

# North Carolina Public School Teachers' and Professional Educators' Investment Plan

## Statement of Investment Policy

September 21~~June 22~~, 2017

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investment options offered and report back to the Board of Trustees. IMD will prepare a quarterly report for the Investment Subcommittee to review each investment option.

Monitoring will be done on a regular basis by IMD (including between quarterly meetings) to determine whether the investment options offered under the Program are performing at a satisfactory level or to determine if an investment option should be placed in “Watch” status and added to the watch list, as follows:

The Board or the Investment Subcommittee may approve placing an investment option on the watch list or terminating an investment option for any reason, including but not limited to the following:

- A change in portfolio management personnel or senior executives of the investment manager or change in the ownership of the firm;
- A change in investment process or style drift;
- A violation of the rules or regulations of a governmental entity or self-regulatory organization;
- Any other circumstance regarding the investment option that the Board determines is in conflict with this Statement of Investment Policy or the best interests of the Program;
- Violation of the terms of the contract with the Board; and/or
- Restructuring of an investment option.

In addition, the Board may consider other factors, such as general economic and financial market conditions and trends or the structure of investment options, in evaluating a particular investment option’s viability within the Plan. Should an investment option fail to satisfy its performance criteria, or should the Board have some other concern about the investment option, the Board may approve any or all of the following actions:

- Establish a probationary period during which any area of concern will be assessed and, if necessary, corrected;
- Replace the Investment Manager with another investment option for the mandate; and
- Terminate the investment option.

Failure by an investment option to achieve the three-year performance objectives established by the Board over four (4) consecutive quarters shall cause that investment option to be placed on a “watch list.” An investment option may also be placed on watch within a lesser period if the investment option’s strategy has deviated from the objective of the mandate or violated another evaluation criterion in this section. The watch period will be