

May 2010

PRIM Board Update



Massachusetts Pension Reserves Investment Management Board

Global Equity Markets Drop Over Euro Debt Woes

Mounting concern about the ongoing European Union (EU) sovereign debt crisis caused U.S. equity markets to decline in May. The large cap S&P 500 index plunged 7.99%, resulting in a -1.50% return calendar year-to-date (CYTD). Contributing to the already volatile environment was the still unexplained "mini crash" that took place on May 6th when the market declined 9% in mere minutes. The broader U.S. equity benchmark, the Russell 3000 index, also fell similarly in May, returning -7.90% and standing at -0.32% CYTD. Foreign equity markets were particularly hard hit amid fears of another global credit fiasco. The MSCI EAFE index returned -11.51% in May, which caused the index to retreat further into the red with a return of -12.36% CYTD. Worries over sovereign debt and China's monetary policies snapped the emerging markets' 3-month win streak in May as the MSCI EMF index fell 8.80%, resulting in a CYTD return of -5.47%. Risk aversion was evident in the core fixed income markets as yields fell to twelve-month lows (bond prices move in the opposite direction of yields). The broad Barclays Aggregate index gained 0.84% in May resulting in a CYTD return of 3.71%. Conversely, investors shed some risk in the high yield bond markets as the ML Master II HY index returned -3.51% in May after experiencing 13 consecutive months of gains. The index stood at 3.37% CYTD. In the publicly-traded real estate securities markets, Global REITs returned -8.39% in May resulting in a return of -2.34% CYTD.

Market Recap - May 31, 2010

Domestic Equity Markets:

Index	Month	CYTD	1-Year
S&P 500	-7.99%	-1.50%	20.99%
DOW	-7.56%	-1.63%	22.66%
NASDAQ (Price Change)	-8.29%	-0.53%	27.21%
Russell 3000	-7.90%	-0.32%	23.20%

Global, International & Emerging Markets Equities:

Index	Month	CYTD	1-Year
MSCI ACWI (net divs)*	-9.51%	-6.52%	14.63%
MSCI EAFE (net divs)	-11.51%	-12.36%	6.38%
MSCI EMF (net divs)	-8.80%	-5.47%	22.39%

Fixed Income, TIPS, High Yield Bonds, & Real Estate:

Index	Month	CYTD	1-Year
Barclays Aggregate	0.84%	3.71%	8.42%
ML HY Master II	-3.51%	3.37%	29.91%
Barclays U.S. TIPS	-0.01%	2.94%	8.47%
NCREIF (one qtr lag)	0.00%	-2.11%	-16.85%
NAREIT Equity	-5.55%	11.13%	55.98%
NAREIT Int'l	-10.39%	-10.06%	11.75%
NAREIT Developed**	-8.39%	-2.34%	27.52%

*The MSCI All Country World Index (ACWI) Index is the asset class benchmark for PRIM's Global Equity Portfolio.

**The FTSE EPRA NAREIT Developed is a Global REIT index.

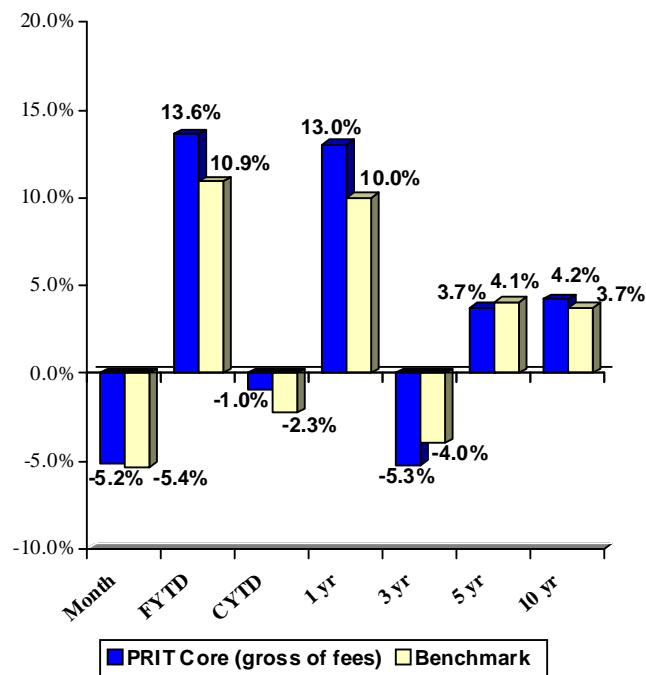
PRIT FUND ASSETS: \$41,769,013,000

PRIT Segmentation Recap - May 31, 2010

Portfolio	Month	CYTD	1-Year
PRIT CORE Total	-5.16%	-0.97%	13.01%
Domestic Equity	-7.77%	-0.12%	22.59%
International Equity	-10.90%	-9.02%	10.51%
Emerging Mkts. Eq.	-9.61%	-5.64%	23.75%
Core Fixed Income	0.36%	3.72%	10.96%
Core Real Estate	-1.61%	0.60%	-2.44%
Hedge Funds (net)	-1.77%	1.08%	9.04%

Hedge Funds (formerly Absolute Return) are Net of Fees. All other segments are Gross of fees. Core Fixed Income (formerly Total Fixed Income) includes TIPS and inflation-linked bonds. Timber/Natural Resources and Value Added Fixed Income (formerly High Yield Debt) sleeves are not available through Segmentation.

PRIT Core Fund as of 5/31/10



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