

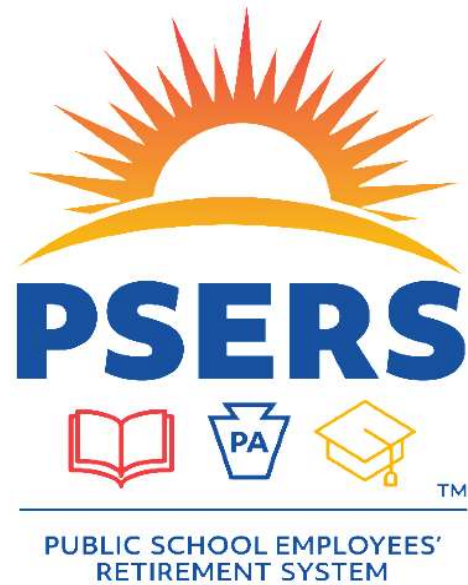
PSERB Resolution 2026-28 Re: BNY Investments Mellon June 17, 2026

RESOLVED, that the Public School Employees' Retirement Board (the "Board") accepts the recommendation of the Investment Committee to invest up to \$25 billion (plus reasonable and normal investment related expenses) with BNY Investments Mellon in accordance with the recommendation of Carl Lantz, Director, Steven Heuer, Senior Portfolio Manager and Cerity Partners, with initial amount of

- i) approximately \$16 billion to a passive U.S. equity mandate benchmarked to the S&P 1500 and
- ii) approximately \$4 billion to a Developed Markets ex-US equity mandate benchmarked to the MSCI World ex-US

Per the PSERB Investment Policy Statement (IPS), the CIO shall have authority to direct additional assets into and from the investment vehicles established pursuant to this resolution for the purpose of maintaining asset allocations with the targets stipulated with the IPS, insomuch as the Investment Office will notify the Investment Committee should the total amount of publicly traded equity assets managed by BNY Investment Mellon meets or exceeds the initial \$25 billion threshold;

The final terms and conditions of the investment are subject to legal due diligence and must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Office of Executive Director, as evidenced either by the appropriate signatures on, or by a memo to that effect appended to, the implementing investment contract.



BNY Investments Mellon Management of Passive Public Equity (S&P 1500 and MSCI World ex-US) Recommendation

Carl Lantz, CFA
Director

Steven Heuer, CFA, CAIA
Senior Manager

Today's Presentation

BNY Investments Mellon Management of Passive Public Equities

Main Presentation

1. Recommendation Overview

- *PSERS IO and Cerity Partners recommend that the Board approve BNY Investments Mellon to fulfill PSERS' passive public equity (S&P 1500 and MSCI World ex-US) mandates.*

2. Strategy & Expertise

- *BNY Investments Mellon is an experienced passive equity manager with 43 years of index investing experience.*

3. Investment Considerations

- *The passive index is expected to face certain risks consistent with passive investing, and IOP believes that BNY Investments Mellon has identified appropriate mitigants to those risks.*

4. Investment Highlights

- *BNY Investments Mellon has specialized investment teams, best execution practices, and customized portfolio functions to suit PSERS' index needs.*

Appendix

- Investment Committee Disclosure

1. Recommendation Overview

PSERS IO and Cerity Partners recommend that the Board approve BNY Investments Mellon to fulfill PSERS' passive public equity (S&P 1500 and MSCI World ex-US) mandates.

Overview	
Firm Name	BNY Investments Mellon
Strategy Name	S&P 1500 CIT and MSCI World ex-US CIT
Firm Strategy AUM*	\$123.4 billion Domestic Indices, \$6.8 MSCI World ex-US
Recommended Commitment Amount	Up to \$25 billion (with an initial expected allocation of ~\$16B S&P 1500 and ~\$4B MSCI World ex-US)
Existing Relationship	Yes – Custodian, and Securities Lending Agent
Asset Class / Sub Asset Class	Public Equity – Domestic and International
Investment Office Professionals Due Diligence Team (“IOP”)	Carl Lantz, Director Steven Heuer, Senior Manager
Investment Office Oversight	Carl Lantz, Director
External Consultant Oversight	Cerity Partners

*Total US Equity assets under management are \$345.9B, non-US equity assets of \$86.8 B

2. BNY Investments Mellon Strategy and Expertise

BNY Investments Mellon is an experienced passive equity manager with 43 years of index investing experience.

Firm & Expertise

- \$521.7B assets under management
- 9th largest index asset manager globally
- Seasoned investment professionals with average experience of 21 years
- Comprehensive risk management framework
- BNY Investments Mellon is well resourced with vast and extensive capabilities:
 - Approximately 40 professionals supporting index
 - Six trading desks and four operational centers across three global regions (almost 24-hour trading capabilities)
 - HQ in Pittsburgh, PA

Strategy

- Enable clients such as PSERS to index efficient segments of the market at a very low cost, with minimal tracking error
- Partnership with a client-driven strategy

3. Investment Considerations

The passive index is expected to face certain risks consistent with passive investing, and IOP believes that BNY Investments Mellon has identified appropriate mitigants to those risks.

Risk	Detail	Mitigating Factors
Benchmark Mismatch	Failure to meet client demands by not replicating benchmark	<p><i>Systematic management which incorporates the following:</i></p> <ul style="list-style-type: none"> • Accuracy of benchmark and portfolio composition • Knowledge of benchmark construction rules • Extensive analysis on voluntary corporate actions • Trading insights for index change events • Individual stock liquidity and expected trading cost information • Disciplined risk control procedures • Minimize tracking error through careful index replication
Concentration Risk	<p>Large allocation with one manager</p> <p>Business risk (custodial, securities lending, and passive public equity management businesses are all with same entity)</p> <p>Potential for headline risk</p>	<ul style="list-style-type: none"> • Passive index (commoditized product can be efficiently transitioned to another manager) • Normal external manager oversight (incumbent monitoring process, watchlist, routine meetings, etc.) • Each of these 3 businesses is run separately • BNY is a highly regulated entity in each of its custodial, securities lending, and investment management businesses
CIT Structure	Less direct control and less daily visibility than an SMA structure	<ul style="list-style-type: none"> • CITs have their own compliance and risk control operation groups overseeing them at BNY while SMAs do not • Transparent reporting of holdings and performance • Daily Liquidity* • Less regulatory reporting requirements for PSERS • Delegates cumbersome tax reclaims and other local market requirements fully to BNY in a CIT structure

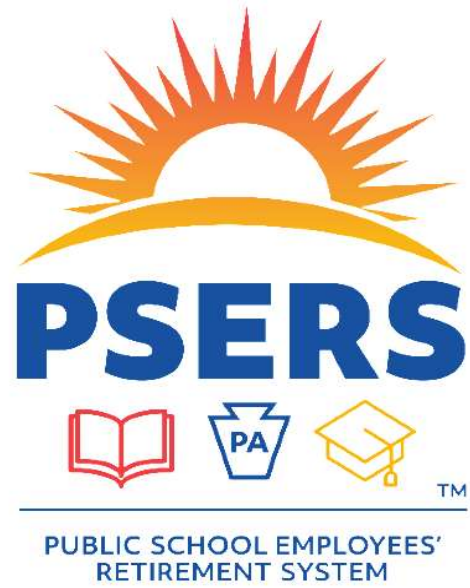
*The standard notification timeframes for the CIT fund are:

- S&P 1500 – notification to BNY on T-1 by 3pm with cash settlement on T+1 for both inflows and outflows
- MSCI World ex-US – notification to BNY on T-2 by 3pm with cash settlement on T+1 (inflows) and T+2 (outflows)

4. Investment Highlights

BNY Investments Mellon has specialized investment teams, best execution practices, and customized portfolio functions to suit PSERS' index needs.

Highlight	Detail
Precision	<i>One of the largest index managers, focused on PSERS' index needs. Utilize sophisticated portfolio management techniques (full replication, optimized sampling, stratified sampling) in an effort to manage constraints and minimize transaction costs.</i>
Low Fees/Structure	<i>Very low fees for the passive mandates Efficient structure allows for pooling of assets to help reduce administrative costs</i>
Partnership	<i>Continuous communication between the manager and PSERS History of working with the Commonwealth to reduce costs and complexities</i>



Appendix

Investment Committee Disclosure

Disclosure	Response
Relationship with Cerity Partners	As of May 12, 2026, BNY noted that they work with consultants representing mutual clients as part of normal business operations, which may include activities such as (but not limited to) new business searches, asset allocation shifts, and performance and due diligence reviews. However, BNY does not maintain relationships with consultants of a pecuniary nature.
Introduction Source	BNY and PSERS have an existing relationship (custodian and securities lending agent).
Compliance with Placement Agent Policy	As confirmed by PSERS' Office of Chief Counsel on May 20, 2026, this investment complies with the Public School Employees' Retirement Board Placement Agent Policy.
PA Political Contributions	There have been no reportable political contributions.
PA Presence	BNY has operated in Pennsylvania for over 150 years, employing approximately 5,700 people statewide. The Pittsburgh office is the firm's top employment site in North America and is one of its six strategic office locations.
Potential Conflicts	PSERS is not aware of any actual or potential conflicts of interest that would be created by PSERS' investment.
Litigation Disclosure	N/A
Has the firm reimbursed and/or paid for PSERS' IOP travel in the past two calendar years?	No, the firm has not paid for or reimbursed PSERS' IOP travel.
Certification of Diligence Costs	IOP certifies that PSERS paid all travel costs, if any, and was not reimbursed for the travel costs related to due diligence of the firm.



Manager Recommendation Memorandum

May 21, 2026

Board of Trustees

Commonwealth of Pennsylvania, Public School Employees' Retirement System ("PSERS")
5 North Fifth Street Harrisburg, PA 17101

Re: BNY Investments Passive Equity Services

Dear Trustees:

Certy Partners, having been duly authorized by the Board of PSERS, has evaluated BNY Investment Management's ("BNY's") equity indexing capabilities, in line with PSERS' Investment Policy Statement, Objectives, and Guidelines, and believes that BNY is of institutional quality and appropriate for investors, including PSERS, that seek a low cost, low tracking error indexing solution. BNY provides its index management through its BNY Investments Mellon (Mellon) division. Certy Partners recommends that the PSERS Board approve staff's recommendation to hire Mellon as an index manager for an S&P 1500 Index mandate (approximately \$16 billion) and MSCI World ex-USA Index mandate (approximately \$4 billion) up to an aggregate amount of \$25 billion using a custom collective investment trust (CIT) structure.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Brubaker", written over a light blue rectangular background.

Mark E. Brubaker, CFA
Managing Director