

Frequently Asked Questions

Please note this FAQ is for informational purposes only. NCDST is not offering or soliciting the sale of securities. In addition, NCDST is not offering investment, legal, or tax advice.

WHAT IS THE ANCILLARY GOVERNMENTAL PARTICIPANT INVESTMENT PROGRAM?

Please refer to the AGPIP Overview document in the link below:

<https://files.nc.gov/nc treasurer/documents/files/IMD/AGPIP/EnrollmentResources/agpipoverview.pdf>

WHAT IS THE PROCESS TO ENROLL?

Please refer to the Enrollment Instructions document in the link below:

<https://files.nc.gov/nc treasurer/documents/files/IMD/AGPIP/EnrollmentResources/agpipenrollmentinstructions.pdf>

WHAT ARE MY INVESTMENT OPTIONS?

If permitted by North Carolina law, the participant has the option to invest in:

- 1) Bond Index Fund (BIF) (requires special statutory authority)
- 2) Equity Index Fund (EIF) (requires special statutory authority)
- 3) Short Term Investment Fund (STIF)
- 4) Any combination of the three funds

Not all participants are eligible to invest in BIF and EIF. A participant must be authorized by the North Carolina General Statutes to invest in BIF and EIF. Each participant is responsible for determining its authority to invest in BIF and EIF.

IS THERE A MINIMUM AND MAXIMUM AMOUNT OF INVESTMENT?

There is no maximum balance requirement. Please refer to the “Minimum Balance” section within the document in the link below:

<https://files.nc.gov/nc treasurer/documents/files/IMD/AGPIP/EnrollmentDocuments/agpipenrollmentformandtermsof participation.pdf>

HOW FREQUENTLY CAN A PARTICIPANT TRANSACT IN THE FUNDS?

Please refer to the “Deposits & Withdrawals” section within the document in the link below:

<https://files.nc.gov/nc treasurer/documents/files/IMD/AGPIP/EnrollmentDocuments/agpipenrollmentformandtermsof participation.pdf>

WHAT MONIES CAN BE INVESTED INTO THE AGPIP FUNDS?

Eligible monies are defined in the North Carolina General Statutes applicable to your organization. It is each organization’s responsibility to determine its eligibility to participate in AGPIP.

WHO ARE THE FUND MANAGERS AND WHY WERE THEY SELECTED?

BlackRock, which is one of the largest asset managers in the world, manages the Bond Index Fund (BIF) and the Equity Index Fund (EIF). NCDST's Investment Management Division has worked with BlackRock for over a decade and through NCDST's broad relationship with BlackRock, is able to offer the BIF and EIF to AGPIP at competitive costs. See the following link for more information about Blackrock: <https://www.blackrock.com/corporate/about-us>.

The STIF is managed internally by NCDST's Investment Management Division. Funds from the retirement systems also are invested in the STIF.

WHAT ARE THE FEES?

Please refer to the "Fees & Expenses" section within the document in the link below:

<https://files.nc.gov/nc treasurer/documents/files/IMD/AGPIP/EnrollmentDocuments/agpipenrollmentformandtermsofparticipation.pdf>

HOW LONG WILL IT TAKE TO LIQUIDATE EITHER EIF OR BIF IF NEEDED?

Please refer to the "Liquidity" and "Deposits & Withdrawals" sections within the document in the link below:

<https://files.nc.gov/nc treasurer/documents/files/IMD/AGPIP/EnrollmentDocuments/agpipenrollmentformandtermsofparticipation.pdf>

WHAT ARE THE RISKS ASSOCIATED WITH THE AGPIP FUNDS?

Please refer to the "Principal Risks" section within the document in the link below:

<https://files.nc.gov/nc treasurer/documents/files/IMD/AGPIP/EnrollmentDocuments/agpipenrollmentformandtermsofparticipation.pdf>

WHAT TYPE OF SECURITIES DO EACH OF THE AGPIP FUNDS HOLD?

Please refer to the "Fund Description" section within the document in the link below:

<https://files.nc.gov/nc treasurer/documents/files/IMD/AGPIP/EnrollmentDocuments/agpipenrollmentformandtermsofparticipation.pdf>

WHAT REPORTS WILL I RECEIVE, AND HOW OFTEN WILL I RECEIVE THEM?

NCDST's custodian (The Bank of New York Mellon) will create monthly statements with account transactions and balances. These statements will be sent by the AGPIP team via email from the AGPIP mailbox. Performance reporting will be provided via email on a quarterly basis.

WHO WILL BE MY POINT OF CONTACT FOR QUESTIONS?

All inquiries should be sent to AGPIP@nc treasurer.com and OPSTEAM@nc treasurer.com. An AGPIP team member will respond to your inquiry within 48 hours.

CAN THE DEPARTMENT OF STATE TREASURER PROVIDE AN INVESTMENT POLICY FOR THE AGPIP?

The Department of State Treasurer does not maintain an investment policy for individual AGPIP participants, and their monies invested through AGPIP. The AGPIP plan document contains investment guidelines for each fund, but each AGPIP participant is responsible for its own investment policy, target asset allocation, and periodic rebalancing.

DO YOU HAVE AN EXAMPLE OF HOW WE MIGHT CALCULATE THE TOTAL LONG-TERM ANNUALIZED EXPECTED RATE OF RETURN FOR GASB 74 PURPOSES?

Developing a long-term expected return for GASB 74 purposes is the responsibility of the participant.

The following example is intended to illustrate the math used to calculate a total return based on underlying returns. Specifically, the total return is the weighted average of the underlying returns. Therefore, for example, the total long-term annualized expected rate of return for GASB 74 purposes can be calculated as the weighted average of the long-term annualized expected returns of your underlying investments. These underlying investments include ALL of your investments, not just your AGPIP investments.

The math to develop a total investment portfolio long-term annualized expected return from the underlying long-term expected returns of the available investment options, is as shown in the graphic below (THIS IS ILLUSTRATIVE ONLY TO SHOW THE MATH). To arrive at your own total long-term annualized expected return, for each investment option multiply your long-term annualized expected return by how much your target asset allocation (what % of your total portfolio will be invested in the investment option) to arrive at each investment option’s contribution to the total expected return. Add up the individual investment option contributions to arrive at the total annualized expected return for the portfolio.

Illustrative Only (Values Do Not Represent Forecasts)					
Investment Option	Target Asset Allocation		Investment Option Expected Return		Contribution to Total Expected Return
Equity Index Fund (EIF)	25%	X	5%	=	1.25%
	+				+
Bond Index Fund (BIF)	25%	X	4%	=	1.00%
	+				+
Short Term Investment Fund (STIF)	25%	X	3%	=	0.75%
	+				+
Other Investments	25%	X	2%	=	0.50%
	=				=
	100%		Total Expected Return		3.50%

WHAT SHOULD WE USE AS OUR LONG-TERM ANNUALIZED EXPECTED RETURN FOR EACH INVESTMENT OPTION?

The Department of State Treasurer does not provide investment advice, and developing a long-term expected return for each investment option is the responsibility of the participant.

To assist in the management of the North Carolina Retirement Systems, the Department of State Treasurer does periodically develop long-term annualized expected investment returns and inflation assumptions through a review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of certain investment strategies. Please reach out to AGPIP@nctreasurer.com and OPSTEAM@nctreasurer.com with any questions regarding this analysis.

WHERE SHOULD WE SEND AUDIT CONFIRMATION REQUESTS?

Please reach out to AGPIP@nctreasurer.com and OPSTEAM@nctreasurer.com with any questions regarding audit requests.

If you have any additional questions not addressed in the FAQ, please reach out to AGPIP@nctreasurer.com and OPSTEAM@nctreasurer.com.

Please note this FAQ is for informational purposes only. NCDST is not offering or soliciting the sale of securities. In addition, NCDST is not offering investment, legal, or tax advice.