

State of North Carolina

AUGUST 24, 2023

STATE OF NORTH CAROLINA

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SECTION I

GALLIARD CAPITAL MANAGEMENT

WHO WE ARE

\$88.2 B

TOTAL AUM

190+

INSTITUTIONAL CLIENTS

CLIENT RELATIONSHIP TENURE



~**91%** of our clients have worked with Galliard for greater than **5 years**

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

CLIENT TYPES

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

\$71.0 B

TOTAL STABLE VALUE AUM

Galliard is the **LARGEST** manager of stable value assets¹

75+

STABLE VALUE SEPARATE ACCOUNTS

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

FORTUNE 100 / 500

20 Fortune 100 clients; **45** Fortune 500 clients²

27 YEARS

OF EXCLUSIVE FOCUS ON

FIXED INCOME & STABLE VALUE

Senior Professionals
Average Years of Experience:

Stable value strategy and contract – **24**
Fixed income portfolio management – **23**

95

EMPLOYEES ON STAFF



A subsidiary of Allspring Global Investments

Data as of 6/30/2023.

1: Source: Pensions & Investments, data as of December 31, 2022; Total assets 'ranked' are managed by Galliard and reported under Allspring Global Investments.

2: 2022 Fortune 500 edition, data as of June 30, 2023.

FOR INSTITUTIONAL INVESTOR USE ONLY.

GALLIARD CAPITAL MANAGEMENT

ORGANIZATION CHART AS OF 6/30/2023

REPORT TO ALLSPRING

EXECUTIVE MANAGEMENT TEAM:

Mike Norman
President & Senior Managing Principal

Ajay Mirza, CFA
Senior Managing Principal

FIXED INCOME INVESTMENT

| Credit | Structured Product |
|---|--|
| Brandon Kanz, CFA Senior Principal <i>Sector Head</i> | Ajay Mirza, CFA Senior Managing Principal <i>Sector Head</i> |
| Rene Hoogmoed, CFA Senior Principal | Matt Robertson, CFA Senior Principal |
| Matt Bentley Principal | Mike Meerovich Director |
| Chad Callahan Principal | Tyler Wadsworth, CFA Associate Director |
| Robert Barrett, CFA Senior Director | Jimmie Wu, CFA Associate Director |
| John Kenley, CFA Senior Director | David Que, CFA Senior Associate |
| Will Moeller, CFA Director | Sanhakorn Rattanacheeworn Senior Associate |

PORTFOLIO & RELATIONSHIP MANAGEMENT

| Portfolio | Relationship |
|--|---------------------------------------|
| Andrea Johnson, CFA Senior Principal | Tami Pearse Principal |
| Robert Crandall, CFA Senior Director | Paul Langanki, CFA Senior Director |
| Michael Amundsen Director | Alesha McAdams Senior Director |
| Elizabeth Smithley Associate Director | Steve Moen Senior Director |
| | Jaime Morgan Senior Director |

| STABLE VALUE STRATEGY/CONTRACT | | | |
|------------------------------------|------------------------------|-------------------------------|-----------------------------|
| Nick Gage, CFA Senior Principal | Christina Burton Director | Kathryn Taguinod Associate | Kendra Marquez Associate |

CLIENT SUPPORT

| Stable Value | Fixed Income |
|---|---|
| Timothy Noel Associate Director <i>Lead</i> | Steve Patterson Associate <i>Lead</i> |
| Derek Schmidt Associate | Luke Olson Senior Associate |

| RFP | MARKETING |
|-----------------------------------|---------------------------------------|
| Kelly Lassi Associate Director | Jacqueline Becker Senior Associate |
| Desiree Wright Associate | Shanna Ellefson Associate Director |

TECHNOLOGY

| | |
|--------------------------------------|--|
| George Jones Senior Director | Christopher Smith Senior Director |
| Charlie Head Associate Director | Heather Goserud, CFA Associate Director |
| Will Ingle Associate Director | Christian Asilo Senior Associate |
| Ben Modica Associate Director | Baber Khan Senior Associate |
| Mark Perzichilli Senior Associate | Joe Ostrowski Associate |
| Ahmed Taher Senior Associate | |
| Scott Lackey Associate | |
| Suresh Sankaranarayanan Associate | |

OPERATIONS

| | | | |
|--|--|---------------------------------|-------------------------------|
| Jennifer Miller Senior Director | Trevor Fletcher Senior Associate | Pam Helmueller Associate | Christina Peters Associate |
| Carmen Rangel, CPA Senior Director | Phil Kos Senior Associate | Jin Heo Associate | Bre Richie Associate |
| Pete Anderson Director | Christopher LaMere Senior Associate | Natalia Kolakowska Associate | Brad Sillanpa Associate |
| Brian Brooks Director | Matt Remington Senior Associate | Pashia Lor Associate | Melaina Sachdeva Associate |
| Rasaan Ellison Director | Brent Thornton Senior Associate | Margo Monson Associate | |
| Michelle Boss Associate Director | Dana Blomgren Associate | Mike Myers Associate | |
| Stephanie Ripley Associate Director | Rath Chak Associate | Phil Nguyen Associate | |
| Jason Skull Associate Director | Olana Gameda Associate | Jesse Perzichilli Associate | |

LEGAL/COMPLIANCE

| Firm Compliance | Legal |
|--|-----------------------------|
| Paul Felsch Chief Compliance Officer | Chris Benedict Associate |
| Laurie Kern Associate Director | Paula Novick Principal |
| | Ellen Rivard Associate |

| PROJECT MANAGEMENT |
|---------------------------------|
| Lisa Anderson Director |
| Emily Myers Senior Associate |

INVESTMENT COMPLIANCE

| | |
|----------------------------------|------------------------------------|
| Andrew McKessock Director | Brian Heruth Senior Associate |
| Matt Brown Associate Director | Leah Schermann Senior Associate |

OTHER SERVICES PROVIDED BY ALLSPRING INCLUDE:

Human Resources Finance Technology Infrastructure Risk Management

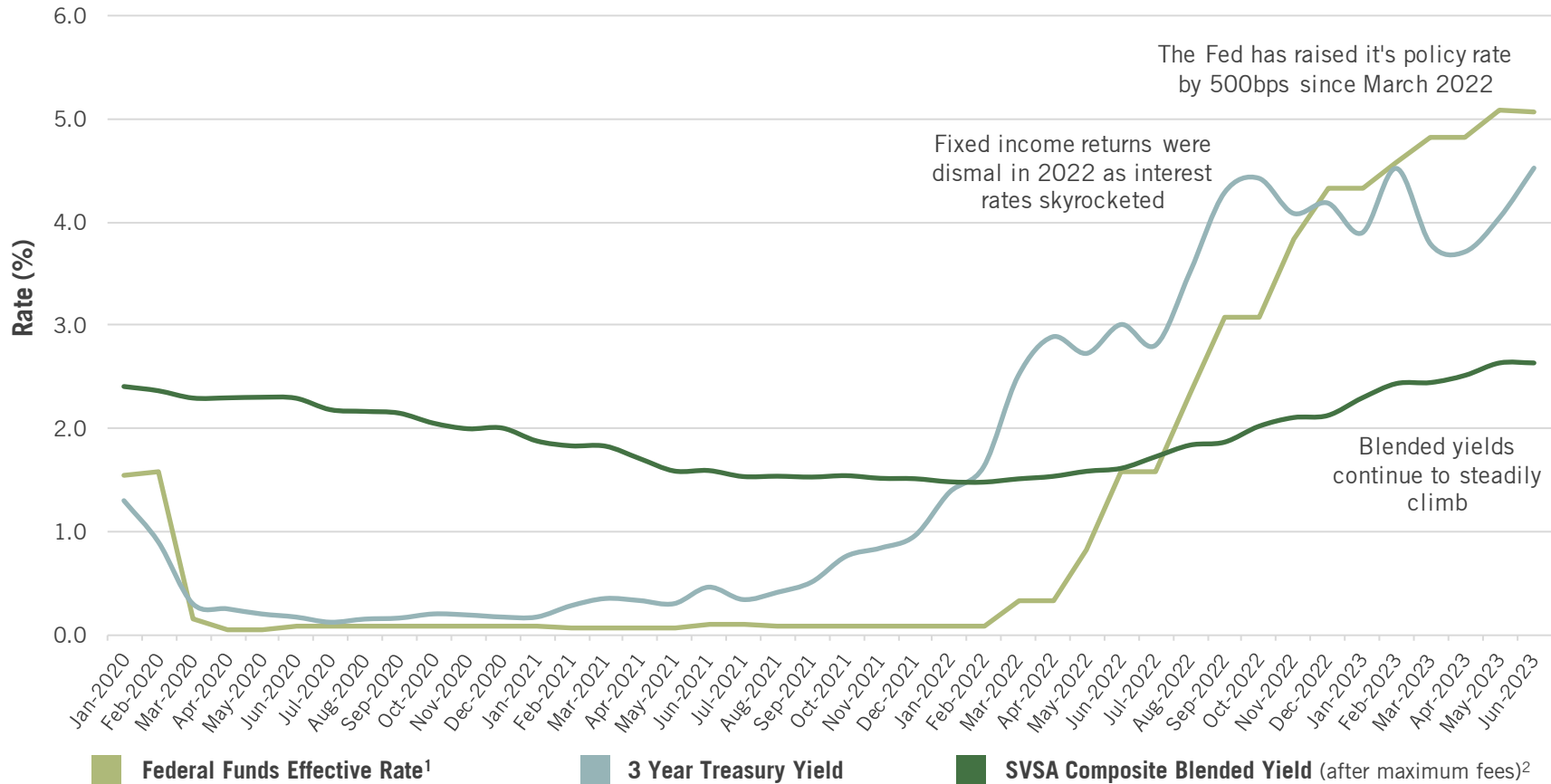
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SECTION II

STABLE VALUE MARKET UPDATE

HISTORICAL RATES AS OF 6/30/2023

Despite volatility in the market over the past three years and a backdrop of higher interest rates, stable value crediting rates have continued to deliver positive total returns to participants. Blended yields are trending higher as they follow the general direction of interest rates, but on a lagged basis.



1: Effective Federal Funds Rate sourced from the Federal Reserve. Rates are not annualized.

2: Blended yield is after all fees including the current maximum investment management fee of 0.20% which may be charged by Galliard for management of a client's account. From April 1, 2017, to June 30, 2020, Galliard's maximum fee was 0.35%. Historical amounts reflect these fee deductions on their respective dates.

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STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

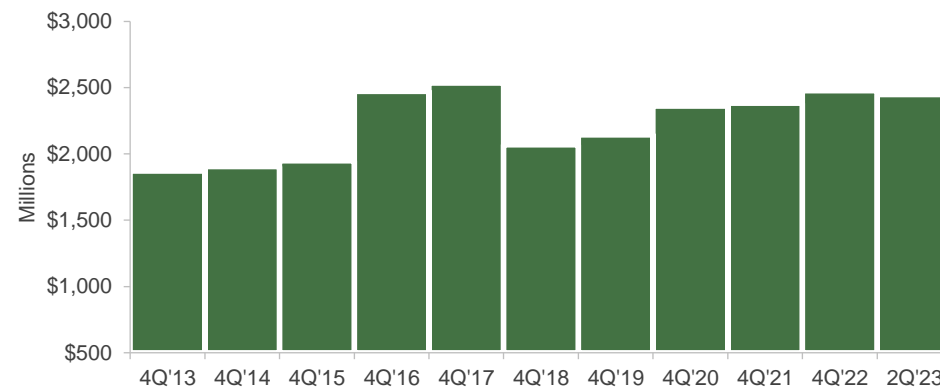
PORTFOLIO CHARACTERISTICS

STATE OF NORTH CAROLINA STABLE VALUE FUND

ACCOUNT SUMMARY

| | |
|--------------------------------|--|
| Benchmark | ICE BofA US 3-Month Tsy Bill Index+150 bps, 3 Year Constant Maturity Treasury |
| Galliard Inception Date | December 1, 2010 |
| Net Asset Value | \$2,447,552,417 |

HISTORICAL FUND ASSETS



PORTFOLIO CHARACTERISTICS

| | Portfolio 3/31/23 | Portfolio 6/30/23 |
|---|----------------------|----------------------|
| Average Quality - Book Value¹ | A+ | A+ |
| Average Quality - Market Value² | AA | AA |
| Number of Contract Issuers | 5 | 5 |
| Blended Yield (after all fees)³ | 2.53% | 2.70% |
| Yield to Maturity | 4.81% | 5.29% |
| Effective Duration | 3.35 years | 3.35 years |
| Market/Book Value Ratio | 94.14% | 93.06% |

PORTFOLIO DISTRIBUTION

| | % Portfolio 3/31/23 | % Portfolio 6/30/23 |
|---|---------------------------|---------------------------|
| Liquidity Buffer: Cash & Equivalents⁴ | 1.5 | 1.5 |
| Short Portfolio | 34.5 | 34.6 |
| Intermediate Portfolio | 64.0 | 63.9 |
| Total | 100.0%⁵ | 100.0%⁵ |

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

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

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

4: Includes Receivables and Payables.

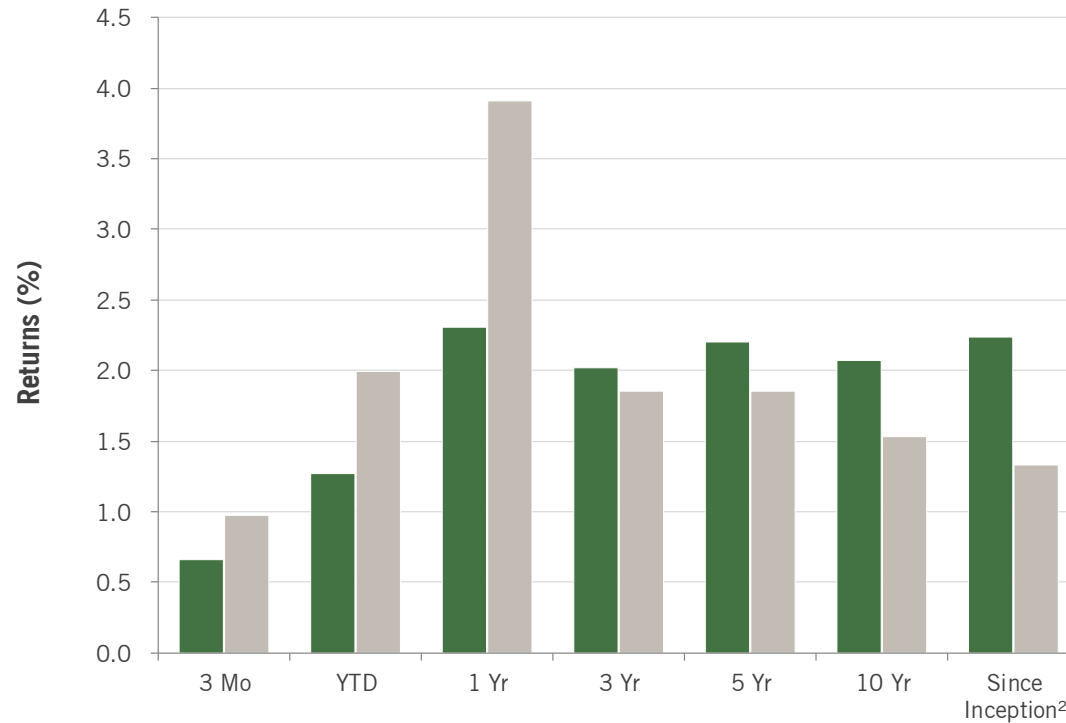
5: Total % of portfolio may not add to 100% due to rounding.

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STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

ANNUALIZED INVESTMENT PERFORMANCE

ANNUALIZED INVESTMENT PERFORMANCE AS OF 6/30/23¹



| | 3 Mo | YTD | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Since Inception ² |
|--|---------------|---------------|---------------|-------------|-------------|-------------|------------------------------|
| State of North Carolina Stable Value Fund (net of all fees - NAV level) ³ | 0.66 | 1.27 | 2.31 | 2.02 | 2.20 | 2.07 | 2.24 |
| 3 Year Constant Maturity Treasury Yield | 0.97 | 1.99 | 3.91 | 1.85 | 1.85 | 1.53 | 1.33 |
| ICE BofA U.S. 3-Month Treasury Bill Index + 150 bps | 1.55 | 3.02 | 5.15 | 2.80 | 3.08 | 2.51 | 2.33 |
| Value Added (net of all fees - NAV level)⁴ | (0.31) | (0.71) | (1.60) | 0.17 | 0.35 | 0.54 | 0.91 |

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

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

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

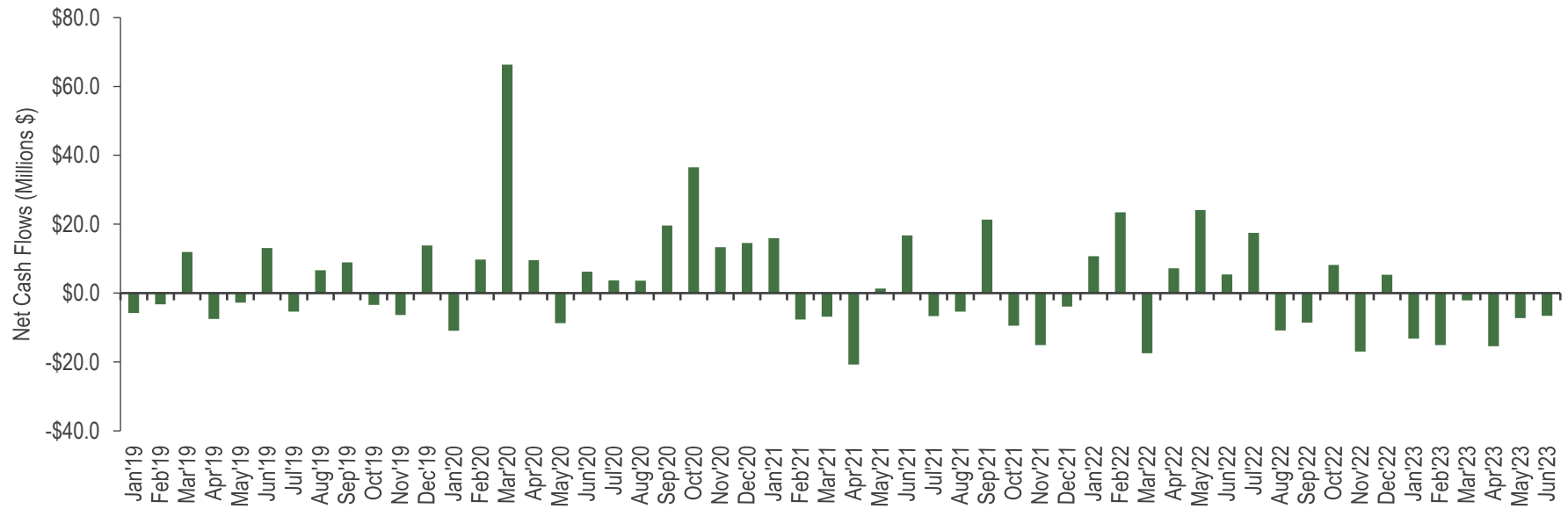
4: May not add due to rounding.

Past performance is not an indication of how the investment will perform in the future. FOR INSTITUTIONAL INVESTOR USE ONLY.

STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

HISTORICAL CASHFLOWS

HISTORICAL CASHFLOWS



| | 2019 | 2020 | 2021 | 2022 | 1Q'23 | 2Q'23 | 2023 YTD |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Beginning Assets | \$2,069.8 | \$2,143.4 | \$2,360.5 | \$2,382.4 | \$2,475.9 | \$2,460.5 | \$2,475.9 |
| Net Cash Flow (\$) ¹ | \$19.8 | \$163.5 | -\$20.3 | \$48.1 | -\$30.4 | -\$29.3 | -\$59.7 |
| Net Cash Flow (%) | 0.95% | 7.63% | -0.86% | 2.02% | -1.23% | -1.19% | -2.41% |
| Estimated Investment Earnings | \$53.9 | \$53.5 | \$42.2 | \$45.4 | \$15.0 | \$16.3 | \$31.3 |
| Ending Assets ² | \$2,143.4 | \$2,360.5 | \$2,382.4 | \$2,475.9 | \$2,460.5 | \$2,447.6 | \$2,447.6 |

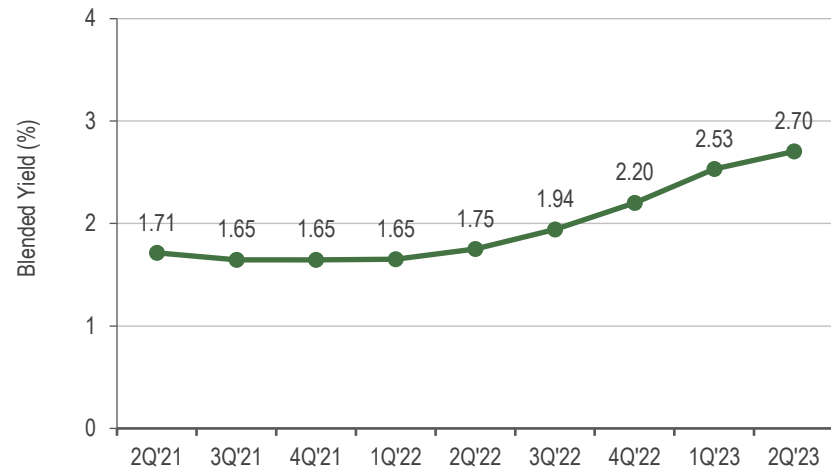
1: Contributions, Withdrawals and Investment Transfers
 2: Cashflows may not net to final assets due to rounding.

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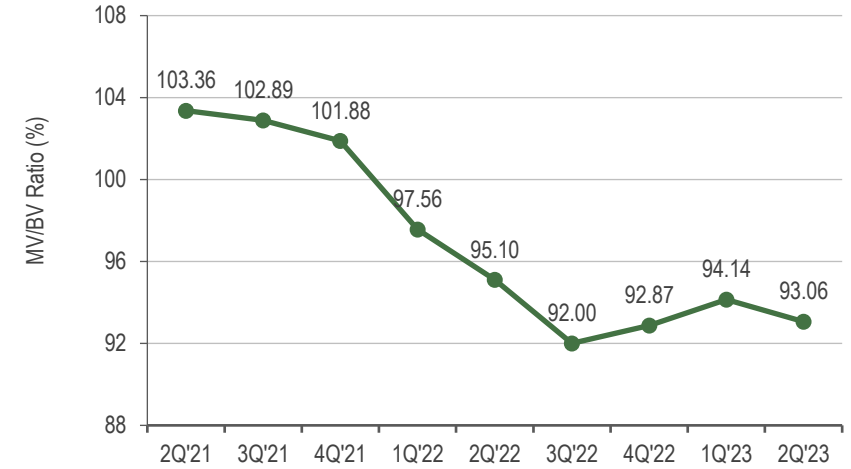
STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

HISTORICAL STATS

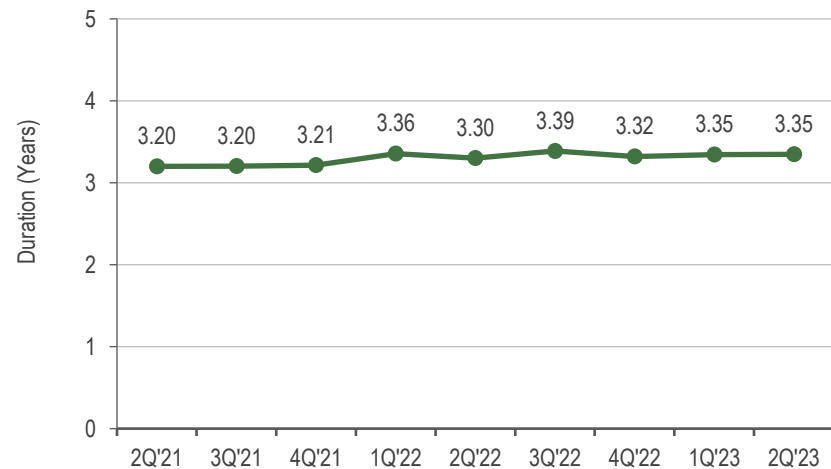
HISTORICAL BLENDED YIELD¹



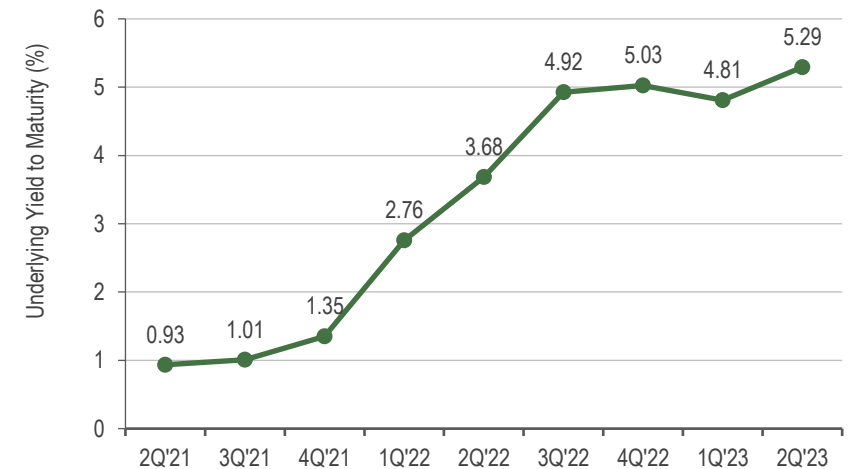
HISTORICAL MARKET VALUE TO BOOK VALUE RATIO



HISTORICAL DURATION



HISTORICAL UNDERLYING YIELD TO MATURITY



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

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STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

CONTRACT ISSUERS

CONTRACT ISSUER DISTRIBUTION & RATING SUMMARY¹

| | Contract Type ² | % Portfolio 3/31/23 | % Portfolio 6/30/23 | Rating 3/31/23 | Rating 6/30/23 | Wrap Fees (bps) 3/31/23 | Wrap Fees (bps) 6/30/23 |
|----------------------------------|----------------------------|------------------------|------------------------|-------------------|-------------------|----------------------------|----------------------------|
| American General Life Ins. Co. | SBIC | 19.7 | 19.7 | A+ | A+ | 15 | 15 |
| Metropolitan Life Ins. Co. | SAGIC | 10.4 | - | AA- | - | 17 | - |
| Metropolitan Tower Life Ins. Co. | SBIC | - | 10.4 | - | AA- | - | 15 |
| Nationwide Life Ins. Co. | SBIC | 20.5 | 20.5 | A+ | A+ | 15 | 15 |
| Prudential Ins. Co. of America | SBIC | 24.8 | 24.8 | AA- | AA- | 15 | 15 |
| Transamerica Life Ins. Co. | SBIC | 23.2 | 23.2 | A+ | A+ | 15 | 15 |

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STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

CONTRACT ISSUER CREDIT REVIEW PROCESS

OVERSIGHT

Galliard Credit Working Group

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

CREDIT REVIEW PROCESS

Approved Issuer List

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

Credit Working Group Review, Approval & Monitoring

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

STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW HOLDINGS

| Asset ID | Security Description | Manager | Book Value (\$) | Market Value (\$) | Market/Book Value Ratio (%) | % of Portfolio | Crediting Rate (%) ¹ | UCA Yield (%) | Effective Duration (yrs) | Galliard Composite Rating | Wrap Fees (bps) |
|-------------------------------|--------------------------------|----------|-----------------|-------------------|-----------------------------|----------------|---------------------------------|---------------|--------------------------|---------------------------|-----------------|
| LIQUIDITY BUFFER | | | | | | | | | | | |
| | Cash Receivable / (Payable) | | -1,720,802 | -1,720,802 | 100.0 | -0.1 | 5.29 | 5.29 | 0.10 | AAA | |
| 01988T803 | Short-Term Investment Fund II | | 38,667,484 | 38,667,484 | 100.0 | 1.6 | 5.29 | 5.29 | 0.10 | AAA | |
| TOTAL LIQUIDITY BUFFER | | | 36,946,683 | 36,946,683 | 100.0 | 1.5 | 5.29 | 5.29 | 0.10 | AAA | |
| SHORT PORTFOLIO | | | | | | | | | | | |
| 946996EE1 | American General Life Ins. Co. | Galliard | 187,731,750 | 174,477,557 | 92.9 | 7.7 | 2.77 | 5.63 | 1.83 | A+ | 15.0 |
| 896994GW4 | Nationwide Life Ins. Co. | Galliard | 197,587,515 | 183,183,011 | 92.7 | 8.1 | 2.62 | 5.63 | 1.83 | A+ | 15.0 |
| 744999CV3 | Prudential Ins. Co. of America | Galliard | 238,866,336 | 223,412,245 | 93.5 | 9.8 | 2.93 | 5.63 | 1.83 | AA- | 15.0 |
| 600996QF2 | Transamerica Life Ins. Co. | Galliard | 222,957,361 | 207,572,776 | 93.1 | 9.1 | 2.83 | 5.63 | 1.83 | A+ | 15.0 |
| TOTAL SHORT PORTFOLIO | | | 847,142,962 | 788,645,589 | 93.1 | 34.6 | 2.80 | 5.63 | 1.83 | A+ | |

¹: Crediting rates are net of wrap fees and any other fees being netted out of the rates.
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STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW HOLDINGS

| Asset ID | Security Description | Manager | Book Value (\$) | Market Value (\$) | Market/Book Value Ratio (%) | % of Portfolio | Crediting Rate (%) ¹ | UCA Yield (%) | Effective Duration (yrs) | Galliard Composite Rating | Wrap Fees (bps) |
|-------------------------------------|----------------------------------|-----------------|----------------------|----------------------|-----------------------------|----------------|---------------------------------|---------------|--------------------------|---------------------------|-----------------|
| INTERMEDIATE PORTFOLIO | | | | | | | | | | | |
| 946996EE1 | American General Life Ins. Co. | Galliard | 26,072,591 | 24,231,820 | 92.9 | 1.1 | 2.77 | 5.21 | 4.33 | A+ | 15.0 |
| 946996EE1 | American General Life Ins. Co. | PGIM | 107,698,069 | 100,094,395 | 92.9 | 4.4 | 2.77 | 5.20 | 4.44 | A+ | 15.0 |
| 946996EE1 | American General Life Ins. Co. | TCW | 53,454,873 | 49,680,864 | 92.9 | 2.2 | 2.77 | 5.00 | 4.24 | A+ | 15.0 |
| 946996EE1 | American General Life Ins. Co. | Jennison Assoc. | 54,199,912 | 50,373,303 | 92.9 | 2.2 | 2.77 | 4.88 | 3.86 | A+ | 15.0 |
| 946996EE1 | American General Life Ins. Co. | Payden & Rygel | 51,902,159 | 48,237,775 | 92.9 | 2.1 | 2.77 | 5.07 | 4.44 | A+ | 15.0 |
| 589899J61 | Metropolitan Tower Life Ins. Co. | Dodge & Cox | 255,008,668 | 234,093,011 | 91.8 | 10.4 | 2.72 | 5.20 | 4.19 | AA- | 15.0 |
| 896994GW4 | Nationwide Life Ins. Co. | Galliard | 137,781,763 | 127,737,211 | 92.7 | 5.6 | 2.62 | 5.21 | 4.33 | A+ | 15.0 |
| 896994GW4 | Nationwide Life Ins. Co. | Jennison Assoc. | 55,250,071 | 51,222,236 | 92.7 | 2.3 | 2.62 | 4.88 | 3.86 | A+ | 15.0 |
| 896994GW4 | Nationwide Life Ins. Co. | Payden & Rygel | 55,181,427 | 51,158,596 | 92.7 | 2.3 | 2.62 | 5.07 | 4.44 | A+ | 15.0 |
| 896994GW4 | Nationwide Life Ins. Co. | TCW | 55,325,538 | 51,292,202 | 92.7 | 2.3 | 2.62 | 5.00 | 4.24 | A+ | 15.0 |
| 744999CV3 | Prudential Ins. Co. of America | Galliard | 89,247,001 | 83,472,930 | 93.5 | 3.6 | 2.93 | 5.21 | 4.33 | AA- | 15.0 |
| 744999CV3 | Prudential Ins. Co. of America | PGIM | 76,423,437 | 71,479,020 | 93.5 | 3.1 | 2.93 | 5.20 | 4.44 | AA- | 15.0 |
| 744999CV3 | Prudential Ins. Co. of America | Jennison Assoc. | 66,524,759 | 62,220,763 | 93.5 | 2.7 | 2.93 | 4.88 | 3.86 | AA- | 15.0 |
| 744999CV3 | Prudential Ins. Co. of America | Payden & Rygel | 67,692,329 | 63,312,794 | 93.5 | 2.8 | 2.93 | 5.07 | 4.44 | AA- | 15.0 |
| 744999CV3 | Prudential Ins. Co. of America | TCW | 67,870,074 | 63,479,039 | 93.5 | 2.8 | 2.93 | 5.00 | 4.24 | AA- | 15.0 |
| 600996QF2 | Transamerica Life Ins. Co. | Payden & Rygel | 62,802,854 | 58,469,309 | 93.1 | 2.6 | 2.83 | 5.07 | 4.44 | A+ | 15.0 |
| 600996QF2 | Transamerica Life Ins. Co. | Galliard | 98,415,096 | 91,624,222 | 93.1 | 4.0 | 2.83 | 5.21 | 4.33 | A+ | 15.0 |
| 600996QF2 | Transamerica Life Ins. Co. | Jennison Assoc. | 62,611,473 | 58,291,133 | 93.1 | 2.6 | 2.83 | 4.88 | 3.86 | A+ | 15.0 |
| 600996QF2 | Transamerica Life Ins. Co. | PGIM | 58,347,693 | 54,321,564 | 93.1 | 2.4 | 2.83 | 5.20 | 4.44 | A+ | 15.0 |
| 600996QF2 | Transamerica Life Ins. Co. | TCW | 61,652,985 | 57,398,783 | 93.1 | 2.5 | 2.83 | 5.00 | 4.24 | A+ | 15.0 |
| TOTAL INTERMEDIATE PORTFOLIO | | | 1,563,462,772 | 1,452,190,973 | 92.9 | 63.9 | 2.78 | 5.10 | 4.25 | A+ | |
| TOTAL PORTFOLIO | | | 2,447,552,417 | 2,277,783,245 | 93.1 | 100.0 | 2.83 | 5.29 | 3.35 | A+ | |

¹: Crediting rates are net of wrap fees and any other fees being netted out of the rates.
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STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW EXPENSES

TOTAL ANNUAL FUND OPERATING EXPENSES

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

| Expense | Expense Ratio 3/31/23 | Expense Ratio 6/30/23 |
|---|--------------------------|--------------------------|
| Investment Management Fees paid to Galliard | 0.053% | 0.053% |
| Investment Management fees paid to Non-Affiliated Investment Advisors | 0.057% | 0.057% |
| Investment Contract Fees* ¹ | 0.150% | 0.148% |
| Acquired Fund Fees ² | 0.001% | 0.001% |
| -Investment Contract Fees | None | None |
| -Other Acquired Fund Fees and Non-Affiliated Investment Management Fees paid to Non-Affiliated Investment Advisors ³ | 0.001% | 0.001% |
| 12b-1 Distribution Fee | None | None |
| Other Expenses | 0.014% | 0.014% |
| Total Annual Fund Operating Expenses⁴ | 0.275% | 0.274% |





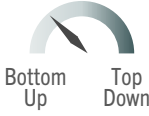
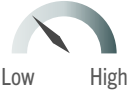
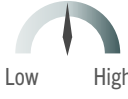

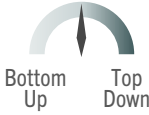



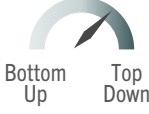



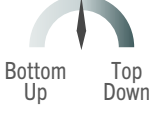



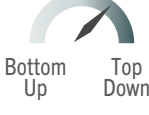



*Changes have occurred to the fee schedule structure since the prior period. Please contact your Galliard representative if you have additional questions.

- 1: These are fees paid to create and maintain the investments used by a stable value fund.
- 2: These are fees borne indirectly by the Fund when it acquires an interest in another fund which pays its own separate fees.
- 3: Includes audit fees for the cost of producing a report by a qualified auditor.
- 4: Total Annual Fund Operating Expenses are reflected daily in the Fund's net asset value (NAV).

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

SECTION III

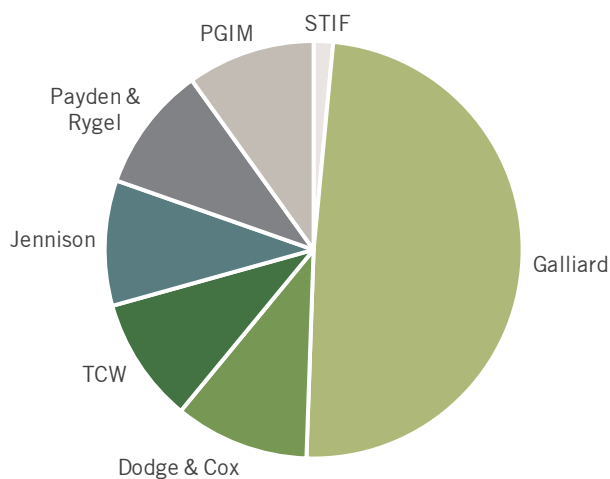
STATE OF NORTH CAROLINA STABLE VALUE FUND

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

STATE OF NORTH CAROLINA STABLE VALUE FUND

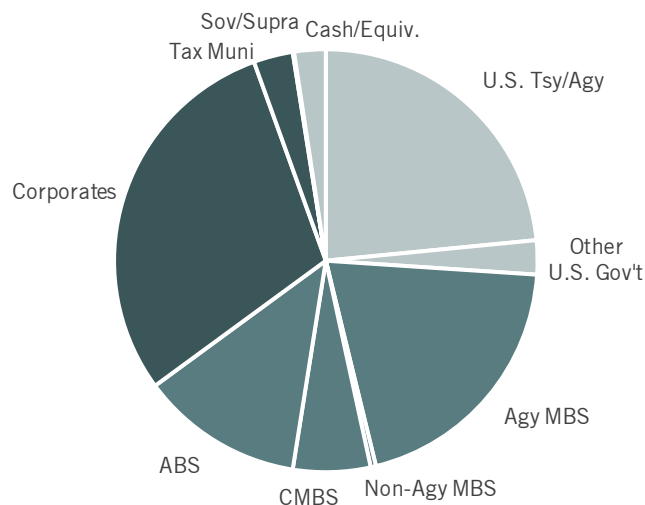
PORTFOLIO AS OF 6/30/23

MANAGER ALLOCATION



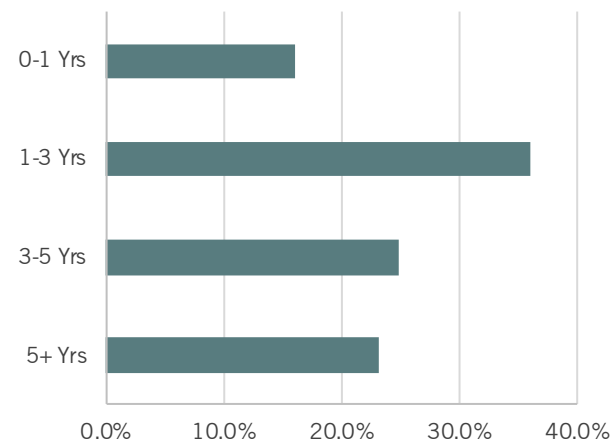
| | |
|---------------------------|--------------|
| STIF | 1.5% |
| Galliard | 49.0% |
| Dodge & Cox | 10.4% |
| TCW | 9.7% |
| Jennison | 9.7% |
| Payden & Rygel | 9.7% |
| PGIM | 9.9% |
| TOTAL EXT. MANAGER | 49.4% |
| TOTAL PORTFOLIO | 100% |

UNDERLYING FIXED INCOME SECTOR ALLOCATION



| | |
|------------------|-------|
| U.S. Tsy/Agy | 23.4% |
| Other U.S. Gov't | 2.6% |
| Agy MBS | 20.1% |
| Non-Agy MBS | 0.4% |
| CMBS | 5.9% |
| ABS | 12.4% |
| Corporates | 29.5% |
| Tax Muni | 3.0% |
| Sov/Supra | 0.1% |
| Cash/Equiv. | 2.4% |

UNDERLYING DURATION DISTRIBUTION



| | |
|---------|-------|
| 0-1 Yrs | 16.0% |
| 1-3 Yrs | 36.1% |
| 3-5 Yrs | 24.9% |
| 5+ Yrs | 23.1% |

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STATE OF NORTH CAROLINA STABLE VALUE FUND

MARKET VALUE PERFORMANCE SUMMARY AS OF 6/30/2023¹

| | 3 Mo | YTD | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Since Inception | Inception Date |
|--|---------------|-------------|---------------|-------------|-------------|-------------|-----------------|------------------------------|
| SHORT DURATION | | | | | | | | |
| Galliard (before fees) | 0.02 | 1.58 | 1.30 | (0.54) | 1.56 | - | 1.55 | 6/1/2018 |
| Bloomberg U.S. 1-3 Yr. Government/Credit | (0.37) | 1.13 | 0.52 | (0.88) | 1.13 | - | 1.12 | |
| Value Added (before fees)² | 0.39 | 0.45 | 0.77 | 0.34 | 0.42 | - | 0.43 | |
| INTERMEDIATE DURATION | | | | | | | | |
| Dodge & Cox (before fees) | (0.04) | 2.45 | 1.12 | (1.95) | 1.55 | - | 1.51 | 3/1/2015 |
| Dodge & Cox (after fees) | (0.07) | 2.40 | 1.02 | (2.05) | 1.45 | - | 1.41 | |
| Bloomberg U.S. Intermediate Aggregate | (0.75) | 1.62 | (0.60) | (2.89) | 0.83 | - | 0.93 | |
| Value Added (before fees)² | 0.71 | 0.83 | 1.72 | 0.94 | 0.72 | - | 0.58 | |
| Galliard (before fees) | (0.55) | 1.87 | (0.26) | (2.41) | 1.27 | - | 1.25 | 6/1/2018 |
| Bloomberg U.S. Intermediate Aggregate | (0.75) | 1.62 | (0.60) | (2.89) | 0.83 | - | 0.81 | |
| Value Added (before fees)² | 0.20 | 0.26 | 0.35 | 0.48 | 0.44 | - | 0.44 | |
| Jennison (before fees) | (0.79) | 1.58 | 0.13 | (2.45) | 1.60 | - | 1.79 | 10/1/2013³ |
| Jennison (after fees) | (0.82) | 1.53 | 0.03 | (2.54) | 1.50 | - | 1.68 | |
| Bloomberg U.S. Intermediate Govt/Credit | (0.81) | 1.50 | (0.10) | (2.46) | 1.23 | - | 1.39 | |
| Value Added (before fees)² | 0.02 | 0.08 | 0.22 | 0.01 | 0.36 | - | 0.40 | |
| Payden & Rygel (before fees) | (0.41) | 1.95 | (0.04) | (2.33) | 1.22 | 1.18 | 1.62 | 7/1/2009 |
| Payden & Rygel (after fees) | (0.44) | 1.88 | (0.18) | (2.46) | 1.08 | 1.04 | 1.48 | |
| Bloomberg U.S. Intermediate Aggregate ⁴ | (0.75) | 1.62 | (0.60) | (2.89) | 0.83 | 0.83 | 1.13 | |
| Value Added (before fees)² | 0.34 | 0.34 | 0.57 | 0.56 | 0.39 | 0.35 | 0.50 | |
| PGIM (before fees) | (0.51) | 1.86 | 0.28 | (2.41) | 1.19 | - | 1.30 | 2/1/2016 |
| PGIM (after fees) | (0.54) | 1.80 | 0.14 | (2.54) | 1.06 | - | 1.17 | |
| Bloomberg U.S. Intermediate Aggregate | (0.75) | 1.62 | (0.60) | (2.89) | 0.83 | - | 0.82 | |
| Value Added (before fees)² | 0.24 | 0.25 | 0.88 | 0.48 | 0.37 | - | 0.48 | |
| TCW (before fees) | (1.19) | 1.67 | (0.29) | (2.19) | 1.54 | - | 1.55 | 6/1/2018 |
| TCW (after fees) | (1.21) | 1.62 | (0.39) | (2.28) | 1.45 | - | 1.45 | |
| Bloomberg U.S. Intermediate Govt/Credit | (0.81) | 1.50 | (0.10) | (2.46) | 1.23 | - | 1.20 | |
| Value Added (before fees)² | (0.37) | 0.17 | (0.20) | 0.27 | 0.31 | - | 0.35 | |

1: Returns for periods of less than one year are not annualized. Returns after fees reflect additional investment contract or external management fees. Galliard managed portfolios do not have net returns as fees are charged within the stable value account.

2: May not add due to rounding.

3: Performance inception for the separate account was May 1, 2018. Prior to this date returns are linked to Galliard SA Intermediate Core Fund N.

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

Past performance is not an indication of how the investment will perform in the future. FOR INSTITUTIONAL INVESTOR USE ONLY.

STATE OF NORTH CAROLINA STABLE VALUE FUND PERFORMANCE COMMENTARY – EXCESS RETURN

GALLIARD SHORT +39 Q2 2023

- Overweight to spread drove outperformance as spreads tightened over the quarter; allocations to ABS and short CMBS proved particularly beneficial
- Overweight in 3-5 year maturities was also helpful
- A higher quality bias in Corporate security selection was a modest detractor

DODGE & COX +71 Q2 2023

- The overweight to Corporates and security selection within the sector contributed positively to relative performance
- The impact of security selection within MBS and ABS was also positive
- Short benchmark relative duration positioning and yield curve positioning benefited relative performance over the quarter

GALLIARD INTERMEDIATE +20 Q2 2023

- A general overweight to spread drove outperformance as spreads tightened over the quarter
- Overweight to intermediate maturities was also helpful
- Security selection in Corporates and Agency RMBS detracted

JENNISON +2 Q2 2023

- The out-of-benchmark allocation to Agency MBS and ABS contributed positively to relative performance
- Security selection within Corporates, favoring higher quality issuers, detracted from relative performance
- Yield curve positioning also had a negative impact on relative performance

PAYDEN & RYGEL +34 Q2 2023

- The overweight to Corporates and Agency MBS added to relative performance
- The impact of security selection within Corporates and to a lesser extent Agency MBS was negative over the quarter
- Short benchmark relative duration positioning contributed positively to relative performance over the quarter

PGIM +24 Q2 2023

- Although the overweight to Corporates benefited performance, security selection in the sector had a slightly negative impact on relative performance
- The overweight to CMBS and security selection in the sector added to relative performance
- While curve positioning did not significantly impact performance over the quarter, duration positioning added to relative performance

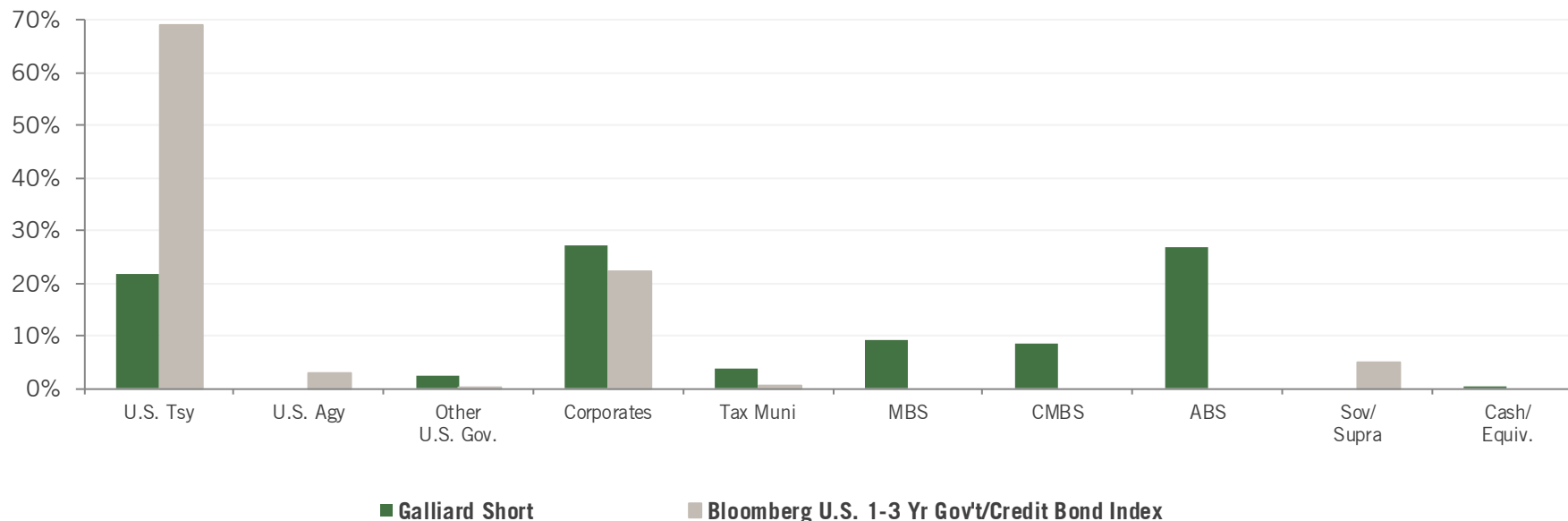
TCW -37 Q2 2023

- Long benchmark relative duration positioning and yield curve positioning were the primary reason for underperformance over the quarter
- Security selection within Corporates had a marginally positive impact on relative performance

Before fees.

STATE OF NORTH CAROLINA STABLE VALUE FUND SHORT DURATION PORTFOLIO AS OF 6/30/23

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

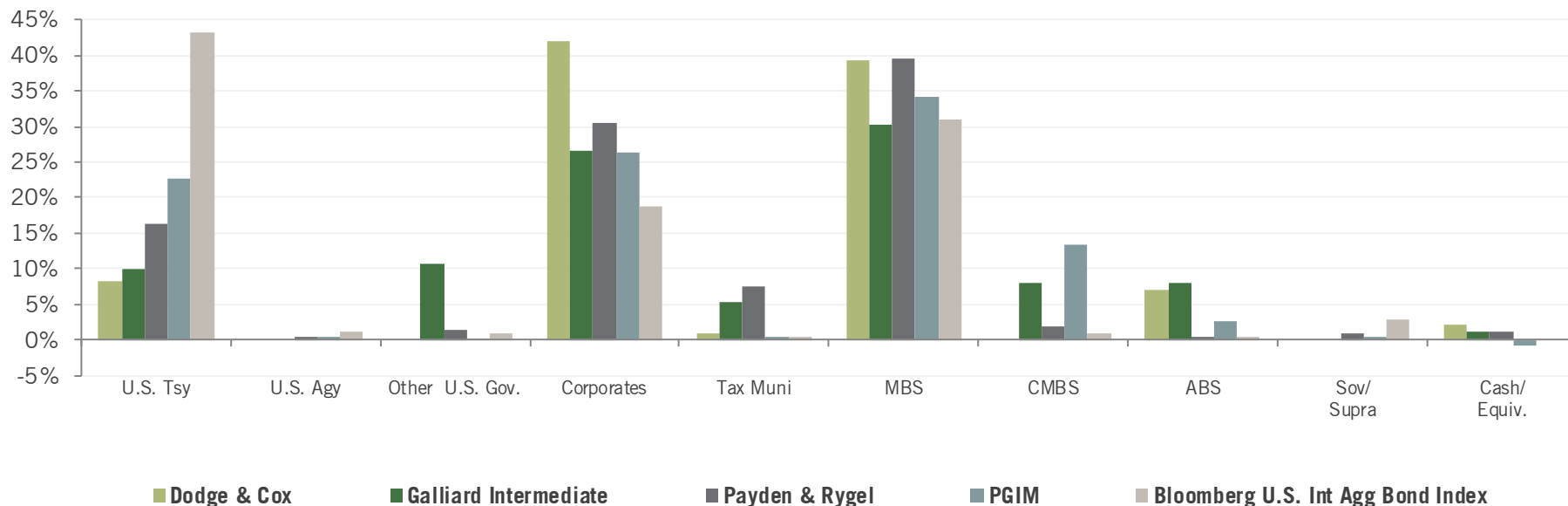


| Characteristic | Galliard Short | Bloomberg U.S. 1-3 Yr Gov't/ Credit Bond Index |
|---------------------------------------|----------------|--|
| Weighted Average Quality ¹ | AA | AA |
| Effective Duration | 1.83 Yrs | 1.79 Yrs |
| Yield to Maturity | 5.63% | 5.19% |

1: The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.
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STATE OF NORTH CAROLINA STABLE VALUE FUND INTERMEDIATE DURATION PORTFOLIOS AS OF 6/30/23

BLOOMBERG U.S. INTERMEDIATE AGGREGATE BOND INDEX



| Characteristic | Dodge & Cox | Galliard Intermediate | Payden & Rygel | PGIM | Bloomberg U.S. Int Agg Bond Index |
|---------------------------------------|-------------|-----------------------|----------------|----------|-----------------------------------|
| Weighted Average Quality ¹ | AA- | AA | AA- | AA- | AA+ |
| Effective Duration | 4.19 Yrs | 4.33 Yrs | 4.44 Yrs | 4.44 Yrs | 4.53 Yrs |
| Yield to Maturity | 5.20% | 5.21% | 5.07% | 5.20% | 4.83% |

1: The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.
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STATE OF NORTH CAROLINA STABLE VALUE FUND INTERMEDIATE DURATION PORTFOLIOS AS OF 6/30/23

BLOOMBERG U.S. INTERMEDIATE GOVERNMENT/CREDIT BOND INDEX



| Characteristic | Jennison | TCW | Bloomberg U.S. Int Gov't/Credit Bond Index |
|---------------------------------------|----------|----------|--|
| Weighted Average Quality ¹ | AA+ | AA | AA |
| Effective Duration | 3.86 Yrs | 4.24 Yrs | 3.76 Yrs |
| Yield to Maturity | 4.88% | 5.00% | 4.82% |

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

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