North Carolina Supplemental Retirement Plan
Smid-Cap Growth Portfolio Review – 3rd Quarter 2013

November 14, 2013

Trish Carroll, Client Service Manager

Chris Berrier, Portfolio Manager

Brown ADVISORY
Thoughtful Investing.

The Brown Advisory Advantage

- Independent investment firm, founded in 1993
  - Partnership culture
  - All full-time employees have equity ownership
  - Firm assets over $42 billion*
- Consistent, continuous team of experienced investors
  - Dedicated team of investment professionals
  - Culture of collaboration and teamwork
  - Compensation aligned with client results
- Portfolio advantage
  - Independent, rigorous and repeatable investment process
  - Valuation discipline promotes better preservation of capital in down markets
  - Focused portfolios of high quality business models, diversified across sectors

*As of September 30, 2013, Brown Advisory had more than $42 billion in client assets for the following entities: Brown Advisory, LLC, Brown Investment Advisory & Trust Company, Brown Advisory Securities, LLC, Brown Advisory Ltd., Brown Advisory Trust Company of Delaware, LLC and CDK Investment Management, LLC.

Brown Advisory Equity Investment Team

Portfolio Managers

CHRISTOPHER BERRIER
Co-Portfolio Manager:
Small-Cap Growth
13 years industry experience

TIMOTHY HATHAWAY, CFA
Co-Portfolio Manager:
Small-Cap Growth
20 years industry experience

Equity Research

DIRECTOR OF RESEARCH

TIMOTHY HATHAWAY, CFA
20 years industry experience

PRODUCT SPECIALIST

KEVIN OSTEN, CFA
16 years industry experience

CONSUMER

ERIC CHA, CFA
Analyst: Consumer
13 years industry experience

DAN MOONEY, CFA
Analyst: Consumer
10 years industry experience

PATRICK MAHONEY
Analyst: Consumer
7 years industry experience

FINANCIALS

KEVIN O'KEEFE
Analyst: Financials
11 years industry experience

KENNETH COE
Analyst: Financials
2 years industry experience

GENERALIST

MICHAEL POGGI, CFA
Analyst: Generalist
10 years industry experience

HEALTH CARE

PAUL LI, PH.D., CFA
Analyst: Health Care
13 years industry experience

SUNG PARK, CFA
Analyst: Health Care
10 years industry experience

SHERYL ZHOU, PH.D.
Analyst: Health Care
4 years industry experience

NON-CONSUMER CYCLICALS

NIGEL FRANKSON, CFA
Analyst: Industrials
10 years industry experience

ERIC GORDON, CFA
Analyst: Energy
15 years industry experience

SIMON PATERSON, CFA
Analyst: Industrials & Basic Materials
11 years industry experience

TECHNOLOGY

MANEESH BAJAJ, CFA
Analyst: Technology
11 years industry experience

JOHN BOND, CFA
Analyst: Technology
12 years industry experience

DORON EISENBERG, CFA
Analyst: Technology
12 years industry experience

EMILY MATHEWS
Analyst: Technology
2 years industry experience

Investment Philosophy

We believe attractive risk-adjusted returns over time are achievable to those **willing to think and act differently than the market and one's peers.** We strive to do so by exploiting the market inefficiencies in the small capitalization universe through a **concentrated, yet diversified portfolio** of **high-quality business models** with **above-average growth, sound management** and **favorable competitive positioning.**

Investment Principles

Portfolio Management Principles:

- Relative concentration
- Risk management through diversification
- Multi-year investment horizon
- Benchmark agnostic

Security Selection Principles:

- Formulate non-consensus view
  - Informational
  - Analytical
  - Behavioral
- Articulate clear, concise investment thesis

North Carolina Supplemental Retirement Plan
Portfolio Performance – Total Return (%)

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As of 9/30/2013

	Year To Date	Trailing 12 Months	Annualized Trailing 2 Years	Annualized Trailing 3 Years	Annualized (03-13-09) Inception To Date
Cash & Equivalents	0.03	0.06	0.07	0.14	0.22
Small Cap Growth Common Stocks	32.98	37.30	33.70	20.98	29.71
TOTAL PORTFOLIO - GROSS OF FEES	30.78	34.83	31.87	19.74	27.75
TOTAL PORTFOLIO - NET OF FEES	**30.24**	**34.09**	**31.14**	**19.08**	**27.08**
Russell 2500® Growth Index*	**29.68**	**32.46**	**31.06**	**20.10**	**28.16**
Russell 2000® Growth Index*	**32.48**	**33.07**	**32.12**	**19.96**	**27.65**

*Data Source: Bloomberg

North Carolina Supplemental Retirement Plan
Change in Portfolio Value

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As of 09/30/2013

	Year To Date	Trailing 12 Months	Trailing 2 Years	Trailing 3 Years	Trailing 4 Years	Since Funding 3/13/2009
Beginning Portfolio Value ($)	**70,400,579**	**67,008,634**	**53,112,069**	**47,511,577**	**36,772,263**	**21,239,918**
Net Contributions/Withdrawals ($)	47,624,696	48,902,807	47,528,138	54,400,808	57,267,890	61,250,872
Market Value Gain/Loss ($)	21,475,295	23,365,470	38,255,451	36,775,368	44,500,956	55,988,602
Interest, Dividends, & Cap Gains Dist ($)	208,239	431,899	813,152	1,021,057	1,167,702	1,229,418
Ending Portfolio Value ($)	**139,708,810**	**139,708,810**	**139,708,810**	**139,708,810**	**139,708,810**	**139,708,810**

Source: APX Change in Portfolio Value Report for North Carolina Supplemental Retirement Plan Portfolio.

North Carolina Supplemental Retirement Plan Portfolio Holdings

As of 09/30/2013

#	Security	% Equity
1	Interactive Intelligence Group, Inc.	4.7%
2	Waste Connections, Inc.	3.4%
3	Covance, Inc.	3.0%
4	Informatica Corp.	2.8%
5	Incyte Corp, Ltd.	2.7%
6	Pegasystems, Inc.	2.7%
7	MAXIMUS, Inc.	2.7%
8	Broadridge Financial Solutions, Inc.	2.7%
9	Prosperity Bancshares, Inc.	2.6%
10	CoreLogic, Inc.	2.4%
11	CoStar Group, Inc.	2.3%
12	United Rentals, Inc.	2.3%
13	Quiksilver, Inc.	2.3%
14	HEICO Corp.	2.2%
15	HomeAway, Inc.	2.2%
16	IDEX Corp.	2.1%
17	Corporate Executive Board Co.	2.0%
18	CommVault Systems, Inc.	2.0%
19	Ascent Capital Group, Inc.	2.0%
20	Ultimate Software Group, Inc.	2.0%

#	Security	% Equity
21	Knight Transportation, Inc.	1.9%
22	Henry Schein, Inc.	1.9%
23	PriceSmart, Inc.	1.9%
24	UTi Worldwide, Inc.	1.8%
25	Helix Energy Solutions Group, Inc.	1.8%
26	Rockwood Holdings, Inc.	1.8%
27	Advisory Board Co.	1.8%
28	Genpact Ltd.	1.8%
29	Seattle Genetics, Inc.	1.7%
30	Accelrys, Inc.	1.7%
31	Landstar System, Inc.	1.7%
32	Roadrunner Transportation Sys, Inc.	1.6%
33	Applied Micro Circuits Corp.	1.6%
34	DigitalGlobe, Inc.	1.6%
35	Hexcel Corp.	1.5%
36	Harman International Industries, Inc.	1.5%
37	BroadSoft, Inc.	1.4%
38	IDEXX Laboratories, Inc.	1.3%
39	Global Payments, Inc.	1.3%
40	Riverbed Technology, Inc.	1.3%

#	Security	% Equity
41	Concur Technologies, Inc.	1.3%
42	Charles River Laboratories Int'l, Inc.	1.3%
43	Susser Holdings Corp.	1.2%
44	Ariad Pharmaceuticals, Inc.	1.1%
45	Volcano Corp.	1.1%
46	Fair Isaac Corp.	1.1%
47	Acuity Brands, Inc.	1.0%
48	Endologix, Inc.	1.0%
49	ANN INC.	1.0%
50	Cavium, Inc.	1.0%
51	BJ's Restaurants, Inc.	0.9%
52	Colfax Corp.	0.9%
53	Valmont Industries, Inc.	0.8%
54	Sapient Corp.	0.6%
55	EXFO, Inc.	0.5%
56	World Fuel Services Corp.	0.5%
57	Stage Stores, Inc.	0.4%
58	Cvent, Inc.	0.2%
59	E2open, Inc.	0.2%

Source: APX Holdings Report for North Carolina Supplemental Retirement Plan Portfolio.