

# NCIA POLICIES AND PROCEDURES

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<b>NCIA Reference:</b>	<b>NCIA-CHARTER-3001</b>
<b>Title:</b>	<b>Investment Committee Charter</b>
<b>Chapter:</b>	<b>Board-Approved</b>
<b>Current Effective Date:</b>	<b>January 1, 2026</b>
<b>Original Effective Date:</b>	<b>January 1, 2026</b>

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## I. Background and Scope

The North Carolina Retirement Systems include the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Firefighters' and Rescue Squad Workers' Pension Fund, the Local Governmental Employees' Retirement System, the Legislative Retirement System, the North Carolina National Guard Pension Fund, the Registers of Deeds' Supplemental Pension Fund, and the Retiree Health Benefit Fund (collectively, the "Retirement Systems" or the "NCRS"). The North Carolina Investment Authority (the "NCIA") is charged with establishing, maintaining, administering, managing, and operating one or more investment programs for the deposit and investment of certain assets for the Retirement Systems, Short-Term Investment Fund, Escheat Fund, and Other Ancillary Funds (collectively the "Funds").

## II. Committee Purpose

The Investment Committee (the "Committee") is created by the Board of Directors of the NCIA ("Board") to provide oversight and policy guidance related to the Funds' investments. The Committee will also periodically address other investment matters as requested by the Board, Chief Investment Officer ("CIO"), or other authorized person (e.g., the Supplemental Retirement Plan investment programs).

The Committee's scope of oversight includes, but is not limited to, the following:

1. Investment policies (e.g., Investment Policy Statements, performance benchmarks, investment manager selection, investment manager monitoring, etc.)
2. Major investment research initiatives (e.g., cross-asset class initiatives, new asset classes and sub-classes, significant new asset class strategies, etc.)
3. Pacing Plans for individual asset classes
4. Tactical total fund activity (e.g., liquidity management, tilts, transitions, etc.)
5. Investment performance assessments
6. Risk and compliance standards, reviews, exceptions, escalations, and related fiduciary issues to be addressed by the CIO or other authorized person
7. Investment managers/funds' monitoring and recommendations to invest
8. Investment-related service providers (e.g., consultants, custodian, securities lenders, broker/dealers, etc.) and key operational processes
9. Corporate governance practices
10. Any other investment policies and procedures, strategies, and tactics designated by the CIO

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## III. Committee Membership

The Committee consists of professional staff of the NCIA:

1. Chief Investment Officer (Chair)
2. Chief Risk & Operating Officer (Vice Chair and Staff Director)
3. Director of Equities
4. Director of Investment Grade Fixed Income
5. Director of Private Equity
6. Director of Real Estate
7. Director of Opportunistic Fixed Income and Inflation Sensitive
8. Director of Multi-Strategies
9. Director of Operations & Risk
10. Director of Short-Term
11. Director of Real Assets

From time to time, the Chief Investment Officer (“CIO”) may appoint other members of the NCIA staff to the Committee and may form subcommittees to develop and submit analysis to the Committee. In the normal course of business, the General Counsel and his or her designees, will attend. In the absence of the CIO or should the CIO position be vacant, the Chief Risk & Operating Officer shall serve as the Chair’s designee.<sup>1</sup>

## IV. Committee Member Duties

All Committee members shall proactively discharge the following duties in accordance with the applicable fiduciary standards of care as described in N.C.G.S. § 147-70.6:

1. Provide independent technical advice within their areas of expertise and span of control
2. Understand, evaluate, and advise on total fund and cross-functional investment issues
3. Engage in constructive, fair, open, and critical deliberations within the Committee
4. Engage in a collaborative and cooperative consensus-building process that promotes excellence in the NCIA’s investment programs

## V. Committee Responsibilities

1. The Committee will meet on a regular basis to review the following items (i.e., typically on a weekly basis, unless otherwise stated):
  - a. Asset allocation stance relative to strategic asset allocations and/or tactical positioning

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<sup>1</sup> Should both the CIO and Chief Risk & Operating Officer positions be vacant for more than 1 month, the Committee shall appoint an acting Chair and acting Vice-Chair from amongst its members by majority vote. For such vote, a minimum of five members is required for quorum. The affirmative vote of a majority of the Committee members, which may be via a circular resolution, is required to appoint the acting Chair and acting Vice-Chair.

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- b. Projected liquidity assessments inclusive of net benefit payments, anticipated cash needs for capital calls/funding, transitions, and rebalancing
  - c. Forward Calendar (i.e., pipeline) of investment managers, funds, and vehicles in various stages of due diligence, approval, negotiations, and closing
  - d. Recommendations to invest, defund, or terminate investment managers, funds, and vehicles (i.e., prior to satisfaction of Policy requirements and execution of transaction documents)
  - e. Quarterly “House View” (economic and market conditions outlook) used to inform tactical positioning
  - f. Quarterly portfolio reviews, including relative performance, attribution, risk analytics and manager Watch Lists
  - g. Risk issues, compliance exceptions, or conflicts of interest deemed material by the Chief Risk & Operations Officer, General Counsel, or other control functions
2. On at least an annual basis, the Committee shall review:
- a. Investment Policy Statements and other investment policies
  - b. Cost effectiveness measures for Funds (as applicable)
  - c. Pacing Plans
  - d. Potential investment process enhancements, including internal and external resourcing, and strategic initiatives
  - e. Internally managed portfolio guidelines
  - f. This charter and a member self-assessment of Committee effectiveness
3. On an as-needed basis, the Committee will take up the introduction of new strategies, new vehicles or products, and preferred side-letter terms
4. The CIO approves final agendas, tabling of issues, requests for further study, and designation of sub-committees. The Chief Risk & Operating Officer, as Staff Director, has the responsibility for proper administration of the Committee (e.g., ensuring agendas, work papers, etc. are timely prepared and available as necessary, prior to each scheduled meeting). The Staff Director, or their designee, shall develop minutes of the Committee meetings. Minutes may describe items taken up for discussion, action items requiring additional follow-up, and any Committee consensus, or lack thereof.
5. Notwithstanding the foregoing, the CIO, Chief Risk & Operating Officer, or General Counsel may request an ad hoc Committee meeting to consider time-sensitive closings, risk issues, compliance exceptions, or conflicts of interest that they deem a material event requiring immediate review. Additionally, certain investment transactions will be deemed to be “behind the conflict wall” and a subset of the Committee will meet in closed door sessions to consider any recommended actions.
6. Except for those actions requiring a formal vote described in Section VI, the Committee meetings will be a cooperative and collaborative venue for senior investment staff to develop consensus advice for the CIO. A majority of the members of the Committee will typically be present in order to develop a consensus. The Chair has the authority to formally poll the members on a specific issue or pending decision, but any such poll shall remain advisory in nature. If a formal poll is taken, the results shall be noted in the minutes.

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## VI. Required Committee Approvals and Limits Thereon

For activities described in this Section, the Committee shall take formal votes. A minimum of five members is required for quorum which must include the CIO and the Chief Risk & Operating Officer or their delegates. The affirmative vote of a majority of the Committee members, which may be via a circular resolution, is required to approve any of the following actions, except that the CIO's vote shall prevail in the event of a tied vote:

1. New investment transactions, defundings, secondary transactions, or terminations of investment managers, funds, and vehicles<sup>2</sup>
2. Strategic transitions and interim rebalancings

N.C.G.S. § 147-72.1(d) states that the Board, "...shall reserve certain strategic decisions and extraordinary investment decisions to the Board..." The NCIA Board must approve any of the above actions to the extent they exceed the limits in Tables 1 and 2.

### REVIEW/REVISION HISTORY

Version	Date Approved	Description of Changes
1.0	11/19/2025	New policy

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<sup>2</sup> The CIO and the Chief Risk & Operating Officer may jointly exempt small dollar actions (i.e., typically less than \$10 million) from Committee approval in the interest of operational efficiencies (e.g., continuation vehicle sells/rolls, rebalancing true-ups, account closings, etc.). Any such exemption will be documented.

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**Table 1: Principles-Based Investment Committee Approval Limits for New or Secondary Transactions<sup>3</sup>**

Type	Definition	Limit
Strategic Asset Allocation (“SAA”)	<ul style="list-style-type: none"> <li>Setting or changing the components of the SAA in an Investment Policy Statement or similar document</li> <li>Exceeding the allowable ranges associated with the SAA in the IPS</li> </ul>	<ul style="list-style-type: none"> <li>Board must approve SAA and any changes thereto</li> <li>Board must approve maintaining a position of more than 1% of AUM outside of an allowable allocation range if it persists for more than 4 weeks</li> </ul>
New investment exposures or structural changes to asset class strategies	<ul style="list-style-type: none"> <li>New and unique investment exposures for the NCIA Funds (e.g., direct digital asset investments)</li> <li>Material changes to sub-categories/strategies</li> </ul>	<ul style="list-style-type: none"> <li>Board must approve an investment risk assessment plan prior to implementation</li> <li>Board must approve any new sub-category that would exceed 20% of an asset class target allocation when fully deployed</li> </ul>
Strategic Planning Initiatives	<ul style="list-style-type: none"> <li>Initiative-based: e.g., add/delete new internal direct strategies; open a new office, control positions in third-party operating companies, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Limited by bounds set out within Board approved Strategic Plan</li> </ul>

<sup>3</sup> These limits apply to approvals of transactions, not the execution of transactional documents. Authority for execution of transactional documents is described in the Signatory Authority Policy.

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**Table 2: Investment Committee Approval Limits for Rebalancing Transactions**

Type	Definition	Limit per Transaction
Strategic Transition	Portfolio inter-asset class reallocations following an Asset Liability Study or Board authorized intermediate-term adjustment to equity-bond equivalence positioning	Limited by bounds set out within Board approved Transition Plans
Interim Rebalancing	Portfolio inter-asset class reallocations resulting from the application of interim rebalancing guidelines set out within the Investment Policy Statement or discretionary tactical positioning within those same guidelines	4% of the NCIA Fund's assets