

Quality Value

13 February 2014

Matthew G. Baker Senior Vice President

Wellington Management Company LLP

Elizabeth O'Hara, CFA Vice President

Wellington Management Company LLP

Agenda

- Section One** Wellington Management Company LLP Update
- Section Two** Quality Value Portfolio Review
- Section Three** Appendix A – Quality Value
- Section Four** Appendix B – Opportunistic Growth
- Section Five** Appendix C – Global Opportunities

Our distinctive strengths

A singular focus on investment management

Comprehensive capabilities

Rigorous proprietary research

Open, collaborative culture

Long-term perspective of a partnership structure

A commitment to bringing the right resources to each client



Our mission is simple: We seek to exceed the investment objectives and service expectations of our clients worldwide.

Wellington Management today

Diversified asset base

US\$834 billion in client assets under management

43% equity, 41% fixed income, 16% multi-strategy – including 6% in alternatives across all asset classes

Global resources

2,000+ employees

564 investment professionals

11 offices with investment and relationship personnel in key financial centers

Globally integrated research since 1972

Upcoming partner withdrawals

Matt Megargel (Equity Portfolio Manager) – 30 June 2014

Andrew Leeming (Equity Portfolio Manager) – 30 June 2014

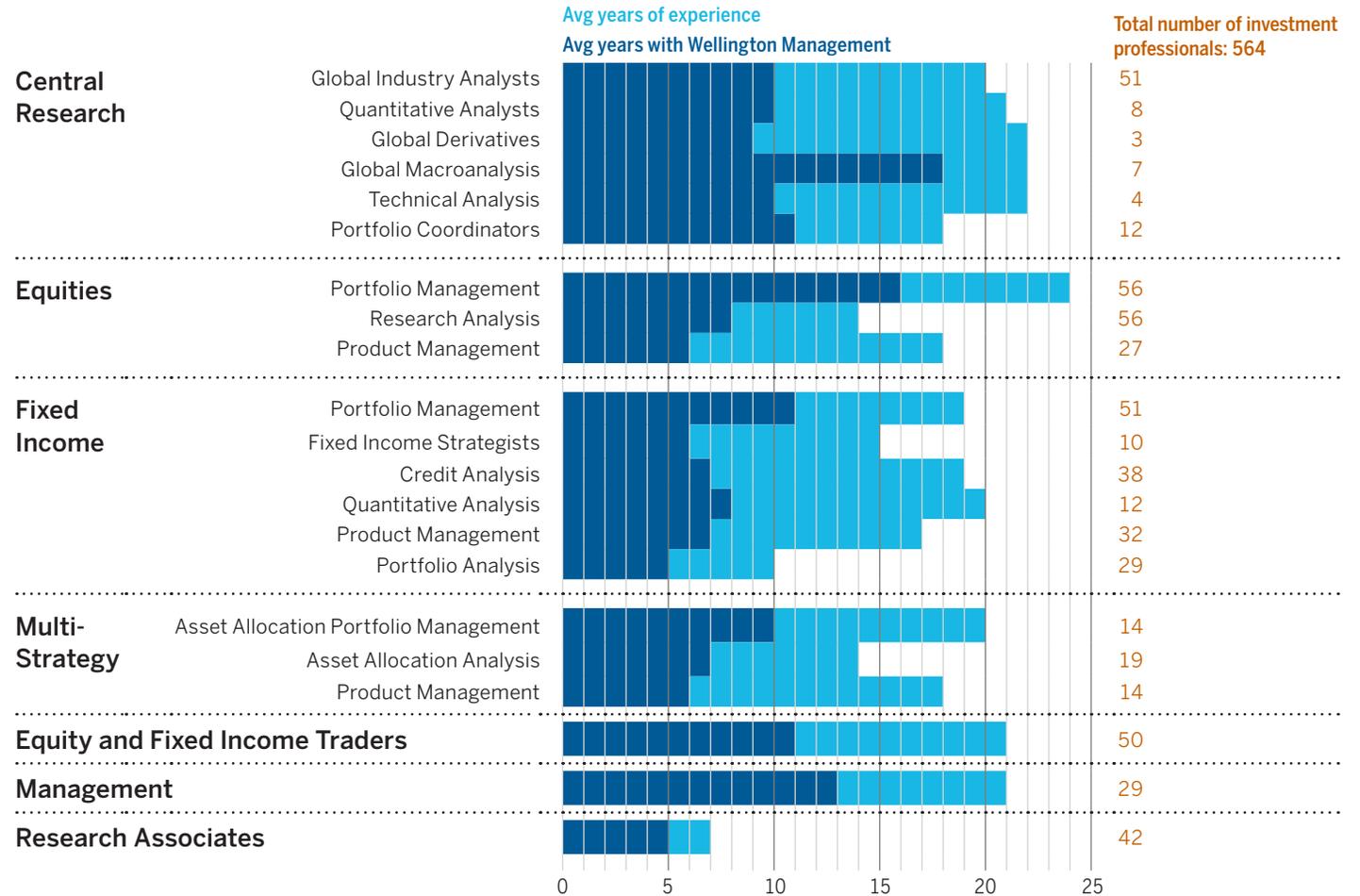


We serve as a trusted adviser and strategic partner to investors worldwide.

Investors draw on rigorous, proprietary research

Depth, experience, and continuity create interpretation advantage

We conduct research through fundamental, quantitative, macro, and technical lenses



As of 31 December 2013

Comprehensive capabilities

Across traditional and alternative strategies

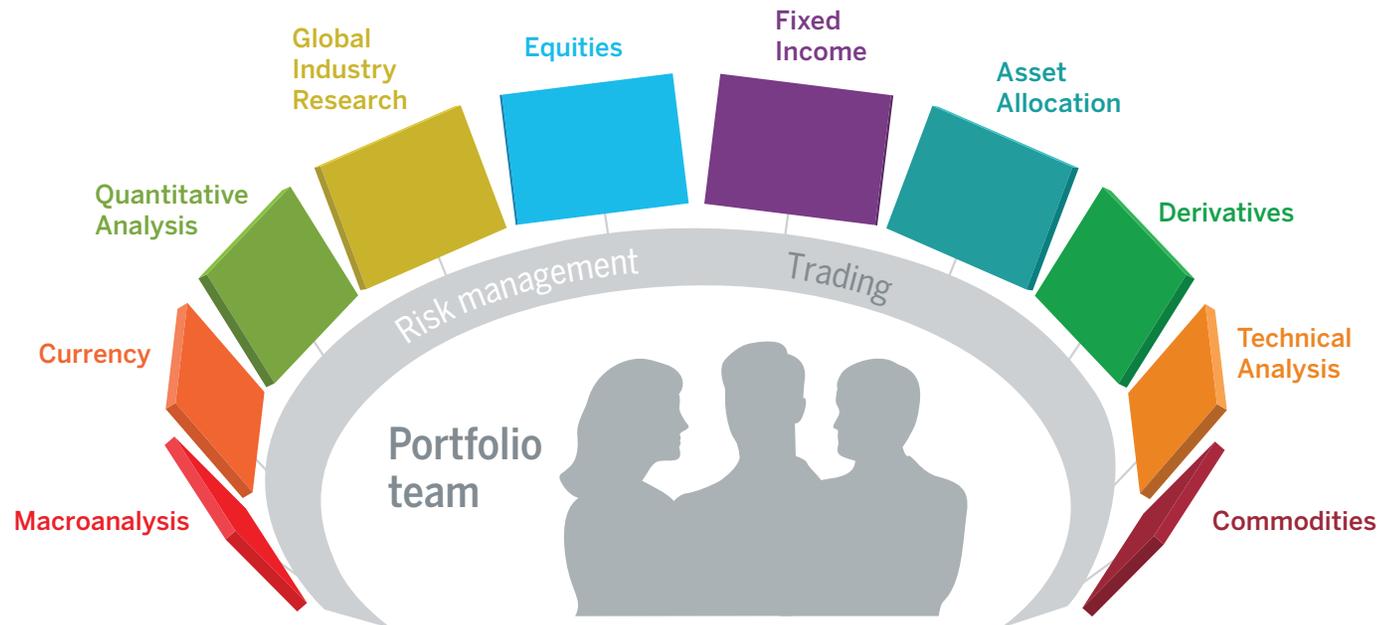
We combine stability with agility, global reach with local depth, and broad multi-asset skill with deep specialization to craft the best solutions for clients



Open, collaborative culture shapes investment process

Investors draw on marketplace of ideas to build portfolios

We believe the best investment thinking is forged by the free exchange of ideas among a broadly diverse group of professionals



Forum for Global Collaboration

- | | | |
|----------------------------|---|--|
| Daily Morning Meetings | • | Lessons Learned sessions |
| Future Themes research | • | Investor Launch Pad online research exchange |
| Regional strategy meetings | • | Company management meetings |
| Weekly industry reviews | • | Investor road trips |

Relationship Review

- 12-Mar-09** North Carolina retained Wellington Management Company, LLP to manage a portion of its DC assets in an Opportunistic Growth Portfolio
- 30-Jun-10** North Carolina retained Wellington Management Company, LLP to manage a portion of its DC assets in a Quality Value Portfolio
- 31-Jul-10** North Carolina retained Wellington Management Company, LLP to manage a portion of its DC assets in a Global Opportunities Portfolio

31-Dec-13 Market Values

Opportunistic Growth	\$274.3 million
<hr style="border-top: 1px dotted black;"/>	
Quality Value	283.0
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Global Opportunities	332.6
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DC Portfolios Total	890.0
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DB Portfolios Total	3,530.1
	\$4,420.1 million

Quality Value

Investment team and resources



Matthew G. Baker
Senior Vice President

Equity Portfolio Manager
University of Pennsylvania (Wharton)
2000, MBA
17 years of professional experience
10 years with Wellington Management



Edward P. Bousa, CFA
Senior Vice President

Equity Portfolio Manager/Analyst
Harvard Business School
1984, MBA
32 years of professional experience
14 years with Wellington Management



Donald J. Kilbride
Senior Vice President

Equity Portfolio Manager/Analyst
University of North Carolina
1991, MBA
25 years of professional experience
12 years with Wellington Management



Peter C. Fisher
Vice President

Equity Research Analyst
University of Chicago
2000, MBA
19 years of professional experience
9 years with Wellington Management



Nataliya Kofman
Vice President

Equity Research Analyst
Harvard Business School
2006, MBA
14 years of professional experience
8 years with Wellington Management

Quality Value

Investment team and resources (continued)



Mark E. Vincent
Vice President

Equity Research Analyst
Cornell University
2008, MBA
11 years of professional experience
6 years with Wellington Management



Ellen Chae
Vice President

Investment Director
Northwestern (Kellogg)
1997, MBA
18 years of professional experience
2 years with Wellington Management

51 Global Industry Analysts



Fundamental Research
20 years average professional experience
10 years average with Wellington Management

Quality Value

Firmwide resources leveraged by the team

Quality Value Portfolio

Matthew Baker

Consumer Staples,
Retail, Banks

Don Kilbride

Health Care

Edward Bousa

Diversified Financials,
Utilities

Nataliya Kofman

Industrials,
Semiconductors,
Automobiles, Insurance

Mark Vincent

Info Tech, Telecom Svcs,
Media

Peter Fisher

Energy, Materials,
Consumer Durables

Global Equity Traders

21 members

Macroanalysts

7 members

Fixed Income Credit Analysts

38 members

Global Industry Analysts

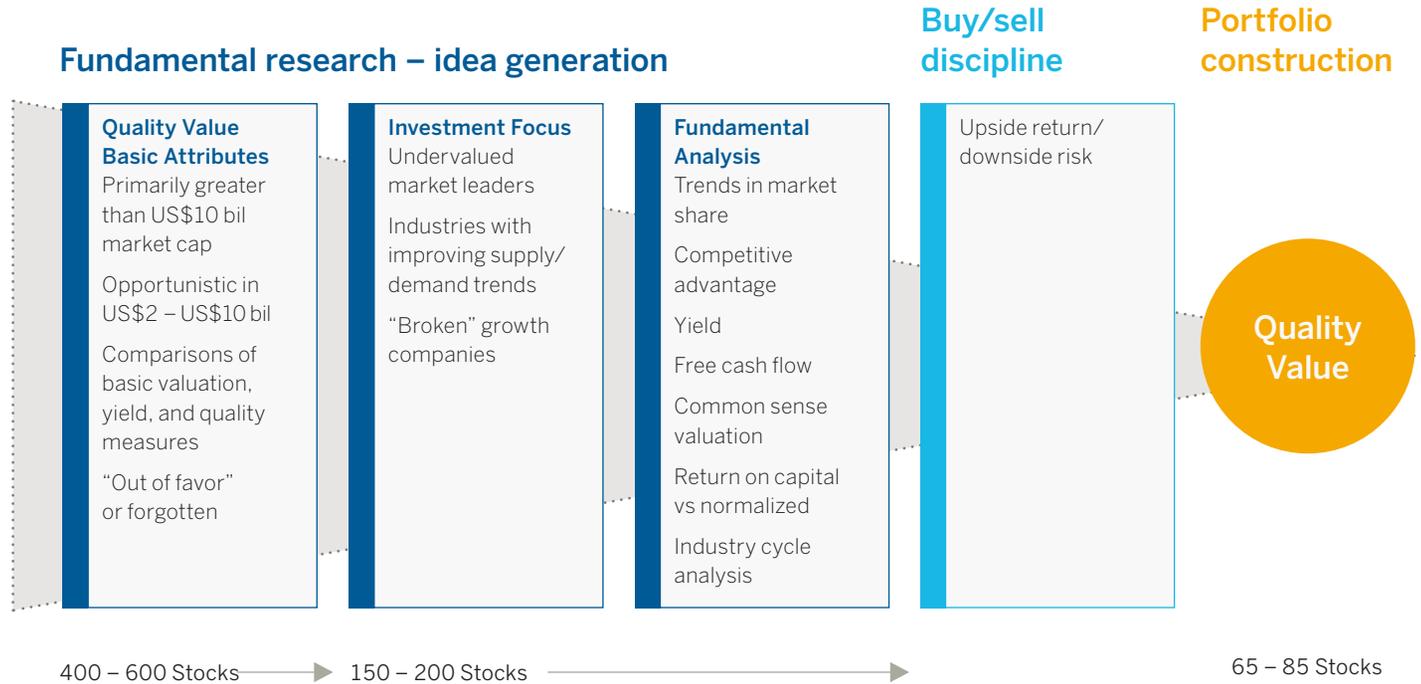
51 members

Other Value team members

22 members

Quality Value

Investment process summary



The above characteristics are sought during the portfolio management process. Actual experience may not reflect all of these characteristics, or may be outside of stated ranges.

North Carolina DC Quality Value

Investment returns (US\$) through 31 December 2013

	Annualized Returns			
	4Q13	1 yr	3 yrs	Since Inception ¹
Quality Value (Gross of fees)	9.4	28.7	14.0	18.6
Quality Value (Net of fees)	9.3	28.3	13.6	18.2
Russell 1000 Value	10.0	32.5	16.1	20.2

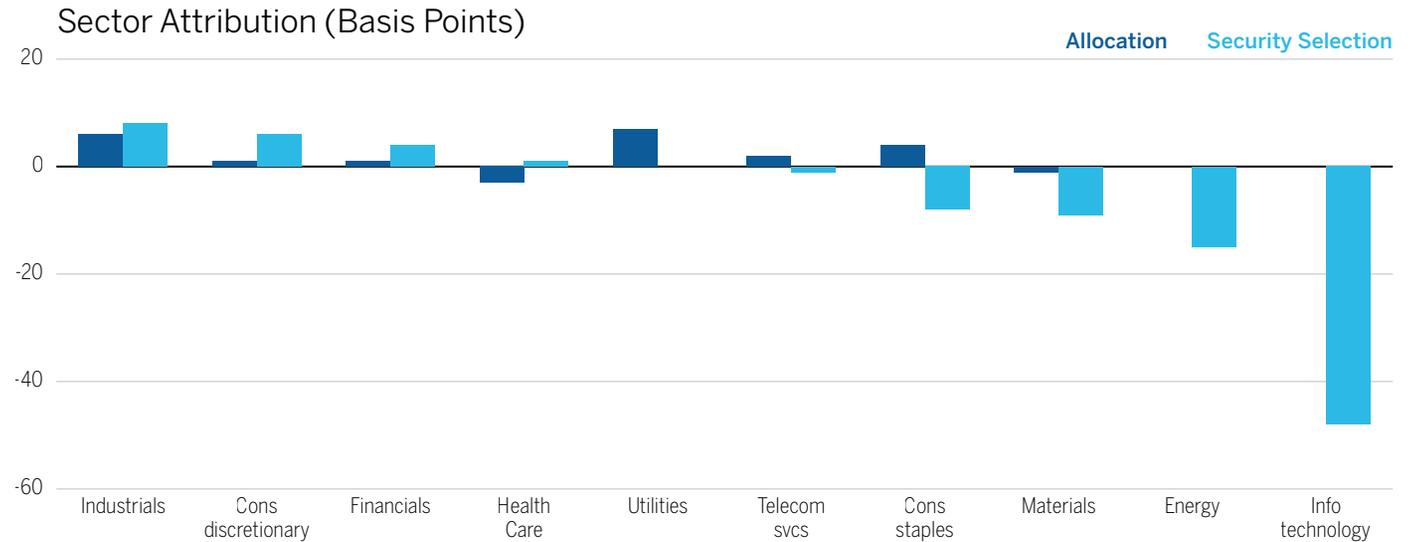
	YTD	2012	2011
	Quality Value (Gross of fees)	28.7	14.9
Quality Value (Net of fees)	28.3	14.6	-0.2
Russell 1000 Value	32.5	17.5	0.4

¹Inception date of the Portfolio is 30 June 2010. | Returns for periods less than one year are not annualized.

North Carolina DC Quality Value

Performance review: 4Q2013

Portfolio: 9.4%; Russell 1000 Value Index: 10.0%



Top Relative Contributors

Company	Sector	Relative Impact	End Weight
Textron	Industrials	17 bps	1.0%
CVS Caremark	Cons staples	17	2.0
Ameriprise Financial	Financials	16	1.2
Cardinal Health	Health Care	15	1.1
Berkshire Hathaway ¹	Financials	13	0.0

Top Relative Detractors

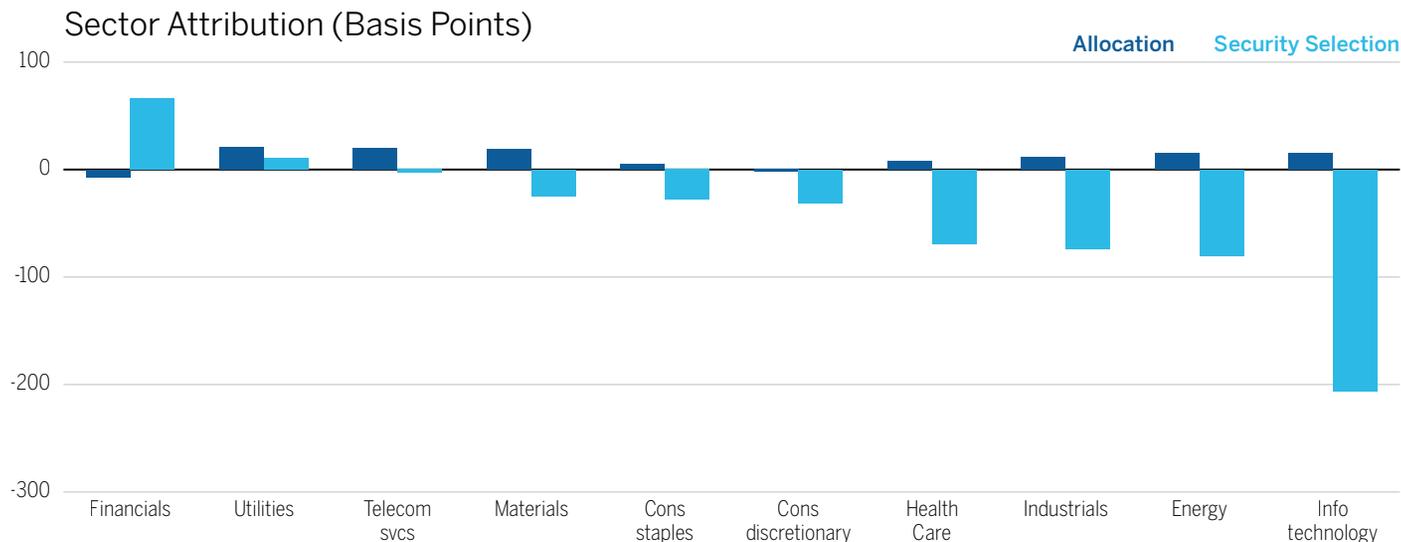
Company	Sector	Relative Impact	End Weight
Rayonier	Financials	-23 bps	0.4%
Public Storage	Financials	-15	0.9
EMC	Info technology	-15	1.2
Suncor Energy	Energy	-13	0.0
Goldcorp	Materials	-12	0.4

¹Represents stocks that were not held in the portfolio.

North Carolina DC Quality Value

Performance review: 2013

Portfolio: 28.7%; Russell 1000 Value Index: 32.5%



Top Relative Contributors

Company	Sector	Relative Impact	End Weight
Ameriprise Financial	Financials	52 bps	1.2%
Principal Financial Group	Financials	39	0.9
Cardinal Health	Health Care	25	1.1
Newmont Mining ¹	Materials	25	0.0
AT&T	Telecom svcs	21	0.0

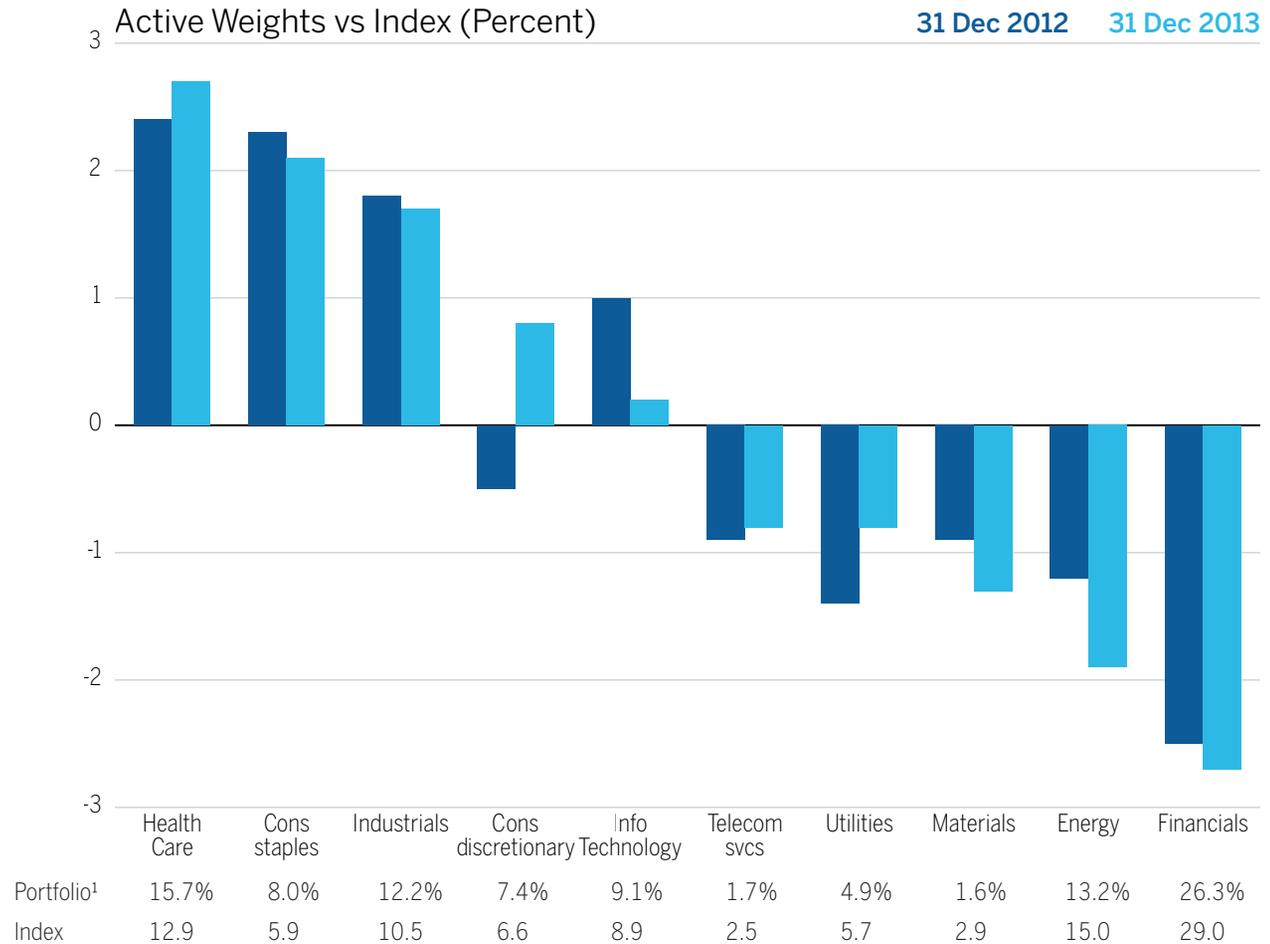
Top Relative Detractors

Company	Sector	Relative Impact	End Weight
Apple ¹	Info technology	-36 bps	0.0%
Rayonier	Financials	-36	0.4
Barrick Gold	Materials	-34	0.0
Northeast Utilities	Utilities	-32	1.6
EnCana	Energy	-32	0.0

¹Represents stocks that were not held in the Portfolio.

North Carolina DC Quality Value

Portfolio positioning as of 31 December 2013



¹End Weights as of 31 December 2013. | Russell 1000 Value Index

North Carolina DC Quality Value

Top ten holdings as of 31 December 2013

Company	Industry	% of equities	% of Russell 1000 Value Index
ExxonMobil	Energy	4.5	4.8
Wells Fargo	Banks	3.6	2.4
Merck	Pharma, biotech & life sci	3.5	1.6
JPMorgan Chase	Diversified financials	3.3	2.4
Chevron	Energy	2.8	2.6
Pfizer	Pharma, biotech & life sci	2.5	2.2
General Electric	Capital goods	2.5	3.1
Johnson & Johnson	Pharma, biotech & life sci	2.2	2.4
Bank of America	Diversified financials	2.2	1.8
CVS Caremark	Food & Staples Retailing	2.0	0.8
Total of top ten		29.1	24.1

Total number of equity names: 82

North Carolina DC Quality Value

Portfolio characteristics as of 31 December 2013

	Quality Value	Russell 1000 Value Index
Size		
Asset-weighted market cap	US\$117.3 bil	US\$112.9 bil
Median market cap	US\$46.2 bil	US\$6.5 bil
Over US\$10 billion	94%	84%
US\$2 – US\$10 billion	6%	15%
Under US\$2 billion	0%	0%
Valuation		
Projected EPS growth (3 – 5 yrs)	8.5%	8.5%
Projected P/E	13.7x	14.1x
Price/Book	2.2x	1.8x
Yield	2.5%	2.2%
Risk		
Historical beta (3-yr)	0.94	
Historical R ² (3-yr)	0.99	
Historical tracking risk (3-yr)	1.57%	
Turnover (T-12)	41%	

Quality Value

Historical active factor exposures

Quality Value vs Russell 1000 Value Index
Barra – active exposure
Barra US Long-Term Model (USE3L)
US dollar

	31 Dec 2009 ¹	31 Dec 2010 ¹	30 Dec 2011 ¹	31 Dec 2012 ¹	30 Sep 2013 ¹
Size	0.31	0.34	0.34	0.24	0.25
Growth	0.09	0.13	0.19	0.09	0.04
Yield	0.13	0.05	0.06	0.13	0.10
Momentum	-0.05	-0.01	0.01	-0.03	-0.05
Volatility	-0.27	-0.13	-0.15	-0.22	-0.20
Earnings variation	-0.17	-0.14	-0.23	-0.24	-0.23
Value	-0.27	-0.26	-0.20	-0.22	-0.23
Trading activity	-0.32	-0.23	-0.19	-0.28	-0.29
Leverage	-0.30	-0.29	-0.29	-0.24	-0.23

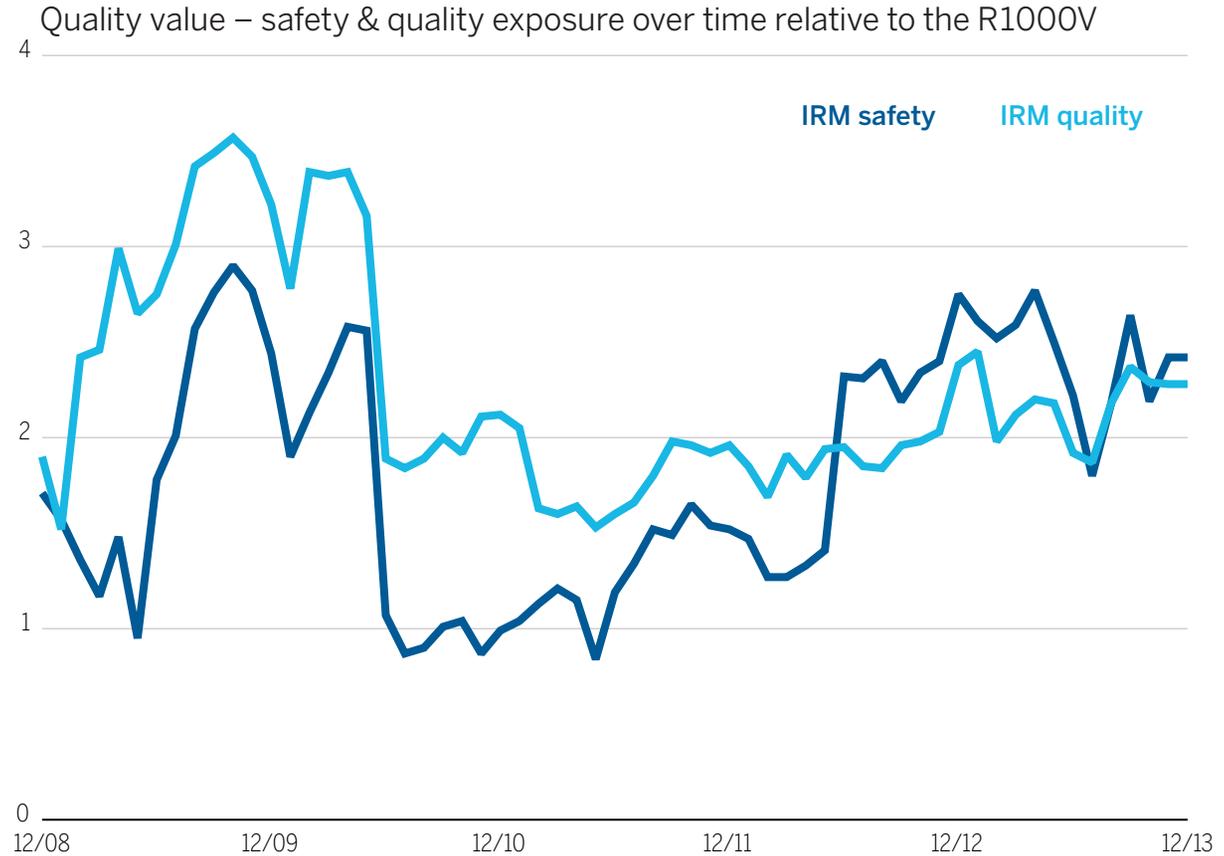
Barra – factor returns
Barra US Long-Term Model (USE3L)
US dollar

	31 Dec 2009 ¹	31 Dec 2010 ¹	30 Dec 2011 ¹	31 Dec 2012 ¹	30 Sep 2013 ¹
Size	-4.58	-4.70	-1.26	1.31	-1.43
Growth	4.78	0.31	-0.38	-1.85	-0.08
Yield	-1.01	1.48	-0.34	-2.93	-0.13
Momentum	-20.03	1.46	3.42	-0.03	0.18
Volatility	10.32	2.90	-4.15	1.55	4.49
Earnings variation	1.24	0.36	-0.87	1.98	-0.79
Value	0.41	1.57	-1.91	0.99	0.84
Trading activity	4.12	0.75	-2.19	0.63	1.97
Leverage	0.20	1.28	-0.27	3.15	-1.06

¹Units of cross-sectional standard deviation | Sources: Factset, Barra | Factors are defined in the Barra risk models as identifiable sources of risk that can represent important drivers of both risk and return in equity markets. The active exposures in the table are presented relative to the Russell 1000 Value Index. | Information shown is for a representative account which was selected by the firm because it was deemed to best represent this investment approach. As the designated representative account may change over time, different accounts may be reflected for the time period shown. Each client account is individually managed; actual holdings will vary for each client and there is no guarantee that a particular client's account will have the same characteristics as described above. Representative account information is supplemental to the GIPS® compliant presentation for the Quality Value Composite which is provided in the attachment.

Large Cap Value (Representative Account)

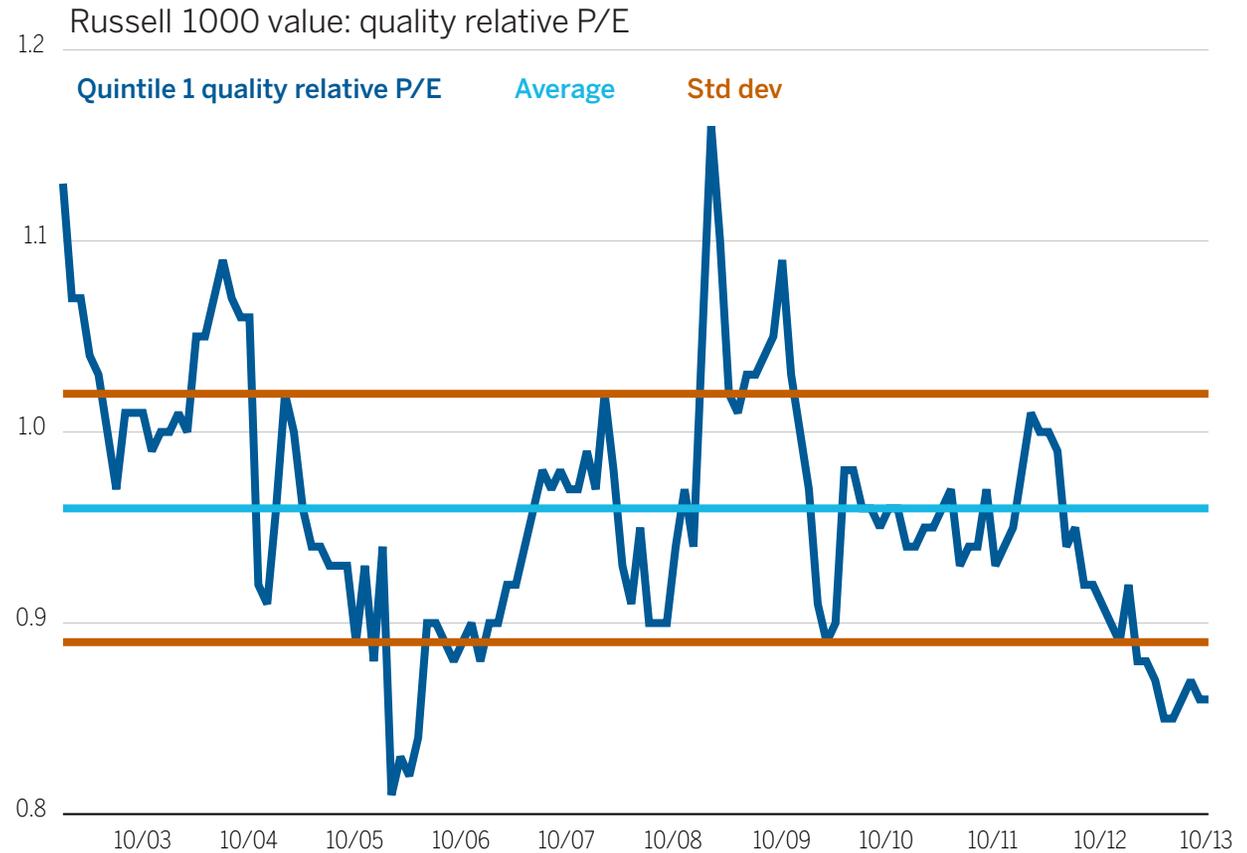
Emphasis on safety & quality



Source: Factset | Quality is the average of high ROIC, low balance sheet leverage, and stable EPS growth. Safety is defined as the average of low price volatility, low earnings volatility, and low balance sheet leverage.

Quality Value

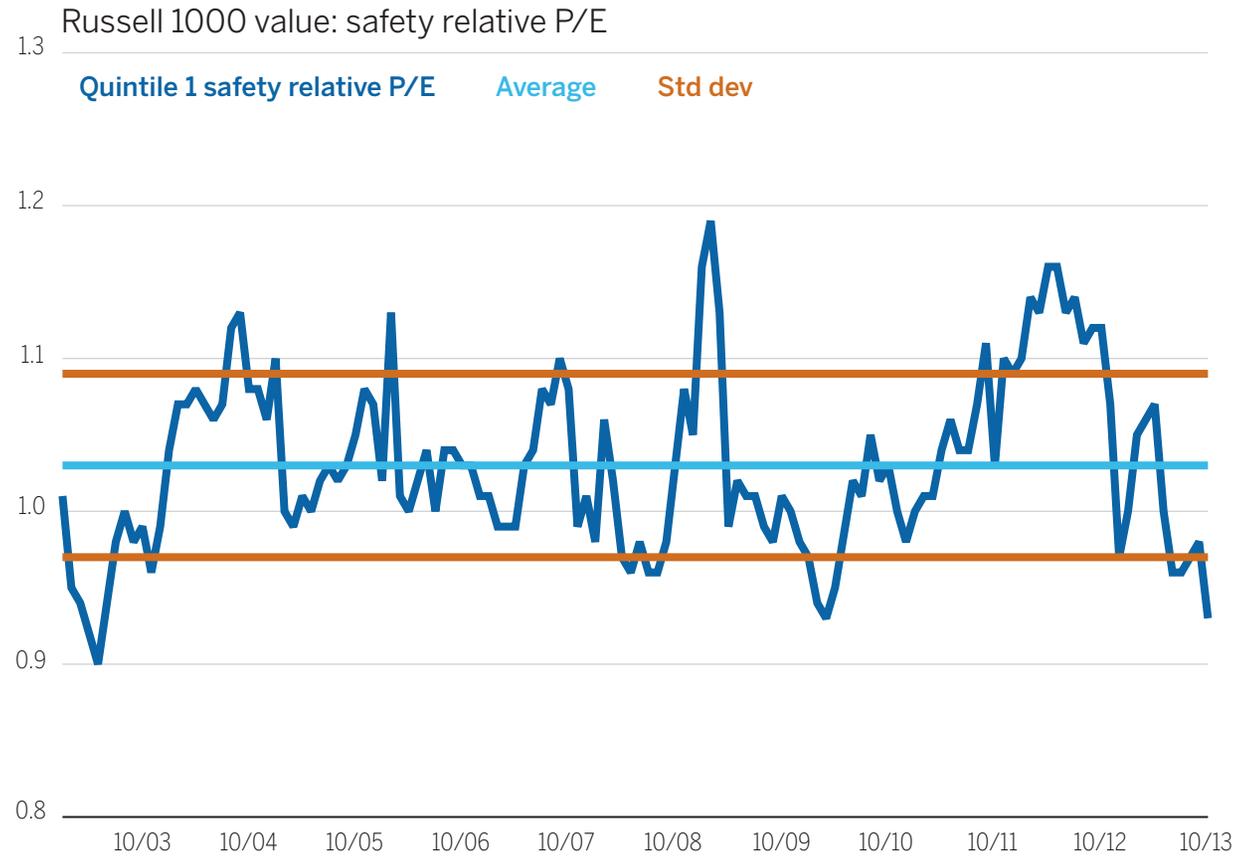
Quality undervalued vs ten-year average



Source: Factset | Quality is the average of high ROIC, low balance sheet leverage, and stable EPS growth.

Quality Value

Safety undervalued vs ten-year average



Source: Factset | Safety is defined as the average of low price volatility, low earnings volatility, and low balance sheet leverage.

Opportunistic Growth

Investment Objective and Approach

Investment objective

Seeks to consistently outperform the growth indexes and, longer term, the broader market

Investment approach

Bottom-up stock selection based on rigorous fundamental research and access to corporate decision makers

We create a portfolio based on three principles

- Sustainable growth focus
- Indentifiable competitive barriers to entry
- Superior business models

North Carolina DC Opportunistic Growth

Investment Returns (US\$) Through 31 December 2013

	4Q13	Annualized Returns		
		1 yr	3 yrs	Since Inception ¹
Opportunistic Growth (Gross of fees)	9.8	37.5	15.2	24.4
Opportunistic Growth (Net of fees)	9.7	37.1	14.8	24.0
Russell 3000 Growth	10.2	34.2	16.5	24.2

	2013	2012	2011	2010
Opportunistic Growth (Gross of fees)	37.5	21.9	-8.7	22.0
Opportunistic Growth (Net of fees)	37.1	21.5	-9.1	21.6
Russell 3000 Growth	34.2	15.2	2.2	17.6

¹Inception date of the Portfolio is 12 March 2009 | Returns for periods less than one year are not annualized

Global Opportunities

Investment objective and distinguishing characteristics

Investment objective

Seeks to outperform the MSCI All Country World Index consistently over rolling 3-year periods

Distinguishing characteristics

Experienced team and broad research resources

- Developed and emerging markets experience
 - Industry, macro, and fixed income specialists
-

Return on capital approach

- Underestimated improvement and/or sustainability of returns
 - Emphasis on assets and management (cash generation, capital allocation)
 - Macro dynamics: industry structure, change (cyclical, secular)
-

Balanced portfolio construction across a broad universe

- Diverse holdings and economic exposures

North Carolina DC Global Opportunities

Investment returns (US\$) through 31 December 2013

		Annualized returns (%)		
	4Q13	1 yr	3 yrs	Since Inception ¹
Global Opportunities (Gross of fees)	9.5	34.6	14.8	18.0
Global Opportunities (Net of fees)	9.4	34.0	14.2	17.4
MSCI All Country World	7.4	23.4	10.3	13.6

	2013	2012	2011
Global Opportunities (Gross of fees)	34.6	21.6	-7.6
Global Opportunities (Net of fees)	34.0	21.0	-8.0
MSCI All Country World	23.4	16.8	-6.9

¹Inception date is 31 July 2010 | Performance returns for periods one year or less are not annualized.

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