

Key Facts		Description / Objective
Plan Sponsor	State of North Carolina	<p>The North Carolina Small/Mid Cap 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 four complementary, but independently managed underlying funds ("Underlying Funds"). By employing four 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:</p> <p>>The EARNEST Partners Small Cap Value Fund (23.75% of the Fund assets) is advised by EARNEST Partners, LLC. The Small Cap Value strategy relies on fundamental, bottom up stock selection to provide above average returns with controlled volatility and risk. The portfolio is an outgrowth of the process, which utilizes a proprietary model. Using this model, EARNEST Partners analyzes six performance drivers which they believe signal the outperformance of individual stocks.</p> <p>>The WEDGE Small/Mid Cap Value Fund (23.75% of the Fund assets) is advised by WEDGE Capital Management L.L.P. Focusing on companies that meet WEDGE's value and financial quality parameters, the strategy employs comprehensive qualitative and quantitative analysis, seeking stocks with unrecognized value.</p> <p>> The Brown Advisory Small Cap Growth Equity Fund (23.75% of the Fund assets) is advised by Brown Advisory. Brown's small cap growth strategy seeks to find the best growth companies early in their life cycle and hold them for long periods of time. The portfolio is comprised of companies in large and/or growing markets, with a sustainable competitive advantage, the potential for above average future growth and returns, a shareholder-friendly, capable management, and an easily understood business strategy.</p> <p>> The Russell 2500™ Index Non-Lendable Fund F (28.75% 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 Russell 2500™ Index (the "Underlying Index"). There is no assurance that the objective of the fund will be met.</p>
Asset Class	Small Cap - Blend	
Primary Index	Russell 2500 Index	
Net Assets	\$808.0 Million	
Inception Date	09/30/2017	
Net Expense Ratio	0.36%	

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.

Performance (%)	As of 06/30/2020						
	Cumulative Returns		Average Annual Total Returns				
	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Fund	26.43	-10.74	-6.61	--	--	--	1.76
Primary Index	26.56	-11.05	-4.70	--	--	--	

Performance Calculations/Fund Fees Reflected In Performance. All performance results include the deduction of the Net Expense Ratio, which currently includes an investment management fee of 0.32% and an operating fee of 0.04% (inclusive of an administrative fee of 0.025% and custodial fees). Expenses are estimated and rounded, and actual expenses may vary. Performance results also are net of trading costs incurred by the investment manager. Each plan charges separate \$31 annual recordkeeping and communications fee per account that is not reflected in performance.

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. 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. Past performance is not indicative of future performance and short periods of performance may be particularly unrepresentative of long-term performance.

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. Indices are unmanaged and cannot be invested in directly. See User Guide for Index definitions. For additional information about the investment options available through your plan, please call 1-866-NC-PLANS (1-866-627-5267).

Annual Performance		
	Fund	Primary Index
2019	26.78%	27.77%
2018	-11.34%	-10.00%

NC's administrative fee of 0.025%, which is included in the Net Expense Ratio, is waived for 2019 and 2020.

Custodial and trust expenses are estimated. The actual Net Expense Ratio may vary due to actual versus estimated custodial and trust expenses, as well as rounding.

For additional information on expenses, see the North Carolina Supplemental Retirement Plans Fee Statement (available at www.myNCRetirement.com).

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).*

On September 17, 2018, the North Carolina Small/Mid Cap Core Fund was renamed the Small/Mid Cap Fund to reflect changes to its "Description/Objective" and its "Underlying Managers."

As of December 31, 2019, the Hotchkis and Wiley Mid Cap Value Fund is no longer included as an Underlying Fund within the North Carolina Small/Mid Cap Fund, and the Small/Mid Cap Fund is invested in four independently managed Underlying Funds according to the following percentages: Earnest Partners Small Cap Value Fund (23.75% of the Fund assets), WEDGE Small/Mid Cap Value Fund (23.75% of the Fund assets), Brown Advisory Small Cap Growth Fund (23.75% of the Fund assets) and BlackRock Russell 2500 Index Non-Lendable Fund F (28.75% of the Fund assets). Due to this change, the Net Expense Ratio decreased by approximately 0.01%.

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.

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