



# NORTH CAROLINA INVESTMENT AUTHORITY

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## 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: October 2, 2026

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

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

Warmest regards,

Kevin SigRist  
North Carolina Investment Authority Chief Investment Officer

**North Carolina Retirement Systems**

## Executive Summary

Pension Fund assets were \$150.54 billion at the end of August 2026. Over the trailing 12-month period, the Pension Fund earned 11.24% net of fees and expenses, which performance equates to an estimated \$15.29 billion in earnings. During the same period, \$1.59 billion was transferred out of the investment portfolio to pay benefits.

For the month of August, the Pension Fund had a return of 1.72% net of fees and expenses. The Plan underperformed the reference portfolio benchmark by 26 basis points (-0.26%) and outperformed the actuarial rate of return by 120 basis points (1.2%). The Private Equity and Public Equity asset classes were the largest gainers for the month at 5.43% and 2.81%, respectively. Real Estate was the largest detractor for the month, returning -0.45%.

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:**

U.S. and international equity markets advanced during August, with the Russell 1000 Index returning 2.82% while the MSCI ACWI ex USA Index gained 3.01%. While markets were positive, the month saw high volatility as AI stocks rebounded after the recent selloff in July and investors weighed inflationary concerns while long-term rates and oil prices rose. Reflecting this shift, materials and energy led U.S. sector performance, while rate sensitive sectors such as utilities, real estate and industrials lagged. In international equity markets, returns were boosted by increasing corporate earnings expectations, U.S. dollar depreciation, and strong emerging market performance over the month.

### **Fixed Income:**

Investment Grade Fixed Income returns were positive in August as the U.S. Treasury yield curve flattened and credit markets remained resilient. While the long end of the curve was down slightly, the short end rose on higher expectations of Fed rate hikes in the near term. Longer-term U.S. Treasuries received some support after the U.S. Treasury announced that it would at least double the size of longer-dated liquidity support buybacks beginning in September. At Jackson Hole, Federal Reserve Chair Kevin Warsh emphasized that inflation remained above the Fed's 2% target and that recent inflation readings had not meaningfully improved underlying trends, reinforcing expectations for a restrictive policy stance. Corporate credit remained firm, with investment grade spreads ending August near 80 basis points, little changed over the month, while high-yield spreads tightened roughly 20 basis points.

### **Commodities & FX:**

Commodity markets moved higher during August as continued disruptions to Middle Eastern energy supplies and shipping flows kept oil prices elevated. Reduced traffic through the Strait of Hormuz sustained a geopolitical risk premium and tightened refined-product supplies. Precious metals were especially strong, with gold rising sharply during the month as strong investment flows, geopolitical uncertainty, and a weaker U.S. dollar supported demand.

## North Carolina Retirement Systems

# 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. Performance benchmarks for the new asset class categories are being calculated by the Retirement Systems' global custodian and will be phased in when finalized. The current portfolio is slightly underweight Equity at 61.37%, relative to a 62% target, driven by an underweight to Real Asset Equity. This is offset by an overweight in Multi-Strategy at 5.63%, relative to a 3% target. Debt at 32.99% is slightly underweight its target of 35%. Allocation effects detracted 56 basis points (-0.56%) to relative performance versus the reference portfolio.

### Equities:

Public Equity outperformed for the month by 2 basis points (0.02%) versus the MSCI ACWI IMI index. Relative performance was primarily boosted by security selection within healthcare, financials, and communication services while security selection within materials and industrials detracted. 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 its benchmark for the month by 3 basis points (0.03%).

### Other Asset Classes:

Infrastructure and Natural Resources, Private Equity and Credit ended the month with modest positive gains while Real Estate and Multi-Strategy ended negative for the month on an absolute return basis.

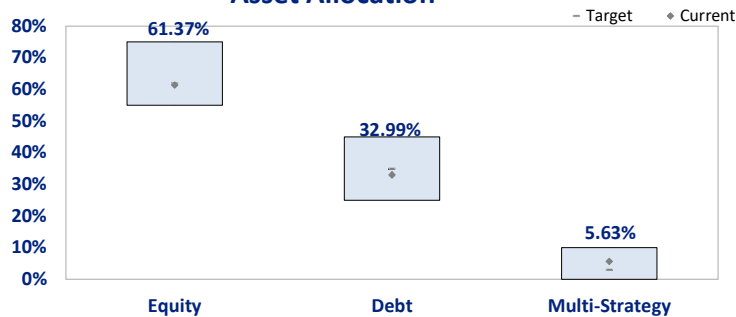
# Outlook & Strategy

There are two competing forces impacting the economic and financial outlook: 1) support from strong AI-related capital investments, wealth effects from a robust stock market, and resilient corporate fundamentals; versus 2) Elevated inflation, Middle East/Ukraine conflicts, waning US fiscal stimulus, and higher long-term bond yields. As a result, the NCIA will continue to: 1) effect a measured reduction to the public equity overweight; 2) keep long-maturity bond exposure underweight; and 3) rebalance into real estate credit, private and listed infrastructure and natural resources equities, and REITs. Each of the latter are expected to offer competitive returns while helping to diversify energy/inflation and equity market risk.

**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      |
|--------------------------------------------|--------------------|--------------------|------------------|--------------------|--------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|------------|
| <b>Total Pension Plan</b>                  | <b>148,206,413</b> | <b>(205,448)</b>   | <b>2,541,041</b> | <b>150,542,006</b> | <b>1.7</b>   | <b>7.1</b>  | <b>11.2</b> | <b>10.6</b> | <b>5.3</b> | <b>7.3</b>  | <b>7.3</b>  | <b>7.2</b>  | <b>6.4</b> |
| Actuarial Rate of Return                   |                    |                    |                  |                    | 0.5          | 4.3         | 6.5         | 6.5         | 6.5        | 6.7         | 6.8         | 6.9         | 7.0        |
| Reference Portfolio Benchmark <sup>1</sup> |                    |                    |                  |                    | 2.0          | 9.1         | 14.6        | 12.9        | 5.7        | 8.3         | 7.7         | 7.1         | 6.4        |
| <b>Debt</b>                                | <b>50,618,650</b>  | <b>(1,216,327)</b> | <b>267,396</b>   | <b>49,669,719</b>  | <b>0.5</b>   | <b>0.8</b>  | <b>3.0</b>  | <b>4.8</b>  | <b>1.8</b> | <b>2.3</b>  | <b>2.8</b>  | <b>3.4</b>  |            |
| Cash                                       | 3,979,217          | (2,050,671)        | 9,651            | 1,938,197          | 0.3          | 2.6         | 4.1         | 4.6         | 3.5        | 2.8         | 2.4         | -           |            |
| Investment Grade Fixed Income              | 33,903,423         | (496,223)          | 161,740          | 33,568,940         | 0.5          | (0.6)       | 1.7         | 3.9         | (0.7)      | 0.6         | 1.5         | 2.6         |            |
| Credit                                     | 12,736,010         | 1,330,566          | 96,005           | 14,162,581         | 0.7          | 4.0         | 6.4         | 7.8         | 6.0        | 6.4         | 6.6         | 6.4         |            |
| <b>Equity</b>                              | <b>89,940,072</b>  | <b>170,414</b>     | <b>2,280,507</b> | <b>92,390,993</b>  | <b>2.5</b>   | <b>11.5</b> | <b>17.2</b> | <b>15.0</b> | <b>7.8</b> | <b>11.5</b> | <b>10.9</b> | <b>10.2</b> |            |
| <b>Corporate Equity</b>                    | <b>67,630,463</b>  | <b>172,774</b>     | <b>2,116,548</b> | <b>69,919,785</b>  | <b>3.1</b>   | <b>13.2</b> | <b>19.9</b> | <b>18.1</b> | <b>8.8</b> | <b>13.5</b> | <b>12.4</b> | <b>11.3</b> |            |
| Public Equity                              | 59,125,550         | (0)                | 1,651,228        | 60,776,778         | 2.8          | 13.9        | 20.9        | 19.4        | 9.2        | 13.6        | 12.3        | 11.3        |            |
| Private Equity                             | 8,503,850          | 172,360            | 465,725          | 9,141,936          | 5.4          | 7.3         | 11.3        | 7.7         | 4.5        | 11.6        | 12.0        | 10.9        |            |
| <b>Real Asset Equity</b>                   | <b>22,309,608</b>  | <b>(2,360)</b>     | <b>163,958</b>   | <b>22,471,207</b>  | <b>0.7</b>   | <b>4.5</b>  | <b>5.5</b>  | <b>1.9</b>  | <b>2.9</b> | <b>3.6</b>  | <b>5.0</b>  | <b>5.2</b>  |            |
| Infrastructure & Natural Resources         | 9,956,824          | (18,845)           | 221,650          | 10,159,628         | 2.2          | 6.8         | 9.7         | 7.0         | 9.7        | 7.6         | 6.9         | 3.1         |            |
| Real Estate                                | 12,352,315         | 16,118             | (57,328)         | 12,311,105         | (0.4)        | 2.9         | 3.2         | (0.5)       | (0.0)      | 1.9         | 4.2         | 6.6         |            |
| <b>Multi-Strategy</b>                      | <b>7,647,691</b>   | <b>840,465</b>     | <b>(\$6,861)</b> | <b>8,481,294</b>   | <b>(0.1)</b> | <b>3.7</b>  | <b>6.8</b>  | <b>8.2</b>  | <b>5.6</b> | <b>5.1</b>  | <b>5.4</b>  | <b>6.8</b>  |            |

**Asset Allocation**



**Beginning Market Value**  
**Net Deposits**  
**Net Earnings**  
**Ending Market Value**

**148,206,413,039**  
**(205,448,376)**  
**2,541,040,935**  
**150,542,005,597**

**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.

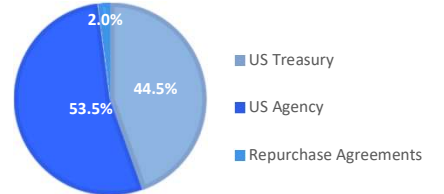
**Short Term Investment Fund**

| 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 | 48,878,809 | (\$1,497,823) | 159,443      | 47,540,429 | 0.3   | 2.7     | 4.1  | 4.4  | 3.3  | 2.6  | 2.3   | 1.7   | 2.0   |
| Benchmark <sup>2</sup>     |            |               |              |            | 0.3   | 2.4     | 3.8  | 4.5  | 3.7  | 2.8  | 2.4   | 1.6   | -     |

**Statute Limitations:**

Portfolio holdings meet requirements of §147-69.1

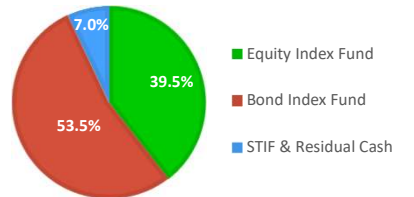
**ASSET ALLOCATION**



**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            | 3,463,096 | (7,433)      | 43,451       | 3,499,114 | 1.3   | 5.3     | 9.2  | 9.8  | 3.8  | 4.5  | -     | -     | -     |
| Benchmark <sup>3</sup> |           |              |              |           | 1.3   | 5.2     | 9.1  | 9.7  | 3.7  | 4.5  | -     | -     | -     |

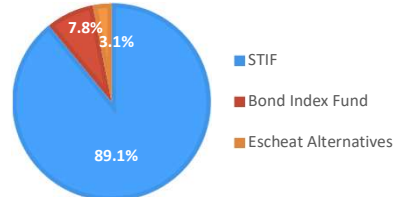
**ASSET ALLOCATION**



**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         | 1,854,226 | (67,227)     | 5,919        | 1,792,918 | 0.3   | 3.0     | 4.6  | 4.3  | 2.8  | 2.5  | 2.3   | 2.3   | 2.8   |
| Benchmark <sup>4</sup> |           |              |              |           | 0.3   | 2.1     | 3.6  | 4.4  | 3.3  | 3.1  | 2.9   | 2.7   | 3.1   |

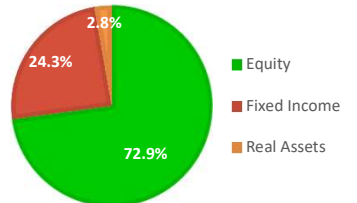
**ASSET ALLOCATION**



**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            | 18,927,900 | (26,023)     | 371,664      | 19,273,541 | 2.0   | 10.2    | 14.4 | 14.2 | 7.1  | 9.8  | 9.3   | -     | -     |
| Deferred Comp 457 Plan       | 2,548,341  | (2,589)      | 48,552       | 2,594,304  | 1.9   | 10.1    | 14.1 | 13.7 | 7.1  | 9.5  | 8.8   | -     | -     |
| Total 401K & 457 Performance | 21,476,246 | (28,612)     | 420,216      | 21,867,850 | 2.0   | 10.1    | 14.3 | 14.1 | 7.1  | 9.8  | 9.2   | -     | -     |
| Benchmark <sup>5</sup>       |            |              |              |            | 1.9   | 11.4    | 17.1 | 15.4 | 8.4  | 10.5 | 9.6   | -     | -     |

**ASSET ALLOCATION**



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.

## North Carolina Retirement Systems

### New Investments and Top Ups

| Month-Year | Manager Name                | Deal Name                     | Category       | Amount (000s) | Source     |
|------------|-----------------------------|-------------------------------|----------------|---------------|------------|
| Aug-26     | Walleye                     | Walleye Opportunities Fund    | Multi-Strategy | \$300,000     | NCIA Staff |
| Aug-26     | Marathon Asset Management   | Marathon Currituck Fund, LP   | Credit         | \$300,000     | NCIA Staff |
| Aug-26     | Deem Global                 | Deem Global Macro Fund        | Multi-Strategy | \$200,000     | NCIA Staff |
| Aug-26     | Andreessen Horowitz         | A16Z SMA                      | Private Equity | \$1,000,000   | NCIA Staff |
| Aug-26     | Lightspeed Venture Partners | Lightspeed AI REND Fund I LP  | Private Equity | \$125,000     | NCIA Staff |
| Aug-26     | Texas Pacific Group (TPG)   | TPG NC Net Lease Co-Invest LP | Real Estate    | \$200,000     | NCIA Staff |
| Aug-26     | Harrison Street             | HSRE NC Partners LP           | Real Estate    | \$300,000     | NCIA Staff |
| Aug-26     | Baillie Gifford             | Baillie Gifford Co-Invest II  | Public Equity  | \$199,000     | NCIA Staff |
| Aug-26     | Luxor Capital Group         | Thebes Fund                   | Multi-Strategy | \$250,000     | NCIA Staff |

### Investment Reallocation Flows

| Reporting Account Name             | Aug-26                 | YTD                    |
|------------------------------------|------------------------|------------------------|
| <b>Debt</b>                        | <b>(1,216,327,382)</b> | <b>(8,665,894,351)</b> |
| Cash                               | (2,050,670,697)        | (6,350,684,837)        |
| Investment Grade Fixed Income      | (496,222,504)          | (2,893,763,337)        |
| Credit                             | 1,330,565,819          | 578,553,824            |
| <b>Equity</b>                      | <b>170,414,209</b>     | <b>3,374,017,776</b>   |
| <b>Corporate Equity</b>            | <b>172,773,712</b>     | <b>(5,995,367,558)</b> |
| Public Equity                      | (254)                  | (7,374,736,013)        |
| Private Equity                     | 172,360,058            | 1,375,245,674          |
| <b>Real Assets Equity</b>          | <b>(2,359,503)</b>     | <b>9,369,385,334</b>   |
| Infrastructure & Natural Resources | (18,844,824)           | 5,840,391,805          |
| Real Estate                        | 16,117,886             | 3,525,525,754          |
| <b>Multi-Strategy</b>              | <b>840,464,797</b>     | <b>4,261,903,199</b>   |
| <b>Total Pension Plan</b>          | <b>(205,448,376)</b>   | <b>(1,029,973,376)</b> |

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.