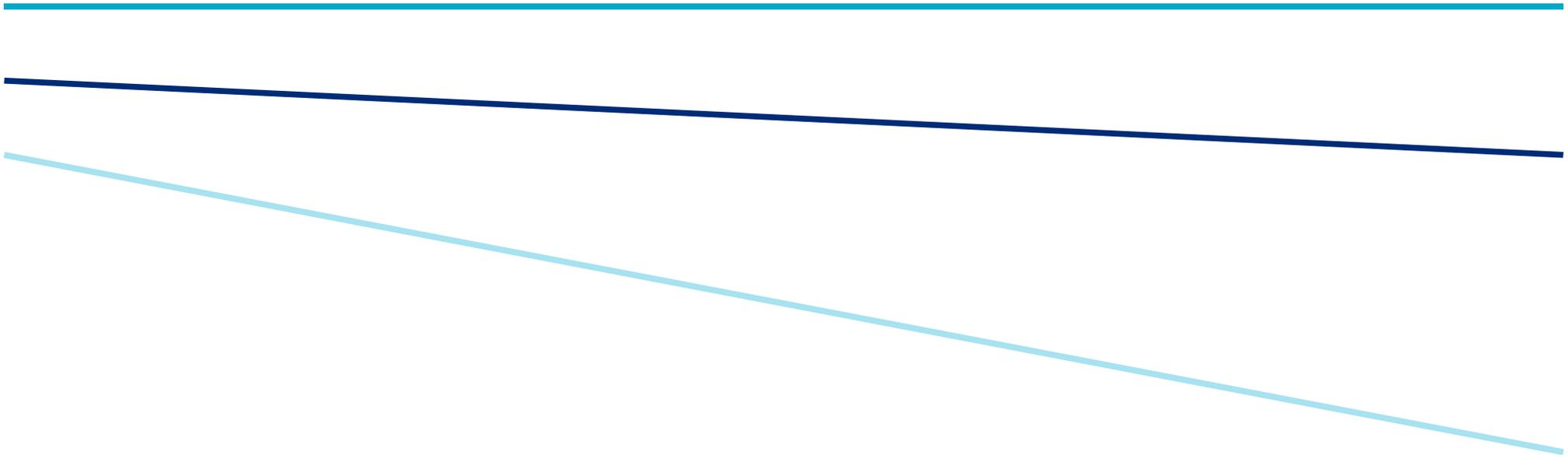


# NC Supplemental Retirement System Investment Policy Review Project



# Investment Policy Statement Overview

Board Guidance	Plan Structure and Review	Performance Standards	Roles and Responsibilities
<ul style="list-style-type: none"> <li>▪ Purpose of policy and plans</li> <li>▪ Role of Board and Sub-Committee</li> <li>▪ Framework for policies</li> <li>▪ Required review and approvals</li> <li>▪ How often policy will be reviewed</li> </ul>	<ul style="list-style-type: none"> <li>▪ Basis for choosing manager structure and plan options e.g.; use of active vs. passive and DC best practices</li> <li>▪ Basis of selecting investment managers</li> <li>▪ Monitoring criteria e.g.; change of personnel, organizational change</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benchmarks, performance targets and time periods</li> <li>▪ Define risk specifications and time periods</li> <li>▪ Frequency of performance reviews</li> <li>▪ Watch List Criteria</li> </ul>	<ul style="list-style-type: none"> <li>▪ Board</li> <li>▪ Investment Sub-Committee</li> <li>▪ Participants</li> <li>▪ Investment managers</li> <li>▪ Recordkeeper</li> <li>▪ Consultant</li> <li>▪ Investment Management Division</li> </ul>

## Investment Policy Review Project Overview

- Mercer and staff are conducting a review of the Investment Policy Statement (IPS)
  - Confirm the document is up to date
  - Review and confirm the guidelines for the funds
  - Review and confirm that additional guidelines, restrictions and expectations outlined in the document are consistent with best practices
- Mercer and staff will then review all of the manager guidelines
  - Currently there is little similarity between manager guidelines
  - The manager guidelines are not tied to the fund guidelines in the IPS
- The objective of this project will be to update the IPS and standardize the manager guidelines.

## Investment Policy Review Process

- Review IPS and provide the committee with an updated statement for approval
- Review current manager guidelines compared to best practices and develop standard guidelines for each asset class
- Review and negotiate exceptions to standard guidelines with each of NC's investment managers
- New guidelines will be incorporated into new investment management agreements that will be negotiated next summer/fall (current manager contracts are with Prudential)
- Put a compliance monitoring process in place to monitor all of the investment manager activity vs. guidelines

## Investment Policy Review Timeline

- November 2014 IC meeting: Present the new IPS for approval
- February 2015 IC meeting: Present the standard asset class guidelines
- May 2015 IC meeting: Present any manager exceptions that were agreed upon
- August 2015 meeting: Finalize the project



Services provided by Mercer Investment Consulting, Inc.