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North Carolina Stable Value Fund



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**Second Quarter 2019
Fund Fact Sheet**

Key Facts

As of 6/30/19

FUND CATEGORY	Stable Value Fixed Income
TOTAL NET FUND ASSETS	\$2,101,377,527
INCEPTION DATE	December 1, 2010
NET EXPENSE RATIO¹	0.31%
NET BLENDED YIELD²	2.60%

Contract Issuers

As of 6/30/19

CONTRACT ISSUERS	Fund Allocation	Moody's/ S&P Rating
PRUDENTIAL INS. CO. of AMERICA	25.3%	Aa3/AA-
TRANSAMERICA PREMIER LIFE	24.3%	A1/AA-
NATIONWIDE LIFE INS. CO.	17.9%	A1/A+
AMERICAN GENERAL LIFE INS. CO.	20.1%	A2/A+
METROPOLITAN LIFE INS. CO.	10.6%	Aa3/AA-

Investment Advisor

As of 6/30/19

Galliard Capital Management

- Independently operated subsidiary of Wells Fargo Asset Management Holdings, LLC.
- Specializes in stable value management
- Manages \$92.1 billion assets for institutional investors

Manager Allocation

As of 6/30/19

	Fund Allocation
GALLIARD	48.6%
TCW	10.3%
JENNISON	10.1%
PAYDEN & RYGEL	10.3%
DODGE & COX	10.6%
PRUDENTIAL	10.2%

Fund Characteristics

As of 6/30/19

EFFECTIVE DURATION⁴	2.96 Years
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Sector Allocation⁺

As of 6/30/19

(at market value)

U.S. GOVERNMENT SECURITIES	22.3%
OTHER U.S. GOVERNMENT	5.4%
CORPORATE/TAXABLE MUNICIPAL SECURITIES	34.4%
MORTGAGE BACKED SECURITIES (MBS)	19.3%
COMMERCIAL MORTGAGE BACKED SECURITIES (CMBS)	3.0%
ASSET BACKED SECURITIES (ABS)	12.6%
INTERNATIONAL GOV'T/AGENCY SECURITIES	0.4%
CASH/EQUIVALENTS	2.5%

+Totals may not add to 100% due to rounding.

DESCRIPTION

The North Carolina Stable Value Fund ("Fund") is a diversified stable value portfolio managed by Galliard Capital Management. The Fund is primarily comprised of Security Backed Investment Contracts issued by insurance companies. Security Backed Investment Contracts include two components: 1) investment contracts issued by a financial institution and 2) underlying portfolios of fixed income securities (i.e. bonds) whose market prices fluctuate. The investment contract is the vehicle which allows participants to transact at book value (principal plus accrued interest) without reference to the price fluctuations of the underlying securities. The contract issuers for the Fund include Metropolitan Life, American General, Transamerica, Nationwide, and Prudential. The bond portfolio underlying the investment contracts is currently managed by Galliard and sub-advised by TCW, Payden & Rygel, Dodge & Cox, Jennison, and Prudential. Your investment in the Fund earns the blended returns of these components.

INVESTMENT OBJECTIVE

The North Carolina Stable Value Fund is designed to be a conservative investment option that seeks to provide safety of principal and a stable credited rate of interest, while generating competitive returns over time compared to other comparable investments.

INVESTOR PROFILE

- Investors seeking income and safety of principal
- Investors seeking a fixed-income investment to balance risk in a diversified portfolio

INTEREST CREDITING METHOD

The Fund credits interest daily on a portfolio basis. That means that all money deposited in the Fund, regardless of when it was deposited, receives the same interest rate. The crediting rate on the contracts are reset on a quarterly basis.

FEATURES

- Designed for preservation of principal, plus a stable credited rate of interest
- All contract issuers and securities utilized in the Fund are rated investment grade by one of the Nationally Recognized Statistical Rating Organizations (NRSRO) at time of purchase
- Benefit responsive. The Fund is managed with the goal of maintaining daily liquidity for participant benefits and transactional needs
- Participants can readily make contributions, transfers, and withdrawals
- Well-diversified portfolio of high-quality, fixed-income securities (i.e. bonds)

Performance³

As of 6/30/19

Periods Ending 6/30/19	ANNUALIZED RETURNS						Since Inception
	2Q'19	YTD	1 Year	3 Year	5 Year	10 Year	
North Carolina Stable Value Fund	0.64%	1.17%	2.37%	2.16%	2.04%	-	2.28%

1 The total expense ratio for this investment is 0.305%. This is broken down as: 0.131% Total Investment Management Fees comprised of Investment Management Fees paid to Galliard of 0.073% and Investment Management fees paid to Non-Affiliated Investment Advisors of 0.058%; Investment Contract Fees of 0.171%; Fund Fees Associated with Commingled Funds of 0.002%; and Other Expenses comprised of a 0.000% plan administrative expense and a 0.002% recordkeeping expense. The investment management fee and wrap fee indicated is based upon the fees charged by the investment advisor and sub-advisors and contract issuers.

2 Blended yield is net of the 0.31% total expense ratio for this investment.

3 Returns for periods less than one year are not annualized. Performance is net of all fees. Galliard assumed management of the North Carolina Stable Value Fund on 12/1/10. Performance for periods referenced prior to this date include historical performance of another investment advisor.

4 Duration is a time measure (in years) of a fixed income security's interest rate sensitivity. The longer the duration, the larger the change in value will be, for a given change in interest rate. Unlike maturity, which only shows how much time will elapse until final payment of principal, duration can be a more useful type of maturity measure because it incorporates the timing and size of all cash flows.

THE FUND AND THE UNDERLYING COLLECTIVE FUNDS ARE NOT INSURED BY THE FDIC, FEDERAL RESERVE BANK, NOR GUARANTEED BY WELLS FARGO OR ANY AFFILIATE, INCLUDING GALLIARD CAPITAL MANAGEMENT. Returns also include all income, realized and unrealized capital gains and losses, and all transactional and contract execution costs. Returns may have been impacted by the effect of compounding and have been rounded to the nearest basis point. **Past performance is not an indication of how the investment will perform in the future.** Individual participant returns may differ due to level and timing of activity in your account. For further information, please contact your plan administrator.

The Fund's investment contracts are designed to allow for participant transactions at book value. A principal risk of the Fund is investment contract risk. This includes the risk that the issuer will default on its obligation under the contract or that another event of default may occur under the contract rendering it invalid; that the contract will lapse before a replacement contract with favorable terms can be secured; or that the occurrence of certain other events including employer-initiated events, could cause the contract to lose its book value withdrawal features. These risks may result in a loss in value to a contract holder. Other primary risks include default risk, which is the possibility that instruments the Fund holds will not meet scheduled interest and/or principal payments; interest rate risk, which includes the risk of reinvesting cash flows at lower interest rates; and liquidity risk, which includes the effect of very large unexpected withdrawals on the Fund's total value. The occurrence of any of these events could cause the Fund to lose value.

Prudential Retirement is compensated in connection with this product by collecting a fee which provides payment for risk, recordkeeping and distribution services from the plan trust account. Prudential Retirement may also collect fees on behalf of the investment manager of the plan trust account. Prudential Retirement may use a portion of its aggregate compensation to satisfy the plan's request for allowances and for payments to defray plan expenses, or to compensate unaffiliated third-party plan service providers. If Prudential Retirement's aggregate compensation from this product and from other plan investment products exceeds the costs of servicing your plan, Prudential Retirement earns a profit; otherwise we incur a loss.

Frequent exchanging between plan investment options may harm long-term investors. Your plan or the plan's investment funds may have provisions to deter exchanges that may be abusive. These policies may require us to modify, restrict or suspend purchase or exchange privileges and/or impose redemption fees. This fact sheet was produced by Galliard Capital Management.

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