NORTH CAROLINA
INVESTMENT AUTHORITY

NCIA FY26-27 Budget

May 27, 2026

BRADFORD B. BRINER
STATE TREASURER OF NORTH CAROLINA

Executive Summary

BOARD ACTION

Approve proposed FY26-27 operating budget authority of $40.4MM

Request remains within the statutory three-basis-point framework.

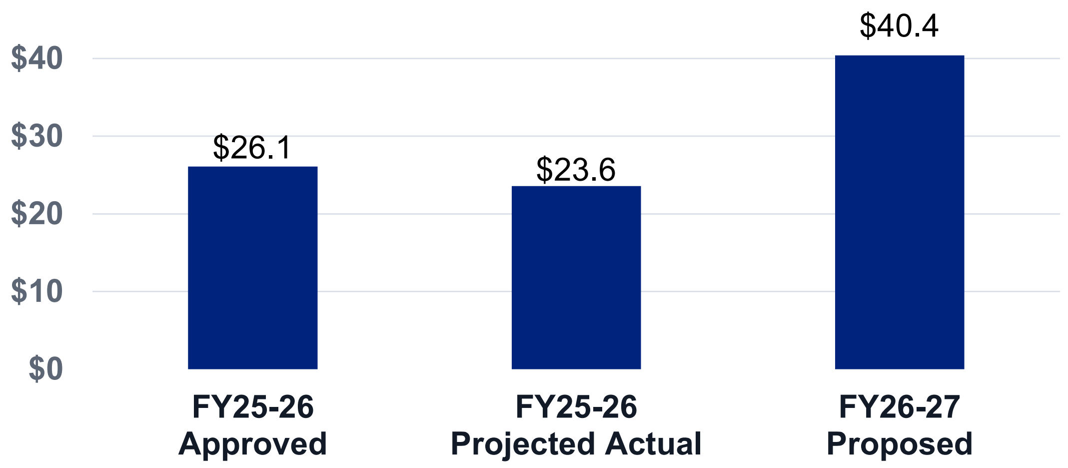
2.0 bps

Proposed budget / 3-yr avg AUM

Highlights

- FY25-26 projected actual expenditures are $23.6MM, or $2.5MM below the approved $26.1MM budget.
- FY26-27 proposal increases budget authority by $14.3MM versus the approved FY25-26 budget. Largest drivers are:
  - Staffing growth and base salary adjustments
  - Incentive cash payments assumed to be at cap
  - Legal expense and investment-support contracts

BUDGET AUTHORITY TREND



Dollars in millions; AUM based on projected three-year average AUM for 6/30/2026.

FY25-26 Budget vs. Projected Actual Expenditures

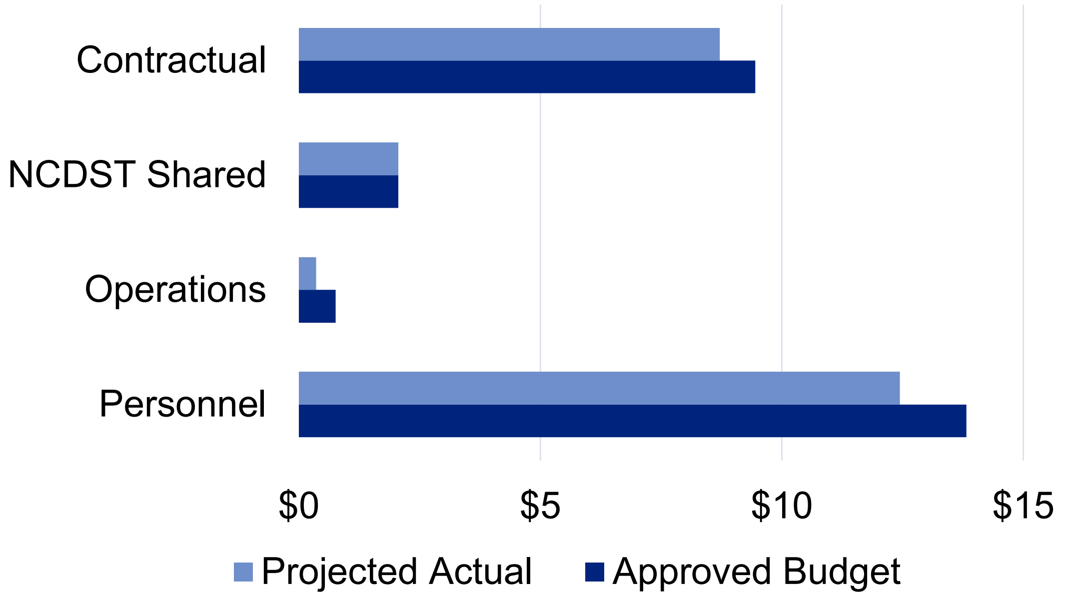
Projected actuals are below approved authority, principally due to timing of personnel actions and contract executions.

Category	Approved FY25-26	Projected Actual	Under/ (Over)
Personnel Services	$13.8	$12.4	$1.4
Operations & Administration	$0.8	$0.4	$0.4
NCDST Shared Services	$2.1	$2.1	$0.0
Contractual Services	$9.5	$8.7	$0.7
Total Operating Budget	**$26.1**	**$23.6**	**$2.5**

Projected underrun: $2.5MM

Projected total expenditures equal 1.2 bps of projected FY25-26 three-year average AUM, compared with the approved budget at 1.3 bps.

APPROVED BUDGET VS PROJECTED ACTUAL BY CATEGORY



Dollars in millions. Positive Under/(Over) indicates projected expenses below approved budget.

See Appendix for longer-term NCRS cost trends

FY26-27 Operating Budget Request

Proposed authority reflects continued progress toward a normalized operating platform and remains below the 3 basis-point statutory threshold.

$40.4MM
Proposed FY26-27 operating budget

+$14.3MM
Versus approved FY25-26 budget

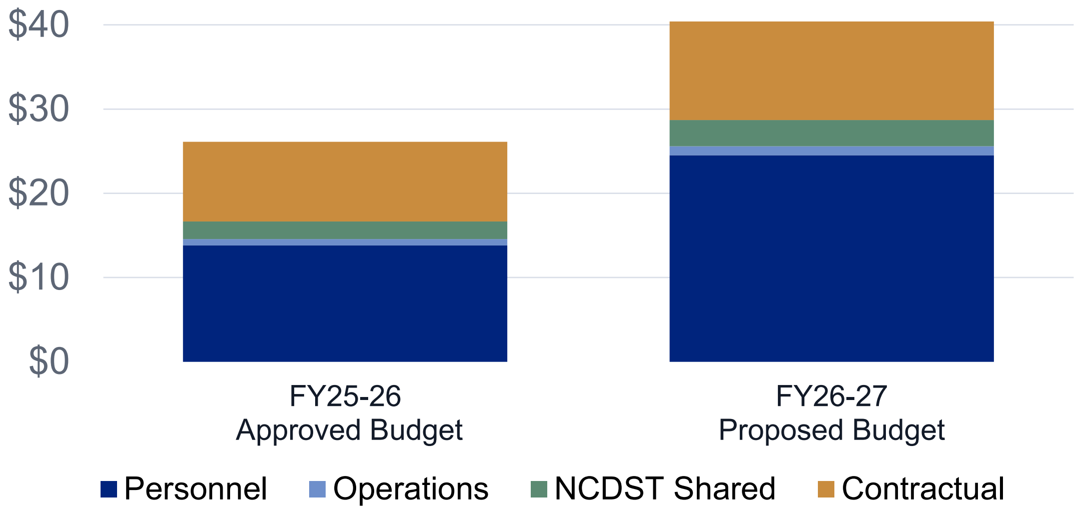
+$16.8MM
Versus projected FY25-26 actuals

2.0 bps
Of 3-year average AUM

BUDGET COMPOSITION

Category	Approved FY25-26	Proposed FY26-27	Change
Personnel Services	$13.8	$24.5	+$10.7
Operations & Administration	$0.8	$1.1	+$0.3
NCDST Shared Services	$2.1	$3.1	+$1.0
Contractual Services	$9.5	$11.7	+$2.2
Total Operating Budget	**$26.1**	**$40.4**	**+$14.3**

STACKED VIEW OF OPERATING BUDGET



Dollars in millions. Stacked chart excludes rounding differences.

Operating Budget Detail: Personnel and Operations

Personnel services drive most of the FY26-27 increase as the organization moves to a normalized staffing model.

PERSONNEL SERVICES

Category	Approved FY25-26	Proposed FY26-27	Change
Personnel (Salary + Benefits)	$13.5	$20.7	+$7.2
Incentive Payment at Cap	$0.0	$3.3	+$3.3
Temp/Contract Employees	$0.3	$0.5	+$0.2
Personnel Services	**$13.8**	**$24.5**	**+$10.7**

OPERATIONS & ADMINISTRATION

Category	Approved FY25-26	Proposed FY26-27	Change
Travel	$0.6	$0.9	+$0.3
All Other	$0.1	$0.2	+$0.1
Operations & Administration	**$0.8**	**$1.1**	**+$0.3**

Dollars in millions.

KEY DRIVERS

+$10.7MM Increase in Personnel Services vs FY25-26 Budget

- NCIA personnel budget reflects projected staffing growth and base compensation range changes.
  - 40% of increase due to new compensation structure
  - 60% due to additional FTE
- Incentive payment authority is budgeted at cap for FY26-27, with no FY25-26 actual spend.
- Operations growth is primarily travel for onsite diligence and normalized administrative support.

See Appendix for details on workforce projections and linkage with Strategic Initiatives

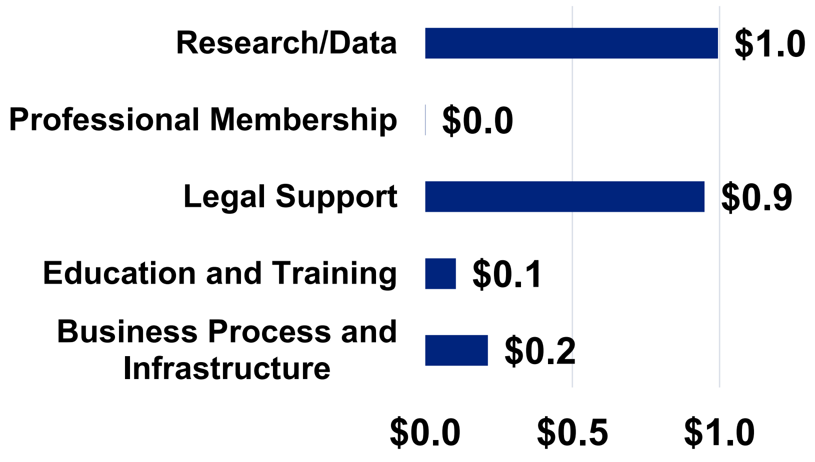
Operating Budget Detail: Contractual Services

Contractual services support legal, data, analytics, and business-process capabilities required for the operating model.

Category	Approved FY25-26	Proposed FY26-27	Change
Business Process and Infrastructure	$2.8	$3.0	+$0.2
Education and Training	$0.2	$0.3	+$0.1
Legal Support	$1.8	$2.7	+$0.9
Professional Membership	$0.02	$0.02	+$0.0
Research, Consultants, Analytics, and Data Services	$4.7	$5.7	+$1.0
Contractual Services	**$9.5**	**$11.7**	**+$2.2**

Dollars in millions.

PRIMARY FY26-27 CONTRACTUAL SERVICE DRIVERS



- Legal support reflects transaction-related work and organizational setup needs.
- Research/data and business-process tools support expanded investment and operational capabilities.

Budget Resolution

Recommended Board action and related delegations.

Recommended action: Approve the proposed FY26-27 operating budget of $40.4MM with the following delegations and guidelines.

1. Authorize the CIO to exceed the approved operating budget authority by up to 10% under exigent circumstances for non-Personnel Services (i.e., Operations & Administration, NCDST Shared Services, and Contractual Services), without prior budget amendment. Should this authority be exercised, CIO will update the Board at next meeting.

2. The CIO has the authority to create positions and employ staff necessary to assist the CIO and the Board, subject to the Board approved budget for Personnel Services (i.e., $24.5MM).

3. The recommended budget equals approximately 2.0 bps of projected three-year average AUM and is expected to remain below the three-basis-point statutory threshold for the fiscal year.

4. The Board will separately consider management recommendations for a system of administrative fees allowed under N.C.G.S. § 147-69.3(f)

FY26-27 Budget Appendix

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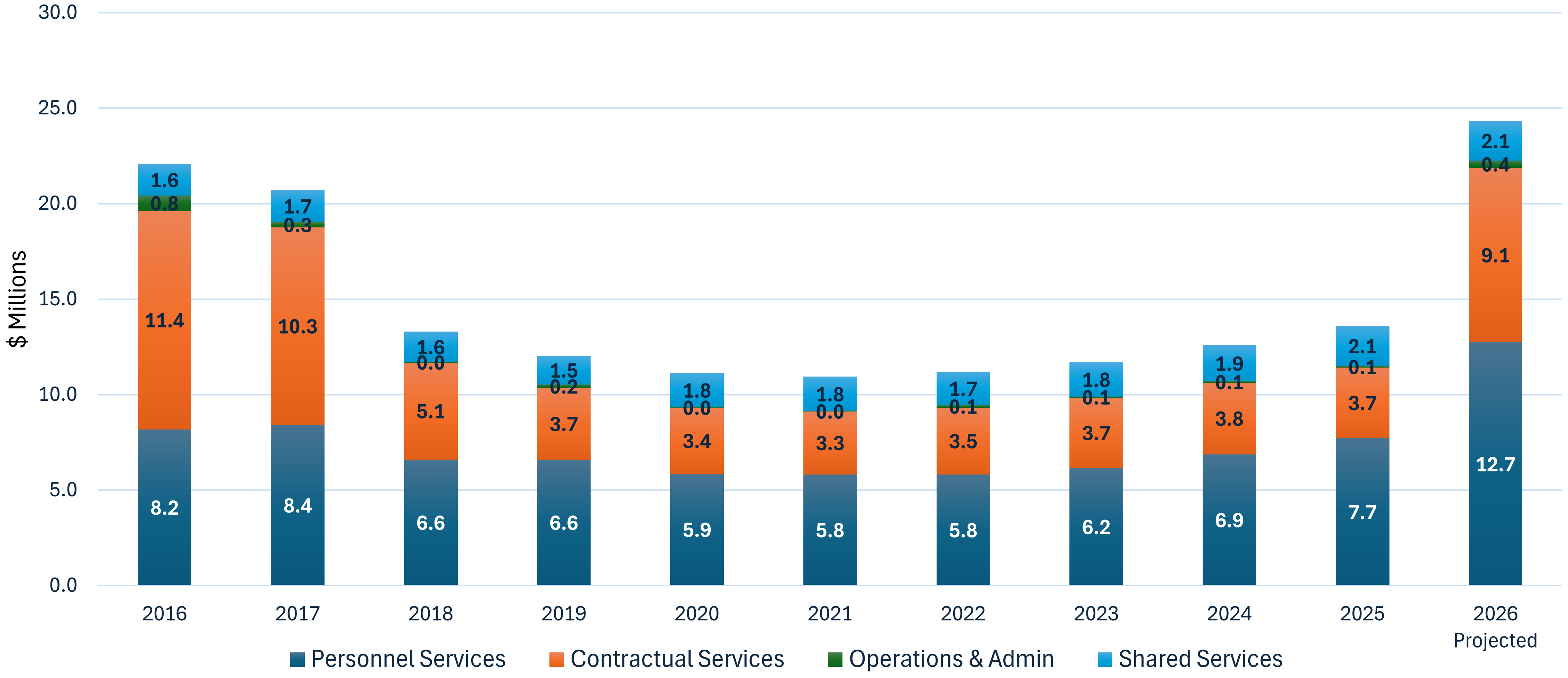
STATE TREASURER OF NORTH CAROLINA

NCIA / IMD Fiscal Year Operating Expenses



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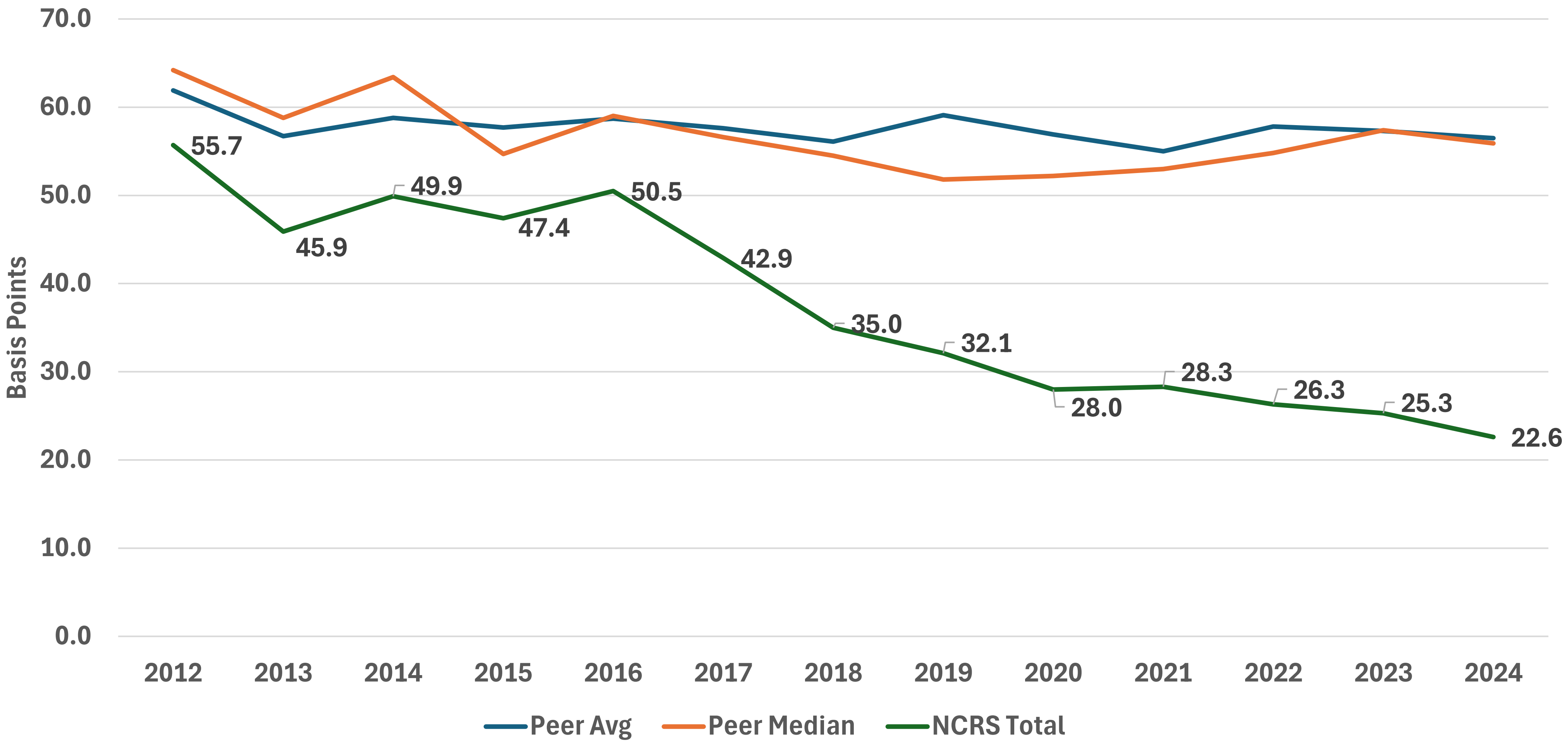
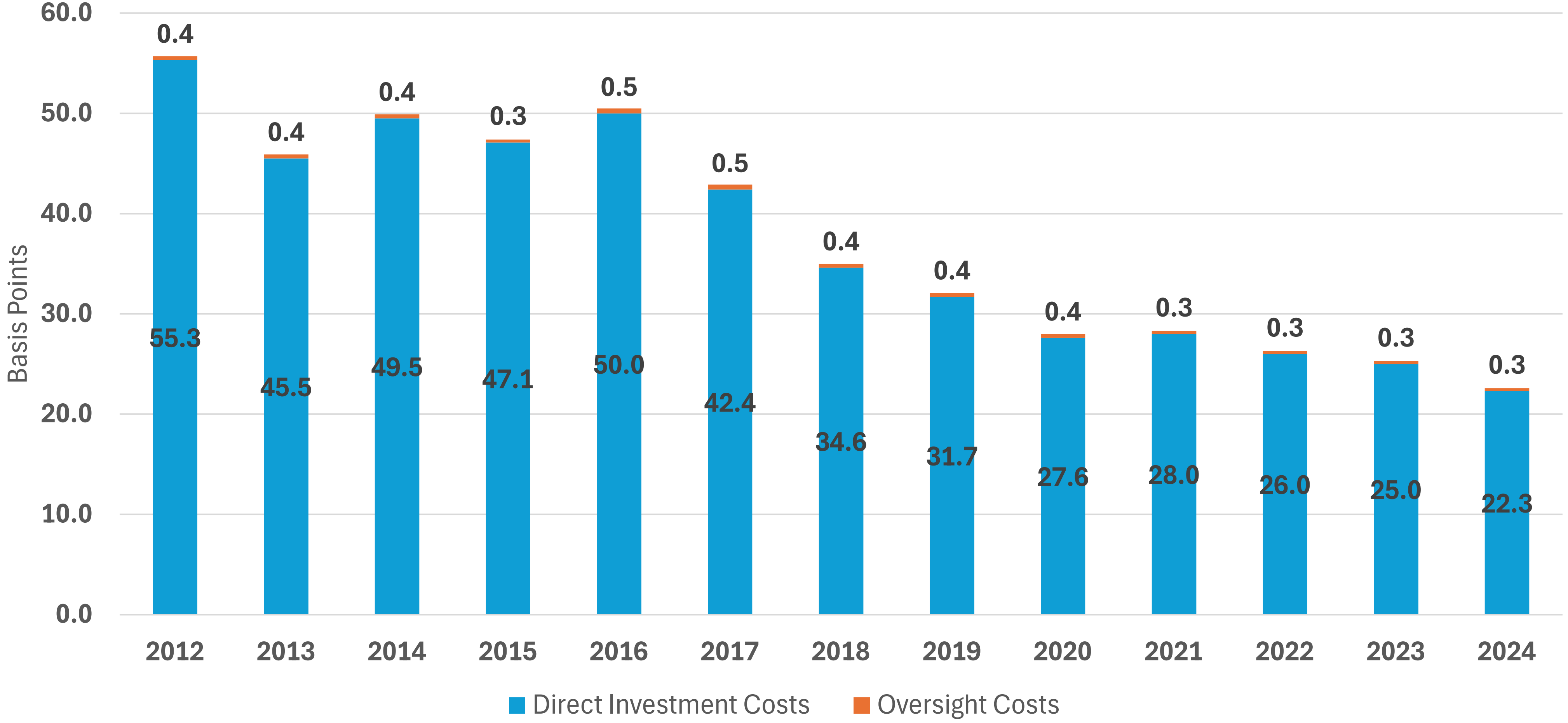
NCRS Total Investment Related Costs vs Peers



Source: CEM Benchmarking. Direct Investment Costs includes asset/commitment-based fees, carried interest for liquid mandates, and allocated direct internal team, consultants etc. expenses. Oversight Costs include governance and administration overhead.

NCRS Investment-Related Costs Decreased 60% from 2012



Source: CEM Benchmarking. Direct Investment Costs includes asset/commitment-based fees, carried interest for liquid mandates, and allocated direct internal team, consultants etc. expenses. Oversight Costs include governance and administration overhead.

Staffing Projections

Assumptions

Staff count increases from 44 to 64 over 12-18 months.

Function	Current	Projected
Investment Oversight & Support	12	20
Portfolio Management	27	38
Legal	5	6
Total	**44**	**64**

New/Vacant Positions Modeled

Investment Oversight and Support

Risk/Compliance (2)
Operations/Finance (2)
Admin (2)
HR (1)
IT (1)

Portfolio Management

Head of Total Plan (1)
Asset Class Portfolio Managers (7)
Asset Class Investment Analysts (3)

Legal

Assistant General Counsel (1)

CIO will make actual employment decisions depending on program needs and candidate availability, with salary administration consistent with the compensation structure approved by the Board.

Staffing Projections - Detail

Function/Asset Class	Job Title	Business As Usual or Strategic Initiative
Risk	Portfolio Manager - Risk	Business As Usual
Compliance	Investment Analyst - Compliance and Risk	Business As Usual
Operations	Operations Analyst	Strategic (Internal trading segregation)
Finance	Investment Accountant	Business As Usual
IT	IT Project Manager	Business As Usual
HR	**HR Director***	Business As Usual
Admin	**Administrative Assistant***	Business As Usual
Admin	**Administrative Assistant***	Business As Usual
Legal	**Assistant General Counsel***	Strategic (Private Co-invest/Directs)
Risk	**Assistant Director - Head of Total Plan***	Strategic (Total Plan management)
I.G. Fixed Income	**Credit Research PM - I.G. Fixed Income***	Business As Usual
I.G. Fixed Income	Portfolio Manager/Credit Research - High Yield	Strategic (Internal HY/LL)
Public Equity	Portfolio Manager - Public Equity	Strategic (Internal Fundamental Research)
Public Equity	Investment Analyst - Public Equity	Business As Usual
Private Equity	**Portfolio Manager - Private Equity***	Strategic (Private Co-invest/Directs)
Real Estate	Portfolio Manager - Real Estate	Strategic (Private Co-invest/Directs)
Real Assets	**Portfolio Manager - Real Assets***	Strategic (Private Co-invest/Directs)
Real Assets	Investment Analyst - Real Assets	Business As Usual
Multi-Strategy	**Portfolio Manager - Multi Strategy***	Strategic (Centerbook/Co-invest)
Multi-Strategy	Investment Analyst - Multi Strategy	Business As Usual

Notes: **Bold and** * Designates recruitment in process.

Asset Under Management Projections

As Of Date	Total AUM ($B)	3yr Avg ($B)	3bps of AUM
6/30/2023	$176		
6/30/2024	$186		
6/30/2025	$201	$187.6	$56,290,000
6/30/2026	$211	$199.3	$59,790,000
6/30/2027	$222	$211.3	$63,390,000

"The Board of Directors shall not approve an annual internal budget for the Investment Authority that exceeds three basis points of a rolling three-year average of total assets invested by the Investment Authority, unless the Investment Authority reasonably determines that, because of special circumstances, including applicable investment restrictions, it is clearly not prudent to do so. The annual internal budget includes expenditures directly associated with services retained by the Investment Authority in accordance with subsection (c) of this section and employee compensation and benefits." N.C.G.S. Section 147-71.2(b)

NCIA

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