

# NCIA POLICIES AND PROCEDURES

## INVESTMENT POLICY STATEMENT FOR THE ANCILLARY GOVERNMENTAL PARTICIPANTS INVESTMENT PROGRAM

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<b>NCIA Reference:</b>	<b>NCIA-POL-7001</b>
<b>Title:</b>	<b>Ancillary Governmental Participants Investment Program (“AGPIP”) Investment Policy Statement</b>
<b>Chapter:</b>	<b>Board-Approved</b>
<b>Current Effective Date:</b>	<b>February 25, 2026</b>
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### I. INTRODUCTION AND PURPOSE

**A. Overview.** The North Carolina Investment Authority (“NCIA”) is vested by statute with the authority and responsibility to establish and manage an investment program for certain governmental entities outside of the North Carolina Retirement Systems.<sup>1</sup> The program is referred to as the Ancillary Governmental Participants Investment Program (“AGPIP”). The governmental entities that participate in AGPIP (“Participants”) include voluntary participants as well as entities that are placed in AGPIP by statute. For the latter group, the NCIA directly manages their AGPIP assets, while the investments of the former group are Participant-directed, subject to statutory restrictions and the investments options offered by the NCIA.

In both situations, the NCIA serves in a fiduciary capacity to Participants regarding the selection and oversight of externally-managed investment options and the management of internally-managed investment options. The NCIA also serves as a fiduciary regarding the asset allocations of funds that are contributed by mandatory Participants. However, the responsibility for determining the amount of funds to contribute and withdraw from AGPIP resides solely with Participants – both voluntary and mandatory. In addition, voluntary Participants have the sole responsibility for deciding whether to participate in AGPIP and how to allocate their assets across investment options, including compliance with applicable legal restrictions.

In addition, the types of investments for which a Participant is eligible – and sometimes the allocations to such investments – are prescribed by statute.

Primary responsibility for administering AGPIP resides with the North Carolina Investment Authority.

**B. Purpose of this Policy.** This Ancillary Governmental Participants Investment Program Investment Policy Statement (this “Policy”) establishes NCIA’s long-term strategy and guidelines for the investment of AGPIP assets.

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<sup>1</sup> For purposes of this policy, the Retirement Systems are defined according to N.C.G.S § 147-65.1(7).

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## C. Related Laws.

N.C.G.S. § 147-69.2 establishes the eligible investments and allocation restrictions for the AGPIP assets of Participants.

N.C.G.S. § 147-69.3 contains provisions regarding the administration of the NCIA's investment programs.

N.C.G.S. § 147-70.6 describes the NCIA's fiduciary duties to Participants, including limitations on those duties.

This Policy is subject at all times to North Carolina and Federal law, as such law may be amended from time to time.

## II. ROLES AND RESPONSIBILITIES

### A. NCIA Board of Directors ("Board")

1. Review and approve this Policy no less frequently than biennially (N.C.G.S. § 147-69.10(a))
2. Approve the Board Charter and the Charters and ethics policies listed in Board Charter Appendix 1, Table 1 (the "Board Policy Manual")
3. Approve the master global custodian bank appointment
4. Approve investment actions exceeding Investment Committee delegation limits
5. Review investment performance and manager appointment/termination activities
6. Review investment strategies, policies, and tactical considerations
7. Review performance benchmarks and key risk indicators
8. Review audited investment financial statements and audit reports (N.C.G.S. § 147-69.9)
9. Review independent evaluations of governance, operations, and investment practices (N.C.G.S. § 147-69.10(b))
10. Review cost-effectiveness studies

### B. Chief Investment Officer ("CIO")

1. Recommend revisions to this Policy
2. Develop portfolio objectives, asset allocation targets, performance benchmarks, and necessary investment policies
3. Manage and direct NCIA administrative, personnel, budgeting, legal, operational, risk management, compliance, technology, and investment functions
4. Negotiate, renegotiate, and execute contracts with third parties (exceptions: custodian banks, external auditors require Board approval; legal services for litigation >\$10M require Board approval)
5. Provide Board with reports on investment activities, and key risk indicators

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## C. Investment Committee

1. Approve new investment transactions, defundings, secondary transactions, and terminations of investment managers, funds, and vehicles, subject to limits described in the Investment Committee Charter (i.e., any investment actions exceeding the limits require Board approval pursuant to N.C.G.S. § 147-72.1(d))
2. Approve other recommended changes to AGPIP Program

## D. Other Parties

1. Investment fiduciaries are delegated authority by the NCIA to invest portions of the AGPIP (e.g., external and internal investment managers, general partners, transition managers, securities lending agents, etc.)
2. Trustees and Custodian provide safekeeping of AGPIP assets and other services (e.g., accounting, settlement, tax reclaims, performance measurement, etc.)
3. Financial advisers and intermediaries provide a broad array of investment-related services (e.g., valuation agents, proxy advisors, attorneys, tax advisors, broker/dealers and other trading counterparties, etc.)
4. Investment consultants are utilized from time-to-time by the NCIA to provide research and advice on governance, investment policies, strategy, investment managers, risk management, operations, etc.

## E. Participants

1. All Participants: Adhere to the Terms of Participation as written in the Enrollment Package
2. All Participants: Decide the amount of funds to contribute and withdraw from AGPIP
3. All Participants: Monitor investment performance and account balance
4. Discretionary Participants: Select investments and allocations, subject to statutory restrictions

## III. INVESTMENT OBJECTIVES

The investments for AGPIP shall be consistent with the following objectives:

1. Provide investment returns consistent with the applicable benchmarks
2. Meet the anticipated liquidity needs of Participants
3. Ensure the custody and security of Participants' assets
4. Apply a conservative approach to risk management
5. Provide cost-efficient investments

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6. Comply with applicable North Carolina and federal laws, including restrictions on the types of investments and the allocations to certain investments

## IV. ASSET ALLOCATION

- A. Participant-Directed Assets.** Some Participants are granted discretionary authority pursuant to North Carolina law to participate in AGPIP and direct the investment of their funds (“Discretionary Participants”). State law also may restrict the funds in which Discretionary Participants can invest as well as the asset allocations across the funds. Discretionary Participants are responsible for selecting their investments and determining their asset allocations, consistent with the authority granted them pursuant to North Carolina law.
- B. NCIA-Directed Assets.** The NCIA is responsible for investing the assets of some Participants. For these Participants, it is the goal of the NCIA to maintain a diversified and balanced investment approach, while recognizing the liquidity needs, risk tolerance, and return objectives of each Participant. In order to implement the Policy, the NCIA will develop a portfolio for each Participant that is constructed (1) using the risk and return characteristics of the investments for which the Participant is eligible pursuant to North Carolina law; and (2) finding the most efficient portfolio for the appropriate level of risk for the Participant. The optimal asset mix is not necessarily the one that produces the highest absolute return but rather the one that attempts to achieve the highest return given the risk profile of the Participant. State law also may restrict the funds in which the Participants can invest as well as the asset allocations across the funds. Currently, the NCIA is responsible for investing the assets of the following Participants:
  1. Disability Income Plan of North Carolina (N.C.G.S. § 135-110(d)). A separate Investment Policy Statement applies to this Plan.
  2. Escheat Fund (N.C.G.S. §§ 116B-6(b) and 147-69.2(b)(12)). A separate Investment Policy Statement applies to this Fund.
  3. Register of Deeds’ Supplemental Pension Fund (N.C.G.S. § 161-50.2(b)). While a component of the North Carolina Retirement Systems by law, it is 144% funded so will remain invested within the AGPIP Bond Investment Fund.

## V. FUND DESCRIPTIONS AND BENCHMARKS

The funds below represent the current available investment options through the program. Not all participants are permitted by statute to invest in each of these. Some are restricted to Short Term Investment Fund (“STIF”) and Bond Index Fund (“BIF”), while others are permitted to invest across all three options. The Escheat Fund has statutory authority that permits a broader variety of investment options.

- A. Short Term Investment Fund.** The Short Term Investment Fund is managed by the NCIA to invest in highly diversified, liquid money market securities and short-to-intermediate Treasuries, Agencies, and AAA-rated corporate obligations pursuant to N.C.G.S. § 147-69.1(c)(1)-(10). STIF is

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designed to preserve capital and provide liquidity, while producing a return that is consistent with its benchmark, the iMoneyNet First Tier Institutional Money Market Fund Net Index.

- B. Bond Investment Fund.** The Bond Index Fund invests in high quality debt securities pursuant to N.C.G.S. § 147-69.2(b)(1)-(6). BIF, which invests through a separate account that is managed by BlackRock, follows a passive index strategy that tracks the Bloomberg Barclays U.S. Aggregate Bond Index.
  
- C. Equity Investment Fund.** The Equity Index Fund (“EIF”) invests primarily in U.S. and foreign public equities pursuant to N.C.G.S. § 147-69.2(b)(8), with the objective of approximating the capitalization-weighted total return of global public equities. EIF, which invests in a collective investment trust that is managed by BlackRock, follows a passive index strategy that tracks the Morgan Stanley Capital International All Country World Index.

The CIO is delegated authority to utilize other investment managers and third-party investment vehicles for any of the above Funds so long as each such investment managers and vehicles continue to have materially comparable investment objectives and meet the requirements of applicable statutes.

## Revision/Review History

Version	Date Approved/Reviewed	Description of Changes
1.0	February 25, 2026	New Policy

*For questions or clarification on any of the information contained in this policy, please contact the [AGPIP Team](#). For general questions about NCIA-wide policies and procedures, contact the [NCIA Policy Coordinator](#).*