

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER



BRADFORD B. BRINER
STATE TREASURER OF NORTH CAROLINA

NCIA FY25-26 Budget

November 19, 2025

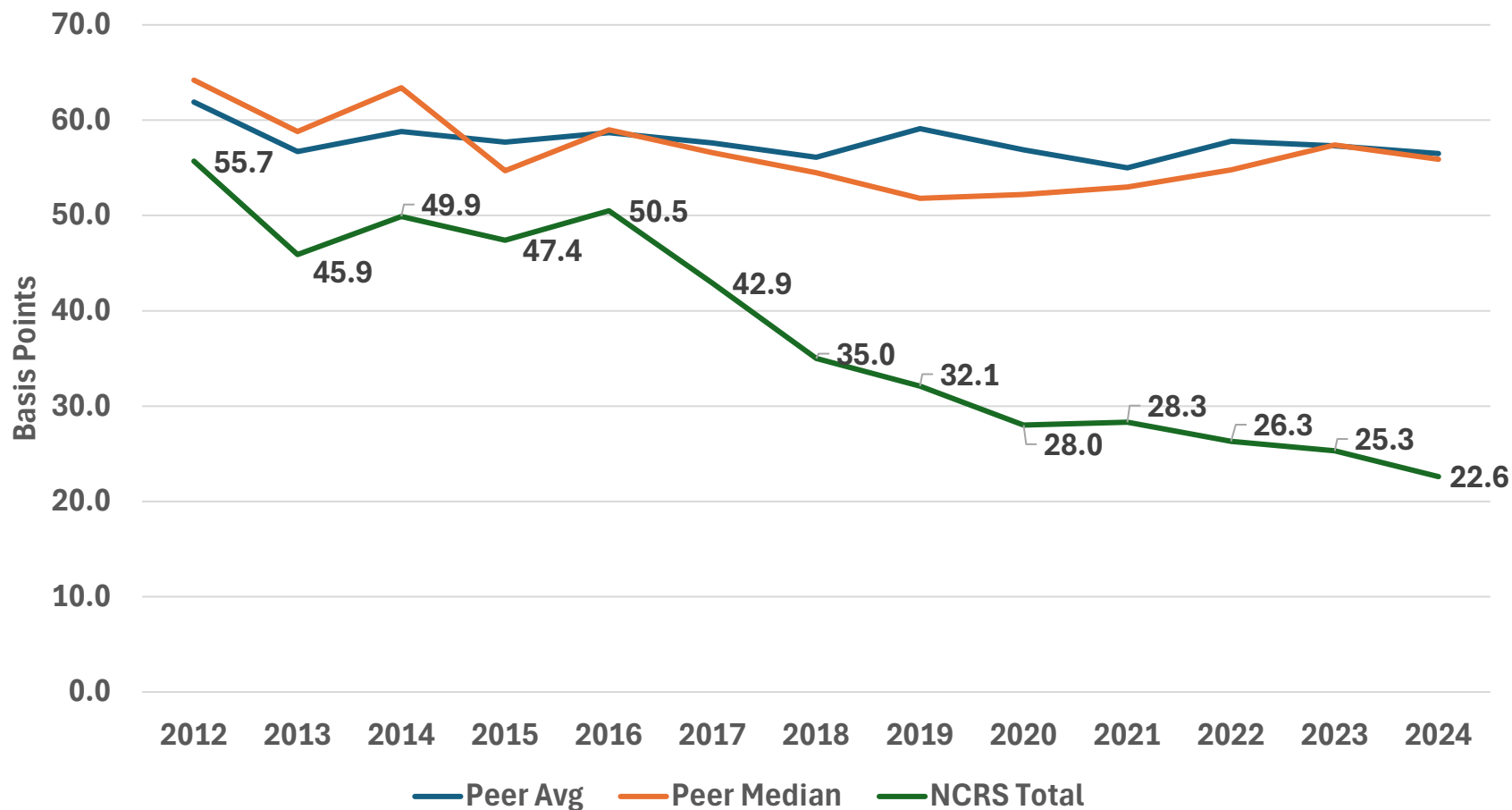


NCIA Operating Budget Overview

- a. Longer-term trends and comparisons to peers are necessary to understand the requested operating budget increase
- b. Without a Board approved Strategic Plan, the FY25-26 operating budget is principally a function of normalizing resourcing
- c. Formally seeking approval for spending authority for the fiscal year ended June 30, 2026. May need a budget amendment, depending on decisions related to the Market-Oriented Compensation Study
- d. In May 2026, we will formally request approval of the FY26-27 budget:
 - a. Tie strategic and business initiatives to the budget
 - b. Recommend administrative fees to be charged to client asset pools to end the long-standing pass-through model



NCRS Total Investment-Related Costs vs Peers

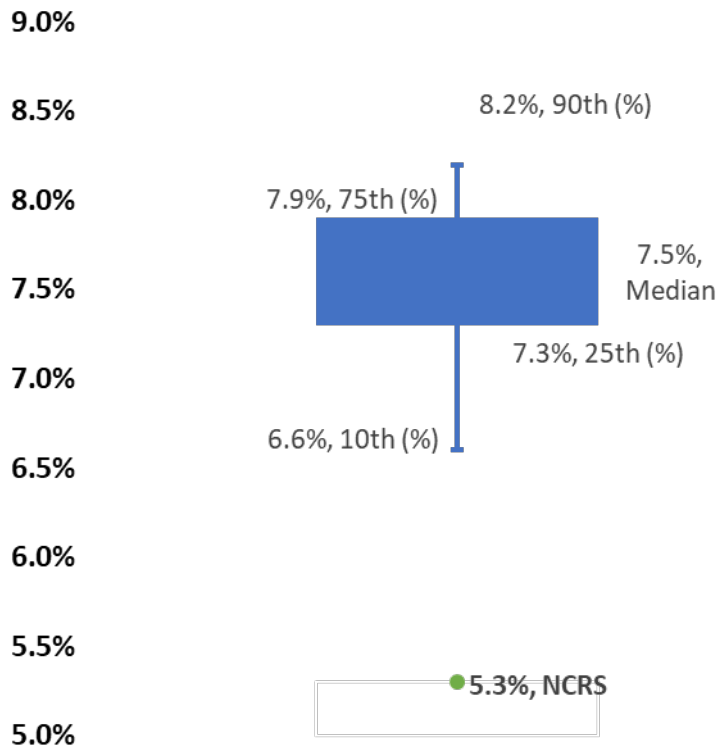


Source: CEM Benchmarking. Direct Investment Costs includes asset/commitment-based fees, carried interest for liquid mandates, and allocated direct internal team, consultants etc. expenses. Oversight Costs include governance and administration overhead.

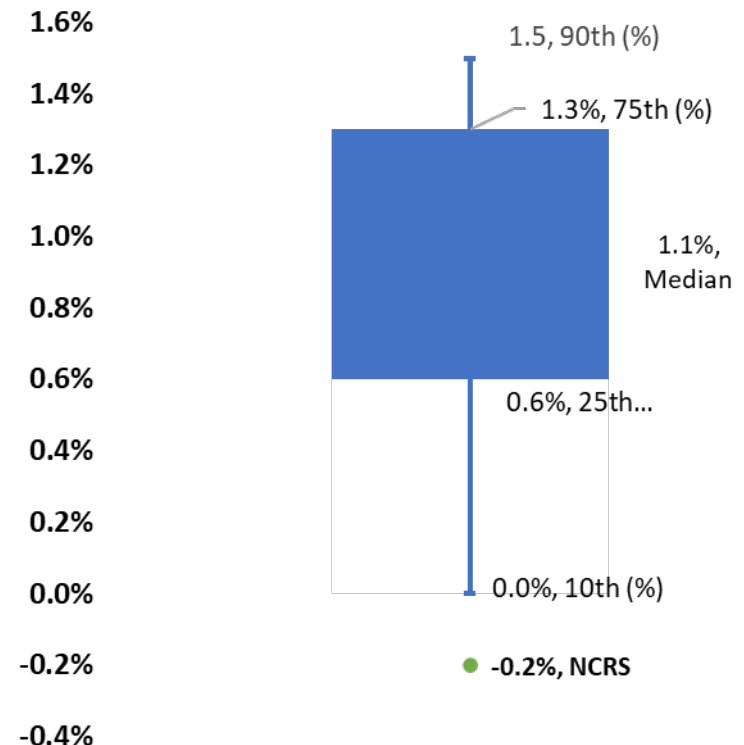


NCRS performance has lagged Public Pension peers

5 Yr Net Total Returns
NCRS vs Peer



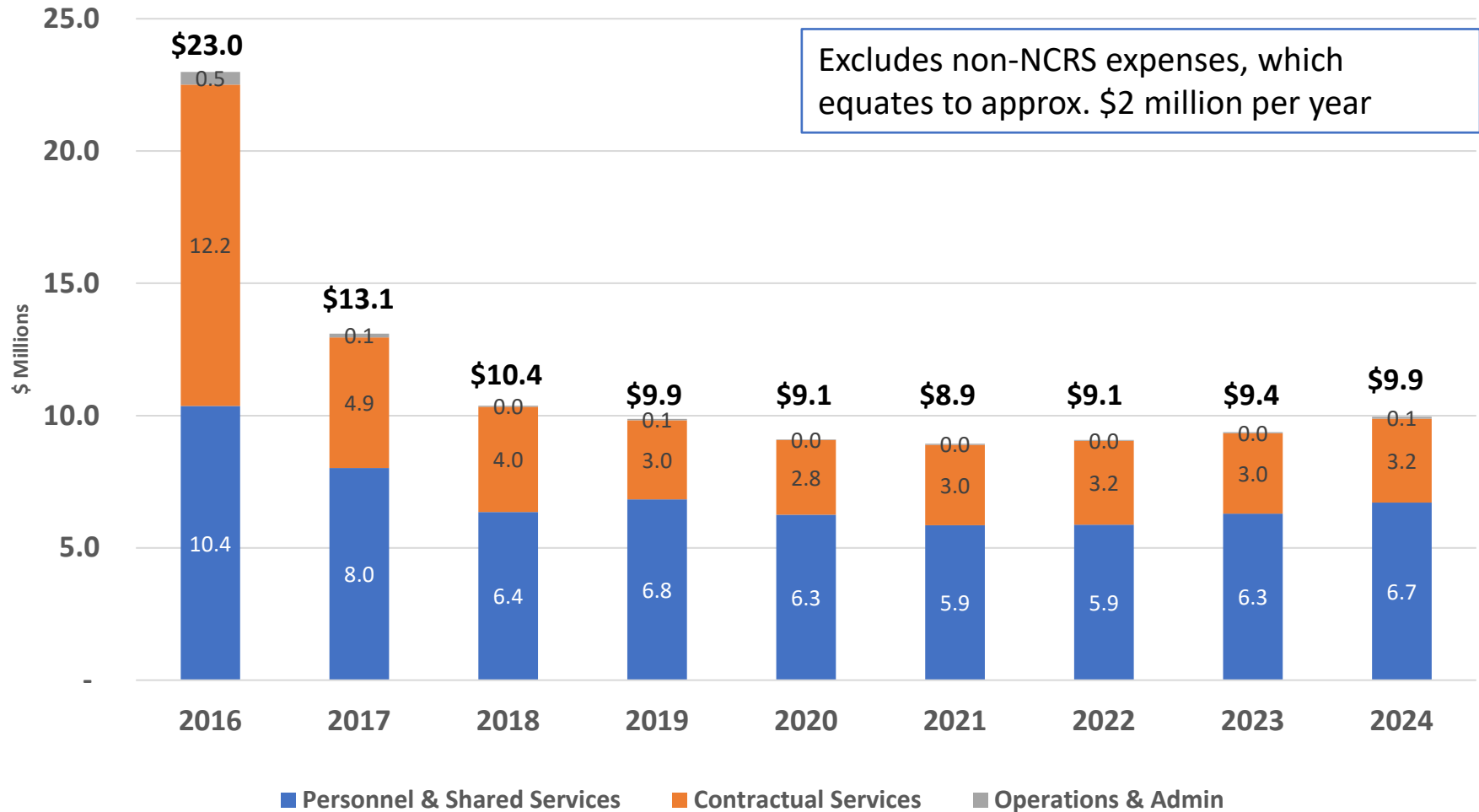
5 Yr Net Value Added
NCRS vs Peer



Source: CEM Benchmarking. Data as of December 2024.



NCRS Operating Expenses Decreased 57% from 2016 to 2024





NCIA Operating Budget Proposed FY25-26

	Actual FY24-25 Spending	Proposed FY25-26 Budget
Personnel Services	7,466,623	13,823,651
Operations & Administration	177,052	761,501
NC DST Shared Services	1,905,847	2,062,209
Contractual Services	4,799,325	9,453,069
Total Operating Budget	14,348,848	26,100,431
3 Year Average AUM (\$B)	\$188	\$199
Operating Budget in Basis Points	0.8	1.3

Budget Highlights

- Personnel Services increase reflects a combination of larger head count (~65%) and compensation adjustment starting in CY26 (~35%)
- Operations & Administration reflects a resumption of travel
- Contractual Services reflects external legal expenses and research, consultants, analytics, and data services



NCIA Budget Resolution

1. The proposed FY25-26 budget is approved with the following delegations and guidelines:
 - a. The Chief Investment Officer ("CIO") has the authority to move up to 10% of approved operating budget authority between any of the following categories (i.e., about \$1.2MM):
 - Operations & Administration
 - NC Department of State Treasurer Shared Services
 - Contractual Services
 - b. The CIO has the authority to create positions and employ staff necessary to assist the CIO and the Board, subject to the Board approved budget for Personnel Services (i.e., about \$13.8MM)
 - c. A separate budget amendment may be submitted by the CIO for the Board's consideration depending on implementation of the Market-Oriented Compensation study
2. Until such time as the Board approves a system of administrative fees to charge client asset pools, the cost of administration, management, and operation of investment programs shall be apportioned and paid equitably among the programs N.C.G.S. § 147-69.3(f)

FY 25-26 Budget Appendix



Staffing Projections

Assumptions:

- Staff count increases from 40 to 61 over 18 months

	Current	Projected
Investment Oversight & Support	11	20
Portfolio Management	25	35
Legal	4	6
	40	61

- Salary and wages increase by 40% based on new base compensation ranges recommended in the Mercer compensation study. No allowance for incentive compensation is included.

CIO will make actual employment decisions depending on program needs and candidate availability, with salary administration consistent with the compensation structure approved by the Board



Asset Under Management Projections

As Of Date	Total AUM (\$B)	3yr Avg (\$B)	3bps of AUM
6/30/2023	\$176		
6/30/2024	\$186		
6/30/2025	\$201	\$187.6	\$56,290,000
6/30/2026	\$211	\$199.3	\$59,790,000
6/30/2027	\$222	\$211.3	\$63,390,000

“The Board of Directors shall not approve an annual internal budget for the Investment Authority that exceeds three basis points of a rolling three-year average of total assets invested by the Investment Authority, unless the Investment Authority reasonably determines that, because of special circumstances, including applicable investment restrictions, it is clearly not prudent to do so. The annual internal budget includes expenditures directly associated with services retained by the Investment Authority in accordance with subsection (c) of this section and employee compensation and benefits.” N.C.G.S. § 147-71.2(b)



NCIA Operating Budget Details (1 of 2)

	Actual FY24-25 Spending	Proposed FY25-26 Budget
Salaries and Wages	5,479,703	10,023,723
Social Security	333,818	763,419
Retirement	1,317,321	2,367,453
Medical, FSA & other medical	212,129	369,056
Contract Employees	123,652	300,000
Personnel Services	7,466,623	13,823,651
	Actual FY24-25 Spending	Proposed FY25-26 Budget
Travel*	102,380	618,362
All Other	74,673	143,139
Operations & Administration	177,052	761,501

*Gross of 3rd Party reimbursements

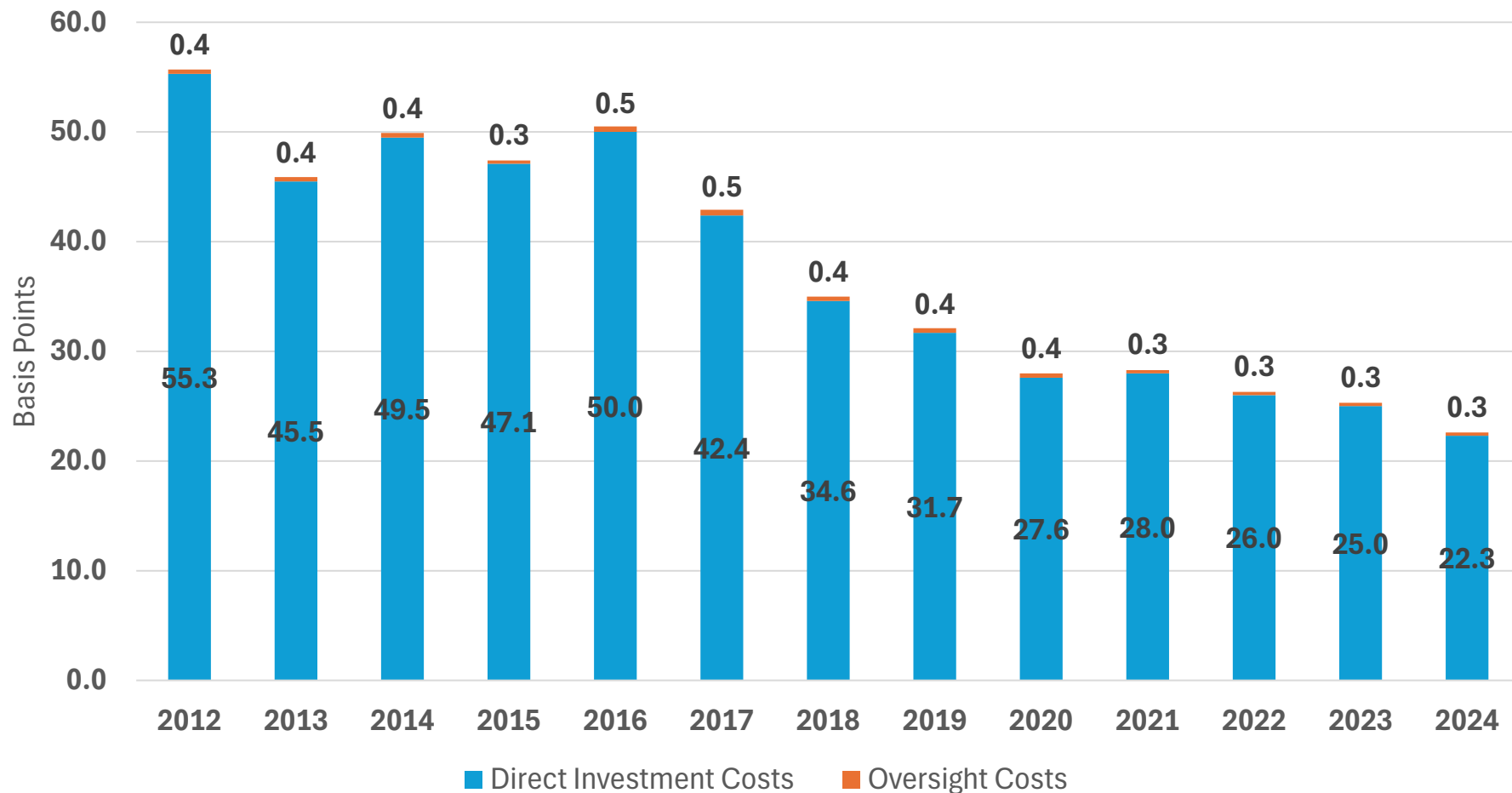


NCIA Operating Budget Details (2 of 2)

	Actual FY24-25 Spending	Proposed FY25-26 Budget
Business Process and Infrastructure	2,179,255	2,779,505
Education and Training	6,630	181,630
Legal Support	40,749	1,750,000
Professional Membership	14,760	17,760
Research, Consultants, Analytics, and Data Services	2,557,930	4,724,174
Contractual Services	4,799,325	9,453,069



NCRS Investment-Related Costs Decreased 60% from 2012



Source: CEM Benchmarking. Direct Investment Costs includes asset/commitment-based fees, carried interest for liquid mandates, and allocated direct internal team, consultants etc. expenses. Oversight Costs include governance and administration overhead.