

Investment Committee
Friday, February 13, 2026, 9:00 a.m.

Virtual Only

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AGENDA

- I. **CALL TO ORDER AND ACCEPTANCE OF AGENDA – (Committee Action)**
 - A. Roll Call & Conflict of Interest Disclosure
- II. **ACCEPTANCE OF MINUTES (January 6, 2026) – (Committee Action)**
- III. **STRATEGY REVIEW (60 minutes) – (Information Only)**
 - A. Private Markets – *Mr. Collins, Mr. Zietlow*
- (Break)
- IV. **INVESTMENT GUIDELINES¹ (10 minutes) – (Committee Action)**
 - A. Public Markets – *Mr. Chin, Mr. Posch*
- V. **INVESTMENT POLICY STATEMENT UPDATE (15 minutes) – (Committee Action)**
 - A. Cultural AAPME Fund, Cultural Endowment Fund, Risk Management Fund, Risk Management Workers Compensation Fund – *Mr. Chin*
- VI. **PERFORMANCE CONSULTANT CONTRACT (10 minutes) – (Committee Action)**
 - A. RFP Panel – *Mr. Anderson, Mr. Otteson*
- VII. **GOVERNANCE MANUAL CHARTER REVIEW (10 minutes) – (Information Only) – Ms. Smith**
- VIII. **MANAGER UPDATE (10 minutes) – (Information Only)**
 - A. Public Markets – *Mr. Chin, Mr. Posch*
- IX. **QUARTERLY REPORTS (5 minutes) – (Information Only)**
 - A. Contracts – *Mr. Anderson*
- X. **DISCUSSION**
- XI. **ADJOURNMENT**

¹ 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
JANUARY 6, 2026, MEETING**

MEMBERS PRESENT: Thomas Beadle, State Treasurer, Chair
Prodosh Simlai, External Representative, Vice Chair
Scott Anderson, Chief Investment Officer
Eric Chin, Deputy Chief Investment Officer
Pete Jahner, External Representative
Todd Van Orman, External Representative

STAFF PRESENT: Jac Collins, Senior Investment Analyst
Cory Cox, Investment Analyst
Derek Dukart, Senior Investment Analyst
Jennifer Ferderer, Fiscal Operations Admin
Timothy Forsythe, Deputy Chief Financial Officer
Chirag Gandhi, Portfolio Manager
Ross Hambrick, Portfolio Manager
Erik Jodock, Investment Analyst
Robbie Morey, Investment Operations Analyst
George Moss, Portfolio Manager
Sarah Mudder, Communications & Outreach Director
Chuck Napp, Sr Investment Operations Manager
Adam Otteson, Chief Financial Officer
Daphne Pfeiger, Investment Accountant
Matt Posch, Portfolio Manager
Emmalee Riegler, Procurement/Records Coordinator
Jodi Smith, Executive Director
Alexander Weissman, Investment 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 11:03 a.m. on Tuesday, January 6, 2026. The meeting was held virtually.

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

AGENDA

The agenda was considered for the January 6, 2026, meeting.

IT WAS MOVED BY MR. ANDERSON AND SECONDED BY MR. CHIN AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE JANUARY 6, 2026, MEETING AS DISTRIBUTED.

AYES: MR. ANDERSON, MR. CHIN, MR. JAHNER, DR. SIMLAI, MR. VAN ORMAN, AND TREASURER BEADLE

NAYS: NONE

MOTION CARRIED

MINUTES

The minutes were considered for the December 17, 2025, meeting.

IT WAS MOVED BY MR. JAHNER AND SECONDED BY MR. VAN ORMAN AND CARRIED BY A VOICE VOTE TO APPROVE THE MINUTES FOR THE DECEMBER 17, 2025, MEETING AS DISTRIBUTED.

AYES: MR. ANDERSON, MR. CHIN, MR. JAHNER, MR. VAN ORMAN, AND TREASURER BEADLE

ABSTAINED: DR. SIMLAI

NAYS: NONE

MOTION CARRIED

STRATEGY REVIEW

Mr. Anderson presented a review of market conditions, key risks, and investment performance through December 2025. Equity markets delivered strong returns, particularly international and emerging markets, while fixed income posted modest but improved performance amid a restrictive Fed policy environment and elevated valuations. The PERS, TFFR, Legacy, and WSI funds all outperformed their respective policy benchmarks on a year-to-date and long-term basis, with asset allocations remaining largely in line with policy targets. Ongoing risks discussed included inflation persistence, concentrated equity market leadership, fiscal deficits, and geopolitical tensions.

REBALANCE EXECUTION ERROR

Mr. Anderson and Mr. Otteson reported on a short-term fixed income rebalancing error caused by a spreadsheet formula issue, which resulted in cash that was intended to remain uninvested being temporarily allocated to a short-term investment fund. Upon discovery, staff promptly corrected the allocations and reviewed the matter in accordance with the Trade Error Identification and Resolution Procedure.

Although the gross transaction amount was approximately \$36 million, the net financial impact was a gain of approximately \$12,794 relative to cash returns. To reduce the risk of recurrence, staff proposed segregating the affected funds' cash accounts from the broader Insurance Pool

and returning to the Board with a revised rebalancing policy addressing rebalance errors, along with updates to the trade error policy reflecting lessons learned.

IT WAS MOVED BY MR. VAN ORMAN AND SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO DIRECT STAFF TO AMEND THE TRADE ERROR IDENTIFICATION AND RESOLUTION PROCEDURES AND TO DRAFT A REBALANCING ERROR POLICY FOR PRESENTATION AT A FUTURE COMMITTEE MEETING.

AYES: DR. SIMLAI, MR. CHIN, MR. VAN ORMAN, MR. JAHNER, MR. ANDERSON, AND TREASURER BEADLE

NAYS: NONE

MOTION CARRIED

INVESTMENT POLICY STATEMENT UPDATES

Mr. Chin presented updated Investment Policy Statements (IPS) for PERS, TFFR, the City of Grand Forks Pension Plan, the Park District of the City of Grand Forks, the City of Bismarck Police Pension Plan, and the City of Bismarck Employee Pension Plan. The updates reflect asset allocation changes previously approved by the SIB and the respective client boards and incorporate a new IPS template designed to improve clarity and consistency. The Committee recommended approval of the updated statements to the SIB.

IT WAS MOVED BY MR. JAHNER AND SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE INVESTMENT POLICY STATEMENT UPDATES AS PRESENTED.

AYES: MR. ANDERSON, MR. JAHNER, MR. CHIN, MR. VAN ORMAN, DR. SIMLAI AND TREASURER BEADLE

NAYS: NONE

MOTION CARRIED

RFP REVIEW

Mr. Otteson and staff briefed the committee on the procurement of a combined Performance and Benchmark Consultant, which was authorized by the SIB in November 2025. The consolidation is intended to modernize the performance governance framework, streamline reporting, and improve data integration. The RFP outlines investment performance measurement services beginning July 1, 2026, and benchmark consulting services beginning July 1, 2027.

MANAGER UPDATE

Mr. Collins and Mr. Zietlow provided an update on recent activity, including an increased commitment to Guidepost Growth Equity IV, L.P. (totaling \$75 million across the Pension Pool and Legacy Fund) and a \$75 million commitment to Ares US Real Estate Fund XI, L.P.

DISCUSSION

Ms. Smith provided the committee with an update on staffing, noting the agency is almost fully staffed with the addition of the chief retirement officer. Two open positions remain: an internal auditor and risk analyst.

ADJOURNMENT

With no further business to come before the committee, Treasurer Beadle adjourned the meeting at 12:37 p.m.

Prepared by:

Jennifer Ferderer, Assistant to the Board



Private Markets Strategy

Overview

as of Nov. 30, 2025

Private markets represents 18.8% of the current AUM and growing.

Objective

To maximize after cost return for risk at a prudent level of risk for the funds in our care.

RIO's Total AUM \$26.6B

- 3 Pools
- 28 Client Funds
- 45+ Managers (Public & Private Markets)

Private Markets AUM \$4.96B*

- Pension \$2.63B, Insurance \$0.43B, and Legacy \$1.90B
- 29+ Managers (Private Equity, Private Debt & Real Assets)

* Excludes the In-State Investment Program

Beliefs

- Private markets are a strategy, not an asset class.
- Illiquidity risk must be compensated for, and such an illiquidity premium is achievable.
- Develop valuable investment trade-offs of return, risk and liquidity with buy-versus-sell decisions as drivers.
- Private markets are less efficient than public markets leading to a wider dispersion of excess returns.
- Manager selection has a bigger impact vs. public markets as return dispersion and persistence are higher.
- The best managers follow a consistent process of fact based, reasoned judgements of compensated risks and return expectations.
- Certain private markets have long cycles of under/outperformance, which can be managed around, but in a more measured way vs. public markets.
- Accessing top-performing managers is crucial yet challenging and time consuming.

Design a Structure for Success

| Phase | Fund of Funds Program | Resources |
|-------|--|---|
| 1.0 | <ul style="list-style-type: none">• Fund of fund managers are responsible for strategy and manager selections | Investment Staff: <ul style="list-style-type: none">• One PM |
| 2.0 | Direct to General Partner (GP) with Strategic Use of Fund of Funds <ul style="list-style-type: none">• Initial staffing• Technology platform• Benchmarking• Create a proactive forward calendar and sourcing network• Develop and implement investment strategies and pacing models• Address sub-asset class concerns | Investment Staff: <ul style="list-style-type: none">• One PM• One Sr. Analyst• Additional Investment and Operations |
| 3.0 | Advanced Direct to GP Program <ul style="list-style-type: none">• Fully operational internal direct to GP program• Refine investment strategies and pacing analysis annually• Deepen relationships with GPs to generate investment ideas• Seek Limited Partner Advisory Counsels and be an active member• Establish procedures for future in-kind stock distributions• Evaluate adding a co-investment program | <ul style="list-style-type: none">• Six Investment staff total• Two additional Operations staff |

Benefits of Direct to GP Strategy

- Lower fees by removing the fees charged by fund of funds managers.
 - Management fee savings to date of over \$1.4 million/year with the potential to save over \$6 million/yr when the program is more mature.
 - Potential carried interest savings of over \$4.6 million.
- Ability custom tailor investment strategies and allocations across the three pools of capital.
- Better management of investment pacing across the three pools of capital.

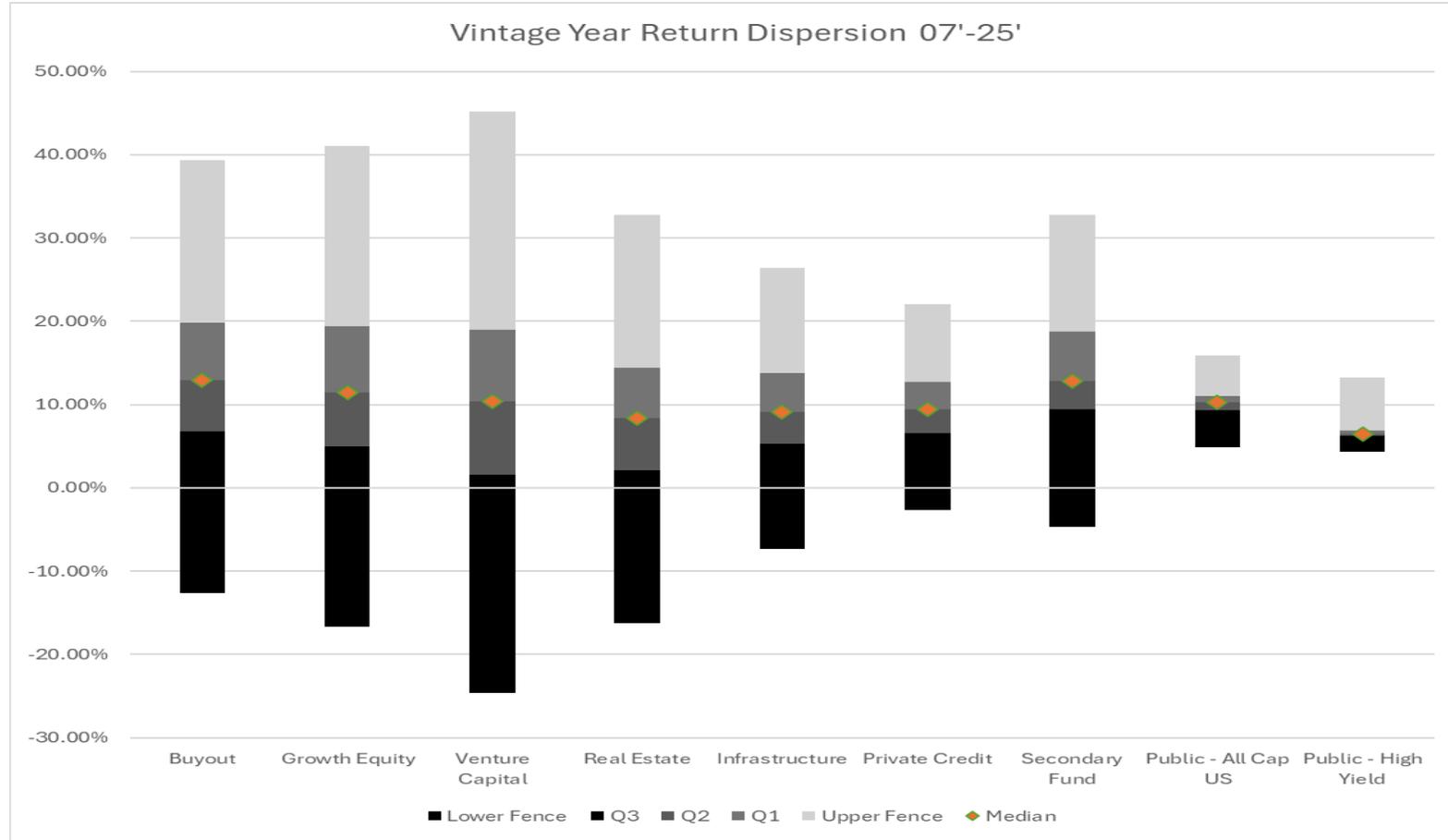
Private Markets Landscape: Large and Complex

- Use best in class data sources to identify opportunities, construct portfolios and manager risks.



Source: Hamilton Lane

Return Dispersion by Strategy



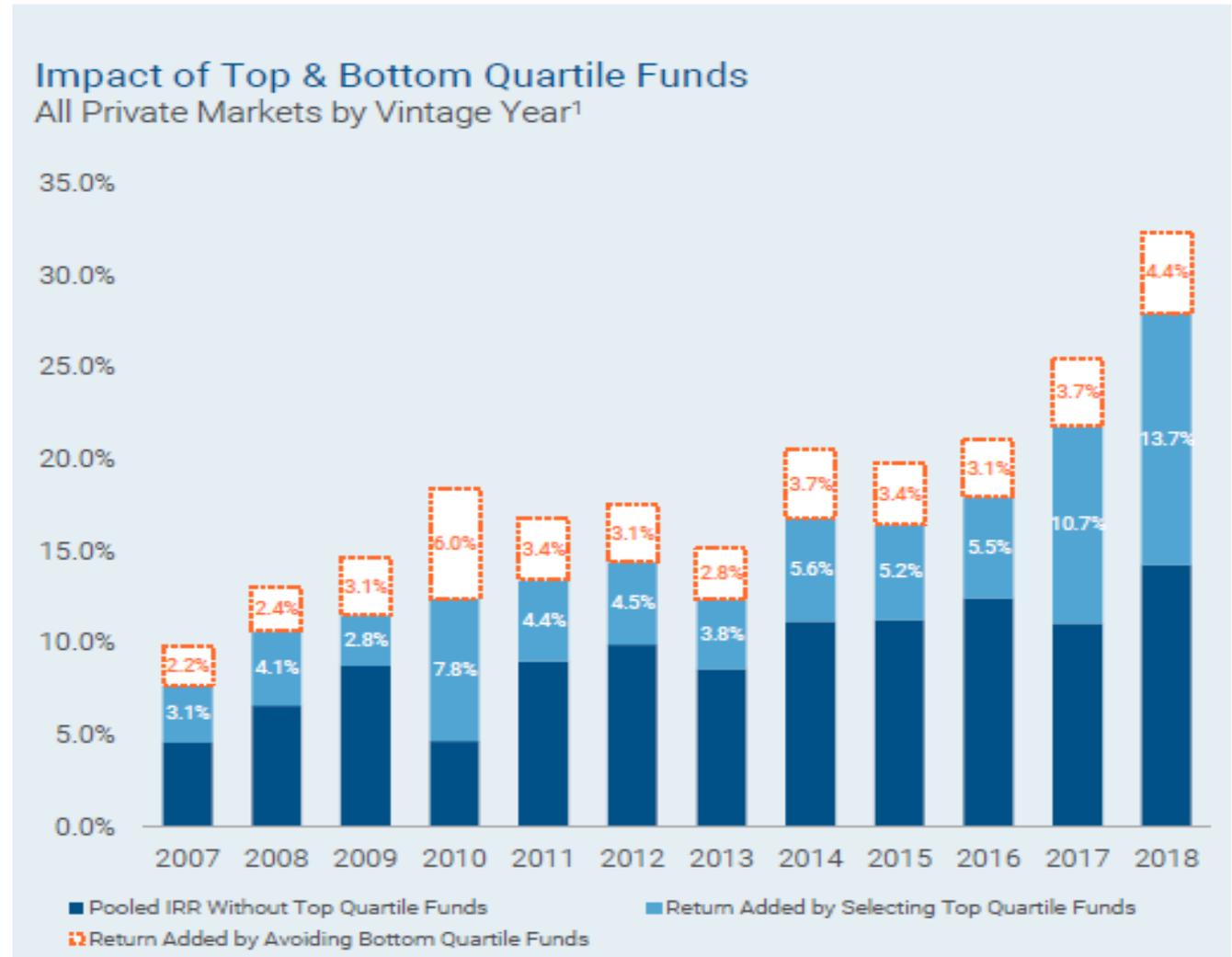
*Private asset classes are Internal Rates of Return and Public Asset Classes are annualized returns over the time horizon.

| Strategy | Buyout | Growth Equity | Venture Capital | Real Estate | Infrastructure | Private Credit | Secondary Fund | Public - All Cap US | Public - High Yield |
|-------------|---------|---------------|-----------------|-------------|----------------|----------------|----------------|---------------------|---------------------|
| Upper Fence | 39.29% | 41.05% | 45.18% | 32.78% | 26.44% | 22.01% | 32.79% | 15.89% | 13.20% |
| Q1 | 19.81% | 19.41% | 19.00% | 14.40% | 13.76% | 12.76% | 18.74% | 11.06% | 6.84% |
| Q2 | 12.91% | 11.48% | 10.39% | 8.39% | 9.11% | 9.46% | 12.84% | 10.30% | 6.45% |
| Q3 | 6.82% | 4.97% | 1.55% | 2.14% | 5.30% | 6.60% | 9.38% | 9.28% | 6.19% |
| Lower Fence | -12.66% | -16.67% | -24.63% | -16.24% | -7.39% | -2.65% | -4.67% | 4.86% | 4.37% |

Manager Selection Matters

It's not simply about gaining access to top-quartile managers, but avoiding the bottom-quartile can be just as additive:

- Top-quartile managers added > 3% to IRR over the median.
- Avoiding the bottom quartile enhanced IRR by > 2%.

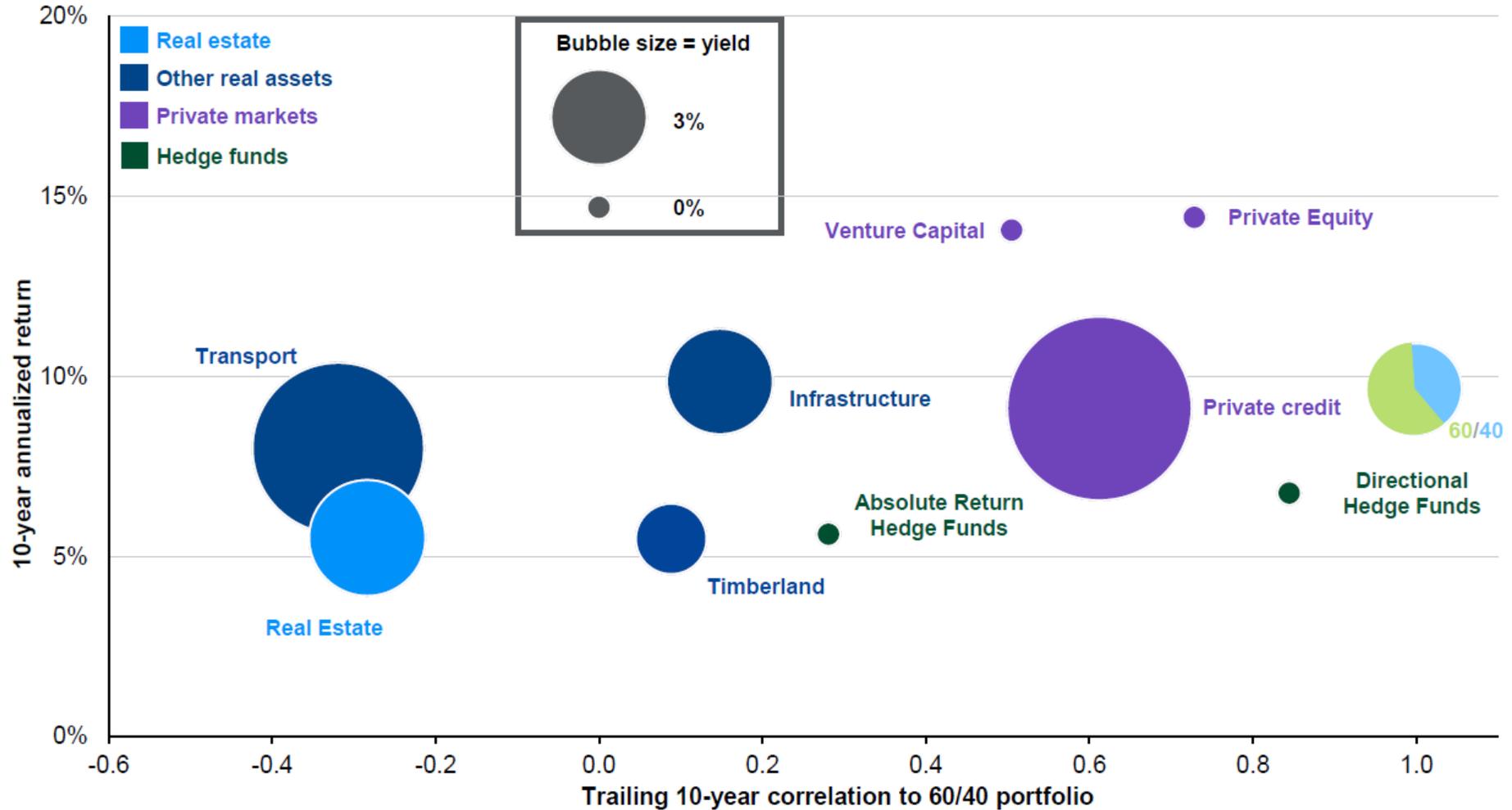


Source: Hamilton Lane

Return Dispersion by Strategy vs 60%Equity/40% Bonds

Correlations, returns and yields

10-year correlations and 10-year annualized total returns, 3Q15 – 2Q25

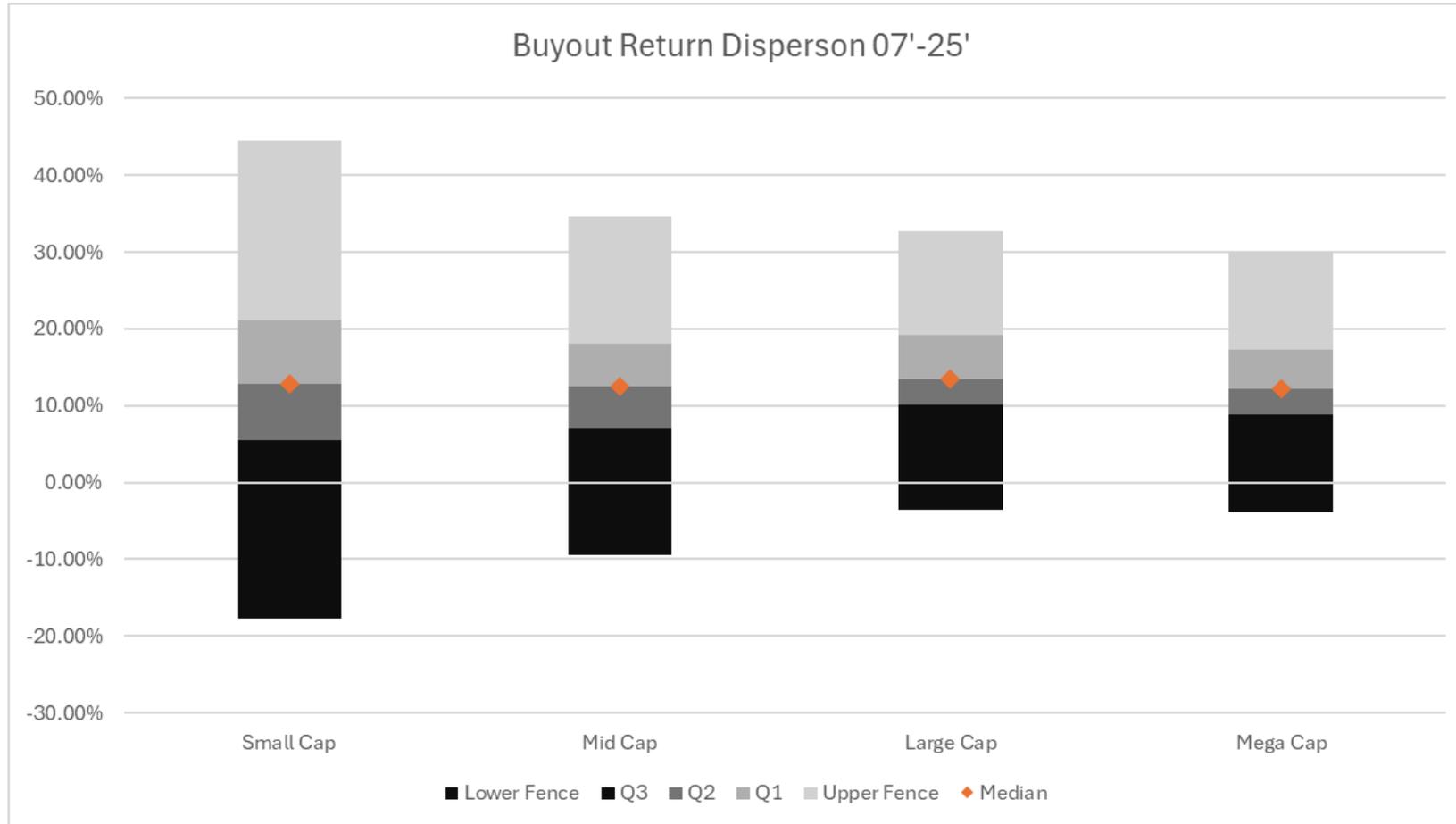


Source: J.P. Morgan Guide to Alternatives Q4 2025

Private Equity Strategy

- Through bottoms up analysis, seek to partner with the best managers globally that we can access.
- Primarily lower-middle-market and middle-market buyout.
 - Largest opportunity set
 - Better alignment
- Limit venture capital exposure ($\leq 25\%$) because manager access is a challenge.
- Seek consistency while also being cognizant of prevailing conditions.
- Geographic exposures would roughly equate to the opportunity set.
- Targeting a commitment pace that gets the Legacy Fund and Pension Pool to their respective policy target over 5-7 years.

Private Equity Return Dispersion



| Strategy | Small Cap | Mid Cap | Large Cap | Mega Cap |
|-------------|-----------|---------|-----------|----------|
| Upper Fence | 44.42% | 34.70% | 32.74% | 29.98% |
| Q1 | 21.08% | 18.15% | 19.13% | 17.28% |
| Q2 | 12.74% | 12.55% | 13.46% | 12.15% |
| Q3 | 5.52% | 7.11% | 10.05% | 8.82% |
| Lower Fence | -17.81% | -9.44% | -3.57% | -3.87% |

Private Credit Strategy

- **Core exposures:** Within direct lending, focus on managers that target lower middle market and middle market companies.
 - Limits competition with broadly syndicated loan market.
- **Specialist exposures:** Provide diversification and alpha.
- Limit exposure to distress debt (<25%).
- Target a commitment pace that gets to Pension Pool and Legacy Fund to their target allocation over the next three to five years.

Target Portfolio Construction

| CORE – 70% <i>(Primary Return Engine)</i> | SPECIALIST – 30% <i>(Return Enhancement & Diversification)</i> |
|--|--|
| <ul style="list-style-type: none">■ Direct Lending Senior Secured Loans | <ul style="list-style-type: none">■ Real Estate Debt |
| <ul style="list-style-type: none">■ Asset-Backed Lending Collateralized Lending | <ul style="list-style-type: none">■ Infrastructure Debt |
| <ul style="list-style-type: none">■ Multi-Strategy Credit Flexible Deployment | <ul style="list-style-type: none">■ NAV Lending |
| | <ul style="list-style-type: none">■ Legal Claims |
| | <ul style="list-style-type: none">■ CLO Equity |
| | <ul style="list-style-type: none">■ Credit Secondaries |
| | <ul style="list-style-type: none">■ Healthcare Royalties |
| | <ul style="list-style-type: none">■ Non-Performing Loans |

Real Asset Correlations

| | Commodity Futures | US REIT | Global Infrastructure Equity | Global Natural Resources Equity | Gold | Real Estate - Core | Real Estate - Value-Add | Real Estate - Opportunistic | Private Real Assets - Natural Resources | Private Real Assets - Infrastructure | Private Real Assets - Farmland | Private Real Assets - Timber |
|---|-------------------|---------|------------------------------|---------------------------------|-------|--------------------|-------------------------|-----------------------------|---|--------------------------------------|--------------------------------|------------------------------|
| Commodity Futures | | 0.42 | 0.66 | 0.81 | 0.32 | 0.17 | 0.30 | 0.46 | 0.64 | 0.57 | -0.10 | 0.03 |
| US REIT | 0.42 | | 0.73 | 0.46 | 0.08 | 0.19 | 0.26 | 0.46 | 0.37 | 0.43 | 0.01 | 0.09 |
| Global Infrastructure Equity | 0.66 | 0.73 | | 0.83 | 0.21 | 0.16 | 0.36 | 0.56 | 0.63 | 0.64 | 0.08 | 0.19 |
| Global Natural Resources Equity | 0.81 | 0.46 | 0.83 | | 0.22 | 0.08 | 0.30 | 0.43 | 0.67 | 0.56 | 0.03 | 0.13 |
| Gold | 0.32 | 0.08 | 0.21 | 0.22 | | -0.06 | 0.03 | 0.07 | 0.08 | 0.25 | 0.02 | -0.04 |
| Real Estate - Core | 0.17 | 0.19 | 0.16 | 0.08 | -0.06 | | 0.76 | 0.76 | 0.32 | 0.38 | 0.14 | 0.29 |
| Real Estate - Value-Add | 0.30 | 0.26 | 0.36 | 0.30 | 0.03 | 0.76 | | 0.86 | 0.47 | 0.61 | 0.32 | 0.37 |
| Real Estate - Opportunistic | 0.46 | 0.46 | 0.56 | 0.43 | 0.07 | 0.76 | 0.86 | | 0.63 | 0.67 | 0.32 | 0.43 |
| Private Real Assets - Natural Resources | 0.64 | 0.37 | 0.63 | 0.67 | 0.08 | 0.32 | 0.47 | 0.63 | | 0.44 | 0.31 | 0.38 |
| Private Real Assets - Infrastructure | 0.57 | 0.43 | 0.64 | 0.56 | 0.25 | 0.38 | 0.61 | 0.67 | 0.44 | | 0.22 | 0.08 |
| Private Real Assets - Farmland | -0.10 | 0.01 | 0.08 | 0.03 | 0.02 | 0.14 | 0.32 | 0.32 | 0.31 | 0.22 | | 0.49 |
| Private Real Assets - Timber | 0.03 | 0.09 | 0.19 | 0.13 | -0.04 | 0.29 | 0.37 | 0.43 | 0.38 | 0.08 | 0.49 | |
| | Commodity Futures | US REIT | Global Infrastructure Equity | Global Natural Resources Equity | Gold | Real Estate - Core | Real Estate - Value-Add | Real Estate - Opportunistic | Private Real Assets - Natural Resources | Private Real Assets - Infrastructure | Private Real Assets - Farmland | Private Real Assets - Timber |
| Private Equity - Buyout | 0.59 | 0.63 | 0.74 | 0.67 | 0.06 | 0.39 | 0.65 | 0.80 | 0.69 | 0.63 | 0.23 | 0.29 |
| Private Equity - Early Stage Venture | 0.35 | 0.32 | 0.40 | 0.39 | -0.10 | 0.29 | 0.45 | 0.46 | 0.24 | 0.39 | -0.03 | 0.15 |
| Private Debt - Direct Lending | 0.29 | 0.33 | 0.36 | 0.26 | -0.04 | -0.09 | 0.14 | 0.17 | 0.27 | 0.25 | 0.11 | 0.22 |

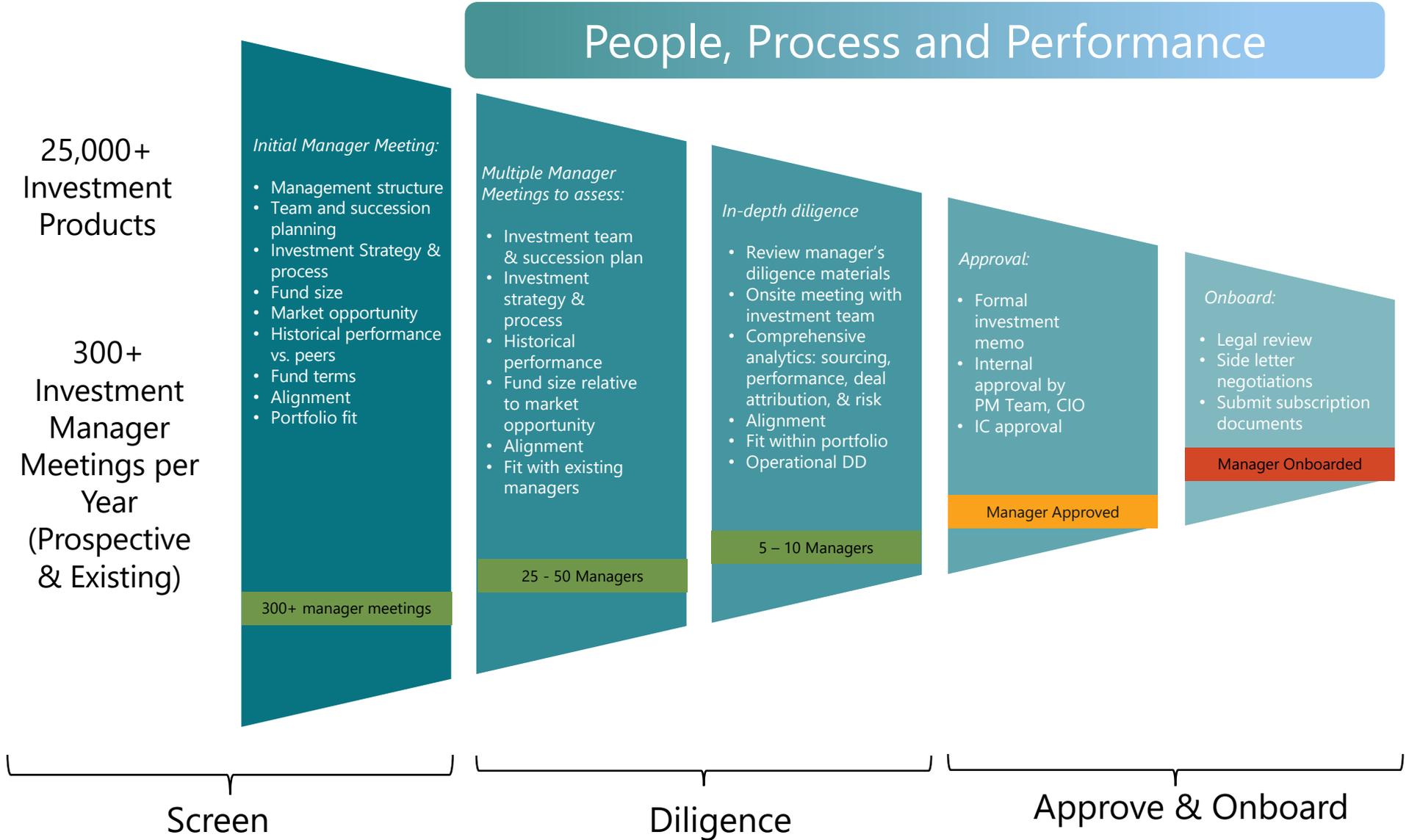
Source: NEPC, Quarterly returns from Q3 2003 through Q2 2022

Real Assets Strategy

- Focus on core/core-plus real estate and infrastructure given the diversification benefits.
 - 70% - 80% of the Legacy Fund and Pension Pool
 - 100% of the Insurance Pool
- Utilize some value-add/opportunistic real estate and infrastructure to add alpha. The strategies tend to exhibit higher correlations to public and private equity.
 - 20% - 30% of the Legacy Fund and Pension Pool
 - No exposure in the Insurance Pool
- Seek to minimize commodity exposure

Investment Process

People, Process and Performance



Manager Selection Process

- Disciplined, consistent & rigorous
- Backed by extensive research and due diligence
- Multiple layers of review and approval
- Risk is integral in the selection process

Conclusion

- Private markets represents 18.8% (\$4.96 billion) of RIO AUM* and growing.
- Management fee savings of over \$6 million as we transition away from Fund of Funds to a direct to General Partner program. Also, the potential for carry interest savings of over \$4.6 million.
- Executing on the investment strategies discussed.
- Need to grow the team (investment and operations) as Private Markets program scales in size and complexity.

* As of November 30, 2025; Excludes the In-State Investment Program

Confidential materials will be sent separately to
Committee members via secure link.

MEMORANDUM

TO: Investment Committee

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

DATE: January 13, 2026

RE: Updated Investment Policy Statements

Background:

Staff is bringing updated Investment Policy Statements (IPS) for the following four clients for review and is requesting that the Investment Committee recommend for approval to the State Investment Board (SIB):

- State Risk Management Fund
- State Risk Management Workers' Compensation Fund
- North Dakota Cultural Endowment Fund
- Arts Across the Prairie Maintenance Endowment Fund

The primary purpose of these updates is to transition client IPS documents to RIO's newly developed IPS template, which is intended to enhance clarity, improve consistency across clients, and modernize policy language. For each client, both a clean version and a redline version of the IPS are included. While the redline documents may appear to reflect numerous changes, the majority are attributable to formatting, organization, and structural updates associated with the new template rather than substantive policy changes.

The IPS documents include a few minor updates to the asset allocations. For the State Risk Management Fund and the State Risk Management Workers' Compensation Fund, the IPS consolidates prior U.S. large-cap and small-cap equity allocations into a single U.S. equity allocation. For the North Dakota Cultural Endowment Fund, the IPS consolidates prior U.S. large-cap, U.S. small-cap, and international equity allocations into a single global equity allocation. There are no asset allocation adjustments for the Arts Across the Prairie Maintenance Endowment Fund. These adjustments do not represent new asset allocation decisions; rather, they update the IPS to more accurately reflect the investable equity universe and align these policies with the structure used across other client IPS documents.

The updated IPS documents have been approved by the Office of Management and Budget (OMB) and the North Dakota Council on the Arts (NDCA) Board as applicable.

Committee Action Requested:

Recommend approval of the updated client Investment Policy Statements to the State Investment Board.

INVESTMENT POLICY STATEMENT

Arts Across the Prairie Maintenance Endowment Fund

I. Plan and Fund Overview

The North Dakota Cultural Endowment Fund (NDCE Fund) was created by the State Legislature in 1979 and is governed by North Dakota Century Code (NDCC) § 54-54-08.2.

The NDCE Fund was established “to improve the intrinsic quality of the lives of the state’s citizens now and in the future through programs approved by the council on the arts.” Such programs must:

1. Increase cultural awareness by the state’s citizens through programs in arts, crafts, theater, ethnic and folk arts, literature, journalism, public media, historic preservation and interpretation, visual arts, and architecture.
2. Make the items named in #1 above more available to the state’s citizens.
3. Encourage the development of talent in the areas named in #1 above within the state.
4. Preserve and increase understanding of North Dakota’s heritage and future.

Arts Across the Prairie Maintenance Fund

Pursuant to H.B. 1015 (67th Legislative Assembly, 2021), \$1,000,000 was transferred from the strategic investment and improvements fund to the NDCE Fund to support maintenance of public art projects constructed as part of the Arts Across the Prairie placemaking program. The ND Council on the Arts is expected to expend up to \$50,000 annually for this purpose until the funds are fully expended.

Given its distinct mission and spending profile from the original capital of the North Dakota Cultural Endowment Fund, these assets are managed in a separate portfolio with its own Investment Policy Statement (IPS), known as the Arts Across the Prairie Maintenance Endowment Fund (AAPME Fund). This IPS applies solely to the AAPME Fund.

Client Investment Objectives

Provide up to \$50,000 annually for maintenance of public art projects constructed as part of the Arts Across the Prairie placemaking program.

II. Responsibilities and Discretion of the State Investment Board

The State Investment Board (SIB) is established under NDCC ch. 21-10 and is charged with investing and managing the assets of the funds enumerated in NDCC § 21-10-06, including the funds of this Plan. The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body.

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

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

Delegation and Oversight

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

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

III. Investment Performance Objective

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

- The fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of 5 years.

- The fund's risk, measured by the standard deviation of net returns, should not exceed 115% of the policy benchmark over a minimum evaluation period of 5 years.

IV. Asset Allocation

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

| | Target Allocation | Minimum Allocation | Maximum Allocation |
|----------------------------------|--------------------------|---------------------------|---------------------------|
| Global Equity | 70% | 60% | 80% |
| Public Equity | 70% | 60% | 80% |
| Global Fixed Income | 30% | 20% | 40% |
| Investment Grade Fixed Income | 30% | 20% | 40% |
| Cash and Cash Equivalents | 0% | 0% | 2% |

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

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

V. General Restrictions and Guidelines

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

1. Derivatives may be used to manage and replicate systematic exposures, for fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
2. Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.

3. Derivatives use will be monitored to ensure that undue risks are not taken.
4. No investment may jeopardize the tax-exempt status of the Fund.
5. All assets must be held by the SIB's master custodian or an approved sub-custodian.
6. Social Investing is prohibited unless it meets the Exclusive Benefit Rule (NDCC § 21-10-08.1).
 - a. Social Investment is defined as "the investment or commitment of public funds for the purpose of obtaining an effect other than a maximized return at a prudent level of risk to the state." (NDCC § 21-10-08.1)
7. Economically Targeted Investing is prohibited unless it meets the Exclusive Benefit Rule.
 - a. Economically Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

Exclusive Benefit Rule

For the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

1. The cost does not exceed the fair market value at the time of investment.
2. The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
3. Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the Plan.
4. The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the Board's policy favors investments that will have a positive impact on the economy of North Dakota.

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

VI. Internal Controls

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

Key controls include the segregation of duties, which ensures that no single individual has authority or control over all phases of an investment transaction. Specifically, the responsibilities for initiating investment purchases, recording and reconciling investment activity, and custodial

safekeeping of assets are separated among different staff, functional areas, or service providers to provide independent checks and balances.

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

VII. Evaluation and Review

The Fund's performance will be evaluated against its investment objectives, with emphasis on rolling 5-year results. Reports to the NDCA Board (no less than annually) will include:

1. A list of investment managers and their performance relative to benchmarks net of fees
2. Earnings, percentage earned and change in market value of each mandate
3. Current portfolio allocations and performance summaries by asset class
4. All material legal or legislative proceedings affecting the SIB
5. Compliance with this investment policy statement.

VIII. Withdrawals

1. **Standard Withdrawals:** The client may withdraw up to 5% of total fund assets per month with a minimum of 15 business days' notice to ensure appropriate liquidity planning and transaction coordination. These withdrawals will generally be processed as of month-end, unless otherwise approved by the Chief Financial Officer or Deputy Chief Financial Officer.
2. **Extraordinary Withdrawals:** Withdrawals greater than 5% may materially impact the Fund's asset allocation and/or liquidity position. Such withdrawals should be discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

Arts Across the Prairie Maintenance

Endowment Fund

Date:

Scott M. Anderson, Chief Investment Officer

North Dakota Retirement and Investment
Office

Date:

**ARTS ACROSS THE PRAIRIE MAINTENANCE ENDOWMENT FUND
(A SEGMENT OF THE NORTH DAKOTA CULTURAL ENDOWMENT FUND)**

INVESTMENT POLICY STATEMENT

1. FUND OVERVIEW

Arts Across the Prairie Maintenance Endowment Fund

I. Plan and Fund Overview

The North Dakota Cultural Endowment Fund (NDCE Fund) was created by the State Legislature in 1979 and is governed by ~~NDCC~~North Dakota Century Code (NDCC) § 54-54-08.2.

The NDCE Fund was established "to improve the intrinsic quality of the lives of the state's citizens now and in the future through programs approved by the council on the arts." Such programs must:

1. Increase cultural awareness by the state's citizens through programs in arts, crafts, theater, ethnic and folk arts, literature, journalism, public media, historic preservation and interpretation, visual arts, and architecture.
2. Make the items named in #1 above more available to the state's citizens.
3. Encourage the development of talent in the areas named in #1 above within the state.
4. Preserve and increase understanding of North Dakota's heritage and future.

Per House Bill ~~No~~ Arts Across the Prairie Maintenance Fund

~~Pursuant to H.B. 1015 passed during the 2021(67th Legislative Session, Assembly, 2021), \$1,000,000 with~~
~~was~~ transferred from the strategic investment and improvements fund to the NDCE Fund ~~with the intent~~
~~that ND Council on the Arts (NDCA) expend up to \$50,000 annually for the~~to support maintenance of the
public ~~arts~~art projects constructed as part of the Arts Across the Prairie placemaking program. ~~The ND~~
~~Council on the Arts is the intent~~expected to ~~continue to spend~~expend up to \$50,000 annually ~~for this purpose~~
until the ~~moneys (principal and income) derived from the strategic investment and improvements fund~~
~~have been~~funds are fully expended.

~~This capital has a different~~Given its distinct mission and spending profile ~~compared to~~from the original
capital ~~in~~of the North Dakota Cultural Endowment Fund. ~~As such, these assets are managed in~~ a separate
portfolio with ~~a new investment policy statement will be created to invest these monies. The portfolio will~~
~~be named~~its own Investment Policy Statement (IPS), known as the "Arts Across the Prairie Maintenance
Endowment Fund"² (AAPME Fund). This IPS applies solely to the AAPME Fund.

2. FUND MISSION

The AAPME Fund's mission is to provide Client Investment Objectives

Provide up to \$50,000 annually for ~~the~~ maintenance of public ~~arts~~ art projects constructed as part of the Arts Across the Prairie placemaking program.

II. RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT

BOARD Responsibilities and Discretion of the State Investment Board

~~3.~~ The State Investment Board (SIB):

~~NDCA's board) is charged by law established under NDCC 21-10-02.1 with the responsibility of establishing policies on investment goals and asset allocation of the NDGE Fund, which includes the AAPME Fund. The SIB ch. 21-10 and is charged with implementing these policies and investing and managing the assets of the AAPME Fund in the manner provided funds enumerated in NDCC § 21-10-07,06, including the prudent investor rule. Under funds of this rule, the fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, Plan. The SIB acts as a fiduciary and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income, must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body.~~

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

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

Delegation and Oversight

The SIB may delegate investment responsibility for all or part of a fund to professional money managers: ~~Where a money manager has been retained that meet established qualifications. When such delegation occurs, the SIB's SIB's role in determining investment strategy and security selection is supervisory, not rather than~~ advisory. ~~The SIB is responsible for establishing criteria, procedures, and making decisions with respect to hiring, keeping, and terminating money managers. SIB investment responsibility also includes selecting, ensuring that each manager operates within approved guidelines and performance measurement services, consultants, report formats, and frequency of meetings with managers expectations.~~

At the discretion ~~The SIB may also pool assets of the SIB, the AAPME Fund's assets may be pooled this Fund with other funds: having similar objectives and time horizons to enhance diversification, reduce costs, and~~

~~improve returns. In pooling funds, the SIB may establish whatever asset class pools it deems necessary with specific quality, diversification, restrictions, and performance objectives appropriate to the prudent investor rule fund assets. the SIB must ensure compliance with the Prudent Investor Rule and the objectives of the funds all participating in the pools funds.~~

~~The SIB will implement changes to this policy as promptly as is prudent.~~

~~4. INVESTMENT PERFORMANCE AND RISK OBJECTIVES~~

III. NDCA's board's Investment Performance Objective

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

- The AAPME Fund's fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five5 years.
- Risk, as The fund's risk, measured by the annual standard deviation of net returns for the AAPME Fund, should not exceed that 115% of the policy portfolio by more than 200 basis points benchmark over a minimum evaluation period of five5 years.

5. ASSET ALLOCATION

After consideration of all the inputs and discussion of its own risk tolerance, NDCA's board has chosen the following asset allocation: —

IV. Asset Allocation

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

| Asset Class | Policy Target (%) Allocation | Minimum Allocation | Maximum Allocation |
|-------------------------------------|-------------------------------------|---------------------------|---------------------------|
| Global Equity | 70% | 60% | 80% |
| Public Equity | 70% | 60% | 80% |
| Public Global Fixed Income | 30% | 20% | 40% |
| Total Investment Grade Fixed Income | 30% | 20% | 40% |
| Cash and Cash Equivalents | 0% | 0% | 2% |

Rebalancing of the AAPME Fund to this target allocation will be done in accordance with the SIB's rebalancing policy but not less than annually.

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6. FUND SPECIFIC REQUIREMENTS

NDCA may spend up to \$50,000 annually until the AAPME Fund is fully expended. Annually is defined as the State's fiscal year (July 1st to June 30th).

7. RESTRICTIONS

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

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

V. General Restrictions and Guidelines

While the SIB is responsible for establishing specified ~~quality, diversification, and performance standards for investments, the following restrictions, and performance objectives apply:~~ quality, diversification, and performance standards for investments, the following restrictions, and performance objectives apply:

1. Derivatives may be used to manage and replicate systematic exposures, for the investment vehicles in which the AAPME Fund's assets will be invested, it is understood that: fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
2. Futures, Derivatives, short selling, and options security margining may be used to hedge or replicate underlying index exposure, but not for speculation in a manner consistent with approved manager guidelines.
3. Derivatives use will be monitored to ensure that undue risks are not taken by the money managers.
4. No transaction shall be made which threatens investment may jeopardize the tax-exempt status of the AAPME Fund.
5. All assets ~~will~~ must be held in custody by the SIB's SIB's master custodian, or such other custodians an approved sub-custodian.
6. Social Investing is prohibited unless it meets the Exclusive Benefit Rule (NDCC § 21-10-08.1).
 - a. Social Investment is defined as ~~are acceptable~~ "the investment or commitment of public funds for the purpose of obtaining an effect other than a maximized return at a prudent level of risk to the state." (NDCC § 21-10-08.1)
7. Economically Targeted Investing is prohibited unless it meets the Exclusive Benefit Rule.
 - a. Economically Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

Exclusive Benefit Rule

For the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

1. The cost does not exceed the fair market value at the time of investment.
2. The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
3. Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the Plan.
4. The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the Board's policy favors investments that will have a positive impact on the economy of North Dakota.

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

VI. Internal Controls

~~1)–The SIB-~~

~~2)–No unhedged short sales or speculative margin purchases shall be made.~~

8. INTERNAL CONTROLS

~~The SIB must have~~ maintain a system of internal controls ~~in place~~ designed to prevent ~~losses~~ loss of ~~public~~ funds arising from fraud ~~or employee~~, error, ~~The~~, or ~~mismanagement~~.

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

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

~~9. EVALUATION AND REVIEW~~

~~VII. Investment management of the AAPME Fund~~ Evaluation and Review

~~The Fund's performance will be evaluated against the vehicle's its investment objectives and investment performance standards. Emphasis will be placed, with emphasis on five rolling 5-year results. Evaluation should include an assessment of the continued feasibility of achieving the investment objectives and the appropriateness of the Investment Policy Statement for achieving those objectives.~~

~~Performance reports will be provided Reports to NDCA's board periodically, but not the NDCA Board (no less than quarterly. These reports annually) will include:~~

~~1) A list of the advisory services managing investments for the board.~~

- ~~1. A list of investments at fair value, compared investment managers and their performance relative to previous reporting period, of each fund managed by each advisory service: benchmarks net of fees~~
- ~~2. Earnings, percentage earned; and change in fair market value of each fund's investments: mandate~~

~~2) Comparison of the performance of each fund managed by each advisory service to other funds under the board's control and to generally accepted market indicators:~~

~~Annually, a report will be provided to NDCA's board that includes:~~

- ~~3. Current portfolio allocations and performance summaries by asset class~~

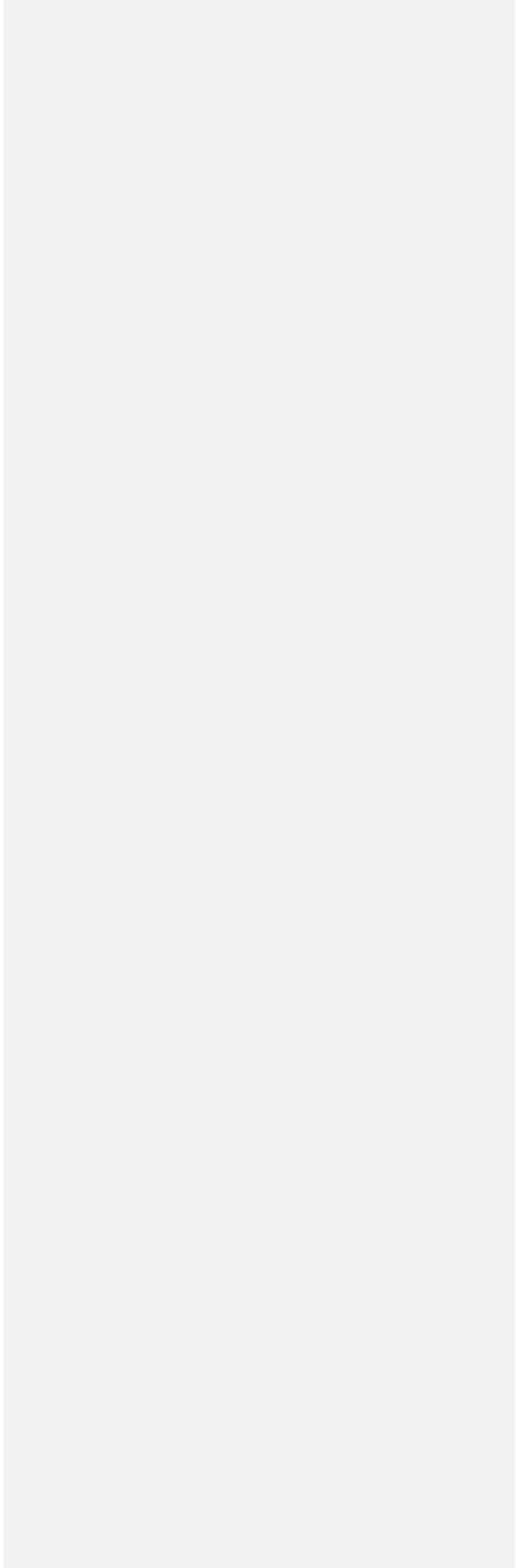
~~3.4 All material legal or legislative proceedings affecting the SIB:~~

~~4.5 Confirmation that the AAPME Fund is in compliance with Compliance with this investment policy statement and/or any exceptions.~~

Kim Konikow
Executive Director, North Dakota Council on the Arts

Date:

Approved by Plan Administrator Board: 9/30/22
Approved by SIB: 10/28/2022



Jan Murtha
Executive Director, RIO

Date: _____

VIII. Withdrawals

1. **Standard Withdrawals:** The client may withdraw up to 5% of total fund assets per month with a minimum of 15 business days' notice to ensure appropriate liquidity planning and transaction coordination. These withdrawals will generally be processed as of month-end, unless otherwise approved by the Chief Financial Officer or Deputy Chief Financial Officer.
2. **Extraordinary Withdrawals:** Withdrawals greater than 5% may materially impact the Fund's asset allocation and/or liquidity position. Such withdrawals should be discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

Arts Across the Prairie Maintenance
Endowment Fund

Date:

Scott M. Anderson, Chief Investment Officer
North Dakota Retirement and Investment
Office

Date:

INVESTMENT POLICY STATEMENT

North Dakota Cultural Endowment Fund

I. Plan and Fund Overview

The North Dakota Cultural Endowment Fund (Fund) was created by the State Legislature in 1979 and is governed by North Dakota Century Code (NDCC) § 54-54-08.2.

The Fund was established “to improve the intrinsic quality of the lives of the state’s citizens now and in the future through programs approved by the council on the arts.” Such programs must:

1. Increase cultural awareness by the state’s citizens through programs in arts, crafts, theater, ethnic and folk arts, literature, journalism, public media, historic preservation and interpretation, visual arts, and architecture.
2. Make the items named in #1 above more available to the state’s citizens.
3. Encourage the development of talent in the areas named in #1 above within the state.
4. Preserve and increase understanding of North Dakota’s heritage and future.

Sources of funding for the Fund are private donations and periodic General Fund appropriations. Disbursements from the Fund will amount to approximately \$10,000 per year for individual artist grants.

Client Investment Objectives

The primary mission of the Fund is to provide a stable funding source for the North Dakota Council on the Arts (NDCA) using private and public funds to enhance existing programs. The investment objectives of the Fund reflect the long-term nature of the Fund, but also the low risk tolerance and shorter-term liquidity needs.

II. Responsibilities and Discretion of the State Investment Board

The State Investment Board (SIB) is established under NDCC ch. 21-10 and is charged with investing and managing the assets of the funds enumerated in NDCC § 21-10-06, including the funds of this Plan. The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund’s governing body.

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

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

Delegation and Oversight

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

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

III. Investment Performance Objective

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

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

IV. Asset Allocation

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

| | Target Allocation | Minimum Allocation | Maximum Allocation |
|----------------------------------|--------------------------|---------------------------|---------------------------|
| Global Equity | 55% | 45% | 65% |
| Public Equity | 55% | 45% | 65% |
| Global Fixed Income | 37% | 27% | 47% |
| Investment Grade Fixed Income | 37% | 30% | 43% |
| Global Real Assets | 5% | 0% | 10% |
| Real Estate | 5% | 0% | 10% |
| Cash and Cash Equivalents | 3% | 0% | 5% |

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

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

Corridor Guidelines:

- Private real assets will be proxied with half public equity and half public investment grade fixed income

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

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

V. General Restrictions and Guidelines

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

1. Derivatives may be used to manage and replicate systematic exposures, for fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
2. Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.
3. Derivatives use will be monitored to ensure that undue risks are not taken.
4. No investment may jeopardize the tax-exempt status of the Fund.
5. All assets must be held by the SIB's master custodian or an approved sub-custodian.
6. Social Investing is prohibited unless it meets the Exclusive Benefit Rule (NDCC § 21-10-08.1).
 - a. Social Investment is defined as "the investment or commitment of public funds for the purpose of obtaining an effect other than a maximized return at a prudent level of risk to the state." (NDCC § 21-10-08.1)
7. Economically Targeted Investing is prohibited unless it meets the Exclusive Benefit Rule.
 - a. Economically Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

Exclusive Benefit Rule

For the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

1. The cost does not exceed the fair market value at the time of investment.
2. The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
3. Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the Plan.
4. The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the Board's policy favors investments that will have a positive impact on the economy of North Dakota.

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

VI. Internal Controls

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

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

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

VII. Evaluation and Review

The Fund's performance will be evaluated against its investment objectives, with emphasis on rolling 5-year results. Reports to the NDCA Board (no less than annually) will include:

1. A list of investment managers and their performance relative to benchmarks net of fees
2. Earnings, percentage earned and change in market value of each mandate
3. Current portfolio allocations and performance summaries by asset class
4. All material legal or legislative proceedings affecting the SIB
5. Compliance with this investment policy statement.

VIII. Withdrawals

1. **Routine Withdrawals:** The Client may withdraw up to 3% of total fund assets per month with a minimum of 3 business days' notice, subject to standard settlement timelines.
2. **Larger Withdrawals:** Withdrawals greater than 3% and up to 5% require 15 business days' notice to ensure appropriate liquidity planning and transaction coordination. These withdrawals will generally be processed as of month-end, unless otherwise approved by the Chief Financial Officer or Deputy Chief Financial Officer.

3. **Extraordinary Withdrawals:** Withdrawals greater than 5% may materially impact the Fund's asset allocation and/or liquidity position. Such withdrawals should be discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

North Dakota Cultural Endowment Fund

Date:

Scott M. Anderson, Chief Investment Officer

North Dakota Retirement and Investment
Office

Date:

~~NORTH DAKOTA CULTURAL ENDOWMENT FUND~~

INVESTMENT POLICY STATEMENT

~~1. FUND CHARACTERISTICS AND CONSTRAINTS~~

North Dakota Cultural Endowment Fund

I. Plan and Fund Overview

The North Dakota Cultural Endowment Fund (Fund) was created by the State Legislature in 1979 and is governed by North Dakota Century Code (NDCC) § 54-54-08.2.

The Fund was established “to improve the intrinsic quality of the lives of the state’s citizens now and in the future through programs approved by the council on the arts.” Such programs must:

1. Increase cultural awareness by the state’s citizens through programs in arts, crafts, theater, ethnic and folk arts, literature, journalism, public media, historic preservation and interpretation, visual arts, and architecture.
2. Make the items named in #1 above more available to the state’s citizens.
3. Encourage the development of talent in the areas named in #1 above within the state.
4. Preserve and increase understanding of North Dakota’s heritage and future.

Sources of funding for the Fund are private donations and periodic General Fund appropriations. ~~The current principal balance that must be maintained in the Fund is \$150,000.~~ Disbursements from the Fund will amount to approximately \$510,000 per year for ~~fellowship~~individual artist grants.

~~2. FUND MISSION~~

Client Investment Objectives

The primary mission of the Fund is to provide a stable funding source for the North Dakota Council on the Arts ([NDCA](#)) using private and public funds to enhance existing programs.

~~3. RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD (SIB)~~

~~The Fund is charged by law under NDCC 21-10-02.1 with the responsibility of establishing policies on investment goals and asset allocation of the Fund. The SIB is charged with implementing policies and asset allocation and investing the assets of the legacy fund in the manner provided in Section 21-10-07 the prudent institutional investor rule. The fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income.~~

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

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

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

~~The SIB is responsible for establishing criteria, procedures, and making decisions with respect to hiring, retaining, and terminating money managers. The SIB~~

~~investment responsibility also includes selecting performance measurement services, consultants, report formats, and frequency of meetings with managers.~~

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

~~The SIB will implement necessary changes to this policy in an efficient and prudent manner.~~

~~4. RISK TOLERANCE~~

The investment objectives of the Fund reflect the long-term nature of the Fund, but also the low risk tolerance and shorter-term liquidity needs.

~~5. INVESTMENT OBJECTIVES.~~

II. The Fund's Responsibilities and Discretion of the State Investment Board

The State Investment Board (SIB) is established under NDCC ch. 21-10 and is charged with investing and managing the assets of the funds enumerated in NDCC § 21-10-06, including the funds of this Plan. The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body.

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

- Implement investment policies and asset allocations established by each fund's governing body.
- Approve investment guidelines, procedures, and permissible securities for the funds under its management.

- Serve as custodian of securities purchased on behalf of such funds or designate a qualified custodian.
- Establish written policies on investment goals, objectives, and asset allocation, including liquidity requirements, diversification, and acceptable levels of risk.
- Develop procedures for the selection, retention, evaluation, and termination of professional money managers, consultants, and custodians.

Delegation and Oversight

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

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

III. Investment Performance Objective

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

- ~~a. — The Fund's fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five5 years.~~
- ~~b. — The Fund's fund's risk, measured by the standard deviation of net returns, should not exceed 115-percent% of the policy benchmark over a minimum evaluation period of five5 years.~~
- ~~c. — The risk-adjusted performance of the Fund, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.~~

~~6. POLICY ASSET MIX~~

After consideration of all the inputs and discussion of its own risk tolerance, the Fund has chosen the following asset allocation: _____

IV. Asset Allocation

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

| <u>Large Cap Domestic Equity</u> | <u>33.75 %Target Allocation</u> | <u>Minimum Allocation</u> | <u>Maximum Allocation</u> |
|--|---|-------------------------------|-------------------------------|
| <u>Small Cap Domestic</u> <u>Global Equity</u> | <u>41.25-55%</u> | <u>45%</u> | <u>65%</u> |
| <u>International</u> <u>Public Equity</u> | <u>40.00-55%</u> | <u>45%</u> | <u>65%</u> |
| <u>Global Fixed Income</u> | <u>37.00-%</u> | <u>27%</u> | <u>47%</u> |
| <u>Investment Grade Fixed Income</u> | <u>37%</u> | <u>30%</u> | <u>43%</u> |
| <u>Global Real Assets</u> | <u>5%</u> | <u>0%</u> | <u>10%</u> |
| Real Estate | <u>5.00-%</u> | <u>0%</u> | <u>10%</u> |
| <u>Cash and Cash Equivalents</u> | <u>3.00-%</u> | <u>0%</u> | <u>5%</u> |

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Rebalancing of the Fund to this target will be done in accordance with the SIB's rebalancing policy, but not less than annually.

7. RESTRICTIONS

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

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

Corridor Guidelines:

- Private real assets will be proxied with half public equity and half public investment grade fixed income

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

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

V. General Restrictions and Guidelines

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

1. ~~_____ a. _____ Futures and options~~Derivatives may be used to ~~hedge or manage and replicate underlying index exposure, but not systematic exposures, for fund rebalancing, and for speculation-~~risk management, which includes overlays (i.e. cash overlay program).
2. ~~_____ b. _____ Derivative~~Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.
- 2-3. ~~Derivatives~~ use will be monitored to ensure that undue risks are not taken ~~by the _____ money managers.~~

~~3.4. c.~~ No ~~transaction may be made that would threaten investment may jeopardize~~ the tax-exempt status of the Fund.

~~d.~~ All assets ~~will~~must be held ~~in custody~~ by the ~~State Investment Board's~~SIB's master custodian or ~~such other custodians as are acceptable to the State Investment Board.~~

~~e.~~ No ~~unhedged short sales or speculative margin purchases shall be made.~~

~~4.5. f.~~ Social investing is ~~prohibited unless it meets the Exclusive Benefit Rule and it can be substantiated that the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.~~ approved sub-custodian.

~~6.~~ For the purpose of this document, Social Investing is ~~prohibited unless it meets the Exclusive Benefit Rule (NDCC § 21-10-08.1).~~

a. ~~Social Investment is defined as the consideration of socially responsible criteria in the "the investment or commitment of public fund money funds for the purpose of obtaining an effect other than a maximized return to the Fund at a prudent level of risk to the state." (NDCC § 21-10-08.1)~~

~~5.7. g.~~ Economically ~~targeted investing~~Targeted Investing is prohibited unless ~~the investment~~it meets the Exclusive Benefit Rule.

a. ~~For the purpose of this document economically targeted investment~~Economically Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, ~~as well as to and~~ create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

~~Also, for~~Exclusive Benefit Rule

For the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

1. ~~(1)~~—The cost does not exceed the fair market value at the time of investment.
2. ~~(2)~~—The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
3. ~~(3)~~—Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the ~~plan~~Plan.
4. ~~(4)~~—The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the Fund's Board's policy favors investments ~~which~~that will have a positive impact on the economy of North Dakota.

~~8.~~ **INTERNAL CONTROLS**

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

VI. Internal Controls

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

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

~~Other critical controls include maintaining written confirmation of or electronic confirmations of all investment transactions, and established/establishing formal criteria for investment~~

~~manager selection and monitoring. The annual broker relationships and trading counterparties. Annual financial audit must audits will~~ include a comprehensive review of the portfolio, accounting procedures for security transactions, and verification of compliance with the investment policy~~this Investment Policy.~~

~~9. EVALUATION AND REVIEW~~

VII. Investment management of the Fund Evaluation and Review

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

~~Performance reports will be provided Reports to the TFFR/NDCA Board periodically, but not (no less than annually. Such reports will include asset returns and allocation data as well as information regarding all significant and/or material matters and changes pertaining to the investment of the Fund, including, but not limited to:)~~ will include:

- ~~1. A list of the advisory services managing investments for the board.~~
1. ~~2. A list of investment managers and their performance relative to benchmarks net of investments at market value, compared to previous reporting period, of each fees — fund managed by each advisory service.~~
2. ~~3. Earnings, percentage earned, and change in market value of each fund's investments. mandate~~
3. ~~4. Comparison of the Current portfolio allocations and performance of each fund managed summaries by each advisory service to asset class — other funds under the board's control and to generally accepted market indicators.~~
4. ~~5. All material legal or legislative proceedings affecting the SIB.~~
5. ~~6. Compliance with this investment policy statement.~~

Approved by:

ND COUNCIL ON THE ARTS STATE INVESTMENT BOARD

Janine Webb Darren Schulz, CFA

Executive Director Interim CIO, RIO

Date: Date:

VIII. Withdrawals

- Routine Withdrawals:** The Client may withdraw up to 3% of total fund assets per month with a minimum of 3 business days' notice, subject to standard settlement timelines.
- Larger Withdrawals:** Withdrawals greater than 3% and up to 5% require 15 business days' notice to ensure appropriate liquidity planning and transaction coordination. These withdrawals will generally be processed as of month-end, unless otherwise approved by the Chief Financial Officer or Deputy Chief Financial Officer.
- Extraordinary Withdrawals:** Withdrawals greater than 5% may materially impact the Fund's asset allocation and/or liquidity position. Such withdrawals should be discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

North Dakota Cultural Endowment Fund

Scott M. Anderson, Chief Investment Officer

North Dakota Retirement and Investment
Office

| Date:

Date:

INVESTMENT POLICY STATEMENT

State Risk Management Fund

I. Plan and Fund Overview

To address the State's loss of sovereign immunity, the 1995 North Dakota Legislature created a new chapter of the North Dakota Century Code (NDCC) § 32-12.2 that established the Risk Management Fund (the Fund) to administer claims against the State and state employees for personal injury, death, or property damage caused by the State or a state employee acting within the scope of the employee's employment. The Fund is directed by the Office of Management and Budget (OMB).

Each entity of the State is required to participate in the Fund. Contributions to the Fund are determined by the Director of OMB based on an actuarial review of the financial status of the Fund. This results in a fluctuation of contributions made to the Fund from one biennium to another. The actuarial assumed rate of return on assets is 3%.

The amount of money damages the Fund may pay is currently limited for State court actions to a total of \$468,750 per person and \$1,875,000 per occurrence. The statutory caps increase to \$500,000 per person and \$2,000,000 per occurrence effective July 1, 2026.

These liability caps may not be recognized in Federal Court actions or in actions filed in other states. The Fund's excess carrier provides coverage up to \$10,000,000 for those exposures not covered by the Tort Claims Act.

Significant claims paid from the Fund are usually somewhat predictable and take a period of time to resolve. A person bringing a claim or lawsuit against the State or a state employee must give notice to the OMB Director within 180 days after the alleged injury is discovered or reasonably should have been discovered. If the claim is one for "serious injury" as defined in NDCC § 26.1-41-01, notice must be presented within 1 year.

The Risk Management Division's operating expenses including loss control activities are paid from the Fund as incurred.

II. Responsibilities and Discretion of the State Investment Board

The State Investment Board (SIB) is established under NDCC § Chapter 21-10 and is charged with investing and managing the assets of the funds enumerated in NDCC § 21-10-06, including the funds of this Plan. The SIB acts as a fiduciary and must invest,

reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body.

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

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

Delegation and Oversight

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

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

III. INVESTMENT PERFORMANCE OBJECTIVE

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

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

IV. Asset Allocation

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

| | Target Allocation | Minimum Allocation | Maximum Allocation |
|----------------------------------|--------------------------|---------------------------|---------------------------|
| Global Equity | 30% | 20% | 40% |
| U.S. Public Equity | 30% | 20% | 40% |
| Global Fixed Income | 65% | 55% | 45% |
| Investment Grade Fixed Income | 65% | 55% | 45% |
| Cash and Cash Equivalents | 5% | 0% | 10% |

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

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

V. General Restrictions and Guidelines

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

1. Derivatives may be used to manage and replicate systematic exposures, for fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
2. Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.

3. Derivatives use will be monitored to ensure that undue risks are not taken.
4. No investment may jeopardize the tax-exempt status of the Fund.
5. All assets must be held by the SIB's master custodian or an approved sub-custodian.
6. Social Investing is prohibited unless it meets the Exclusive Benefit Rule (NDCC § 21-10-08.1).
 - a. Social Investment is defined as "the investment or commitment of public funds for the purpose of obtaining an effect other than a maximized return at a prudent level of risk to the state." (NDCC § 21-10-08.1)
7. Economically Targeted Investing is prohibited unless it meets the Exclusive Benefit Rule.
 - a. Economically Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

Exclusive Benefit Rule

For the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

1. The cost does not exceed the fair market value at the time of investment.
2. The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
3. Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the Plan.
4. The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the Fund's policy favors investments that will have a positive impact on the economy of North Dakota.

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

VI. Internal Controls

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

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

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

VII. Evaluation and Review

The Fund's performance will be evaluated against its investment objectives, with emphasis on rolling five-year results. Reports to the Director of the Office of Management and Budget (no less than annually) will include:

1. A list of investment managers and their performance relative to benchmarks net of fees
2. Earnings, percentage earned, and change in market value of each mandate
3. Current portfolio allocations and performance summaries by asset class
4. All material legal or legislative proceedings affecting the SIB
5. Compliance with these investment goals, objectives and policies.

VIII. Withdrawals

1. **Routine Withdrawals:** The Client may withdraw up to 5% of total fund assets per month with a minimum of 3 business days' notice, subject to standard settlement timelines.
2. **Larger Withdrawals:** Withdrawals greater than 5% and up to 10% require 15 business days' notice to ensure appropriate liquidity planning and transaction coordination. These withdrawals will generally be processed as of month-end, unless otherwise approved by the Chief Financial Officer or Deputy Chief Financial Officer.

3. **Extraordinary Withdrawals:** Withdrawals greater than 10% may materially impact the Fund's asset allocation and/or liquidity position. Such withdrawals should be discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

Joe Morrissette
Director
Office of Management and Budget

Scott Anderson
Chief Investment Officer
North Dakota Retirement and Investment
Office

Date:

Date:

~~STATE RISK MANAGEMENT FUND~~

INVESTMENT POLICY STATEMENT

State Risk Management Fund

I. Plan ~~CHARACTERISTICS~~ and Fund ~~CONSTRAINTS~~ Overview

To address the State's loss of sovereign immunity, the 1995 North Dakota Legislature created a new chapter of the North Dakota Century Code (NDCC), § 32-12.2. ~~That Chapter that~~ established the Risk Management Fund (the Fund) to administer claims against the State and state employees for personal injury, death, or property damage caused by the State or a state employee acting within the scope of the employee's employment. The Fund is directed by the Office of Management and Budget (OMB).

Each entity of the State is required to participate in the Fund. Contributions to the Fund are determined by the Director of OMB based on an actuarial review of the financial status of the Fund. This results in a fluctuation of contributions made to the Fund from one biennium to another. The actuarial assumed rate of return on assets is 3%.

The amount of money damages the Fund may pay is currently limited for State court actions to a total of \$250,000 per person and \$1,000,000 per occurrence. The statutory caps increase to \$500,000 per person and \$2,000,000 per occurrence effective July 1, 2026.

These liability caps may not be recognized in Federal Court actions or in actions filed in other states. The Fund's excess carrier provides coverage up to \$10,000,000 for those exposures not covered by the Tort Claims Act.

Significant claims paid from the Fund are usually somewhat predictable and take a period of time to resolve. A person bringing a claim or lawsuit against the State or a state employee must give notice to the OMB Director within 180 days after the alleged injury is discovered or reasonably should have been discovered. If the claim is one for ~~death, the~~ "serious injury" as defined in NDCC § 26.1-41-01, notice must be ~~provided~~ presented within ~~one~~ 1 year ~~after the alleged injury resulting in the death.~~

The Risk Management Division's operating expenses including loss control activities are paid from the Fund as incurred.

II. Responsibilities and Discretion of the State Investment Board

The State Investment Board (SIB) is established under NDCC § Chapter 21-10 and is charged with investing and managing the assets of the funds enumerated in NDCC § 21-10-06, including the funds of this Plan. The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body.

~~The Fund is charged by law under NDCC 21-10-02.1 with the responsibility of establishing policies on investment goals and asset allocation of the Fund. The SIB is charged with implementing these policies and asset allocation and investing the assets of the Fund in a manner consistent with the prudent investor rule as provided in NDCC 21-10-07. Under this rule, the fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income.~~

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

~~Management responsibility for the investment program not assigned to the SIB in Chapter 21-10 of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, who must establish written policies for the operation of the investment program, consistent with this investment policy.~~

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

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

Delegation and Oversight

~~The SIB may delegate investment responsibility to professional money managers. When a money manager has been retained, the SIB's role in determining investment strategy and security selection is supervisory, not advisory.~~

~~At the discretion of the SIB, the Fund's assets may be pooled with other funds. In pooling funds, the SIB may establish whatever asset class pools it deems necessary with specific quality, diversification, restrictions, and~~

~~performance objectives appropriate to the prudent investor rule and the objectives of the funds participating in the pools.~~

~~The SIB is responsible for establishing criteria and procedures and making decisions with respect to hiring, maintaining, and terminating all or part of a fund to professional money managers. This responsibility includes selecting performance measurement services, consultants, and report formats and determining the frequency of meetings with managers that meet established qualifications. When such delegation occurs, the SIB's role is supervisory rather than advisory, ensuring that each manager operates within approved guidelines and performance expectations.~~

~~The SIB will implement changes to this policy as promptly as is prudent.~~

~~INVESTMENT OBJECTIVES~~

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

III. INVESTMENT PERFORMANCE OBJECTIVE

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

- The ~~Fund's~~fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of ~~five~~5 years.
- The ~~Fund's~~fund's risk, measured by the standard deviation of net returns, should not exceed ~~the risk~~15% of the policy benchmark ~~by more than 1%~~ over a minimum evaluation period of ~~five~~5 years. ~~For example, if the risk of the policy benchmark is 4%, the Fund's risk should not exceed 5% over a five-year period.~~

IV. 3) Asset Allocation

~~The risk-adjusted performance~~Director of the Office of the Fund, net of fees~~Management~~ and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.

POLICY ASSET MIX

~~The Budget establishes the Fund's asset allocation of the Fund is established by the SIB, with input from the OMB. Asset allocation is based upon the appraisal of projected liquidity and income requirements, consultants and/or the Retirement and estimates of the investment returns likely to be achieved by the various asset classes over the next five years.~~

~~In recognition of these factors, the Investment Office (RIO). The following allocation is deemed was established. The asset allocation will be reviewed periodically and updated when appropriate for the Fund.~~

| While Fund | <u>Target Allocation</u> | <u>Minimum Allocation</u> | <u>Maximum Allocation</u> | the |
|---|----------------------------|---------------------------|---------------------------|---|
| Large Cap Domestic Global Equity | 22.5 30% | 20% | 40% | <div data-bbox="1154 848 1612 877" data-label="Text"> <p>Inserted Cells</p> </div> <div data-bbox="1154 884 1612 913" data-label="Text"> <p>Inserted Cells</p> </div> |
| Small Cap Domestic U.S. Public Equity | 7.5 30% | 20% | 40% | |
| Global Fixed Income | 65.0 0% | 55% | 45% | <div data-bbox="1154 1085 1612 1115" data-label="Text"> <p>Inserted Cells</p> </div> <div data-bbox="1154 1121 1612 1150" data-label="Text"> <p>Inserted Cells</p> </div> |
| Investment Grade Fixed Income | 65 0% | 55% | 45% | |
| Cash and Cash Equivalents | 5 0% | 5.0% | 10% | |

~~recognizes fluctuations in market values will lead to short-term deviations from policy targets, the Fund does not intend to engage in tactical asset allocation.~~

~~Rebalancing of the Fund to this allocation will be done in accordance with the SIB's rebalancing policy.~~

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

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

H.V. General Restrictions and Guidelines

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

1. ~~Futures and options~~ Derivatives may be used to ~~hedge or manage and~~ replicate ~~underlying index exposure, but not for speculation,~~ systematic exposures, for fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
2. ~~Derivative~~ Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.
- ~~2.3. Derivatives~~ use will be monitored to ensure that undue risks are not taken ~~by the money managers.~~
- ~~3.4. No transaction shall be made which threatens~~ No investment may jeopardize the tax-exempt status of the Fund.
- ~~4.5. All assets will~~ must be held ~~in custody~~ by the SIB's master custodian or ~~such other custodians as are acceptable to the SIB~~ an approved sub-custodian.
- a. ~~No funds shall be borrowed.~~
- b. ~~No unhedged short sales or speculative margin purchases shall be made.~~
6. Social investing ~~Investing~~ is prohibited unless it meets the Exclusive Benefit Rule ~~and it can be substantiated that~~ (NDCC § 21-10-08.1).
- e. ~~Social Investment is defined as "the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.~~
 - a. ~~For the purpose of this document, Social Investing is defined as "The investment or~~ commitment of public ~~fund money~~ funds for the purpose of obtaining an effect other than a maximized return ~~to the intended beneficiaries,"~~ at a prudent level of risk to the state." (NDCC § 21-10-08.1)
- ~~5.7. h.~~ h. Economically ~~targeted investing~~ Targeted Investing is prohibited unless ~~the investment~~ it meets the Exclusive Benefit Rule.

- a. ~~For the purpose of this document economically targeted investment~~Economically Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, ~~as well as to~~ and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

~~Also, for~~ **Exclusive Benefit Rule**

~~For~~ the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

1. ~~(1)~~ — The cost does not exceed the fair market value at the time of investment.
2. ~~(2)~~ — The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
3. ~~(3)~~ — Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the ~~plan~~Plan.
4. ~~(4)~~ — The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the ~~Fund's~~Fund's policy favors investments ~~which~~that will have a positive impact on the economy of North Dakota.

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

III.VI. Internal Controls

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

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

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

IV.VII. Evaluation and Review

~~Investment management of the Fund. The Fund's performance will be evaluated against the Fund's investment objectives. Evaluation should include an assessment of the continued feasibility of achieving the investment objectives and the appropriateness of the Investment Policy Statement for achieving those objectives.~~

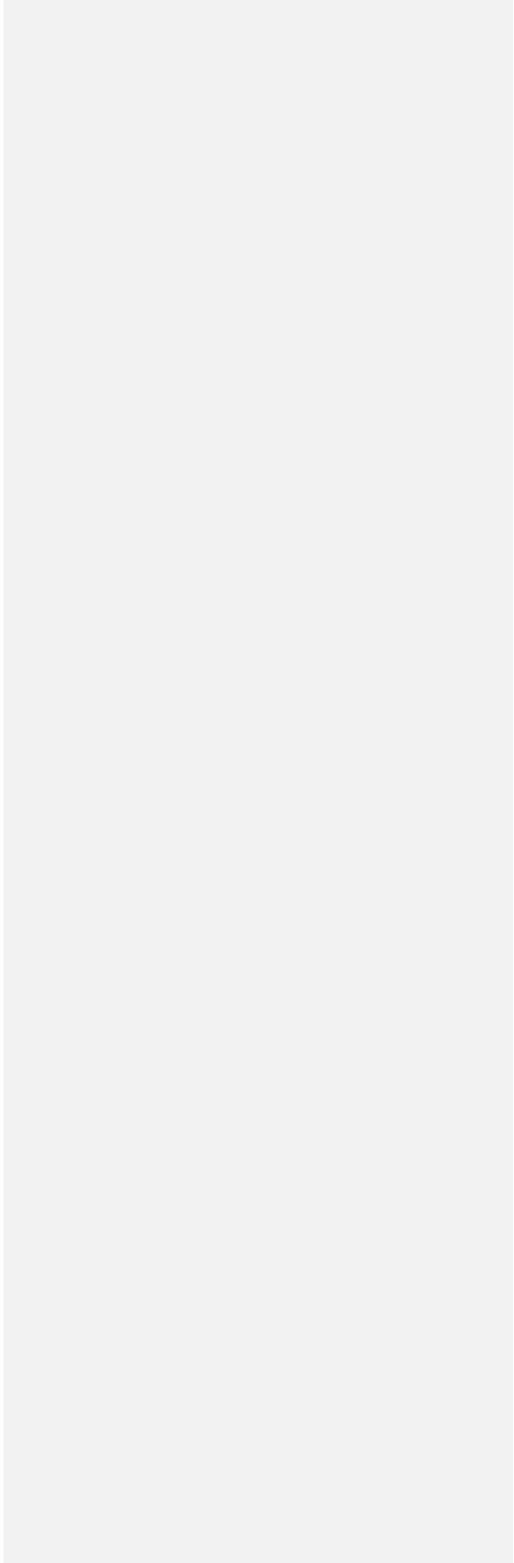
~~Performance reports will be provided, with emphasis on rolling five-year results. Reports to the Fund periodically, but not Director of the Office of Management and Budget (no less than annually. Such reports will include asset returns and allocation data as well as information regarding all significant and/or material matters and changes pertaining to the investment of the Fund, including but not limited to) will include:~~

- ~~1) A list of the advisory services managing investments for the board.~~
- ~~1. 2) A list investment managers and their performance relative to benchmarks net of investments at market value, compared to previous reporting period, of each fund managed by each advisory service. fees~~
 - ~~2. 3) Earnings, percentage earned, and change in market value of each fund's investments. mandate~~
- ~~4) Comparison of the performance of each fund managed by each advisory service to other funds under the board's control and to generally accepted market indicators.~~

~~3. 5) Current portfolio allocations and performance summaries by asset class~~

~~3.4. All material legal or legislative proceedings affecting the SIB.~~

~~6) Compliance with ~~this~~these investment ~~policy statement~~.~~



Approved by:

~~4.5 OFFICE OF MANAGEMENT~~ goals, objectives and ~~BUDGET STATE~~
~~INVESTMENT BOARD~~ policies.

=====

~~Pam Sharp~~ _____ ~~David Hunter~~
~~Director~~ _____ ~~Executive Director / CIO~~

Date: _____ Date: _____

Approved by the NDSIB: January 27, 2017/3/15

VIII. Approved by OMB: December 1, 2016 Board: 6/15/2016

_____ / up to 5% of total fund assets per
month with a minimum of 3 business days' notice, subject to standard settlement
timelines.

2. **Larger Withdrawals:** Withdrawals greater than 5% and up to 10% require 15
business days' notice to ensure appropriate liquidity planning and transaction
coordination. These withdrawals will generally be processed as of month-end,
unless otherwise approved by the Chief Financial Officer or Deputy Chief
Financial Officer.

3. **Extraordinary Withdrawals:** Withdrawals greater than 10% may materially
impact the Fund's asset allocation and/or liquidity position. Such withdrawals

should be discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

Joe Morrissette
Director
Office of Management and Budget

Scott Anderson
Chief Investment Officer
North Dakota Retirement and Investment Office

Date:

Date:

INVESTMENT POLICY STATEMENT

State Risk Management Workers' Compensation Fund

I. Plan and Fund Overview

In 2001, the North Dakota Legislature established a single workers' compensation account for state entities, North Dakota Century Code (NDCC). § 65-04-03.1. NDCC § 65-04-03.1(2) directs that workers' compensation premiums from state entities must be deposited in the Risk Management Workers Compensation Fund (the Fund) and the State Investment Board is directed to invest the Fund in accordance with NDCC § 21-10.

The Risk Management Division of the Office of Management and Budget (OMB) is responsible for administering the Fund to include promulgating rules, collecting and dispersing funds, and establishing an internal workers' compensation return-to-work program. Each entity of the State is required to participate in the program unless exempted by the Director of the OMB. Contributions to the Fund are determined by Workforce Safety & Insurance (WSI) based on an actuarial review of combined payroll, premium, and loss history of agencies to determine experience rates, assessments, and premiums. The actuarial assumed rate of return on assets is 3%.

The Risk Management Workers Compensation Program charges the entity the first \$250 (\$0 if a designated medical provider is used for treatment) of each accepted claim and pays disability and medical benefits of up to \$100,000 dollars per claim. Dollar amounts for claims in excess of \$100,000 are paid for by WSI. In turn the Program pays WSI approximately \$1.7 million per year in premiums.

II. Responsibilities and Discretion of the State Investment Board

The State Investment Board (SIB) is established under NDCC § 21-10 and is charged with investing and managing the assets of the funds enumerated in NDCC § 21-10-06, including the funds of this Plan. The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body.

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

- Implement investment policies and asset allocations established by each fund's governing body.

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

Delegation and Oversight

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

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

III. INVESTMENT PERFORMANCE OBJECTIVE

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

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

IV. Asset Allocation

The Director of the Risk Management Division of the OMB establishes the Fund's asset allocation with input from consultants and/or the Retirement and Investment Office (RIO). The following allocation was established. The asset allocation will be reviewed periodically and updated when appropriate.

| | Target Allocation | Minimum Allocation | Maximum Allocation |
|----------------------------------|--------------------------|---------------------------|---------------------------|
| Global Equity | 37% | 27% | 47% |
| U.S. Public Equity | 37% | 27% | 47% |
| Global Fixed Income | 60% | 50% | 40% |
| Investment Grade Fixed Income | 60% | 50% | 40% |
| Cash and Cash Equivalents | 3% | 0% | 6% |

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

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

V. General Restrictions and Guidelines

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

1. Derivatives may be used to manage and replicate systematic exposures, for fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
2. Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.

3. Derivatives use will be monitored to ensure that undue risks are not taken.
4. No investment may jeopardize the tax-exempt status of the Fund.
5. All assets must be held by the SIB's master custodian or an approved sub-custodian.
6. Social Investing is prohibited unless it meets the Exclusive Benefit Rule (NDCC § 21-10-08.1).
 - a. Social Investment is defined as "the investment or commitment of public funds for the purpose of obtaining an effect other than a maximized return at a prudent level of risk to the state." (NDCC § 21-10-08.1)
7. Economically Targeted Investing is prohibited unless it meets the Exclusive Benefit Rule.
 - b. Economically Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

Exclusive Benefit Rule

For the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

1. The cost does not exceed the fair market value at the time of investment.
2. The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
3. Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the Plan.
4. The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the Fund's policy favors investments that will have a positive impact on the economy of North Dakota.

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

VI. Internal Controls

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

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

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

VII. Evaluation and Review

The Fund's performance will be evaluated against its investment objectives, with emphasis on rolling five-year results. Reports to the Director of the Risk Management Division of the Office of Management and Budget (no less than annually) will include:

1. A list of investment managers and their performance relative to benchmarks net of fees.
2. Earnings, percentage earned and change in market value of each mandate.
3. Current portfolio allocations and performance summaries by asset class.
4. All material legal or legislative proceedings affecting the SIB.
5. Compliance with these investment goals, objectives and policies.

VIII. Withdrawals

1. **Routine Withdrawals:** The Client may withdraw up to 3% of total fund assets per month with a minimum of 3 business days' notice, subject to standard settlement timelines.
2. **Larger Withdrawals:** Withdrawals greater than 3% and up to 8% require 15 business days' notice to ensure appropriate liquidity planning and transaction coordination. These withdrawals will generally be processed as of month-end, unless otherwise approved by the Chief Financial Officer or Deputy Chief Financial Officer.
3. **Extraordinary Withdrawals:** Withdrawals greater than 8% may materially impact the Fund's asset allocation and/or liquidity position. Such withdrawals should be

discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

Tag Anderson
Director of Risk Management
Office of Management and Budget

Scott Anderson
Chief Investment Officer
North Dakota Retirement and Investment
Office

Date:

Date:

STATE RISK MANAGEMENT WORKERS' COMPENSATION FUND

INVESTMENT POLICY STATEMENT

State Risk Management Workers' Compensation Fund

I. Plan ~~CHARACTERISTICS~~ and Fund ~~CONSTRAINTS~~ Overview

~~The~~In 2001, ~~the~~ North Dakota Legislature established a single workers' compensation account for state entities, ~~N.D.C.C.~~North Dakota Century Code (NDCC) § 65-04-03.1. ~~N.D.C.C.~~NDCC § 65-04-03.1(2) directs that workers' compensation premiums from state entities must be deposited in the Risk Management Workers Compensation Fund (~~the~~ Fund) and the State Investment Board is directed to invest the Fund in accordance with chapter~~NDCC~~ NDCC § 21-10.

The Risk Management Division of the Office of Management and Budget (~~OMB~~) is responsible for administering the Fund to include promulgating rules, collecting and dispersing funds, and establishing an internal workers' compensation return-to-work program. Each entity of the State is required to participate in the program unless exempted by the ~~director~~Director of the ~~Office of Management and Budget~~OMB.

Contributions to the Fund are determined by Workforce Safety & Insurance (WSI) based on an actuarial review of combined payroll, premium, and loss history of agencies to determine experience rates, assessments, and premiums. The actuarial assumed rate of return on assets is 3%.

The Risk Management Workers Compensation Program charges the entity the first \$250 (\$0 if a designated medical provider is used for treatment) of each accepted claim and pays disability and medical benefits of up to \$100,000 dollars per claim. Dollar amounts for claims in excess of \$100,000 are paid for by WSI. In turn the Program pays WSI approximately \$1.7 million per year in premiums.

II. Responsibilities and Discretion of the State Investment Board

The State Investment Board (SIB) is established under NDCC § 21-10 and is charged with investing and managing the assets of the funds enumerated in NDCC § 21-10-06, including the funds of this Plan. The SIB acts as a fiduciary and must invest, reinvest, and

manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body.

~~The Fund is charged by law under NDCC 21-10-02.1 with the responsibility of establishing policies on investment goals and asset allocation of the Fund. The SIB is charged with implementing these policies and asset allocation and investing the assets of the Fund in a manner consistent with the prudent investor rule as provided in NDCC 21-10-07. Under this rule, the fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income.~~

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

~~Management responsibility for the investment program not assigned to the SIB in Chapter 21-10 of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, who must establish written policies for the operation of the investment program, consistent with this investment policy.~~

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

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

Delegation and Oversight

The SIB may delegate investment responsibility ~~to professional money managers. When a money manager has been retained, the SIB's role in determining investment strategy and security selection is supervisory, not advisory.~~

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

~~The SIB is responsible for establishing criteria and procedures and making decisions with respect to hiring, maintaining, and terminating all or part of a fund to professional money managers. This responsibility includes selecting performance measurement services, consultants, and report formats and determining the frequency of meetings with managers that meet established qualifications. When such delegation occurs, the SIB's role is supervisory rather than advisory, ensuring that each manager operates within approved guidelines and performance expectations.~~

~~The SIB will implement changes to this policy as promptly as is prudent.~~

INVESTMENT OBJECTIVES

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

III. INVESTMENT PERFORMANCE OBJECTIVE

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

- The ~~Fund's~~fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.

- The ~~Fund's~~ risk, measured by the standard deviation of net returns, should not exceed ~~the risk~~ 115% of the policy benchmark ~~by more than 1%~~ over a minimum evaluation period of five years. ~~For example, if the risk of the policy benchmark is 4%, the Fund's risk should not exceed 5% over a five year period.~~

IV. ~~a)~~ Asset Allocation

The ~~risk-adjusted performance~~ Director of the Risk Management Division of the Fund, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.

POLICY ASSET MIX

~~The OMB establishes the Fund's asset allocation of the Fund is established by the SIB, with input from the OMB. Asset allocation is based upon the appraisal of projected liquidity consultants and/or the Retirement and income requirements, and estimates of the investment returns likely to be achieved by the various asset classes over the next five years.~~

~~In recognition of these factors, the Investment Office (RIO). The following allocation is deemed~~ was established. The asset allocation will be reviewed periodically and updated when appropriate for the Fund.

| | <u>Target Allocation</u> | <u>Minimum Allocation</u> | <u>Maximum Allocation</u> |
|---|--------------------------|---------------------------|---------------------------|
| Large Cap Domestic Global Equity | <u>37%</u> | <u>27.75%</u> | <u>47%</u> |
| Small Cap Domestic U.S. Public Equity | <u>9.25</u> 37% | <u>27%</u> | <u>47%</u> |
| Global Fixed Income | <u>60.0%</u> | <u>50%</u> | <u>40%</u> |
| Investment Grade Fixed Income | <u>60%</u> | <u>50%</u> | <u>40%</u> |
| Cash and Cash Equivalents | <u>3%</u> | <u>3.0%</u> | <u>6%</u> |

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~~While the Fund recognizes fluctuations in market values will lead to short term deviations from policy targets, the Fund does not intend to engage in tactical asset allocation.~~

~~Rebalancing of the Fund to this allocation will be done in accordance with the SIB's rebalancing policy.~~

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

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

H.V. General Restrictions and Guidelines

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

- ~~1. Futures and options~~Derivatives may be used to ~~hedge or manage and~~ replicate ~~underlying index exposure, but not for speculation~~systematic exposures, for fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
- ~~2. Derivative~~Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.
- ~~2.3. Derivatives~~ use will be monitored to ensure that undue risks are not taken ~~by the money managers.~~
- ~~3.4. No transaction shall be made which threatens~~No investment may jeopardize the tax-exempt status of the Fund.

~~4.5.~~ All assets ~~will~~must be held ~~in custody~~ by the SIB's master custodian or ~~such other~~ custodians as are acceptable to the SIB an approved sub-custodian.

~~a. No funds shall be borrowed.~~

~~b. No unhedged short sales or speculative margin purchases shall be made.~~

~~6.~~ Social ~~investing~~Investing is prohibited unless it meets the Exclusive Benefit Rule ~~and it can be substantiated that~~ (NDCC § 21-10-08.1).

~~c. Social Investment is defined as "the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.~~

a. ~~For the purpose of this document, Social Investing is defined as "The investment or commitment of public fund money funds for the purpose of obtaining an effect other than a maximized return to the intended beneficiaries." at a prudent level of risk to the state.~~ (NDCC § 21-10-08.1)

~~5.7. h.~~ Economically ~~targeted investing~~Targeted Investing is prohibited unless ~~the investment it~~ meets the Exclusive Benefit Rule.

b. ~~For the purpose of this document economically targeted investment~~Economically Targeted Investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, ~~as well as to~~ and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

~~Also, for~~ **Exclusive Benefit Rule**

For the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

1. ~~(1)~~ — The cost does not exceed the fair market value at the time of investment.
2. ~~(2)~~ — The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
3. ~~(3)~~ — Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the ~~plan~~Plan.

4. ~~(4)~~—The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity, are equivalent, the ~~Fund's~~Fund's policy favors investments ~~which~~that will have a positive impact on the economy of North Dakota.

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

III.VI. Internal Controls

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

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

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

IV.VII. Evaluation and Review

~~Investment management of the Fund~~The Fund's performance will be evaluated against the ~~Fund's~~Fund's investment objectives. ~~Evaluation should include an assessment of the continued feasibility of achieving the investment objectives and the appropriateness of the Investment Policy Statement for achieving those objectives.~~

~~Performance reports will be provided, with emphasis on rolling five-year results. Reports to the Fund periodically, but not Director of the Risk Management Division of the Office of Management and Budget (no less than annually. Such reports will include asset returns and allocation data as well as information regarding all significant and/or material matters and changes pertaining to the investment of the Fund, including but not limited to) will include:~~

~~1) A list of the advisory services managing investments for the board.~~

- ~~1. 2) A list investment managers and their performance relative to benchmarks net of investments at market value, compared to previous reporting period, of each fund managed by each advisory service fees.~~
- ~~2. 3) Earnings, percentage earned, and change in market value of each fund's investments mandate.~~

~~4) Comparison of the performance of each fund managed by each advisory service to other funds under the board's control and to generally accepted market indicators.~~

~~3. 5) Current portfolio allocations and performance summaries by asset class.~~

~~3.4 All material legal or legislative proceedings affecting the SIB.~~

~~4.5. 6) Compliance with this/these investment policy statement goals, objectives and policies.~~

~~Approved by:~~

~~OFFICE OF MANAGEMENT AND BUDGET — STATE INVESTMENT BOARD~~

~~_____~~

~~_____~~

~~Pam Sharp _____ David Hunter
Director _____ Executive Director / CIO~~

~~_____~~

Date: _____ Date: _____

VIII. Withdrawals

Approved by the NDSIB: January 27, 2017 3/15

Approved by OMB: December 1, 2016 Board: 6/15/2016

raw up to 3% of total fund assets per
notice, subject to standard settlement

- 2. **Larger Withdrawals:** Withdrawals greater than 3% and up to 8% require 15 business days' notice to ensure appropriate liquidity planning and transaction coordination. These withdrawals will generally be processed as of month-end, unless otherwise approved by the Chief Financial Officer or Deputy Chief Financial Officer.
- 3. **Extraordinary Withdrawals:** Withdrawals greater than 8% may materially impact the Fund's asset allocation and/or liquidity position. Such withdrawals should be discussed in advance with the Chief Financial Officer or Deputy Chief Financial Officer to determine the appropriate timing and execution plan.

Tag Anderson
Director of Risk Management
Office of Management and Budget

Scott Anderson
Chief Investment Officer
North Dakota Retirement and Investment
Office

Date:

Date:

MEMORANDUM

TO: SIB Investment Committee

FROM: Adam Otteson, Chief Financial and Operating Officer

DATE: February 13, 2026

RE: Performance and Benchmarking Procurement

Since the update provided at the January 6, 2026 Investment Committee meeting, staff have advanced implementation of the Board's direction by drafting and finalizing the Request for Proposal (RFP), refining the scope of services to reflect a combined performance and benchmarking model, and coordinating closely with State Procurement to ensure compliance with procurement requirements and timelines. Staff also developed detailed evaluation criteria and scoring methodologies consistent with prior Board-directed consultant procurements and public plan best practices.

The RFP was issued on February 2, 2026, with responses due February 28, 2026. Following receipt of proposals, staff will conduct the vendor evaluation and selection process in coordination with the Investment Committee and the State Investment Board and will provide periodic updates as the process progresses.

Scope of Services

The selected contractor will provide comprehensive performance measurements, reporting, benchmarking, and related advisory services across all client funds, including:

- Monthly performance reports and electronic datasets delivered within 45 days of month-end
- Quarterly performance measurement and attribution reports, along with in-person presentations to the State Investment Board (SIB)
- Annual performance summaries for inclusion in RIO's Annual Comprehensive Financial Report (ACFR)
- Benchmark, interim benchmark, hurdle rate, and incentive compensation memoranda, with presentations to appropriate committees and the Board
- External manager fee studies every two years
- Access to performance analytics and manager research databases (if available)
- Ad hoc reporting and additional consulting services as requested
- Ongoing status updates and meeting participation

- ADA- and WCAG-compliant reporting for publicly posted materials

Services will be provided under a fixed-fee contract with optional hourly services, subject to advance authorization by RIO. Travel costs are included in the fixed fee. The contractor will serve in a fiduciary consulting capacity, while ultimate investment decision-making authority remains with the SIB.

Evaluation Process and Timing

The RFP was issued on February 2, 2026, with responses due February 28, 2026. Upon receipt of proposals, staff will initiate the vendor evaluation and selection process in coordination with the Investment Committee and the State Investment Board. Staff will provide periodic updates to the Investment Committee as the process progresses.

Investment Performance Measurement Consulting is anticipated to begin July 1, 2026, followed by Benchmark and Hurdle Rate Consulting on July 1, 2027.

Investment Committee Participation

Staff request that an Investment Committee member participate in the proposal evaluation and scoring process to ensure that investment expertise and Board-level perspective are incorporated into vendor selection and aligned with the strategic needs of the investment program.

COMMITTEE ACTION REQUESTED: Approve the participation of an Investment Committee member in the proposal evaluation and scoring process for the Investment Performance Measurement and Benchmark Consulting Services RFP to ensure investment expertise and Board-level perspective are incorporated into vendor selection and aligned with the strategic needs of the investment program.

MEMORANDUM

TO: SIB Investment Committee

FROM: Jodi Smith, Executive Director

DATE: February 13, 2026

RE: SIB Governance Review Update and Investment Committee Charter

Staff and the State Investment Board (SIB) Governance and Policy Review (GPR) Committee continue to make progress on the comprehensive rewrite of the Governance Manual, with a draft expected to be presented to the SIB in March. A central element of this effort is the update of committee charters, with each SIB committee reviewing its respective responsibilities.

The revised Investment Committee Charter (Attachment 1) shifts the Committee from operational approvals to strategic oversight of risk, performance, and policy. To strengthen independence, RIO investment staff have been removed, and the Committee now comprises three Board members and two external investment professionals—reinforcing its oversight role while preserving management accountability for execution.

The updated charter establishes a structured governance framework, formalizing oversight of total fund risk appetite, active risk budgets, and escalation thresholds. Risk is assessed consistently across total fund, asset class, portfolio, and client fund levels, supported by exception-based reporting and timely escalation of material risks to the SIB.

Performance governance is clarified through standardized methodologies and review cadence for fund, asset class, and portfolio performance, attribution, allocations, and risk, while the Committee continues to review annual benchmark recommendations and portfolio results—supporting consistent, decision-quality information.

Manager and service-provider oversight is expanded to include monitoring manager performance and staff-led manager selection, hiring, and termination without Committee approval. The Committee also oversees the hiring process for the performance and benchmark consultant, as well as advisors, while reinforcing accountability for delegated execution within Board-approved policy and risk parameters. The charter further introduces explicit oversight of implementation, operations, and transition risk, including reviews of trading effectiveness, quarterly transition reports, and execution risks tied to portfolio changes. A formal exception management and escalation framework strengthens transparency and proactive governance.

The revised charter also embeds market intelligence and continuous learning through periodic economic and investment roundtables, ongoing education, and use of a Committee Skills Matrix to guide capability development. Provisions on Committee composition and term limits have been removed for inclusion elsewhere in the governance framework, and derivative oversight has been integrated into the broader risk and exception management structure—reflecting a more holistic, modern approach to investment governance.

Board Action Requested: Information only.

Standing Committee Charters

Proposed - All charters have been rewritten

Investment Committee (IC)

Purpose

The Investment Committee is a standing Committee of the SIB. The “Committee”) will:

- Be forward-looking to reduce “surprises” for the SIB
- Provide research and recommendations to the Board on asset allocation and benchmarks.
- Provide oversight of SIB investments within the parameters established by the SIB including an analysis of risk and return at the portfolio, asset class, and client fund levels.
- Review decisions made about deviations from established benchmarks and allocation of investments among internal management (if approved) and external management, including decisions about passive, active and quantitative styles.
- Focus on various policies and procedures of the agency to assure they are consistent with industry standards and that they continue to keep pace with prudent investment theory and practice.
 - (i) propose changes to its Investment Policy including delegation of investment authority to RIO investment staff;
 - (ii) recommend the SIB Investment Committee Investment Guidelines (IC Guidelines);
 - (iii) recommend the general strategies for each investment division; and (iv) recommend new investment instruments. All investment guidelines must be consistent with the investment authority provided in N.D.C.C. Chapter 21-10.
- Act as liaison between the RIO Investment Staff and the SIB on issues concerning investment performance and risk management.
- Provide consultation and assistance to the SIB, Executive Director and staff concerning total fund allocation changes or rebalance decisions, as needed.

Recommended Capabilities:

Collectively members of the Committee should possess the following capabilities, and where gaps exist, a targeted continuing education plan shall be established to address them: (see Exhibit: Committee Skills Matrix)

- Strategic Asset Allocation & Long-Horizon Policy Setting
- Active Risk Budgeting & Portfolio Construction
- Public & Private Markets Understanding
- Manager Oversight & Performance
- Liquidity, Risk & Stress Scenario Awareness.

Staff Liaison: Chief Investment Officer

Powers and Responsibilities

1. Set: Research and Recommend

- Changes to the SIB Investment Policy, as necessary including any delegation of authority to RIO investment staff.
- Changes to SIB's strategic asset allocations and fund-level active risk objectives and benchmarks.
- Asset class strategies annually in the context of long-term policy, not annual reinvention.
- New investment strategies (both internal direct and external), portfolios, and the use of new investment instruments.
- Changes and additions to the Portfolio and Committee Guidelines as necessary
- Oversee the hiring of investment advisors and benchmark consultants to the Board.
- Waiver: Review and act on all requests from investment managers, both internal and external for waivers to provisions in their investment guidelines.
- On an emergency basis when it is impractical to timely convene a meeting of the Committee, either the Chair or Vice Chair of the Committee with the concurrence of the Chief Investment Officer or the Executive Director, may approve a waiver. That waiver will be brought to the Committee for ratification at its next regularly scheduled meeting.
- Recommend total fund risk budget
- Recommend active risk allocation by asset class / strategy

2. Approve: Not authorized

3. Oversee performance and risk

a. Long-Term Policy & Strategic Asset Allocation

Purpose: Preserve strategic policy continuity and long-horizon return objectives.

- Long-term investment policy and multi-year strategic asset allocation.
- Strategic performance and risk of asset allocation relative to objectives and liabilities.
- Any new investment programs or initiatives across all SIB portfolios.
- Alignment of strategies with the system's risk appetite and long-term return objectives.

b. Total Portfolio Risk & Active Risk Governance

Purpose: Assure risks taken are intentional, measured, and aligned with policy.

- Risk and return at the total fund, asset class, portfolio, and client fund levels.
- Active risk compared to objectives, benchmarks, and approved active risk targets.
- Oversight of the total fund risk appetite and active risk budget, including escalation thresholds requiring IC or Board action.
- Decisions regarding deviations from benchmarks and the allocation of risk across internal, external, passive, active, and quantitative strategies.

c. Performance Measurement & Reporting Framework

Purpose: Assure decision-quality information and consistent evaluation standards.

- Oversight of procedures, methodologies, and frequency of review for:
 - Fund, asset class, and portfolio performance
 - Performance attribution
 - Allocation within asset classes
 - Risk levels
- Review of annual benchmark recommendations from a Board-appointed benchmark consultant.
- Examination of internally and externally managed portfolios, individual investments, and correlations among portfolios to support informed oversight.

d. Investment Manager & Service Provider Oversight

Purpose: Maintain accountability for delegated investment execution.

- Oversight of investment managers' performance.
- Oversight of staff selection of investment managers.
- Review of allocation decisions among internal and external management mandates.
- Assurance that delegated authority is exercised within Board-approved policy and risk parameters.

e. Implementation, Operations & Transition Oversight

Purpose: Reduce execution risk and assure value is not lost in implementation.

- Review of trading effectiveness for internally managed investment strategies.
- Review of quarterly transition reports, including costs, timing, and impacts.

- Oversight of implementation risks associated with portfolio changes and strategy execution.

f. Exception Management & Escalation

Purpose: Assure timely visibility into deviations and emerging risks.

- Require exception-based reporting highlighting deviations from policy, risk limits, benchmarks, or expectations.
- Timely escalation of material exceptions to the SIB, based on agreed-upon thresholds and criteria.

g. Market Intelligence & Continuous Learning

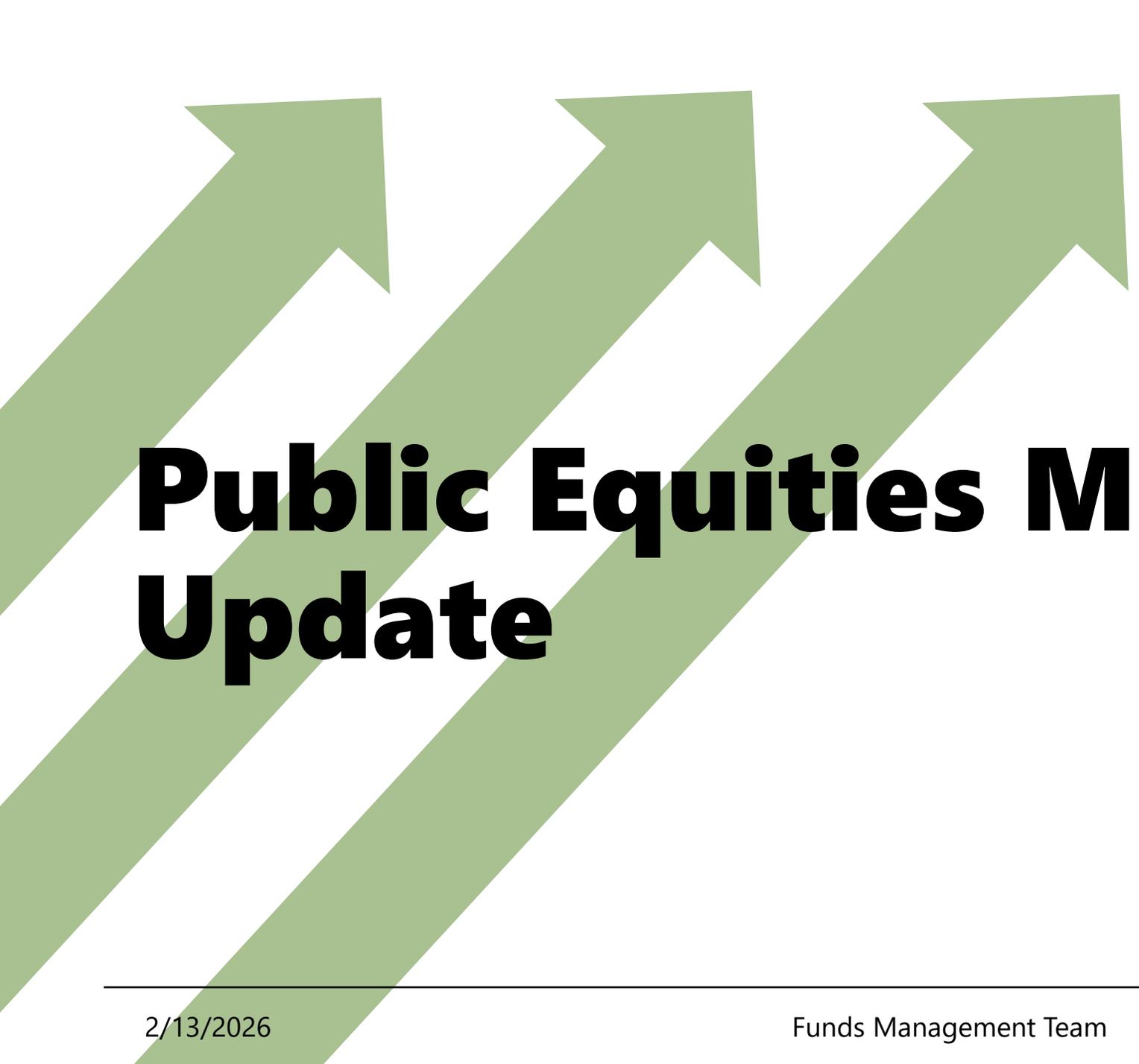
Purpose: Support informed judgment in a changing environment.

- Participation in periodic round-table discussions on the economic and investment environment.
- Ongoing education to maintain awareness of evolving market risks, opportunities, and structural changes.

4. Verify and report performance and investment policy compliance

Purpose: Assure the Board is timely informed of emerging investment, liquidity, operational, or governance risks that could materially affect long-term objectives or policy continuity.

- Report the investment performance of the funds to each fund's governing authority.
- Review all compliance-related issues including compliance with statutes, administrative rules, internal and external manager investment guidelines or as otherwise requested.
- Review other compliance-, risk- or derivative-related matters that are directed to the attention of the Committee by the SIB, external auditors, the Internal Audit group, and RIO investment and accounting staff.



Public Equities Manager Update

Manager Update

Public Equities

- Arrowstreet US All Cap funded in January with an initial funding amount of approximately ~\$790mm
 - \$450mm Legacy Fund
 - \$300mm Pension Pool
 - \$40mm Insurance Trust

Quarterly Reports

Fourth Quarter 2025

Investment Service Contracts

October 1, 2025 – December 31, 2025

| Vendor | Execution Date | Description | Cost |
|----------------|-----------------------|---|-----------------------------------|
| Morgan Stanley | 10/15/2025 | 3rd Party Data Addendum | None |
| CBOE | 11/10/2025 | Exchange data via Bloomberg | Data driven |
| UTP/Nasdaq | 11/10/2025 | Exchange data via Bloomberg | Data driven |
| Nasdaq | 11/13/2025 | Exchange data via Bloomberg | Data driven |
| NYSE/ICE | 11/28/2025 | Exchange data via Bloomberg | Data driven |
| RVK | 12/19/2025 | Service Agreement Amendment 1 | NTE \$40,000 + travel (if needed) |
| Weaver | 12/26/2025 | Project Support – Allocation and Rebalancing (NDNQ restructure) | NTE \$170,000 |
| Citibank | 12/26/2025 | Transition Term Sheet | Transactional |
| Northern Trust | 12/31/2025 | Regulatory Monitoring Services | \$55,000/year |

Report provided pursuant to Section IV Exhibit 2 of the SIB Program Manual.