



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: September 4, 2026

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

Please find attached the July 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 July 2026 Monthly Report utilizes the updated strategic asset allocation. Performance benchmarks for the new asset class categories are being calculated by the Retirement Systems' global custodian and will be phased in with next month's report.

Warmest regards,

Kevin SigRist
North Carolina Investment Authority Chief Investment Officer

North Carolina Retirement Systems

Executive Summary

Pension Fund assets were \$148.2 billion at the end of July 2026. Over the trailing 12-month period, the Pension Fund earned 11.4% net of fees and expenses, which performance equates to an estimated \$15.25 billion in earnings. During the same period, \$1.52 billion was transferred out of the investment portfolio to pay benefits.

For the month of July, the Pension Fund had a return of -0.47% net of fees and expenses. The Plan outperformed the reference portfolio benchmark by 59 basis points (0.59%) and underperformed the actuarial rate of return by 100 basis points (-1%). The Private Equity and Real Estate asset classes were the largest gainers for the month at 0.72% and 0.67%, respectively. Multi-Strategy was the largest detractor for the month, returning -1.43%.

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

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Market Environment

Equities:

International equities outperformed U.S. equities in July, with the MSCI ACWI ex USA IMI returning 0.17% compared with a -0.36% return for the Russell 1000. Markets experienced elevated volatility and a sharp rotation away from the AI trade while software and value-oriented companies outperformed. U.S. equities sector performance over the period reflected this shift, with Energy and Financials leading while Technology lagged due to declines in semiconductors and other AI Infrastructure stocks.

Fixed Income:

Investment grade fixed income declined during July as U.S. Treasury yields rose, increasing approximately 12 to 32 basis points, with the largest moves occurring at the intermediate and long end bond maturities, resulting in further yield curve steepening. The Federal Reserve Open Market Committee left the Federal Funds target range unchanged at 3.50%-3.75% at its July 29th meeting, although three members dissented in favor of a 25 basis points increase. Corporate bond prices remained resilient despite higher U.S. Treasury yields. Investment grade yield spreads over U.S. Treasuries widened slightly and high-yield spreads widened by 10 basis points during the month, while both remained near historically tight levels.

Commodities & FX:

Commodity markets remained sensitive to geopolitical developments during July. Crude oil prices rose sharply as renewed attacks on tankers transiting the Strait of Hormuz reduced oil shipments through the waterway and renewed concerns around global supply disruptions. Additional threats to Saudi Arabian exports through the Bab el-Mandeb Strait in the Red Sea also likely contributed to higher prices. Gold prices stabilized following June's sharp decline, finishing the month essentially unchanged, as support from a weaker U.S. dollar was offset by rising real yields and lower market volatility.

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Performance Against Benchmarks

Asset Allocation Stance:

In February of 2026, the NCIA Board approved a new NCRS Investment Policy Statement (IPS) and strategic asset allocation (SAA). The tables throughout the report reflect the new IPS asset classes and SAA. The current portfolio is slightly underweight Equity at 60.68%, relative to a 62% target, driven by an underweight to Real Asset Equity. This is offset by an overweight in Multi-Strategy at 5.14%, relative to a 3% target. Debt at 34.16% is slightly underweight its target of 35%. Allocation effects added 39 basis points (0.39%) to relative performance versus the reference portfolio.

Equities:

Public Equity outperformed for the month by 13 basis points (0.13%) versus the MSCI ACWI IMI index. Relative performance was primarily boosted by security selection within Technology as software stocks recovered which outweighed headwinds from Financials and the portfolio's underweight to Energy. The portfolio ended the month 63% passive and 37% active, with 63% in U.S. equities and 37% in international equities.

Fixed Income:

Investment Grade Fixed Income outperformed for the month by 10 basis points (0.10%).

Other Asset Classes:

Infrastructure and Natural Resources, Real Estate, Private Equity and Credit ended the month with modest positive gains and Multi-Strategy ended negative for the month.

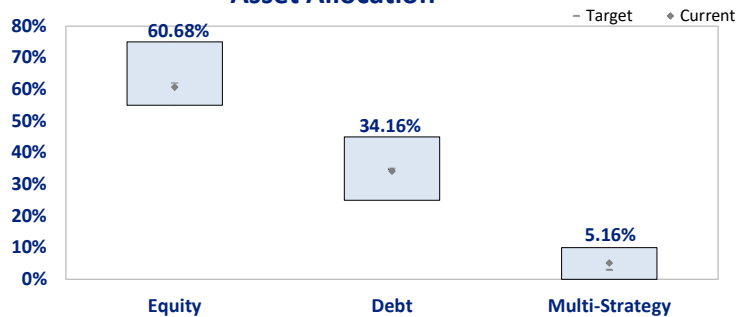
Outlook & Strategy

There are two competing forces impacting the outlook: 1) support from strong capital investment, productivity, AI build-out, and resilient corporate fundamentals; versus 2) Slower Q2 growth, elevated inflation, Middle East stress, and high long-term bond yields. As a result, the NCIA will continue to: 1) effect a measured reduction to the public equity overweight given prospects for slower growth rates into year-end; 2) keep long-maturity bond exposure disciplined as elevated long-term bond yields and inflation uncertainty can pressure both bonds and equity valuations; and 3) rebalance into real estate credit, listed real assets, and REITs which can diversify energy/inflation risk and offer less dependence on broad equity markets.

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
Total Pension Plan	149,103,865	(203,105)	(\$705,092)	148,195,669	(0.5)	5.3	11.4	9.5	5.3	7.0	7.2	6.9	6.4
Actuarial Rate of Return					0.5	3.7	6.5	6.5	6.5	6.7	6.8	7.0	7.0
Reference Portfolio Benchmark ¹					(1.1)	7.0	14.6	11.4	5.5	8.0	7.5	6.8	6.4
Debt	52,106,082	(796,657)	(\$690,780)	50,618,645	(1.3)	0.3	3.6	4.6	1.7	2.5	2.8	3.4	4.6
Cash	3,757,246	209,310	12,661	3,979,217	0.3	2.3	4.1	4.6	3.5	2.8	2.4	-	-
Investment Grade Fixed Income	35,713,130	(1,088,329)	(721,384)	33,903,417	(2.0)	(1.0)	2.4	3.5	(0.8)	1.0	1.5	2.7	4.1
Credit	12,635,705	82,362	17,943	12,736,010	0.1	3.3	7.0	8.0	6.1	6.3	6.7	6.3	7.1
Equity	90,140,926	(297,187)	85,594	89,929,333	0.1	8.8	17.1	13.1	8.0	10.9	10.8	9.6	8.8
Corporate Equity	71,904,100	(4,262,173)	(\$20,174)	67,621,753	(0.0)	9.8	19.3	15.8	8.8	12.7	12.1	10.6	9.7
Public Equity	63,573,011	(4,375,962)	(80,186)	59,116,862	(0.1)	10.8	20.5	17.1	9.1	12.7	12.1	10.5	8.9
Private Equity	8,331,080	112,263	60,485	8,503,828	0.7	1.8	9.4	6.2	5.0	11.1	11.6	10.7	10.9
Real Asset Equity	18,236,826	3,964,987	105,767	22,307,580	0.6	3.7	6.2	1.0	3.3	3.6	5.1	5.3	4.6
Infrastructure & Natural Resources	7,973,798	1,949,591	33,397	9,956,786	0.4	4.5	9.0	6.7	9.5	7.0	7.1	3.1	3.6
Real Estate	10,263,027	2,014,460	72,838	12,350,324	0.7	3.3	5.0	(1.5)	0.7	2.2	4.4	6.8	5.2
Multi-Strategy	6,856,858	890,739	(\$99,906)	7,647,691	(1.4)	3.8	8.2	8.2	5.8	5.0	5.5	6.8	5.3

Asset Allocation



Beginning Market Value
Net Deposits
Net Earnings
Ending Market Value

149,103,865,208
(203,105,000)
(705,091,654)
148,195,668,554

Statute Limitations:

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; performance benchmarks for new asset class categories will be incorporated in with next month's report.

All values in the report reflect only the assets deposited with the NCIA at BNY. The programs may have assets outside of BNY.

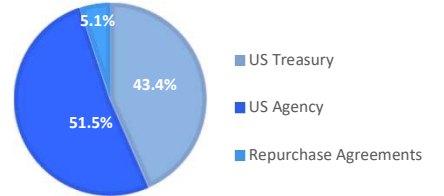
Short Term Investment Fund

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	48,969,779	(\$252,835)	161,865	48,878,809	0.3	2.3	4.2	4.4	3.2	2.6	2.3	1.7	2.0
Benchmark ²					0.3	2.1	3.8	4.6	3.6	2.7	2.3	1.6	-

Statute Limitations:

Portfolio holdings meet requirements of §147-69.1

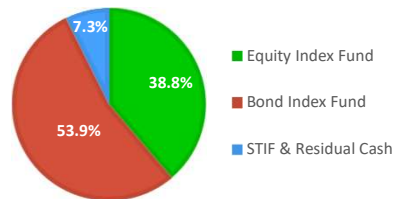
ASSET ALLOCATION



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	3,494,039	(8,392)	(\$22,551)	3,463,096	(0.7)	4.0	9.6	8.8	3.6	4.5	-	-	-
Benchmark ³					(0.7)	3.9	9.5	8.8	3.6	4.4	-	-	-

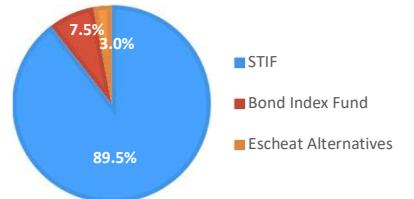
ASSET ALLOCATION



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	1,828,025	22,534	3,667	1,854,226	0.2	2.6	4.7	4.3	2.7	2.5	2.3	2.3	2.9
Benchmark ⁴					0.2	1.8	3.7	4.4	3.2	3.1	2.8	2.7	3.1

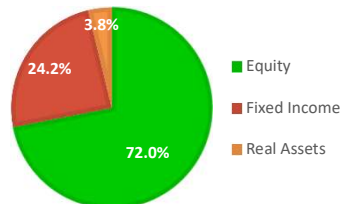
ASSET ALLOCATION



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	18,951,426	(33,274)	9,748	18,927,900	0.1	8.0	14.6	12.7	7.1	9.3	9.1	-	-
Deferred Comp 457 Plan	2,552,836	(3,593)	(\$902)	2,548,341	(0.0)	8.0	14.3	12.3	7.0	9.0	8.7	-	-
Total 401K & 457 Performance	21,504,267	(36,867)	8,846	21,476,246	0.1	8.0	14.6	12.6	7.1	9.2	9.0	-	-
Benchmark ⁵					(0.4)	9.3	17.6	14.0	8.3	10.0	9.4	-	-

ASSET ALLOCATION



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North Carolina Retirement Systems

New Investments and Top Ups

Month-Year	Manager Name	Deal Name	Category	Amount (000s)	Source
Jul-26	BlackRock	BlackRock World REIT	Real Estate	\$2,000,000	NCIA Staff
Jul-26	NCIA	Internal Public Natural Resources	Infra. & Natural Resources	\$2,000,000	NCIA Staff
Jul-26	Benefit Street Partners	NCRED-B	Credit	\$900,000	NCIA Staff
Jul-26	Melange Capital Partners	Melange NC SMA LP	Infra. & Natural Resources	\$500,000	NCIA Staff
Jul-26	Barings	North Star Investment Holdings Series V - RE Credit	Credit	\$300,000	NCIA Staff
Jul-26	Broad Reach	Broad Reach Fund	Multi-Strategy	\$250,000	NCIA Staff
Jul-26	Walleye Capital	Walleye Opportunities Fund	Multi-Strategy	\$200,000	NCIA Staff
Jul-26	Deem Global	Deem Global Macro Fund	Multi-Strategy	\$200,000	NCIA Staff
Jul-26	Brevan Howard	Brevan Howard Alpha Strategies Fund	Multi-Strategy	\$200,000	NCIA Staff
Jul-26	Frazier Life Sciences	Frazier Life Sciences Public Fund LP	Public Equity	\$155,000	NCIA Staff

Investment Reallocation Flows

Reporting Account Name	Jul-26	YTD
Debt	(796,657,282)	(7,449,566,969)
Cash	209,309,949	(4,300,014,140)
Investment Grade Fixed Income	(1,088,329,197)	(2,397,540,833)
Credit	82,361,965	(752,011,996)
Equity	(297,186,556)	3,203,603,567
Corporate Equity	(4,262,173,182)	(6,168,141,269)
Public Equity	(4,375,962,153)	(7,374,735,759)
Private Equity	112,263,199	1,202,885,616
Real Assets Equity	3,964,986,626	9,371,744,836
Infrastructure & Natural Resources	1,949,590,679	5,859,236,629
Real Estate	2,014,459,972	3,509,407,868
Multi-Strategy	890,738,839	3,421,438,402
Total Pension Plan	(203,105,000)	(824,525,000)

Note: Reallocation Flows includes benefit payments

Exited Investments

Fund Name	Redemption Amount (000s)	Month-Year
No redemptions for current month		

North Carolina Retirement Systems

Benchmark Footnotes:

1. The Total Pension Plan Reference Portfolio Benchmark is comprised of 65% MSCI ACWI IMI Net and 35% ICE BofA 5+ Years U.S. Treasury Index starting in March 2026. The structure of this benchmark has changed over time as the investment policy has changed, and the returns reflect the historical structure that was in place at the time. Most recently, it was 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.
2. The Pension Cash Benchmark and STIF Benchmark is the iMoneyNet First Tier Institutional Money Market Funds Net Index.
3. The Total AGPIP Benchmark is comprised of the market value weighted combination of the underlying asset class benchmarks.
4. The Total Escheats Benchmark is comprised of the market value weighted combination of the underlying asset class benchmarks.
5. 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:

NCA 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 NCA management, which may change without notice, and should not be relied upon as investment advice.