Callan

June 30, 2026

The North Carolina Supplemental Retirement Plans
Executive Summary

Investment Measurement Service
Quarterly Review

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The North Carolina Supplemental Retirement Plans
June 30, 2026

U.S. EQUITIES

S&P 500 rockets to new all-time highs

- The S&P 500 Index gained 15.2% in 2Q26, a big reversal following the decline of 4.3% in 1Q26. The results were driven across the AI value-chain, especially memory and semiconductor stocks, superseding Mag 7 dominance. The S&P 500 had 24 all-time closing highs in 1H26.
- Large cap returns for 1H26 were more broad-based as the S&P 500 Equal Weight Index gained 12.1% vs. 10.2% for the S&P 500 market cap-weighted Index.
- In a reversal from 1Q26, 9 of the 11 S&P sectors posted gains. Technology (+31.8%) was the best-performing sector followed by Industrials (+14.9%). The worst-performing sectors were Energy (-13.4%) and Utilities (-0.5%).
- Small caps continued to outperform large caps, with the Russell 2000 up 21.5% during 2Q26 and 22.6% for 1H26.
- Growth outperformed value across the market cap spectrum during 2Q26, though value still outperformed growth YTD.

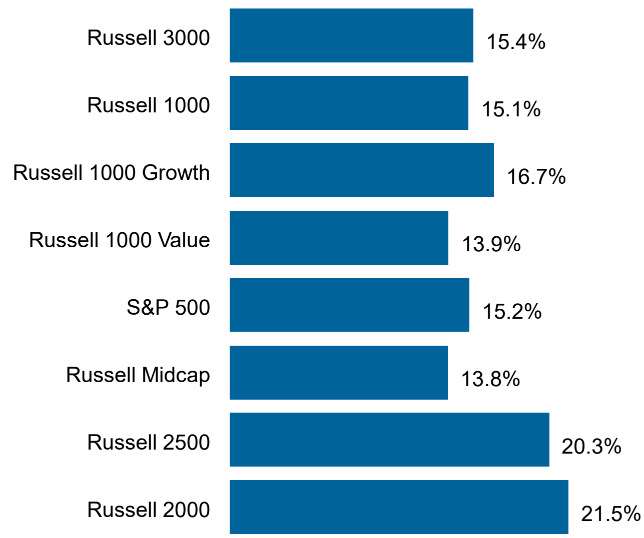
Equity investors shrug off U.S./Iran conflict

- Conflict began on Feb. 28, kicking off sharp equity declines through March 23 … but markets rebounded sharply starting in early April.
- Energy declined in 2Q after a big jump in 1Q; Technology rebounded in 2Q after 1Q decline.

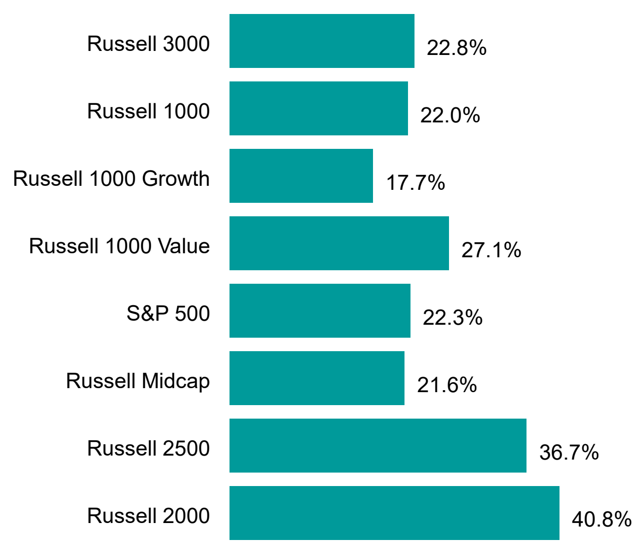
‘Magnificent’ no more?

- Large cap performance broadened out, away from concentration of Magnificent 7.
- Market sentiment turned on increased capex and decline in free cash flow to pay for the buildout.
- Small caps outperformed Mag 7 cohort of stocks in 2Q and YTD 2026.

U.S. Equity: Quarterly Returns

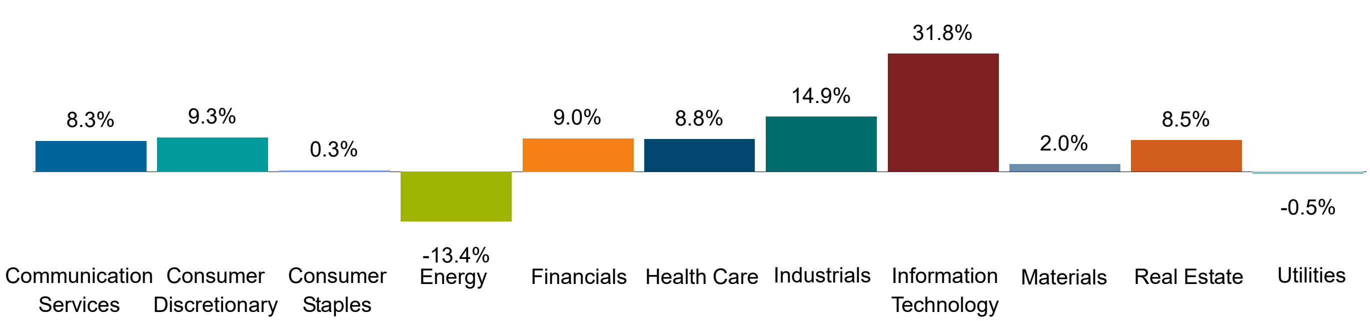


U.S. Equity: One-Year Returns



Sources: FTSE Russell, S&P Dow Jones Indices

S&P Sector Returns, Quarter Ended 6/30/26



Source: S&P Dow Jones Indices

GLOBAL EQUITIES

Growth reclaims leadership

- Developed ex-U.S. markets lagged the U.S. in 2Q26, reversing 1Q's leadership, though strong emerging markets drove the MSCI ACWI ex USA Index up 14.5%.
- Japan and the euro zone led developed ex-U.S. markets in 2Q26, while the U.K. lagged.
- South Korea and Taiwan led on AI-driven semiconductor strength. Brazil lagged amid persistent inflation and election uncertainty, while China (retail/auto weakness) and India (oil-driven volatility) missed the quarter's rally.
- MSCI EM concentration increased, with the top five holdings reaching roughly 35% of the index.

Growth vs. value

- Growth decisively reversed the prior quarter's trend, outperforming value across global markets.
- Technology was the clear sector leader, driven by AI enthusiasm and further supported by the successful June SpaceX IPO.
- Energy was the only major sector to post a loss as oil prices retreated sharply from 1Q highs.

U.S. dollar

- The U.S. dollar strengthened modestly in 2Q26 (DXY: +1.2%), driven by wider U.S. rate differentials, and remained a modest headwind for global ex-U.S. equity returns.

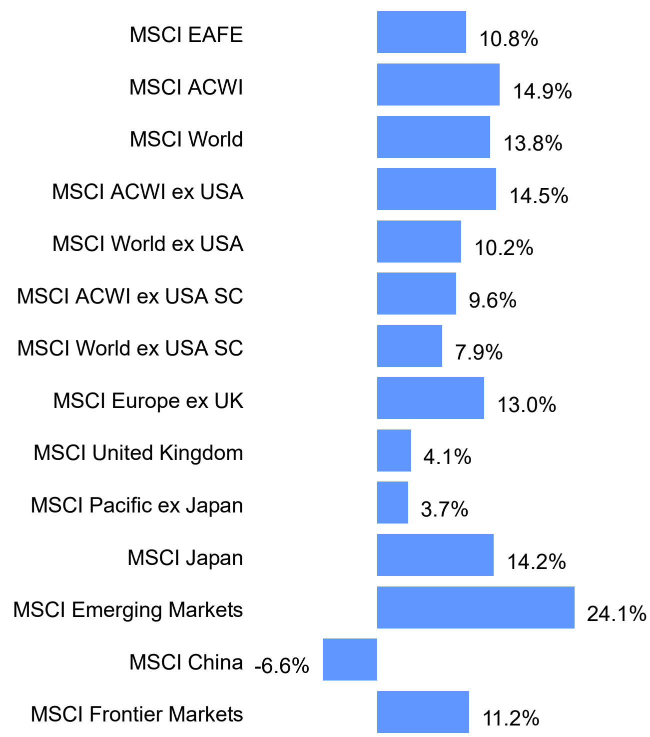
Momentum wins

- Momentum was the strongest style factor globally during the first half of 2026.
- Managers that entered the year with higher momentum exposure generally produced stronger relative returns.
- Momentum has historically been one of the best-performing investment factors, but also one of the most volatile. When momentum reverses, losses can be sudden and severe. Strong recent returns should not be mistaken for low risk.

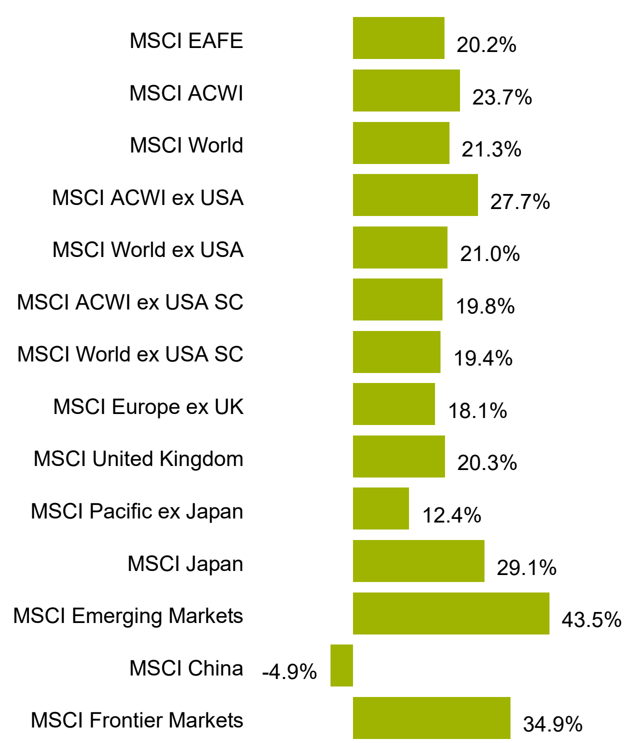
Emerging markets driven by AI

- AI-related industries accounted for 96% of positive EM returns despite representing just 25% of the index at the start of the year.
- Approximately 65% of positive returns were driven by earnings growth rather than valuation expansion, suggesting the rally was supported by improving fundamentals.
- While TSMC represented a large share of returns, AI-related hardware, specifically SK Hynix and Samsung, accounted for a significant portion of returns as well.

Global Equity: Quarterly Returns



Global Equity: One-Year Returns



Source: MSCI

U.S. FIXED INCOME

Macro environment: A new Fed chair and hawkish rhetoric

- The Fed held rates unchanged at the June meeting, the first under new Chair Kevin Warsh.
- Consistently stubborn inflation led to hawkish rhetoric, and a keener eye on the inflation side of the Fed's dual mandate.
- Treasury yields rose across the belly and long end of the curve due to persistently sticky inflation.

Performance and drivers: Tighter credit spreads

- The Bloomberg US Aggregate Bond Index gained 0.7%, supported by tighter IG credit spreads versus the end of 1Q.
- IG corporate returns outpaced Treasuries due to spread tightening.

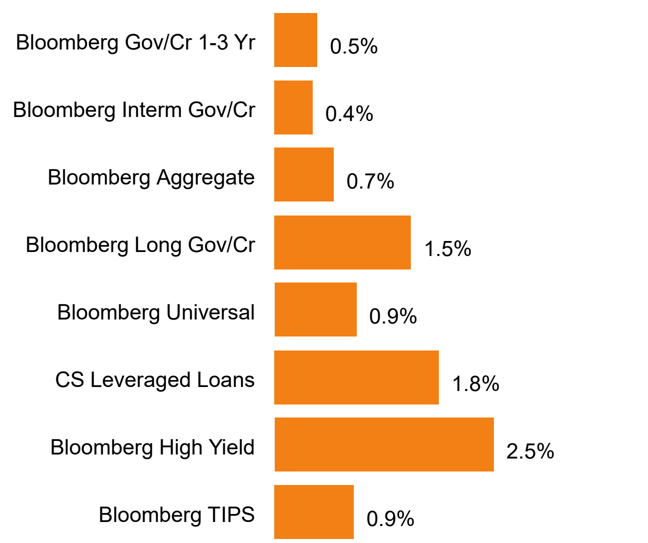
Valuations: Uptick in volatility fades

- Credit spreads widened at the end of 1Q amid continued geopolitical developments in the Middle East. However, credit spreads approached historic tights over the course of 2Q.
- Overall, yield should be the primary driver of fixed income returns moving forward. Market data has historically shown higher starting yields to be a key driver of fixed income returns, which is pertinent as credit spreads continue to hover near historic tights.

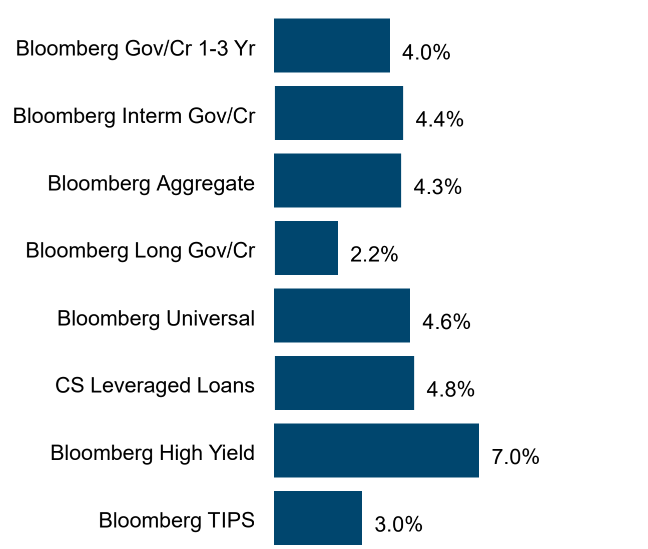
AI appetite, hype or demand

- The AI build-out continues, funded both by cash flow (from the hyperscalers), and debt issuance from both the hyperscalers and non-hyperscalers. As the hyperscalers are all investment-grade rated, debt issued by these companies typically comes in the form of corporate bonds.
- However, a significant portion of debt issuance comes from non-hyperscalers in a variety of forms, including asset-backed securities, off-balance sheet financing via special purpose vehicles joint ventures, commercial mortgage-backed securities, bank loans, and private credit.
- Despite the heavy wave of debt issuance, new deals largely remain oversubscribed, meaning there is more demand than supply. However, there is evidence that demand has become more selective compared to earlier in the issuance cycle, putting upward pressure on spreads for AI-related debt, specifically within the hyperscaler space.

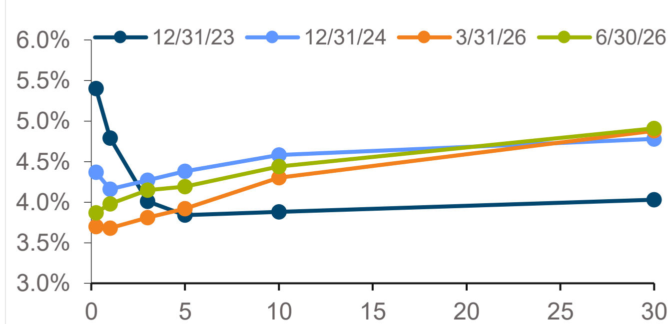
U.S. Fixed Income: Quarterly Returns



U.S. Fixed Income: One-Year Returns



U.S. Treasury Yield Curves



Sources: Bloomberg, Credit Suisse

Investment Fund Balances

The table below compares the fund's investment fund balances as of June 30, 2026 with that of March 31, 2026. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Funds

	June 30, 2026				March 31, 2026	
	Market Value	Weight	Net New Invest.	Invest. Return	Market Value	Weight
North Carolina SRP 401k & 457						
Tier II Passive	**$8,581,298,802**	**39.90%**	**$256,983,083**	**$964,599,387**	**$7,359,716,332**	**37.49%**
Fixed Income Passive	110,673,981	0.51%	1,596,167	732,128	108,345,686	0.55%
Treasury Inflation Protected	387,932,774	1.80%	40,932,393	2,309,153	344,691,227	1.76%
Large Cap Passive	6,504,790,413	30.25%	333,539,429	817,218,006	5,354,032,978	27.27%
International Passive	304,432,953	1.42%	91,906,683	24,118,265	188,408,005	0.96%
SMID Cap Passive	629,707,119	2.93%	52,464,362	98,081,164	479,161,593	2.44%
Inflation Responsive Fund	643,761,563	2.99%	(263,455,951)	22,140,671	885,076,843	4.51%
Tier II Active	**$12,923,954,092**	**60.10%**	**$(330,581,107)**	**$984,278,039**	**$12,270,257,160**	**62.51%**
Stable Value Fund	2,152,390,552	10.01%	(36,144,612)	17,946,451	2,170,588,713	11.06%
Fixed Income Fund	2,877,057,140	13.38%	163,268,500	24,091,349	2,689,697,291	13.70%
Large Cap Core Equity Fund	2,741,403,133	12.75%	(58,572,774)	329,669,105	2,470,306,802	12.58%
International Equity Fund	3,620,109,234	16.83%	(201,187,430)	367,696,801	3,453,599,863	17.59%
Small/Mid Cap Equity Fund	1,532,994,032	7.13%	(197,944,791)	244,874,332	1,486,064,491	7.57%
Total Fund	**$21,505,252,893**	**100.0%**	**$(73,598,024)**	**$1,948,877,425**	**$19,629,973,492**	**100.0%**

Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended June 30, 2026. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns and Rankings for Periods Ended June 30, 2026

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
Tier 2: Passive (Net of Fee)										
Fixed Income Passive	0.66%	77	3.78%	75	4.15%	86	0.08%	73	1.20%	91
Blmbg Aggregate	0.67%	76	3.79%	70	4.16%	86	0.08%	73	1.22%	90
Callan Core Bond MFs	0.78%		3.89%		4.42%		0.17%		1.52%	
Treasury Inflation Protected Securities	0.67%	84	3.53%	29	4.94%	10	2.30%	2	3.39%	6
Blmbg US TIPS 1-10 Yr	0.71%	82	3.64%	24	4.91%	10	2.31%	1	3.40%	6
Callan TIPS MFs	0.87%		3.29%		3.93%		0.94%		2.77%	
Large Cap Passive	15.20%	18	22.27%	29	20.55%	32	13.36%	34	16.04%	33
S&P 500 Index	15.20%	18	22.32%	29	20.61%	31	13.41%	32	16.08%	33
Callan Large Cap Core MFs	12.85%		19.72%		18.94%		11.85%		14.81%	
International Passive	12.57%	26	27.38%	18	18.75%	31	8.63%	50	10.10%	48
International Benchmark (1)	13.82%	19	26.56%	22	18.49%	34	8.35%	54	9.84%	55
Callan Non US Equity MFs	10.10%		21.89%		16.71%		8.59%		9.99%	
SMID Cap Passive	20.23%	34	36.83%	23	18.40%	31	8.27%	42	12.17%	29
Russell 2500 Index	20.26%	34	36.72%	23	18.40%	31	8.30%	42	12.21%	29
Callan SMID Core MFs	17.71%		29.66%		15.18%		7.87%		11.09%	
Inflation Responsive Fund	2.24%	21	14.95%	66	9.39%	84	4.04%	88	5.41%	89
Inflation Responsive Benchmark	2.27%	21	14.98%	66	9.17%	86	3.85%	89	5.20%	92
Callan Real Assets MFs	(0.01%)		17.40%		11.33%		5.81%		7.18%	
Tier 2: Active (Net of Fee)										
Stable Value Fund	**0.83%**	**12**	**3.31%**	**12**	**3.12%**	**9**	**2.66%**	**9**	**2.57%**	**7**
3 Yr US Treas Rolling	1.00%	7	3.72%	8	4.05%	1	3.52%	1	2.69%	4
T-Bill + 1.5%	1.25%	5	5.34%	1	6.14%	1	5.02%	1	4.25%	1
Callan Stable Value CT	0.69%		2.70%		2.53%		2.18%		2.06%	
Fixed Income Fund	**0.87%**	**78**	**4.44%**	**33**	**5.07%**	**37**	**0.46%**	**49**	**1.89%**	**43**
Blmbg Aggregate	0.67%	93	3.79%	90	4.16%	93	0.08%	79	1.22%	91
Callan Core Plus MFs	1.01%		4.22%		4.87%		0.43%		1.82%	
Large Cap Core Equity Fund	**13.41%**	**47**	**15.73%**	**58**	**18.02%**	**56**	**9.99%**	**66**	**14.04%**	**55**
Russell 1000 Index	15.14%	33	22.02%	26	20.47%	31	12.66%	23	15.79%	32
Callan Lg Cap Broad MF	13.34%		17.70%		18.49%		10.67%		14.43%	
International Equity Fund	**10.56%**	**48**	**13.93%**	**81**	**15.28%**	**63**	**5.64%**	**77**	**8.47%**	**81**
International Benchmark (1)	13.82%	19	26.56%	22	18.49%	34	8.35%	54	9.84%	55
Callan Non US Equity MFs	10.10%		21.89%		16.71%		8.59%		9.99%	
Small/Mid Cap Equity Fund	**16.92%**	**59**	**27.04%**	**51**	**12.78%**	**67**	**6.32%**	**45**	**10.04%**	**63**
Russell 2500 Index	20.26%	44	36.72%	14	18.40%	13	8.30%	21	12.21%	18
Callan SMID Broad MFs	19.21%		27.31%		14.52%		6.18%		10.57%	

(1) As of 9/30/21, International Benchmark consists of MSCI ACWI ex-US IMI, previously consisted of MSCI ACWI ex-US.

Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended June 30, 2026. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns and Rankings for Periods Ended June 30, 2026

	Last 10 Years		Last 15 Years		Since Inception	
Tier 2: Passive (Net of Fee)						
Fixed Income Passive	1.52%	91	2.22%	96	2.20%	(10/10)
Blmbg Aggregate	1.54%	88	2.28%	94	2.26%	(10/10)
Callan Core Bond MFs	1.86%		2.53%		-	
Treasury Inflation Protected Securities	-		-		3.55%	(7/18)
Blmbg US TIPS 1-10 Yr	2.96%	9	2.49%	48	3.56%	(7/18)
Callan TIPS MFs	2.58%		2.48%		-	
Large Cap Passive	15.48%	16	14.30%	12	15.95%	(4/09)
S&P 500 Index	15.51%	16	14.36%	12	16.02%	(4/09)
Callan Large Cap Core MFs	14.50%		13.46%		-	
International Passive	9.97%	43	6.58%	71	9.44%	(4/09)
International Benchmark (1)	9.70%	51	6.41%	77	9.30%	(4/09)
Callan Non US Equity MFs	9.75%		7.09%		-	
SMID Cap Passive	12.19%	23	11.29%	22	14.47%	(4/09)
Russell 2500 Index	12.25%	22	11.32%	22	14.52%	(4/09)
Callan SMID Core MFs	10.53%		10.08%		-	
Inflation Responsive Fund	5.05%	84	-		3.41%	(9/11)
Inflation Responsive Benchmark	4.14%	89	2.64%	91	2.37%	(9/11)
Callan Real Assets MFs	6.62%		4.44%		-	
Tier 2: Active (Net of Fee)						
Stable Value Fund	**2.45%**	**4**	**2.37%**	**1**	**2.54%**	(7/09)
3 Yr US Treas Rolling	2.46%	4	1.87%	40	1.79%	(7/09)
T-Bill + 1.5%	3.84%	1	3.08%	1	2.92%	(7/09)
Callan Stable Value CT	1.97%		1.80%		-	
Fixed Income Fund	**2.33%**	**47**	**2.94%**	**55**	**3.65%**	(4/09)
Blmbg Aggregate	1.54%	97	2.28%	96	2.85%	(4/09)
Callan Core Plus MFs	2.28%		3.04%		-	
Large Cap Core Equity Fund	**-**		**-**		**13.70%**	(10/17)
Russell 1000 Index	15.30%	40	14.15%	33	14.88%	(10/17)
Callan Lg Cap Broad MF	14.61%		13.48%		-	
International Equity Fund	**8.92%**	**70**	**6.70%**	**68**	**9.31%**	(4/09)
International Benchmark (1)	9.70%	51	6.41%	77	9.30%	(4/09)
Callan Non US Equity MFs	9.75%		7.09%		-	
Small/Mid Cap Equity Fund	**-**		**-**		**9.40%**	(10/17)
Russell 2500 Index	12.25%	31	11.32%	22	11.19%	(10/17)
Callan SMID Broad MFs	11.41%		10.29%		-	

(1) As of 9/30/21, International Benchmark consists of MSCI ACWI ex-US IMI, previously consisted of MSCI ACWI ex-US.

Investment Fund Returns and Peer Group Rankings

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Returns and Rankings for Periods Ended June 30, 2026

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
Tier 2: Active (Net of Fee)										
Stable Value Fund	**0.83%**	**12**	**3.31%**	**12**	**3.12%**	**9**	**2.66%**	**9**	**2.57%**	**7**
3 Yr US Treas Rolling	1.00%	7	3.72%	8	4.05%	1	3.52%	1	2.69%	4
T-Bill + 1.5%	1.25%	5	5.34%	1	6.14%	1	5.02%	1	4.25%	1
Callan Stable Value CT	0.69%		2.70%		2.53%		2.18%		2.06%	
Fixed Income Fund	**0.87%**	**78**	**4.44%**	**33**	**5.07%**	**37**	**0.46%**	**49**	**1.89%**	**43**
Blmbg Aggregate	0.67%	93	3.79%	90	4.16%	93	0.08%	79	1.22%	91
Callan Core Plus MFs	1.01%		4.22%		4.87%		0.43%		1.82%	
TCW Core Plus	0.62%	96	3.97%	77	4.39%	83	(0.04%)	87	1.53%	77
Blmbg Aggregate	0.67%	93	3.79%	90	4.16%	93	0.08%	79	1.22%	91
Callan Core Plus MFs	1.01%		4.22%		4.87%		0.43%		1.82%	
Prudential Core Plus	1.15%	36	4.94%	9	5.78%	8	0.97%	13	2.29%	18
Blmbg Aggregate	0.67%	93	3.79%	90	4.16%	93	0.08%	79	1.22%	91
Callan Core Plus MFs	1.01%		4.22%		4.87%		0.43%		1.82%	
Large Cap Core Equity Fund	**13.41%**	**47**	**15.73%**	**58**	**18.02%**	**56**	**9.99%**	**66**	**14.04%**	**55**
Russell 1000 Index	15.14%	33	22.02%	26	20.47%	31	12.66%	23	15.79%	32
Callan Lg Cap Broad MF	13.34%		17.70%		18.49%		10.67%		14.43%	
Boston Partners LCV	16.10%	10	-		-		-		-	
Russell 1000 Value Index	13.87%	21	27.12%	22	17.79%	38	11.17%	37	12.10%	47
Callan Lg Cap Value MF	10.16%		20.50%		16.05%		10.63%		11.88%	
Hotchkis & Wiley Large Cap Value	6.01%	72	20.40%	50	16.11%	48	10.45%	54	12.61%	36
Russell 1000 Value Index	13.87%	21	27.12%	22	17.79%	38	11.17%	37	12.10%	47
Callan Lg Cap Value MF	10.16%		20.50%		16.05%		10.63%		11.88%	
Sands Capital Large Cap Growth	22.41%	8	6.16%	83	19.82%	58	2.85%	96	12.33%	90
Russell 1000 Growth Index	16.74%	37	17.71%	22	22.58%	16	13.71%	9	18.80%	8
Callan Large Cap Grwth MF	15.64%		12.55%		20.27%		9.74%		15.73%	
Loomis SaylesLarge Cap Growth	6.90%	95	1.43%	92	17.50%	71	11.25%	29	15.81%	48
Russell 1000 Growth Index	16.74%	37	17.71%	22	22.58%	16	13.71%	9	18.80%	8
Callan Large Cap Grwth MF	15.64%		12.55%		20.27%		9.74%		15.73%	
BlackRock Russell 1000 Index	15.09%	20	22.00%	30	20.46%	33	12.64%	38	15.79%	36
Russell 1000 Index	15.14%	20	22.02%	30	20.47%	33	12.66%	38	15.79%	36
Callan Large Cap Core MFs	12.85%		19.72%		18.94%		11.85%		14.81%	

Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended June 30, 2026. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns and Rankings for Periods Ended June 30, 2026

	Last 10 Years		Last 15 Years		Since Inception
Tier 2: Active (Net of Fee)					
Stable Value Fund	**2.45%**	**4**	**2.37%**	**1**	**2.54%** (7/09)
3 Yr US Treas Rolling	2.46%	4	1.87%	40	1.79% (7/09)
T-Bill + 1.5%	3.84%	1	3.08%	1	2.92% (7/09)
Callan Stable Value CT	1.97%		1.80%		-
Fixed Income Fund	**2.33%**	**47**	**2.94%**	**55**	**3.65%** (4/09)
Blmbg Aggregate	1.54%	97	2.28%	96	2.85% (4/09)
Callan Core Plus MFs	2.28%		3.04%		-
TCW Core Plus	-		-		2.20% (1/17)
Blmbg Aggregate	1.54%	97	2.28%	96	1.90% (1/17)
Callan Core Plus MFs	2.28%		3.04%		-
Prudential Core Plus	2.87%	14	-		3.12% (1/15)
Blmbg Aggregate	1.54%	97	2.28%	96	1.85% (1/15)
Callan Core Plus MFs	2.28%		3.04%		-
Large Cap Core Equity Fund	**-**		**-**		**13.70%** (10/17)
Russell 1000 Index	15.30%	40	14.15%	33	14.88% (10/17)
Callan Lg Cap Broad MF	14.61%		13.48%		-
Hotchkis & Wiley Large Cap Value	12.79%	29	12.20%	20	14.85% (4/09)
Russell 1000 Value Index	11.52%	53	11.47%	45	13.56% (4/09)
Callan Lg Cap Value MF	11.68%		11.07%		-
Sands Capital Large Cap Growth	15.66%	70	14.14%	68	17.55% (4/09)
Russell 1000 Growth Index	18.58%	9	16.47%	6	18.07% (4/09)
Callan Large Cap Grwth MF	16.33%		14.66%		-
Loomis SaylesLarge Cap Growth	16.60%	41	-		15.84% (8/14)
Russell 1000 Growth Index	18.58%	9	16.47%	6	16.79% (8/14)
Callan Large Cap Grwth MF	16.33%		14.66%		-
BlackRock Russell 1000 Index	-		-		14.71% (11/17)
Russell 1000 Index	15.30%	23	14.15%	15	14.73% (11/17)
Callan Large Cap Core MFs	14.50%		13.46%		-

Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended June 30, 2026. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns and Rankings for Periods Ended June 30, 2026

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
Tier 2: Active (Net of Fee)										
International Equity Fund	**10.56%**	**48**	**13.93%**	**81**	**15.28%**	**63**	**5.64%**	**77**	**8.47%**	**81**
International Benchmark (1)	13.82%	19	26.56%	22	18.49%	34	8.35%	54	9.84%	55
Callan Non US Equity MFs	10.10%		21.89%		16.71%		8.59%		9.99%	
Mondrian ACWI ex-US Value	5.54%	89	19.20%	60	17.95%	36	9.88%	38	9.87%	54
MSCI ACWI ex US	14.49%	14	27.66%	15	18.82%	31	8.79%	48	10.16%	47
MSCI ACWI ex US Value	12.15%	30	33.21%	4	22.43%	8	12.42%	13	11.13%	34
Callan Non US Equity MFs	10.10%		21.89%		16.71%		8.59%		9.99%	
Baillie Gifford ACWI ex-US Growth	15.12%	7	8.02%	94	11.52%	88	1.87%	93	7.19%	93
MSCI ACWI ex US	14.49%	14	27.66%	15	18.82%	31	8.79%	48	10.16%	47
MSCI ACWI ex US Growth	17.04%	3	22.30%	46	15.33%	62	5.21%	82	8.96%	77
Callan Non US Equity MFs	10.10%		21.89%		16.71%		8.59%		9.99%	
Acadian	11.00%	23	23.00%	24	21.91%	14	-		-	
MSCI ACWI ex US Small Cap	9.62%	32	19.83%	32	16.42%	41	6.30%	44	9.68%	40
Callan Intl Small Cap MFs	8.11%		14.84%		15.07%		5.84%		8.80%	
WCM	12.99%	14	7.84%	75	14.70%	51	-		-	
MSCI ACWI ex US Small Cap	9.62%	32	19.83%	32	16.42%	41	6.30%	44	9.68%	40
Callan Intl Small Cap MFs	8.11%		14.84%		15.07%		5.84%		8.80%	
Small/Mid Cap Equity Fund	**16.92%**	**59**	**27.04%**	**51**	**12.78%**	**67**	**6.32%**	**45**	**10.04%**	**63**
Russell 2500 Index	20.26%	44	36.72%	14	18.40%	13	8.30%	21	12.21%	18
Callan SMID Broad MFs	19.21%		27.31%		14.52%		6.18%		10.57%	
AB SMID Value	15.89%	41	25.76%	67	-		-		-	
Russell 2500 Value Index	18.50%	22	38.54%	15	19.41%	12	10.28%	15	12.28%	32
Callan SMID Value MFs	15.52%		26.88%		14.47%		8.04%		10.96%	
Earnest Partners Small/Mid Cap	13.84%	78	30.32%	49	12.89%	67	8.17%	44	-	
Russell 2500 Index	20.26%	34	36.72%	23	18.40%	31	8.30%	42	12.21%	29
Callan SMID Core MFs	17.71%		29.66%		15.18%		7.87%		11.09%	
Brown Advisory Small/Mid Cap Growth	19.61%	68	21.47%	74	9.60%	81	2.87%	69	8.00%	85
Russell 2500 Growth Index	24.02%	42	32.94%	27	16.40%	31	4.98%	35	11.06%	26
Callan SMID Growth MFs	23.38%		27.89%		14.99%		3.60%		10.00%	
BlackRock Russell 2500 Index	20.25%	34	36.90%	23	18.63%	31	8.32%	41	12.41%	28
Russell 2500 Index	20.26%	34	36.72%	23	18.40%	31	8.30%	42	12.21%	29
Callan SMID Core MFs	17.71%		29.66%		15.18%		7.87%		11.09%	

(1) As of 9/30/21, International Benchmark consists of MSCI ACWI ex-US IMI, previously consisted of MSCI ACWI ex-US.

Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended June 30, 2026. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns and Rankings for Periods Ended June 30, 2026

	Last 10 Years		Last 15 Years		Since Inception
Tier 2: Active (Net of Fee)					
International Equity Fund	**8.92%**	**70**	**6.70%**	**68**	**9.31%** (4/09)
International Benchmark	9.70%	51	6.41%	77	9.30% (4/09)
Callan Non US Equity MFs	9.75%		7.09%		-
Mondrian ACWI ex-US Value	9.07%	65	6.71%	68	8.84% (4/09)
MSCI ACWI ex US	9.93%	44	6.55%	72	9.43% (4/09)
MSCI ACWI ex US Value	10.47%	24	6.38%	78	9.35% (4/09)
Callan Non US Equity MFs	9.75%		7.09%		-
Baillie Gifford ACWI ex-US Growth	8.97%	67	6.96%	60	10.14% (4/09)
MSCI ACWI ex US	9.93%	44	6.55%	72	9.43% (4/09)
MSCI ACWI ex US Growth	9.21%	63	6.59%	71	9.39% (4/09)
Callan Non US Equity MFs	9.75%		7.09%		-
Acadian	-		-		11.15% (10/21)
MSCI ACWI ex US Small Cap	9.10%	41	6.78%	63	6.64% (10/21)
Callan Intl Small Cap MFs	8.50%		7.31%		-
WCM	-		-		(0.29%)(10/21)
MSCI ACWI ex US Small Cap	9.10%	41	6.78%	63	6.64% (10/21)
Callan Intl Small Cap MFs	8.50%		7.31%		-
Small/Mid Cap Equity Fund	**-**		**-**		**9.40%** (10/17)
Russell 2500 Index	12.25%	31	11.32%	22	11.19% (10/17)
Callan SMID Broad MFs	11.41%		10.29%		-
Earnest Partners Small/Mid Cap	-		-		8.22% (4/21)
Russell 2500 Index	12.25%	22	11.32%	22	8.98% (4/21)
Callan SMID Core MFs	10.53%		10.08%		-
Brown Advisory Small/Mid Cap Growth	10.77%	84	10.71%	59	13.97% (4/09)
Russell 2500 Growth Index	12.56%	37	11.45%	27	14.84% (4/09)
Callan SMID Growth MFs	11.82%		11.05%		-
BlackRock Russell 2500 Index	-		-		11.24% (11/17)
Russell 2500 Index	12.25%	22	11.32%	22	11.11% (11/17)
Callan SMID Core MFs	10.53%		10.08%		-

The North Carolina Supplemental Retirement Plans

Fee Matrix as of 3/31/26

Funds and Sub-Advisors	3/31 Assets*	Inv. Mgmt. Fee	Custodial Expenses [1]	NC Budget [2]	Total Estimated Expense (%)	Total Estimated Annual Expenses ($) [3]	Callan Median Expense [4]	Difference
North Carolina Stable Value Fund	**$2,170,588,713**	**0.2490%**	**0.0076%**	**0.0000%**	**0.26%**	**$5,569,731**	**0.39%**	**-0.13%**
Galliard	$2,170,588,713	0.2490%	0.0000%			**$5,404,766**	0.27%	-0.02%
North Carolina Fixed Income Passive Fund	**$108,345,686**	**0.0200%**	**0.0164%**	**0.0000%**	**0.04%**	**$39,438**	**0.06%**	**-0.02%**
Blackrock	$108,345,686	0.0200%	0.0100%			**$21,669**	0.04%	-0.02%
North Carolina Fixed Income Fund	**$2,689,697,291**	**0.1199%**	**0.0060%**	**0.0000%**	**0.13%**	**$3,386,329**	**0.39%**	**-0.26%**
50% TCW	$1,344,075,878	0.1298%	0.0000%			**$1,744,610**	0.21%	-0.08%
50% Prudential	$1,345,621,432	0.1100%	0.0060%			**$1,480,184**	0.21%	-0.10%
North Carolina Inflation Sensitive Fund	**$885,076,871**	**0.0900%**	**0.0113%**	**0.0000%**	**0.10%**	**$896,583**	**0.40%**	**-0.30%**
Blackrock	$885,076,843	0.0900%	0.0100%			**$796,569**	0.11%	-0.02%
North Carolina Large Cap Passive Fund	**$5,354,032,978**	**0.0050%**	**0.0007%**	**0.0000%**	**0.01%**	**$305,180**	**0.14%**	**-0.13%**
Blackrock	$5,354,032,978	0.0050%	0.0100%			**$267,702**	0.02%	-0.02%
North Carolina Large Cap Core Fund	**$2,470,306,802**	**0.2825%**	**0.0047%**	**0.0000%**	**0.29%**	**$7,094,721**	**0.59%**	**-0.30%**
18.75% Boston Partners Large Cap Value	$508,286,679	0.2721%	0.0000%			**$1,383,048**	0.38%	-0.11%
18.75% Hotchkis & Wiley LCV	$501,336,342	0.4000%	0.0000%			**$2,005,345**	0.38%	0.02%
18.75% Sands Capital Management	$432,394,814	0.4500%	0.0000%			**$1,945,777**	0.42%	0.03%
18.75% Loomis Sayles	$441,435,787	0.3657%	0.0000%			**$1,614,331**	0.42%	-0.05%
25% BlackRock Advisors Inc., Large Cap Index*	$586,853,170	0.0050%	0.0100%			**$29,343**	0.02%	-0.02%
North Carolina SMID Cap Passive Fund	**$479,161,593**	**0.0050%**	**0.0118%**	**0.0000%**	**0.02%**	**$80,499**	**0.17%**	**-0.15%**
Blackrock	$479,161,593	0.0050%	0.0100%			**$23,958**	0.02%	-0.02%
North Carolina SMID Cap Core Fund	**$1,486,064,491**	**0.4100%**	**0.0052%**	**0.0000%**	**0.42%**	**$6,170,140**	**0.81%**	**-0.39%**
30% Earnest Partners Small/Mid Cap	$473,814,382	0.4700%	0.0000%			**$2,226,928**	0.66%	-0.19%
30% AB SMID Value	$458,135,769	0.4200%	0.0000%			**$1,924,170**	0.62%	-0.20%
30% Brown Advisory	$436,820,391	0.4431%	0.0000%			**$1,935,551**	0.68%	-0.24%
10% BlackRock Advisors Inc., SMID Index*	$117,293,471	0.0050%	0.0100%			**$5,865**	0.04%	-0.04%
North Carolina International Passive Fund	**$188,408,005**	**0.0210%**	**0.0245%**	**0.0000%**	**0.05%**	**$85,726**	**0.06%**	-0.01%
Blackrock	$188,408,005	0.0210%	0.0200%			**$39,566**	0.06%	-0.04%
North Carolina International Equity	**$3,453,599,863**	**0.3749%**	**0.0285%**	**0.0000%**	**0.40%**	**$13,931,822**	**0.77%**	**-0.37%**
43% Baillie Gifford Growth	$1,419,849,424	0.2648%	0.0000%			**$3,759,761**	0.51%	-0.25%
43% Mondrian Investment Partners Value	$1,534,012,211	0.3830%	0.0000%			**$5,875,267**	0.47%	-0.09%
7% Acadian	$252,351,149	0.6094%	0.0000%			**$1,537,828**	0.79%	-0.18%
7% WCM	$247,229,639	0.7000%	0.0000%			**$1,730,607**	0.79%	-0.09%
North Carolina TIPS Fund	**$344,691,227**	**0.0250%**	**0.0046%**	**0.0000%**	**0.03%**	**$102,029**	**0.35%**	**-0.32%**
Blackrock	$344,691,227	0.0250%	0.0000%			**$86,173**	0.12%	-0.10%
Total	**$19,629,973,492**	**0.1659%**	**0.0110%**	**0.0000%**	**0.19%**	**$37,662,196**	**0.22%**	

*Individual Manager Assets do not sum to Fund asset class totals due to residual/closing accounts.

[1] Based on annualized monthly fee accruals as of 12/31/2025.

[2] The cost of the budget associated with the management of the Supplemental Retirement Plans, borne by each investment option in proportion to the pro-rate share of the applicable assets in that fund.

[3] Manager fee estimates reflect investment management fee only, does not include $31 per participant record-keeping fee.

[4] The median expenses for White Label composites are compared against their respective Callan Mutual Fund Institutional Universe, while the individual managers are compared to peers with the same vehicle and strategy assets. The total fund median represents asset-weighted investment management fees for plans greater than $1 billion in the Callan DC index.

The North Carolina Supplemental Retirement Plans Quarterly Manager Review

Vehicle	Manager Overall	Product People	Philosophy/Process	Implementation	Short Term Performance	Long Term Performance	Status	Product Overall	Notes
LARGE CAP CORE EQUITY									
BlackRock Russell 1000 Index	Green	Green	Green	Green	Green	Green	Within Expectations	Green	
LARGE CAP VALUE EQUITY									
Boston Partners LCV	Green	Blue	Green	Green	Green	Green	Within Expectations	Green	• Founding PM Mark Donovan retired effective April 30, 2026. Co-PMs David Cohen and Joshua White lead the strategy going forward. Donovan's retirement is notable and the impact will be monitored over coming quarters; Cohen and White were proactively selected and integrated into lead PM roles ahead of retirement. • Strategy outperformed Russell 1000 Value Index during 2Q26 and YTD 2026, ranking in top decile of Large Value peers. • Trailing 1/3/5 year returns outpaced index rank near the top decile of peers; trailing seven- and ten-year returns outpaced index and rank near top decile of peers.
Hotchkis & Wiley Large Cap Value	Green	Green	Green	Blue	Orange	Green	Within Expectations	Green	• Portfolio demonstrates heightened volatility relative to index and median Large Value peer manager. • Strategy lagged the Russell 1000 Value Index during 2Q26 and YTD 2026, ranking in bottom quartile of Large Value peers. • Magnitude recent underperformance impacting trailing 1/3/5 year returns, which now rank below median peers. • Trailing seven- and ten- year returns outpace Russell 1000 Value Index and rank above median Large Value peers.
LARGE CAP GROWTH EQUITY									
Loomis SaylesLarge Cap Growth	Green	Green	Green	Blue	Orange	Blue	Within Expectations	Green	• In January 2025 it was announced that the holding company for Loomis' parent company, Natixis, entered into an agreement to combine with Generali. However, merger plans were terminated at the end of 2025. Loomis continues to operate as an affiliate of Natixis. • Strategy had nearly $5B in outflows during 2022 and over $1B in outflows in both 2023 and 2024; however, most outflow activity has been attributed to rebalancing and is a small percentage of total strategy AUM. Strategy remains capacity constrained. • In 2Q24, a guideline update was issued to allow the fund to invest in any one issuer up to the greater of 8% of the portfolio or 5% above the weighting in the Russell 1000 Growth or the S&P 500 index, as determined at the time of purchase. This update was initiated to allow for greater flexiblity around top benchmark holdings that would otherwise be sold in the face of continued price appreciation. The fund also now allows for investments of up to 5% in the Loomis Growth ETF as a way to minimize cash drag. • Trailing 1/3/5/7 year results are behnd the benchmark due to challenging CY 2025 and YTD 2026 results. YTD 2026 results are materially behind the benchmark due to the strategy lacking memory stock exposure, which is a meaningful allocation within the R1000G benchmark and has performed strongly in this market environment.

The North Carolina Supplemental Retirement Plans Quarterly Manager Review

Vehicle	Manager Overall	Product People	Philosophy/Process	Implementation	Short Term Performance	Long Term Performance	Status	Product Overall	Notes
LARGE CAP GROWTH EQUITY - Continued									
Sands Capital Large Cap Growth	🔵	🔵	🟢	🔵	🟠	🟠	Under Review	🔴	• Perry Williams, CFA has been named Co-Chief Investment Officer alongside Frank Sands, effective August 1. This move represents a formal promotion for Williams, who will step down from his role as co-portfolio manager of Global Growth to take on broader oversight of all strategies, including Sands Capital's growing private markets platform. • Launched Sands Capital Horizons, an in-house investment solution for managing the wealth of partners and other qualified partners at the firm. • The PM team has experienced some changes in recent years including: 1) In 2022, co-PM Mike Sramek elected to not to not return from a medical leave that was initiated in July 2022 and officially retired from the firm in December 2022; 2) Effective January 2026, Frank Sands Jr. transitioned from his co-PM role to further focus on his co-CIO duties and remains a senior advisor to the strategy. Ben Betcher, the strategy's associate portfolio manager, was appointed as a co-PM and joins Wes Johnston and Tom Trentman in overseeing the portfolio. • Performance across all trailing year periods remains meaningfully behind the benchmark as of 2Q26 due to challenging performance in 2021-2022 and 2024-2025 calendar year periods. However, the strategy outperformed the benchmark by over 600 basis points in 2Q26, which has positioned the portfolio to be over 200 basis points above the benchmark on a YTD basis. The strategy's purchase of memory stocks, which have been a leading group of stocks within the AI infrastructure trade and meaningful portion of the benchmark, was instrumental in improving performance. • Stability of asset base continues to be monitored as the strategy has experienced outflows in recent years and there remains a challenging performance overhang over longer-term results.

Product Dynamics: reflects noteworthy highlights of the portfolio and strategy including assets and portfolio characteristics.
Short-Term Performance: reflects periods of three years and under with a focus on whether or not the manager is performing within expectations.
Long-Term Performance: reflects periods of five years and longer with a focus on whether or not the manager is performing within expectations.

The North Carolina Supplemental Retirement Plans Quarterly Manager Review

Callan Manager Assessment

Vehicle	**Manager Overall**	**Product People**	**Philosophy/Process**	**Implementation**	**Short Term Performance**	**Long Term Performance**	**Status**	**Product Overall**	**Notes**
SMALL CAP GROWTH EQUITY									
Brown Advisory Small/Mid Cap Growth	🟢	🟢	🟢	🟠	🟠	🟠	Cautionary	🟠	• Strategy lagged the Russell 2000 and Russell 2500 Growth Indices during 2Q26 and YTD 2026, ranking below median Small and SMID Growth peers • Trailing one-year results in-line with expectations given quality bias but meaningfully lagged index, ranking in bottom quartile of peers. • Underperformance impacting trailing three- and five-year results, which lag index and rank in near bottom quartile of peers. • Trailing seven- and ten- year returns lag index and rank in bottom quartile of peers. • Large institutional outlflow in 1Q26 (>$500mm) and sustained relative underperformance may increase velocity of outflows in coming quarters.
SMALL/MID CAP CORE EQUITY									
BlackRock Russell 2500 Index	🟢	🟢	🟢	🟢	🟢	🟢	Within Expectations	🟢	
Earnest Partners Small/Mid Cap	🟢	🟢	🟢	🔵	🔵	🟢	Within Expectations	🟢	• Firm founder Paul Viera owns a majority of the firm. • Strategy lagged Russell 2500 Index during 2Q26, ranking in bottom quartile of SMID Core peers but performed in-line YTD 2026, ranking near top quartile of peers for YTD 2026. • Trailing one-year returns lagged Russell 2500 Index but ranked above median-peers; trailing three-year returns lag index and rank below median peer. • Trailing 5/7/10 year returns outpace index and rank above median peers. • Notable style tilt to value as MSCI Z-Score is (-0.29) as of 2Q26 compared to +0.04 for Russell 2500 Index and (-0.38) for Russell 2500 Value Index. • Strategy market capitalization is consistently larger than the benchmark and median SMID Core peers.

Product Dynamics: reflects noteworthy highlights of the portfolio and strategy including assets and portfolio characteristics.
Short-Term Performance: reflects periods of three years and under with a focus on whether or not the manager is performing within expectations.
Long-Term Performance: reflects periods of five years and longer with a focus on whether or not the manager is performing within expectations.

🟢 Positive status; no issues 🔵 Notable status; noteworthy item with no concerns 🟠 Cautionary status; noteworthy item & monitoring closely 🔴 Under Review status; noteworthy item with concerns

The North Carolina Supplemental Retirement Plans Quarterly Manager Review

Callan Manager Assessment

Vehicle	Manager Overall	Product People	Philosophy/Process	Implementation	Short Term Performance	Long Term Performance	Status	Product Overall	Notes
SMALL/MID CAP VALUE EQUITY									
AB SMID Value	🔵	🔵	🟢	🔵	🔵	🟠	Cautionary	🟠	• AB has experienced several leadership transitions in recent years: 1) In 2022, CFO Ali Dibadj departed AB to become CEO of Janus Henderson; 2) In 2023, COO/CFO Kate Burke left to take on the role of President at Allspring. AB then appointed Karl Sprules as Chief Operating Officer; 3) In 2024, Jackie Marks was named CFO, succeeding interim CFO William Siemers. In March 2025, Marks departed, and AB promoted Controller and Chief Accounting Officer Tom Simeone to CFO, with Simeone also joining the Executive Team and Operating Committee; and 4) In 2025, AB announced the departure of Chris Hogbin, Global Head of Investments, who left to become CEO of Lazard Asset Management. • More recently, in January 2026, Onur Erzan has been appointed the President of AB. Onur, who joined AB in 2021, is also Global Head—Private Wealth Management, Global Private Alternatives and Global Asset Management Distribution. • Callan will continue to monitor executive team stability a well as the progression of the upcoming Corebridge/Equitable merger. • Lead portfolio manager has been James McGregor since 2009. He is supported by co-PM Erik Turenchalk, five dedicated analysts, and a pooled analyst team at AB. Turenchalk also became the PM for SMID Style Blend in 2025, though his focus remains on the value strategies. • Strategy assets are over $7 billion and the product may be capacity constrained. • The strategy meaningfully underperformed the Russell 2500 Value Index and SMID Value peers in 2025. SMID Value continued to underperform the benchmark in first half 2026 but ranks in the top quartile of peers. AB SMID Value performance is still challenged over the longer-term and ranks in the bottom quartile of peers over the trailing five- and seven- year periods.
ACWI XUS CORE									
BlackRock International Passive	🟢	🟢	🟢	🟢	🟢	🟢	Within Expectations	🟢	• Fair value adjustments on 03/31 created elevated tracking error in 1Q26 and 2Q26. While these effects are typically mean-reverting, their occurrence at month- and quarter-end can introduce additional noise.
ACWI XUS VALUE									
Mondrian ACWI ex-US Value	🟢	🔵	🟢	🟢	🟢	🟢	Within Expectations	🟢	• Effective July 1, 2025, CIO International Equities Elizabeth Desmond assumed the position of Executive Chairman and relinquished her role as CIO International Equities. As Executive Chairman, Desmond will work closely with CEO Clive Gillmore managing the business's strategic direction. Desmond remains a member of the International Equity Strategy Committee, which is the decision-making group for the international equity strategies. At the same time, CIO Global Equities Aileen Gan took on the role of CIO International Equities while also remaining CIO Global Equities. • Performance continues to be consistent with the defensive value approach.

Product Dynamics: reflects noteworthy highlights of the portfolio and strategy including assets and portfolio characteristics.
Short-Term Performance: reflects periods of three years and under with a focus on whether or not the manager is performing within expectations.
Long-Term Performance: reflects periods of five years and longer with a focus on whether or not the manager is performing within expectations.

🟢 Positive status; no issues 🔵 Notable status; noteworthy item with no concerns 🟠 Cautionary status; noteworthy item & monitoring closely 🔴 Under Review status; noteworthy item with concerns

The North Carolina Supplemental Retirement Plans Quarterly Manager Review

Callan Manager Assessment

Vehicle	Manager Overall	Product People	Philosophy/Process	Implementation	Short Term Performance	Long Term Performance	Status	Product Overall	Notes
ACWI XUS GROWTH									
Baillie Gifford ACWI ex-US Growth	●	●	●	●	●	●	Within Expectations	●	• The retirement of Portfolio Manager Angus Franklin in Jun 2022, and the portfolio manager rotation of Toby Ross with Steve Vaughan in September 2022 is consistent with other Baillie Gifford PM rotations and was executed well. • Effective July 1, 2025, Baillie Gifford returned to benchmark-relative investment guidelines, tightening country and sector exposure limits and reducing the allowable name count to 60–90 holdings, with a maximum active weight of +5%. The change reflects lessons from past underperformance and aims to improve portfolio discipline and alignment with client expectations, while maintaining the team's long-term, bottom-up approach. • Performance has been a bit challenged recently but not outside of expectations for the strategy's growth profile.
ACWI XUS SMALL CORE									
Acadian	●	●	●	●	●	●	Within Expectations	●	• The rebranding of BrightSphere to Acadian Asset Management and the appointment of Kelly Young as the new overall firm CEO greatly lowers our concern of the firm being sold in the near future. • The appointment of Fanesca Young as lead portfolio manager of Equities in 2023 has had little overall impact given the systematic nature of the process and depth of the investment team. • Capacity is limited.
ACWI XUS SMALL GROWTH									
WCM	●	●	●	●	●	●	Within Expectations	●	• Portfolio Manager Mike Trigg was promoted to co-CEO effective Jan. 2025. • The strategy has limited capacity. • Performance struggled in 2022 and 2025 as growth fell out of favor and value was very strong.

Product Dynamics: reflects noteworthy highlights of the portfolio and strategy including assets and portfolio characteristics.
Short-Term Performance: reflects periods of three years and under with a focus on whether or not the manager is performing within expectations.
Long-Term Performance: reflects periods of five years and longer with a focus on whether or not the manager is performing within expectations.

● Positive status; no issues ● Notable status; noteworthy item with no concerns ● Cautionary status; noteworthy item & monitoring closely ● Under Review status; noteworthy item with concerns

The North Carolina Supplemental Retirement Plans Quarterly Manager Review

Callan Manager Assessment

Vehicle	Manager Overall	Product People	Philosophy/Process	Implementation	Short Term Performance	Long Term Performance	Status	Product Overall	Notes
CORE BOND									
BlackRock Fixed Income Passive	🟢	🟢	🟢	🟢	🟢	🟢	Within Expectations	🟢	
CORE PLUS BOND									
Prudential Core Plus	🟢	🔵	🟢	🟢	🟢	🟢	Within Expectations	🟢	
TCW Core Plus	🟢	🔵	🟢	🟢	🔵	🔵	Within Expectations	🟢	• Continuing to monitor potential impacts to investment strategy consistency due to changes in senior leadership (departures of Generalists Tad Rivelle '21, Laird Landmann '23, Steve Kane '24, and securitized PM Harrison Choi '23). The team remains deep and experienced and we support the recent announcements as a part of a transition to a new generation of leadership. • Long-term performance periods continue to rank in the bottom quartile versus peers as a result of a continuous conservative posture and adverse duration management positions in recent years.
US TIPS									
BlackRock Treasury Inflation Protected	🟢	🟢	🟢	🟢	🟢	🟢	Within Expectations	🟢	
STABLE VALUE									
Galliard Stable Value	🔵	🟢	🟢	🟢	🟢	🟢	Within Expectations	🟢	• The transition from Mike Norman to a senior leadership team appears well-planned, with sufficient lead time to support an orderly handoff. However, the addition of Allspring's CIO raises questions about the degree of autonomy Galliard will maintain and whether any future integration could occur. While Galliard has indicated no changes are being considered, Callan will continue to monitor. • No concerns with Burke's appointment to CEO. She has been the intended successor since she joined Allspring in 2023 and has leadership experience as President as well as prior roles as COO and CFO of AllianceBernstein, Sullivan's continued involvement as Executive Chair should provide added continuity. • Assets have stabilized since late 2020. The Galliard Stable Return Fund's put queue peaked in 2020 and has since decreased to 2017 levels.

Product Dynamics: reflects noteworthy highlights of the portfolio and strategy including assets and portfolio characteristics.
Short-Term Performance: reflects periods of three years and under with a focus on whether or not the manager is performing within expectations.
Long-Term Performance: reflects periods of five years and longer with a focus on whether or not the manager is performing within expectations.

🟢 Positive status; no issues 🔵 Notable status; noteworthy item with no concerns 🟡 Cautionary status; noteworthy item & monitoring closely 🔴 Under Review status; noteworthy item with concerns

The North Carolina Supplemental Retirement Plans
Investment Manager Performance Monitoring Summary Report
June 30, 2026

Investment Manager	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	3 Year Return Consistency	5 Year Sharpe Ratio	5 Year Excess Rtn Ratio	5 Year Tracking Error	5 Year Risk
Tier 2: Passive vs. Net of Fee Groups									
Fixed Income Passive (i)	**0.7** 77	**3.8** 75	**4.1** 86	**0.1** 73		**-0.5** 86	**-0.0** 73	**0.2** 100	**6.5** 62
Callan Core Bond MFs									
Blmbg Aggregate	0.7 76	3.8 70	4.2 86	0.1 73		-0.5 81			6.5 58
Treasury Inflation Protected (i)	**0.7** 84	**3.5** 29	**4.9** 10	**2.3** 2		**-0.3** 8	**-0.0** 1	**0.3** 96	**4.4** 96
Callan TIPS MFs									
Blmbg US TIPS 1-10 Yr	0.7 82	3.6 24	4.9 10	2.3 1		-0.3 7			4.5 95
Large Cap Passive (i)	**15.2** 18	**22.3** 29	**20.6** 32	**13.4** 34		**0.6** 26	**-1.2** 95	**0.0** 99	**15.6** 49
Callan Large Cap Core MFs									
S&P 500 Index	15.2 18	22.3 29	20.6 31	13.4 32		0.6 25			15.6 49
International Passive (i)	**12.6** 26	**27.4** 18	**18.7** 31	**8.6** 50		**0.3** 48	**0.2** 42	**1.5** 99	**15.7** 86
Callan Non US Equity MFs									
International Benchmark	13.8 19	26.6 22	18.5 34	8.3 54		0.3 52			15.8 85
SMID Cap Passive (i)	**20.2** 34	**36.8** 23	**18.4** 31	**8.3** 42		**0.3** 47	**-0.4** 71	**0.1** 99	**16.6** 27
Callan SMID Core MFs									
Russell 2500 Index	20.3 34	36.7 23	18.4 31	8.3 42		0.3 46			16.6 27
Inflation Responsive Fund (i)	**2.2** 21	**15.0** 66	**9.4** 84	**4.0** 88		**0.1** 89	**1.2** 9	**0.2** 99	**9.8** 67
Callan Real Assets MFs									
Inflation Responsive Benchmark	2.3 21	15.0 66	9.2 86	3.8 89		0.0 89			9.8 67
Tier 2: Active vs. Net of Fee Groups									
Stable Value Fund	**0.8** 12	**3.3** 12	**3.1** 9	**2.7** 9		**-2.7** 14	**-3.3** 16	**0.7** 73	**0.3** 32
Callan Stable Value CT									
T-Bill + 1.5%	1.2 5	5.3 1	6.1 1	5.0 1		1.6 1			0.9 1
Fixed Income Fund	**0.9** 78	**4.4** 33	**5.1** 37	**0.5** 49		**-0.4** 44	**0.5** 41	**0.7** 81	**7.0** 26
Callan Core Plus MFs									
Blmbg Aggregate	0.7 93	3.8 90	4.2 93	0.1 79		-0.5 90			6.5 78
TCW Core Plus	**0.6** 96	**4.0** 77	**4.4** 83	**-0.0** 87		**-0.5** 80	**-0.2** 87	**0.7** 83	**7.1** 16
Callan Core Plus MFs									
Blmbg Aggregate	0.7 93	3.8 90	4.2 93	0.1 79		-0.5 90			6.5 78

Returns:
- above median
- third quartile
- fourth quartile

Return Consistency:
- above median
- third quartile
- fourth quartile

Sharpe Ratio:
- above median
- third quartile
- fourth quartile

Excess Return Ratio:
- above median
- third quartile
- fourth quartile

Tracking Error:
- below median
- second quartile
- first quartile

Risk:
- below median
- second quartile
- first quartile

(i) - Indexed scoring method used. Green: manager & index ranking differ by <= +/- 10%tile. Gold: manager & index ranking differ by <= +/- 20%tile. Blue: manager & index ranking differ by > +/- 20%tile.

The North Carolina Supplemental Retirement Plans
Investment Manager Performance Monitoring Summary Report
June 30, 2026

Investment Manager	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	3 Year Return Consistency	5 Year Sharpe Ratio	5 Year Excess Rtn Ratio	5 Year Tracking Error	5 Year Risk
Prudential Core Plus	**1.2** 36	**4.9** 9	**5.8** 8	**1.0** 13		**-0.4** 12	**0.8** 27	**1.1** 29	**6.9** 38
Callan Core Plus MFs									
Blmbg Aggregate	0.7 93	3.8 90	4.2 93	0.1 79		-0.5 90			6.5 78
Large Cap Core Equity Fund	**13.4** 47	**15.7** 58	**18.0** 56	**10.0** 66		**0.4** 65	**-0.8** 91	**3.5** 86	**16.8** 41
Callan Lg Cap Broad MF									
Russell 1000 Index	15.1 33	22.0 26	20.5 31	12.7 23		0.6 27			15.6 53
Boston Partners LCV	**16.1** 10								
Callan Lg Cap Value MF									
Russell 1000 Value Index	13.9 21	27.1 22	17.8 38	11.2 37		0.6 41			12.9 41
Hotchkis & Wiley Large Cap Value	**6.0** 72	**20.4** 50	**16.1** 48	**10.4** 54		**0.5** 66	**-0.1** 51	**5.6** 30	**13.5** 27
Callan Lg Cap Value MF									
Russell 1000 Value Index	13.9 21	27.1 22	17.8 38	11.2 37		0.6 41			12.9 41
Sands Capital Large Cap Growth	**22.4** 8	**6.2** 83	**19.8** 58	**2.8** 96		**-0.0** 96	**-0.7** 49	**14.5** 1	**31.2** 1
Callan Large Cap Grwth MF									
Russell 1000 Growth Index	16.7 37	17.7 22	22.6 16	13.7 9		0.5 8			21.2 57
Loomis SaylesLarge Cap Growth	**6.9** 95	**1.4** 92	**17.5** 71	**11.2** 29		**0.4** 35	**-0.3** 20	**7.2** 25	**21.9** 43
Callan Large Cap Grwth MF									
Russell 1000 Growth Index	16.7 37	17.7 22	22.6 16	13.7 9		0.5 8			21.2 57
BlackRock Russell 1000 Index (i)	**15.1** 20	**22.0** 30	**20.5** 33	**12.6** 38		**0.6** 44	**-0.2** 49	**0.1** 99	**15.7** 45
Callan Large Cap Core MFs									
Russell 1000 Index	15.1 20	22.0 30	20.5 33	12.7 38		0.6 43			15.6 48
International Equity Fund	**10.6** 48	**13.9** 81	**15.3** 63	**5.6** 77		**0.1** 77	**-0.7** 85	**3.9** 94	**17.3** 29
Callan Non US Equity MFs									
International Benchmark	13.8 19	26.6 22	18.5 34	8.3 54		0.3 52			15.8 85
Mondrian ACWI ex-US Value	**5.5** 89	**19.2** 60	**18.0** 36	**9.9** 38		**0.4** 30	**0.2** 37	**6.1** 41	**15.2** 93
Callan Non US Equity MFs									
MSCI ACWI ex US	14.5 14	27.7 15	18.8 31	8.8 48		0.3 46			15.8 84
Baillie Gifford ACWI ex-US Growth	**15.1** 7	**8.0** 94	**11.5** 88	**1.9** 93		**-0.1** 92	**-0.9** 89	**7.9** 14	**20.7** 3
Callan Non US Equity MFs									
MSCI ACWI ex US	14.5 14	27.7 15	18.8 31	8.8 48		0.3 46			15.8 84

Returns:
- above median
- third quartile
- fourth quartile

Return Consistency:
- above median
- third quartile
- fourth quartile

Sharpe Ratio:
- above median
- third quartile
- fourth quartile

Excess Return Ratio:
- above median
- third quartile
- fourth quartile

Tracking Error:
- below median
- second quartile
- first quartile

Risk:
- below median
- second quartile
- first quartile

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The North Carolina Supplemental Retirement Plans
Investment Manager Performance Monitoring Summary Report
June 30, 2026

Investment Manager	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	3 Year Return Consistency	5 Year Sharpe Ratio	5 Year Excess Rtn Ratio	5 Year Tracking Error	5 Year Risk
Acadian	**11.0** 23	**23.0** 24	**21.9** 14	**9.4** 23		**0.4** 20	**0.9** 10	**3.5** 100	**15.1** 87
Callan Intl Small Cap MFs									
MSCI ACWI ex US Small Cap	9.6 32	19.8 32	16.4 41	6.3 44		0.2 42			16.1 76
WCM	**13.0** 14	**7.8** 75	**14.7** 51	**0.4** 80		**-0.1** 74	**-0.5** 60	**11.8** 3	**23.9** 1
Callan Intl Small Cap MFs									
MSCI ACWI ex US Small Cap	9.6 32	19.8 32	16.4 41	6.3 44		0.2 42			16.1 76
Small/Mid Cap Equity Fund	**16.9** 59	**27.0** 51	**12.8** 67	**6.3** 45		**0.2** 40	**-0.5** 68	**3.7** 99	**14.4** 80
Callan SMID Broad MFs									
Russell 2500 Index	20.3 44	36.7 14	18.4 13	8.3 21		0.3 26			16.6 54
AB SMID Value	**15.9** 41	**25.8** 67							
Callan SMID Value MFs									
Russell 2500 Value Index	18.5 22	38.5 15	19.4 12	10.3 15		0.4 17			15.5 25
Earnest Partners Small/Mid Cap	**13.8** 78	**30.3** 49	**12.9** 67	**8.2** 44		**0.3** 32	**-0.0** 44	**6.5** 15	**14.1** 77
Callan SMID Core MFs									
Russell 2500 Index	20.3 34	36.7 23	18.4 31	8.3 42		0.3 46			16.6 27
Brown Advisory Small/Mid Cap Growth	**19.6** 68	**21.5** 74	**9.6** 81	**2.9** 69		**-0.0** 70	**-0.3** 69	**6.6** 48	**15.2** 93
Callan SMID Growth MFs									
Russell 2500 Growth Index	24.0 42	32.9 27	16.4 31	5.0 35		0.1 38			20.0 49
BlackRock Russell 2500 Index (i)	**20.3** 34	**36.9** 23	**18.6** 31	**8.3** 41		**0.3** 46	**0.1** 34	**0.2** 99	**16.7** 26
Callan SMID Core MFs									
Russell 2500 Index	20.3 34	36.7 23	18.4 31	8.3 42		0.3 46			16.6 27

Returns:
- above median
- third quartile
- fourth quartile

Return Consistency:
- above median
- third quartile
- fourth quartile

Sharpe Ratio:
- above median
- third quartile
- fourth quartile

Excess Return Ratio:
- above median
- third quartile
- fourth quartile

Tracking Error:
- below median
- second quartile
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Risk:
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- second quartile
- first quartile

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Investment Manager	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	3 Year Return Consistency	5 Year Sharpe Ratio	5 Year Excess Rtn Ratio	5 Year Tracking Error	5 Year Risk
Tier 2: Active vs. Gross of Fee Groups									
Stable Value Fund									
Galliard Stable Value	**0.8** 72	**3.3** 43	**3.2** 38	**2.8** 42		**-2.5** 40	**-3.2** 63	**0.7** 61	**0.3** 46
Callan Stable Value SA									
T-Bill + 1.5%	1.2 3	5.3 2	6.1 1	5.0 1		1.6 3			0.9 1
Fixed Income Fund									
TCW Core Plus	**0.7** 94	**4.1** 66	**4.5** 73	**0.1** 97		**-0.5** 79	**0.0** 97	**0.7** 21	**7.1** 4
Callan Core Bond FI									
Blmbg Aggregate	0.7 94	3.8 98	4.2 94	0.1 97		-0.5 96			6.5 57
Prudential Core Plus	**1.2** 4	**4.9** 2	**5.8** 2	**1.0** 4		**-0.4** 3	**0.8** 62	**1.1** 4	**6.9** 9
Callan Core Bond FI									
Blmbg Aggregate	0.7 94	3.8 98	4.2 94	0.1 97		-0.5 96			6.5 57
Large Cap Core Equity Fund									
Boston Partners LCV	**16.2** 7								
Callan Large Cap Value									
Russell 1000 Value Index	13.9 22	27.1 31	17.8 45	11.2 56		0.6 64			12.9 38
Hotchkis & Wiley Large Cap Value	**6.1** 85	**20.9** 63	**16.6** 62	**10.9** 64		**0.5** 76	**-0.1** 62	**5.6** 21	**13.5** 20
Callan Large Cap Value									
Russell 1000 Value Index	13.9 22	27.1 31	17.8 45	11.2 56		0.6 64			12.9 38
Sands Capital Large Cap Growth	**22.5** 12	**6.6** 84	**20.3** 53	**3.3** 93		**-0.0** 93	**-0.7** 67	**14.6** 4	**31.2** 4
Callan Large Cap Growth									
Russell 1000 Growth Index	16.7 42	17.7 27	22.6 31	13.7 17		0.5 20			21.2 56
Loomis SaylesLarge Cap Growth	**7.0** 97	**1.8** 93	**17.9** 69	**11.7** 40		**0.4** 45	**-0.3** 30	**7.2** 31	**21.9** 40
Callan Large Cap Growth									
Russell 1000 Growth Index	16.7 42	17.7 27	22.6 31	13.7 17		0.5 20			21.2 56
BlackRock Russell 1000 Index (i)	**15.1** 23	**22.0** 35	**20.5** 43	**12.6** 48		**0.6** 50	**-0.1** 59	**0.1** 100	**15.7** 53
Callan Large Cap Core									
Russell 1000 Index	15.1 22	22.0 35	20.5 43	12.7 48		0.6 49			15.6 55

Returns:
- above median
- third quartile
- fourth quartile

Return Consistency:
- above median
- third quartile
- fourth quartile

Sharpe Ratio:
- above median
- third quartile
- fourth quartile

Excess Return Ratio:
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- third quartile
- fourth quartile

Tracking Error:
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- second quartile
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The North Carolina Supplemental Retirement Plans
Investment Manager Performance Monitoring Summary Report
June 30, 2026

Investment Manager	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	3 Year Return Consistency	5 Year Sharpe Ratio	5 Year Excess Rtn Ratio	5 Year Tracking Error	5 Year Risk
International Fund									
Mondrian ACWI ex-US Value	**5.6** 94	**19.6** 61	**18.4** 48	**10.3** 40		**0.4** 36	**0.2** 43	**6.1** 28	**15.2** 92
Callan NonUS Eq									
MSCI ACWI ex US	14.5 25	27.7 27	18.8 41	8.8 54		0.3 51			15.8 71
Baillie Gifford ACWI ex-US Growth	**15.2** 21	**8.3** 92	**11.8** 87	**2.1** 95		**-0.1** 95	**-0.8** 92	**7.9** 9	**20.7** 4
Callan NonUS Eq									
MSCI ACWI ex US	14.5 25	27.7 27	18.8 41	8.8 54		0.3 51			15.8 71
Acadian	**11.2** 25	**23.8** 19	**22.6** 16	**10.4** 19		**0.5** 13	**1.2** 10	**3.5** 97	**15.1** 97
Callan Intl Small Cap									
MSCI ACWI ex US Small Cap	9.6 49	19.8 33	16.4 53	6.3 44		0.2 42			16.1 94
WCM	**13.2** 13	**8.6** 79	**15.5** 55	**1.4** 77		**-0.1** 75	**-0.4** 59	**11.9** 1	**24.0** 3
Callan Intl Small Cap									
MSCI ACWI ex US Small Cap	9.6 49	19.8 33	16.4 53	6.3 44		0.2 42			16.1 94
Small/Mid Cap Equity Fund									
AB SMID Value	**16.0** 50	**26.2** 67	**14.9** 72	**8.2** 83		**0.3** 83	**-0.6** 94	**3.5** 94	**14.9** 39
Callan Small/MidCap Value									
Russell 2500 Value Index	18.5 19	38.5 12	19.4 16	10.3 50		0.4 62			15.5 24
Earnest Partners Small/Mid Cap	**14.0** 86	**30.9** 43	**13.4** 70	**8.7** 49		**0.4** 43	**0.1** 49	**6.5** 24	**14.1** 79
Callan Small/MidCap Core									
Russell 2500 Index	20.3 39	36.7 19	18.4 28	8.3 52		0.3 53			16.6 38
Brown Advisory Small/Mid Cap Growth	**19.7** 56	**21.9** 65	**10.0** 72	**3.3** 66		**-0.0** 66	**-0.3** 68	**6.6** 58	**15.2** 95
Callan Sm/MidCap Growth									
Russell 2500 Growth Index	24.0 32	32.9 40	16.4 41	5.0 45		0.1 48			20.0 37
BlackRock Russell 2500 Index (i)	**20.3** 38	**37.0** 19	**18.7** 25	**8.3** 52		**0.3** 53	**0.2** 39	**0.2** 100	**16.7** 37
Callan Small/MidCap Core									
Russell 2500 Index	20.3 39	36.7 19	18.4 28	8.3 52		0.3 53			16.6 38

Returns:
- above median
- third quartile
- fourth quartile

Return Consistency:
- above median
- third quartile
- fourth quartile

Sharpe Ratio:
- above median
- third quartile
- fourth quartile

Excess Return Ratio:
- above median
- third quartile
- fourth quartile

Tracking Error:
- below median
- second quartile
- first quartile

Risk:
- below median
- second quartile
- first quartile

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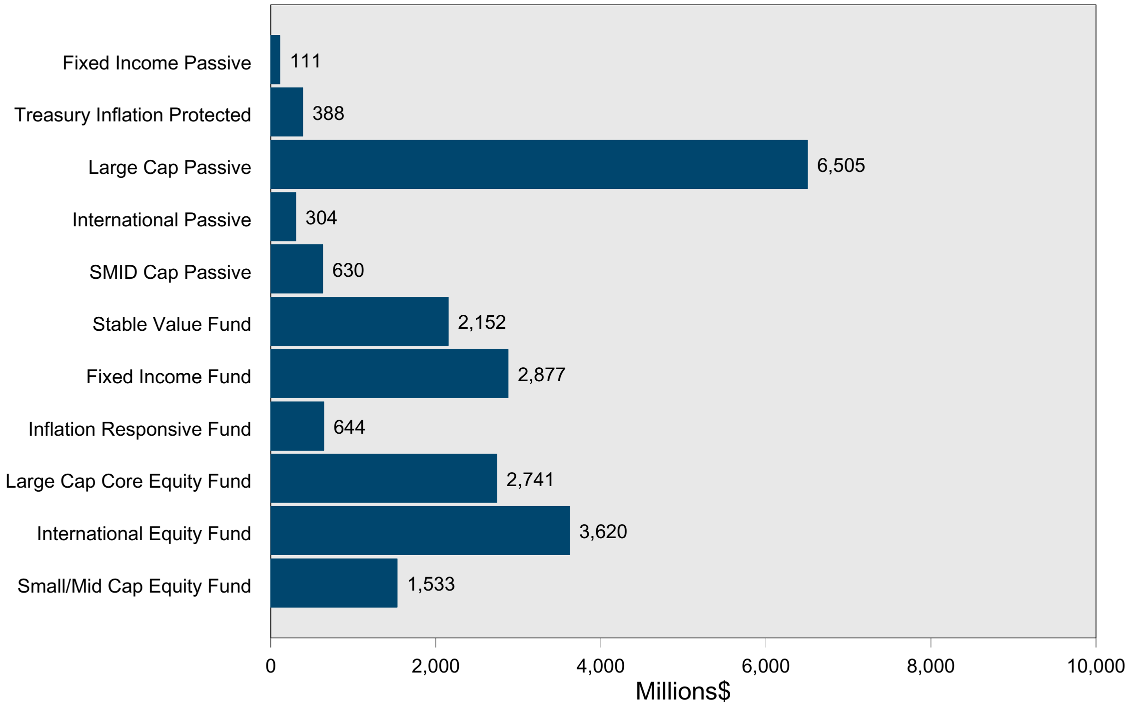
Changes in Investment Fund Balances
Period Ended June 30, 2026

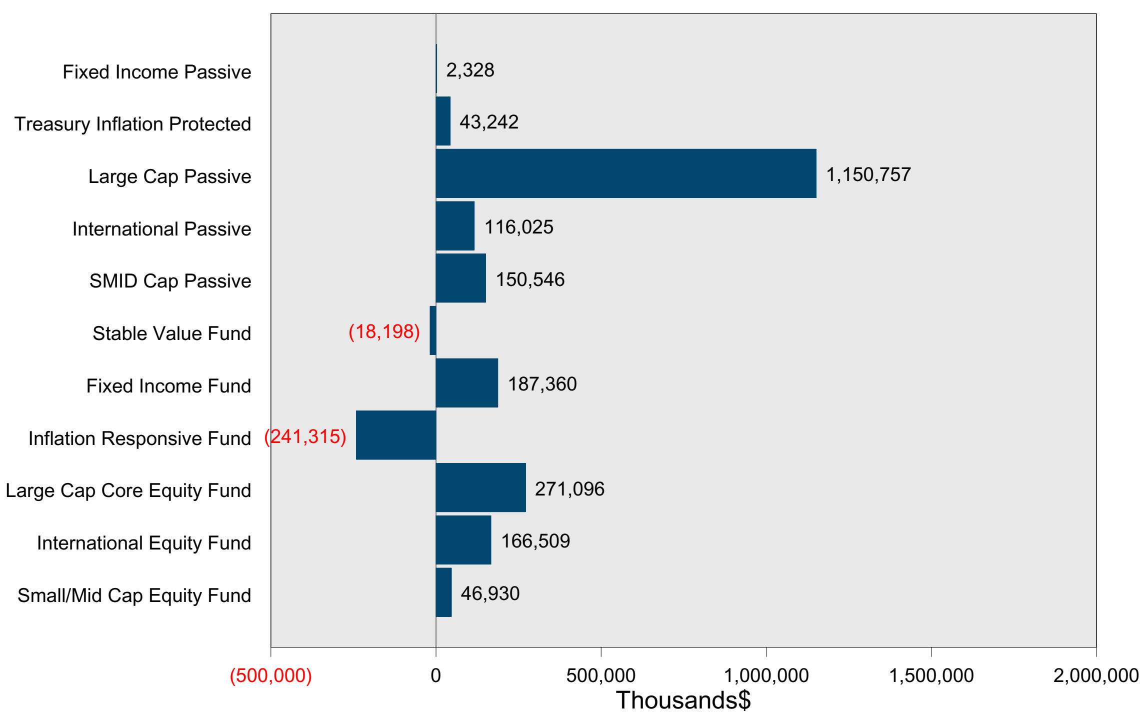
Allocation Across Investment Options

The chart below illustrates the allocation of the aggregate fund assets across the various investment options for the quarter ended June 30, 2026.



Changes in Fund Values

The chart below shows the net change in fund values across the various investment options for the quarter ended June 30, 2026. The change in value for each fund is the result of a combination of 3 factors: 1) market movements; 2) contributions or disbursements into or out of the funds by the participants (and any matching done by the company); and 3) transfers between funds by the participants.



Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

	12/2025-6/2026		2025		2024		2023		2022	
Tier 2: Passive (Net of Fee)										
Fixed Income Passive	0.70%	51	7.19%	77	1.34%	82	5.62%	83	(13.09%)	30
Blmbg Aggregate	0.62%	79	7.30%	68	1.25%	85	5.53%	86	(13.01%)	28
Callan Core Bond MFs	0.70%		7.40%		1.79%		5.96%		(13.48%)	
Large Cap Passive	10.18%	31	17.76%	41	25.01%	34	26.27%	40	(18.15%)	56
S&P 500 Index	10.21%	31	17.88%	40	25.02%	33	26.29%	40	(18.11%)	56
Callan Large Cap Core MFs	8.69%		16.91%		23.41%		24.67%		(17.10%)	
International Passive	14.10%	17	32.54%	44	5.01%	40	15.30%	77	(16.14%)	55
International Benchmark (1)	13.05%	21	31.96%	45	5.23%	39	15.62%	75	(16.58%)	56
Callan Non US Equity MFs	9.77%		29.98%		4.41%		17.70%		(15.77%)	
SMID Cap Passive	22.71%	31	11.97%	23	11.96%	46	17.41%	39	(18.48%)	62
Russell 2500 Index	22.71%	31	11.91%	23	12.00%	42	17.42%	39	(18.37%)	61
Callan SMID Core MFs	18.58%		6.21%		11.44%		16.33%		(17.22%)	
Inflation Responsive Fund	10.31%	25	10.06%	88	3.03%	79	4.06%	54	(12.05%)	84
Inflation Responsive Benchmark	10.28%	25	9.89%	88	2.65%	81	3.75%	58	(12.18%)	84
Callan Real Assets MFs	8.82%		16.72%		5.17%		4.49%		(6.13%)	

(1) As of 9/30/21, International Benchmark consists of MSCI ACWI ex-US IMI, previously consisted of MSCI ACWI ex-US.

Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

	12/2025-6/2026		2025		2024		2023		2022	
Tier 2: Active (Net of Fee)										
Stable Value Fund	**1.64%**	**12**	**3.21%**	**8**	**3.06%**	**11**	**2.72%**	**9**	**1.85%**	**14**
3 Yr US Treas Rolling	1.89%	7	3.74%	1	4.23%	1	4.31%	1	3.12%	1
T-Bill + 1.5%	2.48%	3	5.68%	1	6.75%	1	6.51%	1	2.96%	1
Callan Stable Value CT	1.34%		2.60%		2.44%		2.35%		1.47%	
Fixed Income Fund	**0.85%**	**58**	**8.02%**	**25**	**2.17%**	**62**	**7.14%**	**30**	**(14.40%)**	**68**
Blmbg Aggregate	0.62%	89	7.30%	76	1.25%	88	5.53%	91	(13.01%)	30
Callan Core Plus MFs	0.89%		7.59%		2.30%		6.56%		(13.91%)	
TCW Core Plus	0.54%	84	7.85%	18	1.06%	93	6.03%	44	(14.25%)	87
Blmbg Aggregate	0.62%	79	7.30%	68	1.25%	85	5.53%	86	(13.01%)	28
Callan Core Bond MFs	0.70%		7.40%		1.79%		5.96%		(13.48%)	
Prudential Core Plus	1.19%	14	8.21%	23	3.30%	13	8.30%	1	(14.61%)	75
Blmbg Aggregate	0.62%	89	7.30%	76	1.25%	88	5.53%	91	(13.01%)	30
Callan Core Plus MFs	0.89%		7.59%		2.30%		6.56%		(13.91%)	
Large Cap Core Equity Fund	**7.46%**	**49**	**15.76%**	**47**	**21.00%**	**55**	**29.29%**	**43**	**(21.50%)**	**61**
Russell 1000 Index	10.33%	30	17.37%	31	24.51%	45	26.53%	48	(19.13%)	54
Callan Lg Cap Broad MF	7.39%		15.59%		23.41%		25.85%		(18.55%)	
Hotchkis & Wiley Large Cap Value	6.55%	78	18.14%	25	12.60%	68	17.30%	19	(4.81%)	44
Russell 1000 Value Index	16.26%	21	15.91%	44	14.37%	49	11.46%	51	(7.54%)	74
Callan Lg Cap Value MF	10.53%		15.43%		14.18%		11.78%		(5.35%)	
Sands Capital Large Cap Growth	6.12%	32	14.85%	58	24.59%	81	52.09%	9	(48.65%)	99
Russell 1000 Growth Index	5.33%	37	18.56%	14	33.36%	25	42.68%	41	(29.14%)	29
Callan Large Cap Grwth MF	4.18%		15.34%		30.25%		40.65%		(31.70%)	
Loomis SaylesLarge Cap Growth	(5.39%)	94	15.60%	42	34.75%	22	52.01%	10	(27.31%)	19
Russell 1000 Growth Index	5.33%	37	18.56%	14	33.36%	25	42.68%	41	(29.14%)	29
Callan Large Cap Grwth MF	4.18%		15.34%		30.25%		40.65%		(31.70%)	
International Equity Fund	**6.89%**	**83**	**28.15%**	**60**	**6.14%**	**34**	**19.99%**	**17**	**(21.19%)**	**73**
International Benchmark (1)	13.05%	21	31.96%	45	5.23%	39	15.62%	75	(16.58%)	56
Callan Non US Equity MFs	9.77%		29.98%		4.41%		17.70%		(15.77%)	
Mondrian ACWI ex-US Value	5.45%	92	37.55%	24	6.23%	33	20.46%	14	(11.52%)	22
MSCI ACWI ex US	13.68%	18	32.39%	44	5.53%	37	15.62%	75	(16.00%)	55
MSCI ACWI ex US Value	14.49%	13	39.50%	14	6.04%	34	17.30%	52	(8.59%)	11
Callan Non US Equity MFs	9.77%		29.98%		4.41%		17.70%		(15.77%)	
Baillie Gifford ACWI ex-US Growth	6.45%	85	19.94%	87	5.50%	37	19.88%	18	(28.01%)	89
MSCI ACWI ex US	13.68%	18	32.39%	44	5.53%	37	15.62%	75	(16.00%)	55
MSCI ACWI ex US Growth	12.80%	22	25.65%	75	5.07%	40	14.03%	87	(23.05%)	79
Callan Non US Equity MFs	9.77%		29.98%		4.41%		17.70%		(15.77%)	
Small/Mid Cap Equity Fund	**20.26%**	**38**	**5.25%**	**45**	**6.78%**	**89**	**14.75%**	**63**	**(15.69%)**	**38**
Russell 2500 Index	22.71%	22	11.91%	7	12.00%	48	17.42%	45	(18.37%)	47
Callan SMID Broad MFs	18.40%		4.69%		11.71%		16.85%		(20.87%)	
Brown Advisory Small/Mid Cap Growth	17.90%	57	3.10%	63	5.50%	96	13.28%	85	(19.99%)	8
Russell 2500 Growth Index	19.66%	52	10.31%	11	13.90%	45	18.93%	47	(26.21%)	39
Callan SMID Growth MFs	19.94%		4.99%		13.06%		18.77%		(28.43%)	

(1) As of 9/30/21, International Benchmark consists of MSCI ACWI ex-US IMI, previously consisted of MSCI ACWI ex-US.

Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended June 30, 2026. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns and Rankings for Periods Ended June 30, 2026

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Since Inception	
Tier 2: Active (Gross of Fee)										
Stable Value Fund										
Galliard Stable Value	0.83%	72	3.35%	43	3.22%	38	2.77%	42	2.59%	(1/11)
3 Yr US Treas Rolling	1.00%	8	3.72%	10	4.05%	6	3.52%	6	1.84%	(1/11)
T-Bill + 1.5%	1.25%	3	5.34%	2	6.14%	1	5.02%	1	3.04%	(1/11)
Callan Stable Value SA	0.85%		3.28%		3.05%		2.70%		-	
Fixed Income Fund										
TCW Core Plus	0.65%	94	4.13%	66	4.51%	73	0.09%	97	2.34%	(1/17)
Blmbg Aggregate	0.67%	94	3.79%	98	4.16%	94	0.08%	97	1.90%	(1/17)
Callan Core Bond FI	0.82%		4.22%		4.67%		0.49%		-	
Prudential Core Plus	1.15%	4	4.94%	2	5.78%	2	0.97%	4	3.21%	(1/15)
Blmbg Aggregate	0.67%	94	3.79%	98	4.16%	94	0.08%	97	1.85%	(1/15)
Callan Core Bond FI	0.82%		4.22%		4.67%		0.49%		-	
Large Cap Core Equity Fund										
Hotchkis & Wiley Large Cap Value	6.11%	85	20.86%	63	16.56%	62	10.88%	64	15.36%	(4/09)
Russell 1000 Value Index	13.87%	22	27.12%	31	17.79%	45	11.17%	56	13.56%	(4/09)
Callan Large Cap Value	11.01%		23.43%		17.24%		11.47%		-	
Sands Capital Large Cap Growth	22.52%	12	6.63%	84	20.34%	53	3.30%	93	18.11%	(4/09)
Russell 1000 Growth Index	16.74%	42	17.71%	27	22.58%	31	13.71%	17	18.07%	(4/09)
Callan Large Cap Growth	16.35%		14.13%		20.77%		11.16%		-	
Loomis SaylesLarge Cap Growth	6.98%	97	1.82%	93	17.92%	69	11.66%	40	16.27%	(8/14)
Russell 1000 Growth Index	16.74%	42	17.71%	27	22.58%	31	13.71%	17	16.79%	(8/14)
Callan Large Cap Growth	16.35%		14.13%		20.77%		11.16%		-	
BlackRock Russell 1000 Index	15.09%	23	22.00%	35	20.47%	43	12.64%	48	14.71%	(11/17)
Russell 1000 Index	15.14%	22	22.02%	35	20.47%	43	12.66%	48	14.73%	(11/17)
Callan Large Cap Core	13.63%		21.06%		20.02%		12.56%		-	
International Equity Fund										
Mondrian ACWI ex-US Value	5.64%	94	19.64%	61	18.39%	48	10.30%	40	9.30%	(4/09)
MSCI ACWI ex US	14.49%	25	27.66%	27	18.82%	41	8.79%	54	9.43%	(4/09)
MSCI ACWI ex US Value	12.15%	43	33.21%	11	22.43%	17	12.42%	17	9.35%	(4/09)
Callan NonUS Eq	11.59%		21.89%		18.15%		9.21%		-	
Baillie Gifford ACWI ex-US Growth	15.19%	21	8.30%	92	11.80%	87	2.13%	95	10.55%	(4/09)
MSCI ACWI ex US	14.49%	25	27.66%	27	18.82%	41	8.79%	54	9.43%	(4/09)
MSCI ACWI ex US Growth	17.04%	13	22.30%	48	15.33%	65	5.21%	87	9.39%	(4/09)
Callan NonUS Eq	11.59%		21.89%		18.15%		9.21%		-	
Small/Mid Cap Equity Fund										
AB SMID Value	15.98%	50	26.24%	67	-		-		11.77%	(4/24)
Russell 2500 Value Index	18.50%	19	38.54%	12	19.41%	16	10.28%	50	18.48%	(4/24)
Callan Small/MidCap Value	16.00%		28.83%		16.44%		10.24%		-	
Earnest Partners Small/Mid Cap	13.95%	86	30.88%	43	13.40%	70	8.66%	49	8.72%	(4/21)
Russell 2500 Index	20.26%	39	36.72%	19	18.40%	28	8.30%	52	8.98%	(4/21)
Callan Small/MidCap Core	18.50%		29.18%		15.71%		8.59%		-	
Brown Advisory Small/Mid Cap Growth	19.70%	56	21.93%	65	10.01%	72	3.26%	66	14.52%	(4/09)
Russell 2500 Growth Index	24.02%	32	32.94%	40	16.40%	41	4.98%	45	14.84%	(4/09)
Callan Sm/MidCap Growth	20.25%		27.97%		15.18%		4.85%		-	
BlackRock Russell 2500 Index	20.31%	38	36.98%	19	18.66%	25	8.34%	52	11.25%	(11/17)
Russell 2500 Index	20.26%	39	36.72%	19	18.40%	28	8.30%	52	11.11%	(11/17)
Callan Small/MidCap Core	18.50%		29.18%		15.71%		8.59%		-	

Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

	12/2025-6/2026		2025		2024		2023		2022	
Tier 2: Active (Gross of Fee)										
Stable Value Fund										
Galliard Stable Value	1.65%	62	3.30%	42	3.18%	32	2.83%	28	1.98%	54
3 Yr US Treas Rolling	1.89%	10	3.74%	9	4.23%	4	4.31%	3	3.12%	4
T-Bill + 1.5%	2.48%	2	5.68%	2	6.75%	1	6.51%	1	2.96%	4
Callan Stable Value SA	1.66%		3.15%		2.96%		2.74%		2.02%	
Fixed Income Fund										
TCW Core Plus	0.62%	96	8.01%	13	1.12%	97	6.19%	49	(14.12%)	96
Blmbg Aggregate	0.62%	96	7.30%	93	1.25%	93	5.53%	86	(13.01%)	58
Callan Core Bond FI	0.84%		7.66%		1.93%		6.17%		(12.91%)	
Prudential Core Plus	1.19%	6	8.21%	8	3.30%	4	8.30%	1	(14.61%)	98
Blmbg Aggregate	0.62%	96	7.30%	93	1.25%	93	5.53%	86	(13.01%)	58
Callan Core Bond FI	0.84%		7.66%		1.93%		6.17%		(12.91%)	
Large Cap Core Equity Fund										
Hotchkis & Wiley Large Cap Value	6.75%	81	18.59%	28	13.04%	68	17.75%	18	(4.39%)	49
Russell 1000 Value Index	16.26%	24	15.91%	56	14.37%	57	11.46%	63	(7.54%)	80
Callan Large Cap Value	11.41%		16.42%		15.53%		12.85%		(4.93%)	
Sands Capital Large Cap Growth	6.35%	41	15.34%	57	25.15%	69	52.73%	3	(48.40%)	97
Russell 1000 Growth Index	5.33%	49	18.56%	21	33.36%	25	42.68%	36	(29.14%)	44
Callan Large Cap Growth	5.23%		15.84%		29.97%		40.41%		(29.99%)	
Loomis SaylesLarge Cap Growth	(5.20%)	96	16.01%	48	35.22%	21	52.54%	5	(27.00%)	32
Russell 1000 Growth Index	5.33%	49	18.56%	21	33.36%	25	42.68%	36	(29.14%)	44
Callan Large Cap Growth	5.23%		15.84%		29.97%		40.41%		(29.99%)	
International Equity Fund										
Mondrian ACWI ex-US Value	5.64%	82	38.04%	25	6.63%	41	20.91%	19	(11.16%)	22
MSCI ACWI ex US	13.68%	29	32.39%	53	5.53%	54	15.62%	80	(16.00%)	53
MSCI ACWI ex US Value	14.49%	24	39.50%	18	6.04%	49	17.30%	60	(8.59%)	13
Callan NonUS Eq	10.41%		32.78%		5.96%		18.14%		(15.20%)	
Baillie Gifford ACWI ex-US Growth	6.59%	75	20.24%	85	5.77%	52	20.17%	27	(27.82%)	92
MSCI ACWI ex US	13.68%	29	32.39%	53	5.53%	54	15.62%	80	(16.00%)	53
MSCI ACWI ex US Growth	12.80%	33	25.65%	71	5.07%	58	14.03%	91	(23.05%)	83
Callan NonUS Eq	10.41%		32.78%		5.96%		18.14%		(15.20%)	
Small/Mid Cap Equity Fund										
Brown Advisory Small/Mid Cap Growth	18.10%	51	3.51%	61	5.84%	91	13.73%	81	(19.67%)	6
Russell 2500 Growth Index	19.66%	46	10.31%	37	13.90%	48	18.93%	39	(26.21%)	34
Callan Sm/MidCap Growth	18.36%		6.88%		13.69%		18.53%		(28.40%)	

Galliard Stable Value
Period Ended June 30, 2026

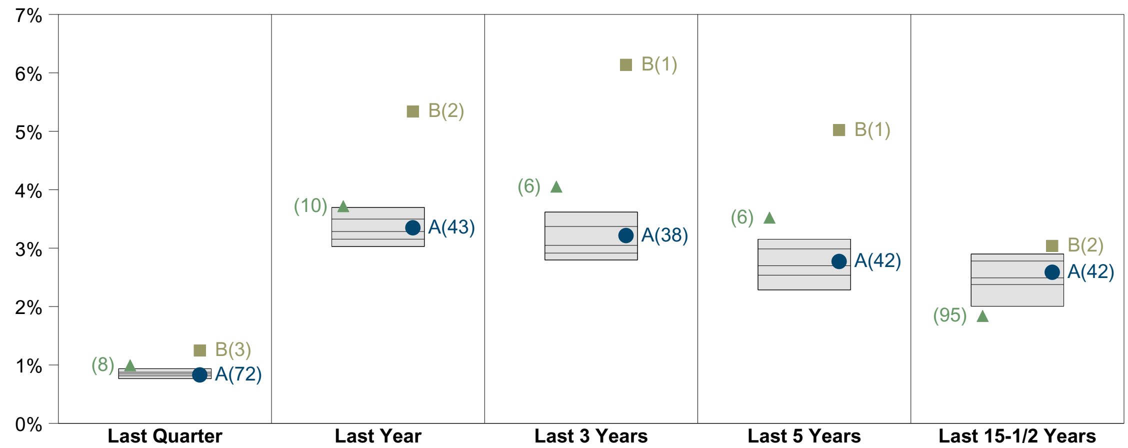
Investment Philosophy

Galliard manages stable value portfolios with a focus on principal preservation, liquidity, and income generation. These goals are balanced with a conservative approach to underlying fixed income portfolios and active wrap contract management. Galliard's fixed income team seeks to generate diversified sources of income over treasuries by emphasizing higher quality sectors, while external managers are systematically reviewed and approved as subadvisers to complement the overall structure.

Quarterly Summary and Highlights

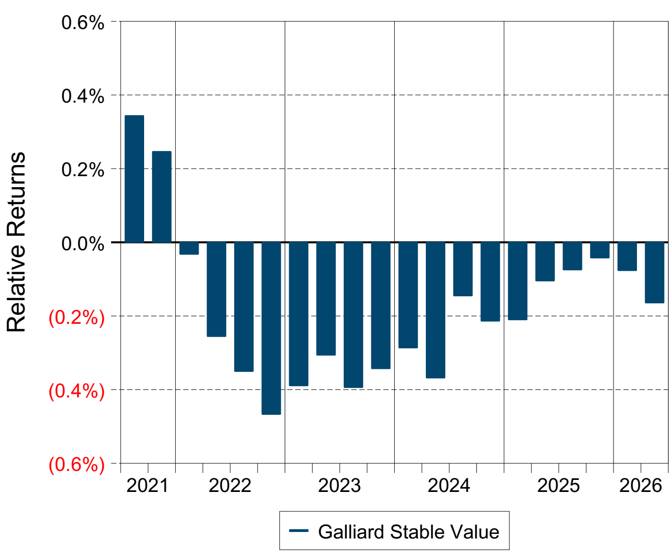
- Galliard Stable Value's portfolio posted a 0.83% return for the quarter placing it in the 72 percentile of the Callan Stable Value SA (Gross) group for the quarter and in the 43 percentile for the last year.
- Galliard Stable Value's portfolio underperformed the 3 Yr Constant Maturity Yield by 0.17% for the quarter and underperformed the 3 Yr Constant Maturity Yield for the year by 0.37%.

Performance vs Callan Stable Value SA (Gross)

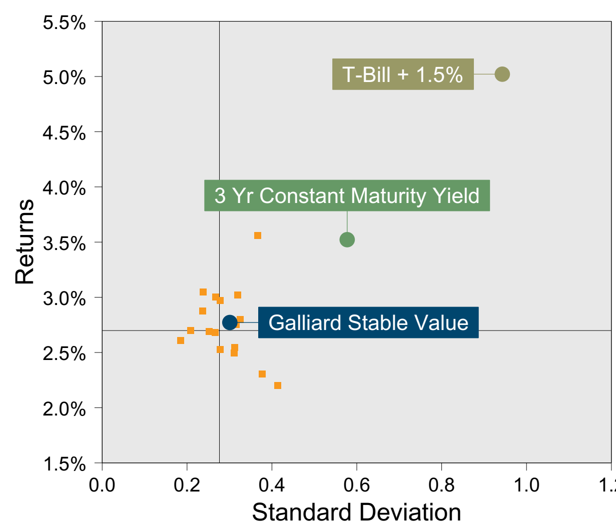


		Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 15-1/2 Years
10th Percentile		0.94	3.70	3.62	3.15	2.90
25th Percentile		0.88	3.50	3.37	2.99	2.78
Median		0.85	3.28	3.05	2.70	2.49
75th Percentile		0.81	3.15	2.92	2.54	2.38
90th Percentile		0.77	3.03	2.80	2.29	2.00
Galliard Stable Value	● A	0.83	3.35	3.22	2.77	2.59
T-Bill + 1.5%	■ B	1.25	5.34	6.14	5.02	3.04
3 Yr Constant Maturity Yield	▲	1.00	3.72	4.05	3.52	1.84

Relative Returns vs 3 Yr Constant Maturity Yield



Callan Stable Value SA (Gross) Annualized Five Year Risk vs Return

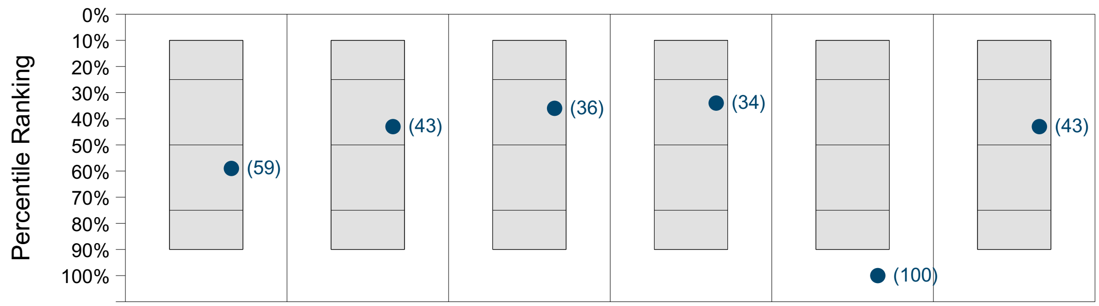


Galliard Stable Value
Stable Value Characteristics Analysis Summary

Portfolio Characteristics

This graph compares the stable value fund's portfolio characteristics with the range of characteristics for the portfolios which make up the fund's style group. This analysis illustrates whether the fund's current structure is consistent with other funds employing the same style.

Portfolio Characteristics Percentile Rankings
Rankings Against Callan Stable Value SA
as of June 30, 2026

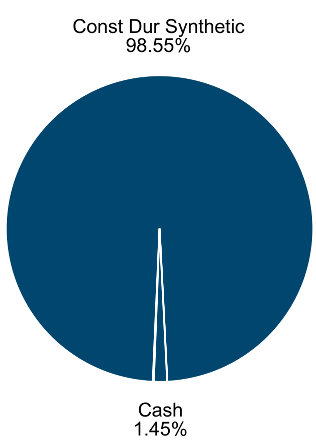


	Duration	Market/Book Ratio	Crediting Rate	Yield on Underlying Assets	Wrap Fees	Sub-Advisory Fees
10th Percentile	4.09	97.52	4.34	6.03	0.15	0.13
25th Percentile	3.67	97.21	3.63	4.82	0.15	0.10
Median	3.36	96.85	3.42	4.53	0.15	0.05
75th Percentile	3.01	95.98	3.24	4.41	0.15	0.00
90th Percentile	2.75	94.82	3.19	4.25	0.15	(0.00)
Galliard Stable Value ●	3.27	96.93	3.52	4.69	0.15	0.07
3 Yr Constant Maturity Yield ▲	-	-	-	-	-	-

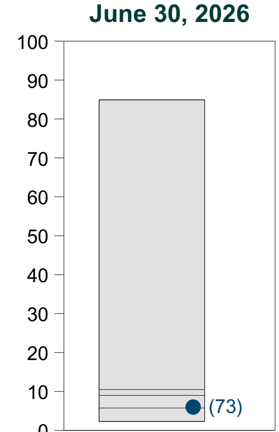
Wrap Structure and Diversification

The graph below represents the stable value fund's wrap contract structure as of the most recent reporting period. The fund's overall wrap structure may include exposure to constant duration or maturing synthetic GIC contracts, traditional GIC contracts, cash, or other exposures. These contracts allow stable value portfolios to maintain book value accounting practices and a stable net asset value.

Portfolio Wrap Exposure
June 30, 2026



Wrap Contract Diversification
June 30, 2026



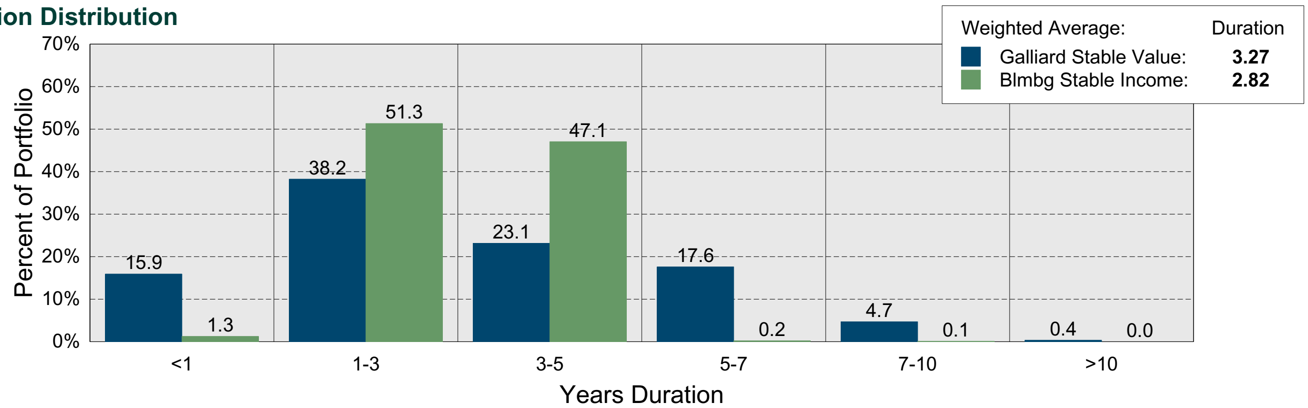
	Number of Wrap Providers
10th Percentile	84.9
25th Percentile	10.5
Median	9.0
75th Percentile	5.8
90th Percentile	2.3
Galliard Stable Value ●	6.0

Galliard Stable Value
Stable Value Portfolio Characteristics Summary
As of June 30, 2026

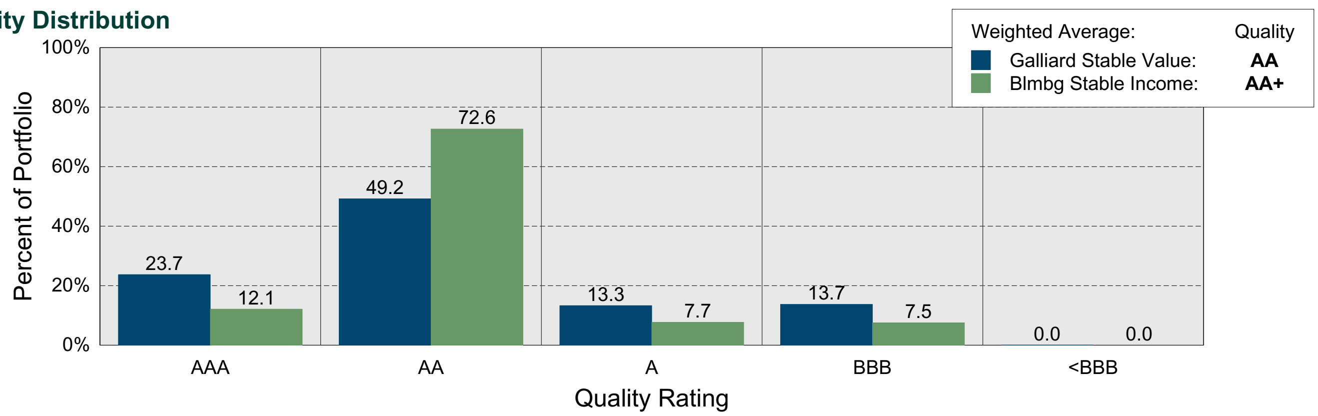
Portfolio Structure Comparison

The charts below compare the structure of the portfolio to that of the index from two perspectives that have the greatest influence on return. The first chart compares the portfolio's duration distribution versus the benchmark, and the second chart compares the distributions across quality ratings.

Duration Distribution



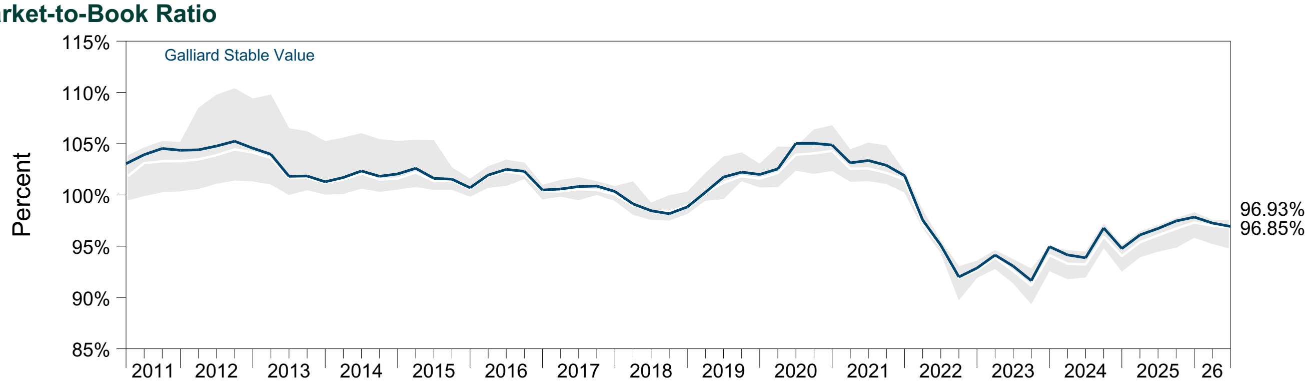
Quality Distribution



Market-to-Book Ratio Over Time

The chart below depicts the historical movement of the stable value portfolio's market-to-book ratio over time. This statistic measures the overall "health" of the underlying portfolio. Portfolios with market-to-book ratios closer to 100% will be better positioned to absorb flows and should offer greater return stability over time. As a backdrop the range (from 10th to 90th percentile) is shown along with a white median line for the Callan Stable Value SA Universe.

Market-to-Book Ratio



Equity Market Indicators

The market indicators included in this report are regarded as measures of equity or fixed income performance results. The returns shown reflect both income and capital appreciation.

Russell 1000 Growth Index Measures the performance of the large-cap growth segment of the US equity universe. It includes those Russell 1000 companies with relatively higher price-to-book ratios, higher I/B/E/S forecast medium term (2 year) growth and higher sales per share historical growth (5 years). The Russell 1000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics.

Russell 1000 Value Index Measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000 companies with relatively lower price-to-book ratios, lower I/B/E/S forecast medium term (2 year) growth and lower sales per share historical growth (5 years). The Russell 1000 Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics

Russell 2000 Value Index Measures the performance of the small-cap value segment of the US equity universe. It includes those Russell 2000 companies with relatively lower price-to-book ratios, lower I/B/E/S forecast medium term (2 year) growth and lower sales per share historical growth (5 years). The Russell 2000 Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics

Russell 2500 Growth Index Measures the performance of the small to mid-cap growth segment of the US equity universe. It includes those Russell 2500 companies with relatively higher price-to-book ratios, higher I/B/E/S forecast medium term (2 year) growth and higher sales per share historical growth (5 years). The Russell 2500 Growth Index is constructed to provide a comprehensive and unbiased barometer of the small to mid-cap growth market. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set and that the represented companies continue to reflect growth characteristics.

Russell MidCap Growth Idx Measures the performance of the mid-cap growth segment of the US equity universe. It includes those Russell Midcap Index companies with relatively higher price-to-book ratios, higher I/B/E/S forecast medium term (2 year) growth and higher sales per share historical growth (5 years). The Russell Midcap Growth Index is constructed to provide a comprehensive and unbiased barometer of the mid-cap growth market. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap growth market.

S&P 500 Index Measures performance of top 500 companies in leading industries of U.S. economy. The index covers approximately 80% of available market capitalization.

Fixed Income Market Indicators

3-month Treasury Bill Provides a measure of riskless return. The rate of return is the average interest rate available on the beginning of each month for a Treasury Bill maturing in ninety days.

Bloomberg Aggregate Represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

International Equity Market Indicators

MSCI EAFE (Net) Is composed of approximately 1000 equity securities representing the stock exchanges of Europe, Australia, New Zealand and the Far East. The index is capitalization-weighted and is expressed in terms of U.S. dollars.

Callan Databases

In order to provide comparative investment results for use in evaluating a fund's performance, Callan gathers rate of return data from investment managers. These data are then grouped by type of assets managed and by the type of investment manager. Except for mutual funds, the results are for tax-exempt fund assets. The databases, excluding mutual funds, represent investment managers who handle over 80% of all tax-exempt fund assets.

Equity Funds

Equity funds concentrate their investments in common stocks and convertible securities. The funds included maintain well-diversified portfolios.

Core Equity - Mutual funds whose portfolio holdings and characteristics are similar to that of the broader market as represented by the Standard & Poor's 500 Index, with the objective of adding value over and above the index, typically from sector or issue selection. The core portfolio exhibits similar risk characteristics to the broad market as measured by low residual risk with Beta and R-Squared close to 1.00.

Large Cap Growth - Mutual Funds that invest mainly in large companies that are expected to have above average prospects for long-term growth in earnings and profitability. Future growth prospects take precedence over valuation levels in the stock selection process. Invests in companies with P/E ratios, Price-to-Book values, Return-on-Assets values, Growth-in-Earnings values above the broader market. The companies typically have zero dividends or dividend yields below the broader market. Invests in securities which exhibit greater volatility than the broader market as measured by the securities' Beta and Standard Deviation.

Large Cap Value - Mutual funds that invest in predominantly large capitalization companies believed to be currently undervalued in the general market. The companies are expected to have a near-term earnings rebound and eventual realization of expected value. Valuation issues take precedence over near-term earnings prospects in the stock selection process. Invests in companies with P/E rations and Price-to-Book values below the broader market. Usually exhibits lower risk than the broader market as measured by the Beta and Standard Deviation.

Non-U.S. Equity Style Mutual Funds - Mutual funds that invest their assets only in non-U.S. equity securities but exclude regional and index funds.

Small Capitalization (Value) - Mutual funds that invest in small capitalization companies that are believed to be currently undervalued in the general market. Valuation issues take precedence over near-term earnings prospects in the stock selection process. The companies are expected to have a near-term earnings rebound and eventual realization of expected value. Invests in companies with P/E ratios, Return-on-Equity values, and Price-to-Book values below the broader market as well as the small capitalization market segment. The companies typically have dividend yields in the high range for the small capitalization market. Invests in securities with risk/reward profiles in the lower risk range of the small capitalization market.

Small/Middle Capitalization - Managers who invest primarily in small to middle capitalization range companies with market capitalization below core equity companies. The market capitalization is about the upper quartile of the Small Cap group and the lower decile of the Mid Cap group. The Small/Mid Cap Broad style invests in securities with greater volatility than the broader market as measured by the risk statistics Beta and Standard Deviation. This style consists of the Small/Mid Cap Growth and the Small/Mid Cap Value Style Groups and other funds classified strictly as Small/Mid Cap Broad.

Callan Databases

In order to provide comparative investment results for use in evaluating a fund's performance, Callan gathers rate of return data from investment managers. These data are then grouped by type of assets managed and by the type of investment manager. Except for mutual funds, the results are for tax-exempt fund assets. The databases, excluding mutual funds, represent investment managers who handle over 80% of all tax-exempt fund assets.

Fixed Income Funds

Fixed Income funds concentrate their investments in bonds, preferred stocks, and money market securities. The funds included maintain well-diversified portfolios.

Core Bond - Mutual Funds that construct portfolios to approximate the investment results of the Bloomberg Barclays Capital Government/Credit Bond Index or the Bloomberg Barclays Capital Aggregate Bond Index with a modest amount of variability in duration around the index. The objective is to achieve value added from sector and/or issue selection.

Stable Value - The Stable Value database group is comprised of funds that invest primarily in Guaranteed Investment Contracts (GICs) and Synthetic Investment Contracts (SICs) to provide principal protection, stable book value and a guaranteed rate of return over a contractually specified time period. Common benchmarks for the universe include but not limited to, are the Ryan Labs GIC Master indices and the Hueler Stable Value Index.

Risk/Reward Statistics

The risk statistics used in this report examine performance characteristics of a manager or a portfolio relative to a benchmark (market indicator) which assumes to represent overall movements in the asset class being considered. The main unit of analysis is the excess return, which is the portfolio return minus the return on a risk free asset (3 month T-Bill).

Alpha measures a portfolio's return in excess of the market return adjusted for risk. It is a measure of the manager's contribution to performance with reference to security selection. A positive alpha indicates that a portfolio was positively rewarded for the residual risk which was taken for that level of market exposure.

Beta measures the sensitivity of rates of portfolio returns to movements in the market index. A portfolio's beta measures the expected change in return per 1% change in the return on the market. If a beta of a portfolio is 1.5, a 1 percent increase in the return on the market will result, on average, in a 1.5 percent increase in the return on the portfolio. The converse would also be true.

Downside Risk stems from the desire to differentiate between "good risk" (upside volatility) and "bad risk" (downside volatility). Whereas standard deviation punishes both upside and downside volatility, downside risk measures only the standard deviation of returns below the target. Returns above the target are assigned a deviation of zero. Both the frequency and magnitude of underperformance affect the amount of downside risk.

Excess Return Ratio is a measure of risk adjusted relative return. This ratio captures the amount of active management performance (value added relative to an index) per unit of active management risk (tracking error against the index.) It is calculated by dividing the manager's annualized cumulative excess return relative to the index by the standard deviation of the individual quarterly excess returns. The Excess Return Ratio can be interpreted as the manager's active risk/reward tradeoff for diverging from the index when the index is mandated to be the "riskless" market position.

Information Ratio measures the manager's market risk-adjusted excess return per unit of residual risk relative to a benchmark. It is computed by dividing alpha by the residual risk over a given time period. Assuming all other factors being equal, managers with lower residual risk achieve higher values in the information ratio. Managers with higher information ratios will add value relative to the benchmark more reliably and consistently.

R-Squared indicates the extent to which the variability of the portfolio returns are explained by market action. It can also be thought of as measuring the diversification relative to the appropriate benchmark. An r-squared value of .75 indicates that 75% of the fluctuation in a portfolio return is explained by market action. An r-squared of 1.0 indicates that a portfolio's returns are entirely related to the market and it is not influenced by other factors. An r-squared of zero indicates that no relationship exists between the portfolio's return and the market.

Relative Standard Deviation is a simple measure of a manager's risk (volatility) relative to a benchmark. It is calculated by dividing the manager's standard deviation of returns by the benchmark's standard deviation of returns. A relative standard deviation of 1.20, for example, means the manager has exhibited 20% more risk than the benchmark over that time period. A ratio of .80 would imply 20% less risk. This ratio is especially useful when analyzing the risk of investment grade fixed-income products where actual historical durations are not available. By using this relative risk measure over rolling time periods one can illustrate the "implied" historical duration patterns of the portfolio versus the benchmark.

Residual Portfolio Risk is the unsystematic risk of a fund, the portion of the total risk unique to the fund (manager) itself and not related to the overall market. This reflects the "bets" which the manager places in that particular asset market. These bets may reflect emphasis in particular sectors, maturities (for bonds), or other issue specific factors which the manager considers a good investment opportunity. Diversification of the portfolio will reduce or eliminate the residual risk of that portfolio.

Risk/Reward Statistics

Rising Declining Periods refer to the sub-asset class cycles vis-a-vis the broader asset class. This is determined by evaluating the cumulative relative sub-asset class index performance to that of the broader asset class index. For example, to determine the Growth Style cycle, the S&P 500 Growth Index (sub-asset class) performance is compared to that of the S&P 500 Index (broader asset class).

Sharpe Ratio is a commonly used measure of risk-adjusted return. It is calculated by subtracting the "risk-free" return (usually 3 Month Treasury Bill) from the portfolio return and dividing the resulting "excess return" by the portfolio's risk level (standard deviation). The result is a measure of return gained per unit of risk taken.

Sortino Ratio is a downside risk-adjusted measure of value-added. It measures excess return over a benchmark divided by downside risk. The natural appeal is that it identifies value-added per unit of truly bad risk. The danger of interpretation, however, lies in these two areas: (1) the statistical significance of the denominator, and (2) its reliance on the persistence of skewness in return distributions.

Standard Deviation is a statistical measure of portfolio risk. It reflects the average deviation of the observations from their sample mean. Standard deviation is used as an estimate of risk since it measures how wide the range of returns typically is. The wider the typical range of returns, the higher the standard deviation of returns, and the higher the portfolio risk. If returns are normally distributed (ie. has a bell shaped curve distribution) then approximately 2/3 of the returns would occur within plus or minus one standard deviation from the sample mean.

Total Portfolio Risk is a measure of the volatility of the quarterly excess returns of an asset. Total risk is composed of two measures of risk: market (non-diversifiable or systematic) risk and residual (diversifiable or unsystematic) risk. The purpose of portfolio diversification is to reduce the residual risk of the portfolio.

Tracking Error is a statistical measure of a portfolio's risk relative to an index. It reflects the standard deviation of a portfolio's individual quarterly or monthly returns from the index's returns. Typically, the lower the Tracking Error, the more "index-like" the portfolio.

Treynor Ratio represents the portfolio's average excess return over a specified period divided by the beta relative to its benchmark over that same period. This measure reflects the reward over the risk-free rate relative to the systematic risk assumed.

Note: Alpha, Total Risk, and Residual Risk are annualized.

Disclosures

Important Disclosures

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Callan does not provide holdings-level monitoring for client portfolios and does not evaluate the appropriateness, risk or characteristics of individual holdings in client portfolios.

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