

**Investment Committee**  
**Thursday, October 17, 2024, 10:30 a.m.**  
**Virtual Only**  
[Click here to join the meeting](#)

**AGENDA**

- I. **CALL TO ORDER AND ACCEPTANCE OF AGENDA – (Committee Action)**
- II. **ACCEPTANCE OF MINUTES (September 13, 2024 & September 16, 2024) – (Committee Action)**
- III. **MANAGER RECOMMENDATION<sup>1</sup> (60 minutes) – (Committee Action)**
  - A. Private Markets – *Mr. Zietlow*
  - B. Public Markets – *Mr. Chin*
- IV. **MANAGER UPDATE<sup>1</sup> (15 minutes) – (Committee Action)**
  - A. Public Markets – *Mr. Chin*

(Break)
- V. **STRATEGY REVIEW (60 minutes)**
  - A. Public Markets – *Mr. Chin, Mr. Dukart, Mr. Posch – (Information)*
- VI. **GLOBAL MARKETS ARRANGEMENTS (15 minutes) – Mr. Chin – (Committee Action)**
- VII. **DISCUSSION**
- VIII. **ADJOURNMENT**

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<sup>1</sup> Executive Session pursuant to N.D.C.C. 44-04-19.2, 44-04-18.4 (2)(a) and N.D.C.C. 44-04-18.4(2)(d) to review and discuss confidential commercial information and trade secrets.

**STATE INVESTMENT BOARD  
INVESTMENT COMMITTEE MEETING  
MINUTES OF THE  
SEPTEMBER 13, 2024, MEETING**

**MEMBERS PRESENT:** Thomas Beadle, State Treasurer, Chair  
Joseph Heringer, Trust Lands Commissioner, Vice Chair  
Scott Anderson, Chief Investment Officer  
Eric Chin, Deputy Chief Investment Officer  
Pete Jahner, External Representative  
Dr. Prodosh Simlai, External Representative

**STAFF PRESENT:** Derek Dukart, Senior Investment Analyst  
Jennifer Ferderer, Fiscal Investment Admin  
Chirag Gandhi, Portfolio Manager  
Rachel Kmetz, Fiscal & Investment Operations Manager  
George Moss, Portfolio Manager  
Sarah Mudder, Communications & Outreach Director  
Janilyn Murtha, Executive Director  
Matt Posch, Portfolio Manager  
Emmalee Riegler, Procurement/Records Mgmt. Coordinator  
Chad Roberts, Deputy Executive Director/Chief Retirement Officer  
Ryan Skor, Chief Financial Officer/Chief Operating Officer  
Nitin Vaidya, Chief Risk Officer  
Susan Walcker, Senior Financial Accountant  
Jason Yu, Risk Analyst  
Lance Zietlow, Portfolio Manager

**GUESTS:** Members of the public

**CALL TO ORDER:**

Treasurer Beadle called the State Investment Board (SIB) Investment Committee (IC) meeting to order at 9:06 a.m. on Friday, September 13, 2024. The meeting was held virtually.

**The following members were present representing a quorum: Mr. Anderson, Treasurer Beadle, Mr. Chin, Commissioner Heringer, Mr. Jahner, and Dr. Simlai.**

**AGENDA:**

The agenda was considered for the September 13, 2024, meeting.

**IT WAS MOVED BY MR. CHIN AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE SEPTEMBER 13, 2024, MEETING AS DISTRIBUTED.**

**AYES: MR. ANDERSON, MR. CHIN, COMMISSIONER HERINGER, MR. JAHNER, DR. SIMLAI, AND TREASURER BEADLE**

**NAYS: NONE**

**MOTION CARRIED**

## **MINUTES:**

The minutes were considered for the August 9, 2024, meeting.

**IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY MR. JAHNER AND CARRIED BY A VOICE VOTE TO APPROVE THE MINUTES FOR THE AUGUST 9, 2024, MEETING AS DISTRIBUTED.**

**AYES: MR. ANDERSON, MR. CHIN, COMMISSIONER HERINGER, MR. JAHNER, DR. SIMLAI, AND TREASURER BEADLE**

**NAYS: NONE**

**MOTION CARRIED**

## **STRATEGY REVIEW**

Mr. Anderson presented a strategy review which included the fiscal year end June 30, 2024, preliminary performance. Mr. Anderson presented information on the market, including benchmark indices and inflation. Mr. Anderson reviewed the performance for PERS, TFFR, Legacy Fund, and WSI. Lastly, Mr. Anderson provided an update on the current position for RIO's roadmap to success, highlighting new hires and the new organizational structure. Committee discussion followed.

The Committee recessed at 10:20 a.m. and reconvened at 10:27 a.m.

## **MANAGER RECOMMENDATION**

**IT WAS MOVED BY DR. SIMLAI SECONDED BY MR. CHIN AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. 44-04-19.2, 44-04-18.4 (2)(A) AND N.D.C.C. 44-04-18.4(2)(D) TO REVIEW AND DISCUSS CONFIDENTIAL COMMERCIAL INFORMATION AND TRADE SECRETS.**

**AYES: COMMISSIONER HERINGER, MR. ANDERSON, DR. SIMLAI, MR. CHIN, MR. JAHNER, AND TREASURER BEADLE**

**NAYS: NONE**

**MOTION CARRIED**

The executive session began at 10:30 a.m. and ended at 11:04 a.m. The session was attended by Committee members, Mr. Dukart, Ms. Ferderer, Mr. Gandhi, Mr. Moss, Ms. Mudder, Ms. Murtha, Mr. Posch, Mr. Skor, Mr. Vaidya, Mr. Yu, and Mr. Zietlow.

**IT WAS MOVED BY MR. ANDERSON AND SECONDED BY MR. CHIN AND CARRIED BY A ROLL CALL VOTE APPROVE STAFF RECOMMENDATION TO ADJUST THE PRIVATE MARKET MANAGERS PENDING LEGAL REVIEW AND DIRECT STAFF TO REPORT BACK AT A FUTURE COMMITTEE MEETING.**

**AYES: DR. SIMLAI, MR. CHIN, COMMISSIONER HERINGER, MR. JAHNER, MR. ANDERSON, AND TREASURER BEADLE**

**NAYS: NONE**

**MOTION CARRIED**

## **PUBLIC MARKETS GUIDELINES**

Mr. Chin presented the Public Markets Guidelines, noting the differences between the guidelines for separately managed accounts and commingled funds. Mr. Chin reviewed the portfolio guideline process, which includes the manager selection, developing investment manager agreements and guidelines, compliance monitoring, guideline breaches, and annual reviews.

**IT WAS MOVED BY MR. JAHNER SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. 44-04-19.2, 44-04-18.4 (2)(A) AND N.D.C.C. 44-04-18.4(2)(D) TO REVIEW AND DISCUSS CONFIDENTIAL COMMERCIAL INFORMATION AND TRADE SECRETS.**

**AYES: MR. ANDERSON, MR. JAHNER, MR. CHIN, COMMISSIONER HERINGER, DR. SIMLAI, AND TREASURER BEADLE**

**NAYS: NONE**

**MOTION CARRIED**

The executive session began at 11:13 a.m. and ended at 11:28 a.m. The session was attended by Committee members, Mr. Dukart, Ms. Ferderer, Mr. Gandhi, Mr. Moss, Ms. Murtha, Mr. Posch, Mr. Skor, Mr. Vaidya, Mr. Yu, and Mr. Zietflow.

**IT WAS MOVED BY DR. SIMLAI AND SECONDED BY MR. ANDERSON AND CARRIED BY A ROLL CALL VOTE TO APPROVE STAFF PROCEED WITH INVESTMENT GUIDELINES FOR PROPOSED FUND MANAGERS.**

**AYES: MR. JAHNER, MR. CHIN, MR. ANDERSON, DR. SIMLAI, COMMISSIONER HERINGER, AND TREASURER BEADLE**

**NAYS: NONE**

**MOTION CARRIED**

## **MANAGER UPDATES**

Mr. Zietflow provided a private market update. Two managers were onboarded: Horsely Bridge Growth and Peak Rock Capital, funded with \$60 million and \$50 million, respectively.

## **ADJOURNMENT**

With no further business to come before the Investment Committee, Treasurer Beadle adjourned the meeting at 11:31 a.m.

Prepared by:

Jennifer Ferderer, Assistant to the Board

**STATE INVESTMENT BOARD  
INVESTMENT COMMITTEE SPECIAL MEETING  
MINUTES OF THE  
SEPTEMBER 16, 2024, MEETING**

**MEMBERS PRESENT:** Thomas Beadle, State Treasurer, Chair  
Joseph Heringer, Trust Lands Commissioner, Vice Chair  
Scott Anderson, Chief Investment Officer  
Eric Chin, Deputy Chief Investment Officer  
Pete Jahner, External Representative  
Dr. Prodosh Simlai, External Representative

**STAFF PRESENT:** Derek Dukart, Senior Investment Analyst  
Jennifer Ferderer, Fiscal Investment Admin  
Chirag Gandhi, Portfolio Manager  
George Moss, Portfolio Manager  
Janilyn Murtha, Executive Director  
Matthew Posch, Portfolio Manager  
Emmalee Riegler, Procurement/Records Mgmt. Coordinator  
Michael Schmitcke, Senior Investment Accountant  
Ryan Skor, Chief Financial Officer/Chief Operating Officer  
Nitin Vaidya, Chief Risk Officer  
Jason Yu, Risk Analyst  
Lance Zietlow, Portfolio Manager

**GUESTS:** Members of the public

**CALL TO ORDER:**

Treasurer Beadle called the State Investment Board (SIB) Investment Committee (IC) meeting to order at 9:02 a.m. on Monday, September 16, 2024. The meeting was held virtually.

**The following members were present representing a quorum: Mr. Anderson, Treasurer Beadle, Mr. Chin, Commissioner Heringer, Mr. Jahner, and Dr. Simlai.**

**AGENDA:**

The agenda was considered for the September 16, 2024, meeting.

**IT WAS MOVED BY MR. CHIN AND SECONDED BY COMMISSIONER HERINGER AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE SEPTEMBER 16, 2024, MEETING AS DISTRIBUTED.**

**AYES: MR. ANDERSON, MR. CHIN, COMMISSIONER HERINGER, MR. JAHNER, DR. SIMLAI, AND TREASURER BEADLE**

**NAYS: NONE**

**MOTION CARRIED**

**EXECUTIVE SESSION 1**

**IT WAS MOVED BY MR. ANDERSON AND SECONDED BY MR. CHIN AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. 44-04-19.2(6) AND 54-44.4-10(2) TO SEQUESTER COMPETITORS DURING A COMPETITIVE BIDDING PROCESS AND TO RECEIVE AND DISCUSS EXEMPT PROPOSAL PROCUREMENT INFORMATION DURING A COMPETITIVE BIDDING PROCESS.**

**AYES: DR. SIMLAI, MR. CHIN, COMMISSIONER HERINGER, MR. JAHNER, MR. ANDERSON, AND TREASURER BEADLE**

**NAYS: NONE**

**MOTION CARRIED**

The executive session started at 9:20 a.m. and ended at 10:23 a.m. and was attended by Committee members, staff, and representatives from offeror.

**EXECUTIVE SESSION 2**

**IT WAS MOVED BY MR. JAHNER AND SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. 44-04-19.2(6) AND 54-44.4-10(2) TO SEQUESTER COMPETITORS DURING A COMPETITIVE BIDDING PROCESS AND TO RECEIVE AND DISCUSS EXEMPT PROPOSAL PROCUREMENT INFORMATION DURING A COMPETITIVE BIDDING PROCESS.**

**AYES: MR. ANDERSON, MR. JAHNER, MR. CHIN, COMMISSIONER HERINGER, DR. SIMLAI, AND TREASURER BEADLE**

**NAYS: NONE**

**MOTION CARRIED**

The executive session started at 10:27 a.m. and ended at 11:27 a.m. and was attended by Committee members, staff, and representatives from offeror.

**EXECUTIVE SESSION 3**

**IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY MR. ANDERSON AND CARRIED BY A ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. 44-04-19.2(6) AND 54-44.4-10(2) TO SEQUESTER COMPETITORS DURING A COMPETITIVE BIDDING PROCESS AND TO RECEIVE AND DISCUSS EXEMPT PROPOSAL PROCUREMENT INFORMATION DURING A COMPETITIVE BIDDING PROCESS.**

**AYES: MR. ANDERSON, MR. JAHNER, MR. CHIN, COMMISSIONER HERINGER, DR. SIMLAI, AND TREASURER BEADLE**

**NAYS: NONE**

**MOTION CARRIED**

The executive session started at 11:29 a.m. and ended at 12:01 p.m. and was attended by Committee members and staff.

## **ADJOURNMENT**

With no further business to come before the Investment Committee, Treasurer Beadle adjourned the meeting at 12:04 P.m.

Prepared by:

Jennifer Ferderer, Assistant to the Board

Confidential materials for items III and IV  
will be sent separately to Committee members  
via secure link.



# AFM PERFORMANCE & STRATEGY UPDATE

AFM Team

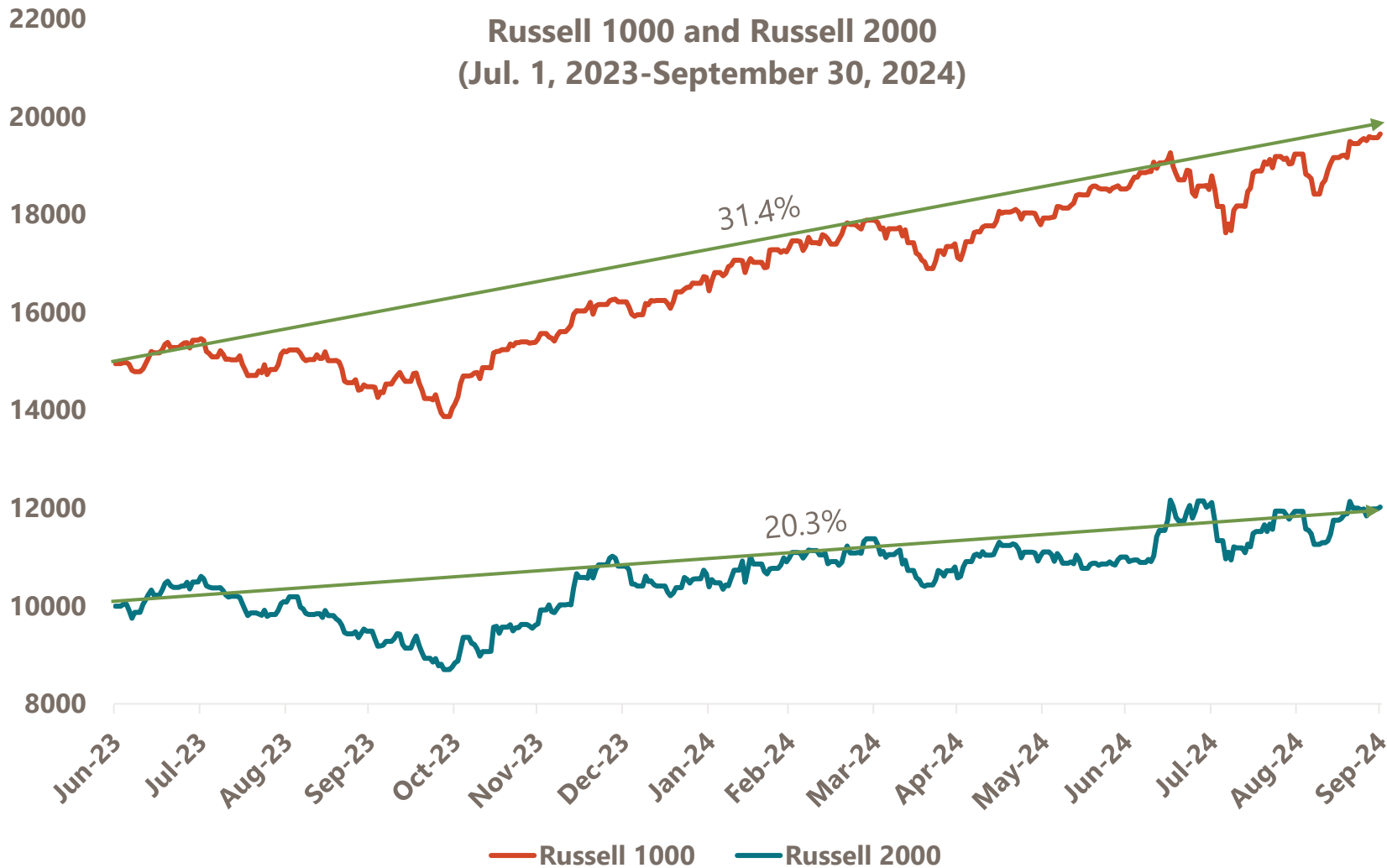
October 17<sup>th</sup>, 2024

# PUBLIC EQUITY

NORTH  
**Dakota**  
Be Legendary.

Retirement & Investment

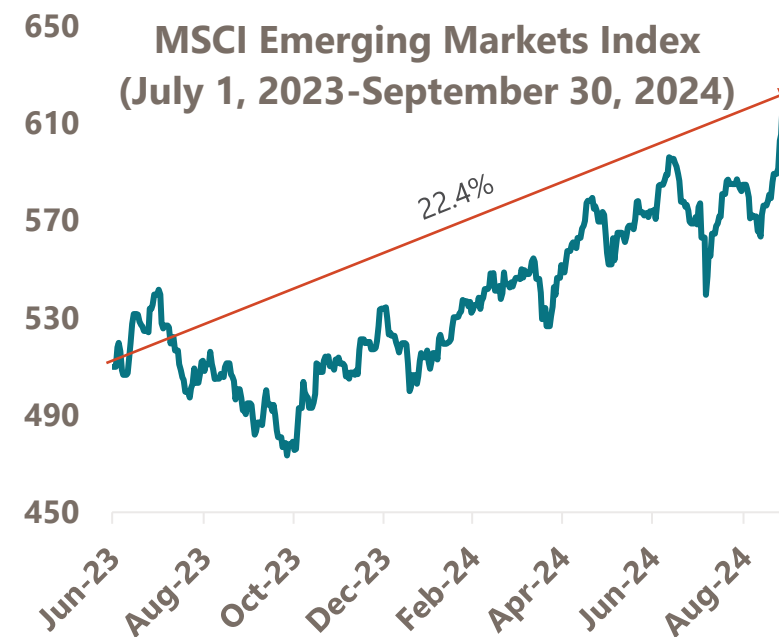
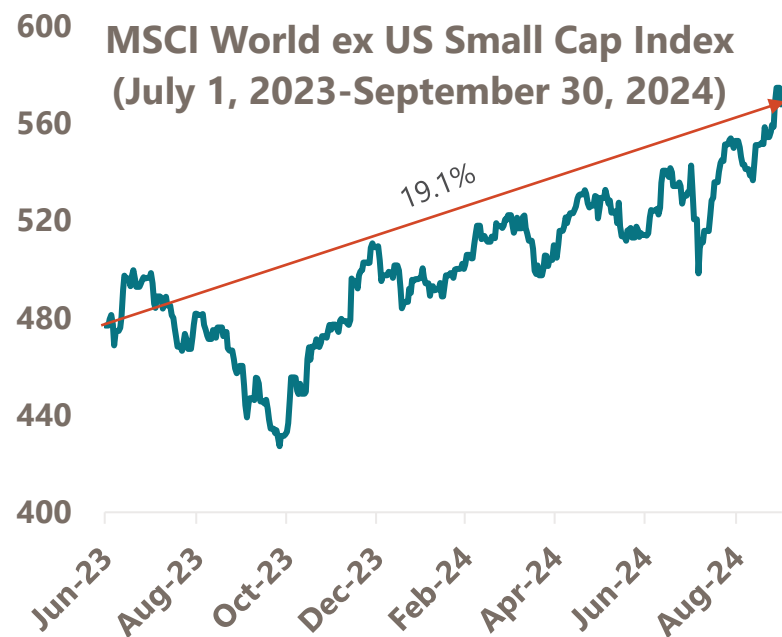
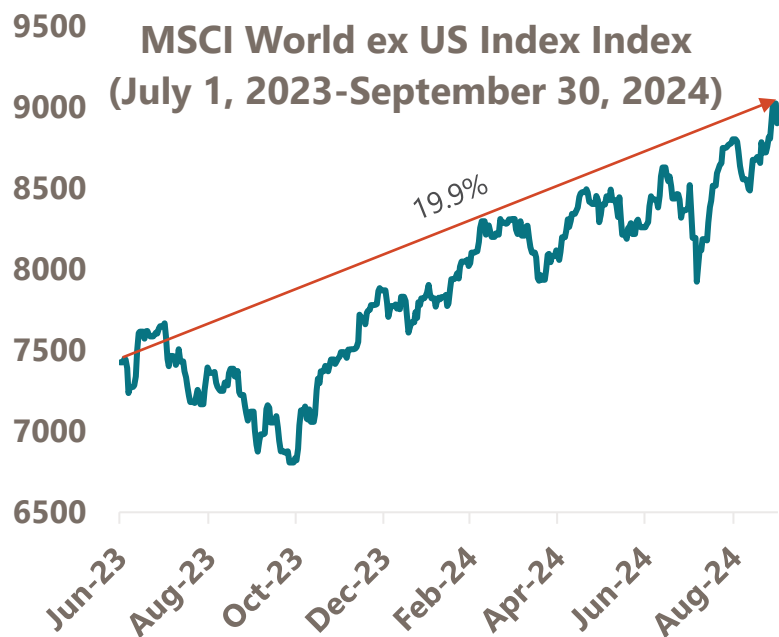
# EQUITY MARKETS – U.S.



## U.S. Markets

- YTD Performance:
  - Russell 1000: +21.2%
  - Russell 2000: +11.2%
- Weaker than expected jobs numbers for July led to market volatility
- Jumbo 50 bps point Fed rate cut on September 18<sup>th</sup> spurs U.S. equities to record highs
- Utilities, Information Tech and Communication Service lead the way in large caps up 31.6%, 28.3% and 28.2% YTD, respectively
- Consumer Staples and Information Tech lead Small Caps up 17.7% and 14.2%, respectively

# EQUITY MARKETS – INTERNATIONAL



- YTD Performance:

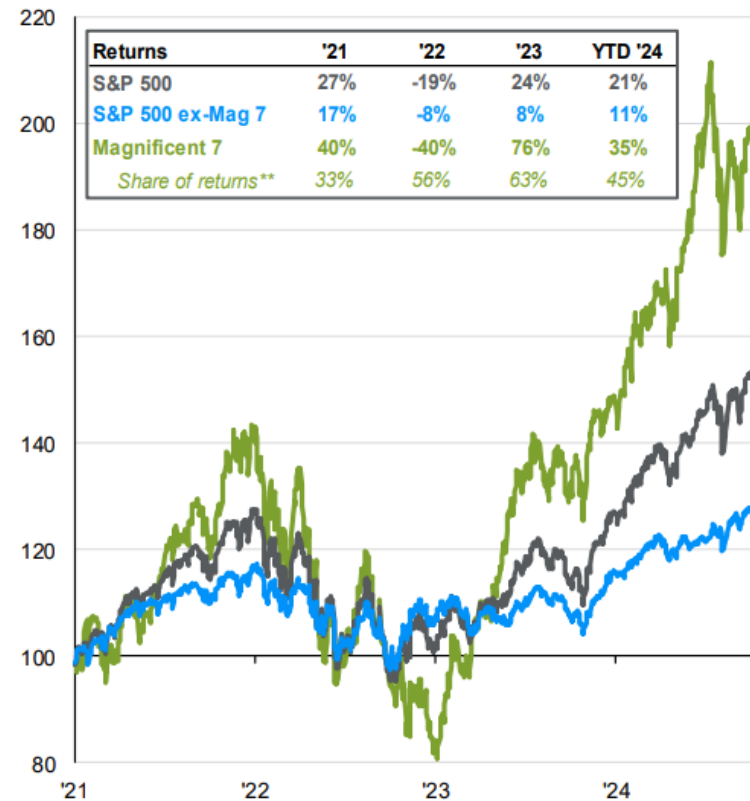
- MSCI World Ex US Index + 13.1%
- MSCI World Ex US Small Index +11.5%
- MSCI Emerging Markets Index +16.9%

- ECB first cut rates in June 2024, and again in September 2024 to 3.65%
- China stimulus package drives strong third quarter returns for emerging markets

# DRIVERS OF EQUITIES

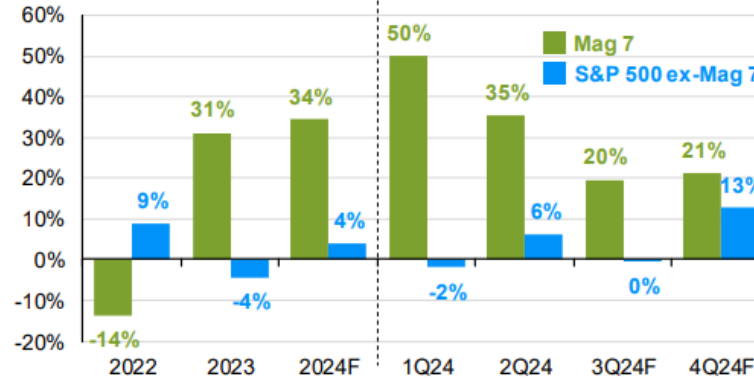
## Performance of "Magnificent 7" stocks in S&P 500\*

Indexed to 100 on 1/1/2021, price return



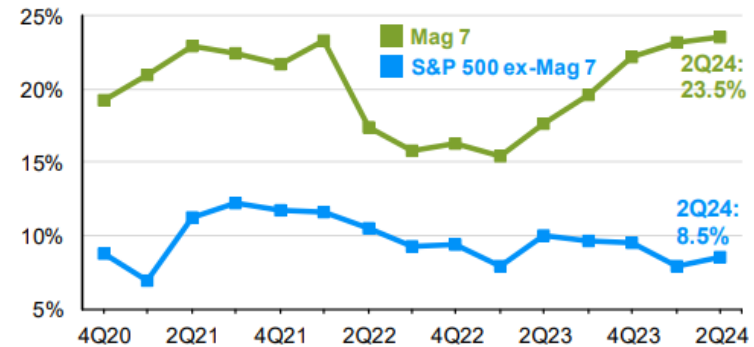
## Earnings growth

Pro-forma EPS, y/y



## Profit margins

Quarterly earnings/sales



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

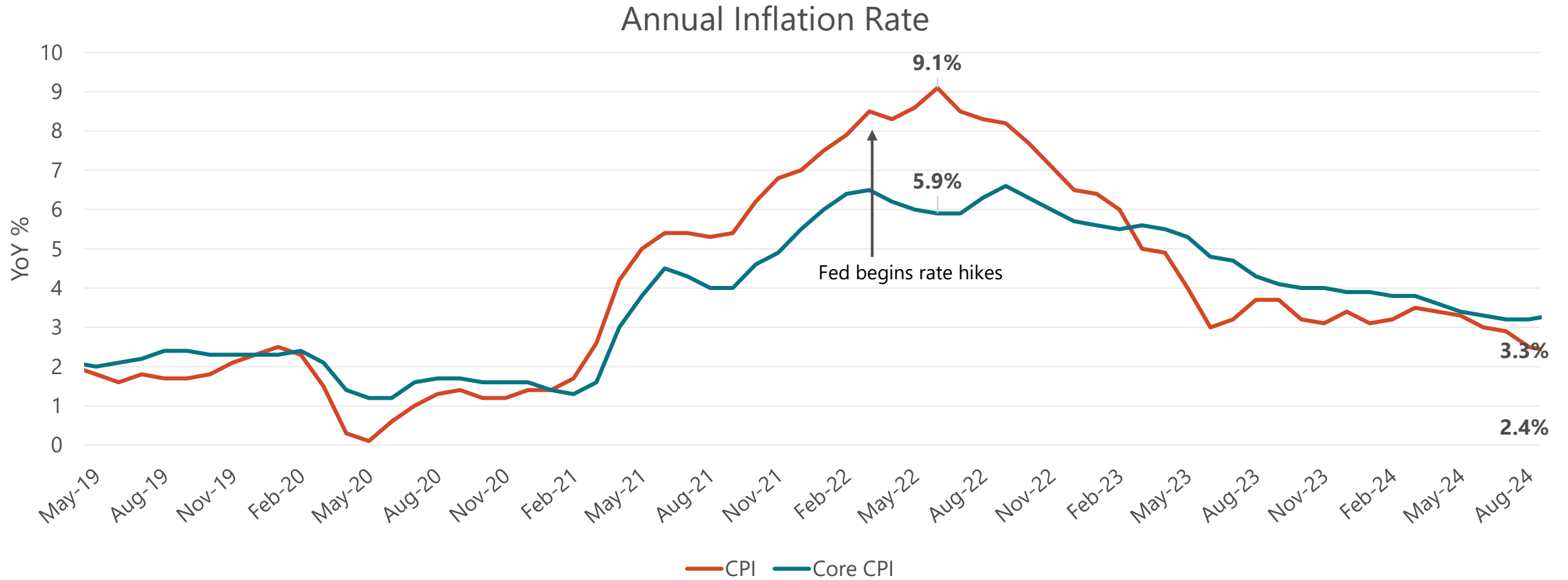
\*Magnificent 7 includes AAPL, AMZN, GOOG, GOOGL, META, MSFT, NVDA and TSLA. Earnings estimates for 2024 are forecasts based on consensus analyst expectations. \*\*Share of returns represent how much each group contributed to the overall return. Numbers are always positive despite negative performance in 2022.

Guide to the Markets - U.S. Data are as of September 30, 2024.

**J.P.Morgan**  
ASSET MANAGEMENT

- The Magnificent Seven continue to lead equities higher up 35% for the year
- ~45% of YTD return through 9/30/2024 is from Mag 7 which indicates more broadening of the market relative to last year
- However, outperformance of the Mag Seven driven by two companies, Meta up 62.2% and Nvidia up 145.3% YTD
- Profit margins remain high for the Magnificent Seven vs other S&P 500 companies

# INFLATION PAST 5 YEARS



Inflation continues to cool

# EQUITY MANAGER PERFORMANCE

	1 YR PORTFOLIO RETURN	1 YR POLICY RETURN	1 YR ACTIVE RETURN	5 YR PORTFOLIO RETURN	5 YR POLICY RETURN	5 YR ACTIVE RETURN	5 YR TRACKING ERROR	5 YR INFORMATION RATIO
<b>PERS PUBLIC EQUITY</b>	<b>18.19%</b>	<b>18.13%</b>	<b>0.07%</b>	<b>10.71%</b>	<b>10.43%</b>	<b>0.28%</b>	<b>2.80%</b>	<b>0.10</b>
<b>Domestic Equity</b>	<b>21.32%</b>	<b>21.81%</b>	<b>-0.49%</b>	<b>14.22%</b>	<b>13.51%</b>	<b>0.71%</b>	<b>2.45%</b>	<b>0.29</b>
<b>Large Cap - Russell 1000</b>	<b>24.86%</b>	<b>23.88%</b>	<b>0.98%</b>	<b>16.16%</b>	<b>14.61%</b>	<b>1.55%</b>	<b>2.08%</b>	<b>0.75</b>
LA Capital Large Cap Growth	36.46%	23.88%	12.58%	20.32%	14.61%	5.71%	5.98%	0.95
LA Capital 60% Large Cap/40% Large Cap Active Extension	24.59%	23.88%	0.71%	15.51%	14.61%	0.90%	1.98%	0.45
NTAM - Quant Enhanced	25.82%	23.88%	1.94%	14.65%	14.61%	0.04%	2.67%	0.02
Parametric/Clifton Group Enhanced	24.30%	23.88%	0.42%	14.57%	14.61%	-0.04%	1.48%	-0.03
<b>Small Cap - Russell 2000</b>	<b>3.03%</b>	<b>10.06%</b>	<b>-7.03%</b>	<b>5.79%</b>	<b>6.94%</b>	<b>-1.16%</b>	<b>6.73%</b>	<b>-0.17</b>
Atlanta Capital Small Cap Equity Fund	6.87%	10.06%	-3.19%	8.55%	6.94%	1.61%	9.04%	0.18
Riverbridge Small Cap Growth (5 year is since 11/2020)	-3.53%	10.06%	-13.59%	-0.76%	9.58%	-10.34%	10.84%	-0.95
Sycamore Small Cap Value (5 year is since 11/2020)	5.23%	10.06%	-4.82%	12.07%	9.58%	2.50%	8.96%	0.28
<b>International Equity</b>	<b>13.42%</b>	<b>11.57%</b>	<b>1.85%</b>	<b>7.00%</b>	<b>5.62%</b>	<b>1.38%</b>	<b>2.43%</b>	<b>0.57</b>
<b>**Total Intl All Cap - MSCI ACWI ex-US IMI</b>	<b>16.34%</b>	<b>11.57%</b>	<b>4.77%</b>					
William Blair International Leaders	7.55%	11.57%	-4.02%	6.09%	5.62%	0.47%	8.03%	0.06
Arrowstreet International Equity (5 year is since 01/2022)	21.44%	11.57%	9.86%	11.45%	3.30%	8.15%	4.91%	1.66
<b>**Total Dev. Intl Small Cap - MSCI World ex-US Small</b>	<b>8.76%</b>	<b>7.80%</b>	<b>0.96%</b>					
DFA Intl. Small Cap Value Portfolio	16.36%	7.80%	8.56%	7.94%	4.69%	3.25%	5.60%	0.58
<b>Emerging Markets - MSCI EM</b>	<b>13.46%</b>	<b>12.55%</b>	<b>0.91%</b>	<b>3.49%</b>	<b>3.10%</b>	<b>0.40%</b>	<b>3.89%</b>	<b>0.10</b>
DFA EM All Cap Core	14.81%	12.55%	2.27%					

\*\*Intl All Cap and Dev Intl Small Cap are new and don't have a 5 year history

Performance calculated for the period ending June 30, 2024

# SMALL CAP OVERVIEW



# ND SMALL CAP PORTFOLIO

- **Small Cap Strategies – All Managers**

- Across the board our small cap managers underperformed the policy benchmark for the one-year period
- Performance of the benchmark (Russell 2000) was driven by stocks such as Super Micro Computing (+228%), Microstrategy (+302%), and Carvana (+397%) companies that our quality focused managers tend to avoid

- **Riverbridge Partners – Small Cap Growth**

- Riverbridge experienced its worst period of underperformance since the late 90s dot com era
- The portfolio generated negative returns across all sectors except for consumer staples
- In the Info Tech sector, underweights to the Tech Hardware & Equipment subsector contributed to negative attribution
- Energy underweight negatively impacted performance

# ND SMALL CAP PORTFOLIO

- **Victory Capital Management – Sycamore Small Cap Value**
  - Stock selection specifically in Information Tech and Industrials led to underperformance
  - Underweights in biotech and pharma contributed negatively
  - Underweight to momentum/speculative names contributed to underperformance
- **Atlanta Capital – High Quality Small Cap**
  - Negative stock selection in Health Care, Consumer Discretionary, Materials, and Financials
  - Underweight Energy, Financials, and Discretionary contributed to underperformance
  - Underweight to value factor exposure detracted from performance

# SMALL CAP UNIVERSE EXCESS RETURNS

Rolling 36 Month Excess Returns vs. U.S. Small Cohort (Benchmark: Russell 2000)

## Excess Returns 36 Month Rolling



# FUTURE PORTFOLIO

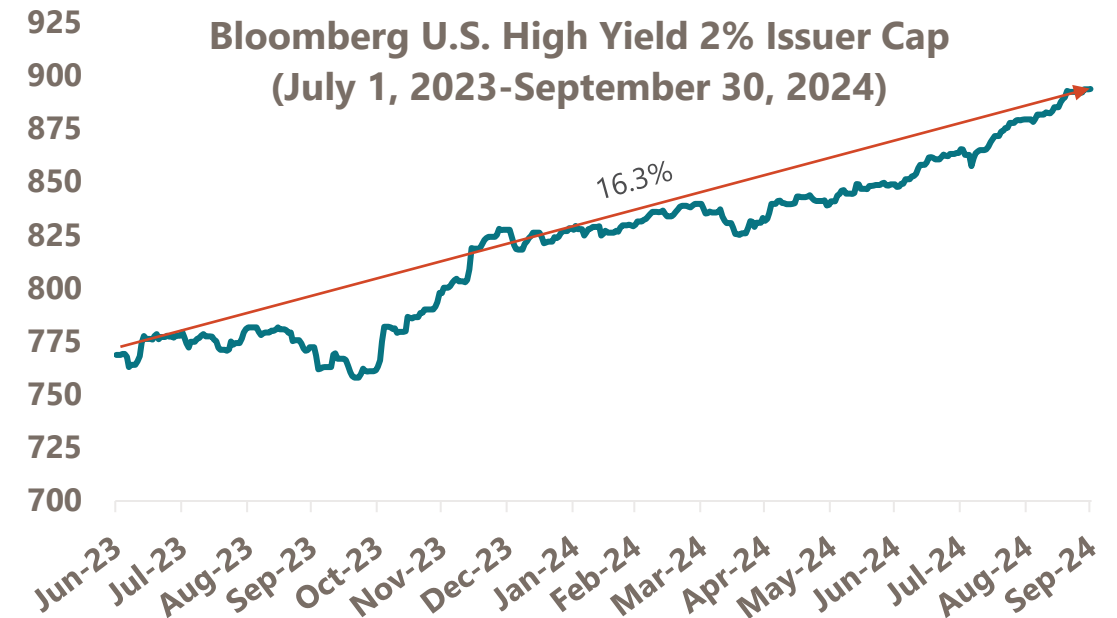
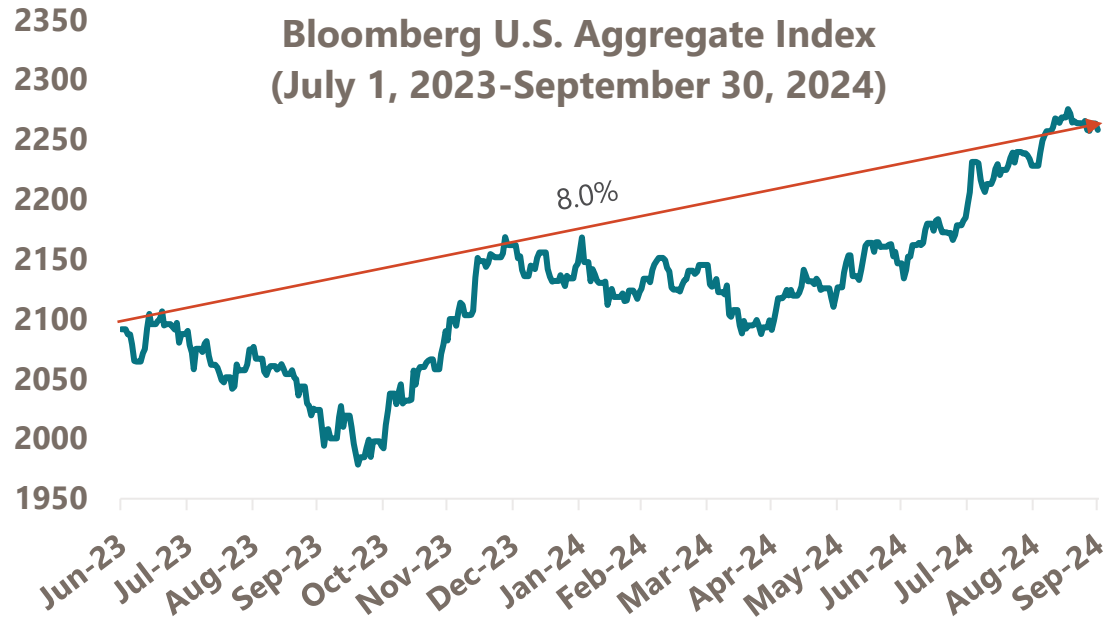
- Current portfolio consists of style focused strategies (Core, Growth, Value) with a quality bias
- Staff has been working on U.S. Equity 2.0 which will include a restructuring of the small cap portfolio
- The portfolio will transition to a core strategy with lower tracking error to the Russell 2000 Index
- Staff is looking to implement a more risk-controlled core mandate that should lower overall volatility and remove some of the systematic biases embedded in the style focused mandates
- Staff is in the last stages of finalizing legal docs and looks to implement the new portfolio shortly

# PUBLIC FIXED INCOME



Retirement & Investment

# FIXED INCOME MARKETS – U.S.



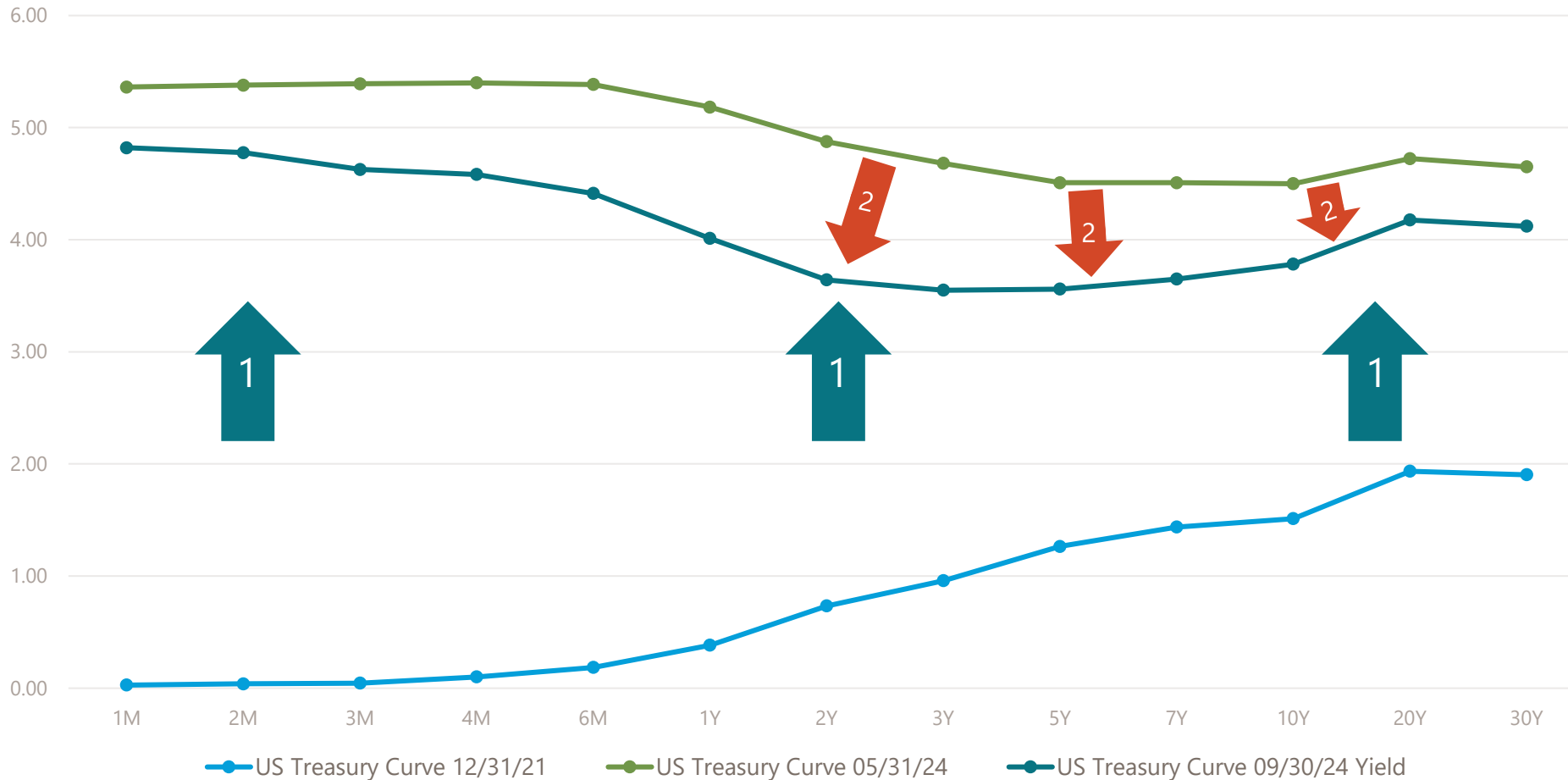
- YTD Performance:

- Bloomberg US Aggregate: +4.4%
- Bloomberg US High Yield 2% Issuer Constrained: +8.0%

*Performance through September 30, 2024*

# FIXED INCOME – US TREASURY YIELD CURVE

## US Treasury Yield Curve Changes Since EOY 2021

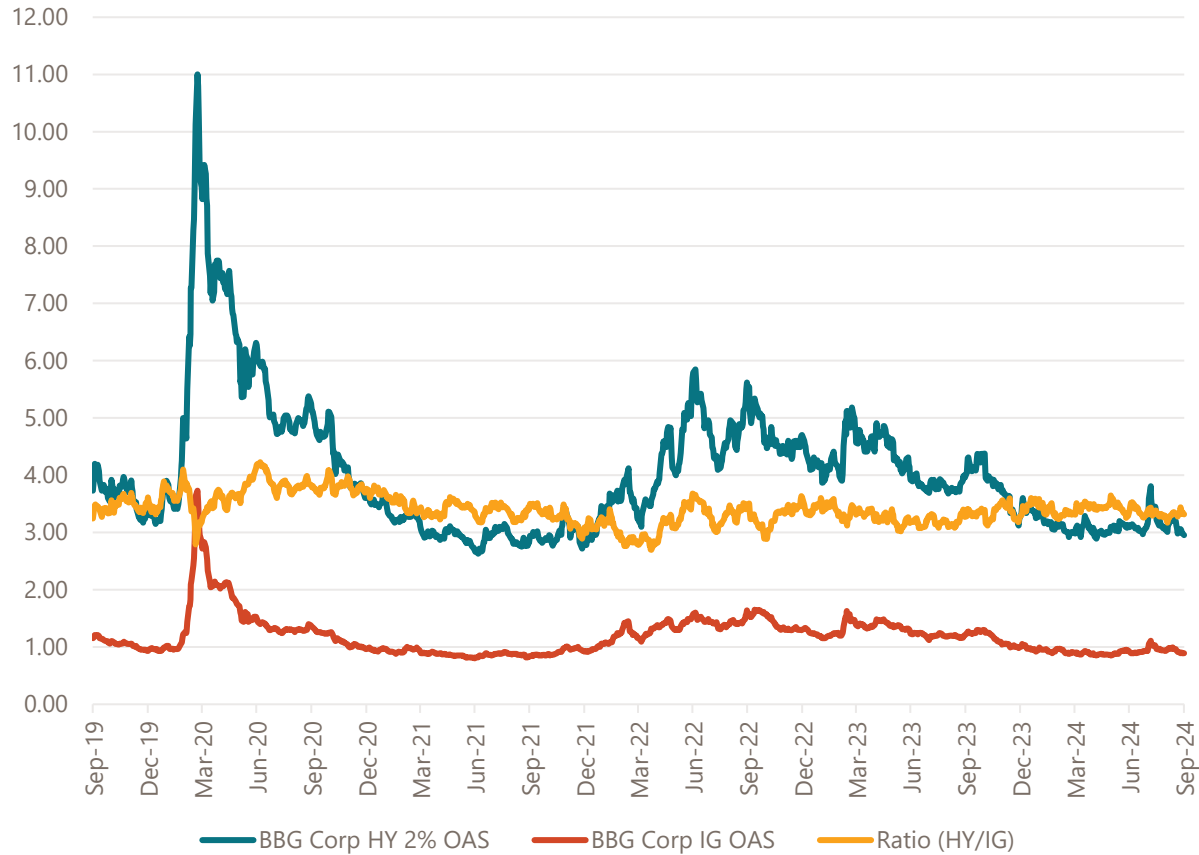


- As of 9/30/24, the US yield curve is >200bps higher across the entire curve since EOY 2021.
- 1Y-5Y tightened by ~100 bps since 5/31/2024.
- 2s10s no longer inverted as curve continued to steepen.
- ~150bps of Fed Funds rate cuts priced in by 12/2025.

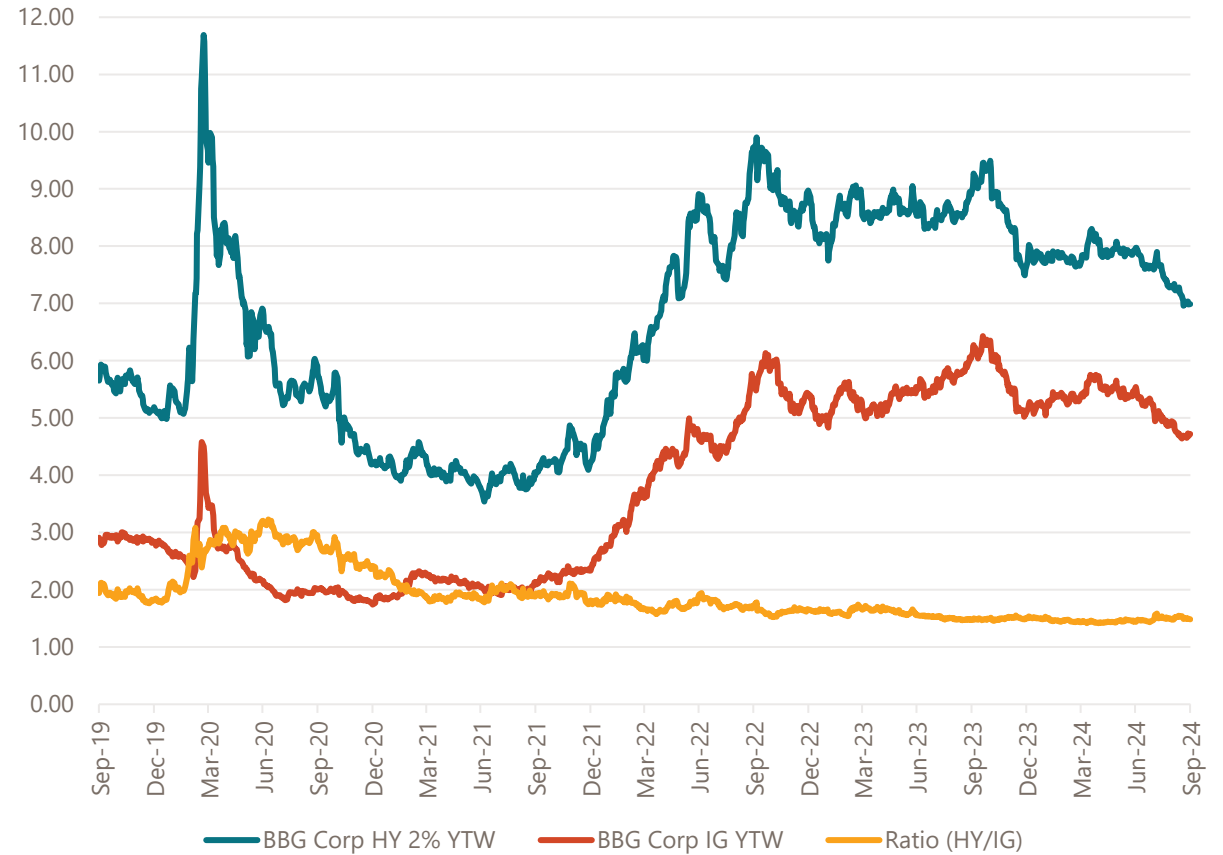


# FIXED INCOME – CORPORATE HY AND IG OAS AND YTW

Bloomberg HY and IG: Option Adjusted Spread



Bloomberg HY and IG: Yield-to-Worst



\*The Bloomberg US Corporate IG Bond Index measures the investment grade, fixed-rate, taxable corporate bond market.

\*\* BBG Corp IG OAD = ~7.1 and BBG Corp HY 2% OAD = ~3.0

AFM Team – Oct. 17, 2024



# FIXED INCOME MANAGER PERFORMANCE

	1 YR PORTFOLIO RETURN	1 YR POLICY RETURN	1 YR ACTIVE RETURN	5 YR PORTFOLIO RETURN	5 YR POLICY RETURN	5 YR ACTIVE RETURN	5 YR TRACKING ERROR	5 YR INFORMATION RATIO
<b>PERS FIXED INCOME</b>	<b>5.83%</b>	<b>4.96%</b>	<b>0.88%</b>	<b>2.23%</b>	<b>1.07%</b>	<b>1.16%</b>	<b>1.76%</b>	<b>0.66</b>
<b>INVESTMENT GRADE FIXED INCOME</b>	<b>4.36%</b>	<b>2.63%</b>	<b>1.73%</b>	<b>0.60%</b>	<b>-0.23%</b>	<b>0.83%</b>	<b>1.53%</b>	<b>0.55</b>
<b>Bloomberg Aggregate</b>								
Prudential Core Fixed Income	3.90%	2.63%	1.27%	0.27%	-0.23%	0.50%	1.70%	0.30
PIMCO Core Plus	4.74%	2.63%	2.11%	0.50%	-0.23%	0.74%	1.16%	0.63
PIMCO Disco II	9.85%	2.63%	7.22%	5.56%	-0.23%	5.80%	6.40%	0.91
Manulife Total Return Bond Fund	4.97%	2.63%	2.34%	2.12%	-0.23%	2.35%	6.11%	0.38
<b>BELOW IG FIXED INCOME</b>	<b>9.31%</b>	<b>10.43%</b>	<b>-1.12%</b>	<b>6.14%</b>	<b>3.90%</b>	<b>2.23%</b>	<b>6.34%</b>	<b>0.35</b>
<b>Bloomberg High Yield 2% Issuer Constrained</b>								
Ares ND Credit Strategies	11.86%	10.43%	1.43%	8.66%	3.90%	4.76%	10.94%	0.44
Cerberus ND Private Credit Fund	8.12%	10.43%	-2.31%	8.59%	3.90%	4.68%	9.28%	0.50
Loomis Sayles High Yield	5.76%	10.43%	-4.67%	2.01%	3.90%	-1.89%	1.52%	-1.25
PIMCO Bravo II (AUM ~ \$1.2mm)	8.13%	10.43%	-2.30%	-6.18%	3.90%	-10.09%	20.05%	-0.50
PineBridge High Yield (1 year is since 4/2024)	2.01%	1.09%	0.91%					
Nomura High Yield (1 year is since 4/2024)	2.51%	1.09%	1.42%					
<b>LEGACY FUND FIXED INCOME</b>	<b>4.57%</b>	<b>2.63%</b>	<b>1.94%</b>	<b>1.24%</b>	<b>-0.23%</b>	<b>1.47%</b>	<b>2.24%</b>	<b>0.66</b>
<b>INVESTMENT GRADE FIXED INCOME</b>	<b>4.57%</b>	<b>2.63%</b>	<b>1.94%</b>	<b>1.24%</b>	<b>-0.23%</b>	<b>1.47%</b>	<b>2.24%</b>	<b>0.66</b>
<b>Bloomberg Aggregate</b>								
Western Asset Core Fixed Income	3.11%	2.63%	0.48%	-0.33%	-0.23%	-0.10%	2.46%	-0.04
Prudential Core Fixed Income (Formerly Core Plus)	3.90%	2.63%	1.27%	0.27%	-0.23%	0.50%	1.70%	0.30
Allspring Us Corporate Plus	6.73%	2.63%	4.10%	2.07%	-0.23%	2.30%	5.74%	0.40
<b>BUDGET STABILIZATION FUND</b>	<b>7.00%</b>	<b>4.88%</b>	<b>2.13%</b>	<b>2.09%</b>	<b>1.26%</b>	<b>0.84%</b>	<b>5.19%</b>	<b>0.16</b>
<b>SHORT TERM FIXED INCOME</b>	<b>7.02%</b>	<b>4.87%</b>	<b>2.15%</b>	<b>2.09%</b>	<b>1.25%</b>	<b>0.84%</b>	<b>5.19%</b>	<b>0.16</b>
<b>Bloomberg Gov/Credit 1-3yr</b>								
Barings Active Short Duration (5 year is since 09/2019)	8.28%	4.87%	3.42%	2.06%	1.14%	0.93%	4.73%	0.20
JP Morgan Short Bond Fund	5.75%	4.87%	0.88%	2.01%	1.25%	0.76%	0.67%	1.13

Performance calculated for the period ending June 30, 2024

AFM Team – Oct. 17, 2024

# EQUITY 2.0 UPDATE

NORTH  
**Dakota**  
Be Legendary.

Retirement & Investment

# EQUITY 2.0 UPDATE

## U.S. Equity 2.0

- Two Sigma onboarded. Secured ~\$225 million of capacity
- Two transition managers contracted/onboarded. Transition managers are completing pre-trade estimates for U.S. Equity 2.0 transition
- Three of four IMAs are near completion

## International Equity 2.0

- Staff has presented one manager to the IC for approval
- Staff is targeting the November IC meeting to present the final International Equity 2.0 portfolio

# OPENING INTERNATIONAL MARKETS

Investment Team  
October 17<sup>th</sup>, 2024

NORTH  
**Dakota** Be Legendary.

# OPENING INTERNATIONAL MARKETS

- Staff has continued work on opening international markets to facilitate SMAs
- Certain markets have specific requirements to open:
  - a) Rigorous screening and authentication
  - b) Require local tax advisors
  - c) Contracts with sub-custodians
- Staff has been working with the AG's Office to complete applications and contracts with sub-advisors
- Determined specialist expertise is required to evaluate the legal risk—notably around local laws
- Recommendation is to retain external counsel to facilitate opening the remaining international markets

# EXTERNAL COUNSEL INTL. MARKETS: MOTION

MOTION: APPROVE STAFF RETAIN EXTERNAL COUNSEL TO FACILITATE OPENING INTERNATIONAL MARKETS