

Total Fund Portfolio Management: Investment Treasury Overview

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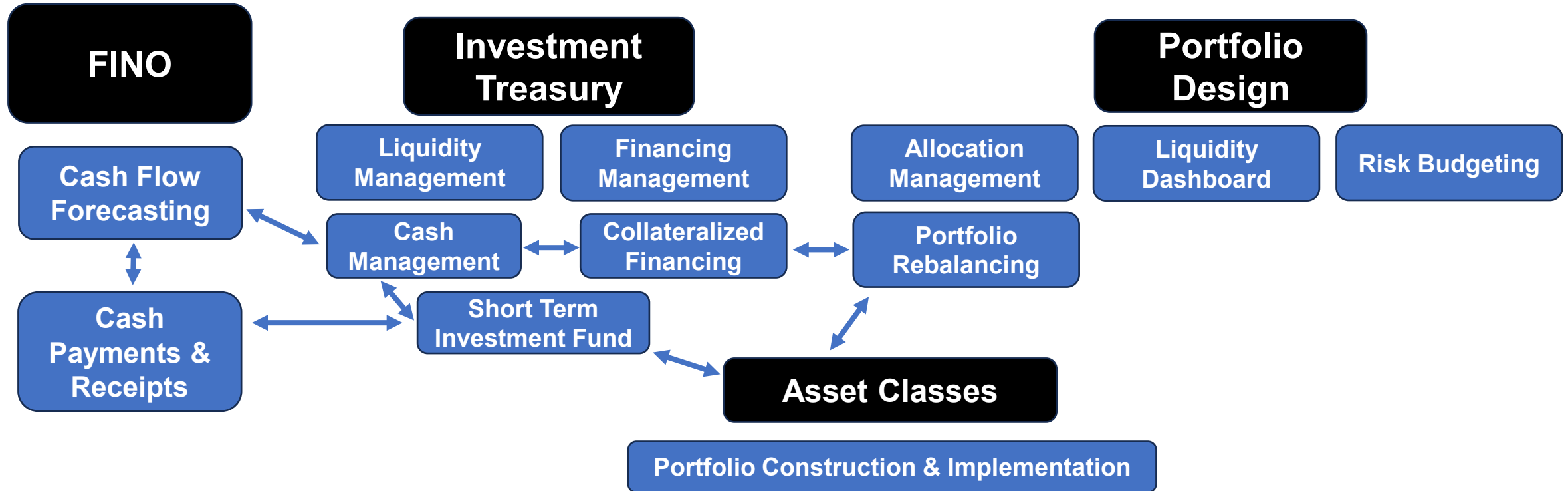
Today's Presentation

- Describe the Investment Treasury Management Process
- Provide an update on Past and Current Investment Treasury Management Activities

Enterprise Treasury Management

Collaboration Between FINO and INVO

Delegated Oversight



Description

What is Investment Treasury Management?

The process of how liquidity is generated and reinvested to manage PERF's position

- **Total fund management of PERF liquidity and financing activities**
- **Provides funding for Enterprise operations, strategic leverage and active leverage**
- **Enables efficient cash management and portfolio construction**

Overview

Primary Objectives

- 1. Source and secure stable, timely financing for all total fund investment needs, using:**
 - A. Liquidity Management:** Manage available collateral and cash reinvestments to ensure adequate liquidity, and, secondarily, to reduce the net cost of financing
 - B. Financing Management:** Manage a balanced, diversified portfolio of financing channels, using all available collateral

- 2. Use PERF's Balance Sheet to Generate Additional Returns**

Benefits from Leveraging Our Advantages

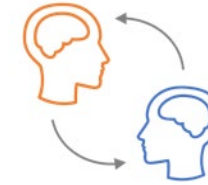
Size



Long Horizon



Internal Knowledge



PERF has sizeable cash and cash equivalents on the balance sheet

PERF has a large balance of public assets that can be used to generate additional liquidity on demand

Our liquidity management process uses these cash-like holdings to opportunistically invest in low-risk strategies

These low-risk strategies do not impact other asset class strategies

Investment Treasury Management Benefits

Resiliency

- Confidence we can pay benefits and meet cash flow requirements
- Comprehensive view of Total Fund liquidity needs
- Enhanced Liquidity and ability to meet cash flow needs
- Consolidation and operationalization of liquidity sources
- Diversified access to funding markets

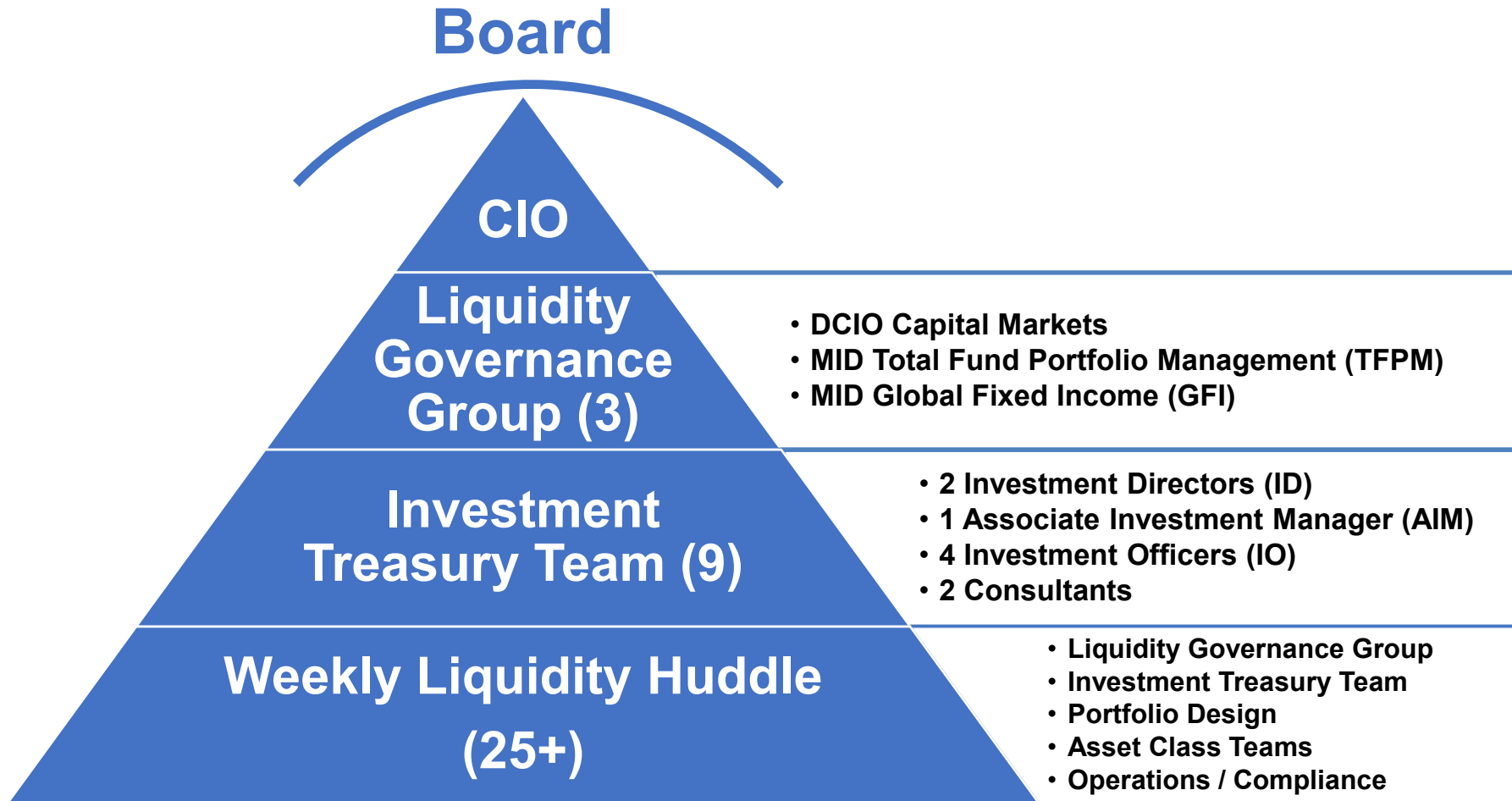
Flexibility

- Ability to Pay Benefits and Stay On Strategy With Lower Costs
- Portfolio Construction Efficiency
- Derivative Rebalancing
- Core and Enhanced Reinvestment Options

Portfolio Performance

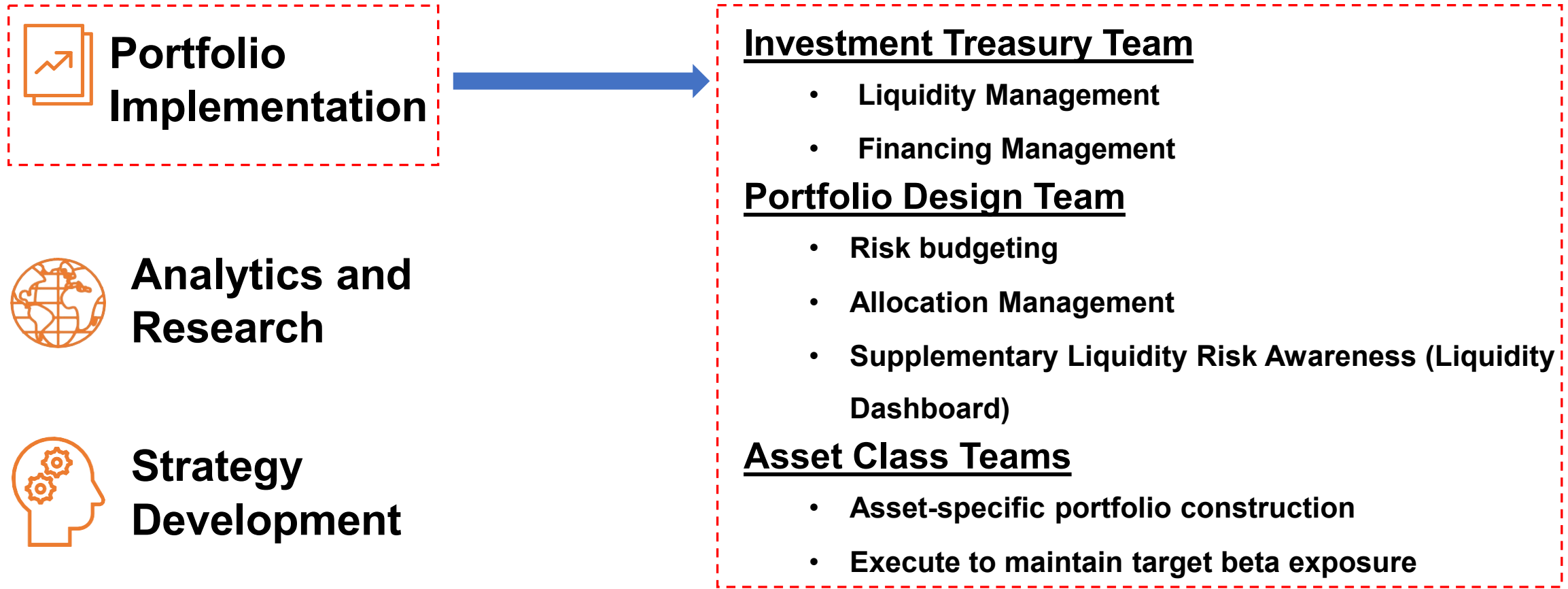
- Monetize balance sheet value
- Enabled elimination of cash allocation in Policy Portfolio
- Access to lower cost financing

Investment Liquidity Governance



Implementation

Liquidity Management Key Responsibilities



Liquidity Management: Then and Now

	BEFORE 2008 (GFC*)	TODAY
Policy	Active Leverage Prohibited	2019: Approved Leverage Policy
Funding Diversification	Single Channel <ul style="list-style-type: none"> • Securities Lending Asset Classes <ul style="list-style-type: none"> • Equities, Treasuries 	Multiple Channels Asset Classes <ul style="list-style-type: none"> • Derivatives, Repo, Sec Lending Asset Classes <ul style="list-style-type: none"> • Equities, Treasuries, MBS, IG Corp
Liquidity Governance	Siloed and Uncoordinated	Centralized and Holistic
Management Tools	Localized tools in Asset Classes	Total Fund Perspective <ul style="list-style-type: none"> • Liquidity Dashboards • Financing Resiliency Dashboards • Stress Monitors and Stress Testing
Impact During Stress	2008 (GFC): Sold Equities and Agency MBS** to raise cash	2020 (COVID): Rebalanced into Equities 2023 (SVB***): Maintained adequate liquidity

Increased Capabilities & Increased Complexity



*GFC – Great Financial Crisis
 **MBS – Mortgage-Backed Securities
 ***SVB – Silicon Valley Bank

Liquidity Management: Centralized / Total Fund

