

**State of North Carolina**

FEBRUARY 24, 2022

# STATE OF NORTH CAROLINA

## TABLE OF CONTENTS

---

<b>SECTION I:</b>	Galliard Capital Management Firm Update
<b>SECTION II:</b>	State of North Carolina Stable Value Portfolio Review
<b>SECTION III:</b>	Investment Manager Performance & Positioning

## SECTION I

---

# GALLIARD CAPITAL MANAGEMENT

## A NEW CHAPTER BEGINS

### INTRODUCING ALLSPRING GLOBAL INVESTMENTS

- Nov. 1, 2021 – Sale by Wells Fargo & Co of Wells Fargo Asset Management (WFAM) and all related legal entities (Including Galliard) culminates on schedule. New name for parent company is Allspring Global Investments.
  - Private equity firms GTCR LLC and Reverence Capital Partners L.P. now own 70% of Allspring. Wells Fargo is an investor with a minority 9.9% stake.
  - Select senior investment personnel and senior leadership at Allspring and Galliard were given the opportunity to participate in an equity purchase plan for the new Allspring company. Approximately 20% of Allspring equity is now owned by Allspring employees. Existing compensation and incentive plans also remain in place at Galliard.
  - Joe Sullivan officially starts as new Executive Chairman and CEO of Allspring.
- Jan. 25, 2022 – Wells Fargo collective fund (CIT) trustee business names SEI trust company as Successor Trustee for the CIT business. SEI trustee transition set for April 1.

### GALLIARD CAPITAL MANAGEMENT CONTINUES AS A SEPARATE LEGAL ENTITY

- Galliard brand, investment team and philosophy and process, executive management, and client servicing continues as before.
- Galliard emails remain the same, but phone numbers have changed.
- Anticipating return to office late 1Q'22.

# GALLIARD CAPITAL MANAGEMENT

## WHO WE ARE

# \$92.1 B

TOTAL AUM

# \$74.4 B

TOTAL STABLE VALUE AUM

# 80+

STABLE VALUE SEPARATE ACCOUNTS

# 102

EMPLOYEES ON STAFF<sup>1</sup>

<sup>1</sup>15 of which are Galliard-dedicated deferred professionals

Offer **separate account** and **collective fund** solutions for clients

# 205+

INSTITUTIONAL CLIENTS

CLIENT RELATIONSHIP TENURE



**~88%** of our clients have worked with Galliard for greater than **5 years**

**53** of those relationships exceed **15 years** with Galliard

CLIENT TYPES

- Corporate
- Public Entities
- Taft-Hartley
- Operating Funds
- Healthcare
- Insurance Reserves
- Foundations / Endowments

FORTUNE 100 / 500

**18** Fortune 100 clients; **54** Fortune 500 clients<sup>2</sup>

<sup>2</sup>2021 Fortune 500 edition, data as of December 31, 2020

# 25 YEARS

OF EXCLUSIVE FOCUS ON

**FIXED INCOME & STABLE VALUE**

**Senior Professionals**  
**Average Years of Experience:**

Stable value strategy and contract – **22**  
Stable value and contract – **23**  
Fixed income portfolio management – **21**

Galliard is one of the **largest** managers of stable value assets<sup>3</sup>

<sup>3</sup>Pensions & Investments May 31, 2021 edition, data as of December 31, 2020; Total assets 'ranked' are managed by Galliard and reported under WFAM

## SECTION II

---

# STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

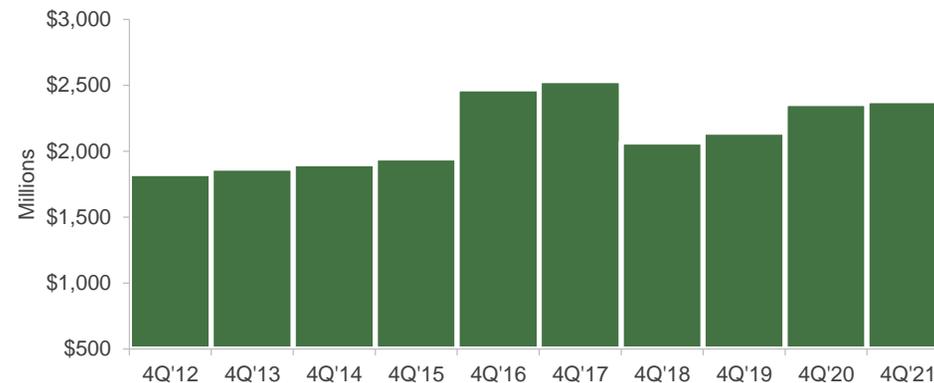
## PORTFOLIO CHARACTERISTICS

### STATE OF NORTH CAROLINA STABLE VALUE FUND

#### ACCOUNT SUMMARY

<b>Benchmark</b>	ICE BofAML US 3-Month Tsy Bill Index+150 bps, 3 Year Constant Maturity Treasury
<b>Galliard Inception Date</b>	December 1, 2010
<b>Net Asset Value</b>	\$2,382,429,186

### HISTORICAL FUND ASSETS



### PORTFOLIO CHARACTERISTICS

	Portfolio 9/30/21	Portfolio 12/31/21
<b>Average Quality - Book Value<sup>1</sup></b>	A+	A+
<b>Average Quality - Market Value<sup>2</sup></b>	AA	AA
<b>Number of Contract Issuers</b>	5	5
<b>Blended Yield (after all fees)<sup>3</sup></b>	1.65%	1.65%
<b>Yield to Maturity</b>	1.01%	1.35%
<b>Effective Duration</b>	3.20 years	3.21 years
<b>Market/Book Value Ratio</b>	102.89%	101.88%

### PORTFOLIO DISTRIBUTION

	% Portfolio 9/30/21	% Portfolio 12/31/21
<b>Liquidity Buffer: Cash &amp; Equivalents<sup>4</sup></b>	3.0	1.7
<b>Short Portfolio</b>	32.7	33.1
<b>Intermediate Portfolio</b>	64.3	65.2
<b>Total</b>	<b>100.0%<sup>5</sup></b>	<b>100.0%<sup>5</sup></b>

1: Average holdings quality of the contracts and other book value assets in the portfolio. The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

2: Average holdings quality of the underlying assets of the portfolio. The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

3: Blended Yield is net of all fees, including book value contract fees, Galliard investment management fees, and, if applicable, external manager fees, Wells Fargo collective fund administrative fees, and plan administrative reimbursement.

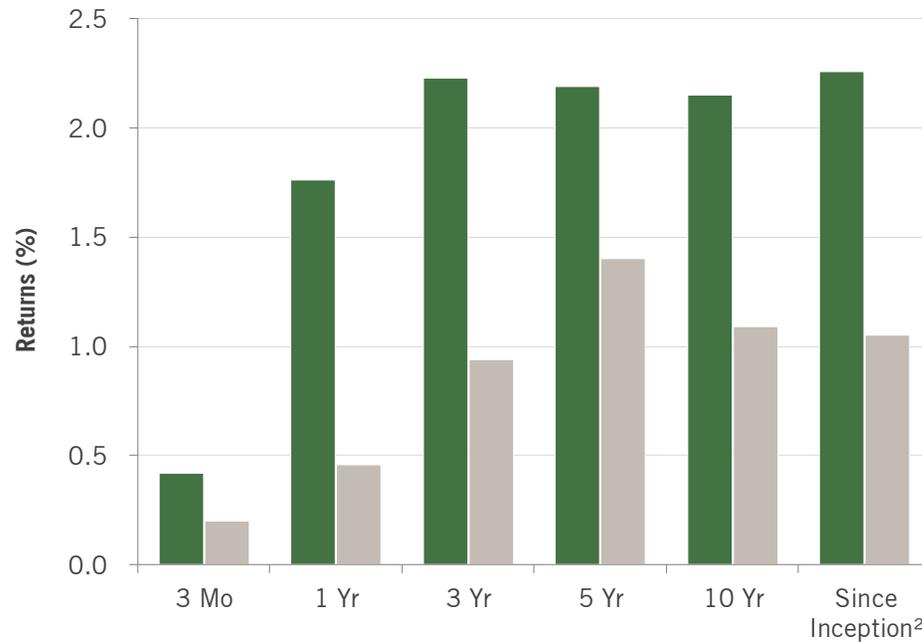
4: Includes Receivables and Payables.

5: Total % of portfolio may not add to 100% due to rounding.

## STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

### ANNUALIZED INVESTMENT PERFORMANCE

#### ANNUALIZED INVESTMENT PERFORMANCE AS OF 12/31/21<sup>1</sup>



	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception <sup>2</sup>
State of North Carolina Stable Value Fund (net of all fees - NAV level) <sup>3</sup>	0.42	1.76	2.23	2.19	2.15	2.26
3 Year Constant Maturity Treasury Yield	0.20	0.46	0.94	1.40	1.09	1.05
ICE BofA U.S. 3-Month Treasury Bill Index + 150 bps	0.39	1.56	2.52	2.67	2.15	2.10
<b>Value Added (net of all fees - NAV level)<sup>4</sup></b>	<b>0.22</b>	<b>1.30</b>	<b>1.29</b>	<b>0.79</b>	<b>1.06</b>	<b>1.21</b>

1: Returns for periods of less than one year are not annualized.

2: Returns are net of all fees, including book value contract fees, Galliard investment management fees, and, if applicable, external managers fees, Wells Fargo collective fund administrative fees, and plan administrative reimbursement

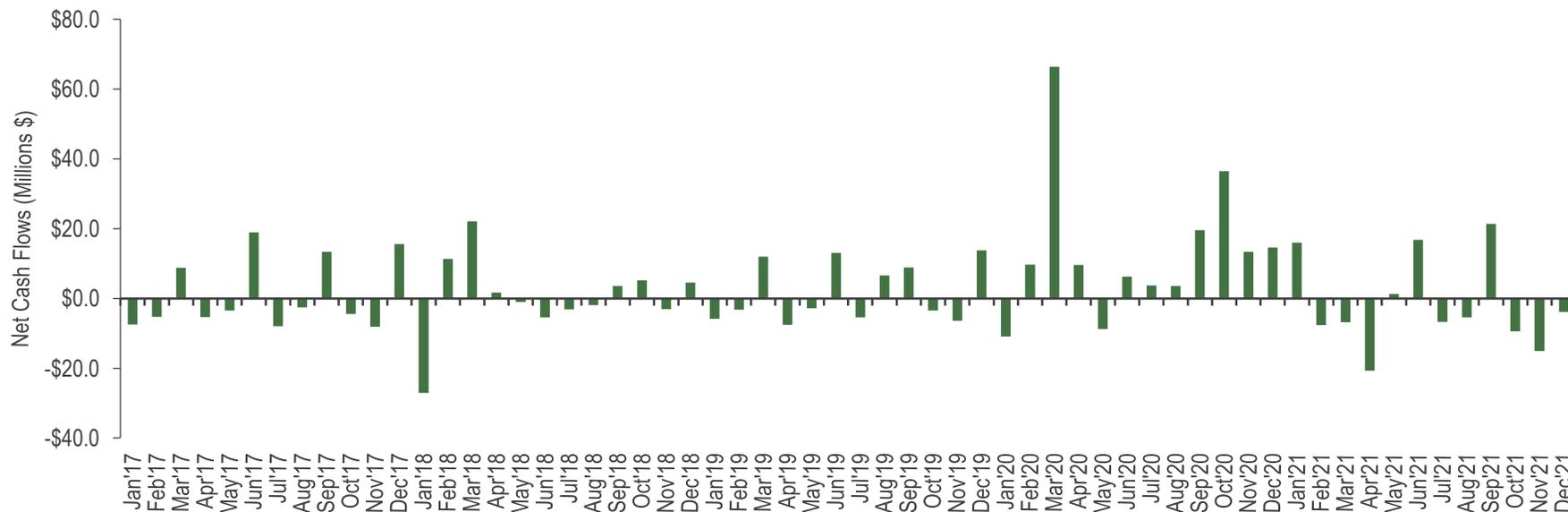
3: Galliard assumed management of this portfolio on December 1, 2010. Performance for periods referenced prior to this date include historical performance of another investment advisor.

4: May not add due to rounding.

# STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

## HISTORICAL CASHFLOWS

### HISTORICAL CASHFLOWS



	2017	2018	2019	2020	1Q'21	2Q'21	3Q'21	4Q'21	2021 YTD
Beginning Assets	\$2,472.8	\$2,535.1	\$2,069.8	\$2,143.4	\$2,360.5	\$2,373.6	\$2,381.4	\$2,400.6	\$2,360.5
Net Cash Flow (\$)¹	\$12.2	\$6.9³	\$19.8	\$163.5	\$1.5	-\$2.6	\$9.3	-\$28.4	-\$20.3
Net Cash Flow (%)	0.49%	0.27%	0.95%	7.63%	0.06%	-0.11%	0.39%	-1.18%	-0.86%
Estimated Investment Earnings	\$50.1	\$51.6	\$53.9	\$53.5	\$11.6	\$10.4	\$10.0	\$10.2	\$42.2
Ending Assets²	\$2,535.1	\$2,069.8	\$2,143.4	\$2,360.5	\$2,373.6	\$2,381.4	\$2,400.6	\$2,382.4	\$2,382.4

1: Contributions, Withdrawals and Investment Transfers

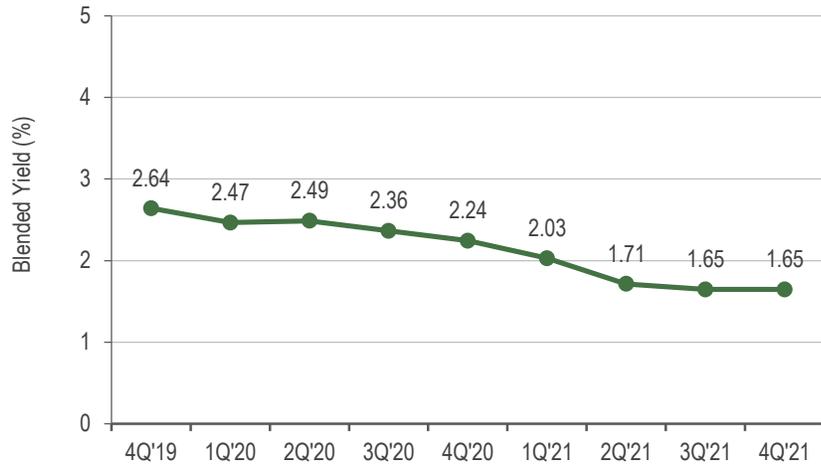
2: Cashflows may not net to final assets due to rounding.

3: Excludes Prudential GoalMaker withdrawal of approximately \$523.8 M on 6/8/18 for illustrative purposes.

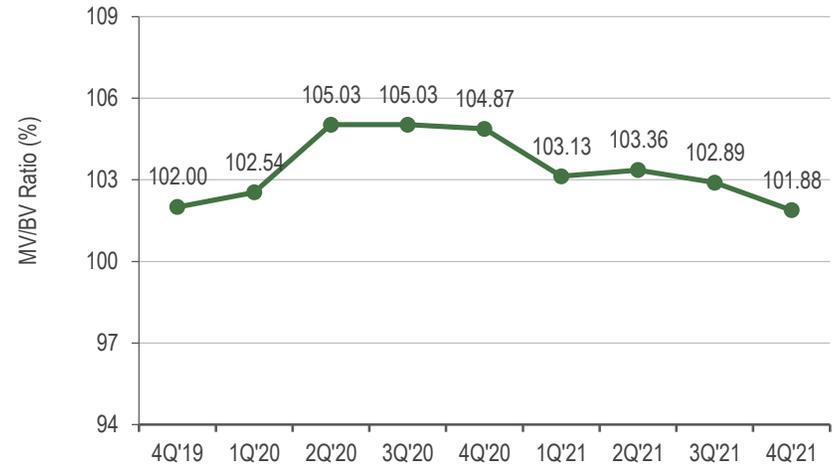
# STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

## HISTORICAL STATS

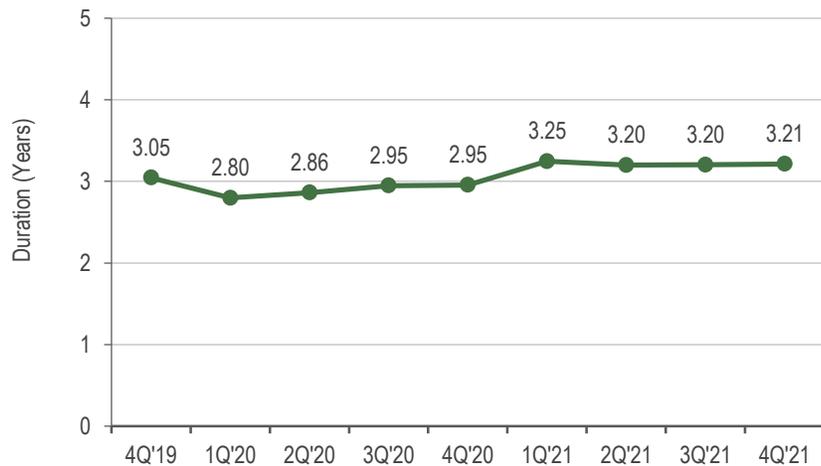
**HISTORICAL BLENDED YIELD<sup>1</sup>**



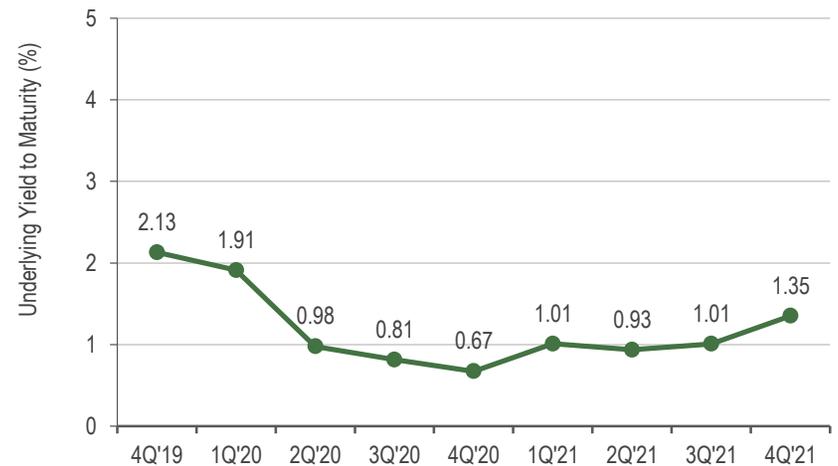
**HISTORICAL MARKET VALUE TO BOOK VALUE RATIO**



**HISTORICAL DURATION**



**HISTORICAL UNDERLYING YIELD TO MATURITY**



<sup>1</sup>: Blended Yield is net of all fees, including book value contract fees, Galliard investment management fees, and, if applicable, external manager fees, Wells Fargo collective fund administrative fees, and plan administrative reimbursement.

## STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

### CONTRACT ISSUERS

#### CONTRACT ISSUER DISTRIBUTION & RATING SUMMARY<sup>1</sup>

	Contract Type <sup>2</sup>	% Portfolio 9/30/21	% Portfolio 12/31/21	Rating 9/30/21	Rating 12/31/21	Wrap fees (bps) 9/30/21	Wrap fees (bps) 12/31/21
American General Life Ins. Co.	SBIC	19.4	19.6	A+	A+	15	15
Metropolitan Life Ins. Co.	SAGIC	10.3	10.4	AA-	AA-	17	17
Nationwide Life Ins. Co.	SBIC	20.2	20.5	A+	A+	15	15
Prudential Ins. Co. of America	SBIC	24.3	24.6	AA-	AA-	16	15
Transamerica Life Ins. Co.	SBIC	22.8	23.1	A+	A+	15	15

1: The quality rating shown represents the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

2: SBIC = Security Backed Investment Contract. SAGIC = Separate Account GIC

# STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW

## CONTRACT ISSUER CREDIT REVIEW PROCESS

### OVERSIGHT

#### Galliard Credit Working Group

- **MEMBERSHIP**: includes all analysts and traders from both the Credit Sector Team and Structured Sector Team
- Reports contract issuer credit oversight to Galliard's Stable Value Strategy Committee

### CREDIT REVIEW PROCESS

#### Approved Issuer List

- The Credit Working Group maintains an approved list of contract issuers on an ongoing basis
- All contracts used in stable value accounts must be written by an approved issuer

#### Credit Working Group Review, Approval & Monitoring

- Meets monthly to review issuer credit quality and firm-wide exposure to approved contract issuers
- Oversees analysts' due diligence and formal credit reviews for each issuer
- Fundamental analysis of issuers includes:
  - Financial statements and ratios
  - Business model and product mix
  - Industry, economic, and regulatory environment
  - Regulatory ratios
  - Ratings agency analysis
  - Other third party research services (e.g. ALIRT, SNL)
  - Periodic due diligence calls and/or on-site visits

## STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW HOLDINGS

Asset ID	Security Description	Contract <sup>1</sup> Type	Manager	Book Value (\$)	Market Value (\$)	Market/Book Value Ratio (%)	% of Portfolio	Crediting Rate (%) <sup>2</sup>	UCA Yield (%)	Effective Duration (yrs)	Galliard Composite Rating	Wrap Fees (bps)
<b>LIQUIDITY BUFFER</b>												
	Cash Receivable / (Payable)			-1,454,918	-1,454,918	100.0	-0.1	0.07	0.07	0.10	AAA	
9983008\$P	WF/BlackRock Short Term Investment Fund S			42,719,761	42,719,761	100.0	1.8	0.07	0.07	0.10	AAA	
<b>TOTAL LIQUIDITY BUFFER</b>				41,264,843	41,264,843	100.0	1.7	0.07	0.07	0.10	AAA	
<b>SHORT PORTFOLIO</b>												
946996EE1	American General Life Ins. Co.	SBIC	Galliard	175,942,168	178,747,730	101.6	7.4	1.66	1.03	1.89	A+	15.0
896994GW4	Nationwide Life Ins. Co.	SBIC	Galliard	183,349,852	185,521,791	101.2	7.7	1.55	1.03	1.89	A+	15.0
744999CV3	Prudential Ins. Co. of America	SBIC	Galliard	221,894,659	227,778,069	102.7	9.3	2.07	1.03	1.89	AA-	15.0
600996QF2	Transamerica Life Ins. Co.	SBIC	Galliard	207,458,760	211,336,321	101.9	8.7	1.75	1.03	1.89	A+	15.0
<b>TOTAL SHORT PORTFOLIO</b>				788,645,439	803,383,912	101.9	33.1	1.77	1.03	1.89	A+	

1: SAGIC = Separate Account GIC. SBIC = Security Backed Investment Contract.

2: Crediting rates are net of wrap fees and any other fees being netted out of the rates.

## STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW HOLDINGS

Asset ID	Security Description	Contract <sup>1</sup> Type	Manager	Book Value (\$)	Market Value (\$)	Market/Book Value Ratio (%)	% of Portfolio	Crediting Rate (%) <sup>2</sup>	UCA Yield (%)	Effective Duration (yrs)	Galliard Composite Rating	Wrap Fees (bps)
<b>INTERMEDIATE PORTFOLIO</b>												
590994VM8	Metropolitan Life Ins. Co.	SAGIC	Dodge & Cox	248,084,563	253,859,553	102.3	10.4	2.11	1.70	3.97	AA-	17.0
946996EE1	American General Life Ins. Co.	SBIC	Payden & Rygel	51,541,322	52,363,197	101.6	2.2	1.66	1.53	3.97	A+	15.0
946996EE1	American General Life Ins. Co.	SBIC	Galliard	26,501,525	26,924,116	101.6	1.1	1.66	1.57	3.85	A+	15.0
946996EE1	American General Life Ins. Co.	SBIC	Jennison Assoc.	53,414,559	54,266,304	101.6	2.2	1.66	1.28	3.96	A+	15.0
946996EE1	American General Life Ins. Co.	SBIC	PGIM	107,367,549	109,079,624	101.6	4.5	1.66	1.79	4.43	A+	15.0
946996EE1	American General Life Ins. Co.	SBIC	TCW	52,864,948	53,707,929	101.6	2.2	1.66	1.38	3.67	A+	15.0
896994GW4	Nationwide Life Ins. Co.	SBIC	Payden & Rygel	54,882,667	55,532,800	101.2	2.3	1.55	1.53	3.97	A+	15.0
896994GW4	Nationwide Life Ins. Co.	SBIC	Galliard	140,270,281	141,931,905	101.2	5.9	1.55	1.57	3.85	A+	15.0
896994GW4	Nationwide Life Ins. Co.	SBIC	Jennison Assoc.	54,535,821	55,181,846	101.2	2.3	1.55	1.28	3.96	A+	15.0
896994GW4	Nationwide Life Ins. Co.	SBIC	TCW	54,803,396	55,452,590	101.2	2.3	1.55	1.38	3.67	A+	15.0
744999CV3	Prudential Ins. Co. of America	SBIC	Payden & Rygel	66,951,763	68,726,951	102.7	2.8	2.07	1.53	3.97	AA-	15.0
744999CV3	Prudential Ins. Co. of America	SBIC	TCW	66,853,983	68,626,578	102.7	2.8	2.07	1.38	3.67	AA-	15.0
744999CV3	Prudential Ins. Co. of America	SBIC	Galliard	90,352,137	92,747,772	102.7	3.8	2.07	1.57	3.85	AA-	15.0
744999CV3	Prudential Ins. Co. of America	SBIC	Jennison Assoc.	65,298,498	67,029,851	102.7	2.7	2.07	1.28	3.96	AA-	15.0
744999CV3	Prudential Ins. Co. of America	SBIC	PGIM	75,883,037	77,895,033	102.7	3.2	2.07	1.79	4.43	AA-	15.0
600996QF2	Transamerica Life Ins. Co.	SBIC	Jennison Assoc.	61,644,762	62,796,949	101.9	2.6	1.75	1.28	3.96	A+	15.0
600996QF2	Transamerica Life Ins. Co.	SBIC	Payden & Rygel	62,304,816	63,469,340	101.9	2.6	1.75	1.53	3.97	A+	15.0
600996QF2	Transamerica Life Ins. Co.	SBIC	Galliard	99,937,967	101,805,883	101.9	4.2	1.75	1.57	3.85	A+	15.0
600996QF2	Transamerica Life Ins. Co.	SBIC	PGIM	58,111,694	59,197,845	101.9	2.4	1.75	1.79	4.43	A+	15.0
600996QF2	Transamerica Life Ins. Co.	SBIC	TCW	60,913,617	62,052,139	101.9	2.6	1.75	1.38	3.67	A+	15.0
<b>TOTAL INTERMEDIATE PORTFOLIO</b>				<b>1,552,518,904</b>	<b>1,582,648,205</b>	<b>101.9</b>	<b>65.2</b>	<b>1.83</b>	<b>1.55</b>	<b>3.97</b>	<b>A+</b>	
<b>TOTAL PORTFOLIO</b>				<b>2,382,429,186</b>	<b>2,427,296,959</b>	<b>101.9</b>	<b>100.0</b>	<b>1.78</b>	<b>1.35</b>	<b>3.21</b>	<b>A+</b>	

1: SAGIC = Separate Account GIC. SBIC = Security Backed Investment Contract.  
2: Crediting rates are net of wrap fees and any other fees being netted out of the rates.

## STATE OF NORTH CAROLINA STABLE VALUE PORTFOLIO REVIEW EXPENSES

### TOTAL ANNUAL FUND OPERATING EXPENSES

Total Annual Operating Expenses are deducted directly from the Fund's net asset value and reduce the investment option's rate of return.

Expense	Expense Ratio 12/31/21	Per \$1000	Est. Annual Revenue
Investment Management Fees paid to Galliard	0.059%	\$0.59	\$1,396,350
Investment Management fees paid to Non-Affiliated Investment Advisors	0.057%	\$0.57	\$1,354,642
Investment Contract Fees <sup>1</sup>	0.149%	\$1.49	\$3,561,363
Acquired Fund Fees <sup>2</sup>	0.001%	\$0.01	\$34,176
- Investment Contract Fees	None	None	None
- Other Acquired Fund Fees and Non-Affiliated Investment Management Fees paid to Non-Affiliated Investment Advisors <sup>3</sup>	0.001%	\$0.01	\$34,176
12b-1 Distribution Fee	None	None	None
Other Expenses <sup>4</sup>	0.027%	\$0.27	\$638,491
<b>Total Annual Fund Operating Expenses<sup>5</sup></b>	<b>0.293%</b>	<b>\$2.93</b>	<b>\$6,985,023</b>

\*Changes have occurred to the fee schedule structure since the prior period. Please contact your Galliard representative if you have additional questions.

- 1: These are fees paid to create and maintain the investments used by a stable value fund.
- 2: These are fees borne indirectly by the Fund when it acquires an interest in another fund which pays its own separate fees.
- 3: Includes audit fees for the cost of producing a report by a qualified auditor.
- 4: NC's Administrative fee of 0.025% is included in Other Expenses.
- 5: Total Annual Fund Operating Expenses are reflected daily in the Fund's net asset value (NAV).

Excluding STIF or money market allocations, non-affiliated investment advisors include Dodge & Cox , Jennison Assoc., Payden & Rygel, PGIM, TCW.

## SECTION III

---

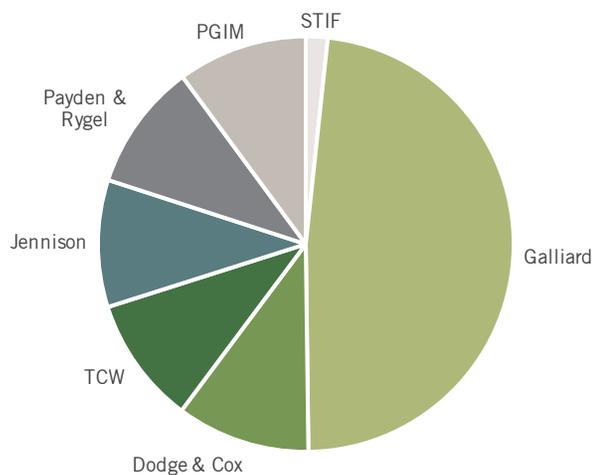
## STATE OF NORTH CAROLINA STABLE VALUE FUND MANAGER STYLES

	Investment Approach	Sector Rotation	Active Duration/ Yield Curve Mgmt.	Issue Selection	SECTOR EMPHASIS
<b>GALLIARD</b>	 Bottom Up    Top Down	 Low    High	 Low    High	 Less    More Important	Diversified high quality spread sector emphasis, multi-sector relative value
<b>DODGE &amp; COX</b>	 Bottom Up    Top Down	 Low    High	 Low    High	 Less    More Important	Corporate credit, Agency MBS
<b>TCW</b>	 Bottom Up    Top Down	 Low    High	 Low    High	 Less    More Important	Duration, multi-sector relative value
<b>JENNISON</b>	 Bottom Up    Top Down	 Low    High	 Low    High	 Less    More Important	Credit, yield-curve positioning
<b>PAYDEN &amp; RYGEL</b>	 Bottom Up    Top Down	 Low    High	 Low    High	 Less    More Important	Corporate credit, structured credit, multi-sector relative value
<b>PGIM</b>	 Bottom Up    Top Down	 Low    High	 Low    High	 Less    More Important	Multi-sector relative value, Agency MBS, global focus

# STATE OF NORTH CAROLINA STABLE VALUE FUND

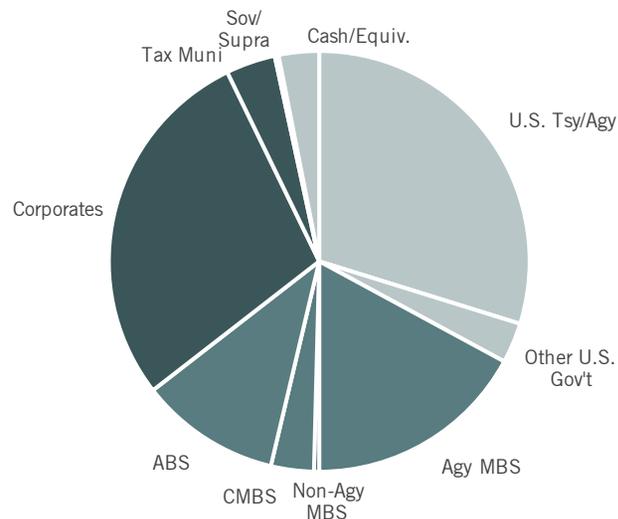
## PORTFOLIO AS OF 12/31/21

### MANAGER ALLOCATION



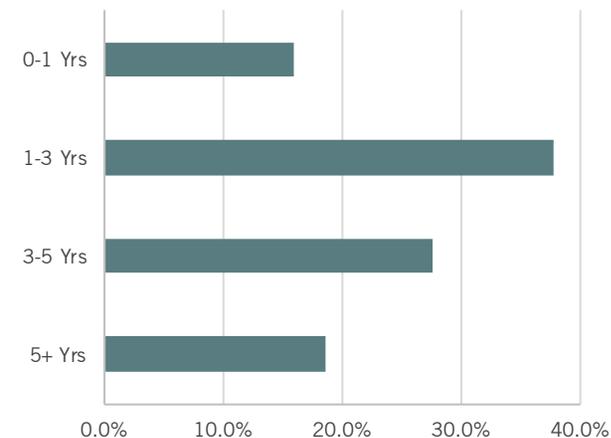
STIF	1.7%
Galliard	48.1%
Dodge & Cox	10.4%
TCW	9.9%
Jennison	9.9%
Payden & Rygel	9.9%
PGIM	10.1%
<b>TOTAL EXT. MANAGER</b>	<b>50.2%</b>
<b>TOTAL PORTFOLIO</b>	<b>100%</b>

### UNDERLYING FIXED INCOME SECTOR ALLOCATION



U.S. Tsy/Agy	29.8%
Other U.S. Gov't	3.1%
Agy MBS	17.1%
Non-Agy MBS	0.4%
CMBS	3.3%
ABS	10.8%
Corporates	28.3%
Tax Muni	3.8%
Sov/ Supra	0.3%
Cash/Equiv.	3.1%

### UNDERLYING DURATION DISTRIBUTION



0-1 Yrs	15.9%
1-3 Yrs	37.8%
3-5 Yrs	27.6%
5+ Yrs	18.6%

**STATE OF NORTH CAROLINA STABLE VALUE FUND**  
**MARKET VALUE PERFORMANCE SUMMARY AS OF 12/31/21<sup>1</sup>**

	<b>3 Month</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>Since Inception</b>	<b>Inception Date</b>
<b>SHORT DURATION</b>						
Galliard (before fees)	(0.50)	(0.38)	2.79	-	2.80	<b>6/1/2018</b>
Bloomberg U.S. 1-3 Yr. Government/Credit	(0.56)	(0.47)	2.28	-	2.34	
<b>Value Added<sup>2</sup></b>	<b>0.06</b>	<b>0.09</b>	<b>0.51</b>	<b>-</b>	<b>0.46</b>	
<b>INTERMEDIATE DURATION</b>						
Dodge & Cox (before fees)	(0.53)	(1.06)	4.51	3.42	2.90	<b>3/1/2015</b>
Bloomberg U.S. Intermediate Aggregate	(0.51)	(1.29)	3.60	2.79	2.38	
<b>Value Added<sup>2</sup></b>	<b>(0.02)</b>	<b>0.23</b>	<b>0.91</b>	<b>0.63</b>	<b>0.52</b>	
Galliard (before fees)	(0.48)	(0.89)	4.21	-	4.06	<b>6/1/2018</b>
Bloomberg U.S. Intermediate Aggregate	(0.51)	(1.29)	3.60	-	3.54	
<b>Value Added<sup>2</sup></b>	<b>0.03</b>	<b>0.40</b>	<b>0.61</b>	<b>-</b>	<b>0.52</b>	
Jennison (before fees) <sup>3</sup>	(0.62)	(1.66)	4.35	3.36	4.26	<b>5/1/2018</b>
Bloomberg U.S. Intermediate Govt/Credit	(0.57)	(1.44)	3.85	2.91	3.82	
<b>Value Added<sup>2</sup></b>	<b>(0.05)</b>	<b>(0.22)</b>	<b>0.50</b>	<b>0.45</b>	<b>0.44</b>	
Payden & Rygel (before fees)	(0.49)	(1.03)	4.06	3.08	2.24	<b>7/1/2009</b>
Bloomberg U.S. Intermediate Aggregate <sup>4</sup>	(0.51)	(1.29)	3.60	2.71	1.81	
<b>Value Added<sup>2</sup></b>	<b>0.02</b>	<b>0.26</b>	<b>0.46</b>	<b>0.37</b>	<b>0.43</b>	
PGIM (before fees)	(0.55)	(1.25)	4.08	3.21	3.02	<b>2/1/2016</b>
Bloomberg U.S. Intermediate Aggregate	(0.51)	(1.29)	3.60	2.79	2.48	
<b>Value Added<sup>2</sup></b>	<b>(0.04)</b>	<b>0.04</b>	<b>0.48</b>	<b>0.42</b>	<b>0.54</b>	
TCW (before fees)	(0.60)	(1.17)	4.36	-	4.27	<b>6/1/2018</b>
Bloomberg U.S. Intermediate Govt/Credit	(0.57)	(1.44)	3.86	-	3.74	
<b>Value Added<sup>2</sup></b>	<b>(0.03)</b>	<b>0.27</b>	<b>0.50</b>	<b>-</b>	<b>0.53</b>	

1: Returns for periods of less than one year are not annualized.

2: May not add due to rounding.

3: Performance inception: May 1, 2018. Prior to May 1, 2018 returns are linked to Wells Fargo Fixed Income Fund N (Jennison)

4: Linked Benchmark: Bloomberg U.S. Intermediate Aggregate Bond Index. Prior to Jun 1, 2018 benchmark was Bloomberg U.S. 1-3 Year Government/Credit Bond Index.

## STATE OF NORTH CAROLINA STABLE VALUE FUND PERFORMANCE COMMENTARY – EXCESS RETURN

---

### **GALLIARD SHORT** +6 Q4 2021

- An underweight to shorter maturities drove outperformance as the yield curve flattened over the quarter
- An allocation to Agency RMBS also proved modestly beneficial
- Positioning in ABS and SBA securitizations detracted

### **DODGE & COX** -2 Q4 2021

- The impact of security selection within Agency MBS detracted from relative performance
- Short benchmark relative duration positioning and yield curve positioning benefited relative performance

### **GALLIARD INTERMEDIATE** +3 Q4 2021

- An underweight to shorter maturities added to returns, as the yield curve flattened over the quarter
- An underweight to Agency RMBS was also helpful; however, security selection in that sector detracted
- An overweight to securitized spread sectors hurt performance, as credit spreads generally widened

### **JENNISON** -5 Q4 2021

- The portfolio's out-of-benchmark allocation to Agency MBS, which the team has continued to rotate in and out of, hurt relative performance
- Yield curve positioning added to performance over the quarter

### **PAYDEN & RYGEL** +2 Q4 2021

- Short benchmark relative duration positioning and yield curve positioning contributed positively to relative performance over the quarter
- The impact of security selection within Corporates and Agency MBS hurt relative performance

### **PGIM** -4 Q4 2021

- Duration and curve positioning detracted from relative performance over the quarter
- The portfolio's underweight to Agency MBS added to performance while security selection within the sector slightly hurt relative performance
- The impact of security selection within Corporates and CMBS added slightly over the quarter

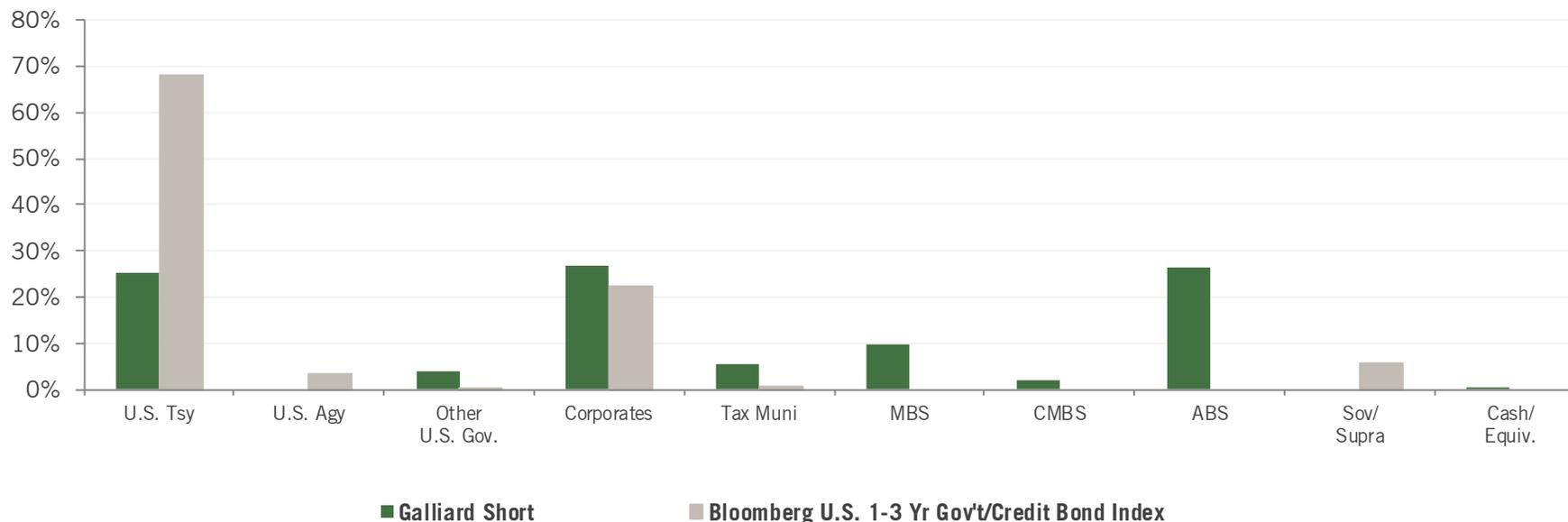
### **TCW** -3 Q4 2021

- The out-of-benchmark allocation to Structured securities including Agency MBS, ABS, and CMBS detracted from performance
- Although yield curve positioning hurt performance over the quarter, short benchmark relative duration positioning contributed positively

Before fees.

## STATE OF NORTH CAROLINA STABLE VALUE FUND SHORT DURATION PORTFOLIO AS OF 12/31/21

### BLOOMBERG U.S. 1-3 YEAR GOVERNMENT/CREDIT BOND INDEX

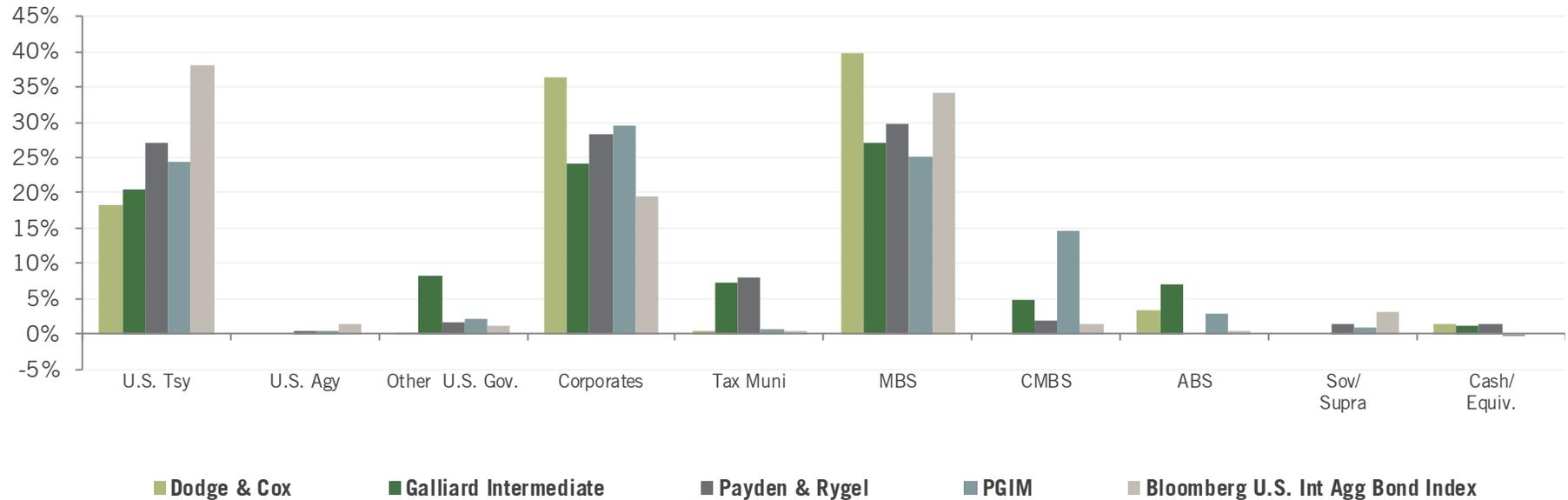


Characteristic	Galliard Short	Bloomberg U.S. 1-3 Yr Gov't/ Credit Bond Index
Weighted Average Quality <sup>1</sup>	AA	AA+
Effective Duration	1.89 Yrs	1.86 Yrs
Yield to Maturity	1.03%	0.82%

1: The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

## STATE OF NORTH CAROLINA STABLE VALUE FUND INTERMEDIATE DURATION PORTFOLIOS AS OF 12/31/21

### BLOOMBERG U.S. INTERMEDIATE AGGREGATE BOND INDEX



Characteristic	Dodge & Cox	Galliard Intermediate	Payden & Rygel	PGIM	Bloomberg U.S. Int Agg Bond Index
Weighted Average Quality <sup>1</sup>	AA-	AA	AA	AA-	AA+
Effective Duration	3.97 Yrs	3.85 Yrs	3.97 Yrs	4.43 Yrs	4.34 Yrs
Yield to Maturity	1.70%	1.57%	1.53%	1.79%	1.55%

1: The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

## STATE OF NORTH CAROLINA STABLE VALUE FUND INTERMEDIATE DURATION PORTFOLIOS AS OF 12/31/21

### BLOOMBERG U.S. INTERMEDIATE GOVERNMENT/CREDIT BOND INDEX



Characteristic	Jennison	TCW	Bloomberg U.S. Int Gov't/Credit Bond Index
Weighted Average Quality <sup>1</sup>	AA+	AA+	AA
Effective Duration	3.96 Yrs	3.67 Yrs	4.09 Yrs
Yield to Maturity	1.28%	1.38%	1.31%

1: The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.