



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: April 9, 2026

RE: Monthly Investment Performance Report for the Period Ending February 28, 2026

Please find attached the February 2026 Monthly Performance Report from the North Carolina Investment Authority, providing an overview of performance results and asset allocation across investment programs.

The NCIA Board approved a new Investment Policy Statement for the North Carolina Retirement Systems in late February 2026, including an updated strategic asset allocation. The March 2026 Monthly Report will begin to utilize the updated strategic asset allocation. Additionally, performance composites to reflect new asset class categories will be calculated by the Retirement Systems' global custodian and will be phased in over the coming months.

Warmest regards,

Kevin SigRist
North Carolina Investment Authority Chief Investment Officer

North Carolina Retirement Systems

Executive Summary

Pension Fund assets were \$145.16 billion at the end of February 2026. Over the trailing 12-month period, the Pension Fund earned 13.5% net of fees and expenses. This performance equates to an estimated \$17 billion in earnings while furnishing \$1.4 billion for net benefit payments.

For the month of February, the Pension Fund was up 1.16% net of fees and expenses. The Plan underperformed the implementation benchmark by 6 basis points (-0.06%) and underperformed the long-term policy benchmark by 86 basis points (-0.86%). The IG Fixed Income and Public Equity asset classes were the largest gainers for the month at 1.87% and 1.19%, respectively. Non-Core Real Estate was the largest detractor for the month, returning -2.23%.

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

Statutory Limitations	Status
Investment Grade Fixed Income minimum of 20%	Compliant
Illiquid assets maximum of 40%	Compliant

North Carolina Retirement Systems

Market Environment

Equities:

International markets were higher throughout February as the MSCI ACWI ex US index was up 5.04% while U.S. markets turned negative over the period with the Russell 1000 down 0.54% amid uncertainty on artificial intelligence's impact on software stocks and the labor market, along with concerns on geopolitical conditions in the Middle East. In U.S. markets, both technology and financials lagged over the period while materials, utilities, consumer staples, and energy outperformed. This shift towards defensive and commodity-linked sectors over the period highlights investor focus towards the U.S.-Iran conflict and its impact on oil and equity markets.

Fixed Income:

Investment Grade Fixed Income delivered strong gains in February as Treasury yields fell meaningfully across the curve on rising geopolitical tensions and moderating inflation. While there was no change on the front end of the curve, the intermediate and longer end rose 25-30 basis points. The month ended with the formal announcement of Kevin Warsh for Federal Reserve Chair. Corporate bond spreads moved wider by an average of 10 basis points, as private credit concerns, AI spending and geopolitics weighed on the market.

Commodities & FX:

Oil prices rose during the month as the drum beat for war against Iran grew louder. Precious metals were seen as a safe haven for investors against geopolitical risk and gold and silver both saw slow but steady gains during the month. The dollar was range bound during February as those same investor fears kept an active bid for the world's reserve currency.

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, Investment Grade Fixed Income, Cash and Multi-Strategy and underweight in aggregate across other asset classes. Allocation effects contributed 6 basis points (0.06%) to returns for the month and 28 basis points (0.28%) over the trailing 12-month period. Pension cash ended the month at 2.88%, being 1.88% 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 39 basis points (0.39%). While active managers outperformed in U.S. small caps and emerging markets, international growth managers faced headwinds due to security selection within technology as software stocks continued to come under pressure. Additional detractors included security selection within financials and an underweight position to materials which surged over the period. As of February 28th, the portfolio maintains a 61% passive and 39% active allocation, with 59% invested in U.S. equities and 41% in international markets.

Fixed Income:

Investment Grade Fixed Income underperformed its benchmark for the month by 7 basis points (-0.07%), driven by the short relative duration position compared to the performance benchmark.

Other Asset Classes:

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

Outlook & Strategy

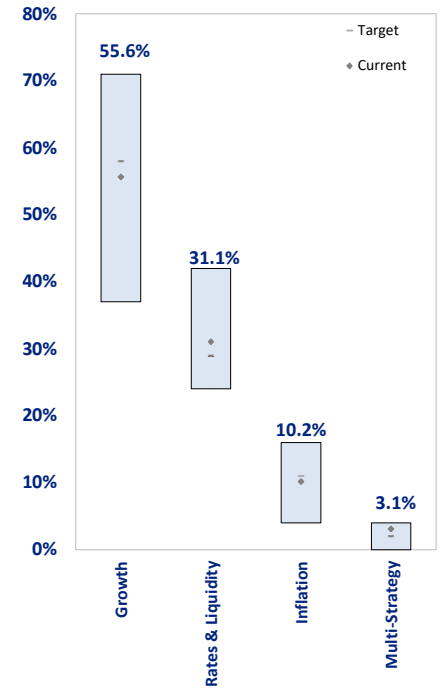
There is still uncertainty regarding the impacts of U.S. tariff policy and the negative shock from the Middle East conflict-related restrictions on oil and other key exports. Because of inflationary pressures, the bond market has lowered its expectations for easing interest rates in 2026. Geopolitical risks remained highly elevated through the end of March, with markets rising and falling daily on the basis of news on actual and potential developments in the Middle East. At the same time, continued reassessment of AI related investment trends and scrutiny of capital expenditure plans are contributing to a more cautious risk environment.

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	79,802,829	202,749	769,657	80,775,235	1.0	3.2	19.1	15.7	9.3	11.4	11.7	9.7	7.8
Benchmark¹					1.1	3.6	19.5	15.8	10.0	11.2	11.2	8.9	7.4
Public Equity	62,234,538	199,561	740,894	63,174,992	1.2	4.1	22.9	19.3	9.7	12.5	12.7	10.0	8.1
Benchmark²					1.6	4.9	25.1	20.2	11.3	12.7	12.5	9.6	7.8
Private Equity	6,905,765	(40,376)	72,584	6,937,973	1.1	1.1	9.3	6.1	9.4	11.1	11.5	11.0	9.5
Benchmark³					1.1	1.1	8.7	7.8	10.0	10.5	10.5	10.7	10.5
Non-Core Real Estate	2,205,968	25,264	(49,730)	2,181,502	(2.2)	(2.4)	(1.6)	(8.8)	(1.9)	0.1	3.6	6.9	4.1
Benchmark⁴					(2.2)	(2.4)	(1.1)	(2.9)	2.0	2.4	3.7	6.0	3.9
Opportunistic Fixed Income	8,456,559	18,300	5,909	8,480,767	0.1	0.5	6.7	8.5	7.4	6.8	7.0	6.4	-
Benchmark⁵					(0.6)	0.7	6.2	7.0	6.0	6.3	6.4	3.7	-
Rates & Liquidity	44,569,202	(241,685)	763,746	45,091,263	1.7	2.0	6.4	5.2	1.6	2.9	2.6	3.4	4.3
Benchmark⁶					1.9	2.2	6.4	5.2	0.3	2.2	2.1	3.1	3.9
IG Fixed Income	40,156,006	20	751,074	40,907,100	1.9	2.2	6.6	5.2	0.6	2.5	2.4	3.2	4.2
Benchmark⁷					1.9	2.2	6.5	5.1	0.0	2.0	2.0	3.0	3.8
Pension Cash	4,413,196	(241,705)	12,671	4,184,162	0.3	0.6	4.4	4.7	3.2	2.7	2.3	-	-
Benchmark⁸					0.3	0.6	4.1	4.8	3.3	2.7	2.2	1.5	-
Inflation Sensitive & Diversifiers	14,774,348	(88,329)	83,954	14,769,974	0.6	1.6	6.6	2.3	5.1	4.2	5.3	4.1	3.2
Benchmark⁹					0.3	1.3	5.3	1.9	4.7	3.9	4.4	3.9	2.6
Inflation Sensitive	8,507,132	(88,407)	28,073	8,446,799	0.3	1.3	6.4	6.9	8.6	6.0	6.5	3.0	2.9
Benchmark¹⁰					(0.0)	0.9	5.0	5.4	6.1	4.7	4.5	1.6	3.8
Core Real Estate	6,267,216	78	55,881	6,323,175	0.9	1.9	6.6	(1.6)	2.2	2.9	4.5	6.2	4.6
Benchmark¹¹					0.7	1.8	5.7	(2.2)	2.9	2.8	4.3	6.7	4.8
Multi-Strategy	4,479,696	65	45,775	4,525,536	1.0	2.7	10.7	9.6	6.4	5.4	6.3	6.7	5.5
Benchmark¹²					0.8	2.2	7.1	6.1	3.2	3.5	4.8	5.0	5.0
Total Pension Plan	143,626,075	(127,200)	1,663,132	145,162,007	1.2	2.7	13.5	10.4	6.0	7.4	7.7	6.9	6.3
Implementation Benchmark¹³					1.2	2.9	13.7	10.7	6.3	7.6	7.7	6.6	6.1
Long-Term Policy Benchmark¹⁴					2.0	4.5	17.5	13.3	6.7	8.5	8.3	6.7	6.3
Actuarial Rate of Return					0.5	1.1	6.5	6.5	6.6	6.7	6.9	7.0	7.0

Beginning Market Value	143,626,075,125
Net Deposits	(127,200,000)
Net Earnings	1,663,131,904
Ending Market Value	145,162,007,030

Asset Allocation



Statute Limitations:		
	Limit	Status
IG Fixed Income	> 20%	Compliant
Illiquid Assets	<= 40%	Compliant

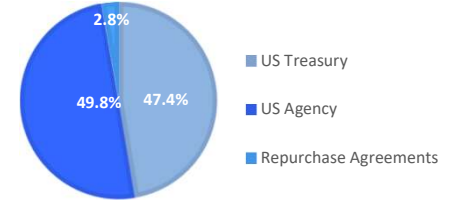
Notes: Values in \$000; performance is net of fees and expressed in percentages; for periods greater than 1 year, the figures represent an annualized return; benchmarks are defined on the last page of report. All values in the report reflect only the assets deposited with the NCIA at BNY. The programs 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	50,690,566	(\$302,183)	162,103	50,550,486	0.3	0.7	4.4	4.3	2.9	2.5	2.1	1.6	2.0
Benchmark ⁸					0.3	0.6	4.1	4.8	3.3	2.7	2.2	1.5	-

Statute Limitations:
Portfolio holdings meet requirements of §147-69.1

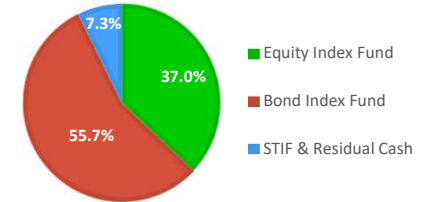
ASSET ALLOCATION



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	3,390,371	(3,192)	47,181	3,434,360	1.4	2.6	12.4	10.3	4.1	5.1	-	-	-
Benchmark ¹⁵					1.4	2.6	12.1	10.2	4.0	5.0	-	-	-

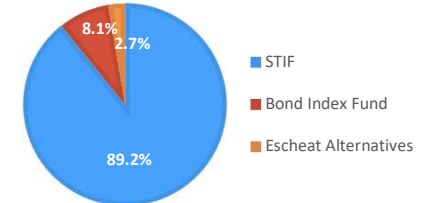
ASSET ALLOCATION



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	1,603,554	153,224	7,049	1,763,827	0.4	0.8	4.7	4.0	2.6	2.4	2.3	2.5	2.7
Benchmark ¹⁶					0.4	0.7	4.3	4.8	3.3	3.2	2.9	2.8	3.0

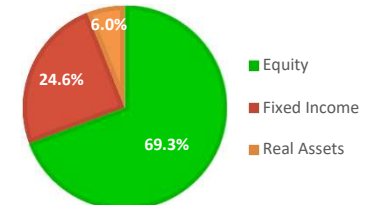
ASSET ALLOCATION



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	18,016,193	(16,753)	182,258	18,181,698	1.0	3.1	15.6	14.1	7.7	9.3	9.6	-	-
Deferred Comp 457 Plan	2,342,438	77,390	21,504	2,441,332	0.9	2.9	14.6	13.4	7.5	8.9	9.0	-	-
Total 401K & 457 Performance	20,358,636	60,637	203,762	20,623,034	1.0	3.1	15.5	14.0	7.6	9.2	9.5	-	-
Benchmark ¹⁷					1.4	3.8	18.2	15.3	8.9	9.9	9.8	-	-

ASSET ALLOCATION



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North Carolina Retirement Systems

New Investments

Month-Year	Manager Name	Deal Name	Category	Amount (000s)	Source
Feb-26	Bridgepoint	Bridgepoint Europe VIII LP	Private Equity	€ 250,000	NCIA Staff
Feb-26	Bridgepoint	Bridgepoint Europe SMA	Private Equity	€ 125,000	NCIA Staff

Investment Reallocation Flows

Reporting Account Name	Feb-26	YTD
Growth	202,748,613	272,815,423
Public Equity	199,560,635	199,747,931
Private Equity	(40,375,672)	61,373,753
Non-Core Real Estate	25,264,106	50,442,118
Opportunistic Fixed Income	18,299,544	(38,748,380)
Rates & Liquidity	(241,684,855)	(535,380,628)
IG Fixed Income	20,437	77,826
Pension Cash	(241,705,292)	(535,458,454)
Inflation Sensitive & Diversifiers	(88,328,682)	(272,931,447)
Inflation Sensitive	(88,406,836)	(144,045,211)
Core Real Estate	78,153	(128,886,236)
Multi-Strategy	64,924	380,136,653
Total Pension Plan	(127,200,000)	(155,360,000)

Note: Reallocation Flows includes benefit payments

Exited Investments

Fund Name	Redemption Amount (\$MM)	Redemption Date
Wellington Opportunistic Growth	~2,500	2/12/2026

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.