



NORTH CAROLINA INVESTMENT AUTHORITY

MEMORANDUM

TO: Governor Josh Stein
State Auditor Dave Boliek
Council of State
Joint Legislative Commission on Government Operations
House Appropriations Committee
Senate Appropriations Committee
House Finance Committee
Senate Finance Committee
Fiscal Research Division
North Carolina Investment Authority Board

FROM: Kevin SigRist

DATE: March 12, 2026

RE: Monthly Investment Performance Report for the Period Ending January 31, 2026

Please find attached the January 2026 Monthly Performance Report from the North Carolina Investment Authority.

With the renewed breakout of hostilities in the Middle East, we wanted to offer some more current commentary.

The situation remains fluid, with various military, political and economic factors affecting the dynamics of the Iranian conflict and potential impacts on financial markets. The North Carolina Retirement Systems' strong investment diversification and long-term focus has historically proved beneficial when financial markets are volatile. Be assured, the NCIA will continue to closely monitor developments to evaluate whether tactical adjustments are prudent.

Since late February, the key focus for global financial markets has shifted to the prospects for oil prices and the impact on global growth, inflation, interest rates and stock market volatility.

Oil:

- Oil prices spiked to over \$119 per barrel early this week before settling back into the high \$80's on some optimism of a shorter duration Iranian conflict.
- It is worth noting that while 3-month future price of oil is just under \$80, the 6-, 9-, and 12-month futures contracts remain in the low \$70's and mid \$60's, respectively. The market is expecting some resolution over the intermediate term.



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- The key factor will be how long the Strait of Hormuz remains impeded or closed. Market consensus is the Strait will remain problematic for tanker passage for 3-4 weeks with some prognosticators indicating a worst case out 2-3 months. A longer closure would bring oil prices to levels that would greatly increase recession risk and stagflation
- While the G7 group of governments is discussing SPR oil releases to ease the demand-supply imbalance, this may have limited beneficial effect on prices, particularly if additional Middle Eastern oil infrastructure is targeted by the Iranians or their proxies in Yemen, Lebanon, Iraq, etc.

Growth and Inflation:

- While prolonged high oil prices would add to inflationary pressures and weigh on global economic growth, the severity is difficult to predict due to pre-existing momentum.
- Key tailwinds for global growth are strong Tech capital investments, deregulation and material fiscal stimulus.
- U.S. inflation continued to slow through February to 2.5% annualized (i.e., on a core basis).

Interest Rates/Credit/Federal Reserve:

- While the inflationary fears from the attack have resulted in the 10 yr U.S. Treasury yield rising roughly 0.25%, the yield still remains within the trading range of the last six months.
- Investment Grade corporate bond yields have risen slightly more than comparable U.S. Treasury bonds, but investors appear comfortable with strong company financials.
- Expectations for interest rate cuts by the Federal Reserve have started to wane, with less than 2 reductions expected by year end 2026.

Stock Market Volatility:

- Global stock markets have seen larger swings in the last several weeks, but not to the extent seen in more recent years (i.e., Liberation Day, COVID, etc.).
- Investors are increasingly hedging stock market risk, but expectations of a shorter duration conflict, strong corporate fundamentals and the ongoing AI theme have curtailed large reallocations to traditional “safe harbor” investments like cash and gold over the past 2 weeks.
- Should prolonged high oil prices occur, much larger stock market declines are certainly possible.

Warmest regards,

Kevin SigRist
North Carolina Investment Authority Chief Investment Officer

North Carolina Retirement Systems

Executive Summary

Pension Fund assets were \$143.6 billion at the end of January. Over the trailing 12-month period, the Pension Fund earned 12.6% net of fees and expenses. This performance equates to an estimated \$16 billion in earnings while furnishing \$1.3 billion for net benefit payments.

For the month of January, the Pension Fund was up 1.49% net of fees and expenses. The Plan underperformed the implementation benchmark by 19 basis points (-0.19%) and underperformed the long-term policy benchmark by 99 basis points (-0.99%). The Public Equity and Multi-Strategy asset classes were the largest gainers for the month at 2.84% and 1.67%, respectively. Non-Core Real Estate was the largest detractor for the month, returning -0.16%.

All segments remain in compliance with statutes and the Investment Policy Statement:

- Pension Cash at 3.07% is below the IPS max of 10%.
- Total investments outside of Public Equity and Investment Grade Fixed Income are about 28.7% of the portfolio, well inside of the 35% statutory cap.
- Trailing 12-month net benefit payments out of the plan were below the 3% IPS assumption at 0.98%.

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Market Environment

Equities:

Global equity markets started out the year strong in January led by international markets which outperformed U.S. stocks over the month. Emerging markets specifically posted strong gains over the period amid a weakening U.S. Dollar and rising earnings growth expectations. Within U.S. equity, both technology and financials lagged over the period while energy and materials surged, indicating a shift in investor focus from the Magnificent 7 Large-Growth stocks that drove performance in 2025.

Fixed Income:

Investment Grade fixed income delivered modestly positive returns of 31 basis points (0.31%) in January, as treasury yields rose only a few basis points in a month marked by limited market volatility. The January FOMC meeting resulted in no actions on the Fed Funds rate, with two dissents from voting members. The nomination of Kevin Warsh as Fed Chair at the end of month was met with expectations of at least two more rate cuts by year end according to the futures market. Credit spreads continued to push further into historically low territory, supported by solid fundamentals and strong investor demand.

Commodities & FX:

Precious and base metals rallied dramatically during January, driven first by safe haven demand and supply constraints but shifting to speculative fervor. Gold and silver hit record highs during the month before selling off dramatically on the last day of January trading. Oil was range bound as investors attempted to gauge potential geopolitical risks. FX markets were mostly range bound outside of the Japanese Yen, which traded dramatically weaker versus the U.S. dollar on fears of looser fiscal and monetary policy in Japan after the election of a new Prime Minister.

Performance Against Benchmarks

Asset Allocation Stance:

The strategic asset allocation is designed to capture long-term capital appreciation while providing stability and liquidity to meet obligations. Over the past month, the Pension Fund has been overweight Public Equities, Cash and Multi-Strategy and underweight in aggregate across other asset classes. Allocation effects contributed 3 basis points to returns for the month and 11 basis points over the trailing 12-month period. Pension cash ended the month at 3.07%, being 2.07% above target and is well equipped to meet benefit payments and capital calls over the next 90 days.

Equities:

Global Public Equity underperformed for the month by 43 basis points (0.43%). Active U.S. and international managers faced headwinds due to a broad selloff in software stocks throughout the month as investors weighed the impact of artificial intelligence on the sector's outlook. International growth managers faced an additional headwind from the rally in cyclical sectors including materials, energy, and industrials. As of month end, the portfolio maintains a 58% passive and 42% active allocation, with 60% invested in U.S. equities and 40% in international markets. Private Equity performed in line with the benchmark for the month.

Fixed Income:

Investment Grade Fixed Income outpaced the benchmark by 3 basis points (0.03%) for the month, driven by the strong relative returns in the mortgage portfolio.

Other Asset Classes:

Inflation Sensitive and Multi-Strategy ended the month with positive gains and outperforming their benchmarks. Opportunistic Fixed Income and Core Real Estate ended positive, underperforming their benchmarks. Non-Core Real Estate ended slightly negative performing in line with the benchmark for the month.

Outlook & Strategy

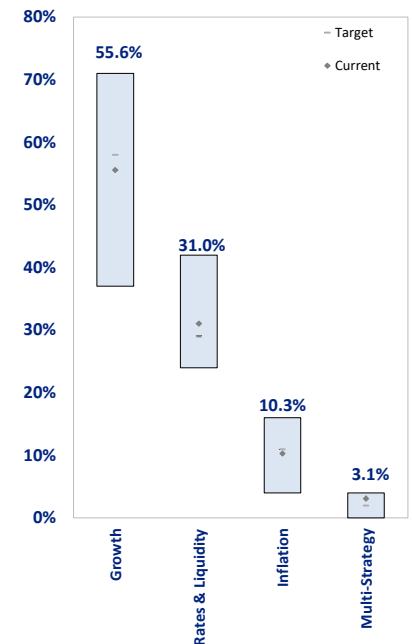
While there is still uncertainty regarding the impacts of U.S. tariff policy, the U.S. economy remains generally healthy. Tax incentives for business expansion/capital expenditures and deregulation in several sectors should be favorable for both intermediate-term U.S. growth prospects and equity market performance. Additional modest Federal Reserve interest rate cuts in 2026 are widely expected with slowing inflation and softening in labor markets. However, global geopolitical risk remains elevated with heightened market attention on developments involving Iran.

North Carolina Retirement Systems

Asset Class	Beg Value	Net Deposits	Net Earnings	End Value	Month	Cal YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	15 Yr	20 Yr
Growth	77,979,741	70,067	1,753,021	79,802,829	2.2	2.2	17.2	14.5	9.6	11.6	11.5	9.8	7.7
Benchmark¹					2.5	2.5	17.7	14.5	10.3	11.4	11.0	9.1	7.3
Public Equity	60,512,866	187	1,721,485	62,234,538	2.8	2.8	20.1	17.8	9.9	12.8	12.5	10.1	8.1
Benchmark²					3.3	3.3	22.1	18.4	11.5	12.9	12.3	9.7	7.8
Private Equity	6,802,884	101,749	1,131	6,905,765	0.0	0.0	10.0	5.2	9.9	11.0	11.3	11.2	9.4
Benchmark³					0.0	0.0	9.4	6.9	10.5	10.4	10.3	10.8	10.3
Non-Core Real Estate	2,184,251	25,178	(3,462)	2,205,968	(0.2)	(0.2)	(1.7)	(8.9)	(1.3)	0.5	3.9	7.3	4.3
Benchmark⁴					(0.2)	(0.2)	(1.3)	(3.0)	2.7	2.8	4.0	6.4	4.1
Opportunistic Fixed Income	8,479,740	(57,048)	33,867	8,456,559	0.4	0.4	7.4	8.7	7.9	6.9	6.9	6.4	-
Benchmark⁵					1.3	1.3	6.9	7.1	6.5	6.5	6.3	3.8	-
Rates & Liquidity	44,722,145	(293,696)	140,752	44,569,202	0.3	0.3	6.8	4.0	0.9	2.7	2.5	3.3	4.2
Benchmark⁶					0.3	0.3	6.8	3.6	(0.5)	1.9	2.0	3.0	3.8
IG Fixed Income	40,030,624	57	125,324	40,156,006	0.3	0.3	7.2	3.6	(0.1)	2.3	2.3	3.1	4.1
Benchmark⁷					0.3	0.3	7.2	3.3	(0.8)	1.7	1.9	2.9	3.8
Pension Cash	4,691,521	(293,753)	15,428	4,413,196	0.3	0.3	4.4	4.7	3.1	2.7	2.3	-	-
Benchmark⁸					0.3	0.3	4.2	4.8	3.2	2.7	2.2	1.5	-
Inflation Sensitive & Diversifiers	14,809,686	(184,603)	149,266	14,774,348	1.0	1.0	6.8	2.1	5.2	4.2	5.3	4.1	3.2
Benchmark⁹					1.0	1.0	5.9	1.7	4.7	3.9	4.4	3.9	2.7
Inflation Sensitive	8,479,693	(55,638)	83,078	8,507,132	1.0	1.0	7.3	7.6	8.8	6.0	6.5	3.1	2.9
Benchmark¹⁰					0.9	0.9	6.4	5.9	6.2	4.7	4.5	1.6	3.8
Core Real Estate	6,329,992	(128,964)	66,188	6,267,216	1.0	1.0	6.0	(2.6)	2.2	2.8	4.4	6.2	4.6
Benchmark¹¹					1.1	1.1	5.3	(3.2)	3.0	2.8	4.3	6.7	4.8
Multi-Strategy	4,030,799	380,072	68,826	4,479,696	1.7	1.7	9.6	9.2	6.4	5.4	6.1	6.7	5.5
Benchmark¹²					1.4	1.4	6.6	5.6	3.4	3.7	4.6	5.0	5.2
Total Pension Plan	141,542,370	(28,160)	2,111,865	143,626,075	1.5	1.5	12.6	9.4	5.9	7.4	7.6	7.0	6.2
Implementation Benchmark¹³					1.7	1.7	13.1	9.5	6.2	7.6	7.5	6.7	6.0
Long-Term Policy Benchmark¹⁴					2.5	2.5	15.9	11.4	6.4	8.4	8.1	6.7	6.2
Actuarial Rate of Return					0.5	0.5	6.5	6.5	6.6	6.7	6.8	7.0	7.0

Beginning Market Value	141,542,370,185
Net Deposits	(28,160,000)
Net Earnings	2,111,864,940
Ending Market Value	143,626,075,125

Asset Allocation



Statute Limitations:

IG Fixed Income	Current 31%	Limit >20%
Illiquid Assets	TBD	<=40%

Notes: Values in \$000; performance is net of fees and expressed in percentages; for periods greater than 1 year, the figures represent an annualized return; benchmarks are defined on the last page of report. All values in the report reflect only the assets deposited with the NCIA at BNY. The programs may have assets outside of BNY.

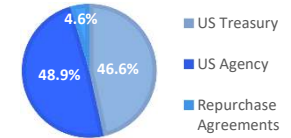
Short Term Investment Fund

Investment	Beg Value	Net Deposits	Net Earnings	End Value	Month	Cal YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	15 Yr	20 Yr
Short Term Investment Fund*	49,543,207	976,934	170,425	50,690,566	0.3	0.3	4.5	4.3	2.9	2.5	2.1	1.6	2.0
Benchmark ⁸					0.3	0.3	4.2	4.8	3.2	2.7	2.2	1.5	-

Statute Limitations:

Portfolio holdings meet requirements of §147-69.1

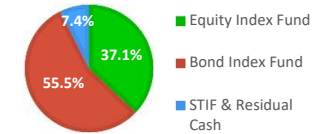
ASSET ALLOCATION



AGPIP

Investment	Beg Value	Net Deposits	Net Earnings	End Value	Month	Cal YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	15 Yr	20 Yr
Total AGPIP	3,367,680	(17,195)	39,886	3,390,371	1.2	1.2	12.0	8.9	3.6	5.0	-	-	-
Benchmark ¹⁵					1.2	1.2	11.7	8.8	3.6	4.9	-	-	-

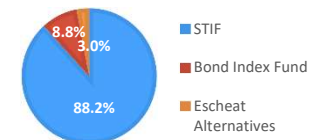
ASSET ALLOCATION



Escheat

Investment	Beg Value	Net Deposits	Net Earnings	End Value	Month	Cal YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	15 Yr	20 Yr
Total Escheats	1,597,813	(0)	5,740	1,603,554	0.4	0.4	4.7	3.8	2.4	2.4	2.3	2.5	2.7
Benchmark ¹⁶					0.3	0.3	4.4	4.6	3.2	3.2	2.9	2.8	3.0

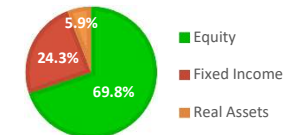
ASSET ALLOCATION



Supplemental Retirement Plan

Investment	Beg Value	Net Deposits	Net Earnings	End Value	Month	Cal YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	15 Yr	20 Yr
401K Plan Account	17,685,187	(37,139)	368,144	18,016,193	2.1	2.1	14.1	12.9	7.9	9.5	9.4	-	-
Deferred Comp 457 Plan	2,302,557	(5,734)	45,616	2,342,438	2.0	2.0	13.0	12.3	7.7	9.1	8.9	-	-
Total 401K & 457 Performance	19,987,748	(42,872)	413,760	20,358,636	2.1	2.1	14.0	12.8	7.9	9.4	9.4	-	-
Benchmark ¹⁷					2.4	2.4	16.2	13.9	9.0	10.0	9.7	-	-

ASSET ALLOCATION



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North Carolina Retirement Systems

New Investments

Month-Year	Manager Name	Deal Name	Category	Amount (000s)	Source
Jan-26	Highwoods	HRLP Bloc 83 LP	Real Estate	\$189,000	NCIA Staff
Jan-26	Andreessen Horowitz	AH 2026 Fund Multiplexer II LP	Private Equity	\$1,000,000	NCIA Staff
Jan-26	Hg	Hg Saturn 4 SMA	Private Equity	\$100,000	Existing Manager
Jan-26	Baillie Gifford	Baillie Gifford Co-Invest	Public Equity	\$200,000	Existing Manager
Jan-26	Deem	Deem Global Macro Fund	Multi-Strategy	\$300,000	NCIA Staff

Investment Reallocation Flows

Reporting Account Name	Jan-26	YTD
Growth	70,066,809	70,066,809
Public Equity	187,296	187,296
Private Equity	101,749,425	101,749,425
Non-Core Real Estate	25,178,012	25,178,012
Opportunistic Fixed Income	(57,047,924)	(57,047,924)
Rates & Liquidity	(293,695,773)	(293,695,773)
IG Fixed Income	57,389	57,389
Pension Cash	(293,753,162)	(293,753,162)
Inflation Sensitive & Diversifiers	(184,602,765)	(184,602,765)
Inflation Sensitive	(55,638,376)	(55,638,376)
Core Real Estate	(128,964,389)	(128,964,389)
Multi-Strategy	380,071,729	380,071,729
Total Pension Plan	(28,160,000)	(28,160,000)

Note: Reallocation Flows includes benefit payments

Exited Investments

Fund Name	Redemption Amount (\$MM)	Redemption Date
No Redemptions for current month		

North Carolina Retirement Systems

Benchmark Footnotes:

1. The Growth Benchmark is a blend of the Public Equity Benchmark, Private Equity Benchmark, Non-Core Real Estate Benchmark, & Opportunistic FI Benchmark at policy weights.
2. The Public Equity Benchmark is a dynamically weighted combination of the MSCI ACWI IMI Net (Long-Only) and a beta adjusted MSCI ACWI IMI Net (Hedged Equity).
3. The Private Equity Benchmark is comprised of the following MSCI Private Capital indices: 45% Buyout, 25% Venture Capital, and 30% Distressed.
4. The Non-Core Real Estate Benchmark is comprised of the following MSCI Private Capital indices: 80% U.S. Non-Core Real Estate (Opportunistic and Value-Added) and 20% Non-U.S. Non-Core Real Estate (Opportunistic and Value-Added).
5. The Opportunistic Fixed Income Benchmark is a comprised of 50% HFRX Distressed Securities Index, 20% HFRX Relative Value Index, 15% Credit Suisse Leveraged Loan Index, and 15% BOAML High Yield Index.
6. The Rates & Liquidity Benchmark is a blend of the IG Fixed Income & Cash Benchmark and the Pension Cash Benchmark at policy weights.
7. The IG Fixed Income & Cash Benchmark is comprised 10% iMoneyNet First Tier Institutional Money Market Funds Net Index and 90% custom ICE BofA Core Investment Grade Index. The custom ICE BofA core index comprised of the following weightings: 30% ICE BofA 5+ Years Governments, 35% ICE BofA 5+ Years Investment Grade Corporates, and 35% ICE BofA Mortgage Master.
8. The Pension Cash Benchmark and STIF Benchmark is the iMoneyNet First Tier Institutional Money Market Funds Net Index.
9. The Inflation Sensitive & Diversifiers Benchmark is a blend of the Inflation Sensitive Benchmark and the Core Real Estate Benchmark at policy weights.
10. The Inflation Sensitive Benchmark is the dynamically weighted combination of the ICE BofA 1-3 Years U.S. Inflation-Linked Treasury Index (TIPS), the Bloomberg Commodities Index (Commodities), and a combination of the benchmarks of investments classified within Private Natural Resources or Other Real Assets and Diversifiers.
11. The Core Real Estate Benchmark is comprised of 80% Custom NCREIF ODCE Net and 20% FTSE EPRA NAREIT Global Index.
12. The Multi-Strategy Benchmark is comprised of a dynamically weighted combination of the HFRX ED: Multi-Strategy Index, net of fees, and the market value weighted benchmarks for any other total fund strategies within the Portfolio.
13. The Implementation Benchmark is a blend of the Asset Class Benchmarks at policy weights. It is currently weighted as follows: 58% Growth Benchmark, 29% Rates & Liquidity Benchmark, 11% Inflation Sensitive & Diversifiers Benchmark, and 2% Multi-Strategy Benchmark.
14. The Long-Term Policy Benchmark is comprised of 57% MSCI ACWI IMI Net, 33% ICE BofA 5+ Years U.S. Treasury Index, 6% Bloomberg Commodity Index, and 4% ICE BofA 1-3 Years U.S. Inflation-Linked Treasury Index.
15. The Total AGPIP Benchmark is comprised of the market value weighted combination of the underlying asset class benchmarks.
16. The Total Escheats Benchmark is comprised of the market value weighted combination of the underlying asset class benchmarks.
17. The Total NC 401k & 457 Benchmark is comprised of the market value weighted combination of underlying component benchmarks.

Other Information

Additional information can be found Investment Authority's website regarding:

NCIA investment policies. <https://www.ncinvest.gov/nc-investment-authority-board>

Investment programs and reports. <https://www.ncinvest.gov>

Disclaimer: While we strive for accuracy, the information in this report is provided on an 'as is' basis. Please note that the investment performance presented is subject to final valuation and adjustments that may occur during the year and cause performance to change. Should material adjustments or errors be found after publication, an updated report will be posted to NCInvest.gov. We will not distribute updated versions of this report to previous recipients. Please check our website periodically for the most current version. Past performance is not indicative of future results. The Outlook & Strategy views are the current views of NCIA management, which may change without notice, and should not be relied upon as investment advice.