

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:	Large Cap Stock-Growth
PRIMARY BENCHMARK:	Russell 1000® Growth Index
NET ASSETS:	\$868.59 Million
INCEPTION DATE:	03/06/2009
NET EXPENSE RATIO:	0.46%

Annual Performance

	Fund	Primary Benchmark
2016	0.41%	7.08%
2015	5.88%	5.68%
2014	32.21%	13.06%
2013	18.70%	33.48%
2012	-8.22%	15.26%

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. As of 1/1/2016, PRIAC acts solely as a record keeper in providing administrative service in connection with these plan investments. PRIAC or an affiliate thereof, is not the issuer of the group trust and is not responsible for the management or the design of the plan investments.

DESCRIPTION/OBJECTIVE

The North Carolina Large Cap Growth Fund (the "Fund") is offered exclusively for public employees of the state of North Carolina. Effective 1/1/2016, the Fund is held in a group trust and you own units of the group trust. The Fund invests in three complementary, but independently managed underlying funds ("Underlying Funds"). By employing three 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 **Loomis Large Cap Growth Fund** (33% of the Fund assets) is advised by Loomis, Sayles & Company, L.P. The Fund seeks to outperform the Russell 1000 Growth Index by 200 basis points annualized over a full market cycle (at least 5 years). The strategy seeks to produce long-term excess returns vs. the Russell 1000 Growth Index with at, or below, benchmark risk through bottom-up stock selection.
- The **Sands Capital Management Large Cap Growth Fund** (33% of the Fund assets) is advised by Sands Capital Management, LLC. Sands concentrated large cap growth strategy focuses on high quality seasoned businesses that can demonstrate sustainable above average earnings over time. These companies are identified through bottom-up, fundamental, and proprietary research.
- The **Wellington Management Opportunistic Growth Fund** (33% of the Fund assets) is advised by Wellington Management Company LLP. The construction of the portfolio is primarily large cap oriented investing opportunistically in mid and smaller cap companies with high return potential. The process is primarily bottom up driven-based on those stocks that have the greatest upside return potential. Wellington Management is an independent and unaffiliated sub-advisor to Prudential.

The Fund seeks to provide long-term growth of capital. There is no assurance the objective will be met.

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

Performance (%)

As of 12/31/2016

	CUMULATIVE RETURNS		AVERAGE ANNUAL TOTAL RETURNS				
	Quarter	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Fund	-4.87	0.41	0.41	5.27	13.59	—	19.60
Primary Benchmark	1.01	7.08	7.08	8.56	14.50	—	—

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 0.42% and an operating fee of approximately 0.04% (inclusive of an administrative fee of 2.5bp 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 overestimated even though it is not.

Prior to 1/1/2016, your Plan invested in units of an insurance company separate account established on 3/6/2009. The North Carolina Large Cap Growth Fund was offered as an investment option under a group variable annuity contract issued by Prudential Retirement Insurance and Annuity Company, Hartford, CT ("PRIAC") with the same investment manager(s) and the same investment strategy as the Fund. The PRIAC group annuity terminated on or about January 1, 2016. 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 0.42% and an operating fee of 0.17% (inclusive of an administrative fee of 2.5bp, recordkeeping fee of 7.9bp 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).

