NORTH Dakota Be Legendary. | State Investment Board RETIREMENT & INVESTMENT

Friday, April 28, 2023, 8:30 a.m.
WSI Board Room (In-Person)
1600 E Century Ave, Bismarck, ND
Click here to join the meeting

AGENDA

I. CALL TO ORDER AND ACCEPTANCE OF AGENDA - *(Board Action)*
- A. Pledge of Allegiance
- B. Executive Summary

II. ACCEPTANCE OF MINUTES (March 24, 2023) – *(Board Action)*

III. INVESTMENTS (60 minutes)
- A. Quarterly Performance Review *(Board Action)* – Mr. Anderson

(Break)

IV. GOVERNANCE (95 minutes)
- A. 2023 Legislative Session Update *(Information)* – Ms. Murtha
- B. Investment Committee *(Board Action)* – Treasurer Beadle, Mr. Anderson
- C. Governance & Policy Review Committee *(Information)* - Dr. Lech, Ms. Murtha
- D. Executive Review & Compensation Committee *(Information)* – Mr. Miller, Mr. Skor
- E. Board & Committee Calendar – *(Board Action)* Ms. Murtha

V. Quarterly Monitoring Reports (20 minutes) – *(Board Action)*
- A. Investment Ends – Mr. Chin
- B. Budget/Financial Conditions – Mr. Skor
- C. Executive Limitations/Staff Relations – Ms. Murtha

VI. OTHER (5 minutes)

Resolution for Commissioner Godfread - *(Board Action)*

Next Meetings:
SIB Audit Committee – May 11, 2023, at 2:30 p.m.
Investment Committee – May 12, 2023, at 9:00 a.m.
SIB GPR Committee – May 18, 2023, at 10:00 a.m.
SIB Meeting – May 19, 2023, at 8:30 a.m.

VII. ADJOURNMENT*

**An informal reception for Commissioner Godfread will be held following the meeting.*

Any individual requiring an auxiliary aid or service, please contact the Retirement and Investment Office (701) 328- 9885 at least three (3) days prior to the scheduled meeting.

EXECUTIVE SUMMARY

SIB Regular Meeting

April 28, 2023 – 8:30am CT

I. **Agenda:** The **April Board Meeting will be In-Person at the WSI Conference Room, a link will be provided so that Board members and the public may join via video conference.** The board member video link is included in the email with the Board materials.

II. **Minutes (Board Action):** The March 24, 2023, Board meeting minutes are included for review and approval.

III. **A. Investments – Performance Review (Board Action):** CIO Anderson will present on fund performance.

IV. **A. Governance – 2023 Legislative Session Update (Information Only):** ED Murtha will review information relating to the status of bills under consideration by the legislature that are impactful to the SIB program.

B. Governance – Investment Committee (Board Action): The Committee Chair and Mr. Anderson will provide the Board with an overview of discussion items from the most recent committee meeting and request Board action on committee recommendations. The committee met on Friday April 21, 2023. The Board packet will be updated prior to the SIB meeting.

C. Governance – Governance & Policy Review Committee (Information Only): The committee meets on Wednesday, April 27, 2023. The Board packet will be updated prior to the SIB meeting.

D. Governance - Executive Review & Compensation Committee Report (Information Only): Committee members will present on recent topics discussed by the committee and advise the Board regarding the status of evaluation process.

E. Governance – Board & Committee Calendar (Board Action): Enclosed for the Board's consideration and approval is a 23/24 Board and Committee calendar.

V. **A-C. Reports (Board Action):** Staff will provide monitoring reports on quarterly investment ends, budget and fiscal conditions, and executive limitations/staff relations.

Adjournment.

NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
MARCH 24, 2023, BOARD MEETING (IN-PERSON)

MEMBERS PRESENT:	Tammy Miller, Lt. Governor, Chair Dr. Rob Lech, TFFR Board, Vice Chair Thomas Beadle, State Treasurer Joseph Herringer, Commissioner of Unv. & School Lands Cody Mickelson, TFFR Board Adam Miller, PERS Board Claire Ness, PERS Board, Parliamentarian Mel Olson, TFFR Board Yvonne Smith, PERS Board Art Thompson, Director of WSI
MEMBERS ABSENT:	Jon Godfread, Insurance Commissioner
STAFF PRESENT:	Scott Anderson, CIO Eric Chin, Deputy CIO Derek Dukart, Investment Officer Rachel Kmetz, Accounting Mgr. Missy Kopp, Exec. Assistant George Moss, Sr. Investment Officer Sarah Mudder, Communications/Outreach Dir. Jan Murtha, Exec. Dir. Ann Nagel, Retirement Accountant Matt Posch, Sr. Investment Officer Emmalee Riegler, Contracts/Records Admin. Chad Roberts, DED/CRO Sara Seiler, Internal Audit Supvr. Ryan Skor, CFO/COO Dottie Thorsen, Internal Auditor Nitin Vaidya, Chief Risk Officer Tami Volkert, Compliance Spec. Susan Walcker, Sr. Financial Accountant Jason Yu, Risk Officer Lance Ziettlow, Sr. Investment Officer
GUESTS:	Alex Browning, Callan Dean DePountis, Attorney General's Office Members of the Public

CALL TO ORDER:

Lt. Gov. Miller, Chair, called the State Investment Board (SIB) regular meeting to order at 8:30 a.m. on Friday, March 24, 2023. The meeting was held in the Workforce Safety and Insurance Board Room, 1600 E Century Ave., Bismarck, ND.

The following members were present representing a quorum: Treasurer Beadle, Commissioner Heringer, Dr. Lech, Mr. Mickelson, Lt. Gov. Miller, Mr. Miller, Ms. Ness, Mr. Olson, and Ms. Smith.

ACCEPTANCE OF AGENDA:

The Board considered the agenda for the March 24, 2023, meeting.

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. OLSON AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA AS DISTRIBUTED.

AYES: COMMISSIONER HERINGER, TREASURER BEADLE, MR. MILLER, MR. OLSON, MR. MICKELSON, MS. NESS, DR. LECH, MS. SMITH, AND LT. GOV. MILLER
NAYS: NONE
ABSENT: COMMISSIONER GODFREAD AND MR. THOMPSON
MOTION CARRIED

MINUTES:

The Board considered the minutes of the February 17, 2023, SIB meeting.

IT WAS MOVED BY MR. OLSON AND SECONDED BY MS. SMITH AND CARRIED BY A VOICE VOTE TO APPROVE THE FEBRUARY 17, 2023, MINUTES AS DISTRIBUTED.

AYES: MR. MICKELSON, COMMISSIONER HERINGER, MS. SMITH, TREASURER BEADLE, DR. LECH, MR. OLSON, MS. NESS, MR. MILLER, AND LT. GOV. MILLER
NAYS: NONE
ABSENT: COMMISSIONER GODFREAD AND MR. THOMPSON
MOTION CARRIED

INVESTMENTS:

Market Trends and Performance Update:

Mr. Browning, Callan, shared an update on market trends. Inflation drove markets through the end of 2022. Mr. Browning reviewed the primary categories that contributed to recent inflation and performance trends across asset classes. Performance for the quarter ended December 31, 2022, was reviewed. Each of the Trust's asset allocations were within policy ranges. Each Trust's cash flows were managed to rebalance towards strategic targets. Total Fund returns have each exceeded their respective benchmarks on a net-of-fee basis for the trailing five-year period. Board discussion followed.

Mr. Thompson joined the meeting at 9:20 a.m.

IT WAS MOVED BY MS. SMITH AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE PERFORMANCE REVIEW.

AYES: MR. OLSON, MS. NESS, COMMISSIONER HERINGER, MR. MICKELSON, MS. SMITH, MR. MILLER, TREASURER BEADLE, MR. THOMPSON, DR. LECH, AND LT. GOV. MILLER
NAYS: NONE
ABSENT: COMMISSIONER GODFREAD
MOTION CARRIED

Investment Program Update:

Mr. Chin provided an update on the fixed income transition. The object of the transition is to harmonize the investment grade portfolios across pools. This transition has been complex. Staff looked for ways to reduce costs using inter-pool transfers and crossing. State Street Global Markets (SSGM) was hired as the transition manager. The transition began in January 2023 and ramped up on March 6, 2023. Staff expect the transition to be mostly complete on April 1, 2023. Next steps will include a reconciliation and post trade review of the transition with SSGM. Staff will continue portfolio analysis across asset classes and begin work on the Investment Grade Fixed Income Portfolio 2.0 project. Board discussion followed.

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY MR. THOMPSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE INVESTMENT PROGRAM UPDATE.

AYES: TREASURER BEADLE, MR. MICKELSON, MR. THOMPSON, COMMISSIONER HERINGER, MS. SMITH, DR. LECH, MR. MILLER, MS. NESS, MR. OLSON, AND LT. GOV. MILLER
NAYS: NONE
ABSENT: COMMISSIONER GODFREAD
MOTION CARRIED

The Board recessed at 9:35 a.m. and reconvened at 9:48 a.m.

GOVERNANCE:

2023 Legislative Session Update:

Ms. Murtha reviewed the bills that staff are tracking and that may be of interest to the Board. HB 1088 is the SIB composition bill. The House had amended the bill, but the Senate returned the bill to the original version except making the Legacy and Budget Stabilization Advisory Board (LBSAB) representative a voting member. An amendment was also added to replace the Insurance Commission with the OMB Director on the LBSAB. This version passed the Senate and was sent back to the House. Staff are following three Legacy Fund related bills and four remaining Environment, Social, Governance (ESG) related bills. Board discussion followed.

Investment Committee (IC) Update:

Treasurer Beadle provided an update from the March 10, 2023, IC meeting. The Committee received an update on the second quarter investment performance and the status of the fixed income transition. The Committee discussed future meeting agendas and received a legislative update.

Governance & Policy Review (GPR) Committee:

Dr. Lech and Ms. Murtha provided an update from the March 22, 2023, GPR meeting. The Committee reviewed the SLC charter which is coming before the SIB today. The Committee discussed new Board member onboarding, including a new member handbook.

Securities Litigation Committee (SLC):

Ms. Murtha provided an update from the March 21, 2023, SLC meeting. The Committee received case updates from outside counsel on four cases and the securities litigation monitoring report. The Committee approved participation in a new action and approved seeking an arrangement with FRT and a local organizer to facilitate participation. The jurisdiction is in the Netherlands and exceeded the policy threshold amount for participation. The Committee reviewed and recommended approval of changes to the Committee charter.

Ms. Murtha reviewed the recommended changes to the SLC charter. The current SLC membership is two SIB members, two staff, and the Assistant Attorney General (AAG) who serves as legal counsel for the Board. The makeup has made it difficult for staff to prepare for meetings while trying to avoid a quorum. It is also problematic for the AAG to serve as a committee member and legal counsel at the same time. The Committee's recommended change to the charter is to change the membership to three Board members, removing staff and the AAG. A committee charter change only requires one reading before the Board decides to approve it.

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. THOMPSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT CHANGES TO THE COMMITTEE CHARTER AS PRESENTED.

AYES: MS. SMITH, MR. MILLER, MR. OLSON, MR. MICKELSON, DR. LECH, MS. NESS, MR. THOMPSON, COMMISSIONER HERINGER, TREASURER BEADLE, AND LT. GOV. MILLER

NAYS: NONE
ABSENT: COMMISSIONER GODFREAD
MOTION CARRIED

Lt. Gov. Miller appointed Mr. Thompson to the SLC.

Executive Review & Compensation Committee (ERCC) Update:

Mr. Miller provided an update from the March 15, 2023, ERCC meeting. The Committee discussed and approved some surveys that will be sent to the Boards concerning the ED evaluation. The surveys will be sent by Ms. Seiler via Survey Monkey. The ERCC will have oversight on the performance compensation program along with the Investment Committee. The SIB will have final approval of the plan. The Committee discussed the next steps on compensation changes which will be a topic of discussion after the completion of legislative session.

QUARTERLY MONITORING REPORTS:

Quarterly TFFR Ends Report:

Mr. Roberts reviewed the annual TFFR Ends report. The report summarizes and provides metrics for performance of the TFFR program to demonstrate that the program is adhering to policies and expectations. Key areas covered by the report are membership data and contributions, member services, account claims, and trust fund evaluation.

Executive Limitations/Staff Relations:

Ms. Murtha provided an update on staffing at RIO. The Accounting Intern will be done at the end of the current semester. The Investment Accountant position was posted and extended to reach more candidates. Interviews were completed for a summer Legal Intern. Current projects include the TFFR Pioneer project, TFFR Actuarial Services request for proposal (RFP), Legacy Fund Asset Allocation study, and Northern Trust Initiative. The ERCC is beginning the process for the annual review of the ED. Surveys will be sent to Board members for their feedback. The ERCC is also collecting survey data related to the performance of the DED/CRO from the Board to assist the ED in the performance review of this position.

IT WAS MOVED BY MR. THOMPSON AND SECONDED BY MR. OLSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE QUARTERLY TFFR ENDS AND EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORTS.

AYES: TREASURER BEADLE, MS. NESS, MR. OLSON, COMMISSIONER HERINGER, DR. LECH, MR. MILLER, MR. MICKELSON, MS. SMITH, MR. THOMPSON, AND LT. GOV. MILLER
NAYS: NONE
ABSENT: COMMISSIONER GODFREAD
MOTION CARRIED

ADJOURNMENT:

With no further business to come before the SIB, Lt. Gov. Miller adjourned the meeting at 10:30 a.m.

Prepared by:

Missy Kopp, Assistant to the Board



PERFORMANCE UPDATE

INVESTMENT STAFF

APRIL 28, 2023

NORTH Dakota | Retirement & Investment

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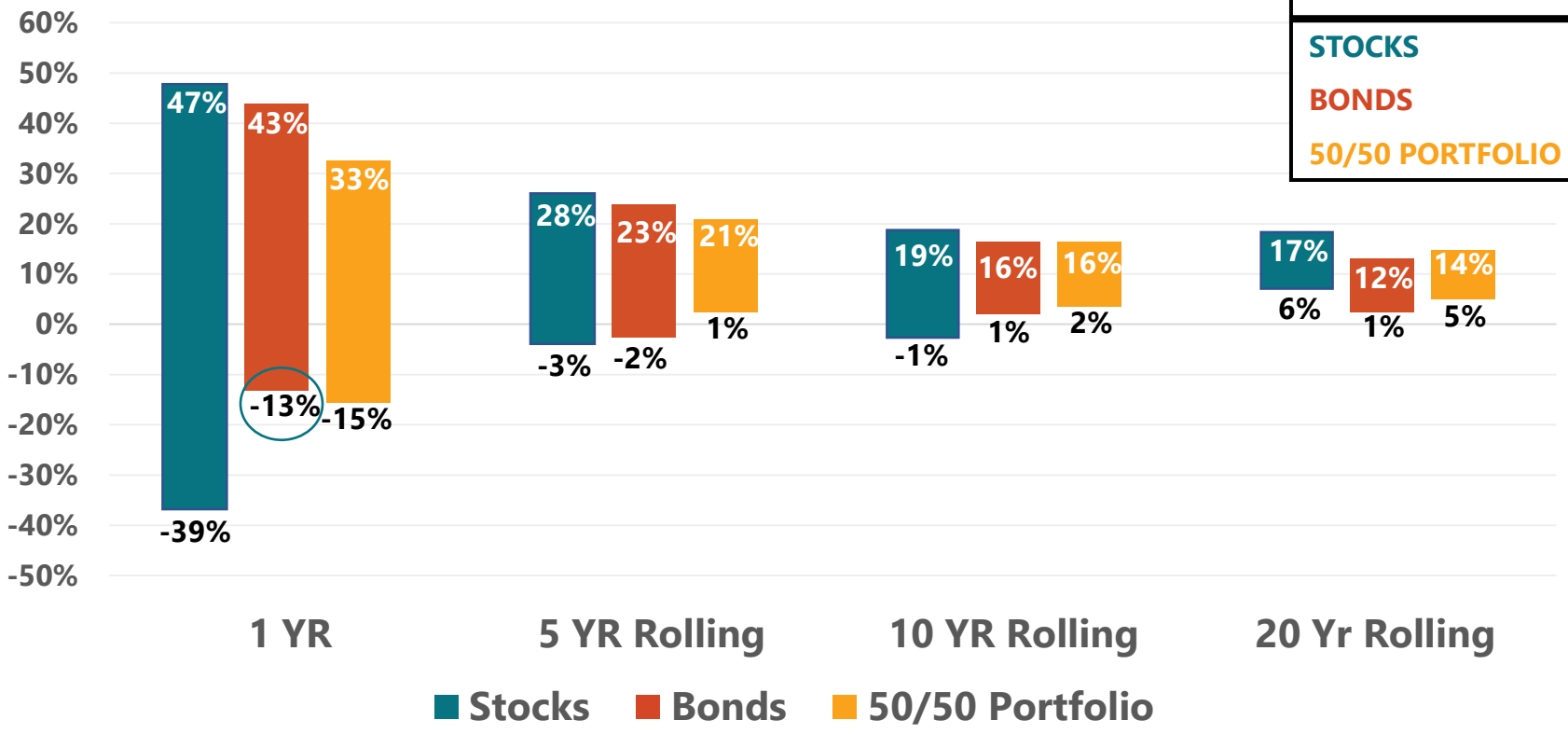
TIME, DIVERSIFICATION AND UNCERTAINTY

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The highs and lows are slow to change!

RANGE OF STOCK, BOND AND BLENDED RETURNS[1]

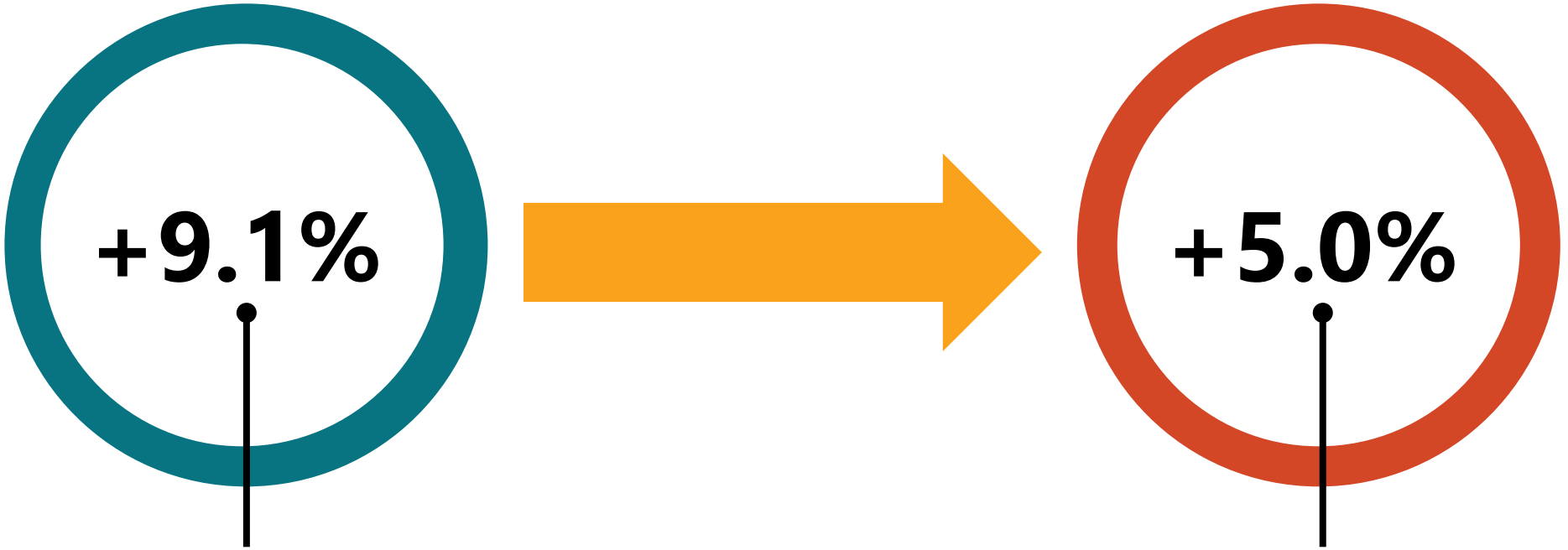
(Annual Total Returns, 1950 – 2021)



	ANNUAL AVERAGE TOTAL RETURN
STOCKS	11.1%
BONDS	5.5%
50/50 PORTFOLIO	8.7%

1. JPM Guide to Markets – Factset, Blomberg, Federal Reserve, Robert Shiller and Strategis/Ibbotson

HAS INFLATION PEAKED?[1]

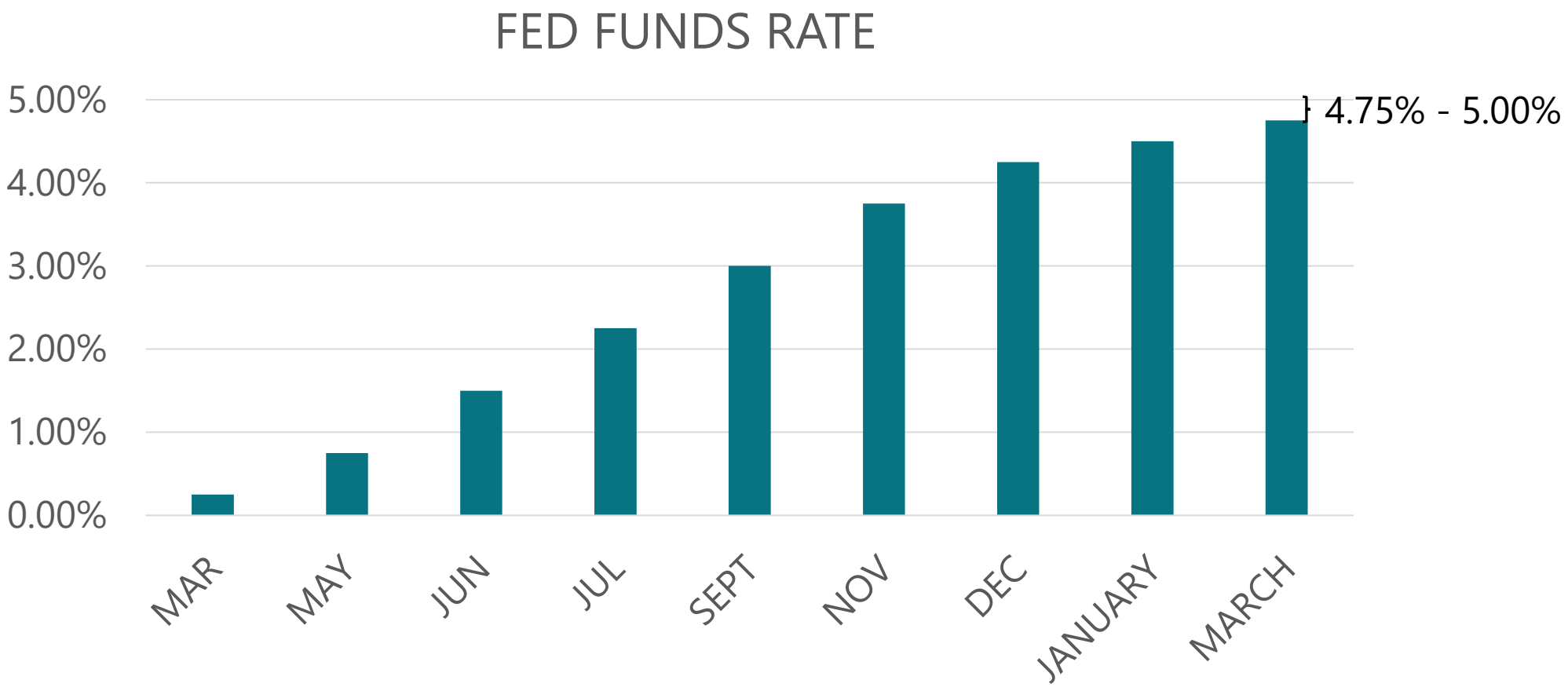


Annual inflation rate (June 2021 thru June 2022)

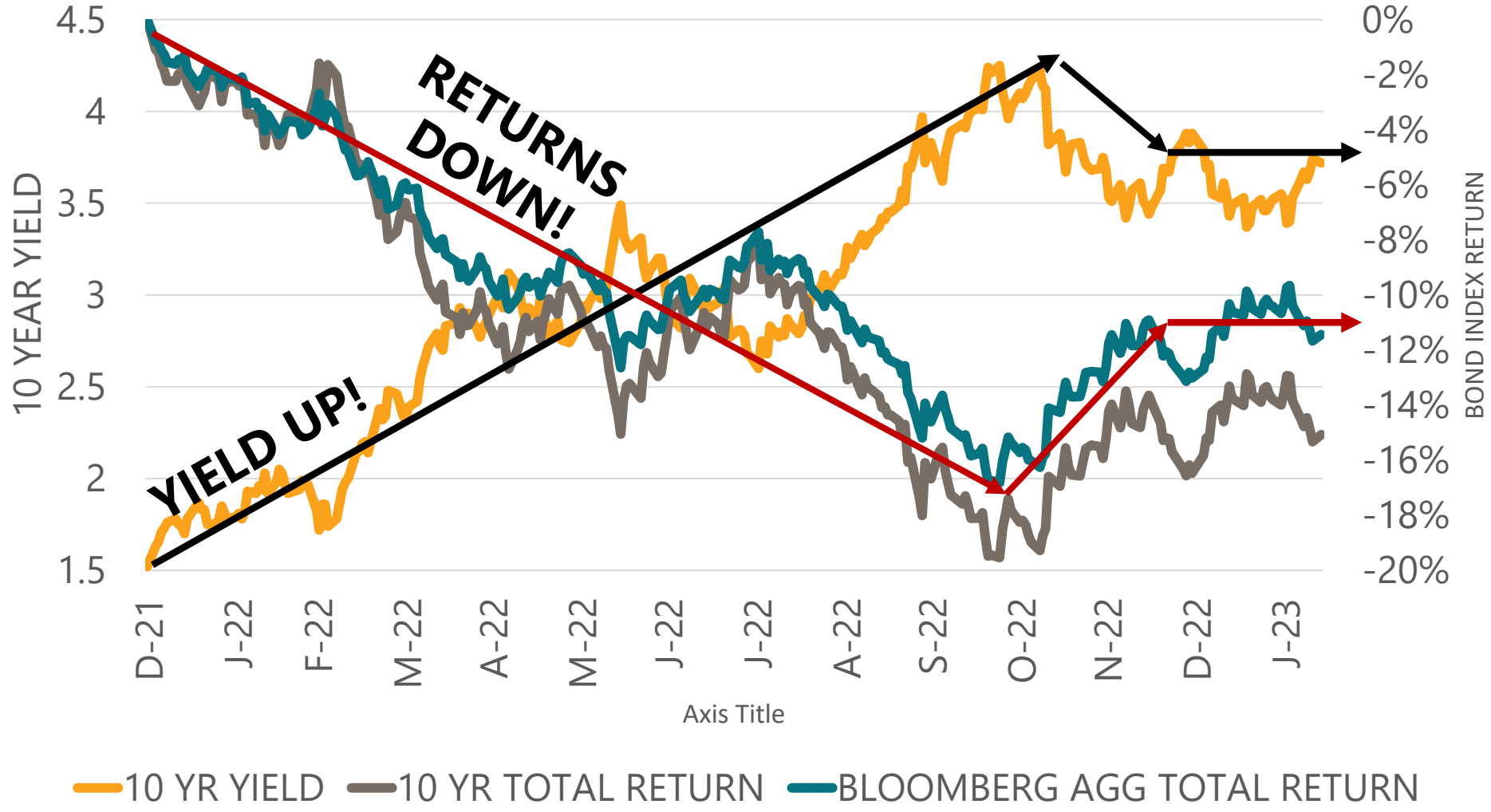
Annual inflation rate (February 2022 thru February 2023) 5.6% ex food & energy

1. Bureau of Labor Statistics

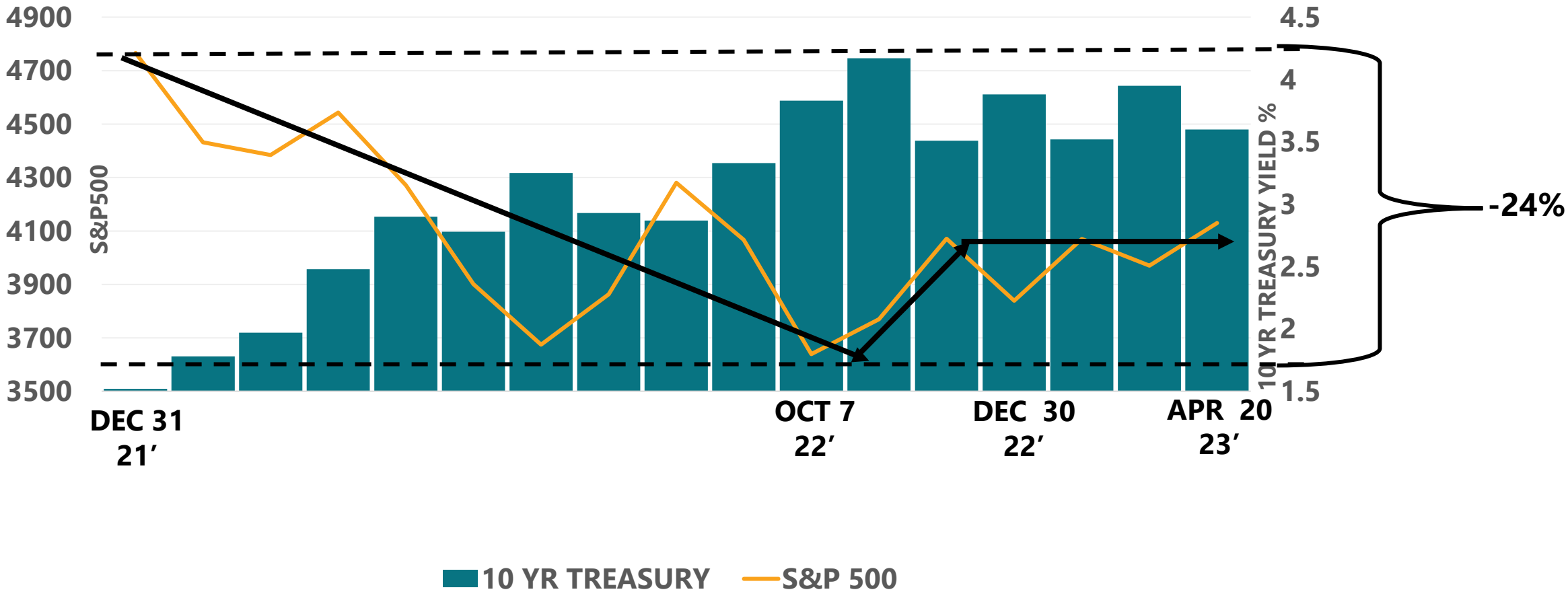
FED RAISING RATES AGGRESSIVELY TO COOL ECONOMY



10 YEAR NOTE YIELD UP AND BOND RETURNS DOWN



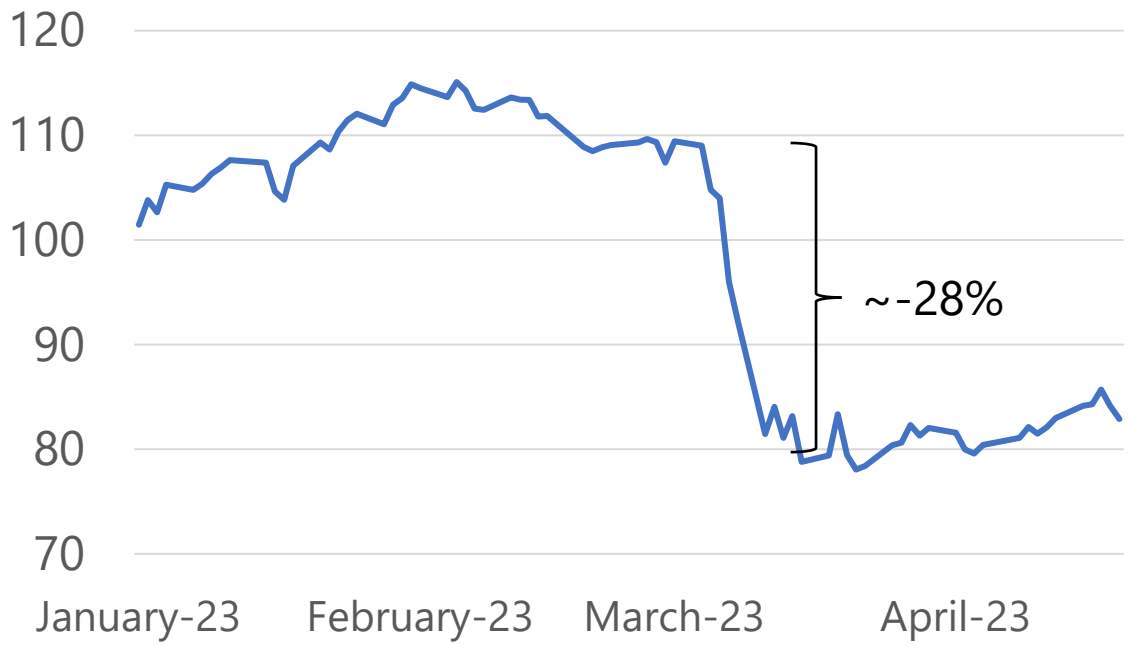
THE S&P500 HAS TRACKED DISCOUNT RATES[1]



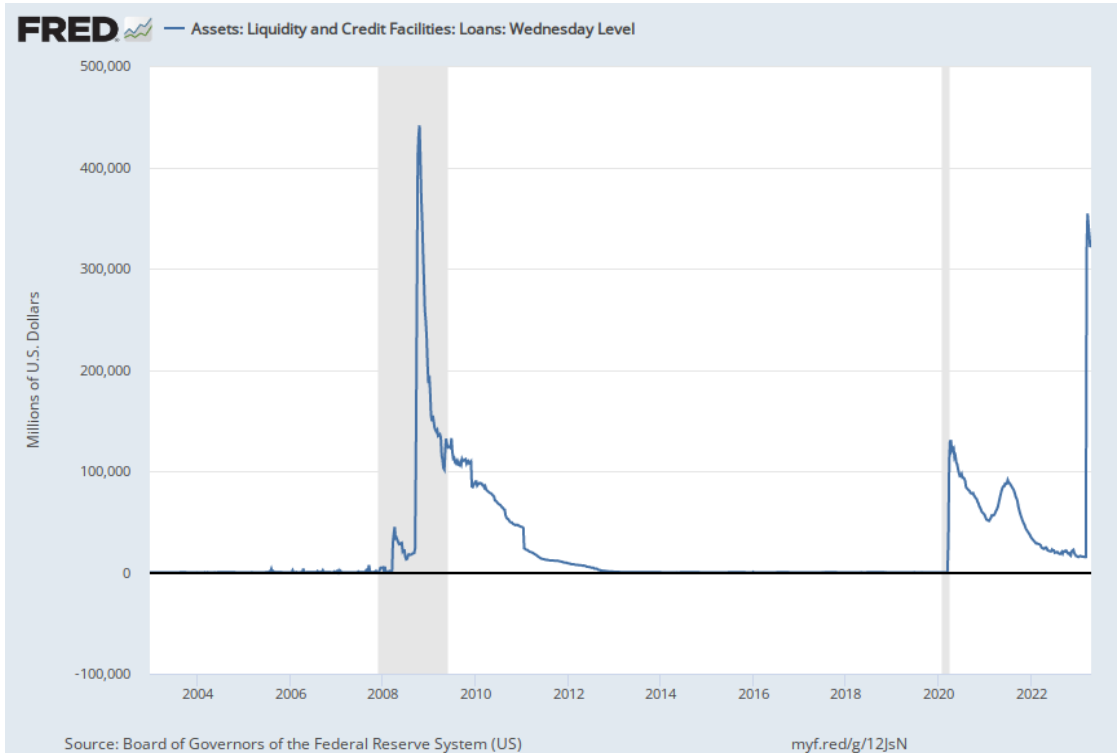
1. FRED (Federal Reserve Bank of St. Louis)
Investment Team, Performance Review, April 28, 2023

BANKS

KBW BANK INDEX

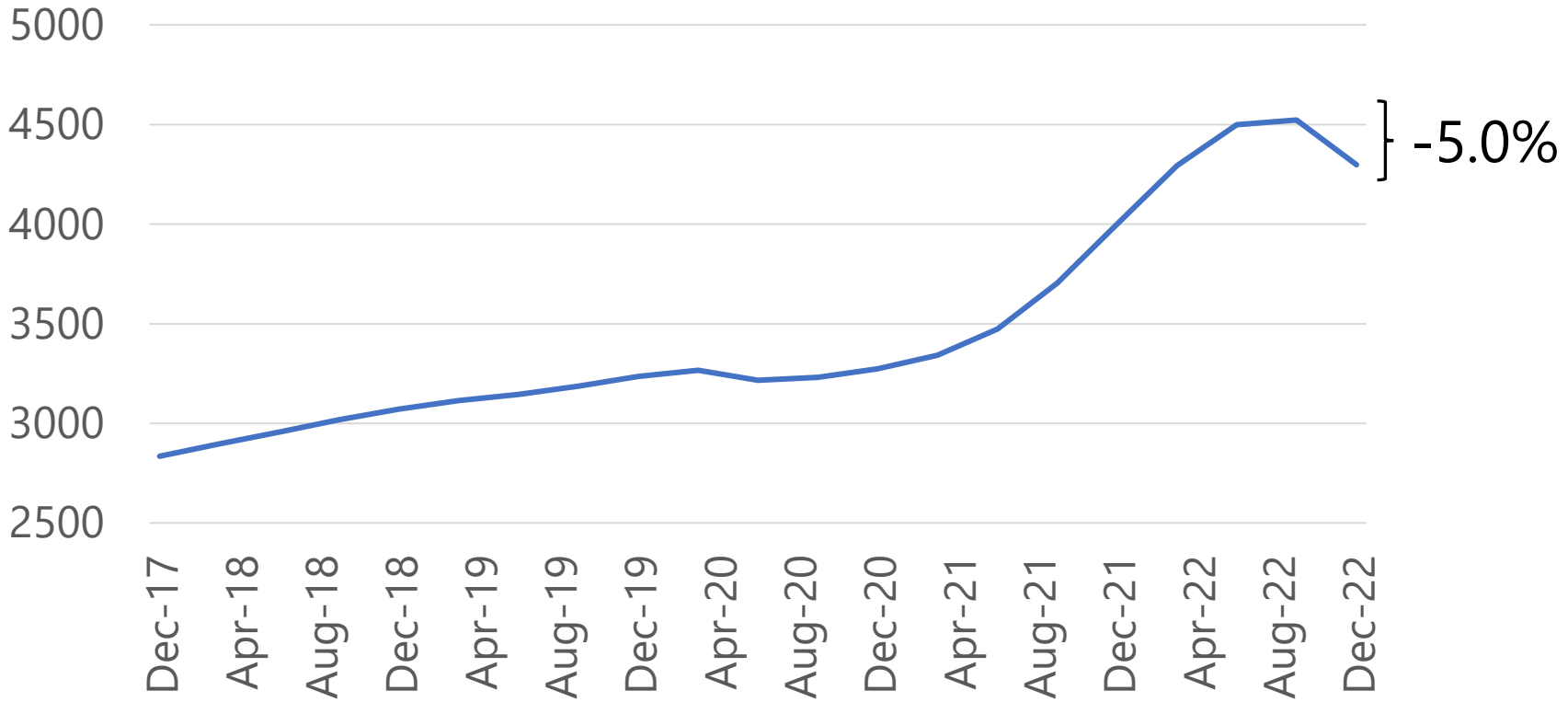


FED LIQUIDITY AND CREDIT FACILITIES



REAL ESTATE

NCREIF (ODCE) INDEX[1]



1. Open end diversified core – National Council OF Real Estate Investment Fiduciaries

PERFORMANCE – BENCHMARK INDICES

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Summary of Returns December 31, 2022					
Benchmark Indices (% change, annualized)	**YTD**	**1 Yr**	**5 Yr**	**10 Yr**	**10 Yr Volatility**
Russell 1000	-19.1%	-19.1%	8.9%	12.4%	17.7%
Russell 2000	-20.4%	-20.4%	3.9%	9.0%	22.2%
S&P 500	-18.1%	-18.1%	9.2%	12.6%	17.6%
MSCI ACWI IMI Net	-18.4%	-18.4%	5.0%	7.9%	14.2%
MSCI World ex US	-14.3%	-14.3%	1.8%	4.6%	14.3%
MSCI Emerging Markets	-20.1%	-20.1%	-1.4%	1.4%	15.7%
Bloomberg Aggregate	-13.0%	-13.0%	0.1%	1.1%	4.1%
Bloomberg Gov/Credit	-13.6%	-13.6%	0.3%	1.2%	4.5%
Bloomberg US High Yield	-11.2%	-11.2%	2.3%	4.0%	5.0%
NCREIF Property Index (12/31/2022)	5.5%	5.5%	7.5%	8.81%	3.2%

PERFORMANCE – BENCHMARK INDICES

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Summary of Returns April 20, 2023					
Benchmark Indices (% change, annualized)	**YTD**	**1 Yr**	**5 Yr**	**10 Yr**	**10 Yr Volatility**
Russell 1000	8.4%	-6.5%	10.7%	12.1%	17.8%
Russell 2000	2.7%	-10.8%	4.1%	8.4%	22.3%
S&P 500	8.5%	-5.8%	11.0%	12.3%	17.7%
MSCI ACWI IMI Net	7.8%	-4.9%	6.5%	8.1%	14.2%
MSCI World ex US	10.5%	2.1%	3.9%	5.2%	14.3%
MSCI Emerging Markets	4.0%	-7.0%	-0.9%	2.2%	15.8%
Bloomberg Aggregate	2.5%	-1.8%	1.1%	1.3%	4.3%
Bloomberg Gov/Credit	2.8%	-1.8%	1.3%	1.4%	4.7%
Bloomberg US High Yield	3.4%	-1.0%	3.1%	4.1%	5.2%
NCREIF Property Index (12/31/2022)	5.5%	5.5%	7.5%	8.81%	3.2%

GOOD NEWS [1]

Bloomberg Agg Yield[1]: 4.5%

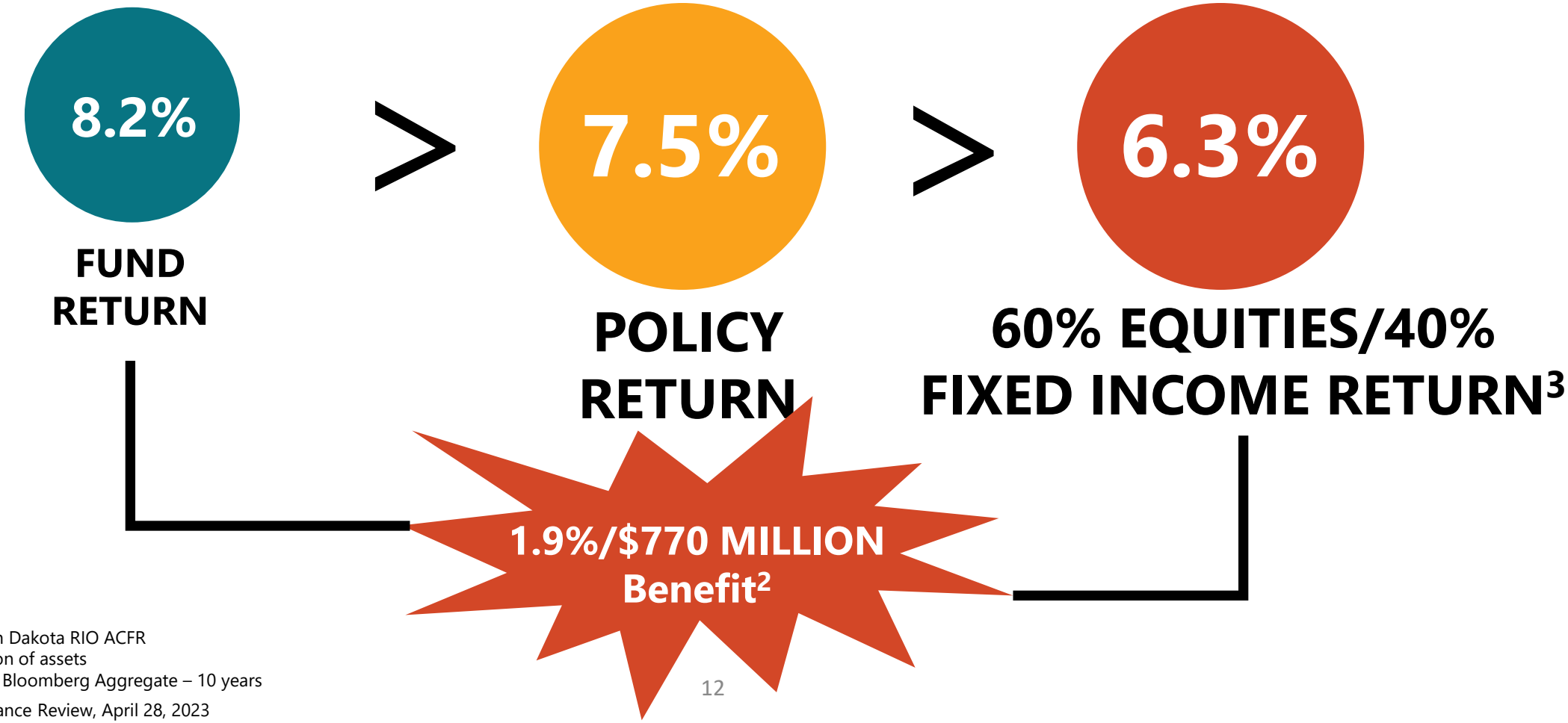


1. Fixed income benchmark; yields are the best estimate of future bond returns.

INVESTMENT MANAGEMENT BENEFITS

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PERS TEN YEAR AVERAGE RETURN[1]



1. Thru JUNE 2022; North Dakota RIO ACFR
2. Starting with $3.8 Billion of assets
3. 60% MSCI World/40% Bloomberg Aggregate – 10 years

Investment Team, Performance Review, April 28, 2023

PERFORMANCE – PERS[1]

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AS OF DECEMBER 31, 2022

PERS ($3.8 BILLION)	YEAR TO DATE	1 YEAR	3 YEAR	5 YEAR	RISK (5 YEAR)
TOTAL FUND RETURN	-10.9%	-10.9%	5.3%	5.7%	10.2%
POLICY BENCHMARK	-10.7%	-10.7%	5.1%	5.7%	10.2%
TOTAL RELATIVE RETURN	-0.2%	-0.2%	0.2%	0.0%	

1. After fees performance

PERFORMANCE – PERS[1]

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One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equities	25%	26%	(19.52%)	(19.32%)	(0.06%)	(0.42%)	(0.48%)
World Equities	8%	7%	(24.96%)	(27.74%)	0.34%	0.06%	0.40%
International Equities	16%	18%	(19.37%)	(15.99%)	(0.60%)	0.18%	(0.42%)
Private Equities	8%	7%	0.27%	0.27%	0.00%	0.03%	0.03%
Domestic Fixed Income	23%	23%	(10.00%)	(12.40%)	0.58%	(0.03%)	0.55%
Real Estate	13%	11%	11.05%	5.53%	0.58%	(0.04%)	0.54%
Timber	1%	1%	(1.53%)	12.90%	(0.15%)	(0.02%)	(0.17%)
Infrastructure	5%	7%	6.66%	7.91%	(0.04%)	(0.37%)	(0.41%)
Cash & Equivalents	0%	0%	1.52%	1.52%	0.00%	0.05%	0.05%
Residual Holdings	0%	0%	-	-	0.00%	0.00%	0.00%
Total			**(10.64%)**	**=(10.72%)**	**+ 0.65%**	**+ (0.57%)**	**0.08%**

Five Year Annualized Relative Attribution Effects

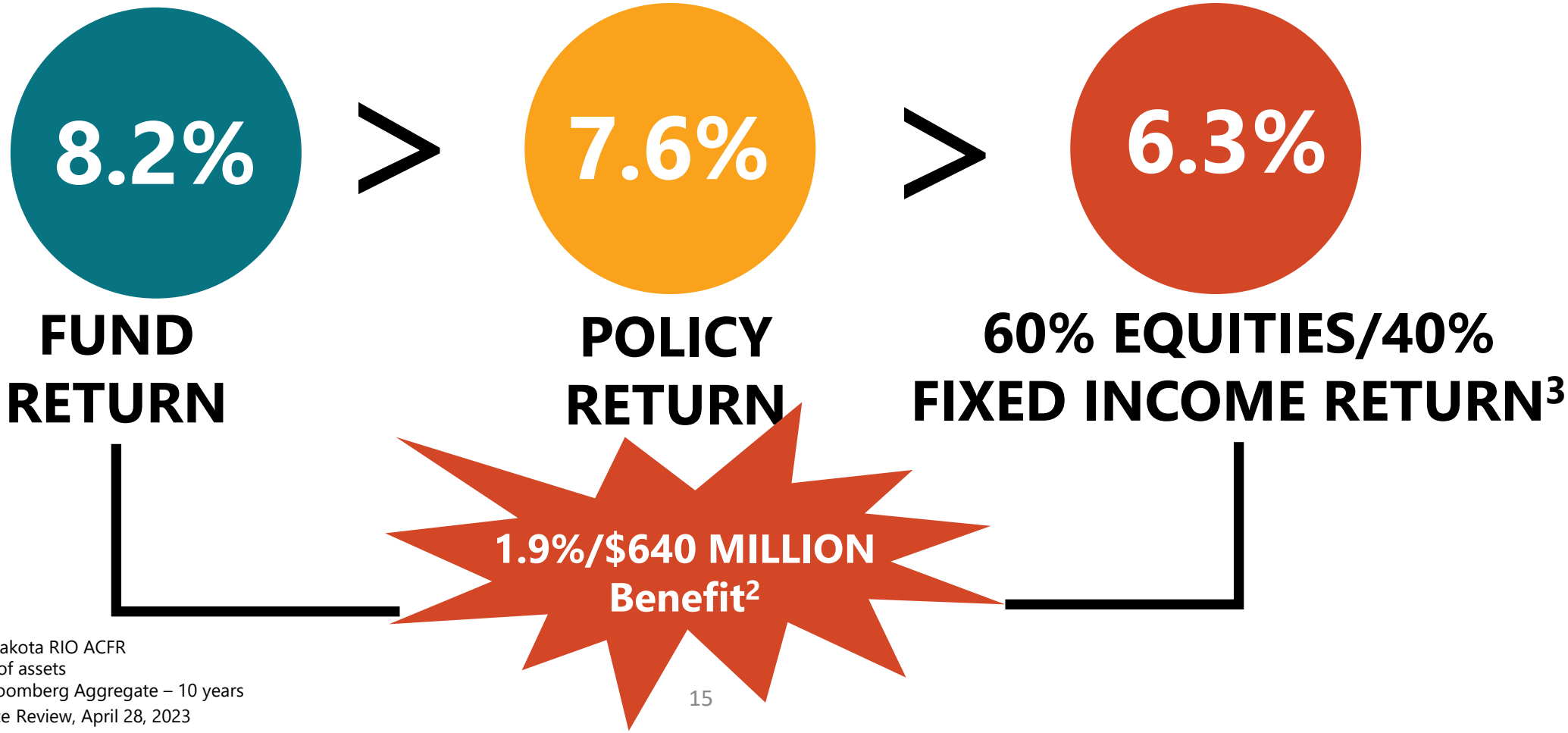
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equities	24%	22%	9.62%	8.10%	0.34%	(0.04%)	0.30%
World Equities	14%	13%	1.35%	3.53%	(0.38%)	(0.01%)	(0.39%)
International Equities	16%	16%	1.84%	1.00%	0.13%	0.00%	0.13%
Private Equities	5%	7%	14.85%	14.85%	0.00%	(0.13%)	(0.13%)
Domestic Fixed Income	23%	23%	2.20%	0.77%	0.35%	(0.05%)	0.30%
International Fixed Inc.	0%	0%	-	-	0.01%	0.01%	0.02%
Real Estate	11%	11%	8.81%	7.46%	0.16%	(0.06%)	0.10%
Timber	2%	2%	2.48%	5.37%	(0.03%)	(0.02%)	(0.05%)
Infrastructure	5%	6%	7.44%	6.00%	0.08%	(0.06%)	0.02%
Cash & Equivalents	0%	0%	1.26%	1.26%	0.00%	(0.00%)	(0.00%)
Residual Holdings	0%	0%	-	-	0.00%	0.00%	0.00%
Total			**5.97%**	**= 5.69%**	**+ 0.66%**	**+ (0.38%)**	**0.28%**

1. Before fees performance, Callan

INVESTMENT MANAGEMENT BENEFITS

NORTH Dakota
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TFFR TEN YEAR AVERAGE RETURN[1]



1. Thru JUNE 2022; North Dakota RIO ACFR
2. Starting with $3.8 Billion of assets
3. 60% MSCI World/40% Bloomberg Aggregate – 10 years

Investment Team, Performance Review, April 28, 2023

PERFORMANCE – TFFR[1]

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AS OF DECEMBER 31, 2022

TFFR ($3.1 BILLION)	YEAR TO DATE	1 YEAR	3 YEAR	5 YEAR	RISK (5 YEAR)
TOTAL FUND RETURN	-10.5%	-10.5%	5.2%	5.7%	9.9%
POLICY BENCHMARK	-10.0%	-10.0%	5.5%	5.9%	10.0%
TOTAL RELATIVE RETURN	-0.5%	-0.5%	-0.3%	-0.2%	

1. After fees performance

PERFORMANCE – TFFR[1]

NORTH Dakota Be Legendary.™

One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equities	23%	23%	(19.52%)	(19.32%)	(0.06%)	(0.44%)	(0.50%)
World Equities	8%	7%	(25.07%)	(27.84%)	0.33%	0.09%	0.42%
International Equities	13%	15%	(19.29%)	(15.99%)	(0.51%)	0.07%	(0.45%)
Private Equities	11%	10%	0.27%	0.27%	0.00%	0.01%	0.01%
Domestic Fixed Income	26%	26%	(10.67%)	(12.39%)	0.48%	(0.04%)	0.44%
Real Estate	11%	9%	11.05%	5.53%	0.50%	0.03%	0.52%
Timber	1%	1%	(1.53%)	12.90%	(0.17%)	(0.02%)	(0.19%)
Infrastructure	5%	8%	6.67%	7.91%	(0.04%)	(0.49%)	(0.52%)
Cash & Equivalents	1%	1%	1.68%	1.46%	0.00%	(0.05%)	(0.05%)
Residual Holdings	0%	0%	-	-	0.00%	0.00%	0.00%
Total			**(10.32%)**	**=(10.01%)**	**+ 0.54%**	**+ (0.84%)**	**(0.31%)**

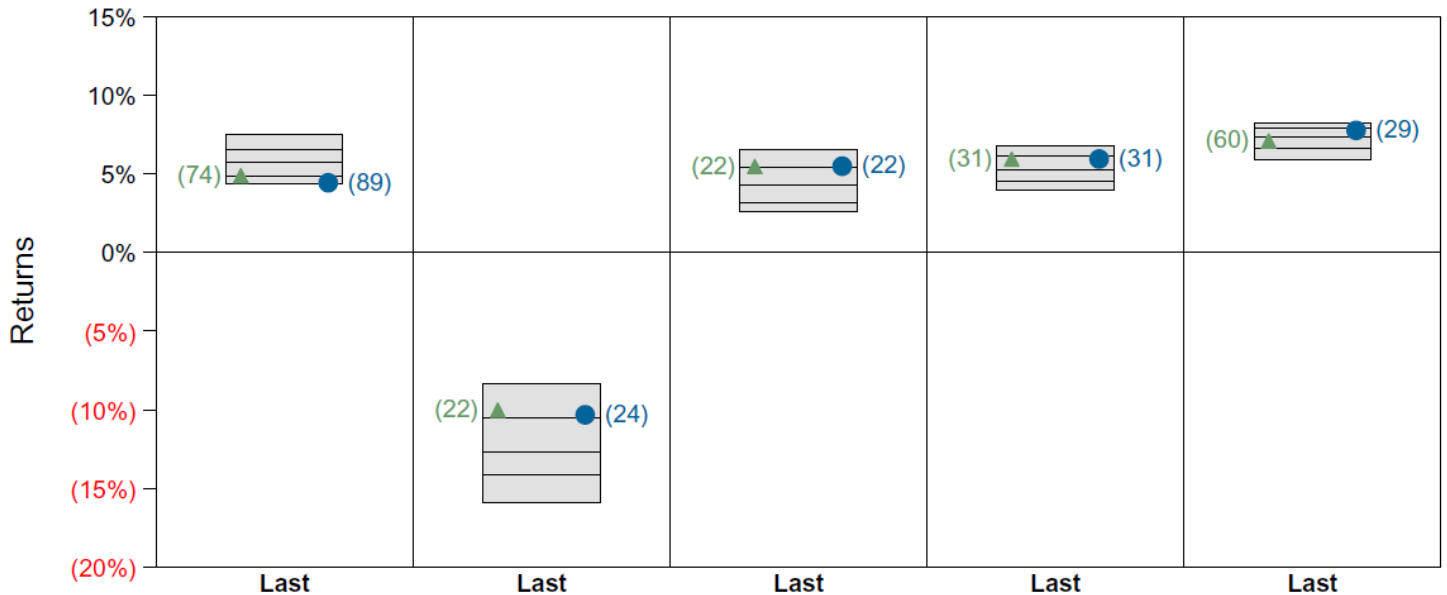
Five Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equities	23%	22%	9.64%	8.12%	0.33%	(0.07%)	0.25%
World Equities	13%	13%	1.33%	3.50%	(0.36%)	(0.00%)	(0.37%)
International Equities	15%	15%	1.86%	0.96%	0.15%	(0.01%)	0.14%
Private Equities	6%	8%	14.85%	14.85%	0.00%	(0.32%)	(0.32%)
Domestic Fixed Income	25%	24%	1.90%	0.76%	0.30%	(0.06%)	0.24%
International Fixed Inc.	0%	0%	-	-	0.01%	0.01%	0.02%
Real Estate	10%	10%	8.81%	7.46%	0.14%	(0.04%)	0.10%
Timber	2%	2%	2.48%	5.37%	(0.04%)	(0.02%)	(0.05%)
Infrastructure	5%	6%	7.44%	6.00%	0.08%	(0.08%)	(0.00%)
Cash & Equivalents	1%	1%	1.29%	1.26%	0.00%	(0.00%)	(0.00%)
Residual Holdings	0%	0%	-	-	0.00%	0.00%	0.00%
Total			**5.94%**	**= 5.93%**	**+ 0.61%**	**+ (0.60%)**	**0.00%**

1. Before fees performance, Callan

PERFORMANCE – TFFR[1]

Callan Public Fund Sponsor Database



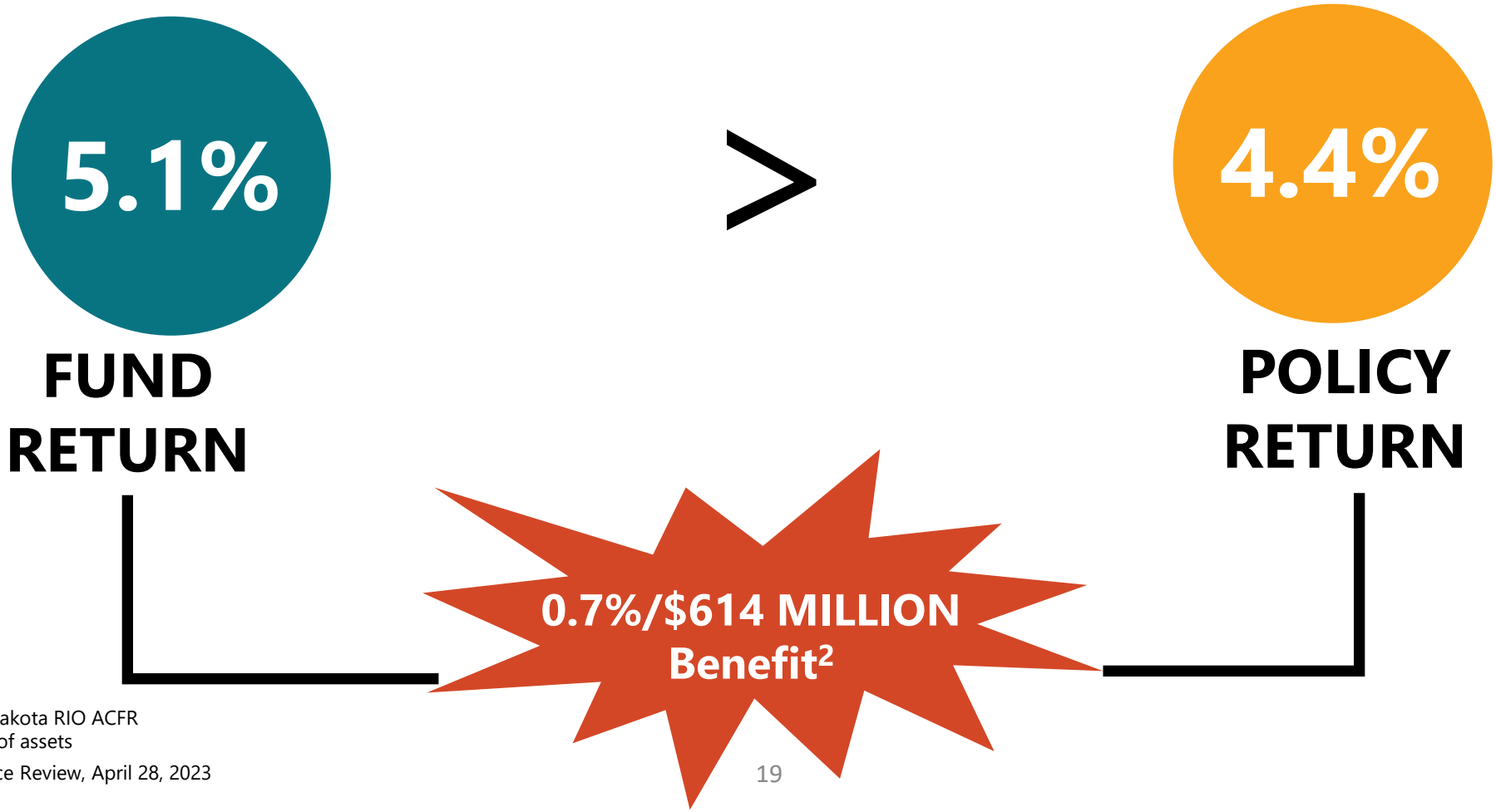
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	7.46	(8.35)	6.51	6.79	8.25
25th Percentile	6.54	(10.53)	5.43	6.15	7.89
Median	5.72	(12.66)	4.26	5.26	7.32
75th Percentile	4.84	(14.14)	3.16	4.52	6.61
90th Percentile	4.34	(15.94)	2.56	3.98	5.91
Total Fund ●	4.43	(10.32)	5.48	5.94	7.76
Policy Target ▲	4.88	(10.01)	5.47	5.93	7.08

1. Callan

INVESTMENT MANAGEMENT BENEFITS

NORTH Dakota
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LEGACY TEN YEAR AVERAGE RETURN[1]



1. Thru JUNE 2022; North Dakota RIO ACFR
2. Starting with $8.5 Billion of assets

PERFORMANCE – LEGACY

AS OF DECEMBER 31, 2022

LEGACY ($8.5 BILLION)	YEAR TO DATE	1 YEAR	3 YEAR	5 YEAR	RISK (5 YEAR)
TOTAL FUND RETURN	-12.9%	-12.9%	2.9%	4.0%	10.5%
POLICY BENCHMARK	-13.5%	-13.5%	2.3%	3.7%	10.1%
TOTAL RELATIVE RETURN	0.6%	0.6%	0.6%	0.3%	

1. After fees performance

PERFORMANCE – LEGACY

NORTH Dakota
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One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	23%	23%	(17.89%)	(19.13%)	0.30%	(0.15%)	0.15%
Small Cap	6%	6%	(17.09%)	(20.44%)	0.21%	0.07%	0.28%
International Equity	19%	20%	(19.26%)	(15.79%)	(0.69%)	0.05%	(0.64%)
Private Equity	1%	1%	0.85%	0.85%	0.00%	0.06%	0.06%
Domestic Fixed Income	34%	35%	(11.82%)	(13.01%)	0.40%	(0.05%)	0.35%
Diversified Real Assets	10%	10%	(3.56%)	(2.92%)	(0.06%)	0.02%	(0.05%)
Real Estate	6%	5%	20.97%	5.53%	0.66%	(0.12%)	0.54%
Cash Equivalents	1%	0%	1.42%	1.42%	0.00%	0.15%	0.15%
Transition Account	0%	0%	-	-	0.00%	(0.01%)	(0.01%)
Residual Holdings	0%	0%	-	-	0.00%	0.00%	0.00%
Total			**(12.70%)**	**=(13.53%)**	**+ 0.80%**	**+ 0.03%**	**0.82%**

Five Year Annualized Relative Attribution Effects

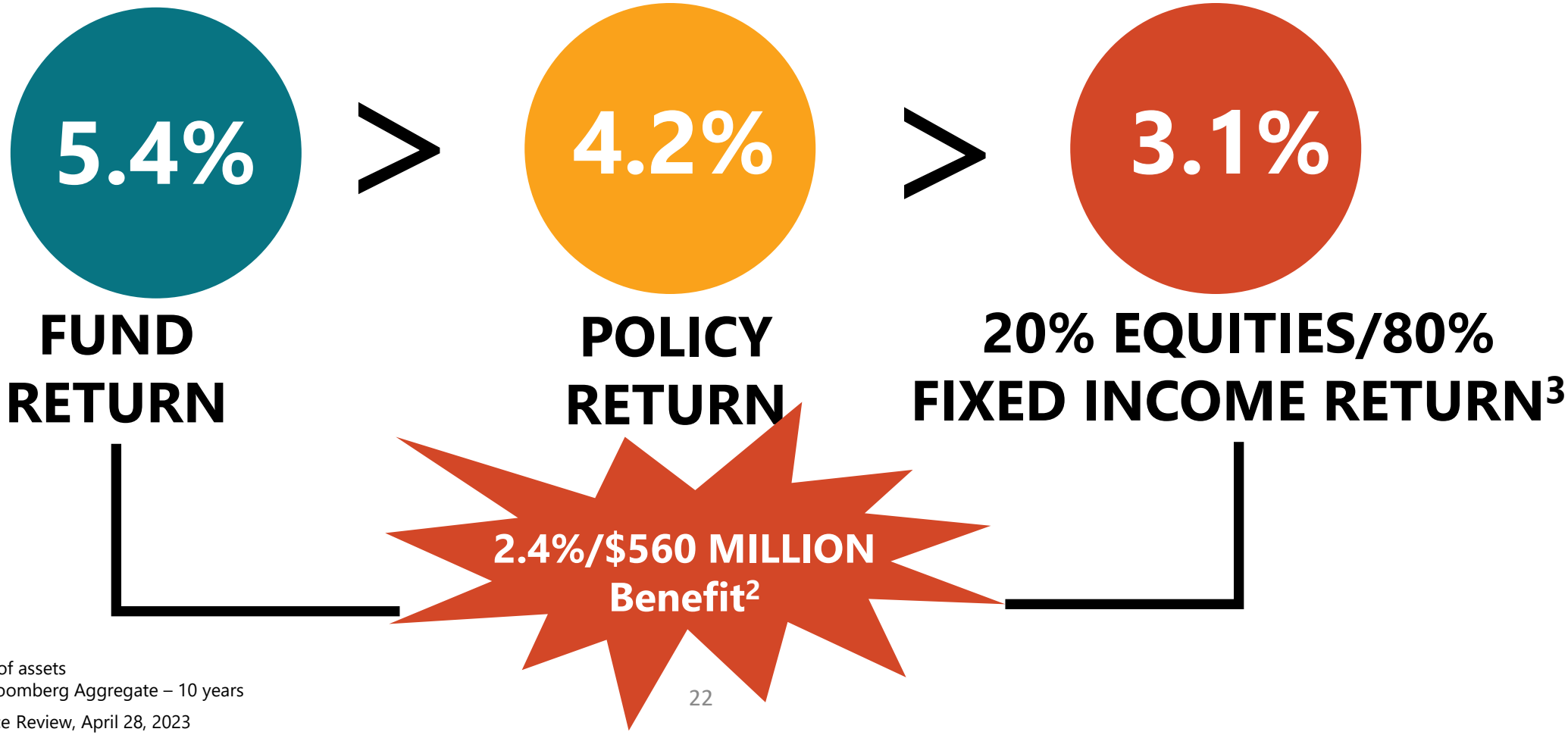
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	22%	22%	9.25%	9.13%	0.04%	(0.06%)	(0.02%)
Small Cap	8%	8%	3.10%	4.13%	(0.12%)	0.00%	(0.12%)
International Equity	20%	20%	1.58%	1.43%	0.06%	0.03%	0.08%
Private Equity	0%	0%	-	-	0.00%	0.01%	0.01%
Domestic Fixed Income	35%	35%	1.31%	0.02%	0.41%	(0.01%)	0.40%
Diversified Real Assets	10%	10%	4.49%	3.71%	0.07%	(0.00%)	0.07%
Real Estate	5%	5%	9.17%	7.46%	0.10%	(0.03%)	0.07%
Cash & Equivalents	1%	0%	1.14%	1.14%	0.00%	(0.02%)	(0.02%)
Transition Account	0%	0%	-	-	0.00%	(0.00%)	(0.00%)
Residual Holdings	0%	0%	-	-	0.00%	0.00%	0.00%
Total			**4.22%**	**= 3.75%**	**+ 0.55%**	**+ (0.08%)**	**0.47%**

1. Before fees performance, Callan

INVESTMENT MANAGEMENT BENEFITS

NORTH Dakota
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WSI TEN YEAR AVERAGE RETURN[1]



1. Thru JUNE 2022
2. Starting with $2.1 Billion of assets
3. 20% MSCI World/80% Bloomberg Aggregate – 10 years

Investment Team, Performance Review, April 28, 2023

PERFORMANCE – WSI

NORTH Dakota Be Legendary.™

AS OF DECEMBER 31, 2022

LEGACY ($2.0 BILLION)	YEAR TO DATE	1 YEAR	3 YEAR	5 YEAR	RISK (5 YEAR)
TOTAL FUND RETURN	-12.2%	-12.2%	0.6%	2.6%	6.8%
POLICY BENCHMARK	-12.1%	-12.1%	0.5%	2.3%	6.2%
TOTAL RELATIVE RETURN	-0.1%	-0.1%	0.2%	0.3%	

1. After fees performance

PERFORMANCE – WSI

NORTH Dakota
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One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	10%	11%	(18.18%)	(19.13%)	0.09%	0.04%	0.13%
Small Cap	2%	2%	(17.16%)	(20.44%)	0.05%	0.10%	0.14%
International Equity	7%	8%	(18.07%)	(15.79%)	(0.19%)	(0.03%)	(0.22%)
Domestic Fixed Income	62%	46%	(13.67%)	(12.75%)	(0.58%)	(0.55%)	(1.13%)
Diversified Real Assets	12%	12%	(7.07%)	(5.19%)	(0.22%)	0.02%	(0.20%)
Real Estate	6%	5%	20.63%	5.53%	0.67%	(0.01%)	0.66%
Cash & Equivalents	1%	1%	1.42%	1.46%	(0.00%)	(0.00%)	(0.00%)
Global Equity Transition	0%	0%	-	-	0.00%	(0.00%)	(0.00%)
Residual Holdings	0%	0%	-	-	0.00%	0.00%	0.00%
Domestic Fixed	0%	15%	-	-	0.00%	0.64%	0.64%
Total			**(12.11%)**	**=(12.13%)**	**+ (0.19%)**	**+ 0.21%**	**0.02%**

Five Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	11%	11%	9.34%	9.13%	0.02%	(0.00%)	0.02%
Small Cap	3%	3%	2.76%	4.13%	(0.07%)	0.03%	(0.04%)
International Equity	8%	8%	1.78%	1.43%	0.04%	(0.01%)	0.03%
Domestic Fixed Income	60%	56%	0.76%	0.08%	0.37%	(0.14%)	0.24%
Diversified Real Assets	12%	12%	3.14%	3.17%	(0.00%)	(0.00%)	(0.00%)
Real Estate	5%	5%	9.16%	7.46%	0.11%	0.01%	0.12%
Cash & Equivalents	1%	1%	1.15%	1.26%	(0.00%)	(0.00%)	(0.00%)
Global Equity Transition	0%	0%	-	-	0.00%	(0.00%)	(0.00%)
Residual Holdings	0%	0%	-	-	0.00%	0.00%	0.00%
Domestic Fixed	0%	3%	-	-	0.00%	0.15%	0.15%
Total			**2.81%**	**= 2.31%**	**+ 0.48%**	**+ 0.03%**	**0.50%**

1. Before fees performance, Callan

ONE YEAR CONTRIBUTION TO EQUITY ACTIVE RETURN

NORTH Dakota Be Legendary.™

	1 YR PORTFOLIO RETURN	1 YR POLICY RETURN	1 YR ACTIVE RETURN	5 YR PORTFOLIO RETURN	5 YR POLICY RETURN	5 YR ACTIVE RETURN
PERS PUBLIC EQUITY	**-18.84%**	**-17.90%**	**-0.94%**			
****World Equity - MSCI World**	**-17.9%**	**-19.63%**	**1.73%**	**2.8%**	**5.30%**	**-2.52%**
Epoch Global Choice	-20.12%	-19.63%	-0.49%	3.28%	5.30%	-2.02%
LSV Global Value Equity	-16.36%	-19.63%	3.27%	2.24%	5.30%	-3.06%
***World Equity Periods Ending 9/30/2022*						
Domestic Equity	**-19.76%**	**-19.29%**	**-0.47%**	**9.40%**	**8.43%**	**0.97%**
Large Cap - Russell 1000	**-20.40%**	**-19.13%**	**-1.27%**	**10.61%**	**9.13%**	**1.47%**
LA Capital Large Cap Growth	-27.49%	-19.13%	-8.36%	11.67%	9.13%	2.54%
LA Capital 60% Large Cap/40% Large Cap Active Extension	-18.23%	-19.13%	0.90%	9.65%	9.13%	0.52%
NTAM - Quant Enhanced	-15.69%	-19.13%	3.43%	8.31%	9.13%	-0.82%
Parametric/Clifton Group Enhanced	-19.84%	-19.13%	-0.71%	8.89%	9.13%	-0.24%
Small Cap - Russell 2000	**-16.77%**	**-20.44%**	**3.67%**	**5.22%**	**4.13%**	**1.09%**
Atlanta Capital Small Cap Equity Fund	-12.12%	-20.44%	8.32%	8.39%	4.13%	4.26%
Riverbridge Small Cap Growth	-32.09%	-20.44%	-11.65%			
Sycamore Small Cap Value	-6.91%	-20.44%	13.53%			
International Equity	**-19.59%**	**-16.58%**	**-3.01%**	**1.59%**	**0.85%**	**0.74%**
****Total Itl All Cap - MSCI ACWI ex-US IMI**						
William Blair International Leaders	-28.09%	-16.58%	-11.51%	3.55%	0.85%	2.71%
Arrowstreet International Equity	-7.50%	-16.58%	9.08%			
****Total Dev. Itl Small Cap - MSCI World ex-US Small**						
DFA Intl. Small Cap Value Portfolio	-9.78%	-20.59%	10.80%	-0.44%	0.45%	-0.89%
Wellington International Small Cap Opportunities	-21.38%	-20.59%	-0.79%	-1.43%	0.45%	-1.88%
Emerging Markets - MSCI EM	**-26.71%**	**-20.09%**	**-6.62%**	**-1.25%**	**-1.39%**	**0.15%**
Axiom Emerging Markets Equity Fund	-30.83%	-20.09%	-10.74%	-2.15%	-1.39%	-0.76%
DFA Emerging Markets Small Cap Portfolio	-15.29%	-20.09%	4.80%	0.91%	-1.39%	2.30%

1. Difference of active return with official performance presentation from weight rounding, multi-period return linking and assumptions for terminated and new managers.

FIXED INCOME RETURN ATTRIBUTION (12/31/22)

	POLICY WEIGHT	1 YR PORTFOLIO RETURN	1 YR FI POLICY RETURN	1 YR ACTIVE RETURN	5 YR PORTFOLIO RETURN	5 YR FI POLICY RETURN	5 YR ACTIVE RETURN
PERS FIXED INCOME	**23.0%**	**2.20%**	**-12.40%**	**14.60%**	**2.20%**	**0.93%**	**1.27%**
INVESTMENT GRADE FIXED INCOME	**69.6%**	**-13.99%**	**-13.01%**	**-0.98%**	**0.70%**	**0.02%**	**0.68%**
Bloomberg Aggregate							
PRUDENTIAL CORE FIXED INCOME*	24.2%	-13.79%	-13.01%	-0.78%	0.68%	0.46%	0.22%
PIMCO CORE PLUS	24.2%	-13.74%	-13.01%	-0.73%	0.33%	0.02%	0.31%
PIMCO DISCO II	5.9%	-0.28%	-13.01%	12.73%	4.76%	0.02%	4.74%
STATE STREET LONG UST INDEX	7.0%	-29.58%	-13.01%	-16.57%	-2.26%	0.02%	-2.28%
MANULIFE TOTAL RETURN BOND FUND	8.3%	-6.88%	-13.01%	6.13%	2.11%	0.02%	2.09%
**Prudential 5-year returns are since inception (03/2018)*							
BELOW IG FIXED INCOME	**30.4%**	**-0.21%**	**-11.18%**	**10.97%**	**5.23%**	**2.30%**	**2.93%**
Bloomberg High Yield 2% Issuer Constrained							
ARES ND CREDIT STRATEGIES	10.6%	7.79%	-11.18%	18.97%	7.65%	2.30%	5.35%
CERBERUS ND PRIVATE CREDIT FUND	11.5%	6.89%	-11.18%	18.07%	9.19%	2.30%	6.89%
LOOMIS SAYLES HIGH YIELD	8.0%	-12.44%	-11.18%	-1.25%	1.46%	2.30%	-0.84%
PIMCO BRAVO II	0.4%	-26.04%	-11.18%	-14.86%	-2.58%	2.30%	-4.88%
LEGACY FUND FIXED INCOME	**35.0%**	**-11.91%**	**-13.01%**	**1.10%**	**1.20%**	**0.02%**	**1.18%**
INVESTMENT GRADE FIXED INCOME	**100.00%**	**-11.91%**	**-13.01%**	**1.10%**	**1.20%**	**0.02%**	**1.18%**
Bloomberg Aggregate							
WESTERN ASSET CORE FIXED INCOME	25.3%	-15.90%	-13.01%	-2.89%	-0.10%	0.02%	-0.12%
PRUDENTIAL CORE PLUS FIXED INCOME	25.3%	-14.58%	-13.01%	-1.57%	0.50%	0.02%	0.48%
ALLSPRING US CORPORATE PLUS	8.0%	-16.34%	-13.01%	-3.33%	1.52%	0.02%	1.50%

STRATEGY REVIEW

North Dakota Retirement and Investment



LOOKING AHEAD TO #BELEGENDARY

Jan Murtha, Executive Director

State Investment Board – April 28, 2023

NORTH Dakota

Be Legendary.


CURIOSITY
GROWTH MINDSET
BUILDING A BETTER FUTURE
FOR NORTH DAKOTA

Retirement and Investments Core Priorities



HORIZON-BASED TRANSFORMATION



2023 LEGISLATIVE SESSION

Strategic Planning Initiatives Realized

HB 1088

- SIB Member Composition Bill – House conceded to Senate Amendments with Amendments (4/19)
- Two Experts, Two Legislators (voting) from Advisory Board. OMB Director to replace Insurance Commissioner

HB 1219

- TFFR Board Bill for Pension System Pioneer Project – Unanimously passed both House and Senate, signed by Governor on 4/10.
- Made statutory changes the aid in development and implementation of Pioneer Project.

SB 2022

- RIO's Budget Bill – Passed both House and Senate, signed by Governor 4/21.
- 9 new FTE's, funding for temporary employees, interns, equity. Includes statutory authorization for Talent Management plan with incentive compensation.

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2023-2025 Legislative Session RIO Bill Tracker

Bill #	Topic	Description	Sponsor	Hearing Date	Committee	Status	Position
HB 1040	Closing DB Plan	Closing DB Plan (eff. 12/31/24)	Legislative Management: Weisz, Bosch, Boschee, Lefor, Mitskog, Vigesaa, Burckhard, Klein, Piepkorn, Schaible, Wanzek			Passed House 2/22 77 yeas / 16 nays Passed Senate 4/4 29 yeas / 18 nays (rereferred to Approps) Do Pass as amended 9-6-1 Passed Senate 4/21 28 yeas / 19 nays	Neutral
HB 1088	SIB	SIB Membership changes	SIB	**04/19-12:00 p.m. Conference Committee**	Senate I&B and House Govn't & VA	Amended by House.Reduced experts to 1 from 2, changed experience language; Legacy Advisory Board would be a voting member; and two legislative members. Passed House 1/25 80 yeas/ 11 nays. 2/8 Senate I&B amended to original version except making Legacy Advisory member voting member and an amendment to replace the Insruance Commissioner with the OMB Director on the Advisory Board. Senate I&B passed amendment 5-0-0. Passed Senate 3/10 46 yeas / 0 nays Return to House 3/13 04/07 Conf Committees appointed	Support - Original Version
HB 1150	Veteran Exemption for TFFR	Allows veterans with at least 20 years of military service to opt out of the TFFR in their first year of teaching	Thomas, Bekkedahl, Heinert, Meyer, O'Brien, Pyle, Richter, Ruby, Schaible, Schreiber-Beck, Vedaa			Passed House 1/19 54 yeas/ 37 nays- 2/13 Referred to Senate State & Local Passed Senate 03/14 27 yeas / 18 nays **3/23 Signed by Governor**	Oppose
HB 1183	PERS retirement for law enforcement	Amends description of participants.	Rep. Porter, Sen. Axtman, Rep. Dockter, Rep. Heinert, Rep. Karls, Rep. Kasper, Sen. Larson, Rep. Louser, Rep. Motschenbacher, Rep. Ostlie, Rep. Ruby, Rep. Schauer			2/22 Passed House 84 yeas 7 nays 04/10 Passed Senate, 32 yeas/14 nays and returned to House 04/12 Concurred, Passed House, 87 yeas/5 nays **04/19 Signed by Governor**	Monitor
HB 1216	ND Development Fund	Commerce Dept. funds to promote economic development.	Rep, Nathe			Passed House 1/25 91 yeas 0 nays. Passed Senate 3/9 45 yeas / 1 nay Returned to House 3/10 04/03 House Concurred, Passed House 88 yeas / 2 nays **04/11 Signed by Governor**	Monitor
HB 1219	TFFR	TFFR Changes	Reps. Kempenich, Conmy, Kreidt Sen. Schaible			Passed House 2/7 94 yeas/0 nays. 04/05 Passed Senate, 47 yeas / 0 nays 04/05 Returned to House **04/11 Signed by Governor**	Support
HB 1227	Legacy Fund	Requiring a cost-benefit analysis for a measure or policy affecting the Legacy Fund.	Reps. Kempenich, Bosch, Cory, Mock, Swiontek, Thomas, Vigesaa Sens. Klein, Meyer, Patten			Passed House 1/20 89 yeas/ 0 nays. Passed Senate 3/10 47 yeas / 0 nays **3/15 Signed by Governor**	Neutral
HB 1278	SIB	Requiring contracts with custodians/managers include required written support of fossil fuel and ag industries in state.	Reps. Satrom, Grueneich, Headland, Lefor, S. Olson, Ostlie, Schauer, Steiner Sens. Conley, Wanzek			Passed House 2/20 92 yeas / 1 nays. Amended to support investment program. 03/30 - Failed Senate 10 yeas / 36 nays	Oppose original Version; support amended version.
HB 1285	Agency	Prohibiting executive branch agency bill submissions without legislator or legislative committee sponsor.	Reps. Toman, Christensen, Heilman, Henderson, Prichard			Passed House 2/21 80 yeas / 14 nays 03/30 Failed Senate 10 yeas / 36 nays	Monitor

HB 1309	PERS	Plan design changes for law enforcement	Rep. Boschee, Sen. Braunberger, Sen. Cleary, Sen. Dever, Rep. Heinert, Rep. Martinson, Rep. Nathe, Sen. Roers, Rep. Ruby, Rep. Schneider			Passed House 2/21. 87 yeas, 7 nays. 04/04 Passed Senate, 45 yeas / 2 nays 04/05 Returned to House 04/06 House concurred, Passed House, 89 yeas/3 nays **04/13 Signed by Governor**	Monitor
HB 1321	PERS Board	Changing PERS Board makeup	Reps. Kasper, Dockter, Lefor, Louser, D. Ruby, M. Ruby, Steiner, Vigesaa, Weisz Sen. Hogue			Passed House 2/21 79 yeas / 15 nays 03/28 Failed Senate 14 yeas / 33 nays	Monitor
HB 1345	Procurement	State may give priority to companies that support state's ag & energy industries when procuring contracts.	Reps. Satrom, Grueneich, Hagert, Headland, Kiefert, Ostlie, Steiner Sen. Conley, Erbele, Lemm, Wanzek			Passed House 2/20 85 yeas / 8 nays 03/30 - Failed Senate 12 yeas / 34 nays	Monitor
HB 1368	Investments	Prohibiting investments and contracts with companies that boycott Israel.	Reps. K. Anderson, Bellew, M. Ruby, Strinden, Timmons, Tveit Sens. Clemens, Kannianen, Myrdal			Passed House 2/20 86 yeas / 7 nays 03/29 Passed Senate 43 yeas / 3 nays 04/04 House Concurred, Passed House 87 yeas / 4 nays **04/07 Signed by Governor**	Oppose original Version; support amended version.
HB 1379	Legacy Earnings Streams	Modifies Legacy Fund Earnings streams	Reps. Lefor, Bosch, Dockter, Headland, Nathe, Novak, O'Brien Sens. Bekkedahl, Hogue, Rummel, Sorvaag	**04/21-2:30 pm**	**conference committee**	Passed House 2/22 77 yeas / 16 nays 04/11 Senate amended 04/12 Senate passed, 46 yeas/0 nays, Emergency Clause carried 04/12 House Refued to Concur 04/17 Both Conf Comm Appointed	Monitor
HB 1429	SIB	ESG and Proxy Voting requirements with Study.	Reps. Novak, Koppelman, Louser, J. Olson, S. Olson, M. Ruby, Thomas, Sen. Elkin, Magrum, Rummel	04/17- 9:00 a.m. Conf Committee	House IB&L	Passed House 93 yeas / 0 nays 03/30 Passed Senate 42 yeas / 4 nays 04/07 Both Conf Committees appointed 04/20 Passed House, 89 yeas / 1 nay 04/20 Senate CC reported back, amended 4/21 Passed Senate 44 yeas / 3 nays	Oppose original version; support amended version.
HB 1532	TFFR	Bill provides funding for private school attendance. Amendment re: establish educ reimbursement; provide for study and report, to provide an appropriation.	Reps, Cory, Kasper, Kempenich, Lefor, Nathe, Porter,Strinden, Sens. Beard, Burckhard, Meyer, Wobbema, Hogue			Passed House 2/21 54 yeas / 40 nays 3/23 Amendment adopted, referred to Appropriations 04/11 Passed Senate, 27 yea/19 nay 04/13 Passed House, 51 yeas/41 nays **04/17 Sent to Governor**	Monitor
HB 1539	TFFR	Amends and reenacts NDCC relating to the duties of the employee benefits program committee. Repeal sections 54-35-02.3 and 54-35-02.4 re: employee benefits program committee.	Rep. Weisz, Rep. Lefor, Rep. M. Ruby, Rep. Vigesaa	04/17 Bill Hearing - 10:30am	Senate S&LG	Delayed Bill. 04/13 Passed House, 90 yeas/0 nays **04/20 Amendment adopted, passed Senate 42 yeas/4 nays, Returned to House**	Oppose
SB 2015	Budget bill	OMB Budget Bill	Senate Appropriations	**04/20 - 2:30 p.m.**	**House Approps - Gov't Ops**	Passed Senate 2/21 40 yeas / 6 nays	Monitor
SB 2022	Budget bill	RIO's Budget	Senate Appropriations			2/20 Passed Senate, 45 yeas / 2 nays 04/11 Passed House, 86 yeas / 4 nays, Emergency clause carried, returned to Senate. 04/13 Senate laid over one legislative day 04/17 Passed Senate 44 yeas/2 nays **04/19 Sent to Governor**	Support

SB 2070	Teacher Permitting	Extends the length of time non-certified teachers can be permitted	Senate State and Local Govt - Roers, Barta, Braunberger, Cleary, Estenson, Lee			Passed Senate 1/26 47 yeas / 0 nays 03/20 Passed House 92 years / 0 nays **03/27 Signed by Governor**	Monitor
SB 2164	PERS Board	Changing how legislative members of PERS Board are appointed	Sen. Dever Reps. Brandenburg, Hatlestad, D. Johnson, Monson, Schauer			1/30 Passed Senate, 47 yeas / 0 nays 4/11 Passed House, 74 yeas / 15 nays, Retured to Senate **04/20 Senate refused to concur, app'ed conf committee**	Monitor
SB 2165	Energy Commission	Funds to clean sustainable engery fund/ BND	Sen. Patten, Rep. Bosch, Sen. Kannianen, Sen. Kessel, Rep. Novak, Rep. Porter			Passed Senate 2/21 40 yeas / 6 nays Passed House 3/15 93 yeas / 0 nays **03/23 Signed by Governor**	Monitor
SB 2196	Infrastructure Revolving Loan Fund	Resets terms of the infrastructure revolving loan fund.	Sen. Patten, Sen. Beard, Sen. Bekkedahl, Sen. Kannianen, Rep. Olson, Rep. Richter	**04/24-10:00 a.m. Conf Comm**	Senate E&NR	Passed Senate 1/23 47 yeas/ 0 nays 03/28 Passed House 81 Yeas / 10 Nays 03/28 Returned to Senate 03/31 Senate refused to concur 04/03 both conf committees appt	Monitor
SB 2233	BND	Auditing practices of certain funds under management of BND	Sen. Klein, Sen. Bekkedahl, Sen. Hogue, Rep. Lefor, Rep. Vigesaa			Passed Senate 1/24 46 yeas/ 0 nays 03/17 Passed House 92 yeas / 0 nays **03/28 Signed by Governor**	Monitor
SB 2239	PERS Plan	Changing PERS contribution rates and appropriating $250M to the fund	Sens. Cleary, Dever Rep. Boschee			Passed Senate 2/21 34 yeas / 13 nays **04/17 House rpt'ed back, Do Not Pass, placed on calendar**	Support
SB 2258	TFFR	Expands scope of Critical Shortage area qualification for rehired retirees	Sens. Paulson, Beard Reps. Heilman, Hoverson, Louser			Passed Senate 2/1 47 yeas 0 nays 03/29 Failed House 2 yeas / 88 nays	Neutral
SB 2284	TFFR	Defines "probationary teacher" and "weapon," and modifies weighting factors and transition maximums, and an increase in per student payments, to provide for legislative study.	Sen. Schaible, Sen. Elkin, Rep. Heinert, Rep. Nathe			02/20 Senate passed, 47 yeas/0 nays 03/29 - Amendments added that impact agency relating to a study. 03/30 - House Education reported back, do pass, amendment placed on calendar. 03/31 House amendment adopted, referred to Appro. 04/19 Rpt'ed back, do pass. **04/20 Amendment adopted, placed on calendar, Passed House, 76 yeas/16 nays**	Monitor
SB 2330	Legacy Fund	Legacy earnings definition and change in Legacy Fund IPS percentages.	Sens. Klein, Hogan, Meyer Reps. Bosch, Kreidt	**04/21-2:00 pm**	**Senate I&B**	2/15 Passed Senate, 43 yeas / 3 nays 04/12 Amendment adopted, Passed House, 90 yeas / 0 nays, Emergency Clause Carried 04/13 Returned to Senate **04/17 Senate refused to concur** **04/19 Both conf committees appt'ed**	Support
HCR 3033	Legacy Fund	Legacy fund earnings definition constitutional amendment	Reps. Mock, Hagert, Ista, Kempenich, Kreidt, Schatz Sens. Cleary, Meyer			Passed House 3/14 67 yeas / 24 nays 04/04 Senate I&B reported back, do not pass. 04/05 Amendment adopted, placed on calendar 04/10 Senate adopted as amended, 45 yeas / 1 nay 04/13 House Refued to Concur, Appointed Conf Comm 04/17 Senate Conf Comm Appt'ed **04/20 House Rpt'ed back, placed on calendar**	Monitor

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MEMORANDUM

TO: **SIB**
FROM: **Scott Anderson, Chief Investment Officer**
DATE: **April 21, 2023**
RE: **Investment Committee Update**

The Investment Committee met Friday April 21, 2023. The meeting was called to order and there was an acceptance of the agenda followed by an acceptance of the minutes from the February 10, 2023, meeting. Mr. Anderson then presented the high-level investment strategy for RIO. The investment committee voted to concur with the investment strategy as presented. The strategy document is included in the investment committee packet attached to the memo.

Mr. Posch next recommended a change to the benchmark weighting method for private markets. The investment committee voted to approve the benchmark weighting recommendation and to bring that recommendation to the board for approval. Lastly, the investment committee and Mr. Skor discussed pending legislation that has potential to impact the investment program.

https://www.rio.nd.gov/sites/www/files/documents/PDFs/SIB%20Investment/Board/Materials/sibinvestmat20230421.pdf

BOARD ACTION REQUESTED: Board acceptance of staff benchmark recommendation.



PRIVATE MARKETS BENCHMARK WEIGHTS

INVESTMENT TEAM

APRIL 21, 2023

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BENCHMARK INTRO

Benchmark characteristics:

- A benchmark should be investable
- Provide a clear communication of discretionary performance and risk
- Reflect the investment objectives and asset allocation of the portfolio
- Easy to measure allowing for portfolio performance to accurately track over time

Current benchmarks:

- Generally good representation of the asset allocations
  - May be enhanced in private markets
- Weighting method causes issues with tracking error and performance attribution

TFFR BENCHMARK

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ASSET CLASS	POLICY TARGET	BENCHMARK
GLOBAL EQUITY	55%	
PUBLIC EQUITY	45%	US: Russell 1000, Russell 2000 International: MSCI ACWI ex-USs IMI
PRIVATE EQUITY	10%	Actual portfolio private equity returns
GLOBAL FIXED INCOME	26%	Bloomberg Aggregate Bloomberg High Yield 2% issuer constrained
GLOBAL REAL ASSETS	18%	Real estate: NCREIF total index Timber: NCREIF timberland index Infrastructure: 50% NCREIF ODCE 50% cpi-u lagged
CASH	1%	90 day T-bill

CURRENT WEIGHT METHOD

- **Static weights**
  - Benchmark weights reflect full weight of asset allocation targets
- Majority of performance attribution allocation effects are non-discretionary
  - Capital calls are not at the discretion of RIO staff
  - A large portion of private market weight differences are due to non-discretionary fluctuation in public markets (can't rebalance private markets)
- Active return performance becomes distorted and non-discretionary
- Significant portion of performance attribution is perpetually attributed to these non-discretionary differences in weights
- Non-discretionary active weights create incentives to uneconomically buy or liquidate in the secondary markets
- Current benchmark system makes plan level incentive system very difficult to implement

ASSET CLASS	PORTFOLIO WEIGHT	BENCHMARK WEIGHT	DIFFERENCE
PUBLIC EQUITIES	42%	45%	-3%
PRIVATE EQUITY	13%	10%	3%
FIXED INCOME	25%	26%	-1%
REAL ASSETS	19%	18%	1%
CASH	1%	1%	0%
TOTAL PORTFOLIO	100%	100%	

ACTIVE RETURN IMPACT[1]

STATIC BENCHMARK	~0.40%
REBALANCE OPPORTUNITY	~0.20%
	~0.60%

1. TFFR 1 yr active return impact; has averaged 0.46% per year for five years

STYLIZED EXAMPLE

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MONTH BEGINNING

ASSET CLASS	PORTFOLIO WEIGHT	BENCHMARK WEIGHT	DIFFERENCE
PUBLIC EQUITIES	45%	45%	0%
PRIVATE EQUITY	10%	10%	0%
FIXED INCOME	26%	26%	0%
REAL ASSETS	18%	18%	0%
CASH	1%	1%	0%
TOTAL	100%	100%	

- Non-discretionary from increase in public markets not allocation short-fall
- Cannot rebalance private markets
- Creates indication to sell or buy on secondary market
- Creates large tracking error
- Provides poor rebalance signal for risk management

MONTH END

ASSET CLASS	PORTFOLIO WEIGHT	BENCHMARK WEIGHT	DIFFERENCE
PUBLIC EQUITIES	30%	45%	-15%
PRIVATE EQUITY	15%	10%	5%
FIXED INCOME	25%	26%	-1%
REAL ASSETS	29%	18%	11%
CASH	1%	1%	0%
TOTAL	100%	100%	

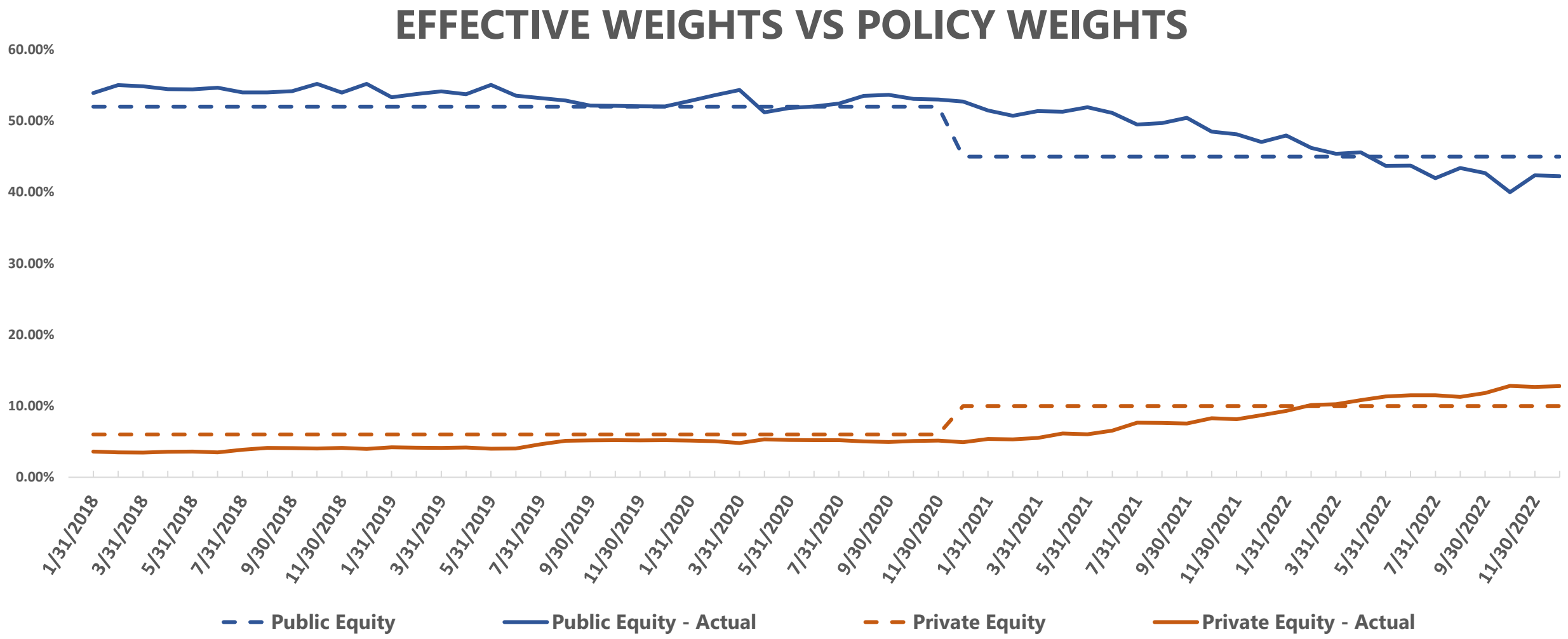
ASSET CLASS	PORTFOLIO WEIGHT	BENCHMARK WEIGHT	DIFFERENCE
PUBLIC EQUITIES	60%	45%	15%
PRIVATE EQUITY	5%	10%	-5%
FIXED INCOME	25%	26%	-1%
REAL ASSETS	9%	18%	-9%
CASH	1%	1%	0%
TOTAL	100%	100%	

REBALANCE

ASSET CLASS	PORTFOLIO WEIGHT	BENCHMARK WEIGHT	DIFFERENCE
PUBLIC EQUITIES	34.5%	45%	-10.5%
PRIVATE EQUITY	15%	10%	5%
FIXED INCOME	20.5%	26%	-5.5%
REAL ASSETS	29%	18%	11%
CASH	1%	1%	0%
TOTAL	100%	100%	

ASSET CLASS	PORTFOLIO WEIGHT	BENCHMARK WEIGHT	DIFFERENCE
PUBLIC EQUITIES	54.5%	45%	9.5%
PRIVATE EQUITY	5%	10%	-5%
FIXED INCOME	30.5%	26%	4.5%
REAL ASSETS	9%	18%	-9%
CASH	1%	1%	0%
TOTAL	100%	100%	

EFFECTIVE WEIGHTS VS POLICY WEIGHTS



PROPOSED WEIGHT METHOD

- **Dynamic weights**
  - Benchmark weights adjust to reflect actual weights of private markets
  - Rebalance private equity to public equity and real assets 50% to fixed income and 50% to public equity
- Performance attribution allocation effects will be discretionary
  - Rebalancing decisions will drive asset allocation effects
- Incentives are aligned
- Method used by several public funds including State of Wisconsin, Mosers, and Washington State Investment Board
- Important for a growing changing program

ASSET CLASS	PORTFOLIO WEIGHT	CURRENT BENCHMARK WEIGHT	NEW BENCHMARK WEIGHT	DIFFERENCE
PUBLIC EQUITIES	42%	45%	42%	0%
PRIVATE EQUITY	13%	10%	13%	0%
FIXED INCOME	25%	26%	25%	0%
REAL ASSETS	19%	18%	19%	0%
CASH	1%	1%	1%	0%
TOTAL PORTFOLIO	100%	100%	100%	

STYLIZED EXAMPLE

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MONTH BEGINNING

ASSET CLASS	PORTFOLIO WEIGHT	BENCHMARK WEIGHT	DIFFERENCE
PUBLIC EQUITIES	45%	45%	0%
PRIVATE EQUITY	10%	10%	0%
FIXED INCOME	26%	26%	0%
REAL ASSETS	18%	18%	0%
CASH	1%	1%	0%
TOTAL	100%	100%	

- Tracking error is in the discretion of the fund
- Does not encourage selling or buying in the secondary market
- Does not distort the active return and risk measurement

MONTH END

ASSET CLASS	PORTFOLIO WEIGHT	BENCHMARK WEIGHT	DIFFERENCE
PUBLIC EQUITIES	30%	45%	-15%
PRIVATE EQUITY	15%	10%	5%
FIXED INCOME	25%	26%	-1%
REAL ASSETS	29%	18%	11%
CASH	1%	1%	0%
TOTAL	100%	100%	

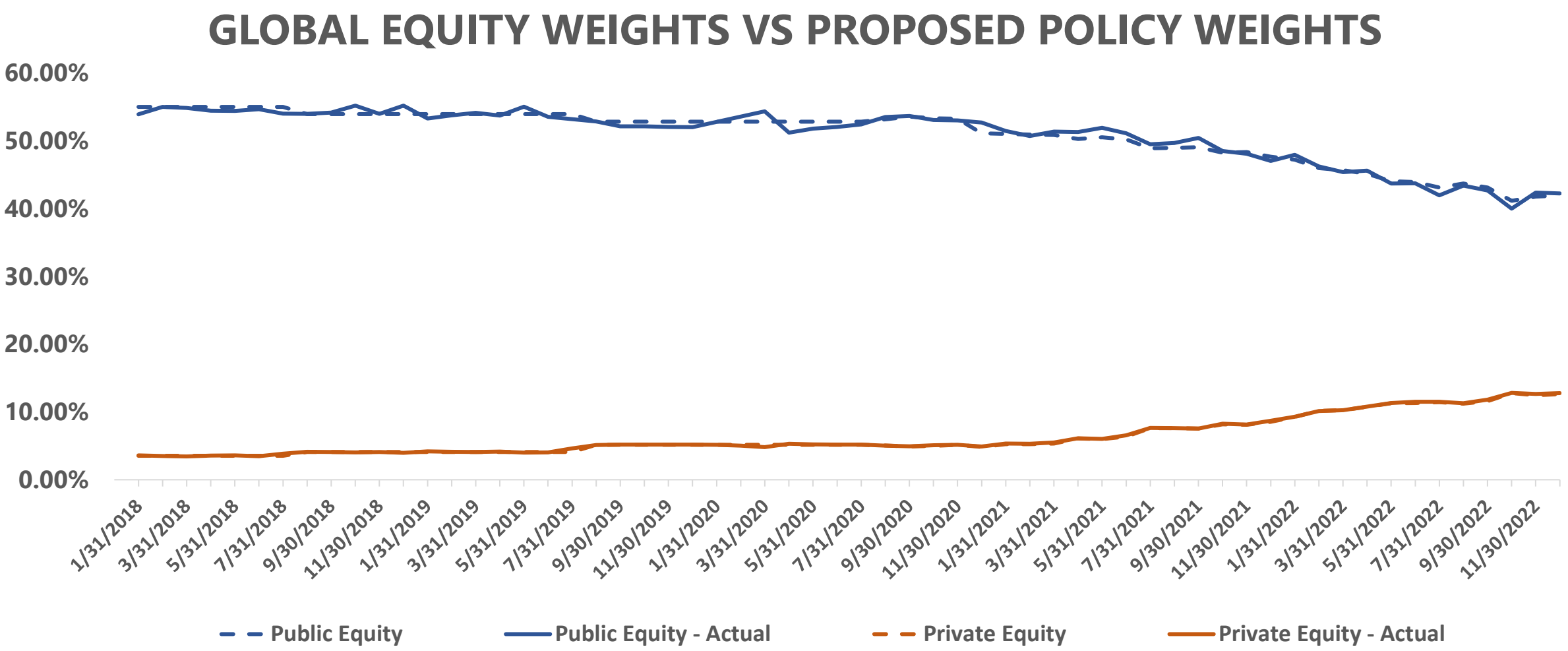
ASSET CLASS	PORTFOLIO WEIGHT	BENCHMARK WEIGHT	DIFFERENCE
PUBLIC EQUITIES	60%	45%	15%
PRIVATE EQUITY	5%	10%	-5%
FIXED INCOME	25%	26%	-1%
REAL ASSETS	9%	18%	-9%
CASH	1%	1%	0%
TOTAL	100%	100%	

REBALANCE

ASSET CLASS	PORTFOLIO WEIGHT	BENCHMARK WEIGHT	DIFFERENCE
PUBLIC EQUITIES	34.5%	34.5%	0%
PRIVATE EQUITY	15%	15%	0%
FIXED INCOME	20.5%	20.5%	0%
REAL ASSETS	29%	29%	0%
CASH	1%	1%	0%
TOTAL	100%	100%	

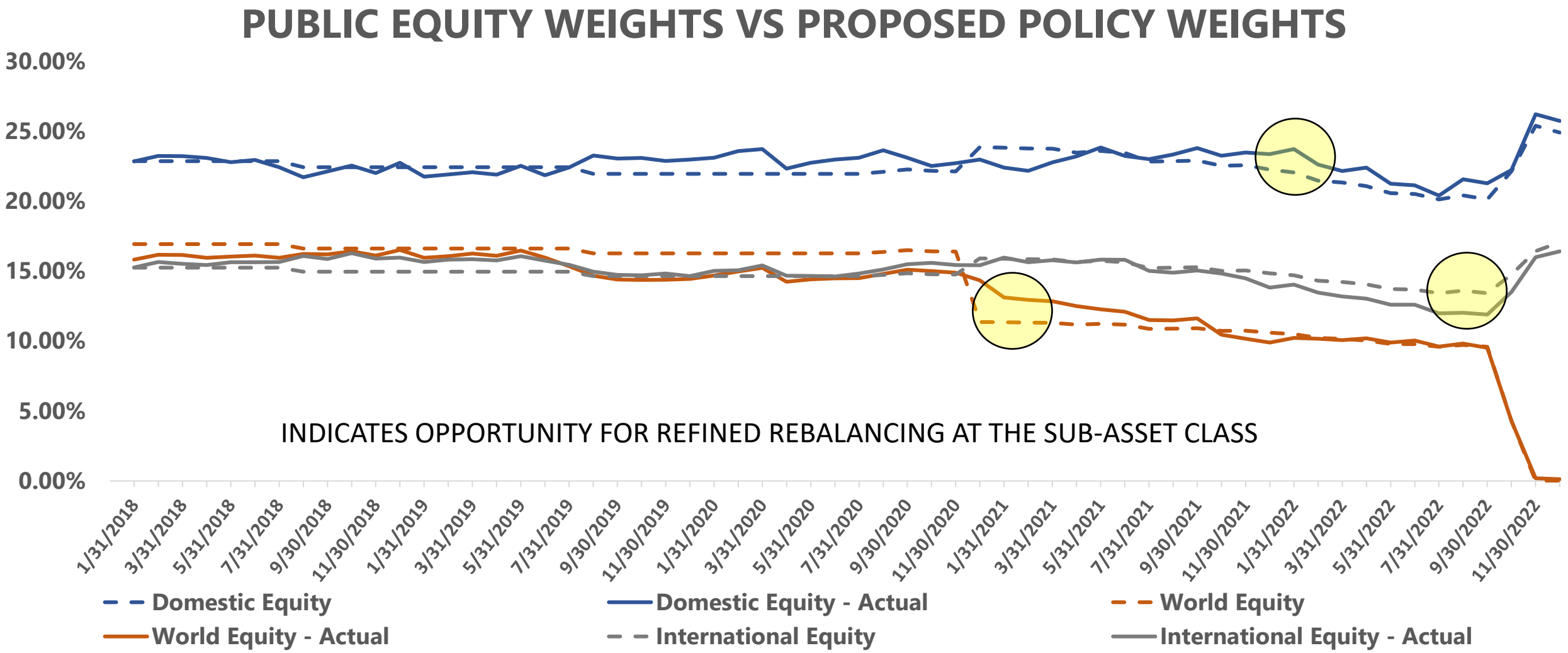
ASSET CLASS	PORTFOLIO WEIGHT	BENCHMARK WEIGHT	DIFFERENCE
PUBLIC EQUITIES	54.5%	54.5%	0%
PRIVATE EQUITY	5%	5%	0%
FIXED INCOME	30.5%	30.5%	0%
REAL ASSETS	9%	9%	0%
CASH	1%	1%	0%
TOTAL	100%	100%	

GLOBAL EQUITY PORTFOLIO VERSUS POLICY WEIGHTS



PUBLIC EQUITY PORTFOLIO VERSUS PROPOSED POLICY WEIGHTS

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RECOMMENDATION

- Change to portfolio weight equal to a benchmark weight where private equity rebalances thru public equity and real asset rebalance thru half fixed income and half equity
- Restate the 2022 fiscal year based on this performance method, also keep a performance measurement using the old system for comparison
- When a benchmark consultant is hired, also choose an appropriate benchmark for the private markets rather than benchmark it against its own performance

MOTION:

Change benchmark target weight methodology to one where benchmark target weights are adjusted monthly to reflect the actual exposure to private markets with offsetting adjustments made to public equities and public fixed Income.

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MEMORANDUM

TO: **State Investment Board**
FROM: **Ryan K. Skor, CFO/COO**
DATE: **April 19th, 2023**
RE: **Executive Review and Compensation Committee Update**

The Executive Review and Compensation Committee met Wednesday, April 19th, 2023. The meeting was called to order and there was an acceptance of the agenda followed by an acceptance of the minutes from the March 15th, 2023, meeting.

The committee received and reviewed survey results compiled by staff to assist in its preparation of the Executive Director's performance evaluation. The surveys reviewed were from the SIB and staff for the Executive Director performance evaluation and additional surveys to the SIB members for the CIO and to TFFR members for the DED/CRO.

The committee also received and reviewed additional information from the staff related to compensation. Data received was related to budgetary availability within RIO as well as comparable compensation information from both in-state governmental agencies and out-of-state agencies of similar asset size.

On May 16th, 2023, the committee will meet to finalize the performance evaluation of the Executive Director and make compensation recommendations. Both the evaluation and compensation recommendations will be presented to the full SIB for review and acceptance during the May 19th, 2023, SIB meeting.

https://www.rio.nd.gov/sites/www/files/documents/PDFs/SIB%20ERC/Board/Materials/sibercmat20230419.pdf

BOARD ACTION REQUESTED: Information Only.

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MEMORANDUM

TO: **SIB**
FROM: **Jan Murtha, Executive Director**
DATE: **April 26, 2023**
RE: **Governance & Policy Review Committee**

I. Summary of Actions

The SIB Governance & Policy Review Committee (GPR Committee) met on Wednesday April 26, 2023 and received the following information:

- Legislative & Strategic Plan Update
- New Board member proposed curriculum

The Committee took the following actions:

- Discussed process for nominating experts to Governor's Office for appointment in relation to H.B. 1088
- Continue discussion regarding changes to the SIB member onboarding process.
- Additional information may be found at: SIBGPRApril2023.pdf

II. H.B. 1088

H.B. 1088 has not yet passed both chambers as of the date of this memorandum. In the event that it becomes law, two new experts in institutional investing may be appointed to the SIB by the Governor. The committee provided guidance to staff regarding developing a process for nominating individuals for appointment to the SIB contingent on the passage of H.B. 1088.

III. SIB Member Onboarding Process

The committee reviewed and discussed a proposed curriculum outline for new board members. The committee provided guidance regarding additional topics to incorporate in the onboarding process and had further discussion regarding parameters for timing and mechanism of presentation. Staff will continue to develop outline for onboarding curriculum based on feedback from committee.

BOARD ACTION REQUESTED: Information only.

SIB & TFFR Board/Committee Calendar 2023-24

July 2023
July 12, 2023 – SIB ERCC @ 10:00 AM
July 13, 2023 – SIB GPR @ 10:00 AM
July 14, 2023 – Investment Comm @ 9:00 AM
July 20, 2023 – TFFR @ 1:00 PM
July 21, 2023 – SIB @ 8:30 AM

August 2023
August 10, 2023 – TFFR GPR @ 10:00 AM
August 11, 2023 – Investment Comm @ 9:00 AM
August 11, 2023 – SIB GPR @ 2:00 PM
August 22, 2023 – SIB Audit Committee @ 2:30 PM
August 25, 2023 – SIB @ 8:30 AM

September 2023
September 8, 2023 – Investment Comm @ 9:00 AM
September 12, 2023 – SIB Securities @ 10:00 AM
September 14, 2023 – SIB GPR @ 10:00 AM
September 21, 2023 – TFFR @ 1:00 PM
September 22, 2023 – SIB @ 8:30 AM
September 28, 2023 – SIB ERCC @ 10:00 AM

October 2023
October 12, 2023 – SIB GPR @ 10:00 AM
October 13, 2023 – Investment Comm @ 9:00 AM
October 27, 2023 – SIB @ 8:30 AM

November 2023
November 2, 2023 – SIB ERCC @ 10:00 AM
November 7, 2023 – TFFR GPR @ 3:30 PM
November 8, 2023 – SIB GPR @ 10:00 AM
November 9, 2023 – Investment Comm @ 9:00 AM
November 14, 2023 – SIB Audit Committee @ 2:30 PM
November 16, 2023 – TFFR @ 1:00 PM
November 17, 2023 – SIB @ 8:30 AM

December 2023
December 5, 2023 – SIB Securities @ 10:00 AM
December 8, 2023 – Investment Comm @ 9:00 AM
December 15, 2023 – SIB @ 8:30 AM (tentative)

January 2024
January 9, 2024 – SIB ERCC @ 10:00 AM
January 11, 2024 – Investment Comm @ 9:00 AM
January 18, 2024 – SIB GPR @ 10:00 AM
January 25, 2024 – TFFR @ 1:00 PM
January 26, 2024 – SIB @ 8:30 AM

February 2024
February 6, 2024 – TFFR GPR @ 3:30 PM
February 7, 2024 – SIB ERCC @ 10:00 AM
February 9, 2024 – Investment Comm @ 9:00 AM
February 15, 2024 – SIB Audit Committee @ 2:30 PM
February 23, 2024 – SIB @ 8:30 AM

March 2024
March 8, 2024 – Investment Comm @ 9:00 AM
March 12, 2024 – SIB Securities @ 10:00 AM
March 13, 2024 – SIB ERCC @ 10:00 AM
March 14, 2024 – SIB GPR @ 10:00 AM
March 21, 2024 – TFFR @ 1:00 PM
March 22, 2024 – SIB @ 8:30 AM

April 2024
April 12, 2024 – Investment Comm @ 9:00 AM
April 16, 2024 – SIB ERCC @ 10:00 AM
April 18, 2024 – SIB GPR @ 10:00 AM
April 25, 2024 – TFFR @ 1:00 PM
April 26, 2024 – SIB @ 8:30 AM

May 2024
May 1, 2024 – TFFR GPR @ 3:30 PM
May 7, 2024 – SIB ERCC @ 10:00 AM
May 8, 2024 – SIB GPR @ 10:00 AM
May 9, 2024 – SIB Audit Committee @ 2:30 PM
May 10, 2024 – Investment Comm @ 9:00 AM
May 17, 2024 – SIB @ 8:30 AM

June 2024
June 11, 2024 – SIB Securities @ 10:00 AM
June 13, 2024 – TFFR Board Retreat @ 1:00 PM
June 14, 2024 – Investment Comm @ 9:00 AM

Quarterly Report on Ends
Quarter ending March 31, 2023

Investment Program

Quarter Highlights

During the quarter, the Investment Team welcomed two new staff members: Chief Risk Officer, Nitin Vaidya and Senior Investment Officer, Lance Ziettlow. With the addition of these two investment professionals the Investment Team is now fully staffed.

Staff completed a $2.7bn fixed income portfolio transition which harmonized the investment grade fixed income strategies into a single implementation across the three pools. Completion of the fixed income transition sets up the team to start working on phase 2.0 of the fixed income implementation. Fixed income 2.0 will focus on optimizing the existing fixed income portfolio to maximize active return for a prudent level of risk. Staff continues to work on phase 2.0 of the equity implementation.

The Private Markets Team initiated a request for proposal for a portfolio monitoring and analytics system to better understand the cash flows, holdings, and investment pacing of the SIB's private markets investment strategies.

Portfolio Changes & Investment Consultant

During the quarter, there were no notable changes to the portfolio aside from the previously mentioned fixed income transition.

Other

- Staff continues to conduct preliminary due diligence on prospect managers/products for future consideration.
- Staff continues to monitor each client's asset allocation monthly and makes rebalancing decisions based on rebalancing policy and cash flow requirements.
- Staff attended meetings with many SIB client boards, sub-committees and/or legislative committees or representatives including TFFR, PERS, and WSI.
- There are currently no managers on the watch list.

NDRIO Investment Due Diligence
Quarterly Monitoring Report

Jan-01-2023 to Mar-31-2023

Date	Firm	Reason For Call	Location	RIO Attendees
1/5/2023	Pioneer Capital Fund	Randy Schneider-Intro	Bismarck	Scott Anderson,Matt Posch
1/5/2023	Solovis	Demo	Call	George Moss
1/6/2023	I Squared Capital	Introduction & Update	Call	George Moss
1/12/2023	Goldman Sachs	Introduction w/ Scott Konicki	Call	Eric Chin,Matt Posch,Derek Dukart
1/17/2023	Manulife	Update	Call	Eric Chin,Matt Posch,Derek Dukart
1/18/2023	The Rohatyn Group	Introduction & Update	Call	George Moss
1/18/2023	Sixth Street	Introduction & Update	Call	George Moss
1/19/2023	MatlinPatterson / Simpson Thacher & Bartlett	Litigation update	Call	George Moss
1/19/2023	GCM Grosvenor	LP Advisory Committee	Call	George Moss
1/24/2023	BlackRock	Annual Review	Bismarck	Eric Chin,Matt Posch,George Moss,Derek Dukart,Jason Yu
1/25/2023	Adams Street	Annual Review	Bismarck	Anderson,George Moss,Derek Dukart,Jason Yu
1/26/2023	JP Morgan	Equity Portfolio Construction	Call	Eric Chin,Matt Posch,Derek Dukart
2/8/2023	Macquarie	Macquarie Update	NYC	Eric Chin
2/14/2023	50 South	Firm Update	Bismarck	All Investment Staff
2/15/2023	Morgan Stanley Investment Management	Equity Portfolio Construction	Call	Matt Posch,Derek Dukart,Eric Chin

2/16/2023	Sixth Street	Annual Review	Call	All Investment Staff
2/21/2023	Riverbridge	Annual Review	Call	All Investment Staff
2/23/2023	Eurasia Group	Introduction	Call	All Investment Staff
2/24/2023	ETG	Prospect Meeting	NYC	Eric Chin
2/24/2023	William Blair	Annual Review	Call	All Investment Staff
2/27/2023	JPM	Update	NYC	Eric Chin
2/28/2023	Blackrock	Update	NYC	Eric Chin
3/2/2023	Macquarie	Review	NYC	Eric Chin
3/3/2023	LA Capital	Annual Review	Bismarck	All Investment Staff
3/9/2023	Morgan Stanley Investment Management	Equity Portfolio Construction	Call	Derek Dukart,Matt Posch,Eric Chin
3/10/2023	Lyrical	Prospect Meeting	NYC	Eric Chin
3/13/2023	Teneo	Introduction	Call	All Investment Staff
3/14/2023	Blackrock	Equity Portfolio Construction	Call	Matt Posch,Derek Dukart,Eric Chin
3/14/2023	PRS	Introduction	Call	All Investment Staff
3/15/2023	Manulife	Securitized Review	Call	Matt Posch,Eric Chin,Derek Dukart
3/20/2023	Northern Trust	Update	NYC	Eric Chin
3/21/2023	Macquarie	Annual Review	Call	Lance Ziettlow,George Moss
3/21/2023	TRG	Annual Review	Bismarck	Lance Ziettlow,George Moss,Scott Anderson,Matt Posch
3/22/2023	BCA Research	Matt Gerkin	Call	All Investment Staff

3/23/2023	GeoQuant	Introduction	Call	All Investment Staff
3/24/2023	PGIM	Securitized Review	Call	All Investment Staff
3/28/2023	BCA Research	Education	Call	All Investment Staff
3/29/2023	PIMCO	Securitized Review	Call	All Investment Staff
3/30/2023	Epoch	Firm Update	Call	Derek Dukart,Matt Posch
3/30/2023	Axiom	Performance Update	Call	Eric Chin,Matt Posch,Derek Dukart
3/31/2023	eVestment/TopQ+	Education	Call	Derek Dukart,Lance Ziettlow,George Moss

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MEMORANDUM

TO: **State Investment Board**
FROM: **Ryan K. Skor, CFO/COO**
DATE: **April 28th, 2023**
RE: **Budget/Financial Conditions**

Enclosed are the following quarterly budget and expense reports for the quarter ended March 31, 2023:

- Budget Appropriation Status Report
- Expenditure Summary Report
- PAS Modernization Project Status Report
- Investment Expenditure Detail

BOARD ACTION REQUESTED: Board Acceptance.

BUDGET APPROPRIATION STATUS

AS OF MARCH 31, 2023

	2021-2023 BUDGET		ADJUSTED APPROPRIATION	EXPENDITURES BIENNIUM TO DATE ACTUAL	BUDGET AVAILABLE	% BUDGET AVAILABLE	% OF BIENNIUM REMAINING
SALARIES AND BENEFITS	$ 5,103,977.00	*	$ 6,846,360.40	$ 4,767,184.66	$ 2,079,175.74	30.37%	12.50%
OPERATING EXPENDITURES	3,567,403.00	*	3,642,403.00	1,662,787.18	1,979,615.82	54.35%	12.50%
CAPITAL ASSETS	6,300,000.00		6,300,000.00	1,788,841.50	4,511,158.50	71.61%	12.50%
CONTINGENCY	100,000.00		100,000.00	85,831.81	14,168.19	14.17%	12.50%
TOTAL	$ 15,071,380.00		$ 16,888,763.40	$ 8,304,645.15	8,584,118.25	50.83%	12.50%

* In addition to the Capital Assets line, the salaries and benefit line includes $50,000 and the operating expenditure budget includes $2,318,875 for the TFFR Pension Administration System Project.

The adjusted appropriation includes additional amounts appropriated during the Special Legislative Session in November 2021.

EXPENDITURE REPORT

AS OF AND FOR THE QUARTER ENDED MARCH 31, 2023

	INVESTMENT	RETIREMENT	QUARTERLY TOTALS	FISCAL YEAR TO - DATE	BIENNIUM TO - DATE
CONTINUING APPROPRIATIONS					
INVESTMENT EXPENDITURES	$ 14,975,977	$ 0	$ 14,975,977	$ 33,364,976	$ 137,500,012
MEMBER CLAIMS					
1. ANNUITY PAYMENTS	0	63,351,202	63,351,202	190,598,325	435,303,420
2. REFUND PAYMENTS	0	1,053,972	1,053,972	6,045,087	13,187,447
TOTAL MEMBER CLAIMS	0	64,405,174	64,405,174	196,643,412	448,490,868
OTHER CONTINUING APPROPRIATIONS	39,962	235,897	275,859	529,303	1,376,652
TOTAL CONTINUING APPROPRIATIONS	15,015,939	64,641,071	79,657,009	230,537,691	558,726,198
BUDGETED EXPENDITURES					
1. SALARIES & BENEFITS					
SALARIES	438,343	229,784	668,127	1,755,194	3,463,329
OVERTIME/TEMPORARY	9,055	20,009	29,065	108,078	144,467
TERMINATION SALARY & BENEFITS	0	0	0	0	0
FRINGE BENEFITS	137,122	87,233	224,355	587,604	1,159,389
TOTAL SALARY & BENEFITS	584,520	337,026	921,546	2,450,877	4,767,185
2. OPERATING EXPENDITURES					
DATA PROCESSING	10,634	81,441	92,076	248,896	585,926
TELECOMMUNICATIONS - ISD	1,680	1,470	3,150	7,924	17,623
TRAVEL	557	0	557	14,873	53,407
IT - SOFTWARE/SUPPLIES	0	0	0	143	185
POSTAGE SERVICES	569	12,201	12,770	19,011	44,797
IT - CONTRACTUAL SERVICES	214	75,208	75,421	207,094	283,655
EQUIPMENT RENTS AND LEASES	0	0	0	5,183	5,183
BUILDING/LAND RENT & LEASES	12,125	13,129	25,254	65,251	174,522
DUES & PROF. DEVELOPMENT	2,686	5,228	7,914	15,778	36,486
OPERATING FEES & SERVICES	587	707	1,294	2,919	43,741
REPAIR SERVICE	127	103	230	230	884
PROFESSIONAL SERVICES	0	42,570	42,570	162,576	386,251
INSURANCE	0	0	0	1,240	2,432
OFFICE SUPPLIES	78	63	141	342	2,357
PRINTING	374	5,749	6,123	6,885	14,540
PROFESSIONAL SUPPLIES & MATERIALS	0	828	828	1,522	3,149
MISCELLANEOUS SUPPLIES	441	63	504	726	2,116
IT EQUIPMENT UNDER $5000	0	0	0	565	805
OFFICE EQUIP. & FURNITURE UNDER $5000	2,147	1,074	3,221	4,331	4,730
TOTAL OPERATING EXPENDITURES	32,219	239,833	272,052	765,489	1,662,787
3. CAPITAL ASSETS	0	354,353	354,353	853,929	1,788,842
4. CONTINGENCY	0	0	0	5,187	85,832
TOTAL BUDGETED EXPENDITURES	616,739	931,211	1,547,950	4,075,482	8,304,645
TOTAL EXPENDITURES	$ 15,592,716	$ 65,336,385	$ 81,204,959	$ 234,613,173	$ 567,030,844

EXPENDITURE REPORT

AS OF AND FOR THE QUARTER ENDED MARCH 31, 2023

PAS PROJECT - UNEXPENDED PORTION CARRIED FORWARD TO 2021-23 BIENNIUM

	2019-2021 Biennium Approved Budget	2019-2021 Biennium Actual	Carryover to 2021-2023 Biennium	2021-2023 Biennium Actual *	Total PAS Project to Date
TEMPORARY SALARIES	50,000	0	50,000	0	0
IT - DATA PROCESSING (NDIT PROJECT MGMT)	775,000	34,025	740,975	104,197	138,223
PROFESSIONAL SERVICES	1,875,000	297,099	1,577,901	591,227	888,326
CAPITAL ASSETS	6,300,000	0	6,300,000	1,788,842	1,788,842
TOTAL PAS PROJECT BUDGET	**9,000,000**	**331,125**	**8,668,875**	**2,484,266**	**2,815,390**

* The amounts in the 2021-2023 actual column are included in the totals on the Expenditure Report on the previous page.

INVESTMENT EXPENDITURE DETAIL

INVESTMENT EXPENSES FOR YEAR ENDED JUNE 30, 2023

	9/30/2022 Quarter	12/31/2022 Quarter	Fiscal Year to Date Totals	Prior Fiscal Year FY2022
Investment Manager Fees				
Pension Investment Pool	$ 8,217,067	$ 4,915,883	$ 13,132,950	51,208,583
Insurance Investment Pool	1,392,875	1,016,563	2,409,437	7,177,871
Legacy Fund	8,905,579	7,331,658	16,237,237	42,407,348
PERS Retiree Health Credit Fund / Job Service ND Pension Fund	258,206	253,606	511,812	1,173,542
Total Investment Manager Fees	**$ 18,773,727**	**$ 13,517,710**	**$ 32,291,437**	**101,967,343**
Investment Custodian Fees				
Pension Investment Pool	$ 153,688	$ 151,513	$ 305,201	622,476
Insurance Investment Pool	64,496	64,376	128,872	285,792
Legacy Fund	151,518	153,982	305,499	669,033
PERS Retiree Health Credit Fund / Job Service ND Pension Fund	5,298	5,129	10,428	20,483
Total Investment Custodian Fees	**$ 375,000**	**$ 375,000**	**$ 750,000**	**1,597,784**
Investment Consultant Fees				
Pension Investment Pool	$ 82,148	$ 53,617	$ 135,764	250,823
Insurance Investment Pool	29,630	18,458	48,088	85,191
Legacy Fund	85,057	54,630	139,686	233,894
Total Investment Consultant Fees	**$ 196,834**	**$ 126,704**	**$ 323,539**	**569,908**
Total Investment Expenses	**$ 19,345,561**	**$ 14,019,415**	**$ 33,364,976**	**104,135,036**

NORTH Dakota | Retirement and Investment
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MEMORANDUM

TO: **SIB**
FROM: **Jan Murtha, Executive Director**
DATE: **April 21, 2023**
RE: **Executive Limitations/Staff Relations**

Ms. Murtha will provide a verbal update at the meeting on staff relations and strategic planning. Including updates on the following topics:

1. **Retirements/Resignations/FTE's/Temporary Assistance**:

Employee Title	Status
Investment Accountant	Offer accepted. Anticipated start date May 2023.
Legal Intern - Summer	Offer accepted. Anticipated start date May 2023.
Accounting Intern – 23/24 school year	Interviews Scheduled.

2. **Current Project Activities/Initiatives:**

- **TFFR Pioneer Project** – The TFFR Pioneer Project continues with implementation consistent with the project plan. Currently the project is in an elaboration phase involving review of system components. The amount of time spent on the project by various staff members currently varies from 5 to 25 hours or more per week.
- **TFFR Actuary RFP** – An RFP for actuarial consulting services for the TFFR program has been issued. Finalists will present to the TFFR Board in April.
- **Legacy Fund Asset Allocation Study –** RVK continues its work on the Legacy Fund Asset Allocation Study. It is anticipated that RVK will present to the Advisory Board in Q2 2023 to review recommendations for updates to the Legacy Fund asset allocation and discuss a pacing schedule. Legislation relating to the asset allocation of the Legacy Fund is being monitored by staff. RVK has offered neutral testimony for SB 2330 and has provided an impact analysis relating to subsequent amendments of the bill. They provided additional assistance to staff at the request of the legislature relating to an impact analysis relating to HCR 3033.
- **Northern Trust Initiative** – In an effort to enhance the infrastructure for the investment program the Investment and Fiscal teams are leading an initiative to coordinate with Northern Trust for additional functionality/capabilities.
- **Audit Consultant Report:** Weaver Consulting will present its final report and recommendations to the SIB Audit Committee in May. The report includes identification of Internal Audit's current business state, desired future business state, and intermediate steps to achieve the desired future state. RIO staff recognized that development of additional internal audit business practices to support program evolution consistent with the agencies strategic plan is needed.

3. **Board & Committee Presentations March 24, 2023 through April 28, 2023**

   Staff provided or is scheduled to provide the following presentations to Boards and Committees during the above referenced time period:

   - **Information or testimony for continued committee work as discussed in the Legislative Update agenda item.**
   - **SIB Securities Litigation Committee – 4/10//23**
   - **SIB Executive Review and Compensation Committee – 4/19/23**
   - **SIB Investment Committee – 4/21/23**
   - **SIB GPR Committee – 4/26/23**
   - **TFFR Board – 4/27/23**
   - **SIB meeting – 4/28/23**

BOARD ACTION REQUESTED: Board Acceptance.

ND State Investment Board Resolution
In Appreciation of
Commissioner Jon Godfread

WHEREAS, Commissioner Godfread has served as the Insurance Commissioner and a member of the State Investment Board since 2016; and

WHEREAS, Commissioner Godfread has diligently carried out his duties and responsibilities as a member of the SIB and fiduciary of the SIB Program; and

WHEREAS, Commissioner Godfread has been a valued and dedicated member of the SIB in helping maintain the integrity and stability of the SIB Program.

NOW THEREFORE, BE IT RESOLVED that Commissioner Godfread be duly recognized by the SIB for his years of unselfish dedication to the State of North Dakota through his service on the State Investment Board.

DATED this 28th day of April 2023

On Behalf of the SIB

_____

Lt. Governor Tammy Miller, Chair

_____

Votes

_____

Date