North Carolina Supplemental Retirement Plans

401(k) and 457 Plans

Investment Holding Guideline Compliance Summary

As of December 31, 2015

Mercer Investments

EQUITY PORTFOLIOS - FUND LEVEL

Category	Applicable asset class	Guideline	LARGE CAP PASSIVE	LARGE CAP VALUE	LARGE CAP GROWTH	MID/SMALL PASSIVE	MID/SMALL VALUE	MID/SMALL GROWTH	INTL PASSIVE	INTL EQUITY	GLOBAL EQUITY
	Passive domestic equity	Must mirror index by full replication or sampling	~			~					
	Active domestic equity	Max: greater of 5% or index weight + 2.5%, but must be less than 10%		~	×		~	~			-
	Large cap value equity	ADR/Foreign Max: 20%		\checkmark							
	Large cap growth equity, Mid/Small cap equity	ADR/Foreign Max: 10%		-	~		~	~			-
Individual	Passive international equity	Max: greater of 5% or index weight							~		
securities	Active international equity	Max: 7.5%								~	~
	Active equity	Futures, options, swaps RESTRICTED		~	~		~	~		~	~
	Equity	144A Max: 15%	~	✓	✓	~	~	~	~	✓	✓
	Equity	Manager's own security RESTRICTED	~	~	~	~	~	~	1	~	~
	Equity	Restricted securities RESTRICTED	~	~	✓	~	~	~	~	~	✓
Sector diversification	Large cap equity	Individual sector weight Max: greater of 25% or 2x index weight		~	~						-
	Mid/Small cap equity	Diversification Min: 5 sectors					✓	✓			
Country diversification	International equity	Max: 2x index weight but must be less than 50%; if index weight < 5%, then must be less than 10%; for global equity, max US weight: 60%								~	~
Average market cap	Equity	Within benchmark market cap range		\checkmark	\checkmark		✓	\checkmark		✓	\checkmark
Style	Value Equity	P/B, P/E < Broad market		~			~				
	Growth equity	P/B, P/E > Broad market			\checkmark			\checkmark			
Positioning	Equity	Short positions RESTRICTED	~	~	~	~	~	~	~	~	~
	Equity	Leverage RESTRICTED	~	~	~	~	~	~	~	~	~
Currency hedging	Domestic equity	RESTRICTED	~	~	~	~	~	~			
Cash reserves	Equity	Must be fully invested	~	~	~	~	~	~	√	✓	~

Manager self-report

Developation to a section

In compliance with IPS.

 \checkmark

X Not in compliance with IPS.

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EQUITY PORTFOLIOS - MANAGER LEVEL

	Applicable asset		LARGE CAP PASSIVE	RGE CAP LARGE CAP VALUE		LARGE CAP GROWTH		MID/SMALL CAP PASSIVE	MID/SMALL MID/SMALL CAP VALUE		MID/SMALL CAP GROWTH INTL PASSIVE					GLOBAL EQUITY				
Category	class	Guideline	BlackRock	Hotchkis & Wiley	Delaware	Robeco BP	Sands Capital	Wellington	Loomis	BlackRock	Hotchkis & Wiley	EARNEST	WEDGE	Times Square	Brown Advisory	BlackRock	Baillie Gifford	Mondrian Investment Partners	Wellington	Arrowstreet
	Passive domestic equity	Must mirror index by full replication or sampling	~							~										-
	Active domestic equity	Max: greater of 5% or index weight + 2.5%, but must be less than 10%		•	✓	~	•	~	0		~	✓	\checkmark	✓	~					-
	Large cap value equity	ADR/Foreign Max: 20%		~	~	✓														
	Large cap growth equity, Mid/Small cap equity	ADR/Foreign Max: 10%					~	~	•		•	✓	✓	✓	~					
Individual	Passive international equity	Max: greater of 5% or index weight														1				
securities	Active international equity	Max: 7.5%															~	~	✓	✓
	Active equity	Futures, options, swaps RESTRICTED		✓	✓	~	~	✓	~		~	✓	✓	✓	1		~	~	✓	✓
	Equity	144A Max: 15%	✓	~	✓	\checkmark	✓	✓	✓	~	~	\checkmark	~	✓	✓	~	✓	~	\checkmark	✓
	Equity	Manager's own security RESTRICTED	~	~	\checkmark	\checkmark	~	\checkmark	\checkmark	~	~	\checkmark	✓	✓	\checkmark	~	✓	✓	\checkmark	✓
	Equity	Restricted securities RESTRICTED	✓	~	✓	\checkmark	✓	✓	~	~	~	\checkmark	✓	✓	✓	~	✓	~	\checkmark	✓
Sector	Large cap equity	Individual sector weight Max: greater of 25% or 2x index weight		~	✓	~	~	~	~											
diversification	Mid/Small cap equity	Diversification Min: 5 sectors									~	\checkmark	\checkmark	✓	✓					
Country diversification	International equity	Max: 2x index weight but must be less than 50%; if index weight < 5%, then must be less than 10%; for global equity, max US weight: 60%															~	~	0	~
Average market cap	Equity	Within benchmark market cap range		~	✓	~	~	~	~		~	✓	√	✓	~		1	~	✓	~
Stude	Value equity	P/B, P/E < Broad market		~	✓	✓					~	✓	~							
Style	Growth equity	P/B, P/E > Broad market					~	✓	~					✓	~					
Positioning	Equity	Short positions RESTRICTED	~	~	✓	~	~	✓	~	~	~	✓	✓	~	✓	~	~	~	✓	✓
	Equity	Leverage RESTRICTED	~	~	✓	~	~	✓	~	~	~	✓	~	✓	~	~	~	~	✓	✓
Currency hedging	Domestic equity	RESTRICTED	~	✓	✓	~	~	✓	~	✓	~	✓	✓	✓	~					
Cash reserves	Equity	Must be fully invested	~	~	✓	~	~	1	~	~	~	✓	√	~	~	~	1	~	~	~
Manager self-repo]								1		In compliance v	with manager of	uidelines but		-	•			
Galliard to monitor			✓	In compliance wi	ith IPS.		x N	lot in compliance	with IPS.	J	•	not with fund gu		alaelines, Dul						

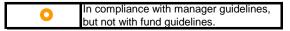
FIXED INCOME PORTFOLIOS

Category	Applicable asset class	Guideline	FIXED INCOME PASSIVE	FIXED INCOME	FIXED I	STABLE VALUE	
			BlackRock	FUND	JPMorgan	Prudential	Galliard
	Fixed income	Max: 5%	\checkmark	NA	\checkmark	\checkmark	
Individual securities	Fixed income	144A Max: 15%	\checkmark	×	\checkmark	0	
	Fixed income	Restricted securities RESTRICTED	\checkmark	\checkmark	\checkmark	\checkmark	
Sector diversification	Fixed income	Corporate sector allocations similar to benchmark	~	\checkmark	~	0	
	Fixed income	Min average quality: A-; Max HY: 20%; Max non- US Government & Corporates: 20%;		~	~	~	
Quality	Passive fixed income	HY and non-USD- denominated RESTRICTED	\checkmark				
	Cash	Min average quality: A1/P1					NA
Duration	Fixed income	Max: +/- 25% of benchmark		\checkmark	~	0	
Duration	Passive fixed income	Must match index	\checkmark				
Maturity	Cash	Max: 1 year					NA
Underwriter	Fixed income	Purchases of securities in which JPM is the underwriter from JPM investment bank prohibited			~		
Currency hedging	Fixed income	RESTRICTED at manager level	✓		~	\checkmark	
Cash reserves	Fixed income	Must be fully invested	\checkmark	\checkmark	\checkmark	\checkmark	

Manager self-report Galliard to monitor

 \checkmark In compliance with IPS.

X Not in compliance with IPS.



Prudential to monitor

INFLATION SENSITIVE PORTFOLIO

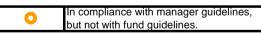
Category	Applicable asset class	Guideline	INFLATION Responsive PIMCO
	Fixed income	144A Max: 15%	\checkmark
Individual securities	Fixed income	Manager's own security RESTRICTED	\checkmark
	Fixed income	Restricted securities RESTRICTED	\checkmark
	Commodities	Max: 40%	\checkmark
Sector diversification	Equity and REITs	Max: 15%	\checkmark
	Gold	Max: 25%	\checkmark
Quality	Fixed income	Min average quality: A-	
Quality	Cash	Min average quality: A1/P1	
Maturity	Cash	Max: 1 year	
Cash reserves	Fixed income	Must be fully invested	\checkmark

Manager self-report Galliard to monitor

Prudential to monitor

✓ In compliance with IPS.

X Not in compliance with IPS.



EQUITY PORTFOLIOS - FUND LEVEL

Guideline: Max position 5% Large Cap Growth Fund has positions that exceed 5%: Facebook(5.4%), VISA (5.3%), and Amazon (5.2%) All three underlying LCG managers have positions in both VISA and Facebook Manager's contractual guideline: While the fund is out of guideline, the benchmark position in VISA, Facebook and Amazon is substantial. The Fund is still in-line with the overall objectives EQUITY PORTFOLIOS - MANAGER LEVEL

Hotchkis - LARGE CAP VALUE Guideline: Max individual security weight: greater of 5% or Index weight + 2.5%, but must be less than 10% Portfolio largest position size: 5.06%; Portfolio largest excess weight over BM: 4.3% Manager's contractual guideline: IN COMPLIANCE. Market fluctuations caused position to exceed target, to limit excess trading costs manager not required to immediately sell securities

SANDS - LARGE CAP GROWTH Guideline: Max individual security weight: greater of 5% or Index weight + 2.5%, but must be less than 10% Portfolio largest position size: 8.5%; Portfolio largest excess weight over BM: 7.0% Manager's contractual guideline: IN COMPLIANCE. Max percentage size of largest position: 15%

Loomis - LARGE CAP GROWTH Guideline: Max individual security weight: greater of 5% or Index weight + 2.5%, but must be less than 10% Portfolio largest position size: 7.6%; Portfolio largest excess weight over BM: 5.1% Manager's contractual guideline: IN COMPLIANCE. Max percentage size of largest position: 8%

Loomis - LARGE CAP GROWTH Guideline: ADR/Foreign Max 10% Portfolio ADR exposure 14.3% Manager's contractual guideline: IN COMPLIANCE. No stipulation regarding ADR/Foreign Max

Hotchkis & Wiley - Mid Cap Value Guideline: ADR/Foreign Max 10% Portfolio Non-US exposure 16.1% Manager's contractual guideline: IN COMPLIANCE. No stipulation regarding ADR/Foreign Max

 Wellington Global Opportunities

 Guideline: Max US Position 60%

 Portfolio US exposure 68.8%

 Manager's contractual guideline: IN COMPLIANCE. No stipulation regarding US Exposure

EQUITY PORTFOLIOS - FUND LEVEL

Guideline: 14A Max 15% Fixed Income Fund exposure 19.7% Fund out of Compliance largely due to Prudential Manager's contractual guideline: While the fund is out of guideline it is still in-line with the overall objectives of the fund.

FIXED INCOME PORTFOLIOS - MANAGER LEVEL

Prudential- FIXED INCOME Guideline: 14A Max 15% 14A Allocation 29.5% Manager's contractual guideline: IN COMPLIANCE. No stipulation regarding 14A allocation

Prudential- FIXED INCOME

Guideline: Corporates allocation to the benchmark Prudential Allocation 45.7%, benchmark allocation 24.3% Manager's contractual guideline: IN COMPLIANCE. No stipulation regarding corporate allocation

Prudential- FIXED INCOME

Guideline: Duration +/- 25% of the benchmark Prudential Duration 7.3, 28% of the benchmark Manager's contractual guideline: IN COMPLIANCE. No stipulation regarding duration

STABLE VALUE

GALLIARD - STABLE VALUE Galliard did not have information available at the time of report production