



NORTH CAROLINA
INVESTMENT AUTHORITY

NCIA Update

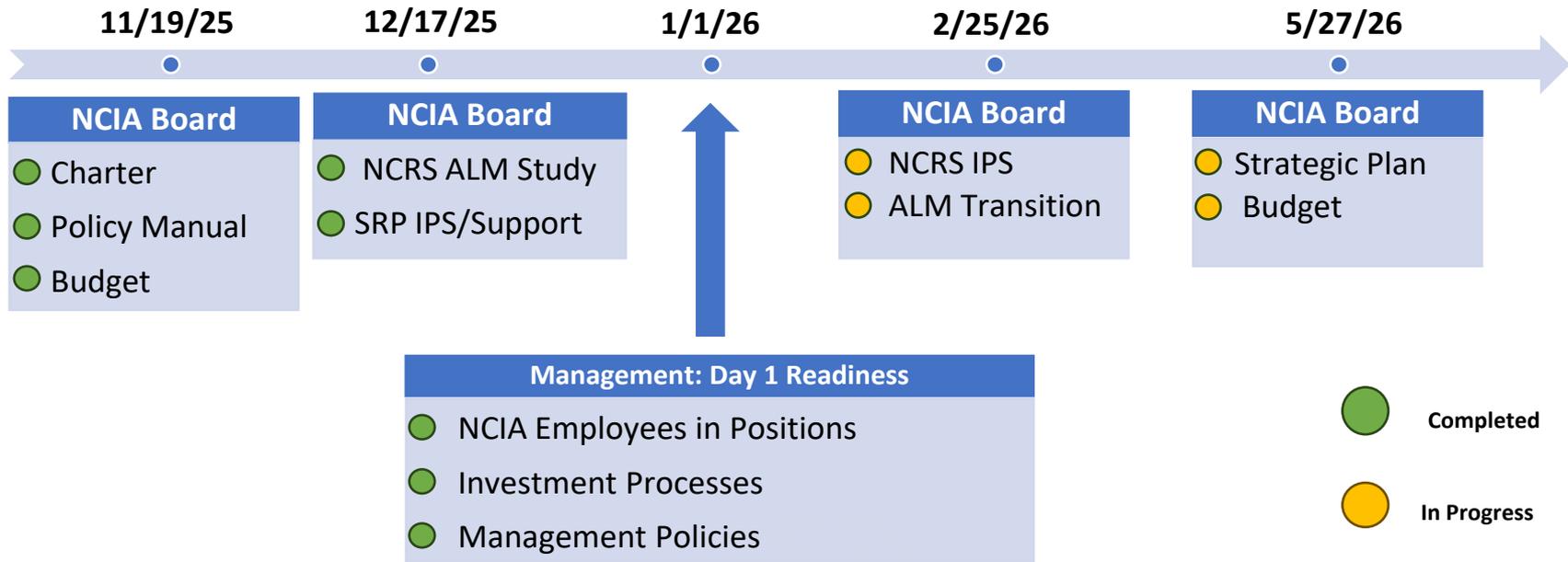
January 29, 2026



BRADFORD B. BRINER
STATE TREASURER OF NORTH CAROLINA



NCIA Transition Timeline



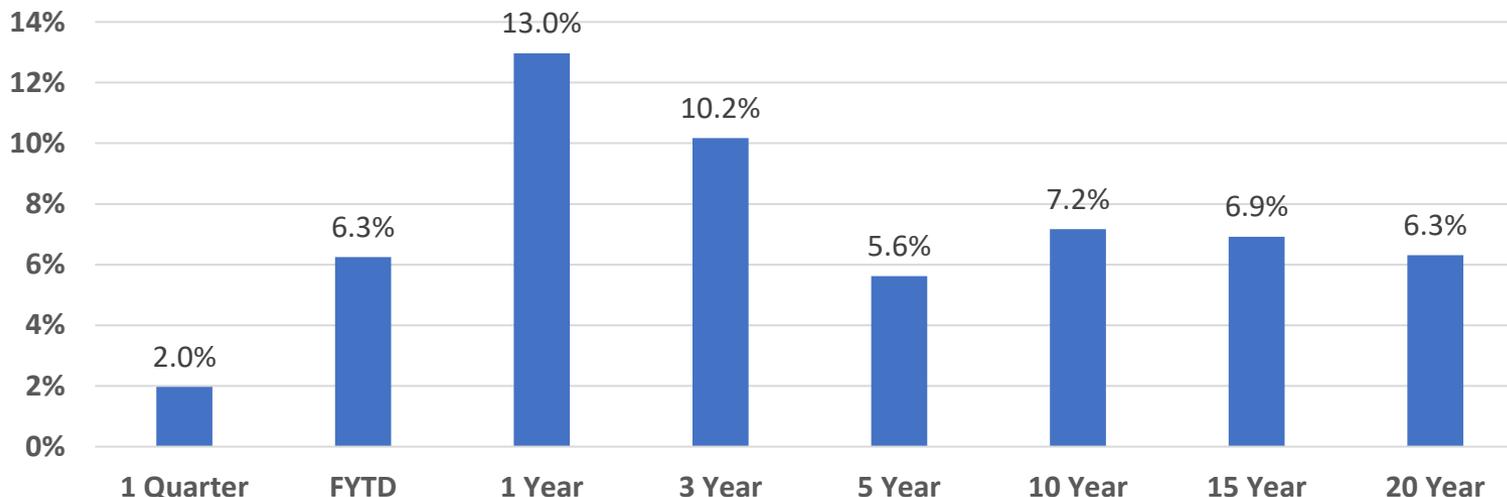
Foundations: Ongoing operational transition tasks

- Fill new positions (e.g., core investment roles, HR, Accounting, Bus. Analyst, etc.)
- Establish independent finance and administrative functions (e.g., travel policy, accounts payable, hiring, training & development, etc.)
- IT Scoping and Discovery & Gap Analysis



NCRS Investment Returns

(Estimate Net of Fees as of December 31, 2025)



2025 Highlights

- 2025 performance equates to an estimated \$16 billion in earnings
- Rebalanced approximately \$8 billion across multiple asset classes and furnished \$1.6 billion for net benefit payments

Outlook

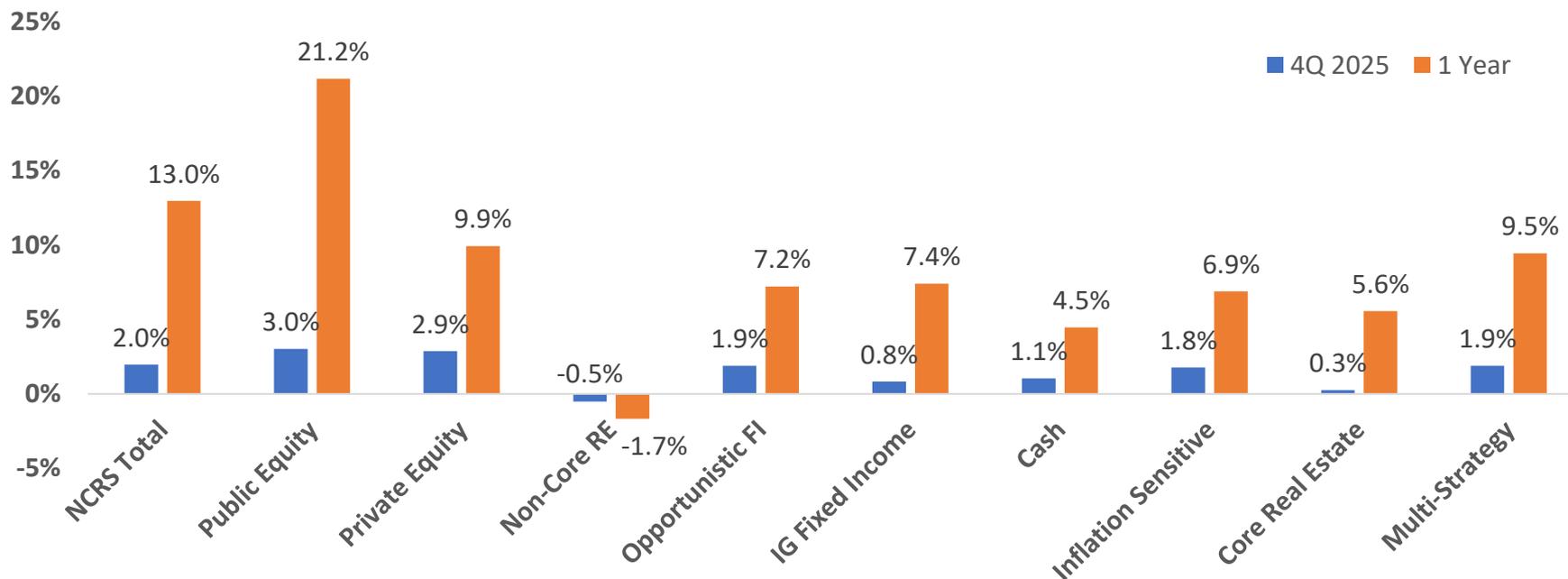
- While there is still uncertainty regarding US tariff policy, the U.S. economy remains generally healthy
- Tax incentives for business expansion/capital expenditures and deregulation in several sectors should be favorable for both intermediate-term U.S. growth prospects and equity market performance

Note: Returns for periods one year and greater are annualized.



NCRS Asset Class Returns

(Estimate Net of Fees as of December 31, 2025)



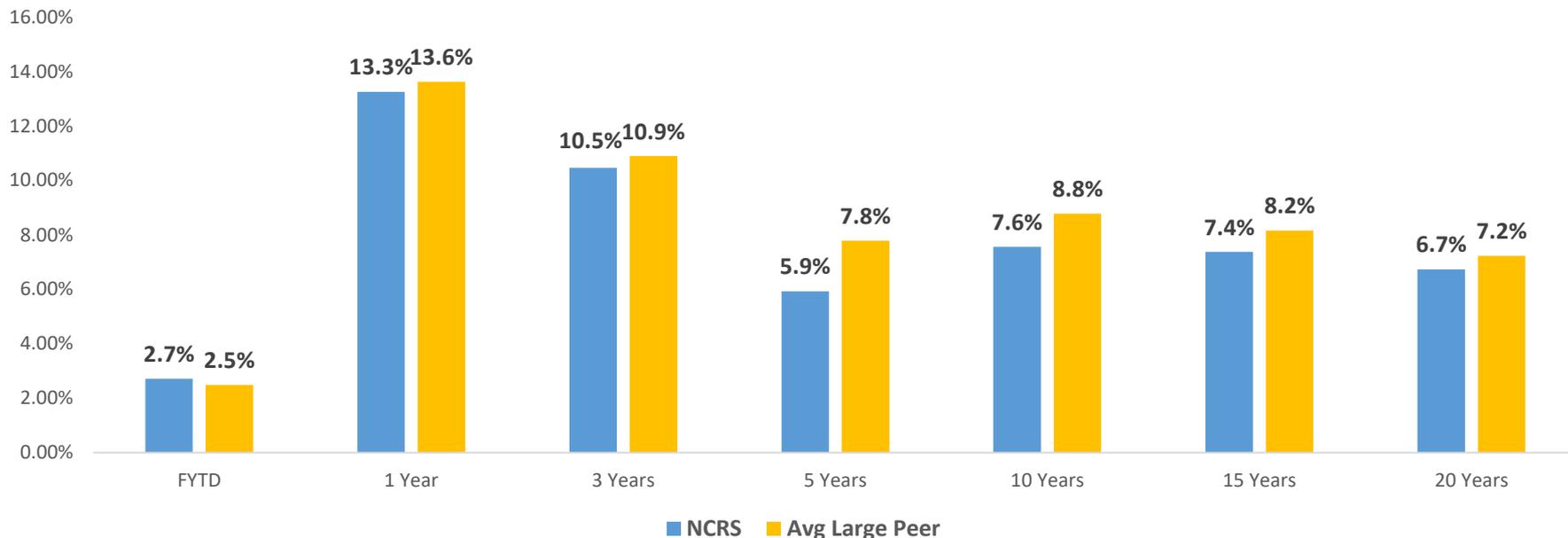
2025 Asset Class Highlights

- Public Equity accounted for nearly 70% of the total plan return
- All asset classes exceeded the assumed NCRS investment return, except Real Estate and Cash



NCRS Total Return Peer Comparison

(Estimate Gross of Fees as of December 31, 2025)



2025 Peer Comparison Highlights

- Performance in 2025 has improved relative to the average Public Pension Fund Peer
- Risk posture over longer periods was **below** 72% to 86% of peers, but has risen closer to the median peer

Source: BNY Universe of US Public Funds with \$20 billion or more in assets under management. Returns for periods one year and greater are annualized.



2025 Asset Liability Study Discussion with NCIA Board



Projections for
candidate portfolios
and peers



Risk positioning



Strategic Guidelines



Benchmarking and
risk budget

Primary Goals

- Illustrate key trade-offs (opportunity and risks)
- Confirmation of the NCIA Board's view on appropriate absolute risk operating range, expressed in equity and debt allocation
- Confirmation of approach to "Strategic Guidelines" and benchmarking
- Set stage for IPS to be approved at February 25, 2026 meeting



Proposed Strategic Asset Allocation Targets

(Reviewed with NCIA Board December 17, 2025)

Categories	Current Targets	Proposed Targets	2024 Actual
Equity	60.5%	62%	56.1%
<i>Corporate Equity</i>	<i>48%</i>	<i>44%</i>	<i>46%</i>
<i>Real Asset Equity</i>	<i>12.5%</i>	<i>18%</i>	<i>10.1%</i>
Debt	37.5%	35%	41.8%
<i>Investment Grade</i>	<i>29.5%</i>	<i>25%</i>	<i>28.2%</i>
<i>Credit</i>	<i>7%</i>	<i>9%</i>	<i>6.3%</i>
<i>Cash</i>	<i>1%</i>	<i>1%</i>	<i>7.3%</i>
Multi-Strategy	2%	3%	2.1%



Qualitative Analysis of Alternative Asset Allocation Mixes

Metrics	Actual 2024	Current SAA	Proposed SAA	Pension Peers	E&F Peers	Passive 65/35
Annual Asset Earnings						
Expected Return	Red	Orange	Green	Yellow	Green	Red
Return Volatility	Green	Green	Yellow	Yellow	Red	Yellow
Probability of Return > 6.5%	Red	Orange	Green	Yellow	Green	Orange
Funded Status (at Year 10)						
Funded Ratio	Red	Orange	Green	Yellow	Green	Red
5% Tail Funded Ratio	Green	Green	Green	Yellow	Red	Red
Probability of Funded Ratio > 85%	Yellow	Yellow	Green	Yellow	Orange	Red
Employer Cost (at Year 10)						
Contribution Rates	Orange	Yellow	Green	Yellow	Yellow	Red
5% Tail Contribution Rates	Green	Green	Yellow	Yellow	Red	Orange
Ultimate Net Cost (in billions)	Red	Orange	Green	Yellow	Green	Red
5% Tail Ultimate Net Cost (in billions)	Green	Green	Green	Yellow	Red	Red
Inflation Indexation (at Year 10)						
Benefit Purchasing Power	Red	Orange	Yellow	Yellow	Green	Yellow



Analysis of Alternative Asset Allocation Mixes

Metrics	Actual 2024	Current SAA	Proposed SAA	Pension Peers	E&F Peers	Passive 65/35
Annual Asset Earnings						
Expected Return	6.3%	6.5%	7.1%	6.8%	7.3%	6.3%
Return Volatility	9.9%	10.5%	11.6%	11.8%	14.7%	11.6%
Probability of Return > 6.5%	46.0%	49.0%	54.0%	52.0%	55.0%	49.0%
Funded Status (at Year 10)						
Funded Ratio	95.6%	96.4%	99.0%	97.5%	100.3%	95.9%
5% Tail Funded Ratio	70.1%	70.0%	69.4%	68.0%	61.0%	62.5%
Probability of Funded Ratio > 85%	78.0%	79.0%	82.0%	78.0%	75.0%	72.0%
Employer Cost (at Year 10)						
Contribution Rates	13.0%	12.7%	12.0%	12.4%	12.5%	13.5%
5% Tail Contribution Rates	22.6%	22.9%	23.3%	23.9%	27.5%	26.4%
Ultimate Net Cost (in billions)	\$ 49	\$ 48	\$ 43	\$ 46	\$ 41	\$ 49
5% Tail Ultimate Net Cost (in billions)	\$ 107	\$ 106	\$ 106	\$ 109	\$ 123	\$ 125
Inflation Indexation (at Year 10)						
Benefit Purchasing Power	80.4%	80.8%	81.9%	81.5%	82.9%	81.2%