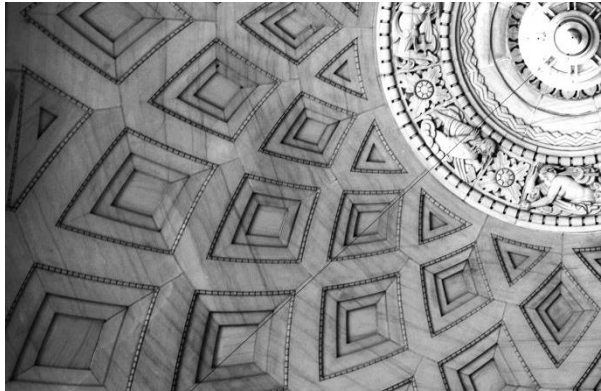




ARCHITECTS OF INVESTMENT SOLUTIONS



**State of North Carolina**

AUGUST 26, 2021

# STATE OF NORTH CAROLINA

## TABLE OF CONTENTS

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<b>SECTION I:</b>	Galliard Capital Management Firm Update
<b>SECTION II:</b>	State of North Carolina Stable Value Portfolio Review
<b>SECTION III:</b>	Investment Manager Performance & Positioning

## SECTION I

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# GALLIARD CAPITAL MANAGEMENT

## WELLS FARGO ASSET MANAGEMENT SALE

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### GALLIARD AND PARENT COMPANY WELLS FARGO ASSET MANAGEMENT IN THE NEWS

- February 23<sup>rd</sup> – Wells Fargo announces it has reached an agreement to sell Wells Fargo Asset Management (WFAM) and all related legal entities (including Galliard)
- Buyers are 2 private equity firms: GTCR LLC and Reverence Capital Partners. Wells Fargo will also keep a 9.9% stake.
- Deal was valued at \$2.1 billion and scheduled to close before end of 2021.
- **Galliard brand, investment team and process, executive management and client experience will stay the same.**
- July 26th – WFAM will become Allspring Global Investments at close of deal
  - Joe Sullivan, named Executive Chairman of the Allspring Board at the announcement of the sale this spring, will also become CEO, replacing Nico Marias, who is retiring
- Wells Fargo collective funds will transition to new trustee and have name change at a date later than closing of the sale.

### CLIENT IMPACT?

- Will be minimal
  - Galliard name remains
  - Consent letter process to acknowledge the change in ownership done this spring/early summer. Collective fund holders will get additional communication later this fall on that trustee transition

# GALLIARD CAPITAL MANAGEMENT

## WHO WE ARE

# \$92.5 B

TOTAL AUM

# \$75.5 B

TOTAL STABLE VALUE AUM

# 80+

STABLE VALUE SEPARATE  
ACCOUNTS

# 100

EMPLOYEES ON STAFF

Offer **separate account** and **collective fund**  
solutions for clients

# 205+

INSTITUTIONAL CLIENTS

CLIENT RELATIONSHIP TENURE



**~87%** of our clients have worked  
with Galliard for greater than **5 years**

**46** of those relationships exceed  
**15 years** with Galliard

### CLIENT TYPES

- Corporate
- Public Entities
- Taft-Hartley
- Operating Funds
- Healthcare
- Insurance Reserves
- Foundations / Endowments

FORTUNE 100 / 500

**21** Fortune 100 clients; **57** Fortune 500 clients

# 25 YEARS

OF EXCLUSIVE  
FOCUS ON

**FIXED INCOME & STABLE VALUE**

**Senior Professionals**  
**Average Years of Experience:**

Stable value strategy and contract – **23**

Stable value and contract – **23**

Fixed income portfolio management – **20**

Galliard is one of the **largest** managers  
of stable value assets<sup>1</sup>

<sup>1</sup> *Pension & Investments May 31, 2021 edition, data  
as of December 31, 2020; Total assets 'ranked' are  
managed by Galliard and reported under WFAM*

## SECTION II

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# STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

## PORTFOLIO CHARACTERISTICS

### STATE OF NORTH CAROLINA STABLE VALUE FUND

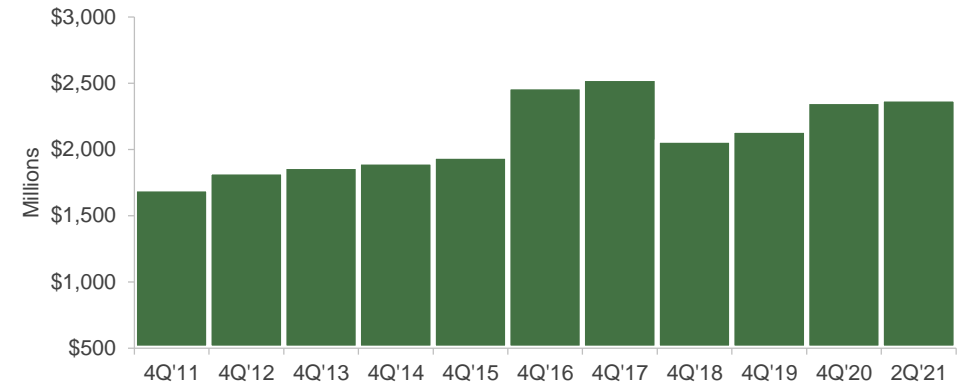
#### ACCOUNT SUMMARY

<b>Benchmark</b>	ICE BofAML US 3-Month Tsy Bill Index+150 bps, 3 Year Constant Maturity Treasury
<b>Galliard Inception Date</b>	December 1, 2010
<b>Net Asset Value</b>	\$2,381,363,914

#### PORTFOLIO CHARACTERISTICS

	Portfolio 3/31/21	Portfolio 6/30/21
<b>Average Quality - Book Value<sup>1</sup></b>	A+	A+
<b>Average Quality - Market Value<sup>2</sup></b>	AA	AA
<b>Number of Contract Issuers</b>	5	5
<b>Blended Yield (after all fees)<sup>3</sup></b>	2.03%	1.71%
<b>Yield to Maturity</b>	1.01%	0.93%
<b>Effective Duration</b>	3.25 years	3.20 years
<b>Market/Book Value Ratio</b>	103.13%	103.36%

#### HISTORICAL FUND ASSETS



#### PORTFOLIO DISTRIBUTION

	% Portfolio 3/31/21	% Portfolio 6/30/21
<b>Liquidity Buffer: Cash &amp; Equivalents<sup>4</sup></b>	2.0	2.7
<b>Short Portfolio</b>	33.2	32.8
<b>Intermediate Portfolio</b>	64.8	64.5
<b>Total</b>	<b>100.0%<sup>5</sup></b>	<b>100.0%<sup>5</sup></b>

1: Average holdings quality of the contracts and other book value assets in the portfolio. The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

2: Average holdings quality of the underlying assets of the portfolio. The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

3: Blended Yield is net of all fees, including book value contract fees, Galliard investment management fees, and, if applicable, external manager fees, Wells Fargo collective fund administrative fees, and plan administrative reimbursement.

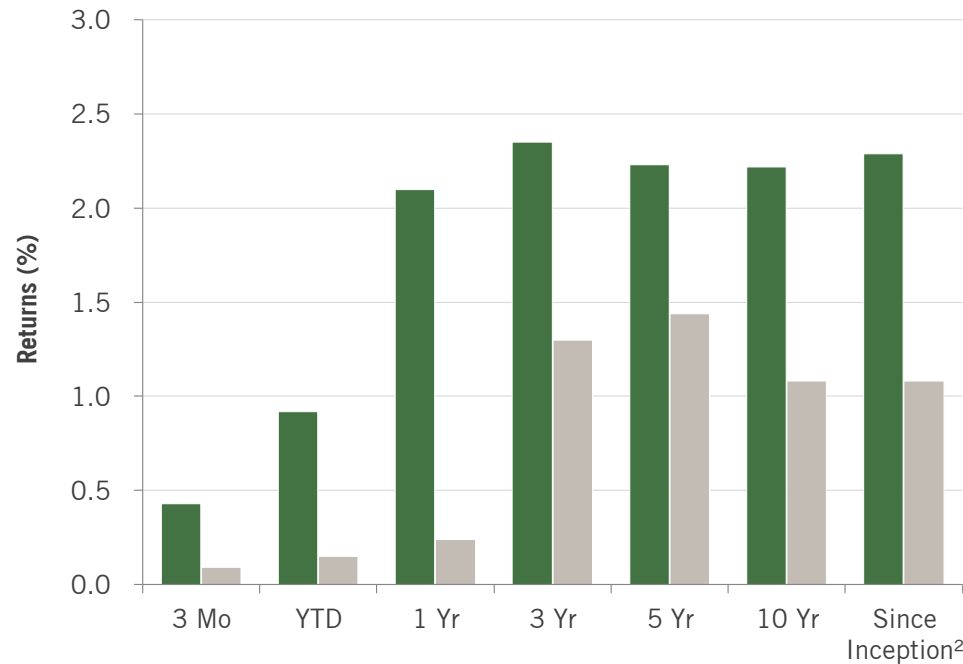
4: Includes Receivables and Payables.

5: Total % of portfolio may not add to 100% due to rounding.

## STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

### ANNUALIZED INVESTMENT PERFORMANCE

#### ANNUALIZED INVESTMENT PERFORMANCE AS OF 6/30/21<sup>1</sup>



	3 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception <sup>2</sup>
State of North Carolina Stable Value Fund (net of all fees - NAV level) <sup>3</sup>	0.43	0.92	2.10	2.35	2.23	2.22	2.29
3 Year Constant Maturity Treasury Yield	0.09	0.15	0.24	1.30	1.44	1.08	1.08
ICE BofA U.S. 3-Month Treasury Bill Index + 150 bps	0.38	0.78	1.61	2.87	2.70	2.15	2.12
<b>Value Added (net of all fees - NAV level)<sup>4</sup></b>	<b>0.34</b>	<b>0.77</b>	<b>1.86</b>	<b>1.05</b>	<b>0.76</b>	<b>1.14</b>	<b>1.21</b>

1: Returns for periods of less than one year are not annualized.

2: Returns are net of all fees, including book value contract fees, Galliard investment management fees, and, if applicable, external managers fees, Wells Fargo collective fund administrative fees, and plan administrative reimbursement

3: Galliard assumed management of this portfolio on December 1, 2010. Performance for periods referenced prior to this date include historical performance of another investment advisor.

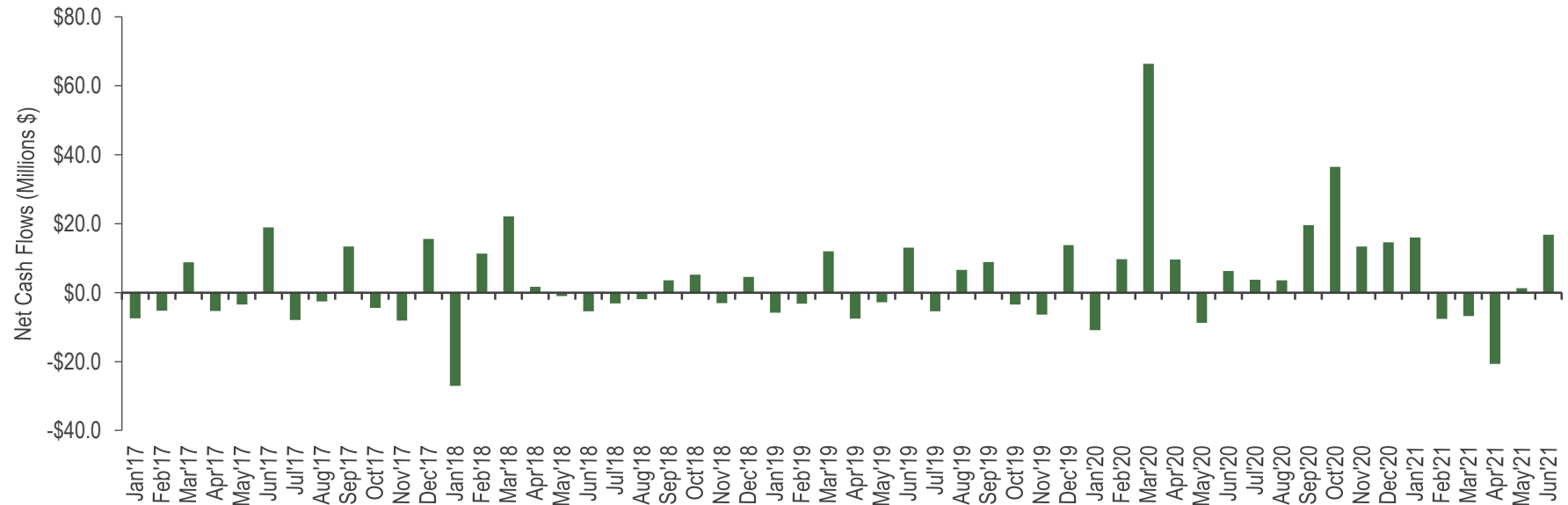
4: May not add due to rounding.



## STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

### HISTORICAL CASHFLOWS

#### HISTORICAL CASHFLOWS



	2017	2018	2019	2020	1Q'21	2Q'21	2021 YTD
Beginning Assets	\$2,472.8	\$2,535.1	\$2,069.8	\$2,143.4	\$2,360.5	\$2,373.6	\$2,360.5
Net Cash Flow (\$)¹	\$12.2	\$6.9³	\$19.8	\$163.5	\$1.5	-\$2.6	-\$1.2
Net Cash Flow (%)	0.49%	0.27%	0.95%	7.63%	0.06%	-0.11%	-0.05%
Estimated Investment Earnings	\$50.1	\$51.6	\$53.9	\$53.5	\$11.6	\$10.4	\$22.0
Ending Assets²	\$2,535.1	\$2,069.8	\$2,143.4	\$2,360.5	\$2,373.6	\$2,381.4	\$2,381.4

1: Contributions, Withdrawals and Investment Transfers

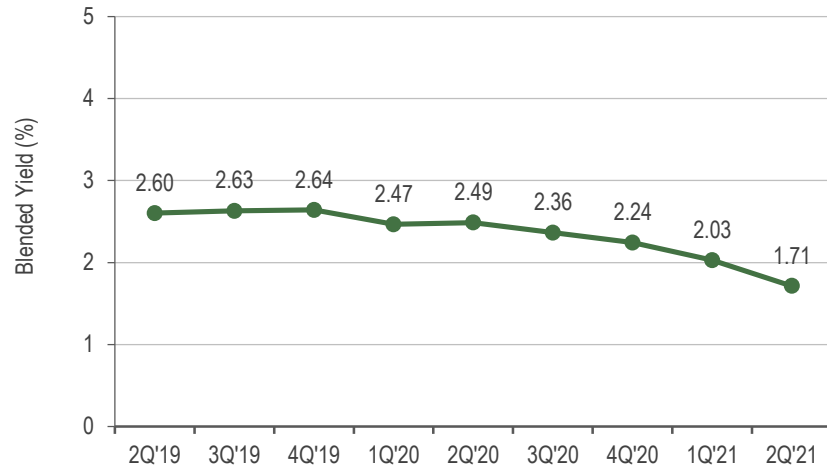
2: Cashflows may not net to final assets due to rounding.

3: Excludes Prudential GoalMaker withdrawal of approximately \$523.8 M on 6/8/18 for illustrative purposes.

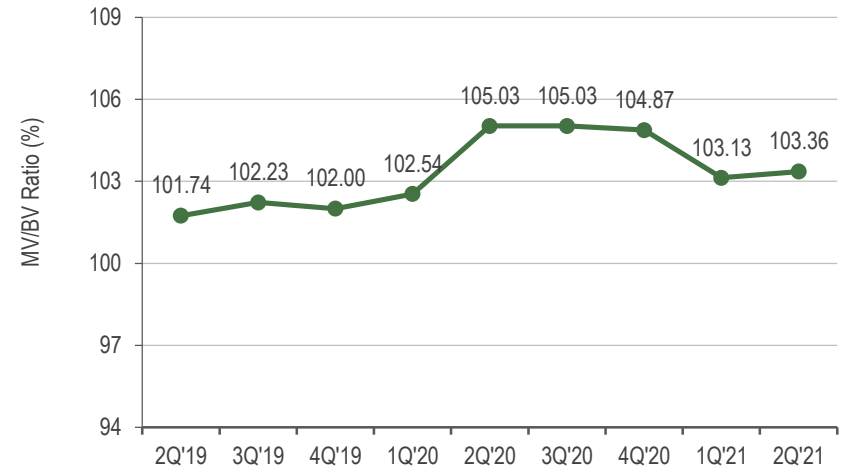
# STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

## HISTORICAL STATS

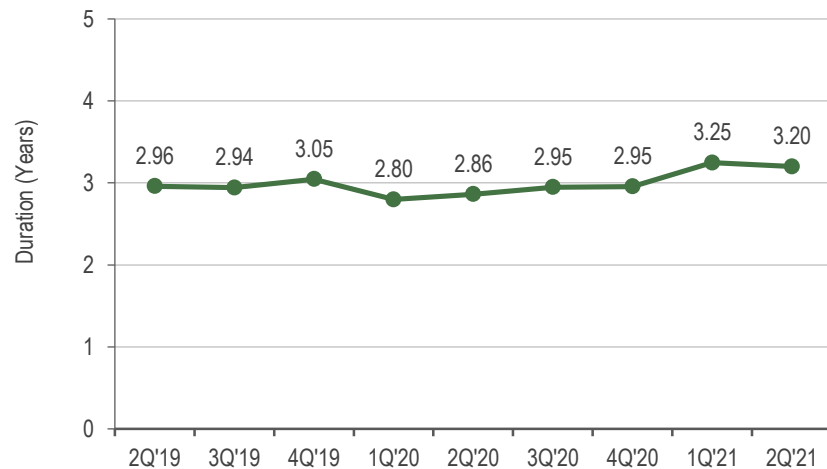
**HISTORICAL BLENDED YIELD<sup>1</sup>**



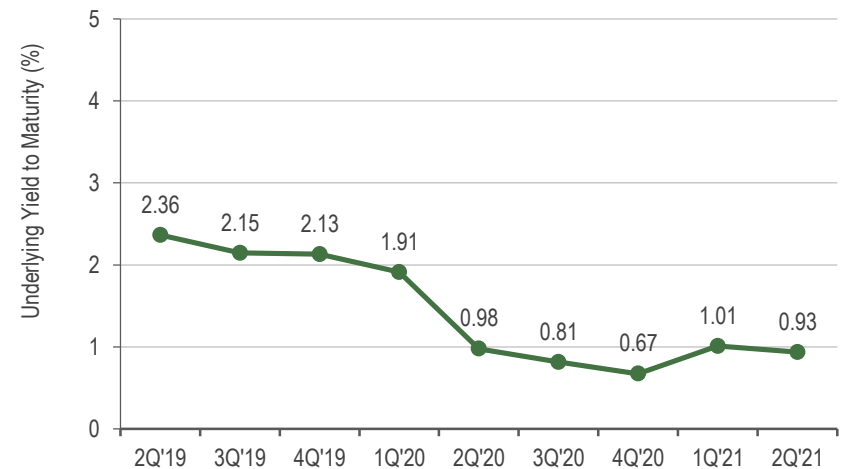
**HISTORICAL MARKET VALUE TO BOOK VALUE RATIO**



**HISTORICAL DURATION**



**HISTORICAL UNDERLYING YIELD TO MATURITY**



1: Blended Yield is net of all fees, including book value contract fees, Galliard investment management fees, and, if applicable, external manager fees, Wells Fargo collective fund administrative fees, and plan administrative reimbursement.

# STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

## CONTRACT ISSUERS

### CONTRACT ISSUER DISTRIBUTION & RATING SUMMARY<sup>1</sup>

	Contract Type <sup>2</sup>	% Portfolio 3/31/21	% Portfolio 6/30/21	Rating 3/31/21	Rating 6/30/21	Wrap fees (bps) 3/31/21	Wrap fees (bps) 6/30/21
American General Life Ins. Co.	SBIC	19.6	19.4	A+	A+	15	15
Metropolitan Life Ins. Co.	SAGIC	10.4	10.3	AA-	AA-	17	17
Nationwide Life Ins. Co.	SBIC	20.5	20.3	A+	A+	15	15
Prudential Ins. Co. of America	SBIC	24.5	24.4	AA-	AA-	16	16
Transamerica Life Ins. Co.	SBIC	23.1	22.9	A+	A+	15	15

1: The quality rating shown represents the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

2: SBIC = Security Backed Investment Contract. SAGIC = Separate Account GIC

# STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

## CONTRACT ISSUER CREDIT REVIEW PROCESS

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### OVERSIGHT

#### Galliard Credit Working Group

- **MEMBERSHIP**: includes all analysts and traders from both the Credit Sector Team and Structured Sector Team
- Reports contract issuer credit oversight to Galliard's Stable Value Strategy Committee

### CREDIT REVIEW PROCESS

#### Approved Issuer List

- The Credit Working Group maintains an approved list of contract issuers on an ongoing basis
- All contracts used in stable value accounts must be written by an approved issuer

#### Credit Working Group Review, Approval & Monitoring

- Meets monthly to review issuer credit quality and firm-wide exposure to approved contract issuers
- Oversees analysts' due diligence and formal credit reviews for each issuer
- Fundamental analysis of issuers includes:
  - Financial statements and ratios
  - Business model and product mix
  - Industry, economic, and regulatory environment
  - Regulatory ratios
  - Ratings agency analysis
  - Other third party research services (e.g. ALIRT, SNL)
  - Periodic due diligence calls and/or on-site visits

## STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW HOLDINGS

Asset ID	Security Description	Contract <sup>1</sup> Type	Manager	Book Value (\$)	Market Value (\$)	Market/Book Value Ratio (%)	% of Portfolio	Crediting Rate (%) <sup>2</sup>	UCA Yield (%)	Effective Duration (yrs)	Galliard Composite Rating	Wrap Fees (bps)
<b>LIQUIDITY BUFFER</b>												
	Cash Receivable / (Payable)			-1,411,639	-1,411,639	100.0	-0.1	0.08	0.08	0.10	AAA	
9983008\$P	WF/BlackRock Short Term Investment Fund S			65,663,278	65,663,278	100.0	2.8	0.08	0.08	0.10	AAA	
<b>TOTAL LIQUIDITY BUFFER</b>				64,251,638	64,251,638	100.0	2.7	0.08	0.08	0.10	AAA	
<b>SHORT PORTFOLIO</b>												
946996EE1	American General Life Ins. Co.	SBIC	Galliard	174,105,392	179,434,997	103.1	7.3	1.70	0.55	1.88	A+	15.0
896994GW4	Nationwide Life Ins. Co.	SBIC	Galliard	181,607,931	186,238,801	102.5	7.6	1.60	0.55	1.88	A+	15.0
744999CV3	Prudential Ins. Co. of America	SBIC	Galliard	219,171,920	228,657,333	104.3	9.2	2.27	0.55	1.88	AA-	16.0
600996QF2	Transamerica Life Ins. Co.	SBIC	Galliard	205,215,697	212,150,834	103.4	8.6	1.79	0.55	1.88	A+	15.0
<b>TOTAL SHORT PORTFOLIO</b>				780,100,940	806,481,965	103.4	32.8	1.86	0.55	1.88	A+	

1: SAGIC = Separate Account GIC. SBIC = Security Backed Investment Contract.  
2: Crediting rates are net of wrap fees and any other fees being netted out of the rates.

## STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

### HOLDINGS

Asset ID	Security Description	Contract <sup>1</sup> Type	Manager	Book Value (\$)	Market Value (\$)	Market/Book Value Ratio (%)	% of Portfolio	Crediting Rate (%) <sup>2</sup>	UCA Yield (%)	Effective Duration (yrs)	Galliard Composite Rating	Wrap Fees (bps)
<b>INTERMEDIATE PORTFOLIO</b>												
590994VM8	Metropolitan Life Ins. Co.	SAGIC	Dodge & Cox	245,354,611	255,386,942	104.1	10.3	2.18	1.32	3.77	AA-	17.0
946996EE1	American General Life Ins. Co.	SBIC	Galliard	26,241,363	27,044,647	103.1	1.1	1.70	1.17	3.85	A+	15.0
946996EE1	American General Life Ins. Co.	SBIC	TCW	52,384,342	53,987,899	103.1	2.2	1.70	0.97	3.71	A+	15.0
946996EE1	American General Life Ins. Co.	SBIC	Jennison Assoc.	51,895,525	53,484,118	103.1	2.2	1.70	0.90	3.98	A+	15.0
946996EE1	American General Life Ins. Co.	SBIC	Payden & Rygel	51,029,762	52,591,853	103.1	2.1	1.70	1.23	4.19	A+	15.0
946996EE1	American General Life Ins. Co.	SBIC	PGIM	107,428,989	110,717,538	103.1	4.5	1.70	1.37	4.53	A+	15.0
896994GW4	Nationwide Life Ins. Co.	SBIC	Galliard	139,018,402	142,563,270	102.5	5.8	1.60	1.17	3.85	A+	15.0
896994GW4	Nationwide Life Ins. Co.	SBIC	Jennison Assoc.	54,122,308	55,502,387	102.5	2.3	1.60	0.90	3.98	A+	15.0
896994GW4	Nationwide Life Ins. Co.	SBIC	Payden & Rygel	54,387,778	55,774,627	102.5	2.3	1.60	1.23	4.19	A+	15.0
896994GW4	Nationwide Life Ins. Co.	SBIC	TCW	54,354,401	55,740,398	102.5	2.3	1.60	0.97	3.71	A+	15.0
744999CV3	Prudential Ins. Co. of America	SBIC	Galliard	89,295,304	93,159,863	104.3	3.7	2.27	1.17	3.85	AA-	16.0
744999CV3	Prudential Ins. Co. of America	SBIC	PGIM	75,784,326	79,064,152	104.3	3.2	2.27	1.37	4.53	AA-	16.0
744999CV3	Prudential Ins. Co. of America	SBIC	TCW	66,122,044	68,983,701	104.3	2.8	2.27	0.97	3.71	AA-	16.0
744999CV3	Prudential Ins. Co. of America	SBIC	Jennison Assoc.	63,871,556	66,635,816	104.3	2.7	2.27	0.90	3.98	AA-	16.0
744999CV3	Prudential Ins. Co. of America	SBIC	Payden & Rygel	66,162,526	69,025,935	104.3	2.8	2.27	1.23	4.19	AA-	16.0
600996QF2	Transamerica Life Ins. Co.	SBIC	Galliard	98,916,408	102,259,227	103.4	4.2	1.79	1.17	3.85	A+	15.0
600996QF2	Transamerica Life Ins. Co.	SBIC	Payden & Rygel	61,662,320	63,746,160	103.4	2.6	1.79	1.23	4.19	A+	15.0
600996QF2	Transamerica Life Ins. Co.	SBIC	Jennison Assoc.	60,521,056	62,566,327	103.4	2.5	1.79	0.90	3.98	A+	15.0
600996QF2	Transamerica Life Ins. Co.	SBIC	PGIM	58,122,161	60,086,363	103.4	2.4	1.79	1.37	4.53	A+	15.0
600996QF2	Transamerica Life Ins. Co.	SBIC	TCW	60,336,154	62,375,177	103.4	2.5	1.79	0.97	3.71	A+	15.0
<b>TOTAL INTERMEDIATE PORTFOLIO</b>				1,537,011,336	1,590,696,400	103.5	64.5	1.91	1.16	3.99	A+	
<b>TOTAL PORTFOLIO</b>				<b>2,381,363,914</b>	<b>2,461,430,003</b>	<b>103.4</b>	<b>100.0</b>	<b>1.84</b>	<b>0.93</b>	<b>3.20</b>	<b>A+</b>	

1: SAGIC = Separate Account GIC. SBIC = Security Backed Investment Contract.

2: Crediting rates are net of wrap fees and any other fees being netted out of the rates.

## STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

### EXPENSES

#### TOTAL ANNUAL FUND OPERATING EXPENSES

Total Annual Operating Expenses are deducted directly from the Fund's net asset value and reduce the investment option's rate of return.

Expense	Expense Ratio 6/30/21	Per \$1000	Est. Annual Revenue
Investment Management Fees paid to Galliard	0.059%	\$0.59	\$1,395,977
Investment Management fees paid to Non-Affiliated Investment Advisors	0.056%	\$0.56	\$1,325,302
Investment Contract Fees <sup>1</sup>	0.150%	\$1.50	\$3,582,780
Acquired Fund Fees <sup>2</sup>	0.002%	\$0.02	\$52,531
-Investment Contract Fees	None	None	None
-Other Acquired Fund Fees and Non-Affiliated Investment Management Fees paid to Non-Affiliated Investment Advisors <sup>3</sup>	0.002%	\$0.02	\$52,531
12b-1 Distribution Fee	None	None	None
Other Expenses <sup>4</sup>	0.027%	\$0.27	\$638,206
Total Annual Fund Operating Expenses <sup>5</sup>	<b>0.294%</b>	<b>\$2.94</b>	<b>\$6,994,796</b>

1: These are fees paid to create and maintain the investments used by a stable value fund.

2: These are fees borne indirectly by the Fund when it acquires an interest in another fund which pays its own separate fees.

3: Includes audit fees for the cost of producing a report by a qualified auditor.

4: NC's Administrative fee of 0.025% is included in Other Expenses.

5: Total Annual Fund Operating Expenses are reflected daily in the Fund's net asset value (NAV).

Excluding STIF or money market allocations, non-affiliated investment advisors include Dodge & Cox , Jennison Assoc., Payden & Rygel, PGIM, TCW.

## SECTION III

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## STATE OF NORTH CAROLINA STABLE VALUE FUND

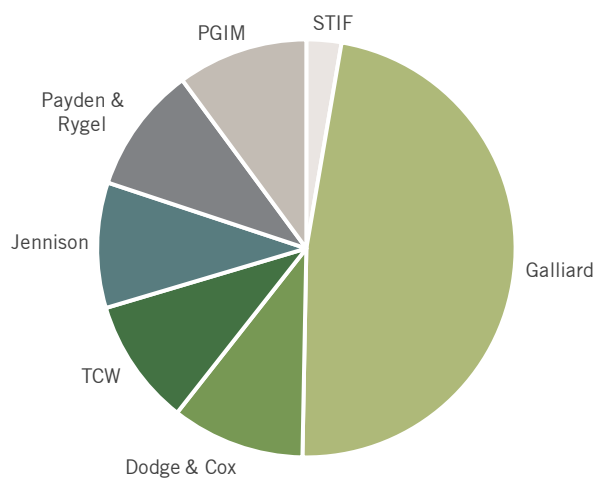
### MANAGER STYLES

	Investment Approach	Sector Rotation	Active Duration/ Yield Curve Mgmt.	Issue Selection	SECTOR EMPHASIS
<b>GALLIARD</b>	 Bottom Up    Top Down	 Low    High	 Low    High	 Less Important    More Important	Diversified high quality spread sector emphasis, multi-sector relative value
<b>DODGE &amp; COX</b>	 Bottom Up    Top Down	 Low    High	 Low    High	 Less Important    More Important	Corporate credit, Agency MBS
<b>TCW</b>	 Bottom Up    Top Down	 Low    High	 Low    High	 Less Important    More Important	Duration, multi-sector relative value
<b>JENNISON</b>	 Bottom Up    Top Down	 Low    High	 Low    High	 Less Important    More Important	Credit, yield-curve positioning
<b>PAYDEN &amp; RYGEL</b>	 Bottom Up    Top Down	 Low    High	 Low    High	 Less Important    More Important	Corporate credit, structured credit, multi-sector relative value
<b>PGIM</b>	 Bottom Up    Top Down	 Low    High	 Low    High	 Less Important    More Important	Multi-sector relative value, Agency MBS, global focus

## STATE OF NORTH CAROLINA STABLE VALUE FUND

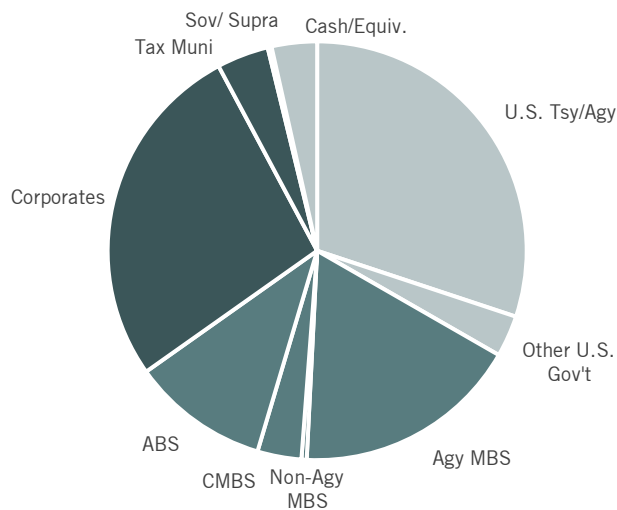
### PORTFOLIO AS OF 6/30/21

#### MANAGER ALLOCATION



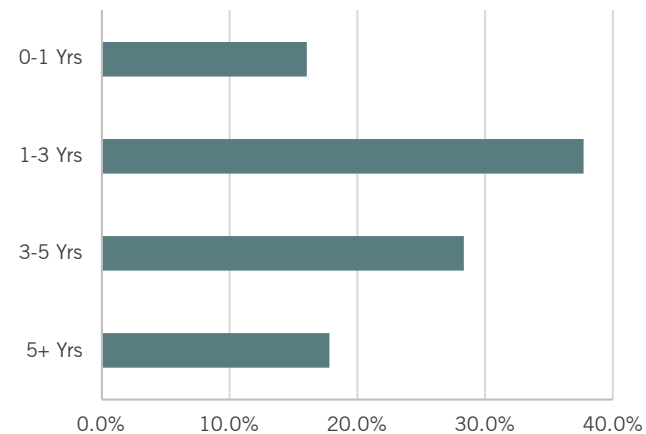
STIF	2.7%
Galliard	47.6%
Dodge & Cox	10.3%
TCW	9.8%
Jennison	9.7%
Payden & Rygel	9.8%
PGIM	10.1%
<b>TOTAL EXT. MANAGER</b>	<b>49.7%</b>
<b>TOTAL PORTFOLIO</b>	<b>100%</b>

#### UNDERLYING FIXED INCOME SECTOR ALLOCATION



U.S. Tsy/Agy	30.1%
Other U.S. Gov't	3.2%
Agy MBS	17.5%
Non-Agy MBS	0.4%
CMBS	3.4%
ABS	10.6%
Corporates	27.0%
Tax Muni	4.0%
Sov/ Supra	0.3%
Cash/Equiv.	3.5%

#### UNDERLYING DURATION DISTRIBUTION



0-1 Yrs	16.1%
1-3 Yrs	37.7%
3-5 Yrs	28.4%
5+ Yrs	17.8%

# STATE OF NORTH CAROLINA STABLE VALUE FUND

## MARKET VALUE PERFORMANCE SUMMARY AS OF 6/30/21<sup>1</sup>

	3 Month	YTD	1 Year	3 Year	5 Year	Since Inception	Inception Date
<b>SHORT DURATION</b>							
Galliard (before fees)	0.24	0.04	0.88	3.47	-	3.40	6/1/2018
Bloomberg Barclays U.S. 1-3 Yr. Government/Credit	0.04	0.00	0.44	2.96	-	2.88	
<b>Value Added<sup>2</sup></b>	<b>0.20</b>	<b>0.04</b>	<b>0.44</b>	<b>0.51</b>	<b>-</b>	<b>0.52</b>	
<b>INTERMEDIATE DURATION</b>							
Dodge & Cox (before fees)	0.97	(0.62)	1.55	5.18	3.31	3.20	3/1/2015
Bloomberg Barclays U.S. Intermediate Aggregate	0.78	(0.84)	0.05	4.41	2.53	2.64	
<b>Value Added<sup>2</sup></b>	<b>0.19</b>	<b>0.22</b>	<b>1.50</b>	<b>0.77</b>	<b>0.78</b>	<b>0.56</b>	
Galliard (before fees)	1.07	(0.41)	1.14	5.04	-	4.90	6/1/2018
Bloomberg Barclays U.S. Intermediate Aggregate	0.78	(0.84)	0.05	4.41	-	4.28	
<b>Value Added<sup>2</sup></b>	<b>0.29</b>	<b>0.43</b>	<b>1.09</b>	<b>0.63</b>	<b>-</b>	<b>0.62</b>	
Jennison (before fees) <sup>3</sup>	0.91	(1.05)	0.01	5.25	3.15	5.16	5/1/2018
Bloomberg Barclays U.S. Intermediate Govt/Credit	0.98	(0.90)	0.19	4.70	2.63	4.62	
<b>Value Added<sup>2</sup></b>	<b>(0.07)</b>	<b>(0.15)</b>	<b>(0.18)</b>	<b>0.55</b>	<b>0.52</b>	<b>0.54</b>	
Payden & Rygel (before fees)	0.94	(0.56)	1.01	4.83	3.19	2.59	7/1/2009
Bloomberg Barclays U.S. Intermediate Aggregate <sup>4</sup>	0.78	(0.84)	0.05	4.41	2.73	2.07	
<b>Value Added<sup>2</sup></b>	<b>0.16</b>	<b>0.28</b>	<b>0.96</b>	<b>0.40</b>	<b>0.46</b>	<b>0.52</b>	
PGIM (before fees)	1.06	(0.72)	1.21	4.94	3.08	3.40	2/1/2016
Bloomberg Barclays U.S. Intermediate Aggregate	0.78	(0.84)	0.05	4.41	2.53	2.80	
<b>Value Added<sup>2</sup></b>	<b>0.28</b>	<b>0.09</b>	<b>1.16</b>	<b>0.53</b>	<b>0.55</b>	<b>0.60</b>	
TCW (before fees)	0.87	(0.62)	1.12	5.26	-	5.17	6/1/2018
Bloomberg Barclays U.S. Intermediate Govt/Credit	0.98	(0.90)	0.19	4.70	-	4.54	
<b>Value Added<sup>2</sup></b>	<b>(0.11)</b>	<b>0.28</b>	<b>0.93</b>	<b>0.56</b>	<b>-</b>	<b>0.63</b>	

1: Returns for periods of less than one year are not annualized.

2: May not add due to rounding.

3: Performance inception: May 1, 2018. Prior to May 1, 2018 returns are linked to Wells Fargo Fixed Income Fund N (Jennison)

4: Linked Benchmark: Bloomberg Barclays U.S. Intermediate Aggregate Bond Index. Prior to Jun 1, 2018 benchmark was Bloomberg Barclays U.S. 1-3 Year Government/Credit Bond Index.

## STATE OF NORTH CAROLINA STABLE VALUE FUND

### PERFORMANCE COMMENTARY – EXCESS RETURN

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#### **GALLIARD SHORT** +20 Q2 2021

- Overweight to the spread sectors drove outperformance
- Allocations to ABS and Agency RMBS proved particularly beneficial
- Overweight to 3-5 year part of the yield curve also helped, as intermediate maturities rallied during the quarter
- There were no material detractors over the period.

#### **GALLIARD INTERMEDIATE** +29 Q2 2021

- Overweight to spread sectors drove outperformance
- An allocation to SBA securitizations proved particularly beneficial, as did security selection in Agency RMBS
- Security selection in corporates detracted modestly, as higher quality names underperformed

#### **DODGE & COX** +19 Q2 2021

- The portfolio's overweight to Corporates and security selection in the sector contributed positively to performance over the quarter
- The impact of security selection within Agency RMBS also added to relative performance

#### **JENNISON** -7 Q2 2021

- Although the overweight to Corporates added to performance, the higher quality bias in the sector had an offsetting effect
- Duration and yield curve positioning detracted from performance over the quarter

#### **PAYDEN & RYGEL** +15 Q2 2021

- The portfolio's overweight to Corporates and underweight to Agency RMBS were the primary drivers of positive performance for the quarter
- A slight duration underweight relative to the benchmark detracted slightly from performance

#### **PGIM** +28 Q2 2021

- Sector allocations were the primary driver of performance as the overweight to Corporates and CMBS along with the underweight to Agency RMBS all contributed positively
- Security selection decisions in Agency RMBS and Corporates also added to relative performance

#### **TCW** -11 Q2 2021

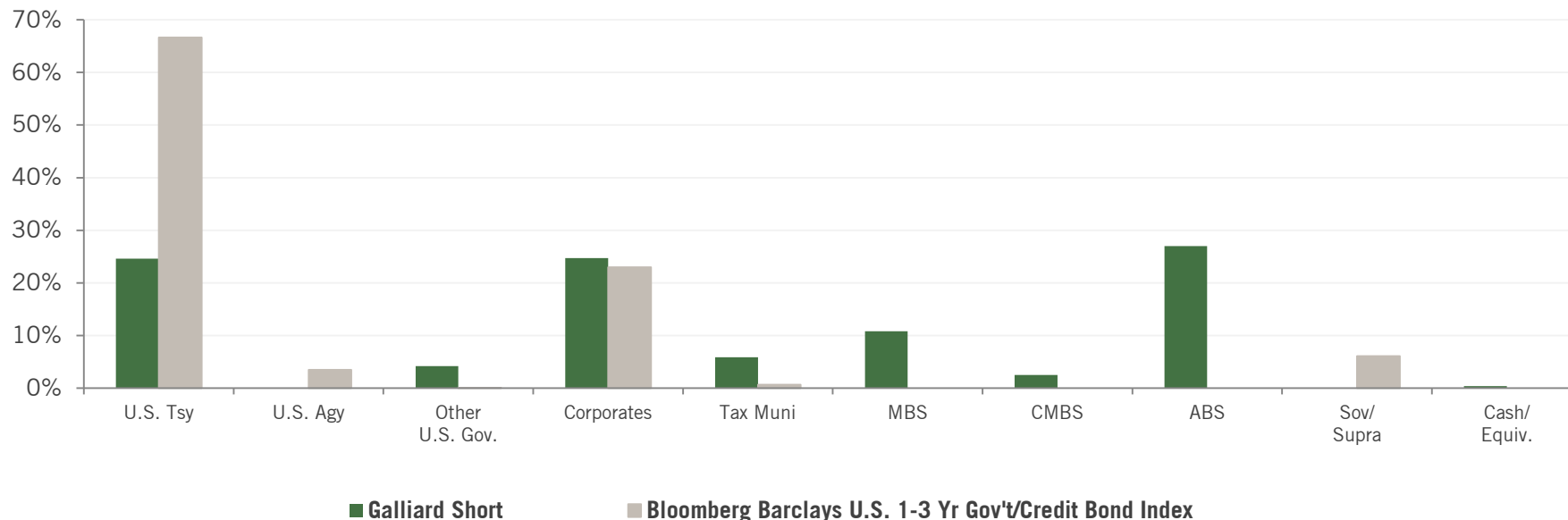
- The portfolio's underweight to Corporates detracted from performance over the quarter; the impact of security selection in Corporates was also negative
- On the structured side, the out-of-benchmark allocation to CMBS contributed positively while the Agency RMBS detracted slightly from relative performance

Before fees.

## STATE OF NORTH CAROLINA STABLE VALUE FUND

### SHORT DURATION PORTFOLIO AS OF 6/30/21

#### BLOOMBERG BARCLAYS U.S. 1-3 YEAR GOVERNMENT/CREDIT BOND INDEX



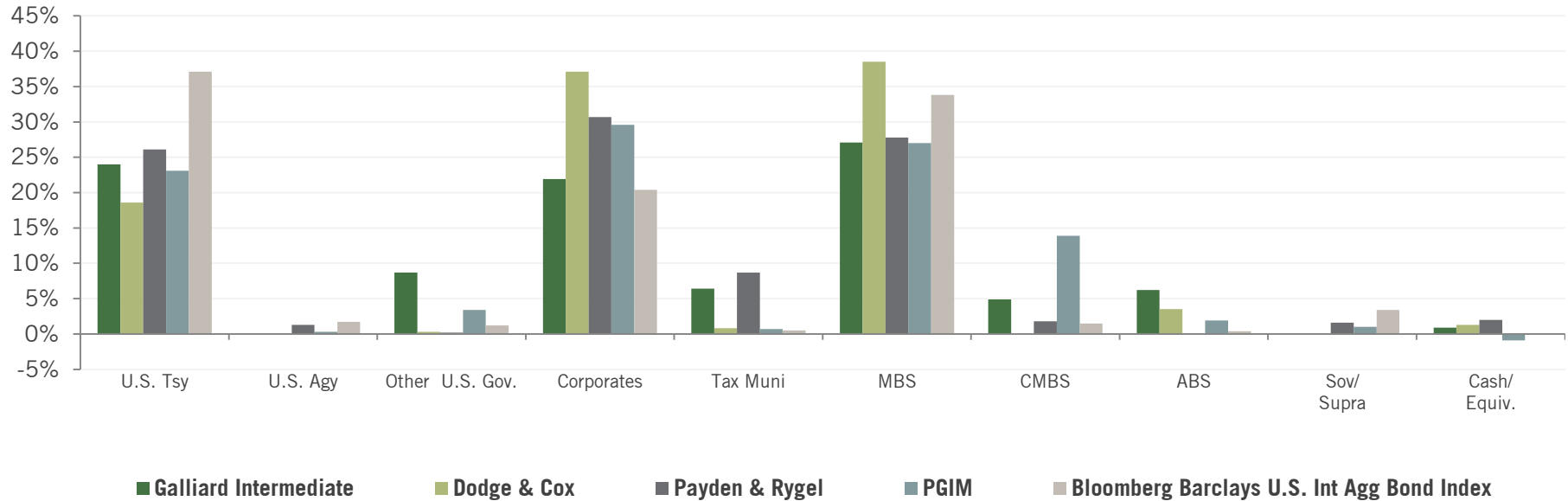
Characteristic	Galliard Short	Bloomberg Barclays U.S. 1-3 Yr Gov't/ Credit Bond Index
Weighted Average Quality <sup>1</sup>	AA	AA+
Effective Duration	1.88 Yrs	1.86 Yrs
Yield to Maturity	0.55%	0.36%

1: The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

## STATE OF NORTH CAROLINA STABLE VALUE FUND

### INTERMEDIATE DURATION PORTFOLIOS AS OF 6/30/21

#### BLOOMBERG BARCLAYS U.S. INTERMEDIATE AGGREGATE BOND INDEX



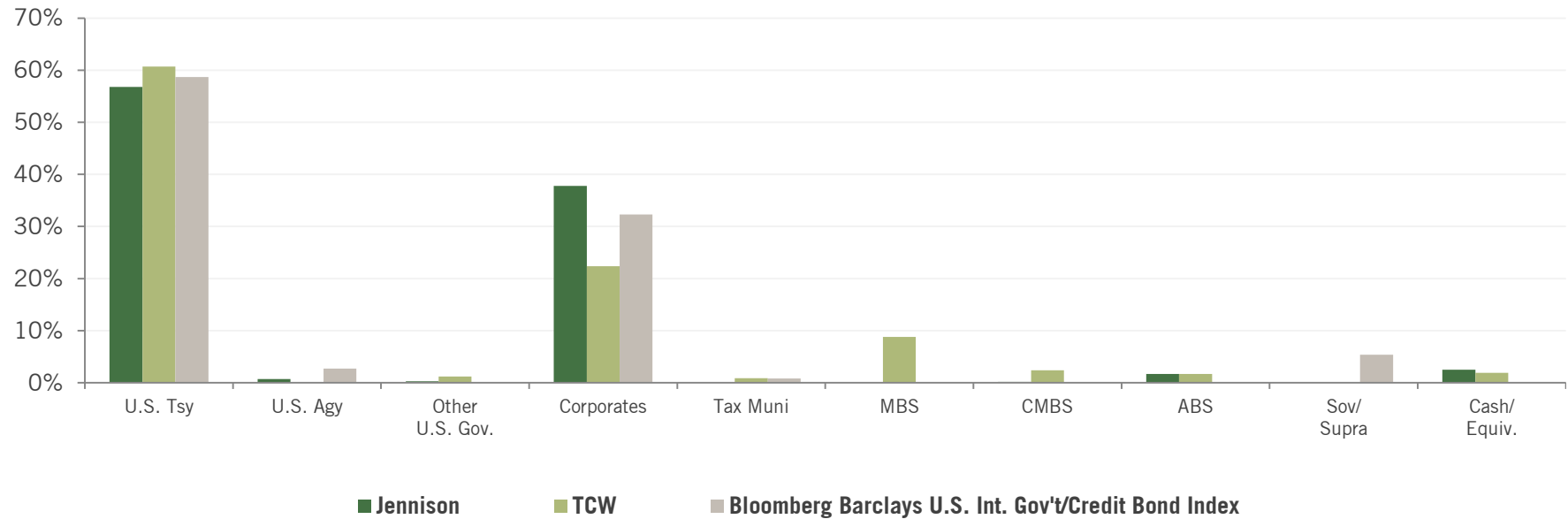
Characteristic	Galliard Intermediate	Dodge & Cox	Payden & Rygel	PGIM	Bloomberg Barclays U.S. Int Agg Bond Index
Weighted Average Quality <sup>1</sup>	AA+	AA-	AA	AA-	AA+
Effective Duration	3.85 Yrs	3.77 Yrs	4.19 Yrs	4.53 Yrs	4.15 Yrs
Yield to Maturity	1.17%	1.32%	1.23%	1.37%	1.23%

1: The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

## STATE OF NORTH CAROLINA STABLE VALUE FUND

### INTERMEDIATE DURATION PORTFOLIOS AS OF 6/30/21

#### BLOOMBERG BARCLAYS U.S. INTERMEDIATE GOVERNMENT/CREDIT BOND INDEX



Characteristic	Jennison	TCW	Bloomberg Barclays U.S. Int Gov't/Credit Bond Index
Weighted Average Quality <sup>1</sup>	AA	AA+	AA
Effective Duration	3.98 Yrs	3.71 Yrs	4.12 Yrs
Yield to Maturity	0.90%	0.97%	0.93%

1: The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.