

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

Statement of Investment Policy

December 2, 2021

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I. Purpose

A. Purpose of the Program

Under the authority granted by section 115C-341.2 of the North Carolina General Statutes, the North Carolina Department of State Treasurer (the “Department”) established this approved third-party investment program, named the North Carolina Public School Teachers’ and Professional Educators’ Investment Plan (hereinafter referred to as the “Plan” or the “Program”), designed to qualify under § 403(b) of the Internal Revenue Code of 1986. The Program was created to provide eligible employees the opportunity to generate long-term accumulation of retirement savings through employer and employee contributions to individual participant accounts. The Program intends to serve as an investment option within an employer’s 403(b) plan.

The Program is governed and overseen by the Department of State Treasurer and the North Carolina Supplemental Retirement Board of Trustees (the “Board of Trustees” or the “Board”). The Board of Trustees’ over-riding objective for the Program is to provide suitable retirement vehicles for the employees of covered employers. The Board of Trustees recognizes the diverse nature of covered employees’ savings requirements, return objectives and risk tolerance. It is the intent of the Board to provide a range of investment options under the Program that will enable participants to invest according to varying risk tolerances and time horizons.

The Program has a custodial account component and is not operated as a freestanding plan, but as a product offering allowed under N.C.G.S. § 115C-341.2. The assets in the Program will be self-directed, meaning each participant shall be able to make any investment choice(s) of his or her choosing within the parameters of the investments made available as determined by the Board of Trustees.

The Program shall be administered solely in the interests of the Program participants and their beneficiaries.

B. Purpose of the Statement of Investment Policy

This Statement of Investment Policy (“IPS”) is intended to assist the Board in effectively structuring an appropriate investment menu. This includes establishing a prudent process for selecting, monitoring and, as necessary, replacing investment options. The purpose of this IPS is to document the investment objectives and guidelines of the Program.

These objectives and guidelines have been formulated in response to:

- The need to provide a set of policies and guidelines for each investment option to ensure that the Program assets are managed in a competent and professional manner;
- The need to provide a set of standards for performance evaluation of each investment option; and
- The need to satisfy the fiduciary obligations of the Board of Trustees and of the employer.

This IPS shall be reviewed at least annually by the Department’s Investment Management Division (“IMD”), with any recommended modifications made to the Board of Trustees’ Investment Subcommittee and to the full Board. The Board of Trustees may amend this IPS to reflect changes in the capital markets, Program participant objectives, Program participant demographics, legislative and regulatory changes, or other factors relevant to the Program.

II. Responsibilities of Participants

The assets of the Program are provided by a 403(b) plan that is sponsored by the employer. Program contributions are participant-directed. As such, participants bear the responsibility for (a) deciding the amount of current compensation to defer in the Program; (b) developing a strategy for the investment of deferrals and employer contributions in the investment options offered in the Program; and (c) directing the investment of all funds in their accounts. The appropriate asset mix for a participant is a function of multiple factors, including age, income, and length of time before funds are needed, tolerance for volatility risk, accumulation objectives, retirement income replacement objectives, and other assets. The participant is best positioned to make the individual decision on how to allocate assets among the investment options.

The specific responsibilities of the Program participants are as follows:

- Determining the amount to contribute to the Program within their plan’s guidelines and Internal Revenue Service (“IRS”) limitations;
- Allocating existing account balances, rollover contributions, and future contributions (including contributions made on behalf of the participant by the employer) to the available investment options based on individual circumstances, goals and objectives and risk tolerances;
- Rebalancing account balances to desired allocation, when necessary due to market movements and/or account activity, or selecting a Fund Allocation Model with automatic rebalancing; and

- Reallocating account balances and the direction of future contributions as personal circumstances, goals and objectives change.

It is the responsibility of the Program participants to determine the combination of contribution level and asset allocation that will meet their individual retirement needs. Participants are responsible for seeking advice from personal advisors, as each participant deems necessary.

Participants may elect the GoalMaker asset allocation service through Prudential as recordkeeper at no additional cost. GoalMaker provides a model portfolio and asset allocation utilizing the funds available in the program based on a participant's years to retirement and risk-tolerance level.

III. Responsible Parties

A. Board of Trustees

The Board has the final responsibility for approving this Statement of Investment Policy and monitoring execution of the procedures, standards, goals and guidelines set forth in this policy. Specific responsibilities of the Board include:

1. Planning

- Approve the types of investment options offered within the Plans so as to provide a broad range of options along the risk/return spectrum;
- Approve the appointment and removal of investment options, including any delegated glidepath providers;
- Approve the appointment and removal of an investment consultant(s), as necessary or appropriate, to render advice on the investment program and the selection and evaluation of investment options and to perform other duties, as appropriate;
- Monitor, or cause to be monitored, the investment performance of the investment options;
- Approve and monitor of a glidepath for the Program.

2. Operations

- Delegate responsibilities to the Department of State Treasurer, as appropriate;
- Approve the appointment and removal of the recordkeeper, custodian and other major service providers;
- Approve and monitor participant communications plans and strategies, e.g., the general characteristics of each investment option to participants, including risk considerations. The Department and the recordkeeper will supply information regarding the investment options and basic principles of investing to participants to help address the factors affecting asset allocation. However, the dissemination of information and the provision of investment funds by the Plans do not constitute investment advice to participants.

- Delegate administrative duties, as appropriate, to the recordkeeper, custodian or other service providers.

3. Control

- Review and evaluate results of the investment options against established performance and risk standards;
- Take whatever corrective action is deemed prudent and appropriate when an investment option fails to perform against established policy objectives, guidelines and standards;
- Monitor the soundness of the investment firms which are chosen for the Program and their investment processes and will take corrective action if necessary; and
- Monitor Program costs and effectiveness of operations.

B. Investment Subcommittee

The Board does not currently have an Investment Subcommittee. As provided in the Board's charter, the duties of the investment subcommittee, as described in this policy, are consolidated with the functions of the full Board. However, the Board may create an investment subcommittee, on a temporary or ad hoc basis as necessary to address specific investment-related issues, including the performance of the Investment Subcommittee's functions, as described in this policy. References to the Investment Subcommittee in this Policy apply only if an Investment Subcommittee has been established by the Board and assigned the function assigned to the Investment Subcommittee in such reference.

With respect to management of the investments of the Program, the non-fiduciary oversight responsibility of the Board of Trustees may be delegated to an Investment Subcommittee. The Board will retain the fiduciary responsibilities associated with these functions. Accordingly, the Investment Subcommittee does not have final discretion to approve relevant items. The Investment Subcommittee is expected to make recommendations for the Board's approval. Following final approval, the Investment Subcommittee may be given the authority to implement all matters relevant to the Board's decision. The Investment Subcommittee must be comprised of Board of Trustee members nominated by the Board Chair and ratified by the Board. The responsibilities of the Investment Subcommittee may include the following:

- Making recommendations as to the selection of investment options which fulfill the criteria of the identified asset class;
- Monitoring investment results of each investment option by means of regular review and analyses to determine whether those responsible for investment results are meeting guidelines and criteria;
- Recommending appropriate action to the Board if objectives are not being met or if

- policies and guidelines are not being followed;
- Recommending a glidepath; and
 - Reviewing this Policy and recommending modifications to it, as needed.

C. Recordkeeper

The recordkeeper has been delegated by the Board the responsibility for overseeing the custody of Program assets by a third-party custodian. In addition, the Recordkeeper has the following responsibilities:

- Enrolling participants;
- Executing the Plan's participant communication activities;
- Accepting contributions and allocating and transferring the Program assets among permitted investment options as directed by the Board or the participants;
- Making payments from the Program to such participants or beneficiaries of the underlying Program as directed and as permitted by the employer's plan document(s) and the employer's Compliance TPA;
- Providing a written accounting of all investments and all receipts, disbursements, income, expenses and other transactions of the Program at month end;
- Providing a monthly report detailing the allocation of all Program assets among investment options;
- Calculating quarterly performance data and using best efforts to provide such data within four weeks of the end of each calendar quarter; and
- Reconciling account balances.

D. Custodian

The Program's custodian holds the following responsibilities:

- Providing custody and safekeeping of Program assets;
- Allocating and transferring the Program assets as directed by the Board or the recordkeeper among permitted investment options;
- Providing a written accounting of all investments and all receipts, disbursements, income, expenses and other transactions of the Program at month end; and
- Reconciling asset account balances with the recordkeeper and account positions with the investment manager.

E. Investment Management Division Staff

1. Board Reporting

The Investment Management Division shall issue a quarterly report to the Investment Subcommittee and Board, which will include the following information:

- The market value of Program assets as of the last business day of the most recent calendar quarter;
- The portion of Program assets allocated to each investment option as of the last business day of the most recent calendar quarter;
- Time-weighted rates of return and risk for all investment options, measured net of fund expenses; and performance relative to a peer group universe and market benchmark for the most recent calendar quarter, year to date, and for historical time periods since inception; and
- Review of fund expense ratios (gross and net).

IMD shall meet quarterly with the Board of Trustees to review performance of the investment options within the context of this Statement of Investment Policy.

2. Investment Monitoring

IMD shall perform the following investment monitoring duties:

- Review performance of the fund options;
- Monitor and review fund expense ratios and inform the Investment Subcommittee and Board of any changes;
- Reaffirm the adherence of investment options to stated investment policies, objectives and/or style, and identify any material deviations from stated investment policies, objectives and/or style;
- Review at least annually this investment policy and recommend modifications to the Board as appropriate;
- Notify the Board of any organizational or strategy changes to the investment options and the underlying reasons;
- Keep the Board and/or their designees informed about current investment trends and issues;
- Review the Program investment option array and make recommendations to the

Board;

- Provide recommendations to the Board on investment option replacements either as requested by the Board or on their own initiative;
- Provide recommendations to the Board on the structure or number of investment options; and
- Recommend a glidepath.

F. Retirement Systems Division Staff

The duties of the Retirement Systems Division include:

- Coordinate presentations of IMD staff to the Board;
- Coordinate activities of IMD staff in the fulfillment of duties as assigned by the Board;
- Oversee the day-to-day activities of the recordkeeper and custodian;
- Assist the Board with review of contracts;
- Execute contracts at the Board's direction; and
- Facilitate presentation of information to the Board.

IV. Program Structure

The Board of Trustees has chosen to provide an array of investment options, each with different risk and return characteristics, which will enable a participant to construct a portfolio that, in the aggregate, should meet his/her own individually desired risk and return characteristics and investment goals through separate, diversified investment options.

While offering a variety of investment options is important, efforts will be made to keep the total number to a prudent level that balances the benefits of broad diversification with the disadvantages of too many choices. At a minimum, the Program shall offer enough investment options to well represent at least three major asset classes: Cash, Fixed Income and Equities. Other alternative asset classes may also be included.

With respect to the establishment of an upper limit on the number of investment options, the Program should not provide so many options as to create excessive redundancy in investment options, generate increased fund monitoring and/or administrative costs, or cause undue complexity in Program design.

A. Program Lineup, Generally

In general, the Board of Trustees may offer funds or families of funds of the following types: 1) Index funds or similarly passive investment options that cover major asset classes; and 2) Actively managed funds that cover one or more asset classes. Each actively managed fund may be internally allocated between one or more market segments.

B. Asset Classes Guidelines

The Program has the option (but is not required) to offer investment options through mutual funds, annuity sub-accounts, or an annuity general account in the following asset classes and categories listed below:

- Cash or Equivalents
- Guaranteed or Stable Value
- U.S. Fixed Income
- U.S. and/or Global Inflation-Protected Bond
- Global and/or International Bond
- U.S. Equities
- Global and/or International Equities
- Emerging Markets Equities
- Asset Allocation Option
- Global Socially Responsible/ESG Equities
- U.S. and/or Global REIT & Global Direct Real Estate

C. Current Investment Lineup

The current investment options offered under the Program shall be listed in **Appendix A** to this IPS, together with the appropriate benchmark for each such option.

D. Default Investment Option

The Program is an investment option within an employer's existing plan and does not have the authority from the employer to designate a Qualified Default Investment Option or "QDIA". The Program may provide for a default investment option when a plan participant has not made an affirmative investment election, or if directed by the employer on behalf of their participants (in which the option may become a QDIA).

The Program provides for a default investment option when a plan participant has not made an affirmative investment election. The Board has chosen the Moderate Allocation Model with an assumed target retirement age of 65 as the default investment option. The Board shall monitor the investment option in accordance with the investment guidelines and criteria section of this policy.

V. Investment Option Selection Criteria and Monitoring

A. Investment Option Selection Process

When the Board is considering a potential new investment option, IMD will conduct the following due diligence:

- Review the appropriate strategy, asset class, capitalization, style, or region of the investment option for potential inclusion;
- Search Morningstar and other relevant data sources for potential investment options that would complement the Program's existing line-up while exhibiting the following characteristics: strong risk-adjusted performance, competitive fees, strong management team and organization;
- Conduct additional due diligence and research to ensure there was no recent excessive personnel turnover or management changes within the organization; and
- Recommend a new investment option to the Board of Trustees.

It is the Board's preference to utilize the lowest cost share class and with few exceptions, to not use investment options that pay revenue share. If the Board concludes that it is necessary to adopt an investment option that pays a revenue share, that revenue share should be rebated back to the participant directly or used to offset the administrative fees that otherwise would be paid by that participant to the Program.

Additional aspects of investment options may be reviewed at the discretion of the Board of Trustees.

B. Investment Option Objectives

Short-Term Bond Index Fund. The primary objective of the Short-Term Bond Index Fund is to provide broad exposure to U.S. investment grade bonds with maturities from one to five years.

Performance Objectives: Provide a rate of return that closely tracks that of the Bloomberg US 1-5 YR Gov/Credit with minimum tracking error.

Fixed Income Fund. The primary objective of the Fixed Income Fund is moderate principal growth with low risk of principal loss through investment in a diversified portfolio of bonds. This option will be actively managed to seek above market returns over the long term.

Performance Objectives:

- Provide a rate of return that exceeds the Bloomberg Capital Aggregate Index over rolling five-year periods. The option's returns should remain competitive with the Bloomberg Capital Aggregate Index returns over rolling three-year periods.
- Provide a rate of return that places above the median manager in a universe of U.S. core bond or core plus (as appropriate) fixed income managers over rolling five-year periods. The option's returns should remain competitive with the universe over shorter, rolling three-year periods.
- Maintain a risk level, as measured by the standard deviation of quarterly returns, which

does not exceed 150% of the risk of the Bloomberg Capital Aggregate Index over rolling five-year periods.

Fixed Income Index Fund. The primary objective of the Fixed Income Index Fund is to track the performance of the Bloomberg Capital US Aggregate Bond Index providing moderate principal growth with low risk of principal loss through investment in a diversified portfolio of bonds.

Performance Objectives: The option should provide a return that closely tracks that of the Bloomberg Capital US Aggregate Bond Index. The tracking error to this objective should be less than 0.15% annually gross of fees.

Real Asset Fund. The Real Asset Fund was established to provide participants with a primarily actively managed option focused on providing exposure to various asset classes which show a correlation or sensitivity to inflation over various market environments.

Investment Objective: This fund seeks to provide participants with protection from rising inflation by investing in several asset classes that are expected to be positively correlated to the Consumer Price Index (“CPI”), especially during periods when the CPI is increasing. Since the CPI is not an investible index, the strategy will not keep up with inflation in all markets and may expose investors to negative returns. This strategy uses a multi-strategy, multi-manager approach using a broad range of inflation sensitive asset class portfolios. The asset classes in which the fund will invest may include, but is not limited to, US TIPS, commodities, global REITs, global agriculture, global timber, MLPs, global infrastructure, floating rate debt, currency, water and metals, and mining. The underlying weightings to each strategy and manager will reflect the investment manager’s outlook for the opportunities within each asset class, as well as the risk characteristics of the overall portfolio.

Performance Objectives:

- Provide a rate of return that exceeds the return generated by the Diversified Real Asset Strategic Index over a full market cycle. The option’s returns should remain competitive with the Index returns over rolling three-year periods.
- Maintain a risk level, as measured by the standard deviation of monthly returns, which does not exceed 150% of the risk of the Diversified Real Asset Strategic Index* over rolling five-year periods. On an absolute basis, the annualized standard deviation of monthly returns should not exceed 12% over a full market cycle.

**The Diversified Real Asset Strategic Index is a composite index of the following:*

- 35% Bloomberg Capital US TIPS Index
- 15% Bloomberg Commodity Index
- 20% S&P Global Infrastructure Index
- 20% S&P Global Natural Resources Index
- 10% FTSE /EPRA-NAREIT Global Developed Index

Treasury Inflation Protected Securities (TIPS) Fund. The primary objective of the TIPS Fund is to provide a low-cost passive investment option that will provide exposure to the Treasury Inflation Protected Securities (TIPS) market

Performance Objectives: The option should provide a return that closely tracks that of the Bloomberg0-5 Year U.S. Government Inflation-linked Bond Index. The tracking error to this objective should be less than 0.25% annually gross of fees.

Large Cap Value Fund. The primary objective of the Large Cap Value Equity Fund is long-term growth of capital through investment in a diversified portfolio of large company stocks which are deemed to have prices that do not reflect the company's asset values or current earnings ability and are thus undervalued.

Performance Objectives:

- Provide a rate of return that exceeds that generated by the Russell 1000 Value Index over rolling five-year periods. The option's returns should remain competitive with the Russell 1000 Value Index returns over rolling three-year periods.
- Provide a rate of return that places above the median manager in a universe of U.S. large cap value equity managers over rolling five-year periods. The option's returns should remain competitive with the universe over shorter, rolling three-year periods.
- Maintain a risk level, as measured by the standard deviation of monthly returns, which does not exceed 150% of the risk of the Russell 1000 Value Index over rolling five-year periods.

Large Cap Growth Fund. The primary objective of the Large Cap Growth Equity Fund is long-term growth of capital utilizing a diversified portfolio invested in stocks of large companies with above average earnings growth potential.

Performance Objectives:

- Provide a rate of return that exceeds that generated by the Russell 1000 Growth Index over rolling five-year periods. The option's returns should remain competitive with the Russell 1000 Growth Index returns over rolling three-year periods.
- Provide a rate of return that places above the median manager in a universe of U.S. large cap growth equity managers over rolling five-year periods. The option's returns should remain competitive with the universe over shorter, rolling three-year periods.
- Maintain a risk level, as measured by the standard deviation of quarterly returns, which does not exceed 150% of the risk of the Russell 1000 Growth Index over rolling five-year periods.

Large Cap Index Fund. The primary objective of the Large Cap Index Fund is to track the performance of the Standard & Poor's 500 Index.

Performance Objectives:

- Provide a rate of return that equals (gross of fees) the S&P 500 Index over rolling one-, three-, and five-year periods.
- The tracking error of the option should not exceed 15 basis points on an annual basis.

SMID Cap Index Fund. The primary objective of the SMID Cap Index Fund is to track the performance of the S&P Completion Index.

Performance Objectives:

- The option should provide a rate of return that equals (gross of fees) the S&P Completion Index over rolling one-, three-, and five-year periods.
- The tracking error of the Option should not exceed 20 basis points on an annual basis.

Small Cap Fund. The Small Cap Option was established to provide participants with an actively managed equity option targeted at the small cap sectors of the U.S. equity market.

Performance Objectives:

- Provide a rate of return that exceeds that of the Russell 2000 Index over rolling five-year periods. The option's returns should remain competitive with the index returns over rolling three-year periods.
- Provide a rate of return that exceeds the median in a small cap U.S. equity peer group universe over rolling five-year periods. The option's returns should remain competitive with the universe over rolling three-year periods.
- Maintain a risk level, as measured by the standard deviation of quarterly returns, which does not exceed 150% of the risk of the Russell 2000 Index over rolling five-year periods.

International Fund. The primary objective of the International Fund is long-term growth of capital utilizing a diversified portfolio invested in stocks of companies located outside the United States.

- Provide a rate of return that exceeds the MSCI ACWI ex US Index over rolling five-year periods. The option's returns should remain competitive with the index returns over rolling three-year periods.
- Provide a rate of return that places above the median of a foreign large growth peer group universe over rolling five-year periods. The option's returns should remain competitive with the universe median returns over rolling three-year periods.
- Maintain a risk level, as measured by the standard deviation of quarterly returns, which

does not exceed 125% of the risk of the MSCI ACWI ex US Index over rolling five-year periods.

International Index Fund. The primary objective of the International Index Fund is to track the performance of the FTSE Global All Cap Index.

Performance Objectives:

- The Option should provide a rate of return that equals (gross of fees) the FTSE Global All Cap Index over rolling one-, three-, and five-year periods.
- The tracking error of the option should not exceed 75 basis points on an annual basis.

C. Investment Option Monitoring, Watch List and Termination Guidelines

The Board of Trustees recognizes that all investments go through cycles and, therefore, there will be periods of time in which the investment objectives are not met or when specific investment options fail to meet their expected performance expectations. The Investment Subcommittee retains the right to use its discretion when reviewing investment options and making recommendations. The participant accepts the principle that, in the absence of specific circumstances requiring immediate action, patience and a longer-term perspective will be employed when evaluating investment performance.

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

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

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

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

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

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

Failure by an investment option to achieve both the three-year and five-year performance objectives established by the Board over four (4) consecutive quarters shall cause that investment option to be placed on a "watch list." An investment option may also be placed on watch within a lesser period if the investment option's strategy has deviated from the objective of the mandate or violated another evaluation criterion in this section. The watch period will be established for the next three quarters (four quarters in total) but may be lengthened or shortened in the Board's discretion.

VI. Fund Allocation Models

Asset allocation is the most important determinant of long-term investment results. In order to assist participants in making effective asset allocation decisions, the Board has elected to offer participants a set of predetermined fund allocations that have been created by investment experts which utilize the Options offered in the Plans. Participants can elect to have their entire plan balance allocated in accordance with one of the models offered.

A. Model Allocation Determination

The Board has authorized a set of asset allocation models to be offered. These models were designed to be sensitive to the two primary drivers of optimal asset allocation: Risk Tolerance and Investment Horizon. Accordingly, the models are arrayed on these two dimensions.

B. Risk Tolerance

Participants are able to select their risk tolerance from one of three levels, Conservative, Moderate and Aggressive. Each model is designed to provide the highest expected long term return possible at that risk tolerance level.

C. Participant Investment Horizon

A participant's investment horizon is also a determinant of the level of risk that may be appropriate. Participants with longer investment horizons have more time to recover from short term losses and thus are able to accept more variability in their interim account values and potentially earn a higher long-term return. For each of the three levels of general Risk Tolerance, nine investment horizon models have been selected. These Investment Horizon models become more conservative, with higher allocations to bonds and stable value

investments, as the horizon becomes shorter. These models were designed to be consistent with the participants' retirement date.

D. Model Allocation Investments

The Model Allocations are able to utilize all of the Investment Options offered by the Plans. However, the models are not required to make use of all Options if it is determined that a particular option is not appropriate for a given risk tolerance and investment time horizon.

E. Model Allocation Implementation

These asset allocation models will be implemented by the Program's recordkeeper. The recordkeeper will automatically allocate any contributions and distributions across the Options in the model, in order to maintain the targeted model allocation. The recordkeeper will generally rebalance the allocation across the Options back to the target allocation on a quarterly basis.

F. Model Revisions

The Board will review these target allocations periodically. If any new Options are added to the Program, the model allocations will be reviewed to ascertain whether the new Options should be included and in what allocation.

G. Current Model Allocations

The current Model Allocations are shown below.

NC 403(b) Program Conservative Model Allocation

The objective of the Conservative Model Allocation is to achieve long term growth in excess of inflation with a minimal risk of capital loss over a full market cycle.

Conservative		Pre-Retirement					Post-Retirement			
		26+	21-25	16-20	11-15	6-10	0-5	0-5	6-10	11+
Fund	Vanguard Institutional Index Fund Instl Shares	27%	24%	20%	17%	14%	13%	11%	10%	9%
	DFA US Small Cap I	12%	10%	8%	8%	6%	4%	4%	2%	2%
	Baillie Gifford International Equity	32%	28%	25%	18%	16%	12%	9%	9%	8%
	Metropolitan West Total Return Bd Plan	21%	31%	37%	41%	42%	41%	36%	33%	29%
	Vanguard Short-Term Bond Index Adm	0%	0%	4%	8%	12%	17%	22%	25%	26%
	Principal Diversified Real Asset	8%	7%	6%	5%	4%	3%	3%	2%	2%
	Vanguard Short-Term TIPS	0%	0%	0%	3%	6%	10%	15%	19%	24%

NC 403(b) Program Moderate Model Allocation

The objective of the Moderate Model Allocation is moderate growth of principal with limited downside risk over a market cycle.

Moderate		Pre-Retirement					Post-Retirement			
		26+	21-25	16-20	11-15	6-10	0-5	0-5	6-10	11+
Fund	Vanguard Institutional Index Fund Instl Shares	33%	30%	27%	24%	21%	19%	18%	16%	14%
	DFA US Small Cap I	14%	12%	12%	10%	8%	6%	6%	4%	4%
	Baillie Gifford International Equity	38%	36%	32%	28%	24%	19%	15%	14%	12%
	Metropolitan West Total Return Bd Plan	6%	13%	21%	28%	33%	36%	34%	27%	23%
	Vanguard Short-Term Bond Index Adm	0%	0%	0%	3%	6%	10%	14%	19%	22%
	Principal Diversified Real Asset	9%	9%	8%	7%	6%	5%	4%	4%	3%
	Vanguard Short-Term TIPS	0%	0%	0%	0%	2%	5%	9%	16%	22%

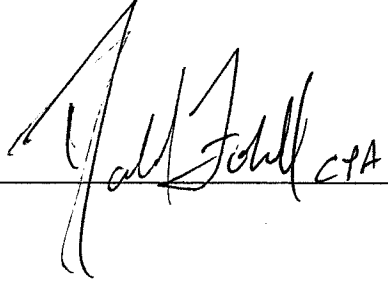
NC 403(b) Program Aggressive Model Allocation

The primary investment objective of the Aggressive Model Allocation is to maximize growth of principal over the long term with a reasonable level of overall volatility.

Aggressive		Pre-Retirement					Post-Retirement			
		26+	21-25	16-20	11-15	6-10	0-5	0-5	6-10	11+
Fund	Vanguard Institutional Index Fund Instl Shares	34%	34%	32%	30%	28%	27%	25%	24%	21%
	DFA US Small Cap I	14%	14%	14%	12%	10%	10%	8%	6%	6%
	Baillie Gifford International Equity	40%	40%	38%	36%	32%	24%	21%	20%	17%
	Metropolitan West Total Return Bd Plan	2%	2%	7%	13%	21%	27%	26%	19%	19%
	Vanguard Short-Term Bond Index Adm	0%	0%	0%	0%	1%	3%	8%	14%	17%
	Principal Diversified Real Asset	10%	10%	9%	9%	7%	6%	4%	3%	3%
	Vanguard Short-Term TIPS	0%	0%	0%	0%	1%	3%	8%	14%	17%

VII. Adoption and Approval

The members of the Board of Trustees approve and adopt this Statement of Investment Policy, reserving the right to amend or terminate it in the future. On a periodic basis, the Board will review this Statement of investment Policy to determine whether any changes should be made.

A handwritten signature in black ink, appearing to read "Y. M. F. C. P. A.", is written over a horizontal line. The signature is stylized and cursive.

Date

Chair

APPENDIX A

Current Investment Line Up

Investment	Ticker	Benchmark
Vanguard Short Term Bond Index Admiral	VBIRX	Bloomberg US 1-5 yr Gov Credit
Metropolitan West Total Return Bond	MWTSX	Bloomberg US Aggregate
Vanguard Total Bond Market Index Admiral	VBTLX	Bloomberg US Aggregate
Principal Diversified Real Asset	PDARX	Diversified Real Asset Strategic Index*
Vanguard Short-Term Inflation-Protected Securities Index Fund Admiral Shares	VTAPX	Bloomberg 0-5 Year U.S. Government Inflation-linked Bond Index
Vanguard Windsor II Admiral	VWNAX	Russell 1000 Value
Vanguard Institutional Index Fund Instl Shares	VINIX	S&P 500
T. Rowe Price Blue Chip Growth	TBCIX	Russell 1000 Growth
Vanguard Extended Market Index Admiral	VEXAX	S&P Completion
DFA U.S. Small Cap	DFSTX	Russell 2000
Vanguard Total International Stock Index Admiral	VTIAX	FTSE Global All Cap ex US
Baillie Gifford International Equity Fund	BGIKX	MSCI ACWI ex US

* Diversified Real Asset Strategic Index is a customized index: 35% Bloomberg US TIPS Index, 20% S&P Global Infrastructure Index, 20% S&P Global Natural Resource Index, 15%, Bloomberg Commodity Index and 10% FTSE EPRA/NAREIT Developed Markets Index.

IPS Revision History

Revision Date	Summary of Changes
December 3, 2020	<ul style="list-style-type: none"><li data-bbox="630 317 1192 344">▪ Clarify the objective of the Real Asset Fund<li data-bbox="630 348 1252 409">▪ Update the Vanguard 500 Index Fund share class to institutional
December 2, 2021	<ul style="list-style-type: none"><li data-bbox="630 422 1260 483">▪ Remove references to Barclays or change them to Bloomberg in benchmarks<li data-bbox="630 487 935 514">▪ Minor clarifying edits