,000	3/29/2018	$	100,145	$	63,340	$	79,630	$	142,970	10.9%
Meridiam Infrastructure (SCA)	$	11,000	9/23/2015	$	21,938	$	17,250	$	29,446	$	46,696	10.0%
Meridiam Infrastructure (SCA) B Shares	$	305	9/23/2015	$	305	$	55	$	27,017	$	27,071	59.6%
Meridiam Infrastructure Europe II (SCA)	$	22,500	9/23/2015	$	36,936	$	21,442	$	41,767	$	63,209	9.2%
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	$	83,722	$	24,823	$	95,376	$	120,199	9.2%
Meridiam Sustainable Infrastructure Europe IV	$	90,000	4/16/2021	$	39,611	$	4,143	$	40,807	$	44,950	NM
Meridiam Infrastructure N.A. II	$	75,000	9/28/2012	$	88,232	$	49,896	$	196,663	$	246,559	15.7%
MINA II CIP	$	175	6/30/2015	$	169	$	1,870	$	22,317	$	24,187	87.6%
Meridiam Infrastructure N.A. II	$	20,000	6/30/2015	$	18,870	$	9,162	$	50,379	$	59,541	19.9%
Meridiam Infrastructure N.A. III	$	50,000	7/12/2017	$	40,764	$	1,241	$	58,643	$	59,884	13.7%
Stonepeak Infrastructure Partners II	$	140,000	11/12/2015	$	192,693	$	266,920	$	8,595	$	275,515	12.7%
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	$	38,449	$	-	$	38,449	11.2%
Stonepeak Infrastructure Partners III	$	150,000	10/13/2017	$	174,004	$	62,642	$	175,572	$	238,215	8.4%
Stonepeak Guardian (Co-Invest) Holdings	$	10,000	4/27/2023	$	10,000	$	769	$	12,296	$	13,065	14.2%
Stonepeak Infrastructure Partners IV	$	125,000	5/8/2020	$	102,564	$	22,229	$	102,950	$	125,179	9.9%
Stonepeak Infrastructure Partners V	$	25,000	6/28/2024	$	210	$	-	$	92	$	92	NM
Stonepeak Core Infrastructure Fund	$	100,000	8/5/2022	$	108,285	$	8,285	$	130,628	$	138,912	12.8%
Stonepeak Opportunities Fund	$	50,000	6/12/2023	$	25,449	$	4,025	$	23,454	$	27,479	8.2%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 06/30/2025

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	$ 65,379	$ 77,486	8.5%
ACM Permanent Crops II	$ 35,000	5/12/2016	$ 43,088	$ 8,885	$ 13,773	$ 22,658	-13.7%
AMERRA Agri Fund III	$ 50,000	2/11/2016	$ 102,428	$ 97,709	$ 9,702	$ 107,410	1.8%
Denham Mining Fund	$ 35,000	6/29/2018	$ 34,774	$ 659	$ 25,960	$ 26,619	-6.1%
Homestead Capital Farmland II	$ 50,000	8/8/2016	$ 57,495	$ 12,924	$ 53,787	$ 66,711	2.8%
Homestead Capital Farmland III	$ 30,000	10/26/2018	$ 33,588	$ 5,140	$ 30,474	$ 35,614	2.0%
Orion Mine Finance Fund II	$ 50,000	5/25/2016	$ 102,219	$ 90,648	$ 43,075	$ 133,723	9.1%
Orion Mine Finance Co-Fund II	$ 20,000	8/13/2018	$ 20,233	$ -	$ 53,517	$ 53,517	15.7%
Silver Creek Aggregate Reserves Fund	$ 100,000	11/6/2018	$ 21,217	$ 4,668	$ 26,164	$ 30,832	NM
Sprott Private Resource Lending Fund III	$ 30,000	8/31/2022	$ 14,676	$ 3,473	$ 12,553	$ 16,026	NM
Sprott Private Resource Streaming and Royalty Annex	$ 40,000	5/17/2023	$ 27,662	$ 679	$ 25,602	$ 26,281	-3.0%
Taurus Mining Fund	$ 50,000	3/27/2015	$ 41,459	$ 48,789	$ 14	$ 48,803	6.5%
Taurus Mining Fund Annex	$ 23,000	12/1/2016	$ 18,526	$ 24,296	$ 8	$ 24,304	17.1%
Taurus Mining Fund No. 2	$ 75,000	4/18/2019	$ 69,832	$ 53,214	$ 35,187	$ 88,400	14.8%
Teays River Integrated Agriculture	$ 200,000	7/1/2015	$ 192,961	$ 28,770	$ 309,221	$ 337,991	6.1%
Twin Creeks Timber	$ 200,000	1/7/2016	$ 205,753	$ 100,111	$ 151,396	$ 251,507	4.1%
U.S. Farming Realty Trust III	$ 100,000	7/7/2015	$ 110,017	$ 11,565	$ 146,814	$ 158,379	5.4%
Canally Coinvest Holdings	$ 12,500	12/9/2019	$ 12,537	$ 37	$ 23,604	$ 23,641	16.5%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 06/30/2025

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	$ 20,585	$ 29,749	$ 237	$ 29,985	13.0%
ABRY Advanced Securities Fund III	$ 30,000	4/30/2014	$ 45,332	$ 44,697	$ 43	$ 44,740	-0.3%
ABRY Heritage Partners	$ 10,000	5/31/2016	$ 11,205	$ 16,604	$ 5,936	$ 22,539	26.0%
ABRY Partners VII	$ 10,000	4/29/2011	$ 13,118	$ 18,674	$ 1,165	$ 19,839	12.0%
ABRY Partners VIII	$ 20,000	8/8/2014	$ 24,240	$ 30,082	$ 3,990	$ 34,071	9.7%
ABRY Senior Equity IV	$ 10,000	12/7/2012	$ 10,853	$ 17,114	$ 923	$ 18,037	14.4%
ABRY Senior Equity V	$ 12,050	1/19/2017	$ 13,209	$ 8,025	$ 12,649	$ 20,674	12.2%
Advent International GPE VII	$ 30,000	6/29/2012	$ 34,811	$ 55,785	$ 2,381	$ 58,166	13.2%
Advent International GPE VIII	$ 50,000	2/5/2016	$ 58,465	$ 80,046	$ 33,315	$ 113,361	15.8%
CF24XB SCSP	$ 3,100	3/28/2025	$ 2,471	$ -	$ 3,044	$ 3,044	NM
Advent International GPE IX	$ 50,000	5/9/2019	$ 48,355	$ 14,496	$ 65,344	$ 79,839	14.8%
GPE IX TKE Co-Investment	$ 24,000	3/30/2020	$ 21,243	$ -	$ 42,876	$ 42,876	15.3%
Advent International GPE X	$ 45,000	4/28/2022	$ 23,292	$ -	$ 31,315	$ 31,315	18.7%
AI Co-Investment I-A	$ 7,500	3/2/2023	$ 7,443	$ -	$ 10,303	$ 10,303	15.9%
Advent Latin America PE Fund VI	$ 20,000	10/17/2014	$ 20,272	$ 18,950	$ 17,329	$ 36,279	13.2%
Affinity Asia Pacific Fund IV	$ 60,000	2/28/2013	$ 71,852	$ 89,718	$ 30,439	$ 120,158	14.8%
Affinity Asia Pacific Fund V	$ 40,000	12/11/2017	$ 34,021	$ 9,867	$ 30,231	$ 40,097	6.4%
Bain Capital Ventures 2021	$ 25,000	10/28/2020	$ 22,438	$ 1	$ 23,213	$ 23,214	1.1%
Bain Capital Ventures 2022	$ 25,000	6/10/2022	$ 14,063	$ 0	$ 18,204	$ 18,205	26.3%
Bain Capital Venture Coinvestment Fund III	$ 15,000	4/1/2021	$ 15,750	$ 825	$ 14,939	$ 15,764	0.0%
Bain Capital Venture Coinvestment Fund IV	$ 15,000	6/10/2022	$ 8,325	$ -	$ 9,548	$ 9,548	21.9%
Berkshire Fund VIII	$ 15,000	7/20/2011	$ 17,044	$ 34,350	$ 2,874	$ 37,224	16.2%
Berkshire Fund IX	$ 50,000	3/18/2016	$ 59,426	$ 39,721	$ 60,512	$ 100,233	13.5%
Blackstone Capital Partners VI	$ 30,000	6/30/2010	$ 38,554	$ 58,295	$ 6,910	$ 65,205	12.2%
Blackstone Capital Partners VII	$ 54,000	3/27/2015	$ 65,407	$ 62,079	$ 45,402	$ 107,481	12.8%
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	$ 90,862	$ 139,686	$ 4,124	$ 143,810	12.9%
Carlyle Asia Partners V	$ 45,000	10/30/2017	$ 52,664	$ 20,920	$ 42,799	$ 63,719	8.0%
Centerbridge Capital Partners III	$ 30,000	10/24/2014	$ 50,106	$ 54,853	$ 19,216	$ 74,069	14.1%
CB Blizzard Co-Invest	$ 15,684	9/11/2019	$ 15,773	$ 10,053	$ 990	$ 11,044	-27.0%
Charterhouse Capital Partners VIII	$ 13,500	1/6/2011	$ 11,188	$ 14,160	$ -	$ 14,160	7.9%

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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 Capital Partners IX	$ 4,500	1/6/2011	$ 5,410	$ 7,275	$ 33	$ 7,308	12.0%
Charterhouse Capital Partners X	$ 67,000	5/13/2015	$ 66,135	$ 88,011	$ 38,842	$ 126,853	20.5%
Charterhouse Acrostone	$ 12,000	8/24/2018	$ 13,254	$ 21,268	$ -	$ 21,268	16.9%
Charterhouse Capital Partners XI	$ 45,000	4/23/2021	$ 32,460	$ 2,685	$ 40,230	$ 42,915	20.0%
CVC Capital Partners VI	$ 67,000	7/12/2013	$ 108,076	$ 137,483	$ 51,992	$ 189,474	15.4%
CVC Capital Partners VII	$ 48,000	5/9/2017	$ 84,673	$ 75,790	$ 64,638	$ 140,429	20.7%
CVC Capital Partners VIII	$ 44,000	6/11/2020	$ 75,810	$ 35,432	$ 50,358	$ 85,790	9.9%
CVC Capital Partners IX	$ 44,000	6/29/2023	$ 15,357	$ 9,168	$ 6,985	$ 16,153	NM
CVC Capital Partners Pachelbel (A) SCSp	$ 6,966	6/14/2024	$ 6,474	$ 36	$ 9,597	$ 9,633	NM
EnCap Energy Capital VIII	$ 30,000	1/31/2011	$ 34,203	$ 25,715	$ 10,912	$ 36,626	1.2%
EnCap Energy Capital Fund VIII Co-Investors	$ 16,238	12/8/2011	$ 16,538	$ 7,834	$ 5,691	$ 13,525	-2.4%
EnCap Energy Capital Fund IX	$ 30,000	12/19/2012	$ 37,322	$ 48,709	$ 7,082	$ 55,791	10.9%
EnCap Energy Capital Fund X	$ 40,000	3/5/2015	$ 49,315	$ 75,967	$ 19,256	$ 95,222	16.2%
EnCap Energy Capital Fund XI	$ 40,000	5/31/2017	$ 47,213	$ 59,075	$ 25,845	$ 84,919	21.3%
EnCap Flatrock Midstream Fund III	$ 20,000	4/9/2014	$ 25,316	$ 27,724	$ 7,703	$ 35,427	9.6%
EnCap Flatrock Midstream Fund IV	$ 22,000	11/17/2017	$ 22,184	$ 13,274	$ 14,548	$ 27,822	8.1%
General Catalyst X - Early Venture	$ 19,565	3/26/2020	$ 19,174	$ -	$ 25,773	$ 25,773	7.2%
General Catalyst X - Endurance	$ 22,826	3/26/2020	$ 22,859	$ 1,431	$ 27,105	$ 28,536	5.3%
General Catalyst X - Growth Venture	$ 32,609	3/26/2020	$ 32,609	$ -	$ 46,663	$ 46,663	8.7%
General Catalyst XI - Creation	$ 8,823	10/29/2021	$ 8,209	$ -	$ 13,299	$ 13,299	27.9%
General Catalyst XI - Endurance	$ 29,412	10/29/2021	$ 28,526	$ -	$ 32,539	$ 32,539	5.1%
General Catalyst XI - Ignition	$ 11,765	10/29/2021	$ 10,293	$ -	$ 12,866	$ 12,866	9.1%
General Catalyst XII - Creation	$ 6,250	1/26/2024	$ 3,909	$ -	$ 4,887	$ 4,887	NM
General Catalyst XII - Endurance	$ 9,375	1/26/2024	$ 6,556	$ -	$ 6,589	$ 6,589	NM
General Catalyst XII - Health Assurance	$ 3,125	1/26/2024	$ 1,319	$ -	$ 1,203	$ 1,203	NM
General Catalyst XII - Ignition	$ 6,250	1/26/2024	$ 3,282	$ -	$ 3,650	$ 3,650	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	$ 19,106	$ 104,495	30.3%
GTCR Fund XII	$ 50,000	9/29/2017	$ 54,057	$ 40,905	$ 58,828	$ 99,732	19.7%
Co-Investment #1	$ 5,238	4/26/2019	$ 4,556	$ -	$ 10,759	$ 10,759	15.0%
Co-Investment #2	$ 5,997	11/1/2019	$ 5,977	$ 11,801	$ 53	$ 11,853	38.6%

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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
GTCR XIII	$ 50,000	10/27/2020	$ 41,340	$ 11,997	$ 47,635	$ 59,631	19.2%
GTCR XIV	$ 50,000	12/16/2022	$ 8,115	$ -	$ 11,589	$ 11,589	NM
H.I.G. Bayside Loan Fund II	$ 25,000	5/28/2010	$ 23,985	$ 32,479	$ -	$ 32,479	7.1%
H.I.G. Bayside Loan Ops Fund III (Europe)	$ 30,000	7/27/2012	$ 26,707	$ 31,070	$ 3,369	$ 34,440	6.9%
H.I.G. Brazil & Latin America Partners	$ 60,000	7/1/2015	$ 72,625	$ 41,830	$ 59,000	$ 100,830	8.2%
H.I.G. Capital Partners V	$ 15,000	2/28/2013	$ 22,550	$ 37,554	$ 5,173	$ 42,727	22.1%
H.I.G. Europe Capital Partners II	$ 22,500	7/1/2013	$ 26,532	$ 25,481	$ 12,283	$ 37,765	10.0%
H.I.G. Growth Buyouts & Equity Fund II	$ 17,500	6/30/2011	$ 26,128	$ 38,294	$ 4,718	$ 43,012	13.0%
H.I.G. Growth Buyouts & Equity Fund III	$ 35,000	9/13/2018	$ 27,951	$ 4,013	$ 29,894	$ 33,906	8.8%
H.I.G Middle Market LBO Fund II	$ 40,000	2/7/2014	$ 52,014	$ 79,561	$ 11,381	$ 90,942	24.0%
Co-Investment #1	$ 9,000	10/12/2017	$ 9,000	$ -	$ -	$ -	-100.0%
Co-Investment #2	$ 686	6/19/2020	$ 686	$ 45	$ 379	$ 424	-9.2%
Co-Investment #3	$ 1,000	6/1/2021	$ 1,079	$ -	$ 0	$ 0	-88.3%
H.I.G. Middle Market LBO Fund III	$ 40,000	7/23/2019	$ 39,884	$ 18,848	$ 30,896	$ 49,744	8.6%
Hellman & Friedman Capital Partners VII	$ 30,000	6/19/2009	$ 45,189	$ 111,116	$ 2,427	$ 113,543	24.6%
Hellman & Friedman Capital Partners VIII	$ 45,000	9/24/2014	$ 49,691	$ 34,009	$ 49,448	$ 83,457	10.5%
Hellman & Friedman Capital Partners IX	$ 45,000	9/28/2018	$ 48,958	$ 7,550	$ 75,527	$ 83,077	13.9%
Hellman & Friedman Capital Partners X	$ 45,000	5/10/2021	$ 42,320	$ 5,617	$ 43,262	$ 48,878	5.9%
Inflexion Buyout Fund IV	$ 27,000	9/30/2014	$ 38,285	$ 51,187	$ 14,192	$ 65,380	14.3%
Inflexion Partnership Capital Fund I	$ 17,000	9/30/2014	$ 26,322	$ 40,851	$ 8,270	$ 49,120	21.7%
Inflexion Supplemental Fund IV	$ 10,000	5/31/2016	$ 15,683	$ 23,354	$ 7,038	$ 30,392	22.2%
Kelso Investment Associates VIII	$ 3,000	1/6/2011	$ 3,044	$ 4,358	$ 9	$ 4,368	7.9%
Kelso Investment Associates IX	$ 60,000	11/5/2014	$ 70,513	$ 88,676	$ 30,225	$ 118,902	17.4%
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	$ 50,856	$ 21,341	$ 72,106	$ 93,447	19.9%
Kelso Investment Associates XI	$ 45,000	12/22/2021	$ 22,193	$ 2,080	$ 24,294	$ 26,374	NM
Kelso XI Heights Co-Investment	$ 12,000	8/19/2022	$ 10,035	$ -	$ 10,000	$ 10,000	-0.1%
KKR North American Fund XI	$ 60,000	2/7/2012	$ 101,597	$ 168,091	$ 22,647	$ 190,738	18.8%
KKR North America Fund XI (Platinum)	$ 8,003	2/26/2016	$ 8,040	$ 2,313	$ -	$ 2,313	-98.0%
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	$ 69,984	$ 64,858	$ 76,378	$ 141,235	19.7%

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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
KKR Sigma Aggregator	$ 15,000	6/22/2018	$ 15,000	$ -	$ 22,670	$ 22,670	6.1%
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	$ 199	$ 8,106	-10.2%
KKR North America XIII	$ 40,000	6/25/2021	$ 35,251	$ 754	$ 41,387	$ 42,141	10.6%
KKR Special Situations Fund	$ 60,000	12/19/2012	$ 118,957	$ 103,368	$ 4,097	$ 107,465	-3.6%
KKR Special Situations Fund II	$ 60,000	12/19/2014	$ 98,284	$ 83,479	$ 12,383	$ 95,862	-0.9%
Long Ridge Equity Partners IV	$ 15,000	6/26/2023	$ 224	$ -	$ (53)	$ (53)	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	$ 43,941	$ 25	$ 43,966	9.1%
ONCAP IV	$ 15,000	11/8/2016	$ 17,463	$ 7,774	$ 19,244	$ 27,018	11.0%
Onex Partners III	$ 10,000	1/6/2011	$ 11,224	$ 17,708	$ 1,463	$ 19,171	13.1%
Onex Partners IV	$ 60,000	11/22/2013	$ 67,272	$ 71,542	$ 21,767	$ 93,309	6.9%
Co-Investment #1	$ 10,000	2/27/2017	$ 10,471	$ 1,235	$ 639	$ 1,875	-27.6%
Onex Partners V	$ 45,000	7/11/2017	$ 43,283	$ 9,040	$ 54,985	$ 64,025	12.0%
Paine & Partners Capital Fund IV	$ 60,000	12/18/2014	$ 58,631	$ 29,545	$ 50,376	$ 79,922	6.0%
Wawona Co-Investment Fund I	$ 15,000	3/31/2017	$ 15,023	$ -	$ -	$ -	-100.0%
Lyons Magnus Co-Investment Fund I	$ 15,000	11/8/2017	$ 15,016	$ -	$ 26,753	$ 26,753	7.9%
PSP Maverick Co-Invest	$ 7,238	9/12/2019	$ 7,264	$ 476	$ -	$ 476	-41.1%
PSP AH&N Co-Investment Fund	$ 23,895	11/27/2019	$ 21,396	$ -	$ 33,433	$ 33,433	9.9%
Paine Schwartz Food Chain Fund V	$ 45,000	8/3/2018	$ 51,905	$ 26,877	$ 47,453	$ 74,329	15.9%
SNFL Co-Investment Fund	$ 5,000	10/11/2019	$ 5,024	$ 5,524	$ 6,003	$ 11,526	19.3%
Rhone Partners V	$ 56,000	3/12/2015	$ 79,129	$ 75,354	$ 77,677	$ 153,032	16.7%
Riverside Capital Appreciation Fund VI	$ 60,000	7/3/2013	$ 64,286	$ 80,144	$ 14,911	$ 95,055	10.3%
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	$ 196,910	$ 25,358	$ 222,268	34.8%
Riverside Micro-Cap Fund IV	$ 60,000	10/23/2015	$ 55,659	$ 14,842	$ 82,694	$ 97,536	7.9%
Riverside Micro-Cap Fund IV-B	$ 20,000	8/9/2019	$ 24,169	$ 22,104	$ 10,374	$ 32,478	8.0%
Riverside Micro-Cap Fund V	$ 40,000	8/21/2018	$ 37,369	$ 7,575	$ 53,815	$ 61,390	13.0%
Riverside Micro-Cap Fund VI	$ 45,000	8/26/2021	$ 24,594	$ 263	$ 25,575	$ 25,839	2.9%
Shoreview Capital Partners III	$ 24,000	7/24/2013	$ 26,306	$ 39,811	$ 12,860	$ 52,671	16.0%
Shoreview Capital Partners IV	$ 30,000	6/3/2019	$ 19,686	$ 20,219	$ 17,544	$ 37,762	36.7%

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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
Shoreview Capital Partners V	$ 25,000	9/13/2024	$ 0	$ -	$ (49)	$ (49)	NM
Sovereign Capital IV	$ 46,500	7/7/2014	$ 41,052	$ 35,142	$ 42,265	$ 77,407	12.9%
Summit Partners Credit II	$ 60,000	10/25/2013	$ 91,949	$ 90,241	$ 8,609	$ 98,850	2.8%
Summit Europe Growth Equity III	$ 22,000	3/18/2020	$ 23,379	$ 7,157	$ 26,310	$ 33,467	15.5%
Summit Europe Growth Equity IV	$ 22,000	2/10/2023	$ 1,428	$ -	$ 1,095	$ 1,095	NM
Summit Growth Equity VIII	$ 25,000	5/27/2011	$ 34,399	$ 70,622	$ 2,820	$ 73,442	25.4%
Co-Investment #1	$ 16,000	6/3/2015	$ 16,000	$ 45,329	$ 24,156	$ 69,486	31.5%
Summit Growth Equity IX	$ 60,000	8/26/2015	$ 87,624	$ 112,257	$ 59,247	$ 171,504	23.6%
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	$ -	$ 20,856	$ 20,856	4.0%
Summit Partners Co-Invest (Giants-B)	$ 15,292	10/22/2019	$ 15,292	$ 42,588	$ 735	$ 43,324	77.7%
Summit Growth Equity X	$ 60,000	2/26/2019	$ 66,106	$ 26,503	$ 67,863	$ 94,366	12.8%
Summit Partners Co-Invest (Lions)	$ 7,534	10/14/2020	$ 7,534	$ 119	$ 14,412	$ 14,531	15.4%
Summit Partners Co-Invest (Indigo)	$ 10,000	12/11/2020	$ 11,440	$ -	$ 11,424	$ 11,424	0.0%
Summit Growth Equity XI	$ 45,000	10/1/2021	$ 21,485	$ 183	$ 21,951	$ 22,134	NM
Summit Growth Equity XII	$ 25,000	10/1/2024	$ -	$ -	$ -	$ -	NM
Summit Venture Capital III	$ 13,150	5/27/2011	$ 18,044	$ 32,899	$ 4,939	$ 37,838	17.8%
Summit Venture Capital IV	$ 40,000	8/26/2015	$ 52,809	$ 56,183	$ 80,142	$ 136,325	34.3%
Summit Venture Capital V	$ 45,000	6/16/2020	$ 42,002	$ 2,771	$ 44,265	$ 47,036	5.3%
Summit Partners Co-Invest (CS)	$ 13,753	10/22/2021	$ 13,849	$ -	$ 15,089	$ 15,089	2.5%
Technology Crossover Ventures VIII	$ 60,000	5/8/2013	$ 56,269	$ 99,712	$ 30,871	$ 130,582	12.3%
Technology Crossover Ventures IX	$ 60,000	2/19/2016	$ 52,245	$ 76,108	$ 42,353	$ 118,461	19.7%
TCV Sports	$ 8,000	9/25/2018	$ 8,000	$ 2,636	$ 20,581	$ 23,217	17.2%
Technology Crossover Ventures X	$ 45,000	8/31/2018	$ 38,003	$ 23,090	$ 74,035	$ 97,125	22.8%
Technology Crossover Ventures XI	$ 45,000	10/2/2020	$ 39,063	$ -	$ 46,608	$ 46,608	6.6%
Technology Impact Fund	$ 40,000	12/18/2017	$ 38,884	$ 24,707	$ 131,785	$ 156,492	39.5%
Technology Impact Fund II	$ 40,000	4/13/2021	$ 21,176	$ 342	$ 23,777	$ 24,119	6.1%
Technology Impact Growth Fund	$ 40,000	11/26/2018	$ 50,884	$ 26,676	$ 58,618	$ 85,294	15.9%
Technology Impact Growth Fund II	$ 40,000	8/6/2021	$ 23,730	$ 232	$ 24,362	$ 24,594	1.8%
TIGF II Direct Strategies LLC - Series 3	$ 5,000	7/14/2023	$ 5,052	$ -	$ 4,997	$ 4,997	NM
TIGF II Direct Strategies LLC - Series 5	$ 5,000	12/13/2024	$ 5,002	$ -	$ 4,996	$ 4,996	NM

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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
Tenex Capital Partners IV	$ 50,000	7/2/2024	$ 4,949	$ 3	$ 3,105	$ 3,108	NM
Thoma Bravo Fund XI	$ 50,000	5/1/2014	$ 81,645	$ 193,062	$ 26,204	$ 219,266	26.1%
Thoma Bravo Fund XII	$ 60,000	4/27/2016	$ 83,827	$ 128,417	$ 32,828	$ 161,244	15.1%
Thoma Bravo Fund XIII	$ 45,000	12/7/2018	$ 63,670	$ 64,212	$ 53,479	$ 117,691	22.6%
Thoma Bravo Special Opportunities Fund II	$ 15,000	3/27/2015	$ 19,358	$ 31,471	$ 11,328	$ 42,799	15.9%
Thoma Bravo Discover Fund IV	$ 45,000	7/1/2022	$ 40,396	$ 8,199	$ 46,097	$ 54,296	21.3%
Thoma Bravo Discover Fund V	$ 50,000	5/31/2024	$ -	$ -	$ -	$ -	NM
Tillridge Global Agribusiness Partners II	$ 50,000	10/21/2016	$ 34,642	$ 5,082	$ 23,146	$ 28,228	-5.1%
Water Street Healthcare Partners III	$ 25,000	7/25/2012	$ 30,619	$ 78,721	$ 8,807	$ 87,528	34.7%
Water Street Healthcare Partners IV	$ 33,000	9/15/2017	$ 38,205	$ 23,604	$ 46,505	$ 70,109	16.6%
Water Street Healthcare Partners V	$ 43,000	4/15/2022	$ 17,750	$ -	$ 15,243	$ 15,243	NM
Wayzata Opportunities Fund III	$ 30,000	9/11/2012	$ 14,718	$ 15,467	$ 143	$ 15,610	1.2%
Wynnchurch Capital Partners IV	$ 40,000	10/23/2014	$ 38,904	$ 66,322	$ 44,073	$ 110,396	24.5%
Wynnchurch Capital Partners V	$ 40,000	1/15/2020	$ 36,938	$ 2,166	$ 46,120	$ 48,285	10.0%
Wynnchurch Capital Partners VI	$ 40,000	1/18/2024	$ 7,288	$ -	$ 8,331	$ 8,331	NM

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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	$ 13,082	$ 44,401	$ 57,483	5.9%
Angelo Gordon Realty Fund XI	$ 50,000	3/31/2022	$ 22,601	$ 157	$ 23,684	$ 23,841	NM
Bain Capital Real Estate II	$ 50,000	3/5/2021	$ 38,498	$ 3,883	$ 33,705	$ 37,588	-1.1%
Bain Capital Real Estate III	$ 35,000	12/18/2023	$ 15,979	$ 2,978	$ 11,323	$ 14,301	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	$ 50,262	$ 337,106	$ 387,368	1.6%
Blackstone Real Estate Partners VII	$ 75,000	2/26/2012	$ 107,502	$ 159,102	$ 8,888	$ 167,989	14.2%
Blackstone Real Estate Partners VIII	$ 50,000	3/27/2015	$ 66,698	$ 69,548	$ 29,659	$ 99,207	12.0%
Blackstone Real Estate Partners IX	$ 40,000	12/21/2018	$ 46,528	$ 17,773	$ 40,419	$ 58,192	8.2%
Barings Asia Real Estate II	$ 50,000	7/31/2018	$ 46,310	$ 6,212	$ 32,753	$ 38,966	-6.6%
EQT Real Estate II	$ 55,000	4/26/2019	$ 47,093	$ 15,767	$ 40,407	$ 56,174	7.4%
EQT Real Estate Rock Co-Investment	$ 11,000	8/10/2020	$ 9,406	$ -	$ 12,066	$ 12,066	6.2%
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	$ 97,588	$ 63,753	$ 118,542	$ 182,295	7.1%
HSRE-Coyote Maine PERS Core Co-Investment	$ 20,000	12/4/2020	$ 16,125	$ 2,798	$ 10,009	$ 12,807	-6.0%
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	$ 12,215	$ 33,707	$ 45,923	15.8%
HSREF VI Elgin Co-Invest	$ 10,000	4/9/2021	$ 9,335	$ 14,609	$ 613	$ 15,222	13.2%
High Street Real Estate Fund VII	$ 35,000	8/16/2021	$ 35,000	$ 2,841	$ 41,858	$ 44,699	9.1%
High Street Real Estate VII Venture	$ 15,000	3/17/2023	$ 15,000	$ 1,030	$ 19,867	$ 20,897	20.3%
High Street Logistics Value Fund I	$ 35,000	4/17/2024	$ 41,571	$ 4,987	$ 33,937	$ 38,924	NM
High Street VF I Co-Invest	$ 3,896	8/28/2024	$ 5,043	$ 1,148	$ 3,859	$ 5,007	NM
Hines US Property Partners	$ 200,000	9/9/2021	$ 221,388	$ 23,718	$ 219,118	$ 242,835	4.8%
Invesco Real Estate Asia IV	$ 30,000	3/25/2020	$ 26,147	$ 19,701	$ 9,368	$ 29,068	8.5%
Invesco US Income Fund	$ 195,000	7/17/2014	$ 254,975	$ 96,252	$ 302,931	$ 399,183	7.6%
IPI Data Center Partners I	$ 30,000	12/15/2017	$ 39,776	$ 30,722	$ 31,777	$ 62,499	13.6%
IPI Data Center Partners II	$ 25,000	12/20/2019	$ 24,535	$ 1,619	$ 29,591	$ 31,210	9.3%
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	$ 54,566	$ 56,486	$ 14,919	$ 71,405	9.0%
KKR Real Estate Partners Europe II	$ 25,000	12/23/2019	$ 25,847	$ 7,096	$ 19,917	$ 27,013	2.0%
KKR Real Estate Partners Americas I	$ 50,000	12/20/2013	$ 50,181	$ 61,004	$ 302	$ 61,306	10.5%
KKR Real Estate Partners Americas II	$ 50,000	6/2/2016	$ 62,522	$ 76,042	$ 7,315	$ 83,357	17.5%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 06/30/2025

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	$ 9,478	$ 55,116	$ 64,594	13.8%
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	$ 4,160	$ 4,787	-26.8%
LCC Co-Investor B	$ 15,000	10/18/2019	$ 15,000	$ -	$ -	$ -	-100.0%
Rubenstein Properties Fund IV	$ 25,000	4/16/2019	$ 10,571	$ 56	$ 2,353	$ 2,408	NM
Prudential Senior Housing Fund V	$ 50,000	3/17/2015	$ 41,333	$ 7,084	$ 37,612	$ 44,696	1.1%
Smart Markets Fund, L.P.	$ 195,000	6/17/2013	$ 246,453	$ 93,594	$ 302,609	$ 396,203	7.2%
Stonelake Opportunity Partners VII	$ 40,000	6/30/2022	$ 24,000	$ -	$ 22,586	$ 22,586	-6.5%
Walton Street Real Estate Fund VII	$ 50,000	5/9/2012	$ 44,304	$ 56,658	$ 2,887	$ 59,545	8.3%
Walton Street Real Estate Fund VIII	$ 50,000	10/23/2015	$ 44,042	$ 41,685	$ 18,069	$ 59,753	8.3%
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	$ 17,813	$ 17,500	$ 1,538	$ 19,039	2.7%
Westbrook Real Estate Fund X	$ 50,000	1/15/2015	$ 53,137	$ 42,649	$ 10,656	$ 53,306	0.2%
Westbrook Real Estate Fund XI	$ 40,000	1/31/2019	$ 44,382	$ 21,074	$ 28,141	$ 49,215	6.8%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 6/30/2025

Notes: 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.

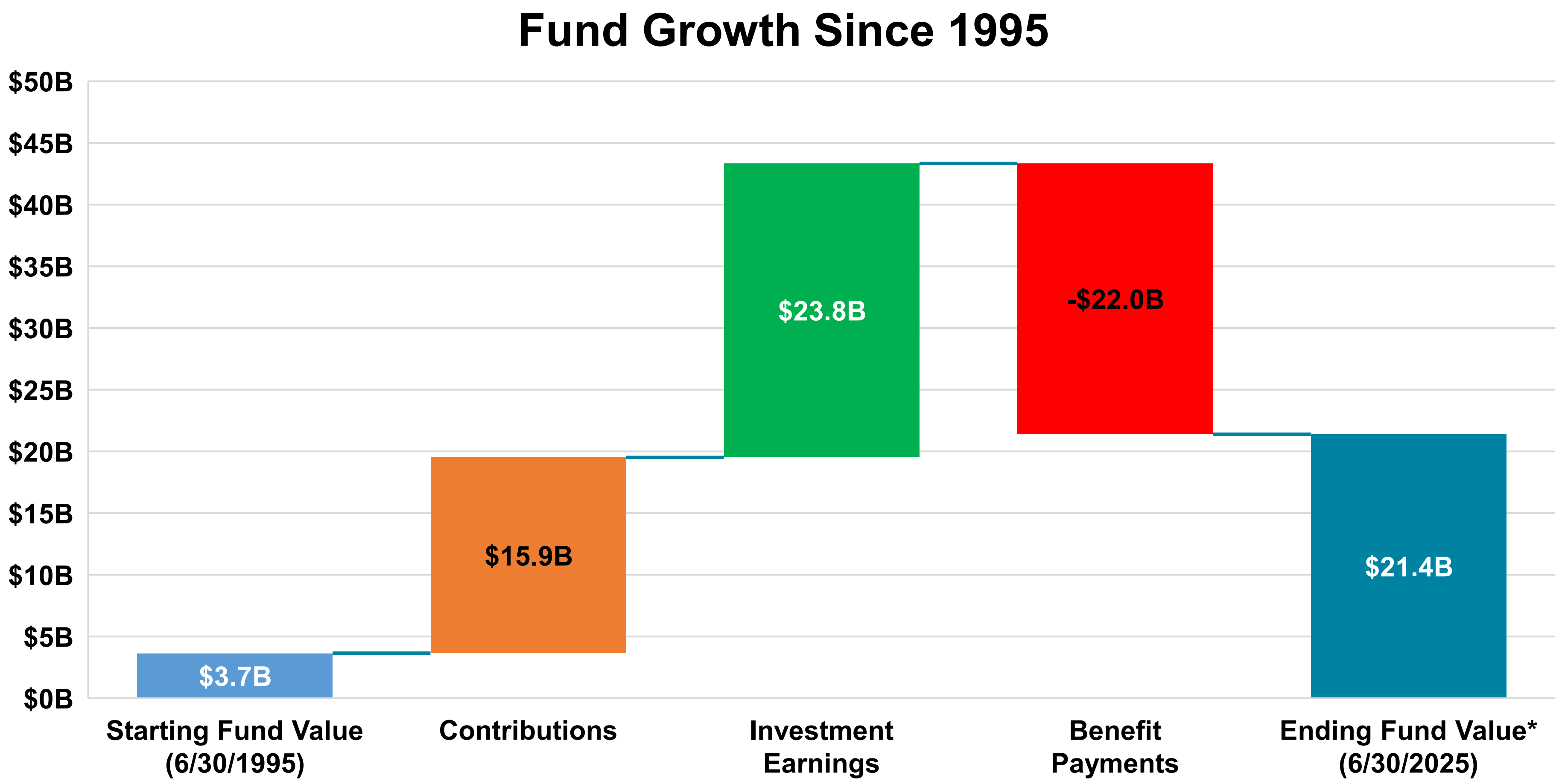
MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Quarterly Investment Education

Fossil Fuel Exposure as of 6/30/25

December 11, 2025

MainePERS Defined Benefit Plans



*Aggregate funded status is 88% with an unfunded liability of $2.9 billion

Investments at MainePERS

Investment Policy Statement

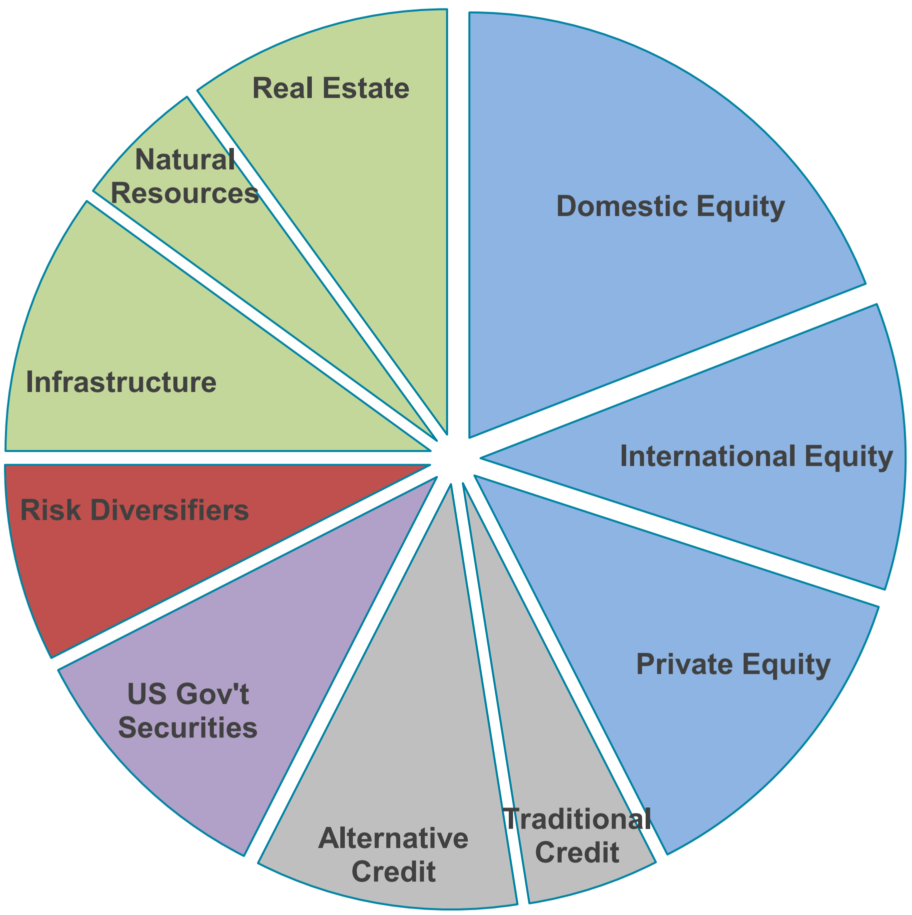
Investment Objectives

"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."

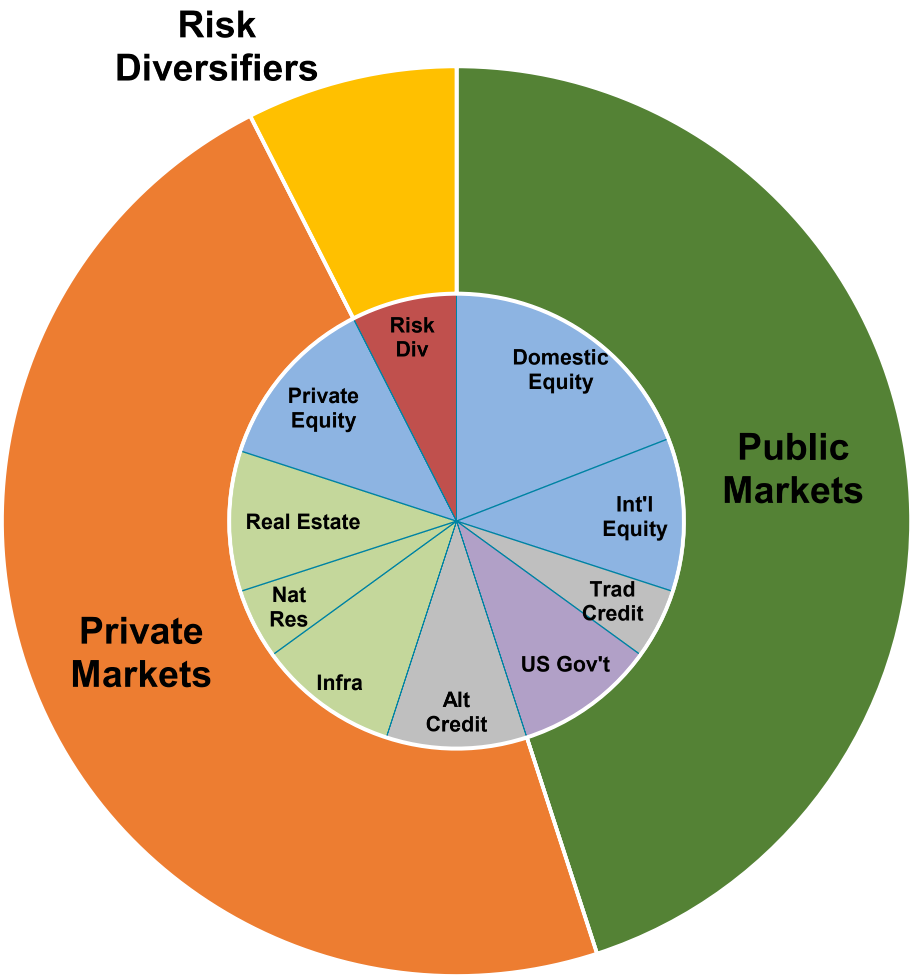
Asset Allocation

Role in the Overall Fund
Growth (42.5%) • Drive portfolio growth to meet benefit obligations and reduce funding needs • Higher risk/return profile
Risk Diversifiers (7.5%) • Dampen volatility and improve overall fund's risk/return tradeoff • Lower correlation to public markets • More reliance on manager skill
Hard Assets (25%) • Income generation and inflation protection
Credit (15%) • Income generation and potential diversification from equities
Monetary Hedge (10%) • Stable value or appreciation during economic stresses

Asset Classes
Role and Market Exposures



Consolidated Asset Allocation Strategy



Public Market

- Passively invested
- "Buy the market"
- Low-cost approach to obtain broad exposures

Private Markets

- Actively invested
- Inefficient markets where skilled managers can add value
- Illiquidity and complexity are compensated with higher returns and diversification relative to risk

Risk Diversifiers

- Active strategies implemented in listed assets such as stocks, bonds, and commodities
- Strategies that are expected to have low correlation with public markets.

Asset Class Policy Weights and Exposure

Grouped by Public Markets, Risk Diversifiers, and Private Markets As of June 30, 2025			
Asset	**Policy Weight**	**Value (MM)**	**Actual Weight**
Domestic Equity	19.2%	$4,129.0	19.3%
International Equity	10.8%	$2,249.7	10.5%
Total Public Equity	30.0%	$6,378.7	29.9%
Traditional Credit	5.0%	$1,047.6	4.9%
US Gov. Securities	10.0%	$2,083.6	9.8%
Total Public Markets	**45.0%**	**$9,509.8**	**44.5%**
Risk Diversifiers	**7.5%**	**$1,104.2**	**5.2%**
Alternative Credit	10.0%	$1,597.1	7.5%
Infrastructure	10.0%	$2,383.3	11.2%
Natural Resources	5.0%	$1,026.2	4.8%
Private Equity	12.5%	$3,747.6	17.5%
Real Estate	10.0%	$1,997.8	9.4%
Total Private Markets	**47.5%**	**$10,752.0**	**50.3%**
Total Fund Value	**100.0%**	**$21,366.0**	**100.0%**

Total 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%
2025	$9,509.8	$520.1	5.5%	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%
2025	$1,104.2	$24.6	2.2%	0.1%
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%
2025	$10,752.0	$603.3	5.6%	2.8%
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%**
2025	**$21,366.0**	**$1,147.9**		**5.4%**

Commentary

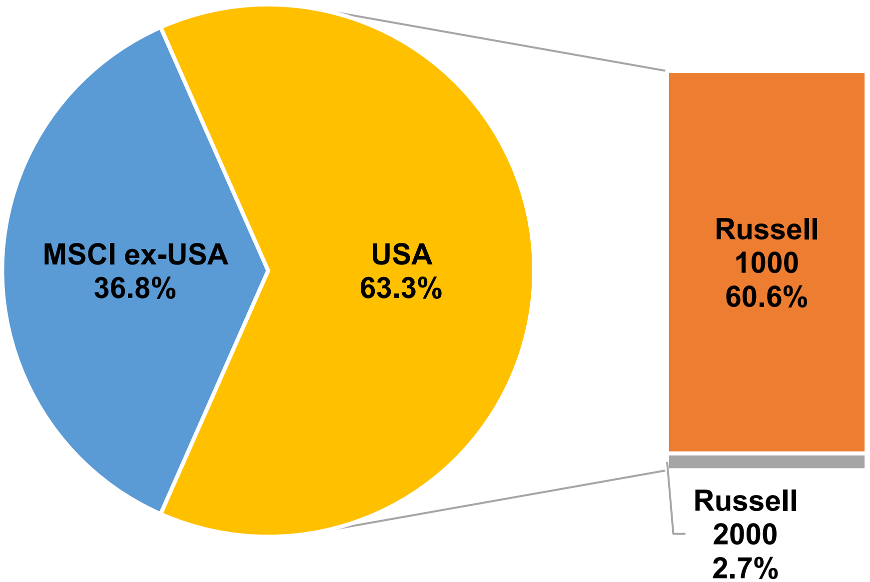
- Overall exposure to fossil fuel assets continued to decrease as projected, dropping to 5.4% of assets from 6.0% during FY 2025
- Total fossil fuel assets decreased to $1,148 million from $1,204 million in FY 2024
  - Driven by a decrease in private market exposures

MainePERS Public Equity Allocation

Asset Class Summary

- Same countries, with same weightings, as MSCI All Country World Index (ACWI)
- Only difference is in USA – our holdings includes small company stocks
- Passively invested – Buy and Hold with very little trading

Strategy Implementation



As of June 30,2025

USA – Russell 3000

- 98% of the investable U.S. equity market
- 3000 largest US stocks
- *Russell 1000* – large-capitalization
- *Russell 2000* – small-capitalization

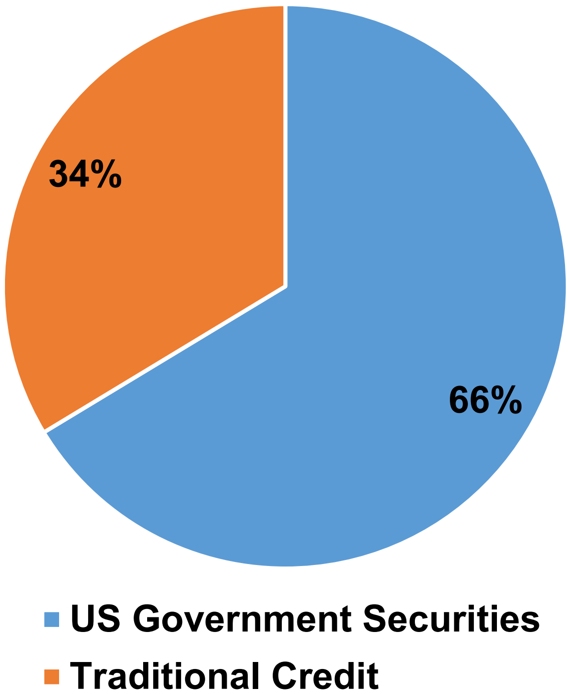
International – MSCI ACWI ex-USA

- 22 Developed Markets (72%)
- 24 Emerging Markets (28%)
- 2,080 companies

MainePERS Public Fixed Income Allocation

Passively invested – Buy and Hold with very little trading

Strategy Implementation



As of June 30,2025

US Government Securities
- 50% Nominal
- 50% TIPs (Inflation Protected)
- 504 holdings

Traditional Credit
- Barclays Aggregate Index ex Treasury
- 15,649 holdings

Public Markets Fossil Fuel Exposures

Year	Asset Value [$M]	Fossil Fuel Exposures		
		Value [$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%
2025	$6,378.7	$440.1	6.9%	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%
2025	$1,047.6	$80.0	7.6%	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%
2025	$2,083.6	$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%**
2025	**$9,509.8**	**$520.1**	**5.5%**	**2.4%**

Commentary

- *Proportion* of fossil fuel holdings decreased to 5.5% of assets from 5.8% from 2024 to 2025
- *Dollar value* of fossil fuel holdings increased as Public grew by over $1B during FY2025, from $8.3B to over $9.5B (i.e., smaller proportion, 5.5%, was measured relative to a larger total)
- Exposure to fossil fuel assets within Public Equity (6.9%) is reflective of the global equity markets, rather than any decision to invest in or avoid particular sectors
  - Public Equity contain the majority of the System's exposure to fossil fuel assets within the Public Market allocation.
  - Fossil fuel assets decreased as a proportion of Public Equity holdings (from 7.6% to 6.9%), the growth in the System's equity portfolio (to nearly $6.4 billion) led to an overall increase in holdings of fossil fuel stocks

Public Markets Fossil Fuels Exposure Detail

Fossil Fuel Asset Sector	US Equity	International Equity	Traditional Credit	Total Public Markets
Energy Sector	$124.1	$100.9	$33.6	$258.6
Utilities Sector	$90.0	$64.9	$45.0	$199.9
Financial (Berkshire Hath.)	$60.1	$0.0	$1.4	$61.6
Total	**$274.2**	**$165.8**	**$80.0**	**$520.1**

Energy

- Companies involved in oil and gas exploration and production, refining, storage and transport, as well as related equipment and services
- Exxon Mobil Corporation at $32 million is the largest holding in this sector

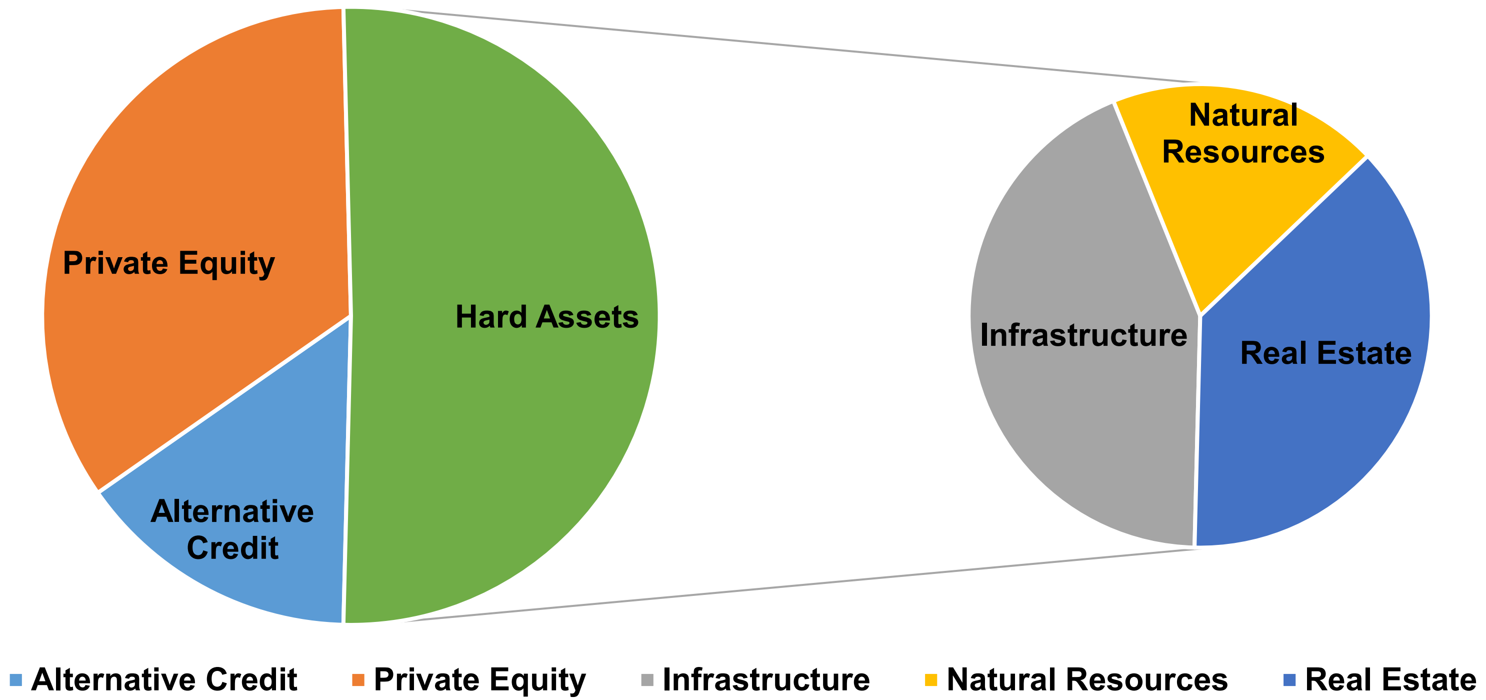
Utilities

- Encompasses independent power producers, gas utilities, and electric utilities
- Largest investment is Nextera ($11 million)
- US's largest generator of wind and sun-based renewable energy
- Committed to being net zero by 2045
- Expects to generate only carbon-free energy from wind, solar, nuclear, hydrogen and other renewable sources
- Many utilities ownership of electric transmission and distribution assets position them to benefit from the ongoing energy transition

Financial

- Berkshire Hathaway is the only financial sector company classified as a fossil fuel investment
- At $62 million it is MainePERS' largest single fossil fuel exposure
- Fossil fuel company under the divestment statute due to coal-fired power plants owned by its subsidiary Berkshire Hathaway Energy (BHE).
- Subsidiary contributes approximately 7% to parent company's profits and revenues
- Coal generation assets account for a small proportion (4%) of BHE's net plant, property, and equipment
- BHE has invested over $35 billion in wind, solar, and geothermal energy projects

MainePERS Private Market Allocations



Asset Class Summary	# of Funds	# of GP Relationships
Alternative Credit	28	13
Private Equity	133	35
Infrastructure	36	11
Natural Resources	16	10
Real Estate	35	18
Total	**248**	**78**

**GP total may not add due to overlapping relationships*

Private Markets Fossil Fuel Exposure

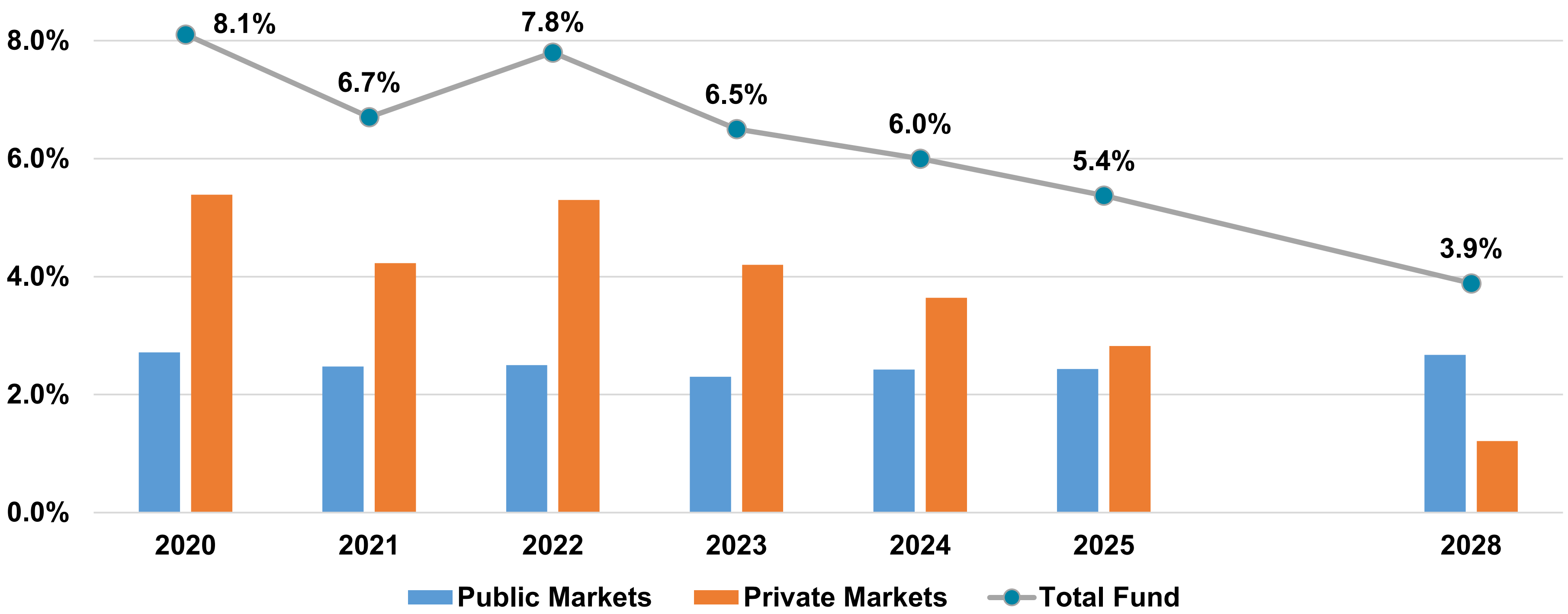
Year	Asset Value [$M]	FF Holdings [$M]	FF % of Asset Class	FF % of Total Fund
Infrastructure				
2022	$2,017.3	$735.5	36.5%	4.1%
2023	$2,305.7	$565.4	24.5%	3.0%
2024	$2,424.2	$533.6	22.0%	2.7%
2025	$2,383.3	$436.3	18.3%	2.0%
Private Equity				
2022	$3,793.5	$197.3	5.2%	1.1%
2023	$3,691.9	$159.9	4.3%	0.8%
2024	$3,673.7	$152.8	4.2%	0.8%
2025	$3,747.6	$121.0	3.2%	0.6%
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%
2025	$1,597.1	$29.7	1.9%	0.1%
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%
2025	$1,026.2	$16.2	1.6%	0.1%
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%
2025	$1,997.8	$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%**
2025	**$10,752.0**	**$603.3**	**5.6%**	**2.8%**

Commentary

- Majority of System's holdings of fossil fuel assets is contained in Private Markets allocation of $10.75B
- Fossil fuel exposure continued its downward trend, falling by over $120MM to $603MM during FY 2025
- Represents 5.6% of total Private Markets investments
- Exposure is concentrated in Infrastructure and Private Equity asset classes
- Downward trend is expected to continue for two reasons:
  - MainePERS made its last private market commitments to funds with a fossil fuel focus in 2017 and capital invested in these strategies is being returned as those investments wind down
  - Universe of potential infrastructure investments broadens to include more opportunities related to the energy transition
- MainePERS' generalist managers are increasingly finding energy transition investments more attractive relative to fossil fuel investments
- Impact can be seen in the composition of the Private Market portfolio
  - 74% ($445 million) of the System's $603 million in fossil fuel exposure is held in funds committed to in 2017 or earlier

Actual and Projected FF Exposure

- Fossil fuel exposure is expected to fall by half this decade, reaching 3.9% of total assets
  - Below chart is based on projections for fossil fuel intensity within each asset class
- $1.6 billion invested in funds raised by managers actively seeking to earn returns while incorporating sustainability and climate-related considerations into 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



MainePERS ESG Integration

- Board Policy 2.6 – Environmental, Social and Governance Policy directs a holistic portfolio approach encompassing sustainability and environmental issues
- ESG considerations are a factor in all <u>active</u> investment decisions considered or made by MainePERS (private market and Risk Diversifier investments)
  - Integrated into due diligence process pre- and post-investment
  - Awareness and education part of continuously improving ESG implementation
  - Engagement with managers, peers, and various stakeholder to enhance data collection and transparency
- Manager selection and portfolio construction informed by these considerations
  - 62 (out of 89 total) MainePERS' managers, with investment responsibility for 88% of assets, were UN PRI signatories as of fiscal year end

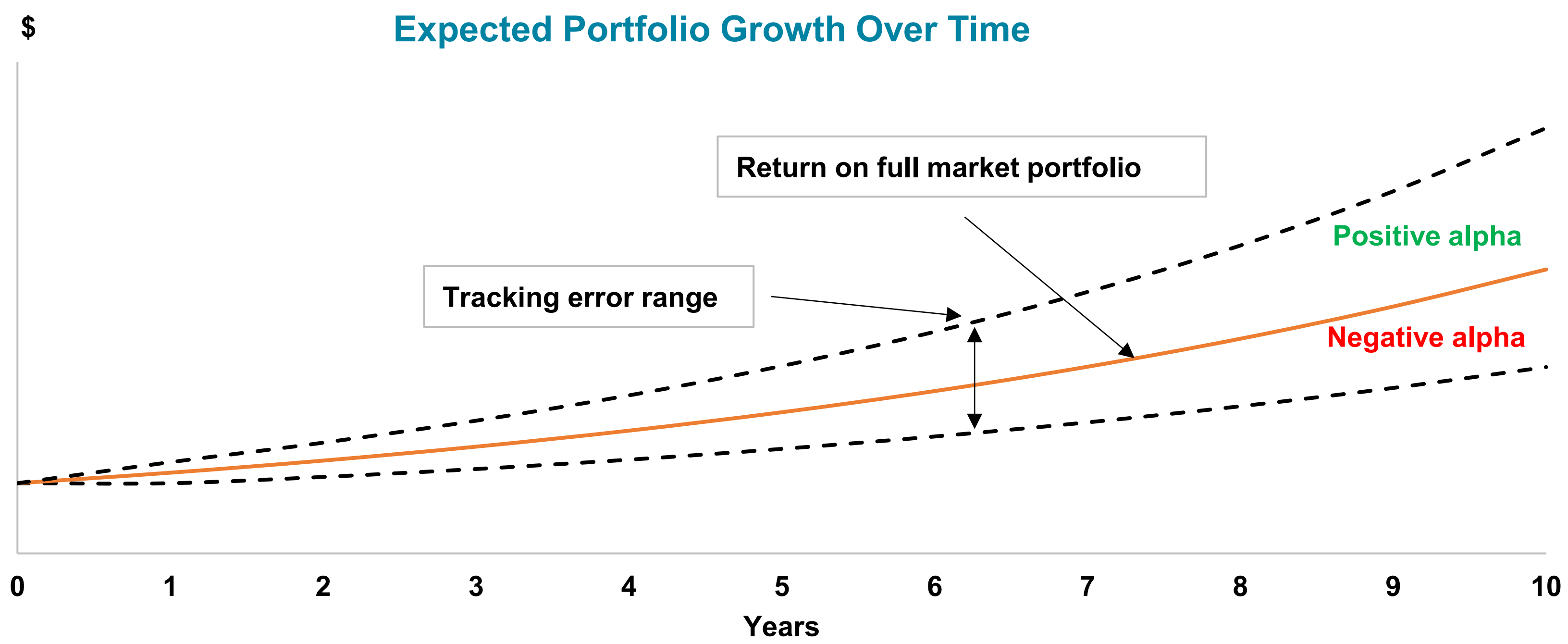
Impacts of Divestment

- Achieving and maintaining a completely fossil fuel-free portfolio by 2026 would require both:
  - Disposing of significant existing investments
  - Making undesirable fundamental changes to MainePERS' investment approach

Market	Short-Term	Long-Term
Public Markets	• Minimal for Russell 1000, significant complexity for remainder • Transactions costs associated with the sale and reinvestment of $520MM of securities • Complexity associated with shifting from commingled funds to SMAs	• Reduced diversification • "Active" approach that tilts away from broad market • Higher cost
Private Markets	• Significant • $400 million if MainePERS disposed of the $2.9 billion in partnerships that hold some fossil fuel investments • Discounts averaging 13% • Additional substantial legal and related administrative costs	• Reduced diversification • Private markets investments intentionally provide GPs with broad ability to devote capital to most attractive investment opportunities • Deny MainePERS access to skilled managers with generalist approach
Risk Diversifiers	• Minimal for orderly redemptions • Complexity and costly if shifting from commingled funds to specialized SMAs	• Reduced diversification • Highly restricted opportunity set • Deprived of key risk reducing exposures

Why hold the market in Public Markets?

- Holding the full market is the default "neutral" position – we will earn the market return
- Shifting from market weights is an active decision, and should be done only when a perceived structural edge exists (e.g., access to better information than the rest of the market)
  - If edge pays off => earn positive alpha
  - If not => generate negative alpha
- Low cost (1.2 bps) as consistent with general fiduciary duty to manage expenses in a prudent manner



S&P Indices Versus Active (SPIVA)

- Ability to generate positive alpha is rare

Report 1a: Percentage of U.S. Equity Funds Underperforming Their Benchmarks (Based on Absolute Return)

Fund Category	Comparison Index	YTD (%)	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)	15-Year (%)	20-Year (%)
All Domestic Funds	S&P Composite 1500®	64.33	74.87	79.32	88.32	90.31	92.52	93.81
All Large-Cap Funds	S&P 500	54.31	72.61	64.87	86.91	85.98	88.29	91.03
All Mid-Cap Funds	S&P MidCap 400	25.34	37.25	66.67	73.54	76.84	83.72	88.81
All Small-Cap Funds	S&P SmallCap 600	22.33	40.58	30.21	61.60	78.42	85.41	87.81
All Multi-Cap Funds	S&P Composite 1500	55.34	69.40	78.38	85.94	89.11	90.85	93.17
Large-Cap Growth Funds	S&P 500 Growth	82.71	86.82	42.45	88.29	90.51	96.29	97.22
Large-Cap Core Funds	S&P 500	66.67	85.32	79.74	83.11	96.57	96.77	92.74
Large-Cap Value Funds	S&P 500 Value	16.06	21.97	78.23	76.14	89.40	91.96	86.22
Mid-Cap Growth Funds	S&P MidCap 400 Growth	17.97	16.15	58.40	75.00	62.65	78.24	84.90
Mid-Cap Core Funds	S&P MidCap 400	27.19	37.50	77.78	66.02	86.18	89.63	97.58
Mid-Cap Value Funds	S&P MidCap 400 Value	29.63	89.29	78.57	76.92	93.85	92.41	90.70
Small-Cap Growth Funds	S&P SmallCap 600 Growth	50.56	34.29	44.39	88.42	78.05	86.40	90.36
Small-Cap Core Funds	S&P SmallCap 600	23.23	42.95	33.47	47.60	83.46	88.55	90.83
Small-Cap Value Funds	S&P SmallCap 600 Value	4.08	51.06	17.46	43.84	72.80	87.50	88.89
Multi-Cap Growth Funds	S&P Composite 1500 Growth	60.00	66.67	66.05	91.01	91.58	91.32	92.36
Multi-Cap Core Funds	S&P Composite 1500	60.85	77.63	83.12	85.65	96.75	93.93	94.00
Multi-Cap Value Funds	S&P Composite 1500 Value	18.64	31.53	74.65	69.59	89.83	92.95	89.50
Real Estate Funds	S&P United States REIT	40.30	50.00	92.59	92.41	81.72	87.00	90.36

Source: S&P Dow Jones Indices LLC, CRSP. Data as of June 30, 2025. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

For-Profit Prison Exposure

- **Exposure only within Public Equity asset class**
  - 4 public companies (2 US and 2 international)

- **Nominal exposure of $2.8M relative to over $7B public markets portfolio**

- **Positions only within co-mingled funds and not directly held by MainePERS**

Asset	Asset Value [$M]	FPP Holdings [$M]	Total # Securities	# FPP Securities
Russell 1000	$3,955.3	$0.0	1,022	0
Russell 2000	$173.7	$0.3	2,117	2
ACWI ex US	$2,249.7	$2.5	2,080	2
Traditional Credit	$1,047.6	$0.0	15,649	0
TOTAL	**$7,426.3**	**$2.8**	**20,868**	**4**

MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

DIVESTMENT REPORT

Public Law 2021, c. 231

January 2026
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 and 6 of its component units, as well as 234 local school districts and 335 other participating local districts across the state.

Our Members

The System has over 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 $110 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.

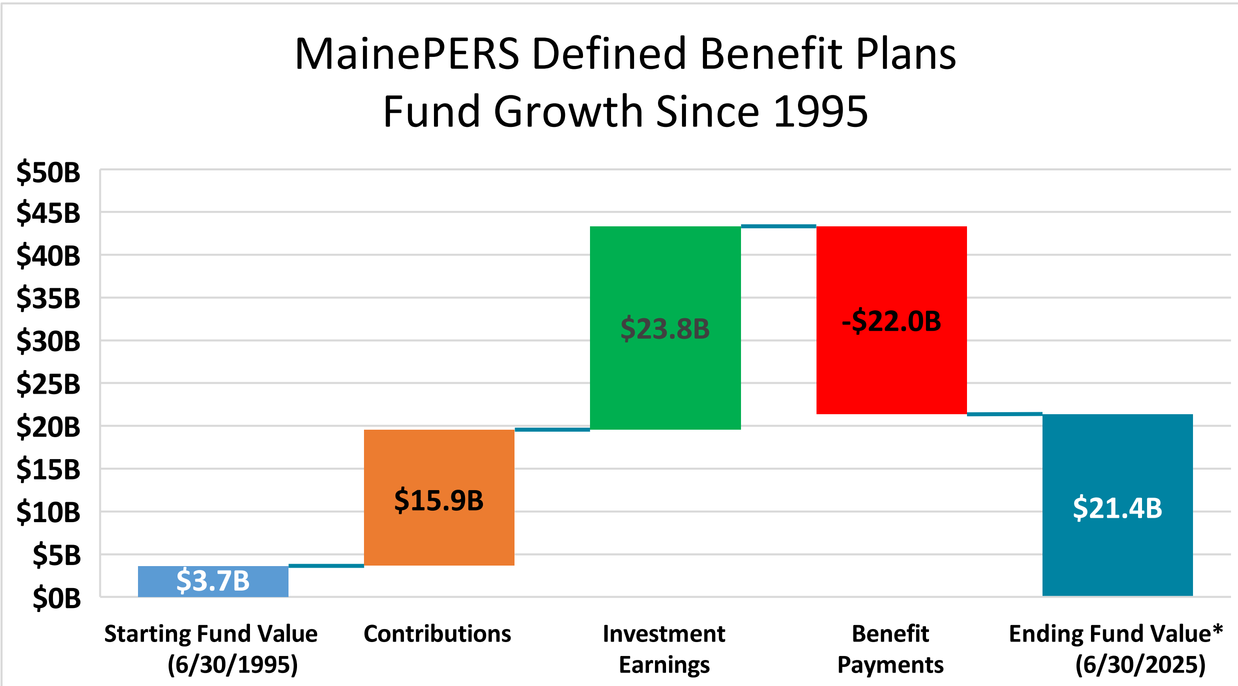
Our Trustees

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 Consolidated 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, in fiscal year 2025 benefit payments for the defined benefit plans exceeded contributions by $453 million. Contributions from employers and employees totaled $895 million, while benefit payments to retirees and beneficiaries totaled $1.35 billion.

Additionally, the aggregate funded status of the plans is currently 88% with an unfunded liability of $2.3 billion, meaning the assets in the benefit trust fund are not sufficient to cover the full pension liability. On three occasions 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 1991, voters ratified an amendment to protect the fund's assets from diversion or deappropriation by the Legislature. 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 requires the exercise of reasonable care, skill, and caution. In making investment decisions, this requires considering 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. This 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, 2025.

Following the enactment of Public Law 2021, c. 231, MainePERS expended considerable resources and the better part of a year working diligently to implement the law by exploring 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 implementing the new law. Prior 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 5.4%, down 2.7% 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, 2025 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 where 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.

Additionally, consistent with the advice provided by the Office of the Attorney General, MainePERS has 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 of 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)*.

Additionally, 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 – 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, this 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. Note that while this Policy was modified by the Board in November 2025, this section and the rest of this report refer to the Policy in effect as of fiscal year end as of June 30, 2025. 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 $21.4 billion investment portfolio as of June 30, 2025.

Table 1 – FY25 MainePERS Investment Portfolio

Asset	Policy Weight	Value [$M]	Actual Weight
Domestic Equity	19.2%	$4,129.0	19.3%
International Equity	10.8%	$2,249.7	10.5%
Total Public Equity	30.0%	$6,378.7	29.9%
Traditional Credit	5.0%	$1,047.6	4.9%
US Gov. Securities	10.0%	$2,083.6	9.8%
Total Public Markets	**45.0%**	**$9,509.8**	**44.5%**
Risk Diversifiers	**7.5%**	**$1,104.2**	**5.2%**
Alternative Credit	10.0%	$1,597.1	7.5%
Infrastructure	10.0%	$2,383.3	11.2%
Natural Resources	5.0%	$1,026.2	4.8%
Private Equity	12.5%	$3,747.6	17.5%
Real Estate	10.0%	$1,997.8	9.4%
Total Private Markets	**47.5%**	**$10,752.0**	**50.3%**
Total Fund Value	**100.0%**	**$21,366.0**	**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

Public Market investments include Public Equities (Domestic and International), Traditional Credit, and US Government Securities. Each of these play a different role in the portfolio. Public Equities are "growth" assets that involve ownership of shares in a business. These are riskier investments and expected to produce commensurately higher returns, substantially through price appreciation. Their values are volatile and annual fluctuations in excess of 20% are to be expected.

Traditional Credit assets involve the lending of capital in return for contractual interest payments and return of capital. While these investments are exposed to the risk that borrowers will default, they are less risky than equity investments and are expected to earn lower returns. US Government Securities are the least risky of all asset classes and are viewed as having no default risk. This asset class generally benefits from a "flight to safety" when investors exit other asset classes due to a perceived increase in the risks of those asset classes. As such, this asset class is expected to serve MainePERS as a source of liquidity, if needed, in extreme market conditions.

Investment implementation within these asset classes is guided by three foundational principles:

- **Efficiency**: Public markets are generally efficient, with prices fairly reflecting investment risks.
- **Diversification**: Broad diversification allows exposure to the full spectrum of return sources and reduces exposure to uncompensated risks.
- **Costs**: Investment costs matter, and as a long term investor small cost savings will compound meaningfully over time. For example, the annual return difference between $1 billion invested at 10% versus 9.9% is $1 million. However, over 10 years a portfolio invested at 10% will be worth $23 million more than one invested at 9.9%.

Based on these views, 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.

A substantial body of evidence provides strong support for MainePERS' low cost passive index-based investment approach for public markets. For example, S&P Dow Jones Indices measures the performance of active managers relative to their benchmarks on an annual basis. The results of this analysis are contained in their publicly available SPIVA (S&P Indices Versus Active) report. The most recent SPIVA study as of June 30, 2025, shows that nearly 94% of actively managed domestic (US) funds underperformed the S&P 1500 Composite over the trailing 20 years. Results are similar outside the US, where they report that over 90% of actively managed funds underperform a broad market index (S&P World Ex-US) over a 15 year period. Further support for MainePERS' approach is provided by SPIVA's Persistence Scorecard. Specifically, the year-end 2024 Scorecard reports that out of the 512 Domestic (US) Equity Funds ranked in the top quartile of performers as of December 2020 (based on prior 5-year performance), only 5.3% remained in the top quartile as of December 2021, and that 0% of the original 512 funds placed in the top quartile as of year ends 2022, 2023, or 2024. These results illustrate the difficulty investors have in identifying managers likely to add value in this asset class.

Risk Diversifiers

The System's strategic asset allocation specifies a target weight of 7.5% for the Risk Diversifiers asset class. Investments in this asset class are made via private funds employing active strategies to invest in assets such as public stocks, bonds, and commodities. These strategies are expected to have little correlation to public markets (i.e., are just as likely to produce gains when public markets are down as they are to produce gains when public markets rise) and are intended to provide diversification away from growth assets. The principles guiding investment implementation within the Risk Diversifiers are:

- **Diversification**: Diversification across strategy types and managers
- **Complexity**: MainePERS devotes appropriate resources (staff & consultants) to

develop the ability to understand this asset class and to identify and invest with top managers in order to meet the goals of the asset class

These strategies are highly dependent upon manager skill and require close monitoring on the part of MainePERS investment staff.

Private Market Investments

A significant portion 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. While these asset classes play different roles in the overall portfolio, the below set of common core principles guide the System's investments in private market assets:

- **Diversification**
    - Across asset classes to provide exposure to a broad spectrum of return sources,
    - Across managers and strategies within asset classes to avoid undue concentration, and
    - Over time to avoid concentration of investments in any given year;

- **Efficiency**: Private markets are generally inefficient, and MainePERS is able to identify and invest with managers that are able to source and invest in opportunities that exploit inefficiencies;

- **Illiquidity Premium**: A return premium exists for illiquid assets, and as a patient long-term investor MainePERS is able to earn excess returns by investing in illiquid assets as compared to public markets; and

- **Complexity**: MainePERS devotes appropriate resources (staff & consultants) to develop the ability to understand this asset class and to identify and invest with top managers in order to meet the goals of the asset class.

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 a generalist investment approach, 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.

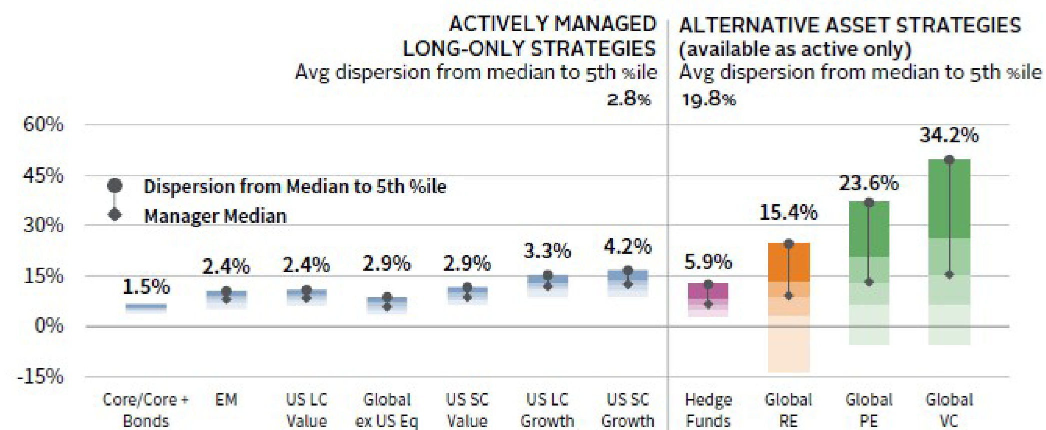
While this investment approach is focused on selecting managers best able to assist MainePERS in meeting obligations to members, it also includes an analysis of each manager's approach to responsible investing. As discussed in the System's 2026 ESG report, 62 of the System's investment managers (out of 89 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 62 signatory managers have oversight responsibility for 88% of the System's investments.

Data Supporting Private Market Investment Methodology

MainePERS "active" private market investment approach is also strongly supported by data. In contrast to public markets, where evidence supports a low cost, passive index-based approach, investing in private market assets is very different for several key reasons.

First, there is no such thing as a passive approach to private market investing. Unlike public markets, private market investors cannot "buy the market." In addition, the dispersion of returns for alternative asset managers is much wider than for public markets managers. For example, a recent study by Cambridge Associates documents that differences in returns between a median manager and one in the 5th percentile is 1.5% for core bond managers, 2-4% for public equity managers, and nearly 20% for strategies involving alternative assets, as shown below.

Average Annual Manager Returns by Asset Class
January 1, 2006 – December 31, 2020



	Core/Core + Bonds	EM	US LC Value	Global ex US Eq	US SC Value	US LC Growth	US SC Growth	Hedge Funds	Global RE	Global PE	Global VC
n	*147*	*43*	*201*	*130*	*131*	*163*	*102*	*250*	*770*	*1,179*	*1,031*
5th %ile	6.7%	10.5%	10.9%	8.8%	11.7%	15.3%	16.8%	12.6%	24.7%	36.9%	49.7%
Median	5.2%	8.1%	8.5%	5.9%	8.8%	12.0%	12.6%	6.7%	9.3%	13.3%	15.5%
Dispersion	1.5%	2.4%	2.4%	2.9%	2.9%	3.3%	4.2%	5.9%	15.4%	23.6%	34.2%

Source: Cambridge Associates LLC.

This means that the sourcing, underwriting, due diligence, and selection of alternative asset managers is the primary key to achieving attractive long-term rates of return in those asset classes. This is a labor-intensive process that requires a skilled and dedicated team. MainePERS has deliberately focused the Investment Team's efforts on these alternative asset classes, where there is the best risk-return potential from active manager selection.

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, 2025.

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 5.4% of assets from 6.0% 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%
2025	$9,509.8	$520.1	5.5%	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%
2025	$1,104.2	$24.6	2.2%	0.1%
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%
2025	$10,752.0	$603.3	5.6%	2.8%
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%
2025	$21,366.0	$1,147.9		5.4%

Note: Totals shown in tables may not sum due to rounding. For Risk Diversifiers, net FF exposure is is presented. Gross figures are $55.7 million long and $31.1 million short exposure.

While the overall investment portfolio grew by over $1.4 billion over the past fiscal year, fossil fuel assets decreased to $1,148 million from $1,204 million in 2024, driven by a decrease in private market fossil fuel exposures.

B. Fossil Fuel Exposure: Public Market Assets

Table 3 provides additional details on the System's public market investments. As noted earlier, the System passively invests in broad market indexes 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 (6.9% 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 5.5% of assets, from 5.8% 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 $8.3 billion to over $9.5 billion, so that the smaller proportion (5.5%) was measured relative to a significantly larger total.

Table 3 – MainePERS Fossil Fuel Exposures – Public Markets

		Fossil Fuel Exposures		
Asset	Asset Value [$M]	Total FF Value [$M]	% of Asset Class	% of 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%
2025	$6,378.7	$440.1	6.9%	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%
2025	$1,047.6	$80.0	7.6%	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%
2025	$2,083.6	$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%
2025	$9,509.8	$520.1	5.5%	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 7.6% to 6.9%), the growth in the System's equity portfolio (to nearly $6.4 billion) led to an overall increase in holdings of fossil fuel assets.

The System's $520 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	$124.1	$100.9	$33.6	$258.6
Utilities Sector	$90.0	$64.9	$45.0	$199.9
Financial (Berkshire Hath.)	$60.1	$0.0	$1.4	$61.6
Total	$274.2	$165.8	$80.0	$520.1

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 $32 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 $62 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 7% 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 $35 billion in wind, solar, and

geothermal energy projects, and non-carbon sources account for a majority of the company's generating capacity. In addition, BHE has also ceased coal operations at 18 generation units and plans to cease the coal generations completely by 2049.

C. Fossil Fuel Exposure: Risk Diversifiers

As noted above, Risk Diversifier investments employ active strategies in assets such as public stocks, bonds, and commodities. These strategies involve both long and short positions, and hold periods ranging from days to over a year in duration. As of June 30, 2025, approximately half of the managers within the Risk Diversifiers allocation contained exposure to fossil fuel assets, and the net exposure totaled 0.1% of Fund assets.

D. 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 $10.75 billion Private Market portfolio. Total fossil fuel exposure continued on a downward trend, decreasing by over $120 million to $603.3 million during 2025. Fossil fuel exposure represents 5.6% of the System's 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 74% ($445 million) of the System's $603 million in fossil fuel exposure is held in funds committed to in 2017 or earlier.

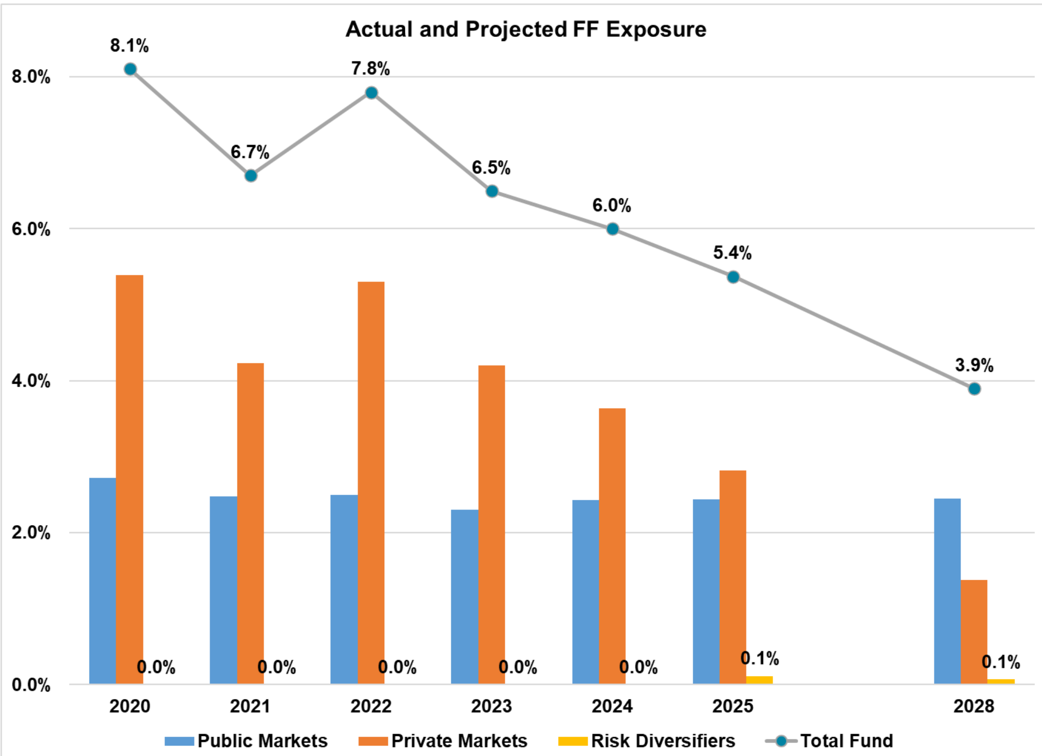
Table 5 – MainePERS Fossil Fuel Exposures – Private Markets

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%
2025	$2,383.3	$436.3	18.3%	2.0%
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%
2025	$3,747.6	$121.0	3.2%	0.6%
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%
2025	$1,597.1	$29.7	1.9%	0.1%
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%
2025	$1,026.2	$16.2	1.6%	0.1%
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%
2025	$1,997.8	$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%
2025	$10,752.0	$603.3	5.6%	2.8%

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

E. 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 in the near term 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.

Table 6 – MainePERS Fossil Fuel Exposures Within Public Markets

Asset	Asset Value [$M]	FF Holdings [$M]	Total # Securities	# FF Securities
Russell 1000	$3,955.3	$272.1	1,022	131
Russell 2000	$173.7	$2.2	2,117	78
ACWI ex US	$2,249.7	$165.8	2,080	200
Traditional Credit	$1,047.6	$80.0	15,649	1,966
TOTAL	$7,426.3	$520.1	20,868	2,375

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 $520 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.

Risk Diversifiers

As noted above, approximately half of the funds held in the System's Risk Diversifier allocation contained exposure to fossil fuel assets. These investments are generally liquid and able to be redeemed at will, subject to any fund's specific redemption terms.

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 obtained from secondary market participants, the System could expect to incur discounts in excess of 13% on the sale of its partnership interests. This suggests a discount of nearly $400 million if the System were to dispose of the $2.9 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 2025 MainePERS paid approximately $1.1 million in management fees on an average of $8.9 billion of public market assets, or 0.012% (1.2 basis points). 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.

Risk Diversifiers

As noted above, the System's strategic asset allocation specifies a target weight of 7.5% for the Risk Diversifiers asset class. Investments in this asset class are made via private funds employing active strategies to invest in assets such as public stocks, bonds, and commodities. Strategies in this asset class involve taking both long and short positions, i.e., positions that benefit when prices rise as well as positions designed to produce gains when prices fall. These strategies are expected to have little correlation to public markets (i.e., are just as likely to produce gains when public markets are down as they are to produce gains when public markets rise) and are intended to provide diversification away from growth assets. Nearly all managers in the MainePERS Risk Diversifier allocation have the ability to invest in fossil fuel assets. Excluding fossil fuel investments would deprive the System of an important source of diversification and risk reduction.

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. As discussed above, 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 of 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 has made a total of 38 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. Five of the 38 commitments were made to infrastructure-related 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 in effect as of the year ended June 30, 2025
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

---

[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

[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.

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 INVESTMENTS MEMORANDUM

TO: BOARD MEMBERS

FROM: REBECCA WYKE, CHIEF EXECUTIVE OFFICER
JAMES BENNETT, CHIEF INVESTMENT OFFICER

SUBJECT: **ANNUAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**

DATE: DECEMBER 2, 2024

Following this memo is the annual Environmental, Social, and Governance (ESG) report for 2025. This report, which will also be made available on MainePERS public website, discusses MainePERS' approach to integrating ESG considerations into investment decision-making, the Investment Team's efforts related to maintaining awareness of ESG considerations, and the System's commitment to transparency and appropriate stakeholder engagement.

This annual ESG report contains Board Policy 2.6 – Environmental, Social and Governance Policy. We have reviewed this policy and have no changes to recommend at this time.

POLICY REFERENCE

Board Policy 2.6 – Environmental, Social, and Governance Policy

Board Policy 4.5 – Board/Staff Relations

Board Policy 4.6 – Communication and Support to the Board

MainePERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

EVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Public Law 2021, c. 231

January 2026

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 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, primarily in public markets, managed by investment managers 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: 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.
- 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 completed this certificate during the year.
- 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 to discuss topical issues.

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 an active owner 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 50% of shareholder proposals and voted against management's recommendations concerning shareholder proposals in 62% of cases.

Specifically, 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. Each of these 16 letters supported shareholder proposals regarding an "Independent Board Chair" in order to provide objective oversight and unique, but value-added insights.

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 manager's own ESG practices and policies.

Private Market Investments

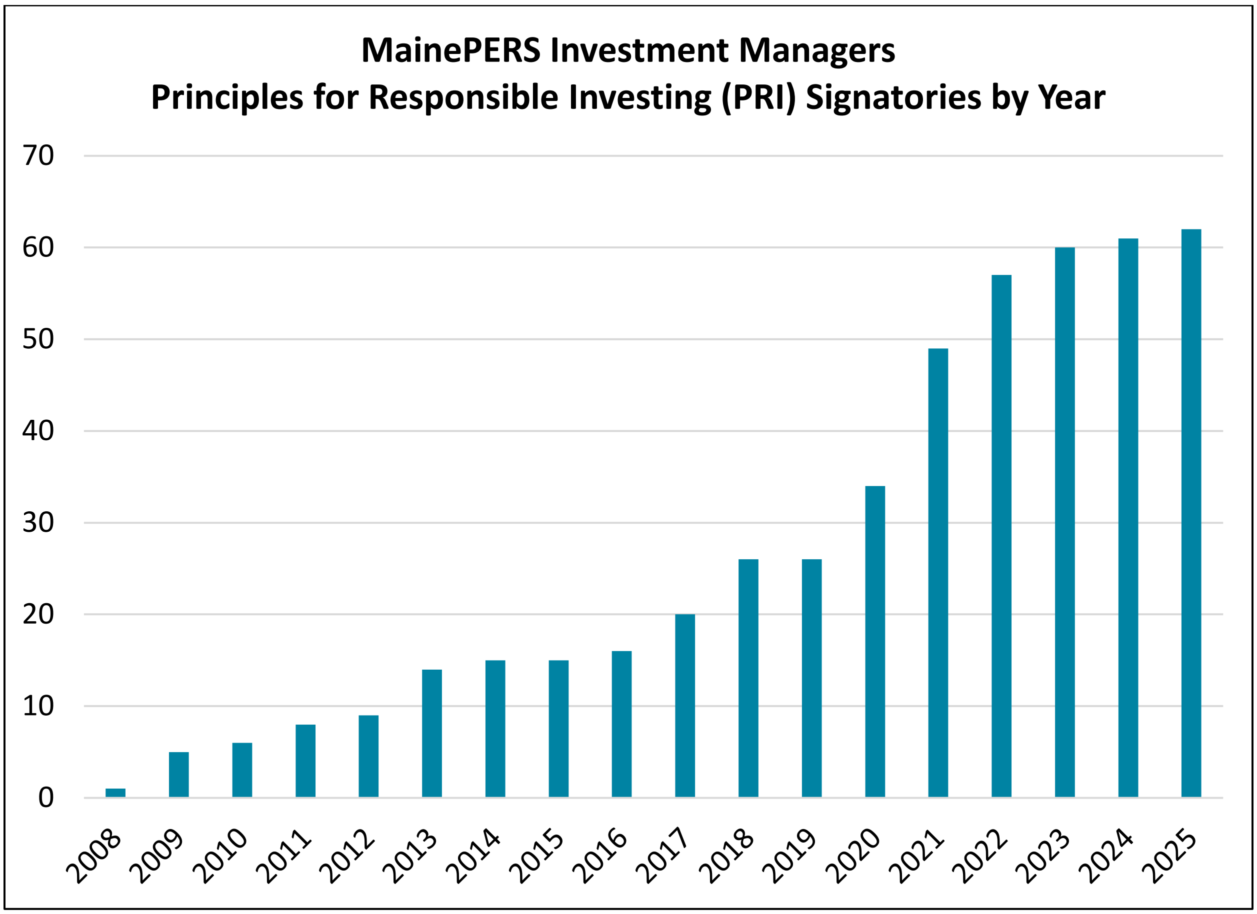
MainePERS invests in a number of private "alternative" asset classes, including infrastructure, private equity, alternative credit, natural resources, and real estate. Prior to investing with any particular private asset manager, the MainePERS Investment Team completes a thorough due diligence process. 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 consider 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 2025, 62 (out of 89 total) of MainePERS' managers, with investment responsibility for 88% of assets, were PRI signatories.



In 2021 the European Commission (EC) 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

Through the end of fiscal year 2025, MainePERS committed $2.4B to 31 funds subject to SFDR reporting requirements. Of these, 13 are classified as Article 6 funds, with the remaining 18 (representing 66% 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:

- 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 meeting requests related to 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. MainePERS' CEO met with representatives of MSEA-SEIU Local 1989 in May 2025 to discuss the group's concerns related to Tesla's management. MainePERS provided the group with a high-level overview of the System's approach to investing in public equities such as Tesla, discussed the Board's

Engagement Policy and approach to proxy voting, and reviewed the votes cast by the System at Tesla's 2024 annual meeting.

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)	6.2	7.2
Emissions Intensity[2]	95	152

(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.

Governance Manual
MainePERS Board of Trustees

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.

MAINEPERS

BOARD OF TRUSTEES MEMORANDUM

TO: BOARD MEMBERS

FROM: MICHAEL COLLERAN, CHIEF OPERATING OFFICER & GENERAL COUNSEL
JAMES BENNETT, CHIEF INVESTMENT OFFICER
CHIP GAVIN, CHIEF SERVICES OFFICER

SUBJECT: MAINESTART QUARTERLY REVIEW

DATE: DECEMBER 3, 2025

Following this memo is the MaineSTART Quarterly Review for the quarter ending 9/30/2025.

POLICY REFERENCE

Board Policy 2.1-C – DC Plans Investment Policy Statement

Board Policy 4.5 – Board/Staff Relations

Board Policy 4.6 – Communication and Support to the Board

RECOMMENDATION

No Board action is required.

MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

MaineSTART Quarterly Review

For the Quarter Ending 09/30/2025

MAINE START

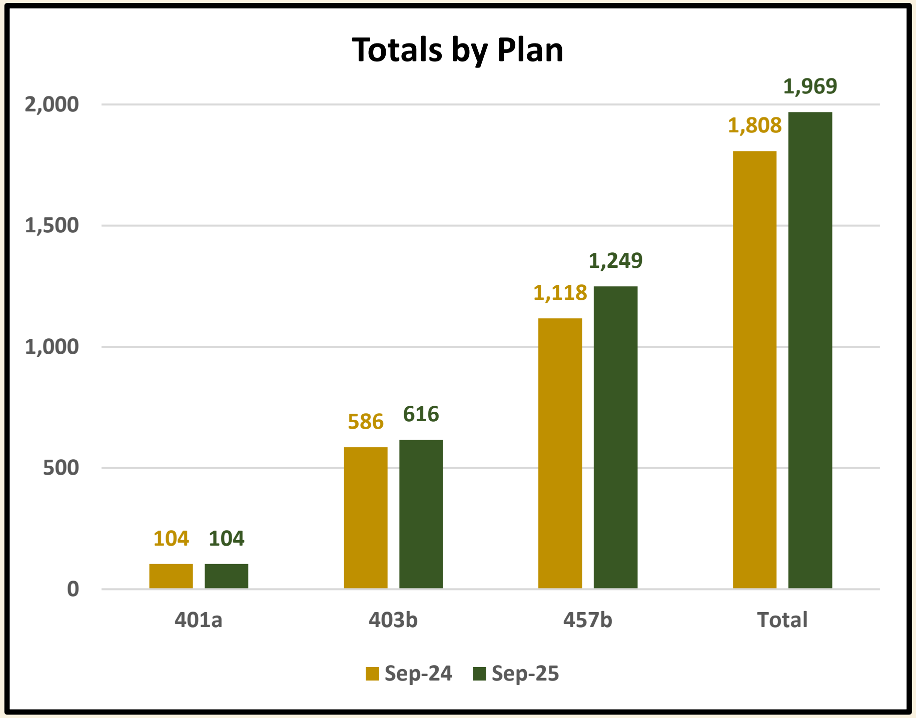
MaineSTART Review

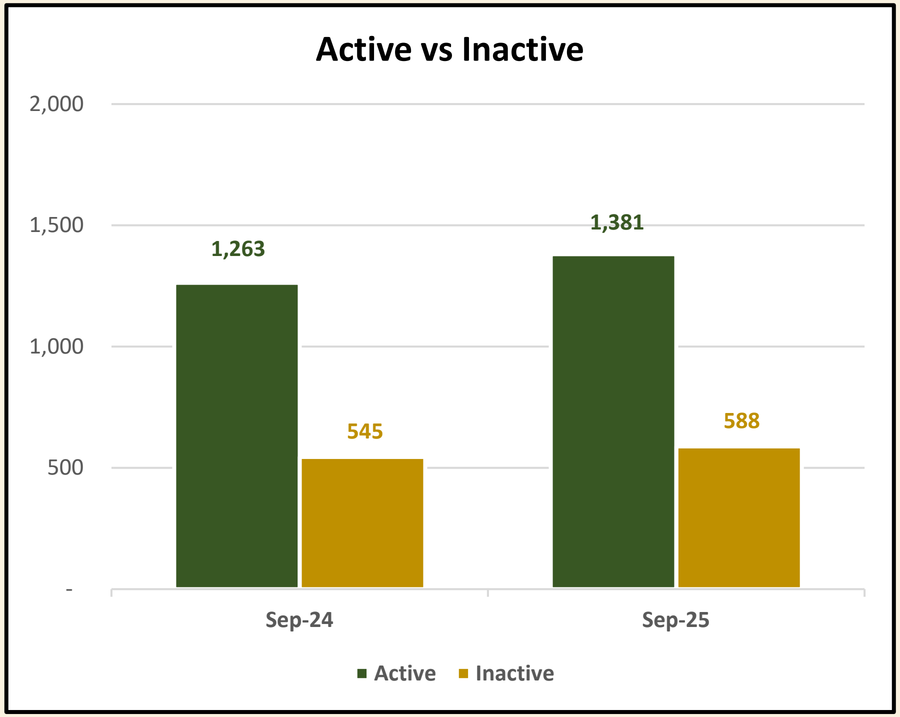
Overview of MaineSTART

- 401(a) Defined Contribution Plan
  - Qualified Plan
  - Higher Contribution Limits
  - Inflexible
- 403(b) Tax-Sheltered Annuity Plan
  - Only for Educational and Certain Non-Profit Organizations
  - Flexible
- 457(b) Deferred Compensation Plan
  - Flexible

MaineSTART Review 3Q 2025

Participants

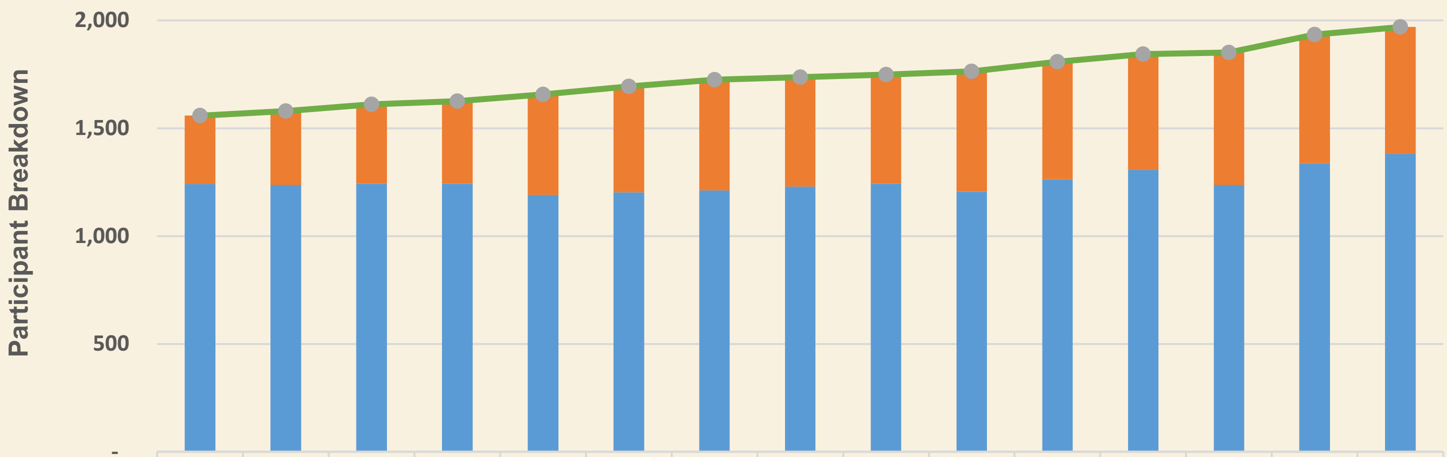




MaineSTART Review 3Q 2025

Participation Status

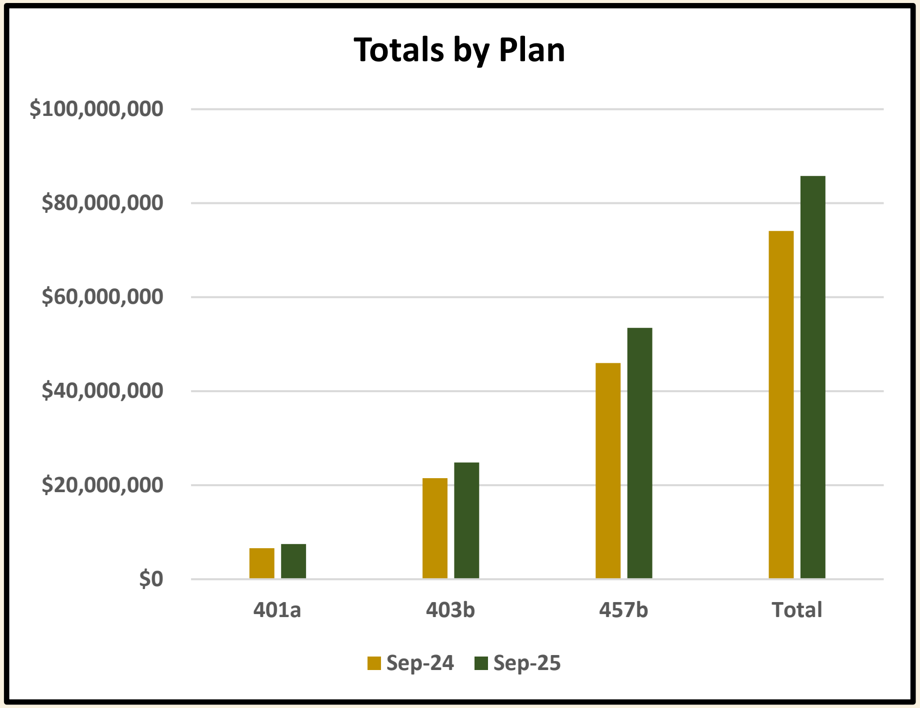
Breakdown of MaineSTART Participants Quarterly by CY

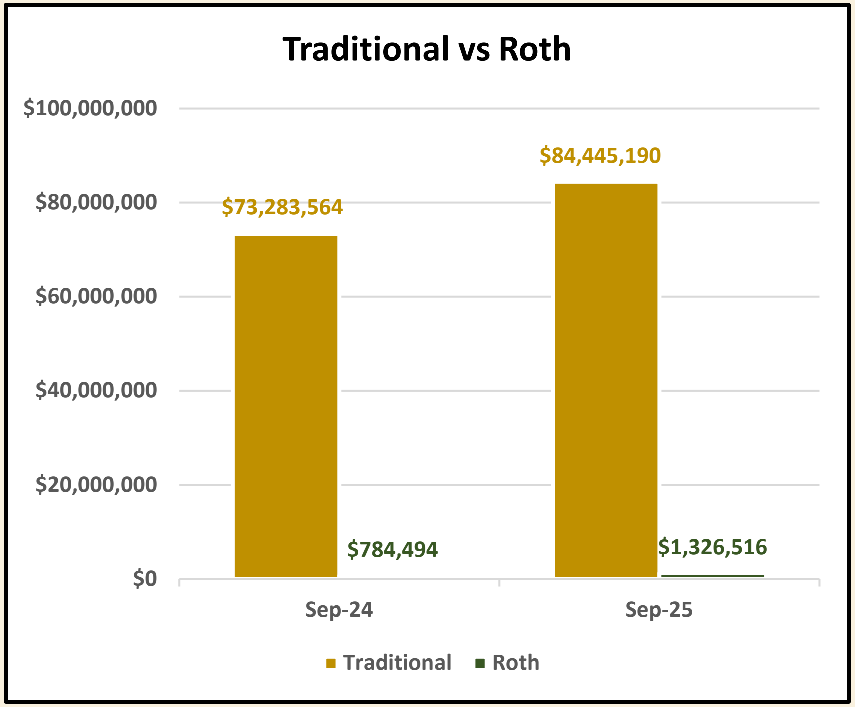


	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023	Dec 2023	Mar 2024	Jun 2024	Sep 2024	Dec 2024	Mar 2025	Jun 2025	Sep 2025
Inactive Participants	317	342	369	383	465	491	513	508	507	558	545	536	614	597	588
Active Participants	1,241	1,237	1,242	1,242	1,191	1,202	1,212	1,229	1,242	1,205	1,263	1,307	1,237	1,337	1,381
Total Participants	1,558	1,579	1,611	1,625	1,656	1,693	1,725	1,737	1,749	1,763	1,808	1,843	1,851	1,934	1,969

MaineSTART Review 3Q 2025

Market Value





MaineSTART Review 3Q 2025

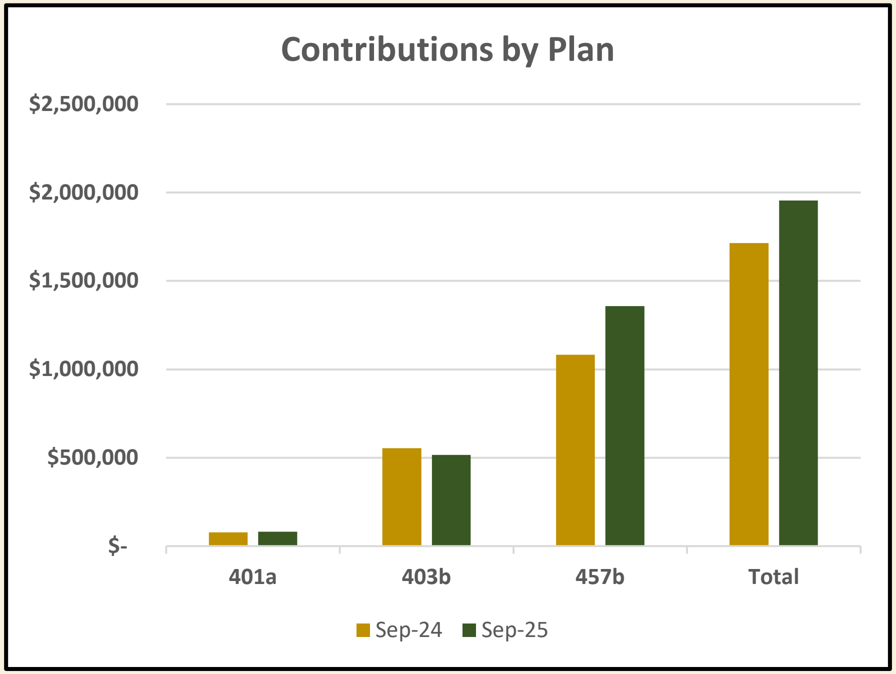
Participation and Values as of 09/30/2025

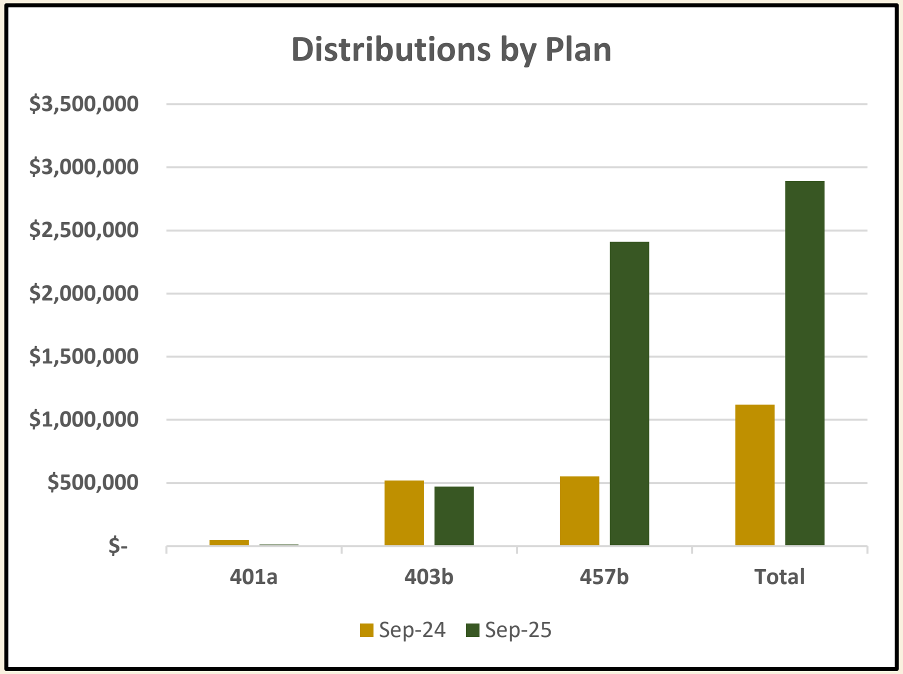
	401(a)	403(b)	457(b)	Total	Change from 09/30/2024
Participating Employers	7	1	83	91*	3
Participating Employees	104	616	1,249	1,969	161
Total Market Value	$7,455,362	$24,806,289	$53,510,055	$85,771,706	$11,703,648

*26% of PLDs

MaineSTART Review 3Q 2025

Cash Flows





Note: Eight distributions totaling $2.1 million were taken from the 457b plan in Q3

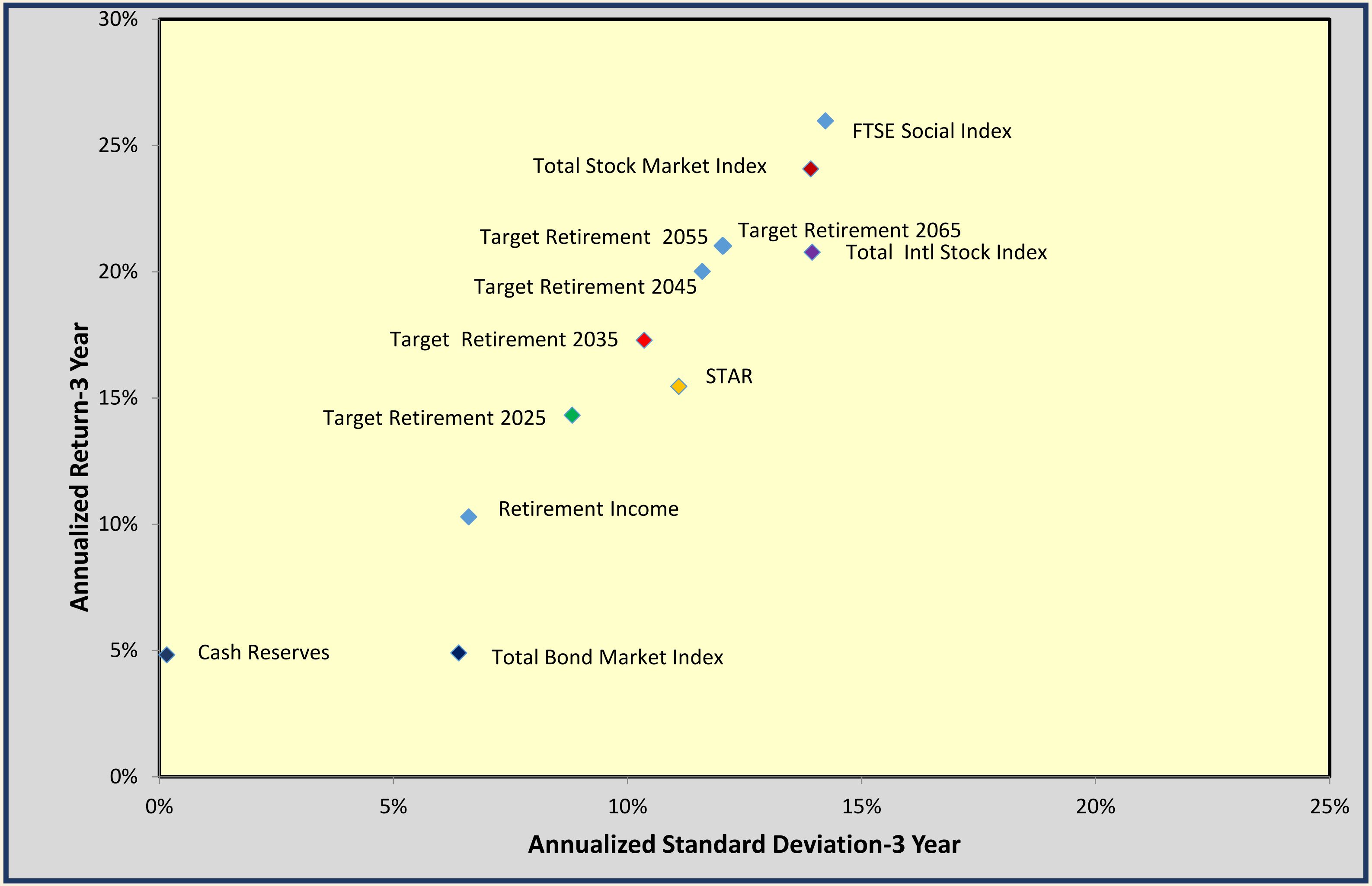
MaineSTART Review 3Q 2025

MaineSTART Investment Options

Fund	Expense Ratio
Target Retirement	
Vanguard Target Retirement 2025	0.08%
Vanguard Target Retirement 2035	0.08%
Vanguard Target Retirement 2045	0.08%
Vanguard Target Retirement 2055	0.08%
Vanguard Target Retirement 2065	0.08%
Vanguard Target Retirement Income	0.08%
US Equity	
Vanguard Total Stock Market Index	0.03%
Vanguard FTSE Social Index	0.13%
Non-US Equity	
Vanguard Total International Stock Index	0.09%
Balanced	
Vanguard STAR	0.30%
Fixed Income	
Vanguard Total Bond Market Index	0.04%
Cash	
Vanguard Cash Reserves Federal Money Market	0.10%

MaineSTART Review 3Q 2025

Risk vs Reward



***Note**: Vanguard Target Retirement 2055 and 2065 Funds have virtually identical risk/return profiles, so are visually indistinguishable and appear visually to be a single point on this scatter graph.*

MaineSTART Review 3Q 2025

Performance of Target Date Funds

Total Fund	$ 85,771,706	% Total	Quarter	1 Yr	3 Yrs	5 Yrs	10 Yrs
Target Retirement Funds							
Target Retirement 2025	$ 17,840,986	20.8%	4.7%	10.5%	14.3%	7.4%	8.0%
Target Retirement 2025 Benchmark			4.7%	10.5%	14.5%	7.7%	8.3%
Target Retirement 2035	$ 18,081,754	21.1%	5.8%	12.8%	17.3%	9.6%	9.6%
Target Retirement 2035 Benchmark			5.8%	12.7%	17.4%	9.8%	9.9%
Target Retirement 2045	$ 11,707,483	13.6%	6.7%	14.9%	20.0%	11.7%	10.9%
Target Retirement 2045 Benchmark			6.8%	14.7%	20.1%	11.9%	11.2%
Target Retirement 2055	$ 3,732,951	4.4%	7.2%	16.1%	21.0%	12.2%	11.2%
Target Retirement 2055 Benchmark			7.2%	16.0%	21.2%	12.5%	11.5%
Target Retirement 2065	$ 984,697	1.1%	7.2%	16.0%	21.0%	12.2%	
Target Retirement 2065 Benchmark			7.2%	16.0%	21.2%	12.5%	
Target Retirement Income	$ 3,768,330	4.4%	3.4%	7.9%	10.3%	4.6%	5.3%
Target Retirement Income Benchmark			3.5%	7.9%	10.5%	4.7%	5.5%

Tracking Error for all funds remains within expected ranges given market volatility.

MaineSTART Review 3Q 2025

Performance of Index and Balanced Funds

Total Fund	$ 85,771,706	% of Total	Quarter	1 Yr	3 Yrs	5 Yrs	10 Yrs
US Equity							
Total Stock Market Index	$ 17,083,742	19.9%	8.2%	17.3%	24.1%	15.7%	14.7%
Dow Jones Total Stock Market Index			8.2%	17.4%	24.1%	15.7%	14.7%
FTSE Social Index	$ 1,698,200	2.0%	8.3%	18.6%	26.0%	15.6%	15.6%
FTSE4Good US Select Index			8.3%	18.8%	26.1%	15.8%	15.7%
Non-US Equity							
Total International Stock Index	$ 3,378,692	3.9%	7.0%	17.1%	20.8%	10.4%	8.3%
Total International Stock Index			7.1%	16.4%	20.6%	10.5%	8.4%
Balanced							
STAR	$ 2,417,405	2.8%	4.9%	10.0%	15.5%	7.8%	9.0%
STAR Composite Index			5.7%	12.6%	16.6%	9.3%	9.2%
Fixed Income							
Total Bond Market Index	$ 1,934,148	2.3%	1.9%	2.9%	4.9%	-0.5%	1.8%
Barclays Capital Aggregate Bond Index			2.0%	2.9%	5.0%	-0.4%	1.9%
Total Cash							
Cash Reserves Federal Money Market	$ 3,143,319	3.7%	1.1%	4.4%	4.8%	3.0%	2.2%
Citigroup 90 Day T-Bill Index			1.0%	4.0%	4.3%	2.7%	1.8%

Tracking Error for all funds remains within expected ranges.

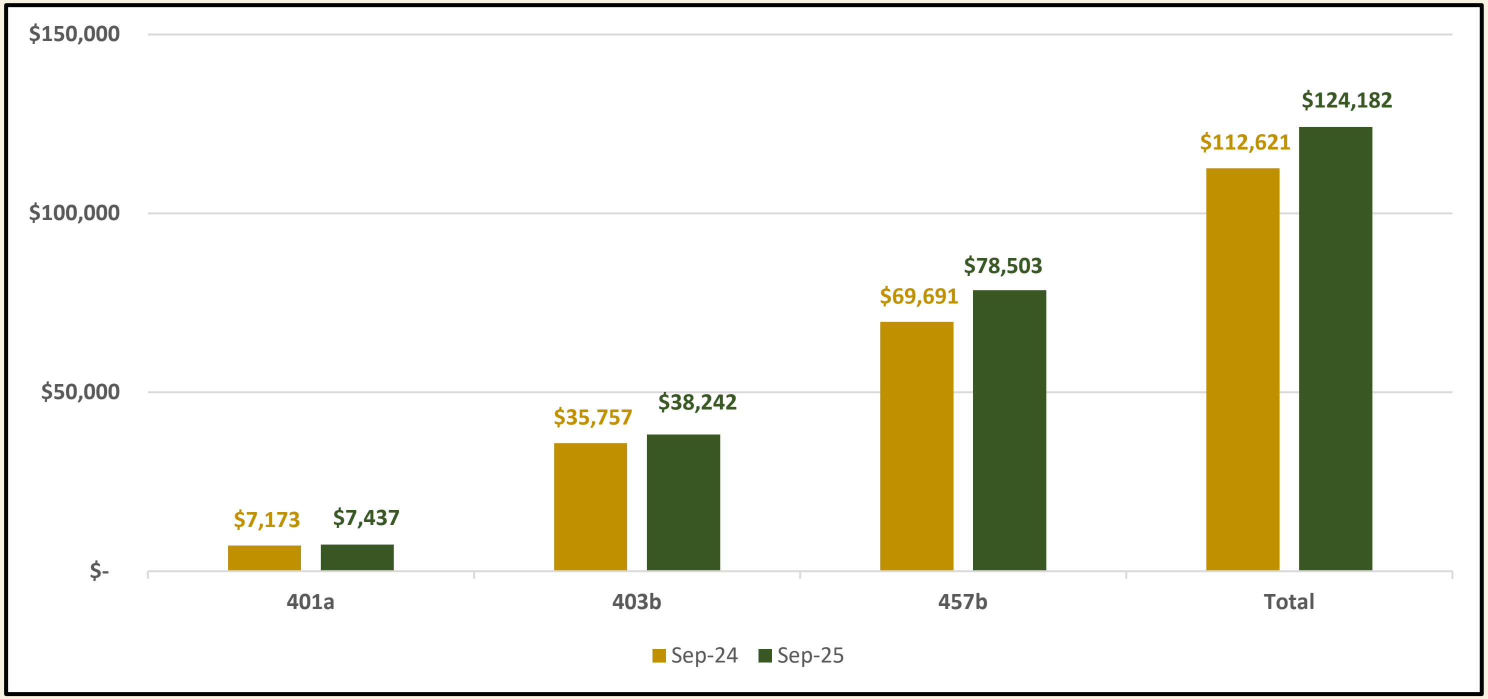
MaineSTART Review 3Q 2025

Investment Option Fees

Fund Name	Ticker	Market Value	MaineSTART Expense Ratio	Next Threshold Amount	Next Expense Ratio
Vanguard Total Stock Market Index	VITSX	$17,083,742	0.03%	$100,000,000	0.02%
Vanguard Total International Stock Index	VTIAX	$3,378,692	0.09%	N/A	0.09%
Vanguard STAR	VGSTX	$2,417,405	0.30%	N/A	
Vanguard FTSE Social Index	VFTAX	$1,698,200	0.13%	$5,000,000	0.12%
Vanguard Target Retirement 2025	VTTVX	$17,840,986	0.08%	N/A	0.08%
Vanguard Target Retirement 2035	VTTHX	$18,081,754	0.08%	N/A	0.08%
Vanguard Target Retirement 2045	VTIVX	$11,707,483	0.08%	N/A	0.08%
Vanguard Target Retirement 2055	VFFVX	$3,732,951	0.08%	N/A	0.08%
Vanguard Target Retirement 2065	VLXVX	$984,697	0.08%	N/A	0.08%
Vanguard Retirement Income	VTINX	$3,768,330	0.08%	N/A	0.08%
Vanguard Total Bond Market Index	VBTLX	$1,934,148	0.04%	N/A	
Vanguard Cash Reserves Federal MM	VMRXX	$3,143,319	0.10%	N/A	0.10%
		$85,771,706			

MaineSTART Review 3Q 2025

Participant Fees



Notes:

- Participants pay an annual fee of $50 and 3 bps on assets to Ascensus
- Investment management fees vary depending on the fund selection
- Annual Administrative Fees of $300,400 are assessed through PLD payrolls at 0.033%

MaineSTART Outreach Statistics 3Q 2025

Participant Meetings	**280**
In-Person	126
Remote	9
Phone	145
Teacher Employer	**15**
Emails	5
Remote	2
Phone	8
PLD Employer	**25**
Emails	11
Remote	6
Phone	8

- **Participant Outreach Calendar Year 2024: 1,264**
- **Participant Outreach Calendar Year 2023: 1,514***
- **Participant Outreach Calendar Year 2022: 1,094**

***Elimination of STAR Fund contributed to uptick in participant outreach**

MaineSTART Review 3Q 2025

Compliance and Operations

- MainePERS and Ascensus in discussions on a contract extension
- MainePERS exploring the need for adding the Vanguard Target Retirement 2075 Fund
- MainePERS exploring the addition of Vanguard Target Retirement 2030, 2040, 2050, 2060, and 2070 Funds
- MainePERS working with Ascensus to finalize and implement an Ascensus member education initiative to participants in CY 2026

MAINEPERS

BOARD OF TRUSTEES MEMORANDUM

TO: BOARD MEMBERS

FROM: DR. REBECCA M. WYKE, CEO
MICHAEL COLLERAN, COO AND GENERAL COUNSEL
BILL BROWN, DIRECTOR OF ACTUARIAL AND LEGISLATIVE AFFAIRS

SUBJECT: FUNDING POLICY

DATE: DECEMBER 2, 2025

POLICY REFERENCE

Board Policy 1.2 – Trustee Fiduciary Responsibility

Board Policy 2.2 – Actuarial Soundness and Funding

Board Policy 4.5 – Board/Staff Relations

Board Policy 4.6 – Communication and Support to the Board

Board Policy 2.2

Board policy 2.2 requires the Board of Trustees to make determinations regarding the funding of defined benefit plans in accordance with the Constitution and the laws of the State of Maine, based on the advice of professional actuaries and staff. The policy outlines the following principles:

- Long-term costs of statutory benefits must be funded;
- Contribution rates should be stable;
- Liabilities accrued today should not be imposed on future generations;
- Funding should be based on sound actuarial assumptions and methodologies; and
- Reasonable steps should be taken to manage funding risks.

Contribution Rate Volatility

A known funding risk is contribution rate volatility, as reflected in the principles of Policy 2.2. Defined benefit plans are more vulnerable to market shifts, and resultant rate volatility, as they mature and reach full funding. This is because when a majority of members are in retired status, more money is flowing out of the plan to pay benefits than is flowing into the plan from contributions. Additionally, when a market downturn occurs, a plan that is 100% funded loses more actual dollars than if it were 40% funded, making a rebound more challenging.

State Employee and Teacher Plan Maturity

The State Employee and Teacher Plan is reaching maturity. The plan currently has more inactive[1] than active members, a ratio of 1.2 to 1. At 88% funded, the plan is also approaching full funding. Moreover, with the payoff of the 1996 UAL in 2028, the annual contributions to the plan will drop significantly.

Managing Contribution Rate Volatility

MainePERS currently employs the following strategies for managing contribution rate volatility. Three-year actuarial asset smoothing, where only 1/3 of an asset gain or loss is recognized in the year that it occurs and then 1/3 of the remaining gain or loss is recognized the next year, and so on. Layered amortization, where each year's gain or loss is established as a separate base layer of the unfunded actuarial liability (UAL), then amortized over no more than 20 years.

Adjusting Amortization Periods

An additional option for managing contribution rate volatility is to adjust amortization periods for existing UAL base layers within the Constitutional limit of 20 years. The Board has previously utilized this option, most recently in July 2022 as part of the contribution rate setting process for fiscal years 2024 and 2025, where the Board voted to accelerate the 2014 UAL base layer by 6 years. Including this option within the funding policy provides the Board with another tool to manage the volatility of contribution rates.

Whereas the current tools (3-year actuarial asset smoothing and layered amortization) are integrated into the Board's funding approach, the adjustment of amortization periods for existing UAL base layers is more opportunistic and would allow the Board to manage significant up or down fluctuations in the contribution rate when the opportunity exists to adjust those layers. Consideration of this tool would occur on a biennial basis as part of the rate setting process.

At the December Board Meeting I will introduce this approach. Bonnie Rightnour, Gene Kalwarski, and Greg Reardon of Cheiron will attend virtually to address questions. The Board will have additional opportunities for review and discussion over the coming months before considering whether to adopt this approach as part of the funding policy. The 5-year experience study for the State Employee and Teacher Plan due in March will better inform the opportunities for using the tool in the next rate setting process which occurs in July 2026 for fiscal years 2028 and 2029. A copy of the presentation is included with this memo.

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[1] Defined as those in payment status plus vested inactive members.

Other Approaches to State Employee and Teacher Plan Stabilization

The Board has already adjusted the asset allocation twice in the past several years as part of its effort to ensure stabilization of the State Employee and Teacher Plan as it approaches maturity, most recently this past November. Other future considerations could include:

- Further asset allocation adjustments following an asset/liability study and strategic asset allocation review;
- Lowering the discount rate, which has been reduced 6 times over the past 20 years from 8.0% to the current 6.5% in Board Policy; and
- Establishing a specific funding target in excess of 100%. The current target in Board Policy is “at least 100%.”

RECOMMENDATION

No action necessary at this time.

Funding Policy

State Employee and Teacher Plan

December 11, 2025

Dr. Rebecca M. Wyke, CEO
Michael Colleran, COO and General Counsel
Bill Brown, Director of Actuarial and Legislative Affairs

Board Funding Policy

2.2 Actuarial Soundness and Funding

Board Policy 2.2
Actuarial Soundness and Funding

- Principles:
  - Long-term costs of statutory benefits must be funded;
  - Contribution rates should be stable;
  - Liabilities accrued today should not be imposed on future generations;
  - Funding should be based on sound actuarial assumptions and methodologies; and
  - Reasonable steps should be taken to manage funding risks.

Board Policy 2.2
Actuarial Soundness and Funding

- The policy covers:
  - Engagement of an actuarial consultant
  - The funding target of at least 100%
  - **Funding Methodology**
  - Actuarial Assumptions
    - Discount rate 6.5%
    - Inflation 2.75%
    - Other assumptions as recommended by the actuary following the experience study
  - Contribution Rate Setting

Funding Methodology

- Actuarial Cost Method
  - Individual Entry Age Normal method is used to calculate actuarial liabilities, meaning an individual's projected benefits are allocated over their career at a level-percent-of-pay basis
- Actuarial Smoothing Method
  - 3-Year actuarial asset smoothing method to calculate the actuarial value of assets
- Amortization Method
  - Unfunded accrued liabilities are amortized on a level-percent-of-pay basis

Amortization Method cont.

- Maximum amortization period for experience losses is governed by the Maine Constitution, which requires “experience losses be retired over a period not exceeding 20 years”
- The amortization period for experience gains is governed by Board Policy 2.2 and is also 20 years
  - The Board has previously shortened experience gains on an ad hoc basis

State Employee & Teacher Plan is Maturing

S/T Plan is Maturing

- The plan currently has more inactive than active members, a ratio of 1.2 to 1
- At 88% funded, the plan is approaching full funding
- With the payoff of the 1996 UAL in 2028, the annual contributions to the plan will drop significantly

S/T Plan is Maturing cont.

- Defined benefit plans are more vulnerable to market shifts as they mature and reach full funding:
  - When a majority of members are in retired status, more money is flowing out of the plan to pay benefits than is flowing into the plan from contributions
  - When a market downturn occurs, a plan that is 100% funded loses more actual dollars than if it were 40% funded, making a rebound more challenging
- As the State/Teacher plan approaches maturity, steps must be taken to manage the volatility of contribution rates and funded status.

Amortization Method Options

Amortization Method Options

- Adjust amortization periods for existing UAL base layers within the Constitutional limit of 20 years
  - The Board has previously utilized this option, most recently in July 2022 as part of the contribution rate setting process for the FY2024-2025 biennium
- Including this option within the funding policy provides the Board with another tool to manage the volatility of contribution rates
  - Existing tools to manage volatility include 3-Year actuarial asset smoothing and layered amortization

Structure of the Unfunded Actuarial Liability (UAL)

- The S/T Plan has two legacy UAL base layers
  - The 1996 UAL base is the legacy liability that existed in 1996, which is amortized to be paid off in FY2028
  - The 1997 – 2011 UAL base is also amortized to be paid off in FY2028
- Beginning with 2012, each year's net gain/loss is a separate base amortized over a period of 20 years
  - Except for the 2014 base, which the Board voted in July 2022 to accelerate by 6 years to be paid off by FY2028
- The UAL as of 6.30.25 is $2.331b, comprised of:
  - Layers totaling $749 million, which will be fully paid off by the end of FY2028
  - Layers totaling $1.582b, which will be fully paid off in subsequent years

Adjusting Amortization Periods

- Accelerating the amortization period of a UAL base layer with a net “loss” pays off that liability more quickly
  - Increases the annual UAL Cost
  - Decreases the UAL
  - Decreases the total interest paid on the UAL
- Accelerating the amortization period of a UAL base layer with a net “gain”
  - Decreases the annual UAL Cost
  - Increases the UAL
  - Increases the total interest paid on the UAL
- An accelerated amortization period of a gain/loss can also be reverted to have the inverse effect

Part of Biennial Rate Setting Process

- Employer rates are established on a biennial cycle in advance of the State budget process
- Rates are recommended by the Board's actuary using the principles, funding methodology, and actuarial assumptions as outlined in the Funding Policy
- Rates are composed of two parts:
  - **Normal Cost** is the cost of future benefits allocated to the current year
  - **Unfunded Actuarial Liability (UAL) Cost** is the cost of buying down a liability that exceeds the plan's assets

Part of Biennial Rate Setting Process

- Adjusting Amortization Periods only impacts the UAL Cost portion of the rates
- Consideration of this tool would occur on a biennial basis prior to rate setting
- The approach allows the Board to manage significant up or down fluctuations in the contribution rate when the opportunity exists to adjust those layers and is consistent with the Principles outlined in Board Policy 2.2

Example:

- Using a “baseline” scenario where the annual rate of return is equal to the discount rate (6.5%)
- Accelerating the UAL base layers with a net “loss” by 2 years in 2029
  - Increases the annual UAL Cost by $36m, or 1.25%
  - Decreases the size of the UAL by $38m
  - Decreases the interest to be paid on the UAL by $123m over the next 2 biennia

Adjusting Amortization Periods

- This approach provides the Board with another tool to manage the volatility of contribution rates
- Other possible benefits of this approach include:
  - Reducing the size of the UAL and advancing to full funding more quickly
  - Decreasing the total cost of interest paid by the State
  - Promoting intergenerational equity
- Board policy should be amended to provide for the adjustment of amortization periods within the Constitutional limit of 20 years
- Adjusting amortization periods would occur on a biennial basis as part of the rate setting process

Next Steps

- Today is intended as an introduction to the concept
- We will provide the Board with additional opportunities for review and discussion over the coming months
- The S/T Plan experience study due in March will better inform us on the opportunities for using this tool in the next rate setting process
- Board Policy would need to be amended
- Biennial rate setting occurs this coming July for the fiscal years 2028 and 2029

CHEIRON

Classic Values, Innovative Advice

Modeling

For Illustrative Purposes Only

December 11, 2025

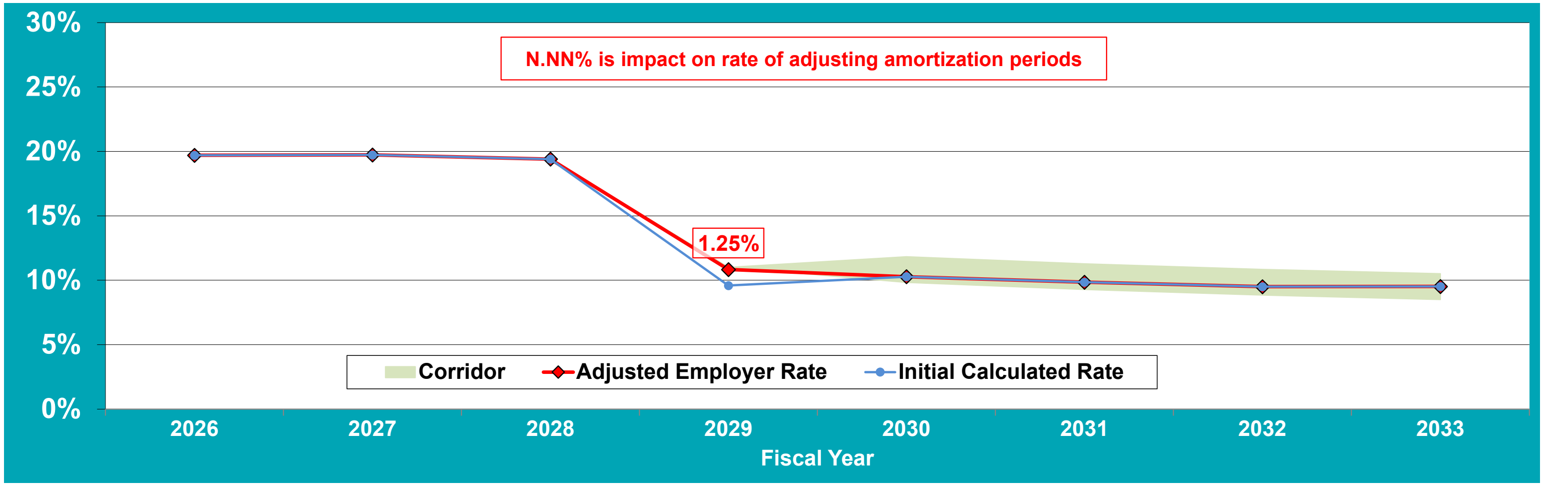
Gene Kalwarski, FSA, EA, MAAA

Bonnie Rightnour, FSA, EA, MAAA

Greg Reardon, FSA, EA, MAAA

Modeling Tool – Baseline – no gains/losses

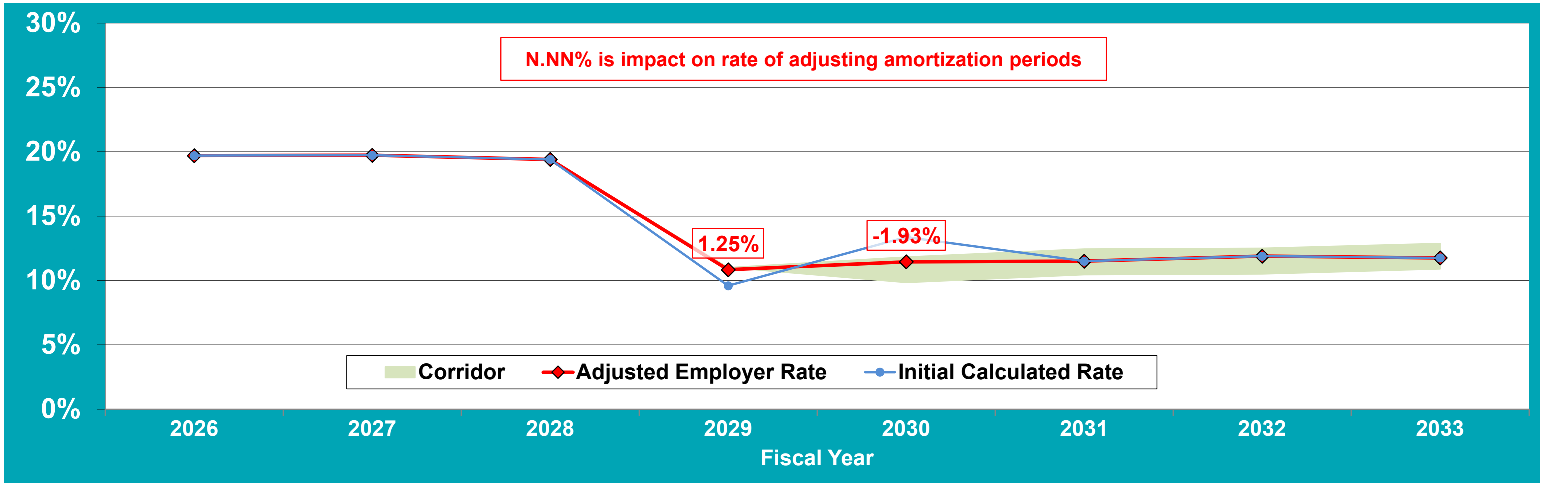
- If loss bases are accelerated by 2 years in FY 2029, under the baseline scenario, rates are projected to remain level through the following two biennia



- A corridor can be established as a guide for the following rate setting cycle. As new UAL layers are created (gains or losses), the amortization periods can be adjusted with a goal of remaining in the corridor.

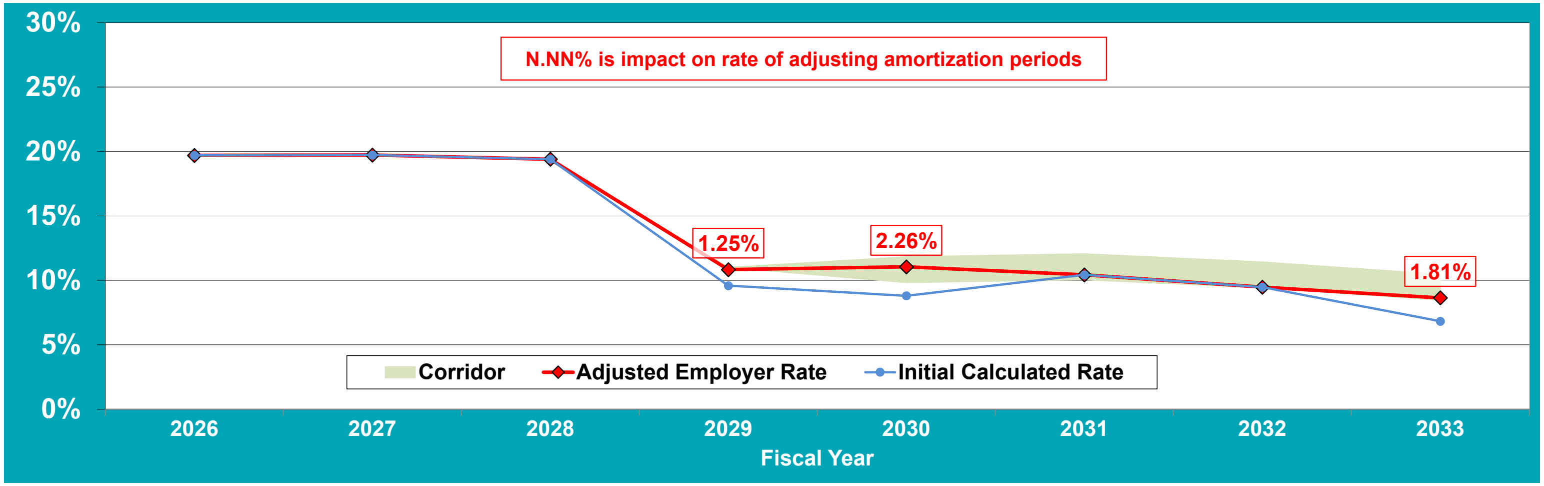
Modeling Tool – Following a Loss

- During the FY 2030/2031 rate-setting process, if a new loss layer would have increased the contribution rate to be outside of the corridor – adjustments can be made to manage the rate to be back within the corridor.



Modeling Tool – Following a Gain

- If instead, a new gain layer would result in a drop in the rate moving it outside of the corridor – additional adjustments can be made by accelerating the amortization of the loss layers to have the rate decline be more stable



MAINEPERS

BOARD OF TRUSTEES MEMORANDUM

TO: BOARD MEMBERS

FROM: DR. REBECCA M. WYKE, CEO

SUBJECT: CEO REPORT

DATE: DECEMBER 2, 2025

Pension Administration System (PAS)

Phase 1 project inception and planning is complete. The Phase 2 process of setting up the infrastructure and environments continues. The Phase 3 business process review and confirmation is complete. The current focus is Phase 4, the elaboration and configuration of our requirements within Sagitec's Neospin system, which consists of 3 pilots conducted over the next 3 years. Overall the project is on track for quality, scope, schedule, and resources (budget).

Participating Local District (PLD) Advisory Council

The PLD Advisory Council met on November 18^{th} to recommend rates for FY 2027. The Committee voted unanimously to recommend maintaining the FY 2026 rates for FY 2027 except for those sub-plans where Cheiron's calculations resulted in a rate increase. The aggregate rate in effect for FY 2027 is 11.2% for the PLDs and 8.1% for members, for a total aggregate rate of 19.3%, or 0.3% higher than the calculated rate of 19.0% from the FY 2025 valuation of the plan.

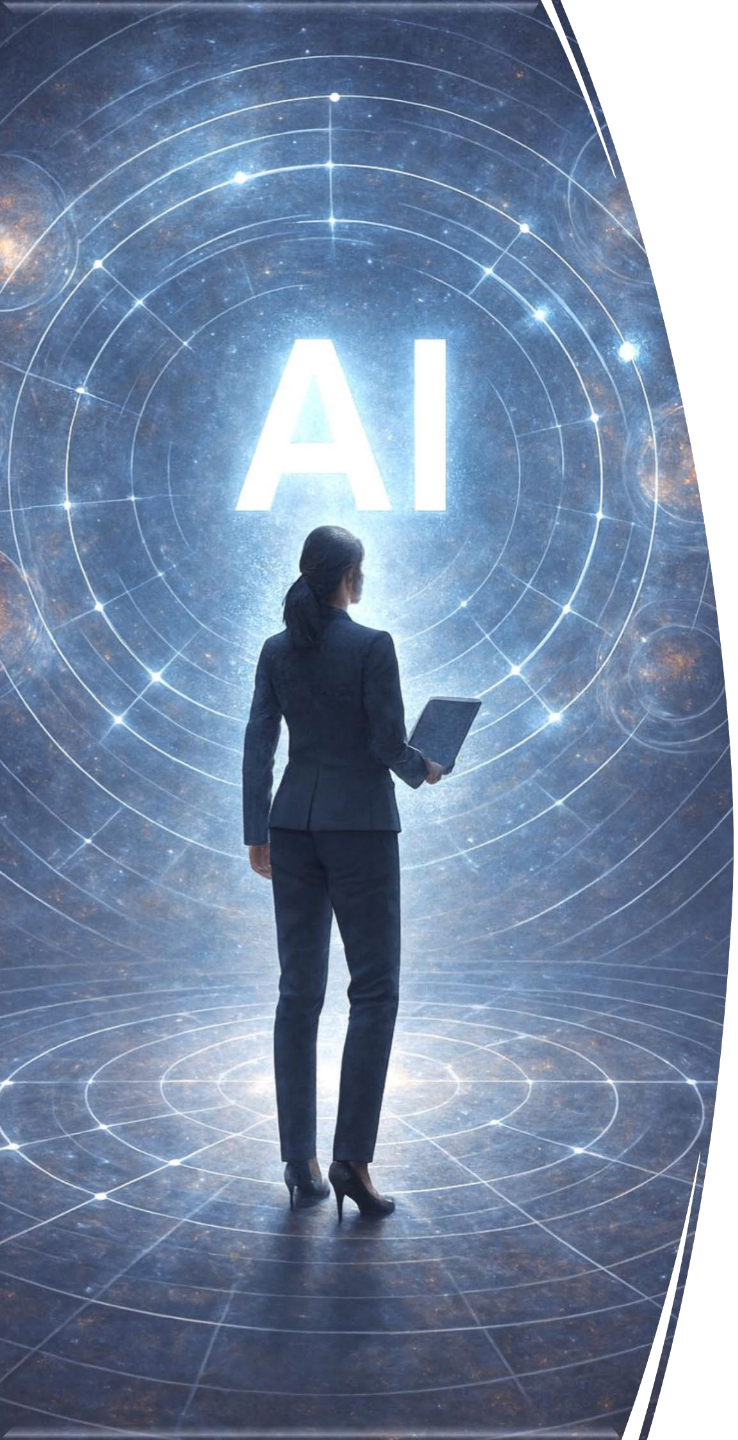
Artificial Intelligence (AI) Mission Moment

At the December Board Meeting, MainePERS staff will offer a presentation on the AI landscape as a mission moment. The presentation will discuss the benefits and risks associated with AI, the recently adopted MainePERS AI Use Policy, as well as possible workplace, member service and investment applications.

MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Mission Moment: Artificial Intelligence

MainePERS Board of Trustees
December 11, 2025



A MainePERS 360 on AI

- AI Landscape, Benefits & Risks – Joy Childs
- MainePERS AI Use Policy – Nanette Ardry
- Workplace Applications – Valerie Scott
- Member Services Applications – Chip Gavin
- Investment Applications – James Bennett

AI Landscape, Benefits & Risks

Joy Childs, Director of IT

What is AI?

Artificial Intelligence (AI): A computer science field focused on creating systems capable of performing tasks typically requiring human intelligence, such as learning, reasoning, problem-solving, and language understanding.

AI systems:

- Learn from data to improve their performance and make predictions or decisions;
- Are powered by algorithms and vast datasets and
- Are integrated into many aspects of modern life, from digital assistants to fraud detection and medical analysis.
- They do not rely on explicit programming for every situation.

Common types of AI include:

- **Generative AI** - creates new content
- **Predictive AI** - analyzes data to make forecasts
- **Other** types or branches are:
  - Machine Learning,
  - Natural Language Processing (NLP),
  - Computer Vision,

  these are often used to build more complex systems like generative and predictive models.

Where Is AI Today?

- Consumer Technology
- Entertainment & Media
- E-Commerce & Retail
- Finance & Banking
- Healthcare
- Transportation & Mobility
- Work & Productivity Tools
- Government & Public Services
- Marketing, Advertising & Social Platforms
- Education & Learning

The Big Picture: AI touches nearly every modern system—consumer, corporate, or governmental. The average person interacts with AI hundreds of times per day, even if they never use a tool that explicitly calls itself "AI."

MainePERS Current AI Technology Uses

- Crowdstrike
  - CrowdStrike Falcon uses AI to detect and respond to Cyber threats by analyzing behavior of users and entities to establish baseline normal activities and flag/report/stop any deviations that could indicate a threat.
- Fortinet
  - Fortinet uses AI and machine learning to analyze large volumes of activity to identify threats in real-time, such as emerging malware, unusual user behavior and suspicious network traffic.
- Varonis
  - Varonis prevents sensitive data exposure via AI utilizing risk categorizations. Varonis looks for data transfer content and patterns and locks down the data before the breach can happen.

Risks & Security

- Data Related Risks
  - Data Poisoning – Malicious data is intentionally inserted into the training set to compromise the model’s behavior and outputs.
  - Data Breaches – AI systems handling large datasets increase the risk of data breaches that compromise privacy and confidentiality.
- Input and Output Manipulation
  - Prompt Injection – Malicious instructions embedded in prompts can hijack a large language model (like ChatGPT), leading to unintended or harmful acts.
  - Deepfakes – AI-generated fake images, videos and audio can be used to create convincing impersonations for social engineering and fraud.
- System Risks
  - API Exploits – Many AI systems rely on APIs (application programming interface), which can become and attack vector for unauthorized access or manipulation.
  - Shadow AI – Unauthorized AI tools used by employees can introduce security risks such as data exposure and compliance violations.

Security Essentials: Human in the Loop

Human oversight prevents AI errors & misuse, ensuring accuracy and ethical use

Do's

- Validate all AI-generated facts against trusted sources
- Review and edit all outputs before sharing
- Maintain awareness of AI limitations
- Follow organization AI usage policies

Don'ts

- Rely blindly on AI outputs without verification
- Share sensitive or confidential information
- Use AI for critical decisions without oversight
- Skip security protocols when using AI tools

Data Classification & AI

Public Data

- Information that is freely available and can be shared openly
- Published research papers, news articles, public reports
- Marketed product specifications and features
- Safe for AI tools: Can be freely used with any AI system

Internal Data

- Information intended for organization use but not highly sensitive
- Meeting minutes, project timelines, general procedures
- Team communications, department updates
- Use with caution: Reference organization AI policy before use

Confidential Data

- Highly sensitive information requiring strict protection
- Member information, financial data, personal records
- Proprietary research, trade secrets, security details
- Exercise extreme caution; use with AI systems is rarely appropriate; consequences for data exposure are high

MainePERS Use Policy

Nanette Ardry, Associate General Counsel

System Policy 4.5: Artificial Intelligence Use

Summary of Policy:

- The purpose of the policy is to guide the responsible and secure use of generative artificial intelligence ("GenAI") tools within MainePERS.
- In line with our values on stewardship and accountability, this policy establishes standards to protect MainePERS data, mitigate risk, and ensure transparency while facilitating innovation.

- **Staff Use of GenAI Tools**
  - Permitted Uses
  - Uses not Permitted
  - Use of Information from Third Parties
- **Procurement**
  - Permit vendor use of AI in the provision of services only with AI use committee approval
  - Vendor Management Committee will incorporate AI review into the periodic vendor review process
- **Employee Education**
  - MainePERS will provide mandatory employee training during onboarding and annually
- **AI Use Committee**
  - Considerations for Use:
    - Security;
    - Accuracy, reliability, and lack of bias;
    - Transparency;
    - Business need; and
    - Risks
  - Approval:
    - Required in writing specifying permitted uses/restrictions
    - Approved uses on StaffHub, reviewed annually

Permitted Use Guidelines

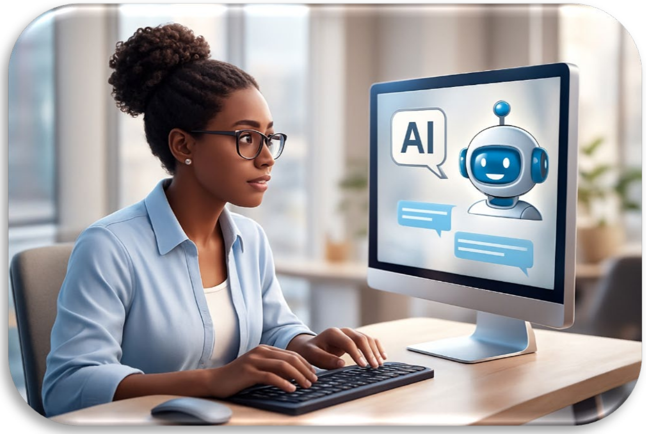
- **Use is allowed within the following guidelines:**
- Only public information that is not member/beneficiary-specific may be used with these tools.
- Information protected by copyright or other intellectual property rights and proprietary information may not be used.
- Use the GenAI tool only with supervisor’s consent and in accordance with any additional guidance they provide.
- In each use, examine output to verify accuracy and appropriateness (keep a “human in the loop”).
- Otherwise comply with System Policy 4.5 – Artificial Intelligence Use, with the following exceptions (which exceptions may be removed by the supervisor):
  - Training or demonstration of proficiency is not required.
  - Do not need to maintain records of use.
  - Do not have to disclose the use of the tool unless the content of the final work product was significantly shaped by the tool.
- If any inaccuracy, security concern, biased results, or other unusual occurrence is experienced, stop using the tool and report this to a member of the AI Use Committee.

Approved Use Cases

Public GenAI Tools	GenAI Tools Incorporated into Applications Installed by MainePERS
• ChatGPT • Copilot • Claude • Notebook LLM • Replit AI • Genspark • Grammerly • Canva • DALL·E3	Certain software applications approved and installed by MainePERS on MainePERS equipment have GenAI tools incorporated into them. Some of these tools have been disabled by MainePERS.

Synthesia AI Video Creation Platform

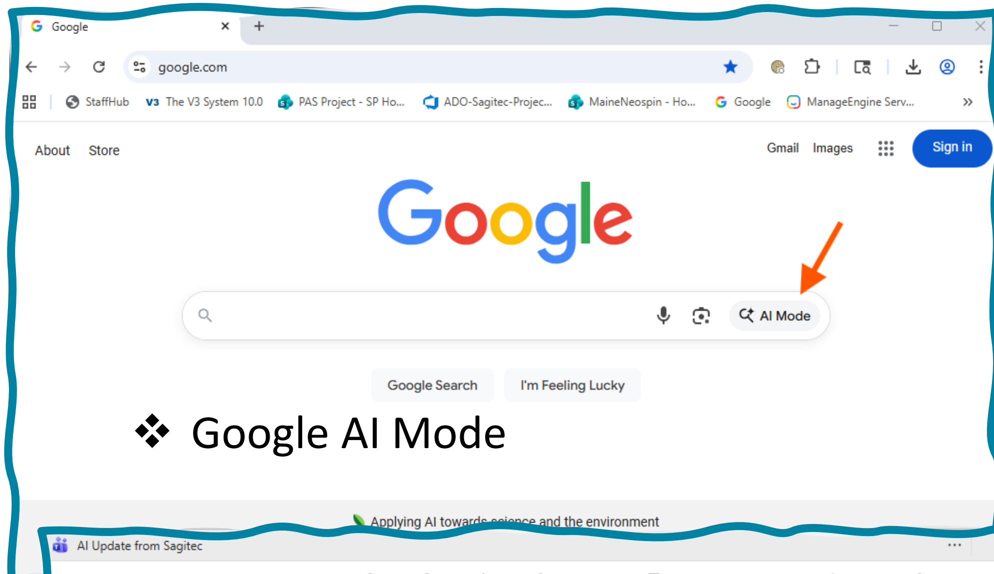
Synthesia may be used by or under direction of the Director of Communications to create videos. Only public information that is not member/beneficiary-specific may be used with this tool. Information protected by copyright or other intellectual property rights and proprietary information may not be used. Do not use or mimic a real person’s image or voice without their written permission. Videos produced with this tool must disclose the use of AI, and the disclosure must be approved in advance by the Director of Communications.



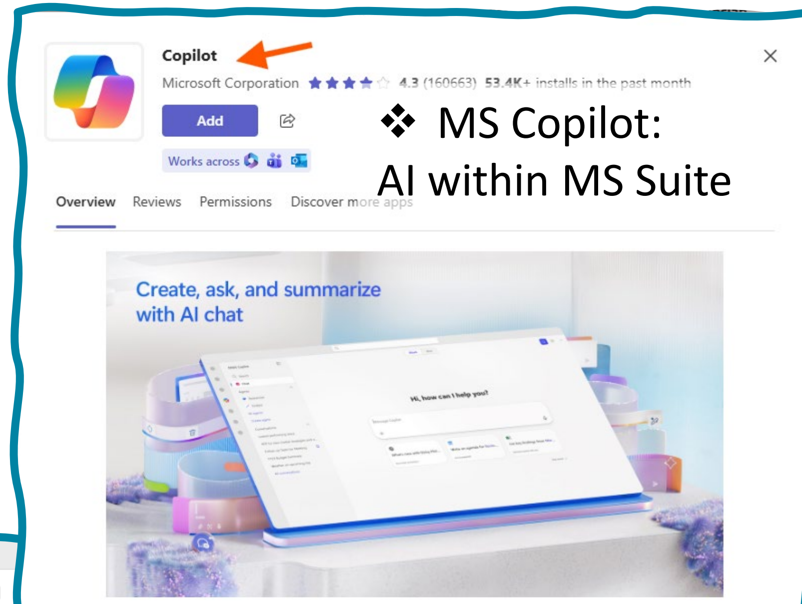
Workplace Applications

Valerie Scott, Director of Special Projects

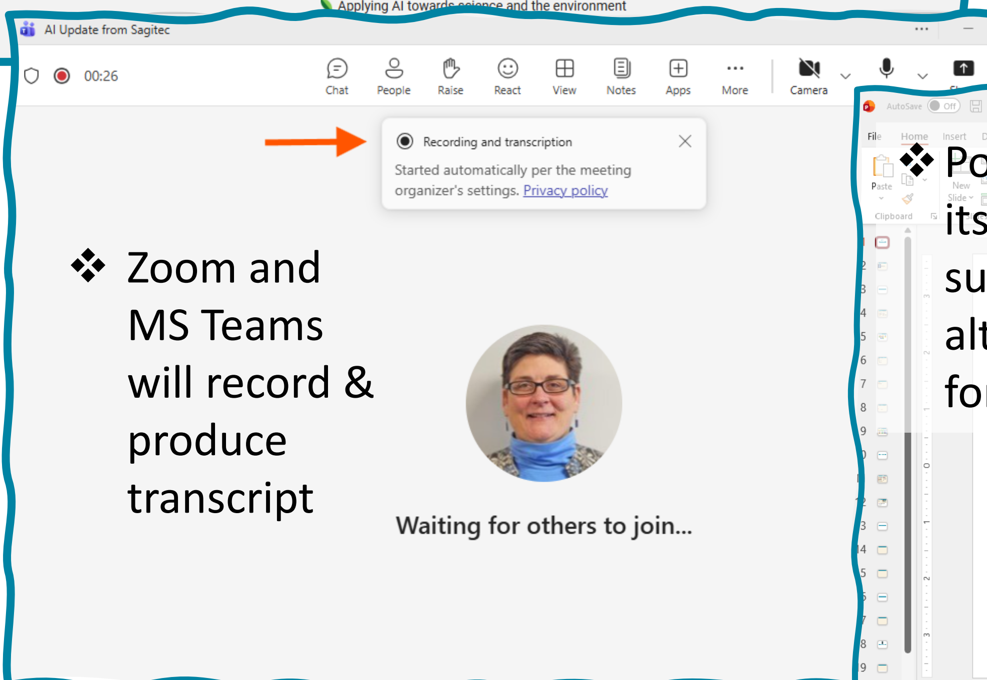
AI Enabled, System-Provided, Tools



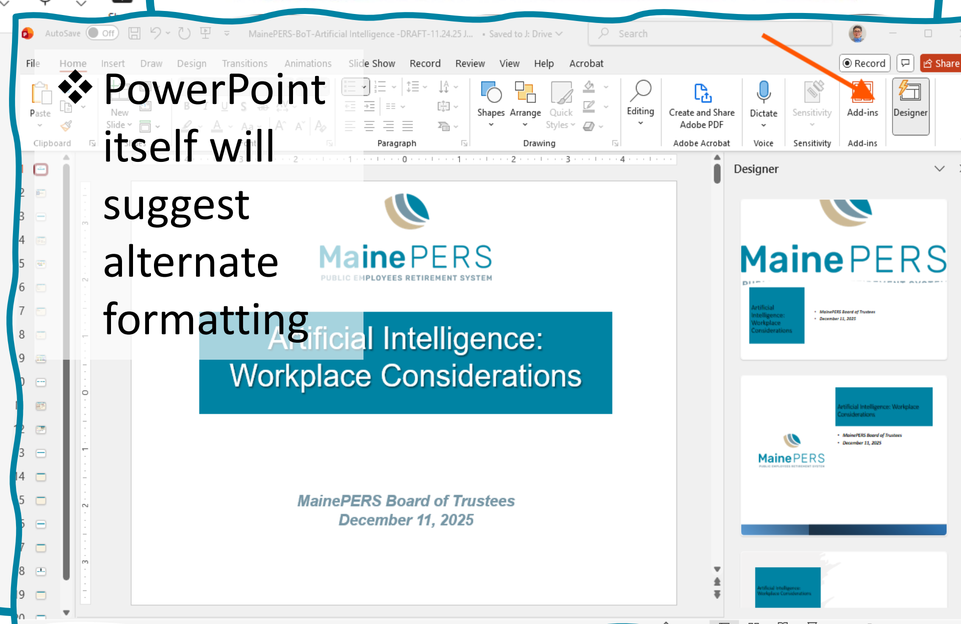
- Google AI Mode



- MS Copilot: AI within MS Suite



- Zoom and MS Teams will record & produce transcript



- PowerPoint itself will suggest alternate formatting

Simple to More Complex Uses

- Text Review and Editing (Memos, Reports, Policies, etc.)
- Distilling Internal Content:
  - Key points extracted from large content
  - Recorded meetings ➔ transcripts ➔ summaries
- Mining Defined Content:
  - Maine Statute
  - Board Packets and Minutes
  - Professional Society Publications
- Reviewing Data & Detecting Trends
- Creating Presentations (PPT)
- Creating Novel Graphics/Images

Disclaimer: This feedback summary was generated from the transcript of the attended feedback session using AI. The content is intended to reflect the captured discussion. However, it may contain inaccuracies and may not fully or precisely represent the intent of individual speakers. The information should be confirmed before serving as the basis for actions or decisions. All staff should reach out to Chip or Brett to clarify any stated feedback or address any questions related to the summary or any feedback items contained within it.

ChatGPT

Introduction

Implementing a new Pension Administration System (PAS) is a complex undertaking for public employee retirement systems (PERS). A critical decision in the go-live strategy is whether to run the legacy PAS in **parallel** with the new system (for a period of time) or to perform a direct **cutover** (often called a "big bang" go-live). This report examines how PERS in the United States and Canada have approached go-live strategies in the past 5–7 years, especially in projects involving major PAS vendors such as Sagitec, Vitech, TELUS (LifeWorks), PensionGold (LRS), Contentful (Gerent), Conduent, and Aon. We focus on systems of significant size and complexity (hundreds of employers submitting payroll data and monthly retiree benefit payments) to understand current practices. Key questions addressed include: the prevalence of parallel operations at go-live, typical duration and considerations for parallel runs, lessons learned from those who ran parallel, differences between system upgrades vs. full replacements, reasons some choose *not* to run parallel, and the pros and cons of parallel operation.

Go-Live Approaches: Parallel vs. Big Bang

When replacing or upgrading a PAS, organizations generally choose between two broad approaches (or a hybrid):

- **Big-Bang Cutover:** The new system fully replaces the old at go-live, with the legacy system taken offline (or put in read-only) once the new PAS is live. All transactions switch to the new system on a chosen date. This requires very careful data conversion, extensive testing (often including parallel **testing** in a non-production environment), and contingency planning, but avoids the need to maintain two production systems at once.

- **Parallel Operations:** The new PAS is deployed and run **concurrently** with the old system for a period of time after go-live. During this parallel run, the organization processes transactions in **both** systems (e.g. employers submit data to both, and/or staff calculate benefits in both) and compares results. The legacy system remains the official system of record initially, until the new system is proven accurate. Parallel operation provides a safety net to catch discrepancies before fully switching over [1]. However, it entails extra workload and coordination to keep both systems in sync [2]. In practice, parallel runs might be partial (for select processes or sample cases) or full (duplicating all production work).

Summarizing, Evaluating Content, Identifying Trends

Developing Monthly PAS Project CEO Check-In Memo

- **Goal:** To automate the creation of the monthly CEO PAS Check-In report, which includes a summary memo followed by supporting documents bundled as a PDF packet.
- **Topics Covered:**
  - Overall Project Status
  - Schedule and Budget
  - Risk Register
  - Data and Infrastructure
  - Parallel Go-live
  - Communications and Employer Engagement
  - Organizational Change Management (OCM)
  - Other Business

Workflow

- User uploads documents for the current month's Check-In.
- The GPT:
  - Reviews prior months (provided or stored)
  - Summarizes updates and differences
  - Flags status (Red, Yellow, Green) and key dates or issues
  - Generates a clean, formatted memo in Arial 11 pt

Note

- Trained on 10 months of prior packets
- Developed "Red, Yellow, Green" status criteria for each reporting topic

Date: November 25, 2025
To: Rebecca Wyke, Chief Executive Officer
From: Pension Administration System (PAS) Steering Committee
Re: PAS CEO Check-in – November 2025

The following provides a summary of status, changes since last report, and any upcoming milestones or CEO decisions required across each PAS Project domain area. Status ratings: Green = On Track; Yellow = Watch Item; Red = Action Required.

Overall Project Status – Green
The project remains on schedule, scope and budget, with continued disciplined execution by MainePERS and Sagitec. Phase 4 Elaboration activities are fully underway with no material issues. All key dimensions (scope, schedule, budget, quality, resources) remain within acceptable variance. This continues a multi-month trend of consistent performance.

Schedule – Green
Elaboration for Pilot 4.1 components — Membership, Organization, Enrollment, and Contributions — continues on track. JAD sessions, demos, and design reviews have proceeded as planned. No delays or shifts in the critical path are reported.

Budget – Green
Project remains within the approved budget. No material cost variances have been reported. Updated monthly financials were submitted, with Sagitec and Syntropy contracts within budgeted expectations.

Risk Register – Yellow
No new high-level risks have emerged, though the PLD Benefit Plan configuration and data quality issues remain active. These are being closely monitored. Risk Register has been updated and shared with stakeholders.

Data and Infrastructure – Green
Cloud infrastructure implementation continues on schedule. Detailed data mapping and conversion efforts are progressing. No major issues are noted; however, data conversion remains a complex area requiring close attention.

Parallel Go-live – Green
Preparations continue as planned, with identification of processes and tasks that will support this stage. Documentation and preliminary planning are underway, no changes from prior report.

Communications – Green
Internal communication activities continue effectively. PAS update included in the November MainePERS Messenger. The StaffHub PAS page enhancements are complete, including updated materials and demonstration videos.

Employer Engagement – Green
Employer Advisory Panel activities are scheduled and proceeding. Employer engagement strategy and related outreach remain unchanged from last month and continue on track.

Organizational Change Management – Green
Support activities, training preparations, and KPI development continue to advance. Staff Q&A and drop-in sessions are well-attended, and the team is developing change impact assessments and training plans for 2026.

Other Business – Green
No additional items requiring CEO action or Steering Committee decision have been raised this month.

Member Services Applications

Chip Gavin, Chief Services Officer

Potential Member Services opportunities

- **Fraud prevention support**
  - Assist MainePERS in detecting anomalous or suspicious trends or activity.

- **Service analysis and internal improvements**
  - Summarizing member notes and account information for rapid application by staff.
  - Detecting real-time or future changes in work volumes that may require adjustment or preparation.
  - Supporting staff in expediting existing work via administrative tool applications.
  - Document processing and data extraction and ingestion applications.
  - Creation of member education videos and other member education possibilities.
  - Creation of training materials and user guides for staff.

- **Direct service to Members**
  - Guiding users through member portal inquiries and functions.
  - Assisting members in finding information.
  - Responding to basic questions about benefits or increasingly complex questions about specific situations.
  - Assisting with comprehensive retirement planning incorporating MainePERS defined benefits and other potential programs or resources.

Potential Member Services Opportunities

Any pursuit of opportunities requires prudence

- Always keeping a human in the loop.
- Complying with AI policy.
- Not exposing member information.
- Protecting member data.
  - Excerpt from current PAS development contract: *Contractor shall not share any MainePERS Data with any Third Party, and shall not use MainePERS Data in any form for purpose of training any Artificial Intelligence, unless agreed to in writing by MainePERS.*
- MS opportunities here are informed by input from Sagitec and others.

Investment Applications

James Bennett, Chief Investment Officer

Investment Applications

- Investment Team
  - Create initial drafts for internal memos and emails
  - Gather and summarize public-source data for preliminary diligence and screening

- Investment Service Providers
  - Process automation & improved efficiencies
  - Document review & assessment, initial focus within Operational DD

- Investment Managers
  - Automate LP reporting & marketing
  - Diligence: summarize documents, flag issues, fraud detection
  - Specialized research (e.g., patent summaries)


QUESTIONS

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: DECEMBER 3, 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. MEMBER PORTAL USAGE: More than 33,000 individuals have registered for a MainePERS member portal account. The portal, launched in October 2023, now sees approximately 1,000 logins per week, 750 new registrants per month, and will very shortly have processed more than 5,000 demographic updates for members since inception.

2. GROUP LIFE INSURANCE ADMINISTRATOR UPDATE: MainePERS expects in 2026 to engage in contract discussions with its Group Life Insurance (GLI) administrator, The Hartford, in anticipation of the current contract's rate guarantee period expiration on December 31, 2026. The GLI program underwent a competitive RFP process in 2023, resulting in a new contract with The Hartford effective January 1, 2024. In addition to extending the rates in effect at the time, MainePERS reimplemented the GLI Program. This allowed a shift in administrative tasks related to GLI administration to the Hartford, which has provided quicker turnaround times for member and beneficiary requests and payments. As a result, staff previously engaged in this work have been focused on reducing backlogs and tackling data improvement projects, such as the retiree beneficiary mailing campaign completed earlier this year. The current competitively awarded contract anticipated and has provisions for rates and charges after the rate guarantee period to be established by mutual agreement of the parties.

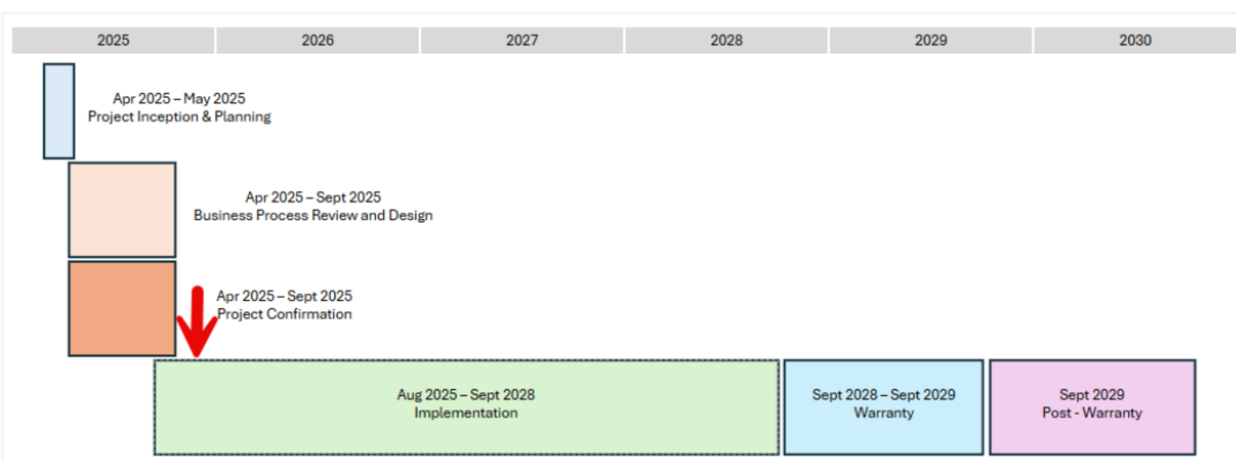
3. PENSION ADMINISTRATION SYSTEM IMPLEMENTATION: Sagitec is currently reporting all major monitoring areas of the project – schedule, budget/cost, scope, resources and quality - are green, as is the overall project status. An excerpt of Sagitec's monthly project status report is included below.

The project currently is scheduled to reach the go-live milestone in CY2028. The project is part of Goal III, Strategic Objective (B) and other related components of the Strategic Plan. The project has now completed slightly more than 17 percent of the timeline between contract initiation and scheduled project launch. The current phase of the project – phase 4, or implementation – contains several sub-units. The current such sub-unit is referred to as Pilot 4.1. That pilot is currently on track to conclude in May 2026.

A two-week PAS holiday break is scheduled from December 20, 2025, to January 4, 2026.

Overall		**Scope**	
Schedule		**Resources**	
Cost / Budget			
Project Manager	Jason Tolentino	**Project Sponsor**	CEO Rebecca Wyke
Project Start	April 14, 2025	**Project End**	Go-live June to Sept 2028. One-year warranty period concluding in 2029.
Reporting Period	November 2025	**Reporting Date**	November 26, 2025
Audience	Chip Gavin, Michael Colleran, Joy Childs, Valerie Scott, Domna Giatas, Tim Poulin, Sherry Vandrell, Brett McGillivary	**Next Steering Committee Meeting with Sagitec**	December 3, 2025

Timeline *(red arrow indicates the approximate point in the project as of this report)*



FINANCE

1. EMPLOYER REPORTING. Employers submitted defined benefit payrolls on time at rate of 90% in November. This compares to a rate of 95% for the same period last year. Of the 63 payrolls that missed the deadline, 41 were submitted within three days of deadline. The percentage of fully reconciled accounts through September data is 84%, the same as last month. The number of fully reconciled accounts increased by 1 account, to 591 this month.

   The aging of the 117 accounts not fully reconciled through September 2025 data breaks down as follows. This month we were able to clear up 7 accounts that had data older than 2025, but adding in September data caused the numbers in aggregate to stay flat.

	Oldest Unreconciled Transactions						
Year	2025	2024	2023	2022	2021	2020	2019
# of Accts	79	19	5	2	2	4	6
Removed	-11	-5			-1		-1
Added	18						
Prior Report	72	24	5	2	3	4	7

   Staff continue to review and post payroll files received from Portland Public Schools for 2024 and 2025 for the Teacher Plan. The work to reconcile old, previously submitted payroll data for calendar year 2023 and prior is ongoing.

2. EMPLOYER AUDITING. There were no new audits opened during the month of November as staff focused on closing out the last of the 2022 audit findings. With that work now complete, the oldest open auditing findings are now from 2025 audits. This work couldn't have been completed without the collaboration between the employer auditing staff, employer reporting staff, and retirement services staff. The percentage of resolved findings is currently 98.6%.

3. ACCOUNTING AND FINANCE. The internal review covering death benefit processing is currently underway and is expected to be complete before the end of the calendar year. The next review will be a review of our employer auditing program.

OPERATIONS

1. INFORMATION TECHNOLOGY: IT Operations successfully replaced the Brunswick WAN/LAN infrastructure in November following completion of the Augusta site the previous month. Replacement of the Portland site is now scheduled for 12/2 with total conversion to a full-service Fortinet architecture expected in late December. IT Operations and Development staff completed two projects in November, the phased roll-out of Office 365 and the upgrade of all Windows 10 devices. The IT Development team is closely working with Sagitec on detailed field mapping and providing monthly data conversion bundles and transfers. The Business Analysts and Technical Writer are working with the business units on mapping of legacy data and capturing training topics.

2. HUMAN RESOURCES: We had three new hires and one termination in November, the retirement of Employer Reporting Account Associate III Joan Leclair after 26 years of service. We currently are recruiting for four positions.

3. <u>FACILITIES</u>: Installation of the leaf wall between the Fort Point and Mount Kineo conference rooms has been delayed slightly. Preparation work now is scheduled to begin this month with the project completed in January.

4. <u>DOCUMENT CENTER</u>: We have contracted with the Snowman Group for the preparation, printing, and mailing of 1099-R forms commencing January 2026.

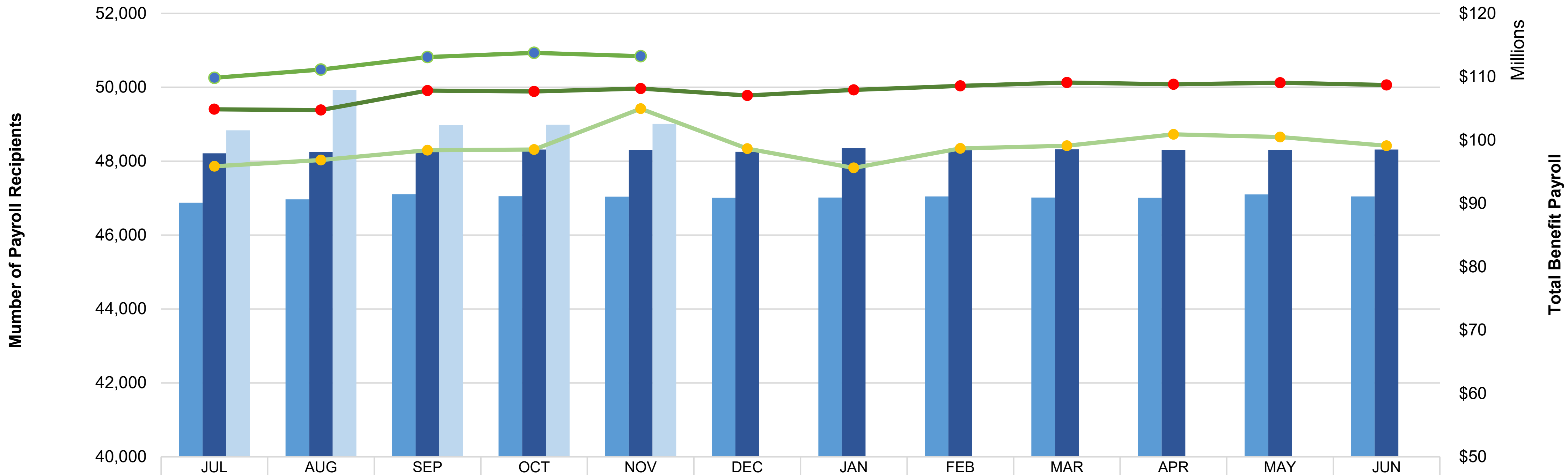
RECOMMENDATION

No Board action is recommended at this time.

RETIREMENT SERVICES

BENEFITS PAYROLL: Regular monthly pension benefit payments were made to 49,011 recipients in November, totaling $113,253,730. 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 2025 and 2026.

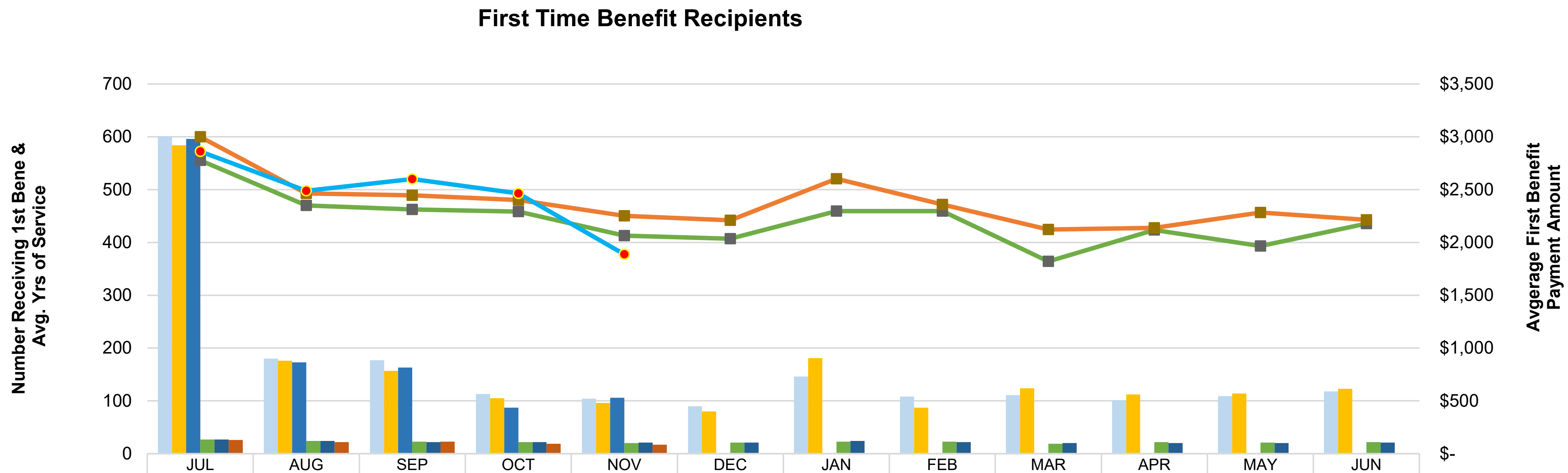
Benefit Recipients & Total Benefits Payroll



	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
FY25 # Benefit Recipients	48,212	48,251	48,310	48,317	48,300	48,256	48,353	48,321	48,319	48,310	48,308	48,313
FY26 # Benefit Recipients	48,835	49,931	48,982	48,985	49,011							
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
FY25 Benefits Payroll	$104,858,297	$104,737,939	$107,825,148	$107,667,346	$108,126,893	$107,047,632	$107,931,101	$108,547,682	$109,080,987	$108,789,293	$109,039,648	$108,687,230
FY26 Benefits Payroll	$109,830,353	$111,117,962	$113,116,156	$113,768,058	$113,253,730							

RETIREMENT SERVICES: (CONTINUED)

FIRST TIME BENEFIT RECIPIENTS: One hundred six (106) individuals received their first benefit payment in November. The average benefit amount was $1,887. First time recipients averaged seventeen (17) 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.

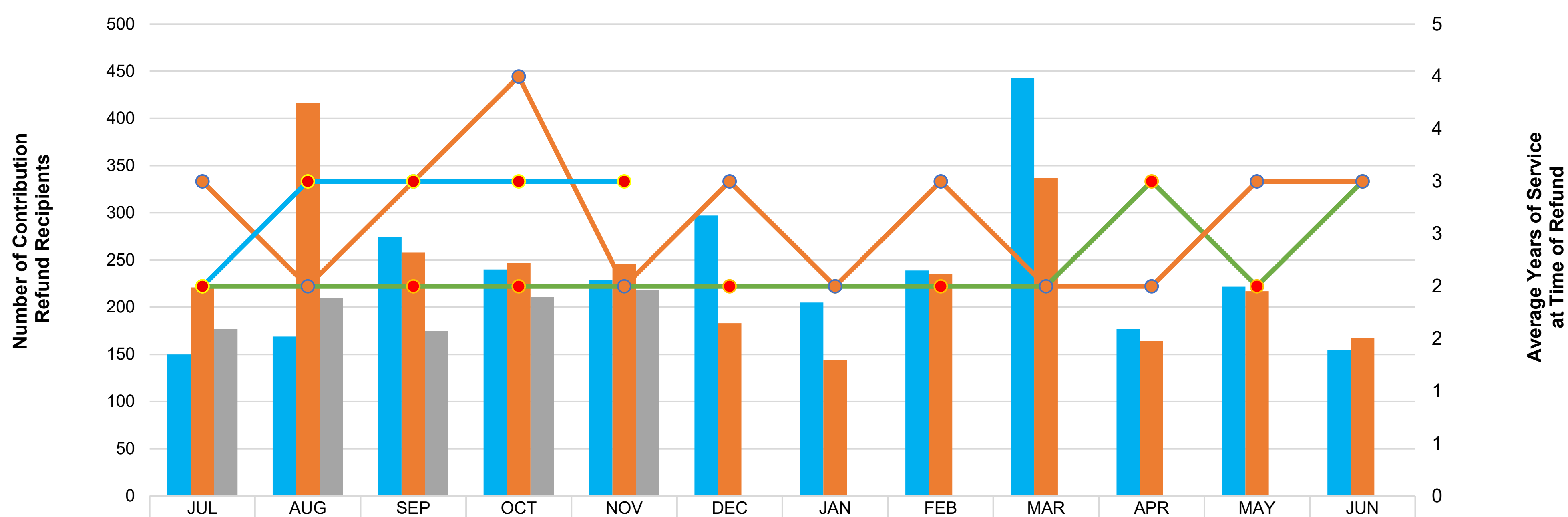


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # Receiving 1st Benefit Pymt (FY22-FY24)	601	180	177	113	104	90	146	108	111	101	109	118
FY25 # Receiving 1st Benefit Pymt	584	176	157	105	96	80	181	87	124	112	114	123
FY26 # Receiving 1st Benefit Pymt	596	173	163	87	106							
3YR Avg Years of Svc @1st Benefit Pymt (FY22-FY24)	27	24	23	22	20	21	23	23	19	22	21	22
FY25 Avg Years of Svc @1st Benefit Pymt	27	24	22	22	21	21	24	22	20	20	20	21
FY26 Avg Years of Svc @1st Benefit Pymt	26	22	23	19	17							
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
FY25 Avg 1st Benefit Pymt Amount	$2,999	$2,463	$2,447	$2,402	$2,252	$2,210	$2,602	$2,360	$2,122	$2,137	$2,283	$2,213
FY26 Avg 1st Benefit Pymt Amount	$2,861	$2,489	$2,601	$2,465	$1,887							

RETIREMENT SERVICES: (CONTINUED)

CONTRIBUTION REFUNDS: Two hundred eighteen (218) former members received a refund of their contributions in November. The average refund was $12,361 as the result of an average of three (3) years of service. The aggregate amount refunded was $2,694,730. Note: Data for FY22 – July to November – was not captured so the average for those months only includes fiscal years 2023 and 2024.

Contribution Refunds Issued: Total Number & Average Years of Service

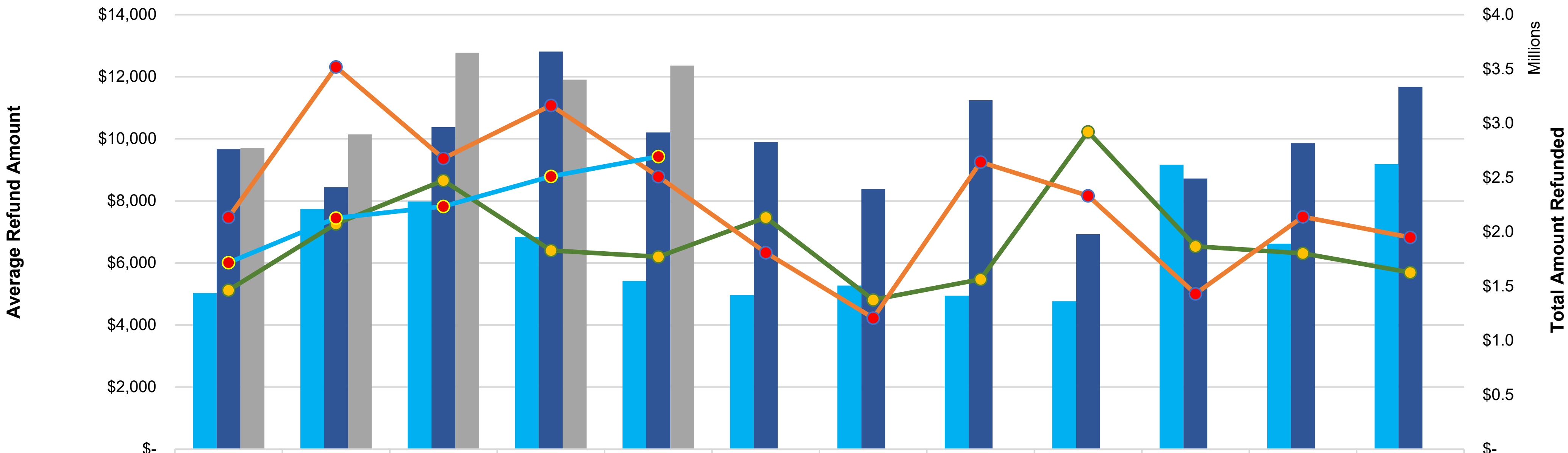


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # of Contribution Refund Recipients (FY22-FY24)	150	169	274	240	229	297	205	239	443	177	222	155
FY25 # of Contribution Refund Recipients	221	417	258	247	246	183	144	235	337	164	217	167
FY26 # of Contribution Refund Recipients	177	210	175	211	218							
3YR Avg YRs of Service at Time of Refund (FY22-FY24)	2	2	2	2	2	2	2	2	2	3	2	3
FY25 Avg YRs of Service at Time of Refund	3	2	3	4	2	3	2	3	2	2	3	3
FY26 Avg YRs of Service at Time of Refund	2	3	3	3	3							

RETIREMENT SERVICES: (CONTINUED)

CONTRIBUTION REFUNDS

Contribution Refund Average Amount and Total Amount Refunded



	JUL*	AUG*	SEP*	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg Refund Amount (FY22-FY24)	$5,034	$7,738	$7,982	$6,840	$5,424	$4,967	$5,270	$4,947	$4,766	$9,167	$6,622	$9,182
FY25 Avg Refund Amount	$9,663	$8,441	$10,376	$12,816	$10,202	$9,894	$8,386	$11,247	$6,927	$8,723	$9,860	$11,674
FY26 Avg Refund Amount	$9,705	$10,140	$12,771	$11,904	$12,361							
3YR Avg Total Amount Refunded (FY22-FY24)	$1,463,434	$2,074,171	$2,475,178	$1,830,138	$1,772,600	$2,133,815	$1,375,750	$1,564,036	$2,923,172	$1,868,351	$1,803,430	$1,627,125
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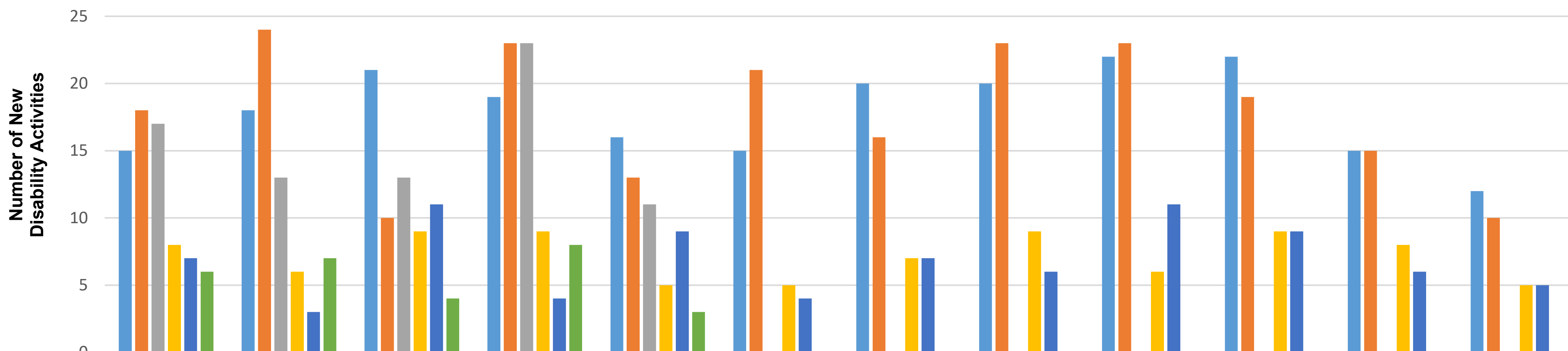
DISABILITY SERVICES

Intake Interviews and Applications: There were eleven (11) interviews completed in November with varying levels of detail and duration. Intakes included one (1) State member, six (6) Teacher members, three (3) PLD and one (1) other member. There were three (3) new disability retirement applications received in November.

Disability Intake Interviews and Applications



	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
FY25 # Disability Intake Interviews	18	24	10	23	13	21	16	23	23	19	15	10
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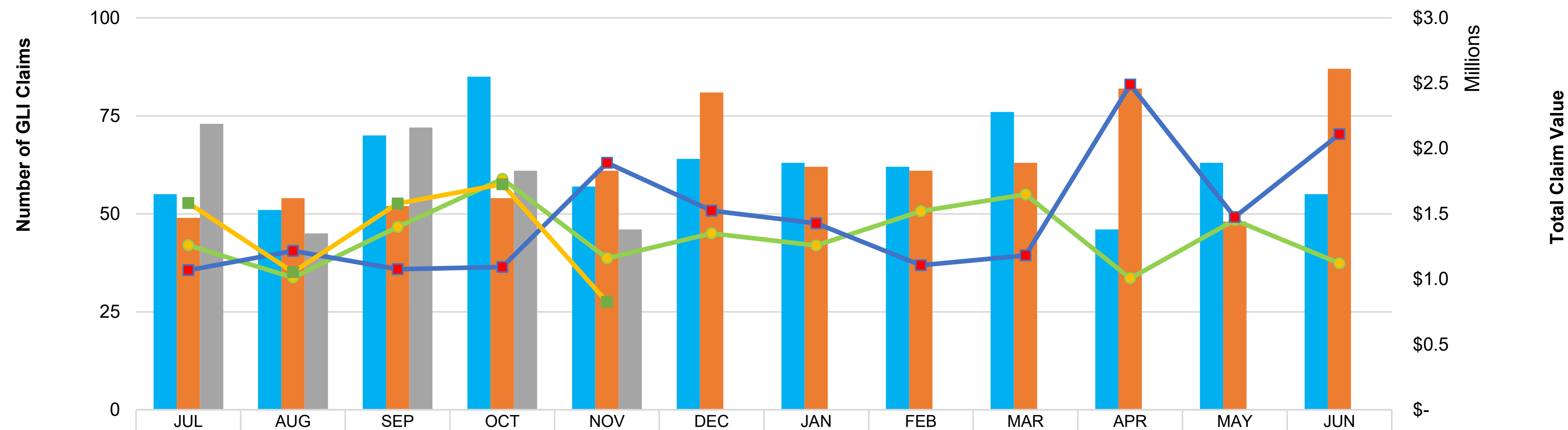
SURVIVOR SERVICES

GLI Claim Numbers and Values: There were forty-six (46) life insurance claims sent to our carrier (The Hartford) in November with a total value of $825,880 in payments due to beneficiaries. Of the claims, forty-three (43) were retiree claims and three (3) were active member claims including two (2) dependent claims.

Group Life Insurance Claim Numbers and Total Claim Values



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3YR Avg # Life Insurance Claims Filed (FY22-FY24)	55	51	70	85	57	64	63	62	76	46	63	55
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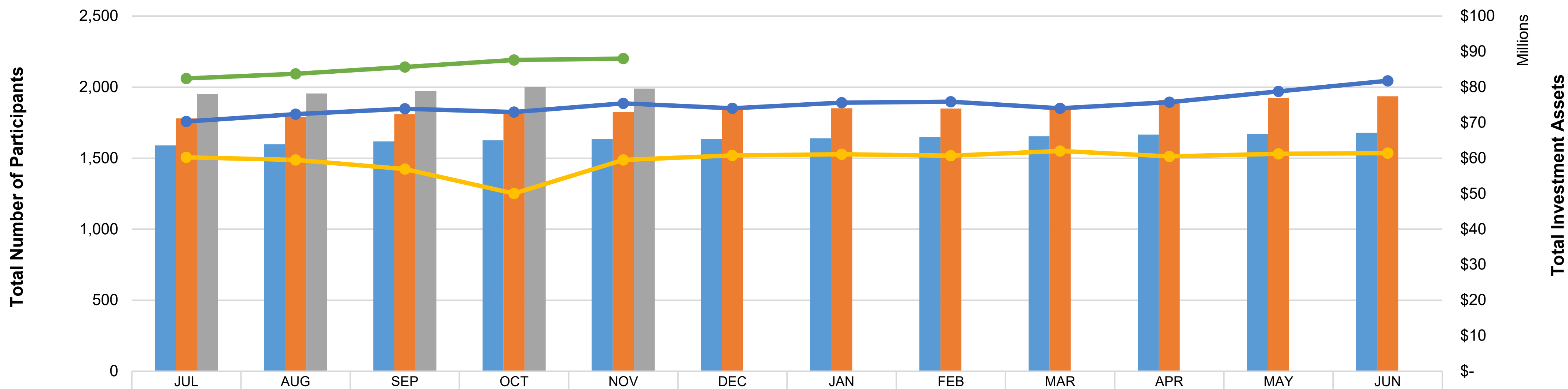
3YR Avg Total Claim Value (FY22-FY24)	$1,259,908	$1,012,483	$1,400,022	$1,767,095	$1,158,615	$1,351,105	$1,258,217	$1,520,863	$1,648,542	$1,005,447	$1,452,758	$1,120,917
FY25 Total Claim Value	$1,068,305	$1,216,240	$1,076,760	$1,093,780	$1,891,145	$1,524,215	$1,427,230	$1,106,410	$1,181,590	$2,488,945	$1,474,100	$2,109,200
FY26 Total Claim Value	$1,583,110	$1,054,120	$1,578,195	$1,727,170	$825,880							

DEFINED CONTRIBUTION PLAN SERVICES

Total Participants and Investment Assets: MaineSTART had one thousand nine hundred ninety (1,990) participants at the end of November with $ $88,027,628 of investment assets in the program.

MaineSTART Total Participants and Investment Assets

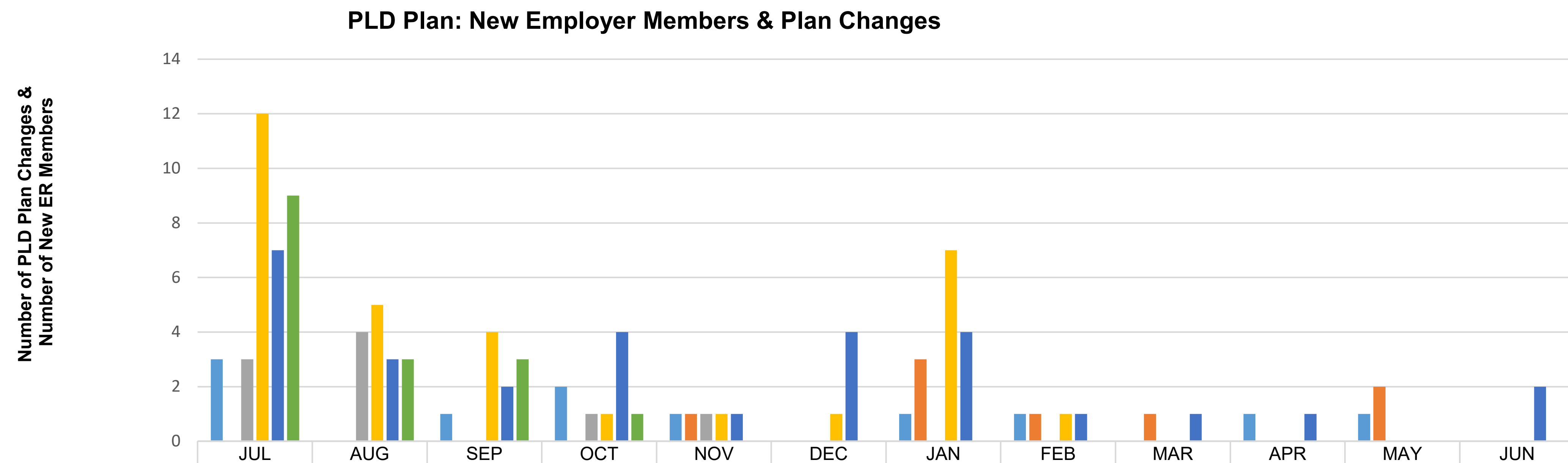


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # MaineSTART Participants (FY22-FY24)	1,591	1,599	1,619	1,627	1,634	1,633	1,640	1,649	1,655	1,666	1,671	1,679
FY25 # MaineSTART Participants	1,780	1,788	1,810	1,815	1,825	1,846	1,852	1,850	1,854	1,910	1,923	1,935
FY26 # MaineSTART Participants	1,952	1,956	1,972	2,000	1,990							
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
FY25 Total Investment Assets	$70,334,032	$72,386,580	$73,931,443	$72,999,209	$75,465,295	$74,024,172	$75,627,669	$75,891,481	$74,068,419	$75,772,302	$78,812,340	$81,794,159
FY26 Total Investment Assets	$82,457,603	$83,771,245	$85,678,633	$87,630,130	$88,027,628							

PARTICIPATING LOCAL DISTRICT (PLD)

PLAN ADMINISTRATION

New Employer Members & Plan Changes: There was one (1) new employer joining the PLD Retirement Program effective November 1, 2025. There were no employer plan changes effective November 1, 2025. 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.

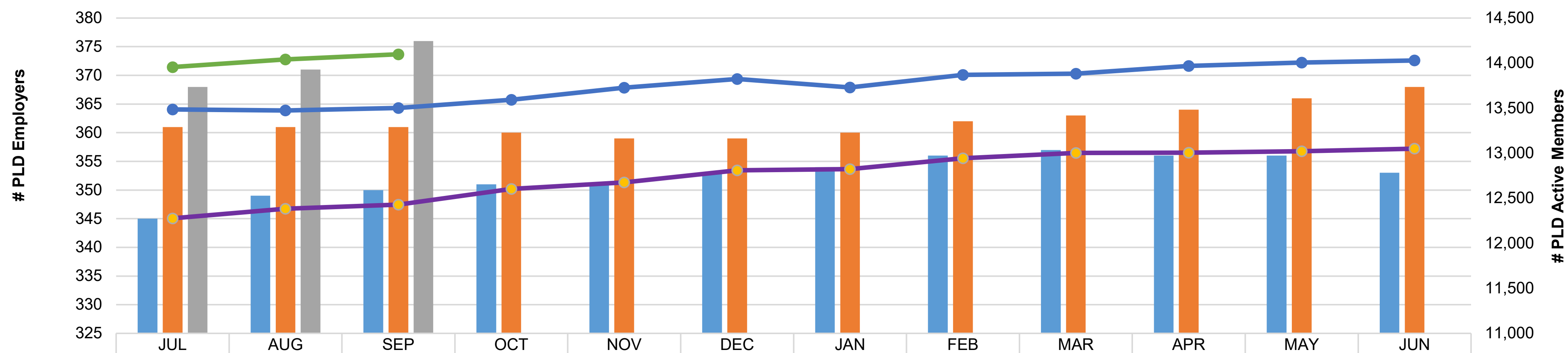


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # New PLD Plan Employers (FY22-FY24)	3	0	1	2	1	0	1	1	0	1	1	0
FY25 # New PLD Plan Employers	0	0	0	0	1	0	3	1	1	0	2	0
FY26 # New PLD Plan Employers	3	4	0	1	1							
3YR Avg # PLD's Adopting Plan Changes (FY22-FY24)	12	5	4	1	1	1	7	1	0	0	0	0
FY25 # PLD's Adopting Plan Changes	7	3	2	4	1	4	4	1	1	1	0	2
FY26 # PLD's Adopting Plan Changes	9	3	3	1	0							

PLD PLAN ADMINISTRATION (CONTINUED)

Employers and Active Members: PLD employers increased from 368 in July to 376 in September; PLD Employee numbers initially decreased from 14,029 in June to 13,986 in July but then increased to 14,098 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 2026 supplement numbers at the February 2026 meeting.

PLD Plan: Employers and Active Members

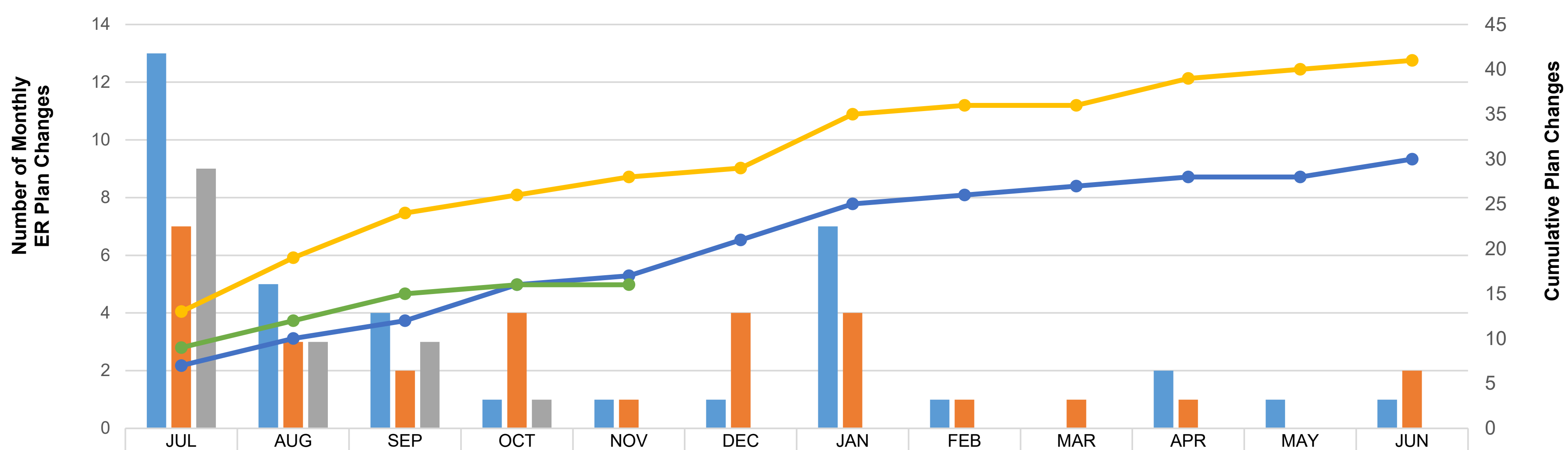


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # PLD Employers (FY22-FY24)	345	349	350	351	351	353	354	356	357	356	356	353
FY25 # PLD Employers	361	361	361	360	359	359	360	362	363	364	366	368
FY26 # PLD Employers	368	371	376									
3YR Avg # PLD Active Members (FY22-FY24)	12,277	12,383	12,429	12,604	12,675	12,810	12,822	12,944	13,004	13,006	13,023	13,050
FY25 # PLD Active Members	13,486	13,474	13,503	13,593	13,728	13,825	13,730	13,869	13,882	13,969	14,006	14,029
FY26 # PLD Active Members	13,956	14,040	14,098									

PLD PLAN - MONTHLY AND CUMULATIVE EMPLOYER PLAN CHANGES

Monthly and Cumulative Employer Plan Changes: There was one (1) new employer joining the PLD Retirement Program effective November 1, 2025. There were no employer plan changes effective November 1, 2025. Total plan changes for FY26 are sixteen (16). *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: Monthly and Cumulative Employer Plan Changes

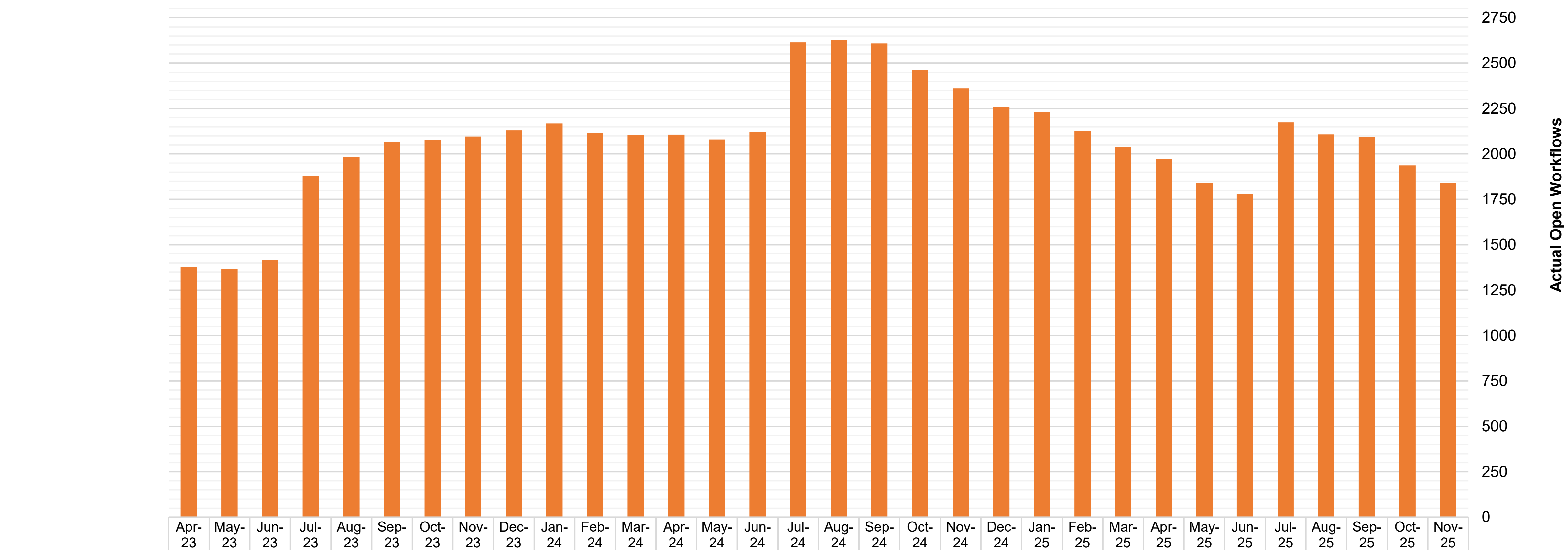


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # PLD's Adopting Plan Changes (FY22-FY24)	13	5	4	1	1	1	7	1	0	2	1	1
FY25 # PLD's Adopting Plan Changes	7	3	2	4	1	4	4	1	1	1	0	2
FY26 # PLD's Adopting Plan Changes	9	3	3	1	0							
3YR Avg Cumulative Plan Changes Adopted (FY22-FY24)	13	19	24	26	28	29	35	36	36	39	40	41
FY25 Cumulative Plan Changes Adopted	7	10	12	16	17	21	25	26	27	28	28	30
FY26 Cumulative Plan Changes Adopted	9	12	15	16	16							

FOCUS FRIDAY IMPACT ON BACKLOG REDUCTION

PRELIMINARY TO FINAL BENEFIT (PB TO FINAL) BACKLOG THROUGH NOVEMBER 30, 2025: 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 11/30/25 (Total Open Pension Retirement Workflows)

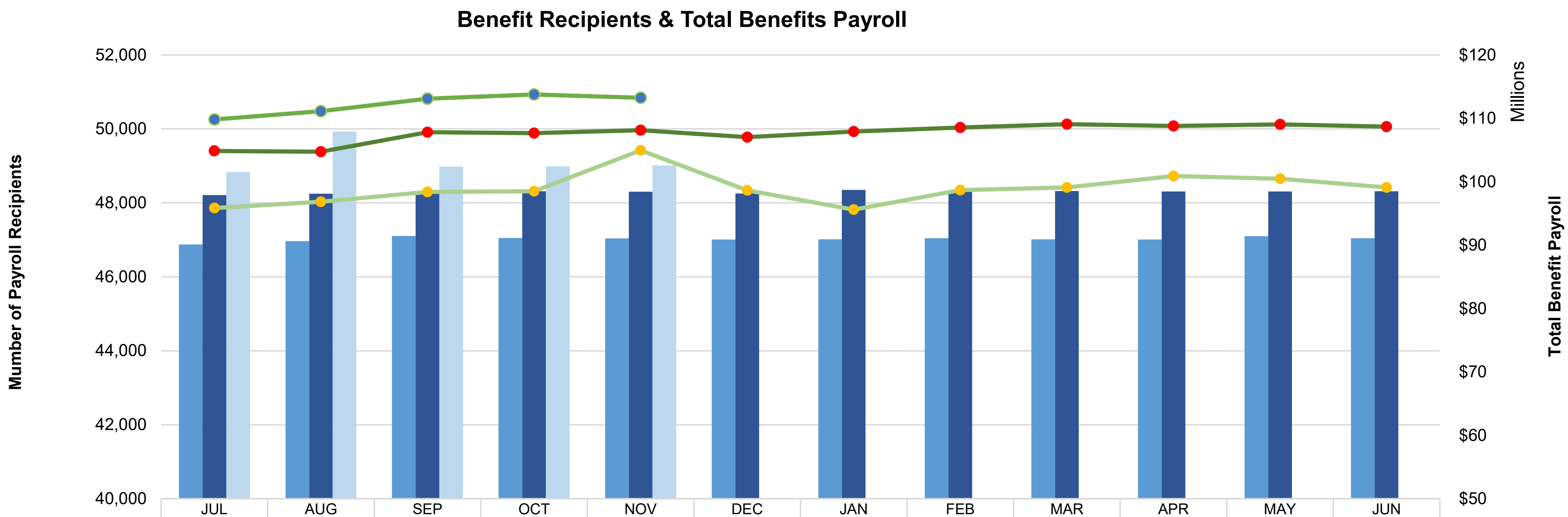


	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Actual # Open PBs WFs	1379	1365	1415	1878	1985	2067	2076	2096	2129	2168	2115	2105	2106	2080	2120	2614	2628	2608	2464	2361	2257	2232	2126	2037	1972	1841	1779	2174	2108	2095	1936	1841

NOVEMBER 2025 BOARD OF TRUSTEES OPERATIONS – MEMBER SERVICES SUPPLEMENTAL NUMBERS

RETIREMENT SERVICES

BENEFITS PAYROLL: Regular monthly pension benefit payments were made to 49,011 recipients in November, totaling $113,253,730. 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 2025 and 2026.

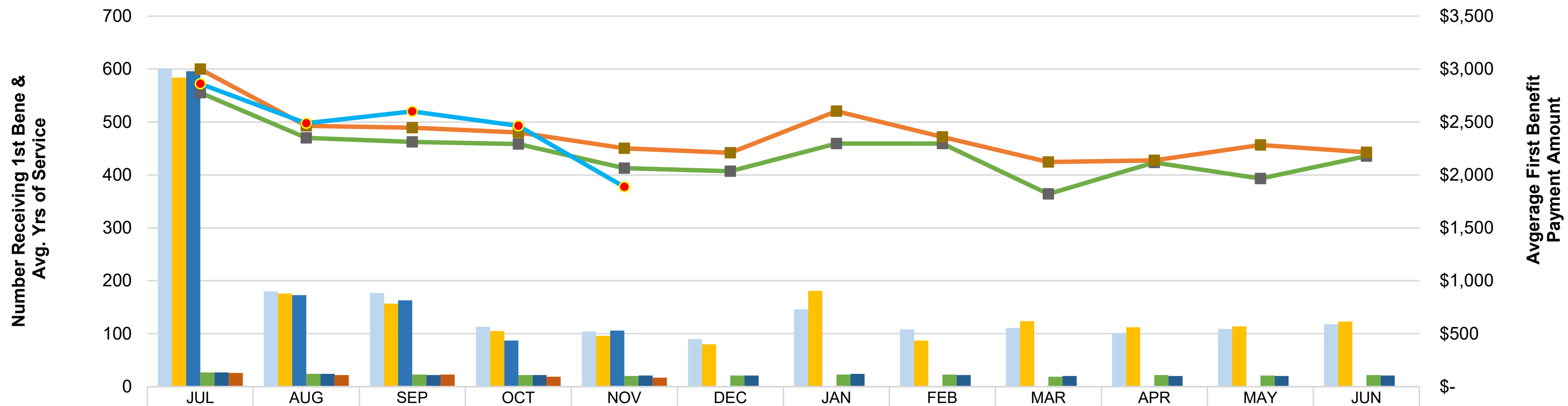


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # of Benefit Recipients (FY22-FY24)	46,878	46,967	47,103	47,050	47,040	47,012	47,018	47,048	47,014	47,006	47,098	47,044
FY25 # Benefit Recipients	48,212	48,251	48,310	48,317	48,300	48,256	48,353	48,321	48,319	48,310	48,308	48,313
FY26 # Benefit Recipients	48,835	49,931	48,982	48,985	49,011							
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
FY25 Benefits Payroll	$104,858,297	$104,737,939	$107,825,148	$107,667,346	$108,126,893	$107,047,632	$107,931,101	$108,547,682	$109,080,987	$108,789,293	$109,039,648	$108,687,230
FY26 Benefits Payroll	$109,830,353	$111,117,962	$113,116,156	$113,768,058	$113,253,730							

RETIREMENT SERVICES: (CONTINUED)

FIRST TIME BENEFIT RECIPIENTS: One hundred six (106) individuals received their first benefit payment in November. The average benefit amount was $1,887. First time recipients averaged seventeen (17) 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
FY25 # Receiving 1st Benefit Pymt	584	176	157	105	96	80	181	87	124	112	114	123
FY26 # Receiving 1st Benefit Pymt	596	173	163	87	106							
3YR Avg Years of Svc @1st Benefit Pymt (FY22-FY24)	27	24	23	22	20	21	23	23	19	22	21	22
FY25 Avg Years of Svc @1st Benefit Pymt	27	24	22	22	21	21	24	22	20	20	20	21
FY26 Avg Years of Svc @1st Benefit Pymt	26	22	23	19	17							
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
FY25 Avg 1st Benefit Pymt Amount	$2,999	$2,463	$2,447	$2,402	$2,252	$2,210	$2,602	$2,360	$2,122	$2,137	$2,283	$2,213
FY26 Avg 1st Benefit Pymt Amount	$2,861	$2,489	$2,601	$2,465	$1,887							

RETIREMENT SERVICES: (CONTINUED)

CONTRIBUTION REFUNDS: Two hundred eighteen (218) former members received a refund of their contributions in November. The average refund was $12,361 as the result of an average of three (3) years of service. The aggregate amount refunded was $2,694,730. Note: Data for FY22 – July to November – was not captured so the average for those months only includes fiscal years 2023 and 2024.

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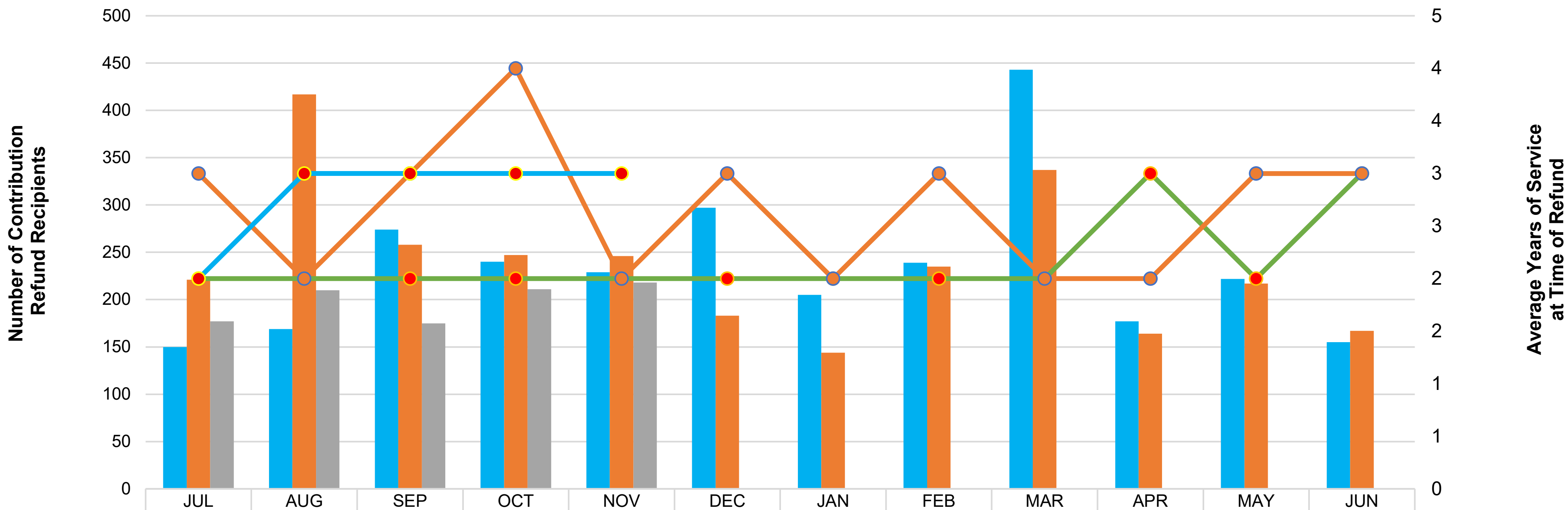

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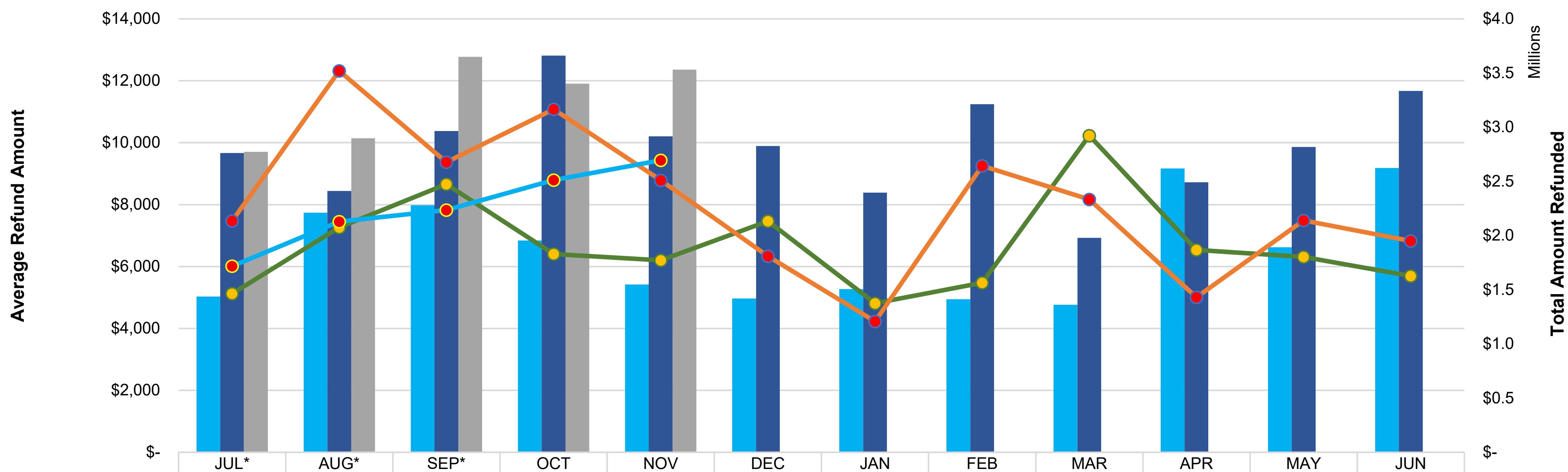
RETIREMENT SERVICES: (CONTINUED)

CONTRIBUTION REFUNDS

Contribution Refund Average Amount and Total Amount Refunded



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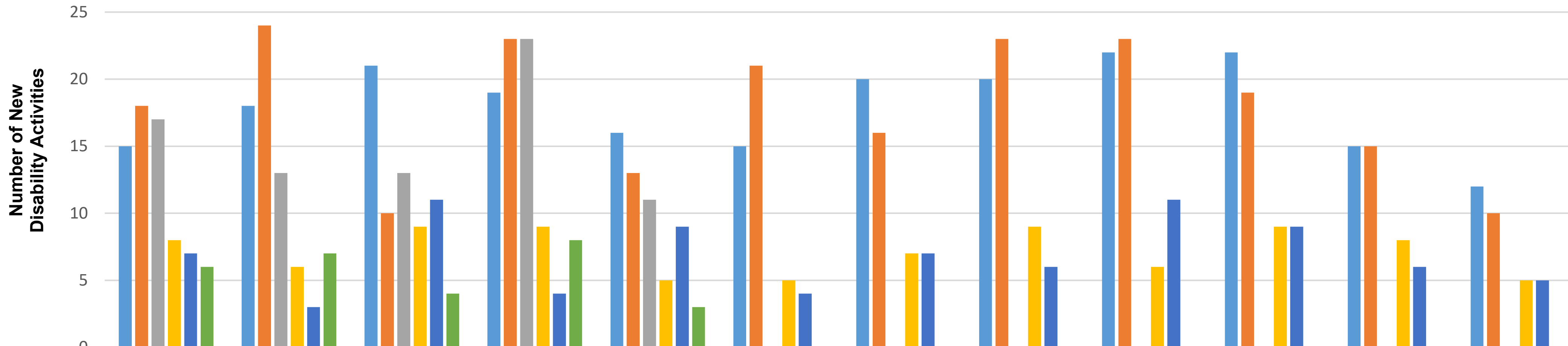

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FY25 # Disability Retirement Applications	7	3	11	4	9	4	7	6	11	9	6	5
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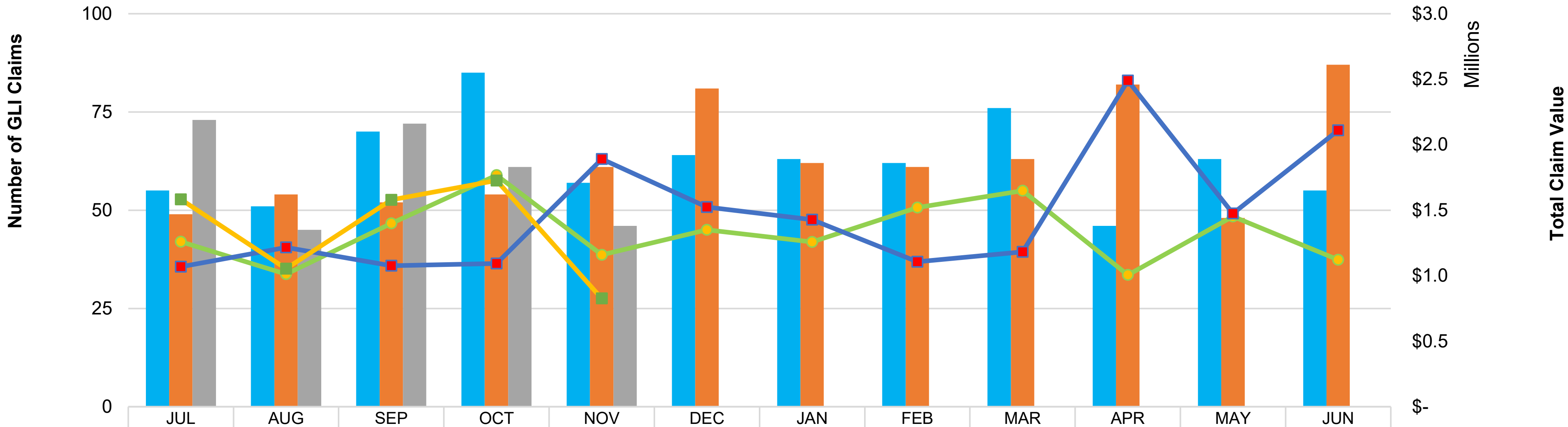

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FY25 Total Claim Value	$1,068,305	$1,216,240	$1,076,760	$1,093,780	$1,891,145	$1,524,215	$1,427,230	$1,106,410	$1,181,590	$2,488,945	$1,474,100	$2,109,200
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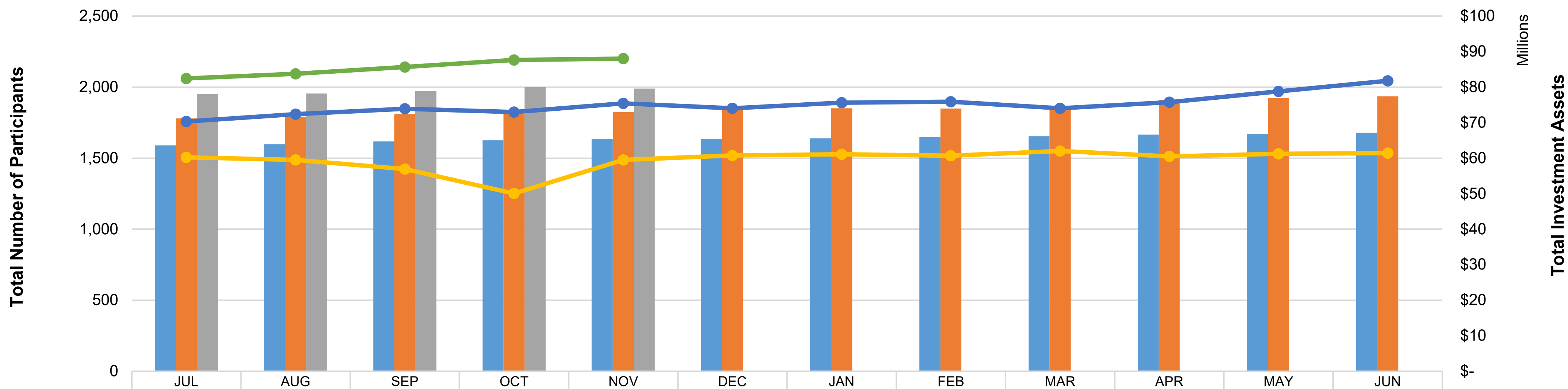
DEFINED CONTRIBUTION PLAN SERVICES

Total Participants and Investment Assets: MaineSTART had one thousand nine hundred ninety (1,990) participants at the end of November with $ $88,027,628 of investment assets in the program.

MaineSTART Total Participants and Investment Assets



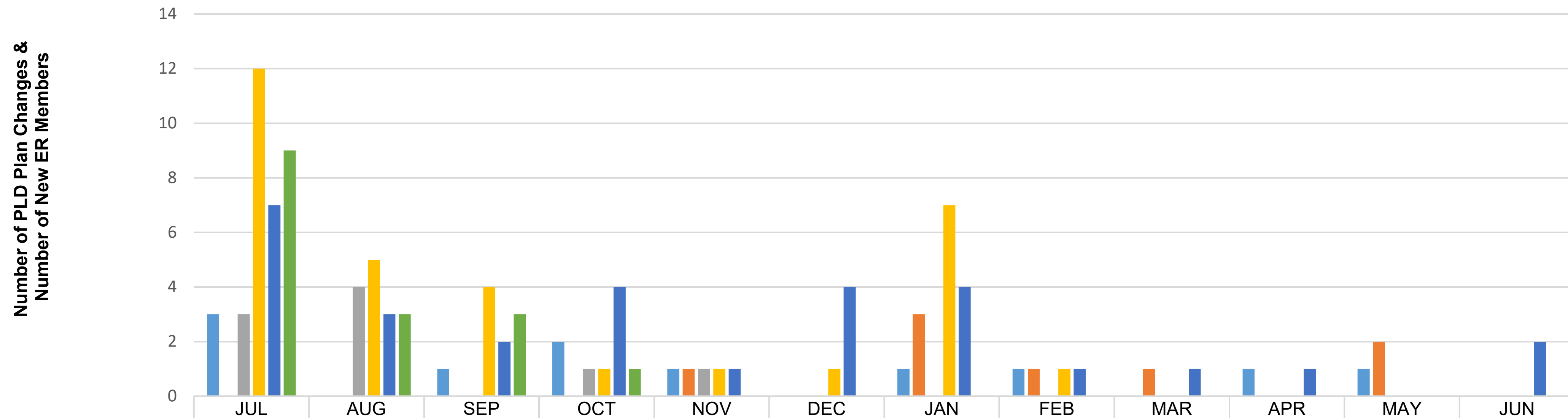
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # MaineSTART Participants (FY22-FY24)	1,591	1,599	1,619	1,627	1,634	1,633	1,640	1,649	1,655	1,666	1,671	1,679
FY25 # MaineSTART Participants	1,780	1,788	1,810	1,815	1,825	1,846	1,852	1,850	1,854	1,910	1,923	1,935
FY26 # MaineSTART Participants	1,952	1,956	1,972	2,000	1,990							
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
FY25 Total Investment Assets	$70,334,032	$72,386,580	$73,931,443	$72,999,209	$75,465,295	$74,024,172	$75,627,669	$75,891,481	$74,068,419	$75,772,302	$78,812,340	$81,794,159
FY26 Total Investment Assets	$82,457,603	$83,771,245	$85,678,633	$87,630,130	$88,027,628							

PARTICIPATING LOCAL DISTRICT (PLD)

PLAN ADMINISTRATION

New Employer Members & Plan Changes: There was one (1) new employer joining the PLD Retirement Program effective November 1, 2025. There were no employer plan changes effective November 1, 2025. 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

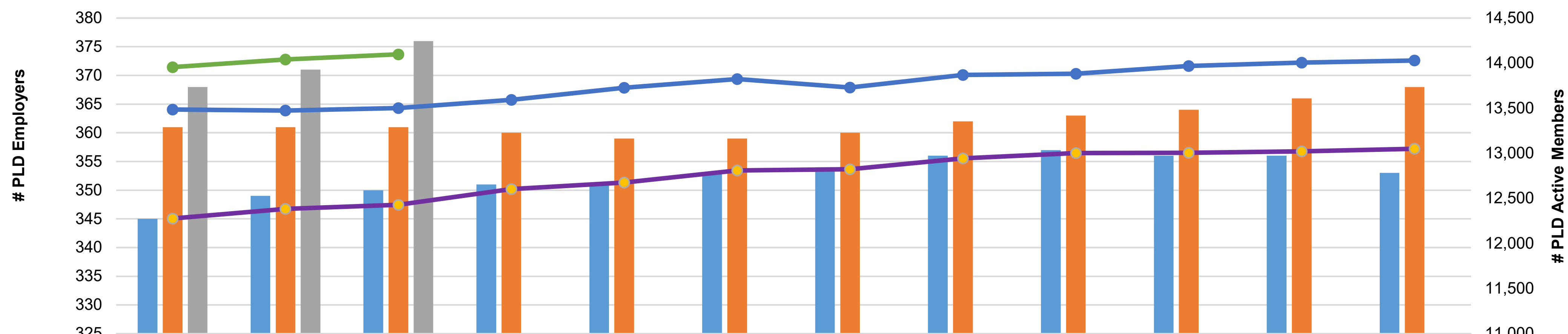


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # New PLD Plan Employers (FY22-FY24)	3	0	1	2	1	0	1	1	0	1	1	0
FY25 # New PLD Plan Employers	0	0	0	0	1	0	3	1	1	0	2	0
FY26 # New PLD Plan Employers	3	4	0	1	1							
3YR Avg # PLD's Adopting Plan Changes (FY22-FY24)	12	5	4	1	1	1	7	1	0	0	0	0
FY25 # PLD's Adopting Plan Changes	7	3	2	4	1	4	4	1	1	1	0	2
FY26 # PLD's Adopting Plan Changes	9	3	3	1	0							

PLD PLAN ADMINISTRATION (CONTINUED)

Employers and Active Members: PLD employers increased from 368 in July to 376 in September; PLD Employee numbers initially decreased from 14,029 in June to 13,986 in July but then increased to 14,098 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 2026 supplement numbers at the February 2026 meeting.

PLD Plan: Employers and Active Members

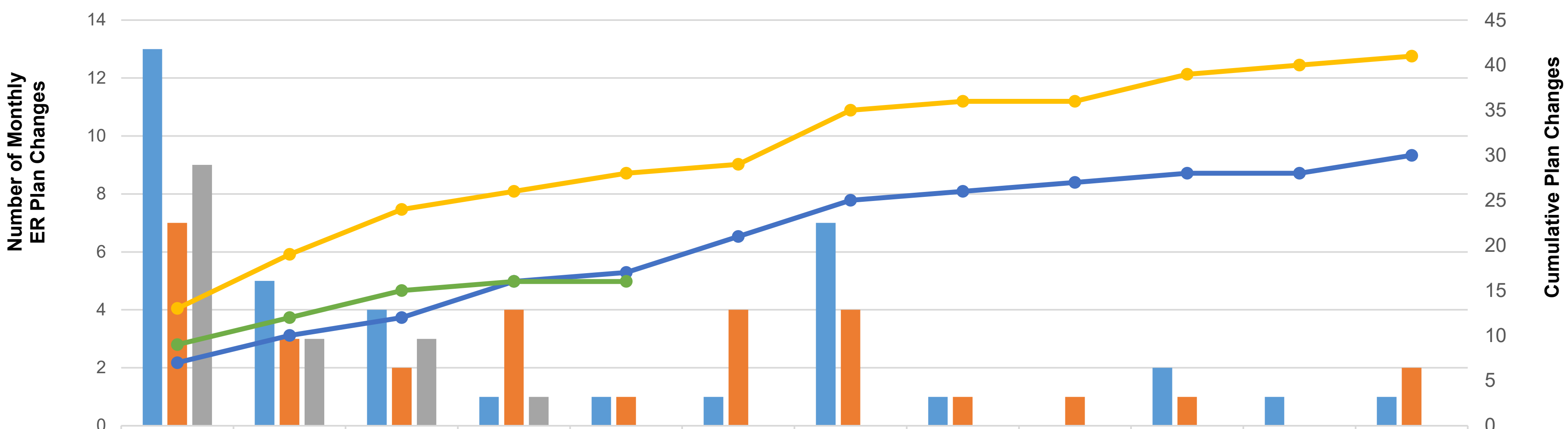


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # PLD Employers (FY22-FY24)	345	349	350	351	351	353	354	356	357	356	356	353
FY25 # PLD Employers	361	361	361	360	359	359	360	362	363	364	366	368
FY26 # PLD Employers	368	371	376									
3YR Avg # PLD Active Members (FY22-FY24)	12,277	12,383	12,429	12,604	12,675	12,810	12,822	12,944	13,004	13,006	13,023	13,050
FY25 # PLD Active Members	13,486	13,474	13,503	13,593	13,728	13,825	13,730	13,869	13,882	13,969	14,006	14,029
FY26 # PLD Active Members	13,956	14,040	14,098									

PLD PLAN - MONTHLY AND CUMULATIVE EMPLOYER PLAN CHANGES

Monthly and Cumulative Employer Plan Changes: There was one (1) new employer joining the PLD Retirement Program effective November 1, 2025. There were no employer plan changes effective November 1, 2025. Total plan changes for FY26 are sixteen (16). *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: Monthly and Cumulative Employer Plan Changes

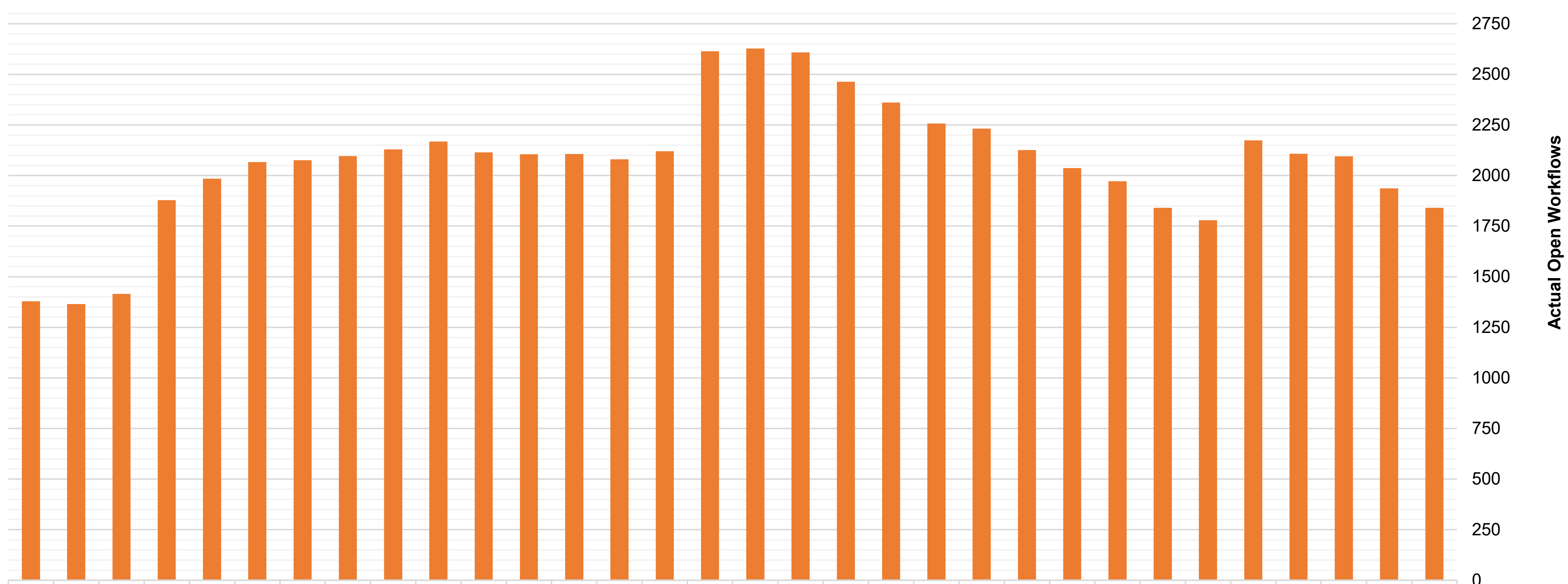


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3YR Avg # PLD's Adopting Plan Changes (FY22-FY24)	13	5	4	1	1	1	7	1	0	2	1	1
FY25 # PLD's Adopting Plan Changes	7	3	2	4	1	4	4	1	1	1	0	2
FY26 # PLD's Adopting Plan Changes	9	3	3	1	0							
3YR Avg Cumulative Plan Changes Adopted (FY22-FY24)	13	19	24	26	28	29	35	36	36	39	40	41
FY25 Cumulative Plan Changes Adopted	7	10	12	16	17	21	25	26	27	28	28	30
FY26 Cumulative Plan Changes Adopted	9	12	15	16	16							

FOCUS FRIDAY IMPACT ON BACKLOG REDUCTION

PRELIMINARY TO FINAL BENEFIT (PB TO FINAL) BACKLOG THROUGH NOVEMBER 30, 2025: 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 11/30/25 (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	Jul-25	Aug-25	Sep-25	Oct-25	Nov-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	2232	2126	2037	1972	1841	1779	2174	2108	2095	1936	1841

MAINEPERS

BOARD OF TRUSTEES RULEMAKING MEMORANDUM

TO: BOARD MEMBERS

FROM: NANETTE ARDRY, ASSOCIATE GENERAL COUNSEL

SUBJECT: RULEMAKING UPDATE

DATE: DECEMBER 1, 2025

I. Notices

On December 17, 2025, we plan to publish notice of intent to: (1) amend **Rule Chapter 103** (Qualified Domestic Relations Orders); (2) amend **Rule Chapter 511** (Standards for Actively Seeking Work); and amend **Rule Chapter 803** (Participating Local District Consolidated Retirement Plan).

Rule Chapter 103 discusses the requirements for Qualified Domestic Relations Orders to be approved by MainePERS. The proposed amendments remove a reference to the Social Security offsets and provide guidance on digital certification of court orders.

The proposed amendments to **Rule Chapter 511** allow those members in educational or vocational programs to be considered actively seeking work.

Rule Chapter 803 establishes a consolidated retirement plan as required by 5 M.R.S. §18801 et seq. for local districts that are participating local districts under 5 M.R.S. Chapter 425 and Chapter 427. The proposed amendments would treat pre-consolidated service credit as Consolidated Plan service for those retiring after the new Pension Administration System (PAS) goes live, which is planned for September 2028. This would avoid programming complexity for the pre-consolidated plans and testing the new system, which we expect to use for many years after the last pre-consolidated plan member retires. The PLD Advisory Committee has recommended this amendment.

II. Public Hearings

The December Board meeting does not include any public hearings on rulemaking.

III. Adoptions

The December Board meeting does not include consideration of any proposals.

POLICY REFERENCE

Board Policy 2.3 -- Rulemaking

Board Policy 4.5 – Board/Staff Relations

Board Policy 4.6 – Communications and Support to the Board

RECOMMENDATION

No Board action is required at this time.