



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

BRADFORD B. BRINER
STATE TREASURER

INVESTMENT MANAGEMENT DIVISION

November 10, 2025

To: Governor Josh Stein
State Auditor Dave Boliek
Council of State
Joint Legislative Commission on Government Operations
House Appropriations Committee
Senate Appropriations Committee
House Finance Committee
Senate Finance Committee
Fiscal Research Division
Investment Advisory Committee

RE: Quarterly Investment Report for the Period Ending September 30, 2025

Dear Colleagues:

We continue to rebalance assets in the retirement plans the N.C. Department of State Treasurer manages (the "Fund") to better align with long-term investment objectives and an evolving set of opportunities and risks. We remain committed to eliminating the pension deficit over time by prudently improving investment returns and building value across the divisions of the N.C. Department of State Treasurer.

The attached report provides detailed information I hope you will find valuable. I am aware of your time constraints, so I want to provide you with an important highlight from the prior quarter that you may find helpful. Specifically, the Fund reported a gain of 4.20% for the quarter. Pension fund assets were valued at \$139.2 billion on September 30, 2025, up from \$134.1 billion at the end of the 2nd quarter of 2025, generating over \$5 billion of earnings in one quarter. The calendar year to date performance was 10.78%, far outperforming the assumed actuarial rate of return. These figures, and all of the following performance figures, are reported net of all fees and expenses.

Thank you all for your support of the N.C. Department of State Treasurer. We will continue to look for opportunities to reduce complexity, increase value and protect the futures of the more than 1 million members who rely on our retirement systems.

Warmest regards,

Brad Briner
State Treasurer of North Carolina

Outline

This quarterly report provides the information required under North Carolina General Statute (N.C.G.S.) § 147-69.12 and provides information on the overall performance of the State Treasurer's investment programs. The information in this report is as of September 30, 2025. This report addresses the following topics:

- I. Investment Performance
 - A. Market Environment Context
 - B. Retirement Systems
 - i. Total Fund (Investment Program) Performance
 - ii. Investment Policy Statement (IPS) Asset Class Performance
 - C. Cash Management Programs
 - i. Short-Term Investment Fund (STIF)
 - ii. Bank Balances
 - D. Other Investment Programs – Ancillary Governmental Participant Investment Program
 - i. Bond Index Fund (BIF)
 - ii. Equity Index Fund (EIF)
 - iii. Escheat Fund
 - E. Other Investments with or on behalf of the State, its Agencies, or Institutions
 - i. Bond Proceeds Fund
- II. North Carolina Retirement System Financial Information
 - A. Introduction to Differences between the IPS and Statute
 - B. Concordance of IPS and N.C.G.S. § 147-69.2
 - C. Statutory Compliance – Statutory Asset Classes
 - D. Fees – Statutory Asset Classes
 - E. Green Managers and Funds
 - F. Locations on Website

Additionally, there are explanatory tables, financial data, and other information included as appendices to this report:

Appendix 1: Financial Information

- A. Department of State Treasurer Bank Balances
- B. Combined Statement of Net Positions and Operations (Fiscal Year to Date)

Appendix 2: References

- A. Implementation vs. Long-Term Policy Benchmark
- B. Other Benchmark Definitions
- C. Definitions and Procedures

Quarterly Investment Report for the Period Ending September 30, 2025

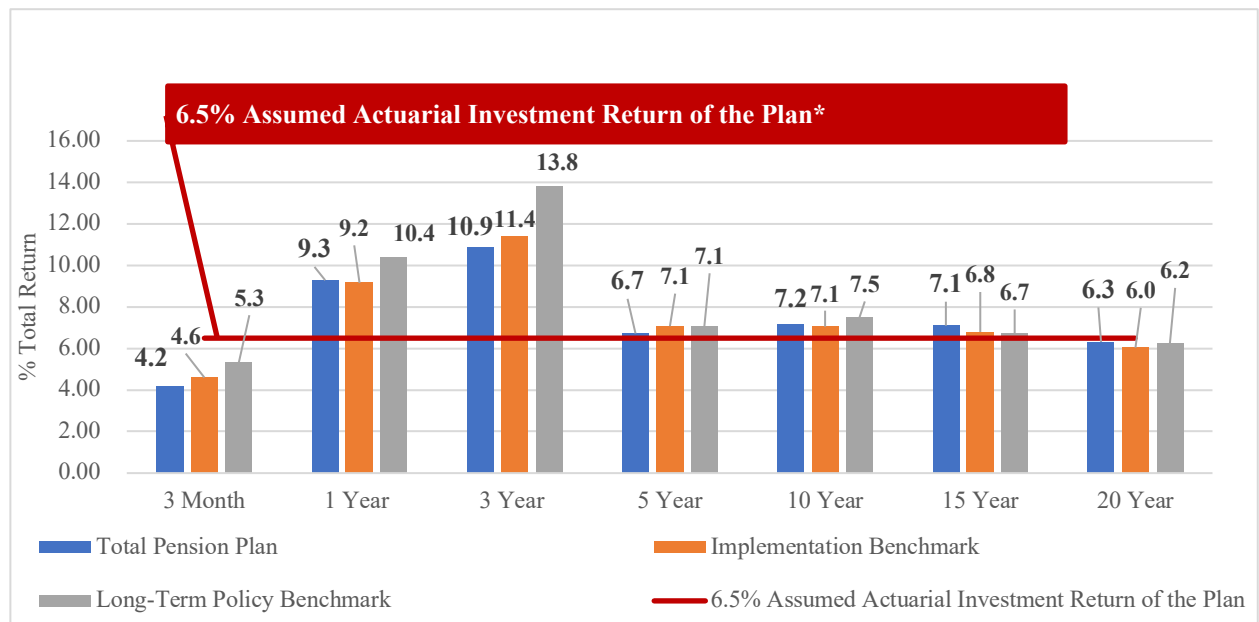
I. Investment Performance [§ 147-69.12(a)(6)(g)]

A. Market Environment Context

For the 3rd Quarter of 2025, US Government economic data releases were not available due to the government shutdown, resulting in no official statistics on 3rd quarter GDP or unemployment. The inflation rate for the United States was 3.0%, on a year over year basis, as of September 30, 2025. Throughout the quarter, the Federal Reserve lowered its key short-term rate, ending the quarter at a range of 4.00% to 4.25%. The U.S. equity market was up 8.11% for the quarter, as measured by the S&P 500 index. The ten-year U.S. Treasury bond's yield ended the quarter at 4.15%, down 7 basis points over the quarter. Investment grade corporate bond credit spreads fell by 10 basis points, closing the quarter at 76 basis points. The broad U.S. corporate bond index gained 2.65% over the quarter, split between price appreciation and income return over the quarter.

B. Retirement Systems [§ 147-69.12(a)(5)(a,b)]

i. Total Fund (Investment Program) Performance for Periods Ending September 30, 2025 (%; Periods Greater than 1 Year are Annualized)



*The assumed actuarial investment return of the plan is the discount rate used to calculate the total pension liability as measured in the annual actuarial valuation. **In January of 2021, this return assumption was lowered from 7.0% to 6.5%. Prior to this, the return assumption was lowered from 7.2% to 7.0% in April of 2018.** For definitions of the Implementation Benchmark and the Long-Term Policy Benchmarks, and a comparison of the two, please see Appendix 2, Part A.

ii. IPS Asset Class Performance

	Market Value (\$000)	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	20 Yr
Growth	79,485,869	5.76	13.78	17.17	11.53	10.81	10.17	7.80
Benchmark		6.33	13.65	17.19	11.89	10.23	9.46	7.33
Public Equity	61,998,847	6.70	15.89	22.47	12.08	11.68	10.48	8.13
Benchmark		7.67	16.79	22.49	13.27	11.41	10.05	7.73
Private Equity	6,571,348	2.87	8.29	3.67	11.63	10.89	11.05	9.67
Benchmark		3.72	8.94	5.37	11.95	9.91	11.00	10.55
Non-Core Real Estate	2,170,978	0.39	(2.10)	(9.32)	(0.14)	4.24	7.69	4.43
Benchmark		1.16	(1.05)	(3.16)	3.45	4.19	6.81	4.43
Opportunistic Fixed Income	8,744,696	2.74	7.48	7.98	9.22	6.32	6.82	-
Benchmark		2.85	4.65	8.80	7.29	5.19	3.90	-
Rates & Liquidity	42,017,299	2.22	3.25	4.98	0.68	2.52	3.07	4.19
Benchmark		2.42	2.73	5.11	(0.85)	1.99	2.71	3.76
IG Fixed Income & Cash	37,911,494	2.35	2.69	5.06	(0.39)	2.26	2.91	4.07
Benchmark		2.47	2.30	5.08	(1.17)	1.89	2.65	3.71
Pension Cash	4,105,805	1.11	4.63	4.55	2.87	2.16	-	-
Benchmark		1.08	4.41	4.79	2.99	2.05	-	-
Inflation Sensitive & Diversifiers	14,823,536	2.06	5.03	1.65	5.51	4.95	4.25	3.45
Benchmark		1.81	4.20	1.82	4.99	4.25	4.14	2.88
Inflation Sensitive	8,346,376	2.25	7.07	7.30	8.89	5.81	3.04	3.36
Benchmark		2.03	5.72	5.89	6.28	4.03	1.65	3.75
Core Real Estate	6,477,160	1.82	3.14	(3.02)	2.69	4.48	6.55	4.87
Benchmark		1.54	2.40	(2.92)	3.38	4.44	7.00	5.09
Multi-Strategy	2,850,533	2.44	7.52	9.89	6.98	5.68	6.71	5.48
Benchmark		2.06	5.33	6.88	4.25	4.37	5.16	5.45
Total Pension Plan	139,177,237	4.20	9.29	10.85	6.72	7.15	7.10	6.31
Implementation Benchmark		4.60	9.15	11.40	7.08	7.05	6.80	6.04
Long-Term Policy Benchmark		5.31	10.39	13.78	7.06	7.50	6.73	6.22
Assumed Actuarial Investment Return¹		1.59	6.50	6.50	6.50	6.50	6.50	6.50

¹ The Assumed Actuarial Investment Return was decreased from 7.0% to 6.5% in January 2021.

For definitions of the Benchmarks, please see Appendix 2.

C. Cash Management Programs

i. STIF (Short -Term Investment Fund) [§ 147-69.12(a)(4), § 147-86.11(c)]

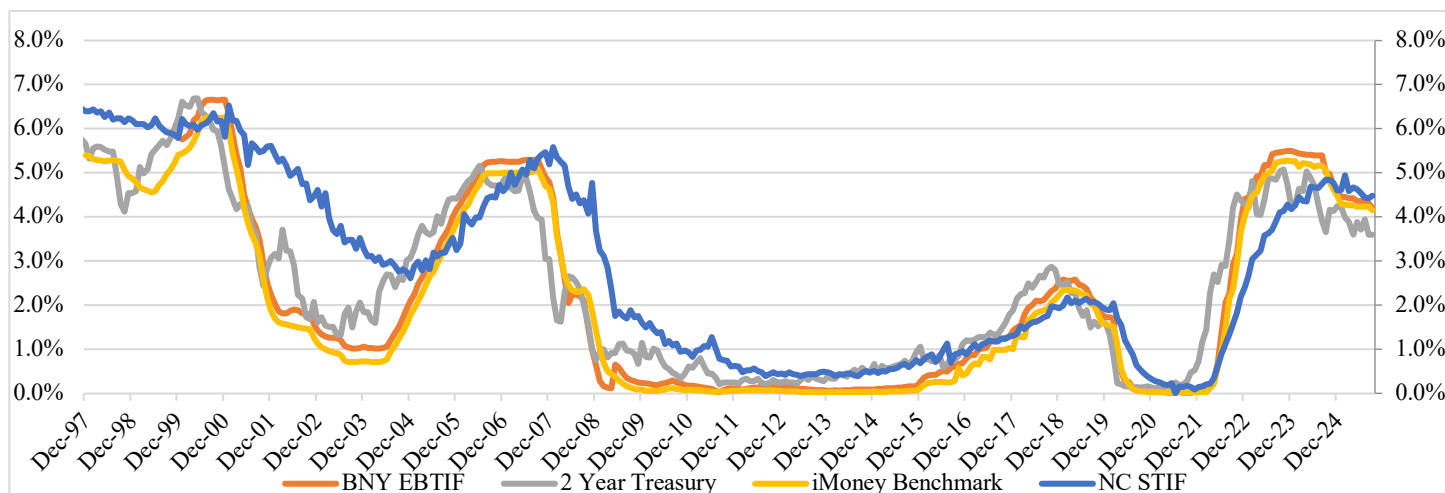
The STIF is responsible for managing the operating funds of the State. Investors include the State's General Fund, Highway Trust Fund, certain Retirement Systems funds and other investors. The STIF is also where any bank balances are held for the State; please see part (ii) below for information about the quarter-end bank balances.

As of September 30, 2025, the STIF had the following characteristics:

Total Assets	Duration	3-Month Return	Benchmark 3-Month Return	1-Month Annualized Cash Return	Fees
\$51.38 billion	0.78	1.11%	1.08%	4.48%	N/A

The benchmark for the cash management program, as outlined in the "Department of State Treasurer Investment Management Division Investment Policy Statement for North Carolina Retirement Systems" (IPS), is the iMoneyNet First Tier Institutional Money Market Funds Net Index.

For comparison purposes, the 1-month annualized cash return of the STIF is shown below, over time, versus the yields of other short-term benchmarks.



Notes: The BNY EBTIF is the Bank of New York Mellon Employee Benefit Temporary Investment Fund, a diversified institutional money market sweep vehicle. The iMoney Benchmark is the iMoneyNet First Tier Institutional Money Market Funds Net Index.

ii. Bank Balances [§ 147-69.12(a)(3)]

The State's total Bank Balance as of September 30, 2025, was \$426.8 million. For a list of each bank and other qualified depository institutions utilized by the State Treasurer and the most recent quarter-end cash balances, please see Appendix 1, Part A.

D. Other Investment Programs – Ancillary Governmental Participant Investment Program [§ 147-86.11(c)]

Pursuant to N.C.G.S. § 147-69.3, the Treasurer is responsible for one or more investment programs for the deposit and investment of assets pursuant to §§ 147-69.1 and 147-69.2, namely, the Ancillary Governmental Participant Investment Program (AGPI Program or AGPIP). The AGPI Program includes assets for, among others, the Escheat Fund, public hospitals, Local Government Other Post-Employment Benefits Trusts, Local Government Law Enforcement Special Separation Allowance Trusts and the North Carolina Conservation Grant Fund, as well as entities such as the State Health

Plan, the Disability Income Plan and the State Educational Assistance Authority. For a complete listing of the AGPI Program participants, see the Other Investment Programs Statement in Appendix 1, Part B. While each of the AGPI Program participants has its particular investment authority as to how it may invest, all AGPI Program participants are eligible for the STIF as referenced in part C (i) above. The following are other investment options maintained by the Treasurer for the AGPI Program.

i. BIF (Bond Index Fund) [§ 147-69.12(a)(6)]

The BIF invests in high quality debt securities, under N.C.G.S. § 147-69.2(b)(1)–(6). The BIF maintains a low-cost approach to investing in investment grade fixed income assets through a passive index strategy. The BIF is designed to produce a return consistent with its Bloomberg U.S. Aggregate Bond Index benchmark.

As of September 30, 2025, the BIF had the following characteristics:

Total Assets	Duration	3-Month Return	Benchmark 3-Month Return	Crediting Rate	Annual Fees
\$1.8 billion	5.9	2.03%	2.03%	N/A	2.5 bps on first \$750 million; 2.0 thereafter

For a list of the entities invested in the BIF at quarter-end, please see the Other Investment Programs Statement in Appendix 1, Part B.

ii. EIF (Equity Index Fund) [§ 147-69.12(a)(6)]

The EIF invests primarily in U.S. and non-U.S. equity securities eligible under N.C.G.S. § 147-69.2(b)(8) with the objective of closely approximating the capitalization weighted total return of the markets for global publicly traded equity securities while maintaining a low-cost approach. The EIF is designed to produce a return consistent with its Morgan Stanley Capital International All Country World Index benchmark.

As of September 30, 2025, the EIF had the following characteristics:

Total Assets	Duration	3-Month Return	Benchmark 3-Month Return	Crediting Rate	Annual Fees
\$1.1 billion	N/A	7.72%	7.62%	N/A	2.0 bps

For a list of the entities invested in the EIF at quarter-end, please see the Other Investment Programs Statement in Appendix 1, Part B.

iii. Escheat Fund [§§ 147-69.12(a)(6), 147-69.2A(b)]

As of September 30, 2025, the Escheat Fund had \$1,581 million in total invested assets. Of that total, \$1,393 million was in STIF and \$139 million in BIF.

Pursuant to N.C.G.S. § 147-69.2(b)(12), up to 20% of the Escheat Fund's assets may be invested in authorized Public Equity, Real Estate, and Alternative Investments. For the quarter ending September 30, 2025, the Escheat Fund held \$48.9 million in these types of investments. Performance data for these assets are shown below:

	Market Value (\$000)	3 Month	1 Yr	3 Yr	5 Yr	10 Yr
Escheat Alternatives	48,892	1.93	6.64	-0.12	3.98	3.11
Benchmark		1.84	3.72	3.42	11.14	9.96

Additional financial information on the Escheat Fund is available in the Other Investment Programs statement in Appendix 1, Part B. Information on the Escheats Alternatives Benchmark is available in Appendix 2, Part B.

Within the Escheat Alternatives portfolio, pursuant to N.C.G.S. §§ 147-69.2A and 147-69.2(b)(12)(c), the State Treasurer is required to invest 10% of the Escheat Fund through the Venture Capital Multiplier Fund. This is included in the 20% limit laid out in N.C.G.S. § 147-69.2(b)(12). The Venture Capital Multiplier Fund is administered by a third-party professional investment management firm selected through a public procurement process by designees from the Governor's Office, the Department of State Treasurer, the Speaker of the House of Representatives and the President Pro Tempore of the Senate. This fund was created in November 2016. Performance and investment information through the most recent quarter-end are as follows:

	Market Value	Commitment	Unfunded	IRR ¹	TVPI ²	Distributions	DPI ³
Venture Capital Multiplier Fund	34,169,089	60,000,000	3,131,994	2.34	1.11	29,204,267	0.51

¹ Internal rate of return; ² Total value to paid in capital, or the sum of (distributions + ending value) divided by the total paid in or funded capital; ³ Distributions to paid in capital, or distributions divided by the total paid in or funded capital.

Note: Returns may reflect higher costs and lower returns in earlier years.

E. Other Investments with or on behalf of the State, Its Agencies, or Institutions

i. General Obligation Bond Proceeds Fund [§ 147-69.12(a)(6), § 147-86.11(c)]

The General Obligation Bond Proceeds Fund is managed by a private investment company under contract with the Department of State Treasurer. The investments are valued at amortized cost, which approximates fair value. The General Obligation Bond Proceeds Fund has a separate investment account for each state bond issue to comply with Internal Revenue Service regulations on bond arbitrage. Additional information on the fund may be found in the Other Investment Programs statement in Appendix 1, Part B.

II. North Carolina Retirement System Financial Information

A. Introduction to Differences Between IPS and Statute

N.C.G.S. § 147-69.2 prescribes limits on different kinds of investments the Treasurer is authorized to make with the assets of the Retirement Systems. The limits are expressed in terms of percentages of the overall assets invested and there are limits both on individual asset classes and in the aggregate.

During the fiscal year ending June 30, 2014, the Investment Management Division conducted an asset liability study to develop a new IPS (Investment Policy Statement) that would utilize some of the additional investment flexibility created by this statute, which had been updated in 2013. The IPS describing the asset class structure was finalized and became effective July 1, 2014. An updated asset liability study was completed during the fiscal year ending June 30, 2022. Following this updated study, the IPS was adjusted in several ways to reflect adjusted asset allocation targets, but the asset class structure remained unchanged. Effective March 1, 2025, the changes implemented on June 30, 2022 to target asset allocations were reversed. The tables below compare the Investment Policy Statement's classifications to the statutory classifications. The numbers reflect net assets owned only by the NCRS funds in the statutory asset classes excluding securities lending, as of the quarter-end date for this report.

B. Concordance of IPS and N.C.G.S. § 147-69.2 [§ 147-69.12(a)(5)(c)]

The following connects statutory guidelines to those in the IPS:

General Statute § 147-69.2		Statutory Asset Classifications	IPS
b(1)-(6) ¹	At least 20%	STIF	Cash
		Bank Balances	
		External Fixed Income	Investment Grade Fixed Income
		Long-Term Fixed Income	
b(6c)	No more than 7.5%	Other Fixed Income	Opportunistic Fixed Income
b(7)	No more than 10%	Real Estate	Core Real Estate
			Non-Core Real Estate
b(8)	No more than 65%	Public Equity	Public Equity
b(8)(b)	No more than 8.5%	Public Equity Limited Liability	Public Equity
b(9)	No more than 8.75%	Alternatives	Private Equity
			Multi-Strategy
b(9a)	No more than 7.5%	Inflation Protection	Inflation Sensitive

Guide to IPS “segment” groups: Green = Rates and Liquidity; Blue = Growth; Purple = Inflation Sensitive & Diversifiers; Orange = Multi-Strategy

¹ Per § 147-69.2(b)(6a), investments authorized by these sections (fixed income) and those authorized by § 147-69.1(c)(1)-(7) (cash management) are combined in calculating the 20% limit.

The following maps the market value balances of the retirement system at quarter-end to the respective statutory and IPS classifications. Totals may not match the sum of asset class values due to rounding.

		Statutory Classification (\$ Millions)									Total
		Public Equity ¹	Long-Term ²	Cash ²	External Fixed Income ²	Alternatives ³	Real Estate ⁴	Inflation Protection ⁵	Other Fixed Income ⁶	Public Equity Limited Liability ⁷	
IPS Classification (\$ Millions)	Public Equity	\$59,310								\$2,688	\$61,999
	Private Equity					\$6,571					6,571
	Non-Core Real Estate						\$2,171				2,171
	Opportunistic Fixed Income								\$8,745		8,745
	IG Fixed Income		\$34,191		\$3,721						37,911
	Cash			\$4,106							4,106
	Inflation Sensitive							\$8,346			8,346
	Core Real Estate						6,477				6,477
	Multi-Strategy					2,851					2,851
	Total	\$59,310	\$34,191	\$4,106	\$3,721	\$9,422	\$8,648	\$8,346	\$8,745	\$2,688	\$139,177

¹ N.C.G.S. § 147-69.2(b)(8)(a),(c); ² N.C.G.S. § 147-69.1(c) and N.C.G.S. § 147-69.2(b)(1)-(6b); ³ N.C.G.S. § 147-69.2(b)(9); ⁴ N.C.G.S. § 147-69.2(b)(7);

⁵ N.C.G.S. § 147-69.2(b)(9a); ⁶ N.C.G.S. § 147-69.2(b)(6c); ⁷ N.C.G.S. § 147-69.2(b)(8)(b)

Note: For statutory compliance purposes, all public equity investments made through funds with limited liability structures are included in the category of investments authorized by N.C.G.S. § 147-69.2(b)(8)(b.). This kind of investment structure is limited to a maximum of 8.5% of the total fund.

The following provides a summary of the investment vehicles in which the various trusts and clients are invested:

			Vehicles			
		Short Term Investment Fund	Bond Index Fund	Equity Index Fund	Escheats Alternatives	Long-Term Investment Fund (QIB)
Trusts & Clients	Retirement Systems	●				●
	Cash Management Programs	●				
	Ancillary Governmental Participant Investment Program	●	●	●		
	Escheats Fund	●	●		●	

C. Statutory Compliance – Statutory Asset Classes [§ 147-69.12(a)(5)(c); § 147-69.12(a)(1)]

The table below lists the maximum or minimum percentages of the total assets allowed and actual percentages as of the quarter-end.

Statutory Citation	Minimum or Maximum Percentage of Fund	Percentage of Total Assets Invested	Compliant
N.C.G.S. §§ 147-69.1(c) and 147-69.2(b)(1)-(6b) for fixed income and cash	At least 20%	30.2%	✓
N.C.G.S. § 147-69.2(b)(8) for public equity	No more than 65%	44.5%	✓
N.C.G.S. § 147-69.2(b)(8)(b.) for public equity limited liability investment vehicles	No more than 8.5%	1.9%	✓
N.C.G.S. § 147-69.2(b)(6c) for other fixed income	No more than 7.5%	6.3%	✓
N.C.G.S. § 147-69.2(b)(7) for real estate	No more than 10%	6.2%	✓
N.C.G.S. § 147-69.2(b)(9) for private equity and other alternatives	No more than 8.75%	6.8%	✓
N.C.G.S. § 147-69.2(b)(9a) for inflation protection	No more than 7.5%	6.0%	✓
N.C.G.S. § 147-69.2(b)(10a) for the 35% aggregate portfolio limit	The sum of rows 3 to 7; No more than 35%	27.2%	✓

Note: Percentage of Total Assets Invested is based on market values as of the most recent quarter-end. Undrawn capital commitments are not included in the calculations until they are called and invested.

In the event that the market value of any of subdivision (6c) or (7), sub-subdivision b. of subdivision (8), or subdivision (9) or (9a) of N.C.G.S. § 147-69.2 increases during a fiscal year by an amount greater than three percent (3%) of the market value of all invested assets of the Retirement Systems as of the prior fiscal year end, then that event will be noted in this report along with the expected impact on the risk profile of the assets. No such change has occurred fiscal year to date, as of September 30, 2025.

D. Fees – Statutory Asset Classes [§ 147-69.12(a)(1)]

The Investment Management Division utilizes external managers for a portion of the Retirement Systems. Over time, the N.C. Department of State Treasurer, with the advice and counsel of the Investment Advisory Committee, has used a relatively lower risk and lower cost approach to investing the North Carolina Retirement System trust funds. While costs have risen somewhat over time as more diverse external investment strategies were pursued, the all-in costs of investing the retirement trust fund remain low, especially in comparison to similarly situated institutional peers.

The fees incurred to external investment managers, by asset class, are outlined in the Combining Statement of Operations – Pension Trust Funds Investment Program in Appendix 1, Part B. In addition to the fees shown in this statement, internal administrative expenses of the Funds and (for the internally managed portfolios) trade transaction costs are paid by the Treasurer. These charges are reported on the Combined Statement of Operations in Appendix 1, Part B.

During the calendar year 2025, the Department engaged CEM Benchmarking, a leading independent cost and performance analysis firm, to review the cost structure of the funds for the calendar year 2024. The report showed that the funds' cost structure was significantly below that of institutional peers. This led to savings of roughly 33.3 basis points compared to the median peer. The Department continues to proactively target improvements in cost-efficiency, transparency, risk management and compliance.

Calendar Year 2024 NCRS Costs of Investment Operations Compared to Peers
(Expressed in basis points where 50 basis points equals 0.50%)
Total (Basis Points)

Median Peer	55.9
North Carolina Retirement Systems	22.6
Percentile	0%

Source: CEM [Cost Effectiveness Measurement] Benchmarking Inc. The peer group consists of 14 U.S. public pension funds managing from \$71 billion to \$340.3 billion. The median peer managed an average of \$109.6 billion throughout the year versus NCRS' \$123.4 billion. In CEM's methodology, total cost excludes carry / performance fees for real estate, infrastructure, natural resources, and private equity funds. Performance fees are included for public market asset classes and hedge funds. All such fees and expenses have been deducted from all investment returns reported by NCRS.

E. Green Managers and Funds [§ 147-69.12(a)(2)]

There is no consensus on a validation group or process to certify green managers for investments, and the statute provides no definition of the term “sustainable practices” that would enable the Treasurer to determine which companies and funds would fall under this provision. Thus, it is not possible to report any relevant data at this time.

F. Locations on Website [§ 147-69.12(a)(6)(f,i,j)]

The current Investment Policy Statement may be accessed at the following link:

<https://www.nctreasurer.gov/media/1501/open>

A list of new commitments to external investment managers may be found within the periodic IAC Performance Review presentations at the following link: <https://www.nctreasurer.gov/divisions/investment-management/investment-advisory-committee>

The current Investment Transaction Disclosure Policy may be accessed at the following link:

<https://www.nctreasurer.gov/documents/files/imdiac/investment-transaction-disclosure-policy/open>

Additional information on the use of placement agents by investment managers is available on request.

Appendix 1: Financial Information

Part A: Department of State Treasurer Bank Balances

**DEPARTMENT OF STATE TREASURER
BANK BALANCES
AS OF September 30, 2025
(dollars in thousands)**

Summary of Bank Balances	
Balance as of 06/30/2025	\$ 353,368
Total Receipts	\$ 66,642,745
Total Payments	\$ 66,569,332
Balance as of 09/30/2025	\$ 426,781

Bank Balances as of September 30, 2025	
Bank	Bank Balance
Wells Fargo	\$ 124,732
Bank of America	\$ 164,679
Truist	\$ 5,256
PNC	\$ 929
First Citizens	\$ 13,156
Atlantic Union	\$ 1,995
Bank of Tennessee	\$ 4
Bank OZK	\$ 2,500
First Community Bank	\$ 620
First Horizon Bank	\$ 15,402
Fidelity Bank	\$ 6,973
First Bank	\$ 20,372
First Federal Savings Bank	\$ 750
First National Bank	\$ 14,106
HomeTrust Bank	\$ 1,000
JP Morgan Chase Bank	\$ 750
Lumbree Guaranty Bank	\$ 3,750
M&F Bank	\$ 2,500
Peoples Bank	\$ 2,557
Pinnacle Bank	\$ 3,250
South State Bank	\$ 1,100
Southern Bank & Trust	\$ 23,585
TD Bank	\$ 2,984
Townebank	\$ 2,731
United Community Bank	\$ 7,600
Uwharrie Bank	\$ 3,500
Total*	\$ 426,781

*This number reflects the balance in the State treasury credited to all State funds, including not only the General Fund but also other funds.

Part B: Combined Statement of Net Positions and Operations (Fiscal Year to Date)

- Combined Statement of Net Position
- Combining Statement of Net Position – Pension Trust Funds Investment Program
- Other Investment Programs
- Combined Statement of Operations
- Combining Statement of Operations – Pension Trust Funds Investment Program

DEPARTMENT OF STATE TREASURER
COMBINED STATEMENT OF NET POSITION
SEPTEMBER 30, 2025
(dollars in thousands)

Unaudited

	Short-term Investment Fund	*Pension Trust Funds Investment Program Subtotal	Intrafund Eliminations	Total
Net Position:				
Investment Securities:				
Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Certificates of Deposit	-	-	-	-
Repurchase Agreements	840,000	-	-	840,000
U.S. Treasury Bills/ Notes/ Bonds	23,253,468	9,222,940	-	32,476,408
U.S. Government Agency Notes/ Bonds	26,449,948	595,797	-	27,045,745
GNMA Certificates	-	12,160,394	-	12,160,394
Corporate Obligations	-	14,859,662	-	14,859,662
Other Investments	-	1,497,441	-	1,497,441
Investments in Equity Securities	-	59,411,945	-	59,411,945
Investments in Equity Trusts & Limited Liability Entities	-	2,587,417	-	2,587,417
Investments in Real Estate Trust Funds & Partnerships	-	8,648,138	-	8,648,138
Investments in Alternative Partnerships	-	9,421,366	-	9,421,366
Investments in Credit Partnerships	-	8,744,696	-	8,744,696
Investments in Inflation Partnerships and Other Invest.	-	5,364,124	-	5,364,124
Total Investment Securities	\$ 50,543,416	\$ 132,513,920	\$ -	\$ 183,057,336
Cash in Bank	426,781	-	-	426,781
Payable for securities not settled	-	-	-	-
Deposits in Short-term Investment Fund	-	6,407,867	(6,407,867)	-
Other Assets	428,393	307,651	-	736,044
Other Liabilities	(20,719)	(52,201)	-	(72,920)
Total Net Position	\$ 51,377,871	\$ 139,177,237	\$ (6,407,867)	\$ 184,147,241
Participant Equity:				
General Fund	\$ 11,875,576	\$ -	\$ -	\$ 11,875,576
Other Funds Which Earn Interest for General Fund	11,207,643	-	-	11,207,643
Highway Fund	18,455	-	-	18,455
Highway Trust Fund	2,427,491	-	-	2,427,491
University Trust Funds	5,491,861	-	-	5,491,861
Pension Trust Funds	1,481,639	139,177,237	-	140,658,876
Other Independent Trust Funds	11,279,856	-	-	11,279,856
Local Political Subdivisions	1,096,989	-	-	1,096,989
Licensing Boards	90,494	-	-	90,494
Other Investment Funds	6,407,867	-	(6,407,867)	-
Total Participant Equity	\$ 51,377,871	\$ 139,177,237	\$ (6,407,867)	\$ 184,147,241
Percent of Total	27.90%	75.58%	-3.48%	100.00%

*The Trust Funds Investment Program is presented at market value. Trust Funds detail is included on Combining Statement of Net Position.

Unaudited

DEPARTMENT OF STATE TREASURER
COMBINING STATEMENT OF NET POSITION - PENSION TRUST FUNDS INVESTMENT PROGRAM

SEPTEMBER 30, 2025

(dollars in thousands)

	Cash		Long-term		External Fixed Inc.		Long-Only Public		Hedged Public		Real Estate		Alternatives		Other Fixed Income		Inflation Protection		Totals
	Investment	Fund	Investment	Fund	Investment	Fund	Equity Investment	Fund	Equity Investment	Fund	Investment	Fund	Investment	Fund	Investment	Fund	Investment	Fund	
Net Position:																			
Investment Securities:																			
Cash and Cash Equivalents	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
U.S. Treasury Bills/ Notes/ Bonds	-	8,851,109	-	-	-	-	-	-	-	-	-	-	-	-	-	371,831	-	9,222,940	
U.S. Government Agency Notes/ Bonds	-	595,797	-	595,797	-	-	-	-	-	-	-	-	-	-	-	-	-	595,797	
GNMA Certificates	-	12,160,394	-	12,160,394	-	-	-	-	-	-	-	-	-	-	-	-	-	12,160,394	
Corporate Obligations	-	12,163,737	-	826,335	-	826,335	-	-	-	-	-	-	-	-	-	1,869,590	-	14,859,662	
Other Investments	567,536	-	-	174,214	-	174,214	-	-	-	-	-	-	-	-	-	755,691	-	1,497,441	
Investments in Equity Securities	-	-	-	-	-	59,411,430	-	-	-	-	-	-	515	-	-	-	-	59,411,945	
Investments in Equity Trusts & Limited Liability Entities	-	-	-	-	-	2,585,328	-	2,089	-	-	-	-	-	-	-	-	-	2,587,417	
Investments in Real Estate Trust Funds & Partnerships	-	-	-	-	-	-	-	-	-	8,648,138	-	-	-	-	-	-	-	8,648,138	
Investments in Alternative Partnerships	-	-	-	-	-	-	-	-	-	-	-	9,421,366	-	-	-	-	-	9,421,366	
Investments in Credit Partnerships	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,744,696	-	-	8,744,696	
Investments in Inflation Partnerships and Other Invest.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Investment Securities	\$ 567,536	33,771,037	-	1,000,549	-	61,996,758	-	2,089	-	8,648,138	-	9,421,881	-	8,361,236	-	5,364,124	-	132,513,920	
Cash in Bank	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deposits in Short-term Investment Fund	3,538,269	160,357	-	2,709,241	-	-	-	-	-	-	-	-	-	-	-	-	-	6,407,867	
Other Assets	-	275,671	-	10,739	-	-	-	-	-	-	-	-	-	-	-	21,241	-	307,651	
Other Liabilities	-	(16,100)	-	-	-	-	-	-	-	-	-	-	-	-	-	(36,101)	-	(52,201)	
Total Net Position	\$ 4,105,805	34,190,965	\$ 3,720,529	\$ 61,996,758	\$ 2,089	\$ 8,648,138	\$ 9,421,881	\$ 8,361,236	\$ 5,364,124	\$ 132,513,920									
Participant Equity:																			
Pension Trust Funds	\$ 4,105,805	34,190,965	\$ 3,720,529	\$ 61,996,758	\$ 2,089	\$ 8,648,138	\$ 9,421,881	\$ 8,361,236	\$ 5,364,124	\$ 132,513,920									
Total Participant Equity	\$ 4,105,805	34,190,965	\$ 3,720,529	\$ 61,996,758	\$ 2,089	\$ 8,648,138	\$ 9,421,881	\$ 8,361,236	\$ 5,364,124	\$ 132,513,920									
Percent of Total	2.93%	24.57%	2.67%	44.55%	0.00%	6.21%	6.77%	6.28%	6.00%	100.00%									

* In terms of calculating performance, all public equity investments with long strategies are grouped together, and all public equity investments with hedged strategies are grouped together.

Note: ValueAct Capital Management LP and Ballia Gifford Co Investment are included in the Long-Only Public Equity Investment Fund group on this combining statement, however, on the "Concordance of IPS and NCGS § 147-69.2" table in Part II, Section B of this report, the assets invested with Value Act and Ballia Gifford are included in the "Public Equity Limited Liability" category, not the "Public Equity" category. The "Public Equity" category includes all assets invested in long strategies.

DEPARTMENT OF STATE TREASURER
OTHER INVESTMENT PROGRAMS
September 30, 2025
(dollars in thousands)

Unaudited

	Bond Index Fund	Equity Index Fund	Escheats Alternative Investments	General Obligation Bond Proceeds	Totals
STATEMENT OF NET POSITION					
Net Position:					
Deposits in Equity Index Fund	\$ -	1,074,429	-	-	1,074,429
Deposits in Bond Index Fund	1,806,296	-	-	-	1,806,296
Deposits in Alternative Investment Fund	-	-	48,892	-	48,892
Deposits in Municipal Bonds	-	-	-	122,383	122,383
Other Assets	-	-	-	-	-
Total Net Position	<u>\$ 1,806,296</u>	<u>\$ 1,074,429</u>	<u>\$ 48,892</u>	<u>122,383</u>	<u>3,052,000</u>
STATEMENT OF OPERATIONS					
(for the Current Fiscal Year ended September 30, 2025)					
Revenues:					
Investment Income:					
Investment Earnings/(Loss)	\$ 13,416	49,882	(268,022)	1,303	(203,421)
Other Income	-	-	-	-	-
Subtotal	<u>13,416</u>	<u>49,882</u>	<u>(268,022)</u>	<u>1,303</u>	<u>(203,421)</u>
Net Unrealized Appreciation/Depreciation	21,713	30,835	1,313	-	53,861
Total Investment Income	<u>35,129</u>	<u>80,717</u>	<u>(266,709)</u>	<u>1,303</u>	<u>(149,560)</u>
Expenditures:					
Management Fees	(95)	(51)	(1)	(13)	(160)
Other Cost	-	-	(119)	-	(119)
Total Expenditures	<u>(95)</u>	<u>(51)</u>	<u>(120)</u>	<u>(13)</u>	<u>(279)</u>
Net Investment Income (Loss)	<u>\$ 35,034</u>	<u>\$ 80,666</u>	<u>\$ (266,829)</u>	<u>1,290</u>	<u>(149,839)</u>

AGPIP Participants:	Bond Index Fund	Equity Index Fund	Escheats Alternatives
Albemarle and Tideland MHRHIT	X	X	
Albemarle RH OPEB	X	X	
Apex OPEB Trust	X	X	
Appalachian DHD OPEB			
Archdale LEOSSA	X	X	
Buncombe County	X	X	
Cabarrus County OPEB			
City of Asheville	X	X	
City of Charlotte			
City of Concord	X	X	
City of Greensboro	X	X	
City of Greenville	X	X	
City of Raleigh CRRR	X	X	
City of Raleigh LEOSSA	X	X	
City of Raleigh OPEB	X	X	
City of Sanford	X	X	
Clean Water	X		
Columbus Regional		X	
Community College Systems	X		
Conservation EE II	X	X	
Conservation Grant Endowment	X	X	
Cornelius LEOSSA		X	
Cornelius OPEB		X	
County of Currituck LEOSSA			
County of Currituck OPEB			
County of Dare	X	X	
County of Dare LEOSSA	X	X	
County of Guilford	X	X	
County of Harnett OPEB	X	X	
Cumberland OPEB Trust			
Disability Income	X		
Drinking Water	X		
Ecosystem Restoration Fund	X	X	
ElectriCities OPEB	X	X	
Employee Benefit Trust	X		
Forsyth County	X	X	
Greensboro LEOSSA	X	X	
Greenville Utilities Commission OPEB	X	X	
Guilford County LEOSSA		X	
Harnett LEOSSA Trust	X	X	
Holly Springs OPEB		X	
Isothermal Planning & Development OPEB	X	X	
Kill Devil Hills OPEB		X	
Lake Norman Charter School			
Margaret Pardee Hospital	X	X	
Martin County OPEB	X	X	
Mecklenburg County	X	X	
NC Muni Power Catawba Unit 1 DTF	X	X	
NC Muni Power Catawba Unit 2 DTF	X	X	
NC Student Loan Fund			
NCACC NC Association of County Commissioners OPEB Trust	X	X	
Northeast Academy for Aerospace & Advance Technologies			
Orange County OPEB	X		
Partners Behavioral			
Pine Lake Preparatory Charter School			
Pinnacle Classical Academy Charter School			
Raleigh Housing Authority	X	X	
Register of Deeds	X		
Riparian Buffer Restoration Fund	X	X	
Rowan Cabarrus Community College	X		
State Property Fire Insurance	X		
State Public Education Property Insurance Fund	X		
State Treasurer Escheats	X		X
Swain County			
Town of Cornelius (General Fund)		X	
Town of Morganton	X		
Town of Wake Forest LEOSSA			
Town of Wake Forest OPEB			
Town of Williamston	X	X	
Trillium Health OPEB	X	X	
Trillium ECBH			
UNC SEAA Student Loan			
Union County	X	X	
Union County Separation Allowance Benefit Trust			
Wake County OPEB Trust	X	X	
Watauga Medical Center	X	X	
Wildlife Endowment		X	

DEPARTMENT OF STATE TREASURER
COMBINED STATEMENT OF OPERATIONS
THROUGH THE QUARTER ENDED SEPTEMBER 30, 2025
(dollars in thousands)

Unaudited

	Short-term Investment Fund	Pension Trust Funds Investment Program Subtotal*	Intrafund Eliminations	Total
Revenues:				
Investment Income:				
Investment Earnings	\$ 565,832	\$ 3,325,857	\$ -	\$ 3,891,689
Intra-Pool Interest Earnings	-	73,327	(73,327)	-
Income from Securities Lending	3,305	915	-	4,220
Commission Recapture	-	-	-	-
Other Income	-	507	-	507
Subtotal	569,137	3,400,606	(73,327)	3,896,416
Net Unrealized Depreciation	-	2,295,014	-	2,295,014
Total Investment Income (Loss)	569,137	5,695,620	(73,327)	6,191,430
Expenditures:				
Treasurer's Allocated Cost	(996)	(131)	-	(1,127)
Management Fees	-	(25,508)	-	(25,508)
Placement Fees**	-	-	-	-
Incentive Fees	-	(35,483)	-	(35,483)
Dividend Withholding Tax	-	(5,264)	-	(5,264)
Other Cost	(783)	(20,545)	-	(21,328)
Total Expenditures	(1,779)	(86,931)	-	(88,710)
Net Investment Income (Loss)	\$ 567,358	\$ 5,608,689	\$ (73,327)	\$ 6,102,720
Total Investment Income (Loss) Allocated:				
General Fund	\$ 196,672	\$ -	\$ -	196,672
Highway Fund	-	-	-	-
Highway Trust Fund	26,481	-	-	26,481
University Trust Funds	64,682	-	-	64,682
Pension Trust Funds	20,805	5,608,689	-	5,629,494
Other Independent Trust Funds	123,148	-	-	123,148
Local Political Subdivisions	8,773	-	-	8,773
Licensing Boards	987	-	-	987
Other Investment Funds	125,810	-	(73,327)	52,483
Total Investment Income (Loss) Allocated	\$ 567,358	\$ 5,608,689	\$ (73,327)	\$ 6,102,720

Cash Return, Fiscal Year-to-Date (Annualized) **4.45%**

*Pension Trust Funds detail is included on the Combining Statement of Operations-Pension Trust Funds Investment Program.

**By policy and practice, neither the Department of State Treasurer nor the funds bear the cost of placement agent fees.

DEPARTMENT OF STATE TREASURER
COMBINING STATEMENT OF OPERATIONS - PENSION TRUST FUNDS INVESTMENT PROGRAM
THROUGH THE QUARTER ENDED SEPTEMBER 30, 2025

(dollars in thousands)

Unaudited

Revenues:	Cash Investment Fund	Long-term Investment Fund	External Fixed Inc. Investment Fund	Long-Only Public Equity Investment Fund	Hedged Public Equity Investment Fund	Real Estate Investment Fund	Alternative Investment Fund	Other Fixed Income Investment Fund	Inflation Protection Investment Fund	Totals
Investment Income:										
Investment Earnings	\$ 11,581	351,850	12,953	2,633,699	-	81,616	133,877	36,418	63,863	\$ 3,325,857
Intra-Pool Interest Earnings	39,424	4,409	29,494	-	-	-	-	-	-	73,327
Income from Securities Lending	-	847	7	-	-	-	-	-	61	915
Commission Recapture	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	507	-	-	-	-	-	-	507
Subtotal	51,005	357,106	42,961	2,633,699	-	81,616	133,877	36,418	63,924	3,400,606
Net Unrealized Appreciation (Depreciation)	-	468,084	(1,200)	1,286,942	21	51,078	134,867	224,503	130,719	2,295,014
Total Investment Income (Loss)	51,005	825,190	41,761	3,920,641	21	132,694	268,744	260,921	194,643	5,695,620
Expenditures:										
Treasurer's Allocated Cost	-	(34)	(1)	(61)	-	(9)	(9)	(9)	(8)	(131)
Management Fees	-	-	-	(2,939)	-	(4,509)	(13,108)	(1,866)	(3,086)	(25,508)
Incentive Fees	-	-	-	-	-	(3,041)	(6,321)	(19,290)	(6,831)	(35,483)
Placement Fees*	-	-	-	-	-	-	-	-	-	-
Dividend Withholding Tax	-	-	-	(4,841)	-	(222)	(196)	(1)	(4)	(5,264)
Other Cost	(12)	(613)	(86)	(984)	-	(799)	(4,309)	(11,664)	(2,078)	(20,545)
Total Expenditures	(12)	(647)	(87)	(8,825)	-	(8,580)	(23,943)	(32,830)	(12,007)	(86,931)
Net Investment Income (Loss)	\$ 50,993	\$ 824,543	\$ 41,674	\$ 3,911,816	\$ 21	\$ 124,114	\$ 244,801	\$ 228,091	\$ 182,636	\$ 5,608,689
Total Investment Income (Loss) Allocated:										
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Highway Fund	-	-	-	-	-	-	-	-	-	-
Highway Trust Fund	-	-	-	-	-	-	-	-	-	-
University Trust Funds	-	-	-	-	-	-	-	-	-	-
Pension Trust Funds	50,993	824,543	41,674	3,911,816	21	124,114	244,801	228,091	182,636	5,608,689
Other Independent Trust Funds	-	-	-	-	-	-	-	-	-	-
Local Political Subdivisions	-	-	-	-	-	-	-	-	-	-
Licensing Boards	-	-	-	-	-	-	-	-	-	-
Other Investment Funds	-	-	-	-	-	-	-	-	-	-
Total Investment Income (Loss) Allocated	\$ 50,993	\$ 824,543	\$ 41,674	\$ 3,911,816	\$ 21	\$ 124,114	\$ 244,801	\$ 228,091	\$ 182,636	\$ 5,608,689
Total Return, 12, 24, and 36 and 60 months:										
12 months	4.63%	2.49%	4.59%	15.89%	3.66%	1.80%	8.06%	7.48%	7.07%	9.29%
24 months	4.91%	7.80%	5.24%	23.35%	3.37%	-1.76%	6.62%	8.75%	6.34%	12.72%
36 months	4.55%	5.12%	4.52%	22.47%	2.34%	-4.67%	5.34%	7.98%	7.30%	10.85%
60 months	2.87%	-0.81%	2.83%	12.08%	9.43%	2.04%	10.60%	9.22%	8.89%	6.72%

* By policy and practice, neither the Department of State Treasurer nor the funds bear the cost of placement agent fees.

Appendix 2: References

Part A: Implementation vs. Long-Term Policy Benchmark

The Implementation Benchmark is a blend of the Asset Class Benchmarks at policy weights. It is currently weighted as follows: 58% Growth Benchmark, 29% Rates & Liquidity Benchmark, 11% Inflation Sensitive & Diversifiers Benchmark and 2% Multi-Strategy Benchmark.

The Long-Term Policy Benchmark is comprised of 57% MSCI ACWI IMI Net, 33% ICE BofA 5+ Years U.S. Treasury Index, 6.0% Bloomberg Commodity Index and 4.0% ICE BofA 1-3 Years U.S. Inflation-Linked Treasury Index.

The Implementation Benchmark represents the Retirement System's current strategic policy allocations, and thus allows for the evaluation of (1) the impact of manager selection and (2) the impact of tactical variations away from the strategic policy allocations. The Long-Term Policy Benchmark represents the Retirement System's passively managed equivalent and allows for evaluation of the active asset allocation decisions made across the Retirement System. Taken together, these two benchmarks may provide insights as to how the Retirement System is performing versus reasonably comparable hypothetical portfolios.

Part B: Other Benchmark Definitions

The Growth Benchmark is a blend of the Public Equity Benchmark, Private Equity Benchmark, Non-Core Real Estate Benchmark and Opportunistic FI Benchmark at policy weights.

The Public Equity Benchmark is the dynamically weighted combination of the MSCI ACWI IMI Net (Long-Only) and a beta adjusted MSCI ACWI IMI Net (Hedged Equity).

The Private Equity Benchmark is comprised of the following MSCI Private Capital indices: 45% Buyout, 25% Venture Capital, and 30% Distressed.

The Non-Core Real Estate Benchmark is comprised of the following MSCI Private Capital indices: 80% U.S. Non-Core Real Estate (Opportunistic and Value-Added) and 20% Non-U.S. Non-Core Real Estate (Opportunistic and Value-Added).

The Opportunistic Fixed Income Benchmark is comprised of 50% HFRX Distressed Securities Index, 20% HFRX Relative Value Index, 15% Credit Suisse Leveraged Loan Index and 15% ICE BofA High Yield Index.

The Rates & Liquidity Benchmark is a blend of the IG Fixed Income Benchmark and the Cash Benchmark at policy weights.

The IG Fixed Income Benchmark is comprised 10% iMoneyNet First Tier Institutional Money Market Funds Net Index and 90% custom ICE BofA Core Investment Grade Index. The custom ICE BofA core index is comprised of the following weightings: 30% ICE BofA 5+ Years Governments, 35% ICE BofA 5+ Years Investment Grade Corporates and 35% ICE BofA Mortgage Master.

The Cash Benchmark is the iMoneyNet First Tier Institutional Money Market Funds Net Index.

The Inflation Sensitive & Diversifiers Benchmark is a blend of the Inflation Sensitive Benchmark and the Core Real Estate Benchmark at policy weights.

The Inflation Sensitive Benchmark is the dynamically weighted combination of the ICE BofA 1-3 Years U.S. Inflation-Linked Treasury Index (TIPS), the Bloomberg Commodities Index (Commodities) and a combination of the benchmarks of investments classified within Private Natural Resources or Other Real Assets and Diversifiers.

The Core Real Estate Benchmark is comprised of 80% Custom NCREIF ODCE Net and 20% FTSE EPRA NAREIT Global Index.

The Multi-Strategy Benchmark is comprised of a dynamically weighted combination of the HFRX ED: Multi-Strategy Index, net of fees and the market value weighted benchmarks for any other total fund strategies within the Portfolio.

The Escheat Alternatives Benchmark is a blended benchmark of MSCI Private Capital, High Yield, and Bank Loan indices.

Part C: Definitions and Procedures

The following is information that the Department of State Treasurer provides regarding its internal procedures for submitting statutorily required reports, as well as definitions of terms used within this report.

REQUIRED INVESTMENT REPORTS

(a) The State Treasurer shall issue all the reports required by N.C.G.S. § 147-69.12 concerning the State Treasurer's investment programs on or before the dates required by law. The State Treasurer may also issue voluntary reports or include in mandatory reports additional information that is not required by the statute.

(b) Reports required by different statutory provisions may be combined, so long as the combined report provides all the information required by each statutory provision.

(c) Failure by any Department of State Treasurer employee to comply with any provision of this Section may result in disciplinary action up to and including dismissal.

TRANSMISSION OF REPORTS

(a) The State Treasurer will issue reports directly or through a deputy authorized under N.C.G.S. § 147-75.

(b) To fulfill the report delivery requirements set out in N.C.G.S. § 147-69.12(d):

- (1) E-mail delivery shall be used to send reports to the Joint Legislative Commission on Government Operations, chairs of the House of Representatives and Senate Appropriations Committees, chairs of the House of Representative and Senate Finance Committees, Fiscal Research Division, Governor, Council of State and State Auditor.
- (2) A paper copy shall also be sent to the Joint Legislative Commission on Government Operations, unless the Commission indicates that a paper copy is not necessary.
- (3) The website of the State Treasurer shall have a publicly accessible page that collects recent reports required by the North Carolina General Statutes concerning the State Treasurer's investment programs. Reports shall be collected for at least ten years.
- (4) E-mail delivery or website portal delivery, at the State Treasurer's discretion, shall be used to send reports, where required by N.C.G.S. § 147-69.12(d), to other officials, institutions, boards, commissions or agencies investing in a State Treasurer investment program, including but not limited to the State Treasurer's Ancillary Governmental Participant Investment Program (AGPIP).

SCOPE OF REPORTING; LEVEL OF DETAIL

(a) Each statutory investment report shall include all State Treasurer investments, unless the statute specifically requests only certain types of investments.

(b) For internally managed portfolios, the State Treasurer may make aggregated reports for each strategy that describe performance and assets at the portfolio level, rather than listing each asset within the internally managed portfolio.

(c) Unless otherwise specified by the Department of State Treasurer in the report, all reports shall use generally accepted accounting principles and performance measurement methodologies as adopted by the State Treasurer in its policies and procedures. The State Treasurer shall periodically review and update such policies and procedures and make them available upon request.

DEFINITIONS OF TERMS

In the State Treasurer's required investment reports, the following words and phrases shall have the meanings defined below:

- (1) "Bank balance" means money held by the State Treasurer in a bank or savings institution.
- (2) "Cash management programs" means the Short-Term Investment Fund, bank balances, and any other future investment fund or strategy designed primarily to preserve capital and maintain a strong liquidity profile, as well as achieve competitive relative returns.
- (3) "Duration" of an investment refers to the sensitivity of an investment's price to changes in interest rates. The figure estimates the % change in price for a 100 basis point change in yields. A duration of 1.0 would equate to a 1.0% decrease in the price of bonds when yields rise by 100 basis points. The calculation involves the present value of the investment, its yield, coupon payment, maturity date and other features, and is measured in terms of years. A higher figure suggests higher interest rate sensitivity. The duration of a portfolio is calculated as the weighted average of all of the underlying securities' duration.
- (4) "Fee" means a charge against the State Treasurer or a State Treasurer investment. The State Treasurer's reports shall include under "fees" all of the following types of charges:
 - (i) Management fees;
 - (ii) Incentive compensation, carried interest, incentive fees, or performance fees; and
 - (iii) Placement fees.
- (5) "Expense" means the Department of State Treasurer's administrative costs attributable to and charged to the investment portfolio. The State Treasurer's reports shall include under "expenses" all of the following types of charges, as communicated to the State Treasurer:
 - (i) Administrative expenses;
 - (ii) Commissions, asset fees, or custody fees;
 - (iii) Partnership or organizational expenses;

- (iv) Pass-through expenses; and
 - (v) The portion of the Department of State Treasurer's administrative costs attributable to and charged to the investment portfolio or investment fund.
- (6) "Investment manager" means a person or entity, other than Department of State Treasurer employees, given authority or discretion by the State Treasurer to make decisions concerning State Treasurer investments.
- (7) "Placement fee" or "placement agent fee" means a net fee, after any offsets, (i) to a placement agent or (ii) to any other entity, other than the investment manager itself or one of its employees or affiliates, that an investment manager directly or indirectly engaged in order to obtain investment from the State Treasurer.
- (8) "Rate of return" refers to the time-weighted return of each period shown, with adjustments made for cash inflows and outflows to limit distorting effects. Periods of greater than one year are annualized. All returns shown are net of all investment manager fees and all related State Treasurer expenses.
- (9) "State Treasurer investments" shall mean all investments of any kind by the Treasurer of the State of North Carolina or Department of State Treasurer, including but not limited to securities held directly, securities held in separate accounts pursuant to third-party investment management agreements, interests in limited liability investment vehicles or other investment companies as defined under generally accepted United States accounting principles as promulgated by the Financial Accounting Standards Board.
- (10) "Website portal delivery" means a secure method of accessing messages on a website portal set up by the Department of State Treasurer.