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North Carolina Stable Value Fund



North Carolina
Total Retirement Plans
401k | 457



Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

**Fourth Quarter 2023
Fund Fact Sheet**

Key Facts

As of 12/31/23

FUND CATEGORY	Stable Value Fixed Income
TOTAL NET FUND ASSETS	\$2,418.04 Million
INCEPTION DATE	December 1, 2010
NET EXPENSE RATIO¹	0.28%
NET BLENDED YIELD²	2.90%

Contract Issuers

As of 12/31/23

CONTRACT ISSUERS	Fund Allocation	Moody's/ S&P Rating
PRUDENTIAL INS. CO. of AMERICA	24.7%	Aa3/AA-
TRANSAMERICA LIFE INS. CO.	23.0%	A1/A+
NATIONWIDE LIFE INS. CO.	20.4%	A1/A+
AMERICAN GENERAL LIFE INS. CO.	19.5%	A2/A+
METROPOLITAN TOWER LIFE INS. CO.	10.4%	Aa3/AA-

Investment Advisor

As of 12/31/23

- Galliard Capital Management
- Independently operated subsidiary of Allspring Global Investments Holdings, LLC.
 - Specializes in stable value management
 - Manages \$85.5 billion assets for institutional investors

Manager Allocation

As of 12/31/23

	Fund Allocation
CASH & EQUIVALENTS	2.1%
GALLIARD	48.8%
TCW	9.7%
JENNISON	9.7%
PAYDEN & RYGEL	9.7%
DODGE & COX	10.2%
PGIM	9.9%

Fund Characteristics

As of 12/31/23

EFFECTIVE DURATION⁴	3.32 Years
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Sector Allocation⁺

As of 12/31/23

(at market value)

U.S. GOVERNMENT SECURITIES	21.5%
OTHER U.S. GOVERNMENT	5.1%
CORPORATE/TAXABLE MUNICIPAL SECURITIES	30.8%
MORTGAGE BACKED SECURITIES (MBS)	20.5%
COMMERCIAL MORTGAGE BACKED SECURITIES (CMBS)	5.8%
ASSET BACKED SECURITIES (ABS)	12.4%
INTERNATIONAL GOV'T/AGENCY SECURITIES	0.2%
CASH/EQUIVALENTS	3.7%

+Totals may not add to 100% due to rounding.

DESCRIPTION

The North Carolina Stable Value Fund ("Fund") is a diversified stable value portfolio managed by Galliard Capital Management. The Fund is primarily comprised of Security Backed Investment Contracts issued by insurance companies. Security Backed Investment Contracts include two components: 1) investment contracts issued by a financial institution and 2) underlying portfolios of fixed income securities (i.e. bonds) whose market prices fluctuate. The investment contract is the vehicle which allows participants to transact at book value (principal plus accrued interest) without reference to the price fluctuations of the underlying securities. The contract issuers for the Fund include Metropolitan Tower Life, American General, Transamerica, Nationwide, and Prudential. The bond portfolio underlying the investment contracts is currently managed by Galliard and sub-advised by TCW, Payden & Rygel, Dodge & Cox, Jennison, and PGIM. Your investment in the Fund earns the blended returns of these components.

INVESTMENT OBJECTIVE

The North Carolina Stable Value Fund is designed to be a conservative investment option that seeks to provide safety of principal and a stable credited rate of interest, while generating competitive returns over time compared to other comparable investments. There is no assurance that the objective of the Fund will be met.

INVESTOR PROFILE

- Investors seeking income and safety of principal
- Investors seeking a fixed-income investment to balance risk in a diversified portfolio

INTEREST CREDITING METHOD

The Fund credits interest daily on a portfolio basis. That means that all money deposited in the Fund, regardless of when it was deposited, receives the same interest rate. The crediting rate on the contracts are reset on a quarterly basis.

FEATURES

- Designed for preservation of principal, plus a stable credited rate of interest
- All contract issuers and securities utilized in the Fund are rated investment grade by one of the Nationally Recognized Statistical Rating Organizations (NRSRO) at time of purchase
- Benefit responsive. The Fund is managed with the goal of maintaining daily liquidity for participant benefits and transactional needs
- Participants can readily make contributions, transfers, and withdrawals
- Well-diversified portfolio of high-quality, fixed-income securities (i.e. bonds)

Performance³

As of 12/31/23

Periods Ending 12/31/23	ANNUALIZED RETURNS						
	4Q'23	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
North Carolina Stable Value Fund	0.72%	2.72%	2.72%	2.11%	2.25%	2.12%	2.27%

¹The net expense ratio of 0.28% is broken down as follows: investment management fees of 0.110%; investment contract fees of 0.147%; acquired fund fees of 0.002%; administrative fee of 0.0100%; and estimated custodial expenses of 0.002%. The actual net expense ratio may vary due to rounding and actual versus estimated custodial expenses.

²Blended yield is net of the 0.28% Net Expense Ratio for this investment. NC's administrative fee of 0.0100% which is included in the Net Expense Ratio, was waived for 2019 and 2020.

³Returns for periods less than one year are not annualized. Performance is net of all fees. NC's administrative fee was waived for 2019 and 2020. Galliard assumed management of the North Carolina Stable Value Fund on 12/1/10. Performance for periods referenced prior to this date include historical performance of another investment advisor. Each plan charges a separate \$26 annual recordkeeping and communications fee per account that is not reflected in performance.

⁴Duration is a time measure (in years) of a fixed income security's interest rate sensitivity. The longer the duration, the larger the change in value will be, for a given change in interest rate. Unlike maturity, which only shows how much time will elapse until final payment of principal, duration can be a more useful type of maturity measure because it incorporates the timing and size of all cash flows.

PAST PERFORMANCE IS NOT AN INDICATION OF HOW THE INVESTMENT WILL PERFORM IN THE FUTURE. Returns also include all income, realized and unrealized capital gains and losses, and all transactional and contract execution costs. Returns may have been impacted by the effect of compounding and have been rounded to the nearest basis point. Individual participant returns may differ due to level and timing of activity in your account. For further information, please contact your plan administrator.

The Fund's investment contracts are designed to allow for participant transactions at book value. A principal risk of the Fund is investment contract risk. This includes the risk that the issuer will default on its obligation under the contract or that another event of default may occur under the contract rendering it invalid; that the contract will lapse before a replacement contract with favorable terms can be secured; or that the occurrence of certain other events including employer-initiated events, could cause the contract to lose its book value withdrawal features. These risks may result in a loss in value to a contract holder. Other primary risks include default risk, which is the possibility that instruments the Fund holds will not meet scheduled interest and/or principal payments; interest rate risk, which includes the risk of reinvesting cash flows at lower interest rates; and liquidity risk, which includes the effect of very large unexpected withdrawals on the Fund's total value. The occurrence of any of these events could cause the Fund to lose value.

Frequent exchanging between plan investment options may harm long-term investors. Your plan or the plan's investment funds may have provisions to deter exchanges that may be abusive. These policies may require us to modify, restrict or suspend purchase or exchange privileges and/or impose redemption fees. This fact sheet was produced by Galliard Capital Management.

This material has been provided by a third party. Prudential Retirement does not make any representation as to the accuracy or completeness of the information contained herein. This information is provided for informational purposes only and should not be considered a recommendation to buy or sell any security.

Prudential Retirement provides recordkeeping and communications services for the NC 401(k) and NC 457 Plans and the NC 403(b) Program. Prudential Insurance Company of America (PICA), an affiliate of Prudential Retirement, is one of the insurance wrap contract issuers for the NC Stable Fund. PGIM, Inc., another affiliate of Prudential Retirement, manages part of the account to which PICA's wrap contract applies.

NO ACTION REQUIRED: FOR YOUR INFORMATION

Overview

On April 1, 2022, Empower acquired the full-service retirement business of Prudential Retirement. Over a period of time, you may see references to Prudential and Empower as we transition our experiences. Throughout this process, we want you to know that our focus is on you and making this transition as seamless as possible. For your reference, outlined below is the entity-level detail of the acquisition, including important information to help determine who will be servicing your account or other products.

Empower Annuity Insurance Company of America (EAICA), formerly known as Great-West Life & Annuity Insurance Company, the parent company of Empower Retirement, LLC (Empower), acquired the full-service retirement business of Prudential Financial, Inc. In connection with the transaction, EAICA acquired all shares of the following entities, which are no longer affiliated with Prudential Financial, Inc.: Prudential Retirement Insurance and Annuity Company; Prudential Bank & Trust, FSB; Global Portfolio Strategies, Inc.; TBG Insurance Services Corporation; MC Insurance Agency Services, LLC; and Mullin TBG Insurance Agency Services, LLC. On October 3, 2022, Prudential Retirement Insurance and Annuity Company was renamed Empower Annuity Insurance Company. For additional information regarding the name changes, please see empower.com/name-change.

Empower is in the process of integrating the acquired full-service retirement business. Effective January 1, 2023, Global Portfolio Strategies, Inc. was merged into Empower Capital Management, LLC, an Empower affiliate. Effective March 31, 2023, Prudential Bank & Trust, FSB is merging into Empower Trust Company, LLC, an Empower affiliate, and all services performed by Prudential Bank & Trust, FSB will be assumed by Empower Trust Company, LLC.

Please use the following to determine if Empower is now the service provider for your account. If you have multiple accounts, you may be a customer of Prudential Financial, Inc. and its affiliates (together, Prudential) and Empower.

ACCOUNT TYPE	SERVICE PROVIDER
<p>If you are an annuitant, contingent annuitant, or other beneficiary under a group annuity contract issued or reinsured by Prudential's pension risk transfer business OR a plan participant whose benefit is administered by Prudential's pension risk transfer business...</p> <p>How do I know if this applies to me?</p> <p>You were previously issued an annuity certificate from the Prudential Insurance Company of America <u>in connection with your employer's defined benefit plan</u> OR you previously received a communication from your employer that Prudential has issued a guaranteed annuity covering all or a portion of your pension benefit or pays your pension benefit.</p>	<p>...Your account remains with Prudential and was not impacted by the transaction.</p> <p>The "Important Disclosures Regarding the Empower Transaction" listed below do not apply to your account.</p>
<p>If you independently purchased an individual annuity, life insurance, or investment product with Prudential...</p> <p>How do I know if this applies to me?</p> <ul style="list-style-type: none">• You independently purchased a product from Prudential (other than a SmartSolution IRA) that is unrelated to an employer workplace plan.• The product you purchased is issued by The Prudential Insurance Company of America (PICA), Pruco Life Insurance Company, or Pruco Life Insurance Company of New Jersey.• You purchased an investment product or service through Pruco Securities, LLC.	<p>...Your account remains with Prudential and was not impacted by the transaction.</p> <p>The "Important Disclosures Regarding the Empower Transaction" listed below do not apply to your account.</p>

ACCOUNT TYPE	SERVICE PROVIDER
<p>If you are a participant in the Prudential Employee Savings Plan (PESP); the Jennison Associates Savings Plan; the Assurance Savings Plan; the Prudential Supplemental Employee Savings Plan; the Prudential Financial, Inc. 2021 Omnibus Incentive Plan and the attendant Prudential Long-Term Incentive Program; the Prudential Financial, Inc. 2016 Deferred Compensation Plan for Non-Employee Directors; or the PGIM, Inc. Omnibus Deferred Compensation Plan...</p> <p>How do I know if this applies to me?</p> <ul style="list-style-type: none"> You receive statements and other notifications from Prudential in connection with one or more of these plans. 	<p>...Prudential remains the service provider for these plans. Empower is currently providing services as a sub-contractor for a transitional period.</p> <p>Please carefully review the “Important Disclosures Regarding the Empower Transaction” below that apply to you as applicable.</p>
<p>If you are a participant in a retirement plan previously serviced by Prudential Retirement, which may include defined benefit plans, nonqualified plans, defined contribution plans, and 401(k) plans (including a plan that permits self-directed brokerage accounts), or you are an account holder of a SmartSolution IRA, an Auto Roll IRA, or an NFS Prudential Brokerage Account...</p> <p>How do I know if this applies to me?</p> <ul style="list-style-type: none"> You receive a notification from Prudential Retirement notifying you that Empower will become the service provider for your account. You receive a welcome email or letter from Empower. 	<p>...Empower is now the service provider for your account. However, with respect to Smart Solution IRAs and certain Auto Roll IRAs, Prudential Investment Management Services LLC (PIMS) remains the broker-dealer for a transitional period.</p> <p>Please carefully review the “Important Disclosures Regarding the Empower Transaction” below that apply to you.</p>

Important Disclosures Regarding the Empower Transaction

Effective April 1, 2022, the following will apply to you:

- All references to “Prudential Retirement” refer to Empower. Prudential Retirement is no longer a business unit of Prudential.
- Certain insurance products written by The Prudential Insurance Company of America were reinsured to EAICA and Empower Life & Annuity Insurance Company of New York (for New York business). Empower will become the administrator of this business acquired from Prudential.
- Empower refers to the products and services offered by EAICA and its subsidiaries, including Empower Retirement, LLC. Empower is not affiliated with Prudential or its affiliates.
- Full-service retirement sales personnel and certain service personnel are no longer registered representatives of Prudential Investment Management Services LLC (PIMS) and are registered representatives of Empower Financial Services, Inc., formerly known as GWFS Equities, Inc. For a transitional period, certain back office and service personnel will remain registered representatives of PIMS.
- During a transition period, Prudential and, as applicable, its affiliates will continue to provide services to Empower. PIMS will continue to provide certain broker-dealer services under the terms of existing service agreements for certain plans and will continue to be the broker-dealer of record for existing SmartSolution IRAs and certain Auto Roll IRAs for a transitional period.
- On or about May 1, 2023, the principal underwriter and distributor for certain legacy Prudential products will change from Prudential Investment Management Services LLC to Empower Financial Services, Inc., resulting from the sale of Prudential's retirement business to Empower. The change of principal underwriter and distributor will not impact the way these products operate. You can find further details if you wish in the prospectus to be released on or about May 1, 2023, to determine which principal underwriter and distributor supports the product you are invested in.
- Any documents pertaining to fraud or security commitments by Prudential Retirement are no longer applicable and are replaced with Empower's commitments set forth at participant.empower-retirement.com/participant/#/articles/securityGuarantee
- If Empower is the service provider for your account, Prudential's Privacy Statements and Privacy Notices are replaced with Empower's Privacy Notice as set forth at empower-retirement.com/privacy for that account.

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Information provided herein, including linked documents, is being provided for informational or educational purposes only. By sharing it, neither PIMS nor Prudential is acting as your fiduciary as defined by the Department of Labor or otherwise. If you need investment advice, please consult with a qualified professional. Prudential Financial, its affiliates, and their financial professionals do not render tax or legal advice. Please consult with your tax and legal advisors regarding your personal circumstances.

Have additional questions? For Prudential accounts and products, please call 800-621-1089. For Empower accounts and products, please call 877-778-2100.