

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
PRIMARY BENCHMARK:	Russell 1000® Index
NET ASSETS:	\$1,892.94 Million
INCEPTION DATE:	09/30/2017
NET EXPENSE RATIO*:	0.32%

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

Annual Performance

	Fund	Primary Benchmark
2018	-3.32%	- 4.78%

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.

Account Note:

The North Carolina Large Cap Core Fund is new, as of September 30, 2017. The fund was created by consolidating some of the active managers in the North Carolina Large Cap Value Fund and the North Carolina Large Cap Growth Fund, and incorporating a 25% allocation to the Russell 1000 Index Fund. For more information visit NCPlans.prudential.com.

DESCRIPTION/OBJECTIVE

The North Carolina Large Cap Core 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 five complementary, but independently managed underlying funds ("Underlying Funds"). By employing five 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 **Hotchkis and Wiley Large Cap Value Fund** (18.75% of the Fund assets) is advised by Hotchkis and Wiley Capital Management, LLC following their Large Cap Value strategy. It seeks to exploit large cap equity market inefficiencies created by irrational investor behavior through a bottom up investment process and a focus on mispriced, undiscovered or out of favor companies.
- The **Macquarie Large Cap Value Equity Fund** (18.75% of the Fund assets) is managed by Macquarie Investment. The team seeks to capitalize on discrepancies between estimated intrinsic value and price, buying at times of excessive pessimism and selling at times of undue optimism. The team develops relatively concentrated portfolios that reflect their deep conviction.
- The **Sands Capital Management Large Cap Growth Fund** (18.75% 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 **Loomis Large Cap Growth Fund** (18.75% 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 **Russell 1000® Index Non-Lendable Fund F** (25.00% of the Fund assets) is managed by BlackRock Institutional Trust Company, N.A. ("BTC"). The Fund shall be invested and reinvested in a portfolio of equity securities with the objective of approximating as closely as practicable the capitalization weighted total return of that segment of the U.S. market for publicly traded equity securities represented by the 1,000 largest capitalized companies.

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

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	3.80	19.81	9.61	—	—	—	12.37
Primary Benchmark	4.25	18.84	10.02	—	—	—	—

Performance Calculations/Fund Fees Reflected In Performance. All performance results reflect the performance of the accounts within the group trust, including the deduction of an investment management fee of 0.29% 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/underestimated even though it is not.

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).