NC State Board of Trustees
Audit, Risk Management and Finance Committee

November 11, 2021

Winslow Hall

Winslow Hall Conference Room
November 11, 2021 Audit, Risk Management and Finance Committee Meeting

9:00am

1. Call to Order, Public Meeting Notice, Reading of Ethics Statement
   Ed Weisiger, Jr., Chair
   A. Ethics Statement

2. Roll Call
   Missie Davis, Board Professional

3. Approval of Minutes
   Ed Weisiger, Jr., Chair
   A. September 9, 2021 Meeting Minutes

   Action Item for Committee

4. Informational Reports

   A. Annual State Auditor Report
      Katina Bell, Deputy State Auditor, Ray Whitby, Jr., Financial Audit Manager, Tyler Fry, Financial Audit Supervisor, Mary Peloquin-Dodd, Associate Vice Chancellor, Finance and University Treasurer
      a. Annual State Auditor Report

   B. Internal Audit Update
      Cecile Hinson, Chief Audit Officer and Director, Internal Audit Division

   C. All-Funds Budget
      Charles A. Maimone, Vice Chancellor, Finance and Administration

   D. Budget Update
      Charles A. Maimone, Vice Chancellor, Finance and Administration

   E. Finance Update
      Mary Peloquin-Dodd, Associate Vice Chancellor, Finance and University Treasurer, Finance Division

   F. Clery, Campus Security Update, and University Police Department Initiatives
      Allison B. Newhart, Vice Chancellor and General
Counsel, David Rainer, Associate Vice Chancellor, Environmental Health and Public Safety and Daniel L. House, Jr., Chief of Police, NC State University Police Department

5. Committee Discussion
Ed Weisiger, Jr., Chair

6. Additional Informational Materials
Ed Weisiger, Jr., Chair

   A. NC State Investment Fund Performance

      a. NC State Investment Fund Performance

   B. NC State Intermediate Term Fund Performance

      a. NC State Intermediate Term Fund Performance

7. Adjourn
Ed Weisiger, Jr., Chair
NORTH CAROLINA STATE ETHICS COMMISSION

SAMPLE ¹

ETHICS AWARENESS & CONFLICT OF INTEREST REMINDER

(to be read by the Chair or his or her designee at the beginning of each meeting)

In accordance with the State Government Ethics Act, it is the duty of every [Board] member to avoid both conflicts of interest and appearances of conflict.

Does any [Board] member have any known conflict of interest or appearance of conflict with respect to any matters coming before the [Board] today?

If so, please identify the conflict or appearance of conflict and refrain from any undue participation ² in the particular matter involved.

¹ N.C.G.S. §138A-15 (e): “At the beginning of any meeting of a board, the chair shall remind all members of their duty to avoid conflicts of interest and appearances of conflict under [Chapter 138A].” There is no set language required by the Act. Specific language can and should be tailored to fit the needs of each covered board as necessary.

² “A public servant shall take appropriate steps, under the particular circumstances and considering the type of proceeding involved, to remove himself or herself to the extent necessary, to protect the public interest and comply with this Chapter, from any proceeding in which the public servant’s impartiality might reasonably be questioned due to the public servant’s familial, personal, or financial relationship with a participant in the proceeding.” See N.C.G.S. §138A-36 (c). If necessary, the Chairman or individual member involved should consult with his ethics liaison, legal counsel, or the State Ethics Commission to help determine the appropriate response in a given situation.
OPEN SESSION MINUTES

Audit, Risk Management and Finance Committee
Board of Trustees
North Carolina State University
September 9, 2021

The Audit, Risk Management and Finance Committee of the Board of Trustees of North Carolina State University met in Winslow Hall on September 9, 2021.

Members present: Edward I. Weisiger, Jr., Chair
McKenzy Heavlin
Ven Poole
Perry Safran
Dewayne N. Washington

Members via Zoom: Raymond “Ray” Odierno

Chair Weisiger called the meeting to order at 9:00 a.m. He reminded the Committee that the meeting will be conducted pursuant to the provisions of the Open Meetings Act. All votes will be taken via roll call. Chair Weisiger then reminded those in attendance that while the Committee meeting is a public meeting, it is not a meeting for public comment and only those on the agenda will be permitted to speak. Chair Weisiger also reminded all members of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act and queried as to whether there were any known conflicts of interest or appearances of conflict with respect to any matters coming before the Committee at this meeting. Chair Weisiger then called on Tabitha Groelle for the roll call.

ROLL CALL
The roll was called and a quorum was present.

RESPONSIBILITIES OF THE COMMITTEE
Vice Chancellor Maimone reviewed and discussed the responsibilities of the committee per the board bylaws, this year’s agenda, and the draft plan of work for the year. The four key areas of committee authority are audit, finance, risk management, and policy development for institutional trust funds, campus security and information technology and cybersecurity.

MINUTES
Trustee Washington made the motion, seconded by Trustee Poole, to approve the open session minutes of the April 15, 2021 meeting. Chair Weisiger called for a vote by roll call.

<table>
<thead>
<tr>
<th>Member</th>
<th>Vote</th>
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<tr>
<td>Weisiger</td>
<td>AYE</td>
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<td>Odierno</td>
<td>AYE</td>
<td>Washington</td>
<td>AYE</td>
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</tbody>
</table>

The motion passed.

APPROVAL ITEMS
INTERNAL AUDIT CHARTER REVIEW AND APPROVAL – CECILE M. HINSON
Cecile M. Hinson, Chief Audit Officer and Director, Internal Audit presented the Internal Audit Charter for review and approval, as required by state law, BOG policy, and the Institute of Internal Auditors’ International Professional Practices Framework. The Charter is a formal document that defines the Internal Audit Division (IAD) mission, scope of work, accountability, authority, and responsibility. The Charter must be reviewed and approved annually by the Board of Trustees. There were no changes from last year other than the date.
Audit, Risk Management and Finance Committee
Board of Trustees, North Carolina State University
Open Session Minutes
September 9, 2021
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Trustee Poole made a motion, seconded by Trustee Washington, to accept the Charter as presented. Chair Weisiger called for a vote by roll call:

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The motion passed.

INFORMATIONAL REPORTS
INTERNAL AUDIT UPDATE – CECILE M. HINSON
Cecile M. Hinson reviewed the Fiscal Year 2021 NCSU IAD Annual Report, highlighting the top three risks and noting that her staff has an 83% effort on engagements, which is above the national average. She also referred to the Fiscal Year 2021 Year End Summary and the Fiscal Year 2022 Audit Plan, which was approved in April. The Internal Audit Plan includes the process for risk assessment. In fiscal 2021, there were 49 engagements, a 10% increase over the previous year. The quarterly update on Internal Audit activity since the last meeting was also presented. Current activities include four reports being drafted, two audits and one investigation in process. Internal Audit has been assigned one special assignment from the State, self-assessments based against a maturity model. The report is sent to the Counsel of Internal Audit. She will update the Committee in November on the results. Finally, she updated the Committee regarding corrective actions identified during an audit in Student Health.

LEGISLATIVE AND BUDGET UPDATE – KEVIN D. HOWELL AND CHARLES A. MAIMONE
Kevin D. Howell, Vice Chancellor and Julie Smith, Assistant Vice Chancellor, External Affairs, Partnerships and Economic Development, discussed current legislative activity, touching on both Senate and House budgets and how they related to both UNC System budget requests and NC State specific items.

The items that impact NC State directly, include the Integrative Sciences Building, an expansion in College of Engineering, being referred to as “Engineering North Carolina’s Future”, NIMBL, apiculture research facility, various agricultural initiatives and an eSports facility. In additional the UNC System item asks include salary increase/bonuses, enrollment growth funding, building reserves, repairs and renovations, faculty recruitment and retention funding, in-state tuition for out of state athletes and expanded use of carryforward authority.

Charles A. Maimone, Vice Chancellor, Finance and Administration, briefly discussed the 2021-23 biennial budget request. The budget is based on historic allocation trends and supports the initiatives that were mentioned previously. He touched on the core budget resources and the monies received via state appropriations and state receipts, such as tuition, veterinary hospital, federal appropriation and non-credit instruction. These sources make up about 55% of the budget. He also explained the process of a continuing budget, which is what the university uses when a budget has not been approved by the governor.

FINANCE UPDATE – MARY PELOQUIN-DODD
Mary Peloquin-Dodd, Associate Vice Chancellor, Finance and University Treasurer, presented a 10 year comparison of university revenue and expenses. She pointed out most of the components have not changed significantly during the ten years, the biggest change was to the “Other” revenue category, which includes investment income and COVID relief funds. She also discussed the university’s change in net position and net operating loss over the last five years. She explained how the net operating loss is calculated, emphasizing that the use of government accounting does not consider several sources of income to be a form of operating revenue. Examples include state appropriations, student financial aid, COVID relief, investment income and several other items. The Committee was briefed on the fiscal 2021 balance sheet and income statement. She noted an accounting change which affected both assets and liability reporting for fiscal 2021. Due to the Pandemic, the university’s income statement showed a reduction in operating revenue of 8.4% and a decrease in total operating expenses of 4.0%. Non-
operating and other revenues increased by 26.1%. She reminded the Committee that the State Auditor’s Office would present their report in November.

ENTERPRISE RISK MANAGEMENT AND COMPLIANCE UPDATE – ALLISON B. NEWHART AND KRISTEN A. MEEKS
Allison B. Newhart, Vice Chancellor and General Counsel and Kristen A. Meeks, University Compliance, Ethics, and Enterprise Risk Management Officer reported on the compliance and integrity program. Higher Education is among the most extensively regulated industries in the US. Applicable laws and regulations are enforced by federal, state and local regulators. In addition, the university has its own policies. The Department of Justice recently updated guidance, which increases expectation for program effectiveness, and is the model that NC State will use. Ms. Meeks discussed the program’s accomplishments over the last ten years, highlighting governance structure, compliance matrix, use of Reporter (the university’s compliance training tool), and the Ethics Point Hotline. She also discussed the program activities accomplished during the fiscal year 2020-21 and the plans to build on those during fiscal year 2021-22.

Chair Weisiger referred to the investment performance information that was included in the pre-materials.

With no further business in open session, Chair Weisiger adjourned the meeting at 10:31 a.m.

Respectfully submitted,

[Signature]

Secretary

Approved:

[Signature]

Chair of the Committee
Annual State Auditor Report

Office of the State Auditor
Katina Bell, Deputy State Auditor
Ray Whitby, Jr., Financial Audit Manager
Tyler Fry, Financial Audit Supervisor

Office of Finance and Administration
Mary Pelouquin-Dodd, Associate Vice Chancellor, Finance and University Treasurer

Board of Trustees Audit, Risk Management and Finance Committee
November 11, 2021
Financial Position Change Comparison

Increase in Net Position ($millions)
- 2017: 58.9
- 2018: 95.5
- 2019: 172.9
- 2020: 130.2
- 2021: 313.9

Net Operating Loss ($millions)
- 2017: -606.3
- 2018: -605.1
- 2019: -581.3
- 2020: -640.9
- 2021: -658.3
Fiscal 2021 Balance Sheet

- Total Current Assets decreased by $0.8 million

- Total Non Current Assets decreased by $67.3 million
  - Restricted Cash and Investments decreased by $249.2 million *(primarily due to the move of fiduciary balances to a separate statement-GASB 84)*
  - Endowment Investments increased by $143.1 million

- Liabilities
  - Commercial Paper decreased $50.0 million *(July 2020 bond issue)*
  - Long-Term Liabilities increased by $37.9 million
    - Bonds and Notes Payable increased $68.9 million
    - Net Pension Liability increased $39.6 million
    - Net Other Postemployment Benefit Liability decreased $145.8 million
  - Funds Held for Others decreased $330.9 million *(move of fiduciary balances to a separate statement-GASB 84)*
Fiscal 2021
Income Statement

- Operating Revenues decreased by $80.8 million or 8.4%
  - Tuition and Fees decreased by $27.7 million *(mostly due to fewer international students as a result of COVID-19)*
  - Sales & Services decreased by $70.1 million *(largest decreases in Dining of $29 million, Housing of $24 million, and Athletics of $17 million as a result of COVID-19)*

- Operating Expenses decreased by $63.5 million or 4.0%
  - Salaries & Benefits decreased by $42.6 million *(SHRA and Temporary workers down $23 million, Pension and OPEB expense down $16 million)*
  - Supplies & Services decreased by $27.3 million *(due to the decreases in travel of $21 million, auxiliary purchases for resale of $10 million as a result of COVID-19)*

- Nonoperating and Other Revenues increased by $201.0 million or 26.1% *(mainly due to an increase in Investment Income of $141.2 million, increase in non capital contributions of $20.3 million, additional capital gifts of $20.8 million and $24.5 million in CARES Act funds)*
MARKET COMMENTARY

As vaccine distribution rates continued to accelerate during the second quarter of 2021, global economies began to reopen and return to normal states of operation. In the United States, the economic backdrop appears healthy and trending in the right direction with a 6.4% year over year GDP growth in the first quarter and a steadily declining unemployment rate (5.9% as of June 30 vs a COVID peak of 14.8%). However, the velocity of the recovery has led to increased focus on inflation and the potential for an overheating economy. While the year-over-year CPI change of +5.4% in June is significant, the Federal Reserve continued to communicate its belief that recent spikes are transitory in nature and that they do not expect to raise their target rate until full employment is achieved and the economy is on sound footing.

Domestic equities, as measured by the S&P 500 Index, posted another strong return in the second quarter, gaining 8.6% and reaching another all-time high in late June. The index was up 40.8% for the one-year period ending June 30, 2021. In contrast to the first quarter, growth stocks outperformed value-oriented investments during Q2 with the Russell 1000 Growth Index returning 11.9% vs the Russell 1000 Value’s gain of 5.2%. Small cap stocks, as measured by the Russell 2000 Index, lagged their larger counterparts in Q2 returning 4.3%, but outperformed for trailing 12 months, gaining 62.0%.

International equities, as measured by the MSCI EAFE Index, underperformed domestic stocks, but were positive in the second quarter as strong corporate earnings and accelerated vaccine roll-outs supported equity markets. The index posted a gain of 5.4% for the three-month period, bringing its one-year return to 32.9%. Emerging markets ended the quarter up 5.1% on the back of rising commodity prices and generally positive sentiment across the EM landscape.

Interest rate movements were uneven across the yield curve during the second quarter, with longer dated maturities experiencing falling yields (rising prices) and short dated instruments experiencing modest yield increases (falling prices). The 10-year Treasury yield began Q2 at 1.74% and steadily declined throughout the period, closing at 1.45%. Long-dated Treasuries, as measured by the Bloomberg Barclays US Treasury 20+ Year Index, were some of the best performers within fixed income during the period, gaining 6.8% while the 1-3 Year Treasury Index was one of the few indices to post a negative quarter, down -0.4%. Even with the strong return in the Q2, the long-dated Treasury index was down -10.7% over the last year. Credit sensitive investments were once again positive, with the Bloomberg Barclays HY Corporate Index returning 2.7% for the quarter and 15.4% for the year.

Looking ahead, leading indicators for the real economy continue to be positive and consumer confidence has nearly returned to pre-COVID levels. Additional metrics including housing starts, industrial production and unemployment point to a rebound in the US economy for the rest of 2021 and into calendar 2022. As new variants of COVID-19 become the norm, localized outbreaks could create speed bumps in the recovery, particularly if vaccine distribution rates begin to decelerate. Additionally, if inflation is sustained, the Federal Reserve may act more quickly than its communicated timeline, potentially stoking repricing within markets. As always, we will continue to maintain our long-term focus while being aware of shorter-term issues, with an eye toward providing strong risk-adjusted returns over an extended investment horizon.

PERFORMANCE

June 30, 2021

<table>
<thead>
<tr>
<th>Performance</th>
<th>QTD</th>
<th>CYTD</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>10 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>NCSIF</td>
<td>9.9%</td>
<td>19.3%</td>
<td>39.3%</td>
<td>15.1%</td>
<td>13.8%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Policy Index</td>
<td>5.7%</td>
<td>9.8%</td>
<td>29.2%</td>
<td>12.3%</td>
<td>11.2%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Global Index</td>
<td>5.7%</td>
<td>8.0%</td>
<td>26.3%</td>
<td>12.1%</td>
<td>11.3%</td>
<td>8.2%</td>
</tr>
<tr>
<td>S&amp;P 500 Index (b)</td>
<td>6.1%</td>
<td>11.0%</td>
<td>30.2%</td>
<td>11.9%</td>
<td>11.4%</td>
<td>8.6%</td>
</tr>
<tr>
<td>UNCEF</td>
<td>10.8%</td>
<td>21.3%</td>
<td>42.3%</td>
<td>16.2%</td>
<td>14.5%</td>
<td>10.8%</td>
</tr>
<tr>
<td>NCSIF Private Assets</td>
<td>11.0%</td>
<td>18.8%</td>
<td>34.0%</td>
<td>11.3%</td>
<td>11.6%</td>
<td>12.4%</td>
</tr>
<tr>
<td>BlackRock LPP</td>
<td>5.4%</td>
<td>11.3%</td>
<td>31.7%</td>
<td>12.4%</td>
<td>11.7%</td>
<td></td>
</tr>
</tbody>
</table>

Note 1: Policy Index is NCSIF’s Strategic Investment Policy Portfolio Index (SIPP)
Note 2: Global Index is the MSCI ACWI,
Note 3: S&P 500 Index is the Bloomberg Barclays Aggregate Bond Index
Note 4: UNCEF is the Mellon Endowment & Foundation Universe Median Return—
Note 5: Portfolios are represented for the one-year period ending June 30, 2021

FUND PERFORMANCE

The NCSIF (Fund) is a large, diversified investment pool with a long-term perspective. At June 30, 2021, the Fund had $1.59 Billion invested with several managers in a wide variety of asset classes and returned 9.9% for the quarter, and 39.3% for the 12 months ended June 30, 2021. The largest manager for the Fund, UNCMC, managed 82.0% of the Fund’s assets. The UN Investment Fund (UNCIF) produced a three-month return of 10.9%, and a 12-month return of 42.3% for the period ended June 30, 2021. The Fund employs additional private asset managers, who oversee 3.0% of the portfolio. This portion of the Fund produced a three-month and 12-month return of 11.0% and 34.0%, respectively, for the period ended June 30, 2021. The Fund’s Liquid Policy Portfolio (LPP), managed by Blackrock, was another 12.0% of the portfolio. This investment returned 5.4% for the three months and 31.7% for the 12 months ended June 30, 2021. The remaining 3.0% of the portfolio is invested in cash with the State Treasurer’s Short-Term Investment Fund (STIF). The LPP and cash provide important liquidity for the Fund, especially as the economy remains vulnerable to the Pandemic.

RISK METRICS

<table>
<thead>
<tr>
<th>3 Year Period</th>
<th>Fund</th>
<th>UNCEF</th>
<th>Policy Index</th>
<th>MSCI ACWI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annualized Return</td>
<td>15.1%</td>
<td>16.2%</td>
<td>12.3%</td>
<td>14.6%</td>
</tr>
<tr>
<td>Annualized Volatility</td>
<td>8.3%</td>
<td>8.2%</td>
<td>12.2%</td>
<td>18.0%</td>
</tr>
<tr>
<td>Annual Sharpe Ratio (1)</td>
<td>1.83</td>
<td>1.96</td>
<td>1.01</td>
<td>0.81</td>
</tr>
<tr>
<td>Correlation to Global Index</td>
<td>0.86</td>
<td>0.81</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Max Drawdown</td>
<td>-7.9%</td>
<td>-7.2%</td>
<td>-14.4%</td>
<td>-21.4%</td>
</tr>
</tbody>
</table>

Note 1: Sharpe Ratio: Excess return per unit of risk

This report is based on information available at the time of distribution. The information comprising this report has not been audited and is subject to change.

Fourth Quarter Fiscal Year 2021
INVESTMENT STRATEGY

The Fund is managed as a broadly diversified portfolio with exposure to eight primary asset classes and many sub-strategies within each asset class. The Fund seeks to diversify exposure to the sub-strategies through the use of multiple investment managers that utilize a variety of investment approaches. The purpose of diversification is to provide reasonable assurance that no single security, class of securities, or investment manager has a disproportionate impact on the Fund’s aggregate results. At times, the Fund invests in passive strategies. In working toward the Fund’s investment strategy, the Fund invests in a number of niche managers that can employ different types of hedging strategies such as short-selling and derivative investing to help reduce the volatility of the Fund. The focus on controlling volatility preserves capital and benefits Fund participants through the power of compounding.

ASSET ALLOCATION

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Long Biased Equity</td>
<td>33.5%</td>
</tr>
<tr>
<td>Diversifying</td>
<td>12.3%</td>
</tr>
<tr>
<td>Cash</td>
<td>5.2%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>5.6%</td>
</tr>
<tr>
<td>Energy &amp; Natural Resources</td>
<td>7.2%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>4.5%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>2.7%</td>
</tr>
<tr>
<td>Private Credit</td>
<td>3.2%</td>
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</tbody>
</table>

ALLOCATION BY MANAGER

- NCSIF Private Assets: 3.0%
- STIF: 3.0%
- Blackrock LPP: 12.0%
- UNCIF: 82.0%

HISTORY OF THE FUND

The NC State Investment Fund, Inc., (Fund) was established in April 1999 to combine NC State University’s and its affiliated entities’ endowments in an external pooled investment vehicle. The goal of the investment program for the Fund is to provide a real total return from assets invested that will preserve the purchasing power of Fund capital, while generating an income stream to support the spending needs of the University and its participants. Effective July 2008, the Fund partnered with UNC Management Company (UNCMC) to invest in the UNC Investment Fund (UNCIF), a broadly diversified portfolio emphasizing equity-related investments to achieve the fund’s long-term return objective. The transition of assets to UNCMC was completed December 2009. In 2012, the Fund invested in a Liquid Policy Portfolio (Blackrock LPP) of Exchange Traded Funds (ETF’s) providing 70% equity and 30% fixed income passive exposure. In 2017, the Fund partnered with a non-discretionary private asset advisor to continue its legacy private assets program (NCSIF Private Assets) investing in a diversified portfolio of direct private assets focusing on buyouts with complementary allocations to private credit and real asset opportunities. The remaining portion of the portfolio is invested in a short term cash vehicle (STIF) to fund capital calls and liquidity for operating needs.
FUND HISTORY AND PHILOSOPHY

As a pooled fund for the collective investment of operating funds, the NC State Intermediate Term Fund (ITF) consists of Participants' excess cash balances, which are defined as funds not needed for normal operating purposes. Generally, the ITF will not include operating funds needed within the next year, endowed funds or those funds that are specifically excluded by law or contractual agreement.

The decision to invest funds takes into account various factors including duration, credit, concentration, and manager risk, along with total return, suitability, and the experiences, quality and capability of external managers.

The primary investment objectives of the ITF are: 1) Preservation and safety of principal; 2) Liquidity; and 3) Maximization of returns within acceptable levels of risk. Because of current concerns about potential changes in monetary policy and rising interest rates, duration is limited. The investment policy calls for an average weighted maturity between one and five years, with an overall credit rating in general of A+/A as rated by a nationally-recognized rating agency. However, for any mutual funds selected by the ITF, their respective approved investment policy guidelines supersede those of the ITF.

The ITF was established on July 3, 2014 with an initial investment of $122 million. Additional investments were made during FY 2015, FY 2017, and FY 2021, bringing the total invested to $261.83 million. The ITF can be compared with the State Treasurer's Short-Term Investment Fund (STIF) on both a total return and on an SEC yield basis. In order to provide a buffer for changes in the NAV of the different investments, some of the excess earnings are being used to create a loss reserve. FMV fluctuates on a day-to-day basis.

BlackRock’s SIO was liquidated from the fund on June 30, 2016. Proceeds were invested in Vanguard’s Short Term Fund and DoubleLine’s Total Return Fund on July 1, 2016. Additionally, a small position with PIMCO Income was initiated on November 2, 2016. The ITF’s position in JP Morgan was liquidated on September 27, 2017 and PIMCO Low Duration was liquidated on October 2, 2017. The proceeds from these liquidations were reinvested into Vanguard’s Short Term Fund and PIMCO Income. In January 2021, $25.75 million was invested in the NC State Investment Fund Long Term Pool.

SECTOR ALLOCATION

MANAGER ALLOCATION

MANAGERS

Vanguard’s Short Term Fund has a low tracking error and is a low cost portfolio option consisting primarily of investment grade corporates.

PIMCO’s Income Fund is a portfolio of a broad range of intermediate-duration bonds that is actively managed to maximize current income while maintaining a relatively low risk profile.

DoubleLine’s Total Return Fund seeks to maximize total return by exploiting inefficiencies within the subsectors of the mortgage market while maintaining active risk management constraints.

NC State Investment Fund: provides consistent spend with lower volatility than broad public markets with reasonable liquidity, enhance the Fund’s yield profile and diversify its risk exposures.

This report is based on information available at the time of distribution. The information comprising this report has not been audited and is subject to change.

Fourth Quarter Fiscal Year 2021