


June 30, 2025



**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, 2025**

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**U.S. EQUITIES**

**Reversal of fortune leads to gains**

- The U.S. equity market reversed 1Q25 losses in 2Q25 as the S&P 500 Index gained 10.9%, driven by a pause in tariff implementation, continued earnings growth, and stronger than expected economic indicators.
- Technology, Communication Services, Consumer Discretionary, and Industrials all gained over 10% during the quarter; Energy and Health Care performed the worst.
- Market cap performance was monotonic, with large cap performing best followed by mid-cap and then small cap.
- Growth outperformed value across the market cap spectrum, reversing the 1Q25 pattern and returning to the long-term trend of growth outperformance.
- Strong results in 2Q25 offset poor results in 1Q25, leading to gains of 6.2% YTD for the S&P 500.

**Small cap weight in Russell 3000 at 25-year low**

- NVIDIA's market cap (~\$3.8 trillion) equals 126% of the entire Russell 2000.
- Only ~28% of Russell 2000 stocks are outperforming the S&P 500 aggregate return YTD (lowest since 1998).

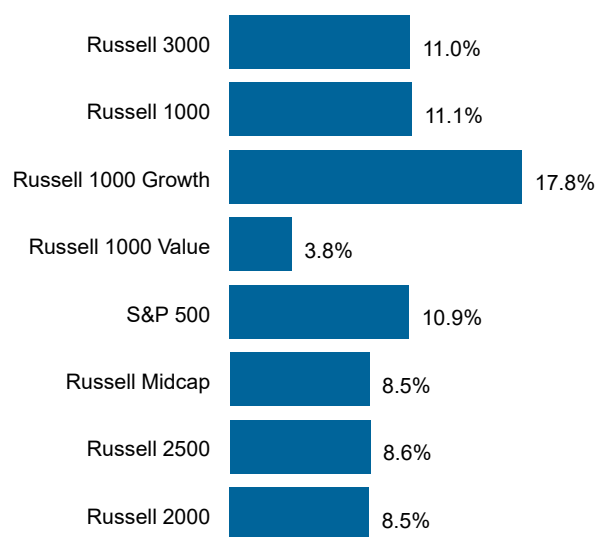
**Large cap and growth trading at ever-larger premiums**

- Russell 2000 Index trading at meaningful forward P/E discount (17.8x) vs. large caps (22.3x for S&P 500) even when negative and non-earners are screened out.
- Russell 1000 Growth trades at 30.1x forward P/E vs. 17.2x for Russell 1000 Value; the -57% discount for value is nearly 2x the -30% long-term average

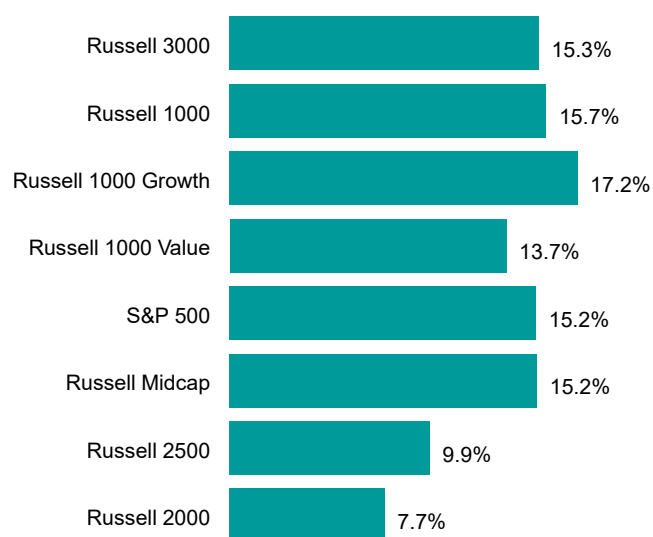
**Market multiples elevated**

- Wide valuation dispersion persists across size and style segments.
- Equal-weighted and mid- and small cap indices trade near long-term relative lows.

**U.S. Equity: Quarterly Returns**

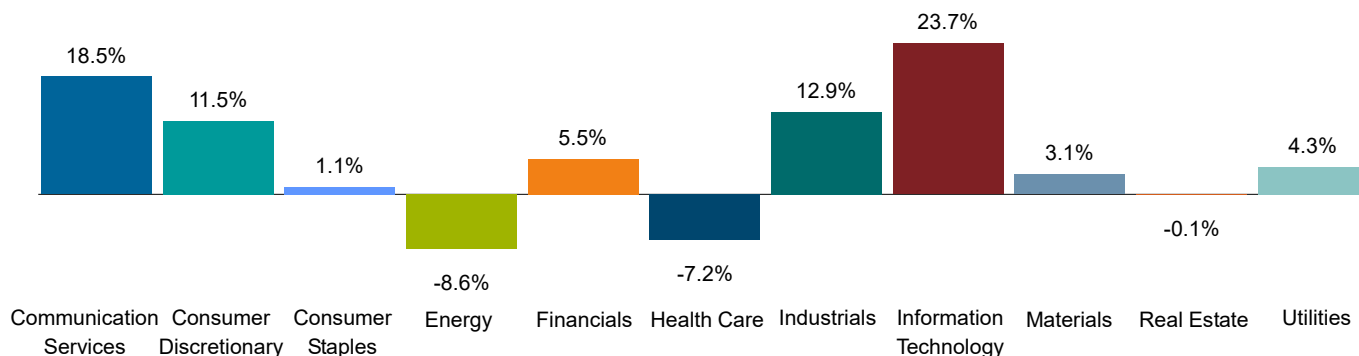


**U.S. Equity: One-Year Returns**



Sources: FTSE Russell, S&P Dow Jones Indices

**S&P Sector Returns, Quarter Ended 6/30/25**



Source: S&P Dow Jones Indices

**GLOBAL EQUITIES**

**Modest edge for global ex-U.S. markets**

**Broad market**

- Global ex-U.S. equities outperformed the U.S. Both had strong absolute results as tariff concerns subsided and Technology stocks led the market rally.

**Emerging markets**

- Emerging markets rose 12%, supported by a weaker U.S. dollar and strong gains in Tech and Industrials; year-to-date returns (MSCI Emerging Markets: +15.3%) are more than double those of the S&P 500.
- India gained 9%, though investor caution is rising due to high valuations and slowing earnings after a multi-year rally.
- China underperformed, up only 2%, with modest gains offset by weakness in Consumer Discretionary stocks.

**Growth vs. value**

- Growth outperformed value as markets favored risk, with high-volatility stocks leading the way. Technology was a standout, while quality lagged and Energy declined due to lower oil prices.

**U.S. dollar**

- The U.S. dollar posted one of its worst starts to a year since 1973, falling about 10% year to date amid trade tensions, Fed policy-easing expectations, fiscal concerns, and global efforts to reduce dollar reliance.

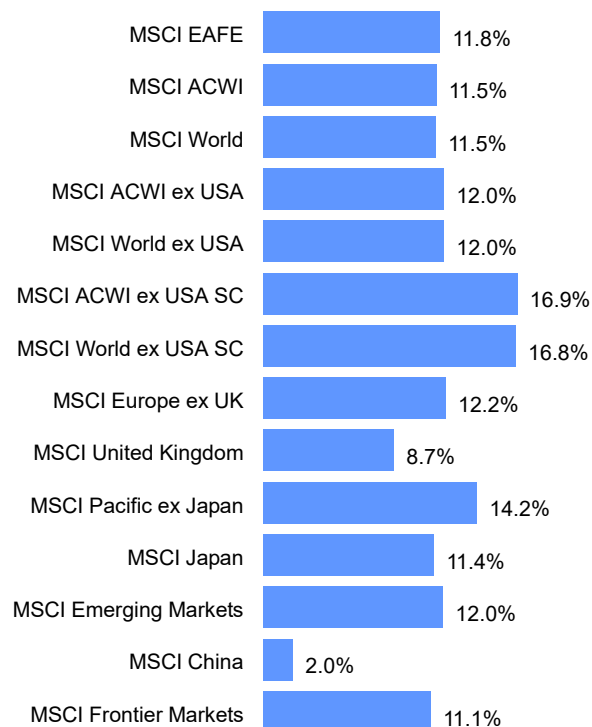
**U.S. dollar trends**

- The U.S. dollar has historically moved in long bull and bear cycles, with the most recent complete bear cycle occurring from 2002-08.
- Since 1970, bear cycles have averaged 6.4 years while declining 40.8%.
- After a long cycle of dollar strength and U.S equity dominance, a sustained weakening of the dollar could provide global ex-U.S equities with a tailwind toward relative outperformance vs. U.S. equities.

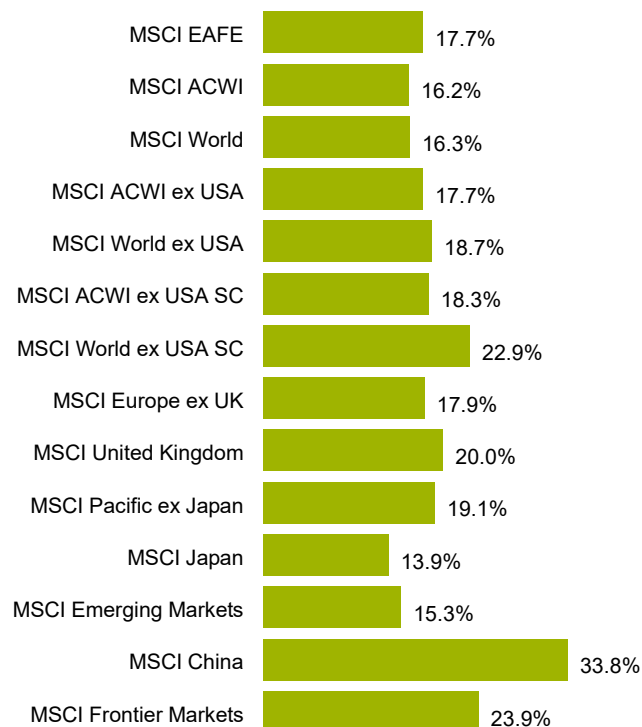
**Factor volatility has increased**

- Since 2020, volatility among factors has increased dramatically.
- Value has generally outperformed growth while quality exposure has been a headwind.
- The momentum factor has performed strongly in recent years as high beta growth stocks and deep value stocks have taken turns leading the market.

**Global Equity: Quarterly Returns**



**Global Equity: One-Year Returns**



Source: MSCI

**U.S. FIXED INCOME**

**With Fed on hold, yield curve steepens**

- The Fed held rates steady at both meetings during the quarter, citing persistent inflation and economic uncertainty.
- U.S. Treasury yields were mixed, with intermediate rates declining while yields at the long end moved higher.
- The yield curve steepened, with the 2s/10s spread-widening as much as 67 bps—the steepest level since the curve first inverted in 2022—before ending at 52 bps.

**Performance and drivers**

- Despite the rise in long-term rates, the Bloomberg US Aggregate Bond Index rose 1.2%, supported by the rate declines between one- and seven-year maturities.
- IG corporates outperformed Treasuries on a duration-adjusted basis amid modestly tighter spreads; securitized also outperformed, though by a smaller margin.
- HY and bank loans delivered the strongest returns as non-investment grade spreads tightened, though dispersion across quality tiers was relatively modest.

**Valuations**

- Corporate credit spreads widened sharply following Liberation Day but retraced in the second half, ending below 1Q levels.
- New issuance slowed from 1Q, but volumes remained healthy with \$396 billion in IG and \$73 billion in HY, contributing to strong YTD totals.

**MUNICIPAL BONDS**

**Muni yield curves steepened meaningfully**

- Short yields fell up to 20 bps and the long-end rose 25-30 bps within the AAA muni yield curve.
- The spread between AAA 2-year bonds and 10-year bonds widened to 191 bps from 161 bps as of 1Q25.

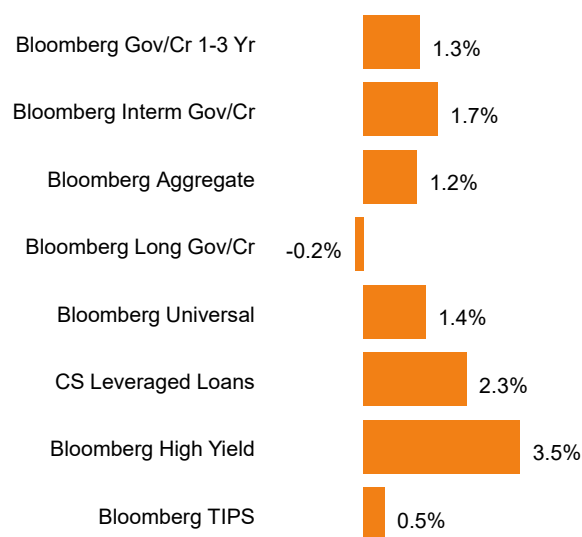
**Sustained heavy issuance**

- YTD issuance totaled \$281 billion, on pace to beat 2024, which was a record year.

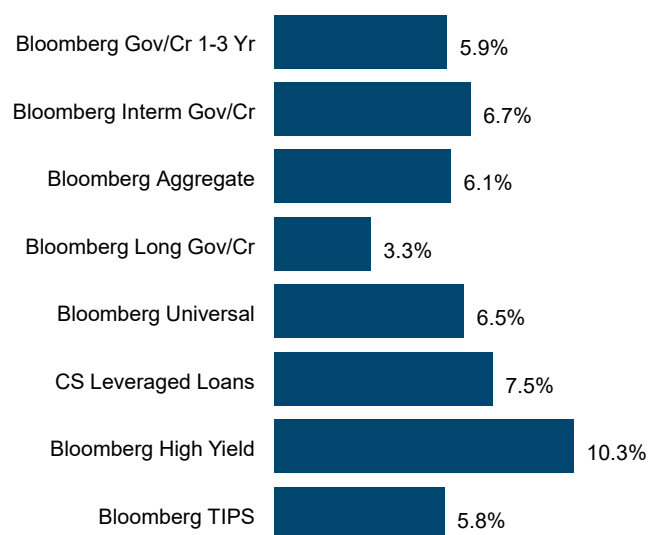
**Municipal-to-Treasury ratios reflecting better valuations**

- Ratios ended 2Q near or above historical averages, suggesting better relative value for tax-exempt buyers compared to Treasuries.
- Longer maturities were the cheapest portion of the market as the 30-year Muni/Treasury ratio ended at roughly 95%.

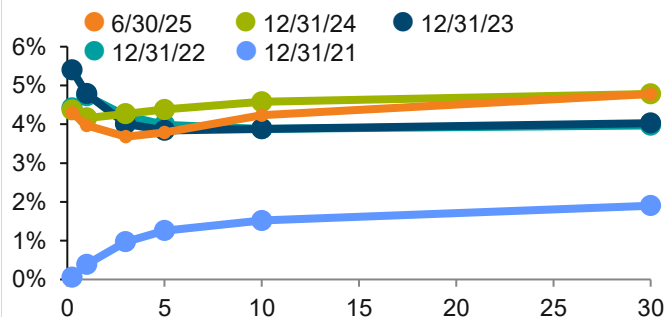
**U.S. Fixed Income: Quarterly Returns**



**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, 2025 with that of March 31, 2025. 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, 2025		Net New Invest.	Invest. Return	March 31, 2025	
	Market Value	Weight			Market Value	Weight
<b>North Carolina SRP 401k &amp; 457</b>						
<b>Tier II Passive</b>	<b>\$6,906,530,071</b>	<b>36.67%</b>	<b>\$98,767,326</b>	<b>\$571,525,496</b>	<b>\$6,236,237,249</b>	<b>35.70%</b>
Fixed Income Passive	101,014,800	0.54%	1,074,721	1,202,361	98,737,717	0.57%
Treasury Inflation Protected	322,327,328	1.71%	(4,154,815)	3,471,591	323,010,551	1.85%
Large Cap Passive	5,165,936,878	27.43%	91,224,871	507,657,019	4,567,054,988	26.14%
International Passive	145,525,758	0.77%	2,902,232	16,106,643	126,516,882	0.72%
SMID Cap Passive	436,947,239	2.32%	(3,172,217)	34,529,177	405,590,279	2.32%
Inflation Responsive Fund	734,778,068	3.90%	10,892,533	8,558,703	715,326,832	4.10%
<b>Tier II Active</b>	<b>\$11,929,384,548</b>	<b>63.33%</b>	<b>\$(129,215,321)</b>	<b>\$826,607,267</b>	<b>\$11,231,992,602</b>	<b>64.30%</b>
Stable Value Fund	2,203,945,422	11.70%	(26,032,118)	17,211,428	2,212,766,113	12.67%
Fixed Income Fund	2,452,363,312	13.02%	(217,725)	32,642,060	2,419,938,976	13.85%
Large Cap Core Equity Fund	2,605,184,854	13.83%	(44,206,102)	285,501,022	2,363,889,933	13.53%
International Equity Fund	3,286,363,911	17.45%	(129,235,665)	413,592,833	3,002,006,744	17.19%
Small/Mid Cap Equity Fund	1,381,527,048	7.33%	70,476,289	77,659,924	1,233,390,836	7.06%
<b>Total Fund</b>	<b>\$18,835,914,619</b>	<b>100.0%</b>	<b>\$(30,447,996)</b>	<b>\$1,398,132,763</b>	<b>\$17,468,229,851</b>	<b>100.0%</b>

## 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, 2025. 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, 2025

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
<b>Tier 2: Passive (Net of Fee)</b>										
Fixed Income Passive	1.21%	63	6.09%	64	2.55%	84	(0.73%)	87	1.75%	89
Blmbg Aggregate	1.21%	63	6.08%	65	2.55%	84	(0.73%)	87	1.77%	88
Callan Core Bond MFs	1.27%		6.20%		2.86%		(0.37%)		2.03%	
Treasury Inflation Protected Securities	1.09%	6	6.86%	4	3.35%	17	2.88%	7	3.55%	7
Blmbg US TIPS 1-10 Yr	1.03%	10	6.85%	5	3.35%	17	2.89%	7	3.55%	7
Callan TIPS MFs	0.52%		5.92%		2.40%		1.61%		2.95%	
Large Cap Passive	10.85%	57	15.06%	27	19.66%	41	16.60%	43	14.37%	27
S&P 500 Index	10.94%	53	15.16%	26	19.71%	41	16.64%	42	14.39%	27
Callan Large Cap Core MFs	11.02%		13.62%		18.87%		16.29%		13.49%	
International Passive	12.55%	40	18.30%	49	14.00%	69	10.05%	68	6.59%	65
International Benchmark (1)	12.71%	37	17.83%	56	13.92%	70	9.87%	69	6.40%	68
Callan Non US Equity MFs	12.06%		18.19%		15.81%		11.53%		7.20%	
SMID Cap Passive	8.56%	23	9.88%	21	11.25%	36	11.40%	60	7.51%	45
Russell 2500 Index	8.59%	23	9.91%	20	11.31%	35	11.44%	60	7.58%	45
Callan SMID Core MFs	6.25%		6.92%		10.53%		12.12%		7.06%	
Inflation Responsive Fund	1.20%	76	8.63%	72	2.88%	86	5.78%	82	3.94%	85
Inflation Responsive Benchmark	1.14%	77	8.28%	74	2.56%	91	5.53%	83	3.69%	98
Callan Real Assets MFs	3.14%		10.18%		5.75%		7.83%		5.17%	
<b>Tier 2: Active (Net of Fee)</b>										
<b>Stable Value Fund</b>	<b>0.78%</b>	<b>6</b>	<b>3.11%</b>	<b>10</b>	<b>2.79%</b>	<b>9</b>	<b>2.42%</b>	<b>7</b>	<b>2.45%</b>	<b>5</b>
3 Yr US Treas Rolling	0.92%	2	3.93%	1	4.14%	1	2.82%	2	2.51%	3
T-Bill + 1.5%	1.40%	1	6.18%	1	6.06%	1	4.26%	1	4.04%	1
Callan Stable Value CT	0.65%		2.50%		2.30%		1.91%		1.94%	
<b>Fixed Income Fund</b>	<b>1.35%</b>	<b>56</b>	<b>6.59%</b>	<b>36</b>	<b>3.41%</b>	<b>55</b>	<b>0.08%</b>	<b>58</b>	<b>2.50%</b>	<b>36</b>
Blmbg Aggregate	1.21%	83	6.08%	83	2.55%	87	(0.73%)	92	1.77%	90
Callan Core Plus MFs	1.40%		6.47%		3.49%		0.22%		2.28%	
<b>Large Cap Core Equity Fund</b>	<b>12.29%</b>	<b>42</b>	<b>16.51%</b>	<b>19</b>	<b>20.31%</b>	<b>45</b>	<b>15.12%</b>	<b>53</b>	<b>13.16%</b>	<b>54</b>
Russell 1000 Index	11.11%	51	15.66%	28	19.59%	50	16.30%	33	14.09%	42
Callan Lg Cap Broad MF	11.15%		13.47%		19.42%		15.28%		13.55%	
<b>International Equity Fund</b>	<b>14.10%</b>	<b>13</b>	<b>22.39%</b>	<b>24</b>	<b>15.79%</b>	<b>50</b>	<b>9.44%</b>	<b>73</b>	<b>7.03%</b>	<b>52</b>
International Benchmark (1)	12.71%	37	17.83%	56	13.92%	70	9.87%	69	6.40%	68
Callan Non US Equity MFs	12.06%		18.19%		15.81%		11.53%		7.20%	
<b>Small/Mid Cap Equity Fund</b>	<b>5.81%</b>	<b>57</b>	<b>5.92%</b>	<b>52</b>	<b>8.32%</b>	<b>76</b>	<b>10.49%</b>	<b>46</b>	<b>6.69%</b>	<b>65</b>
Russell 2500 Index	8.59%	37	9.91%	17	11.31%	39	11.44%	43	7.58%	43
Callan SMID Broad MFs	6.53%		6.01%		10.03%		9.67%		7.27%	

(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, 2025. 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, 2025

	Last 10 Years		Last 15 Years		Since Inception
<b>Tier 2: Passive (Net of Fee)</b>					
Fixed Income Passive	1.73%	85	-		2.09% (10/10)
Blmbg Aggregate	1.76%	82	2.29%	90	2.15% (10/10)
Callan Core Bond MFs	2.00%		2.62%		-
Treasury Inflation Protected Securities	-		-		3.55% (7/18)
Blmbg US TIPS 1-10 Yr	2.93%	9	2.74%	50	3.55% (7/18)
Callan TIPS MFs	2.60%		2.74%		-
Large Cap Passive	13.62%	21	14.79%	18	15.57% (4/09)
S&P 500 Index	13.65%	19	14.86%	17	15.64% (4/09)
Callan Large Cap Core MFs	12.53%		14.01%		-
International Passive	6.20%	58	6.77%	84	8.43% (4/09)
International Benchmark (1)	6.00%	63	6.58%	89	8.32% (4/09)
Callan Non US Equity MFs	6.47%		7.62%		-
SMID Cap Passive	8.34%	30	11.40%	20	13.22% (4/09)
Russell 2500 Index	8.39%	28	11.45%	17	13.28% (4/09)
Callan SMID Core MFs	7.96%		10.89%		-
Inflation Responsive Fund	3.82%	81	-		2.62% (9/11)
Inflation Responsive Benchmark	2.97%	89	2.72%	90	1.51% (9/11)
Callan Real Assets MFs	4.73%		4.47%		-
<b>Tier 2: Active (Net of Fee)</b>					
<b>Stable Value Fund</b>					
3 Yr US Treas Rolling	2.31%	2	2.40%	3	2.50% (7/09)
T-Bill + 1.5%	2.19%	8	1.68%	66	1.67% (7/09)
Callan Stable Value CT	3.48%	1	2.84%	1	2.77% (7/09)
	1.82%		1.77%		-
<b>Fixed Income Fund</b>					
Blmbg Aggregate	2.53%	33	2.95%	59	3.60% (4/09)
Callan Core Plus MFs	1.76%	89	2.29%	99	2.79% (4/09)
	2.31%		3.10%		-
<b>Large Cap Core Equity Fund</b>					
Russell 1000 Index	-		-		13.44% (10/17)
Callan Lg Cap Broad MF	13.35%	42	14.74%	44	13.99% (10/17)
	12.78%		14.29%		-
<b>International Equity Fund</b>					
International Benchmark (1)	6.72%	42	7.61%	50	9.03% (4/09)
Callan Non US Equity MFs	6.00%	63	6.58%	89	8.32% (4/09)
	6.47%		7.62%		-
<b>Small/Mid Cap Equity Fund</b>					
Russell 2500 Index	-		-		7.31% (10/17)
Callan SMID Broad MFs	8.39%	43	11.45%	43	8.26% (10/17)
	8.12%		11.35%		-

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<b>Stable Value Fund</b>	<b>0.78%</b>	<b>6</b>	<b>3.11%</b>	<b>10</b>	<b>2.79%</b>	<b>9</b>	<b>2.42%</b>	<b>7</b>	<b>2.45%</b>	<b>5</b>
3 Yr US Treas Rolling	0.92%	2	3.93%	1	4.14%	1	2.82%	2	2.51%	3
T-Bill + 1.5%	1.40%	1	6.18%	1	6.06%	1	4.26%	1	4.04%	1
Callan Stable Value CT	0.65%		2.50%		2.30%		1.91%		1.94%	
<b>Fixed Income Fund</b>	<b>1.35%</b>	<b>56</b>	<b>6.59%</b>	<b>36</b>	<b>3.41%</b>	<b>55</b>	<b>0.08%</b>	<b>58</b>	<b>2.50%</b>	<b>36</b>
Blmbg Aggregate	1.21%	83	6.08%	83	2.55%	87	(0.73%)	92	1.77%	90
Callan Core Plus MFs	1.40%		6.47%		3.49%		0.22%		2.28%	
TCW Core Plus	1.27%	77	6.26%	67	2.49%	87	(0.52%)	83	2.11%	67
Blmbg Aggregate	1.21%	83	6.08%	83	2.55%	87	(0.73%)	92	1.77%	90
Callan Core Plus MFs	1.40%		6.47%		3.49%		0.22%		2.28%	
Prudential Core Plus	1.44%	42	6.94%	18	4.34%	12	0.70%	19	2.92%	15
Blmbg Aggregate	1.21%	83	6.08%	83	2.55%	87	(0.73%)	92	1.77%	90
Callan Core Plus MFs	1.40%		6.47%		3.49%		0.22%		2.28%	
<b>Large Cap Core Equity Fund</b>	<b>12.29%</b>	<b>42</b>	<b>16.51%</b>	<b>19</b>	<b>20.31%</b>	<b>45</b>	<b>15.12%</b>	<b>53</b>	<b>13.16%</b>	<b>54</b>
Russell 1000 Index	11.11%	51	15.66%	28	19.59%	50	16.30%	33	14.09%	42
Callan Lg Cap Broad MF	11.15%		13.47%		19.42%		15.28%		13.55%	
Hotchkis & Wiley Large Cap Value	1.86%	90	10.00%	74	14.35%	30	17.41%	9	10.12%	42
Russell 1000 Value Index	3.79%	51	13.70%	25	12.76%	54	13.93%	62	9.59%	56
Callan Lg Cap Value MF	3.80%		12.10%		12.89%		14.84%		9.71%	
Macquarie Large Cap Value	2.22%	87	5.88%	96	6.97%	97	10.07%	96	7.02%	96
Russell 1000 Value Index	3.79%	51	13.70%	25	12.76%	54	13.93%	62	9.59%	56
Callan Lg Cap Value MF	3.80%		12.10%		12.89%		14.84%		9.71%	
Sands Capital Large Cap Growth	27.70%	3	24.23%	4	28.99%	8	9.86%	97	13.24%	88
Russell 1000 Growth Index	17.84%	42	17.22%	23	25.76%	30	18.15%	8	17.90%	10
Callan Large Cap Grwth MF	17.50%		14.97%		24.33%		15.09%		15.37%	
Loomis Sayles Large Cap Growth	18.84%	26	23.91%	5	30.96%	3	18.15%	8	17.96%	10
Russell 1000 Growth Index	17.84%	42	17.22%	23	25.76%	30	18.15%	8	17.90%	10
Callan Large Cap Grwth MF	17.50%		14.97%		24.33%		15.09%		15.37%	
BlackRock Russell 1000 Index	11.16%	40	15.49%	21	19.58%	42	16.35%	49	14.08%	32
Russell 1000 Index	11.11%	43	15.66%	20	19.59%	42	16.30%	50	14.09%	32
Callan Large Cap Core MFs	11.02%		13.62%		18.87%		16.29%		13.49%	

## 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, 2025. 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, 2025

	Last 10 Years		Last 15 Years		Since Inception
<b>Tier 2: Active (Net of Fee)</b>					
<b>Stable Value Fund</b>	<b>2.31%</b>	<b>2</b>	<b>2.40%</b>	<b>3</b>	<b>2.50%</b> <sup>(7/09)</sup>
3 Yr US Treas Rolling	2.19%	8	1.68%	66	1.67% <sup>(7/09)</sup>
T-Bill + 1.5%	3.48%	1	2.84%	1	2.77% <sup>(7/09)</sup>
Callan Stable Value CT	1.82%		1.77%		-
<b>Fixed Income Fund</b>	<b>2.53%</b>	<b>33</b>	<b>2.95%</b>	<b>59</b>	<b>3.60%</b> <sup>(4/09)</sup>
Blmbg Aggregate	1.76%	89	2.29%	99	2.79% <sup>(4/09)</sup>
Callan Core Plus MFs	2.31%		3.10%		-
TCW Core Plus	-		-		1.99% <sup>(1/17)</sup>
Blmbg Aggregate	1.76%	89	2.29%	99	1.68% <sup>(1/17)</sup>
Callan Core Plus MFs	2.31%		3.10%		-
Prudential Core Plus	3.09%	8	-		2.95% <sup>(1/15)</sup>
Blmbg Aggregate	1.76%	89	2.29%	99	1.66% <sup>(1/15)</sup>
Callan Core Plus MFs	2.31%		3.10%		-
<b>Large Cap Core Equity Fund</b>	<b>-</b>		<b>-</b>		<b>13.44%</b> <sup>(10/17)</sup>
Russell 1000 Index	13.35%	42	14.74%	44	13.99% <sup>(10/17)</sup>
Callan Lg Cap Broad MF	12.78%		14.29%		-
Hotchkis & Wiley Large Cap Value	10.03%	25	12.68%	20	14.52% <sup>(4/09)</sup>
Russell 1000 Value Index	9.19%	59	11.57%	50	12.77% <sup>(4/09)</sup>
Callan Lg Cap Value MF	9.41%		11.58%		-
Macquarie Large Cap Value	7.82%	92	-		7.35% <sup>(6/15)</sup>
Russell 1000 Value Index	9.19%	59	11.57%	50	8.89% <sup>(6/15)</sup>
Callan Lg Cap Value MF	9.41%		11.58%		-
Sands Capital Large Cap Growth	14.06%	75	16.58%	31	18.29% <sup>(4/09)</sup>
Russell 1000 Growth Index	17.01%	7	17.54%	8	18.09% <sup>(4/09)</sup>
Callan Large Cap Grwth MF	14.89%		15.97%		-
Loomis Sayles Large Cap Growth	17.61%	5	-		17.26% <sup>(8/14)</sup>
Russell 1000 Growth Index	17.01%	7	17.54%	8	16.71% <sup>(8/14)</sup>
Callan Large Cap Grwth MF	14.89%		15.97%		-
BlackRock Russell 1000 Index	-		-		13.79% <sup>(11/17)</sup>
Russell 1000 Index	13.35%	24	14.74%	18	13.81% <sup>(11/17)</sup>
Callan Large Cap Core MFs	12.53%		14.01%		-

## 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, 2025. 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, 2025

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
<b>Tier 2: Active (Net of Fee)</b>										
<b>International Equity Fund</b>	<b>14.10%</b>	<b>13</b>	<b>22.39%</b>	<b>24</b>	<b>15.79%</b>	<b>50</b>	<b>9.44%</b>	<b>73</b>	<b>7.03%</b>	<b>52</b>
International Benchmark (1)	12.71%	37	17.83%	56	13.92%	70	9.87%	69	6.40%	68
Callan Non US Equity MFs	12.06%		18.19%		15.81%		11.53%		7.20%	
Mondrian ACWI ex-US Value	11.16%	66	24.04%	13	15.89%	49	12.95%	22	7.72%	37
MSCI ACWI ex US	12.03%	51	17.72%	57	13.99%	69	10.13%	68	6.58%	65
MSCI ACWI ex US Value	10.42%	77	21.42%	29	15.62%	54	13.15%	22	6.66%	62
Callan Non US Equity MFs	12.06%		18.19%		15.81%		11.53%		7.20%	
Baillie Gifford ACWI ex-US Growth	14.28%	12	19.60%	44	15.37%	57	6.54%	96	6.61%	64
MSCI ACWI ex US	12.03%	51	17.72%	57	13.99%	69	10.13%	68	6.58%	65
MSCI ACWI ex US Growth	13.67%	17	14.15%	85	12.42%	86	7.10%	91	6.27%	70
Callan Non US Equity MFs	12.06%		18.19%		15.81%		11.53%		7.20%	
Acadian	17.21%	46	22.59%	44	18.14%	17	-		-	
MSCI ACWI ex US Small Cap	16.93%	49	18.34%	65	13.46%	58	10.74%	46	5.95%	48
Callan Intl Small Cap MFs	16.83%		21.63%		14.16%		10.18%		5.78%	
WCM	27.95%	1	28.41%	13	15.81%	34	-		-	
MSCI ACWI ex US Small Cap	16.93%	49	18.34%	65	13.46%	58	10.74%	46	5.95%	48
Callan Intl Small Cap MFs	16.83%		21.63%		14.16%		10.18%		5.78%	
<b>Small/Mid Cap Equity Fund</b>	<b>5.81%</b>	<b>57</b>	<b>5.92%</b>	<b>52</b>	<b>8.32%</b>	<b>76</b>	<b>10.49%</b>	<b>46</b>	<b>6.69%</b>	<b>65</b>
Russell 2500 Index	8.59%	37	9.91%	17	11.31%	39	11.44%	43	7.58%	43
Callan SMID Broad MFs	6.53%		6.01%		10.03%		9.67%		7.27%	
AB SMID Value	4.09%	49	5.70%	44	-		-		-	
Russell 2500 Value Index	7.29%	16	10.47%	3	10.69%	27	13.96%	33	6.88%	64
Callan SMID Value MFs	3.95%		5.07%		9.44%		13.43%		7.23%	
Earnest Partners Small/Mid Cap	4.75%	64	5.28%	77	7.62%	89	-		-	
Russell 2500 Index	8.59%	23	9.91%	20	11.31%	35	11.44%	60	7.58%	45
Callan SMID Core MFs	6.25%		6.92%		10.53%		12.12%		7.06%	
Brown Advisory Small/Mid Cap Growth	7.42%	76	5.02%	65	7.57%	84	6.62%	51	7.29%	53
Russell 2500 Growth Index	11.31%	42	8.81%	31	12.05%	49	7.50%	48	7.54%	50
Callan SMID Growth MFs	9.57%		7.33%		11.93%		6.91%		7.56%	
BlackRock Russell 2500 Index	8.59%	22	10.09%	18	11.51%	32	11.50%	59	7.71%	40
Russell 2500 Index	8.59%	23	9.91%	20	11.31%	35	11.44%	60	7.58%	45
Callan SMID Core MFs	6.25%		6.92%		10.53%		12.12%		7.06%	

(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, 2025. 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, 2025

	Last 10 Years		Last 15 Years		Since Inception
<b>Tier 2: Active (Net of Fee)</b>					
<b>International Equity Fund</b>	<b>6.72%</b>	<b>42</b>	<b>7.61%</b>	<b>50</b>	<b>9.03%</b> <sup>(4/09)</sup>
International Benchmark	6.00%	63	6.58%	89	8.32% <sup>(4/09)</sup>
Callan Non US Equity MFs	6.47%		7.62%		-
Mondrian ACWI ex-US Value	6.47%	50	7.11%	74	8.23% <sup>(4/09)</sup>
MSCI ACWI ex US	6.12%	60	6.66%	89	8.40% <sup>(4/09)</sup>
MSCI ACWI ex US Value	5.71%	71	6.13%	97	8.03% <sup>(4/09)</sup>
Callan Non US Equity MFs	6.47%		7.62%		-
Baillie Gifford ACWI ex-US Growth	7.28%	24	8.39%	23	10.28% <sup>(4/09)</sup>
MSCI ACWI ex US	6.12%	60	6.66%	89	8.40% <sup>(4/09)</sup>
MSCI ACWI ex US Growth	6.35%	56	7.06%	75	8.64% <sup>(4/09)</sup>
Callan Non US Equity MFs	6.47%		7.62%		-
Acadian	-		-		8.19% <sup>(10/21)</sup>
MSCI ACWI ex US Small Cap	6.54%	54	7.59%	77	3.38% <sup>(10/21)</sup>
Callan Intl Small Cap MFs	6.74%		8.25%		-
WCM	-		-		(2.35%) <sup>(10/21)</sup>
MSCI ACWI ex US Small Cap	6.54%	54	7.59%	77	3.38% <sup>(10/21)</sup>
Callan Intl Small Cap MFs	6.74%		8.25%		-
<b>Small/Mid Cap Equity Fund</b>	-		-		<b>7.31%</b> <sup>(10/17)</sup>
Russell 2500 Index	8.39%	43	11.45%	43	8.26% <sup>(10/17)</sup>
Callan SMID Broad MFs	8.12%		11.35%		-
Earnest Partners Small/Mid Cap	-		-		3.59% <sup>(4/21)</sup>
Russell 2500 Index	8.39%	28	11.45%	17	3.32% <sup>(4/21)</sup>
Callan SMID Core MFs	7.96%		10.89%		-
Brown Advisory Small/Mid Cap Growth	8.90%	36	11.94%	58	13.52% <sup>(4/09)</sup>
Russell 2500 Growth Index	8.53%	55	12.08%	51	13.81% <sup>(4/09)</sup>
Callan SMID Growth MFs	8.68%		12.10%		-
BlackRock Russell 2500 Index	-		-		8.27% <sup>(11/17)</sup>
Russell 2500 Index	8.39%	28	11.45%	17	8.14% <sup>(11/17)</sup>
Callan SMID Core MFs	7.96%		10.89%		-

# The North Carolina Supplemental Retirement Plans

Fee Matrix as of 3/31/25

Funds and Sub-Advisors	3/31 Assets*	Inv. Mgmt. Fee	Custodial Expenses <sup>1</sup>	NC Budget <sup>2</sup>	Total Estimated Expense (%)	Total Estimated Annual Expenses (\$) <sup>3</sup>	Callan Median Expense <sup>4</sup>	Difference
<b>North Carolina Stable Value Fund</b>	<b>\$2,212,766,113</b>	<b>0.2495%</b>	<b>0.0073%</b>	<b>0.0000%</b>	<b>0.26%</b>	<b>\$5,682,383</b>	<b>0.39%</b>	<b>-0.13%</b>
Galliard	\$2,212,766,113	0.2495%	0.0000%			\$5,520,851	0.27%	-0.02%
<b>North Carolina Fixed Income Passive Fund</b>	<b>\$98,737,717</b>	<b>0.0200%</b>	<b>0.0142%</b>	<b>0.0000%</b>	<b>0.03%</b>	<b>\$33,768</b>	<b>0.06%</b>	<b>-0.03%</b>
Blackrock	\$98,737,717	0.0200%	0.0100%			\$19,748	0.04%	-0.02%
<b>North Carolina Fixed Income Fund</b>	<b>\$2,419,938,976</b>	<b>0.1215%</b>	<b>0.0069%</b>	<b>0.0000%</b>	<b>0.13%</b>	<b>\$3,107,202</b>	<b>0.40%</b>	<b>-0.27%</b>
50% TCW	\$1,210,587,322	0.1330%	0.0000%			\$1,610,081	0.21%	-0.08%
50% Prudential	\$1,209,351,630	0.1100%	0.0080%			\$1,330,287	0.21%	-0.10%
<b>North Carolina Inflation Sensitive Fund</b>	<b>\$715,326,809</b>	<b>0.0900%</b>	<b>0.0110%</b>	<b>0.0000%</b>	<b>0.10%</b>	<b>\$722,480</b>	<b>0.40%</b>	<b>-0.30%</b>
Blackrock	\$715,326,832	0.0900%	0.0100%			\$643,794	0.11%	-0.02%
<b>North Carolina Large Cap Passive Fund</b>	<b>\$4,567,054,988</b>	<b>0.0050%</b>	<b>0.0008%</b>	<b>0.0000%</b>	<b>0.01%</b>	<b>\$264,889</b>	<b>0.15%</b>	<b>-0.14%</b>
Blackrock	\$4,567,054,988	0.0050%	0.0100%			\$228,353	0.02%	-0.02%
<b>North Carolina Large Cap Core Fund</b>	<b>\$2,363,889,933</b>	<b>0.2823%</b>	<b>0.0086%</b>	<b>0.0000%</b>	<b>0.29%</b>	<b>\$6,876,556</b>	<b>0.59%</b>	<b>-0.30%</b>
18.75% Hotchkis & Wiley	\$488,358,302	0.4000%	0.0000%			\$1,953,433	0.38%	0.02%
18.75% Macquarie Large Cap Value	\$475,434,508	0.2578%	0.0000%			\$1,225,670	0.38%	-0.12%
18.75% Sands Capital Management	\$421,360,848	0.4500%	0.0000%			\$1,896,124	0.42%	0.03%
18.75% Loomis Sayles	\$426,742,643	0.3680%	0.0000%			\$1,570,413	0.42%	-0.05%
25% BlackRock Advisors Inc., Large Cap Index*	\$551,993,630	0.0050%	0.0100%			\$27,600	0.02%	-0.02%
<b>North Carolina SMID Cap Passive Fund</b>	<b>\$405,590,279</b>	<b>0.0050%</b>	<b>0.0113%</b>	<b>0.0000%</b>	<b>0.02%</b>	<b>\$66,111</b>	<b>0.17%</b>	<b>-0.15%</b>
Blackrock	\$405,590,279	0.0050%	0.0100%			\$20,280	0.03%	-0.03%
<b>North Carolina SMID Cap Core Fund</b>	<b>\$1,233,390,836</b>	<b>0.3729%</b>	<b>0.0063%</b>	<b>0.0000%</b>	<b>0.38%</b>	<b>\$4,677,018</b>	<b>0.83%</b>	<b>-0.45%</b>
30% Earnest Partners	\$367,289,292	0.4700%	0.0000%			\$1,726,260	0.67%	-0.20%
30% AB	\$363,464,456	0.4200%	0.0000%			\$1,526,551	0.65%	-0.23%
30% Brown Advisory	\$357,743,953	0.3743%	0.0000%			\$1,339,036	0.69%	-0.32%
10% BlackRock Advisors Inc., SMID Index*	\$144,892,697	0.0050%	0.0100%			\$7,245	0.04%	-0.04%
<b>North Carolina International Passive Fund</b>	<b>\$126,516,882</b>	<b>0.0210%</b>	<b>0.0234%</b>	<b>0.0000%</b>	<b>0.04%</b>	<b>\$56,173</b>	<b>0.06%</b>	<b>-0.02%</b>
Blackrock	\$126,516,882	0.0210%	0.0200%			\$26,569	0.06%	-0.04%
<b>North Carolina International Equity</b>	<b>\$3,002,006,744</b>	<b>0.3736%</b>	<b>0.0335%</b>	<b>0.0000%</b>	<b>0.41%</b>	<b>\$12,221,169</b>	<b>0.79%</b>	<b>-0.38%</b>
43% Baillie Gifford Growth	\$1,264,320,699	0.2724%	0.0000%			\$3,444,010	0.51%	-0.24%
43% Mondrian Investment Partners Value	\$1,341,567,038	0.3842%	0.0000%			\$5,154,301	0.49%	-0.11%
7% Acadian	\$203,354,075	0.6236%	0.0000%			\$1,268,116	0.83%	-0.21%
7% WCM	\$192,241,669	0.7000%	0.0000%			\$1,345,692	0.84%	-0.14%
<b>North Carolina TIPS Fund</b>	<b>\$323,010,551</b>	<b>0.0250%</b>	<b>0.0042%</b>	<b>0.0000%</b>	<b>0.03%</b>	<b>\$94,319</b>	<b>0.38%</b>	<b>-0.35%</b>
Blackrock	\$323,010,551	0.0250%	0.0000%			\$80,753	0.12%	-0.10%
<b>Total</b>	<b>\$17,468,229,851</b>	<b>0.1680%</b>	<b>0.0116%</b>	<b>0.0000%</b>	<b>0.19%</b>	<b>\$33,802,070</b>	<b>0.22%</b>	

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

<sup>1</sup> Based on annualized monthly fee accruals as of 3/31/2025

<sup>2</sup> 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.

<sup>3</sup> Manager fee estimates reflect investment management fee only, does not include \$31 per participant record-keeping fee.

<sup>4</sup> 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

	Manager Overall	Product People	Philosophy/Process	Short Term Performance	Long Term Performance	Product Dynamics	Product Overall	STATUS	NOTES
<b>LARGE CAP VALUE EQUITY</b>									
Hotchkis & Wiley Large Cap Value	●	●	●	●	●	●	●	Within Expectations	<ul style="list-style-type: none"> <li>Effective 2Q24, Doug Campbell became PM alongside George Davis and Scott McBride, taking over for Judd Peters who is rotating to a different PM role within the firm.</li> <li>Short-term one-year results lag benchmark and rank near bottom quartile of peers; three-year results outpace benchmark and rank above median peers.</li> <li>Longer-term results within expectations but mixed: trailing five-year results ahead of benchmark and rank in top quartile of peers; trailing seven- and ten-year results in-line with benchmark but rank below median peer.</li> </ul>
Macquarie Large Cap Value	●	●	●	●	●	●	●	Under Review (added to NC Watch List 1Q 2024)	<ul style="list-style-type: none"> <li>In April 2025, Macquarie announced Nomura agreed to purchase Macquarie Asset Management's U.S. and European public asset business in an all cash deal expected to close by year-end 2025.</li> <li>In 2024, MIM was fined nearly \$80 million by the SEC for valuation and cross trading concerns identified by a SEC investigation which concluded in September 2024. MIM now has a new Chief Compliance Officer (Marty Wolin) and going through a number of enhancements and training to address the issues.</li> <li>Bob Vogel, long time portfolio manager, retired from the firm in July 2023. Former PM Ty Nutt retired in July 2019 and transitioned his lead role to Nik Lalvani.</li> <li>Very difficult five year performance results. Calendar year 2023 and 2024 underperformance impacting long-term results; client and asset stability has significantly declined over the past three years.</li> <li>Strategy lost four accounts for \$211 million in Q1 2025 and four accounts for \$1.6 billion in Q2 2025; during calendar year 2024, they lost 13 accounts for \$1.8 billion.</li> </ul>
<b>LARGE CAP CORE EQUITY</b>									
BlackRock Russell 1000 Index	●	●	●	●	●	●	●	Within Expectations	<ul style="list-style-type: none"> <li>Head of US iShares Product Rachel Aguirre departed the firm in March 2025. She was succeeded by Daniel Prince, a long-time employee who joined in 2007 and worked closely with Aguirre during her tenure.</li> </ul>
<b>LARGE CAP GROWTH EQUITY</b>									
Loomis Sayles Large Cap Growth	●	●	●	●	●	●	●	Within Expectations	<ul style="list-style-type: none"> <li>In January 2025 it was announced that the holding company for Loomis' parent company, Natixis, entered into an agreement to combine with Generali. The transaction is not expected to close until early 2026, and Callan will be monitoring any potential effects on Loomis in the interim.</li> </ul>
Sands Capital Large Cap Growth	●	●	●	●	●	●	●	Under Review (added to NC Watch List 4Q 2024)	<ul style="list-style-type: none"> <li>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.</li> <li>Launched Sands Capital Horizons, an in-house investment solution for managing the wealth of partners and other qualified partners at the firm.</li> <li>One of the four PMs on the strategy, Mike Sramek, elected to not to return from a medical leave that was initiated in July 2022 and officially retired from the firm in December 2022. His tenure at the firm and impact on both Select and Focus Growth strategies necessitates continued due diligence around the impact of his absence on the portfolio management approach going forward.</li> <li>5/7/10 year trailing performance remain meaningfully behind the benchmark as of 6/30/25. 1- and 3-year trailing results are now ahead of benchmark but mostly driven by 2Q25 results as relative outperformance was by nearly 1000 basis points for the quarter.</li> <li>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. Outflows in 2023 totaled nearly \$1 billion, particularly within the strategy's endowment and foundation client base, and 2024 outflows totaled over \$1 billion.</li> </ul>

# The North Carolina Supplemental Retirement Plans Quarterly Manager Review

	Manager Overall	Product People	Philosophy Process	Short Term Performance	Long Term Performance	Product Dynamics	Product Overall	<u>STATUS</u>	<u>NOTES</u>
<b>SMALL CAP GROWTH EQUITY</b>									
Brown Advisory Small/Mid Cap Growth	●	●	●	●	●	●	●	Cautionary	<ul style="list-style-type: none"> <li>• Brown Investment Advisory named Logie Fitzwilliams as co-CEO effective January 2025.</li> <li>• YTD 2025 results in-line with expectations and ahead of index, ranking above median peers.</li> <li>• One-year returns lagged index and ranked below median peer; underperformance impacting three-year results, which lag index and rank in bottom quartile of peers.</li> <li>• Five- and seven-year returns mixed; five-year returns lagged index but rank in-line with median peers; seven-year results in-line with index and rank in-line with median peers.</li> </ul>
<b>SMALL/MID CAP BROAD</b>									
BlackRock Russell 2500 Index	●	●	●	●	●	●	●	Within Expectations	<ul style="list-style-type: none"> <li>• Head of US iShares Product Rachel Aguirre departed the firm in March 2025. She was succeeded by Daniel Prince, a long-time employee who joined in 2007 and worked closely with Aguirre during her tenure.</li> </ul>
<b>SMALL/MID CAP VALUE</b>									
AB SMID Value	●	●	●	●	●	●	●	Within Expectations	<ul style="list-style-type: none"> <li>• AB experienced some executive turnover in recent periods. In June 2022, CFO, Ali Dibadj, departed for the CEO role at Janus Henderson. In June 2023, COO/CFO, Kate Burke, accepted the role of President at Allspring.</li> <li>• In May 2023, Karl Sprules, was appointed Chief Operating Officer and in 2024, AB announced the addition of Jackie Marks as CFO replacing interim CFO William Siemers.</li> <li>• Callan will continue to monitor executive team stability.</li> <li>• 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.</li> <li>• Strategy assets are over \$6.7 billion and the product may be capacity constrained.</li> <li>• Senior Research Analyst Gayle Baldwin resigned from AllianceBernstein in July 2024. Joyce Zhang joined the team in fourth quarter 2024 to replace Baldwin.</li> </ul>
<b>SMALL/MID CAP CORE EQUITY</b>									
Earnest Partners Small/Mid Cap	●	●	●	●	●	●	●	Within Expectations	<ul style="list-style-type: none"> <li>• Firm founder Paul Viera owns majority of firm.</li> <li>• Strategy market capitalization consistently larger than benchmark and peers.</li> <li>• Notable style tilt to value as MSCI Z-Score is (-0.50) as of 2Q25 compared to (-0.21) for Russell 2500 Index and (-0.63) for Russell 2500 Value Index.</li> <li>• One- and three-year return lag index and rank in or near bottom quartile of peers.</li> <li>• Five-, seven- and ten-year returns outpace index but rank above median peers.</li> </ul>
<b>ACWI XUS CORE</b>									
BlackRock International Passive	●	●	●	●	●	●	●	Within Expectations	<ul style="list-style-type: none"> <li>• Head of US iShares Product Rachel Aguirre departed the firm in March 2025. She was succeeded by Daniel Prince, a long-time employee who joined in 2007 and worked closely with Aguirre during her tenure.</li> </ul>
<b>ACWI XUS VALUE</b>									
Mondrian ACWI ex-US Value	●	●	●	●	●	●	●	Within Expectations	<ul style="list-style-type: none"> <li>• Performance is consistent with the defensive value approach.</li> <li>• The value-oriented process and its ability to protect in down markets are still intact, as witnessed by historical performance. Notably, the strategy is outperforming the value index over long-term annualized time periods.</li> <li>• Effective July 1, 2025, CIO of International Equities Elizabeth Desmond will assume the position of Executive Chairman and relinquish her role as CIO of International Equities. CIO of Global Equities, Aileen Gan will take on the role of CIO International Equities while also remaining CIO of Global Equities.</li> </ul>

# The North Carolina Supplemental Retirement Plans Quarterly Manager Review

## Callan Manager Assessment

	Manager Overall	Product People	Philosophy/Process	Short Term Performance	Long Term Performance	Product Dynamics	Product Overall	STATUS	NOTES
<b>ACWI XUS GROWTH</b>									
Baillie Gifford ACWI ex-US Growth	●	●	●	●	●	●	●	Within Expectations	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Performance has been a bit challenged recently but not outside of expectations for the strategy's growth profile.</li> </ul>
<b>ACWI XUS SMALL CORE</b>									
Acadian	●	●	●	●	●	●	●	Within Expectations	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Capacity is limited.</li> </ul>
<b>ACWI XUS SMALL GROWTH</b>									
WCM	●	●	●	●	●	●	●	Within Expectations	<ul style="list-style-type: none"> <li>Co-CEO Kurt Winrich retired effective Dec. 31, 2021 and Mike Trigg was promoted to co-CEO effective Jan. 2025. Winrich continues to serve as chairman of the Board.</li> <li>In June 2023, WCM acquired Martin Capital; team will continue to operate independently from other teams under the WCM umbrella.</li> <li>WCM continues to opportunistically bring in investment teams and acquire stakes in firms.</li> <li>The strategy has limited capacity.</li> <li>Performance struggled in 2022 as growth fell out of favor and value was very strong.</li> </ul>

*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

	Manager Overall	Product People	Philosophy/Process	Short Term Performance	Long Term Performance	Product Dynamics	Product Overall	STATUS	NOTES
<b>CORE BOND</b>									
BlackRock Fixed Income Passive	●	●	●	●	●	●	●	Within Expectations	<ul style="list-style-type: none"> <li>Head of US iShares Product Rachel Aguirre departed the firm in March 2025. She was succeeded by Daniel Prince, a long-time employee who joined in 2007 and worked closely with Aguirre during her tenure.</li> </ul>
<b>CORE PLUS BOND</b>									
Prudential Core Plus	●	●	●	●	●	●	●	Within Expectations	<ul style="list-style-type: none"> <li>PGIM provided ample notice of Mike Lillard's retirement and was transparent about John Vibert's transition to CEO.</li> <li>PGIM announced a slew of retirements in April 2024, most of which will take effect in early 2025. These include the retirement of Head of Credit Richard Greenwood.</li> <li>In June 2025, PGIM announced the integration of the fixed income and private credit businesses. PGIM Fixed Income CEO John Vibert will lead the combined entity. This integration is expected to take place in early 2026.</li> </ul>
TCW Core Plus	●	●	●	●	●	●	●	Within Expectations (added to NC Watch List 1Q 2024)	<ul style="list-style-type: none"> <li>Monitoring 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), but the team remains deep and experienced, and we support the recent announcements as a part of a transition to a new generation of leadership.</li> <li>Short-term performance (2Q, YTD, one-year ended June 30, 2025) has begun to improve, however the longer-term track record (three, five, seven, and 10-years) continues to rank in the bottom decile relative to peers.</li> </ul>
<b>US TIPS</b>									
BlackRock Treasury Inflation Protected	●	●	●	●	●	●	●	Within Expectations	<ul style="list-style-type: none"> <li>Head of US iShares Product Rachel Aguirre departed the firm in March 2025. She was succeeded by Daniel Prince, a long-time employee who joined in 2007 and worked closely with Aguirre during her tenure.</li> </ul>
<b>STABLE VALUE</b>									
Galliard Stable Value	●	●	●	●	●	●	●	Within Expectations	<ul style="list-style-type: none"> <li>Subsidiary of Allspring, which is majority owned by funds managed by PE firms GTCR and Reverence Capital. The funds hold approximately 71% ownership of Allspring; the remainder consists of employees (20%) and Wells Fargo (9%).</li> <li>Allspring has named Kate Burke, President, as its next CEO, effective July 1, 2025; Joe Sullivan will continue to serve as CEO until that time and will remain Executive Chair following the transition.</li> <li>Assets have stabilized since late 2020. The Galliard Stable Return Fund's put queue peaked in 2020 and has since decreased to 2017 levels</li> </ul>

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  
Investment Manager Performance Monitoring Summary Report  
June 30, 2025**

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
<b>Tier 2: Passive vs. Net of Fee Groups</b>									
<b>Fixed Income Passive (i)</b> Callan Core Bond MFs Blmbg Aggregate	1.2 63	6.1 64	2.5 84	-0.7 87		-0.5 93	-0.1 88	0.1 100	6.6 62
<b>Treasury Inflation Protected (i)</b> Callan TIPS MFs Blmbg US TIPS 1-10 Yr	1.1 6	6.9 4	3.3 17	2.9 7		0.0 7	-0.0 7	0.3 96	4.6 95
<b>Large Cap Passive (i)</b> Callan Large Cap Core MFs S&P 500 Index	10.9 57	15.1 27	19.7 41	16.6 43		0.9 32	-1.0 94	0.0 99	14.9 56
<b>International Passive (i)</b> Callan Non US Equity MFs International Benchmark	12.5 40	18.3 49	14.0 69	10.1 68		0.4 63	0.2 59	1.0 99	16.4 88
<b>SMID Cap Passive (i)</b> Callan SMID Core MFs Russell 2500 Index	8.6 23	9.9 21	11.2 36	11.4 60		0.5 68	-0.7 95	0.1 99	18.7 36
<b>Inflation Responsive Fund (i)</b> Callan Real Assets MFs Inflation Responsive Benchmark	1.2 76	8.6 72	2.9 86	5.8 82		0.3 87	1.6 1	0.1 99	10.3 63
<b>Tier 2: Active vs. Net of Fee Groups</b>									
<b>Stable Value Fund</b> Callan Stable Value CT T-Bill + 1.5%	0.8 6	3.1 10	2.8 9	2.4 7		-1.2 8	-2.0 6	0.9 57	0.3 33
<b>Fixed Income Fund</b> Callan Core Plus MFs Blmbg Aggregate	1.4 56	6.6 36	3.4 55	0.1 58		-0.4 54	0.8 47	1.0 63	7.3 24
<b>TCW Core Plus</b> Callan Core Plus MFs Blmbg Aggregate	1.3 77	6.3 67	2.5 87	-0.5 83		-0.5 84	0.3 82	0.8 86	7.2 29

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, 2025**

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
<b>Prudential Core Plus</b> Callan Core Plus MFs Blmbg Aggregate	1.4 42	6.9 18	4.3 12	0.7 19		-0.3 20	0.9 45	1.6 20	7.4 14
<b>Large Cap Core Equity Fund</b> Callan Lg Cap Broad MF Russell 1000 Index	12.3 42	16.5 19	20.3 45	15.1 53		0.7 54	-0.3 75	3.8 80	17.1 41
<b>Hotchkis &amp; Wiley Large Cap Value</b> Callan Lg Cap Value MF Russell 1000 Value Index	1.9 90	10.0 74	14.3 30	17.4 9		0.8 68	0.4 31	8.0 15	19.0 4
<b>Macquarie Large Cap Value</b> Callan Lg Cap Value MF Russell 1000 Value Index	2.2 87	5.9 96	7.0 97	10.1 96		0.5 97	-1.1 96	3.6 61	14.3 45
<b>Sands Capital Large Cap Growth</b> Callan Large Cap Grwth MF Russell 1000 Growth Index	27.7 3	24.2 4	29.0 8	9.9 97		0.2 100	-0.6 40	14.5 1	30.4 1
<b>Loomis Sayles Large Cap Growth</b> Callan Large Cap Grwth MF Russell 1000 Growth Index	18.8 26	23.9 5	31.0 3	18.2 8		0.7 12	0.0 8	5.7 34	21.1 39
<b>BlackRock Russell 1000 Index (i)</b> Callan Large Cap Core MFs Russell 1000 Index	11.2 40	15.5 21	19.6 42	16.4 49		0.9 52	0.3 24	0.2 99	15.4 42
<b>International Equity Fund</b> Callan Non US Equity MFs International Benchmark	14.1 13	22.4 24	15.8 50	9.4 73		0.4 74	-0.1 73	3.2 94	18.3 34
<b>Mondrian ACWI ex-US Value</b> Callan Non US Equity MFs MSCI ACWI ex US	11.2 66	24.0 13	15.9 49	13.0 22		0.6 18	0.6 23	4.7 64	16.8 72
<b>Baillie Gifford ACWI ex-US Growth</b> Callan Non US Equity MFs MSCI ACWI ex US	14.3 12	19.6 44	15.4 57	6.5 96		0.2 96	-0.5 87	7.2 18	20.8 7

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, 2025**

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
<b>Acadian</b> Callan Intl Small Cap MFs MSCI ACWI ex US Small Cap	17.2 46	22.6 44	18.1 17	15.7 12		0.8 10	1.1 4	4.4 92	17.0 89
<b>WCM</b> Callan Intl Small Cap MFs MSCI ACWI ex US Small Cap	16.9 49	18.3 65	13.5 58	10.7 46		0.4 42	-0.2 59	11.8 1	17.8 73
<b>Small/Mid Cap Equity Fund</b> Callan SMID Broad MFs Russell 2500 Index	5.8 57	5.9 52	8.3 76	10.5 46		0.4 43	-0.3 54	2.7 100	17.3 78
<b>AB SMID Value</b> Callan SMID Value MFs Russell 2500 Value Index	4.1 49	5.7 44				0.6 55			18.9 46
<b>Earnest Partners Small/Mid Cap</b> Callan SMID Core MFs Russell 2500 Index	4.8 64	5.3 77	7.6 89	10.9 73		0.5 60	-0.1 67	6.3 11	16.3 79
<b>Brown Advisory Small/Mid Cap Growth</b> Callan SMID Growth MFs Russell 2500 Growth Index	7.4 76	5.0 65	7.6 84	6.6 51		0.2 48	-0.2 51	4.9 78	16.4 95
<b>BlackRock Russell 2500 Index (i)</b> Callan SMID Core MFs Russell 2500 Index	8.6 22	10.1 18	11.5 32	11.5 59		0.5 68	0.2 44	0.2 99	18.8 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  
■ 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, 2025**

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	
<b>Tier 2: Active vs. Gross of Fee Groups</b>										
<b>Stable Value Fund</b>										
<b>Galliard Stable Value</b>	0.8 50	3.1 45	2.8 45	2.5 47			-1.0 44	-1.9 46	0.9 29	0.3 67
Callan Stable Value SA										
T-Bill + 1.5%	1.4 2	6.2 1	6.1 1	4.3 2			1.3 6			1.2 1
<b>Fixed Income Fund</b>										
<b>TCW Core Plus</b>	1.3 45	6.3 71	2.6 92	-0.4 86			-0.4 58	0.4 92	0.8 17	7.2 5
Callan Core Bond FI										
Bimbg Aggregate	1.2 86	6.1 95	2.5 92	-0.7 98			-0.5 98			6.7 62
<b>Prudential Core Plus</b>	1.4 19	6.9 5	4.3 1	0.7 3			-0.3 2	0.9 69	1.6 2	7.4 2
Callan Core Bond FI										
Bimbg Aggregate	1.2 86	6.1 95	2.5 92	-0.7 98			-0.5 98			6.7 62
<b>Large Cap Core Equity Fund</b>										
<b>Hotchkis &amp; Wiley Large Cap Value</b>	2.0 93	10.4 84	14.8 38	17.9 15			0.8 73	0.5 47	8.0 7	19.0 3
Callan Large Cap Value										
Russell 1000 Value Index	3.8 63	13.7 40	12.8 65	13.9 79			0.8 72			13.8 64
<b>Macquarie Large Cap Value</b>	2.3 87	6.2 97	7.3 98	10.4 98			0.5 98	-1.0 98	3.6 63	14.3 53
Callan Large Cap Value										
Russell 1000 Value Index	3.8 63	13.7 40	12.8 65	13.9 79			0.8 72			13.8 64
<b>Sands Capital Large Cap Growth</b>	27.8 2	24.8 5	29.5 4	10.3 96			0.2 95	-0.5 60	14.5 4	30.4 4
Callan Large Cap Growth										
Russell 1000 Growth Index	17.8 42	17.2 33	25.8 35	18.1 10			0.8 22			20.2 54
<b>Loomis Sayles Large Cap Growth</b>	18.9 29	24.3 5	31.4 1	18.6 7			0.7 24	0.1 9	5.7 41	21.1 36
Callan Large Cap Growth										
Russell 1000 Growth Index	17.8 42	17.2 33	25.8 35	18.1 10			0.8 22			20.2 54
<b>BlackRock Russell 1000 Index (i)</b>	11.2 50	15.5 23	19.6 44	16.4 53			0.9 60	0.3 41	0.2 100	15.4 45
Callan Large Cap Core										
Russell 1000 Index	11.1 54	15.7 23	19.6 44	16.3 53			0.9 60			15.3 49

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, 2025**

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
<b>International Fund</b>									
<b>Mondrian ACWI ex-US Value</b> Callan NonUS Eq	11.3 65	24.4 19	16.3 48	13.4 26		0.6 28	0.7 31	4.7 54	16.8 63
MSCI ACWI ex US	12.0 52	17.7 63	14.0 78	10.1 72		0.5 61			16.1 88
<b>Baillie Gifford ACWI ex-US Growth</b> Callan NonUS Eq	14.3 14	19.9 48	15.7 55	6.8 92		0.2 94	-0.5 91	7.2 14	20.8 7
MSCI ACWI ex US	12.0 52	17.7 63	14.0 78	10.1 72		0.5 61			16.1 88
<b>Acadian</b> Callan Intl Small Cap	17.2 66	23.3 56	18.9 24	16.7 10		0.8 6	1.4 6	4.4 85	17.1 94
MSCI ACWI ex US Small Cap	16.9 75	18.3 81	13.5 65	10.7 50		0.4 44			17.8 83
<b>WCM</b> Callan Intl Small Cap	28.1 1	29.0 16	16.6 38	9.0 57		0.2 71	-0.1 52	11.8 1	25.9 1
MSCI ACWI ex US Small Cap	16.9 75	18.3 81	13.5 65	10.7 50		0.4 44			17.8 83
<b>Small/Mid Cap Equity Fund</b>									
<b>AB SMID Value</b> Callan Small/MidCap Value	4.2 75	6.1 64	10.6 60	15.1 50		0.6 65	0.3 45	3.4 85	20.0 30
Russell 2500 Value Index	7.3 23	10.5 25	10.7 59	14.0 73		0.6 76			18.9 49
<b>Earnest Partners Small/Mid Cap</b> Callan Small/MidCap Core	4.9 86	5.7 69	8.1 81	12.0 57		0.6 43	0.1 60	6.3 29	16.3 77
Russell 2500 Index	8.6 17	9.9 29	11.3 53	11.4 67		0.5 72			18.7 40
<b>Brown Advisory Small/Mid Cap Growth</b> Callan Sm/MidCap Growth	7.5 76	5.4 74	8.0 87	7.0 62		0.3 55	-0.1 64	4.9 86	16.4 100
Russell 2500 Growth Index	11.3 55	8.8 56	12.0 47	7.5 58		0.2 60			20.2 49
<b>BlackRock Russell 2500 Index (i)</b> Callan Small/MidCap Core	8.6 17	10.1 29	11.5 52	11.5 66		0.5 72	0.3 42	0.2 100	18.8 36
Russell 2500 Index	8.6 17	9.9 29	11.3 53	11.4 67		0.5 72			18.7 40

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

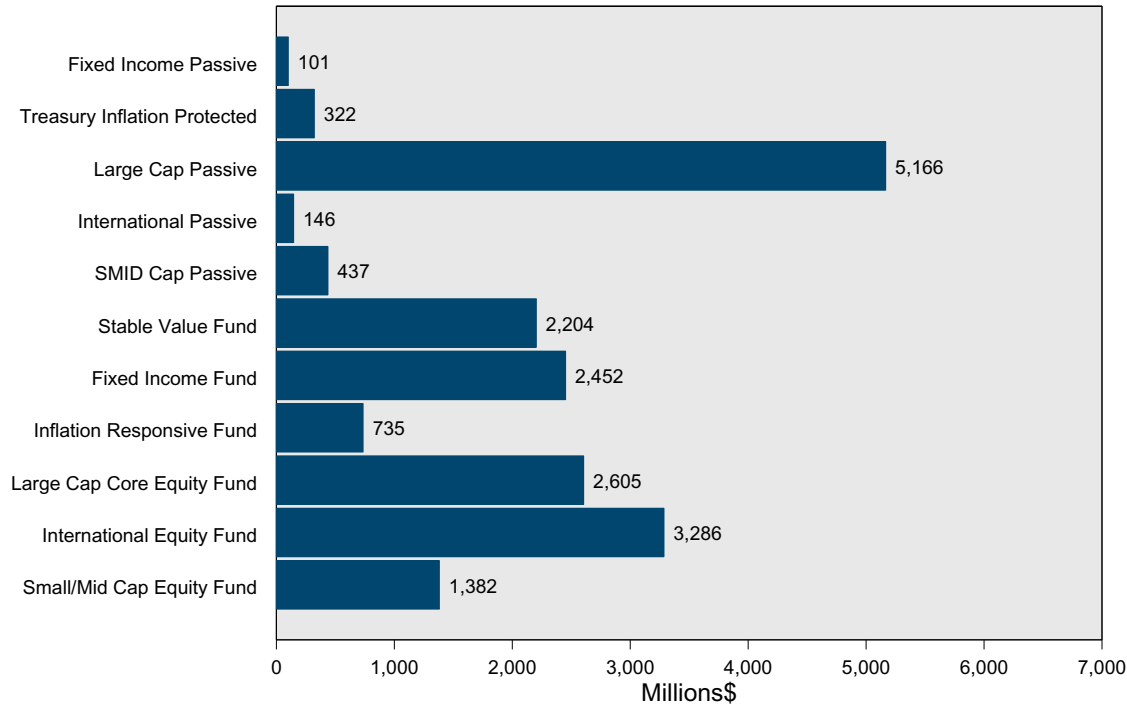
(i) - Indexed scoring method used. Green: manager & index ranking differ by <= +/- 10%tile. Gold: manager & index ranking differ by <= +/- 20%tile. Blue: manager & index ranking differ by > +/- 20%tile.



## Changes in Investment Fund Balances Period Ended June 30, 2025

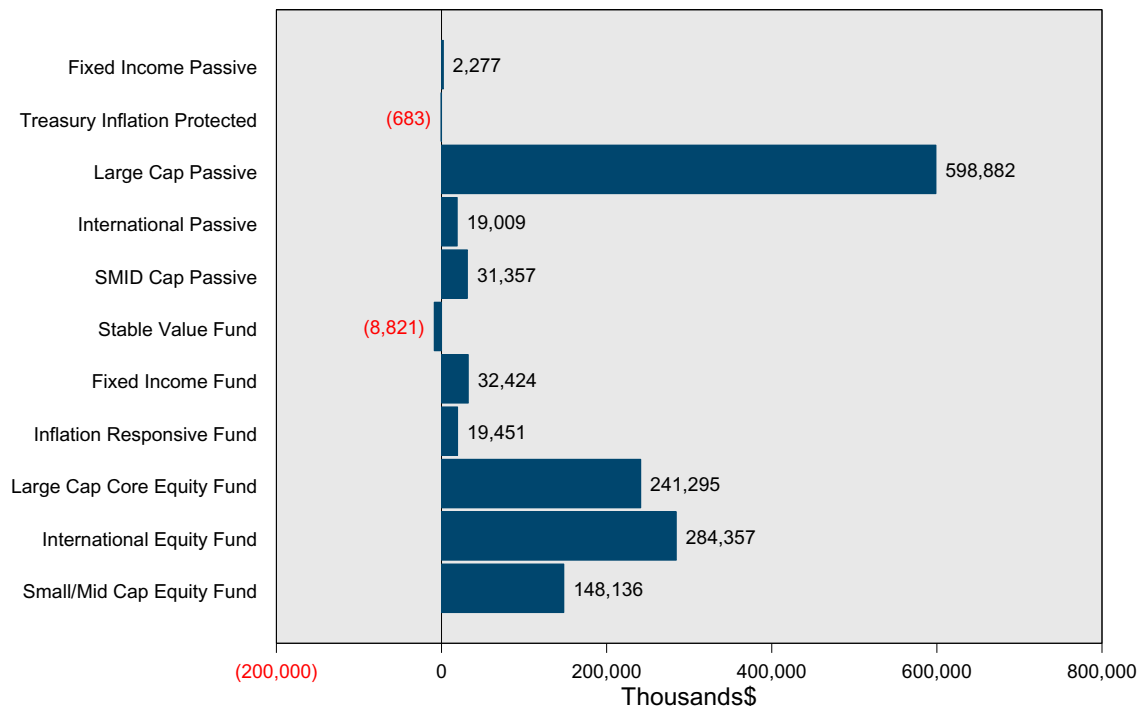
### Allocation Across Investment Options

The chart below illustrates the allocation of the aggregate fund assets across the various investment options for the quarter ended June 30, 2025.



### 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, 2025. 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.

	12/2024- 6/2025		2024		2023		2022		2021	
<b>Tier 2: Passive (Net of Fee)</b>										
Fixed Income Passive	4.01%	65	1.34%	82	5.62%	83	(13.09%)	30	(1.66%)	81
Blmbg Aggregate	4.02%	63	1.25%	85	5.53%	86	(13.01%)	28	(1.54%)	78
Callan Core Bond MFs	4.10%		1.79%		5.96%		(13.48%)		(1.17%)	
Large Cap Passive	6.11%	54	25.01%	34	26.27%	40	(18.15%)	56	28.67%	33
S&P 500 Index	6.20%	53	25.02%	33	26.29%	40	(18.11%)	56	28.71%	33
Callan Large Cap Core MFs	6.32%		23.41%		24.67%		(17.10%)		27.20%	
International Passive	18.72%	63	5.01%	40	15.30%	77	(16.14%)	55	7.68%	69
International Benchmark (1)	17.88%	69	5.23%	39	15.62%	75	(16.58%)	56	7.64%	69
Callan Non US Equity MFs	20.25%		4.41%		17.70%		(15.77%)		9.47%	
SMID Cap Passive	0.42%	30	11.96%	46	17.41%	39	(18.48%)	62	18.22%	84
Russell 2500 Index	0.44%	30	12.00%	42	17.42%	39	(18.37%)	61	18.18%	84
Callan SMID Core MFs	(0.99%)		11.44%		16.33%		(17.22%)		23.76%	
Inflation Responsive Fund	5.61%	76	3.03%	79	4.06%	54	(12.05%)	84	18.58%	41
Inflation Responsive Benchmark	5.40%	77	2.65%	81	3.75%	58	(12.18%)	84	18.51%	41
Callan Real Assets MFs	8.25%		5.17%		4.49%		(6.13%)		16.83%	

(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.

	12/2024- 6/2025		2024		2023		2022		2021	
<b>Tier 2: Active (Net of Fee)</b>										
<b>Stable Value Fund</b>	<b>1.54%</b>	<b>6</b>	<b>3.06%</b>	<b>11</b>	<b>2.72%</b>	<b>9</b>	<b>1.85%</b>	<b>14</b>	<b>1.76%</b>	<b>7</b>
3 Yr US Treas Rolling	1.92%	1	4.23%	1	4.31%	1	3.12%	1	0.47%	97
T-Bill + 1.5%	2.81%	1	6.75%	1	6.51%	1	2.96%	1	1.55%	24
Callan Stable Value CT	1.25%		2.44%		2.36%		1.47%		1.28%	
<b>Fixed Income Fund</b>	<b>4.32%</b>	<b>32</b>	<b>2.17%</b>	<b>62</b>	<b>7.14%</b>	<b>30</b>	<b>(14.40%)</b>	<b>68</b>	<b>(0.87%)</b>	<b>65</b>
Blmbg Aggregate	4.02%	61	1.25%	88	5.53%	91	(13.01%)	30	(1.54%)	91
Callan Core Plus MFs	4.11%		2.30%		6.56%		(13.91%)		(0.42%)	
TCW Core Plus	4.29%	21	1.06%	93	6.03%	44	(14.25%)	87	(0.77%)	23
Blmbg Aggregate	4.02%	63	1.25%	85	5.53%	86	(13.01%)	28	(1.54%)	78
Callan Core Bond MFs	4.10%		1.79%		5.96%		(13.48%)		(1.17%)	
Prudential Core Plus	4.34%	30	3.30%	13	8.30%	1	(14.61%)	75	(0.87%)	65
Blmbg Aggregate	4.02%	61	1.25%	88	5.53%	91	(13.01%)	30	(1.54%)	91
Callan Core Plus MFs	4.11%		2.30%		6.56%		(13.91%)		(0.42%)	
<b>Large Cap Core Equity Fund</b>	<b>7.49%</b>	<b>27</b>	<b>21.00%</b>	<b>55</b>	<b>29.29%</b>	<b>43</b>	<b>(21.50%)</b>	<b>61</b>	<b>21.13%</b>	<b>78</b>
Russell 1000 Index	6.12%	49	24.51%	45	26.53%	48	(19.13%)	54	26.45%	39
Callan Lg Cap Broad MF	6.08%		23.41%		25.85%		(18.55%)		25.50%	
Hotchkis & Wiley Large Cap Value	4.55%	63	12.60%	68	17.30%	19	(4.81%)	44	28.97%	23
Russell 1000 Value Index	6.00%	41	14.37%	49	11.46%	51	(7.54%)	74	25.16%	61
Callan Lg Cap Value MF	5.48%		14.18%		11.77%		(5.35%)		26.02%	
Macquarie Large Cap Value	2.09%	95	7.57%	92	3.80%	96	(3.03%)	32	23.40%	80
Russell 1000 Value Index	6.00%	41	14.37%	49	11.46%	51	(7.54%)	74	25.16%	61
Callan Lg Cap Value MF	5.48%		14.18%		11.77%		(5.35%)		26.02%	
Sands Capital Large Cap Growth	14.81%	2	24.59%	81	52.09%	9	(48.65%)	99	5.03%	99
Russell 1000 Growth Index	6.09%	54	33.36%	25	42.68%	41	(29.14%)	29	27.60%	19
Callan Large Cap Grwth MF	6.61%		30.25%		40.65%		(31.70%)		22.39%	
Loomis Sayles Large Cap Growth	7.84%	25	34.75%	22	52.01%	10	(27.31%)	19	19.06%	70
Russell 1000 Growth Index	6.09%	54	33.36%	25	42.68%	41	(29.14%)	29	27.60%	19
Callan Large Cap Grwth MF	6.61%		30.25%		40.65%		(31.70%)		22.39%	
<b>International Equity Fund</b>	<b>20.24%</b>	<b>51</b>	<b>6.14%</b>	<b>34</b>	<b>19.99%</b>	<b>17</b>	<b>(21.19%)</b>	<b>73</b>	<b>3.39%</b>	<b>89</b>
International Benchmark (1)	17.88%	69	5.23%	39	15.62%	75	(16.58%)	56	7.64%	69
Callan Non US Equity MFs	20.25%		4.41%		17.70%		(15.77%)		9.47%	
Mondrian ACWI ex-US Value	21.68%	31	6.23%	33	20.46%	14	(11.52%)	22	7.78%	69
MSCI ACWI ex US	17.90%	69	5.53%	37	15.62%	75	(16.00%)	55	7.82%	69
MSCI ACWI ex US Value	19.90%	55	6.04%	34	17.30%	52	(8.59%)	11	10.46%	43
Callan Non US Equity MFs	20.25%		4.41%		17.70%		(15.77%)		9.47%	
Baillie Gifford ACWI ex-US Growth	18.20%	64	5.50%	37	19.88%	18	(28.01%)	89	(0.30%)	98
MSCI ACWI ex US	17.90%	69	5.53%	37	15.62%	75	(16.00%)	55	7.82%	69
MSCI ACWI ex US Growth	15.90%	81	5.07%	40	14.03%	87	(23.05%)	79	5.09%	84
Callan Non US Equity MFs	20.25%		4.41%		17.70%		(15.77%)		9.47%	
<b>Small/Mid Cap Equity Fund</b>	<b>(0.37%)</b>	<b>38</b>	<b>6.78%</b>	<b>89</b>	<b>14.75%</b>	<b>63</b>	<b>(15.69%)</b>	<b>38</b>	<b>19.76%</b>	<b>48</b>
Russell 2500 Index	0.44%	26	12.00%	48	17.42%	45	(18.37%)	47	18.18%	54
Callan SMID Broad MFs	(2.05%)		11.71%		16.85%		(20.87%)		19.19%	
Brown Advisory Small/Mid Cap Growth	0.06%	33	5.50%	96	13.28%	85	(19.99%)	8	8.38%	67
Russell 2500 Growth Index	(0.71%)	36	13.90%	45	18.93%	47	(26.21%)	39	5.04%	85
Callan SMID Growth MFs	(2.97%)		13.06%		18.77%		(28.43%)		10.23%	

(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, 2025. 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, 2025

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Since Inception	
<b>Tier 2: Active (Gross of Fee)</b>										
<b>Stable Value Fund</b>										
Galliard Stable Value	0.78%	50	3.11%	45	2.82%	45	2.50%	47	2.52%	(1/11)
3 Yr US Treas Rolling	0.92%	9	3.93%	7	4.14%	3	2.82%	14	1.71%	(1/11)
T-Bill + 1.5%	1.40%	2	6.18%	1	6.06%	1	4.26%	2	2.88%	(1/11)
Callan Stable Value SA	0.78%		3.03%		2.77%		2.48%		-	
<b>Fixed Income Fund</b>										
TCW Core Plus	1.30%	45	6.32%	71	2.61%	92	(0.40%)	86	2.13%	(1/17)
Blmbg Aggregate	1.21%	86	6.08%	95	2.55%	92	(0.73%)	98	1.68%	(1/17)
Callan Core Bond FI	1.29%		6.43%		3.13%		(0.15%)		-	
Prudential Core Plus	1.44%	19	6.94%	5	4.34%	1	0.70%	3	3.05%	(1/15)
Blmbg Aggregate	1.21%	86	6.08%	95	2.55%	92	(0.73%)	98	1.66%	(1/15)
Callan Core Bond FI	1.29%		6.43%		3.13%		(0.15%)		-	
<b>Large Cap Core Equity Fund</b>										
Hotchkis & Wiley Large Cap Value	1.95%	93	10.42%	84	14.78%	38	17.87%	15	15.03%	(4/09)
Russell 1000 Value Index	3.79%	63	13.70%	40	12.76%	65	13.93%	79	12.77%	(4/09)
Callan Large Cap Value	4.32%		13.15%		13.89%		15.84%		-	
Macquarie Large Cap Value	2.28%	87	6.16%	97	7.25%	98	10.37%	98	7.65%	(6/15)
Russell 1000 Value Index	3.79%	63	13.70%	40	12.76%	65	13.93%	79	8.89%	(6/15)
Callan Large Cap Value	4.32%		13.15%		13.89%		15.84%		-	
Sands Capital Large Cap Growth	27.80%	2	24.76%	5	29.54%	4	10.34%	96	18.86%	(4/09)
Russell 1000 Growth Index	17.84%	42	17.22%	33	25.76%	35	18.15%	10	18.09%	(4/09)
Callan Large Cap Growth	17.17%		15.95%		24.78%		15.87%		-	
Loomis Sayles Large Cap Growth	18.92%	29	24.35%	5	31.42%	1	18.58%	7	17.70%	(8/14)
Russell 1000 Growth Index	17.84%	42	17.22%	33	25.76%	35	18.15%	10	16.71%	(8/14)
Callan Large Cap Growth	17.17%		15.95%		24.78%		15.87%		-	
BlackRock Russell 1000 Index	11.16%	50	15.50%	23	19.59%	44	16.36%	53	13.79%	(11/17)
Russell 1000 Index	11.11%	54	15.66%	23	19.59%	44	16.30%	53	13.81%	(11/17)
Callan Large Cap Core	11.17%		13.18%		19.39%		16.44%		-	
<b>International Equity Fund</b>										
Mondrian ACWI ex-US Value	11.25%	65	24.38%	19	16.33%	48	13.38%	26	8.70%	(4/09)
MSCI ACWI ex US	12.03%	52	17.72%	63	13.99%	78	10.13%	72	8.40%	(4/09)
MSCI ACWI ex US Value	10.42%	82	21.42%	38	15.62%	57	13.15%	28	8.03%	(4/09)
Callan NonUS Eq	12.06%		19.59%		16.08%		11.57%		-	
Baillie Gifford ACWI ex-US Growth	14.35%	14	19.89%	48	15.66%	55	6.81%	92	10.69%	(4/09)
MSCI ACWI ex US	12.03%	52	17.72%	63	13.99%	78	10.13%	72	8.40%	(4/09)
MSCI ACWI ex US Growth	13.67%	21	14.15%	83	12.42%	90	7.10%	92	8.64%	(4/09)
Callan NonUS Eq	12.06%		19.59%		16.08%		11.57%		-	
<b>Small/Mid Cap Equity Fund</b>										
AB SMID Value	4.19%	75	6.09%	64	-		-		1.40%	(4/24)
Russell 2500 Value Index	7.29%	23	10.47%	25	10.69%	59	13.96%	73	4.54%	(4/24)
Callan Small/MidCap Value	5.08%		8.39%		12.17%		15.11%		-	
Earnest Partners Small/Mid Cap	4.87%	86	5.74%	69	8.11%	81	-		4.08%	(4/21)
Russell 2500 Index	8.59%	17	9.91%	29	11.31%	53	11.44%	67	3.32%	(4/21)
Callan Small/MidCap Core	6.96%		7.20%		11.88%		12.46%		-	
Brown Advisory Small/Mid Cap Growth	7.51%	76	5.35%	74	7.97%	87	7.01%	62	14.07%	(4/09)
Russell 2500 Growth Index	11.31%	55	8.81%	56	12.05%	47	7.50%	58	13.81%	(4/09)
Callan Sm/MidCap Growth	11.65%		9.14%		11.62%		8.09%		-	
BlackRock Russell 2500 Index	8.59%	17	10.10%	29	11.51%	52	11.51%	66	8.27%	(11/17)
Russell 2500 Index	8.59%	17	9.91%	29	11.31%	53	11.44%	67	8.14%	(11/17)
Callan Small/MidCap Core	6.96%		7.20%		11.88%		12.46%		-	

## 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. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

	12/2024- 6/2025		2024		2023		2022		2021	
<b>Tier 2: Active (Gross of Fee)</b>										
<b>Stable Value Fund</b>										
Galliard Stable Value	1.54%	47	3.05%	40	2.77%	38	1.98%	47	1.91%	42
3 Yr US Treas Rolling	1.92%	7	4.23%	4	4.31%	3	3.12%	4	0.47%	97
T-Bill + 1.5%	2.81%	2	6.75%	1	6.51%	1	2.96%	4	1.55%	87
Callan Stable Value SA	1.52%		2.92%		2.71%		1.96%		1.84%	
<b>Fixed Income Fund</b>										
TCW Core Plus	4.37%	16	1.12%	97	6.19%	49	(14.12%)	96	(0.65%)	22
Blmbg Aggregate	4.02%	79	1.25%	93	5.53%	86	(13.01%)	58	(1.54%)	88
Callan Core Bond FI	4.16%		1.93%		6.17%		(12.91%)		(1.03%)	
Prudential Core Plus	4.34%	17	3.30%	4	8.30%	1	(14.61%)	98	(0.87%)	40
Blmbg Aggregate	4.02%	79	1.25%	93	5.53%	86	(13.01%)	58	(1.54%)	88
Callan Core Bond FI	4.16%		1.93%		6.17%		(12.91%)		(1.03%)	
<b>Large Cap Core Equity Fund</b>										
Hotchkis & Wiley Large Cap Value	4.75%	72	13.04%	68	17.75%	18	(4.39%)	49	29.47%	39
Russell 1000 Value Index	6.00%	49	14.37%	57	11.46%	63	(7.54%)	80	25.16%	79
Callan Large Cap Value	5.98%		15.56%		12.85%		(4.93%)		28.35%	
Macquarie Large Cap Value	2.23%	95	7.86%	94	4.08%	95	(2.75%)	33	23.71%	87
Russell 1000 Value Index	6.00%	49	14.37%	57	11.46%	63	(7.54%)	80	25.16%	79
Callan Large Cap Value	5.98%		15.56%		12.85%		(4.93%)		28.35%	
Sands Capital Large Cap Growth	15.03%	1	25.15%	70	52.73%	3	(48.40%)	97	5.50%	96
Russell 1000 Growth Index	6.09%	65	33.36%	25	42.68%	37	(29.14%)	43	27.60%	25
Callan Large Cap Growth	7.00%		30.20%		40.56%		(30.21%)		24.35%	
Loomis Sayles Large Cap Growth	8.02%	25	35.22%	21	52.54%	5	(27.00%)	31	19.48%	78
Russell 1000 Growth Index	6.09%	65	33.36%	25	42.68%	37	(29.14%)	43	27.60%	25
Callan Large Cap Growth	7.00%		30.20%		40.56%		(30.21%)		24.35%	
<b>International Equity Fund</b>										
Mondrian ACWI ex-US Value	21.89%	29	6.63%	40	20.91%	19	(11.16%)	21	8.20%	74
MSCI ACWI ex US	17.90%	66	5.53%	53	15.62%	79	(16.00%)	53	7.82%	77
MSCI ACWI ex US Value	19.90%	52	6.04%	48	17.30%	59	(8.59%)	13	10.46%	60
Callan NonUS Eq	20.06%		5.93%		18.11%		(15.20%)		11.56%	
Baillie Gifford ACWI ex-US Growth	18.34%	63	5.77%	52	20.17%	27	(27.82%)	92	(0.04%)	98
MSCI ACWI ex US	17.90%	66	5.53%	53	15.62%	79	(16.00%)	53	7.82%	77
MSCI ACWI ex US Growth	15.90%	82	5.07%	57	14.03%	91	(23.05%)	84	5.09%	91
Callan NonUS Eq	20.06%		5.93%		18.11%		(15.20%)		11.56%	
<b>Small/Mid Cap Equity Fund</b>										
Brown Advisory Small/Mid Cap Growth	0.26%	42	5.84%	91	13.73%	81	(19.67%)	6	8.77%	75
Russell 2500 Growth Index	(0.71%)	51	13.90%	48	18.93%	39	(26.21%)	34	5.04%	86
Callan Sm/MidCap Growth	(0.69%)		13.69%		18.53%		(28.40%)		12.52%	

# Galliard Stable Value Period Ended June 30, 2025

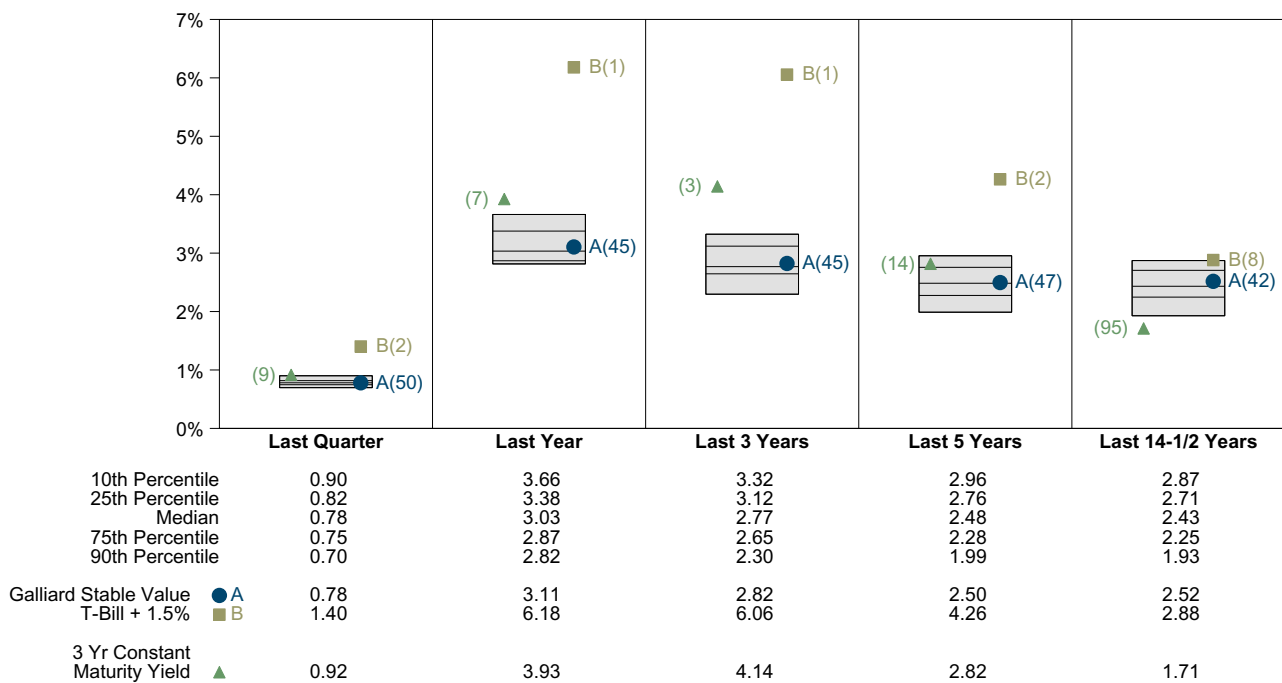
## Investment Philosophy

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.

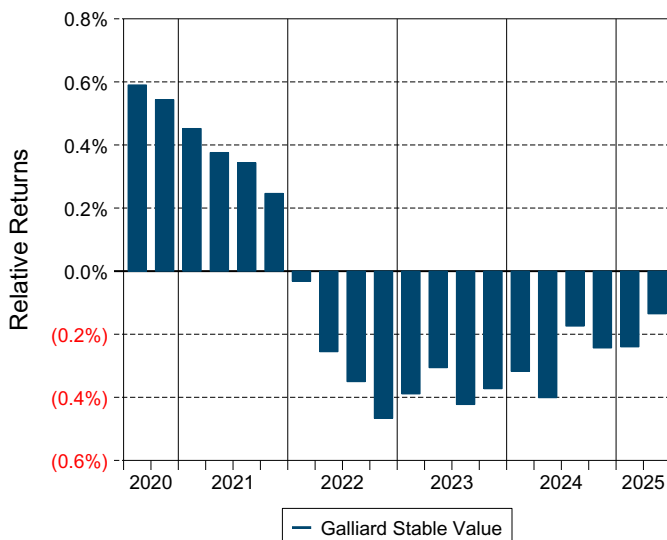
## Quarterly Summary and Highlights

- Galliard Stable Value's portfolio posted a 0.78% return for the quarter placing it in the 50 percentile of the Callan Stable Value SA group for the quarter and in the 45 percentile for the last year.
- Galliard Stable Value's portfolio underperformed the 3 Yr Constant Maturity Yield by 0.14% for the quarter and underperformed the 3 Yr Constant Maturity Yield for the year by 0.82%.

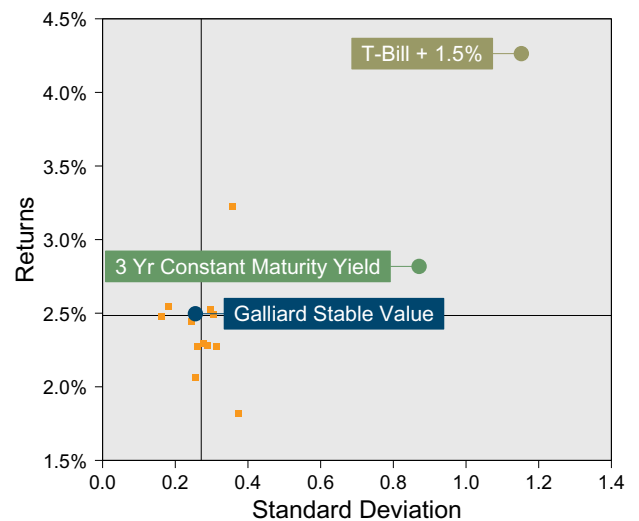
## Performance vs Callan Stable Value SA (Gross)



Relative Returns vs  
3 Yr Constant Maturity Yield



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



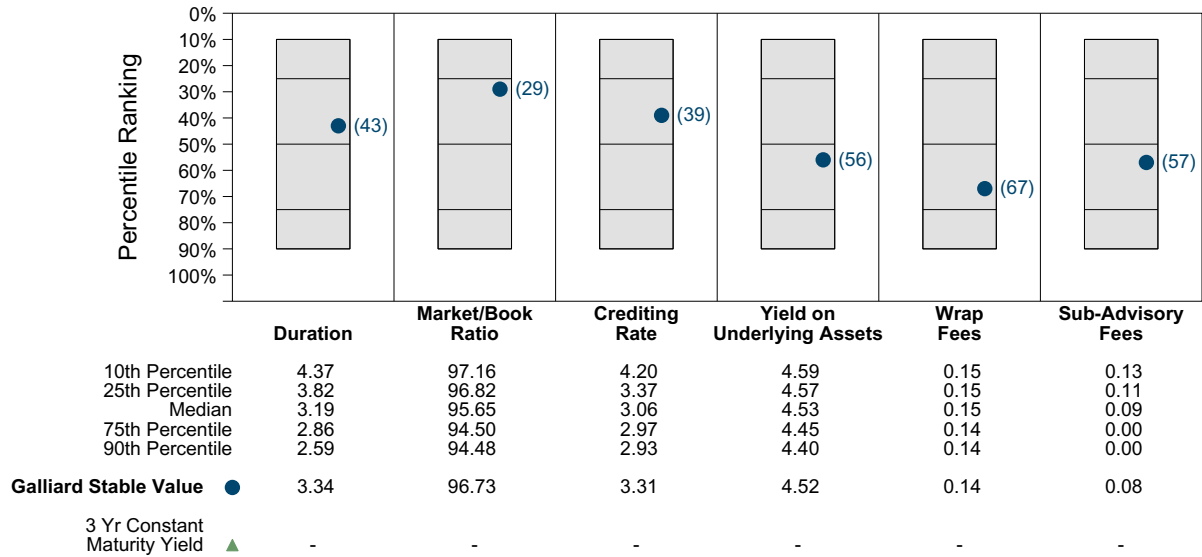
# Galliard Stable Value

## 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.

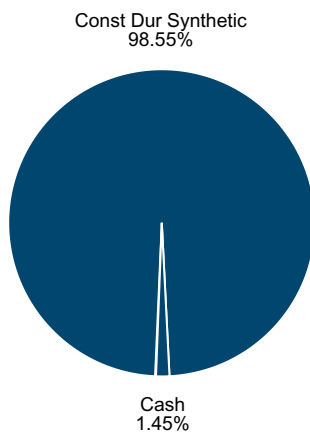
### Portfolio Characteristics Percentile Rankings Rankings Against Callan Stable Value SA as of June 30, 2025



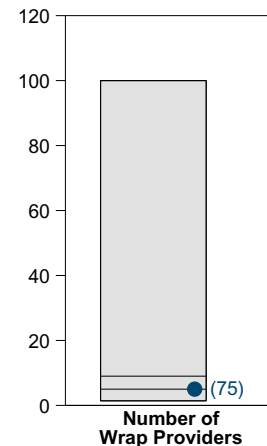
### Wrap Structure and Diversification

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, 2025



#### Wrap Contract Diversification June 30, 2025



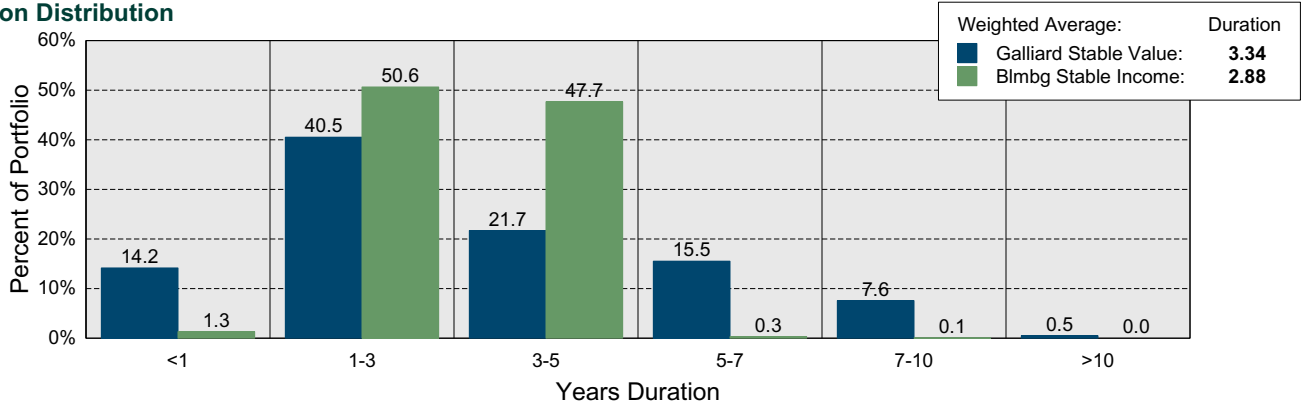
10th Percentile	100.0
25th Percentile	100.0
Median	9.0
75th Percentile	5.0
90th Percentile	1.4
<b>Galliard Stable Value</b>	● 5.0

# Galliard Stable Value Stable Value Portfolio Characteristics Summary As of June 30, 2025

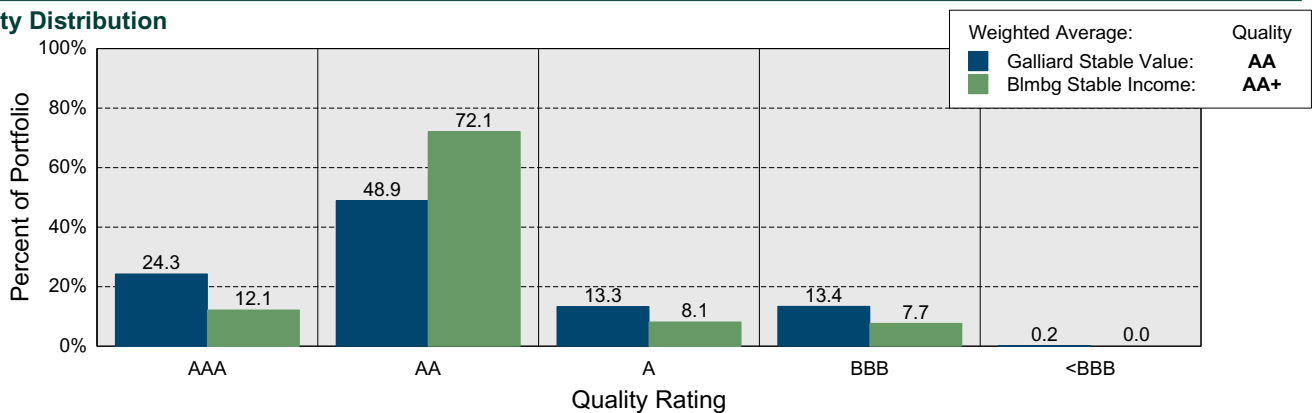
## Portfolio Structure Comparison

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



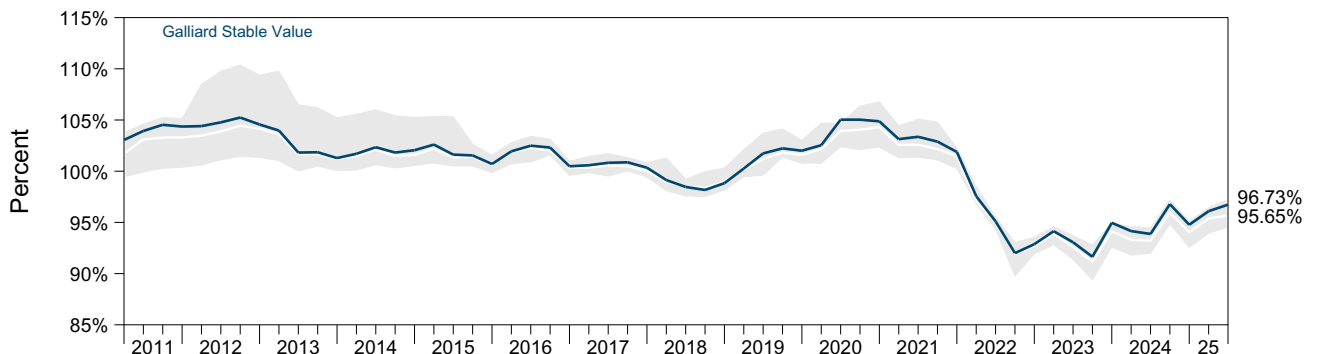
### Quality Distribution



### 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



### Court Affirms Dismissal of Suit Against Intel for Offering Alternatives in DC Plans

**Takeaway:** The U.S. 9th Circuit Court of Appeals ruled in favor of fiduciaries of the Intel Defined Contribution (DC) plans, the latest development in a long-running legal saga that involved multiple lawsuits. The key allegation stated that the inclusion of alternative investments in the DC plans was a breach of the fiduciaries' duties under the Employee Retirement Income Security Act (ERISA).

**Background:** A complaint filed by a former plan participant in 2019 in the U.S. District Court for the Northern District of California alleged that Intel DC plan fiduciaries had breached their ERISA duties of prudence and loyalty by including private equity and hedge funds in custom target date funds offered in the Intel DC plans.

**Alleged breach of fiduciary duty of prudence:** The plaintiff alleged that the investments were excessively risky, costly, and illiquid, and that the funds with exposure to these investments had underperformed other investments. However, the district court found, and the appeals court affirmed the dismissal of the claims, holding that the plaintiffs' had not pled a viable breach of fiduciary duty claim because plaintiffs had not pled either (i) specific actions inconsistent with the fiduciary obligations or (ii) an appropriate benchmark from which it could be inferred that the investment selected was imprudent.

**Alleged breach of fiduciary duty of loyalty:** The plaintiff also alleged that plan fiduciaries had steered retirement funds toward companies in which Intel Capital, Intel's venture capital arm, had invested, which the plaintiff alleged represented a conflict of interest. In the affirmation, the court found the plaintiff did not plausibly allege a "real conflict of interest," but merely the potential for a conflict of interest.

Notably, the appeals court found that for a complaint to move forward the allegations must affirmatively address fiduciary prudence specific to the selection of the investment and its subsequent monitoring and cannot solely rely on poor performance to allege fiduciary imprudence. In lieu of specific allegations as to the actions of a fiduciary, which may not be visible to the beneficiaries, the Ninth Circuit joined other circuits in recognizing a narrow exception whereby fiduciary imprudence can be inferred by alleging that an appropriate benchmark investment demonstrates that investing in the similar fund was imprudent.

In the affirmation, the appeals court also referenced an information letter published by the U.S. Department of Labor (DOL) in 2020 during the first Trump administration. The letter stated that a plan fiduciary would not "violate the fiduciary's duties under section 403 and 404 of ERISA solely because the fiduciary offers a professionally managed asset allocation fund with a private equity component as a designated investment alternative for an ERISA covered individual account plan in the manner described in this letter." The letter also mentioned factors related to private equity—such as fees, access, liquidity, valuation, and transparency—that plan fiduciaries should have the necessary capacity and ability to evaluate to ensure a prudent selection and monitoring process.

**Bottom Line:** For plan fiduciaries, the Intel case demonstrates that the inclusion of alternative investments within a DC multi-asset framework is not prohibited and highlights the importance of establishing and following a sound fiduciary framework for investment selection and monitoring.



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## 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.

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## 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.

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## 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.

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## 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 ratios 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.

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## 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.

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## 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.

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## 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.



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