

**Key Facts**

**PLAN SPONSOR:** State of North Carolina  
**PLAN ADMINISTRATOR:** North Carolina Supplemental Retirement Board of Trustees and North Carolina Department of State Treasurer  
**FUND CATEGORY:** Fixed Income – Intermediate-Term Bond  
**PRIMARY BENCHMARK:** Bloomberg Barclays U.S. Aggregate Bond Index  
**NET ASSETS:** \$1,708.29 Million  
**INCEPTION DATE:** 03/06/2009  
**NET EXPENSE RATIO\*:** 0.16%

\*The actual Net Expense Ratio may vary due to rounding.

**Annual Performance**

	Fund	Primary Benchmark
2018	0.02%	0.01%
2017	4.98%	3.54%
2016	4.02%	2.65%
2015	0.75%	0.57%
2014	5.25%	5.96%

North Carolina Supplemental Retirement Board of Trustees is solely responsible for: (1) the selection of the Fund and its Underlying Funds (including the selection of the asset allocation percentages for each underlying fund); (2) decisions to offer Fund in the Plan; and (3) the selection, monitoring and replacement of the Fund and its Underlying Funds, and if applicable, the Fund's investment advisor(s).

**Prudential Retirement's Role.** Prudential Retirement provides the communications and recordkeeping services for the NC 401(k) and NC 457 Plans and the NC 403(b) Program. With the exception of the NC Stable Value Fund and the NC Fixed Income Fund, the investments offered to you within the NC 401(k) and NC 457 Plans are not offered by or affiliated with Prudential Financial or any of its companies or businesses. Prudential Retirement is a Prudential Financial business.

**DESCRIPTION/OBJECTIVE**

The North Carolina Fixed Income Fund (the "Fund") is offered exclusively for participants in the NC 401(k) and NC 457 Plans. Effective 01/01/2016, the Fund is held in a group trust and you own units of the group trust. The Fund invests in two complementary, but independently managed underlying funds ("Underlying Funds"). By employing two Underlying Funds, this Fund offers improved diversification compared to having a single investment manager. Allocation decisions and the selection of the Underlying Funds are made by North Carolina Supplemental Retirement Board of Trustees. The Underlying Funds are:

- The **TCW Core Plus Bond Fund** (50% of Fund assets) is advised by Trust Company of the West (TCW). TCW utilizes a value-oriented approach and applies fundamental research to identify fixed income securities whose market prices do not reflect fair value. The investment team compares relative value across all sectors of the fixed income market including U.S. Treasuries, Agencies, Mortgage-Backed Securities and Corporate Bonds, including High Yield Bonds. The portfolio's duration is determined by TCW's fundamental economic outlook, which is developed by analyzing long-term economic trends, credit trends, commodity price cycles, and the political environment.
- The **Prudential Core Plus Bond Fund** (50% of Fund assets) is advised by Prudential Trust Company. The objective of the Fund is to outperform the Bloomberg Barclays U.S. Aggregate Bond Index (the "Benchmark") by 150 basis points over a full market cycle. The Prudential Core Plus Bond Fund seeks an excess return over the Bloomberg Barclays U.S. Aggregate Bond Index. The strategy aims to generate excess return from top-down sector allocation and bottom-up subsector/security selection. Duration and yield curve are tactically managed. The strategy actively allocates to both benchmark and non-benchmark sectors, with heavy emphasis on the credit-oriented sectors.

There is no assurance that the objective will be met.

The inception date noted for the Fund in the Key Facts is the inception date for the insurance company separate account.

**Multi-Managers:** Trust Company of the West (TCW); PGIM, Inc.

*Fixed Income investments are subject to interest rate risk in which their value will decline as interest rates rise.*

**Performance (%)**

As of 06/30/2019

	CUMULATIVE RETURNS		AVERAGE ANNUAL TOTAL RETURNS				
	Quarter	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Fund	3.54	7.29	8.88	3.38	3.71	4.64	—
Primary Benchmark	3.08	6.11	7.87	2.31	2.95	3.90	—

**Performance Calculations/Fund Fees Reflected In Performance.** As noted above, effective 1/1/2016 your Plan began investing in units of a group trust. All performance results after 1/1/2016 reflect the performance of the accounts within the group trust, including the deduction of an investment management fee of 0.13% and an operating fee of approximately 0.04% (inclusive of an administrative fee of 0.025% and custodial fees). The plan charges a separate \$31 annual recordkeeping and communications fee that is not reflected in performance. Due to rounding, the total estimated expense may appear over/underestimate even though it is not.

Prior to 1/1/2016, the Plan invested in units of an insurance company separate account established on 3/6/2009. The North Carolina Fixed Income Fund was offered as an investment option under a group variable annuity contract issued by Prudential Retirement Insurance and Annuity Company, Hartford, CT ("PRIAC"). The separate account invested in two underlying investments: (i) an insurance company separate account, Core Bond, managed by JP Morgan and (ii) an insurance company separate account, Core Plus Bond, managed by PGIM with the same strategy as the Core Plus Bond account in the group trust. However, the Core Plus Bond insurance company separate account managed by PGIM experienced the following changes in management during the periods noted: Effective 12/15/2014, Prudential Investment Management, Inc replaced Pacific Investment Management Company, LLC as sub-advisor of the Separate Account. Performance shown below prior to 12/15/2014 reflects that of Pacific Investment Management Company, LLC. Effective January 4, 2016, Prudential Investment Management ("PIM") rebranded itself as PGIM to coincide with the expansion of its businesses around the world. All performance results prior to 1/1/2016 reflect the performance of the insurance company separate account including the deduction of an investment management fee of 0.16% and an operating fee of 0.17% (inclusive of an administrative fee of 0.025%, recordkeeping fee of 0.079% and custodial fees). The separate account may have had an arrangement to recapture a portion of trade commissions that are used to offset operation expenses.

**Performance Risks.** Before investing, investors should carefully consider the investment objectives, risks, charges and expenses of this Fund and other plan investment options. The performance quoted represents past performance as described herein. The investment value and return will fluctuate so that an investment, when redeemed, may be worth more or less than original cost. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted. For performance data current to the most recent month end, please call 1-866-NC-PLANS (1-866-627-5267). It is possible to lose money investing in securities.

**Miscellaneous.** Frequent exchanging of investment options by participant may harm long-term investors. Your plan and/or the Fund may have policies to detect and deter potentially abusive exchanges. The policies may require us to modify or terminate investment exchange privileges. Benchmarks are unmanaged and cannot be invested in directly. See User Guide for benchmark definitions.

For additional information about the investment options available through your plan, please call 1-866-NC-PLANS (1-866-627-5267).