


June 30, 2023



**The North Carolina Supplemental  
Retirement Plans  
Executive Summary**

**Investment Measurement Service  
Quarterly Review**

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**The North Carolina Supplemental Retirement Plans**  
**June 30, 2023**

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**U.S. EQUITY**

**Large cap growth stocks lead broad indices higher**

- The S&P 500 posted a second straight quarter of positive performance, gaining 8.7%; large cap growth led all styles, advancing 12.8%.
- All U.S. equity indices produced positive returns; small value and low volatility produced the lowest 2Q returns.
- Nine of the 11 S&P Index sectors produced a positive 2Q23 return.
- Similar to 1Q23, small caps (Russell 2000) underperformed large caps (Russell 1000) and growth outperformed value during the quarter, a reversal of trend from 2022.
- Financials (-1.1%) detracted from returns for the Russell 2000 (+5.2%) while Health Care was the only small cap sector to produce double-digit returns (+11.2%).

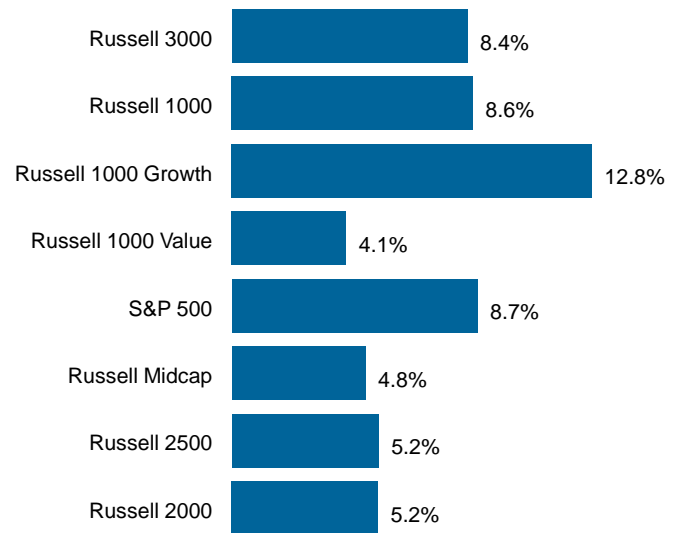
**Index concentration is a significant 2Q theme**

- 10 stocks within the S&P 500 Index contributed 80% of the 16.9% return YTD through 6/30; average appreciation is 82%, and these stocks had an average forward price/earnings ratio of 36x.
- 2Q return for the S&P 500 Index was 8.7%; the equal weight S&P 500 Index returned 4%.
- The YTD return difference is nearly 10 percentage points; if this gap holds through year-end, it would be the largest since 1998.

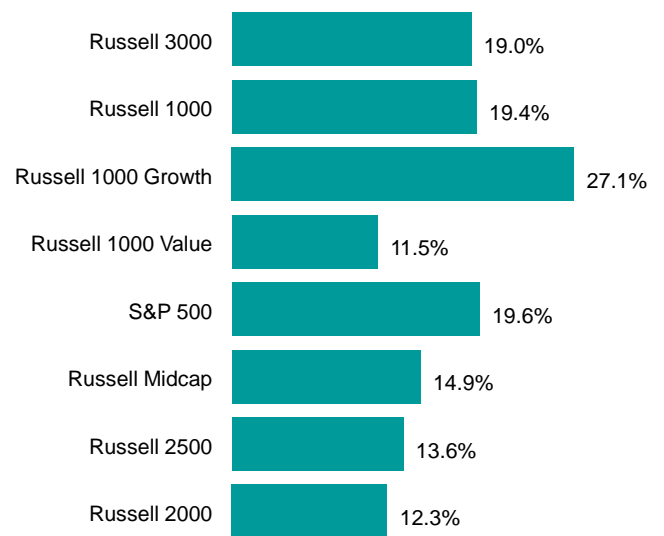
**Small cap valuations point to potential opportunity**

- Small cap continues to trade at a meaningful discount to its historical valuations; large cap (particularly growth) continues to trade at a premium to its historical valuations.
- Favorable developments in the inflation data could give the small cap market a boost in performance.
- One recent issue that caused this relative valuation gap is debt; on average, small cap companies have a higher exposure to variable rate debt than large cap counterparts.

**U.S. Equity: Quarterly Returns**

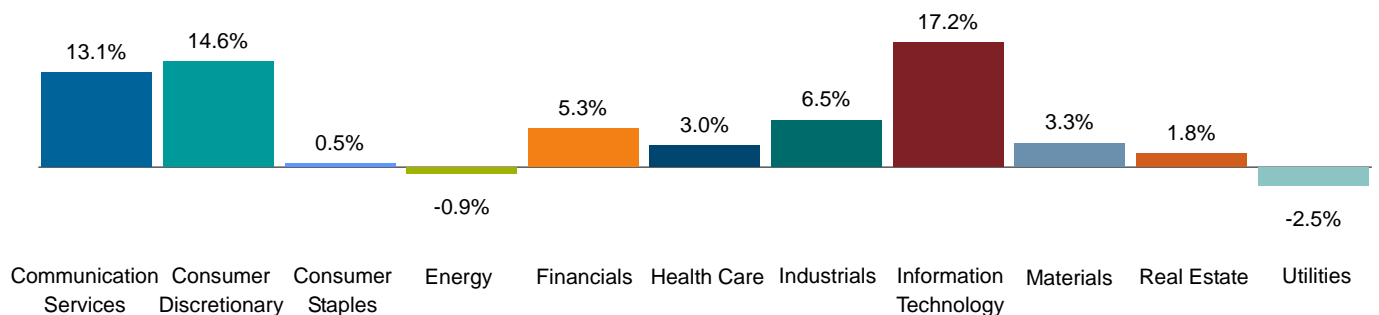


**U.S. Equity: One-Year Returns**



Sources: FTSE Russell, S&P Dow Jones Indices

**S&P Sector Returns, Quarter Ended 6/30/23**



Source: S&P Dow Jones Indices

**GLOBAL EQUITY**

2Q23 continued global and global ex-U.S. equity markets' positive performance from the prior quarter.

**Technology stocks lead markets higher**

- 2Q23 saw global markets led higher by mega cap technology stocks, in part due to increased optimism around artificial intelligence advancements.
- Market expectations of a recession decreased as inflation showed signs of abating while the Fed kept rates unchanged in June.
- Japan outperformed other regions in local currency as valuations continued to be attractive alongside the Bank of Japan's easy monetary policy.

**Developed vs. emerging markets**

- Developed markets outperformed emerging markets as China weighed on EM indices.

**Growth vs. value**

- Mega cap technology companies, which are primarily U.S.-based, led markets higher and resulted in large dispersions between U.S. growth and value indices. However, outside of the U.S., growth and value index returns were relatively balanced.

**Japan's turn**

- Valuation below historical levels
- Economic recovery; in 1Q Japan transitioned out of a recession as GDP grew 2.7%.
- Next 12 months consensus earnings estimates show Japan outpacing China, EM, and Europe, and only trailing the U.S.

**India vs. China**

**Economics**

- Chinese geopolitical tensions have, in part, driven outside investment elsewhere compared to India, with Prime Minister Modi's visit to the U.S. highlighting its place in the world economy.
- China's New Espionage Law (effective July 2023) likely contributing to less foreign investment; \$20 billion ended 1Q23 versus \$100 billion ended 1Q22.

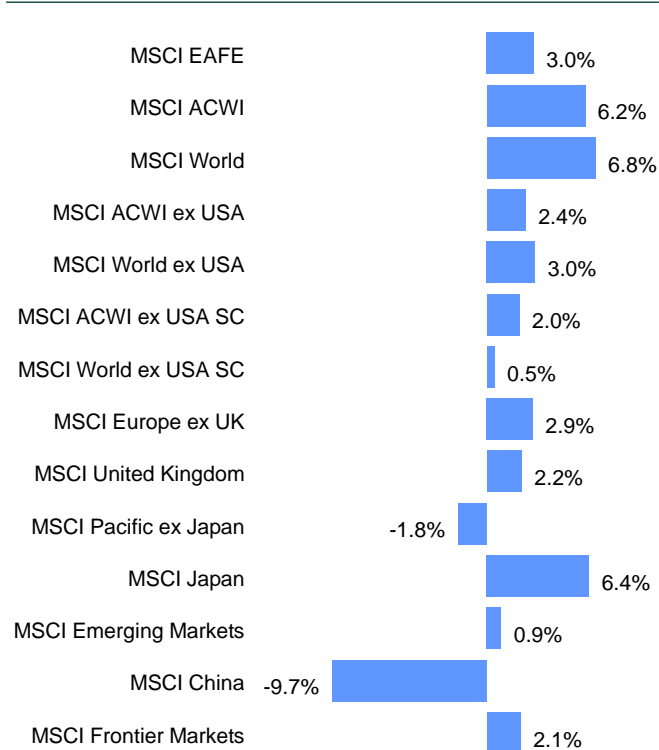
**Asset flows**

- India's equity market has more than doubled since 2010.

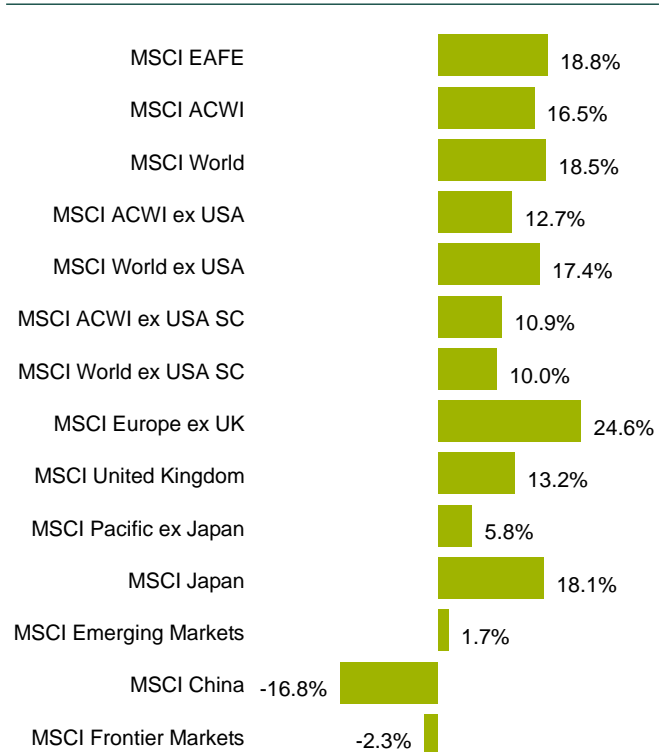
**Growth**

- India surpassing China with % of population in the middle class in 2030, and from 2023 to 2030 will contribute twice as much growth from this group than China in the Asia Pacific region.

**Global Equity: Quarterly Returns**



**Global Equity: One-Year Returns**



Source: MSCI

**U.S. FIXED INCOME**

**Bloomberg Aggregate down as rates rose**

Risk appetite and solid economic news spurred returns for spread sectors and lower quality.

- Corporate excess return: +131 bps
- Mortgage excess return: +76 bps
- High yield corporates excess return: +279 bps
- AA excess return: +84 bps
- BBB excess return: +157 bps

**Yield curve inversion steepened**

- 2- year U.S. Treasury: 4.87%; 10-year: 3.81%

**TIPS performed in line with nominal U.S. Treasuries**

- Five-year breakeven spreads narrowed to 2.18% from 2.40% on 3/31
- Fed and markets expect inflation to trend down over longer periods

**Fed Funds target raised to 5.00% - 5.25%**

- Paused at June meeting but suggested that further hikes are likely
- Median expectation from Fed: 5.6% for year-end 2023
- Market expectations are similar at 5.4%; up sharply from expectations for cuts at the end of 1Q.

**Valuations fair**

- Credit spreads have not widened materially and are close to historical averages.
- Demand has remained robust with muted issuance.

**MUNICIPAL BONDS**

Municipal bonds outperformed U.S. Treasuries in 2Q

- Bloomberg Municipal Bond Index: -0.1%; Bloomberg U.S. Treasury Index: -1.4%
- Lower quality munis outperformed (AAA: -0.4%; AA: -0.2%; A: +0.2%; BBB: +0.7%)

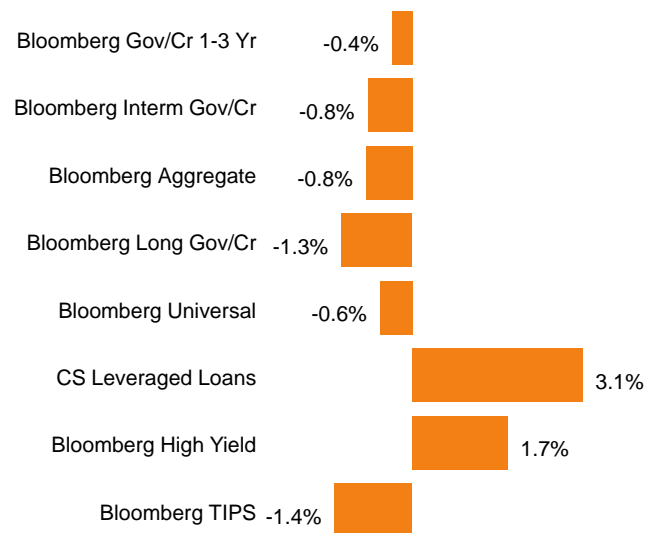
**Muni curve inverted; less so than U.S. Treasury curve**

- 2-year AAA Muni yield: 2.93%; 10-year AAA Muni yield: 2.56%

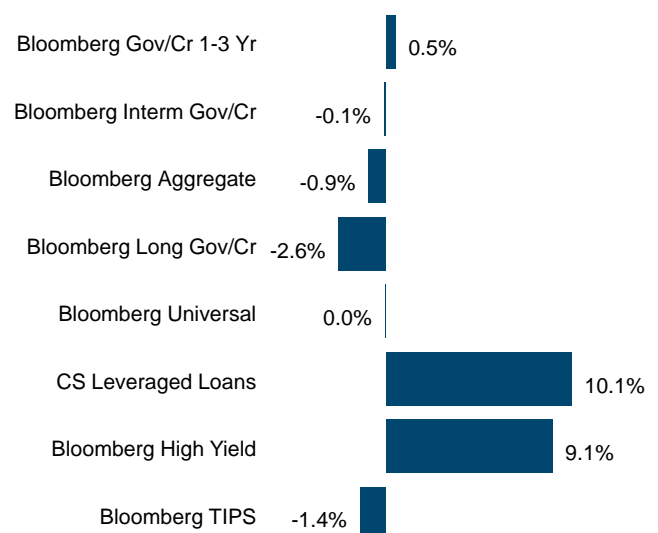
**Valuations relative to U.S. Treasuries remain rich**

- 10-year AAA Muni/10-year U.S. Treasury yield ratio 67%; below 10-year median of 87%
- After-tax yield 5.95% (Bloomberg Municipal Bond Index)

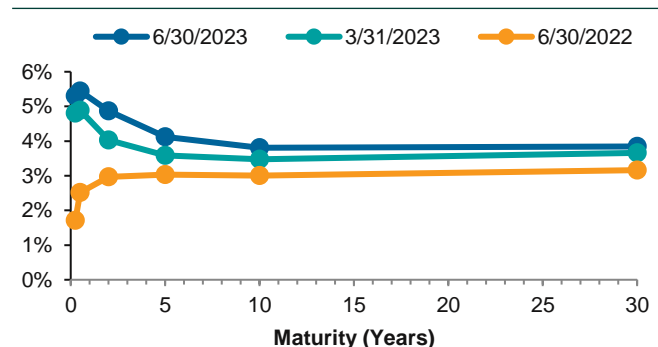
**U.S. Fixed Income: Quarterly Returns**



**U.S. Fixed Income: One-Year Returns**



**U.S. Treasury Yield Curves**



Sources: Bloomberg, Credit Suisse

**MUNICIPAL BONDS (continued)**

**Supply/demand**

- Outflows of roughly \$8 billion YTD, mostly from short-term bond funds (record was \$122 billion in 2022)
- Supply remained muted; YTD about 25% below 2022

**Fundamentals remain sound**

- “Rainy Day” fund balances and state tax revenues continued to be robust
- Upgrades continued to significantly outpace downgrades in 1Q

Source: Eaton Vance

**GLOBAL FIXED INCOME**

**Global Aggregate down unhedged but up hedged**

- Rates mixed; up in the U.S., Great Britain, and Australia and flat to slightly down across other developed markets
- Japan (-8%) worst performer on sharp yen depreciation
- Bank of England surprised markets with 50 bp increase to combat sticky inflation.

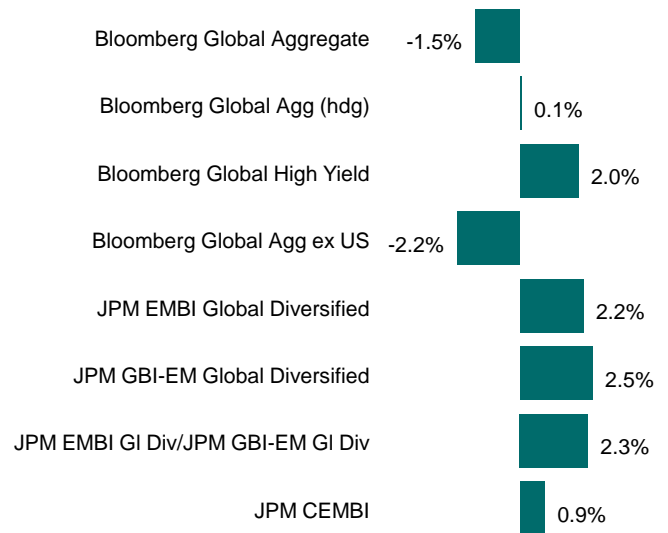
**U.S. dollar mixed**

- Euro: +0.4% vs dollar
- British pound: +2.8% vs dollar
- Canadian dollar: +2.3% vs dollar
- Japanese yen: -7.9% vs dollar
- Australian dollar: -0.6% vs dollar
- Chinese yuan: -5.4% vs dollar
- Mexican peso: +5.3% vs dollar
- Brazilian real: +5.1% vs dollar

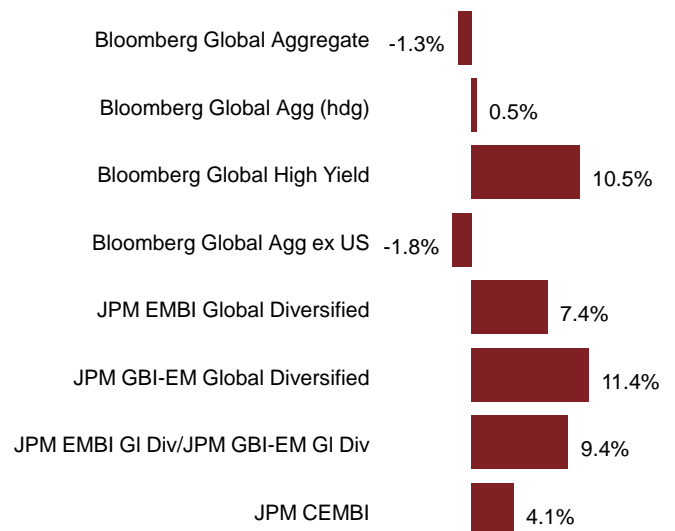
**Emerging market debt delivered solid results**

- Growth differentials have improved as inflation has peaked in many markets

**Global Fixed Income: Quarterly Returns**

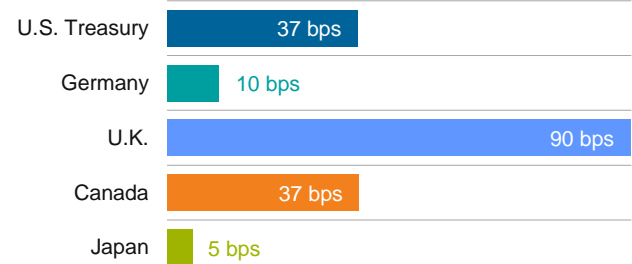


**Global Fixed Income: One-Year Returns**



**Change in 10-Year Global Government Bond Yields**

**1Q23 to 2Q23**



Sources: Bloomberg, JP Morgan

## Investment Fund Balances

The table below compares the fund's investment fund balances as of June 30, 2023 with that of March 31, 2023. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

### Asset Distribution Across Investment Funds

|  | June 30, 2023           |               | Net New Invest.       | Invest. Return       | March 31, 2023          |               |
|--|-------------------------|---------------|-----------------------|----------------------|-------------------------|---------------|
|  | Market Value            | Weight        |                       |                      | Market Value            | Weight        |
| <b>North Carolina SRP 401k &amp; 457</b> |                         |               |                       |                      |                         |               |
| <b>Tier II Passive</b>                   | <b>\$5,131,252,021</b>  | <b>33.82%</b> | <b>\$(28,770,935)</b> | <b>\$307,932,096</b> | <b>\$4,852,090,860</b>  | <b>33.28%</b> |
| Fixed Income Passive                     | 86,272,704              | 0.57%         | 2,496,925             | (736,417)            | 84,512,197              | 0.58%         |
| Treasury Inflation Protected             | 366,813,232             | 2.42%         | 4,677,283             | (5,282,824)          | 367,418,773             | 2.52%         |
| Large Cap Passive                        | 3,677,621,561           | 24.24%        | (59,179,613)          | 298,422,262          | 3,438,378,912           | 23.58%        |
| International Passive                    | 102,152,452             | 0.67%         | 890,050               | 2,563,416            | 98,698,985              | 0.68%         |
| SMID Cap Passive                         | 373,578,524             | 2.46%         | (1,490,207)           | 18,454,610           | 356,614,121             | 2.45%         |
| Inflation Responsive Fund                | 524,813,548             | 3.46%         | 23,834,626            | (5,488,951)          | 506,467,873             | 3.47%         |
| <b>Tier II Active</b>                    | <b>\$10,042,861,735</b> | <b>66.18%</b> | <b>\$20,679,416</b>   | <b>\$292,630,730</b> | <b>\$9,729,551,590</b>  | <b>66.72%</b> |
| Stable Value Fund                        | 2,439,058,303           | 16.07%        | (29,620,280)          | 16,240,778           | 2,452,437,805           | 16.82%        |
| Fixed Income Fund                        | 2,176,712,699           | 14.34%        | 21,969,335            | (11,602,412)         | 2,166,345,776           | 14.86%        |
| Large Cap Core Equity Fund               | 2,125,524,549           | 14.01%        | (20,549,006)          | 170,372,546          | 1,975,701,009           | 13.55%        |
| International Equity Fund                | 2,252,405,858           | 14.84%        | 3,788,599             | 73,447,942           | 2,175,169,317           | 14.92%        |
| Small/Mid Cap Equity Fund                | 1,049,160,326           | 6.91%         | 45,090,767            | 44,171,876           | 959,897,683             | 6.58%         |
| <b>Total Fund</b>                        | <b>\$15,174,113,756</b> | <b>100.0%</b> | <b>\$(8,091,520)</b>  | <b>\$600,562,826</b> | <b>\$14,581,642,450</b> | <b>100.0%</b> |

## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended June 30, 2023. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns and Rankings for Periods Ended June 30, 2023

|   | Last<br>Quarter |           | Last<br>Year   |           | Last<br>3<br>Years |           | Last<br>5<br>Years |           | Last<br>7<br>Years |           |
|---|-----------------|-----------|----------------|-----------|--------------------|-----------|--------------------|-----------|--------------------|-----------|
| <b>Tier 2: Passive (Net of Fee)</b>     |                 |           |                |           |                    |           |                    |           |                    |           |
| Fixed Income Passive                    | (0.85%)         | 60        | (0.93%)        | 69        | (3.98%)            | 87        | 0.73%              | 83        | 0.41%              | 89        |
| Blmbg Aggregate                         | (0.84%)         | 60        | (0.94%)        | 69        | (3.96%)            | 85        | 0.77%              | 72        | 0.44%              | 86        |
| Callan Core Bond MFs                    | (0.77%)         |           | (0.69%)        |           | (3.65%)            |           | 1.04%              |           | 0.70%              |           |
| Treasury Inflation Protected Securities | (1.44%)         | 47        | (1.11%)        | 35        | 1.08%              | 10        | 2.72%              | 10        | -                  |           |
| Blmbg US TIPS 1-10 Yr                   | (1.42%)         | 43        | (0.91%)        | 30        | 1.15%              | 10        | 2.75%              | 10        | 2.13%              | 22        |
| Callan TIPS MFs                         | (1.46%)         |           | (1.33%)        |           | (0.22%)            |           | 2.30%              |           | 1.91%              |           |
| Large Cap Passive                       | 8.74%           | 45        | 19.57%         | 45        | 14.57%             | 45        | 12.30%             | 32        | 13.38%             | 29        |
| S&P 500 Index                           | 8.74%           | 45        | 19.59%         | 45        | 14.60%             | 45        | 12.31%             | 32        | 13.38%             | 29        |
| Callan Large Cap Core MFs               | 8.50%           |           | 18.47%         |           | 14.16%             |           | 11.34%             |           | 12.31%             |           |
| International Passive                   | 2.57%           | 67        | 12.71%         | 92        | 7.08%              | 63        | 3.53%              | 69        | 6.41%              | 54        |
| International Benchmark (1)             | 2.38%           | 76        | 12.47%         | 92        | 6.79%              | 65        | 3.27%              | 74        | 6.14%              | 59        |
| Callan Non US Equity MFs                | 3.05%           |           | 18.05%         |           | 8.42%              |           | 4.16%              |           | 6.78%              |           |
| SMID Cap Passive                        | 5.21%           | 26        | 13.49%         | 50        | 12.24%             | 71        | 6.47%              | 43        | 9.63%              | 35        |
| Russell 2500 Index                      | 5.22%           | 26        | 13.58%         | 49        | 12.29%             | 70        | 6.55%              | 41        | 9.71%              | 35        |
| Callan SMID Core MFs                    | 3.77%           |           | 13.42%         |           | 13.81%             |           | 6.22%              |           | 9.01%              |           |
| Inflation Responsive Fund               | (1.11%)         | 74        | (4.36%)        | 81        | 5.16%              | 79        | 2.86%              | 81        | 3.25%              | 79        |
| Inflation Responsive Benchmark          | (1.20%)         | 80        | (4.68%)        | 85        | 4.97%              | 79        | 2.63%              | 82        | 2.06%              | 91        |
| Callan Real Assets MFs                  | (0.67%)         |           | (0.83%)        |           | 8.04%              |           | 4.00%              |           | 4.20%              |           |
| <b>Tier 2: Active (Net of Fee)</b>      |                 |           |                |           |                    |           |                    |           |                    |           |
| <b>Stable Value Fund</b>                | <b>0.66%</b>    | <b>13</b> | <b>2.31%</b>   | <b>22</b> | <b>2.02%</b>       | <b>10</b> | <b>2.22%</b>       | <b>2</b>  | <b>2.17%</b>       | <b>7</b>  |
| 3 Yr US Treas Rolling                   | 1.01%           | 1         | 3.99%          | 1         | 1.89%              | 18        | 1.84%              | 34        | 1.79%              | 32        |
| T-Bill + 1.5%                           | 1.53%           | 1         | 5.09%          | 1         | 2.77%              | 1         | 3.05%              | 1         | 2.87%              | 1         |
| Callan Stable Value CT                  | 0.58%           |           | 2.01%          |           | 1.52%              |           | 1.73%              |           | 1.69%              |           |
| <b>Fixed Income Fund</b>                | <b>(0.54%)</b>  | <b>37</b> | <b>(0.43%)</b> | <b>74</b> | <b>(3.31%)</b>     | <b>66</b> | <b>1.36%</b>       | <b>24</b> | <b>1.18%</b>       | <b>43</b> |
| Blmbg Aggregate                         | (0.84%)         | 72        | (0.94%)        | 81        | (3.96%)            | 92        | 0.77%              | 79        | 0.44%              | 100       |
| Callan Core Plus MFs                    | (0.66%)         |           | 0.09%          |           | (3.03%)            |           | 1.16%              |           | 1.04%              |           |
| <b>Large Cap Core Equity Fund</b>       | <b>8.69%</b>    | <b>49</b> | <b>22.60%</b>  | <b>32</b> | <b>12.48%</b>      | <b>59</b> | <b>10.83%</b>      | <b>51</b> | <b>-</b>           | <b>46</b> |
| Russell 1000 Index                      | 8.58%           | 49        | 19.36%         | 50        | 14.09%             | 39        | 11.92%             | 35        | 13.15%             | 46        |
| Callan Lg Cap Broad MF                  | 8.50%           |           | 19.19%         |           | 13.07%             |           | 10.98%             |           | 12.69%             |           |
| <b>International Equity Fund</b>        | <b>3.35%</b>    | <b>40</b> | <b>15.44%</b>  | <b>79</b> | <b>5.30%</b>       | <b>82</b> | <b>3.65%</b>       | <b>66</b> | <b>6.30%</b>       | <b>55</b> |
| International Benchmark (1)             | 2.38%           | 76        | 12.47%         | 92        | 6.79%              | 65        | 3.27%              | 74        | 6.14%              | 59        |
| Callan Non US Equity MFs                | 3.05%           |           | 18.05%         |           | 8.42%              |           | 4.16%              |           | 6.78%              |           |
| <b>Small/Mid Cap Equity Fund</b>        | <b>4.42%</b>    | <b>57</b> | <b>12.58%</b>  | <b>71</b> | <b>13.41%</b>      | <b>45</b> | <b>6.87%</b>       | <b>45</b> | <b>-</b>           | <b>57</b> |
| Russell 2500 Index                      | 5.22%           | 38        | 13.58%         | 66        | 12.29%             | 48        | 6.55%              | 55        | 9.71%              | 57        |
| Callan SMID Broad MFs                   | 4.58%           |           | 15.92%         |           | 11.63%             |           | 6.69%              |           | 9.93%              |           |

(1) As of 9/30/21, International Benchmark consists of MSCI ACWI ex-US IMI, previously consisted of MSCI ACWI ex-US.



## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended June 30, 2023. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns and Rankings for Periods Ended June 30, 2023

|   | Last<br>10<br>Years |           | Last<br>15<br>Years |    | Since<br>Inception    |
|---|---------------------|-----------|---------------------|----|-----------------------|
| <b>Tier 2: Passive (Net of Fee)</b>     |                     |           |                     |    |                       |
| Fixed Income Passive                    | 1.45%               | 88        | -                   |    | 1.74% (10/10)         |
| Blmbg Aggregate                         | 1.52%               | 74        | 2.73%               | 87 | 1.82% (10/10)         |
| Callan Core Bond MFs                    | 1.66%               |           | 3.07%               |    | -                     |
| Treasury Inflation Protected Securities | -                   |           | -                   |    | 2.72% (7/18)          |
| Blmbg US TIPS 1-10 Yr                   | 1.98%               | 37        | 2.42%               | 79 | 2.75% (7/18)          |
| Callan TIPS MFs                         | 1.89%               |           | 2.67%               |    | -                     |
| Large Cap Passive                       | 12.80%              | 19        | -                   |    | 15.00% (4/09)         |
| S&P 500 Index                           | 12.86%              | 18        | 10.88%              | 20 | 15.07% (4/09)         |
| Callan Large Cap Core MFs               | 11.68%              |           | 9.92%               |    | -                     |
| International Passive                   | 4.82%               | 71        | -                   |    | 7.58% (4/09)          |
| International Benchmark (1)             | 4.62%               | 76        | 2.78%               | 85 | 7.46% (4/09)          |
| Callan Non US Equity MFs                | 5.35%               |           | 3.93%               |    | -                     |
| SMID Cap Passive                        | 9.32%               | 38        | -                   |    | 13.66% (4/09)         |
| Russell 2500 Index                      | 9.38%               | 37        | 9.32%               | 30 | 13.72% (4/09)         |
| Callan SMID Core MFs                    | 8.69%               |           | 8.71%               |    | -                     |
| Inflation Responsive Fund               | 2.66%               | 72        | -                   |    | 1.95% (9/11)          |
| Inflation Responsive Benchmark          | 1.50%               | 90        | 1.53%               |    | 0.71% (9/11)          |
| Callan Real Assets MFs                  | 3.08%               |           | -                   |    | -                     |
| <b>Tier 2: Active (Net of Fee)</b>      |                     |           |                     |    |                       |
| <b>Stable Value Fund</b>                | <b>2.07%</b>        | <b>8</b>  | -                   |    | <b>2.42%</b> (7/09)   |
| 3 Yr US Treas Rolling                   | 1.52%               | 52        | 1.33%               | 97 | 1.31% (7/09)          |
| T-Bill + 1.5%                           | 2.48%               | 1         | 2.25%               | 20 | 2.24% (7/09)          |
| Callan Stable Value CT                  | 1.56%               |           | 1.80%               |    | -                     |
| <b>Fixed Income Fund</b>                | <b>2.14%</b>        | <b>38</b> | -                   |    | <b>3.35%</b> (4/09)   |
| Blmbg Aggregate                         | 1.52%               | 93        | 2.73%               | 94 | 2.58% (4/09)          |
| Callan Core Plus MFs                    | 2.04%               |           | 3.38%               |    | -                     |
| <b>Large Cap Core Equity Fund</b>       | -                   |           | -                   |    | <b>11.51%</b> (10/17) |
| Russell 1000 Index                      | 12.64%              | 44        | 10.77%              | 41 | 12.07% (10/17)        |
| Callan Lg Cap Broad MF                  | 11.96%              |           | 10.14%              |    | -                     |
| <b>International Equity Fund</b>        | <b>5.31%</b>        | <b>54</b> | -                   |    | <b>8.09%</b> (4/09)   |
| International Benchmark (1)             | 4.62%               | 76        | 2.78%               | 85 | 7.46% (4/09)          |
| Callan Non US Equity MFs                | 5.35%               |           | 3.93%               |    | -                     |
| <b>Small/Mid Cap Equity Fund</b>        | -                   |           | -                   |    | <b>7.68%</b> (10/17)  |
| Russell 2500 Index                      | 9.38%               | 47        | 9.32%               | 48 | 7.60% (10/17)         |
| Callan SMID Broad MFs                   | 9.21%               |           | 9.21%               |    | -                     |

(1) As of 9/30/21, International Benchmark consists of MSCI ACWI ex-US IMI, previously consisted of MSCI ACWI ex-US.

## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended June 30, 2023. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns and Rankings for Periods Ended June 30, 2023

|                                    | Last Quarter   |           | Last Year      |           | Last 3 Years   |           | Last 5 Years  |           | Last 7 Years |           |
|------------------------------------|----------------|-----------|----------------|-----------|----------------|-----------|---------------|-----------|--------------|-----------|
| <b>Tier 2: Active (Net of Fee)</b> |                |           |                |           |                |           |               |           |              |           |
| <b>Stable Value Fund</b>           | <b>0.66%</b>   | <b>13</b> | <b>2.31%</b>   | <b>22</b> | <b>2.02%</b>   | <b>10</b> | <b>2.22%</b>  | <b>2</b>  | <b>2.17%</b> | <b>7</b>  |
| 3 Yr US Treas Rolling              | 1.01%          | 1         | 3.99%          | 1         | 1.89%          | 18        | 1.84%         | 34        | 1.79%        | 32        |
| T-Bill + 1.5%                      | 1.53%          | 1         | 5.09%          | 1         | 2.77%          | 1         | 3.05%         | 1         | 2.87%        | 1         |
| Callan Stable Value CT             | 0.58%          |           | 2.01%          |           | 1.52%          |           | 1.73%         |           | 1.69%        |           |
| <b>Fixed Income Fund</b>           | <b>(0.54%)</b> | <b>37</b> | <b>(0.43%)</b> | <b>74</b> | <b>(3.31%)</b> | <b>66</b> | <b>1.36%</b>  | <b>24</b> | <b>1.18%</b> | <b>43</b> |
| Blmbg Aggregate                    | (0.84%)        | 72        | (0.94%)        | 81        | (3.96%)        | 92        | 0.77%         | 79        | 0.44%        | 100       |
| Callan Core Plus MFs               | (0.66%)        |           | 0.09%          |           | (3.03%)        |           | 1.16%         |           | 1.04%        |           |
| TCW Core Plus                      | (0.98%)        | 79        | (1.60%)        | 90        | (3.79%)        | 87        | 1.14%         | 55        | -            |           |
| Blmbg Aggregate                    | (0.84%)        | 72        | (0.94%)        | 81        | (3.96%)        | 92        | 0.77%         | 79        | 0.44%        | 100       |
| Callan Core Plus MFs               | (0.66%)        |           | 0.09%          |           | (3.03%)        |           | 1.16%         |           | 1.04%        |           |
| Prudential Core Plus               | (0.08%)        | 1         | 0.72%          | 18        | (2.81%)        | 37        | 1.64%         | 11        | 1.65%        | 17        |
| Blmbg Aggregate                    | (0.84%)        | 72        | (0.94%)        | 81        | (3.96%)        | 92        | 0.77%         | 79        | 0.44%        | 100       |
| Callan Core Plus MFs               | (0.66%)        |           | 0.09%          |           | (3.03%)        |           | 1.16%         |           | 1.04%        |           |
| <b>Large Cap Core Equity Fund</b>  | <b>8.69%</b>   | <b>49</b> | <b>22.60%</b>  | <b>32</b> | <b>12.48%</b>  | <b>59</b> | <b>10.83%</b> | <b>51</b> | <b>-</b>     |           |
| Russell 1000 Index                 | 8.58%          | 49        | 19.36%         | 50        | 14.09%         | 39        | 11.92%        | 35        | 13.15%       | 46        |
| Callan Lg Cap Broad MF             | 8.50%          |           | 19.19%         |           | 13.07%         |           | 10.98%        |           | 12.69%       |           |
| Hotchkis & Wiley Large Cap Value   | 3.22%          | 67        | 14.99%         | 16        | 19.72%         | 5         | 8.60%         | 37        | 11.39%       | 18        |
| Russell 1000 Value Index           | 4.07%          | 48        | 11.54%         | 50        | 14.30%         | 64        | 8.11%         | 55        | 8.94%        | 73        |
| Callan Lg Cap Value MF             | 4.01%          |           | 11.50%         |           | 14.91%         |           | 8.22%         |           | 9.79%        |           |
| Macquarie Large Cap Value          | 3.34%          | 64        | 7.04%          | 84        | 12.22%         | 86        | 7.05%         | 73        | 7.74%        | 91        |
| Russell 1000 Value Index           | 4.07%          | 48        | 11.54%         | 50        | 14.30%         | 64        | 8.11%         | 55        | 8.94%        | 73        |
| Callan Lg Cap Value MF             | 4.01%          |           | 11.50%         |           | 14.91%         |           | 8.22%         |           | 9.79%        |           |
| Sands Capital Large Cap Growth     | 13.95%         | 25        | 32.47%         | 10        | (0.42%)        | 99        | 8.07%         | 97        | 13.93%       | 73        |
| Russell 1000 Growth Index          | 12.81%         | 45        | 27.11%         | 26        | 13.73%         | 7         | 15.14%        | 8         | 16.91%       | 10        |
| Callan Large Cap Grwth MF          | 12.56%         |           | 25.35%         |           | 9.87%          |           | 12.40%        |           | 15.11%       |           |
| Loomis Sayles Large Cap Growth     | 13.60%         | 29        | 40.43%         | 2         | 12.91%         | 13        | 14.71%        | 9         | 16.21%       | 18        |
| Russell 1000 Growth Index          | 12.81%         | 45        | 27.11%         | 26        | 13.73%         | 7         | 15.14%        | 8         | 16.91%       | 10        |
| Callan Large Cap Grwth MF          | 12.56%         |           | 25.35%         |           | 9.87%          |           | 12.40%        |           | 15.11%       |           |
| BlackRock Russell 1000 Index       | 8.50%          | 49        | 19.34%         | 46        | 14.17%         | 50        | 11.90%        | 35        | -            |           |
| Russell 1000 Index                 | 8.58%          | 47        | 19.36%         | 46        | 14.09%         | 55        | 11.92%        | 34        | 13.15%       | 31        |
| Callan Large Cap Core MFs          | 8.50%          |           | 18.47%         |           | 14.16%         |           | 11.34%        |           | 12.31%       |           |

## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended June 30, 2023. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns and Rankings for Periods Ended June 30, 2023

|                                    | Last<br>10<br>Years |           | Last<br>15<br>Years |    | Since<br>Inception               |
|------------------------------------|---------------------|-----------|---------------------|----|----------------------------------|
| <b>Tier 2: Active (Net of Fee)</b> |                     |           |                     |    |                                  |
| <b>Stable Value Fund</b>           | <b>2.07%</b>        | <b>8</b>  | <b>-</b>            |    | <b>2.42%</b> <sup>(7/09)</sup>   |
| 3 Yr US Treas Rolling              | 1.52%               | 52        | 1.33%               | 97 | 1.31% <sup>(7/09)</sup>          |
| T-Bill + 1.5%                      | 2.48%               | 1         | 2.25%               | 20 | 2.24% <sup>(7/09)</sup>          |
| Callan Stable Value CT             | 1.56%               |           | 1.80%               |    | -                                |
| <b>Fixed Income Fund</b>           | <b>2.14%</b>        | <b>38</b> | <b>-</b>            |    | <b>3.35%</b> <sup>(4/09)</sup>   |
| Blmbg Aggregate                    | 1.52%               | 93        | 2.73%               | 94 | 2.58% <sup>(4/09)</sup>          |
| Callan Core Plus MFs               | 2.04%               |           | 3.38%               |    | -                                |
| TCW Core Plus                      | -                   |           | -                   |    | 1.20% <sup>(1/17)</sup>          |
| Blmbg Aggregate                    | 1.52%               | 93        | 2.73%               | 94 | 0.88% <sup>(1/17)</sup>          |
| Callan Core Plus MFs               | 2.04%               |           | 3.38%               |    | -                                |
| Prudential Core Plus               | -                   |           | -                   |    | 2.20% <sup>(1/15)</sup>          |
| Blmbg Aggregate                    | 1.52%               | 93        | 2.73%               | 94 | 1.04% <sup>(1/15)</sup>          |
| Callan Core Plus MFs               | 2.04%               |           | 3.38%               |    | -                                |
| <b>Large Cap Core Equity Fund</b>  | <b>-</b>            |           | <b>-</b>            |    | <b>11.51%</b> <sup>(10/17)</sup> |
| Russell 1000 Index                 | 12.64%              | 44        | 10.77%              | 41 | 12.07% <sup>(10/17)</sup>        |
| Callan Lg Cap Broad MF             | 11.96%              |           | 10.14%              |    | -                                |
| Hotchkis & Wiley Large Cap Value   | 10.38%              | 20        | -                   |    | 14.59% <sup>(4/09)</sup>         |
| Russell 1000 Value Index           | 9.22%               | 57        | 8.36%               | 55 | 12.69% <sup>(4/09)</sup>         |
| Callan Lg Cap Value MF             | 9.38%               |           | 8.51%               |    | -                                |
| Macquarie Large Cap Value          | -                   |           | -                   |    | 7.45% <sup>(6/15)</sup>          |
| Russell 1000 Value Index           | 9.22%               | 57        | 8.36%               | 55 | 7.81% <sup>(6/15)</sup>          |
| Callan Lg Cap Value MF             | 9.38%               |           | 8.51%               |    | -                                |
| Sands Capital Large Cap Growth     | 12.67%              | 84        | -                   |    | 17.08% <sup>(4/09)</sup>         |
| Russell 1000 Growth Index          | 15.74%              | 7         | 12.92%              | 8  | 17.14% <sup>(4/09)</sup>         |
| Callan Large Cap Grwth MF          | 14.20%              |           | 11.50%              |    | -                                |
| Loomis Sayles Large Cap Growth     | -                   |           | -                   |    | 15.29% <sup>(8/14)</sup>         |
| Russell 1000 Growth Index          | 15.74%              | 7         | 12.92%              | 8  | 14.91% <sup>(8/14)</sup>         |
| Callan Large Cap Grwth MF          | 14.20%              |           | 11.50%              |    | -                                |
| BlackRock Russell 1000 Index       | -                   |           | -                   |    | 11.77% <sup>(11/17)</sup>        |
| Russell 1000 Index                 | 12.64%              | 26        | 10.77%              | 21 | 11.81% <sup>(11/17)</sup>        |
| Callan Large Cap Core MFs          | 11.68%              |           | 9.92%               |    | -                                |

## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended June 30, 2023. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns and Rankings for Periods Ended June 30, 2023

|                                     | Last<br>Quarter |           | Last<br>Year  |           | Last<br>3<br>Years |           | Last<br>5<br>Years |           | Last<br>7<br>Years |           |
|-------------------------------------|-----------------|-----------|---------------|-----------|--------------------|-----------|--------------------|-----------|--------------------|-----------|
| <b>Tier 2: Active (Net of Fee)</b>  |                 |           |               |           |                    |           |                    |           |                    |           |
| <b>International Equity Fund</b>    | <b>3.35%</b>    | <b>40</b> | <b>15.44%</b> | <b>79</b> | <b>5.30%</b>       | <b>82</b> | <b>3.65%</b>       | <b>66</b> | <b>6.30%</b>       | <b>55</b> |
| International Benchmark (1)         | 2.38%           | 76        | 12.47%        | 92        | 6.79%              | 65        | 3.27%              | 74        | 6.14%              | 59        |
| Callan Non US Equity MFs            | 3.05%           |           | 18.05%        |           | 8.42%              |           | 4.16%              |           | 6.78%              |           |
| Mondrian ACWI ex-US Value           | 3.93%           | 25        | 13.06%        | 92        | 10.12%             | 33        | 4.10%              | 54        | 5.47%              | 78        |
| MSCI ACWI ex US                     | 2.44%           | 75        | 12.72%        | 92        | 7.22%              | 62        | 3.52%              | 69        | 6.32%              | 55        |
| MSCI ACWI ex US Value               | 2.95%           | 56        | 12.19%        | 92        | 10.42%             | 29        | 2.66%              | 84        | 5.71%              | 73        |
| Callan Non US Equity MFs            | 3.05%           |           | 18.05%        |           | 8.42%              |           | 4.16%              |           | 6.78%              |           |
| Baillie Gifford ACWI ex-US Growth   | 3.03%           | 53        | 19.61%        | 36        | 2.26%              | 96        | 4.05%              | 55        | 7.90%              | 17        |
| MSCI ACWI ex US                     | 2.44%           | 75        | 12.72%        | 92        | 7.22%              | 62        | 3.52%              | 69        | 6.32%              | 55        |
| MSCI ACWI ex US Growth              | 1.94%           | 85        | 13.26%        | 91        | 3.96%              | 88        | 4.06%              | 55        | 6.69%              | 51        |
| Callan Non US Equity MFs            | 3.05%           |           | 18.05%        |           | 8.42%              |           | 4.16%              |           | 6.78%              |           |
| Acadian                             | 2.51%           | 22        | 12.63%        | 47        | -                  |           | -                  |           | -                  |           |
| MSCI ACWI ex US Small Cap           | 2.05%           | 26        | 10.93%        | 59        | 8.15%              | 34        | 2.62%              | 48        | 6.10%              | 54        |
| Callan Intl Small Cap MFs           | 0.83%           |           | 12.48%        |           | 6.08%              |           | 2.53%              |           | 6.34%              |           |
| WCM                                 | 3.50%           | 14        | 11.74%        | 53        | -                  |           | -                  |           | -                  |           |
| MSCI ACWI ex US Small Cap           | 2.05%           | 26        | 10.93%        | 59        | 8.15%              | 34        | 2.62%              | 48        | 6.10%              | 54        |
| Callan Intl Small Cap MFs           | 0.83%           |           | 12.48%        |           | 6.08%              |           | 2.53%              |           | 6.34%              |           |
| <b>Small/Mid Cap Equity Fund</b>    | <b>4.42%</b>    | <b>57</b> | <b>12.58%</b> | <b>71</b> | <b>13.41%</b>      | <b>45</b> | <b>6.87%</b>       | <b>45</b> | <b>-</b>           |           |
| Russell 2500 Index                  | 5.22%           | 38        | 13.58%        | 66        | 12.29%             | 48        | 6.55%              | 55        | 9.71%              | 57        |
| Callan SMID Broad MFs               | 4.58%           |           | 15.92%        |           | 11.63%             |           | 6.69%              |           | 9.93%              |           |
| Earnest Partners Small/Mid Cap      | 2.89%           | 71        | 12.91%        | 54        | -                  |           | -                  |           | -                  |           |
| Russell 2500 Index                  | 5.22%           | 26        | 13.58%        | 49        | 12.29%             | 70        | 6.55%              | 41        | 9.71%              | 35        |
| Callan SMID Core MFs                | 3.77%           |           | 13.42%        |           | 13.81%             |           | 6.22%              |           | 9.01%              |           |
| Wedge Small/Mid Cap Value           | 4.92%           | 26        | 9.70%         | 68        | 15.09%             | 68        | 4.20%              | 88        | 6.81%              | 90        |
| Russell 2500 Value Index            | 4.37%           | 40        | 10.37%        | 66        | 16.07%             | 64        | 5.32%              | 76        | 7.97%              | 77        |
| Callan SMID Value MFs               | 3.37%           |           | 12.39%        |           | 17.24%             |           | 6.68%              |           | 9.41%              |           |
| Brown Advisory Small/Mid Cap Growth | 5.15%           | 55        | 14.85%        | 75        | 8.33%              | 29        | 8.58%              | 32        | 11.28%             | 62        |
| Russell 2500 Growth Index           | 6.41%           | 20        | 18.58%        | 39        | 6.56%              | 47        | 7.00%              | 48        | 10.95%             | 64        |
| Callan SMID Growth MFs              | 5.64%           |           | 17.41%        |           | 5.85%              |           | 6.93%              |           | 11.65%             |           |
| BlackRock Russell 2500 Index        | 5.24%           | 26        | 13.68%        | 48        | 12.22%             | 72        | 6.64%              | 40        | -                  |           |
| Russell 2500 Index                  | 5.22%           | 26        | 13.58%        | 49        | 12.29%             | 70        | 6.55%              | 41        | 9.71%              | 35        |
| Callan SMID Core MFs                | 3.77%           |           | 13.42%        |           | 13.81%             |           | 6.22%              |           | 9.01%              |           |

(1) As of 9/30/21, International Benchmark consists of MSCI ACWI ex-US IMI, previously consisted of MSCI ACWI ex-US.

## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended June 30, 2023. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns and Rankings for Periods Ended June 30, 2023

|                                     | Last<br>10<br>Years |           | Last<br>15<br>Years |    | Since<br>Inception              |
|-------------------------------------|---------------------|-----------|---------------------|----|---------------------------------|
| <b>Tier 2: Active (Net of Fee)</b>  |                     |           |                     |    |                                 |
| <b>International Equity Fund</b>    | <b>5.31%</b>        | <b>54</b> | <b>-</b>            |    | <b>8.09%</b> <sup>(4/09)</sup>  |
| International Benchmark             | 4.62%               | 76        | 2.78%               | 85 | 7.46% <sup>(4/09)</sup>         |
| Callan Non US Equity MFs            | 5.35%               |           | 3.93%               |    | -                               |
| Mondrian ACWI ex-US Value           | 4.66%               | 75        | -                   |    | 7.01% <sup>(4/09)</sup>         |
| MSCI ACWI ex US                     | 4.75%               | 72        | 2.87%               | 81 | 7.55% <sup>(4/09)</sup>         |
| MSCI ACWI ex US Value               | 3.70%               | 92        | 2.24%               | 88 | 6.78% <sup>(4/09)</sup>         |
| Callan Non US Equity MFs            | 5.35%               |           | 3.93%               |    | -                               |
| Baillie Gifford ACWI ex-US Growth   | 6.61%               | 20        | -                   |    | 9.86% <sup>(4/09)</sup>         |
| MSCI ACWI ex US                     | 4.75%               | 72        | 2.87%               | 81 | 7.55% <sup>(4/09)</sup>         |
| MSCI ACWI ex US Growth              | 5.61%               | 39        | 3.36%               | 67 | 8.18% <sup>(4/09)</sup>         |
| Callan Non US Equity MFs            | 5.35%               |           | 3.93%               |    | -                               |
| Acadian                             | -                   |           | -                   |    | (4.50%) <sup>(10/21)</sup>      |
| MSCI ACWI ex US Small Cap           | 5.75%               | 54        | 4.71%               | 64 | (8.24%) <sup>(10/21)</sup>      |
| Callan Intl Small Cap MFs           | 5.89%               |           | 5.11%               |    | -                               |
| WCM                                 | -                   |           | -                   |    | (21.01%) <sup>(10/21)</sup>     |
| MSCI ACWI ex US Small Cap           | 5.75%               | 54        | 4.71%               | 64 | (8.24%) <sup>(10/21)</sup>      |
| Callan Intl Small Cap MFs           | 5.89%               |           | 5.11%               |    | -                               |
| <b>Small/Mid Cap Equity Fund</b>    | <b>-</b>            |           | <b>-</b>            |    | <b>7.68%</b> <sup>(10/17)</sup> |
| Russell 2500 Index                  | 9.38%               | 47        | 9.32%               | 48 | 7.60% <sup>(10/17)</sup>        |
| Callan SMID Broad MFs               | 9.21%               |           | 9.21%               |    | -                               |
| Earnest Partners Small/Mid Cap      | -                   |           | -                   |    | 2.28% <sup>(4/21)</sup>         |
| Russell 2500 Index                  | 9.38%               | 37        | 9.32%               | 30 | (2.43%) <sup>(4/21)</sup>       |
| Callan SMID Core MFs                | 8.69%               |           | 8.71%               |    | -                               |
| Wedge Small/Mid Cap Value           | 7.80%               | 82        | -                   |    | 9.76% <sup>(1/12)</sup>         |
| Russell 2500 Value Index            | 8.02%               | 70        | 8.48%               | 56 | 9.92% <sup>(1/12)</sup>         |
| Callan SMID Value MFs               | 8.43%               |           | 8.61%               |    | -                               |
| Brown Advisory Small/Mid Cap Growth | 11.23%              | 18        | -                   |    | 14.91% <sup>(4/09)</sup>        |
| Russell 2500 Growth Index           | 10.38%              | 49        | 9.90%               | 56 | 14.52% <sup>(4/09)</sup>        |
| Callan SMID Growth MFs              | 10.36%              |           | 10.05%              |    | -                               |
| BlackRock Russell 2500 Index        | -                   |           | -                   |    | 7.51% <sup>(11/17)</sup>        |
| Russell 2500 Index                  | 9.38%               | 37        | 9.32%               | 30 | 7.43% <sup>(11/17)</sup>        |
| Callan SMID Core MFs                | 8.69%               |           | 8.71%               |    | -                               |

# The North Carolina Supplemental Retirement Plans

## Fee Matrix

| A  | B                       | C              | D                     | E                      | F                    | G  | H            | I                 |
|--|-------------------------|----------------|-----------------------|------------------------|----------------------|--|--------------|-------------------|
| Funds and Sub-Advisors                           | Assets*                 | Inv. Mgmt. Fee | Expenses <sup>1</sup> | NC Budget <sup>2</sup> | C+D+E<br>Expense (%) | B*F<br>Annual Expenses (\$) <sup>3</sup> | Median       | F-H<br>Difference |
| <b>North Carolina Stable Value Fund</b>          | <b>\$2,439,058,303</b>  | <b>0.2595%</b> | <b>0.0064%</b>        | <b>0.0125%</b>         | <b>0.28%</b>         | <b>\$6,790,338</b>                       | <b>0.47%</b> | <b>-0.19%</b>     |
| Galliard   | \$2,439,058,303         | 0.2595%        | 0.0000%               |                        |                      | \$6,329,356                              | 0.27%        | -0.01%            |
| <b>North Carolina Fixed Income Passive Fund</b>  | <b>\$86,272,704</b>     | <b>0.0200%</b> | <b>0.0140%</b>        | <b>0.0125%</b>         | <b>0.05%</b>         | <b>\$40,117</b>                          | <b>0.09%</b> | <b>-0.04%</b>     |
| Blackrock  | \$86,272,704            | 0.0200%        | 0.0100%               |                        |                      | \$17,255                                 | 0.04%        | -0.02%            |
| <b>North Carolina Fixed Income Fund</b>          | <b>\$2,176,712,699</b>  | <b>0.1234%</b> | <b>0.0074%</b>        | <b>0.0125%</b>         | <b>0.14%</b>         | <b>\$3,119,229</b>                       | <b>0.38%</b> | <b>-0.24%</b>     |
| 50% TCW  | \$1,085,351,063         | 0.1369%        | 0.0000%               |                        |                      | \$1,485,846                              | 0.21%        | -0.07%            |
| 50% Prudential                                   | \$1,091,361,678         | 0.1100%        | 0.0100%               |                        |                      | \$1,200,498                              | 0.21%        | -0.10%            |
| <b>North Carolina Inflation Sensitive Fund</b>   | <b>\$524,813,548</b>    | <b>0.0900%</b> | <b>0.0111%</b>        | <b>0.0125%</b>         | <b>0.11%</b>         | <b>\$596,188</b>                         | <b>0.85%</b> | <b>-0.74%</b>     |
| Blackrock  | \$524,813,562           | 0.0900%        | 0.0100%               |                        |                      | \$472,332                                | 1.09%        | -1.00%            |
| <b>North Carolina Large Cap Passive Fund</b>     | <b>\$3,677,621,561</b>  | <b>0.0050%</b> | <b>0.0019%</b>        | <b>0.0125%</b>         | <b>0.02%</b>         | <b>\$713,459</b>                         | <b>0.16%</b> | <b>-0.14%</b>     |
| Blackrock  | \$3,677,621,561         | 0.0050%        | 0.0100%               |                        |                      | \$183,881                                | 0.02%        | -0.02%            |
| <b>North Carolina Large Cap Core Fund</b>        | <b>\$2,125,524,549</b>  | <b>0.2814%</b> | <b>0.0068%</b>        | <b>0.0125%</b>         | <b>0.30%</b>         | <b>\$6,391,452</b>                       | <b>0.59%</b> | <b>-0.29%</b>     |
| 18.75% Hotchkis & Wiley                          | \$398,464,944           | 0.4000%        | 0.0000%               |                        |                      | \$1,593,860                              | 0.40%        | 0.00%             |
| 18.75% Macquarie Large Cap Value                 | \$398,922,574           | 0.2689%        | 0.0000%               |                        |                      | \$1,072,703                              | 0.40%        | -0.13%            |
| 18.75% Sands Capital Management                  | \$400,330,410           | 0.4500%        | 0.0000%               |                        |                      | \$1,801,487                              | 0.43%        | 0.02%             |
| 18.75% Loomis Sayles                             | \$398,926,466           | 0.3727%        | 0.0000%               |                        |                      | \$1,486,799                              | 0.43%        | -0.06%            |
| 25% BlackRock Advisors Inc., Large Cap Index*    | \$528,880,169           | 0.0050%        | 0.0100%               |                        |                      | \$26,444                                 | 0.02%        | -0.02%            |
| <b>North Carolina SMID Cap Passive Fund</b>      | <b>\$373,578,524</b>    | <b>0.0050%</b> | <b>0.0113%</b>        | <b>0.0125%</b>         | <b>0.03%</b>         | <b>\$107,591</b>                         | <b>0.17%</b> | <b>-0.14%</b>     |
| Blackrock  | \$373,578,524           | 0.0050%        | 0.0100%               |                        |                      | \$18,679                                 | 0.03%        | -0.03%            |
| <b>North Carolina SMID Cap Core Fund</b>         | <b>\$1,049,160,326</b>  | <b>0.3778%</b> | <b>0.0051%</b>        | <b>0.0125%</b>         | <b>0.40%</b>         | <b>\$4,148,380</b>                       | <b>0.82%</b> | <b>-0.42%</b>     |
| 30% Earnest Partners                             | \$313,782,889           | 0.4700%        | 0.0000%               |                        |                      | \$1,474,780                              | 0.68%        | -0.68%            |
| 30% Wedge  | \$314,530,589           | 0.4113%        | 0.0000%               |                        |                      | \$1,293,664                              | 0.66%        | -0.25%            |
| 30% Brown Advisory                               | \$314,180,477           | 0.3787%        | 0.0000%               |                        |                      | \$1,189,801                              | 0.70%        | -0.32%            |
| 10% BlackRock Advisors Inc., SMID Index*         | \$106,571,520           | 0.0050%        | 0.0100%               |                        |                      | \$5,329                                  | 0.04%        | -0.04%            |
| <b>North Carolina International Passive Fund</b> | <b>\$102,152,452</b>    | <b>0.0210%</b> | <b>0.0235%</b>        | <b>0.0125%</b>         | <b>0.06%</b>         | <b>\$58,227</b>                          | <b>0.06%</b> | <b>0.00%</b>      |
| Blackrock  | \$102,152,452           | 0.0210%        | 0.0200%               |                        |                      | \$21,452                                 | 0.06%        | -0.04%            |
| <b>North Carolina International Equity</b>       | <b>\$2,252,405,858</b>  | <b>0.3760%</b> | <b>0.0234%</b>        | <b>0.0125%</b>         | <b>0.41%</b>         | <b>\$9,277,660</b>                       | <b>0.80%</b> | <b>-0.39%</b>     |
| 43% Baillie Gifford Growth                       | \$969,910,515           | 0.2702%        | 0.0000%               |                        |                      | \$2,620,698                              | 0.51%        | -0.24%            |
| 43% Mondrian Investment Partners Value           | \$966,785,096           | 0.3854%        | 0.0000%               |                        |                      | \$3,725,990                              | 0.51%        | -0.12%            |
| 7% Acadian                                       | \$157,372,563           | 0.6453%        | 0.0000%               |                        |                      | \$1,015,525                              | 0.84%        | -0.19%            |
| 7% WCM   | \$158,051,898           | 0.7000%        | 0.0000%               |                        |                      | \$1,106,363                              | 0.84%        | -0.14%            |
| <b>North Carolina TIPS Fund</b>                  | <b>\$366,813,232</b>    | <b>0.0250%</b> | <b>0.0035%</b>        | <b>0.0125%</b>         | <b>0.04%</b>         | <b>\$150,393</b>                         | <b>0.37%</b> | <b>-0.33%</b>     |
| Blackrock  | \$366,813,232           | 0.0250%        | 0.0000%               |                        |                      | \$91,703                                 | 0.11%        | -0.09%            |
| <b>Total</b>                                     | <b>\$15,174,113,756</b> | <b>0.1721%</b> | <b>0.0104%</b>        | <b>0.0125%</b>         | <b>0.21%</b>         | <b>\$31,393,034</b>                      | <b>0.22%</b> |                   |

\*Individual Manager Assets do not sum to Fund asset class totals due to residual/closing accounts.

<sup>1</sup> Based on annualized monthly fee accruals as of 6/30/2023

<sup>2</sup> The cost of the budget associated with the management of the Supplemental Retirement Plans, borne by each investment option in proportion to the pro-rate share of the applicable assets in that fund.

<sup>3</sup> Manager fee estimates reflect investment management fee only, does not include \$31 per participant record-keeping fee.

\*The median expenses for White Label composites are compared against their respective Callan Mutual Fund Institutional Universe, while the individual managers are compared to peers with the same vehicle and strategy assets. The total fund median represents asset-weighted investment management fees for plans greater than \$1 billion in the Callan DC index.

# The North Carolina Supplemental Retirement Plans

## Active Management Scorecard – Rolling 3-Years

| Large Cap Equity                  |                       |                   |                       |                   |                       |                   |                       |                   |             |
|-----------------------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-------------|
|                                   | 3 Years to 06/30/2023 |                   | 3 Years to 03/31/2023 |                   | 3 Years to 12/31/2022 |                   | 3 Years to 09/30/2022 |                   |             |
|                                   | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | 5 Year Risk |
| Hotchkis & Wiley Large Cap Value  |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Macquarie Large Cap Value         |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Sands Capital Large Cap Growth    |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Loomis Large Cap Growth           |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Small/Mid Cap                     |                       |                   |                       |                   |                       |                   |                       |                   |             |
|                                   | 3 Years to 06/30/2023 |                   | 3 Years to 03/31/2023 |                   | 3 Years to 12/31/2022 |                   | 3 Years to 09/30/2022 |                   |             |
|                                   | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | 5 Year Risk |
| EARNEST Partners SMID Cap Core*   |                       |                   |                       |                   |                       |                   |                       |                   |             |
| WEDGE SMID Cap Value              |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Brown Advisory                    |                       |                   |                       |                   |                       |                   |                       |                   |             |
| International Equity              |                       |                   |                       |                   |                       |                   |                       |                   |             |
|                                   | 3 Years to 06/30/2023 |                   | 3 Years to 03/31/2023 |                   | 3 Years to 12/31/2022 |                   | 3 Years to 09/30/2022 |                   |             |
|                                   | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | 5 Year Risk |
| Baillie Gifford ACWI ex US Growth |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Mondrian ACWI ex US Value         |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Acadian*                          |                       |                   |                       |                   |                       |                   |                       |                   |             |
| WCM*                              |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Fixed Income                      |                       |                   |                       |                   |                       |                   |                       |                   |             |
|                                   | 3 Years to 06/30/2023 |                   | 3 Years to 03/31/2023 |                   | 3 Years to 12/31/2022 |                   | 3 Years to 09/30/2022 |                   |             |
|                                   | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | 5 Year Risk |
| TCW Core Plus*                    |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Prudential Core Plus              |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Stable Value                      |                       |                   |                       |                   |                       |                   |                       |                   |             |
|                                   | 3 Years to 06/30/2023 |                   | 3 Years to 03/31/2023 |                   | 3 Years to 12/31/2022 |                   | 3 Years to 09/30/2022 |                   |             |
|                                   | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | 5 Year Risk |
| Stable Value                      |                       |                   |                       |                   |                       |                   |                       |                   |             |

\*Composite returns used to populate history; gross returns compared to index and separate account peer groups

# The North Carolina Supplemental Retirement Plans

## Active Management Scorecard – Rolling 5-Years

| Large Cap Equity                  |                       |                   |                       |                   |                       |                   |                       |                   |             |
|-----------------------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-------------|
|                                   | 5 Years to 06/30/2023 |                   | 5 Years to 03/31/2023 |                   | 5 Years to 12/31/2022 |                   | 5 Years to 09/30/2022 |                   | 5 Year Risk |
|                                   | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median |             |
| Hotchkis & Wiley Large Cap Value  |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Macquarie Large Cap Value*        |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Sands Capital Large Cap Growth    |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Loomis Large Cap Growth*          |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Small/Mid Cap                     |                       |                   |                       |                   |                       |                   |                       |                   |             |
|                                   | 5 Years to 06/30/2023 |                   | 5 Years to 03/31/2023 |                   | 5 Years to 12/31/2022 |                   | 5 Years to 09/30/2022 |                   | 5 Year Risk |
|                                   | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median |             |
| EARNEST Partners SMID Cap Core*   |                       |                   |                       |                   |                       |                   |                       |                   |             |
| WEDGE SMID Cap Value              |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Brown Advisory                    |                       |                   |                       |                   |                       |                   |                       |                   |             |
| International Equity              |                       |                   |                       |                   |                       |                   |                       |                   |             |
|                                   | 5 Years to 06/30/2023 |                   | 5 Years to 03/31/2023 |                   | 5 Years to 12/31/2022 |                   | 5 Years to 09/30/2022 |                   | 5 Year Risk |
|                                   | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median |             |
| Baillie Gifford ACWI ex US Growth |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Mondrian ACWI ex US Value         |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Acadian*                          |                       |                   |                       |                   |                       |                   |                       |                   |             |
| WCM*                              |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Fixed Income                      |                       |                   |                       |                   |                       |                   |                       |                   |             |
|                                   | 5 Years to 06/30/2023 |                   | 5 Years to 03/31/2023 |                   | 5 Years to 12/31/2022 |                   | 5 Years to 09/30/2022 |                   | 5 Year Risk |
|                                   | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median |             |
| TCW Core Plus*                    |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Prudential Core Plus              |                       |                   |                       |                   |                       |                   |                       |                   |             |
| Stable Value                      |                       |                   |                       |                   |                       |                   |                       |                   |             |
|                                   | 5 Years to 06/30/2023 |                   | 5 Years to 03/31/2023 |                   | 5 Years to 12/31/2022 |                   | 5 Years to 09/30/2022 |                   | 5 Year Risk |
|                                   | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median | Above Benchmark       | Above Peer Median |             |
| Stable Value                      |                       |                   |                       |                   |                       |                   |                       |                   |             |

\*Composite returns used to populate history; gross returns compared to index and separate account peer groups



# The North Carolina Supplemental Retirement Plans Quarterly Manager Review

## Callan Manager Assessment

|                                  | Manager Overall | Product People | Philosophy/ Process | Short Term Performance | Long Term Performance | Product Dynamics | Product Overall | STATUS              | NOTES   |
|----------------------------------|-----------------|----------------|---------------------|------------------------|-----------------------|------------------|-----------------|---------------------|---|
| <b>LARGE CAP VALUE EQUITY</b>    |                 |                |                     |                        |                       |                  |                 |                     |   |
| Hotchkis & Wiley Large Cap Value | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Within Expectations |   |
| Macquarie Large Cap Value        | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Cautionary          | <ul style="list-style-type: none"> <li>Firm announced the July 2023 retirement of senior PM Bob Vogel. He will remain an active team member until his retirement.</li> <li>Former PM Ty Nutt retired in July 2019 and transitioned his lead role to Nik Lalvani. Macquarie promoted Associate PM Erin Ksenak to PM in December 2020 and analyst Vincent Celentano to Associate PM. Continue to monitor the team, process, and performance subsequent to transitions.</li> <li>Very difficult performance results for first quarter 2023. Recent underperformance impacting long-term results; client and asset stability should be monitored going forward.</li> </ul>  |
| <b>LARGE CAP CORE EQUITY</b>     |                 |                |                     |                        |                       |                  |                 |                     |   |
| BlackRock Russell 1000 Index     | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Within Expectations |   |
| <b>LARGE CAP GROWTH EQUITY</b>   |                 |                |                     |                        |                       |                  |                 |                     |   |
| Loomis Sayles Large Cap Growth   | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Within Expectations | <ul style="list-style-type: none"> <li>Loomis offered a voluntary separation program in 4Q22 to eligible personnel at the firm, excluding portfolio managers. A number of fixed income analysts within the central research team accepted the buyout.</li> <li>Strategy has had nearly \$5B in outflows in 2022 and continues to experience net outflows, though it remains capacity constrained. Strategy AUM is below its high water mark.</li> <li>While the strategy has outperformed the Russell 1000 Growth Index by nearly 10% on a YTD basis, it continues to trail on 3/5/7 year periods, although marginally.</li> </ul>  |
| Sands Capital Large Cap Growth   | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Cautionary          | <ul style="list-style-type: none"> <li>One of the four PMs on the strategy, Mike Sramek, elected to not to not return from a medical leave that was initiated in July 2022 and officially retired from the firm in December 2022. His tenure at the firm and impact on both Select and Focus Growth strategies necessitates continued due diligence around impact of his absence on the portfolio management approach going forward.</li> <li>3/5/7 year performance remains meaningfully behind the benchmark despite strong YTD (as of Q2 2023) performance. Exposure to innovation/disruptive growth companies has increased return volatility in recent time periods, though the investment team continues to re-calibrate growth exposure to ensure balance across different growth buckets. Continuing to monitor risk management approach around higher beta companies.</li> <li>Stability of asset base should be monitored; strategy experienced some outflows at the end of 2022 and has experienced outflows in 2023, particularly within its endowment and foundation client base.</li> </ul> |

Product Dynamics: reflects noteworthy highlights of the portfolio and strategy including assets and portfolio characteristics.

Short-Term Performance: reflects periods of three years and under with a focus on whether or not the manager is performing within expectations.

Long-Term Performance: reflects periods of five years and longer with a focus on whether or not the manager is performing within expectations.

# The North Carolina Supplemental Retirement Plans Quarterly Manager Review

## Callan Manager Assessment

|                                     | Manager Overall | Product People | Philosophy/ Process | Short Term Performance | Long Term Performance | Product Dynamics | Product Overall | <u>STATUS</u>       | <u>NOTES</u>  |
|-------------------------------------|-----------------|----------------|---------------------|------------------------|-----------------------|------------------|-----------------|---------------------|---|
| <b>SMALL CAP GROWTH EQUITY</b>      |                 |                |                     |                        |                       |                  |                 |                     |   |
| Brown Advisory Small/Mid Cap Growth | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Within Expectations | • Strategy AUM near high watermark (mitigated by slowing net flows and market volatility); total securities near all-time high (but within expected range).   |
| <b>SMALL/MID CAP BROAD</b>          |                 |                |                     |                        |                       |                  |                 |                     |   |
| BlackRock Russell 2500 Index        | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Within Expectations | • Head of EII Portfolio Management Amy Whitelaw stepped away from her role in February 2023. In conjunction BlackRock announced promotions to senior team members to expand the leadership team.  |
| Earnest Partners Small/Mid Cap      | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Within Expectations | • Firm founder Paul Viera owns majority of firm.<br>• Strategy market capitalization consistently larger than benchmark and peers.  |
| BlackRock SMID Cap Passive          | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Within Expectations | • Head of EII Portfolio Management Amy Whitelaw stepped away from her role in February 2023. In conjunction BlackRock announced promotions to senior team members to expand the leadership team.  |
| <b>SMALL/MID CAP VALUE</b>          |                 |                |                     |                        |                       |                  |                 |                     |   |
| WEDGE Small/Mid Cap Value           | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Under Review        | • Board voted to terminate WEDGE and transition to a passive strategy that will replicate the Russell 2500 Index while search is completed for another active strategy.   |
| <b>ACWI XUS CORE</b>                |                 |                |                     |                        |                       |                  |                 |                     |   |
| BlackRock International Passive     | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Within Expectations | • Head of EII Portfolio Management Amy Whitelaw stepped away from her role in February 2023. In conjunction BlackRock announced promotions to senior team members to expand the leadership team.  |
| <b>ACWI XUS VALUE</b>               |                 |                |                     |                        |                       |                  |                 |                     |   |
| Mondrian ACWI ex-US Value           | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Within Expectations | • There have been a number of investment professional shifts on the team, but all were well telegraphed and resources remain robust.  |
| <b>ACWI XUS GROWTH</b>              |                 |                |                     |                        |                       |                  |                 |                     |   |
| Baillie Gifford ACWI ex-US Growth   | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Within Expectations | • The retirement of Portfolio Manager Angus Franklin in 6/2022, and the portfolio manager rotation of Toby Ross with Steve Vaughan in 9/2022 are expected to be seamless given the team-driven process and depth and breadth of the team. |

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# The North Carolina Supplemental Retirement Plans Quarterly Manager Review

## Callan Manager Assessment

|                                | Manager Overall | Product People | Philosophy/ Process | Short Term Performance | Long Term Performance | Product Dynamics | Product Overall | STATUS              | NOTES  |
|--------------------------------|-----------------|----------------|---------------------|------------------------|-----------------------|------------------|-----------------|---------------------|--|
| <b>ACWI XUS SMALL CORE</b>     |                 |                |                     |                        |                       |                  |                 |                     |  |
| Acadian                        | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Within Expectations | <ul style="list-style-type: none"> <li>Stable organization despite parent company BrightSphere who is expected sell its affiliate Acadian; however, the terms of the firm and economic structure are expected to be intact similar to BHMS transaction in July 2020 and TS&amp;W transaction in May 2021.</li> <li>Co-CEO structure streamlined succession; the appointment of Fanesca Young as lead portfolio manager of Equities and departure of Portfolio Manager Kurt Livermore during 2Q23 are expected to have a de minimis impact given the systematic nature of the process and depth and breadth of the team.</li> <li>The strategy has limited capacity.</li> </ul> |
| <b>ACWI XUS SMALL GROWTH</b>   |                 |                |                     |                        |                       |                  |                 |                     |  |
| WCM                            | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Within Expectations | <ul style="list-style-type: none"> <li>Co-CEO Kurt Winrich retired, effective 12/31/2021. Winrich continues to serve as chairman of the Board.</li> <li>In June 2023, WCM acquired Martin Capital, based in Eugene, Oregon, that manages dividend growth strategies and has \$300 million in assets under management. The team will continue to operate independently from other teams under the WCM umbrella.</li> <li>The strategy has limited capacity.</li> </ul>  |
| <b>CORE BOND</b>               |                 |                |                     |                        |                       |                  |                 |                     |  |
| BlackRock Fixed Income Passive | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Within Expectations | <ul style="list-style-type: none"> <li>Head of EII Portfolio Management Amy Whitelaw stepped away from her role in February 2023. In conjunction BlackRock announced promotions to senior team members to expand the leadership team.</li> </ul>   |
| <b>CORE PLUS BOND</b>          |                 |                |                     |                        |                       |                  |                 |                     |  |
| Prudential Core Plus           | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Within Expectations | <ul style="list-style-type: none"> <li>In January 2023 it was announced that Head of Fixed Income Michael Lillard will be retiring effective April 2024.</li> <li>Announced in January 2023, Multi-sector PM Michael Collins will be retiring from the firm, effective April 2024. However, the remaining PM team is strong and should provide continuity for the investment process.</li> </ul>   |
| TCW Core Plus                  | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Within Expectations | <ul style="list-style-type: none"> <li>Monitoring the CEO leadership transition which occurred at year-end 2022.</li> <li>Monitoring potential impacts to investment strategy consistency due to CIO Tad Rivelle's 2021 year-end retirement and leadership transitioning to other senior members of the investment team.</li> <li>Securitized Portfolio Manager Harrison Choi retired from the firm in June 23.</li> <li>Long duration and yield curve positioning (overweight 2-year) were significant detractors in 2Q.</li> </ul>   |

Product Dynamics: reflects noteworthy highlights of the portfolio and strategy including assets and portfolio characteristics.

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Long-Term Performance: reflects periods of five years and longer with a focus on whether or not the manager is performing within expectations.

# The North Carolina Supplemental Retirement Plans Quarterly Manager Review

## Callan Manager Assessment

|  | Manager Overall | Product People | Philosophy/ Process | Short Term Performance | Long Term Performance | Product Dynamics | Product Overall | <u>STATUS</u>       | <u>NOTES</u>   |
|--|-----------------|----------------|---------------------|------------------------|-----------------------|------------------|-----------------|---------------------|--|
| <b>US TIPS</b>                         |                 |                |                     |                        |                       |                  |                 |                     |  |
| BlackRock Treasury Inflation Protected | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Within Expectations | <ul style="list-style-type: none"> <li>Head of EII Portfolio Management Amy Whitelaw stepped away from her role in February 2023. In conjunction BlackRock announced promotions to senior team members to expand the leadership team.</li> </ul>   |
| <b>STABLE VALUE</b>                    |                 |                |                     |                        |                       |                  |                 |                     |  |
| Galliard Stable Value                  | ●               | ●              | ●                   | ●                      | ●                     | ●                | ●               | Within Expectations | <ul style="list-style-type: none"> <li>Continuing to monitor parent company's (Allspring) ownership change that occurred in November 2021. Wells was rebranded to Allspring Global Investments and Joseph Sullivan replaced Nico Marais as CEO.</li> <li>Assets have stabilized since late 2020. The Galliard Stable Return Fund's put queue peaked in 2020 and has since decreased to 2017 levels.</li> <li>Leadership and the investment team has remained stable since the founding partners' retirement at the end of 2019.</li> </ul> |

Product Dynamics: reflects noteworthy highlights of the portfolio and strategy including assets and portfolio characteristics.

Short-Term Performance: reflects periods of three years and under with a focus on whether or not the manager is performing within expectations.

Long-Term Performance: reflects periods of five years and longer with a focus on whether or not the manager is performing within expectations.

**The North Carolina Supplemental Retirement Plans  
Investment Manager Performance Monitoring Summary Report  
June 30, 2023**

| Investment Manager   | Last Quarter Return | Last Year Return | 3 Year Return | 5 Year Return | 3 Year Return Consistency | 5 Year Sharpe Ratio | 5 Year Excess Rtn Ratio | 5 Year Tracking Error |
|--|---------------------|------------------|---------------|---------------|---------------------------|---------------------|-------------------------|-----------------------|
| <b>Tier 2: Passive vs. Net of Fee Groups</b>   |                     |                  |               |               |                           |                     |                         |                       |
| <b>Fixed Income Passive (i)</b><br>Callan Core Bond MFs<br>Blmbg Aggregate                       | -0.8 60             | -0.9 69          | -4.0 87       | 0.7 83        |                           | -0.1 88             | -0.2 99                 | 0.1 100               |
| <b>Treasury Inflation Protected (i)</b><br>Callan TIPS MFs<br>Blmbg US TIPS 1-10 Yr              | -1.4 47             | -1.1 35          | 1.1 10        | 2.7 10        |                           | 0.3 2               | -0.1 27                 | 0.2 97                |
| <b>Large Cap Passive (i)</b><br>Callan Large Cap Core MFs<br>S&P 500 Index                       | 8.7 45              | 19.6 45          | 14.6 45       | 12.3 32       |                           | 0.5 34              | -0.3 47                 | 0.0 100               |
| <b>International Passive (i)</b><br>Callan Non US Equity MFs<br>International Benchmark          | 2.6 67              | 12.7 92          | 7.1 63        | 3.5 69        |                           | 0.1 67              | 0.3 33                  | 0.9 100               |
| <b>SMID Cap Passive (i)</b><br>Callan SMID Core MFs<br>Russell 2500 Index                        | 5.2 26              | 13.5 50          | 12.2 71       | 6.5 43        |                           | 0.2 49              | -1.0 94                 | 0.1 100               |
| <b>Inflation Responsive Fund (i)</b><br>Callan Real Assets MFs<br>Inflation Responsive Benchmark | -1.1 74             | -4.4 81          | 5.2 79        | 2.9 81        |                           | 0.1 77              | 0.8 1                   | 0.3 100               |
| <b>Tier 2: Active vs. Net of Fee Groups</b>  |                     |                  |               |               |                           |                     |                         |                       |
| <b>Stable Value Fund</b><br>Callan Stable Value CT<br>T-Bill + 1.5%                              | 0.7 13              | 2.3 22           | 2.0 10        | 2.2 2         |                           | 3.6 9               | -1.3 5                  | 0.6 17                |
| <b>Fixed Income Fund</b><br>Callan Core Plus MFs<br>Blmbg Aggregate                              | -0.5 37             | -0.4 74          | -3.3 66       | 1.4 24        |                           | -0.0 24             | 0.3 26                  | 2.3 69                |
| <b>TCW Core Plus</b><br>Callan Core Plus MFs<br>Blmbg Aggregate                                  | -1.0 79             | -1.6 90          | -3.8 87       | 1.1 55        |                           | -0.1 55             | 0.4 19                  | 1.0 93                |

Returns:  
■ above median  
■ third quartile  
■ fourth quartile

Return Consistency:  
■ above median  
■ third quartile  
■ fourth quartile

Sharpe Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

Excess Return Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

Tracking Error:  
■ below median  
■ second quartile  
■ first quartile

(i) - Indexed scoring method used. Green: manager & index ranking differ by <= +/- 10%tile. Gold: manager & index ranking differ by <= +/- 20%tile. Blue: manager & index ranking differ by > +/- 20%tile.

**The North Carolina Supplemental Retirement Plans  
Investment Manager Performance Monitoring Summary Report  
June 30, 2023**

| Investment Manager  | Last Quarter Return | Last Year Return | 3 Year Return | 5 Year Return | 3 Year Return Consistency | 5 Year Sharpe Ratio | 5 Year Excess Rtn Ratio | 5 Year Tracking Error |
|---|---------------------|------------------|---------------|---------------|---------------------------|---------------------|-------------------------|-----------------------|
| <b>Prudential Core Plus</b><br>Callan Core Plus MFs<br>Blmbg Aggregate                            | -0.1 1              | 0.7 18           | -2.8 37       | 1.6 11        |                           | 0.0 11              | 0.2 27                  | 3.7 24                |
| <b>Large Cap Core Equity Fund</b><br>Callan Lg Cap Broad MF<br>Russell 1000 Index                 | 8.7 49              | 22.6 32          | 12.5 59       | 10.8 51       |                           | 0.4 49              | -0.3 64                 | 3.6 82                |
| <b>Hotchkis &amp; Wiley Large Cap Value</b><br>Callan Lg Cap Value MF<br>Russell 1000 Value Index | 3.2 67              | 15.0 16          | 19.7 5        | 8.6 37        |                           | 0.2 79              | 0.1 43                  | 9.6 7                 |
| <b>Macquarie Large Cap Value</b><br>Callan Lg Cap Value MF<br>Russell 1000 Value Index            | 3.3 64              | 7.0 84           | 12.2 86       | 7.1 73        |                           | 0.3 63              | -0.3 78                 | 3.9 55                |
| <b>Sands Capital Large Cap Growth</b><br>Callan Large Cap Grwth MF<br>Russell 1000 Growth Index   | 13.9 25             | 32.5 10          | -0.4 99       | 8.1 97        |                           | 0.2 99              | -0.5 41                 | 14.3 1                |
| <b>Loomis Sayles Large Cap Growth</b><br>Callan Large Cap Grwth MF<br>Russell 1000 Growth Index   | 13.6 29             | 40.4 2           | 12.9 13       | 14.7 9        |                           | 0.6 13              | -0.1 10                 | 6.1 31                |
| <b>BlackRock Russell 1000 Index (i)</b><br>Callan Large Cap Core MFs<br>Russell 1000 Index        | 8.5 49              | 19.3 46          | 14.2 50       | 11.9 35       |                           | 0.5 46              | -0.1 48                 | 0.1 99                |
| <b>International Equity Fund</b><br>Callan Non US Equity MFs<br>International Benchmark           | 3.4 40              | 15.4 79          | 5.3 82        | 3.6 66        |                           | 0.1 67              | 0.1 58                  | 3.0 94                |
| <b>Mondrian ACWI ex-US Value</b><br>Callan Non US Equity MFs<br>MSCI ACWI ex US                   | 3.9 25              | 13.1 92          | 10.1 33       | 4.1 54        |                           | 0.1 49              | 0.1 50                  | 5.1 57                |
| <b>Baillie Gifford ACWI ex-US Growth</b><br>Callan Non US Equity MFs<br>MSCI ACWI ex US           | 3.0 53              | 19.6 36          | 2.3 96        | 4.1 55        |                           | 0.1 64              | 0.1 60                  | 7.9 18                |

Returns:  
■ above median  
■ third quartile  
■ fourth quartile

Return Consistency:  
■ above median  
■ third quartile  
■ fourth quartile

Sharpe Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

Excess Return Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

Tracking Error:  
■ below median  
■ second quartile  
■ first quartile

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**The North Carolina Supplemental Retirement Plans  
Investment Manager Performance Monitoring Summary Report  
June 30, 2023**

| Investment Manager  | Last Quarter Return | Last Year Return | 3 Year Return | 5 Year Return | 3 Year Return Consistency | 5 Year Sharpe Ratio | 5 Year Excess Rtn Ratio | 5 Year Tracking Error |
|---|---------------------|------------------|---------------|---------------|---------------------------|---------------------|-------------------------|-----------------------|
| <b>Acadian</b><br>Callan Intl Small Cap MFs<br>MSCI ACWI ex US Small Cap                          | 2.5 22              | 12.6 47          | 13.8 8        | 6.5 4         |                           | 0.2 3               | 0.8 1                   | 4.5 82                |
| <b>WCM</b><br>Callan Intl Small Cap MFs<br>MSCI ACWI ex US Small Cap                              | 3.5 14              | 11.7 53          | 2.8 75        | 7.6 2         |                           | 0.2 4               | 0.3 6                   | 14.4 5                |
| <b>Small/Mid Cap Equity Fund</b><br>Callan SMID Broad MFs<br>Russell 2500 Index                   | 4.4 57              | 12.6 71          | 13.4 45       | 6.9 45        |                           | 0.2 42              | 0.1 32                  | 2.2 100               |
| <b>Earnest Partners Small/Mid Cap</b><br>Callan SMID Core MFs<br>Russell 2500 Index               | 2.9 71              | 12.9 54          | 15.4 21       | 9.7 7         |                           | 0.4 5               | 0.5 7                   | 6.4 22                |
| <b>Wedge Small/Mid Cap Value</b><br>Callan SMID Value MFs<br>Russell 2500 Value Index             | 4.9 26              | 9.7 68           | 15.1 68       | 4.2 88        |                           | 0.1 87              | -0.4 89                 | 2.7 94                |
| <b>Brown Advisory Small/Mid Cap Growth</b><br>Callan SMID Growth MFs<br>Russell 2500 Growth Index | 5.2 55              | 14.9 75          | 8.3 29        | 8.6 32        |                           | 0.3 31              | 0.3 27                  | 4.5 84                |
| <b>BlackRock Russell 2500 Index (i)</b><br>Callan SMID Core MFs<br>Russell 2500 Index             | 5.2 26              | 13.7 48          | 12.2 72       | 6.6 40        |                           | 0.2 44              | 0.2 32                  | 0.5 100               |

Returns:  
■ above median  
■ third quartile  
■ fourth quartile

Return Consistency:  
■ above median  
■ third quartile  
■ fourth quartile

Sharpe Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

Excess Return Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

Tracking Error:  
■ below median  
■ second quartile  
■ first quartile

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**The North Carolina Supplemental Retirement Plans  
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June 30, 2023**

| Investment Manager  | Last Quarter Return | Last Year Return | 3 Year Return | 5 Year Return | 3 Year Return Consistency | 5 Year Sharpe Ratio | 5 Year Excess Rtn Ratio | 5 Year Tracking Error |
|---|---------------------|------------------|---------------|---------------|---------------------------|---------------------|-------------------------|-----------------------|
| <b>Tier 2: Active vs. Gross of Fee Groups</b>   |                     |                  |               |               |                           |                     |                         |                       |
| <b>Stable Value Fund</b>  |                     |                  |               |               |                           |                     |                         |                       |
| <b>Galliard Stable Value</b><br>Callan Stable Value SA<br>T-Bill + 1.5%                           | 0.7 29              | 2.4 58           | 2.1 33        | 2.3 32        |                           | 4.3 42              | -1.1 32                 | 0.6 19                |
| <b>Fixed Income Fund</b>  |                     |                  |               |               |                           |                     |                         |                       |
| <b>TCW Core Plus</b><br>Callan Core Bond FI<br>Blmbg Aggregate                                    | -0.9 89             | -1.5 95          | -3.7 82       | 1.3 52        |                           | -0.0 51             | 0.5 42                  | 1.0 59                |
| <b>Prudential Core Plus</b><br>Callan Core Bond FI<br>Blmbg Aggregate                             | -0.1 1              | 0.7 2            | -2.8 11       | 1.7 10        |                           | 0.0 11              | 0.2 79                  | 3.7 1                 |
| <b>Large Cap Core Equity Fund</b>   |                     |                  |               |               |                           |                     |                         |                       |
| <b>Hotchkis &amp; Wiley Large Cap Value</b><br>Callan Large Cap Value<br>Russell 1000 Value Index | 3.3 72              | 15.4 15          | 20.2 11       | 9.0 41        |                           | 0.3 88              | 0.1 57                  | 9.6 6                 |
| <b>Macquarie Large Cap Value</b><br>Callan Large Cap Value<br>Russell 1000 Value Index            | 3.4 71              | 7.3 93           | 12.5 95       | 7.3 89        |                           | 0.3 72              | -0.2 90                 | 3.9 58                |
| <b>Sands Capital Large Cap Growth</b><br>Callan Large Cap Growth<br>Russell 1000 Growth Index     | 14.1 16             | 33.0 5           | 0.0 96        | 8.5 95        |                           | 0.2 97              | -0.5 52                 | 14.3 4                |
| <b>Loomis Sayles Large Cap Growth</b><br>Callan Large Cap Growth<br>Russell 1000 Growth Index     | 13.7 24             | 40.9 1           | 13.3 24       | 15.1 13       |                           | 0.6 15              | 0.0 13                  | 6.1 32                |
| <b>BlackRock Russell 1000 Index (i)</b><br>Callan Large Cap Core<br>Russell 1000 Index            | 8.5 48              | 19.3 31          | 14.2 59       | 11.9 48       |                           | 0.5 50              | -0.1 54                 | 0.1 100               |

Returns:  
■ above median  
■ third quartile  
■ fourth quartile

Return Consistency:  
■ above median  
■ third quartile  
■ fourth quartile

Sharpe Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

Excess Return Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

Tracking Error:  
■ below median  
■ second quartile  
■ first quartile

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**The North Carolina Supplemental Retirement Plans  
Investment Manager Performance Monitoring Summary Report  
June 30, 2023**

| Investment Manager   | Last Quarter Return | Last Year Return | 3 Year Return | 5 Year Return | 3 Year Return Consistency | 5 Year Sharpe Ratio | 5 Year Excess Rtn Ratio | 5 Year Tracking Error |
|--|---------------------|------------------|---------------|---------------|---------------------------|---------------------|-------------------------|-----------------------|
| <b>International Fund</b>  |                     |                  |               |               |                           |                     |                         |                       |
| <b>Mondrian ACWI ex-US Value</b><br>Callan NonUS Eq<br>MSCI ACWI ex US                             | 4.0 25              | 13.5 89          | 10.5 28       | 4.5 62        |                           | 0.1 58              | 0.2 65                  | 5.1 50                |
| <b>Baillie Gifford ACWI ex-US Growth</b><br>Callan NonUS Eq<br>MSCI ACWI ex US                     | 3.1 55              | 19.9 29          | 2.5 95        | 4.3 67        |                           | 0.1 75              | 0.1 74                  | 7.9 12                |
| <b>Acadian</b><br>Callan Intl Small Cap<br>MSCI ACWI ex US Small Cap                               | 2.5 10              | 12.6 47          | 13.8 6        | 6.5 3         |                           | 0.2 3               | 0.8 3                   | 4.5 79                |
| <b>WCM</b><br>Callan Intl Small Cap<br>MSCI ACWI ex US Small Cap                                   | 3.5 6               | 11.7 64          | 2.8 80        | 7.6 1         |                           | 0.2 5               | 0.3 10                  | 14.4 3                |
| <b>Small/Mid Cap Equity Fund</b>   |                     |                  |               |               |                           |                     |                         |                       |
| <b>Earnest Partners Small/Mid Cap</b><br>Callan Small/MidCap Core<br>Russell 2500 Index            | 3.0 83              | 13.4 70          | 16.6 24       | 10.7 9        |                           | 0.4 6               | 0.7 12                  | 6.4 32                |
| <b>Wedge Small/Mid Cap Value</b><br>Callan Small/MidCap Value<br>Russell 2500 Value Index          | 5.0 57              | 10.2 89          | 15.6 87       | 4.7 92        |                           | 0.1 92              | -0.2 93                 | 2.7 95                |
| <b>Brown Advisory Small/Mid Cap Growth</b><br>Callan Sm/MidCap Growth<br>Russell 2500 Growth Index | 5.3 52              | 15.3 75          | 8.7 31        | 9.0 43        |                           | 0.3 45              | 0.5 31                  | 4.5 91                |
| <b>BlackRock Russell 2500 Index (i)</b><br>Callan Small/MidCap Core<br>Russell 2500 Index          | 5.2 52              | 13.7 69          | 12.2 83       | 6.6 77        |                           | 0.2 75              | 0.2 61                  | 0.5 100               |

Returns:  
■ above median  
■ third quartile  
■ fourth quartile

Return Consistency:  
■ above median  
■ third quartile  
■ fourth quartile

Sharpe Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

Excess Return Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

Tracking Error:  
■ below median  
■ second quartile  
■ first quartile

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## Investment Fund Balances

The table below compares the fund's investment fund balances as of June 30, 2023 with that of March 31, 2023.

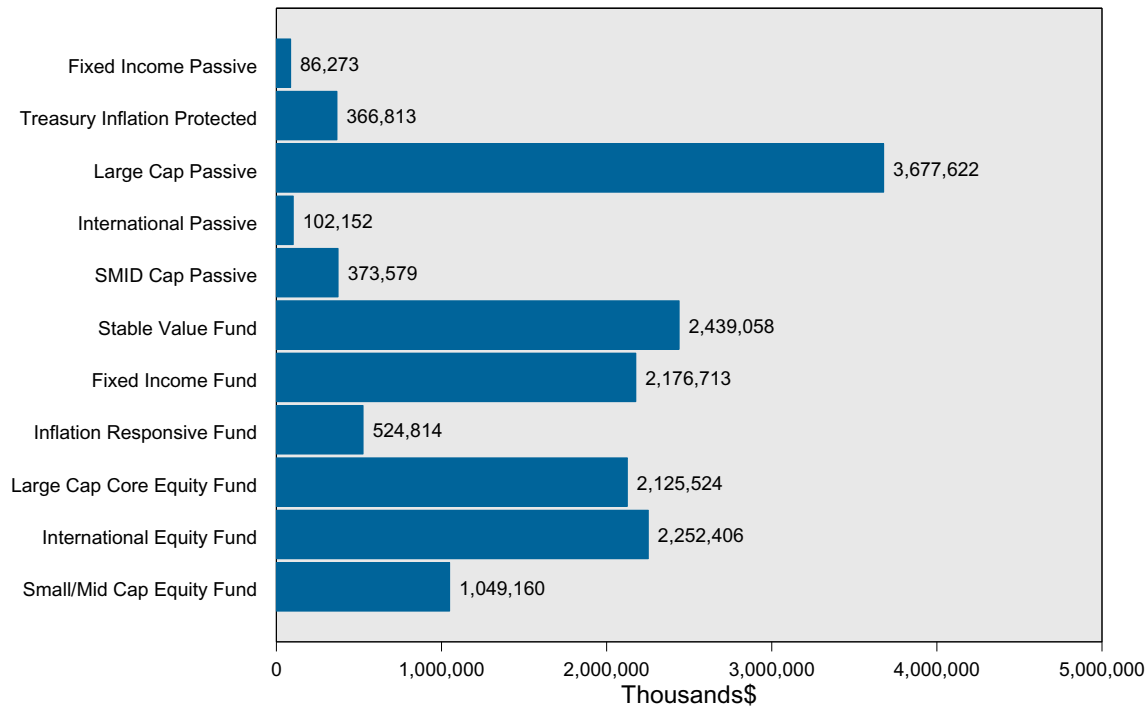
### Asset Distribution Across Investment Funds

|  | June 30, 2023          |               | March 31, 2023         |               |
|--|------------------------|---------------|------------------------|---------------|
|  | Market Value           | Weight        | Market Value           | Weight        |
| <b>North Carolina SRP 401k &amp; 457</b> |                        |               |                        |               |
| <b>Tier I: GoalMaker</b>                 |                        |               |                        |               |
| Post Retirement Conservative 11+         | 48,171,391             | 0.64%         | 44,074,482             | 0.61%         |
| Post Retirement Conservative 6-10        | 143,337,712            | 1.90%         | 138,973,465            | 1.91%         |
| Post Retirement Conservative 0-5         | 398,081,776            | 5.27%         | 397,459,778            | 5.46%         |
| Pre Retirement Conservative 0-5          | 324,966,811            | 4.30%         | 327,471,879            | 4.50%         |
| Pre Retirement Conservative 6-10         | 196,594,127            | 2.60%         | 195,798,731            | 2.69%         |
| Pre Retirement Conservative 11-15        | 147,994,932            | 1.96%         | 147,895,719            | 2.03%         |
| Pre Retirement Conservative 16-20        | 109,007,480            | 1.44%         | 106,881,286            | 1.47%         |
| Pre Retirement Conservative 21-25        | 93,089,365             | 1.23%         | 89,381,384             | 1.23%         |
| Pre Retirement Conservative 26+          | 101,227,660            | 1.34%         | 98,164,374             | 1.35%         |
| Post Retirement Moderate 11+             | 52,842,090             | 0.70%         | 49,405,537             | 0.68%         |
| Post Retirement Moderate 6-10            | 155,730,142            | 2.06%         | 149,566,244            | 2.05%         |
| Post Retirement Moderate 0-5             | 462,897,614            | 6.12%         | 447,465,923            | 6.15%         |
| Pre Retirement Moderate 0-5              | 655,367,037            | 8.67%         | 633,882,465            | 8.71%         |
| Pre Retirement Moderate 6-10             | 632,336,112            | 8.36%         | 609,193,426            | 8.37%         |
| Pre Retirement Moderate 11-15            | 530,271,944            | 7.01%         | 508,032,035            | 6.98%         |
| Pre Retirement Moderate 16-20            | 407,855,500            | 5.40%         | 391,204,574            | 5.37%         |
| Pre Retirement Moderate 21-25            | 301,815,772            | 3.99%         | 285,573,252            | 3.92%         |
| Pre Retirement Moderate 26+              | 339,241,307            | 4.49%         | 320,125,105            | 4.40%         |
| Post Retirement Aggressive 11+           | 20,214,151             | 0.27%         | 19,147,961             | 0.26%         |
| Post Retirement Aggressive 6-10          | 54,942,821             | 0.73%         | 49,554,800             | 0.68%         |
| Post Retirement Aggressive 0-5           | 182,343,811            | 2.41%         | 174,646,660            | 2.40%         |
| Pre Retirement Aggressive 0-5            | 351,798,694            | 4.65%         | 340,590,851            | 4.68%         |
| Pre Retirement Aggressive 6-10           | 444,448,931            | 5.88%         | 414,512,113            | 5.69%         |
| Pre Retirement Aggressive 11-15          | 487,178,239            | 6.44%         | 468,084,395            | 6.43%         |
| Pre Retirement Aggressive 16-20          | 397,442,558            | 5.26%         | 380,022,247            | 5.22%         |
| Pre Retirement Aggressive 21-25          | 281,316,485            | 3.72%         | 266,215,775            | 3.66%         |
| Pre Retirement Aggressive 26+            | 238,949,701            | 3.16%         | 227,873,957            | 3.13%         |
| <b>Tier I: GoalMaker Total</b>           | <b>\$7,559,464,163</b> | <b>100.0%</b> | <b>\$7,281,198,418</b> | <b>100.0%</b> |

## Changes in Investment Fund Balances Period Ended June 30, 2023

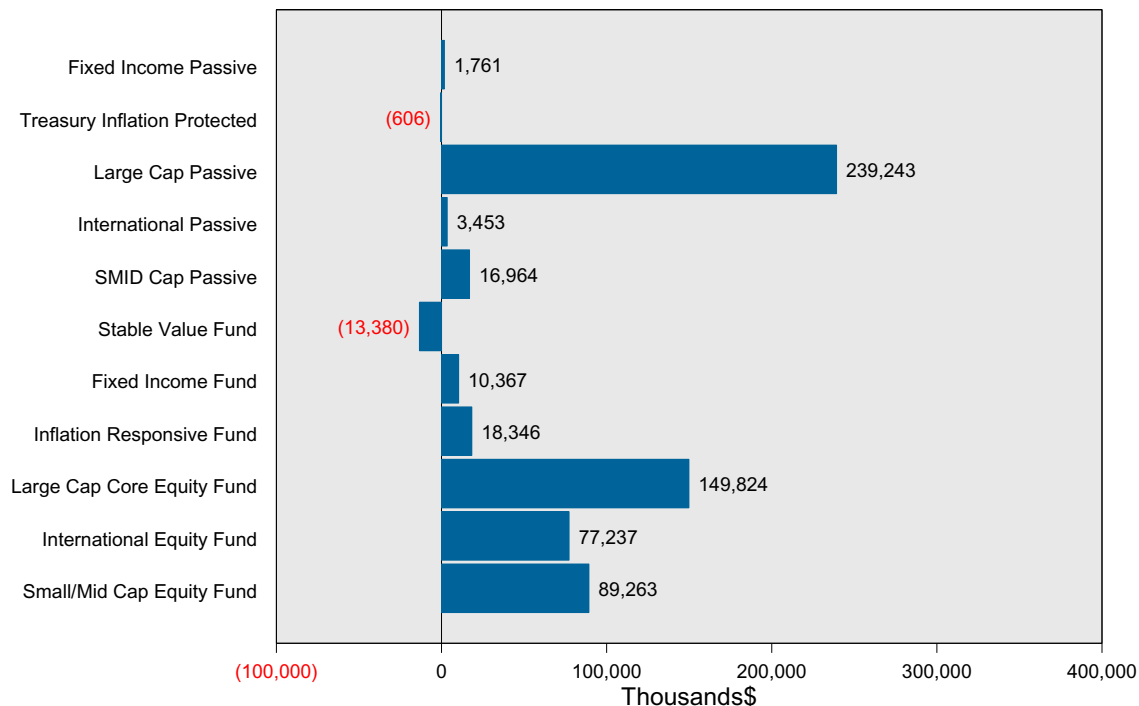
### Allocation Across Investment Options

The chart below illustrates the allocation of the aggregate fund assets across the various investment options for the quarter ended June 30, 2023.



### Changes in Fund Values

The chart below shows the net change in fund values across the various investment options for the quarter ended June 30, 2023. The change in value for each fund is the result of a combination of 3 factors: 1) market movements; 2) contributions or disbursements into or out of the funds by the participants (and any matching done by the company); and 3) transfers between funds by the participants.



## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

|                                     | 3 Years<br>Ended<br>6/2023 |    | 3 Years<br>Ended<br>3/2023 |    | 3 Years<br>Ended<br>12/2022 |    | 3 Years<br>Ended<br>9/2022 |    |
|-------------------------------------|----------------------------|----|----------------------------|----|-----------------------------|----|----------------------------|----|
| <b>Tier 2: Passive (Net of Fee)</b> |                            |    |                            |    |                             |    |                            |    |
| Fixed Income Passive                | (3.98%)                    | 87 | (2.77%)                    | 98 | (2.79%)                     | 80 | (3.28%)                    | 82 |
| Blmbg Aggregate                     | (3.96%)                    | 85 | (2.77%)                    | 98 | (2.71%)                     | 78 | (3.26%)                    | 81 |
| Callan Core Bond MFs                | (3.65%)                    |    | (1.79%)                    |    | (2.41%)                     |    | (2.95%)                    |    |
| Large Cap Passive                   | 14.57%                     | 45 | 18.58%                     | 41 | 7.65%                       | 54 | 8.15%                      | 50 |
| S&P 500 Index                       | 14.60%                     | 45 | 18.60%                     | 39 | 7.66%                       | 53 | 8.16%                      | 50 |
| Callan Large Cap Core MFs           | 14.16%                     |    | 17.99%                     |    | 7.69%                       |    | 8.12%                      |    |
| International Passive               | 7.08%                      | 63 | 11.63%                     | 73 | 0.04%                       | 68 | (1.78%)                    | 56 |
| International Benchmark (1)         | 6.79%                      | 65 | 11.37%                     | 83 | (0.22%)                     | 70 | (1.76%)                    | 56 |
| Callan Non US Equity MFs            | 8.42%                      |    | 13.23%                     |    | 0.84%                       |    | (1.43%)                    |    |
| SMID Cap Passive                    | 12.24%                     | 71 | 19.35%                     | 62 | 4.91%                       | 61 | 5.26%                      | 40 |
| Russell 2500 Index                  | 12.29%                     | 70 | 19.42%                     | 59 | 5.00%                       | 58 | 5.36%                      | 38 |
| Callan SMID Core MFs                | 13.81%                     |    | 19.83%                     |    | 5.25%                       |    | 4.24%                      |    |
| Inflation Responsive Fund           | 5.16%                      | 79 | 7.92%                      | 78 | 2.28%                       | 83 | 1.50%                      | 83 |
| Inflation Responsive Benchmark      | 4.97%                      | 79 | 7.72%                      | 79 | 2.12%                       | 84 | 1.37%                      | 84 |
| Callan Real Assets MFs              | 8.04%                      |    | 11.13%                     |    | 5.06%                       |    | 4.21%                      |    |

(1) As of 9/30/21, International Benchmark consists of MSCI ACWI ex-US IMI, previously consisted of MSCI ACWI ex-US.

## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

|  | 3 Years<br>Ended<br>6/2023 |           | 3 Years<br>Ended<br>3/2023 |           | 3 Years<br>Ended<br>12/2022 |           | 3 Years<br>Ended<br>9/2022 |           |
|--|----------------------------|-----------|----------------------------|-----------|-----------------------------|-----------|----------------------------|-----------|
| <b>Tier 2: Active (Net of Fee)</b>     |                            |           |                            |           |                             |           |                            |           |
| <b>Stable Value Fund</b>               | <b>2.02%</b>               | <b>10</b> | <b>2.00%</b>               | <b>6</b>  | <b>2.01%</b>                | <b>6</b>  | <b>2.05%</b>               | <b>5</b>  |
| 3 Yr US Treas Rolling<br>T-Bill + 1.5% | 1.89%                      | 18        | 1.57%                      | 44        | 1.30%                       | 82        | 1.08%                      | 93        |
| Callan Stable Value CT                 | 2.77%                      | 1         | 2.39%                      | 1         | 2.22%                       | 2         | 2.09%                      | 4         |
|  | 1.52%                      |           | 1.50%                      |           | 1.50%                       |           | 1.52%                      |           |
| <b>Fixed Income Fund</b>               | <b>(3.31%)</b>             | <b>66</b> | <b>(1.29%)</b>             | <b>66</b> | <b>(2.40%)</b>              | <b>48</b> | <b>(2.93%)</b>             | <b>52</b> |
| Blmbg Aggregate                        | (3.96%)                    | 92        | (2.77%)                    | 98        | (2.71%)                     | 82        | (3.26%)                    | 80        |
| Callan Core Plus MFs                   | (3.03%)                    |           | (0.90%)                    |           | (2.43%)                     |           | (2.84%)                    |           |
| TCW Core Plus                          | (3.79%)                    | 69        | (2.05%)                    | 75        | (2.29%)                     | 41        | (2.79%)                    | 43        |
| Blmbg Aggregate                        | (3.96%)                    | 85        | (2.77%)                    | 98        | (2.71%)                     | 78        | (3.26%)                    | 81        |
| Callan Core Bond MFs                   | (3.65%)                    |           | (1.79%)                    |           | (2.41%)                     |           | (2.95%)                    |           |
| Prudential Core Plus                   | (2.81%)                    | 37        | (0.48%)                    | 27        | (2.48%)                     | 61        | (2.98%)                    | 62        |
| Blmbg Aggregate                        | (3.96%)                    | 92        | (2.77%)                    | 98        | (2.71%)                     | 82        | (3.26%)                    | 80        |
| Callan Core Plus MFs                   | (3.03%)                    |           | (0.90%)                    |           | (2.43%)                     |           | (2.84%)                    |           |
| <b>Large Cap Core Equity Fund</b>      | <b>12.48%</b>              | <b>59</b> | <b>17.58%</b>              | <b>47</b> | <b>5.99%</b>                | <b>60</b> | <b>5.96%</b>               | <b>59</b> |
| Russell 1000 Index                     | 14.09%                     | 39        | 18.55%                     | 32        | 7.35%                       | 37        | 7.95%                      | 36        |
| Callan Lg Cap Broad MF                 | 13.07%                     |           | 17.50%                     |           | 6.51%                       |           | 6.34%                      |           |
| Hotchkis & Wiley Large Cap Value       | 19.72%                     | 5         | 25.99%                     | 5         | 8.38%                       | 26        | 5.84%                      | 39        |
| Russell 1000 Value Index               | 14.30%                     | 64        | 17.93%                     | 66        | 5.96%                       | 77        | 4.36%                      | 72        |
| Callan Lg Cap Value MF                 | 14.91%                     |           | 18.74%                     |           | 6.94%                       |           | 5.07%                      |           |
| Macquarie Large Cap Value              | 12.22%                     | 86        | 16.48%                     | 81        | 6.73%                       | 60        | 4.28%                      | 77        |
| Russell 1000 Value Index               | 14.30%                     | 64        | 17.93%                     | 66        | 5.96%                       | 77        | 4.36%                      | 72        |
| Callan Lg Cap Value MF                 | 14.91%                     |           | 18.74%                     |           | 6.94%                       |           | 5.07%                      |           |
| Sands Capital Large Cap Growth         | (0.42%)                    | 99        | 6.40%                      | 99        | (2.28%)                     | 98        | 0.45%                      | 98        |
| Russell 1000 Growth Index              | 13.73%                     | 7         | 18.58%                     | 7         | 7.79%                       | 12        | 10.67%                     | 6         |
| Callan Large Cap Grwth MF              | 9.87%                      |           | 14.82%                     |           | 4.94%                       |           | 7.18%                      |           |
| Loomis Sayles Large Cap Growth         | 12.91%                     | 13        | 16.36%                     | 28        | 4.80%                       | 52        | 6.01%                      | 66        |
| Russell 1000 Growth Index              | 13.73%                     | 7         | 18.58%                     | 7         | 7.79%                       | 12        | 10.67%                     | 6         |
| Callan Large Cap Grwth MF              | 9.87%                      |           | 14.82%                     |           | 4.94%                       |           | 7.18%                      |           |
| <b>International Equity Fund</b>       | <b>5.30%</b>               | <b>82</b> | <b>9.99%</b>               | <b>88</b> | <b>(2.36%)</b>              | <b>92</b> | <b>(3.39%)</b>             | <b>80</b> |
| International Benchmark (1)            | 6.79%                      | 65        | 11.37%                     | 83        | (0.22%)                     | 70        | (1.76%)                    | 56        |
| Callan Non US Equity MFs               | 8.42%                      |           | 13.23%                     |           | 0.84%                       |           | (1.43%)                    |           |
| Mondrian ACWI ex-US Value              | 10.12%                     | 33        | 12.50%                     | 59        | (0.95%)                     | 85        | (2.67%)                    | 66        |
| MSCI ACWI ex US                        | 7.22%                      | 62        | 11.80%                     | 69        | 0.07%                       | 67        | (1.52%)                    | 52        |
| MSCI ACWI ex US Value                  | 10.42%                     | 29        | 13.82%                     | 45        | 0.06%                       | 68        | (2.15%)                    | 62        |
| Callan Non US Equity MFs               | 8.42%                      |           | 13.23%                     |           | 0.84%                       |           | (1.43%)                    |           |
| Baillie Gifford ACWI ex-US Growth      | 2.26%                      | 96        | 9.05%                      | 91        | (2.99%)                     | 95        | (3.66%)                    | 85        |
| MSCI ACWI ex US                        | 7.22%                      | 62        | 11.80%                     | 69        | 0.07%                       | 67        | (1.52%)                    | 52        |
| MSCI ACWI ex US Growth                 | 3.96%                      | 88        | 9.49%                      | 89        | (0.40%)                     | 74        | (1.38%)                    | 49        |
| Callan Non US Equity MFs               | 8.42%                      |           | 13.23%                     |           | 0.84%                       |           | (1.43%)                    |           |
| <b>Small/Mid Cap Equity Fund</b>       | <b>13.41%</b>              | <b>45</b> | <b>20.87%</b>              | <b>34</b> | <b>6.38%</b>                | <b>31</b> | <b>6.19%</b>               | <b>34</b> |
| Russell 2500 Index                     | 12.29%                     | 48        | 19.42%                     | 48        | 5.00%                       | 47        | 5.36%                      | 42        |
| Callan SMID Broad MFs                  | 11.63%                     |           | 19.13%                     |           | 4.75%                       |           | 5.05%                      |           |
| Wedge Small/Mid Cap Value              | 15.09%                     | 68        | 21.32%                     | 74        | 4.35%                       | 81        | 2.57%                      | 85        |
| Russell 2500 Value Index               | 16.07%                     | 64        | 21.80%                     | 72        | 5.22%                       | 72        | 4.52%                      | 67        |
| Callan SMID Value MFs                  | 17.24%                     |           | 23.08%                     |           | 6.84%                       |           | 5.71%                      |           |
| Brown Advisory Small/Mid Cap Growth    | 8.33%                      | 29        | 16.87%                     | 28        | 4.88%                       | 32        | 5.61%                      | 37        |
| Russell 2500 Growth Index              | 6.56%                      | 47        | 14.75%                     | 50        | 2.88%                       | 49        | 4.76%                      | 50        |
| Callan SMID Growth MFs                 | 5.85%                      |           | 14.74%                     |           | 2.78%                       |           | 4.84%                      |           |

(1) As of 9/30/21, International Benchmark consists of MSCI ACWI ex-US IMI, previously consisted of MSCI ACWI ex-US.

## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended June 30, 2023. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns and Rankings for Periods Ended June 30, 2023

|  | Last<br>Quarter |    | Last<br>Year |    | Last<br>3<br>Years |    | Last<br>5<br>Years |    | Since<br>Inception |         |
|--|-----------------|----|--------------|----|--------------------|----|--------------------|----|--------------------|---------|
| <b>Tier 2: Active (Gross of Fee)<br/>Stable Value Fund</b> |                 |    |              |    |                    |    |                    |    |                    |         |
| Galliard Stable Value                                      | 0.70%           | 29 | 2.42%        | 58 | 2.15%              | 33 | 2.35%              | 32 | 2.44%              | (1/11)  |
| 3 Yr US Treas Rolling<br>T-Bill + 1.5%                     | 1.01%           | 2  | 3.99%        | 2  | 1.89%              | 76 | 1.84%              | 89 | 1.32%              | (1/11)  |
| Callan Stable Value SA                                     | 1.53%           | 1  | 5.09%        | 1  | 2.77%              | 5  | 3.05%              | 2  | 2.31%              | (1/11)  |
|  | 0.68%           |    | 2.45%        |    | 2.08%              |    | 2.28%              |    | -                  |         |
| <b>Fixed Income Fund</b>                                   |                 |    |              |    |                    |    |                    |    |                    |         |
| TCW Core Plus  | (0.95%)         | 89 | (1.45%)      | 95 | (3.66%)            | 82 | 1.27%              | 52 | 1.35%              | (1/17)  |
| Blmbg Aggregate  | (0.84%)         | 85 | (0.94%)      | 82 | (3.96%)            | 95 | 0.77%              | 96 | 0.88%              | (1/17)  |
| Callan Core Bond FI  | (0.64%)         |    | (0.34%)      |    | (3.39%)            |    | 1.28%              |    | -                  |         |
| Prudential Core Plus                                       | (0.08%)         | 1  | 0.72%        | 2  | (2.81%)            | 11 | 1.66%              | 10 | 2.32%              | (1/15)  |
| Blmbg Aggregate  | (0.84%)         | 85 | (0.94%)      | 82 | (3.96%)            | 95 | 0.77%              | 96 | 1.04%              | (1/15)  |
| Callan Core Bond FI  | (0.64%)         |    | (0.34%)      |    | (3.39%)            |    | 1.28%              |    | -                  |         |
| <b>Large Cap Core Equity Fund</b>                          |                 |    |              |    |                    |    |                    |    |                    |         |
| Hotchkis & Wiley Large Cap Value                           | 3.32%           | 72 | 15.42%       | 15 | 20.19%             | 11 | 9.03%              | 41 | 15.11%             | (4/09)  |
| Russell 1000 Value Index                                   | 4.07%           | 52 | 11.54%       | 62 | 14.30%             | 82 | 8.11%              | 71 | 12.69%             | (4/09)  |
| Callan Large Cap Value                                     | 4.22%           |    | 12.34%       |    | 16.40%             |    | 8.77%              |    | -                  |         |
| Macquarie Large Cap Value                                  | 3.40%           | 71 | 7.33%        | 93 | 12.52%             | 95 | 7.34%              | 89 | 7.75%              | (6/15)  |
| Russell 1000 Value Index                                   | 4.07%           | 52 | 11.54%       | 62 | 14.30%             | 82 | 8.11%              | 71 | 7.81%              | (6/15)  |
| Callan Large Cap Value                                     | 4.22%           |    | 12.34%       |    | 16.40%             |    | 8.77%              |    | -                  |         |
| Sands Capital Large Cap Growth                             | 14.07%          | 16 | 33.02%       | 5  | 0.02%              | 96 | 8.54%              | 95 | 17.65%             | (4/09)  |
| Russell 1000 Growth Index                                  | 12.81%          | 40 | 27.11%       | 32 | 13.73%             | 15 | 15.14%             | 13 | 17.14%             | (4/09)  |
| Callan Large Cap Growth                                    | 12.29%          |    | 25.13%       |    | 11.31%             |    | 12.98%             |    | -                  |         |
| Loomis Sayles Large Cap Growth                             | 13.71%          | 24 | 40.93%       | 1  | 13.33%             | 24 | 15.14%             | 13 | 15.72%             | (8/14)  |
| Russell 1000 Growth Index                                  | 12.81%          | 40 | 27.11%       | 32 | 13.73%             | 15 | 15.14%             | 13 | 14.91%             | (8/14)  |
| Callan Large Cap Growth                                    | 12.29%          |    | 25.13%       |    | 11.31%             |    | 12.98%             |    | -                  |         |
| BlackRock Russell 1000 Index                               | 8.50%           | 48 | 19.34%       | 31 | 14.17%             | 59 | 11.91%             | 48 | 11.78%             | (11/17) |
| Russell 1000 Index   | 8.58%           | 41 | 19.36%       | 31 | 14.09%             | 60 | 11.92%             | 48 | 11.81%             | (11/17) |
| Callan Large Cap Core                                      | 8.44%           |    | 18.14%       |    | 14.38%             |    | 11.72%             |    | -                  |         |
| <b>International Equity Fund</b>                           |                 |    |              |    |                    |    |                    |    |                    |         |
| Mondrian ACWI ex-US Value                                  | 4.02%           | 25 | 13.49%       | 89 | 10.54%             | 28 | 4.50%              | 62 | 7.48%              | (4/09)  |
| MSCI ACWI ex US  | 2.44%           | 79 | 12.72%       | 94 | 7.22%              | 77 | 3.52%              | 84 | 7.55%              | (4/09)  |
| MSCI ACWI ex US Value                                      | 2.95%           | 64 | 12.19%       | 96 | 10.42%             | 29 | 2.66%              | 93 | 6.78%              | (4/09)  |
| Callan NonUS Eq  | 3.21%           |    | 18.10%       |    | 9.01%              |    | 4.90%              |    | -                  |         |
| Baillie Gifford ACWI ex-US Growth                          | 3.10%           | 55 | 19.91%       | 29 | 2.52%              | 95 | 4.33%              | 67 | 10.28%             | (4/09)  |
| MSCI ACWI ex US  | 2.44%           | 79 | 12.72%       | 94 | 7.22%              | 77 | 3.52%              | 84 | 7.55%              | (4/09)  |
| MSCI ACWI ex US Growth                                     | 1.94%           | 86 | 13.26%       | 92 | 3.96%              | 94 | 4.06%              | 74 | 8.18%              | (4/09)  |
| Callan NonUS Eq  | 3.21%           |    | 18.10%       |    | 9.01%              |    | 4.90%              |    | -                  |         |
| <b>Small/Mid Cap Equity Fund</b>                           |                 |    |              |    |                    |    |                    |    |                    |         |
| Earnest Partners Small/Mid Cap                             | 3.00%           | 83 | 13.42%       | 70 | -                  |    | -                  |    | 2.78%              | (4/21)  |
| Russell 2500 Index   | 5.22%           | 54 | 13.58%       | 69 | 12.29%             | 83 | 6.55%              | 78 | (2.43%)            | (4/21)  |
| Callan Small/MidCap Core                                   | 5.26%           |    | 15.01%       |    | 14.79%             |    | 7.78%              |    | -                  |         |
| Wedge Small/Mid Cap Value                                  | 5.03%           | 57 | 10.18%       | 89 | 15.58%             | 87 | 4.69%              | 92 | 10.42%             | (1/12)  |
| Russell 2500 Value Index                                   | 4.37%           | 74 | 10.37%       | 84 | 16.07%             | 83 | 5.32%              | 88 | 9.92%              | (1/12)  |
| Callan Small/MidCap Value                                  | 5.25%           |    | 15.40%       |    | 18.67%             |    | 7.60%              |    | -                  |         |
| Brown Advisory Small/Mid Cap Growth                        | 5.25%           | 52 | 15.30%       | 75 | 8.73%              | 31 | 9.04%              | 43 | 15.49%             | (4/09)  |
| Russell 2500 Growth Index                                  | 6.41%           | 25 | 18.58%       | 41 | 6.56%              | 58 | 7.00%              | 67 | 14.52%             | (4/09)  |
| Callan Sm/MidCap Growth                                    | 5.33%           |    | 17.89%       |    | 7.63%              |    | 8.22%              |    | -                  |         |
| BlackRock Russell 2500 Index                               | 5.24%           | 52 | 13.69%       | 69 | 12.23%             | 83 | 6.64%              | 77 | 7.52%              | (11/17) |
| Russell 2500 Index   | 5.22%           | 54 | 13.58%       | 69 | 12.29%             | 83 | 6.55%              | 78 | 7.43%              | (11/17) |
| Callan Small/MidCap Core                                   | 5.26%           |    | 15.01%       |    | 14.79%             |    | 7.78%              |    | -                  |         |

## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

|                                      | 3 Years<br>Ended<br>6/2023 |    | 3 Years<br>Ended<br>3/2023 |    | 3 Years<br>Ended<br>12/2022 |    | 3 Years<br>Ended<br>9/2022 |    |
|--------------------------------------|----------------------------|----|----------------------------|----|-----------------------------|----|----------------------------|----|
| <b>Tier 2: Active (Gross of Fee)</b> |                            |    |                            |    |                             |    |                            |    |
| <b>Stable Value Fund</b>             |                            |    |                            |    |                             |    |                            |    |
| Galliard Stable Value                | 2.15%                      | 33 | 2.13%                      | 32 | 2.14%                       | 32 | 2.18%                      | 31 |
| 3 Yr US Treas Rolling                | 1.89%                      | 76 | 1.57%                      | 89 | 1.30%                       | 93 | 1.08%                      | 95 |
| T-Bill + 1.5%                        | 2.77%                      | 5  | 2.39%                      | 12 | 2.22%                       | 29 | 2.09%                      | 48 |
| Callan Stable Value SA               | 2.08%                      |    | 2.05%                      |    | 2.05%                       |    | 2.07%                      |    |
| <b>Fixed Income Fund</b>             |                            |    |                            |    |                             |    |                            |    |
| TCW Core Plus                        | (3.66%)                    | 82 | (1.92%)                    | 66 | (2.16%)                     | 50 | (2.67%)                    | 45 |
| Blmbg Aggregate                      | (3.96%)                    | 95 | (2.77%)                    | 96 | (2.71%)                     | 96 | (3.26%)                    | 95 |
| Callan Core Bond FI                  | (3.39%)                    |    | (1.72%)                    |    | (2.16%)                     |    | (2.70%)                    |    |
| Prudential Core Plus                 | (2.81%)                    | 11 | (0.48%)                    | 3  | (2.48%)                     | 80 | (2.98%)                    | 81 |
| Blmbg Aggregate                      | (3.96%)                    | 95 | (2.77%)                    | 96 | (2.71%)                     | 96 | (3.26%)                    | 95 |
| Callan Core Bond FI                  | (3.39%)                    |    | (1.72%)                    |    | (2.16%)                     |    | (2.70%)                    |    |
| <b>Large Cap Core Equity Fund</b>    |                            |    |                            |    |                             |    |                            |    |
| Hotchkis & Wiley Large Cap Value     | 20.19%                     | 11 | 26.48%                     | 6  | 8.82%                       | 35 | 6.27%                      | 49 |
| Russell 1000 Value Index             | 14.30%                     | 82 | 17.93%                     | 84 | 5.96%                       | 92 | 4.36%                      | 89 |
| Callan Large Cap Value               | 16.40%                     |    | 20.59%                     |    | 7.87%                       |    | 6.18%                      |    |
| Macquarie Large Cap Value            | 12.52%                     | 95 | 16.78%                     | 89 | 7.02%                       | 65 | 4.57%                      | 85 |
| Russell 1000 Value Index             | 14.30%                     | 82 | 17.93%                     | 84 | 5.96%                       | 92 | 4.36%                      | 89 |
| Callan Large Cap Value               | 16.40%                     |    | 20.59%                     |    | 7.87%                       |    | 6.18%                      |    |
| Sands Capital Large Cap Growth       | 0.02%                      | 96 | 6.86%                      | 96 | (1.85%)                     | 96 | 0.90%                      | 96 |
| Russell 1000 Growth Index            | 13.73%                     | 15 | 18.58%                     | 20 | 7.79%                       | 27 | 10.67%                     | 13 |
| Callan Large Cap Growth              | 11.31%                     |    | 15.76%                     |    | 6.09%                       |    | 7.83%                      |    |
| Loomis Sayles Large Cap Growth       | 13.33%                     | 24 | 16.79%                     | 36 | 5.20%                       | 59 | 6.42%                      | 67 |
| Russell 1000 Growth Index            | 13.73%                     | 15 | 18.58%                     | 20 | 7.79%                       | 27 | 10.67%                     | 13 |
| Callan Large Cap Growth              | 11.31%                     |    | 15.76%                     |    | 6.09%                       |    | 7.83%                      |    |
| <b>International Equity Fund</b>     |                            |    |                            |    |                             |    |                            |    |
| Mondrian ACWI ex-US Value            | 10.54%                     | 28 | 12.93%                     | 61 | (0.56%)                     | 83 | (2.29%)                    | 78 |
| MSCI ACWI ex US                      | 7.22%                      | 77 | 11.80%                     | 80 | 0.07%                       | 74 | (1.52%)                    | 67 |
| MSCI ACWI ex US Value                | 10.42%                     | 29 | 13.82%                     | 48 | 0.06%                       | 74 | (2.15%)                    | 74 |
| Callan NonUS Eq                      | 9.01%                      |    | 13.75%                     |    | 1.44%                       |    | (0.57%)                    |    |
| Baillie Gifford ACWI ex-US Growth    | 2.52%                      | 95 | 9.32%                      | 94 | (2.73%)                     | 98 | (3.41%)                    | 93 |
| MSCI ACWI ex US                      | 7.22%                      | 77 | 11.80%                     | 80 | 0.07%                       | 74 | (1.52%)                    | 67 |
| MSCI ACWI ex US Growth               | 3.96%                      | 94 | 9.49%                      | 93 | (0.40%)                     | 83 | (1.38%)                    | 65 |
| Callan NonUS Eq                      | 9.01%                      |    | 13.75%                     |    | 1.44%                       |    | (0.57%)                    |    |
| <b>Small/Mid Cap Equity Fund</b>     |                            |    |                            |    |                             |    |                            |    |
| Wedge Small/Mid Cap Value            | 15.58%                     | 87 | 21.83%                     | 77 | 4.81%                       | 75 | 3.01%                      | 80 |
| Russell 2500 Value Index             | 16.07%                     | 83 | 21.80%                     | 77 | 5.22%                       | 74 | 4.52%                      | 68 |
| Callan Small/MidCap Value            | 18.67%                     |    | 24.92%                     |    | 6.71%                       |    | 6.18%                      |    |
| Brown Advisory Small/Mid Cap Growth  | 8.73%                      | 31 | 17.29%                     | 38 | 5.30%                       | 38 | 6.03%                      | 38 |
| Russell 2500 Growth Index            | 6.56%                      | 58 | 14.75%                     | 63 | 2.88%                       | 67 | 4.76%                      | 55 |
| Callan Sm/MidCap Growth              | 7.63%                      |    | 16.22%                     |    | 3.52%                       |    | 5.18%                      |    |



## Investment Fund Returns

The table below details the rates of return for the Fund's investment funds over various time periods ended June 30, 2023. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended June 30, 2023

|   | Last<br>Quarter | Last<br>Year | Last<br>3<br>Years | Last<br>5<br>Years | Last<br>7<br>Years |
|---|-----------------|--------------|--------------------|--------------------|--------------------|
| <b>Tier 1: GoalMaker Funds (Net of Fee)</b> |                 |              |                    |                    |                    |
| Post Retirement Conservative 11+            | 0.79%           | 3.36%        | 2.06%              | 3.53%              | -                  |
| Post Ret Conservative 11+ Index             | 0.74%           | 3.48%        | 1.96%              | 3.26%              | -                  |
| Post Retirement Conservative 6-10           | 0.96%           | 3.72%        | 2.05%              | 3.60%              | -                  |
| Post Ret Conservative 6-10 Index            | 0.88%           | 3.77%        | 1.94%              | 3.31%              | -                  |
| Post Retirement Conservative 0-5            | 1.14%           | 4.07%        | 2.31%              | 3.80%              | -                  |
| Post Ret Conservative 0-5 Index             | 1.06%           | 4.06%        | 2.17%              | 3.50%              | -                  |
| Pre Retirement Conservative 0-5             | 1.43%           | 4.84%        | 2.44%              | 4.01%              | 4.23%              |
| Pre Ret Conservative 0-5 Index              | 1.29%           | 4.62%        | 2.32%              | 3.70%              | 3.90%              |
| Pre Retirement Conservative 6-10            | 1.75%           | 5.77%        | 2.95%              | 4.28%              | 4.86%              |
| Pre Ret Conservative 6-10 Index             | 1.56%           | 5.37%        | 2.88%              | 3.98%              | 4.52%              |
| Pre Retirement Conservative 11-15           | 2.18%           | 6.80%        | 3.72%              | 4.72%              | 5.86%              |
| Pre Ret Conservative 11-15 Index            | 1.97%           | 6.29%        | 3.69%              | 4.45%              | 5.52%              |
| Pre Retirement Conservative 16-20           | 2.70%           | 8.38%        | 4.59%              | 5.13%              | 6.96%              |
| Pre Ret Conservative 16-20 Index            | 2.43%           | 7.63%        | 4.72%              | 4.89%              | 6.63%              |
| Pre Retirement Conservative 21-25           | 3.23%           | 9.75%        | 5.75%              | 5.69%              | -                  |
| Pre Ret Conservative 21-25 Index            | 2.96%           | 8.89%        | 5.96%              | 5.48%              | -                  |
| Pre Retirement Conservative 26+             | 3.76%           | 11.25%       | 7.06%              | 6.19%              | -                  |
| Pre Ret Conservative 26+ Index              | 3.49%           | 10.33%       | 7.39%              | 6.00%              | -                  |

## Investment Fund Returns

The table below details the rates of return for the Fund's investment funds over various time periods ended June 30, 2023. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

|   | Returns for Periods Ended June 30, 2023 |                     |                         |
|---|---|---------------------|-------------------------|
|   | Last<br>10<br>Years                     | Last<br>15<br>Years | Since<br>Inception      |
| <b>Tier 1: GoalMaker Funds (Net of Fee)</b> |   |                     |                         |
| Post Retirement Conservative 11+            | -                                       | -                   | 3.53% <sup>(7/18)</sup> |
| Post Ret Conservative 11+ Index             | -                                       | -                   | 3.26% <sup>(7/18)</sup> |
| Post Retirement Conservative 6-10           | -                                       | -                   | 3.60% <sup>(7/18)</sup> |
| Post Ret Conservative 6-10 Index            | -                                       | -                   | 3.31% <sup>(7/18)</sup> |
| Post Retirement Conservative 0-5            | -                                       | -                   | 3.80% <sup>(7/18)</sup> |
| Post Ret Conservative 0-5 Index             | -                                       | -                   | 3.50% <sup>(7/18)</sup> |
| Pre Retirement Conservative 0-5             | 4.18%                                   | -                   | 5.21% <sup>(7/09)</sup> |
| Pre Ret Conservative 0-5 Index              | 3.82%                                   | 3.87%               | 4.43% <sup>(7/09)</sup> |
| Pre Retirement Conservative 6-10            | 4.76%                                   | -                   | 6.01% <sup>(7/09)</sup> |
| Pre Ret Conservative 6-10 Index             | 4.38%                                   | 4.33%               | 5.18% <sup>(7/09)</sup> |
| Pre Retirement Conservative 11-15           | 5.76%                                   | -                   | 7.17% <sup>(7/09)</sup> |
| Pre Ret Conservative 11-15 Index            | 5.42%                                   | 5.27%               | 6.62% <sup>(7/09)</sup> |
| Pre Retirement Conservative 16-20           | 6.77%                                   | -                   | 8.41% <sup>(7/09)</sup> |
| Pre Ret Conservative 16-20 Index            | 6.44%                                   | 5.99%               | 7.97% <sup>(7/09)</sup> |
| Pre Retirement Conservative 21-25           | -                                       | -                   | 5.69% <sup>(7/18)</sup> |
| Pre Ret Conservative 21-25 Index            | -                                       | -                   | 5.48% <sup>(7/18)</sup> |
| Pre Retirement Conservative 26+             | -                                       | -                   | 6.19% <sup>(7/18)</sup> |
| Pre Ret Conservative 26+ Index              | -                                       | -                   | 6.00% <sup>(7/18)</sup> |

## Investment Fund Returns

The table below details the rates of return for the Fund's investment funds over various time periods ended June 30, 2023. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended June 30, 2023

|   | Last<br>Quarter | Last<br>Year | Last<br>3<br>Years | Last<br>5<br>Years | Last<br>7<br>Years |
|---|-----------------|--------------|--------------------|--------------------|--------------------|
| <b>Tier 1: GoalMaker Funds (Net of Fee)</b> |                 |              |                    |                    |                    |
| Post Retirement Moderate 11+                | 1.47%           | 5.09%        | 3.45%              | 4.34%              | -                  |
| Post Ret Moderate 11+ Index                 | 1.40%           | 5.09%        | 3.46%              | 4.11%              | -                  |
| Post Retirement Moderate 6-10               | 1.75%           | 5.73%        | 3.65%              | 4.53%              | -                  |
| Post Ret Moderate 6-10 Index                | 2.06%           | 7.43%        | 5.18%              | 4.69%              | -                  |
| Post Retirement Moderate 0-5                | 2.08%           | 6.44%        | 3.83%              | 4.76%              | -                  |
| Post Ret Moderate 0-5 Index                 | 1.93%           | 6.14%        | 3.80%              | 4.51%              | -                  |
| Pre Retirement Moderate 0-5                 | 2.31%           | 7.15%        | 4.04%              | 4.89%              | 5.53%              |
| Pre Ret Moderate 0-5 Index                  | 2.10%           | 6.66%        | 4.07%              | 4.63%              | 5.23%              |
| Pre Retirement Moderate 6-10                | 2.76%           | 8.47%        | 4.90%              | 5.27%              | 6.26%              |
| Pre Ret Moderate 6-10 Index                 | 2.52%           | 7.80%        | 5.03%              | 5.04%              | 5.95%              |
| Pre Retirement Moderate 11-15               | 3.27%           | 9.86%        | 5.94%              | 5.73%              | 7.18%              |
| Pre Ret Moderate 11-15 Index                | 3.01%           | 9.06%        | 6.16%              | 5.52%              | 6.87%              |
| Pre Retirement Moderate 16-20               | 3.76%           | 11.25%       | 7.06%              | 6.19%              | 8.37%              |
| Pre Ret Moderate 16-20 Index                | 3.49%           | 10.33%       | 7.39%              | 6.00%              | 8.07%              |
| Pre Retirement Moderate 21-25               | 4.19%           | 12.46%       | 8.04%              | 6.55%              | -                  |
| Pre Ret Moderate 21-25 Index                | 3.91%           | 11.47%       | 8.49%              | 6.38%              | -                  |
| Pre Retirement Moderate 26+                 | 4.64%           | 13.66%       | 9.08%              | 6.96%              | -                  |
| Pre Ret Moderate 26+ Index                  | 4.38%           | 12.68%       | 9.60%              | 6.80%              | -                  |

## Investment Fund Returns

The table below details the rates of return for the Fund's investment funds over various time periods ended June 30, 2023. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

|   | Returns for Periods Ended June 30, 2023 |                     |                         |
|---|---|---------------------|-------------------------|
|   | Last<br>10<br>Years                     | Last<br>15<br>Years | Since<br>Inception      |
| <b>Tier 1: GoalMaker Funds (Net of Fee)</b> |   |                     |                         |
| Post Retirement Moderate 11+                | -                                       | -                   | 4.34% <sup>(7/18)</sup> |
| Post Ret Moderate 11+ Index                 | -                                       | -                   | 4.11% <sup>(7/18)</sup> |
| Post Retirement Moderate 6-10               | -                                       | -                   | 4.53% <sup>(7/18)</sup> |
| Post Ret Moderate 6-10 Index                | -                                       | -                   | 4.69% <sup>(7/18)</sup> |
| Post Retirement Moderate 0-5                | -                                       | -                   | 4.76% <sup>(7/18)</sup> |
| Post Ret Moderate 0-5 Index                 | -                                       | -                   | 4.51% <sup>(7/18)</sup> |
| Pre Retirement Moderate 0-5                 | 5.32%                                   | -                   | 6.51% <sup>(7/09)</sup> |
| Pre Ret Moderate 0-5 Index                  | 4.97%                                   | 4.79%               | 5.83% <sup>(7/09)</sup> |
| Pre Retirement Moderate 6-10                | 6.04%                                   | -                   | 7.28% <sup>(7/09)</sup> |
| Pre Ret Moderate 6-10 Index                 | 5.71%                                   | 5.47%               | 6.84% <sup>(7/09)</sup> |
| Pre Retirement Moderate 11-15               | 6.85%                                   | -                   | 8.34% <sup>(7/09)</sup> |
| Pre Ret Moderate 11-15 Index                | 6.53%                                   | 6.02%               | 7.85% <sup>(7/09)</sup> |
| Pre Retirement Moderate 16-20               | 7.88%                                   | -                   | 9.56% <sup>(7/09)</sup> |
| Pre Ret Moderate 16-20 Index                | 7.58%                                   | 6.69%               | 9.21% <sup>(7/09)</sup> |
| Pre Retirement Moderate 21-25               | -                                       | -                   | 6.55% <sup>(7/18)</sup> |
| Pre Ret Moderate 21-25 Index                | -                                       | -                   | 6.38% <sup>(7/18)</sup> |
| Pre Retirement Moderate 26+                 | -                                       | -                   | 6.96% <sup>(7/18)</sup> |
| Pre Ret Moderate 26+ Index                  | -                                       | -                   | 6.80% <sup>(7/18)</sup> |

## Investment Fund Returns

The table below details the rates of return for the Fund's investment funds over various time periods ended June 30, 2023. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended June 30, 2023

|   | Last<br>Quarter | Last<br>Year | Last<br>3<br>Years | Last<br>5<br>Years | Last<br>7<br>Years |
|---|-----------------|--------------|--------------------|--------------------|--------------------|
| <b>Tier 1: GoalMaker Funds (Net of Fee)</b> |                 |              |                    |                    |                    |
| Post Retirement Aggressive 11+              | 2.40%           | 7.44%        | 6.46%              | 6.15%              | -                  |
| Post Ret Aggressive 11+ Index               | 2.30%           | 7.24%        | 5.12%              | 5.09%              | -                  |
| Post Retirement Aggressive 6-10             | 2.79%           | 8.47%        | 6.91%              | 6.45%              | -                  |
| Post Ret Aggressive 6-10 Index              | 2.64%           | 8.12%        | 5.68%              | 5.43%              | -                  |
| Post Retirement Aggressive 0-5              | 3.00%           | 8.90%        | 6.91%              | 6.52%              | -                  |
| Post Ret Aggressive 0-5 Index               | 2.81%           | 8.39%        | 5.70%              | 5.52%              | -                  |
| Pre Retirement Aggressive 0-5               | 3.37%           | 9.83%        | 7.28%              | 6.66%              | 7.39%              |
| Pre Ret Aggressive 0-5 Index                | 3.16%           | 9.15%        | 6.33%              | 5.81%              | 6.62%              |
| Pre Retirement Aggressive 6-10              | 3.76%           | 11.25%       | 7.69%              | 6.65%              | 7.85%              |
| Pre Ret Aggressive 6-10 Index               | 3.49%           | 10.34%       | 7.28%              | 6.02%              | 7.23%              |
| Pre Retirement Aggressive 11-15             | 4.19%           | 12.46%       | 8.40%              | 6.77%              | 8.59%              |
| Pre Ret Aggressive 11-15 Index              | 3.91%           | 11.47%       | 8.49%              | 6.38%              | 8.14%              |
| Pre Retirement Aggressive 16-20             | 4.55%           | 13.46%       | 9.03%              | 6.94%              | 9.56%              |
| Pre Ret Aggressive 16-20 Index              | 4.29%           | 12.47%       | 9.42%              | 6.70%              | 9.23%              |
| Pre Retirement Aggressive 21-25             | 4.81%           | 14.17%       | 9.45%              | 7.04%              | -                  |
| Pre Ret Aggressive 21-25 Index              | 4.54%           | 13.13%       | 10.11%             | 6.92%              | -                  |
| Pre Retirement Aggressive 26+               | 4.81%           | 14.17%       | 9.45%              | 7.04%              | -                  |
| Pre Ret Aggressive 26+ Index                | 4.54%           | 13.13%       | 10.11%             | 6.92%              | -                  |

## Investment Fund Returns

The table below details the rates of return for the Fund's investment funds over various time periods ended June 30, 2023. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

|   | Returns for Periods Ended June 30, 2023 |                     |                          |
|---|---|---------------------|--------------------------|
|   | Last<br>10<br>Years                     | Last<br>15<br>Years | Since<br>Inception       |
| <b>Tier 1: GoalMaker Funds (Net of Fee)</b> |   |                     |                          |
| Post Retirement Aggressive 11+              | -                                       | -                   | 6.15% <sup>(7/18)</sup>  |
| Post Ret Aggressive 11+ Index               | -                                       | -                   | 5.09% <sup>(7/18)</sup>  |
| Post Retirement Aggressive 6-10             | -                                       | -                   | 6.45% <sup>(7/18)</sup>  |
| Post Ret Aggressive 6-10 Index              | -                                       | -                   | 5.43% <sup>(7/18)</sup>  |
| Post Retirement Aggressive 0-5              | -                                       | -                   | 6.52% <sup>(7/18)</sup>  |
| Post Ret Aggressive 0-5 Index               | -                                       | -                   | 5.52% <sup>(7/18)</sup>  |
| Pre Retirement Aggressive 0-5               | 6.88%                                   | -                   | 8.12% <sup>(7/09)</sup>  |
| Pre Ret Aggressive 0-5 Index                | 6.23%                                   | 5.82%               | 7.31% <sup>(7/09)</sup>  |
| Pre Retirement Aggressive 6-10              | 7.31%                                   | -                   | 8.74% <sup>(7/09)</sup>  |
| Pre Ret Aggressive 6-10 Index               | 6.78%                                   | 6.19%               | 8.03% <sup>(7/09)</sup>  |
| Pre Retirement Aggressive 11-15             | 8.01%                                   | -                   | 9.53% <sup>(7/09)</sup>  |
| Pre Ret Aggressive 11-15 Index              | 7.60%                                   | 6.76%               | 9.12% <sup>(7/09)</sup>  |
| Pre Retirement Aggressive 16-20             | 8.87%                                   | -                   | 10.64% <sup>(7/09)</sup> |
| Pre Ret Aggressive 16-20 Index              | 8.57%                                   | 7.31%               | 10.40% <sup>(7/09)</sup> |
| Pre Retirement Aggressive 21-25             | -                                       | -                   | 7.04% <sup>(7/18)</sup>  |
| Pre Ret Aggressive 21-25 Index              | -                                       | -                   | 6.92% <sup>(7/18)</sup>  |
| Pre Retirement Aggressive 26+               | -                                       | -                   | 7.04% <sup>(7/18)</sup>  |
| Pre Ret Aggressive 26+ Index                | -                                       | -                   | 6.92% <sup>(7/18)</sup>  |

## Investment Fund Returns

The table below details the rates of return for the Fund's investment funds over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

|   | <b>3 Years<br/>Ended<br/>6/2023</b> | <b>3 Years<br/>Ended<br/>3/2023</b> | <b>3 Years<br/>Ended<br/>12/2022</b> | <b>3 Years<br/>Ended<br/>9/2022</b> |
|---|-------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| <b>Tier 1: GoalMaker Funds (Net of Fee)</b> |                                     |                                     |                                      |                                     |
| Post Retirement Conservative 11+            | 2.06%                               | 4.01%                               | 1.38%                                | 1.12%                               |
| Post Ret Conservative 11+ Index             | 1.96%                               | 3.56%                               | 1.30%                                | 0.93%                               |
| Post Retirement Conservative 6-10           | 2.05%                               | 4.08%                               | 1.24%                                | 0.96%                               |
| Post Ret Conservative 6-10 Index            | 1.94%                               | 3.59%                               | 1.19%                                | 0.80%                               |
| Post Retirement Conservative 0-5            | 2.31%                               | 4.55%                               | 1.31%                                | 1.01%                               |
| Post Ret Conservative 0-5 Index             | 2.17%                               | 4.00%                               | 1.26%                                | 0.87%                               |
| Pre Retirement Conservative 0-5             | 2.44%                               | 4.91%                               | 1.10%                                | 0.77%                               |
| Pre Ret Conservative 0-5 Index              | 2.32%                               | 4.36%                               | 1.16%                                | 0.72%                               |
| Pre Retirement Conservative 6-10            | 2.95%                               | 5.77%                               | 1.10%                                | 0.71%                               |
| Pre Ret Conservative 6-10 Index             | 2.88%                               | 5.26%                               | 1.27%                                | 0.78%                               |
| Pre Retirement Conservative 11-15           | 3.72%                               | 6.85%                               | 1.33%                                | 0.93%                               |
| Pre Ret Conservative 11-15 Index            | 3.69%                               | 6.39%                               | 1.58%                                | 1.09%                               |
| Pre Retirement Conservative 16-20           | 4.59%                               | 8.07%                               | 1.34%                                | 0.91%                               |
| Pre Ret Conservative 16-20 Index            | 4.72%                               | 7.80%                               | 1.81%                                | 1.26%                               |
| Pre Retirement Conservative 21-25           | 5.75%                               | 9.58%                               | 1.74%                                | 1.30%                               |
| Pre Ret Conservative 21-25 Index            | 5.96%                               | 9.45%                               | 2.30%                                | 1.76%                               |
| Pre Retirement Conservative 26+             | 7.06%                               | 11.18%                              | 2.19%                                | 1.77%                               |
| Pre Ret Conservative 26+ Index              | 7.39%                               | 11.25%                              | 2.84%                                | 2.29%                               |

## Investment Fund Returns

The table below details the rates of return for the Fund's investment funds over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

|   | <b>3 Years<br/>Ended<br/>6/2023</b> | <b>3 Years<br/>Ended<br/>3/2023</b> | <b>3 Years<br/>Ended<br/>12/2022</b> | <b>3 Years<br/>Ended<br/>9/2022</b> |
|---|-------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| <b>Tier 1: GoalMaker Funds (Net of Fee)</b> |                                     |                                     |                                      |                                     |
| Post Retirement Moderate 11+                | 3.45%                               | 5.82%                               | 1.99%                                | 1.73%                               |
| Post Retirement Moderate 6-10               | 3.65%                               | 6.19%                               | 1.86%                                | 1.57%                               |
| Post Ret Moderate 6-10 Index                | 5.18%                               | 7.84%                               | 2.41%                                | 1.86%                               |
| Post Retirement Moderate 0-5                | 3.83%                               | 6.65%                               | 1.73%                                | 1.41%                               |
| Pre Retirement Moderate 0-5                 | 4.04%                               | 7.09%                               | 1.52%                                | 1.15%                               |
| Pre Ret Moderate 0-5 Index                  | 4.07%                               | 6.73%                               | 1.81%                                | 1.33%                               |
| Pre Retirement Moderate 6-10                | 4.90%                               | 8.32%                               | 1.63%                                | 1.23%                               |
| Pre Ret Moderate 6-10 Index                 | 5.03%                               | 8.09%                               | 2.07%                                | 1.55%                               |
| Pre Retirement Moderate 11-15               | 5.94%                               | 9.70%                               | 1.89%                                | 1.47%                               |
| Pre Ret Moderate 11-15 Index                | 6.16%                               | 9.61%                               | 2.43%                                | 1.90%                               |
| Pre Retirement Moderate 16-20               | 7.06%                               | 11.18%                              | 2.19%                                | 1.77%                               |
| Pre Ret Moderate 16-20 Index                | 7.39%                               | 11.25%                              | 2.84%                                | 2.29%                               |
| Pre Retirement Moderate 21-25               | 8.04%                               | 12.33%                              | 2.45%                                | 2.03%                               |
| Pre Ret Moderate 21-25 Index                | 8.49%                               | 12.59%                              | 3.19%                                | 2.63%                               |
| Pre Retirement Moderate 26+                 | 9.08%                               | 13.60%                              | 2.83%                                | 2.43%                               |
| Pre Ret Moderate 26+ Index                  | 9.60%                               | 13.98%                              | 3.59%                                | 3.05%                               |



## Investment Fund Returns

The table below details the rates of return for the Fund's investment funds over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

|   | <b>3 Years<br/>Ended<br/>6/2023</b> | <b>3 Years<br/>Ended<br/>3/2023</b> | <b>3 Years<br/>Ended<br/>12/2022</b> | <b>3 Years<br/>Ended<br/>9/2022</b> |
|---|-------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| <b>Tier 1: GoalMaker Funds (Net of Fee)</b> |                                     |                                     |                                      |                                     |
| Post Retirement Aggressive 11+              | 6.46%                               | 9.35%                               | 3.93%                                | 3.67%                               |
| Post Ret Aggressive 11+ Index               | 5.12%                               | 7.71%                               | 2.73%                                | 2.36%                               |
| Post Retirement Aggressive 6-10             | 6.91%                               | 10.01%                              | 3.91%                                | 3.63%                               |
| Post Ret Aggressive 6-10 Index              | 5.68%                               | 8.48%                               | 2.86%                                | 2.47%                               |
| Post Retirement Aggressive 0-5              | 6.91%                               | 10.30%                              | 3.61%                                | 3.29%                               |
| Post Ret Aggressive 0-5 Index               | 5.70%                               | 8.75%                               | 2.67%                                | 2.25%                               |
| Pre Retirement Aggressive 0-5               | 7.28%                               | 11.03%                              | 3.36%                                | 3.00%                               |
| Pre Ret Aggressive 0-5 Index                | 6.33%                               | 9.73%                               | 2.73%                                | 2.28%                               |
| Pre Retirement Aggressive 6-10              | 7.69%                               | 11.71%                              | 2.90%                                | 2.49%                               |
| Pre Ret Aggressive 6-10 Index               | 7.28%                               | 11.01%                              | 2.84%                                | 2.29%                               |
| Pre Retirement Aggressive 11-15             | 8.40%                               | 12.71%                              | 2.80%                                | 2.38%                               |
| Pre Ret Aggressive 11-15 Index              | 8.49%                               | 12.59%                              | 3.19%                                | 2.63%                               |
| Pre Retirement Aggressive 16-20             | 9.03%                               | 13.54%                              | 2.86%                                | 2.46%                               |
| Pre Ret Aggressive 16-20 Index              | 9.42%                               | 13.77%                              | 3.50%                                | 2.96%                               |
| Pre Retirement Aggressive 21-25             | 9.45%                               | 14.06%                              | 2.85%                                | 2.45%                               |
| Pre Ret Aggressive 21-25 Index              | 10.11%                              | 14.60%                              | 3.71%                                | 3.16%                               |
| Pre Retirement Aggressive 26+               | 9.45%                               | 14.06%                              | 2.85%                                | 2.45%                               |
| Pre Ret Aggressive 26+ Index                | 10.11%                              | 14.60%                              | 3.71%                                | 3.16%                               |

# Galliard Stable Value Period Ended June 30, 2023

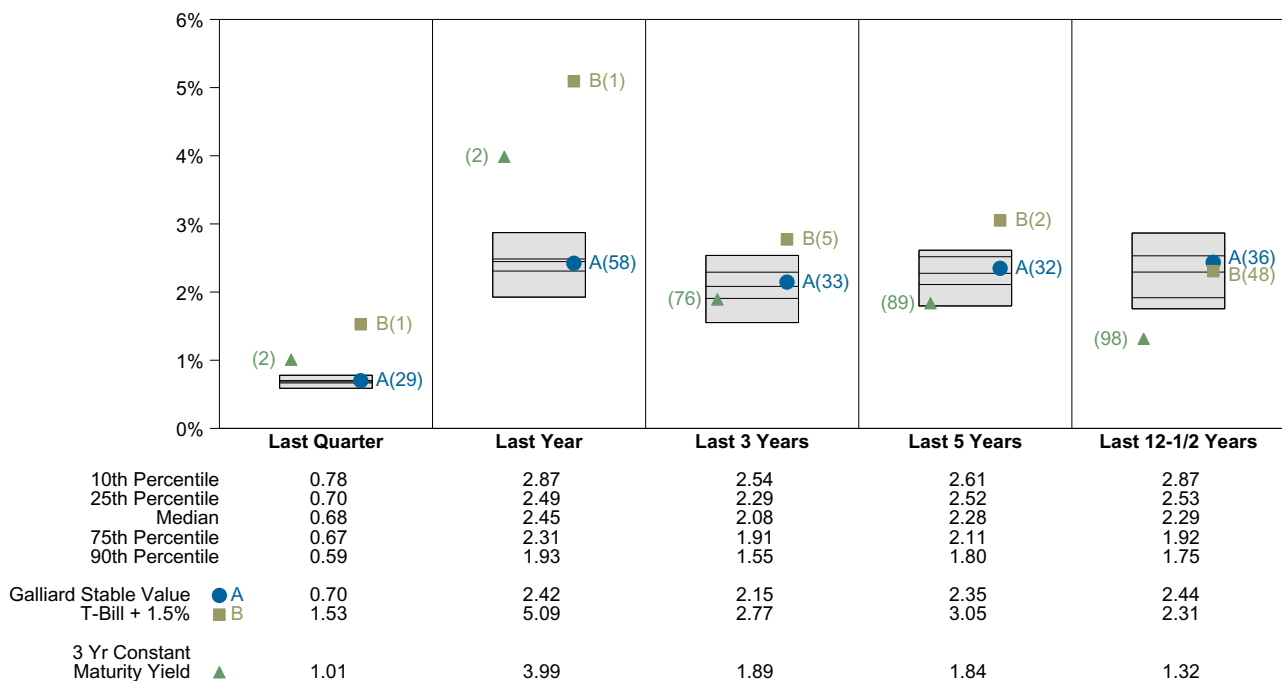
## Investment Philosophy

Galliard manages stable value portfolios with a focus on principal preservation, liquidity, and income generation. These goals are balanced with a conservative approach to underlying fixed income portfolios and active wrap contract management. Galliard's fixed income team seeks to generate diversified sources of income over treasuries by emphasizing higher quality sectors, while external managers are systematically reviewed and approved as subadvisers to complement the overall structure.

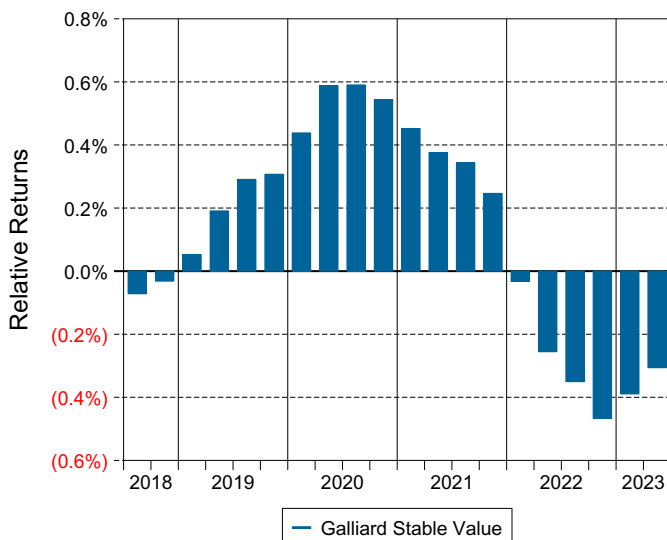
## Quarterly Summary and Highlights

- Galliard Stable Value's portfolio posted a 0.70% return for the quarter placing it in the 29 percentile of the Callan Stable Value SA group for the quarter and in the 58 percentile for the last year.
- Galliard Stable Value's portfolio underperformed the 3 Yr Constant Maturity Yield by 0.31% for the quarter and underperformed the 3 Yr Constant Maturity Yield for the year by 1.56%.

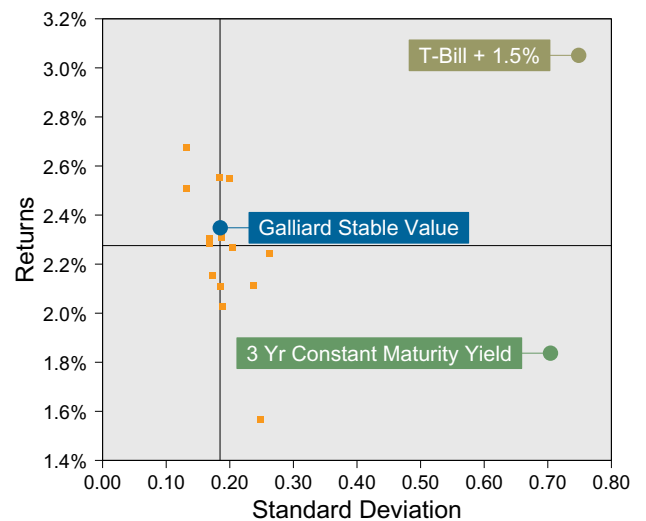
## Performance vs Callan Stable Value SA (Gross)



Relative Returns vs  
3 Yr Constant Maturity Yield



Callan Stable Value SA (Gross)  
Annualized Five Year Risk vs Return



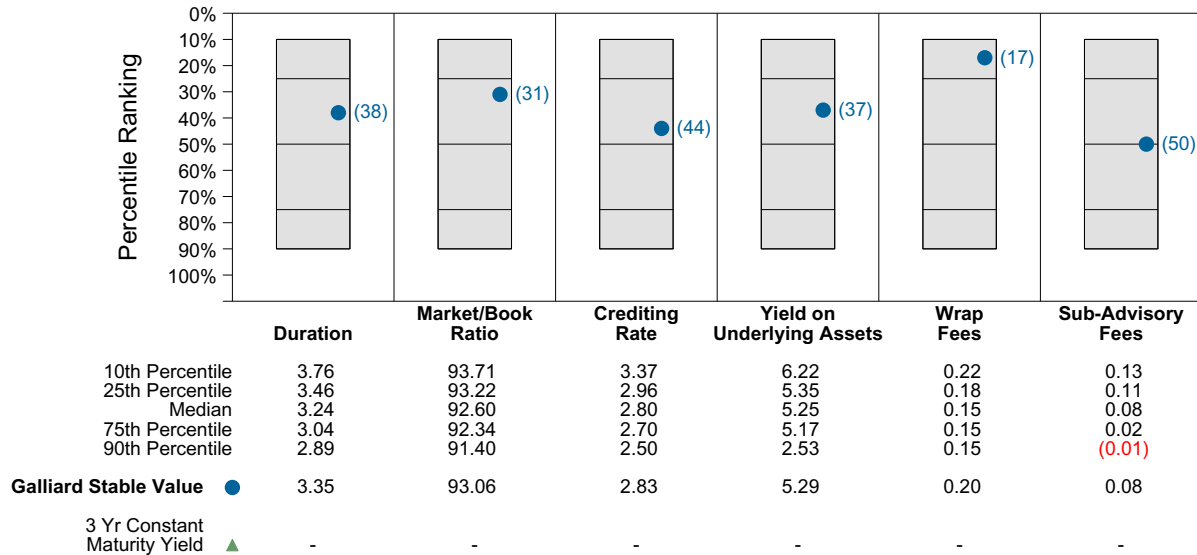
# Galliard Stable Value

## Stable Value Characteristics Analysis Summary

### Portfolio Characteristics

This graph compares the stable value fund's portfolio characteristics with the range of characteristics for the portfolios which make up the fund's style group. This analysis illustrates whether the fund's current structure is consistent with other funds employing the same style.

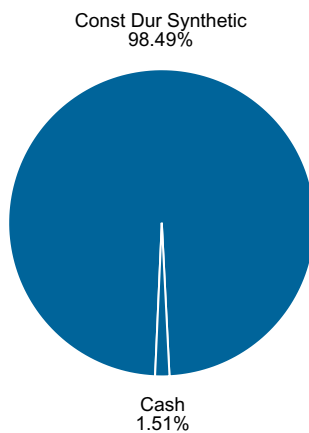
### Portfolio Characteristics Percentile Rankings Rankings Against Callan Stable Value SA as of June 30, 2023



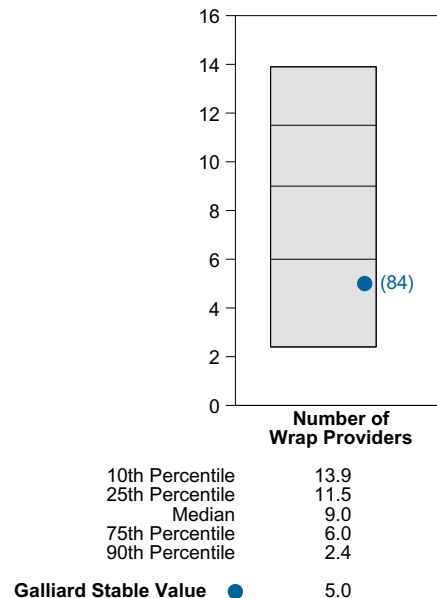
### Wrap Structure and Diversification

The graph below represents the stable value fund's wrap contract structure as of the most recent reporting period. The fund's overall wrap structure may include exposure to constant duration or maturing synthetic GIC contracts, traditional GIC contracts, cash, or other exposures. These contracts allow stable value portfolios to maintain book value accounting practices and a stable net asset value.

#### Portfolio Wrap Exposure June 30, 2023



#### Wrap Contract Diversification June 30, 2023

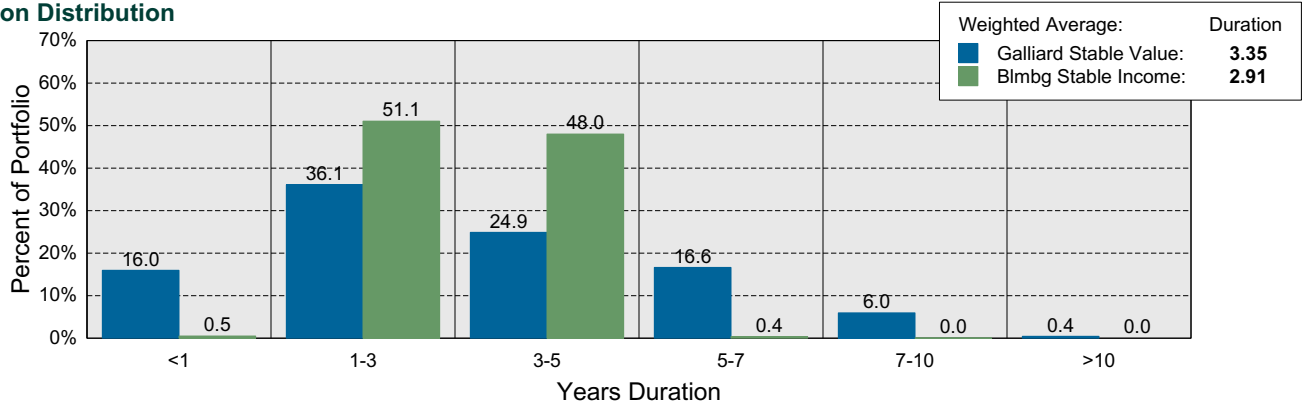


# Galliard Stable Value Stable Value Portfolio Characteristics Summary As of June 30, 2023

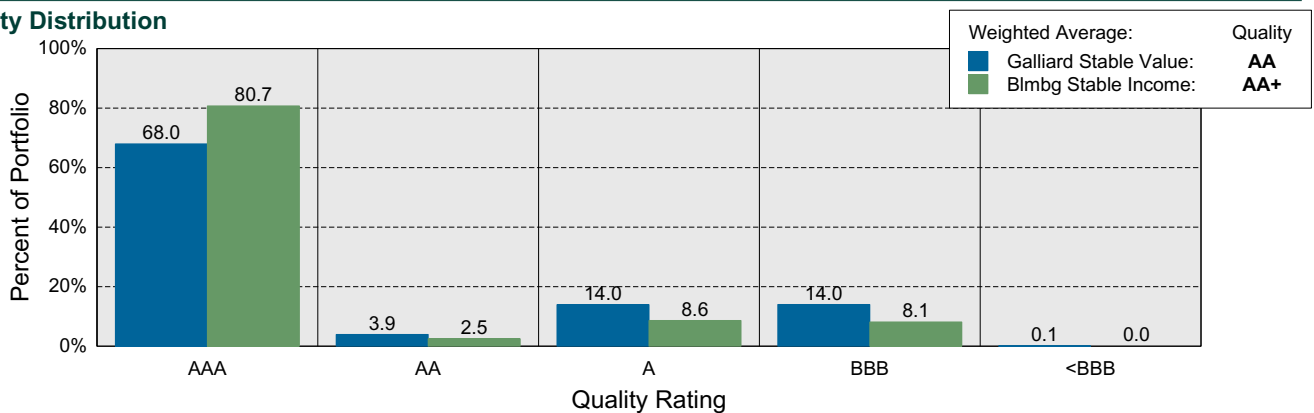
## Portfolio Structure Comparison

The charts below compare the structure of the portfolio to that of the index from two perspectives that have the greatest influence on return. The first chart compares the portfolio's duration distribution versus the benchmark, and the second chart compares the distributions across quality ratings.

### Duration Distribution



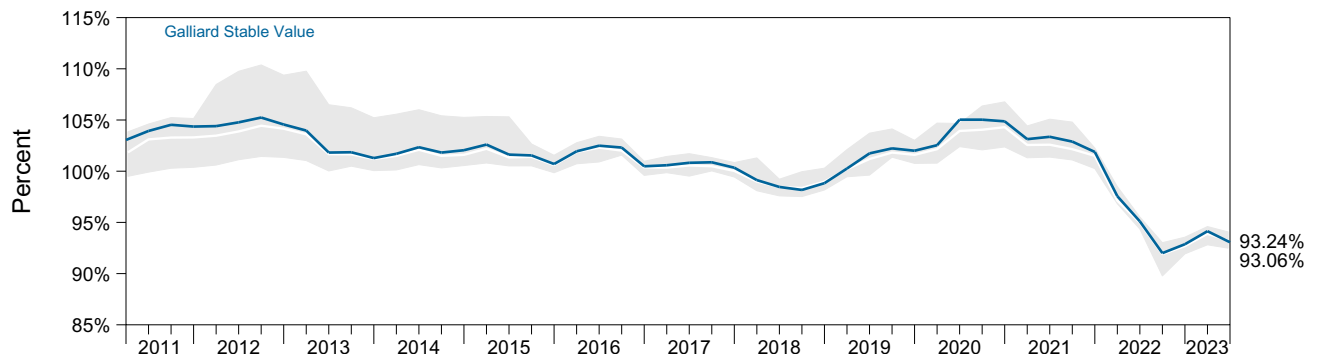
### Quality Distribution



### Market-to-Book Ratio Over Time

The chart below depicts the historical movement of the stable value portfolio's market-to-book ratio over time. This statistic measures the overall "health" of the underlying portfolio. Portfolios with market-to-book ratios closer to 100% will be better positioned to absorb flows and should offer greater return stability over time. As a backdrop the range (from 10th to 90th percentile) is shown along with a white median line for the Callan Stable Value SA Universe.

### Market-to-Book Ratio



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## Second Quarter 2023 DC Trends

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### SECURE 2.0 Signed into Law

The SECURE 2.0 Act of 2022 (SECURE 2.0) was signed into law by President Biden on Dec. 29, 2022. The Act was folded into the \$1.7 trillion Consolidated Appropriations Act 2023. Many of the provisions of SECURE 2.0 are geared toward providing increased access to defined contribution (DC) plans, helping boost participant savings levels and simplifying plan rules.

SECURE 2.0 represents a next step in retirement plan legislation following the Setting Every Community up for Retirement Enhancement (SECURE) Act of 2019. SECURE 2.0 includes nearly 100 provisions, and below we highlight the most noteworthy to DC plans.

- **Student Debt “Match”** – Expanding on the tenets laid out in the Abbott private letter ruling, employers will have the ability to make matching contributions in a DC plan with respect to participant student loan repayments, meaning student loan repayments will be treated as elective deferrals for the purposes of nondiscrimination testing and safe harbor rules. This will take effect in 2024 and applies to 401(k) plans, 403(b) plans, and 457(b) plans. This is an optional provision.
- **Roth Catch-Up Requirements** – Age 50+ catch-up contributions for employees whose compensation exceeds \$145,000 in the prior year must be made on a Roth basis. DC plans that do not offer Roth will need to add this additional catch-up source in the plan document and program the source with their recordkeeper. It is unclear if Roth would need to be offered for regular deferrals in a 401(k) plan, although it appears that Roth must be added as a regular deferral type in a 403(b) plan due to the universal availability requirement. The compensation limit will be subject to an annual cost-of-living adjustment in \$5,000 increments. This required modification will take effect in 2024 and applies to 401(k) plans, 403(b) plans, and 457(b) plans.
- **Increased Catch-Up Limits** – The limit on catch-up contributions for participants aged 60-63 will be increased to the greater of \$10,000 (indexed) or 150% of the regular catch-up contribution. This will take effect in 2025 and applies to 401(k) plans, 403(b) plans, and 457(b) plans but does not apply to 457(b) special catch-up provisions. Plans are not required to implement this provision.
- **Automatic Features for New Plans** – New DC plans established after the date of SECURE 2.0 enactment (Dec. 29, 2022) will be required to include automatic enrollment and automatic escalation features beginning with the 2025 plan year. These new plans will be required to automatically enroll participants at a rate between 3% and 10% of compensation and increase the deferral rate by at least 1% per year, up to at least 10% but not more than 15% of compensation.
- **Emergency Savings Accounts** – If offered by an employer, non-highly compensated employees will be able to contribute up to \$2,500 to an in-plan emergency savings account and take monthly withdrawals, as needed. Only employee contributions will be permitted to these accounts, which will be treated as Roth deferrals and receive related matching contributions. Participant assets in these accounts will be required to be invested in a liquid principal preservation option. This optional provision will take effect in 2024.

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## Second Quarter 2023 DC Trends

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- **Increased Age for Required Minimum Distributions (RMD)** – The RMD age will increase from 72 to 73 on January 1, 2023, and to 75 on January 1, 2033. This will apply to 401(a) plans, 401(k) plans, 403(b) plans, and 457(b) plans. Beginning in 2024, RMDs will no longer be required from Roth accounts in DC plans, furthering the benefit of those accounts. Finally, in response to a common plan operational failure, the penalty for missing a RMD payment was also reduced from 50% to 25%.
- **Qualified Longevity Annuity Contract (QLAC) Purchase Limit** – The previous limit on the purchase of a QLAC was the lesser of \$155,000 and 25% of an individual’s account balance. SECURE 2.0 removes the 25% limit and raises the dollar limit from \$155,000 to \$200,000 in 2023.
- **Cash Out Limit** – Previously, plan sponsors could “cash out” terminated participant balances under \$5,000 to an IRA. SECURE 2.0 increases the cash out limit to \$7,000. This provision will be effective for distributions after 2023.
- **Collective Investment Trusts and 403(b) Plans** – SECURE 2.0 includes language amending ERISA that paves the way for 403(b) plans to be able to invest in collective investment trusts and unregistered insurance company separate accounts. However, certain securities laws exemptions were not included in SECURE 2.0, meaning further legislation will be necessary before such investments are permitted in 403(b) plans.
- **Other topics** – Beyond the summary above, SECURE 2.0 also made changes to the “long-term part-time employee” eligibility requirements put in place by SECURE 2019, adds automatic portability options, enhances emergency withdrawal availability, establishes a “Retirement Lost and Found” searchable database, directs the DOL to provide guidance on asset allocation fund benchmarks, and much more, and much more. Callan will provide further updates in the upcoming weeks.

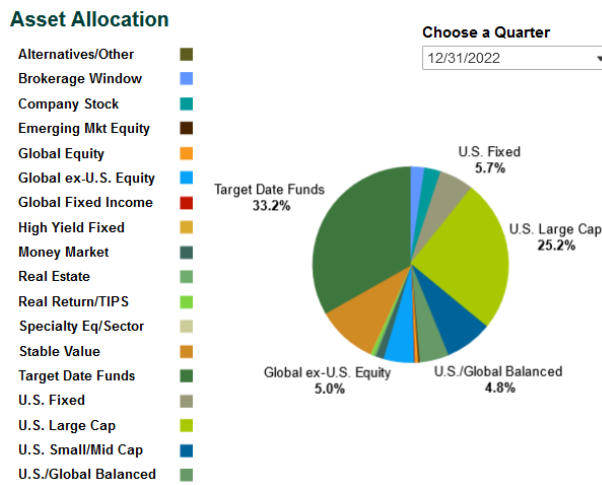
SECURE 2.0 represents a sweeping piece of retirement plan legislation intended to improve American workers’ retirement security and flexibility. Importantly, many provisions will require action from plan sponsors, recordkeepers, and other key players in the DC space. Plan fiduciaries may wish to consult with the appropriate parties to ensure necessary actions are taken in a timely manner.

# Structure Utilization

## Asset Allocation

### Capital Preservation and U.S. Fixed Income Decline

Global ex-U.S. equity (5.0%) and U.S. large cap (25.2%) were among the asset classes with the largest percentage increases in allocation. The increased allocations to global ex-U.S. equity (0.35 percentage points from the previous quarter) and U.S. large cap (0.18 percentage points from the previous quarter) came despite investor outflows, signaling the asset classes were relative outperformers. Within capital preservation, stable value (10.0%) had a decrease in allocation from the previous quarter's level (10.5%), coinciding with investor outflows.

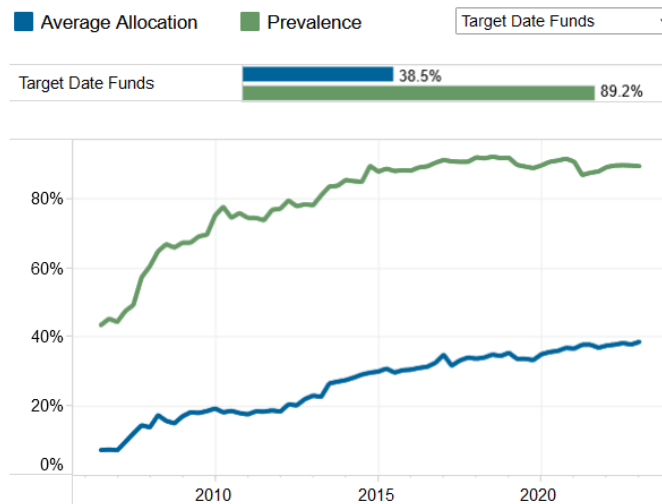


## Prevalence

### Balanced Funds Dip—Again—to Lowest Recorded Level

In the prevalence of funds table, the green bars indicate the prevalence of asset classes within DC plans, while the blue bars show the average allocation to particular asset classes when offered as an option. The prevalence of a balanced fund (40.8%) decreased again to its lowest level since the inception of the Index in 2006. This should not come as much of a surprise given that balanced funds and target date funds may have overlapping roles as diversified asset allocation options for participants who prefer to delegate the asset allocation decision to a professional manager.

Other notable movements included a 1.1 percentage point increase in the prevalence of a real estate offering (23.1%) as well as a 1.2 percentage point decrease in the prevalence of company stock (18.5%).



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## Glossary

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**Total Pure Equity** - The sum of “pure” equity across the glide path. Pure equity is composed of large-cap domestic equity, small/mid-cap domestic equity, international equity, emerging market equity and global equity. Excluded are REIT exposures.

**Total Target Date Family Performance** - The weighted performance across all of the underlying target date vintages. Family performance can be weighted equally, according to client assets within each vintage or according to manager assets within each vintage.

**Callan Consensus** - An equally weighted index of the universe of available TDF “series” or “families” (currently 44) – including both mutual funds and collective trusts. The funds’ glidepaths are mapped into 26 asset classes. The CAI Consensus Glidepath Index is created as an equal-weighted average of all the provider glidepaths, and will change dynamically over time as provider glidepaths evolve and/or the provider universe expands.





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## Equity Market Indicators

The market indicators included in this report are regarded as measures of equity or fixed income performance results. The returns shown reflect both income and capital appreciation.

**Russell 1000 Growth** measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 1000 Value** measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

**Russell 2000 Value** contains those Russell 2000 securities with a less than average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-earning ratios, higher dividend yields and lower forecasted growth values than the Growth universe.

**Russell 2500 Growth Index** measures the performance of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell Mid Cap Growth** measures the performance of those Russell Mid Cap Companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth Index.

**Standard & Poor's 500 Index** is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index is capitalization-weighted, with each stock weighted by its proportion of the total market value of all 500 issues. Thus, larger companies have a greater effect on the index.

## Fixed Income Market Indicators

**90-Day U.S. Treasury Bills** provide a measure of riskless return. The rate of return is the average interest rate available on the beginning of each month for a Treasury Bill maturing in ninety days.

**Bloomberg Aggregate** is a combination of the Mortgage Backed Securities Index and the intermediate and long-term components of the Government/Credit Bond Index.

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## International Equity Market Indicators

**Morgan Stanley Capital International (MSCI) EAFE Index** is composed of approximately 1000 equity securities representing the stock exchanges of Europe, Australia, New Zealand and the Far East. The index is capitalization-weighted and is expressed in terms of U.S. dollars.

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## Callan Databases

In order to provide comparative investment results for use in evaluating a fund's performance, Callan gathers rate of return data from investment managers. These data are then grouped by type of assets managed and by the type of investment manager. Except for mutual funds, the results are for tax-exempt fund assets. The databases, excluding mutual funds, represent investment managers who handle over 80% of all tax-exempt fund assets.

### Equity Funds

Equity funds concentrate their investments in common stocks and convertible securities. The funds included maintain well-diversified portfolios.

**Core Equity** - Mutual funds whose portfolio holdings and characteristics are similar to that of the broader market as represented by the Standard & Poor's 500 Index, with the objective of adding value over and above the index, typically from sector or issue selection. The core portfolio exhibits similar risk characteristics to the broad market as measured by low residual risk with Beta and R-Squared close to 1.00.

**Large Cap Growth** - Mutual Funds that invest mainly in large companies that are expected to have above average prospects for long-term growth in earnings and profitability. Future growth prospects take precedence over valuation levels in the stock selection process. Invests in companies with P/E ratios, Price-to-Book values, Return-on-Assets values, Growth-in-Earnings values above the broader market. The companies typically have zero dividends or dividend yields below the broader market. Invests in securities which exhibit greater volatility than the broader market as measured by the securities' Beta and Standard Deviation.

**Large Cap Value** - Mutual funds that invest in predominantly large capitalization companies believed to be currently undervalued in the general market. The companies are expected to have a near-term earnings rebound and eventual realization of expected value. Valuation issues take precedence over near-term earnings prospects in the stock selection process. Invests in companies with P/E ratios and Price-to-Book values below the broader market. Usually exhibits lower risk than the broader market as measured by the Beta and Standard Deviation.

**Non-U.S. Equity Style Mutual Funds** - Mutual funds that invest their assets only in non-U.S. equity securities but exclude regional and index funds.

**Small Capitalization (Value)** - Mutual funds that invest in small capitalization companies that are believed to be currently undervalued in the general market. Valuation issues take precedence over near-term earnings prospects in the stock selection process. The companies are expected to have a near-term earnings rebound and eventual realization of expected value. Invests in companies with P/E ratios, Return-on-Equity values, and Price-to-Book values below the broader market as well as the small capitalization market segment. The companies typically have dividend yields in the high range for the small capitalization market. Invests in securities with risk/reward profiles in the lower risk range of the small capitalization market.

**Small/Middle Capitalization** - Managers who invest primarily in small to middle capitalization range companies with market capitalization below core equity companies. The market capitalization is about the upper quartile of the Small Cap group and the lower decile of the Mid Cap group. The Small/Mid Cap Broad style invests in securities with greater volatility than the broader market as measured by the risk statistics Beta and Standard Deviation. This style consists of the Small/Mid Cap Growth and the Small/Mid Cap Value Style Groups and other funds classified strictly as Small/Mid Cap Broad.

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## Callan Databases

In order to provide comparative investment results for use in evaluating a fund's performance, Callan gathers rate of return data from investment managers. These data are then grouped by type of assets managed and by the type of investment manager. Except for mutual funds, the results are for tax-exempt fund assets. The databases, excluding mutual funds, represent investment managers who handle over 80% of all tax-exempt fund assets.

### Fixed Income Funds

Fixed Income funds concentrate their investments in bonds, preferred stocks, and money market securities. The funds included maintain well-diversified portfolios.

**Core Bond** - Mutual Funds that construct portfolios to approximate the investment results of the Bloomberg Barclays Capital Government/Credit Bond Index or the Bloomberg Barclays Capital Aggregate Bond Index with a modest amount of variability in duration around the index. The objective is to achieve value added from sector and/or issue selection.

**Stable Value** - The Stable Value database group is comprised of funds that invest primarily in Guaranteed Investment Contracts (GICs) and Synthetic Investment Contracts (SICs) to provide principal protection, stable book value and a guaranteed rate of return over a contractually specified time period. Common benchmarks for the universe include but not limited to, are the Ryan Labs GIC Master indices and the Hueler Stable Value Index.

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## Risk/Reward Statistics

The risk statistics used in this report examine performance characteristics of a manager or a portfolio relative to a benchmark (market indicator) which assumes to represent overall movements in the asset class being considered. The main unit of analysis is the excess return, which is the portfolio return minus the return on a risk free asset (3 month T-Bill).

**Alpha** measures a portfolio's return in excess of the market return adjusted for risk. It is a measure of the manager's contribution to performance with reference to security selection. A positive alpha indicates that a portfolio was positively rewarded for the residual risk which was taken for that level of market exposure.

**Beta** measures the sensitivity of rates of portfolio returns to movements in the market index. A portfolio's beta measures the expected change in return per 1% change in the return on the market. If a beta of a portfolio is 1.5, a 1 percent increase in the return on the market will result, on average, in a 1.5 percent increase in the return on the portfolio. The converse would also be true.

**Downside Risk** stems from the desire to differentiate between "good risk" (upside volatility) and "bad risk" (downside volatility). Whereas standard deviation punishes both upside and downside volatility, downside risk measures only the standard deviation of returns below the target. Returns above the target are assigned a deviation of zero. Both the frequency and magnitude of underperformance affect the amount of downside risk.

**Excess Return Ratio** is a measure of risk adjusted relative return. This ratio captures the amount of active management performance (value added relative to an index) per unit of active management risk (tracking error against the index.) It is calculated by dividing the manager's annualized cumulative excess return relative to the index by the standard deviation of the individual quarterly excess returns. The Excess Return Ratio can be interpreted as the manager's active risk/reward tradeoff for diverging from the index when the index is mandated to be the "riskless" market position.

**Information Ratio** measures the manager's market risk-adjusted excess return per unit of residual risk relative to a benchmark. It is computed by dividing alpha by the residual risk over a given time period. Assuming all other factors being equal, managers with lower residual risk achieve higher values in the information ratio. Managers with higher information ratios will add value relative to the benchmark more reliably and consistently.

**R-Squared** indicates the extent to which the variability of the portfolio returns are explained by market action. It can also be thought of as measuring the diversification relative to the appropriate benchmark. An r-squared value of .75 indicates that 75% of the fluctuation in a portfolio return is explained by market action. An r-squared of 1.0 indicates that a portfolio's returns are entirely related to the market and it is not influenced by other factors. An r-squared of zero indicates that no relationship exists between the portfolio's return and the market.

**Relative Standard Deviation** is a simple measure of a manager's risk (volatility) relative to a benchmark. It is calculated by dividing the manager's standard deviation of returns by the benchmark's standard deviation of returns. A relative standard deviation of 1.20, for example, means the manager has exhibited 20% more risk than the benchmark over that time period. A ratio of .80 would imply 20% less risk. This ratio is especially useful when analyzing the risk of investment grade fixed-income products where actual historical durations are not available. By using this relative risk measure over rolling time periods one can illustrate the "implied" historical duration patterns of the portfolio versus the benchmark.

**Residual Portfolio Risk** is the unsystematic risk of a fund, the portion of the total risk unique to the fund (manager) itself and not related to the overall market. This reflects the "bets" which the manager places in that particular asset market. These bets may reflect emphasis in particular sectors, maturities (for bonds), or other issue specific factors which the manager considers a good investment opportunity. Diversification of the portfolio will reduce or eliminate the residual risk of that portfolio.

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## Risk/Reward Statistics

**Rising Declining Periods** refer to the sub-asset class cycles vis-a-vis the broader asset class. This is determined by evaluating the cumulative relative sub-asset class index performance to that of the broader asset class index. For example, to determine the Growth Style cycle, the S&P 500 Growth Index (sub-asset class) performance is compared to that of the S&P 500 Index (broader asset class).

**Sharpe Ratio** is a commonly used measure of risk-adjusted return. It is calculated by subtracting the "risk-free" return (usually 3 Month Treasury Bill) from the portfolio return and dividing the resulting "excess return" by the portfolio's risk level (standard deviation). The result is a measure of return gained per unit of risk taken.

**Sortino Ratio** is a downside risk-adjusted measure of value-added. It measures excess return over a benchmark divided by downside risk. The natural appeal is that it identifies value-added per unit of truly bad risk. The danger of interpretation, however, lies in these two areas: (1) the statistical significance of the denominator, and (2) its reliance on the persistence of skewness in return distributions.

**Standard Deviation** is a statistical measure of portfolio risk. It reflects the average deviation of the observations from their sample mean. Standard deviation is used as an estimate of risk since it measures how wide the range of returns typically is. The wider the typical range of returns, the higher the standard deviation of returns, and the higher the portfolio risk. If returns are normally distributed (ie. has a bell shaped curve distribution) then approximately 2/3 of the returns would occur within plus or minus one standard deviation from the sample mean.

**Total Portfolio Risk** is a measure of the volatility of the quarterly excess returns of an asset. Total risk is composed of two measures of risk: market (non-diversifiable or systematic) risk and residual (diversifiable or unsystematic) risk. The purpose of portfolio diversification is to reduce the residual risk of the portfolio.

**Tracking Error** is a statistical measure of a portfolio's risk relative to an index. It reflects the standard deviation of a portfolio's individual quarterly or monthly returns from the index's returns. Typically, the lower the Tracking Error, the more "index-like" the portfolio.

**Treynor Ratio** represents the portfolio's average excess return over a specified period divided by the beta relative to its benchmark over that same period. This measure reflects the reward over the risk-free rate relative to the systematic risk assumed.

Note: Alpha, Total Risk, and Residual Risk are annualized.