

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: Small / Mid Cap Stock – Blend
PRIMARY BENCHMARK: Russell 2500® Index
NET ASSETS: \$316.98 Million
INCEPTION DATE: 03/06/2009
NET EXPENSE RATIO*: 0.05%

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

DESCRIPTION/OBJECTIVE

The North Carolina Small/Mid Cap Index 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 the Russell 2500 Index Fund F collective investment trust ("C.I.T.") managed by BlackRock which attempts to replicate the composition and performance of the Russell 2500 Index.

The Fund seeks to provide long-term growth of capital.

There is no assurance the objective of the Fund or its underlying C.I.T. will be met.

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

Small and mid sized companies may present greater opportunities for capital appreciation, but may also involve greater risks than larger companies. As a result, the value of stocks issued by these companies may fluctuate more than stocks of larger issuers.

Annual Performance

	Fund	Primary Benchmark
2018	-10.04%	-10.00%
2017	16.63%	16.81%
2016	17.70%	17.59%
2015	-2.87%	-2.90%
2014	7.01%	7.06%

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.

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	2.94	19.17	1.67	12.24	7.63	14.35	—
Primary Benchmark	2.96	19.25	1.77	12.34	7.66	14.44	—

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 C.I.T. within the group trust, including the deduction of an investment management fee of 0.01% and an operating fee of approximately 0.04% (inclusive of an administrative fee of 0.025%, trust expenses, 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, your Plan invested in units of an insurance company separate account established on 3/6/2009. The North Carolina Small/Mid Cap Index Fund was offered as an investment option under a group variable annuity contract issued by Prudential Retirement Insurance and Annuity Company, Hartford, CT ("PRIAC") which invested in the same C.I.T. as the Fund 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 0.01% and an operating fee of 0.16% (inclusive of an administrative fee of 0.025%, recordkeeping fee of 0.079% and custodial fees).

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).