

General Overview

North Carolina Department of State Treasurer (NCDST) has established an Ancillary Governmental Participant Investment Program, as authorized by North Carolina law, to help ensure your investments benefit from low cost professional management. NCDST has leveraged our existing relationship with BlackRock to offer two new funds in the program: a Bond Index Fund (BIF) and an Equity Index Fund (EIF). In addition, the Short Term Investment Fund (STIP) managed internally by NCDST is available in the program. You'll have the opportunity to select and designate an allocation among the investment funds, based on your current investment authority.

Ancillary Governmental Participant Investment Funds

Bond Index Fund (BIF): The BIF invests in high quality debt securities eligible under N.C.G.S. 147-69.2 (b) (1)-(6). The BIF maintains a low cost approach to investing in investment grade fixed income assets through a passive index strategy. The BIF is designed to produce a return consistent with the Barclay's U.S. Aggregate Bond Index benchmark. Fund fees are 2.5 bps up to \$750 million total fund assets and 2bps once total fund assets are above \$750 million.

Equity Index Fund (EIF): The EIF invests primarily in US and non-US equity securities eligible under N.C.G.S. 147-69.2 (b) (8) with the objective of closely approximating the capitalization weighted total return of the markets for global publicly traded equity securities while maintaining a low cost approach. The EIF is designed to produce a return consistent with the Morgan Stanley Capital International All Country World Index benchmark. Fund fees are 2 bps.

Short Term Investment Fund (STIF): The STIF invests in highly liquid money market instruments and short to intermediate Treasuries, Agencies, and AAA-rated corporate obligations pursuant to N.C.G.S. 147-69.1-(C)(1)-(7). The STIF is designed to preserve capital, provide liquidity, and produce a return consistent with the iMoneyNet First Tier Institutional Money Market Fund Net Index benchmark. Fund fees and charges have historically been approximately 3 bps annualized.

NCDST has the authority to assess a separate administrative fee of up to 15 bps to cover its reasonable costs for the BIF and EIF including, but not limited to, legal, accounting, auditing, and other administration fees. This separate fee is currently waived, however, NCDST has discretion to impose this fee in the future.

Liquidity & Risks

The BIF and EIF are less liquid than short-term investments such as STIF. Such liquidity constraints should be taken into consideration when making allocations in the program. The BIF and EIF may potentially offer a higher rate of return than traditional short-term portfolios but you must understand that to achieve such performance the BIF and EIF may experience periods of declines in market value and/or principal loss and there is no guarantee of performance.

Enrollment

As a Participant, you will receive an enrollment packet and need to fill out certain forms, and at that time designate the allocation of monies across the investment Funds. Participants have the option to allocate across a combination of all three funds (based on your current investment authority under North Carolina Law).

NCDST Contact

Submit all inquiries to AGPIP@nctreasurer.com and "cc" OPSTEAM@nctreasurer.com

Disclosures

The furnishing of these terms is not intended to constitute investment advice offering an investment product. NCDST is undertaking their statutory responsibility set out in NCGS 147-69.3. There is no agreement or understanding between NCDST and any Fund participant under which the latter receives advice from NCDST concerning investments which are to be used as a primary basis for the participant's investment decisions relating to the Funds. The participant acknowledges that: (1) the Funds has liquidity limitations, volatility of returns, and risk of loss, including the potential for loss of the principal invested; (2) that NCDST is not providing investment advice to the participant; (3) that investing in the Funds is only suitable for participants who are willing to bear the economic risks of the investment; (4) that the participant will carefully review and consider all potential risks and costs before enrolling and investing.