

NORTH CAROLINA  
DEPARTMENT OF STATE TREASURER



BRADFORD B. BRINER  
STATE TREASURER OF NORTH CAROLINA

# NCIA Board Charter

November 19, 2025



## Guiding Principles

1. Have expert Board members engage in informed, constructive, fair, open, and critical deliberations on matters that come before the Board;
2. Provide continuity of investment expertise across administrations within a collaborative and cooperative consensus building decision making process;
3. Maintain focus on the most impactful strategic and policy issues with respect to driving long-term investment performance;
4. Ensure good governance practices with clarity regarding delegations to NCIA management and associated accountabilities; and
5. Bring leading and innovative practices to the NCIA's investment activities.



# Required Board Approvals of Investment Matters

Items for Approval	Comments
Investment Policy Statements	<ul style="list-style-type: none"> <li>Follows Asset Liability Management Study (“ALM Study”)</li> <li>Includes investment objectives, strategic asset allocation, and policy benchmarks</li> <li>NCRS IPS shall be presented for Board approval at least biennially N.C.G.S. § 147-69.10(a)</li> </ul>
NCRS absolute risk operating range expressed in equity and debt allocation equivalency terms	<ul style="list-style-type: none"> <li>Component of NCRS ALM Study and occurs at least biennially</li> <li>Criteria set out in N.C.G.S. § 147-71.2(a)(4)</li> </ul>
Risk budgets, including related limits for key risk indicators	<ul style="list-style-type: none"> <li>Follows NCRS ALM Study and ALM Studies for other mandates</li> </ul>
Annual certification of the NCRS allocation of illiquid investments	<ul style="list-style-type: none"> <li>Will occur before year end CY2026</li> <li>Pursuant to N.C.G.S. § 147-71.2(a)(6)</li> </ul>
“...shall reserve certain strategic decisions and extraordinary investment decisions to the Board...”.	<ul style="list-style-type: none"> <li>Investment actions that exceed the delegated authorities set out in the NCIA Investment Committee Charter</li> <li>Pursuant to N.C.G.S. § 147-72.1(d)</li> </ul>



## Limits to Investment Committee Approval Authority

- The objectives for the Investment Committee limits are to:
  - Reserve to the Board “strategic decisions and extraordinary investment decisions” pursuant to N.C.G.S § 147-72.1(d)
  - Provide delegation and accountability to Management on non-strategic and ordinary decisions
- Peers use two main approaches:
  - Complete delegation on transactions, with updates to the Board
  - Quantitative limits per transaction set by asset class and/or manager level
- Recommending that the NCIA utilize both:
  - Principles-based
  - Limits expressed as a percentage of NCIA Fund’s assets



## Investment Committee Approval Limits (1 of 2)

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>



## Investment Committee Approval Limits (2 of 2)

Type	Definition	Limit
Strategic Transition	<ul style="list-style-type: none"> <li>Portfolio inter-asset class reallocations following an Asset Liability Study</li> <li>Board authorized intermediate-term adjustment to equity-bond equivalence positioning</li> </ul>	<ul style="list-style-type: none"> <li>Limited by bounds set out within Board approved Transition Plans</li> </ul>
Interim Rebalancing	<ul style="list-style-type: none"> <li>Portfolio inter-asset class reallocations resulting from the application of interim rebalancing guidelines set out within the IPS</li> <li>Discretionary tactical positioning within those same guidelines</li> </ul>	<ul style="list-style-type: none"> <li>4% of the NCIA Fund's assets</li> </ul>



# Required Board Approvals of Operational Matters

Items for Approval	Comments
The appointment of a master global custodian bank	<ul style="list-style-type: none"> <li>○ Updated agreement in process for 2026</li> </ul>
Annual operating budgets for investment programs	<ul style="list-style-type: none"> <li>○ Annual internal budget may not exceed three basis points of a rolling three-year average of total assets invested by the NCIA</li> </ul>
Market compensation plans	<ul style="list-style-type: none"> <li>○ Mercer reviewing base and potential incentive plan design</li> </ul>
Support provided to Supplemental Retirement Board of Trustees	<ul style="list-style-type: none"> <li>○ An updated IPS with NCIA R&amp;R to be presented to Supplemental Retirement Board of Trustees December 4, 2025</li> </ul>
Ethics-related Policies and Procedures required pursuant to N.C.G.S. § 147-73.2	<ul style="list-style-type: none"> <li>○ NCIA code of ethics includes gift rule, employee fiduciary and ethical training, conflicts of interest management, etc.</li> <li>○ Limitations on placement agents</li> </ul>
Appoints/removes CIO	<ul style="list-style-type: none"> <li>○ Appointed by a majority vote of the Board</li> <li>○ Term of employment and compensation of CIO is set by the Board</li> </ul>
Other Delegations	<ul style="list-style-type: none"> <li>○ Appendix 1: charters and policies delegated to CIO</li> </ul>
Litigation	<ul style="list-style-type: none"> <li>○ Board must approve material litigation before Management can initiate an action (i.e., in excess of \$10MM damages/claims)</li> </ul>



# Charters and Policies Reserved for Board Approval

## Charter or Policy

- Board of Directors Charter
- Investment Committee Charter
- Investment Policy Statements for NCRS and other funds (unless otherwise delegated; e.g., VCMF)
- Ethics and Conduct Policy
- Investment Transaction Disclosure Policy
- Risk Budget Policy (to be developed in 2026 following ALM)

These charters and policies meet the N.C.G.S. requirements found in:

1. § 147-71.2. Duties of the Board of Directors
2. § 147-72.1(d) reserving "...certain strategic decisions and extraordinary investment decisions to the Board..."
3. § 147-73.2. Ethics policies





# Charter and Policy Delegations to CIO\*

## Charter or Policy

- Operating Committee Charter
- Compliance, Risk, and Ethics Committee Charter
- Valuation Committee Charter
- Corporate Governance Committee Charter
- Venture Capital Multiplier Fund (“VCMF”) Investment Policy Statement
- Signatory Authority Policy
- Insider and Personal Trading Policy
- Investment Manager and Vehicle Selection Policy
- Investment Manager and Vehicle Monitoring Policy
- Proxy Voting Guidelines
- Internal Portfolios Trading Policies and Procedures

\*No delegated Charter or Policy may supersede Charters and Policies specifically reserved for Board approval.

## Charter or Policy

- Accounting, Budget, Accounts Payable, Reimbursement, and Invoicing Policies
- Travel, COOP/DR, Procurement, Contracting, and other Administrative Policies
- Human Resource and Rewards Administration Policy
- Information Technology Policy
- Communications Policy
- Ancillary Governmental Participants Investment Program Policy
- Hold Policy for Shareholder Action
- Divestment and Contract Prohibition Policy
- Contractual Provisions for Indemnification and Liability Policy
- Office of Foreign Asset Control (OFAC) Sanctions Compliance Policy
- Securities and Antitrust Litigation Policy
- Confidentiality Policy



## Board Delegations to the CIO through the Charter

1. Managing and directing the NCIA's administrative, personnel, budgeting, legal, operational, risk management, compliance, technology, and investment functions, including, but not limited to the tactical allocation of investment assets necessary to remain within the approved absolute risk operating range set by the Board in accordance with N.C.G.S. § 147-71.2(a)(4);
2. Developing specific individual investment portfolio objectives and policy guidelines, and providing the Board with monthly and quarterly reports of investment activities, liquidity positioning, and key risk indicators;
3. Creating positions and employing staff necessary to assist the CIO and the Board, consistent with the Board approved budget, in carrying out duties and responsibilities pursuant to N.C.G.S. § 147-72.1(c); and
4. Negotiating, renegotiating, and executing contracts with third parties in the performance of the CIO's duties and responsibilities, including those entities authorized in N.C.G.S. § 147-71.2(c), except that contract execution shall only be done after approved by the Board with respect to master global custodian banks, external auditors, and legal services firm to initiate litigation (i.e., the latter with reasonably likely recoveries or damages in excess of \$10,000,000)



## Board Oversight Activities

1. Investment performance and investment manager appointment and termination activities.
2. Investment strategies, policies, and tactical considerations.
3. Asset liability studies.
4. Performance benchmarks and key risk indicators.
5. Audited investment financial statements and audit reports
6. Independent evaluation of governance, operations, and investment practices.
7. Periodic cost-effectiveness studies of the investment programs.



## Board Code of Ethics (Appendix 2 of Charter)

1. The State Ethics Commission has determined that the Board is subject to the State Government Ethics Act (the “Ethics Act”)
2. A Conflict of Interest occurs when:
  - A member takes an action that may provide a reasonably foreseeable financial benefit to the member, the member’s family, or a business or nonprofit with which the member has a financial relationship or serves in a leadership role.
  - When a member takes an action in formal proceedings where the member has a personal, financial, or familial relationship with a participant.
  - A Conflict of Interest includes an actual Conflict of Interest or a potential Conflict of Interest.
3. General Counsel shall be proactively contacted if a member has knowledge of:
  - Conflicts of Interest;
  - Fraud or misconduct;
  - A material error that adversely affects the Funds’ assets or interests;
  - Misrepresentation or omission of material information in reporting and communications; or
  - Violations of laws, rules, or NCIA policies.