



MEMORANDUM

TO: North Carolina Supplemental Retirement Board of Trustees

FROM: Kristopher Byrd, Portfolio Manager

DATE: August 21, 2025

SUBJECT: Discussion / Action: 401k and 457b Plans – Large Cap Value Active Manager Search Recommendation

Investment Management Division (IMD) staff and Callan have conducted a search for an active manager as a potential replacement for Macquarie Asset Management in the NC Active US Large Cap White Label Fund. Following a comprehensive search process, Staff and Callan recommend the Board approve Boston Partners as the Large Cap Value manager in the Large Cap Core Fund.

The key reasons supporting Boston Partners as the manager recommendation include:

1. Disciplined investment process – Boston Partners utilizes a structured 'Three-Circle' model combining valuation, business fundamentals, and momentum. This approach is consistently applied across the portfolio and emphasizes high-conviction, style-pure investing.
2. Experienced team and strong track record - The strategy is managed by a highly tenured team of portfolio managers and sector analysts with deep expertise and low turnover. Many team members have worked together for over a decade.
3. Attractive long-term track record - Boston Partners has delivered strong stock selection-driven results through multiple cycles, with meaningful outperformance versus benchmark and peers over longer horizons.
4. Strong risk oversight - Risk is monitored at both position and portfolio levels, with an embedded culture of sell discipline, target price enforcement, and downside mitigation.
5. Institutional Alignment - Boston Partners demonstrates superior institutional alignment through its ability to clearly articulate a repeatable, conviction-driven investment process that blends quantitative discipline with fundamental research.



Due Diligence Search Process

Callan worked with IMD to screen the universe of over 100 large cap value managers, evaluating factors such as assets under management, performance net of fees, multiple measures of risk, style fit with other managers in the white label fund, and investment philosophy/process. The IMD also participated in the Callan Search Committee meeting, initially reviewing ten candidates and narrowing the pool to seven quarter-finalists. These seven were evaluated through detailed quantitative and qualitative analysis, including virtual interviews conducted by staff and Callan. From this group, three semi-finalists were selected for onsite meetings with the IMD team in Raleigh. Following those meetings, two finalists were identified for final consideration. Staff conducted onsite meetings with the finalists in Boston, MA. Boston Partners emerged as the strongest candidate due to its process integrity, team depth, and consistent performance. Consistent with policy, staff and Callan conducted on-site due diligence, which reinforced our conviction in Boston Partners as the most suitable choice for this mandate.

Organization

Boston Partners is a value-focused investment manager and an indirect, wholly owned subsidiary of ORIX Corporation, a global financial services group headquartered in Japan. Originally acquired by Robeco in 2002 and later integrated into ORIX through Robeco's acquisition in 2013, Boston Partners operates with substantial autonomy and maintains its distinct investment culture. Headquartered in Boston, the firm manages approximately \$116.5 billion in equity assets as of June 30, 2025, spanning U.S., global, and long/short strategies. It is recognized for its disciplined, research-driven approach, emphasizing repeatable processes, team continuity, and style purity across mandates. The firm's alignment with institutional clients is reinforced by long-standing subadvisory relationships—most notably with John Hancock—and a stable, performance-focused team structure.

Investment Team

Boston Partners' Large Cap Value strategy is managed by a seasoned team of portfolio managers and research professionals who apply the firm's disciplined Three Circles investment approach—valuation, fundamentals, and momentum—to U.S. large-cap equities.

With Mark E. Donovan retiring, leadership continues under Joseph Feeney Jr., CFA, David Cohen, CFA, and Joshua White, CFA, each of whom brings decades of experience and deep expertise in bottom-up stock selection and risk-aware portfolio construction.

The team is supported by a robust research infrastructure, including dedicated analysts and quantitative specialists, ensuring consistent process execution and style purity. Their long tenure and collaborative structure reinforce continuity and institutional alignment across mandates.



Large Cap Value Strategy - Investment Philosophy and Process

Boston Partners' Large Cap Value strategy is grounded in its enduring Three Circles investment philosophy, which seeks companies that simultaneously exhibit:

1. Attractive valuation (e.g., low P/E, high free cash flow yield)
2. Strong business fundamentals (e.g., sound balance sheets, durable earnings power)
3. Positive business momentum (e.g., earnings revisions, price strength)

The process begins with a quantitative screen across the top 1,200 U.S.-listed equities, using sector adjusted metrics to rank candidates on valuation, fundamentals, and momentum. These ideas are then vetted through deep fundamental analysis, including management interviews, earnings modeling, and third-party research. Portfolio managers and analysts collaborate to assess risk-reward asymmetry, identify catalysts, and establish target prices for each holding. Buy decisions require alignment across all three circles, reinforcing style purity and process discipline.

Sell decisions are triggered by price target achievement, thesis deterioration, or negative earnings trends, ensuring consistent portfolio turnover and risk control. The strategy maintains moderate benchmark adherence, allowing for conviction-weighted positions that reflect the team's bottom-up insights. As of mid-2025, the strategy continues to deliver competitive long-term returns, supported by a stable and experienced investment team.

Risk Management

Risk management is deeply embedded in Boston Partners' Large Cap Value strategy, with a multi-layered framework designed to minimize capital impairment and reinforce portfolio discipline. The team defines "true investment risk" as the permanent loss of capital, not statistical volatility or tracking error. This philosophy drives a bottom-up evaluation of three core risk sources:

1. Valuation Risk – overpaying for a security relative to its intrinsic value
2. Balance Sheet Risk – financial fragility or solvency concerns
3. Earnings Risk – deterioration in earnings power or trajectory

The investment process incorporates quantitative screening, fundamental analysis, and team-based vetting, with risk controls applied at every stage. Position sizing, sector exposure, and style adherence are monitored continuously. Each holding has a defined target price, with upside/downside scenarios modeled to assess risk-reward asymmetry. The team conducts monthly attribution reviews, and an independent risk manager performs quarterly portfolio audits, ensuring compliance with investment guidelines and identifying unintended exposures.



Ultimately, the strategy prioritizes diversification, process repeatability, and rapid loss mitigation, recognizing that even the best research can be wrong. The goal is to preserve capital and compound returns over time, consistent with the firm’s fiduciary ethos and institutional alignment.

Expected Performance in Different Market Environments

Boston Partners’ Large Cap Value strategy is designed to outperform in environments where valuation discipline and earnings fundamentals reassert leadership. It may lag in speculative or momentum-driven markets dominated by narrow breadth, sentiment shifts, or factor rotations. The team’s consistent application of its Three Circles framework and disciplined sell process provides downside resilience and long-term capital preservation.

Investment Management Fee

Boston Partners is offering NCSRP a tiered fee schedule that results in an effective fee of approximately 27.5 basis points, or 0.275%. This effective fee will decrease as assets grow due to the tiered fee structure. The fee is a 18% discount from the firm’s standard fee schedule, realizing savings of approximately \$285,000 per year.

Implementation

IMD Staff will utilize a transition manager to facilitate the transition from Macquarie to Boston Partners.

Performance (net of fees ending June 30, 2025):

	Q2 2025	1 YR	3 YR	5 YR	10 YR	Since Inception (6/1/1995)
Boston Partners	6.7%	12.3%	14.9%	17.0%	10.3%	10.7%
R1000 Value	3.8%	13.7%	12.8%	13.9%	9.2%	9.4%
Excess	+2.9%	-1.4%	+2.1%	+3.1%	+1.1%	+1.3%

Risk Statistics

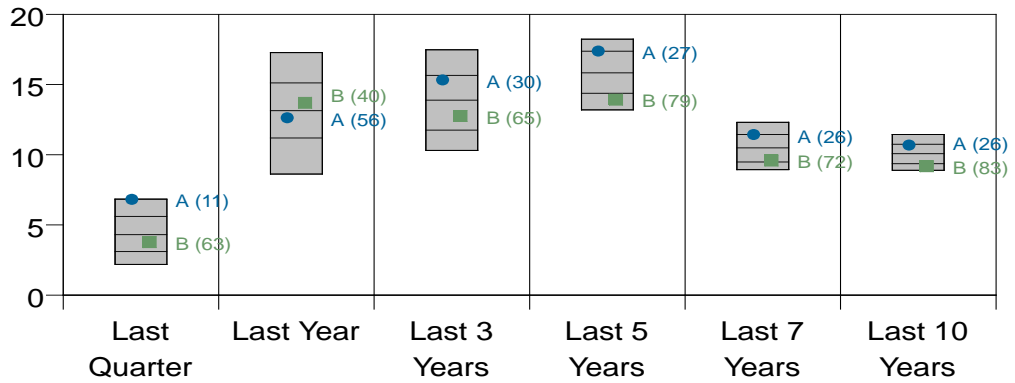
Risk Statistics versus Russell:1000 Value for 5 Years Ending June 30, 2025

	Standard Deviation	Sharpe Ratio	Information Ratio	Up Market Capture	Down Market Capture
Boston:Lg Cap Value	14.49	1.01	0.76	110.12	70.91
Russell:1000 Value	13.84	0.81	0.00	100.00	100.00



Universe Comparison

Gross of Fee Returns for Periods Ended June 30, 2025
Group: Callan Large Cap Value



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	6.84	17.28	17.48	18.24	12.32	11.45
25th Percentile	5.61	15.13	15.66	17.38	11.45	10.76
Median	4.32	13.15	13.89	15.84	10.50	10.08
75th Percentile	3.11	11.20	11.76	14.39	9.49	9.37
90th Percentile	2.20	8.63	10.32	13.20	8.95	8.90

	● A	■ B	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
Boston:Lg Cap Value	● A	■ B	6.80	12.61	15.30	17.36	11.42	10.66
Russell:1000 Value	● A	■ B	3.79	13.70	12.76	13.93	9.59	9.19



Appendix A: Biographies

Co-Chief Investment Officer, Portfolio Manager—Large Cap Value Equities

Joshua White, CFA

Mr. White is a Portfolio Manager of the Boston Partners Large Cap Value strategy and Co-Chief Investment Officer. His experience at the firm includes managing a portion of the Boston Partners Long/Short Research strategy while covering multiple economic sectors including basic industries, consumer durables, and capital goods. Mr. White was also a portfolio manager of the Boston Partners Global Equity and Boston Partners International Equity strategies and, before that, he held coverage responsibility for developed markets non-U.S. stocks. He joined the firm in November 2006. Mr. White holds a B.A. in Mathematics from Middlebury College and the Chartered Financial Analyst® designation. He began his career in the investment industry in 2006.

Location: Boston

Portfolio Manager—US Large Cap Value Equities

David Cohen, CFA

Mr. Cohen is a Portfolio Manager of the Boston Partners Large Cap Value strategy. His experience at the firm includes managing a portion of the Boston Partners Long/Short Research strategy, focusing on security selection within the energy sector as well as the engineering & construction and metals & mining industries. Prior to his current role, Mr. Cohen served as an equity analyst covering these same industries. He has deep experience analyzing and understanding capital-intensive commodity oriented businesses. Mr. Cohen joined the firm in June 2016 from Loomis Sayles where he had over eight years of experience as a portfolio manager of its research fund and in running a global energy hedge fund. As an equity analyst, he covered the energy, materials, and industrials sectors. Prior to joining Loomis Sayles, Mr. Cohen was in consultant relations at MFS Investment Management. He earned a B.A. from the University of Michigan and an M.S. in Finance from Brandeis University. He holds the Chartered Financial Analyst® designation. Mr. Cohen began his career in the investment industry in 2004.

Location: Boston

Director of Portfolio Risk—Quantitative Strategies

Carissa Wong, CFA

Ms. Wong is a Quantitative Analyst for Boston Partners, specializing in quantitative strategies, and is also Director of Portfolio Risk. She joined the firm in October 2001. Prior to assuming these roles, she was a marketing associate in the firm's performance measurement group. Before that, she was a performance analyst at State Street Bank. Ms. Wong holds a B.S. in Business Administration from Boston University and the Chartered Financial Analyst® designation. She began her career in the investment industry in 2001.

Location: Boston

Director of Trading—Equities

Christopher Bowker

Mr. Bowker is Director of Equity Trading for Boston Partners. His responsibilities include overseeing the trading desk in Boston, managing technological and regulatory change as it impacts trading and the investment process, and heading up the Trade Management Oversight Committee, which is charged



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with ensuring trading complies with the firm's best execution practices. Previously, he held numerous positions on the trading desk including senior equity trader and equity trading assistant. Before joining the desk, he worked as an associate in the firm's Operations department. He joined the organization in July 2000 from Putnam Investments where he was a corporate actions analyst. He is a member of NOIP (National Organization of Investment Professionals), CBOE IAC (Institutional Advisory Council), and NASDAQ ITAC (Institutional Traders Advisory Council). Mr. Bowker holds a B.A. in Economics from Stonehill College. He began his career in the investment industry in 1999.

Location: Boston