

State Investment Board Meeting – Wednesday, October 28, 2026, 8:30 a.m.
WSI Board Room (In-Person) – 1600 E Century Ave, Bismarck, ND
The open portions of this meeting are livestreamed. [Join the meeting now](#)

AGENDA

I. CALL TO ORDER AND ACCEPTANCE OF AGENDA (*Board Action*)

- A. Pledge of Allegiance
- B. Roll Call & Conflict of Interest Disclosure
- C. Introduction of New Staff

II. ACCEPTANCE OF MINUTES (August 26, 2026) (*Board Action*)

III. REPORTS (45 minutes)

- A. Legacy Fund Website (*Information*) – Ms. Smith

(Break)

IV. INVESTMENTS (45 minutes)

- A. FY26 Year-End Performance Report (*Board Action*) - Callan

V. GOVERNANCE (90 minutes)

- A. Investment Committee Update (*Information*) – Treasurer Beadle, Mr. Anderson
 - 1. Public Markets Waiver (*Board Action*) – Treasurer Beadle
- B. Securities Litigation Legal Counsel Assignment (*Board Action*) – Ms. Smith
- C. CEM Benchmarking Report (*Information*) – Mr. Doll
- D. Second Reading & Final Adoption of Governance Policy System Amendments (*Board Action*) – Ms. Smith
- E. Updated Transparency Scorecard (*Information*) – Ms. Smith
- F. Governance & Capacity Update (*Information*) – Mr. Funston

VI. OTHER

- A. Investment Seminar
- B. Next Meetings:
 - 1. Budget & Finance Committee – November 9, 2026, at 11:00 a.m.
 - 2. SIB ERCC – November 12, 2026, at 9:30 a.m.
 - 3. Investment Committee – November 13, 2026, at 10:30 a.m.
 - 4. SIB GPR Committee – November 16, 2026, at 3:00 p.m.
 - 5. SIB ARCC – November 20, 2026, at 9:30 a.m.
 - 6. State Investment Board – December 7, 2026, at 8:30 a.m.
- C. Reminder: Legislative Session begins on January 5, 2027

VII. ADJOURNMENT

NORTH DAKOTA STATE INVESTMENT BOARD

MINUTES OF THE AUGUST 26, 2026, BOARD MEETING

MEMBERS PRESENT

Kelly Armstrong, Governor, Chair
Dr. Rob Lech, TFFR Board, Vice Chair
Thomas Beadle, State Treasurer
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
Dr. Prodosh Simlai, Investment Professional
Art Thompson, Director of WSI

MEMBERS ABSENT

Joe Morrisette, Director of OMB

GUESTS

Rick Funston, Funston Advisory
Joe Nankof, NEPC
Kirsten Tuntland, Assistant Attorney General
Aaron Weber, Governor's Office
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
Temi Osinaike, Internal Auditor
Adam Otteson, CFOO
Daphne Pfeiffer, Investment Accountant
Sara Seiler, Supervisor of Internal Audit
Jodi Smith, Executive Director
Dottie Thorsen, Internal Auditor
Susan Walcker, Sr. Financial Manager
Alex Weissman, Investment Analyst
Rhi Wenzel, Multimedia Spec.
Lance Zietlow, Portfolio Mgr.

CALL TO ORDER

Governor Kelly Armstrong, Chair, called the State Investment Board (SIB) meeting to order at 8:35 a.m. on Wednesday, August 26, 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. Jahner, and Gov. Armstrong

AGENDA

The Board considered the agenda for the August 26, 2026, SIB meeting.

IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE AUGUST 26, 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. JAHNER, AND GOV. ARMSTRONG

NAYS: NONE

ABSENT: MR. MORRISSETTE

MOTION CARRIED

MINUTES

The Board considered the minutes of the July 29, 2026, SIB meeting.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY REP. BOSCH AND CARRIED BY A VOICE VOTE TO APPROVE THE JULY 29, 2026, SIB MINUTES AS DISTRIBUTED.

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

NAYS: NONE

ABSENT: MR. MORRISSETTE

MOTION CARRIED

INVESTMENTS

Strategy and Performance Review

Mr. Anderson provided the investment performance report using a revised format designed to support the new governance cycle and exception-based reporting. Performance remained strong across the major client funds, with portfolios generally outperforming benchmarks while maintaining controlled levels of risk. Staff emphasized that current active returns have exceeded long-term expectations and should not necessarily be viewed as typical future results.

The report introduced proposed performance thresholds using exceptional, expected, caution, and alert categories for measures including long-term returns, volatility, tracking error, Sharpe ratios, and information ratios. Staff noted that portfolio risk has generally remained below benchmark risk while returns have exceeded benchmarks, demonstrating favorable risk-adjusted performance.

Staff also reviewed private-market pacing and liquidity. Commitments remain generally on track, although slower distributions and capital deployment by private-market managers were identified as areas to monitor. Staff indicated that the funds maintain sufficient liquidity to manage capital calls and stressed market conditions. New stress and liquidity reporting illustrated the funds' ability to meet obligations under increasingly severe market scenarios.

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE INVESTMENT STRATEGY AND PERFORMANCE REVIEW.

AYES: REP. BOSCH, SEN. KLEIN, COMMISSIONER HERINGER, DR. SIMLAI, MR. BUCK, MR. MICKELSON, MR. MILLER, TREASURER BEADLE, MR. JAHNER, MR. THOMPSON, DR. LECH, AND GOV. ARMSTRONG
NAYS: NONE
ABSENT: MR. MORRISSETTE
MOTION CARRIED
GOVERNANCE

Investment Committee Update

Treasurer Beadle provided an update from the August 14, 2026, Investment Committee meeting. The Committee welcomed new committee member Rick Thorson. The Committee received an update from Weaver on development of the integrated investment compliance program, including policies and procedures, Code of Ethics monitoring, conflicts-of-interest requirements, and investment guideline monitoring for internal and external managers. Funston also presented work on an exception-based scorecard that will provide quarterly monitoring of key performance indicators and identify items falling within caution or alert thresholds.

The Committee reviewed an asset allocation study for WSI, and recommended adjustments intended to reduce portfolio risk while maintaining expected returns. The Committee recommended approval of the revised Workforce Safety and Insurance (WSI) Investment Policy Statement and also recommended approval of formatting updates to the Water Project Stabilization Fund Investment Policy Statement, which included no substantive policy changes.

Finally, the Committee reviewed and recommended approval of performance and risk thresholds for the investment key-decision framework. The color-coded thresholds will support exception-based reporting by identifying performance, tracking error, and other indicators as exceptional, expected, caution, or alert and allow the Committee and Board to more readily monitor areas requiring attention.

WSI Asset Allocation

Joe Nankof, NEPC, presented results of the WSI asset allocation study, which incorporated WSI's financial condition, liabilities, capital position, and long-term investment objectives. Given WSI's strong surplus and capital position, NEPC recommended a more conservative allocation focused on preserving capital, maintaining the ability to pay policyholder dividends, and providing greater certainty of meeting the portfolio's required return. The recommended allocation increases total fixed income to 75%, including a new 6% high-yield allocation, while reducing equity exposure and eliminating the TIPS allocation. Modeling indicated the changes are expected to modestly improve long-term returns while reducing volatility and downside risk.

The Board discussed the timing of adding high-yield fixed income given current market valuations and the elimination of TIPS as an inflation hedge. Mr. Nankof explained that current high-yield bond yields remain attractive despite tighter spreads and that replacing a portion of equity exposure with high yield provides a better balance of return and risk. NEPC also noted that TIPS are highly correlated with core bonds and provide less diversification and inflation protection than may be expected, while high yield offers greater diversification.

The WSI Board and Investment Committee recommended approval of the proposed asset allocation changes.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. THOMPSON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE RECOMMENDED WSI ASSET ALLOCATION.

AYES: TREASURER BEADLE, MR. JAHNER, REP. BOSCH, MR. THOMPSON, COMMISSIONER HERINGER, DR. SIMLAI, DR. LECH, MR. MILLER, MR. BUCK, SEN. KLEIN, MR. MICKELSON, AND GOV. ARMSTRONG
NAYS: NONE
ABSENT: MR. MORRISSETTE

MOTION CARRIED

Governance Policy Review

Mr. Anderson reviewed the first-quarter decision package under the new five-year investment governance cycle, which connects policy direction, implementation, oversight, and reporting. Quarterly monitoring will include investment performance, active risk, private-market capital deployment, and market stress and liquidity.

He reviewed the six Investment Beliefs and a performance framework using Exceptional, As Expected, Caution, and Alert categories to evaluate investment performance and risk. The framework includes performance measures, tracking-error thresholds based on each fund's active-risk capacity, manager performance, and event risk.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. THOMPSON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE INVESTMENT KEY DECISIONS AND THE UPDATED INVESTMENT POLICY STATEMENTS FOR WSI AND THE WATER PROJECTS STABILIZATION FUND.

AYES: 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

ABSENT: MR. MORRISSETTE

MOTION CARRIED

The Board recessed at 9:54 a.m. and reconvened at 10:03 a.m.

Mr. Thompson left the meeting.

Budget and Finance Committee Update

Rep. Bosch provided an update from the Budget and Finance Committee's first meeting on August 13, 2026. The Committee discussed its three-member structure and recommended adding a fourth member to avoid potential open-meeting issues. The Committee also reviewed the current budget and reported that agency operations remain aligned with budget expectations.

Mr. Otteson presented the proposed biennial budget, including optional packages that would bring the total request to approximately \$40.5 million. Major requests include additional staffing to address investment and operational needs, accounting and data-system replacements, additional TFFR staffing and system enhancements, potential compensation adjustments, required IT costs, bringing application support staff in-house, and professional services. Staff noted that RIO's assets under management and operational complexity have grown significantly and that benchmarking indicates staffing levels are below peers.

The Board also discussed the need for more consistent legal support as the agency's investment and operational responsibilities grow. Staff are working with the Attorney General's Office to determine an appropriate structure that provides specialized and timely legal expertise while remaining consistent with the state's legal framework.

IT WAS MOVED BY REP. BOSCH AND SECONDED BY SEN. KLEIN AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE 2027-29 RIO BUDGET REQUEST FOR SUBMISSION TO OMB AND SUBSEQUENT CONSIDERATION THROUGH THE EXECUTIVE BUDGET AND LEGISLATIVE APPROPRIATION PROCESS.

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

NAYS: NONE
ABSENT: MR. MORRISSETTE & MR. THOMPSON
MOTION CARRIED

Executive Review and Compensation Committee

Dr. Lech provided an update from the ERCC meeting on August 11, 2026, which included review of the Committee Charter, the Executive Director (ED) performance evaluation process, and proposed performance goals. Because in-house legal counsel is not currently available to facilitate the evaluation, the Committee recommended using Funston as the independent third-party advisor to conduct the ED's evaluation.

The Committee also reviewed three goals for the Executive Director which will be used as the basis for the annual performance evaluation. The recommended goals were to operationalize the governance systems across SIB and TFFR, continuing to improve transparency beyond statutory requirements, and building organizational capacity aligned with the agency's growing responsibilities and assets under management.

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. BUCK AND CARRIED BY A ROLL CALL VOTE TO AUTHORIZE THE ENGAGEMENT OF AN INDEPENDENT THIRD-PARTY ADVISOR TO PREPARE AND FACILITATE THE ANNUAL ED PERFORMANCE EVALUATION, WITH SCOPE, SELECTION, AND OVERSIGHT DIRECTED BY THE ERCC CHAIR, AND DIRECT RIO TO NEGOTIATE A STATEMENT OF WORK UNDER THE EXISTING INDEPENDENT GOVERNANCE AND RISK ADVISORY SERVICES CONTRACT WITH FUNSTON ADVISORY SERVICES.

AYES: DR. SIMLAI, REP. BOSCH, MR. BUCK, TREASURER BEADLE, COMMISSIONER HERINGER, SEN. KLEIN, DR. LECH, MR. JAHNER, MR. MICKELSON, MR. MILLER, AND GOV. ARMSTRONG
NAYS: NONE
ABSENT: MR. MORRISSETTE & MR. THOMPSON
MOTION CARRIED

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. BUCK AND CARRIED BY A ROLL CALL VOTE TO ADOPT THE ED GOALS AS THE BASIS FOR THE ANNUAL PERFORMANCE EVALUATION.

AYES: MR. BUCK, MR. MILLER, MR. JAHNER, MR. MICKELSON, DR. SIMLAI, REP. BOSCH, COMMISSIONER HERINGER, DR. LECH, SEN. KLEIN, TREASURER BEADLE, AND GOV. ARMSTRONG
NAYS: NONE
ABSENT: MR. MORRISSETTE
MOTION CARRIED

Governance and Policy Review Committee

Commissioner Heringer provided an update from the Governance and Policy Review (GPR) Committee meeting on August 12, 2026. The Committee approved the recommendation to amend the GPS and to bring the amendments to the SIB for a first reading. The recommended updates correct some statutory citations, correcting the committee count on the governance calendar from six to five, and the composition of the Budget and Finance Committee (BFC). As mentioned in the BFC update, the recommendation is to increase that committee's membership from three to four to avoid potential quorum issues. The additional member would be a representative recommended by the TFFR Board.

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY MR. BUCK AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE INTRODUCTION AND FIRST READING OF THE GOVERNANCE POLICY SYSTEM AMENDMENTS.

AYES: DR. LECH, TREASURER BEADLE, DR. SIMLAI, COMMISSIONER HERINGER, REP. BOSCH, MR. MILLER, MR. BUCK, MR. JAHNER, MR. MICKELSON, SEN. KLEIN, AND GOV. ARMSTRONG
NAYS: NONE

ABSENT: MR. MORRISSETTE AND MR. THOMPSON
MOTION CARRIED

Audit, Risk, and Compliance Committee Update

Treasurer Beadle provided an update from Audit, Risk, and Compliance Committee (ARCC) meeting on August 13, 2026. The Committee reviewed and accepted the FY2026 year-end internal audit activities report and received an update on FY2027 activities, which remain on schedule with no significant issues. The Committee also reviewed outstanding audit recommendations and received an update from Weaver on co-sourced audit activities, including the public markets internal investment audit and related knowledge transfer to staff.

The Committee also discussed development of the Enterprise Risk Management framework and an exception-based oversight dashboard to identify and monitor emerging operational risks. The framework is expected to return to the Committee in November for review and recommendation.

REPORTS

Internal Audit FY26 Year End Activities Report

Ms. Seiler reviewed the Internal Audit FY 2026 Year End Activities Report. The report highlighted completion of the investment fee audit, executive limitations audit, Neospin user role review, TFFR file maintenance review, and external manager oversight audit. The audits found that controls were generally operating effectively, identified opportunities for improvement, and resulted in recommendations accepted by management.

Internal Audit also coordinated external financial audit activities, supported governance and operational initiatives through advisory services, and contributed to the development of the Enterprise Risk Management framework. The division completed its annual audit plan while maintaining the organizational independence required by professional internal auditing standards.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. LECH AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE INTERNAL AUDIT FY26 YEAR END ACTIVITIES REPORT.

AYES: MR. BUCK, COMMISSIONER HERINGER, MR MICKELSON, REP. BOSCH, MR. MILLER, MR. JAHNER, DR. LECH, SEN. KLEIN, TREASURER BEADLE, DR. SIMLAI, AND GOV. ARMSTRONG
NAYS: NONE

ABSENT: MR. MORRISSETTE AND MR. THOMPSON
MOTION CARRIED

ADJOURNMENT

With no further business to come before the SIB, Gov. Armstrong adjourned the meeting at 10:48 a.m.

Prepared by: Missy Kopp, Assistant to the Board

LEGACY —“FUND”—

LAUNCH OVERVIEW

Legacy Fund transparency website

From HB 1319 to launch:
the law, the procurement and the timeline

Legacy Fund Transparency Website



HB 1319 required a public website

HB 1319, 2025 Regular Session, added NDCC 21-10-06.3.
Sponsors: Representatives Satrom and Ostlie and Senator Conley.

1

The State Investment Board shall maintain a publicly accessible website containing information regarding all Legacy Fund investments.

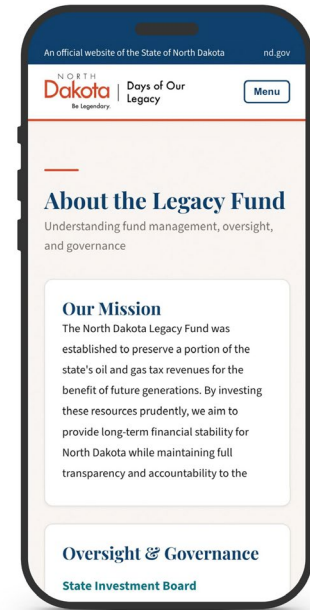
2

The website must list all companies, funds, and other financial mechanisms in which the legacy fund is invested in accordance with state and federal laws.

3

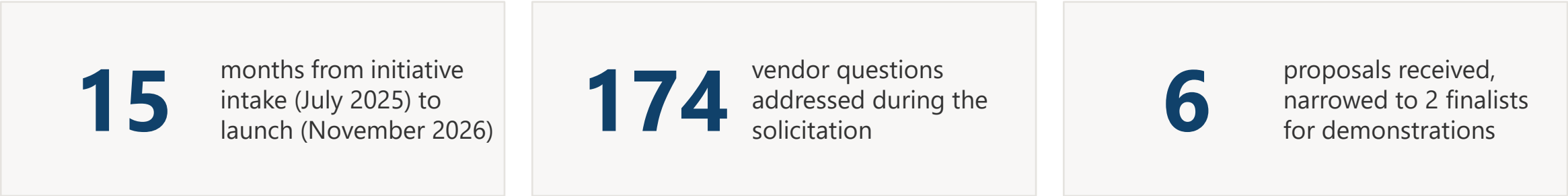
Within the limits of legislative appropriations, the state retirement and investment office may spend moneys necessary for the development and maintenance of the website.

A modern, searchable, user-friendly site replaces static PDFs and gives one point of access to Legacy Fund information.



TIMELINE

15 months from intake to launch



Time spent in each stage, drawn to scale



Launch: November 1, 2026

THANK YOU

Thank you to the people who made this launch possible

Our Project Manager

For leading this project from kickoff through launch.

Communications Team

For shaping how the Legacy Fund story reaches the public.

Tactis and Devii

For designing, building and managing the website, with secure data management.

Our Investment and Fiscal teams

Thank you for working through thousands upon thousands of lines of data.

Thank you

To our sister agencies and partners, for working with us to make this launch a success

**North Dakota
Information
Technology**

**Office of
Management &
Budget**

**Large IT
Committee**

Treasurer's Office

Legislative Council

**Commerce
Department**

NDPC

**LEGACY
—FUND—**

Callan



Retirement & Investment

October 28, 2026

North Dakota State Investment Board

Performance Evaluation
as of June 30, 2026

Mike Joecken

Senior Vice President

Liz Spanos, CFA

Vice President

Callan

Market Update

Public Market Equities Rebound Sharply in 2Q26

Fixed income sees muted gains

Stocks up big after posting losses in 1Q

- Double-digit gains in the quarter amid solid economic activity and strong earnings
- Small caps topped large caps in the U.S.
- Emerging markets led developed non-U.S.

Fixed income gains despite rising rates

- Coupon income and spread tightening offset higher Treasury yields.

Summary of economic measures

- Headline CPI-U rose 3.5% (year-over-year), up from 3.3% in March but down from 4.2% in May; the core index rose a more modest 2.6%, in line with the prior quarter.
- The job market improved slightly in the quarter, adding an average of 111,000 jobs per month vs. 73,000 in 1Q, but the overall trend is still down over the last few years.
- GDP growth has remained resilient and economists are predicting growth of +2% for the second quarter.

Returns for Periods ended 6/30/26

	Quarter	1 Year	3 Years	5 Years	10 Years	25 Years
U.S. Equity						
Russell 3000	15.44	22.82	20.36	12.31	15.06	9.59
S&P 500	15.20	22.32	20.61	13.41	15.51	9.55
Russell 2000	21.49	40.78	18.60	6.98	11.62	8.80
Global ex-U.S. Equity						
MSCI World ex USA	10.22	20.99	16.90	9.32	9.84	6.59
MSCI Emerging Markets	24.05	43.51	23.03	7.20	10.08	9.50
MSCI ACWI ex USA Small Cap	9.62	19.83	16.42	6.30	9.10	8.87
Fixed Income						
Bloomberg Aggregate	0.67	3.79	4.16	0.08	1.54	3.65
90-day T-Bill	0.88	3.84	4.64	3.52	2.34	1.80
Bloomberg Long Gov/Credit	1.53	3.92	1.86	-3.84	0.70	4.95
Bloomberg Global Agg ex-US	0.99	-1.95	2.70	-2.89	-0.66	3.20
Real Estate						
NCREIF Property	1.19	4.80	1.05	3.20	4.65	7.19
FTSE Nareit Equity	12.43	21.53	12.47	5.90	6.10	9.19
Alternatives						
Cambridge Private Equity*	2.99	12.01	8.11	9.99	13.61	11.13
Cambridge Senior Debt*	1.04	10.29	8.75	7.55	8.01	5.13
HFRI Fund Weighted	6.47	16.32	11.51	6.58	7.26	6.04
Bloomberg Commodity	-8.08	25.46	11.69	9.37	5.83	2.57
Gold Spot Price	-13.68	22.09	27.92	17.92	11.83	11.41
Inflation: CPI-U	1.13	3.53	3.06	4.21	3.32	2.55

*Cambridge Private Equity and Cambridge Senior Debt data as of 4Q25.

Returns greater than one year are annualized.

Sources: Bloomberg, Callan, Cambridge, FTSE Russell, HFRI, MSCI, NCREIF, S&P Dow Jones Indices

Callan

**NDSIB Total Performance &
Asset Allocation Summary**

Conclusions and Observations

- 1. Are the Plans' assets invested as outlined in the Plan's Investment Policy Statement?**
 - Each Trust's asset allocation was within policy ranges as of June 30, 2026.
- 2. Are the Plans' cash flows being managed consistent with the Plan's strategic asset allocation policy?**
 - Each Trust's cash flows were managed to rebalance within strategic ranges as of June 30, 2026.
- 3. Are the Plans' investment results meeting strategic objectives?**
 - All Total Fund returns have each exceeded their respective corridor benchmarks on a net-of-fee basis for the trailing five-year period ended June 30, 2026.
- 4. Are the fees paid to managers reasonable given the competitive landscape and given the value delivered?**
 - In most cases, Total Fund net-of-fee results exceed their corridor benchmark.
- 5. Are any corrective steps necessary to bring the Plan back into compliance with long-term objectives?**
 - No action steps are recommended as the Plans are meeting objectives.

NDSIB Consolidated Net Performance Summary

As of June 30, 2026

	Market Value (\$)	Quarter	YTD	1 Year	3 Year	5 Year	10 Year
PERS Total Fund	\$5,598,957,403	8.92%	8.44%	15.85%	12.24%	7.34%	9.33%
<i>NDSIB PERS Total Fund Corridor Target</i>		8.68%	7.42%	14.90%	11.71%	6.84%	8.78%
<i>Excess Return</i>		0.24%	1.02%	0.95%	0.53%	0.50%	0.55%
TFFR Total Fund	\$4,029,167,487	8.28%	8.01%	14.60%	11.35%	6.81%	9.00%
<i>NDSIB TFFR Total Fund Corridor Target</i>		7.91%	7.04%	13.72%	10.80%	6.36%	8.45%
<i>Excess Return</i>		0.37%	0.97%	0.88%	0.55%	0.45%	0.55%
WSI Total Fund	\$2,407,514,204	3.69%	3.58%	8.58%	7.75%	3.17%	5.36%
<i>NDSIB WSI Total Fund Corridor Target</i>		3.58%	3.12%	7.84%	6.86%	2.64%	4.49%
<i>Excess Return</i>		0.11%	0.46%	0.74%	0.89%	0.53%	0.87%
Legacy Total Fund	\$15,110,193,661	9.01%	8.44%	17.26%	13.58%	7.34%	8.71%
<i>NDSIB Legacy - Total Fund Corridor Target</i>		8.90%	7.45%	15.94%	12.54%	6.44%	7.89%
<i>Excess Return</i>		0.11%	0.99%	1.32%	1.04%	0.90%	0.82%
Budget Total Fund	\$947,894,234	1.10%	1.66%	4.33%	5.97%	3.01%	2.69%
<i>NDSIB Budget - Total Fund Policy Target</i>		0.48%	0.77%	3.14%	4.64%	2.14%	2.01%
<i>Excess Return</i>		0.62%	0.89%	1.19%	1.33%	0.87%	0.68%

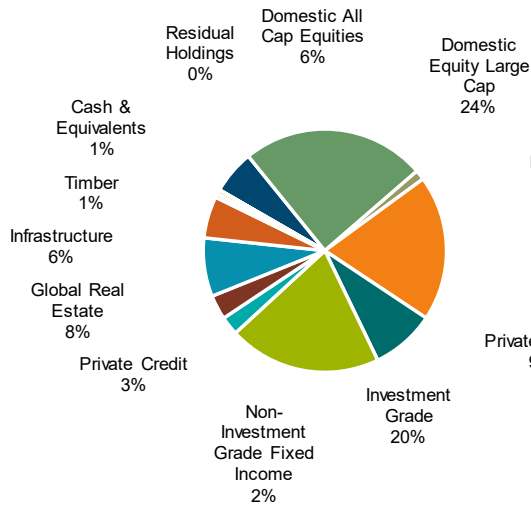
Note: all returns are net of fee

Please see page 18 for detailed description of targets

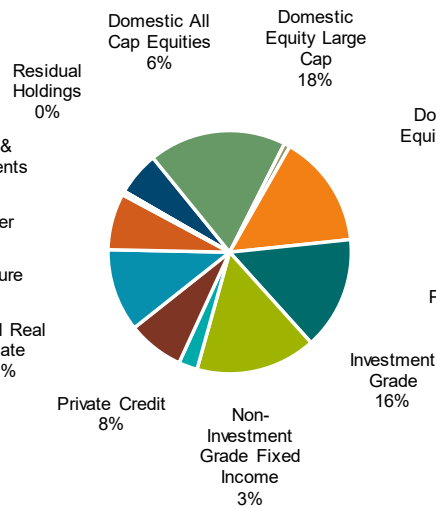
PERS Allocation

As of June 30, 2026

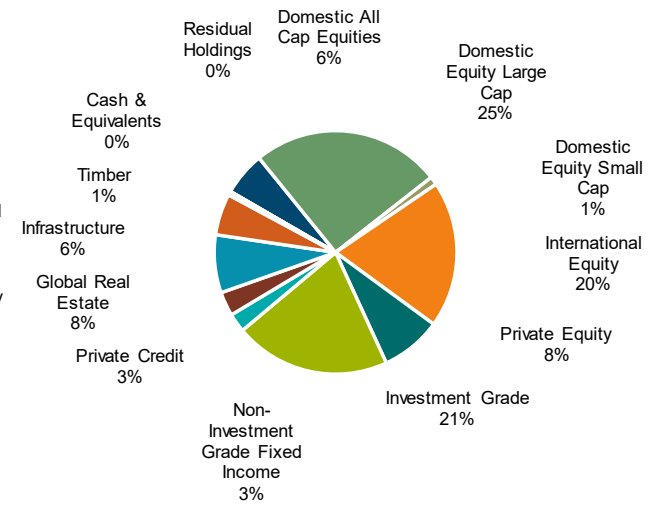
Actual Asset Allocation



Policy Target Allocation



Corridor Target Allocation



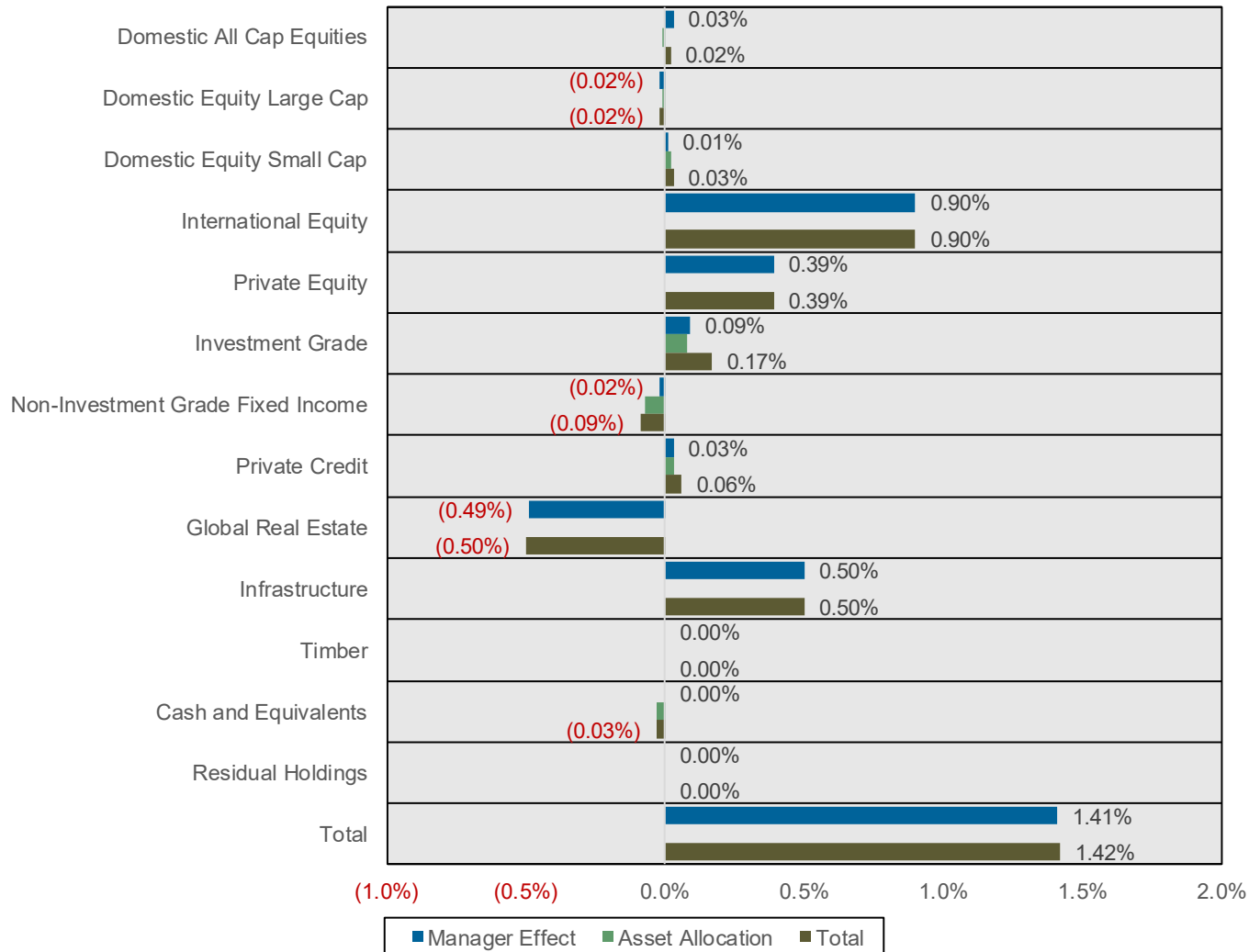
Asset Class	\$000s Actual	Weight Actual	Policy Target	Policy Percent Difference	Corridor Target	Corridor Percent Difference
Domestic All Cap Equities	326,457	5.83%	5.8%	0.0%	5.8%	0.0%
Domestic Equity Large Cap	1,370,407	24.48%	18.3%	6.2%	25.3%	(0.8%)
Domestic Equity Small Cap	73,474	1.31%	0.8%	0.5%	1.1%	0.2%
International Equity	1,084,963	19.38%	15.1%	4.3%	19.5%	(0.1%)
Private Equity	475,995	8.50%	15.0%	(6.5%)	8.1%	0.4%
Investment Grade	1,137,801	20.32%	16.0%	4.3%	20.8%	(0.5%)
Non-Investment Grade Fixed Income	138,999	2.48%	2.5%	(0.0%)	2.5%	(0.0%)
Private Credit	182,653	3.26%	7.5%	(4.2%)	3.2%	0.1%
Global Real Estate	436,348	7.79%	11.0%	(3.2%)	7.7%	0.1%
Infrastructure	310,585	5.55%	7.5%	(2.0%)	5.5%	0.1%
Timber	29,065	0.52%	0.5%	0.0%	0.5%	0.0%
Cash & Equivalents	31,432	0.56%	0.0%	0.6%	0.0%	0.6%
Residual Holdings	777	0.01%	0.0%	0.0%	0.0%	0.0%
Total	5,598,957	100.0%	100.0%		100.0%	

Please see page 18 for detailed description of targets

PERS Attribution vs. Corridor Target

As of June 30, 2026

One Year Relative Attribution Effects



Total Fund Return
15.85%

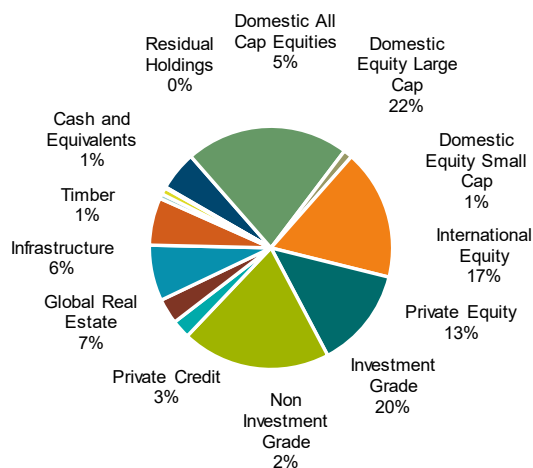
Note: all returns are net of fee

Please see page 18 for detailed description of targets

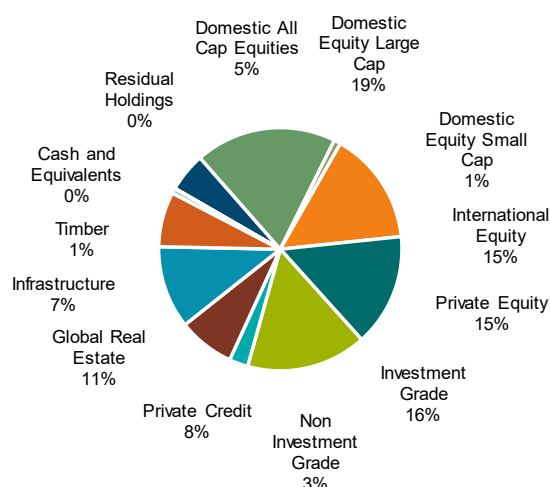
TFFR Allocation

As of June 30, 2026

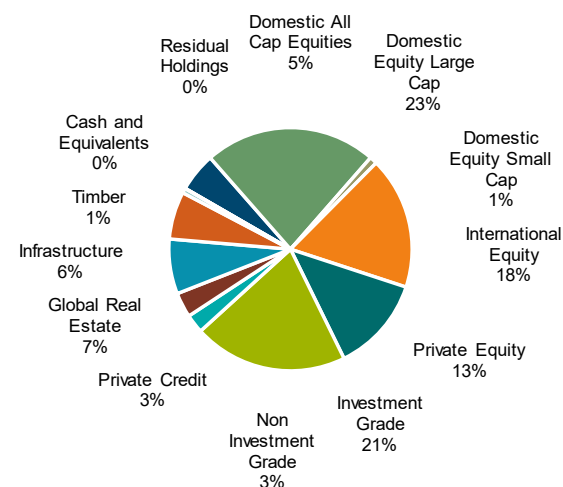
Actual Asset Allocation



Policy Target Allocation



Corridor Target Allocation



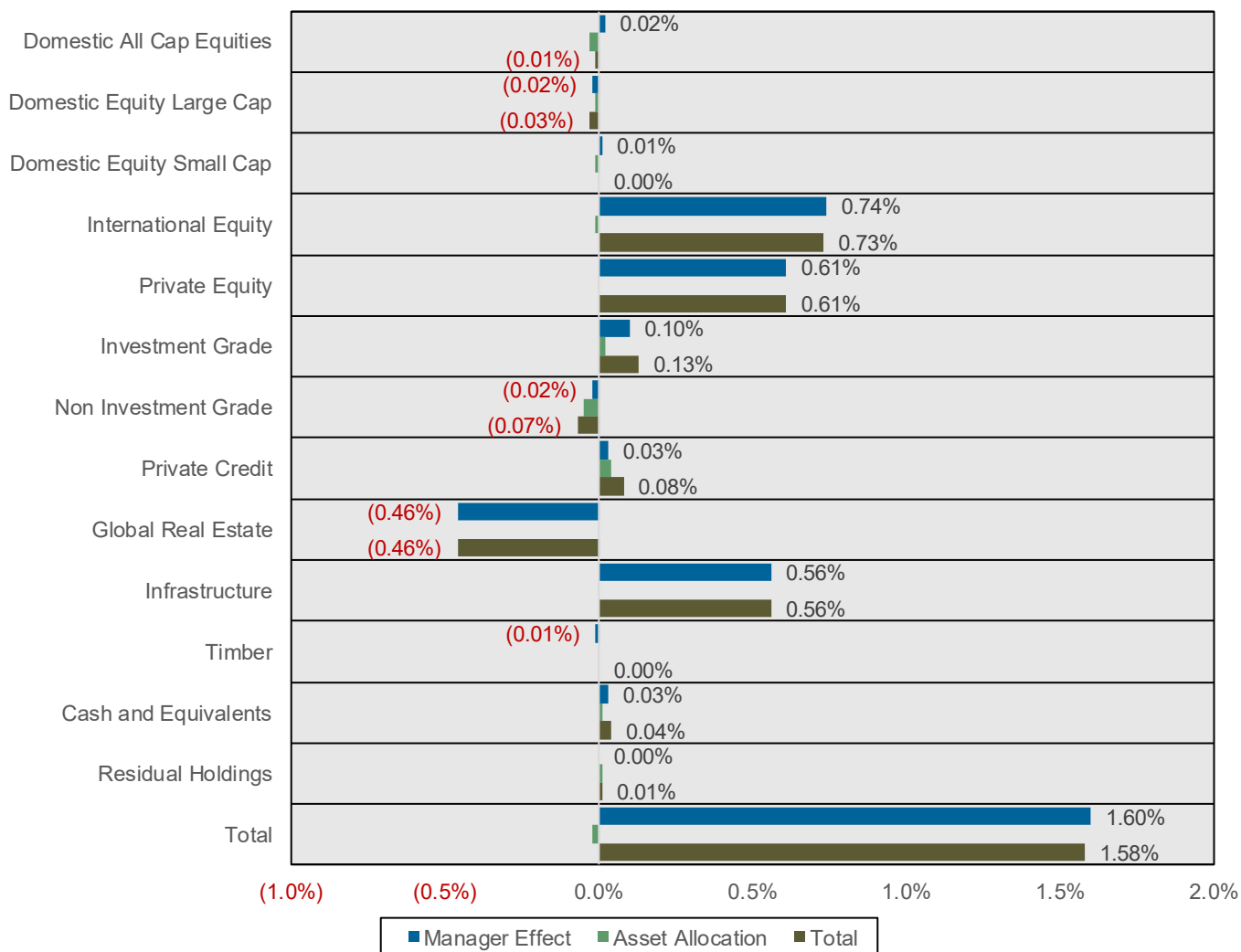
Asset Class	\$000s Actual	Weight Actual	Policy Target	Policy Percent Difference	Corridor Target	Corridor Percent Difference
Domestic All Cap Equities	210,475	5.2%	5.2%	0.0%	5.2%	0.0%
Domestic Equity Large Cap	876,897	21.8%	18.8%	3.0%	22.9%	(1.1%)
Domestic Equity Small Cap	47,405	1.2%	0.9%	0.3%	1.0%	0.2%
International Equity	699,897	17.4%	15.1%	2.3%	17.6%	(0.2%)
Private Equity	539,783	13.4%	15.0%	(1.6%)	12.7%	0.7%
Investment Grade	798,206	19.8%	16.0%	3.8%	20.5%	(0.7%)
Non Investment Grade	99,542	2.5%	2.5%	(0.0%)	2.5%	(0.0%)
Private Credit	135,840	3.4%	7.5%	(4.1%)	3.3%	0.1%
Global Real Estate	299,316	7.4%	11.0%	(3.6%)	7.3%	0.1%
Infrastructure	254,431	6.3%	7.3%	(1.0%)	6.3%	(0.0%)
Timber	25,945	0.6%	0.7%	(0.1%)	0.6%	0.0%
Cash and Equivalents	35,605	0.9%	0.0%	0.9%	0.0%	0.9%
Residual Holdings	5,825	0.1%	0.0%	0.1%	0.0%	0.1%
Total	4,029,167	100.0%	100.0%		100.0%	

Please see page 18 for detailed description of targets

TFFR Attribution vs. Corridor Target

As of June 30, 2026

One Year Relative Attribution Effects



Total Fund Return
14.60%

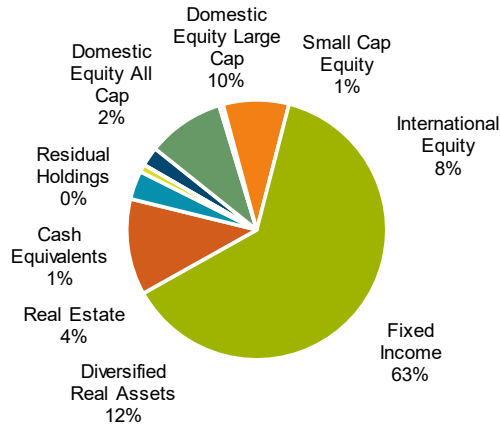
Note: all returns are net of fee

Please see page 18 for detailed description of targets

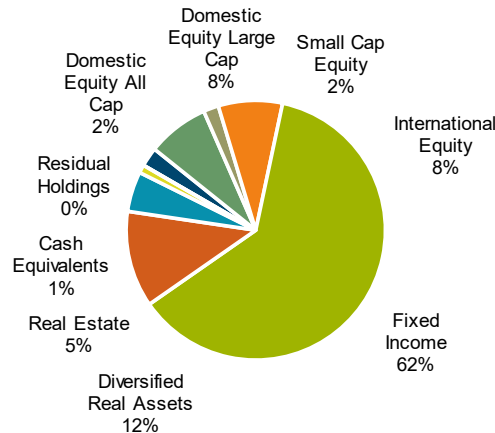
WSI Allocation

As of June 30, 2026

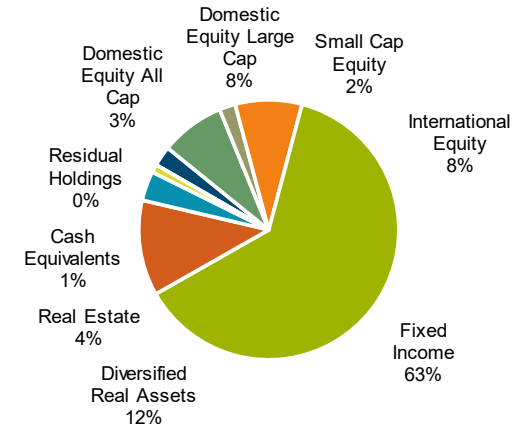
Actual Asset Allocation



Policy Target Allocation



Corridor Target Allocation



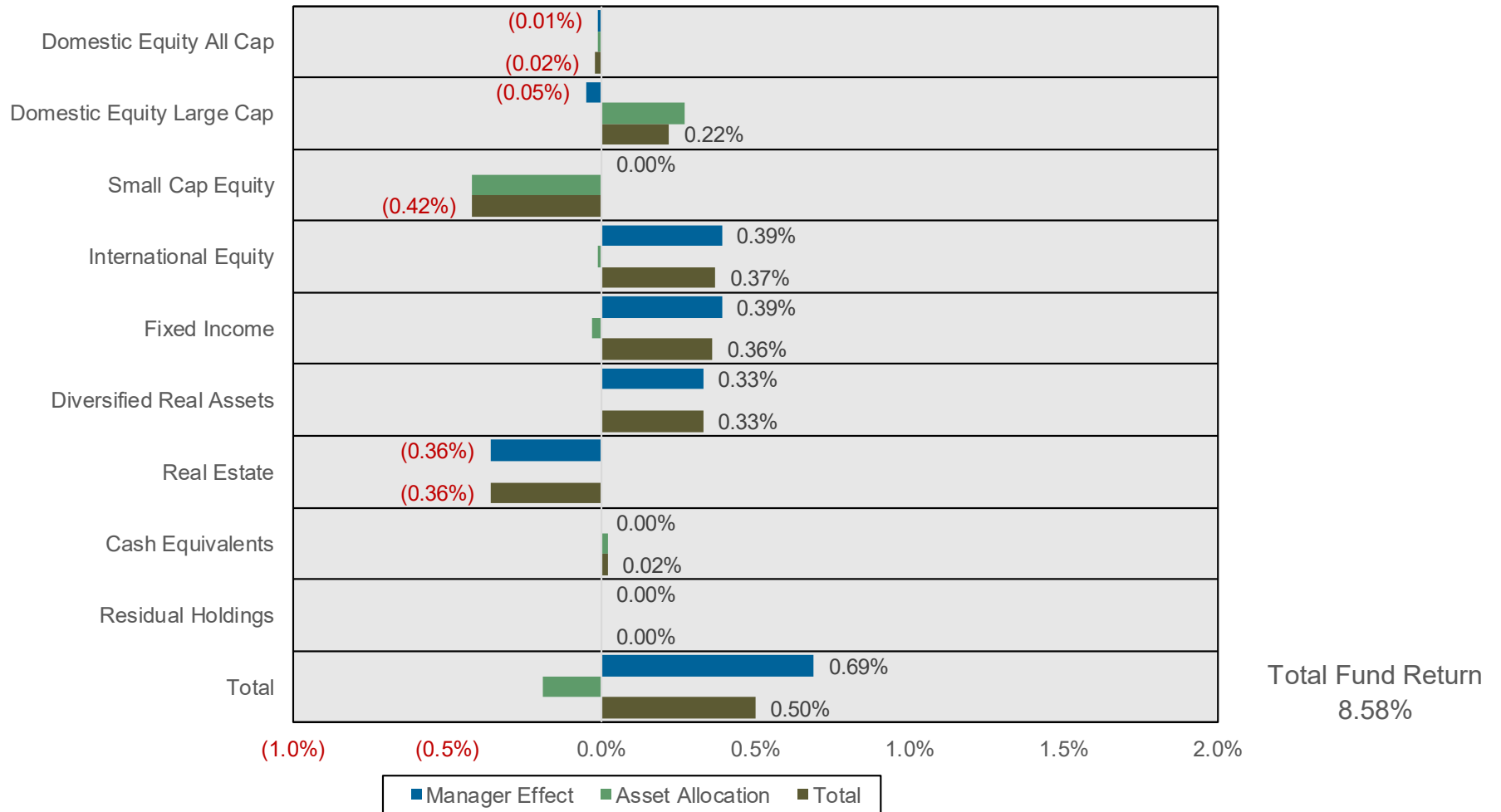
Asset Class	\$000s Actual	Weight		Policy Percent		Corridor Percent	
		Actual	Policy Target	Difference	Corridor Target	Difference	
Domestic Equity All Cap	57,732	2.4%	2.4%	0.0%	2.5%	(0.1%)	
Domestic Equity Large Cap	230,855	9.6%	7.7%	1.9%	8.0%	1.6%	
Small Cap Equity	11,977	0.5%	1.9%	(1.4%)	2.0%	(1.5%)	
International Equity	196,952	8.2%	8.0%	0.2%	8.3%	(0.1%)	
Fixed Income	1,513,549	62.9%	62.0%	0.9%	62.7%	0.2%	
Diversified Real Assets	287,962	12.0%	12.0%	(0.0%)	11.9%	0.1%	
Real Estate	85,458	3.6%	5.0%	(1.5%)	3.7%	(0.1%)	
Cash Equivalents	22,920	1.0%	1.0%	(0.1%)	1.0%	(0.1%)	
Residual Holdings	109	0.0%	0.0%	0.0%	0.0%	0.0%	
Total	2,407,514	100.0%	100.0%		100.0%		

Please see page 18 for detailed description of targets

WSI Attribution vs. Corridor Target

As of June 30, 2026

One Year Relative Attribution Effects



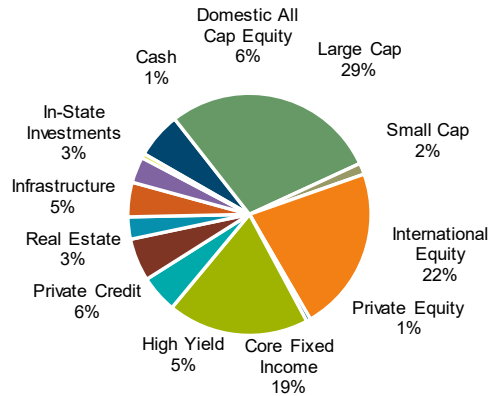
Note: all returns are net of fee

Please see page 18 for detailed description of targets

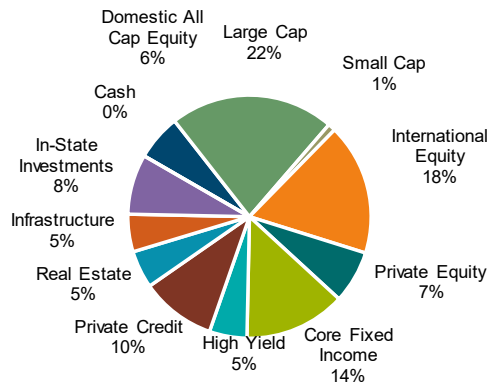
Legacy Allocation

As of June 30, 2026

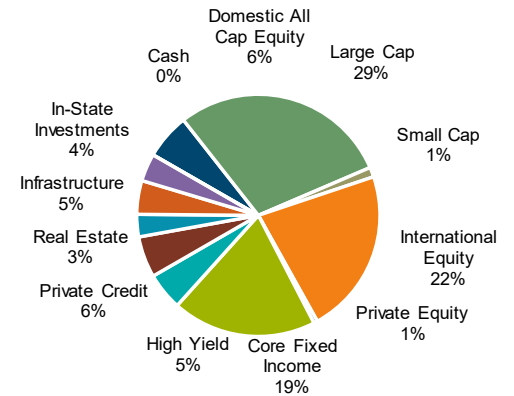
Actual Asset Allocation



Policy Target Allocation



Corridor Target Allocation



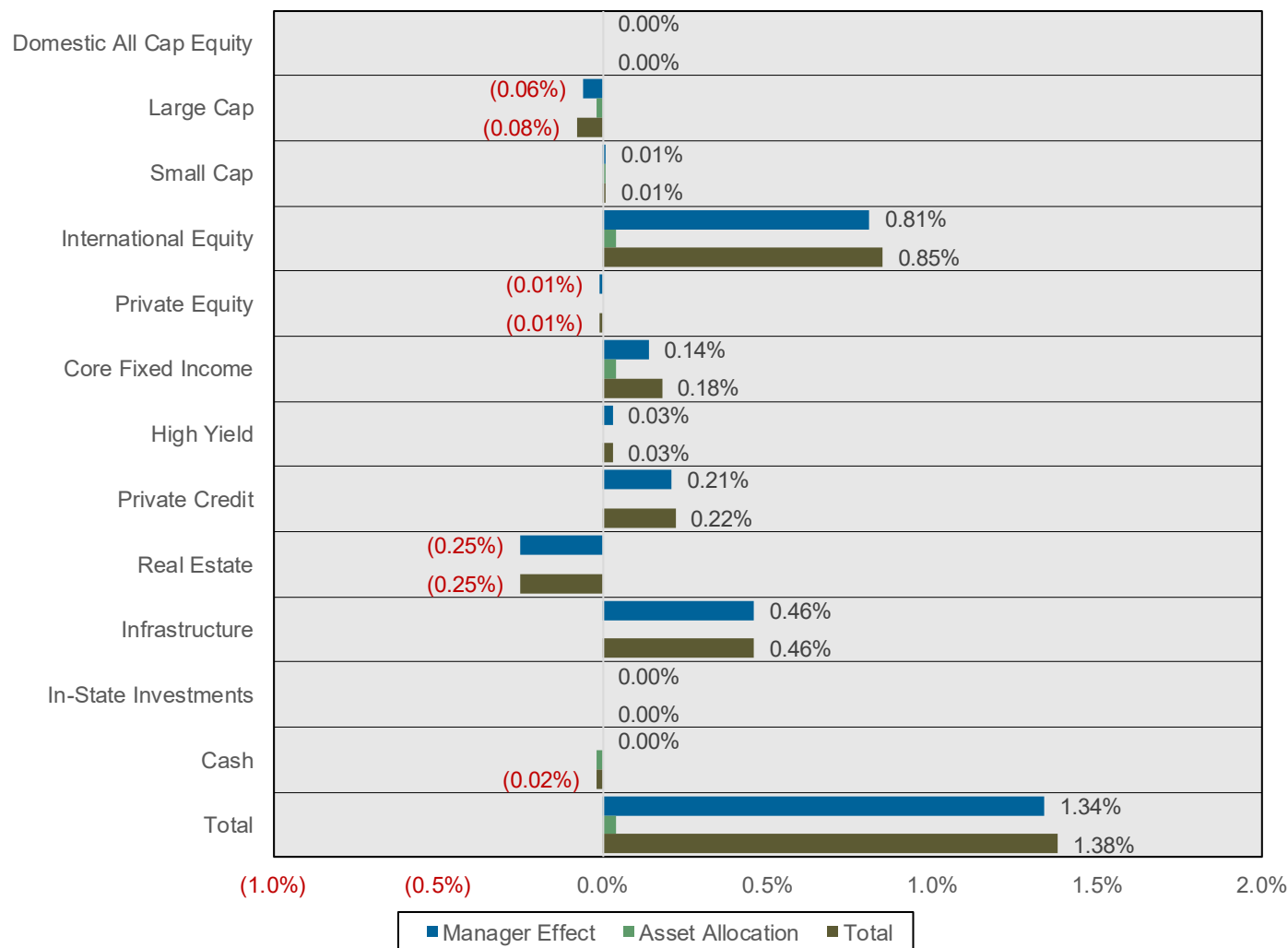
Asset Class	\$000s Actual	Weight Actual	Policy Target	Policy Percent Difference	Corridor Target	Corridor Percent Difference
Domestic All Cap Equity	923,630	6.1%	6.1%	0.0%	6.1%	0.0%
Large Cap	4,329,767	28.7%	21.9%	6.8%	29.1%	(0.5%)
Small Cap	228,726	1.5%	1.0%	0.5%	1.3%	0.2%
International Equity	3,329,309	22.0%	17.5%	4.5%	22.1%	(0.1%)
Private Equity	85,024	0.6%	7.0%	(6.4%)	0.5%	0.1%
Core Fixed Income	2,839,061	18.8%	13.5%	5.3%	19.2%	(0.4%)
High Yield	755,431	5.0%	5.0%	0.0%	5.0%	0.0%
Private Credit	859,860	5.7%	10.0%	(4.3%)	5.5%	0.2%
Real Estate	449,121	3.0%	5.0%	(2.0%)	3.0%	(0.0%)
Infrastructure	696,398	4.6%	5.0%	(0.4%)	4.5%	0.1%
In-State Investments	524,944	3.5%	8.0%	(4.5%)	3.7%	(0.2%)
Cash	88,922	0.6%	0.0%	0.6%	0.0%	0.6%
Total	15,110,194	100.0%	100.0%		100.0%	

Please see page 18 for detailed description of targets

Legacy Attribution vs. Corridor Target

As of June 30, 2026

One Year Relative Attribution Effects



Total Fund Return
17.26%

Note: all returns are net of fee

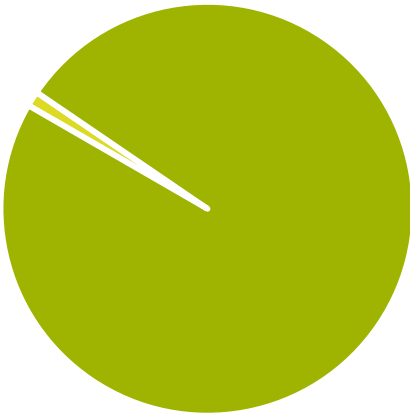
Please see page 18 for detailed description of targets

Budget Allocation

As of June 30, 2026

Actual Asset Allocation

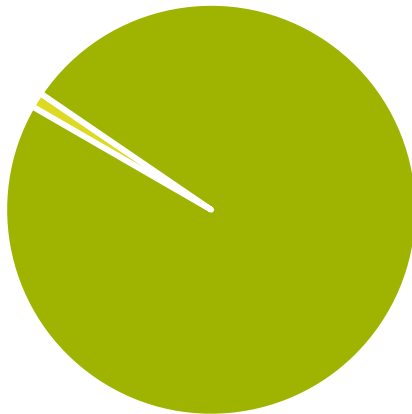
Cash &
Equivalents
1%



Short Term
Fixed
Income
99%

Policy Target Allocation

Cash &
Equivalents
1%



Short Term
Fixed
Income
99%

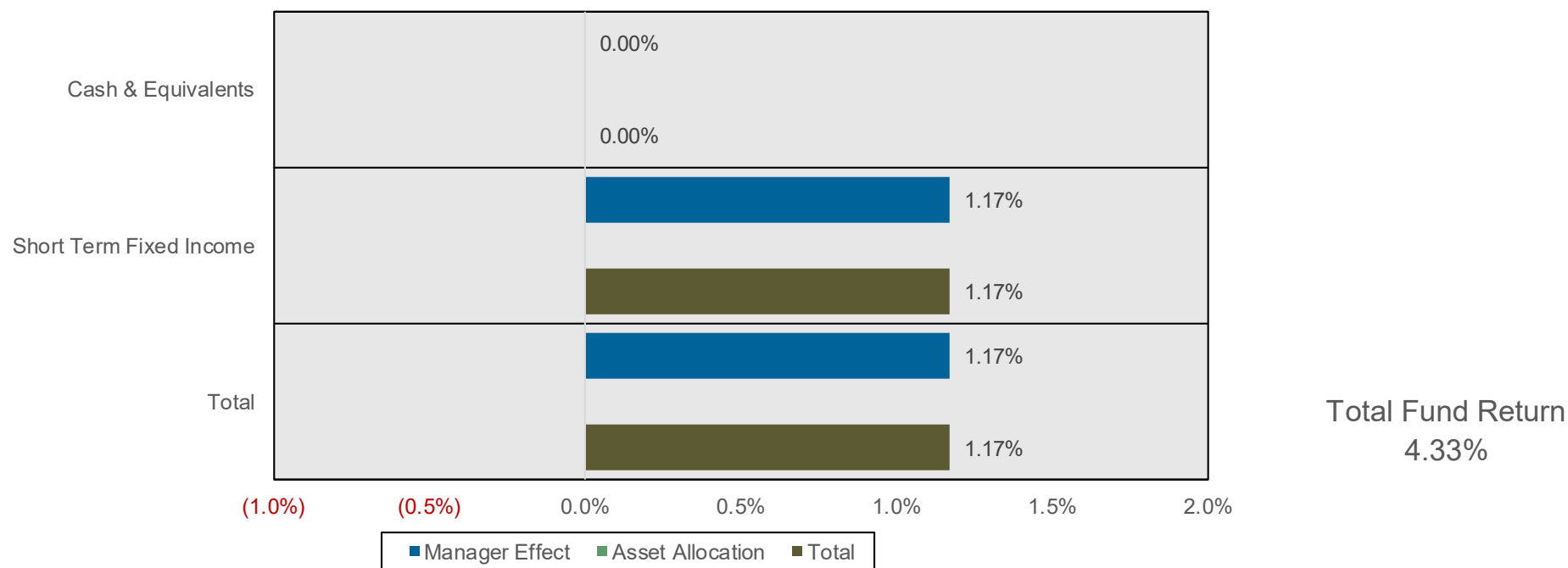
Asset Class	\$000s Actual	Weight Actual	Policy Target	Policy Percent Difference
Cash & Equivalents	11,295	1.2%	1.2%	(0.0%)
Short Term Fixed Income	936,599	98.8%	98.8%	0.0%
Total	947,894	100.0%	100.0%	

Please see page 18 for detailed description of targets

Budget Attribution vs. Policy Target

As of June 30, 2026

One Year Relative Attribution Effects



Note: all returns are net of fee

Please see page 18 for detailed description of targets

Appendix

NDSIB Consolidated Performance Summary

As of June 30, 2026

	Market Value (\$)	Quarter	YTD	1 Year	3 Year	5 Year	10 Year
PERS Total Fund - Gross	\$5,598,957,403	8.94%	8.51%	16.08%	12.43%	7.56%	9.58%
PERS Total Fund - Net		8.92%	8.44%	15.85%	12.24%	7.34%	9.33%
<i>NDSIB PERS Total Fund Policy Target</i>		8.39%	7.23%	14.60%	11.68%	7.06%	8.90%
<i>NDSIB PERS Total Fund Corridor Target</i>		8.68%	7.42%	14.90%	11.71%	6.84%	8.78%
 TFFR Total Fund - Gross	 \$4,029,167,487	 8.30%	 8.09%	 14.83%	 11.54%	 7.02%	 9.23%
TFFR Total Fund - Net		8.28%	8.01%	14.60%	11.35%	6.81%	9.00%
<i>NDSIB TFFR Total Fund Policy Target</i>		7.87%	6.96%	13.81%	11.06%	6.82%	8.78%
<i>NDSIB TFFR Total Fund Corridor Target</i>		7.91%	7.04%	13.72%	10.80%	6.36%	8.45%
 WSI Total Fund - Gross	 \$2,407,514,204	 3.72%	 3.64%	 8.76%	 7.93%	 3.35%	 5.55%
WSI Total Fund - Net		3.69%	3.58%	8.58%	7.75%	3.17%	5.36%
<i>NDSIB WSI Total Fund Policy Target</i>		3.50%	3.08%	7.73%	6.83%	2.65%	4.49%
<i>NDSIB WSI Total Fund Corridor Target</i>		3.58%	3.12%	7.84%	6.86%	2.64%	4.49%
 Legacy Total Fund - Gross	 \$15,110,193,661	 9.04%	 8.52%	 17.45%	 13.76%	 7.53%	 8.92%
Legacy Total Fund - Net		9.01%	8.44%	17.26%	13.58%	7.34%	8.71%
<i>NDSIB Legacy - Total Fund Policy Target</i>		7.86%	6.93%	14.84%	11.77%	5.96%	7.65%
<i>NDSIB Legacy - Total Fund Corridor Target</i>		8.90%	7.45%	15.94%	12.54%	6.44%	7.89%
 Budget Total Fund - Gross	 \$947,894,234	 1.12%	 1.70%	 4.44%	 6.09%	 3.12%	 2.82%
Budget Total Fund - Net		1.10%	1.66%	4.33%	5.97%	3.01%	2.69%
<i>NDSIB Budget - Total Fund Policy Target</i>		0.48%	0.77%	3.14%	4.64%	2.14%	2.01%

Please see page 18 for detailed description of targets

Target Descriptions

As of June 30, 2026

PERS

Policy Target: 40.00% MSCI ACWI IMI, 16.00% Blmbg:Aggregate, 15.00% Private Equity Benchmark, 11.00% NCREIF NFI-ODCE Eq Wt Net lagged 3 months, 7.51% NCREIF NFI-ODCE Eq Wt Net lagged 3 months+1.0%, 7.50% Mstar LSTA Lev Loan+1.0%, 2.50% Blmbg HY Corp 2% Iss Cap and 0.49% NCREIF Timberland Index.

Corridor Target: 51.79% MSCI ACWI IMI, 20.84% Blmbg:Aggregate, 8.05% Private Equity Benchmark, 7.67% NCREIF NFI-ODCE Eq Wt Net lagged 3 months, 5.48% NCREIF NFI-ODCE Eq Wt Net lagged 3 months+1.0%, 3.20% Mstar LSTA Lev Loan+1.0%, 2.48% Blmbg HY Corp 2% Iss Cap and 0.49% NCREIF Timberland Index.

TFFR

Policy Target: 40.00% MSCI ACWI IMI, 16.00% Blmbg:Aggregate, 15.00% Private Equity Benchmark, 11.00% NCREIF NFI-ODCE Eq Wt Net lagged 3 months, 7.50% Mstar LSTA Lev Loan+1.0%, 7.33% NCREIF NFI-ODCE Eq Wt Net lagged 3 months+1.0%, 2.50% Blmbg HY Corp 2% Iss Cap and 0.67% NCREIF Timberland Index.

Corridor Target: 46.76% MSCI ACWI IMI, 20.48% Blmbg:Aggregate, 12.73% Private Equity Benchmark, 7.34% NCREIF NFI-ODCE Eq Wt Net lagged 3 months, 6.26% NCREIF NFI-ODCE Eq Wt Net lagged 3 months+1.0%, 3.32% Mstar LSTA Lev Loan+1.0%, 2.50% Blmbg HY Corp 2% Iss Cap and 0.61% NCREIF Timberland Index.

WSI

Policy Target: 62.00% Blmbg:Aggregate, 12.00% Russell 3000 Index, 8.00% MSCI ACWI xUS IMI, 8.00% Blmbg:Gov Infl-Linked, 5.00% NCREIF NFI-ODCE Eq Wt Net lagged 3 months, 3.35% NCREIF NFI-ODCE Eq Wt Net lagged 3 months+1.0%, 1.00% 3-month Treasury Bill and 0.65% NCREIF Timberland Index.

Corridor Target: 62.71% Blmbg:Aggregate, 12.42% Russell 3000 Index, 8.28% MSCI ACWI xUS IMI, 8.01% Blmbg:Gov Infl-Linked, 3.66% NCREIF NFI-ODCE Eq Wt Net lagged 3 months, 3.29% NCREIF NFI-ODCE Eq Wt Net lagged 3 months+1.0%, 1.00% 3-month Treasury Bill and 0.63% NCREIF Timberland Index.

Legacy

Policy Target: 28.96% Russell 3000 Index, 17.54% MSCI ACWI xUS IMI, 13.50% Blmbg:Aggregate, 10.00% Mstar LSTA Lev Loan+1.0%, 8.00% In-State Investments, 7.00% Private Equity Benchmark, 5.00% Blmbg HY Corp 2% Iss Cap, 5.00% NCREIF NFI-ODCE Eq Wt Net lagged 3 months and 5.00% NCREIF NFI-ODCE Eq Wt Net lagged 3 months+1.0%.

Corridor Target: 36.57% Russell 3000 Index, 22.15% MSCI ACWI xUS IMI, 19.17% Blmbg:Aggregate, 5.46% Mstar LSTA Lev Loan+1.0%, 5.00% Blmbg HY Corp 2% Iss Cap, 4.54% NCREIF NFI-ODCE Eq Wt Net lagged 3 months+1.0%, 3.56% In-State Investments, 3.03% NCREIF NFI-ODCE Eq Wt Net lagged 3 months and 0.52% Private Equity Benchmark.

Budget

Policy Target: 98.81% Blmbg:Gov/Credit 1-3 Yr and 1.19% 3-month Treasury Bill.

Important Disclosures

Information contained in this document may include confidential, trade secret and/or proprietary information of Callan and the client. It is incumbent upon the user to maintain such information in strict confidence. Neither this document nor any specific information contained herein is to be used other than by the intended recipient for its intended purpose.

The content of this document is particular to the client and should not be relied upon by any other individual or entity. There can be no assurance that the performance of any account or investment will be comparable to the performance information presented in this document.

Certain information herein has been compiled by Callan from a variety of sources believed to be reliable but for which Callan has not necessarily verified for accuracy or completeness. Information contained herein is provided as of the date of this report may not be current. Callan has no obligation to bring current the information contained herein.

Callan's performance, market value, and, if applicable, liability calculations are inherently estimates based on data available at the time each calculation is performed and may later be determined to be incorrect or require subsequent material adjustment due to many variables including, but not limited to, reliance on third party data, differences in calculation methodology, presence of illiquid assets, the timing and magnitude of unrecognized cash flows, and other data/assumptions needed to prepare such estimated calculations. In no event should the performance measurement and reporting services provided by Callan be used in the calculation, deliberation, policy determination, or any other action of the client as it pertains to determining amounts, timing or activity of contribution levels or funding amounts, rebalancing activity, benefit payments, distribution amounts, and/or performance-based fee amounts, unless the client understands and accepts the inherent limitations of Callan's estimated performance, market value, and liability calculations.

Callan's market value calculations are intended solely for performance measurement purposes and are determined in accordance with Callan's performance measurement methodologies and industry standards. As a result, reported market values may differ from those reported by custodians, accounting systems, or other third parties due to differences in valuation sources, methodologies, timing, or accounting conventions. Accordingly, these market values should not be relied upon as the official books and records of the portfolio or used for accounting, financial reporting, regulatory reporting, or other non-performance-related purposes unless otherwise expressly agreed upon between Callan and the client.

Callan's performance measurement service reports estimated returns for a portfolio and compares them against relevant benchmarks and peer groups, as appropriate; such service may also report on historical portfolio holdings, comparing them to holdings of relevant benchmarks and peer groups, as appropriate ("portfolio holdings analysis"). To the extent that Callan's reports include a portfolio holdings analysis, Callan relies entirely on holdings, pricing, characteristics, and risk data provided by third parties including custodian banks, record keepers, pricing services, index providers, and investment managers. Callan reports the performance and holdings data as received and does not attempt to audit or verify the holdings data. Callan is not responsible for the accuracy or completeness of the performance or holdings data received from third parties and such data may not have been verified for accuracy or completeness.

Callan does not provide holdings-level monitoring for client portfolios and does not evaluate the appropriateness, risk or characteristics of individual holdings in client portfolios.

Callan's performance measurement service may report on illiquid asset classes, including, but not limited to, private real estate, private equity, private credit, hedge funds and infrastructure. The final valuation reports, which Callan receives from third parties, for of these types of asset classes may not be available at the time a Callan performance report is issued. As a result, the estimated returns and market values reported for these illiquid asset classes, as well as for any composites including these illiquid asset classes, including any total fund composite prepared, may not reflect final data, and therefore may be subject to revision in future quarters.

Callan's services with respect to private markets include qualitative and quantitative due diligence and monitoring of fund managers (i.e., investment managers and general partners) and the funds they sponsor (i.e., portfolios). This may include the review of the investment strategy and team, organizational structure and related matters, historical performance and the volatility of returns, portfolio characteristics, and peer comparisons. Callan does not provide holdings-level monitoring for private market portfolios and does not evaluate the appropriateness, risk or characteristics of individual holdings in private market portfolios. Callan does not assume any responsibility for the underlying investments held within any private market fund or vehicle, including without limitation, the individual portfolio companies, loans, credit instruments, real assets, or other holdings of any such fund or vehicle.

Important Disclosures (continued)

Certain share classes and/or fee arrangements (including but not limited to reductions or modifications of management fees, performance fees, hurdle rates, and other fee-related terms and conditions) may be made available by a manager to current Callan clients. In the event a share class or fee arrangement is limited to current Callan clients, it means that the share class or fee arrangement may not be available and the fees payable to a particular manager may increase if you cease to be a Callan client. Additionally, since any share class or fee arrangement offered by a manager is offered at the manager's discretion without any input from Callan, the manager may change the fees or discontinue the fee arrangement at any time. The existence of a fee arrangement for Callan clients is not an endorsement by Callan of the relevant manager's investment strategy, investment terms or any particular investment vehicle and is not intended to constitute investment advice or an investment recommendation. Additionally, Callan's recommendations are client specific based on a number of factors (including fees) and the existence of any share class or any particular fee arrangement with a manager does not necessarily mean that the investment is appropriate or recommended for a particular client.

The content of this document may consist of statements of opinion, which are made as of the date they are expressed and are not statements of fact. The opinions expressed herein may change based upon changes in economic, market, financial and political conditions and other factors. Callan has no obligation to bring current the opinions expressed herein.

The information contained herein may include forward-looking statements regarding future results. The forward-looking statements herein: (i) are best estimations consistent with the information available as of the date hereof and (ii) involve known and unknown risks and uncertainties. Actual results may vary, perhaps materially, from the future results projected in this document. Undue reliance should not be placed on forward-looking statements.

Callan is not responsible for reviewing the risks of individual securities or the compliance/non-compliance of individual security holdings with a client's investment policy guidelines.

This document should not be construed as legal or tax advice on any matter. You should consult with legal and tax advisers before applying any of this information to your particular situation.

Reference to, or inclusion in this document of, any product, service or entity should not necessarily be construed as recommendation, approval, or endorsement of such product, service or entity by Callan. This document is provided in connection with Callan's consulting services and should not be viewed as an advertisement of Callan, or of the strategies or products discussed or referenced herein.

The issues considered and risks highlighted herein are not comprehensive and other risks may exist that the user of this document may deem material regarding the enclosed information. Please see any applicable full performance report or annual communication for other important disclosures.

Unless Callan has been specifically engaged to do so, Callan does not conduct background checks or in-depth due diligence of the operations of any investment manager search candidate or investment vehicle, as may be typically performed in an operational due diligence evaluation assignment and in no event does Callan conduct due diligence beyond what is described in its report to the client.

Any decision made on the basis of this document is the sole responsibility of the client, as the intended recipient, and it is incumbent upon the client to make an independent determination of the suitability and consequences of such a decision.

Callan undertakes no obligation to update the information contained herein except as specifically requested by the client.

Past performance is no guarantee of future results. Investing involves risk, including possible loss of principal.

MEMORANDUM

TO: State Investment Board

FROM: Thomas Beadle, Treasurer, Chair, IC, Scott Anderson, CFA – Chief Investment Officer

DATE: October 28, 2026

RE: Investment Committee Update

The Investment Committee met on September 11, 2026, with all members present.

Compliance and Exception Report

Mr. Anderson presented the new Compliance and Exceptions Report, a standing exhibit that will be reviewed at each Investment Committee meeting and included in the Chief Investment Officer's quarterly performance reports to the Board. The report compiles the reporting elements required under the new governance framework and rates each item as Exceptional, As Expected, Caution, or Alert, including thresholds previously approved by the Board.

- All seven reporting categories were rated As Expected, including investment guideline breaches, asset allocation corridors, risk limit and tracking error exceptions, execution errors and operational incidents, liquidity coverage, manager watch list changes, and delegated authority and compliance matters referred to the Committee.
- A footnote to the guideline breach category disclosed one minor temporary waiver, signed by the Committee Chair and the Chief Investment Officer, that was brought to the Committee for a recommendation to the Board. No manager has been placed on a watch list.
- Mr. Anderson explained that any Caution or Alert rating will be accompanied by a more detailed staff explanation, allowing the Committee and the Board to determine whether further action is warranted beyond the steps already taken by staff.

Public Markets Waiver – Barings

Mr. Posch presented a temporary guideline waiver request from Barings, the short-duration credit manager used most prominently in the Budget Stabilization Fund. S&P Global Ratings downgraded a bond in the account from BB- to B+, below the minimum rating permitted for the portfolio's non-investment-grade allocation, resulting in a passive guideline breach.

- The \$1.3 million par position represents approximately 0.26% of the portfolio, trades at approximately 99% of par, did not decline in price following the downgrade, and matures on May 15, 2027. Barings reported asset coverage of approximately 1.5 times and no concern regarding the issuer's ability to repay at maturity.
- Barings estimated that holding the bond to maturity rather than selling would benefit the portfolio by approximately \$14,000. Staff reviewed the manager's horizon-return analysis and concluded the request was reasonable given the small position and short remaining maturity. Committee discussion addressed the importance of sell discipline.
- Treasurer Beadle signed the temporary waiver on September 4, 2026, together with the Chief Investment Officer. The waiver expires upon the bond's sale, repayment, or maturity, whichever occurs first.
- A motion was made and approved to recommend that the Board approve the temporary Barings guideline waiver through the bond's May 15, 2027, maturity.

Strategy Review – Public Markets

Mr. Posch and Mr. Cox presented the public markets performance update. As of August 31, 2026, public markets assets totaled approximately \$23.2 billion across 20 investment managers and 33 strategies, including \$14.5 billion in public equity and \$8.7 billion in public fixed income. Manager returns through July 31, 2026, were manager-reported, net of fees, and not yet verified by RIO's third-party performance consultant. Out of seventeen equity strategies, one showed alert status and one and one showed caution status.

Mr. Cox reported that high yield has led fixed income over short and long periods, while rising rates have challenged core fixed income; the Bloomberg U.S. Aggregate returned –0.3% year-to-date and 1.4% annualized over ten years. The Treasury curve is more than 320 basis points higher across all maturities than at year-end 2021. Out of nine fixed income strategies, one showed caution status.

Strategy Review – Capital Development Pacing

Mr. Zietlow presented private markets commitment pacing projections for the Legacy Fund and the Pension Pool, prepared using Hamilton Lane's pacing model and internal tools and confirmed by an additional vendor analysis. Pacing plans emphasize time diversification without sacrificing manager quality, and open-end strategies used in private credit, real estate, and infrastructure do not require pacing. The projections exclude the in-state investment program.

- Legacy Fund private equity: The model calls for a little over \$250 million in annual commitments to reach the 7% target by December 31, 2033. Commitments for 2026 total \$238.25 million (89.4% of target), with one more potential commitment planned by year-end.
- Legacy Fund private credit and real assets: Annual closed-end commitments of approximately \$160 million and \$140 million, respectively, are needed to reach targets by December 31, 2031. Private credit commitments total \$50 million in 2026 (31% of target), with the pipeline expected to reach the target by year-end, and a new core real estate manager is expected to close soon.
- Pension Pool private equity: The program is currently 91% fund-of-funds, and the transition to a direct-to-GP program is expected to take approximately ten years. Although the model indicates approximately \$300 million per year, slower distribution activity led staff to reduce the pace to \$150–\$200 million; 2026 commitments total \$118.8 million (59% of the adjusted target).
- Pension Pool private credit, real estate, and infrastructure: Annual commitments of approximately \$80 million, \$100 million, and \$75 million, respectively, are needed to reach targets by December 31, 2031. Private credit commitments total \$25 million in 2026 (30% of target), and infrastructure opportunities, including core infrastructure, are under evaluation.
- In response to Committee questions, Mr. Zietlow noted that Hamilton Lane recently reduced its distribution assumptions, that staff reviews pacing at least semi-annually, and that the private equity program targets a concentrated portfolio of 20 to 30 managers, using fund-of-funds strategically as it moves toward fully direct investment.

Investment Committee Schedule

Treasurer Beadle reviewed the proposed fiscal year 2026–27 Investment Committee schedule. Meetings will generally be held on Fridays at 10:30 a.m. No meetings are scheduled for October 2026, January 2027, or April 2027 in consideration of staff workload during the legislative session; meetings may be added or canceled as business requires. A motion was made and approved to accept the Investment Committee schedule as presented.

Board Action Requested: Staff requests that the Board

1. Approve the temporary Barings guideline waiver permitting the manager to hold the downgraded bond through its May 15, 2027, maturity, as recommended by the Investment Committee.

MEMORANDUM

TO: Investment Committee

FROM: Matt Posch, Portfolio Manager

DATE: September 11, 2026

RE: Barings – Guideline Waiver Request

Barings notified staff of a passive guideline breach following S&P Global Ratings' downgrade of an [REDACTED] bond from BB- to B+. The account guidelines permit up to 10% of the portfolio to be invested in non-investment-grade securities rated Ba3 by Moody's or BB- by S&P or higher. The bond's new B+ rating is below the permitted minimum.

The account holds \$1.3 million par value of the bond, representing approximately 0.26% of the portfolio. The bond is trading at approximately 99% of par, for a market value of approximately \$1.287 million, and matures on May 15, 2027. Barings has requested a temporary waiver to hold the bond through maturity and believes doing so offers better value for the portfolio than selling it prior to maturity.

The bond was purchased on [REDACTED] of par and did not decline in price following the downgrade. Barings also reported asset coverage of approximately 1.5 times on [REDACTED] debt and expressed no concerns regarding the issuer's ability to refinance or repay the bond at maturity.

Given the small position, short remaining maturity, and Barings' assessment of the credit and relative value, staff recommends approving a temporary waiver to hold the bond through May 15, 2027. The waiver will expire upon the bond's sale, repayment, or maturity, whichever occurs first.



Investment Committee
Chair or Vice Chair



Chief Investment Officer
or Executive Director

MEMORANDUM

TO: State Investment Board

FROM: Jodi Smith, Executive Director

DATE: October 28, 2026

RE: Daimler Securities Litigation: SAAG Appointment and Emergency Commission Request

The SIB has been a claimant in the Daimler AG (now Mercedes-Benz Group AG) group action in Germany since February 2021. The SIB's claim is now estimated at approximately \$2.757 million. The case alleges Daimler misled investors about its use of illegal emissions defeat devices ("Dieselgate") and is proceeding as a model case (KapMuG) before the Higher Regional Court of Stuttgart.

Case status

The court heard testimony from four former Daimler executives on February 3–4, 2026, and continued taking evidence on February 11, 2026. The witnesses denied that a strategic decision to use defeat devices was made before July 10, 2012. On March 9, 2026, the model claimant commented on the testimony taken to date. The court has not yet made findings on whether illegal defeat devices were used.

Counsel history

Date	Event
February 2021	The Securities Litigation Committee, acting under its charter authority to decide the SIB's level of participation in opt-in or group litigation and to approve the selection of special assistant attorneys general under the guidance of the Attorney General's Office, engaged Robbins Geller Rudman & Dowd LLP to opt the SIB into the group action. Estimated damages were approximately \$1.8 million, with an estimated net recovery of \$315,000.
April 2023	The SIB's SAAGs moved from Robbins Geller Rudman & Dowd LLP to DiCello Levitt LLP; the Securities Litigation Committee voted to follow them and expanded SAAG representation at DiCello Levitt LLP.
June 30, 2026	One of the SAAGs at DiCello Levitt begins a one-year leave.
July 16, 2026	Second SAAG leaves DiCello Levitt for Scott+Scott.

With the DiCello Levitt team that has handled the matter since 2023 no longer intact, staff recommends returning representation to Robbins Geller, the firm the SIB originally engaged. Robbins Geller has assigned the following attorneys to the matter, for whom staff will request SAAG appointments:

- Darren J. Robbins
- Robert M. Rothman
- Elise J. Cohen Grace

Fee Arrangement

Under its proposed engagement letter dated September 30, 2026, Robbins Geller would represent the SIB on a contingent fee of 30% of any recovery, inclusive of expenses. The firm advances all fees and expenses, including those of German counsel Nieding + Barth (N+B), and the SIB pays nothing unless there is a recovery by judgment or settlement.

No appropriated funds are required. Any fee is paid from the recovery.

Approval Process

Two approvals are required before Robbins Geller Rudman & Dowd LLP can act for the SIB:

1. **Special Assistant Attorney General appointment.** A state entity may contract for contingent fee legal services only if the Attorney General appoints the outside attorneys as SAAGs for that case (NDCC §§ 54-12-08, 54-12-08.1). Staff will submit the request to the Office of the Attorney General after Board approval.
2. **Emergency Commission approval.** Because the SIB's claim exceeds \$1 million, the Attorney General may not appoint a contingent fee SAAG unless the Emergency Commission approves the fee arrangement (NDCC § 54-12-08.1). Staff will coordinate the request with the Attorney General's Office for the Commission's [next meeting date].

The SIB currently has no U.S. counsel appointed as SAAG on this matter. N+B continues to represent the SIB in the Stuttgart proceeding under the existing power of attorney.

Board Action

Move to authorize the Executive Director to request that the Office of the Attorney General appoint attorneys of Robbins Geller Rudman & Dowd LLP as Special Assistant Attorneys General to represent the State Investment Board in the Daimler AG securities litigation; to seek Emergency Commission approval of the firm's contingent fee arrangement under NDCC § 54-12-08.1; and, upon receipt of both approvals, to execute the engagement agreement in a form approved by the Office of the Attorney General.

MEMORANDUM

TO: State Investment Board
FROM: Jodi Smith – Executive Director
DATE: October 28, 2026
RE: CEM Benchmarking – 2025 Management Insight Report (Informational)

CEM Benchmarking recently completed its review of the pension pool and Legacy Fund fees and performance. The attached Management Insight Report compares the management of these assets to other large public funds for the five years ended December 31, 2025. CEM benchmarked our returns and risk against a universe of 37 U.S. public sponsors (\$3.1 trillion in total assets) and our costs against a custom group of 15 U.S. peers with assets ranging from \$11.5 to \$50.2 billion.

This analysis covers only the pension pool and Legacy Fund. It does not include the other funds under RIO's management.

The headline result: our excess returns have more than paid for our fees. Even including CEM's imputed fees, our 2025 costs of 74.5 basis points (bps) were below the peer average of 85.6 bps and the peer median of 84.2 bps. After all fees, including performance fees, our excess returns beat the U.S. public median in each of the last three years, averaging roughly 1.0% a year versus about -0.3% for the median. Over the full five years, we earned 0.7% a year versus a 0.5% median, about \$0.8 billion.

Results have strengthened as we implement our direct investing and direct general partner (GP) programs. The 2023–2025 results best reflect this approach, and most of the cost benefits will show up in future CEM reports.

CEM Fee Methodology

The costs in this report include imputed and estimated fees that are not included in RIO's standard fee reporting. CEM's 2025 total of \$161.8 million (74.5 bps) should therefore not be compared directly to, or reconciled against, the fee figures the Board sees in our regular reports.

CEM adds these amounts so that every fund in its database is measured on the same basis:

- **Private market base fees:** for real estate (ex-REITs), infrastructure, diversified private equity and private credit, CEM estimates the manager base fee from partnership-level detail we provide.
- **Fund-of-funds fees:** CEM includes the underlying fees charged inside our fund-of-funds strategies, not just the top-layer fee.

- **Missing or incomparable costs:** where data is incomplete, CEM imputes a value using its own data principles.

Staff views CEM's broader cost measure as useful for peer comparison. It is a different lens from our standard fee reporting, not a correction to it.

Cost Findings

Including CEM's imputed fees, our costs were below the peer average in both 2024 and 2025.

Total cost incl. imputed fees (bps)	2024	2025
SIB	64.3	74.5
Peer average	87.5	85.6
U.S. public average	77.6	78.8

CEM also recalculates peer costs at our asset mix. Because we hold less in high-cost private markets than peers, that adjusted benchmark is lower, at 53.0 bps. Against it we were 21.4 bps higher, more than half from performance fees earned on strong infrastructure results:

Component	bps
Peer benchmark cost	53.0
Implementation style (more active, more fund-of-funds)	+6.6
Paying more for similar services (base fees, oversight)	+3.5
Performance fees (mostly infrastructure)	+11.3
SIB 2025 cost	74.5

- **Performance fees** were higher than peers', mostly in infrastructure, reflecting strong investment results. These fees are paid only when managers outperform.
- **Active implementation:** we run a much more active portfolio than peers. Only 14% of our U.S. large cap stock is passive versus 55% for peers (+\$7.1 million in fees), and more active management overall added 3.6 bps in cost versus the benchmark. The direct investing program began only in 2025, so its lower costs are just starting to appear in CEM's data.
- **Fund-of-funds:** heavier use of fund-of-funds added 2.4 bps (see below).
- **Year over year,** costs rose from 64.3 bps to 74.5 bps, almost entirely from higher infrastructure performance fees (+11.1 bps).

Excess Returns

Excess returns after all fees, including performance fees, have strengthened over the past three years as we implemented our current approach. In each of these years, our excess returns exceeded the U.S. public median by more than a full percentage point.

Net value added (after all fees)	SIB	U.S. public median
2023	0.68%	-0.88%
2024	0.89%	-0.32%
2025	1.41%	0.22%
2023–2025 average*	~1.0%	~-0.3%
5-year (2021–2025)	0.73%	0.47%

**Staff's simple average of CEM's annual figures; CEM does not report a 3-year figure.*

Our implementation strategy has been rewarded at the total fund level. Our 5-year net return trails the median mainly because of 2021, when our policy benchmark returned 13.1% versus a 15.7% median, not because of manager results.

Metric (U.S. Public universe)	SIB	Median
5-year net return	7.4%	7.7%
5-year policy return	6.7%	7.0%
2025 net return	16.3%	14.0%
2025 asset risk	11.1%	11.3%

We achieved these results with slightly below-median asset risk.

Fund-of-Funds vs. Direct GP Commitments

CEM's data confirms that fund-of-funds structures cost us more than investing directly with GPs, which supports our move away from them. A fund-of-funds charges its own fee layer on top of the underlying GP fees, and CEM counts both.

Fund-of-funds share of the asset class	SIB	Peers	Added 2025 cost
Private equity – diversified	88%	12%	\$3.5 million
Infrastructure	21%	3%	\$1.2 million

In total, heavier fund-of-funds use added 2.4 bps to our 2025 costs versus the peer benchmark. The direct GP program is still being built out, and existing fund-of-funds commitments will take years to

run off. This cost should decline gradually, and our fund-of-funds share will likely stay above peers in the next few CEM reports.

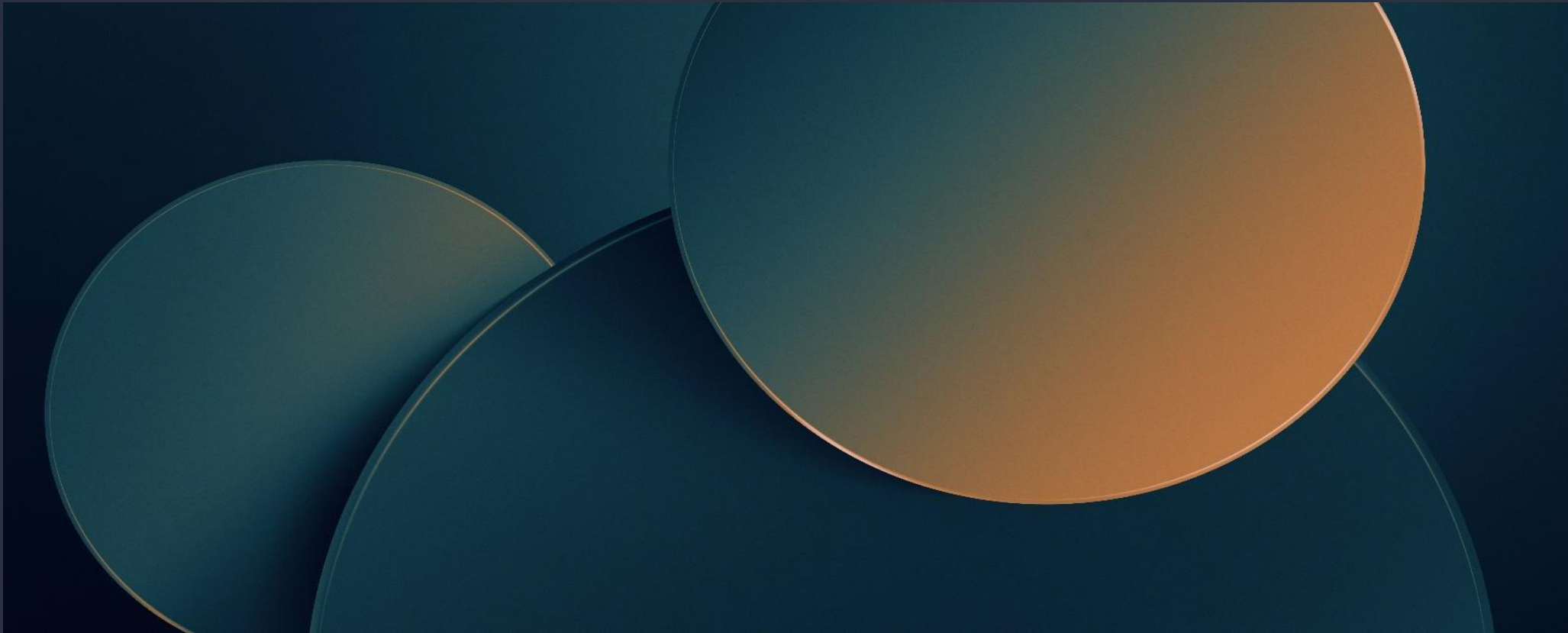
Staff Observations

Our investment strategy is paying off. After all fees, including performance fees, we earned above-median excess returns at below-peer-average cost, and results have strengthened as the strategy has been implemented. The report also supports our move from fund-of-funds to direct GP commitments. As the direct investing and direct GP programs mature, staff expects the cost benefits to show more clearly in future CEM reports.

Board Action Requested: Information Only.

Management Insight Report

DB INVESTMENT BENCHMARKING SUBSCRIPTION



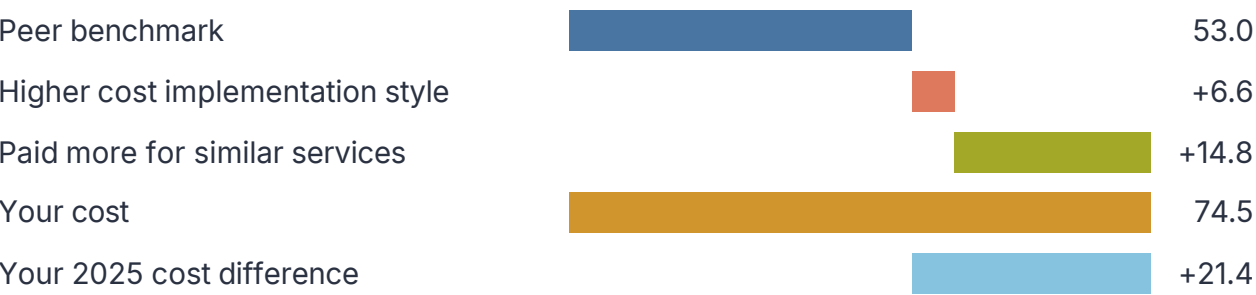
CEM

For the 5-year period ending December 31, 2025

Your 2025 investment costs were 21.4 basis points above the peer benchmark primarily due to higher outperformance-driven carry, while your 5-year net value added was 0.7%.

Total investment costs, excluding transaction costs | 2025

Your 2025 total investment costs were 21.4 bps above the peer benchmark.



Key performance metrics | U.S. Public Universe | 2021 - 2025

Your 5-year net value added exceeded the U.S. Public universe median by 0.3%.

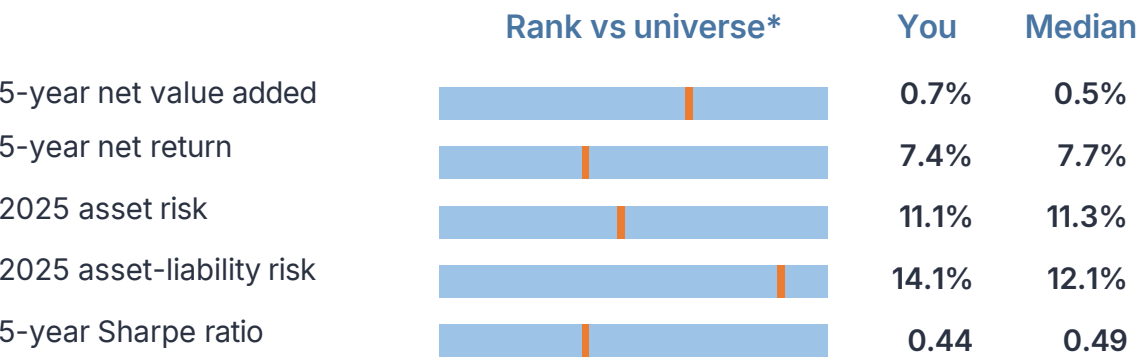
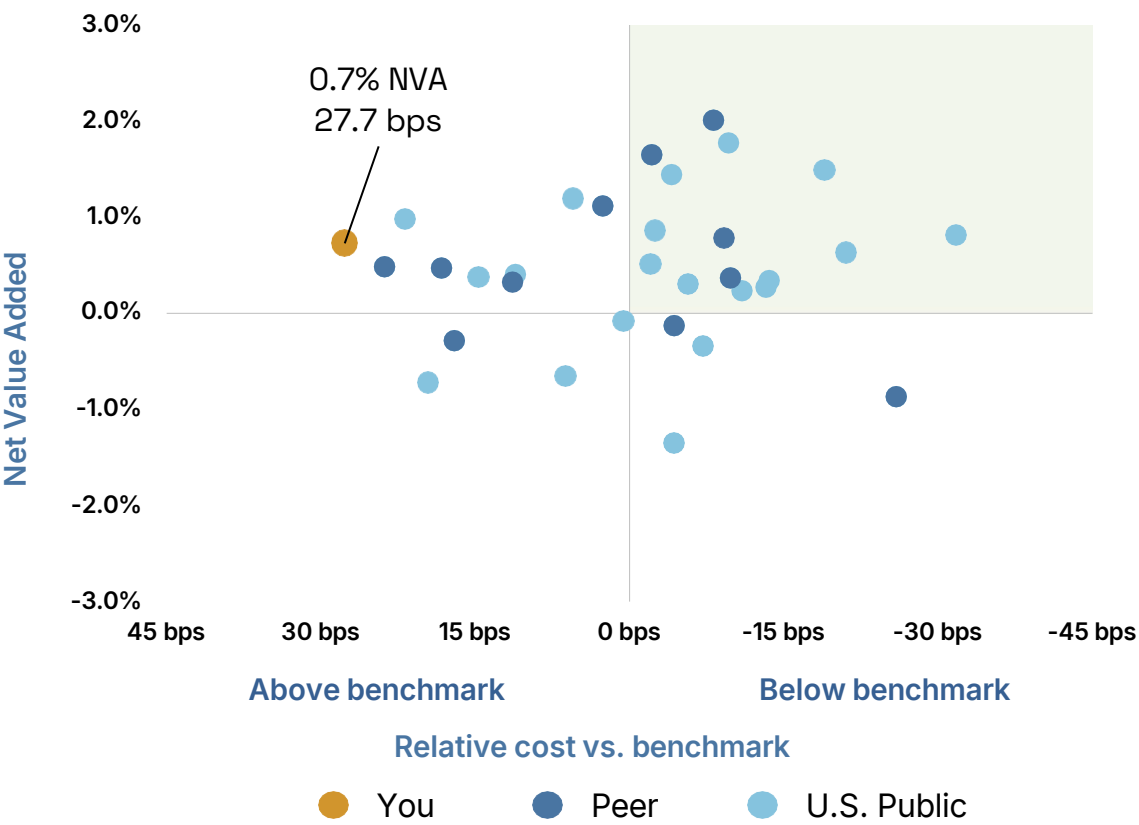


*Chart shows your percentile rank vs. the U.S. Public universe, going 0% to 100%, left to right.

Net value added versus relative cost | 2021 - 2025

Your 5-year net value added (%) versus your 5-year relative cost (bps)



Your performance is benchmarked against the U.S. Public Universe: 37 sponsors, representing \$3.1 T in CEM’s Investment Benchmarking Database.

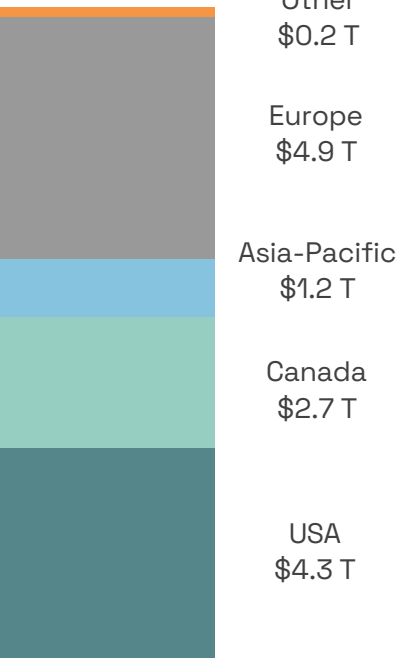
Total Investment Database

240

INSTITUTIONAL INVESTORS

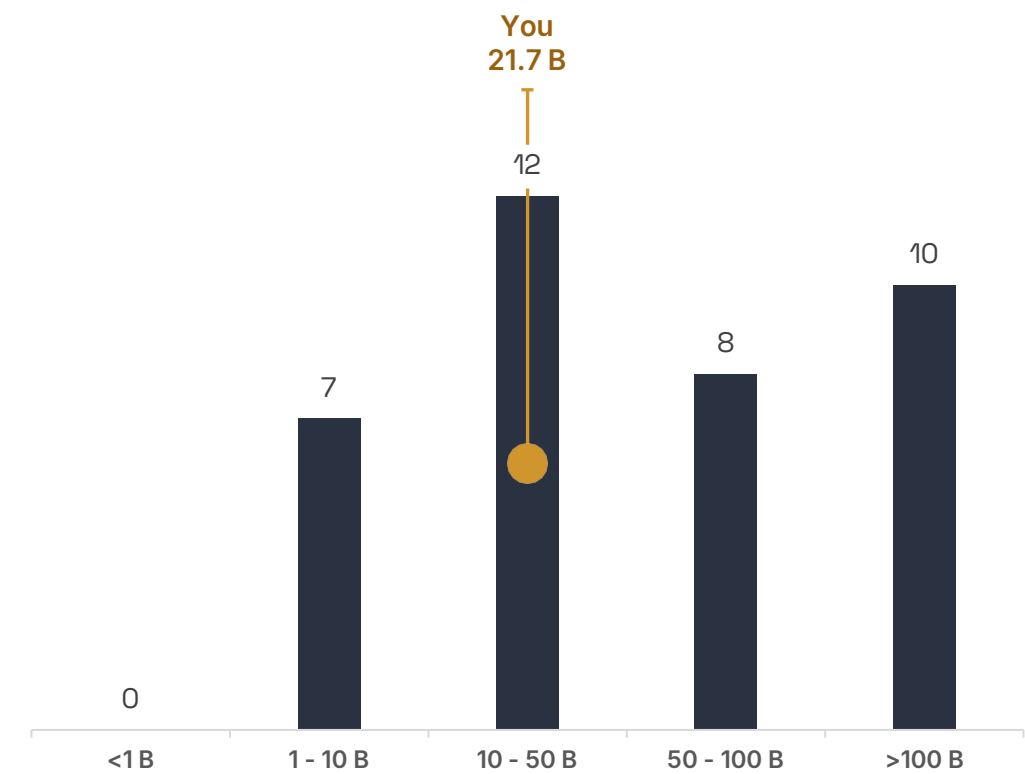
\$13.2 T

IN TOTAL ASSETS

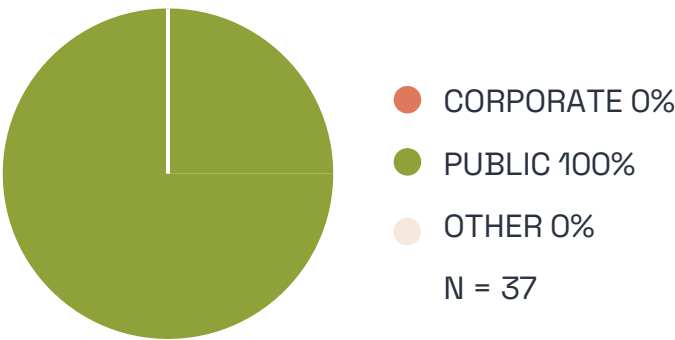


U.S. Public Universe by assets under management | \$ billion, 2025

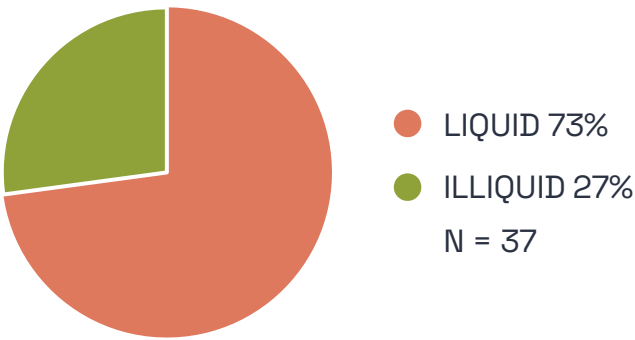
37 U.S. Public sponsors from \$1.1 billion to \$525.0 billion



Plan type | U.S. Public 2025

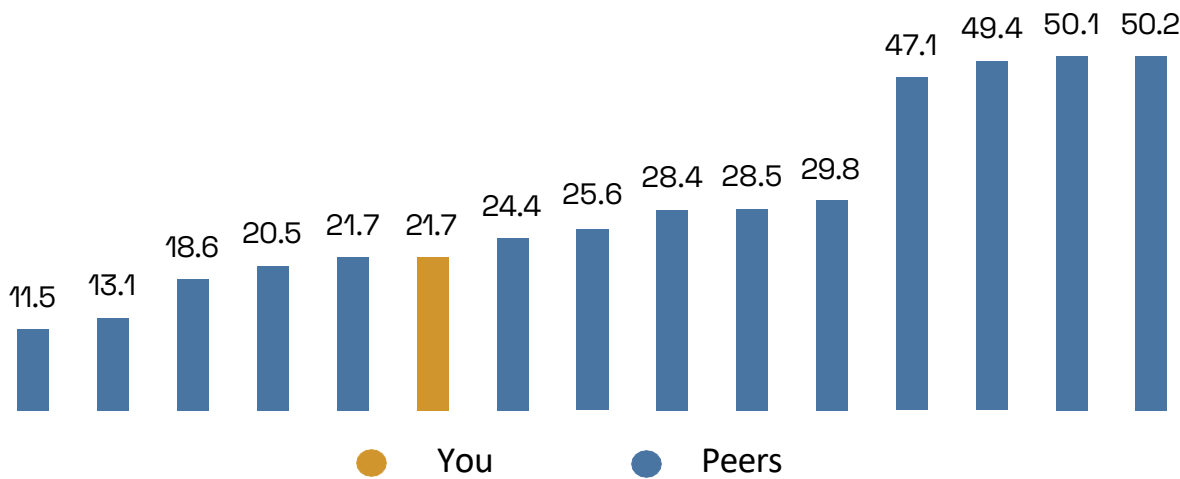


Asset mix | U.S. Public 2025

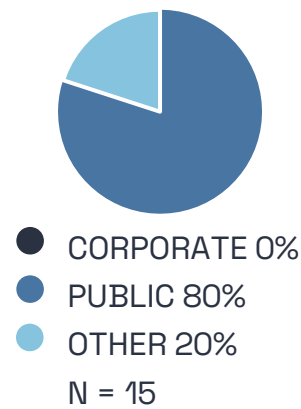


Your costs are benchmarked against a custom peer group with similar total assets under management.

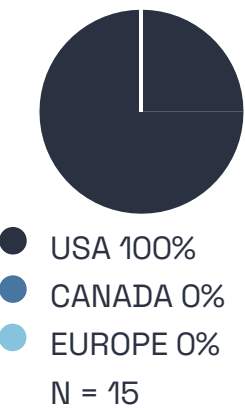
Peer group by assets under management | \$ billion, 2025
15 U.S. sponsors from \$11.5 billion to \$50.2 billion



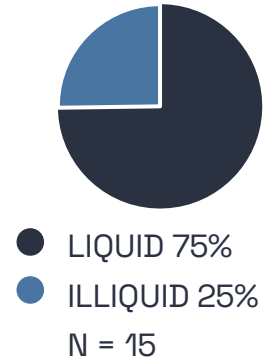
Plan type | 2025



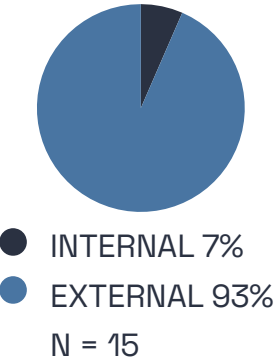
Region | 2025



Asset mix | 2025



Implementation | 2025



Your investment costs were \$161.8 million or 74.5 basis points in 2025.

Total fund costs by asset class, excluding transaction costs | 2025

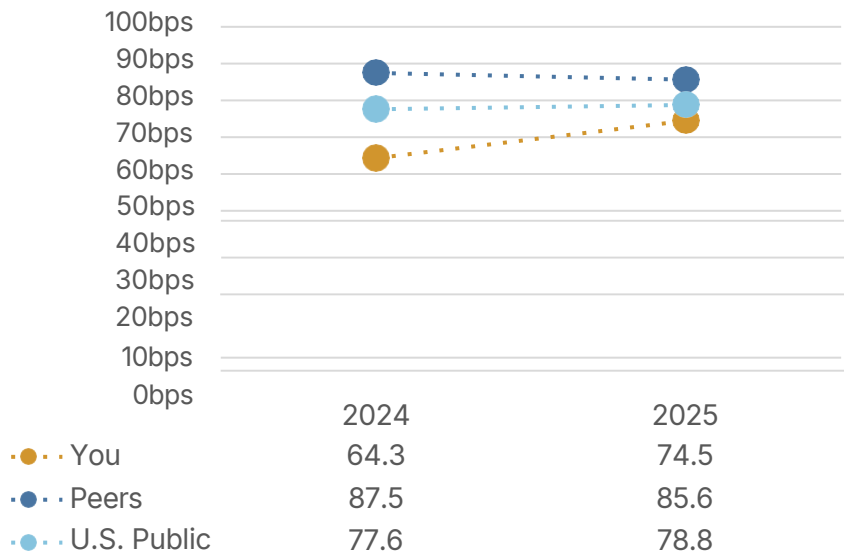
Asset Class	Base fees (\$000)	Performance fees (\$000)	Internal & other (\$000)	Total (\$000)	Total (bps)
Stock	20,720	9,417	-	30,136	26.5
Fixed income ex. cash	9,257	1,395	-	10,651	19.5
Cash	64	-	-	64	2.3
Real estate ¹	9,286	(921)	-	8,365	70.5
Infrastructure ¹	13,360	33,517	-	46,877	408.3
Other real assets	599	-	-	599	94.3
Private debt ¹	13,052	15,542	-	28,594	234.5
Private equity ¹	19,504	10,582	-	30,086	299.9
Fund level oversight	-	-	6,433	6,433	3.0
Total	85,840	69,531	6,433	161,804	74.5

1. The LP/value add manager base fee (in bps) for real estate ex-REITs, infrastructure, private equity - diversified and private credit was estimated based on the partnership level detail provided by you. Base and performance fees also include the underlying fees associated with your fund-of-funds strategies. CEM uses imputed data to address missing or incomparable costs, ensuring comparability across all participants. Refer to the Appendix of the Exhibits for CEM's data principles and imputations applied to your fund's data. Fund level costs consist of expenses not attributed to specific asset classes, including total fund oversight, trustee and custodial services, audit, consulting, and performance measurement.

Your costs increased between 2024 and 2025 because of paying more for infrastructure performance fees.

Total investment costs (bps) | 2024 - 2025

Your total investment costs, excluding transaction costs, increased from 64.3 bps in 2024 to 74.5 bps in 2025.



Average costs for the 31 U.S. Public funds and 12 peers with 5 years of consecutive data. Before adjusting for asset mix differences, the median 2025 cost for the 15 peers was 84.2 bps.

Cost impact of your changes (bps) | 2024 - 2025

Your costs increased between 2024 and 2025 because of paying more for infrastructure performance fees.

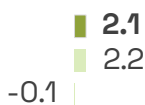
Lower cost asset mix

- 0.2% less stock
- All other mix changes



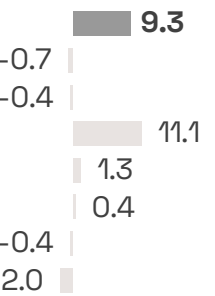
Higher cost implementation style

- Less passive, more active
- All other implementation style changes



Paid more in total for similar investment styles

- Lower external active U.S. large cap stock costs
- Lower FoF venture capital base fees
- Higher non-core/value add infrastructure performance fees
- Higher non-core/value add real estate ex-REITs performance fees
- Higher core private credit performance fees
- Lower FoF private equity - diversified top layer perf. fees (on NAV)
- All other differences

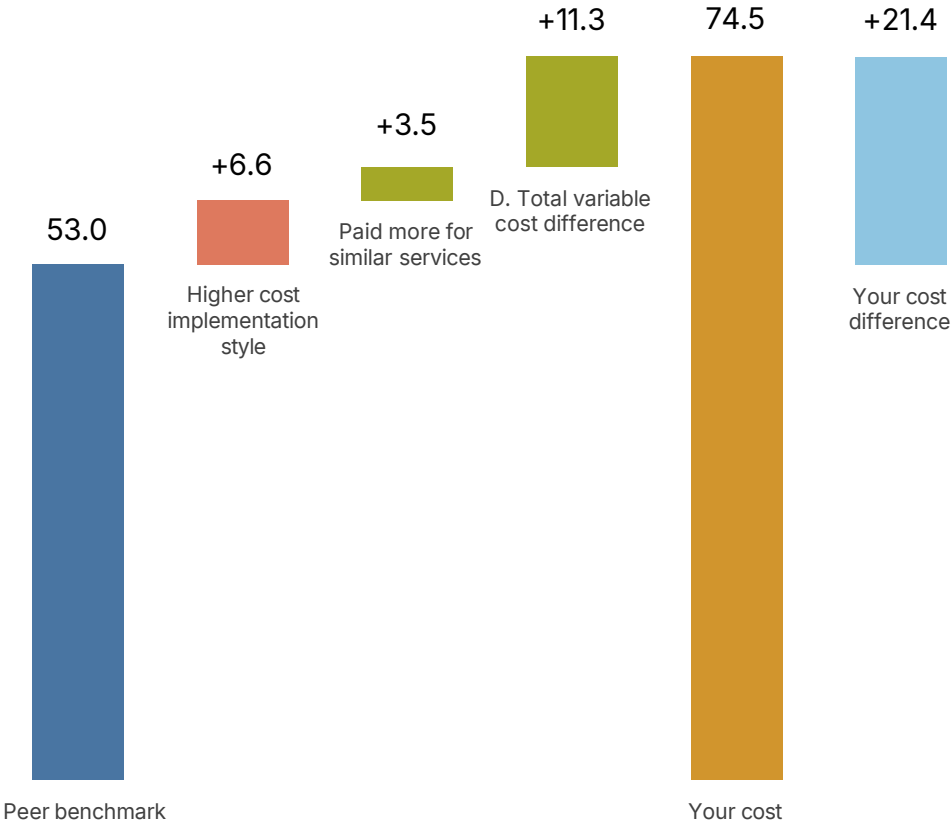


Total increase

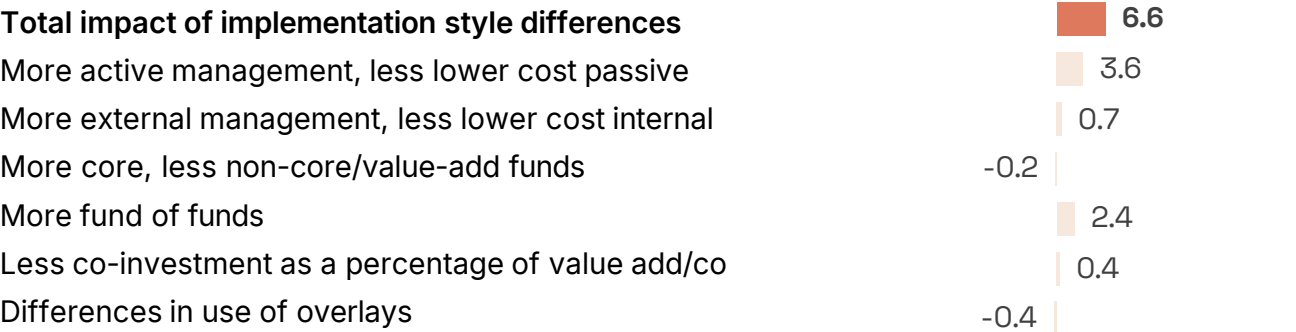


After adjusting for asset mix, benchmark cost analysis suggests that your fund was above benchmark cost by 21.4 basis points in 2025.

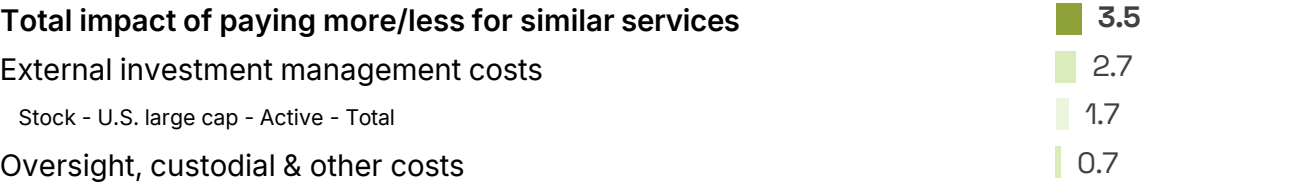
Cost breakdown vs. peer benchmark (bps) | 2025



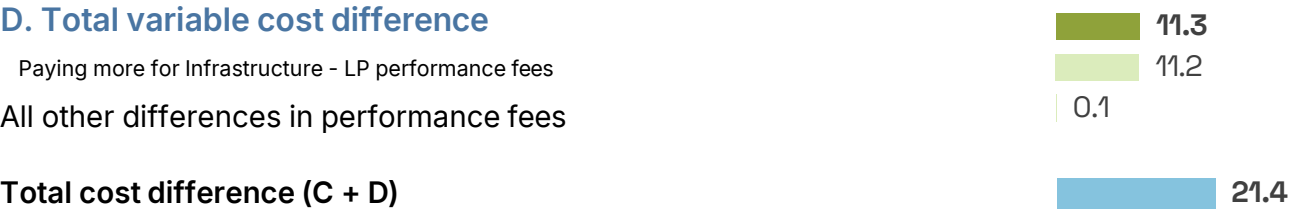
A. Explanation of implementation style differences (bps) | 2025



B. Explanation of cost differences for similar services (bps) | 2025

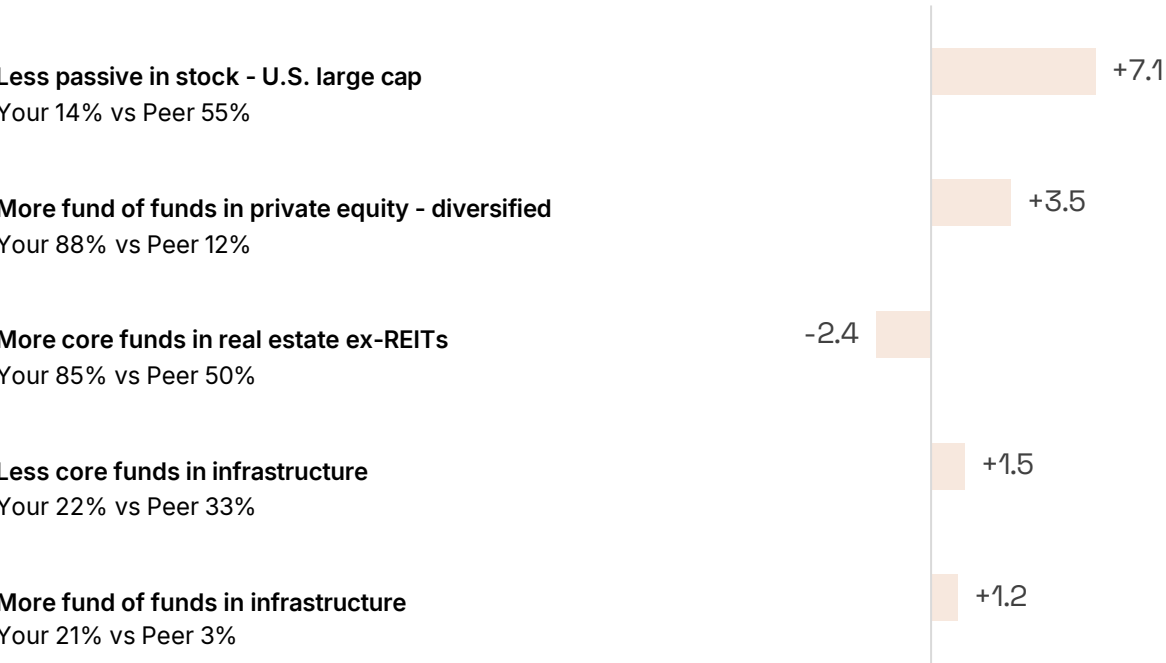


C. Total structural cost difference (A + B)

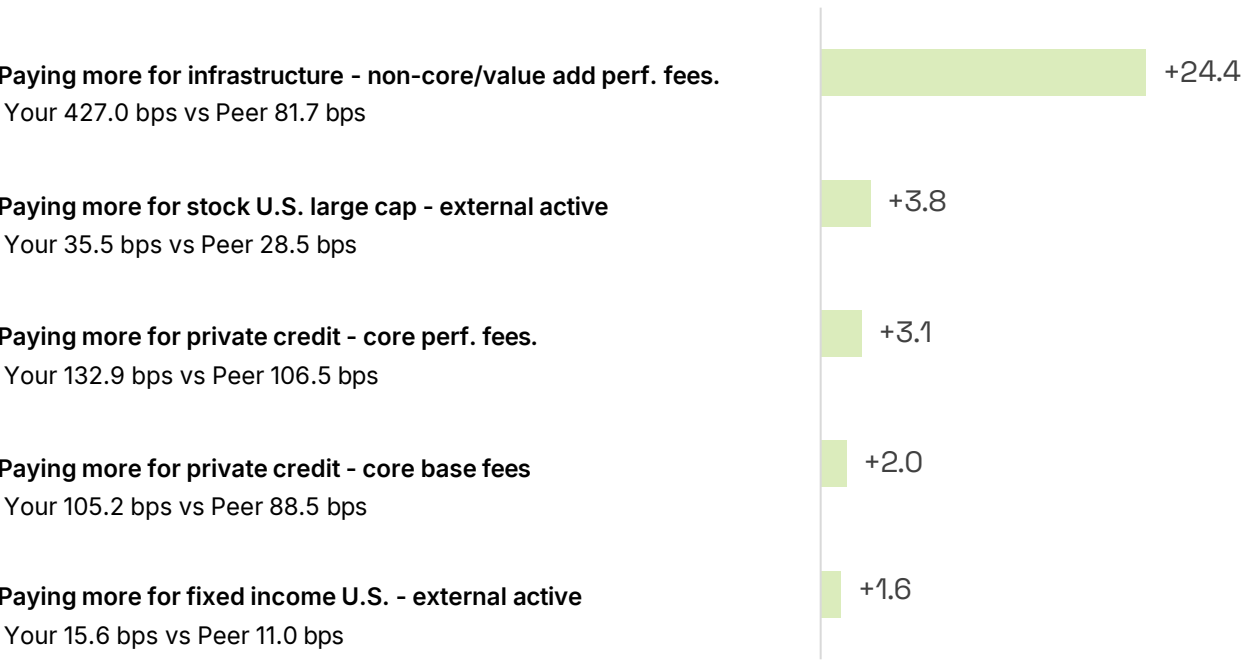


Top cost drivers vs benchmark: paying more for infrastructure - non-core/value add performance fees and being more active in stock - U.S. large cap.

Top 5 implementation style impacts (\$M) | 2025



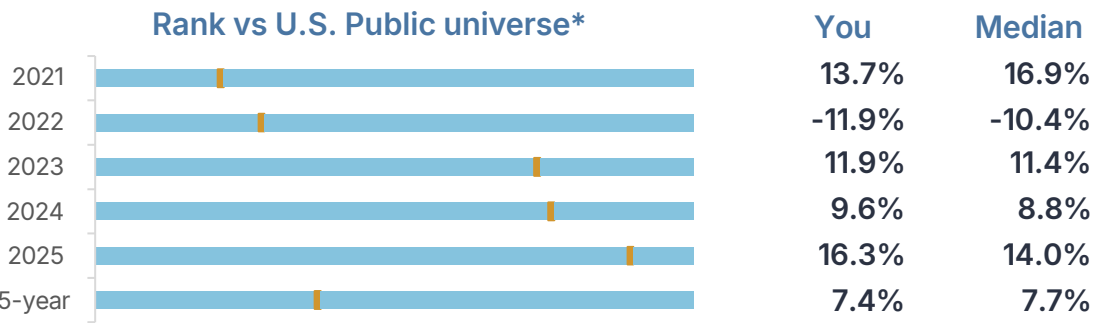
Top 5 impacts from paying more or less than your peers for similar services (\$M) | 2025



Your 5-year net value added of 0.7% compares to a median of 0.5% for the U.S. Public universe.

Return, net of all investment costs

Your 5-year net total return of 7.4% was slightly below both the U.S. Public median of 7.7% and the peer median of 7.7%.



Policy return

Your 5-year policy return of 6.7% was slightly below the U.S. Public median of 7.0% and below the peer median of 7.2%.

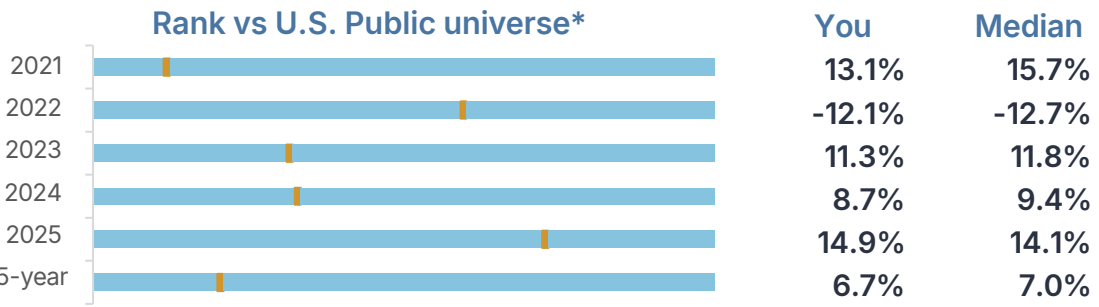
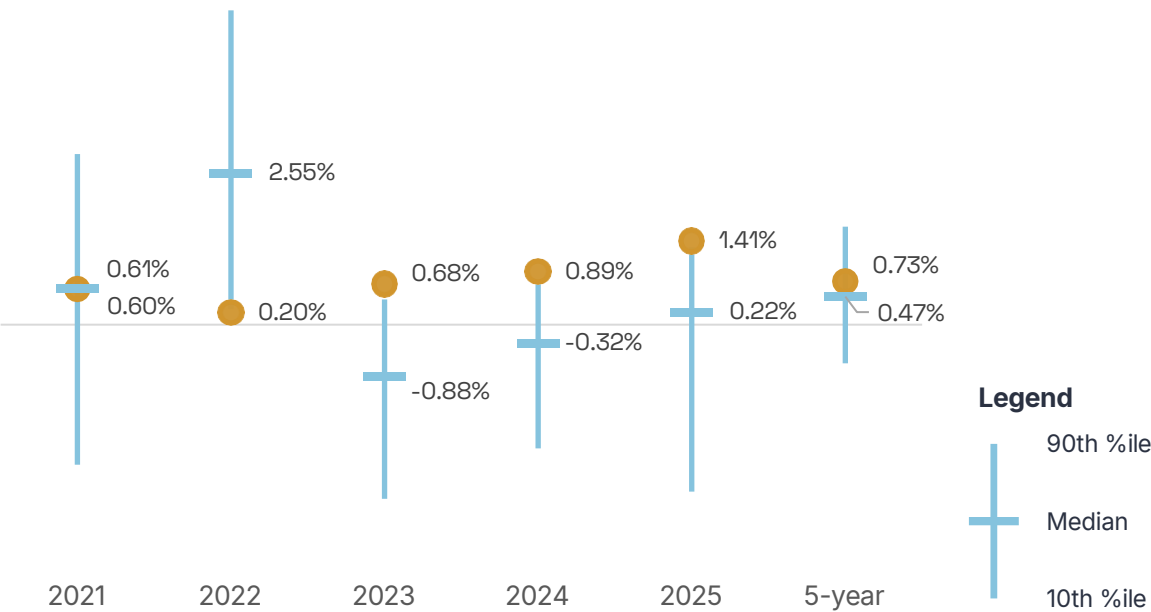


*Chart shows your percentile rank vs. the U.S. Public universe, going 0% to 100%, left to right.

Net value added | Net return minus policy return, U.S. Public 2021 - 2025

Your 5-year net value added of 0.7% translates into approximately \$0.8 billion of cumulative value added over 5 years. This 0.7% was above the U.S. Public median of 0.5%.

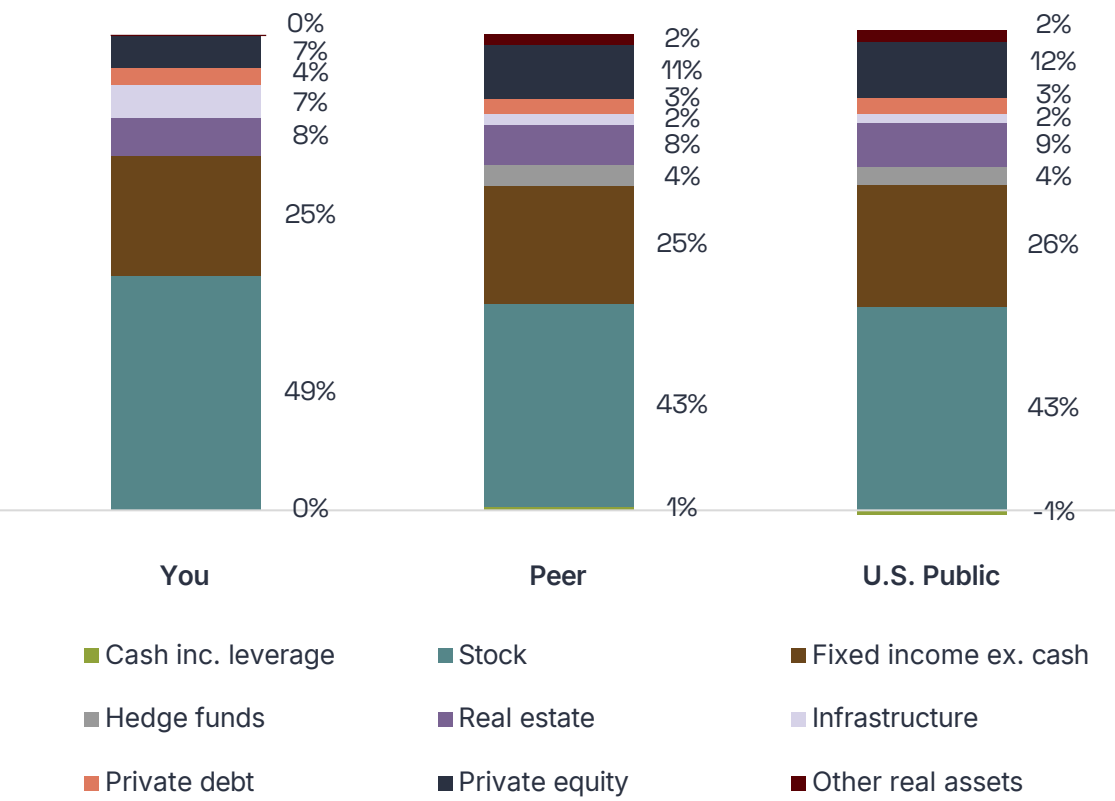
To enable fairer comparisons, the value added for each participant, except your fund, was adjusted to reflect private equity benchmarks based on lagged, investable, public-market indices. If CEM used this same adjustment for your fund, your 5-year total fund value added would have been 0.2% higher.



Policy mix differences are a major driver of variance in total fund policy returns.

Policy asset mix | 2021 - 2025

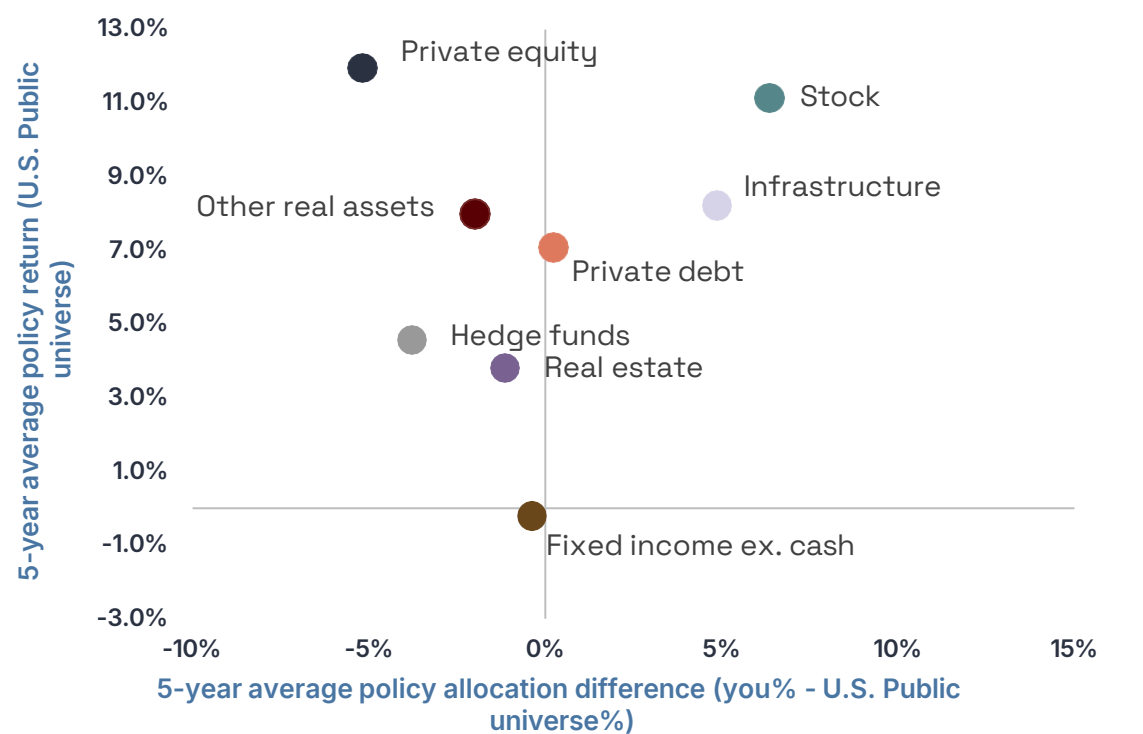
Your policy asset mix allocates 6% more to stock and 5% less to private equity than the average U.S. Public fund.



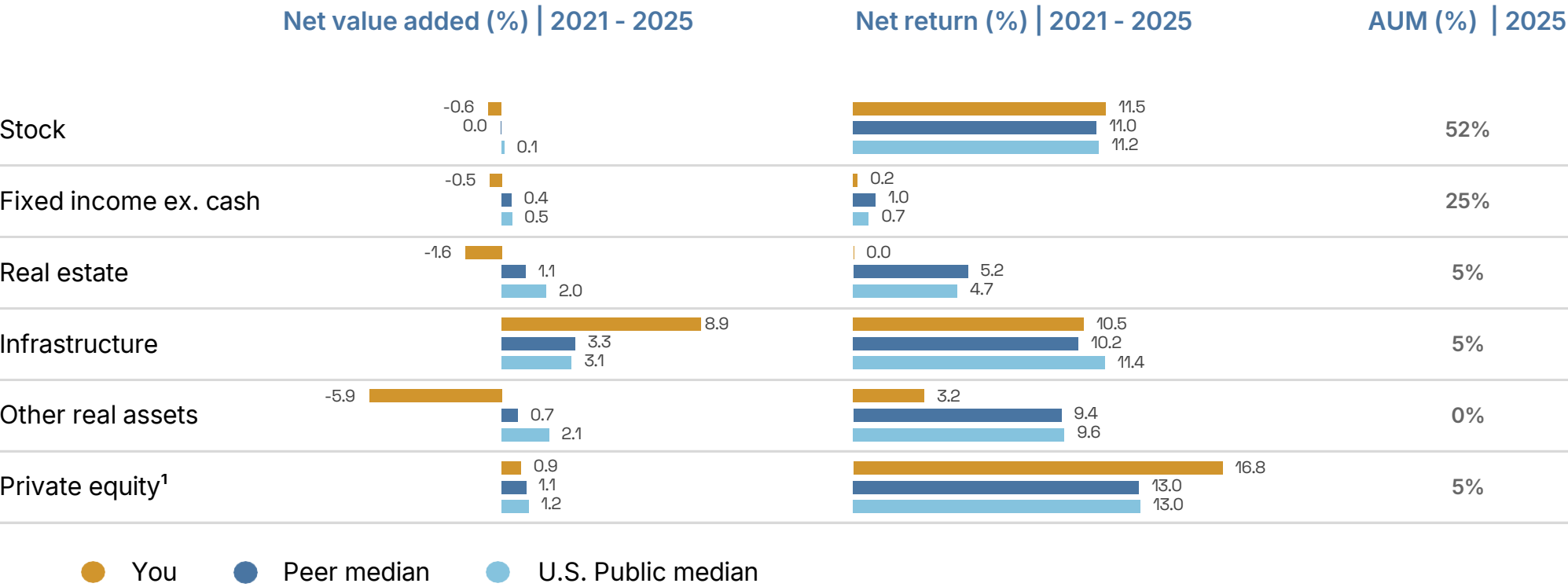
Contribution of asset classes to your fund's policy return position | 2021 - 2025

Your higher allocation to Stock increased your policy return relative to the universe, due to its stronger performance than the average asset class.

To enable fairer comparisons, the private equity benchmarks of all participants, except your fund, were adjusted to reflect lagged, investable, public-market indices.



Infrastructure and private equity were your highest net value added asset classes over the last 5 years.



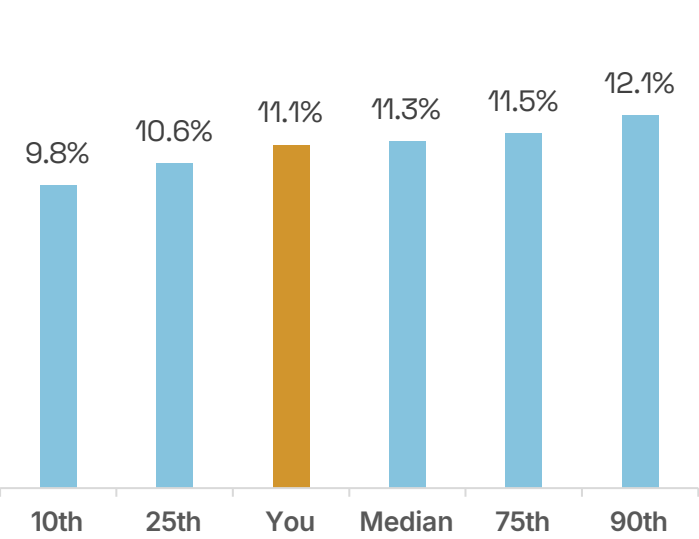
1. To enable fairer comparisons, the private equity benchmarks of all participants, except your fund, were adjusted to reflect lagged, investable, public-market indices. If CEM used this same adjustment for your fund, your fund's 5-year private equity net value added would have been 5.0%.

Your asset risk of 11.1% was below the U.S. Public Universe median of 11.3%.

Asset risk (%) | 2025

Your asset risk of 11.1% was below the U.S. Public Universe median of 11.3%.

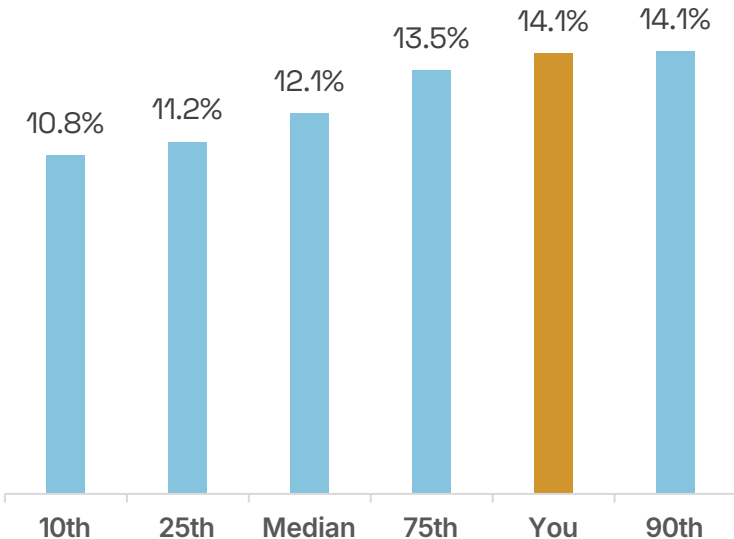
Asset risk is the standard deviation of your policy return. It is based on the historical variance of, and covariance between, the asset classes in your policy mix; standardized for all participants in the CEM database.



Asset-Liability risk (%) | 2025

Your asset-liability risk of 14.1% was above the U.S. Public Universe median of 12.1%.

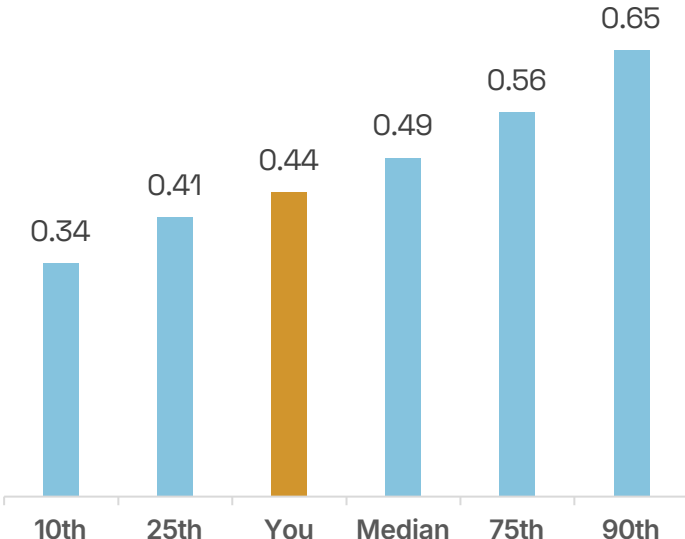
Asset-liability risk is the standard deviation of funded status caused by market factors. It is a function of the standard deviations of your asset risk, your marked-to-market liabilities and the correlation between the two.



Realized Sharpe ratio | 5-year ending 2025

Your realized Sharpe ratio of 0.44 was below the U.S. Public Universe median of 0.49.

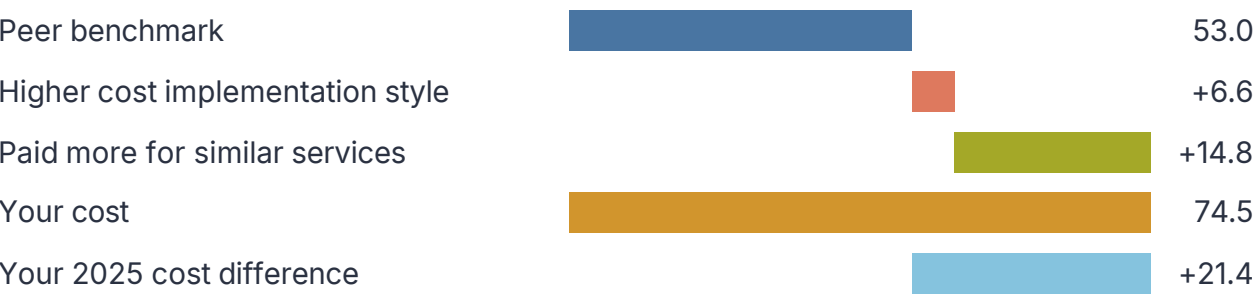
Realized Sharpe ratio is the historical excess return of your portfolio per unit of total risk. It is a function of the actual annual returns generated above the risk-free rate and the realized standard deviation of those annual returns over the 5-year observation period.



Your 2025 investment costs were 21.4 basis points above the peer benchmark primarily due to outperformance-driven carry, while your 5-year net value added was 0.7%.

Total investment costs, excluding transaction costs | 2025

Your 2025 total investment costs were 21.4 bps above the peer benchmark.



Key performance metrics | U.S. Public Universe | 2021 - 2025

Your 5-year net value added exceeded the U.S. Public universe median by 0.3%.

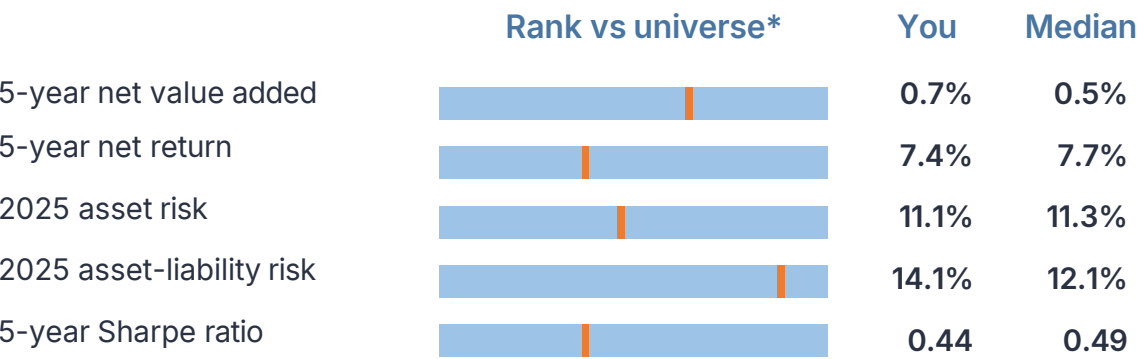
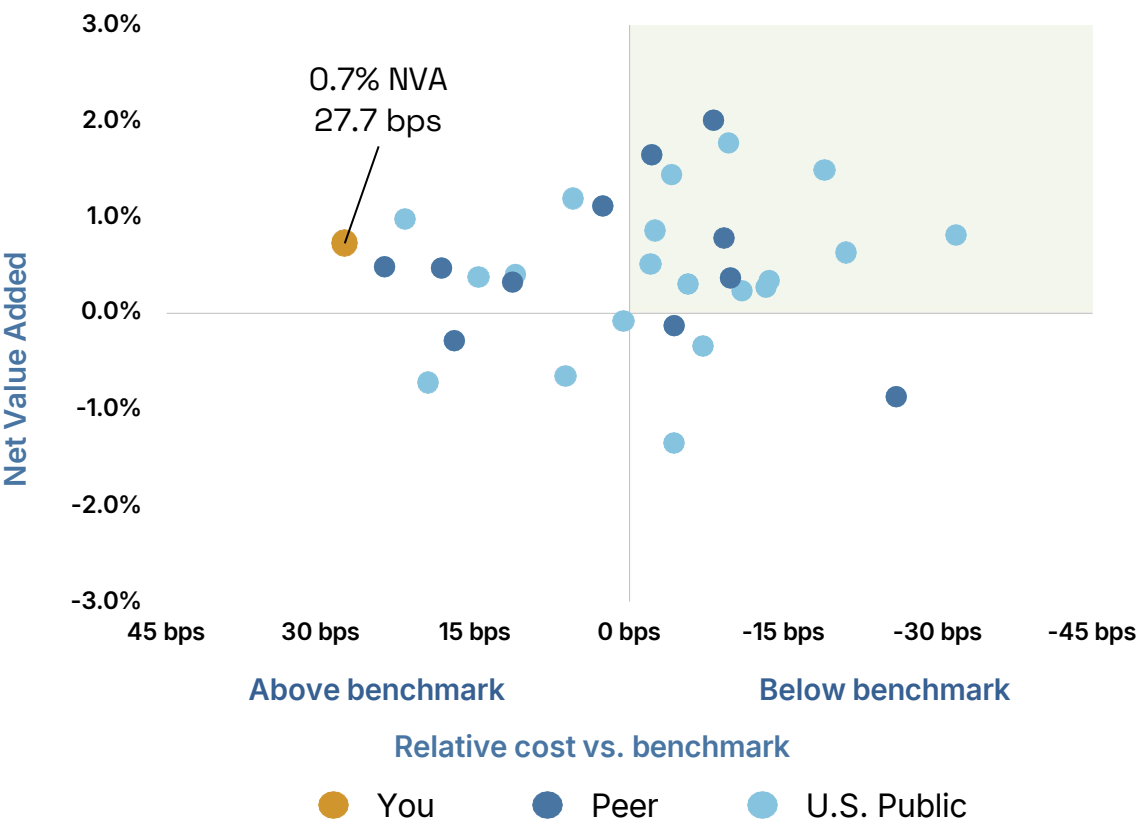
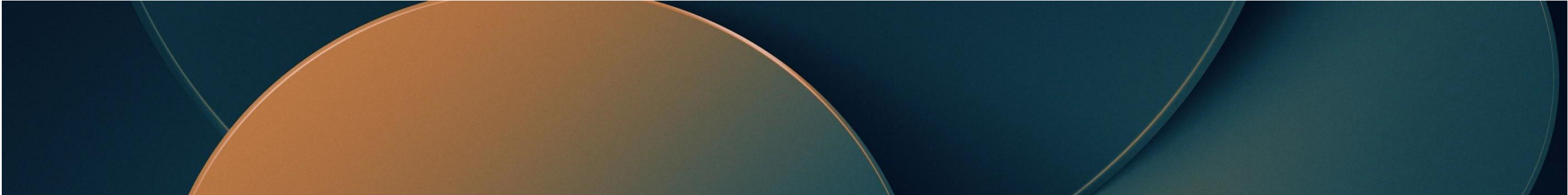


*Chart shows your percentile rank vs. the U.S. Public universe, going 0% to 100%, left to right.

Net value added versus relative cost | 2021 - 2025

Your 5-year net value added (%) versus your 5-year relative cost (bps)





North Dakota State Investment Board

DB Investment Benchmarking Subscription

Private & Confidential

MANAGEMENT INSIGHT REPORT
October 2026

CEM

MEMORANDUM

TO: State Investment Board

FROM: Jodi Smith, Executive Director

DATE: October 28, 2026

RE: Governance Policy System — Recommended Amendments (Second Reading)

The Governance and Policy Review (GPR) Committee met on August 12, 2026, and considered a consolidated set of amendments to the Governance Policy System (GPS). The Committee reviewed each item and the accompanying red-line at Exhibit A.

The Committee unanimously approved the recommendation to amend the GPS as set out in Exhibit A and to forward the amendments to the State Investment Board for a first reading.

This memorandum presents those amendments as the first reading. No Board action to adopt is requested at this meeting; a second reading and action are anticipated at the Board's next regularly scheduled meeting.

Summary of Recommended Amendments

Item 1. Statutory Citation Corrections — Exhibit A, items A-1 through A-18

Review of the Oath of Office section identified four statutory citations in the GPS that do not correspond to the subject matter of the provisions in which they appear. Each recurs in multiple places, appearing eighteen times in total across the Conflicts of Interest, External Communications, Board Access to Confidential Information, Trustee Travel, Oath of Office, and Use of Artificial Intelligence policies.

GPS provision	Cited in GPS	What the cited section actually covers	Correct citation
Oath of office	44-04-10	Nepotism violation — penalty	44-01-05 — Oath of civil officers
Records retention	44-04-30	Records of the State Fire Marshal	ch. 54-46 — records management
Minutes and annual reaffirmation	44-04-19	Access to public meetings	44-04-21 — open voting and minutes
Applicable investment standard	54-52-02.9	Temporary employee participation in PERS	ch. 59-17 — prudent investor standard

These are corrections rather than substantive policy changes, but they should be made before the document is relied upon. Exhibit A sets out each of the eighteen locations in red-line and constitutes the complete list of affected provisions.

Item 2. Governance Calendar — Committee Count — Exhibit A, item A-19

The governance calendar in the GPS refers to six standing committees. The Board currently has five:

- Audit, Risk and Compliance Committee
- Executive Review and Compensation Committee
- Governance and Policy Review Committee
- Investment Committee
- Budget and Finance Committee

The amendment corrects the reference to five.

Item 3. Budget and Finance Committee — Composition

Review of the Budget and Finance Committee's membership identified significant potential for a quorum of the State Investment Board to occur during the legislative session, which would inadvertently create an open meeting. Constituting the Committee with four members prevents that result.

The recommendation is to amend the Budget and Finance Committee charter to include an appointee from the TFFR Board and to fix committee size at four members. This resolves the quorum exposure and reflects the interest TFFR holds in the matters the Committee oversees.

Board Action Requested

Accept the second reading of the following amendments to the Governance Policy System, as recommended by the Governance and Policy Review Committee:

1. The citation corrections are set out in Exhibit A, items A-1 through A-18.
2. The correction to the governance calendar is set out in Exhibit A, item A-19, to reference five standing committees.
3. The amendment to the Budget and Finance Committee charter to include an appointee from the TFFR Board and to fix committee size to four members.

Attachment: Exhibit A — Governance Policy System, Proposed Amendments in Red-Line

EXHIBIT A

Governance Policy System — Proposed Amendments in Red-Line

August 12, 2026

How to read this exhibit: Text to be removed appears ~~struck through in red~~. Text to be added appears underlined in red. Unchanged text appears in black. Each amendment is preceded by the GPS section it affects.

PART A — NON-INVESTMENT AMENDMENTS

A-1. Conflicts of Interest - Disclosure - Purpose

This policy is adopted pursuant to NDCC § 21-10-01 et seq. and applicable fiduciary standards under NDCC § ~~54-52-02.9~~ 59-17 to ensure that Trustees act solely in the interest of beneficiaries and maintain independence from actual or perceived conflicts of interest.

A-2. Conflicts of Interest - Disclosure - Annual Disclosure Certification

Each Trustee shall complete and sign an annual written disclosure statement affirming compliance with fiduciary duties of loyalty, care, and compliance under NDCC § ~~54-52-02.9~~ 59-17 and applicable law.

A-3. Conflicts of Interest - Disclosure - Recusal

The disclosure shall be recorded in the meeting minutes consistent with NDCC § ~~44-04-19~~ 44-04-21;

A-4. Conflicts of Interest - Public Records

Disclosure forms and related materials shall be maintained in accordance with NDCC § 44-04-18 and § ~~44-04-30~~ 54-46. Confidential investment information shall be handled consistent with NDCC § 44-04-22.

A-5. External Communications - Confidentiality

Trustees shall not disclose non-public investment, personnel, legal, or beneficiary information protected under NDCC § 44-04-22 or other applicable law. Digital and social media communications are subject to this restriction and applicable public records retention requirements under NDCC § ~~44-04-30~~ 54-46.

A-6. Board Access to Confidential Information - Conduct Policy - Purpose

This policy is adopted pursuant to NDCC § 21-10-01 et seq. and applicable fiduciary standards under NDCC § ~~54-52-02.9~~ 59-17 to assure that Board members have timely and appropriate access to information required to fulfill fiduciary duties, while safeguarding confidential, sensitive, and market-moving information protected under NDCC § 44-04-22 and preserving the integrity of the SIB's governance and operating model.

A-7. Board Access to Confidential Information - Conduct Policy - Scope

This policy governs information requests beyond the materials routinely provided in Board and Committee meeting packets. Materials included in approved meeting packets are, by definition, accessible to Board and Committee members in accordance with NDCC § ~~44-04-19~~ 44-04-21 and confidentiality protections under § 44-04-22.

A-8. Board Access to Confidential Information - Conduct Policy – Information Handling and Security

Public records retention requirements under NDCC § ~~44-04-30~~ 54-46 apply to all communications regardless of channel.

A-9. Trustee Travel Policy - Purpose

Trustee travel shall support the Board's fiduciary obligations under NDCC § 21-10-01 et seq. and NDCC § ~~54-52-02.9~~ 59-17.

A-10. Oath of Office – Statutory Requirement

Each Trustee shall execute the oath of office required under NDCC § ~~44-04-10~~ 44-01-05 and §54-06-01 prior to participating in Board deliberations or voting.

A-11. Oath of Office – Fiduciary Acknowledgement

Duty of care consistent with the prudent investor/prudent expert standard under NDCC § ~~54-52-02.9~~ 59-17.

A-12. Oath of Office – Annual Reaffirmation

At the first meeting of each fiscal year, Trustees shall reaffirm their oath and fiduciary obligations. Reaffirmation shall be recorded in the minutes consistent with NDCC § ~~44-04-19~~ 44-04-21.

A-13. Oath of Office – Records Retention

Executed oaths shall be maintained in permanent Board records consistent with NDCC§ ~~44-04-30~~ ch. 54-46.

A-14. Use of Artificial Intelligence - Purpose

The purpose of this policy is to establish principles, governance standards, and control requirements governing the use of Artificial Intelligence (AI) technologies by the North Dakota State Investment Board ("Board") and the Retirement and Investment Office("RIO") staff. This policy is adopted pursuant to NDCC § 21-10-01 et seq. and is intended to assure that the use of AI supports the Board's fiduciary obligations under NDCC § ~~54-52-02.9~~ 59-17, protects confidential information under NDCC § 44-04-22, and complies with applicable open records and open meetings laws.

A-15. Use of Artificial Intelligence – Guiding Principles – Fiduciary Primacy

AI tools may support but shall not replace the exercise of independent fiduciary judgment required under NDCC § ~~54-52-02.9~~ 59-17.

A-16. Use of Artificial Intelligence – Guiding Principles – Transparency and Documentation

Where AI tools materially inform analysis or recommendations presented to the Board, staff shall document the role of AI in the analytical process consistent with NDCC § 44-04-18 and § ~~44-04-30~~ 54-46.

A-17. Use of Artificial Intelligence – Investment Decision Support

*Where AI tools are used in connection with investment analysis: AI outputs shall be considered advisory only; material assumptions must be independently validated; documentation shall identify the extent to which AI informed analysis; and final recommendations shall clearly reflect professional judgment and fiduciary review. The use of AI shall not dilute the prudent investor/prudent expert standard required under NDCC § ~~54-52-02.9~~ **59-17**.*

A-18. Use of Artificial Intelligence – Records Retention

*AI-generated content used in Board business constitutes a public record where required under NDCC § 44-04-18 and shall be retained in accordance with NDCC § ~~44-04-30~~ **54-46**. Prompt histories or AI interactions that materially inform recommendations to the Board shall be retained as part of the decision-support record.*

A-19. Governance Calendar — Board & Committee Schedule

*This is the State Investment Board's working governance calendar for the full Board and all ~~six~~ **five** standing committees.*

MEMORANDUM

TO: State Investment Board

FROM: Jodi Smith, Executive Director

DATE: October 28, 2026

RE: Funston Transparency Scorecard —Improvement Plan Progress

Background

The Funston scorecard is a standards-based assessment of public transparency. It reviews 86 individual disclosure items across nine governance domains — open meetings, public records, financial reporting, investment and performance reporting, governance, actuarial and funding disclosure, investment fees, risk and stress testing, and stakeholder communication — and scores each against an objective benchmark.

Areas of Improvement Identified by Funston

Funston originally identified 18 unmet or partially met items across seven domains. The table below lists each item in Funston’s priority order, its current assessment, the responsible staff lead, and status or target dates where established. "Add" items are disclosures not currently made; "Partial" items exist practices that should be strengthened to fully meet the standard.

Domain A — Open Meetings

Ref.	Improvement Item	Current	Status / Target
A3	Strengthen governance policies to prohibit trustees from discussing or deciding board matters outside official noticed meetings	Partial	Target: December 2026
A4	Strengthen governance policies to identify the circumstances and topics for which executive sessions are permitted	Partial	Target: December 2026
A17	Livestream or record board meetings and make them publicly available	Partial	Discussion

Domain B — Public Records / FOI

Ref.	Improvement Item	Current	Status / Target
B4	Strengthen public availability of the Investment Policy Statement	YES	COMPLETE

Domain C — Annual Financial Reporting

Ref.	Improvement Item	Current	Status / Target
C13	Publish an archive of ACFRs with vintages from at least five years ago	YES	COMPLETE
C14	Publish an archive of ACFRs with vintages from at least ten years ago	YES	COMPLETE

Domain D — Investment & Performance Reporting

Ref.	Improvement Item	Current	Status / Target
D7	Provide gross time-weighted rates of return in quarterly investment reports	No	Callan to report quarterly; target September 2026 Report
D13	Identify which asset classes or strategies are managed actively vs. passively	Partial	December 2026 Report will be provided
D17	Disclose NAV and vintage year of private market and alternative investments	Partial	December 2026 Report will be provided

Domain E — Governance

Ref.	Improvement Item	Current	Status / Target
E3	Adopt a placement agent disclosure policy, pay-to-play policy, or explicit prohibition on placement agents and third-party solicitors	No	Target: December 2026
E11	Publish trustee qualifications and biographies on the website	YES	COMPLETE

Domain G — Investment Fees

Ref.	Improvement Item	Current	Status / Target
G1	Quantify carried interest or profit share on private-market funds (private equity, private credit, private real estate) in the ACFR or quarterly investment reports	No	In development
G3	Disclose expense ratios or internal operating costs of commingled and collective fund vehicles	Partial	In development
G4	Disclose performance and incentive fees paid to managers, separate from base fees	No	In development

Domain H — Risk Analysis & Stress Testing

Ref.	Improvement Item	Current	Status / Target
H3	Present a consolidated total-fund liquidity profile (portfolio by liquidity tier, or quantified liquid vs. illiquid share)	YES	COMPLETE
H7	Present hypothetical stress or scenario testing on the total fund and quantify prospective impact	No	Target: December 2026

Domain I — Stakeholder Communication

Ref.	Improvement Item	Current	Status / Target
I1	Add a dedicated "Legislature" section of the website reporting communications with the legislature and tracking relevant legislation	No	Target: December 2026
I2	Publish a clear public-records-request process	YES	COMPLETE

Next Steps

Staff will report progress against these items at a future Board meeting.

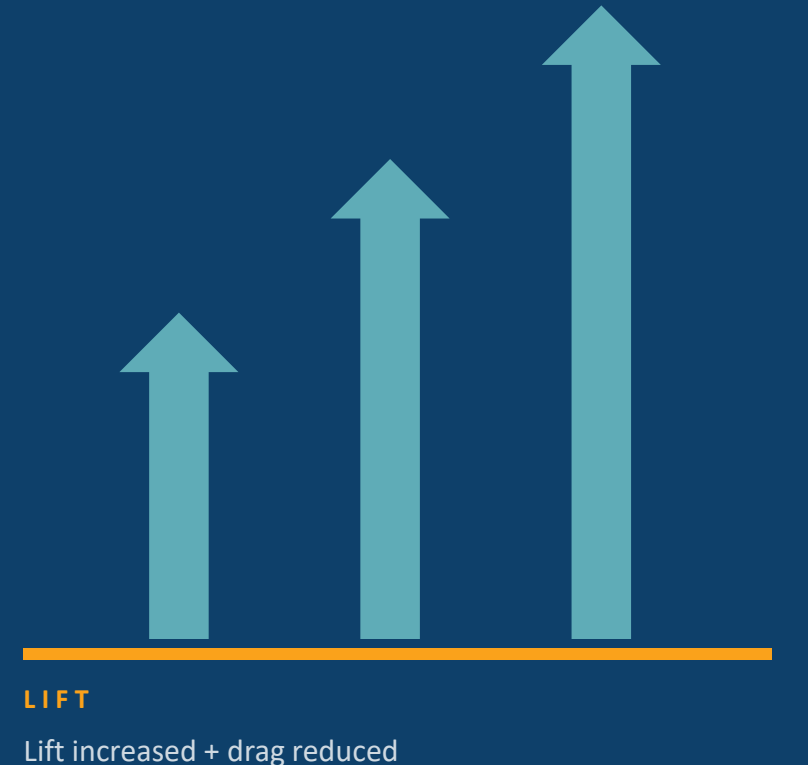
Board Action Requested: Information only.

Building the Future: Strengthening Governance and Expanding In-house Investment Capabilities

Building capability for a century-scale mandate

How North Dakota can match its operating model to the complexity of its mandates and turn governance into a source of performance lift for generations.

Prepared by Funston Advisory Services with the ND Retirement and Investment Office executive team



Governance - Not investment or legal advice

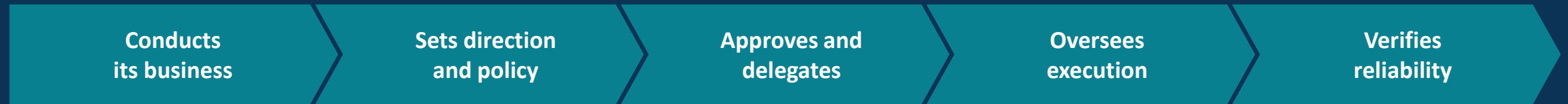


“A society grows great when people plant trees in whose shade they shall never sit.” *Greek proverb*

GOVERNANCE DEFINED

What is Governance?

Governance is how the Board collectively conducts its business, sets direction and policy, approves and delegates, oversees, and verifies, so that SIB is able to achieve its mission and long-term outcomes.



SET BY STATUTE

SIB's mandate and means are set by statute:

6

Mandates

highest complexity among public institutional investors including Norges

Means

full investment discretion, but the lowest fiscal autonomy and operational capacity

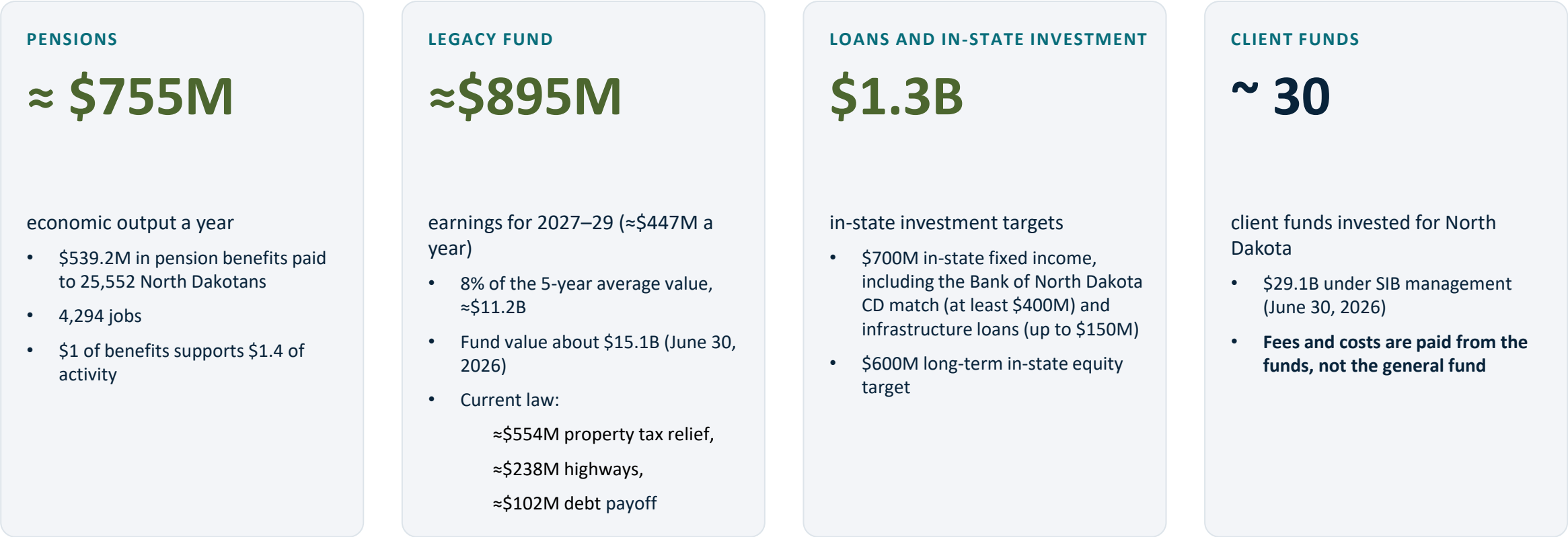
SHORT TERM

Market sets the price and affects short-term results

SIB/RIO TODAY

North Dakota: \$1.2B total annual economic value of the SIB

Pensions, the Legacy Fund and in-state lending add up to well over a billion dollars a year for North Dakota.



Indicative total: ≈\$1.2B a year (\$755.6M pension-supported output + ≈\$447M Legacy Fund earnings), plus \$1.3B targeted for in-state investment.

Source: NIRS, Pensionomics 2025, North Dakota fact sheet (2022 data, all state and local defined benefit plans); North Dakota Monitor (Aug 13, 2026); ND Legislative Council (June 2025); Legacy Fund Investment Policy Statement (2023), in-state targets; RIO investment performance reports and preliminary financial statements, June 30, 2026.

SIB/RIO SUMMARY DASHBOARD

Exceptional

Favorable

Watch

Concern

Data needed

Strong results despite constrained capacity but not sustainable

Funding and results	<div>Assets under management</div> <div>\$29.1B</div> <div>Total ~30 funds, June 30, 2026. Largest funds at June 30, 2026: Legacy \$15.1B, PERS \$5.6B, TFFR \$4.1B, WSI \$2.4B. Legacy has nearly tripled in 10 years</div>	<div>Investment performance</div> <div>7.35%</div> <div>Exceptional</div> <div>Legacy 5-year return to June 30, 2026 (policy 6.44%). Fiscal 2026, net vs. policy: Legacy 17.26% vs. 16.18%; PERS 15.85% vs. 15.01%; TFFR 14.40% vs. 13.90%.</div>	<div>TFFR funded status</div> <div>74.70%</div> <div>Favorable</div> <div>Actuarial basis, July 1, 2026, up from 73.43%. Fair value basis 80.51%. Expected employer rate 12.75% of pay vs. ADC 12.16%. Full funding in 16 years, down from 17.</div>	<div>TFFR service results</div> <div>\$161</div> <div>Watch</div> <div>Admin cost per member vs. \$459 peer, adj. for scale; CEM service 77 vs. 72; zero late payrolls. Drag upstream: employer data unchecked for 7 years, 0 of 3 payment controls, 3-month benefit finalization.</div>
	<div>Asset allocation</div> <div>Below</div> <div>Watch</div> <div>Private markets under target. TFFR private credit 3.4% vs. 7.5%; real estate 7.4% vs. 11.0%.</div>	<div>Private equity pacing</div> <div>0.6%</div> <div>Favorable</div> <div>Legacy Fund private equity vs. 7.0% target. Corridor policy approved and being deployed.</div>	<div>Risk</div> <div>0.9–1.1%</div> <div>Favorable</div> <div>Tracking error by fund. TFFR 5-year volatility 7.5% vs. 7.7% for policy (May 31, 2026).</div>	<div>Cost and fees</div> <div>67 bps</div> <div>Watch</div> <div>2025 total cost vs. 84 bps peer median. Down from 149 bps (2021).</div>
	<div>Staffing and turnover</div> <div>35/60+ FTE</div> <div>Concern</div> <div>Investment 24 vs. 31 (CY24); pension admin 73% fewer FTE/member than peers (FY25). At 35.00 FTE cap; 29% attrition in 2025. ~9+ mo. to recruit, 9+ to train.</div>	<div>Operational drag</div> <div>\$28M</div> <div>Concern</div> <div>A year: \$22.5M in the front office plus \$5.6M of severe drag from systems and processes (~9,300 staff hours lost).</div>	<div>Governance and transparency</div> <div>#1</div> <div>Exceptional</div> <div>Highest transparency score in the nation among 60 public systems. Critical for public accountability. Governance overhaul complete.</div>	<div>Authority and resources</div> <div>Lowest</div> <div>Concern</div> <div>Fiscal autonomy rating out of 100, lowest of 20 public funds, despite the most complex portfolio.</div>
	Capacity and governance			

THE BUSINESS CASE

How North Dakota can invest in governing SIB as a center of investment excellence and a source of performance lift for generations.

The business case

Why governance is now the binding constraint

1

Why it matters

Governance behaviors plus asset-class skill, drive lift and drag. SIB manages \$29.1B, takes in ~\$1.4B of new money per biennial at \$0 general-fund cost to run SIB, and supports ~\$1.2B a year of economic value.

2

Demands are rising fast

~3× assets in a decade; 6 of 6 mandate categories and client funds; the Legacy Fund is ~52% of assets, expected to continue growing and tied to oil.

3

Capacity has not kept pace

~\$2.2B per investment FTE vs. a \$0.8–1.2B peer median; 29% turnover in 2025; ~9,300 hours of manual work lost.

4

The return on capability

Strong results despite severely constrained capacity. **\$5.74 net return for every dollar invested in SIB’s capabilities so far.**

The path

What has worked, what remains, and who must act

5

Progress despite constraints

\$13.2M a year net lift from the 8 investment FTEs added in 2023; drag down 69% from \$73M to \$22.5M a year; legal improving with outsourcing.

6

Highly vulnerable to shocks

Market tailwinds are not sustainable forever. Current liquidity response time of 24–65 business days vs. ≤ 5-20 required (FAS analysis); operational drag compounds the loss by 4–5.5 points.

7

Improvement still needed

\$22.5M a year of front-office drag and \$5.6M of middle and back office drag remain; critical onboarding risk; legal capacity still dragging

8

Where SIB needs help

Lowest fiscal autonomy of 20 public funds, despite the highest-complexity mandates. People, processes, systems, governance and external experts are mission critical.

How the Board & Legislature governs is the key to alpha
- 30 years of research support it

WHERE GOVERNANCE ACTUALLY SITS

All public funds need to convert assets into liabilities as they come due – governance is about making the most advantageous deals and conversions

$$A = L$$

ASSETS = LIABILITIES

the equals sign is liquidity

MARKET SIDE *set by the market*



Terms obtainable

on whose schedule the conversion happens



Cost of conversion

the price of immediacy



Market depth

how much can move without moving the price

OPERATOR SIDE *where governance sits*



Complexity

distinct mandates, each on its own clock



Volume

funds, clients and transactions



Velocity

how often and how fast decisions recur



Information

knowing what you hold, when you need it



Authority

who can act without waiting

LIABILITY SIDE *set by the mandate*



Time available

when the payout falls due



Predictability

how certain its amount and timing are



Correlation

whether the trigger also hits the assets

SIB HIGHEST COMPLEXITY & LIQUIDITY MANDATES

One Board, six very different mandates: same equation, different time horizons

A = L



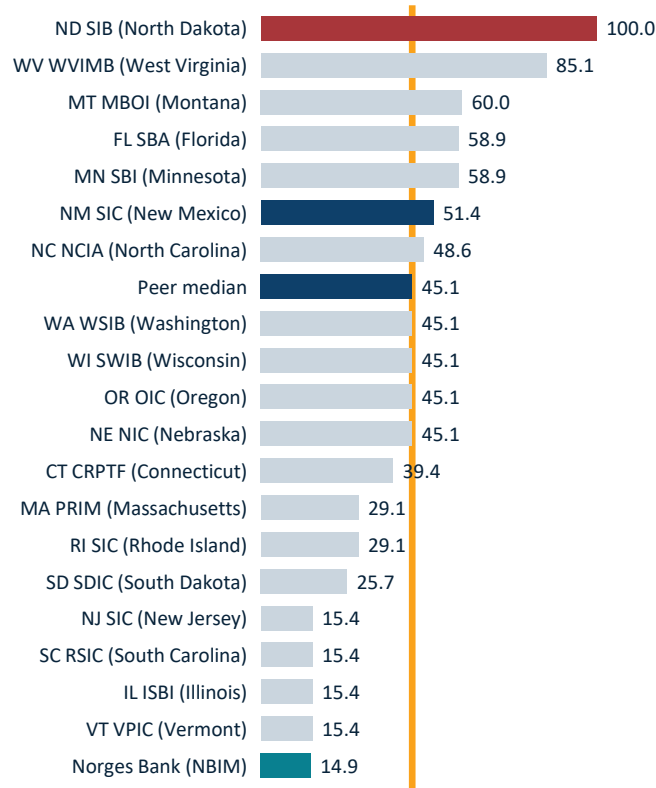
Source: Total and Legacy Fund at June 30, 2026; RIO ACFR FY2025 29 client funds: 6 pension, about 20 insurance, 3 individual accounts. Endowment: 5 funds at June 30, 2026 (Arts Across the Prairie, Lewis & Clark, State Historical Society, Cultural Endowment, Veterans' Cemetery). Insurance pool shown net of the Budget Stabilization Fund and endowments.

COMPLEXITY · PUBLIC FUNDS COMPARISONS

North Dakota carries the heaviest mandate load among 19 U.S. investment boards and Norges Bank

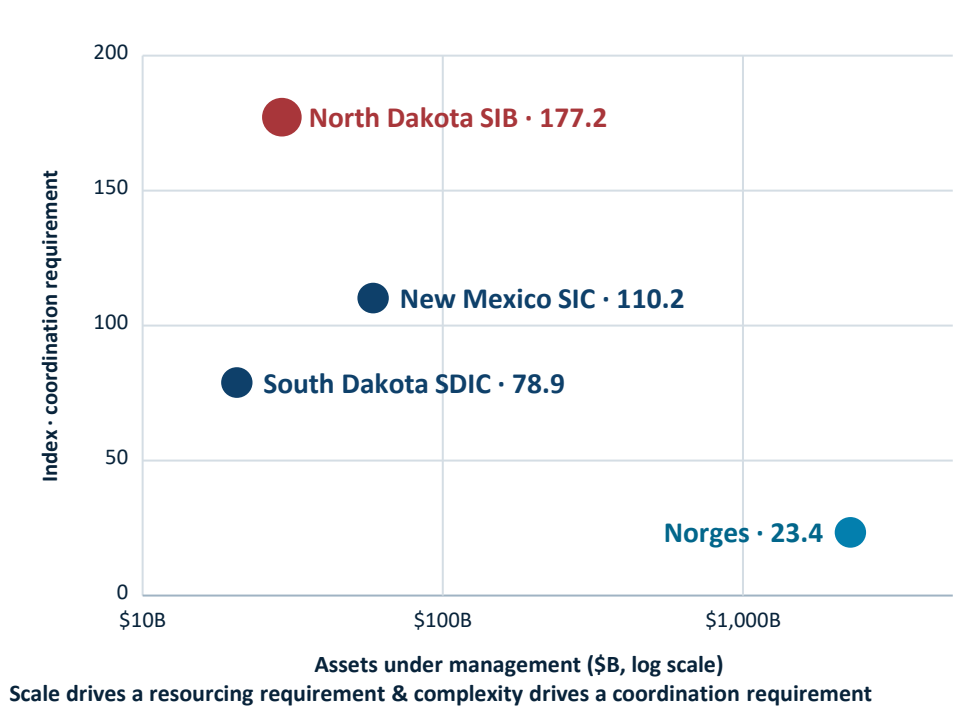
BASE MANDATE CONVERSION LOAD

Mandate types a board serves, scored by difficulty; all six = 100



Institutional Investor Complexity Index

Difficulty of running all mandates together, weighted by assets



NORTH DAKOTA AT A GLANCE

177.2

on the Institutional Investor Complexity Index

≈8× Norges (23.4)

6 of 6

mandate categories, the only board of 19 with all six

Norges: 1 of 6

~30

client funds in 2 pools and 3 individual accounts, through one middle and back office

Norges: 1 fund

≈\$2.2B

per investment FTE

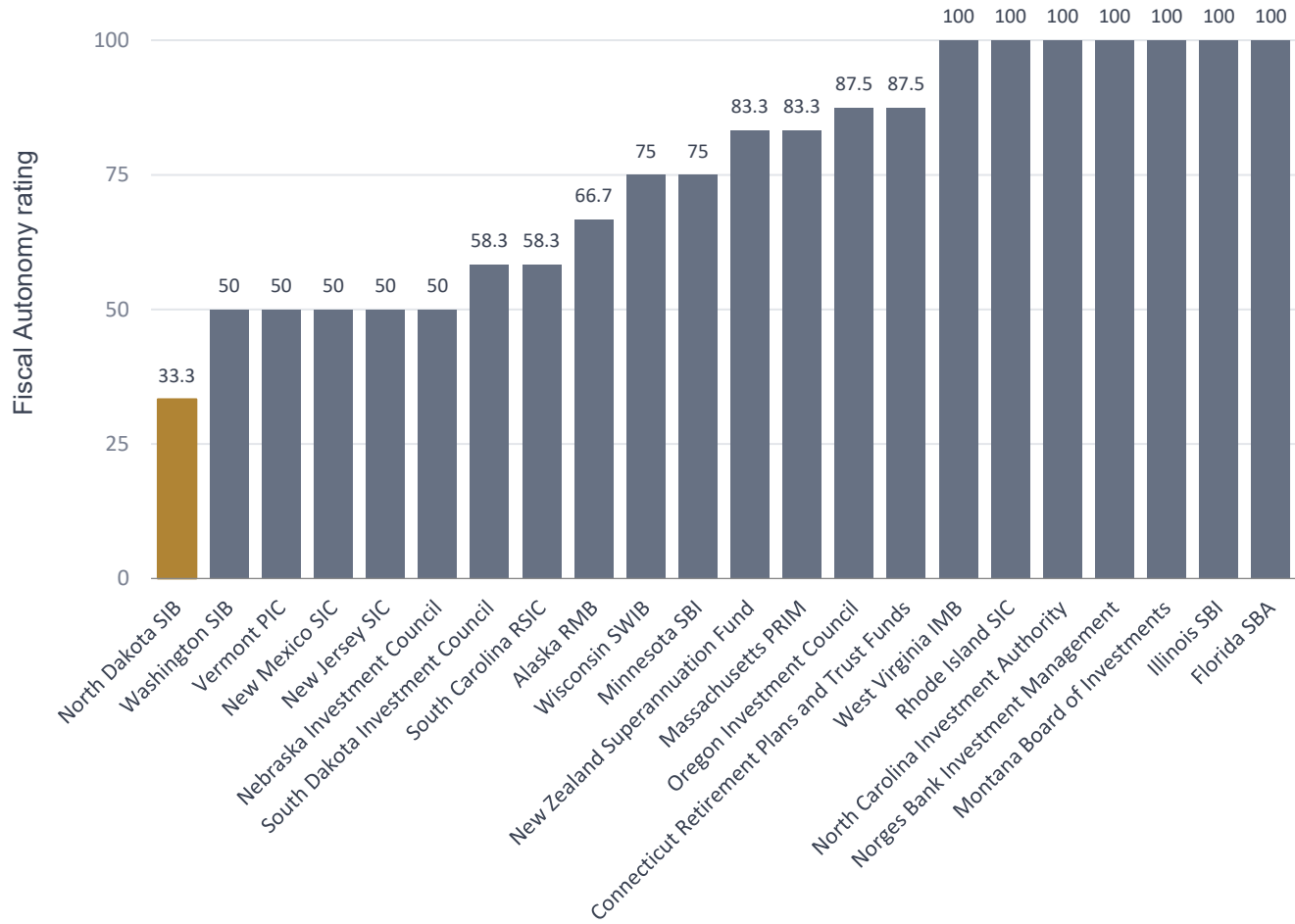
Norges: ≈\$7.2B per investment employee

Scale is not complexity. Scale drives a resourcing requirement. Complexity also drives a coordination requirement.

Mandate conversion load = sum of the conversion-difficulty points for the mandate categories a board carries (stabilization 4.6, insurance 3.4, DB pension 2.7, sovereign wealth 2.6, OPEB 2.4, endowment 1.8) ÷ 17.5 (all six) × 100. Categories from FY2025 reports, validated against InGov system profiles. ***Institutional Investor Complexity Index** = Base × H × S × V × M. **Base** = ((0.5 × F1 + 0.3 × F2 + 0.2 × F3) – 1) ÷ 4 × 100, where F1 conversion obligation, F2 portfolio obligation and F3 operator load average eleven criteria scored 1 to 5 per mandate and weighted by assets. **H** heterogeneity, 1.00 to 1.35: how differently the mandates convert. **S** simultaneity, 1.00 to 1.40: share of assets one shock hits at once. **V** velocity, 1.00 to 1.30: funds and owners served per decision cycle. **M** internal management = 1 + 0.35 × (F4 – 1) ÷ 4, from five criteria scored 1 to 5. Index scores are FAS draft scores, to be confirmed.

SIB has the lowest fiscal autonomy in its peer cohort

Fiscal Autonomy rating (0–100); ND SIB and 21 peers, lowest to highest



33.3 vs 79.2

ND SIB rating Cohort median

HERE'S WHY ND SCORES SO LOW

- Is the board's operating budget set outside the legislative appropriation process (board-adopted or continuing appropriation)? **No**
- Where the budget is appropriated, is it appropriated as one amount (Yes), as separate amounts by program or function (Partial), or as separate amounts by type of expense (No)? **No**
- Where subject to appropriation, is the appropriation made on an annual rather than a biennial cycle? **No**
- Within a budget cycle, may the board redirect its own resources across functions and priorities (e.g., reprogramming or transferring funds, standing up spend on a newly critical need) on its own authority, rather than being held to externally fixed line items until the next appropriation? **No**

WHERE ND GETS CREDIT

- Is the system's operating budget paid from its own trust fund or fee income, rather than from the State's general fund? **Yes**
- Does the statute limit charges against the trust to the administration of this system and the investment of its assets? **Yes**

PEER GROUP

Each rating is the share of the applicable B.03 criteria a system's statute meets (Yes = 1, Partial = ½, No = 0), shown on a 0–100 scale. Positions are percentile ranks with ties averaged.

SCALE PAYS, IF WELL RESOURCED

Progress made, despite limitations: improved lift since 2023 and front-office drag down 69% since 2024. Complexity is not the problem; under-resourcing it is. About 30 client funds served by one Board and one office, across separate pension, insurance and Legacy Fund pools, get what few could reach alone.

Progress to date: \$13.2M a year net lift from the 8 investment FTEs added in 2023 (\$327M 30-year NPV), a \$5.74 net return for every dollar so far (\$13.2M ÷ \$2.3M); front-office drag down 69%, from \$73M a year (Callan, 2024) to \$22.5M.

Scale turns complexity into return



Oversight
Indicators tied to each decision



Delegation of Authority
Approval falls from 24-65 to a goal of ≤ 5-20 business days



Resourcing
Operations is the foundation



Capability
Books of record, systems, counsel and talent; legal capacity 1 → 3 attorneys, via external counsel with the Attorney General’s permission; in-house counsel still needed for private equity strategy, favorable deal terms and recoveries from class actions.

Removing mandates reduces scale & increases oversight challenges

	One office		Separate entities	
Oversight	<div></div>	→	<div></div> <div></div> <div></div> <div></div> <div></div>	×N
Infrastructure	<div></div>	→	<div></div> <div></div> <div></div> <div></div> <div></div>	×N
Staff	<div></div>	→	<div></div> <div></div> <div></div> <div></div> <div></div>	×N
Verification	<div></div>	→	<div></div> <div></div> <div></div> <div></div> <div></div>	×N
Scale	<div>\$29.1B</div>	→	<div></div> <div></div> <div></div> <div></div> <div></div>	fractions

The state would still need to coordinate liquidity across the entities, without one office to do it.

PROGRESS TO DATE · GOVERNANCE IMPROVEMENTS

Governance improvements: a complete overhaul of the governance policy manual, enterprise performance risk management, and transparency #1 of 60 public funds

GOVERNANCE POLICY MANUAL

Complete overhaul

of the governance policy manual, now the Governance Policy System (GPS)

ENTERPRISE PERFORMANCE RISK MANAGEMENT

In deployment

Framework presented to the Board July 29, 2026. Multiple working sessions with staff to establish baseline program and dashboard (presented to ARCC).

TRANSPARENCY

#1

Transparency score, #1 of 60 public funds, with more improvements planned. Key to public accountability.

OTHER GOVERNANCE IMPROVEMENTS

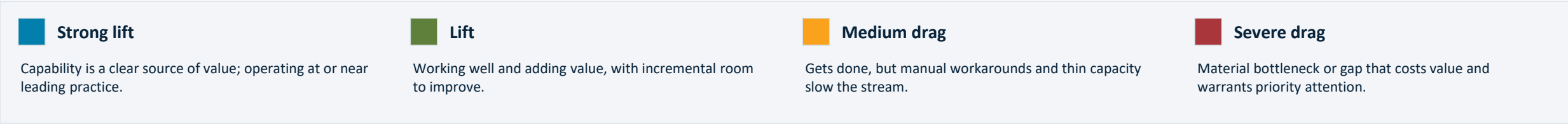
Completed

- Roles clarified and delegated authorities defined
- Multi-year decision register and calendar
- Specialist consultants: Callan for performance measurement from July 1, 2026 and benchmark consulting from July 1, 2027
- Third-party annual review and annual goals for the Executive Director

In progress

- Exception-based reporting to the Board
- Just-in-time fiduciary education (Board Smart Fiduciary Education Program)
- Richer minutes / documented reasoning planned
- SIB–TFFR coordination / service level agreement underway
- Quantifying operational constraints

SIB/RIO IS SEVERELY CONSTRAINED BUT COULD BE CAPABLE OF MUCH MORE



*Developed by FAS based on statutory requirements, authoritative guidance and professional opinion

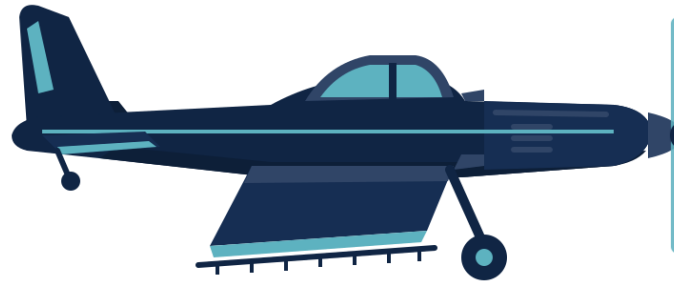
HIGHLY VULNERABLE TO SHOCKS

The hard work of the entire organization committed to mission, thinly stretched yet high performing despite major stresses and turnover, has kept RIO going under tailwind conditions.

It is not sustainable, especially if conditions become more turbulent.



Market Tailwinds · today



Turbulence Ahead

Oil and market shocks are recurring; governance drag can turn a hard year into a much costlier one.

Major market drawdowns:



2008

WTI ~\$134 → \$41



2014–16

WTI \$106 → \$26



2020

WTI below zero



2022

60/40 -17.5%

MARKET STRESS MULTIPLIES THE OPERATIONAL DEMANDS ON THE ORGANIZATION

As markets fall, rebalancing requirements increase while commodity and fiscal pressures can simultaneously reduce liquidity.



Source: RIO investment policy; North Dakota Legislative Council (2025–27); ND Constitution Art. X §26; RIO and public disclosures
Sources: NBER, Manconi, Massa & Yasuda (2010), crisis-related institutional selling and price pressure; U.S. GAO (2012, 2013), pension liquidity/transparency challenges and forced sales at depressed prices; BIS/FSB (2022–2026), pension-fund liquidity stress, forced selling, operational resilience and collateral readiness. Percent ranges are illustrative modeling assumptions informed by these mechanisms; the cited sources do not estimate a universal operational-friction percentage.

IMPROVEMENTS STILL NEEDED

Medium to severe drag remains in the front, middle and back office - the current model is not sustainable especially under stress

FRONT-OFFICE DRAG

\$22.5M

a year net front-office drag still remaining
(≈\$558M 30 Year NPV)

LEGAL DRAG

Critical

- Miss private markets opportunities
- Without *specialized* counsel, either in-house or outside, risks agreeing to disadvantageous terms
- Miss recoveries from securities class actions

MIDDLE/BACK-OFFICE DRAG

\$5.6M

Additional drag of \$5.6M a year of middle and back office exists

ONBOARDING AND RECONCILIATION DELAYS

Critical

Manager onboarding and reconciliation poses critical residual risk

WHERE SIB NEEDS HELP TO ADDRESS GROWTH, COMPLEXITY AND FRAGILITY

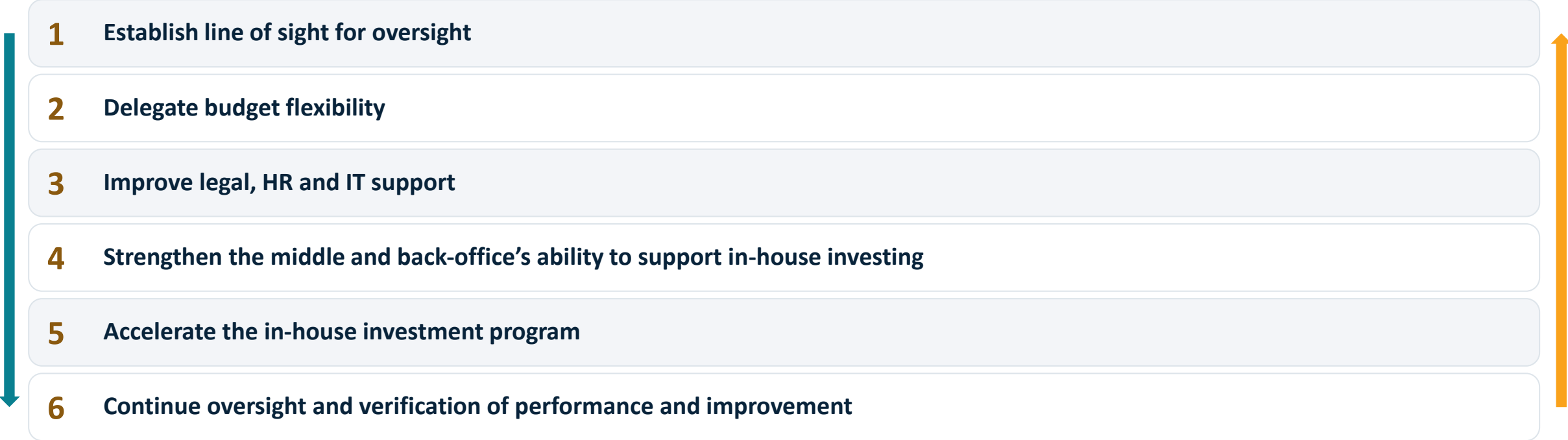
A partnership with the Legislature and Sister Agencies

Request to the Legislature and sister agencies	Limit a cap tied to AUM	Oversight by the Board and Legislature	Review date review or sunset
1 Budget flexibility for investment operations, outside biennial cycle	Operating budget capped at a set number of basis points of AUM, level set by the Legislature (RIO today: under 3.5 bps; 1 bp ≈ \$2.9M)	Annual budget-to-actual and performance report to legislative committees; external audit	Triennial governance effectiveness review, ahead of a sunset review of the authority
2 Increase in-house investing capabilities (front, middle, back)	Funded inside the same bps ceiling; internal management expands only after middle and back-office readiness is demonstrated	Net lift vs. cost against the baseline, every year (today \$13.2M a year net from 8 FTEs)	Tested at each triennial review
3 Authority for in-house investment counsel	Positions inside the bps ceiling; independent outside counsel still used as needed	Legal turnaround times and outside-counsel spend, reports out to AG	Tested at each triennial review
4 Staffing and compensation flexibility to meet service level standards	Board-approved pay bands benchmarked to peers, inside the bps ceiling	Turnover, vacancies and time to fill, reports out to OMB	Tested at each triennial review
5 Application support inside RIO	Service-level agreement with the supporting sister agency (NDIT); state security standards apply	Month-end close on schedule; system availability, reports out to NDIT	Tested at each triennial review

Precedent in North Dakota: the Legislature recently allowed the Department of Financial Institutions to operate outside the biennial appropriation process, with board approval, restricted uses, mandated audits and reporting to legislative committees. SIB/RIO is self-funded, with no draw on the General Fund.

SUMMARY · NEXT STEPS

SIB's business is to invest in others - it's time for ND to invest in SIB for the benefit of generations to come

- 
- 1 Establish line of sight for oversight
 - 2 Delegate budget flexibility
 - 3 Improve legal, HR and IT support
 - 4 Strengthen the middle and back-office's ability to support in-house investing
 - 5 Accelerate the in-house investment program
 - 6 Continue oversight and verification of performance and improvement

All beneficiaries gain from increased governance alpha. Every stakeholder has a role: the beneficiaries, the Legislature, the State Investment Board, the client-fund boards, the managers and partners, and the RIO.

NDRIO INVESTMENT SEMINAR

BUILDING

the Future

Strengthening Governance and
Expanding In-House Investment Capabilities

NORTH
Dakota
Be Legendary.

State Investment Board
RETIREMENT & INVESTMENT

Join NDRIIO for its **2026 Investment Seminar**

*Building the Future:
Strengthening Governance
and Expanding In-House
Investment Capabilities*

October 29, 2026 | Gateway to Science, Bismarck, ND

10:00 a.m. to 3:30 p.m. | Free to come and go as your schedule allows, no cost for public officials to attend.



Scan Here to Register

or visit **[NDRIO_InvSeminar2026.eventbrite.com](https://ndrio_invseminar2026.eventbrite.com)**

Registration Closes on October 23, 2026