



NC Small/Mid Cap Fund

The NC Small/Mid Cap Fund is new, as of September 17, 2018. The fund has been created by making changes to the NC Small/Mid Cap Core Fund. The TimesSquare small-/mid-cap growth strategy within the NC Small/Mid Cap Core Fund is being replaced with the Russell 2500[®] Index Fund, which is a passive index strategy.

Third Quarter 2017 Fund Fact Sheets will be available for review, along with all others in the investment lineup, as regularly scheduled. Fund performance information (from fund inception on September 17th through December 31st, 2018) will be reflected on the Fourth Quarter Fund Fact Sheets, available in early 2018.

Fund Characteristics

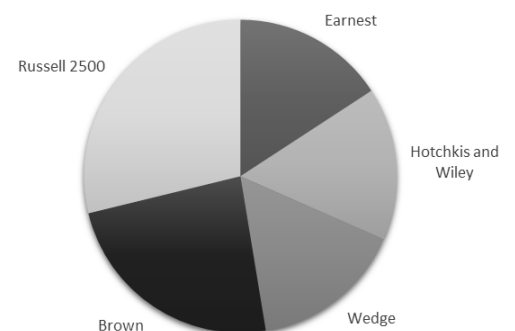
Objective: The NC Small/Mid Cap Fund was established to provide participants with a primarily actively managed equity option targeted at the U.S. equity market small-/mid-cap sector, managed in both value and growth styles. The primary investment objective of the NC Small/Mid Cap Fund is long-term capital appreciation while pursuing both value and growth investment styles, with an emphasis on value.

Total Expense Ratio: 0.40%. (This does not include the flat, recordkeeping, annual participant cost of \$31 per account.)

Underlying Funds

The value portion of the NC Small/Mid Cap Fund will invest in equity securities of small-/mid-cap companies that are selling at discounts to their long-term intrinsic values. The growth portion of the NC Small/Mid Cap Fund will invest in small-/mid-cap companies that offer the potential for above-average earnings growth. The NC Small/Mid Cap Fund will have a value focus, with an approximate 2:1 ratio of its value portion to its growth portion. The North Carolina Small/Mid Cap Fund is offered exclusively for public employees of the state of North Carolina.

The Fund invests in five complementary, but independently managed underlying funds ("Underlying Funds"). By employing five Underlying Funds, this Fund offers improved diversification compared to having a single investment manager. Allocation decisions and the selection of the Underlying Funds are made by North Carolina Supplemental Retirement Board of Trustees. The Underlying Funds are:



- The Earnest Partners Small Cap Value Fund (15.80% of the Fund assets) is advised by Earnest Partners, LLC. The Small Cap Value strategy relies on fundamental, bottom up stock selection to provide above average returns with controlled volatility and risk. The portfolio is an outgrowth of the process, which utilizes a proprietary model. Using this model, Earnest Partners analyzes six performance drivers which they believe signal the outperformance of individual stocks.
- The Hotchkis & Wiley Mid Cap Value Fund (15.80% of the Fund assets) is advised by Hotchkis & Wiley Capital Management, LLC. Hotchkis & Wiley Mid Cap Value strategy seeks to exploit mid cap equity market inefficiencies created by irrational investor behavior through a bottom up investment process with a focus on mispriced, undiscovered or out of favor companies.
- The WEDGE Small/Mid Cap Value Fund (15.80% of the Fund assets) is advised by WEDGE Capital Management L.L.P. Focusing on companies that meet WEDGE's value and financial quality parameters, the strategy employs comprehensive qualitative and quantitative analysis, seeking stocks with unrecognized value.
- The Brown Advisory Small Cap Growth Equity Fund (23.80% of the Fund assets) is advised by Brown Advisory. Brown's small cap growth strategy seeks to find the best growth companies early in their life cycle and hold them for long periods of time. The portfolio is comprised of companies in large and/or growing markets, with a sustainable competitive advantage, the potential for above average future growth and returns, a shareholder-friendly, capable management, and an easily understood business strategy.
- The Russell 2500[™] Index Non-Lendable Fund F (28.80% of the Fund assets) is managed by BlackRock Institutional Trust Company, N.A. ("BTC"). The Fund shall be invested and reinvested in a portfolio of equity securities with the objective of approximating as closely as practicable the capitalization weighted total return of that segment of the U.S. market for publicly traded equity securities represented by the Russell 2500[™] Index (the "Underlying Index").

There is no assurance the objective will be met. It is possible to lose money by investing in securities.