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# North Carolina Stable Value Fund

North Carolina  
Total Retirement Plans  
401k|457|403b



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**Second Quarter 2021  
Fund Fact Sheet**

## Key Facts

As of 06/30/21

FUND CATEGORY	Stable Value Fixed Income
TOTAL NET FUND ASSETS	\$2,376.03 Million
INCEPTION DATE	December 1, 2010
NET EXPENSE RATIO <sup>1</sup>	0.29%
NET BLENDED YIELD <sup>2</sup>	1.71%

## Contract Issuers

As of 06/30/21

CONTRACT ISSUERS	Fund Allocation	Moody's/ S&P Rating
PRUDENTIAL INS. CO. of AMERICA	24.4%	Aa3/AA-
TRANSAMERICA LIFE INS. CO.	22.9%	A1/A+
NATIONWIDE LIFE INS. CO.	20.3%	A1/A+
AMERICAN GENERAL LIFE INS. CO.	19.4%	A2/A+
METROPOLITAN LIFE INS. CO.	10.3%	Aa3/AA-

## Investment Advisor

As of 06/30/21

Galliard Capital Management

- Independently operated subsidiary of Wells Fargo Asset Management Holdings, LLC.
- Specializes in stable value management
- Manages \$92.5 billion assets for institutional investors

## Manager Allocation

As of 06/30/21

	Fund Allocation
CASH & EQUIVALENTS	2.7%
GALLIARD	47.6%
TCW	9.8%
JENNISON	9.7%
PAYDEN & RYGEL	9.8%
DODGE & COX	10.3%
PGIM	10.1%

## Fund Characteristics

As of 06/30/21

EFFECTIVE DURATION <sup>4</sup>	3.20 Years
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## Sector Allocation<sup>+</sup>

As of 06/30/21

(at market value)

U.S. GOVERNMENT SECURITIES	30.1%
OTHER U.S. GOVERNMENT	3.2%
CORPORATE/TAXABLE MUNICIPAL SECURITIES	31.0%
MORTGAGE BACKED SECURITIES (MBS)	17.9%
COMMERCIAL MORTGAGE BACKED SECURITIES (CMBS)	3.4%
ASSET BACKED SECURITIES (ABS)	10.6%
INTERNATIONAL GOV'T/AGENCY SECURITIES	0.3%
CASH/EQUIVALENTS	3.5%

+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 PGIM. 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. There is no assurance that the objective of the Fund will be met.

## 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)

## Performance<sup>3</sup>

As of 06/30/21

Periods Ending 06/30/21	ANNUALIZED RETURNS						
	2Q'21	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
North Carolina Stable Value Fund	0.43%	0.92%	2.10%	2.35%	2.23%	2.22%	2.29%

1 The net expense ratio of 0.29% is broken down as follows: investment management fees of 0.114%; investment contract fees of 0.150%; acquired fund fees of 0.002%; administrative fee of 0.025%; and estimated custodial expenses of 0.002%. The actual net expense ratio may vary due to rounding and actual versus estimated custodial expenses.

2 Blended yield is net of the 0.29% Net Expense Ratio for this investment. NC's administrative fee of 0.025% which is included in the Net Expense Ratio, was waived for 2019 and 2020.

3 Returns for periods less than one year are not annualized. Performance is net of all fees. NC's administrative fee was waived for 2019 and 2020. 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. Each plan charges a separate \$28 annual recordkeeping and communications fee per account that is not reflected in performance.

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.

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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