

**State Investment Board Meeting – Monday, April 27, 2026, 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. Roll Call & Conflict of Interest Disclosure
  
- II. ACCEPTANCE OF MINUTES (March 20, 2026) (*Board Action*)**
  
- III. INVESTMENTS (30 minutes)**
  - A. Quarterly Performance Update (*Board Action*) – Mr. Anderson
  
- IV. GOVERNANCE (90 minutes)**
  - A. Governance & Policy Review Committee Update (*Information*) – Dr. Lech, Ms. Smith
  - B. Investment Committee Update (*Information*) – Treasurer Beadle, Mr. Anderson
    1. Legacy Fund IPS (*Board Action*) – Mr. Chin
  - C. Executive Review & Compensation Committee Update (*Board Action*) – Dr. Lech
  - D. Board Governance Consultant (*Board Action*) – Ms. Smith
  - E. Legacy Fund Website Procurement Update<sup>1</sup> (*Board Action*) – Ms. Smith
  - F. Performance Measurement Consultant Recommendation<sup>2</sup> (*Board Action*) – Mr. Otteson

(Break)

- V. QUARTERLY MONITORING REPORTS (30 minutes) (*Board Action*)**
  - A. Investment Ends Report – Mr. Posch
  - B. Budget Update – Mr. Otteson
  - C. Outreach Report – Ms. Mudder
  - D. Executive Limitations/Staff Relations – Ms. Smith
  
- VI. OTHER**
  - A. Next Meetings:
    - SIB ERCC – May 7, 2026, at 10:00 a.m.
    - Investment Committee – May 8, 2026, at 9:00 a.m.
    - SIB Audit Committee – June 3, 2026, at 2:30 p.m.
    - State Investment Board – June 23, 2026, at 1:00 p.m.

## **VII. ADJOURNMENT**

<sup>1</sup> Executive Session pursuant to N.D.C.C. 44-04-19.2 and 44-04-18.4(6)(b) and 54-44.4-10(2) to discuss exempt proposal procurement information during a competitive bidding process.

<sup>2</sup> Executive Session pursuant to N.D.C.C. 44-04-19.2 and 44-04-18.4(6)(b) and 54-44.4-10(2) to discuss exempt proposal procurement information during a competitive bidding process.

# **NORTH DAKOTA STATE INVESTMENT BOARD**

## **MINUTES OF THE MARCH 20, 2026, BOARD MEETING**

### **MEMBERS PRESENT**

Kelly Armstrong, Governor, Chair  
Dr. Rob Lech, TFFR Board, Vice Chair  
Thomas Beadle, State Treasurer, Parliamentarian  
Rep. Glenn Bosch, LBSFAB  
Gerald Buck, PERS Board  
Joe Heringer, Commissioner Univ. & School Lands  
Pete Jahner, Investment Professional  
Sen. Jerry Klein, LBSFAB  
Cody Mickelson, TFFR Board  
Adam Miller, PERS Board  
Joe Morrissette, Director of OMB  
Dr. Prodosh Simlai, Investment Professional  
Art Thompson, Director of WSI

### **GUESTS**

Rick Funston, Funston Advisory  
Marc Gesell, Verus  
Eileen Neill, Verus  
Evan Norton, Funston Advisory  
Kirsten Tuntland, Assistant Attorney General  
Members of the Public

### **STAFF PRESENT**

Scott M. Anderson, CIO  
Eric Chin, Deputy CIO  
Jac Collins, Sr. Investment Analyst  
Cory Cox, Investment Analyst  
Derek Dukart, Sr. Investment Analyst  
Jennifer Ferderer, Fiscal/Investment Admin  
Tim Forsythe, Deputy CFOO  
Chirag Gandhi, Portfolio Mgr.  
Deneen Gathman, Retirement Accountant  
Ross Hambrick, Portfolio Mgr.  
Erik Jodock, Investment Analyst  
Missy Kopp, Executive Assistant  
Robbie Morey, Investment Operations Analyst  
George Moss, Portfolio Mgr.  
Sarah Mudder, Communications/Outreach Dir.  
Chuck Napp, Sr. Investment Operations Manager  
Adam Otteson, CFOO  
Daphne Pfeieger, Investment Accountant  
Emmalee Riegler, Procurement/Records Coord.  
Sara Seiler, Supervisor of Internal Audit  
Jodi Smith, Executive Director  
Dottie Thorsen, Internal Auditor  
Susan Walcker, Sr. Financial Manager  
Alex Weissman, Investment Analyst  
Lance Zietlow, Portfolio Mgr.

### **CALL TO ORDER**

Dr. Rob Lech, Vice Chair, called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Friday, March 20, 2026. The meeting was held in the WSI Boardroom, 1600 E Century Ave., Bismarck, ND.

**The following members were present representing a quorum: Commissioner Heringer, Treasurer Beadle, Mr. Miller, Mr. Buck, Rep. Bosch, Mr. Thompson, Dr. Simlai, Mr. Mickelson, Sen. Klein, Dr. Lech, Mr. Morrissette, Mr. Jahner, and Gov. Armstrong**

### **AGENDA**

The Board considered the agenda for the March 20, 2026, SIB meeting.

**IT WAS MOVED BY SEN. KLEIN AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE MARCH 20, 2026, AGENDA AS PRESENTED.**

**AYES: COMMISSIONER HERINGER, TREASURER BEADLE, MR. MILLER, MR. BUCK, REP. BOSCH, MR. THOMPSON, DR. SIMLAI, MR. MICKELSON, SEN. KLEIN, DR. LECH, MR. MORRISSETTE, MR. JAHNER, AND GOV. ARMSTRONG**

**NAYS: NONE**

**MOTION CARRIED**

## **MINUTES**

The Board considered the minutes of the January 16, 2026, SIB meeting.

**IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY MR. THOMPSON AND CARRIED BY A VOICE VOTE TO APPROVE THE JANUARY 16, 2026, MINUTES AS DISTRIBUTED.**

**AYES: MR. MICKELSON, COMMISSIONER HERINGER, MR. MORRISSETTE, MR. THOMPSON, DR. SIMLAI, TREASURER BEADLE, MR. BUCK, DR. LECH, MR. JAHNER, SEN. KLEIN, REP. BOSCH, MR. MILLER, AND GOV. ARMSTRONG**

**NAYS: NONE**

**MOTION CARRIED**

## **INVESTMENTS**

### [Quarterly Performance Update](#)

Ms. Neill and Mr. Gesell, Verus, provided an update on investment performance for the quarter ending December 31, 2025. Mr. Gesell presented a summary of market conditions for the quarter. Ms. Neill reviewed the performance across portfolios, which remained strong and consistent with expectations. The Consolidated Pension Trust and Legacy Fund both maintained allocations closely aligned with policy targets and demonstrated consistent outperformance relative to benchmarks with low tracking error, reflecting disciplined risk management and effective implementation. Peer comparisons show the funds ranking in the top quartile or top third over multiple time horizons, indicating strong relative performance.

Returns were primarily driven by manager skill and active implementation rather than asset allocation, as portfolios closely tracked policy allocations. Most asset classes outperformed benchmarks, with real assets, remaining a modest drag. Overall, the funds continue to meet or exceed performance objectives, with strong long-term results, effective risk control, and no material concerns identified.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY REP. BOSCH AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE QUARTERLY PERFORMANCE UPDATE.**

**AYES: REP. BOSCH, SEN. KLEIN, COMMISSIONER HERINGER, DR. SIMLAI, MR. BUCK, MR. MORRISSETTE, MR. MICKELSON, MR. MILLER, TREASURER BEADLE, MR. JAHNER, MR. THOMPSON, DR. LECH, AND GOV. ARMSTRONG**

**NAYS: NONE**

**MOTION CARRIED**

## GOVERNANCE

### Governance & Policy Review (GPR) Committee Update

Dr. Lech provided an update from the GPR Committee meeting on March 10, 2026. The committee continued work on the comprehensive rewrite of the Governance Policy System (GPS). A full draft was provided to the board for review. The usual, red-lined comparison was not provided due to the extent of changes. Instead, a summary of substantive changes will be developed to allow board review.

The rewrite addresses key structural issues identified in the prior governance framework, including unclear delegation of authority, outdated language, and increasing operational risk driven by growth, staffing constraints, and legacy systems. The new GPS establishes a clearer governance structure grounded in statutory authority and fiduciary responsibilities, with improved organization around roles, delegation, decision-making, and oversight.

A central feature of the updated framework is the four-lines-of-accountability model, which clarifies responsibilities across the board, committees, executive leadership, internal audit, and external advisors. The rewrite also reinforces that committees primarily research, recommend, and oversee, while final decision-making authority remains with the board.

Key structural changes include the creation of a Budget & Finance Committee, elimination of the Securities Litigation Committee, and expansion of the Audit Committee into an Audit, Risk, and Compliance function. The new system also introduces a decision register and governance calendar to better align board actions with strategic priorities and improve meeting efficiency.

Overall, the transition moves the organization from a static governance manual to a dynamic, forward-looking governance system focused on decision-making, risk management, and performance oversight.

**IT WAS MOVED BY MR. MORRISSETTE AND SECONDED BY MR. THOMPSON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE INTRODUCTION AND FIRST READING OF THE GPS.**

**AYES: TREASURER BEADLE, MR. JAHNER, REP. BOSCH, MR. THOMPSON, COMMISSIONER HERINGER, MR. MORRISSETTE, DR. SIMLAI, DR. LECH, MR. MILLER, MR. BUCK, SEN. KLEIN, MR. MICKELSON, AND GOV. ARMSTRONG**

**NAYS: NONE**

**MOTION CARRIED**

### Investment Committee Update

Treasurer Beadle provided an update on the Investment Committee meetings held on February 13, 2026, and March 13, 2026. In February, the committee focused on private markets, reviewing portfolio construction across private equity, credit, and real assets, with an emphasis on disciplined manager selection, reducing fund-of-funds structures, lowering fees, and improving alignment with policy benchmarks and asset allocation targets. The committee also reviewed and recommended several updated investment policy statements (IPS). It includes primarily stylistic updates with minor allocation changes. The committee also received an update on the performance consultant RFP process, which is moving forward with strong interest from top-tier firms.

In March, the discussion shifted to public markets, including manager strategy, portfolio positioning, and future allocation priorities. The committee approved a new private market manager for contract negotiation, reviewed additional manager opportunities, and made adjustments to public manager guidelines. A new internally

managed long-duration credit strategy was also recommended to support pension fund needs, with implementation expected to be phased in thoughtfully to manage operational capacity. The committee approved additional IPS updates, committing approximately \$85 million to real estate funds. The committee also reviewed and approved an updated trade error policy and a new rebalancing error policy to strengthen controls and ensure clear procedures for handling any future discrepancies.

### Trade Error & Rebalancing Error Policies

Mr. Otteson reviewed updates to the trade error policy and the introduction of a new rebalancing error policy, following a minor incident earlier this year. In that case, funds intended to remain in cash were temporarily invested in short-term fixed income, resulting in a modest positive gain of approximately \$15,000.

After consultation with Weaver, it was determined that this type of issue is more appropriately classified as a rebalancing error, rather than a trade error. As a result, the trade error policy has been refined to explicitly exclude rebalancing-related issues, and procedural details have been streamlined with greater delegation to management.

A new rebalancing error policy has been established to address situations such as incorrect allocations between asset classes, delays in rebalancing, or deviations from target allocations due to operational or process issues.

Unlike the trade error policy, which includes specific thresholds, the rebalancing policy takes a more principles-based approach. Minor or infrequent deviations within approved ranges are handled at the investment committee level, while more significant, persistent, or out-of-range issues are escalated to the full board.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY REP. BOSCH AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE TRADE ERROR AND REBALANCING ERROR POLICIES WITH THE DISCUSSED CORRECTION.**

**AYES: MR. MORRISSETTE, MR. MILLER, SEN. KLEIN, MR. MICKELSON, DR. LECH, MR. JAHNER, MR. BUCK, MR. THOMPSON, DR. SIMLAI, COMMISSIONER HERINGER, TREASURER BEADLE, REP. BOSCH, AND GOV. ARMSTRONG**

**NAYS: NONE**

**MOTION CARRIED**

### Long Government Credit Benchmark

Ms. Neill, Verus, reviewed a benchmark recommendation related to new asset allocations for the Grand Forks and Grand Forks Park pension plans, which are in termination phase and experiencing significant cash outflows. As a result, their portfolios are shifting toward a long-duration fixed income strategy to better match liabilities and reduce risk.

To support this, staff is creating an internally managed long government credit portfolio. Verus recommended using the Bloomberg U.S. Long Government/Credit Bond Index as the benchmark, as it aligns with the portfolio's objectives, reflects the appropriate investment universe, and is widely used by institutional investors.

Overall, the benchmark is a strong fit and supports accurate performance measurement for this liability-focused strategy.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. BUCK AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE INTERNAL U.S. LONG GOVERNMENT/CREDIT PORTFOLIO BENCHMARK.**

**AYES: SEN. KLEIN, MR. BUCK, REP. BOSCH, COMMISSIONER HERINGER, DR. LECH, MR. MILLER, TREASURER BEADLE, DR. SIMLAI, MR. MICKELSON, MR. JAHNER, MR. THOMPSON, MR. MORRISSETTE, AND GOV. ARMSTRONG**

**NAYS: NONE**

**MOTION CARRIED**

### Investment Policy Statements

Mr. Chin reviewed seven updated investment policy statements (IPS) which are a part of the agency's ongoing effort to standardize policies and align asset allocations across clients.

Most updates focused on transitioning funds to the new IPS template, which includes clearer structure, updated restrictions, and added withdrawal language. For several funds, such as Job Service, Retiree Health, Group Insurance, and Arts Across the Prairie, no asset allocation changes were made.

For State Risk and the Cultural Endowment Fund, minor adjustments were included to simplify equity allocations to better reflect the investable universe and align with other client portfolios. All updated IPS documents were previously approved by their respective client boards, and final approval was requested from the State Investment Board.

**IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. JAHNER AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE UPDATED INVESTMENT POLICY STATEMENTS FOR JOB SERVICE, NDPERS RHIC, NDPERS GROUP INSURANCE, STATE RISK MANAGEMENT, STATE RISK MANAGEMENT WORKERS' COMPENSATION, ND CULTURAL ENDOWMENT, AND ARTS ACROSS THE PRAIRIE MAINTENANCE ENDOWMENT FUNDS.**

**AYES: DR. SIMLAI, REP. BOSCH, MR. BUCK, TREASURER BEADLE, COMMISSIONER HERINGER, SEN. KLEIN, MR. THOMPSON, DR. LECH, MR. JAHNER, MR. MORRISSETTE, MR. MICKELSON, MR. MILLER, AND GOV. ARMSTRONG**

**NAYS: NONE**

**MOTION CARRIED**

### Audit Committee Update

Treasurer Beadle provided an update from the March 3, 2026, Audit Committee meeting. The committee reviewed and discussed the updated committee charter which is part of the overall governance review process. The proposed changes include expanding the committee's role to include broader, enterprise-wide risk oversight.

The committee also reviewed second quarter internal audit activities and received updates on ongoing work, including the investment fee audit being conducted with Weaver, which is currently in progress and expected to conclude in the coming months.

Follow-up on prior audit findings, such as file maintenance and Model 2 review items, indicated that corrective actions are underway and on track for completion by fiscal year-end. Additional efforts include a review of user access controls within the pension administration system to ensure permissions are appropriately assigned and managed.

The new Internal Auditor position was filled, and the new staff member recently joined the agency.

## Securities Litigation Committee Update

Commissioner Heringer provided an update from the March 17, 2026, Securities Litigation Committee. No major developments were reported, with all ongoing cases progressing through the normal legal process. The committee also reviewed recent payouts from class action settlements.

As part of the broader governance changes, the Securities Litigation Committee is expected to be disbanded, with litigation updates transitioning to periodic reporting to the full board by staff.

## Strategic Plan Review

Ms. Smith provided an update on progress on the strategic plan which was presented to the Board in March 2025. Key priorities remain focused on operational innovation, succession and continuity planning, continuous improvement, and implementation of new statutory initiatives. Significant leadership transitions, including the Executive Director, Chief Financial Officer, and Chief Retirement Officer, have been successfully completed, though some operational initiatives such as transitioning to SharePoint have been delayed due to competing priorities.

Progress has been made to strengthen investment governance and compliance with new policies adopted and additional policies expected as part of the broader governance review. Succession planning is now in place for key roles, with an emphasis on maintaining updated job descriptions and recruitment readiness to improve responsiveness during transitions.

Operational improvements continue, including implementation of business process mapping, expanded use of AI tools to improve efficiency and documentation, and measurable progress in financial reporting timelines.

The agency is also advancing major initiatives, including the governance manual rewrite and procurement of a Legacy Fund transparency website, with contract finalization expected in the coming months and launch anticipated later this year.

## Executive Review & Compensation Committee (ERCC)

Dr. Lech provided an update from the ERCC meeting on March 11, 2026. The ERCC is in the process of gathering feedback for use in the Executive Director's (ED) performance evaluation. As part of that process, board members will receive a performance review survey, which will remain open for one week.

Members were reminded that completing the survey is an important board responsibility, as feedback is essential to developing the evaluation. While the numerical ratings are helpful, the narrative comments are especially important because they provide the context behind the scores.

## REPORTS

### Quarterly Audit Activities Report

Ms. Seiler provided the Audit Activities report for the quarter ending December 31, 2026. The agency completed the external investment oversight audit, its first co-sourced engagement with Weaver, which

included recommendations to strengthen investment policies and procedures. A tracking process will monitor progress on all audit recommendations.

The investment fee audit is in progress and expected to be completed in April, with results presented in May. External audit work by UHY resulted in a clean, unmodified opinion for FY2025 financial statements, and the GASB 68 audit was also completed without findings. The executive limitations audit is complete and will be reported in May.

The agency continues to update its risk-based audit plan, and prior fiscal advisory support has largely concluded. On the TFFR side, file maintenance and record retention reviews were completed, along with updates to manuals.

The audit team has also added a new internal auditor, expanding capacity, particularly in IT and cybersecurity, while future staffing needs will be evaluated through ongoing strategic planning.

## **ADJOURNMENT**

With no further business to come before the SIB, Dr. Lech adjourned the meeting at 10:28 a.m.

Prepared by: Missy Kopp, Assistant to the Board



# Investment Performance

# Performance Summary- February 28, 2026

## Legacy Fund

	FYTD %	YTD %	1 Yr %	3 Yr %	5 Yr %	10 Yr %	5 Yr Volatility %
Total Fund Return	12.6	4.1	18.9	13.8	7.8	8.9	9.1
Policy Benchmark Return	11.5	3.3	17.4	12.7	6.8	8.1	9.5
Total Relative Return	1.1	0.8	1.5	1.1	1.0	0.8	

## PERS

	FYTD %	YTD %	1 Yr %	3 Yr %	5 Yr %	10 Yr %	5 Yr Volatility %
Total Fund Return	10.7	3.6	16.8	12.2	8.2	9.5	9.3
Policy Benchmark Return	10.2	3.0	15.6	11.8	7.6	9.0	8.9
Total Relative Return	0.5	0.6	1.2	0.4	0.6	0.5	

# Performance Summary- February 28, 2026, Cont'd

## TFFR

	FYTD %	YTD %	1 Yr %	3 Yr %	5 Yr %	10 Yr %	5 Yr Volatility %
Total Fund Return	9.5	3.2	15.2	11.3	7.7	9.2	7.9
Policy Benchmark Return	9.1	2.7	14.2	10.8	7.1	8.7	8.3
Total Relative Return	0.4	0.5	1.0	0.5	0.6	0.5	

## WSI

	FYTD %	YTD %	1 Yr %	3 Yr %	5 Yr %	10 Yr %	5 Yr Volatility %
Total Fund Return	7.7	2.7	10.8	8.4	3.8	5.8	6.6
Policy Benchmark Return	7.0	2.4	9.8	7.4	3.2	4.6	6.5
Total Relative Return	0.7	0.3	1.0	1.0	0.6	1.2	

# Performance Benchmark Indices - February 28, 2026

Benchmark Indices (% change, annualized)	YTD	1 Yr	5 Yr	10 Yr	10 Yr Volatility
Russell 3000	1.3	30.7	11.1	14.2	18.4
Russell 1000	1.0	30.0	11.5	14.4	18.2
Russell 2000	7.9	45.5	5.1	10.5	23.4
S&P 500	0.9	30.0	12.3	14.6	18.1
MSCI ACWI IMI Net	3.4	34.3	9.7	11.7	14.4
MSCI World ex US	5.7	36.5	9.3	9.2	14.5
MSCI Emerging Markets	9.8	50.0	5.6	8.7	16.0
Bloomberg Aggregate	0.5	6.7	0.3	1.7	4.8
Bloomberg Gov/Credit	0.3	6.2	0.2	1.8	5.1
Bloomberg US High Yield	0.9	11.2	4.4	6.1	4.9
NCREIF Property Index (12/31/2025)	4.9	4.9	3.8	4.8	3.9

Source: Bloomberg

# Performance Benchmark Indices - April 14, 2026

Benchmark Indices (% change, annualized)	YTD	1 Yr	5 Yr	10 Yr	10 Yr Volatility
Russell 3000	1.6	15.3	13.6	15.1	18.4
Russell 1000	1.4	15.3	14.1	15.4	18.2
Russell 2000	5.4	15.8	6.2	11.2	23.4
S&P 500	1.5	16.3	15.0	15.6	18.0
MSCI ACWI IMI Net	3.3	22.1	11.5	12.5	14.4
MSCI World ex US	4.7	31.5	10.7	9.8	14.4
MSCI Emerging Markets	8.9	42.8	5.3	10.1	15.6
Bloomberg Aggregate	0.1	6.8	-0.2	1.9	4.8
Bloomberg Gov/Credit	0.0	6.3	-0.4	2.0	5.0
Bloomberg US High Yield	0.5	7.7	4.5	6.7	5.0
NCREIF Property Index (12/31/2025)	4.9	4.9	3.8	4.8	3.9

Source: Bloomberg

# Market Summary

## Interest Rates

Fed Funds: 3.5–3.75%

2Y: ~3.8%

10Y: ~4.3%

10Y Real: ~1.9%

➤ Curve re-steepening

## Equities

S&P 500 Fwd P/E: ~20.4x

2026 EPS growth: ~17.6%

Mag7 EPS growth: ~23.5%

S&P 493 growth: ~11.8%

➤ Earnings driving returns

## Private Markets

Private credit: ~\$2.2–2.5T

PE dry powder: ~\$2.0T

Deal activity improving

Real estate stabilizing

➤ Manager selection critical

## Inflation & Growth

CPI: ~3.3%

Core PCE: ~3.0%

GDP: ~0.5% (Q4)

2026 GDP est: ~2.4%

Unemployment: ~4.3%

➤ Slowing but not breaking

## Credit

IG spreads: ~82 bps

HY spreads: ~294 bps

Defaults contained

Income attractive

➤ Spread upside limited

## Geopolitics

Iran: Oil supply disruption risk

Venezuela: Potential oil supply recovery

Trade fragmentation → supply chains

Regional conflicts → commodity volatility

➤ Increased market uncertainty

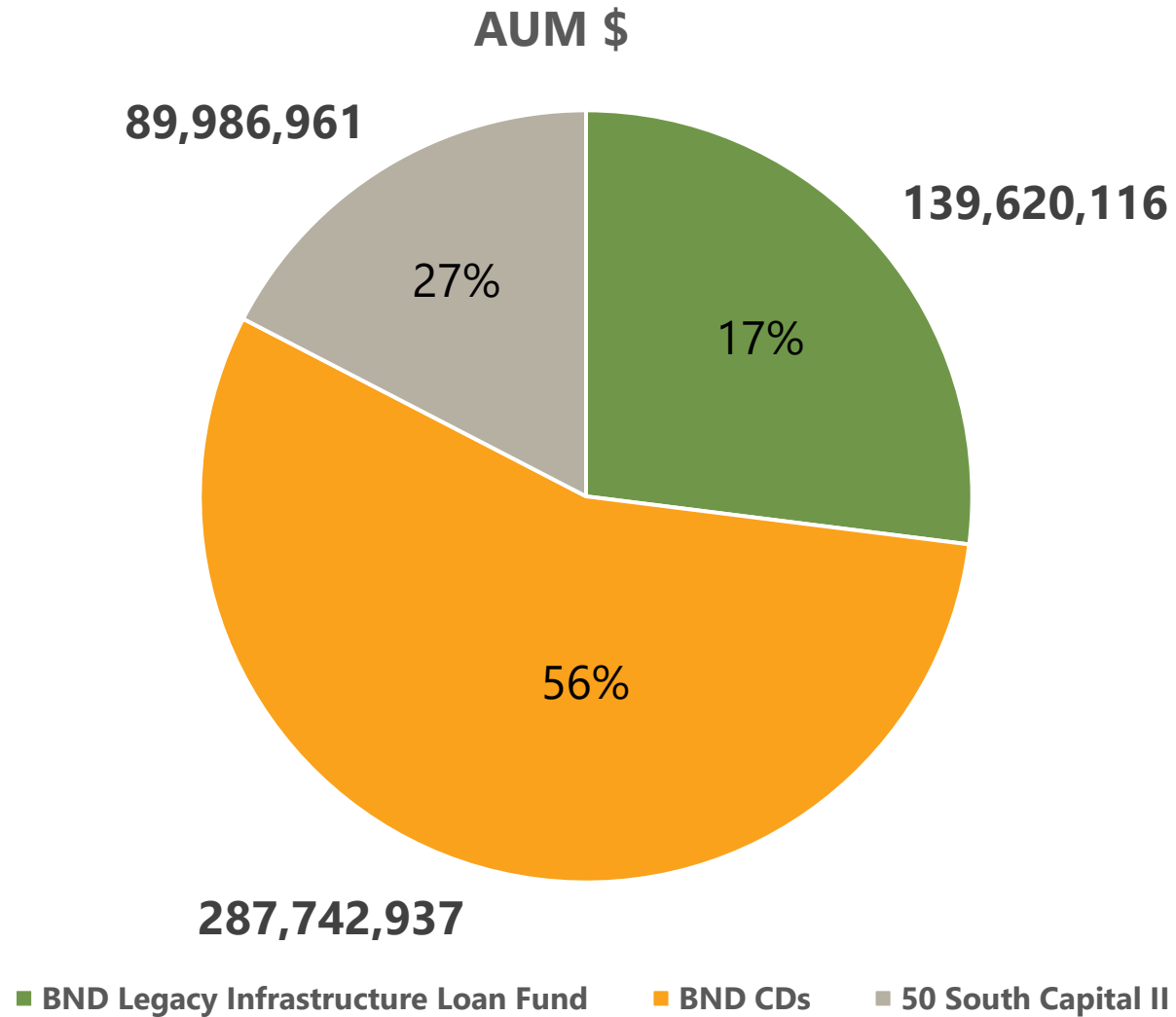
inflation persistence • structurally higher rates • geopolitical shocks • elevated valuations and concentration

# Legacy Fund Asset Allocation

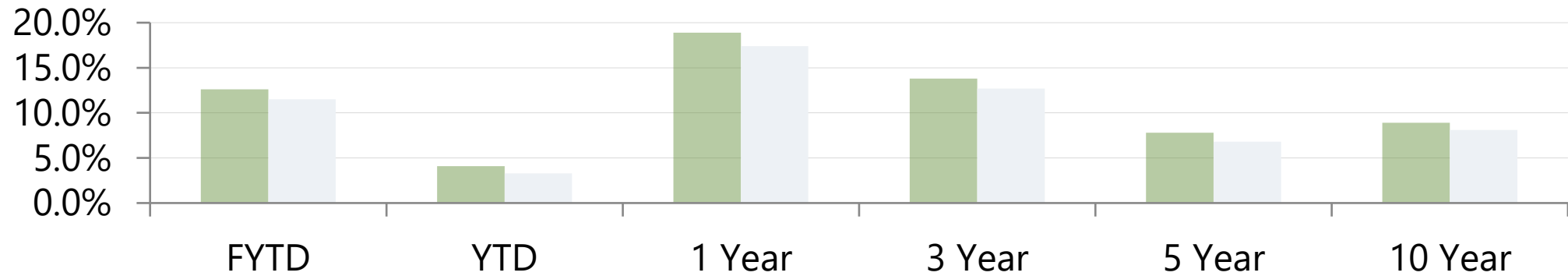
February 28, 2026

Asset Class	Current Balance (\$)	Current Allocation (%)	Policy Allocation (%)	Policy Allocation (\$)	Difference (\$)
Domestic Equity All Cap	723,982,628	5.1%	5.1%	724,497,715	-515,087
Domestic Equity Large Cap	3,781,980,400	26.5%	27.0%	3,855,240,594	-73,260,195
Domestic Equity Small Cap	188,485,981	1.3%	1.3%	183,548,929	4,937,052
International Equity	3,339,279,851	23.4%	23.1%	3,291,045,130	48,234,721
Global Fixed Income	4,340,641,558	30.4%	31.6%	4,511,709,685	-171,068,127
Real Estate	450,183,468	3.2%	3.2%	450,671,807	488,339
Private Equity	76,219,914	0.5%	0.5%	75,587,360	632,554
In-State Investments	517,350,014	3.6%	3.6%	517,702,107	-352,093
Diversified Real Assets	651,589,566	4.6%	4.6%	651,762,708	-173,142
Cash and Equivalents	192,052,655	1.3%	1.3%	192,052,655	192,052,655
<b>Total</b>	<b>14,261,766,034</b>	<b>100.0%</b>	<b>100.0%</b>	<b>14,261,766,034</b>	

# Legacy Fund In-State Investment Program



# Legacy Fund Performance



**February 28, 2026**

<b>Legacy Fund</b>	<b>FYTD %</b>	<b>YTD %</b>	<b>1 Yr %</b>	<b>3 Yr %</b>	<b>5 Yr %</b>	<b>10 Yr %</b>	<b>5 Yr Volatility%</b>
Total Fund Return	12.6	4.1	18.9	13.8	7.8	8.9	9.1
Policy Benchmark Return	11.5	3.3	17.4	12.7	6.8	8.1	9.5
Total Relative return	1.1	0.8	1.5	1.1	1.0	0.8	

# Legacy Fund Performance Detail

February 28, 2026

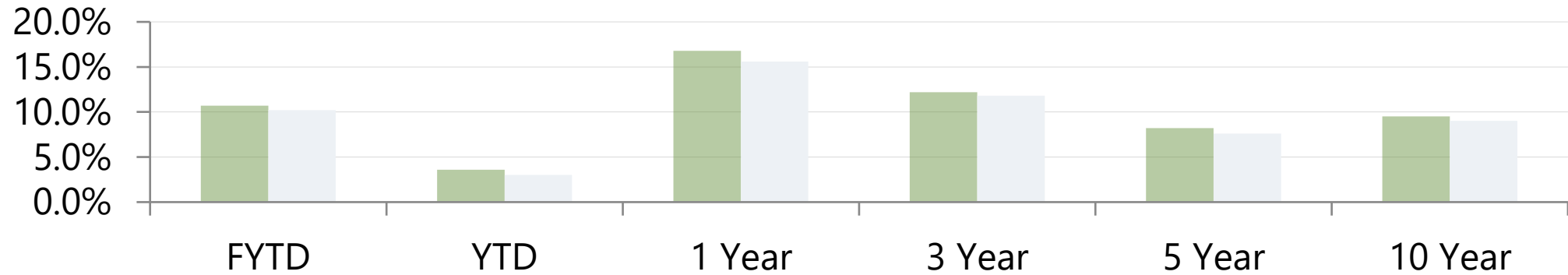
Legacy Fund	Market Value	% of Portfolio	FYTD %	YTD %	1 Yr %	3 Yr %	5 Yr %	10 Yr %
Total Fund	14,261,766,034	100.0	12.6	4.1	18.9	13.8	7.8	8.9
Corridor Target Index			11.5	3.3	17.4	12.7	6.8	8.1
Total Equity	8,109,037,898	56.9	18.6	6.1	28.3	20.9	11.8	-
Total Equity Benchmark			17.0	5.2	26.2	20.0	11.3	-
Total Income	4,340,641,558	30.4	5.2	1.8	7.3	6.7	2.0	3.8
Total Income Benchmark			4.5	1.0	6.3	5.4	0.6	2.0
Total Real Assets	1,101,773,034	7.7	2.1	1.1	4.8	1.7	3.5	-
Total Real Assets Benchmark			2.2	0.6	3.6	-	-	-
In-State Investments	517,350,014	3.6	11.3	0.4	15.8	-	-	-
In-State Investments Benchmark			11.3	0.4	15.8	-	-	-
Cash and Equivalents	192,052,655	1.3	6.3	0.8	12.4	7.5	4.9	3.0
90 Day U.S. Treasury Bill			2.6	0.6	4.0	4.8	3.3	2.2

# PERS Asset Allocation

February 28, 2026

Asset Class	Current Balance (\$)	Current Allocation (%)	Policy Allocation (%)	Policy Allocation (\$)	Difference (\$)
Domestic Equity All Cap	277,547,903	5.2%	5.2%	277,542,173	5,730
Domestic Equity Large Cap	1,352,556,738	25.2%	25.3%	1,360,472,406	-7,915,668
Domestic Equity Small Cap	66,952,411	1.2%	1.2%	65,275,598	1,676,813
International Equity	1,126,040,520	21.0%	20.7%	1,113,660,803	12,379,717
Investment Grade Fixed Income	911,022,210	17.0%	17.8%	956,462,119	45,439,909
Below Investment Grade	414,432,877	7.7%	7.8%	418,462,251	-4,029,373
Real Estate	420,514,496	7.8%	7.8%	420,503,792	10,704
Timber	28,071,916	0.5%	0.5%	28,098,056	-26,140
Infrastructure	293,714,673	5.5%	5.5%	293,713,330	1,344
Private Equity	438,266,077	8.2%	8.2%	438,286,691	-20,614
Cash and Equivalents	43,357,397	0.8%	0.8%	43,357,397	43,357,397
<b>Total</b>	<b>5,372,477,219</b>	<b>100.0%</b>	<b>100.0%</b>	<b>5,372,477,219</b>	

# PERS Performance



**February 28, 2026**

<b>PERS</b>	<b>FYTD %</b>	<b>YTD %</b>	<b>1 Yr %</b>	<b>3 Yr %</b>	<b>5 Yr %</b>	<b>10 Yr %</b>	<b>5 Yr Volatility%</b>
Total Fund Return	10.7	3.6	16.8	12.2	8.2	9.5	9.3
Policy Benchmark Return	10.2	3.0	15.6	11.8	7.6	9.0	8.9
Total Relative return	0.5	0.6	1.2	0.4	0.6	0.5	

# PERS Performance Detail

February 28, 2026

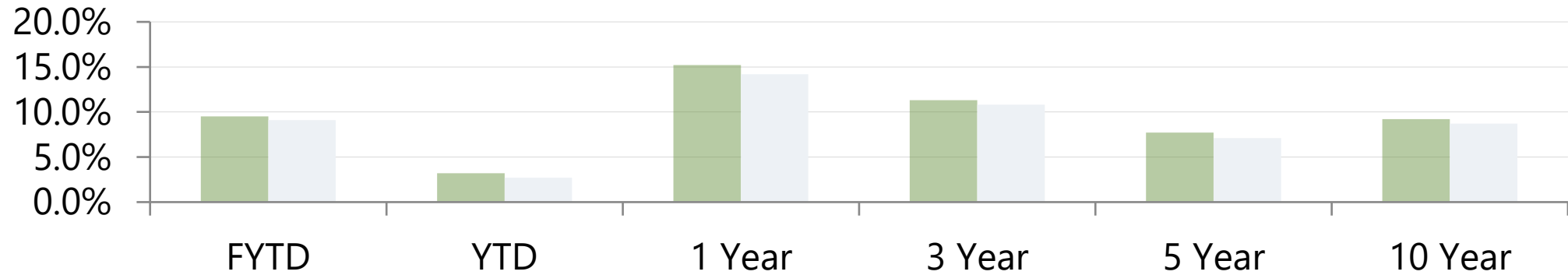
PERS	Market Value	% of Portfolio	FYTD %	YTD %	1 Yr %	3 Yr %	5 Yr %	10 Yr %
Total Fund	5,372,477,219	100.0	10.7	3.6	16.8	12.2	8.2	9.5
Corridor Target Index			10.2	3.0	15.6	11.8	7.6	9.0
Total Equity	3,260,795,643	60.7	16.1	5.2	25.1	18.8	11.9	13.0
Total Equity Benchmark			14.6	4.3	22.8	-	-	-
Total Income	1,325,455,087	24.7	4.9	1.7	6.7	6.7	2.7	4.5
Total Income Benchmark			4.8	1.4	6.5	-	-	-
Total Real Assets	742,301,085	13.8	-0.6	0.5	2.0	-1.7	2.8	4.3
Total Real Assets Benchmark			2.1	0.6	3.5	-	-	-
Cash and Equivalents	43,357,397	0.8	5.4	0.9	7.5	6.0	4.0	2.6
90 Day U.S. Treasury Bill			2.6	0.6	4.0	4.8	3.3	2.2

# TFFR Asset Allocation

February 28, 2026

Asset Class	Current Balance (\$)	Current Allocation (%)	Policy Allocation (%)	Policy Allocation (\$)	Difference (\$)
Domestic Equity All Cap	170,006,987	4.4%	4.4%	169,989,143	17,844
Domestic Equity Large Cap	815,946,271	21.1%	21.2%	819,126,481	-3,180,210
Domestic Equity Small Cap	40,252,418	1.0%	1.0%	39,287,755	964,663
International Equity	678,979,221	17.6%	17.4%	672,338,768	6,640,453
Investment Grade Fixed Income	741,695,327	19.2%	19.3%	745,152,589	-3,457,262
Below Investment Grade	328,015,592	8.5%	8.6%	331,200,411	-3,184,819
Real Estate	288,454,182	7.5%	7.5%	288,471,111	-16,929
Timber	25,057,796	0.6%	0.6%	25,057,544	252
Infrastructure	240,611,115	6.2%	6.2%	240,598,828	12,288
Private Equity	496,998,153	12.9%	12.9%	497,013,296	-15,143
Cash and Equivalents	40,887,912	1.1%	1.0%	38,669,050	2,218,862
<b>Total</b>	<b>3,866,904,974</b>	<b>100.0%</b>	<b>100.0%</b>	<b>3,866,904,975</b>	

# TFFR Performance



**February 28, 2026**

<b>TFFR</b>	<b>FYTD %</b>	<b>YTD %</b>	<b>1 Yr %</b>	<b>3 Yr %</b>	<b>5 Yr %</b>	<b>10 Yr %</b>	<b>5 Yr Volatility%</b>
Total Fund Return	9.5	3.2	15.2	11.3	7.7	9.2	7.9
Policy Benchmark Return	9.1	2.7	14.2	10.8	7.1	8.7	8.3
Total Relative return	0.4	0.5	1.0	0.5	0.6	0.5	

# TFFR Performance Detail

February 28, 2026

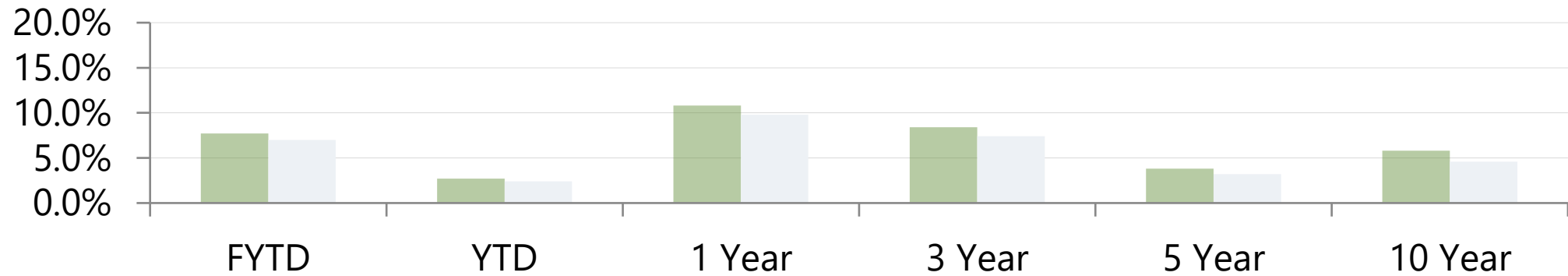
TFFR	Market Value	% of Portfolio	FYTD %	YTD %	1 Yr %	3 Yr %	5 Yr %	10 Yr %
Total Fund	3,866,904,975	100.0	9.5	3.2	15.2	11.3	7.7	9.2
Corridor Target Index			9.1	2.7	14.2	10.8	7.1	8.7
Total Equity	2,197,016,883	56.8	14.5	4.6	23.2	17.5	11.5	12.8
Total Equity Benchmark			13.2	3.9	21.4	-	-	-
Total Income	1,069,710,919	27.7	5.0	1.7	6.8	6.8	2.6	4.4
Total Income Benchmark			4.8	1.4	6.6	-	-	-
Total Real Assets	554,123,093	14.3	-0.2	0.5	2.6	-0.9	3.2	4.4
Total Real Assets Benchmark			2.2	0.6	3.5	-	-	-
Cash and Equivalents	40,887,912	1.1	5.9	0.9	7.9	6.1	4.2	2.7
90 Day U.S. Treasury Bill			2.6	0.6	4.0	4.8	3.3	2.2

# WSI Asset Allocation

February 28, 2026

Asset Class	Current Balance (\$)	Current Allocation (%)	Policy Allocation (%)	Policy Allocation (\$)	Difference (\$)
Domestic Equity All Cap	36,210,099	1.5%	1.6%	37,950,074	-1,739,976
Domestic Equity Large Cap	248,925,553	10.4%	10.5%	251,800,304	-2,874,751
Domestic Equity Small Cap	12,317,326	0.5%	0.5%	12,073,933	243,393
International Equity	202,897,899	8.5%	8.4%	201,200,205	1,697,694
Domestic Fixed Income	1,524,559,829	63.5%	63.0%	1,511,209,891	13,349,938
Real Estate	88,142,516	3.7%	3.7%	88,142,108	408
Diversified Real Assets	273,485,405	11.4%	11.4%	274,003,858	-518,453
Cash and Equivalents	13,845,588	0.6%	1.0%	24,003,842	-10,158,254
Total	2,400,384,216	100.0%	100.0%	2,400,384,216	

# WSI Performance



**February 28, 2026**

<b>WSI</b>	<b>FYTD %</b>	<b>YTD %</b>	<b>1 Yr %</b>	<b>3 Yr %</b>	<b>5 Yr %</b>	<b>10 Yr %</b>	<b>5 Yr Volatility%</b>
Total Fund Return	7.7	2.7	10.8	8.4	3.8	5.8	6.6%
Policy Benchmark Return	7.0	2.4	9.8	7.4	3.2	4.6	6.6%
Total Relative return	0.7	0.3	1.0	1.0	0.6	1.2	

# WSI Performance Detail

February 28, 2026

WSI	Market Value	% of Portfolio	FYTD %	YTD %	1 Yr %	3 Yr %	5 Yr %	10 Yr %
Total Fund	2,400,384,216	100.0	7.7	2.7	10.8	8.4	3.8	5.8
Corridor Target Index			7.0	2.4	9.8	7.4	3.2	4.6
Total Equity	500,245,758	20.8	19.4	6.7	29.4	21.5	12.4	-
Total Equity Benchmark			17.0	5.1	26.0	-	-	-
Total Real Assets	361,627,922	15.1	2.5	1.6	4.2	2.0	2.8	-
Total Real Assets Benchmark			3.0	1.1	4.2	-	-	-
90 Day U.S. Treasury Bill			2.6	0.6	4.0	4.8	3.3	2.2

## MEMORANDUM

**TO:** SIB

**FROM:** Jodi Smith, Executive Director

**DATE:** April 27, 2026

**RE:** Governance & Policy Review Committee Update

The Governance and Policy Review Committee met on April 7, 2026, to continue its review of the draft State Investment Board Governance Policy System being developed with Funston Advisory. During the March meeting, Mr. Funston reported that the rewrite was nearing readiness for Board review, with only minor edits remaining, including terminology updates and removal of references to disbanded committees. He also highlighted two structural improvements to the revised system: a decision framework and calendar intended to better organize major Board approvals over a multi-year cycle, and a more user-friendly, interactive format designed to improve navigation and accessibility for Board members.

The Committee reviewed additional revisions made since the prior draft and discussed several targeted clarifications. Mr. Funston noted that the current phase of the work has focused primarily on clarifying governance structure, authority, accountability, and reporting relationships, with additional policy areas such as investment, finance, administrative, personnel, and other supporting policies to be addressed over time. He emphasized that the governance system should be viewed as a dynamic framework that will continue to evolve as additional policy needs are identified. Attached is an outline of the major changes from the current manual to the new manual.

The Committee also discussed the importance of change management and implementation planning. Several members noted that the governance rewrite will require more than adoption of a new document; it will also require changes in how materials are brought to the Board, how reports are structured, and how new expectations are implemented across the agency. Staff explained that internal discussions are already underway regarding the operational implications of the new system, including the need for a roadmap that addresses people, process, systems, and potential budgetary constraints. Committee members emphasized the importance of allowing for an implementation period and recognized that not all aspects of the revised governance structure will be fully operational on July 1.

In response to questions from Committee members, staff and Funston also discussed the need for an implementation roadmap tied to the new governance framework. This would include identifying where additional infrastructure, staffing, data, or system capabilities may be needed in order to fully meet future policy

expectations. Staff noted that this work will likely inform future strategic planning, budget development, and potentially legislative requests.

Finally, the Committee was shown the proposed interactive HTML version of the Governance Policy System. This format is intended to make the final product more searchable, easier to navigate, and more functional for Board use than a traditional Word or PDF manual. The format includes expandable policy sections, a glossary, search functionality, and a decision cadence framework organized by annual and multi-year governance responsibilities. Staff also noted that the final version will be reviewed for ADA compliance before publication.

**Board Action Requested:** Information Only.

# Changes from old to new

## SIB Committee Matrix

Topic	Purpose	Delegate	Composition	Member Approval	Meetings
<b>Committee Chairs / Vice Chairs and members</b>				<p>The Board Chair will propose a slate of Committee members (based on the match between recommended capabilities for each Committee and the members' interests) for Board approval.</p> <p>The Board Chair will appoint a Committee Chair, and a Vice Chair.</p>	
<b>Audit, Risk and Compliance Committee</b>	<ul style="list-style-type: none"> <li>• Assists SIB with oversight of internal and external audit programs, including financial and other reporting practices, internal controls, and compliance with laws, regulations, and ethics Financial Reporting &amp; Audit Oversight</li> <li>• Internal Controls &amp; Assurance</li> <li>• Enterprise &amp; Operational Risk Oversight</li> <li>• Compliance, Ethics &amp; Regulatory Awareness including ADA</li> <li>• Risk Reporting, Dashboards &amp; Escalation</li> </ul>	Chief Audit Officer and Executive Director	Five members <ul style="list-style-type: none"> <li>• 1 Legacy Fund Advisory Board member</li> <li>• 1 TFFR Board member</li> <li>• 1 member-at-large</li> <li>• 2 members external to SIB and RIO</li> </ul>	<p><del>Appointed by SIB Chair.</del></p> <p>Approved by SIB.</p>	Meets as required to fulfill statutory duties (at least quarterly)

Topic	Purpose	Delegate	Composition	Member Approval	Meetings
<b>Executive Review and Compensation Committee</b>	<p>Assists in monitoring executive performance, synonymous with monitoring organizational performance against Board policies on Ends and Executive Limitations.</p> <p>Assists in developing compensation goals and strategies that are aligned with RIO's strategic plan.</p> <ul style="list-style-type: none"> <li>• <del>Board and Committee self-evaluations</del></li> <li>• Executive Performance Evaluation</li> <li>• Incentive Design &amp; Risk Alignment</li> <li>• Peer Benchmarking &amp; Market Context</li> <li>• <b>Succession Planning &amp; Leadership Assessment</b></li> <li>• Independence, Ethics &amp; Compensation Governance.</li> </ul>	<p><del>Chief Financial &amp; Operating Officer</del></p> <p><b>Third Party and Executive Director</b></p>	<p><del>3 SIB members. At least one committee member must be an elected or appointed official.</del></p> <p>3 SIB members.</p>	<p>The Board Chair will propose a slate of Committee members (based on the match between recommended capabilities for each Committee and the members' interests) for Board approval.</p> <p><b>The Board Chair will appoint a Committee Chair, and a Vice Chair.</b></p>	<p><del>Meets at least twice in the second half of fiscal year. Holds additional meetings as needed.</del></p> <p><del>Elects a Committee Chair and Vice Chair at its first meeting of the fiscal year.</del></p> <p><b>May meet semi-annually.</b></p>
<b>Governance &amp; Policy Review Committee</b>	<p>Assists with matters that relate to governing SIB, policies, and identifying and making recommendations to SIB Fiduciary Duties &amp; Public Governance Law</p> <ul style="list-style-type: none"> <li>• Board-Management Delegation &amp; Accountability</li> <li>• Governance Frameworks, Policies &amp; Charters</li> </ul>	<p>Executive Director</p>	<p>3 SIB members</p>	<p>Appointed by SIB Chair.</p> <p><b>The Board Chair will propose a slate of Committee members (based on the match between recommended capabilities for each Committee and the members' interests) for Board approval.</b></p>	<p><del>Meets quarterly, holds additional meetings as needed to fulfill the responsibilities described in Charter and as called by the Committee Chair.</del></p> <p><del>Executive Director is responsible for meeting preparation</del></p> <p><b>May meet semi-annually.</b></p>

Topic	Purpose	Delegate	Composition	Member Approval	Meetings
	<ul style="list-style-type: none"> <li>• Ethics, Conflicts &amp; Independence</li> <li>• Board Effectiveness &amp; Self-Assessment</li> <li>• Compliance with the Americans with Disabilities Act (ADA)</li> </ul>			The Board Chair will appoint a Committee Chair, and a Vice Chair.	
<b>Investment Committee</b>	<p>Provide oversight of investments within SIB established parameters including an analysis of risk and return at the portfolio, asset class, and client fund levels. Provides input to the SIB on asset allocation and benchmark recommendations.</p> <ul style="list-style-type: none"> <li>• Strategic Asset Allocation &amp; Long-Horizon Policy Setting</li> <li>• Active Risk Budgeting &amp; Portfolio Construction</li> <li>• Public &amp; Private Markets Understanding</li> <li>• Manager Oversight &amp; Performance</li> <li>• Liquidity, Risk &amp; Stress Scenario Awareness.</li> </ul>	Chief Investment Officer	<p>5 members</p> <ul style="list-style-type: none"> <li>• 3 SIB members</li> <li>• 2 external investment pros (active or retired)</li> <li>• <del>2 RIO staff</del></li> </ul>	<p><del>Appointed by SIB Chair.</del></p> <p>The Board Chair will propose a slate of Committee members (based on the match between recommended capabilities for each Committee and the members' interests) for Board approval.</p> <p>The Board Chair will appoint a Committee Chair, and a Vice Chair.</p>	<p><del>Meets monthly, holds additional meetings as needed to fulfill the responsibilities described in Charter and as called by the Committee Chair. Chief Investment Officer is responsible for meeting preparation.</del></p> <p>Meets as required to fulfill statutory duties (at least quarterly)</p>
<b>Budget &amp; Finance Committee</b>	<ul style="list-style-type: none"> <li>• Financial Reporting &amp; Fund Accounting</li> <li>• Multi-Year Financial Planning &amp; Sustainability</li> <li>• Financial Controls, Procurement &amp; Contracts</li> <li>• Resource Alignment to Strategic Priorities</li> </ul>	Chief Financial & Operating Officer	<p>3 SIB members (The BFC should also include an external, non-voting member to represent TFFR and an external non-voting member to be a budget analyst assigned to the agency by the OMB.)</p>	The Board Chair will propose a slate of Committee members (based on the match between recommended capabilities for each Committee and the members' interests) for Board approval.	Meets as required to fulfill statutory duties (at least quarterly)

Topic	Purpose	Delegate	Composition	Member Approval	Meetings
				The Board Chair will appoint a Committee Chair, and a Vice Chair.	

## Current Delegation Matrix

<u>Activity</u>	<u>Recommend</u>	<u>Approve for Recommendation</u>	<u>Approve</u>	<u>Oversight</u>	<u>Implement</u>
Investment Policy	Staff/IC	IC	Board	IC and Board	Staff
Asset Allocation	Staff	IC	Board	IC and Board	Staff
Third Party Performance Assessment	Third Party			IC and Board	
Program Updates/Training				IC and Board	Staff/IC
Benchmarks	Third Party	IC	Board	IC and Board	Staff
IC Proceedings		IC	Board	Board	Staff
Any Authority			Board	Board	Staff/IC
Manager Guidelines	IC/Staff		IC	IC and Board	Staff
Monitor Funds and Portfolios				IC and Board	Staff
New Investment Strategies	Staff		IC	IC and Board	Staff
New Investment Portfolios	Staff		IC	IC and Board	Staff
New Investment Instruments	Staff		IC	IC and Board	Staff
Compliance	Staff		IC	IC and Board	Staff
Waivers	Staff		IC	IC and Board	Staff
Transitions			Staff	IC and Board	Staff
Rebalance			Staff	IC and Board	Staff
Hire/Terminate Managers	Staff		IC	IC and Board	Staff
Hire/Terminate Benchmark, Hurdle Rate Consultants	Staff	IC	Board	IC and Board	Staff
Hire/Terminate Custodians, Staff Consultants	Staff		Staff	IC and Board	Staff
Negotiate Manager Contracts				IC and Board	Staff
Manage Approved Direct Strategies				IC and Board	Staff

## Updated Delegation Matrix

ND State Investment Board					
Key Decisions	Conduct Business				
	Research & Recommend	Set/Approve (Authority & Resources)	Delegate	Oversee Execution	Verify & Report
Governance	GPRC	SIB	ED	GPRC	GPRC
Investment	IC	SIB	ED	IC	IC
Leadership & Talent	ERCC	SIB	ERCC	ERCC	ERCC
Stewardship	BFC	SIB→Legislature	ED	BFC	BFC
Accountability	ARCC	SIB	CAO / Ext. Auditor	ARCC	ARCC

## MEMORANDUM

**TO:** SIB

**FROM:** Scott Anderson, CFA – Chief Investment Officer

**DATE:** April 27, 2026

**RE:** Investment Committee Update

The Investment Committee met virtually on April 9, 2026. The meeting was called to order by Treasurer Thomas Beadle with a quorum present; the agenda was reviewed and approved as distributed, and the committee accepted the standing minutes from the prior meeting. Each meeting opened with the customary procedural items and moved promptly into substantive business, with the committee balancing strategic policy discussion, operational preparedness, and confidential private markets matters handled in executive sessions as appropriate.

### **Agenda summary: April 9, 2026**

**Manager Recommendation — Private Markets** (Executive Session; Committee Action) The Committee met in executive session to review a private market manager recommendation and a private credit recommendation by Mr. Collins and Mr. Zietlow. Following the closed session, the Committee approved the staff recommendation to hire a private market manager and the private credit manager pending legal review. The Committee directed staff to report back at a future meeting.

**Investment Policy Statements** (Committee Action) Mr. Chin also presented an updated Investment Policy Statement for the Legacy Fund. The update transitions the Legacy Fund policies to the RIO IPS template designed to improve clarity and consistency across client portfolios. The Committee recommended for approval to the State Investment Board.

**Board Action Requested:** Information Only

## MEMORANDUM

**TO:** State Investment Board

**FROM:** Scott Anderson, Chief Investment Officer and Eric Chin, Deputy Chief Investment Officer

**DATE:** April 27<sup>th</sup>, 2026

**RE:** Updated Investment Policy Statement

### **Background:**

Staff is presenting an updated Investment Policy Statement (IPS) for the Legacy Fund that transitions the IPS to RIO's new IPS template, incorporates relevant statutory changes enacted since the last IPS was approved, and includes a minor revision to the asset allocation.

The new IPS template was developed to enhance clarity, improve consistency across client investment policy statements, and modernize language and structure. The vast majority of the changes reflected in the redline are attributable either to the transition to the new template or to relevant statutory changes enacted since the last IPS was approved.

The asset allocation revision consolidates the U.S. and international public equity allocations into a single global public equity allocation, which better reflects the investable equity universe and aligns with other RIO client IPS documents.

Both a clean version and a redline version of the Legacy Fund IPS are included for review.

### **Approvals to Date:**

The Legacy and Budget Stabilization Fund Advisory Board approved the updated IPS on March 31, 2026. The Investment Committee recommended approval of the IPS on April 9, 2026.

### **Board Action Requested:**

Approve the updated Investment Policy Statement for the Legacy Fund.

# ~~NORTH DAKOTA LEGACY FUND~~ INVESTMENT POLICY STATEMENT

## ~~1. PLAN CHARACTERISTICS AND FUND CONSTRAINTS~~

### North Dakota Legacy Fund

#### I. Plan and Fund Overview

The North Dakota ~~legacy fund~~Legacy Fund (Fund) was created in 2010 when the voters of North Dakota approved a constitutional amendment--now--Article X, Section 26, of the North Dakota Constitution ~~of North Dakota--to provide that--~~directing 30~~percent~~% of oil and gas gross production and oil extraction taxes on oil and gas produced after June 30, 2011, be transferred to the ~~legacy fund~~Legacy Fund. The principal ~~and earnings~~of the ~~legacy fund~~Legacy Fund may ~~not~~ be ~~spent until after June 30, 2017, and any expenditure of principal after that date requires~~expended if approved by a vote of at least two-thirds ~~of the members elected to each house of the Legislative Assembly. Not more than 15 percent~~5% of the principal of the ~~legacy fund~~Legacy Fund may be spent during a biennium. The ~~legislative~~Legislative Assembly may transfer funds from any source to the ~~legacy fund~~Legacy Fund, and such transfers become part of the principal of the fund. The State Investment Board (SIB) is responsible for investment of the ~~principal of the legacy fund. Interest earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium. North Dakota Century Code Section 21-10-11 provides that the goal of investment for the legacy fund is principal preservation while maximizing total return~~Legacy Fund.

## ~~2. FUND MISSION~~

~~The legacy fund~~The distribution from the Legacy Fund on July first of each odd-numbered year must be equal to 8% of the 5-year average value of the Legacy Fund balance as reported by the SIB. The average value of the Legacy Fund balance must be calculated using the fund balance at the end of each fiscal year for the 5-year period ending with the most recently completed even-numbered fiscal year.

~~North Dakota Century Code (NDCC) § 21-10-11 provides that the goal of investment for the Legacy Fund is principal preservation and growth while maximizing total return for an appropriate level of risk and to provide a direct benefit to the state by investing a portion of the principal in the state. Preference must be given to qualified investment firms and financial institutions with a presence in the state for investment of the Legacy Fund.~~

~~The Legacy and Budget Stabilization Fund Advisory Board (Advisory Board) is charged by law under NDCC § 21-10-11 with the responsibility of recommending policies on investment goals and asset allocation of the legacy fund.~~

## Client Investment Objectives

The Legacy Fund was created, in part, due to the recognition that state revenue from the oil and gas industry will be derived over a finite timeframe. The ~~legacy fund~~Legacy Fund defers the recognition of 30 percent% of this revenue for the benefit of future generations. ~~The primary mission of the legacy fund is to preserve the real inflation-adjusted purchasing power of the money deposited into the fund while maximizing total return for a prudent level of risk.~~

### ~~3.—RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD~~

~~The legacy and Budget Stabilization Fund Advisory Board (the "Advisory Board") is charged by law under Section 21-10-11 with the responsibility of recommending policies on investment goals and asset allocation of the legacy fund. The SIB is charged with implementing policies and asset allocation and investing the assets of the legacy fund in the manner provided in Section 21-10-07—the prudent institutional investor rule. The fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income.~~

~~Management responsibility for the investment program not assigned to the SIB in Chapter 21-10 is hereby delegated to the SIB, which must establish written policies for the operation of the investment program consistent with this investment policy.~~

~~The SIB may delegate investment responsibility to professional money managers, which are also required to employ investment strategies consistent with the investment policy. Where a money manager has been retained, the SIB's role in determining investment strategy and security selection is supervisory not advisory.~~

~~At the discretion of the SIB, the fund's assets may be pooled with other funds. In pooling funds, the SIB may establish whatever asset class pools it deems necessary with specific quality, diversification, restrictions, and performance objectives appropriate to the prudent investor rule and the objectives of the funds participating in the pool.~~

~~The SIB is responsible for establishing criteria, procedures, and making decisions with respect to hiring, retaining, and terminating money managers. The SIB investment responsibility also includes selecting performance measurement services, consultants, report formats, and frequency of meetings with managers.~~

~~The SIB shall notify the Advisory Board within 30 days of any substantial or notable changes in money managers; performance measurement services; and consultants, including hiring or terminating a money manager, performance measurement service, or a consultant.~~

~~The SIB, after consultation with the board, will implement necessary changes to this policy in an efficient and prudent manner.~~

~~The Policies governing the investment of Legacy Fund assets fall into three categories.~~

- ~~• Those applicable to all investment for Legacy Fund assets.~~
- ~~• Those applicable to those assets -- referred to here as the Core Legacy Fund (CLF) -- that are not invested under the In-State Investment Program.~~
- ~~• Those assets defined under law made within the In-State Investment Program (ISIP)~~

#### ~~A. Policies governing the investment of All Legacy Fund assets.~~

~~Risk Tolerance:~~ The Advisory Board's risk tolerance with respect to the ~~primary aspect of the legacy fund's real value of principal and growth while maximizing total return for an appropriate level of risk of the Legacy Fund's~~ mission is low. The Advisory Board is unwilling to undertake investment strategies that might jeopardize the ability of the ~~legacy fund~~ Legacy Fund to maintain ~~the real value of principal value~~ over time. The Advisory Board recognizes that the plan will evolve as the ~~legacy fund~~ Legacy Fund matures and economic conditions and opportunities change.

## I.II. Responsibilities and Discretion of the State Investment ~~Objectives~~ Board

~~The Advisory Board's~~ The State Investment Board (SIB) is established under NDCC § 21-10 and is charged with investing and managing the assets of the funds enumerated in NDCC § 21-10-06, including the Legacy Fund. The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body. Pursuant to NDCC § 21-10-07.1 the SIB must also give preference to qualified investment firms and financial institutions with a presence in the state.

Pursuant to NDCC § 21-10-02 and NDCC § 21-10-02.1, the SIB shall:

- Implement investment policies and asset allocations established by each fund's governing body.
- Approve investment guidelines, procedures, and permissible securities for the funds under its management.
- Serve as custodian of securities purchased on behalf of such funds or designate a qualified custodian.
- Establish written policies on investment goals, objectives, and asset allocation, including liquidity requirements, diversification, and acceptable levels of risk.
- Develop procedures for the selection, retention, evaluation, and termination of professional money managers, consultants, and custodians.

### **Delegation and Oversight**

The SIB may delegate investment responsibility for all or part of a fund to professional money managers that meet established qualifications. When such delegation occurs, the SIB's role is supervisory rather than advisory, ensuring that each manager operates within approved guidelines and performance expectations.

The SIB may also pool assets of this Fund with other funds having similar objectives and time horizons to enhance diversification, reduce costs, and improve returns. In pooling fund assets, the SIB must ensure compliance with the Prudent Investor Rule and the objectives of all participating funds.

### III. Investment Performance Objective

The Fund's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The ~~legacy fund's~~Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB:

- The ~~legacy fund's~~Fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of ~~five~~5 years.
- The ~~legacy fund's~~Fund's risk, measured by the standard deviation of net returns, should not exceed 115~~-percent~~% of the policy benchmark over a minimum evaluation period of ~~five~~5 years.

a: ~~The Prudent Investor Rule~~

~~All investments and the investment strategy in its totality will adhere to the Prudent Investor Rule.~~

### H.IV. Asset Allocation Policy

The ~~SIB and the~~ Advisory Board ~~recognize that the most important determinant of long-term return and risk is the~~establishes the Fund's asset allocation ~~decision, with input from consultants and/or the Retirement and Investment Office (RIO). The following allocation was established. The asset allocation decision is intended to reflect the return objective and risk tolerance expressed in this Investment Policy Statement. The table below delineates the following key guidelines for the Total Legacy Fund:~~  
The approved asset classes to ~~will~~ be ~~utilized~~reviewed periodically and updated when appropriate.

b: ~~The policy target allocations for each.~~

c: ~~The application of a rebalancing program.~~

At its discretion, the SIB advised by the Advisory Board may adjust these targets on an interim or a long-term basis to account for (a) extreme market conditions, (b) the specific composition of Legacy Fund assets deployed via the In-State Investment Program (ISIP), (c) a decision by the North Dakota State Legislature to withdraw and spend an amount ~~above that consistent, with capital preservation of the Legacy Fund assets~~ up to but not exceeding 155% of the Fund and (ed) the long-term implementation nature of alternative assets (such as private equity and private real assets).

<u>Asset Class</u>	<u>Policy Target Allocation</u>	<u>Policy Target Ranges</u>	<u>Additional Guidelines</u>
<b>Broad US <u>Global</u> Equity</b>	<b>27<u>53.5%</u></b>	<b>18% - 40<u>32%</u></b>	Rebalanced with the total invested in-state and private markets equity and real assets; a pty: corridor treatment <b>76%</b>
<u>Public Equity</u>	<u>46.5%</u>	<u>32%</u>	<u>64%</u>
<u>Private Equity</u>	<u>7%</u>	<u>0%</u>	<u>12%</u>
<b><u>Global Fixed Income</u></b>	<b><u>28.5%</u></b>	<b><u>23%</u></b>	<b><u>34%</u></b>
<u>Investment Grade Fixed Income</u>	<u>13.5%</u>	<u>10%</u>	<u>17%</u>
<u>High Yield Fixed Income</u>	<u>5%</u>	<u>0%</u>	<u>7%</u>
<u>Private Credit</u>	<u>10%</u>	<u>0%</u>	<u>13%</u>
<b><u>Private Real Assets</u></b>	<b><u>10%</u></b>	<b><u>5%</u></b>	<b><u>15%</u></b>
<b><u>In-state Fixed Income</u></b>	<b><u>5%</u></b>	<b><u>0%</u></b>	<b><u>8%</u></b>
<u>In-state Infrastructure Loan</u>	<u>1%</u>	<u>0%</u>	<u>2%</u>
<u>BND CD Match Program</u>	<u>4%</u>	<u>0%</u>	<u>6%</u>
<b>Broad International <u>In-state</u> Equity</b>	<b>19<u>3%</u></b>	<b>14% - 24<u>0%</u></b>	Rebalanced with the total invested in-state and private markets equity and real assets; a pty: corridor treatment <b>7%</b>

*Continued on next page*

Asset Class	Policy Target	Policy Target Ranges	Additional Guidelines
Private Equity	7%	0%—12%	Rebalance with public equity; apply a pJV corridor treatment
Fixed Income	28.5%	23%—34%	Rebalanced with the total invested in-state and private markets fixed income and real assets; apply corridor treatment
<i>Core Fixed Income</i>	13.5%	10%—17%	Rebalance with public fixed income; apply a pJV corridor treatment
<i>High Yield Fixed Income</i>	5.0%	0%—7%	
<i>Private Credit</i>	10.0%	0%—13%	
Private Real Assets	10%	5%—15%	Rebalance half public equity/half public fixed income; apply corridor treatment
In-state Fixed Income			Target of \$700 million; rebalance with public fixed income; apply corridor treatment
<i>In-state Infrastructure Loan</i>	1%	0%—2%	Up to \$150 million
<i>BNO-CO Match Program</i>	4%	0%—6%	Minimum of \$400 million
In-state Equity	3%	0%—7%	Long-Term Target of \$600 million; rebalance with public equity; apply corridor treatment
TOTAL	100%		

Rebalancing of the fund to these targets will be done in accordance with the SIB's rebalancing policy. Additionally, for rebalancing purposes, portfolio weights of private markets (equity, fixed income and half equity/half fixed income for real assets) can be applied to benchmark weights using the policy target ranges stated in the table above.

Policies Specific to the **Corridor Benchmark/Allocations:** Long-term target allocations utilizing alternative asset classes can take several years to implement prudently. To ensure portfolio exposures remain aligned with the Fund's strategic objectives during this period, the SIB may employ a corridor methodology. Under this approach, allocations to private market asset classes (such as private equity, private credit, or real assets) that cannot be immediately adjusted—due to the illiquid nature of the assets—will be temporarily reallocated to corresponding public market asset classes that serve as suitable proxies. Both the target and ranges are adjusted based on the corridor methodology.

The proxy allocations are utilized such that the overall portfolio continues to reflect, as closely as practical, the intended risk–return characteristics around the long-term targets, until private market commitments are fully funded and capital is called.

**Corridor Guidelines:**

- Private Equity will be proxied with public equity
- Private Credit will be proxied with half public equity and half public investment grade fixed income

- Private real assets will be proxied with half public equity and half public investment grade fixed income
- In-state Fixed Income will be proxied with investment grade fixed income
- In-state Equity will be proxied with public equity

**Rebalancing:** The need to rebalance the portfolio can arise from a new asset allocation or because market activity has driven the actual distribution of assets away from the desired mix. To minimize transaction costs from rebalancing, RIO develops appropriate ranges around the target mix (which are specified in the policy statement). Rigidly adhered to, such a policy is a valuable risk control tool. By maintaining asset mix within reasonably tight ranges, the SIB avoids making unintentional "bets" in the asset mix and avoids market-timing decisions.

All funds the SIB oversees have an asset allocation with minimum and maximum limits assigned. RIO's rebalancing policy requires the asset mix to be determined at the end of each month and that appropriate rebalancing takes place.

### **III.V. In-State Investment Program**

In 2021, House Bill 1425 (~~HB 1425~~) was approved by the North Dakota legislature and signed into law. It establishes a program for the investment of a portion of Legacy Fund assets within the state and empowers the ~~State Investment Board~~ SIB advised by the ~~Legacy and Budget Stabilization Fund~~ Advisory Board ("~~Advisory Board~~") to execute that program. ~~The in-state investment program ("ISIP") provides specific direction that grants the SIB and the Advisory Board substantial latitude in the implementation of the program.~~

In 2023, Senate Bill 2330 amended NDCC § 21-10-11 by directing the SIB advised by the Advisory Board to invest ~~in the ISIP~~ program funds in the following way:

- A target allocation of seven hundred million dollars to fixed income investments within the state, including:
  - Up to one hundred fifty million dollars for infrastructure loans to political subdivisions, with the fixed net return to the ~~legacy fund~~ Legacy Fund of 1.5%.
  - A minimum of four hundred million dollars million for the Bank of North Dakota's ("BND") certificate of deposit match program with an interest rate fixed at the equivalent yield of the United State treasury bonds having the same term, up to a maximum term of 20 years; and
  - Other qualified fixed income investments within the state based on guidelines developed by the ~~legacy and budget stabilization advisory~~ Legacy and Budget Stabilization Advisory board.
- A target allocation of six hundred million dollars to equity investments in the state, including:
  - Investment in one or more equity funds, venture capital funds, or alternative investment funds with a primary strategy of investing in emerging or expanding companies in the state. Equity investments must:
    - Be managed by qualified investment firms, financial institutions, or equity funds which have a strategy to invest in qualified companies operating or seeking to operate in the state and which have a direct connection to the state.

- Have a benchmark investment return equal to the 5-year average net return for the

- ~~legacy fund~~ Legacy Fund, excluding in-state investments.
- Other eligible investments under this subdivision based on guidelines developed by the ~~legacy and budget stabilization fund advisory board~~ Advisory Board.

~~In addition to the policies covering all Legacy Fund assets noted above in Section 3.A.—risk tolerance, return objectives, and the Prudent Investor Rule—policies specific to the investments made within the ISIP include:~~

**Policies Specific to the ISIP Include:**

- a) Specific to the assessment of acceptable risk and return targets for the ISIP in total and all ~~ISIP~~ ISIP investments, in-state investments should offer credible evidence that they will meet or exceed the forward expected returns of similar investments with similar levels of risk and liquidity present in the assets that are not invested under the ISIP referred to here as the Core Legacy Fund.
- b) All proposed investments will be made using third party asset managers. Direct investments by the SIB advised by the Advisory Board are not contemplated.
- c) All investments must be subject to the same level of due diligence ~~that as~~ similar investments considered for funding using Core Legacy Fund assets.
- d) The ~~Board~~ SIB at its discretion may choose to direct asset managers retained in the ISIP to utilize either equity, fixed income, convertible debt, debt with warrants or a combination of any of these securities to best meet the risk, return and prudence in the ISIP investments.
- e) The ~~Board~~ SIB will create and maintain an annual investment pacing schedule that - subject to the successful sourcing, due diligence and deal structuring that meets the ~~Board's~~ SIB's policy requirements for the ISIP, fluctuations in market values and distributions back to the Legacy Fund - will create the opportunity to commit funds at a rate such that the full amount of the equity capital limit for the ISIP set in statute is reached within ten years.
- f) The ~~Board~~ SIB will direct asset managers retained in the ISIP to:
  - i. ~~require~~ Require in the structuring of transactions that the State never becomes a majority equity owner of a business;
  - ii. ~~require~~ Require that private capital provided by independent third parties always be invested alongside capital provided from Legacy Fund assets;
  - iii. ~~give~~ Give strong preference for investments that provide the ~~Board~~ SIB the ability to exit from the investment to recycle capital into new ~~ISIP~~ ISIP opportunities.
  - iv. The ~~Board~~ SIB, to the extent prudent, will give special consideration to qualified and experienced institutional asset managers domiciled or having operating offices within the state for participation in implementation of the ISIP;
  - v. ~~limit capital~~ Capital provided to any ~~one~~ single direct investment by an in-state portfolio fund manager ~~should~~ may not exceed \$10 million, ~~with two exceptions per;~~ however, for each fund commitment ~~of,~~ up to two direct investments may receive up to \$25 million each.

## ~~4. RESTRICTIONS~~

### VI. General Restrictions and Guidelines

While the SIB ~~is responsible for establishing specific~~determines quality, diversification, ~~restrictions,~~ and performance ~~objectives for the investment vehicles in which the legacy fund's assets will be invested,~~ it is understood that standards for investments, the following restrictions apply:

1. ~~Futures and options~~Derivatives may be used to manage ~~underlying and replicate~~ systematic exposures, for fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
2. Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.
- 2.3. Derivatives use will be monitored to ensure that undue risks are not taken by the money managers.
- 3.4. No ~~transaction~~investment may be made that would threaten jeopardize the tax-exempt status of the legacy fundFund.
- 4.5. All assets ~~will~~must be held ~~in custody~~ by the ~~SIB's~~SIB's master custodian, or ~~such other custodians as are acceptable to the SIB~~an approved sub-custodian.
  - a. ~~No unhedged short sales or speculative margin purchases may be made.~~

6. Social investing investment is prohibited, except as expressly authorized under Section V (In-State Investment Program) and applicable law, including NDCC §§ 21-10-07.1, 21-10-08.1 and 21-10-11.

a. For purposes of this Investment Policy Statement, "social investment" has the meaning set forth in NDCC § 21-10-08.1.

a.b. Outside of investments authorized under Section V, the SIB may not invest Fund assets for the purpose of social investment unless it meets the exclusive benefit rule, and it can be substantiated SIB determines that the investment provides would provide an equivalent or superior rate of return for compared to a similar investment with that is not a social investment and has a similar time horizon and similar risk. For the purpose of this document, social investing is defined as the consideration of socially responsible criteria in the investment or commitment of public fund money for the purpose of obtaining an effect other than a maximized return to the Fund.

5.7. Economically targeted investing investment is prohibited unless the investment meets the exclusive benefit rule, except as expressly authorized under Section V (In-State Investment Program) and applicable law, including NDCC §§ 21-10-07.1 and 21-10-11.

a. For the purpose purposes of this document, Investment Policy Statement, "economically targeted investment is defined as" means an investment designed to produce a competitive rate of return commensurate with the risk involved as well as to and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy. Also, for the purpose of this document, the exclusive benefit rule is met if the following four conditions are satisfied:

- The cost does not exceed the fair market value at the time of investment.
- The investment provides the legacy fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
- Sufficient liquidity is maintained in the legacy fund to permit distributions in accordance with the terms of the plan.
- The safeguards and diversity that a prudent investor would adhere to are present.
- Where investment characteristics, including yield, risk, and liquidity, are equivalent, the Advisory Board's policy favors investments which will have a positive impact on the economy of North Dakota.

## 5. INTERNAL CONTROLS

b. A Investments made pursuant to Section V are permitted notwithstanding their in-state economic benefit purpose, provided they are made in accordance with Section V and applicable law.

All investments shall be made in compliance with applicable laws, regulations, and policies governing the State Investment Board.

## VII. Internal Controls

The SIB shall maintain a system of internal controls must be in place by the SIB designed to prevent losses loss of public funds arising from fraud or employee, error. Such, or mismanagement.

~~Key controls deemed most important are the separation of~~ include the segregation of duties, which ensures that no single individual has authority or control over all phases of an investment transaction. ~~Specifically, the~~ responsibilities for ~~initiating~~ investment purchases ~~from the,~~ recording ~~of and reconciling~~ investment activity, ~~and~~ custodial safekeeping, ~~of assets are separated among different staff, functional areas, or service providers to provide independent checks and balances.~~

~~Other critical controls include maintaining~~ written ~~confirmation of~~ or electronic confirmations of all investment transactions; and ~~established~~ ~~establishing formal~~ criteria for ~~investment manager selection and monitoring.~~ The ~~annual~~ broker relationships and trading counterparties. Annual financial ~~audit~~ ~~must~~ ~~audits will~~ include a comprehensive review of the portfolio, accounting procedures for security transactions, and ~~verification of~~ compliance with ~~the investment policy~~ ~~this Investment Policy.~~

## ~~6. EVALUATION AND REVIEW~~

### ~~VIII. Investment management of the legacy fund~~ Evaluation and Review

~~The Fund's performance~~ will be evaluated against ~~the fund's~~ ~~sits~~ investment objectives ~~and investment performance standards.~~ ~~Emphasis will be placed, with emphasis~~ on ~~rolling~~ 5-year ~~results~~ and 10-year results. Evaluation should include an assessment of the continued feasibility of achieving the investment objectives and the appropriateness of the investment policy statement for achieving those objectives.

Performance reports will be provided to the Advisory Board periodically, but not less than quarterly.

~~Such~~ ~~Quarterly~~ reports ~~to the Advisory Board~~ will include:

- ~~1. A list of investment managers and their performance relative to benchmarks net of fees~~
  - ~~2. Earnings, percentage earned and change in market value of each mandate~~
  - ~~3. Current portfolio allocations and performance summaries by asset~~ ~~returns and allocation data.~~
- ~~Additionally, not less than annually, class~~

~~Annual~~ reports will ~~include~~ ~~contain~~ information regarding all significant and/or material matters and changes pertaining to the investment of the ~~legacy fund, including~~ Legacy Fund. ~~These reports will include:~~

1. Changes in asset class portfolio structures, tactical approaches, and market values.
2. Loss of principal, if any.
  - ~~• Management costs associated with various types of investments.~~
- ~~3. Provide details of fees and costs.~~
- ~~3.4.~~ All material legal or legislative proceedings affecting the SIB.
- ~~4.5.~~ Compliance with this investment policy statement.
  - ~~• An evaluation of the national economic climate.~~
- ~~5.6.~~ A ~~forecast of the expected economic opportunities~~ ~~general market overview~~ and ~~dangers~~ ~~market expectations.~~
- ~~6.7.~~ Management of risk by the SIB.

~~In addition to the quarterly and annual evaluation and review process~~Lastly, the SIB shall notify the Advisory Board within 30 days of any substantial or notable deviation from the normal management of the ~~legacy fund~~Legacy Fund, including any anomalies, notable losses, gains, or liquidation of assets affecting the fund. This includes changes in money managers, performance measurement services, or consultants, including the hiring or termination of a money manager, performance measurement service, or consultant.

~~Approved by:~~

~~LEGACY AND BUDGET  
STABILIZATION FUND  
ADVISORY BOARD~~  
  


~~STATE INVESTMENT BOARD~~

~~X [?][?][?]~~  
Scott Anderson, Chief Investment Officer

~~Representative Glenn Bosch, Chairman~~

Date: 7/21/23

Date: ~~7-21-23~~ 7-21-23

~~Approved by the LBSFAB: 2-16-2021  
Approved by the SIB: 2-26-2021  
Amended by LBSFAB 10-12-2022 and 12-6-2022  
Approved as amended by SIB 12-16-2022 Amended  
and approved by LBSFAB: 6-21-2023 Approved as  
amended by SIB: 7-21-2023~~

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**IX. Withdrawals**

Withdrawals or distributions from the Legacy Fund shall be made only in accordance with Section 26 of Article X of the North Dakota Constitution and the applicable provisions of the North Dakota Century Code.

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Representative Jonathan Warrey

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Scott M. Anderson, Chief Investment Officer

Legacy and Budget Stabilization Fund  
Advisory Board

North Dakota Retirement and Investment  
Office

Date:

Date:

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# INVESTMENT POLICY STATEMENT

## North Dakota Legacy Fund

### I. Plan and Fund Overview

The North Dakota Legacy Fund (Fund) was created in 2010 when the voters of North Dakota approved a constitutional amendment—Article X, Section 26, of the North Dakota Constitution—directing 30% of oil and gas gross production and oil extraction taxes on oil and gas produced after June 30, 2011, be transferred to the Legacy Fund. The principal of the Legacy Fund may be expended if approved by a vote of at least two-thirds of the members elected to each house of the Legislative Assembly. Not more than 5% of the principal of the Legacy Fund may be spent during a biennium. The Legislative Assembly may transfer funds from any source to the Legacy Fund, and such transfers become part of the principal of the fund. The State Investment Board (SIB) is responsible for investment of the Legacy Fund.

The distribution from the Legacy Fund on July first of each odd-numbered year must be equal to 8% of the 5-year average value of the Legacy Fund balance as reported by the SIB. The average value of the Legacy Fund balance must be calculated using the fund balance at the end of each fiscal year for the 5-year period ending with the most recently completed even-numbered fiscal year.

North Dakota Century Code (NDCC) § 21-10-11 provides that the goal of investment for the Legacy Fund is principal preservation and growth while maximizing total return for an appropriate level of risk and to provide a direct benefit to the state by investing a portion of the principal in the state. Preference must be given to qualified investment firms and financial institutions with a presence in the state for investment of the Legacy Fund.

The Legacy and Budget Stabilization Fund Advisory Board (Advisory Board) is charged by law under NDCC § 21-10-11 with the responsibility of recommending policies on investment goals and asset allocation of the legacy fund.

#### **Client Investment Objectives**

The Legacy Fund was created, in part, due to the recognition that state revenue from the oil and gas industry will be derived over a finite timeframe. The Legacy Fund defers the recognition of 30% of this revenue for the benefit of future generations.

Risk Tolerance: The Advisory Board's risk tolerance with respect to the real value of principal and growth while maximizing total return for an appropriate level of risk of the Legacy Fund's

mission is low. The Advisory Board is unwilling to undertake investment strategies that might jeopardize the ability of the Legacy Fund to maintain the real value of principal over time. The Advisory Board recognizes that the plan will evolve as the Legacy Fund matures and economic conditions and opportunities change.

## **II. Responsibilities and Discretion of the State Investment Board**

The State Investment Board (SIB) is established under NDCC § 21-10 and is charged with investing and managing the assets of the funds enumerated in NDCC § 21-10-06, including the Legacy Fund. The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body. Pursuant to NDCC § 21-10-07.1 the SIB must also give preference to qualified investment firms and financial institutions with a presence in the state.

Pursuant to NDCC § 21-10-02 and NDCC § 21-10-02.1, the SIB shall:

- Implement investment policies and asset allocations established by each fund's governing body.
- Approve investment guidelines, procedures, and permissible securities for the funds under its management.
- Serve as custodian of securities purchased on behalf of such funds or designate a qualified custodian.
- Establish written policies on investment goals, objectives, and asset allocation, including liquidity requirements, diversification, and acceptable levels of risk.
- Develop procedures for the selection, retention, evaluation, and termination of professional money managers, consultants, and custodians.

### **Delegation and Oversight**

The SIB may delegate investment responsibility for all or part of a fund to professional money managers that meet established qualifications. When such delegation occurs, the SIB's role is supervisory rather than advisory, ensuring that each manager operates within approved guidelines and performance expectations.

The SIB may also pool assets of this Fund with other funds having similar objectives and time horizons to enhance diversification, reduce costs, and improve returns. In pooling fund assets, the SIB must ensure compliance with the Prudent Investor Rule and the objectives of all participating funds.

### III. Investment Performance Objective

The Fund's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB.

- The Fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of 5 years.
- The Fund's risk, measured by the standard deviation of net returns, should not exceed 115% of the policy benchmark over a minimum evaluation period of 5 years.

### IV. Asset Allocation

The Advisory Board establishes the Fund's asset allocation, with input from consultants and/or the Retirement and Investment Office (RIO). The following allocation was established. The asset allocation will be reviewed periodically and updated when appropriate.

At its discretion, the SIB advised by the Advisory Board may adjust these targets on an interim or a long-term basis to account for (a) extreme market conditions, (b) the specific composition of Legacy Fund assets deployed via the In-State Investment Program (ISIP), (c) a decision by the North Dakota State Legislature to withdraw and spend an amount up to but not exceeding 5% of the Fund and (d) the long-term implementation nature of alternative assets (such as private equity and private real assets).

	<b>Target Allocation</b>	<b>Minimum Allocation</b>	<b>Maximum Allocation</b>
<b>Global Equity</b>	<b>53.5%</b>	<b>32%</b>	<b>76%</b>
Public Equity	46.5%	32%	64%
Private Equity	7%	0%	12%
<b>Global Fixed Income</b>	<b>28.5%</b>	<b>23%</b>	<b>34%</b>
Investment Grade Fixed Income	13.5%	10%	17%
High Yield Fixed Income	5%	0%	7%
Private Credit	10%	0%	13%
<b>Private Real Assets</b>	<b>10%</b>	<b>5%</b>	<b>15%</b>
<b>In-state Fixed Income</b>	<b>5%</b>	<b>0%</b>	<b>8%</b>
In-state Infrastructure Loan	1%	0%	2%
BND CD Match Program	4%	0%	6%
<b>In-state Equity</b>	<b>3%</b>	<b>0%</b>	<b>7%</b>

**Corridor Benchmark/Allocations:** Long-term target allocations utilizing alternative asset classes can take several years to implement prudently. To ensure portfolio exposures remain aligned with the Fund's strategic objectives during this period, the SIB may employ a corridor methodology. Under this approach, allocations to private market asset classes (such as private equity, private credit, or real assets) that cannot be immediately adjusted—due to the illiquid nature of the assets—will be temporarily reallocated to corresponding public market asset classes that serve as suitable proxies. Both the target and ranges are adjusted based on the corridor methodology.

The proxy allocations are utilized such that the overall portfolio continues to reflect, as closely as practical, the intended risk–return characteristics around the long-term targets, until private market commitments are fully funded and capital is called.

**Corridor Guidelines:**

- Private Equity will be proxied with public equity
- Private Credit will be proxied with half public equity and half public investment grade fixed income
- Private real assets will be proxied with half public equity and half public investment grade fixed income
- In-state Fixed Income will be proxied with investment grade fixed income
- In-state Equity will be proxied with public equity

**Rebalancing:** The need to rebalance the portfolio can arise from a new asset allocation or because market activity has driven the actual distribution of assets away from the desired mix. To minimize transaction costs from rebalancing, RIO develops appropriate ranges around the target mix (which are specified in the policy statement). Rigidly adhered to, such a policy is a valuable risk control tool. By maintaining asset mix within reasonably tight ranges, the SIB avoids making unintentional "bets" in the asset mix and avoids market-timing decisions.

All funds the SIB oversees have an asset allocation with minimum and maximum limits assigned. RIO's rebalancing policy requires the asset mix to be determined at the end of each month and that appropriate rebalancing takes place.

## **V. In-State Investment Program**

In 2021, House Bill 1425 was approved by the North Dakota legislature and signed into law. It establishes a program for the investment of a portion of Legacy Fund assets within the state and empowers the SIB advised by the Advisory Board to execute that program.

In 2023, Senate Bill 2330 amended NDCC § 21-10-11 by directing the SIB advised by the Advisory Board to invest the ISIP funds in the following way:

- A target allocation of seven hundred million dollars to fixed income investments within the state, including:
  - Up to one hundred fifty million dollars for infrastructure loans to political subdivisions, with the fixed net return to the Legacy Fund of 1.5%.
  - A minimum of four hundred million dollars million for the Bank of North Dakota's ("BND") certificate of deposit match program with an interest rate fixed at the equivalent yield of the United State treasury bonds having the same term, up to a maximum term of 20 years; and
  - Other qualified fixed income investments within the state based on guidelines developed by the Legacy and Budget Stabilization Advisory board.
- A target allocation of six hundred million dollars to equity investments in the state, including:
  - Investment in one or more equity funds, venture capital funds, or alternative investment funds with a primary strategy of investing in emerging or expanding companies in the state. Equity investments must:
    - Be managed by qualified investment firms, financial institutions, or equity funds which have a strategy to invest in qualified companies operating or seeking to operate in the state and which have a direct connection to the state.
    - Have a benchmark investment return equal to the 5-year average net return for the Legacy Fund, excluding in-state investments.
  - Other eligible investments under this subdivision based on guidelines developed by the Advisory Board.

**Policies Specific to the ISIP Include:**

- a) Specific to the assessment of acceptable risk and return targets for the ISIP in total and all ISIP investments, in-state investments should offer credible evidence that they will meet or exceed the forward expected returns of similar investments with similar levels of risk and liquidity present in the assets that are not invested under the ISIP referred to here as the Core Legacy Fund.
- b) All proposed investments will be made using third party asset managers. Direct investments by the SIB advised by the Advisory Board are not contemplated.

- c) All investments must be subject to the same level of due diligence as similar investments considered for funding using Core Legacy Fund assets.
- d) The SIB at its discretion may choose to direct asset managers retained in the ISIP to utilize either equity, fixed income, convertible debt, debt with warrants or a combination of any of these securities to best meet the risk, return and prudence in the ISIP investments.
- e) The SIB will create and maintain an annual investment pacing schedule that - subject to the successful sourcing, due diligence and deal structuring that meets the SIB's policy requirements for the ISIP, fluctuations in market values and distributions back to the Legacy Fund - will create the opportunity to commit funds at a rate such that the full amount of the equity capital limit for the ISIP set in statute is reached within ten years.
- f) The SIB will direct asset managers retained in the ISIP to:
  - i. Require in the structuring of transactions that the State never becomes a majority equity owner of a business.
  - ii. Require that private capital provided by independent third parties always be invested alongside capital provided from Legacy Fund assets.
  - iii. Give strong preference for investments that provide the SIB the ability to exit from the investment to recycle capital into new ISIP opportunities.
  - iv. The SIB, to the extent prudent, will give special consideration to qualified and experienced institutional asset managers domiciled or having operating offices within the state for participation in implementation of the ISIP.
  - v. Capital provided to any single direct investment by an in-state portfolio fund manager may not exceed \$10 million; however, for each fund commitment, up to two direct investments may receive up to \$25 million each.

## **VI. General Restrictions and Guidelines**

While the SIB determines quality, diversification, and performance standards for investments, the following restrictions apply:

1. Derivatives may be used to manage and replicate systematic exposures, for fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
2. Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.
3. Derivatives use will be monitored to ensure that undue risks are not taken.
4. No investment may jeopardize the tax-exempt status of the Fund.

5. All assets must be held by the SIB's master custodian or an approved sub-custodian.
6. Social investment is prohibited, except as expressly authorized under Section V (In-State Investment Program) and applicable law, including NDCC §§ 21-10-07.1, 21-10-08.1 and 21-10-11.
  - a. For purposes of this Investment Policy Statement, "social investment" has the meaning set forth in NDCC § 21-10-08.1.
  - b. Outside of investments authorized under Section V, the SIB may not invest Fund assets for the purpose of social investment unless the SIB determines that the investment would provide an equivalent or superior rate of return compared to a similar investment that is not a social investment and has a similar time horizon and risk.
7. Economically targeted investment is prohibited, except as expressly authorized under Section V (In-State Investment Program) and applicable law, including NDCC §§ 21-10-07.1 and 21-10-11.
  - a. For purposes of this Investment Policy Statement, "economically targeted investment" means an investment designed to produce a competitive rate of return commensurate with the risk involved and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.
  - b. Investments made pursuant to Section V are permitted notwithstanding their in-state economic benefit purpose, provided they are made in accordance with Section V and applicable law.

All investments shall be made in compliance with applicable laws, regulations, and policies governing the State Investment Board.

## **VII. Internal Controls**

The SIB shall maintain a system of internal controls designed to prevent loss of funds arising from fraud, error, or mismanagement.

Key controls include the segregation of duties, which ensures that no single individual has authority or control over all phases of an investment transaction. Specifically, the responsibilities for initiating investment purchases, recording and reconciling investment activity, and custodial safekeeping of assets are separated among different staff, functional areas, or service providers to provide independent checks and balances.

Other critical controls include maintaining written or electronic confirmations of all investment transactions and establishing formal criteria for broker relationships and trading counterparties. Annual financial audits will include a comprehensive review of the portfolio, accounting procedures for security transactions, and verification of compliance with this Investment Policy.

## **VIII. Evaluation and Review**

The Fund's performance will be evaluated against its investment objectives, with emphasis on rolling 5-year results and 10-year results. Evaluation should include an assessment of the continued feasibility of achieving the investment objectives and the appropriateness of the investment policy statement for achieving those objectives.

Performance reports will be provided to the Advisory Board periodically, but not less than quarterly. Quarterly reports to the Advisory Board will include:

1. A list of investment managers and their performance relative to benchmarks net of fees
2. Earnings, percentage earned and change in market value of each mandate
3. Current portfolio allocations and performance summaries by asset class

Annual reports will contain information regarding all significant and/or material matters and changes pertaining to the investment of the Legacy Fund. These reports will include:

1. Changes in asset class portfolio structures, tactical approaches, and market values.
2. Loss of principal, if any.
3. Provide details of fees and costs.
4. All material legal or legislative proceedings affecting the SIB.
5. Compliance with this investment policy statement.
6. A general market overview and market expectations.
7. Management of risk by the SIB.

Lastly, the SIB shall notify the Advisory Board within 30 days of any substantial or notable deviation from the normal management of the Legacy Fund, including any anomalies, notable losses, gains, or liquidation of assets affecting the fund. This includes changes in money managers, performance measurement services, or consultants, including the hiring or termination of a money manager, performance measurement service, or consultant.

## **IX. Withdrawals**

Withdrawals or distributions from the Legacy Fund shall be made only in accordance with Section 26 of Article X of the North Dakota Constitution and the applicable provisions of the North Dakota Century Code.

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Representative Jonathan Warrey

Legacy and Budget Stabilization Fund  
Advisory Board

Date:

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Scott M. Anderson, Chief Investment Officer

North Dakota Retirement and Investment  
Office

Date:

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## MEMORANDUM

**TO:** State Investment Board  
**FROM:** Dr. Rob Lech, ERCC Chair  
**DATE:** April 27, 2026  
**RE:** EXECUTIVE REVIEW & COMPENSATION COMMITTEE UPDATE

The Executive Review and Compensation Committee (ERCC) has completed its annual review of the performance of Executive Director Jodi Smith and submits the attached formal summative evaluation to the State Investment Board for consideration. The evaluation process was initiated by the ERCC in March 2026 through approval of the survey process, evaluation timeline, and inclusion of a self-reflection by the Executive Director.

To support the evaluation, surveys were distributed to multiple stakeholder groups, including members of the State Investment Board, members of the Teachers' Fund for Retirement Board, agency managers, and agency staff. The ERCC also reviewed the Executive Director's self-evaluation, the FY2025 independent audit results, the Annual Comprehensive Financial Report, and relevant quarterly monitoring reports. These materials were presented to the ERCC at its April 9, 2026, meeting, and the final evaluation draft was reviewed and approved by the Committee at its April 15, 2026, meeting.

Overall, the survey results reflected strong and consistent support for Ms. Smith's leadership. SIB members rated her performance as either meeting or exceeding expectations in every category, with no below-expectations responses. On the TFFR survey, all responses were either meets or exceeds expectations, including 100% "exceeded expectations" responses on stakeholder engagement and collaborative, respectful leadership style. Manager and staff survey results were similarly positive, including unanimous confidence in her integrity and leadership among managers and strong staff confidence in her direction, approachability, and concern for team members.

The ERCC's review found particular strength in Ms. Smith's stabilizing leadership during a period of significant organizational transition, her credibility with internal and external stakeholders, her legislative and external advocacy on behalf of the agency, and her leadership in governance modernization and organizational improvement. The evaluation also identified several areas for continued development, including strengthening feedback loops and two-way communication, continuing to operationalize long-term strategy as the agency moves from stabilization to implementation, and further delegation to support sustainability and leadership development within the agency. These themes were consistent across survey responses and Ms. Smith's self-reflection.

The ERCC concluded that Ms. Smith's first full year as Executive Director reflects exceptionally strong performance and a highly positive trajectory for the agency. The Committee recommends that the State Investment Board approve the attached formal summative evaluation.

**Board Action Requested:**

Approve the formal summative evaluation of Executive Director Jodi Smith as recommended by the Executive Review and Compensation Committee.

# North Dakota Retirement and Investment Office

## **Formal Summative Evaluation**

Jodi Smith, Executive Director

April 27, 2026

The North Dakota State Investment Board (SIB) conducted a formal evaluation of the Executive Director, Ms. Jodi Smith. The Executive Review and Compensation Committee (ERCC), which consists of Dr. Robert Lech, Mr. Gerald Buck, and Senator Jerry Klein, was appointed by the Chair of the SIB, Governor Kelly Armstrong, to oversee the evaluation process and provide a draft of the formal summative evaluation for Executive Director Smith.

Additional support was provided through Sara Seiler, Supervisor of Internal Audit, Adam Otteson, Chief Financial Officer/Chief Operating Officer, Scott Anderson, Chief Investment Officer, and Missy Kopp, Executive Assistant.

### **OVERVIEW**

Ms. Smith's first full year as Executive Director of the North Dakota Retirement and Investment Office (NDRIO) reflects exceptional performance across the stakeholder groups identified to provide perceptual feedback. The survey data was reviewed and committee discussion identified a high level of consistency in feedback from the State Investment Board, Teachers' Fund for Retirement (TFFR), agency staff, and Ms. Smith's own self-reflection. This alignment provided great clarity to the ERCC in strength of leadership and opportunities for further development.

### **EVALUATION PROCESS AND RESOURCES**

During the April 9, 2026, ERCC meeting, the committee reviewed and discussed, as necessary, all reports and surveys necessary to draft the formal summative evaluation draft to present to the SIB. The surveys and reports in consideration of the performance evaluation are as follows:

- SIB Executive Director Performance Survey
- TFFR Executive Director Performance Survey
- Independent Audit Report for the period ending June 30, 2025, issued by UHY LLP
- RIO Annual Comprehensive Financial Report for FY Ended June 30, 2025
- Quarterly Monitoring Reports
- Executive Director Manager/Staff Survey 2026
- Executive Director Self-Evaluation 2026

The final draft was read and reviewed by the ERCC committee on April 15, 2026. The final draft will be brought forward to the State Investment Board on April 27, 2026, with a formal recommendation for approval.

## **AREAS OF STRENGTH**

A primary strength has been Ms. Smith's stabilizing leadership of NDRIO while also establishing a clear sense of direction and shared mission for the organization. In a period of transition and development of the governance structure, she has successfully fostered cohesion and alignment across boards, staff, and external partners. This stability has positioned the agency well to move forward and continue to evolve.

Ms. Smith has also established strong credibility and trust across all stakeholder groups. She is consistently recognized as approachable, thoughtful, and genuine in her interactions. Her leadership reflects a high degree of integrity and professionalism, which has strengthened relationships with board members, staff, legislators, and external partners while also enhancing the overall reputation of the agency.

Ms. Smith's work in external leadership and advocacy for NDRIO has been another significant strength. Feedback consistently highlights her effectiveness in legislative engagement, organization advocacy, and stakeholder communication. She has demonstrated the ability to navigate complex policy environments while maintaining message clarity.

Ms. Smith has played a critical role in organizational modernization, particularly as it relates to the transition to a new governance system. She has been proactive and engaged in leading these efforts to ensure that structures, processes and expectations meet the current and future needs of the agency.

## **DEVELOPMENT OPPORTUNITIES**

While no areas of concern were identified, several opportunities for continued growth emerged consistently across feedback sources, including Ms. Smith's self-reflection.

A key area for development is continued growth in communication, particularly in expanding opportunities for two-way engagement and ensuring consistency in processes. Opportunities to further enhance feedback loops, deepen stakeholder engagement, and reinforce clarity in the decision-making process and existing processes should be considered.

As RIO transitions from stabilization to implementation, Ms. Smith is encouraged to focus on revising and operationalizing the strategic vision. This includes balancing the urgency and expectations of the State Investment Board with the operational capacity of

staff. Thoughtful pacing, prioritization, and communication will be critical to sustain progress while maintaining organizational effectiveness.

Delegation and workload management were also identified as important considerations. Ms. Smith has demonstrated a strong personal commitment to RIO, and continued attention to delegation will help ensure sustainability, prevent burnout, and further develop leadership capacity within RIO.

### **GENERAL THOUGHTS**

Ms. Smith's first full year as Executive Director has demonstrated exceptionally strong performance and a highly positive organizational trajectory for the North Dakota Retirement and Investment Office. She has successfully guided the agency through a period of transition while establishing a clear direction and advancing key priorities. This evaluation represents a celebration of a highly effective leadership that has had a profound impact on the North Dakota Retirement and Investment Office.

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Ms. Jodi Smith, Executive Director

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Date

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Dr. Robert Lech, Executive Review and Compensation  
Committee Chair

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Date

## MEMORANDUM

**TO: State Investment Board**

**FROM: Jodi Smith, Executive Director**

**DATE: April 27, 2026**

**RE: BOARD GOVERNANCE CONSULTANT**

As the Board is aware, the agency has worked with Funston Advisory Services in connection with the Governance Policy System rewrite and related governance modernization efforts. Through that work, Funston has also outlined a broader set of governance advisory services that could support the Board beyond the initial rewrite. Those services are intended to help the Board sustain and operationalize the governance framework over time, rather than treating governance as a one-time document revision.

Funston has outlined several service categories that could support this broader role. These include ongoing governance advisory support, reinforcement of governance behavior at and between meetings, maintenance of the governance operating system, support for structured Board and executive evaluations, facilitation of strategic planning, and targeted operational reviews tied to Board priorities. The recently proposed operational risk reporting engagement is one example of how that support could be structured, with the goal of giving the Board clearer, more timely visibility into material operational risks through a more formal exception-based reporting framework.

At this time, staff is not requesting immediate action to expand the engagement beyond Board Smart. Rather, staff is raising the issue for Board awareness and discussion as part of the broader governance implementation process. Whether additional governance consultant support is pursued will depend in part on budget capacity, implementation needs, and the Board's assessment of where outside expertise would add the most value.

In summary, Board Smart will provide the educational foundation already being put in place. The additional question for the Board is whether, budget permitting, Funston should also serve in a

broader governance consultant capacity to help the Board sustain, refine, and implement the governance framework over time.

**Board Action Requested:**

Move to authorize staff to continue engagement with Funston Advisory Services, budget permitting, in a governance consultant role to support implementation of the Governance Policy System and related governance initiatives, with specific scopes of work to be brought forward as needed for review and approval.

## MEMORANDUM

**TO:** State Investment Board

**FROM:** Jodi Smith, Executive Director

**DATE:** April 27, 2026

**RE:** Legacy Fund Transparency Website

During the most recent legislative session, North Dakota Century Code § 21-10-06.3 was enacted, requiring the establishment of a publicly accessible transparency platform for the Legacy Fund.

The law mandates:

- Public reporting of fund allocations, expenditures, and performance
- Timely and accessible disclosure of financial and programmatic data
- Enhanced accountability and governance standards

This initiative directly fulfills those statutory requirements and positions the organization for full compliance within the required timeframe.

Following legislative direction, staff have conducted a structured procurement process, including:

- Development of detailed project requirements and technical specifications
- Issuance of a Request for Proposal (RFP)
- Evaluation of vendor submissions based on experience, technical capability, cost, and alignment with project goals
- Selection of a preferred vendor (pending board review and approval of contract terms and completion of contract negotiations)

The procurement process was conducted in accordance with applicable policies and regulations to ensure fairness, competitiveness, and value.

The selected solution is expected to include:

- Interactive dashboards displaying fund performance and allocations
- Project-level reporting with status updates and outcomes
- Document repository for financial statements and governance materials
- Impact visualization tools aligned with key performance indicators
- User-friendly, accessible design

**Next Steps**

Upon receipt of State Investment Board (SIB) direction:

- Finalize contract negotiations
- Issue an intent to award
- Execute agreement with selected vendor
- Initiate project development phase
- Provide regular progress updates to the SIB

**Board Action Requested:**

Enter executive session to discuss exempt proposal procurement information.

**Executive Session information will be sent directly to Board members.**

## MEMORANDUM

**TO:** State Investment Board

**FROM:** Matt Posch, Portfolio Manager

**DATE:** April 16, 2026

**RE:** Quarterly Investment Ends Report – Quarter Ending March 31, 2026

### **Funds Management:**

The Funds Management team continued to advance key initiatives to strengthen the structure and effectiveness of the public markets portfolio. During the quarter, the team funded the Principal international all-cap mandate and continued legal reviews of previously approved strategies, alongside ongoing portfolio reviews with existing managers.

The team also progressed its organizational build-out by conducting interviews for the Investment Analyst – Quantitative Risk & Funds Management position, supporting expanded capabilities in portfolio construction, risk analysis, and data-driven insights.

During the quarter, staff presented the forward-looking public markets strategy to the Investment Committee, outlining the next phase of portfolio evolution and areas of focus for continued enhancement.

In addition, the team initiated Fixed Income 2.0, a comprehensive effort to re-underwrite the public fixed income portfolio. This work is focused on identifying opportunities to enhance portfolio construction, optimize manager structure, and improve overall portfolio efficiency, consistent with the framework established in Public Equities 2.0.

### **Private Markets:**

The team completed due diligence on one private equity manager, which was recommended and approved by the Investment Committee. After completing the legal review, the manager held its closing on April 10, 2026. The Team also presented the Private Markets Strategy to the Investment Committee. Finally, the team conducted approximately 96 introductory, due diligence, and monitoring meetings with prospective and current managers and strategies.

**Internal Management:**

At the end of the quarter, the internally managed program hit its 1-year anniversary, with total internally managed assets of \$3.38 billion.

**Other:**

- Staff continue to conduct due diligence on prospect managers/products for future consideration.
- Staff continue to monitor each client's asset allocation monthly and make 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.

**Board Action Requested:** Board acceptance

**MEMORANDUM**

**TO: SIB**  
**FROM: Adam Otteson, Chief Financial and Operating Officer**  
**DATE: April 27, 2026**  
**RE: Quarterly Budget Report**

The following is the budget and expense report for the quarter ending March 31, 2026.

**Budget Status March 2026**

Category	Q3 FY26				Biennium to Date			
	Budget	Actual	Variance	Variance Percent	Budget	Actual	Variance	Variance Percent
Salaries	\$1,490,598	\$1,425,556	\$65,042	4.36%	\$4,471,795	\$4,112,489	\$359,306	8.03%
New/Vacant Pool	57,939	0	57,939	100.00%	173,817	0	173,817	100.00%
Operating Exp.	473,142	419,469	53,673	11.34%	1,419,425	1,091,512	327,913	23.10%
Contingency	25,000	0	25,000	100.00%	75,000	0	75,000	100.00%
<b>Total</b>	<b>\$2,046,679</b>	<b>\$1,845,025</b>	<b>\$201,654</b>	<b>9.85%</b>	<b>\$6,140,038</b>	<b>\$5,204,001</b>	<b>\$936,037</b>	<b>15.24%</b>

**Continuing Authority**

Expenditures	Q3 FY26*				FY to Date *			
	Q3 FY 26	Q3 FY 25	Variance	Variance Percent	FY 26	FY 25	Variance	Variance Percent
	\$13,292,104	\$8,612,910	\$4,679,195	35.20%	\$80,902,506	\$70,032,990	\$10,869,515	13.44%

\*Includes fees paid directly (through Q3) and fees netted from managed accounts (through Q2)

**Board Action Requested:** Board acceptance

## **MEMORANDUM**

**TO: State Investment Board**

**FROM: Sarah Mudder, communications and outreach director**

**DATE: April 27, 2026**

**RE: FY2026, Q3 Communications and Outreach Report**

### **MEDIA INQUIRIES – Date, Subject, and Publication**

- Jan. 5, 2026, Incentive Compensation Opinion, ND Monitor
- Jan. 12, 2026, Incentive Compensation Plan Communications, Bismarck Tribune
- Jan. 12, 2026, External Manager Selection, Fin News
- Jan. 13, 2026, Incentive Compensation Opinion, Bismarck Tribune
- Jan. 14, 2026, Incentive Compensation Opinion, ND Monitor
- Jan. 16, 2026, External Manager Selection, Pensions & Investments
- Jan. 21, 2026, Investment Analyst Hire, Fin News
- Feb. 2, 2026, Pension Pool Asset Allocation/Private Market Investments, With Intelligence
- Feb. 17, 2026, Asset Managers Consolidation, Pensions & Investments
- March 10, 2026, External Manager Selection, Fin News
- March 11, 2026, Fixed Income 2.0, With Intelligence
- March 13, 2026, External Manager Selection, Pensions & Investments
- March 18, 2026, Private Market Investments, Bismarck Tribune
- March 24, 2026, SIB Meeting Actions, MandateWire
- March 31, 2026, GCM Grosvenor Investment, Infralogic

### **MEETINGS – Date and Activity**

- Jan. 6, 2026, SIB Investment Committee
- Jan. 14, 2026, SIB Executive Review & Compensation Committee
- Jan. 16, 2026, State Investment Board
- Jan. 22, 2026, Teachers' Fund for Retirement Board
- Jan. 27, 2026, RIO Executive Steering Committee Investment Management Strategy Special Meeting
- Jan. 28, 2026, RIO Bold & the Balanced Oversight Committee

- Jan. 30, 2026, ND Council on the Arts (Client Fund)
- Jan. 30, 2026, Cash Management Committee
- Feb. 5, 2026, TFFR Governance & Policy Review Committee
- Feb. 9, 2026, City of Grand Forks (Client Fund)
- Feb. 11, 2026, Workforce Safety & Insurance (Client Fund)
- Feb. 13, 2026, SIB Investment Committee
- Feb. 19, 2026, SIB Governance & Policy Review Committee
- Feb. 24, 2026, Public Employees Retirement System (Client Fund)
- March 2, 2026, SIB Audit Committee
- March 10, 2026, SIB Governance & Policy Review Committee
- March 10, 2026, Public Employees Retirement System Investment Subcommittee (Client Fund)
- March 13, 2026, SIB Investment Committee
- March 17, 2026, SIB Securities Litigation Committee
- March 18, 2026, Budget Section
- March 20, 2026, State Investment Board
- March 25, 2026, RIO Bold & Balanced Oversight Committee
- March 26, 2026, Teachers' Fund for Retirement Board
- March 27, 2026, RIO Days of our Legacy Oversight Committee
- March 31, 2026, Legacy and Budget Stabilization Fund Advisory Board (Client Fund)

## **OUTREACH – Date, Activity and Attendance**

### **TFFR Business Partner**

- Jan. 7, 2026, MyTFFR Office Hours: Open Forum, 29 attended
- Feb. 4, 2026, MyTFFR Office Hours: Open Forum, 27 attended
- March 4, 2026, MyTFFR Office Hours: Open Forum, 23 attended

### **Partner Event**

- Jan. 6-9, 2026, Dereck Dukart, Consumer Electronics Show 2026, Las Vegas, NV
- March 2-4, 2026, Sarah Mudder (presenter), NDPERS Communications & Member Services Summit, San Diego, CA
- March 4-5, 2026, Lance Zietlow (presenter), Markets Group 13th Annual Mountain States Institutional Forum, Denver, CO
- March 19-20, 2026, Derek Dukart, QuantVision, New York, NY

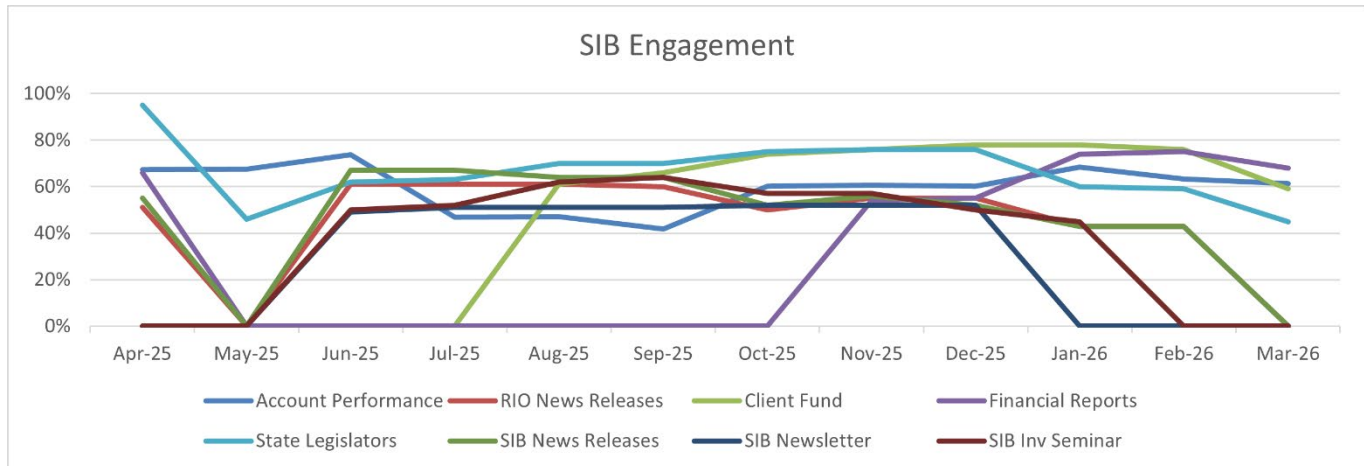
## PUBLICATIONS – Date, Bulletin and open rate

### GovDelivery

#### SIB/Fiscal News Releases, Newsletters and Updates

- Jan. 12, 2026, “FY2025 Annual Comp Financial Rpt released,” 619 recipients (50% open rate)
- Jan. 14, 2026, “FY2025 Financial Audit Report released,” 627 recipients (49% open rate)

#### SIB/Fiscal Engagement Rate Monthly Metrics



From Jan. 1 to March 31, most to least engaged SIB topics were Financial Reports at 68%, Client Funds 59%, and State Legislators at 45%. Per GovDelivery, the median engagement rate for Finance & Commerce communications in 2024 was 53%. The median engagement rate for government emails overall was 61%.

#### TFFR News Releases and Reports

- Jan. 6, 2026, “RIO welcomes Kauffeld as CRO” to 981 recipients (42% open rate)

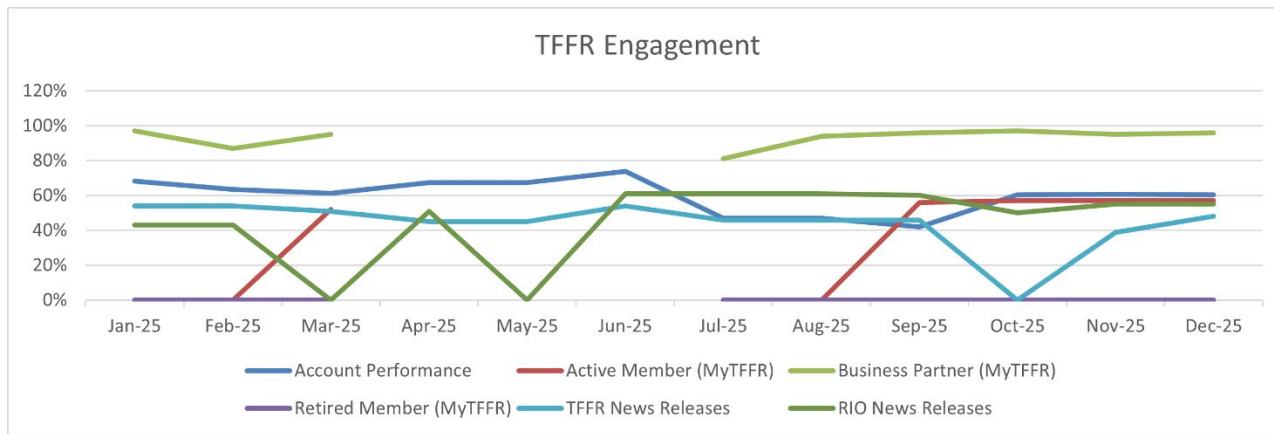
#### TFFR Business Partner Newsletters and Updates

- Jan. 6, 2026, “MyTFFR Office Hours: Open Forum” to 631 recipients (59% open rate)
- Jan. 22, 2026, “TFFR Business Partner News, Jan. 2026” to 633 recipients (61% open rate)
- Jan. 28, 2026, “MyTFFR Office Hours: Open Forum” to 633 recipients (59% open rate)
- Feb. 3, 2026, “Last chance to register...MyTFFR Open Forum” to 633 recipients (50% open rate)
- Feb. 24, 2026, “Get Your MyTFFR Questions Answered....” to 639 recipients (56% open rate)
- March 3, 2026, “Last Call for MyTFFR's March 4th Office Hours” to 637 recipients (58% open rate)
- March 12, 2026, “MyTFFR Retirement Process Reminders” to 636 recipients (53% open rate)

#### TFFR Active Member Newsletters and Events

- Jan. 14, 2026, “Ready to Retire? Here’s how to begin...” to 2,362 recipients (53% open rate)
- March 24, 2026, “Active Member News, March 2026” to 19,458 recipients (53% open rate)

## TFFR Engagement Rate Monthly Metrics



From Jan. 1 to March 31, the most to least engaged topics were Business Partner at 95%, Active Members at 52% and TFFR News Releases at 51%. Retired Members have dropped off due to lack of communication. Per GovDelivery, the median engagement rate for education communications in 2024 was 65%. The median engagement rate for government emails overall was 61%.

## SOCIAL MEDIA

### LinkedIn

Page Views	Unique Visitors	New Followers
819	310	32

### Most Popular Posts (Engagement Rate)

	Impressions	Clicks	Likes
NDRIO Comms Director joins panel discussion	525	229	24
NDRIO released FY2025 ACFR	583	49	17
Welcome Erik Jodock, investment analyst	2,370	198	38

### YouTube

Views	Watch Hours	New Subscribers
697	34.5	6

### Top Content

	Views	Average Duration
MyTFFR: How to login the first time	66	1:30
MyTFFR: How to adjust tax withholding	65	1:13
MyTFFR: How to create a benefit estimate	64	1:11

**Board Action Requested:** Board acceptance

# Executive Limitations

Jodi Smith – Executive Director

April 23, 2026

# Workforce Changes & Staffing Status

Position Title	Status
Multimedia Specialist	Posted

# Strategic Goals

Industry Leader Initiative – Innovation in operations to excel in education, technology, and talent

Succession & Business Continuity Planning

Alignment thru Continuous Improvement

Strategic Implementation of New Statues

# Industry Leader Initiative

## Recruitment and Onboarding of ED & CFOO

Executive Director –  
Hired 06/2025

Chief Financial Officer –  
Hired 09/2025

Chief Retirement Officer –  
Hired 01/2026

Status: Complete

## Transition from network folders and Teams to SharePoint

Status: Not started

\*Creating a plan to complete one division at a time.

## Implementation of investment operations compliance plan

Code of Ethics Policy

Attestations Forms Adopted

Trade Errors Procedure Implemented

Rebalancing Policy being Drafted

Status: In Progress

# Succession & Business Continuity Planning

**Create Succession Plans  
for the ED, CFOO, and CIO**

Status: Complete

**Create a business  
continuity plan**

Status: In Progress

\*PAS disaster recovery  
testing completed

\*Challenges with PAS due  
to budgetary constraints

# Alignment thru Continuous Improvement

Identify pockets of innovation across the organization during regular check-ins.  
Small, compounding changes and innovations add up to outsized results over time.

## Business Process Mapping

RFP Development for new accounting system (Bold & the Balanced)

Status: Complete

## Identification and Implementation of Quick Wins

Status: Complete

## Strategic Planning Sessions

Status: Complete

# Alignment thru Continuous Improvement cont.

Identify pockets of innovation across the organization during regular check-ins.  
Small, compounding changes and innovations add up to outsized results over time.

**Strategic Planning with TFFR,  
Investment and Fiscal Teams**

Status: Complete

**AI Team Meeting**

Process  
documentation

Vyond video

Status: In Progress

**Governance  
Review**

Status: In Progress

# Key Risks to SIB

## Fiscal Reporting & Financial Oversight

Delays in financial reporting, reconciliations, and close processes can reduce transparency and limit timely oversight.

## Staffing & Organizational Capacity

Ongoing capacity constraints may affect reporting, operations, investments, and audit coverage.

## Systems, Data & Cybersecurity

Reliance on aging systems, data limitations, and cybersecurity threats may disrupt operations and weaken decision support.

## Budget Flexibility & Operational Resilience

Limited resource flexibility and dependence on key systems and personnel may constrain the Board's ability to respond to emerging needs.

## Cybersecurity Risk

An uptick in cybersecurity attacks increases the risk of disruption to operations and strain critical technology infrastructure, requiring continued vigilance, system resilience, and timely incident response.

## Board Implication

Without continued modernization of governance, systems, staffing, and oversight processes, the SIB faces increased risk to financial reporting, investment control, and long-term operational effectiveness.