

Investment Committee
Friday, January 10, 2025, 9:00 a.m.

Virtual Only

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AGENDA

- I. **CALL TO ORDER AND ACCEPTANCE OF AGENDA – (Committee Action)**
 - II. **ACCEPTANCE OF MINUTES (December 13, 2024) – (Committee Action)**
 - III. **INTRODUCTION – (Information Only)**
 - A. Private Markets – *Mr. Zietlow, Mr. Collins*
 - IV. **STRATEGY DISCUSSION (90 minutes) – (Committee Action)**
 - A. Private Markets – *Mr. Zietlow*
 - B. Bill Information – *Mr. Anderson*
 - C. Investment Ethics Policy and Internal Investment Proxy Voting – *Mr. Anderson, Mr. Chin, Mr. Gandhi, Mr. Moss, Mr. Vaidya*
 - D. International Portfolios – *Mr. Anderson, Mr. Chin, Mr. Posch*
- (Break)
- V. **MANAGER RECOMMENDATION¹ (30 minutes) – (Committee Action)**
 - A. 50 South Investment Management Agreement – *Mr. Zietlow, Mr. Collins*
 - VI. **MANAGER UPDATE (5 minutes) – (Information Only)**
 - A. Private Markets – *Mr. Zietlow, Mr. Collins*
 - VII. **DISCUSSION**
 - VIII. **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
DECEMBER 13, 2024, MEETING**

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

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

GUESTS: Members of the public

CALL TO ORDER

Treasurer Beadle called the State Investment Board (SIB) Investment Committee (IC) meeting to order at 9:04 a.m. on Friday, December 13, 2024. The meeting was held virtually.

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

AGENDA

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

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

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

NAYS: NONE

MOTION CARRIED

MINUTES

The minutes were considered for the November 8, 2024, meeting.

IT WAS MOVED BY COMISSIONER HERINGER AND SECONDED BY MR. JAHNER AND CARRIED BY A VOICE VOTE TO APPROVE THE MINUTES FOR THE NOVEMBER 8, 2024, MEETING AS DISTRIBUTED.

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

NAYS: NONE

MOTION CARRIED

MANAGER RECOMMENDATION AND TRANSITION UPDATE

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

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

NAYS: NONE

MOTION CARRIED

The executive session began at 9:10 a.m. and ended at 10:02 a.m. The session was attended by Committee members, Mr. Francis and Mr. Kevan from RVK, Mr. Dukart, Ms. Ferderer, Mr. Gandhi, Ms. Kmetz, Mr. Moss, Ms. Mudder, Ms. Murtha, Mr. Posch, Mr. Skor, Mr. Vaidya, and Mr. Zietlow.

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO DIRECT STAFF TO PROCEED WITH CONTRACT NEGOTIATIONS FOR THE FIRM MOST SUSCEPTIBLE FOR AWARD.

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

NAYS: NONE

MOTION CARRIED

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

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

NAYS: NONE

MOTION CARRIED

The executive session began at 10:06 a.m. and ended at 11:32 a.m. The session was attended by Committee members, Mr. Dukart, Ms. Ferderer, Mr. Gandhi, Ms. Kmetz, Mr. Moss, Ms. Mudder,

Ms. Murtha, Mr. Posch, Mr. Skor, Mr. Vaidya, and Mr. Zietlow.

IT WAS MOVED BY DR. SIMLAI AND SECONDED BY MR. ANDERSON AND CARRIED BY A ROLL CALL VOTE TO MOVE FORWARD WITH THE RECOMMENDED CHANGES ON THE FIXED INCOME PORTFOLIO.

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

NAYS: NONE

MOTION CARRIED

INVESTMENT GUIDELINES

Mr. Moss and Mr. Gandhi offered a refresher on the cash overlay strategy, including overlay cash with futures and structure. Mr. Moss reviewed the investment objectives and the guidelines of the Cash Overlay Portfolio, including the use of investment instruments, targeted asset allocations, and rebalancing efforts.

IT WAS MOVED BY MR. JAHNER AND SECONDED BY MR. ANDERSON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE CASH OVERLAY PORTFOLIO GUIDELINES AS PRESENTED

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

NAYS: NONE

MOTION CARRIED

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

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

NAYS: NONE

MOTION CARRIED

The executive session began at 11:49 a.m. and ended at 11:59 a.m. The session was attended by Committee members, Mr. Dukart, Ms. Ferderer, Mr. Gandhi, Ms. Kmetz, Mr. Moss, Ms. Mudder, Ms. Murtha, Mr. Posch, Mr. Vaidya, and Mr. Zietlow.

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY MR. CHIN AND CARRIED BY A ROLL CALL VOTE TO DIRECT STAFF TO MOVE FORWARD WITH CONTRACT NEGOTIATIONS REGARDING RATINGS DATA FOR COMPLIANCE.

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

NAYS: NONE

MOTION CARRIED

INVESTMENT POLICY STATEMENTS

Mr. Chin presented the updated investment policy statement (IPS) for Workforce Safety and Insurance (WSI). The IPS was approved by the WSI board.

IT WAS MOVED BY MR. ANDERSON AND SECONDED BY MR. JAHNER AND CARRIED BY A ROLL CALL VOTE TO APPROVE TO RECOMMEND THE UPDATED INVESTMENT POLICY STATEMENT FOR WORKFORCE SAFETY AND INSURANCE TO THE STATE INVESTMENT BOARD.

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

NAYS: NONE

MOTION CARRIED

DISCUSSION

Mr. Anderson discussed with the Committee the material changes within the agency and how they may impact the timeline of the internal investment effort. Committee discussion followed.

ADJOURNMENT

With no further business to come before the Investment Committee, Treasurer Beadle adjourned the meeting at 12:07 p.m.

Prepared by:

Jennifer Ferderer, Assistant to the Board



PRIVATE MARKETS UPDATE

SIB INVESTMENT COMMITTEE
JANUARY 2025

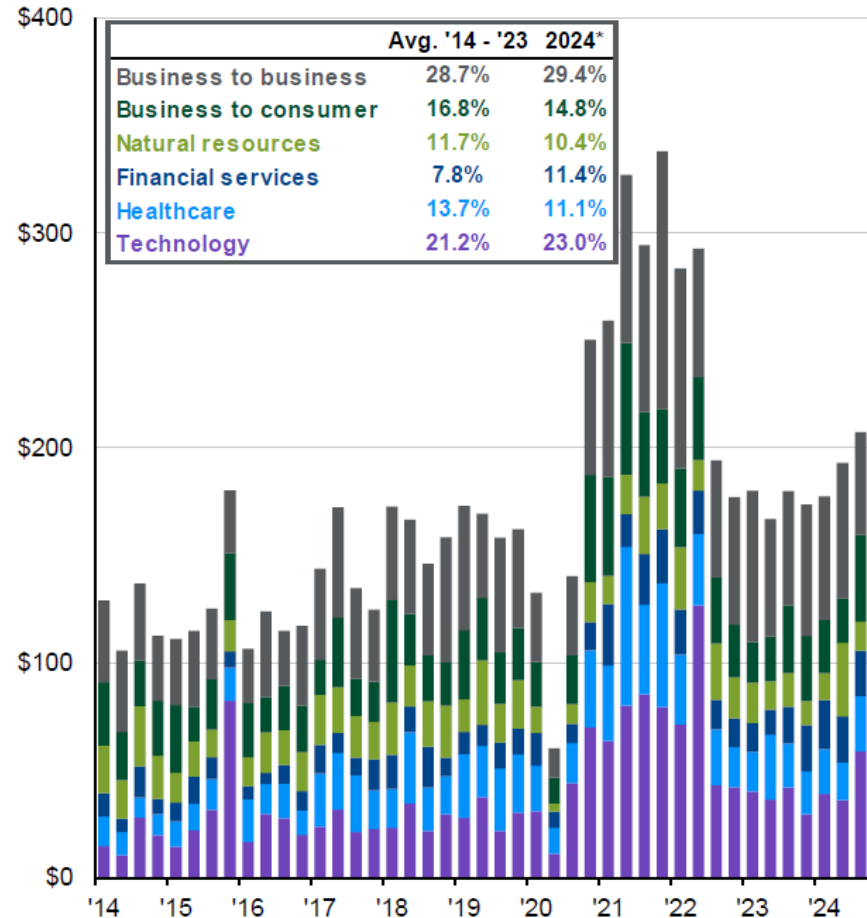
NORTH
Dakota | Retirement & Investment
Be Legendary.

AGENDA

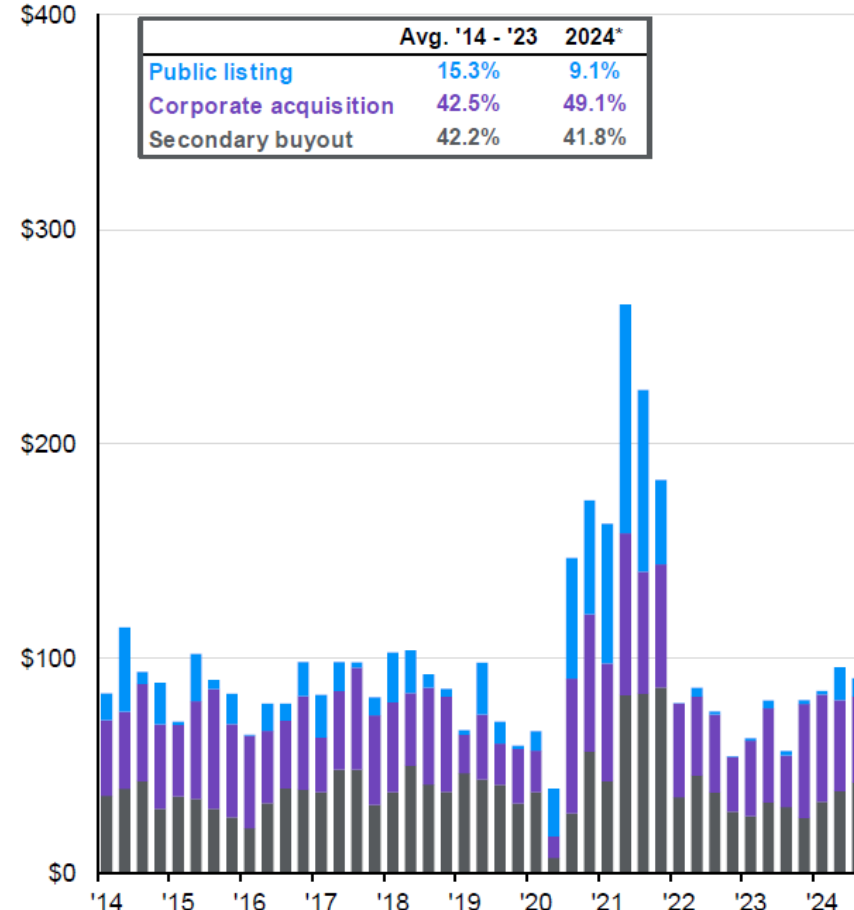
- Market environment
- Investment activity
- Allocations vs. target
- Infrastructure performance

PRIVATE EQUITY INVESTMENT AND EXITS

U.S. private equity investments by sector
USD billions, 1Q14 – 3Q24



U.S. private equity exits by type
USD billions, 1Q14 – 3Q24



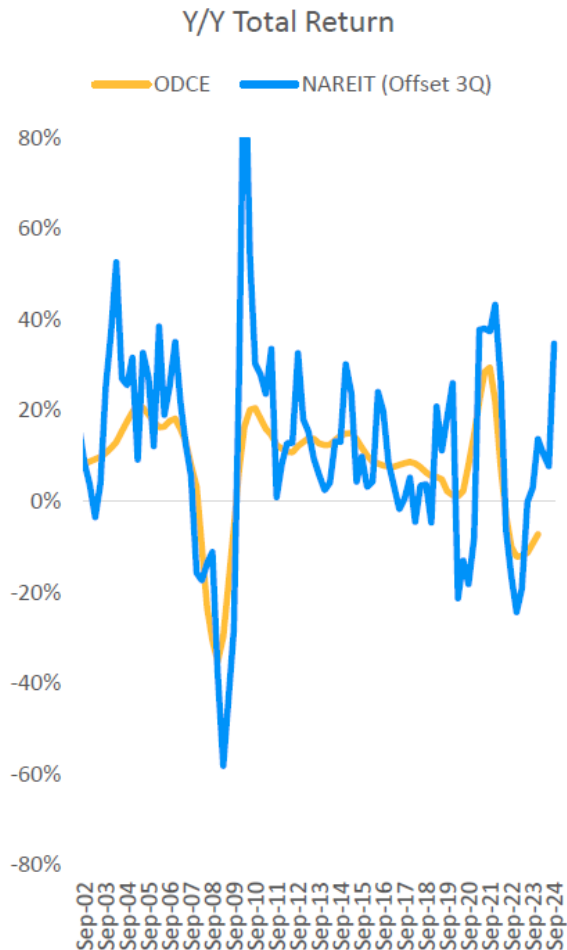
Source: PitchBook, J.P. Morgan Asset Management.

(LHS) Natural resources = Materials & resources and energy. *Data for the year 2024 is through 3Q24.

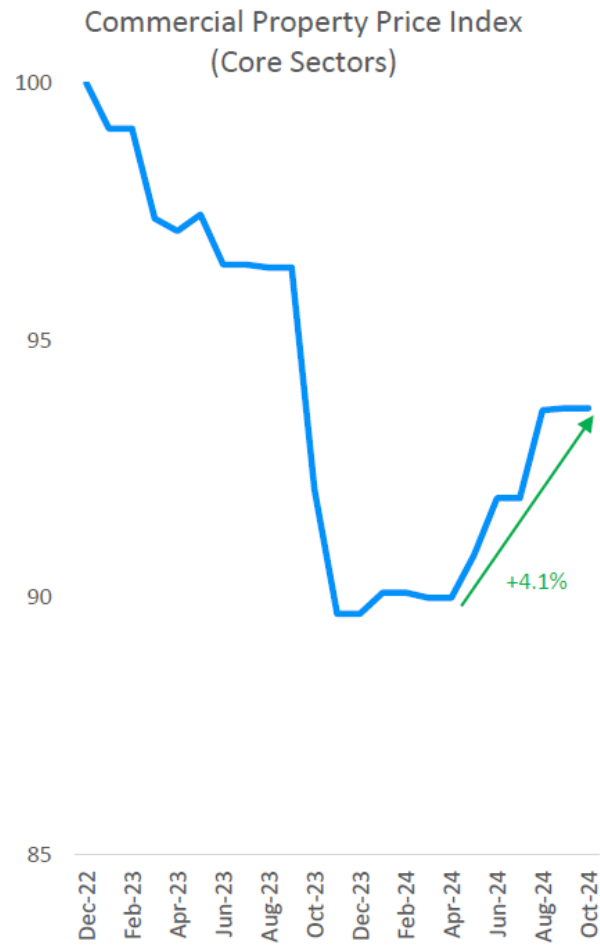
Data are based on availability as of November 30, 2024.

REAL ESTATE VALUATIONS ARE STABILIZING

If history is any indicator, REIT pricing implies fund values are set to surge



Transaction pricing is on the rise

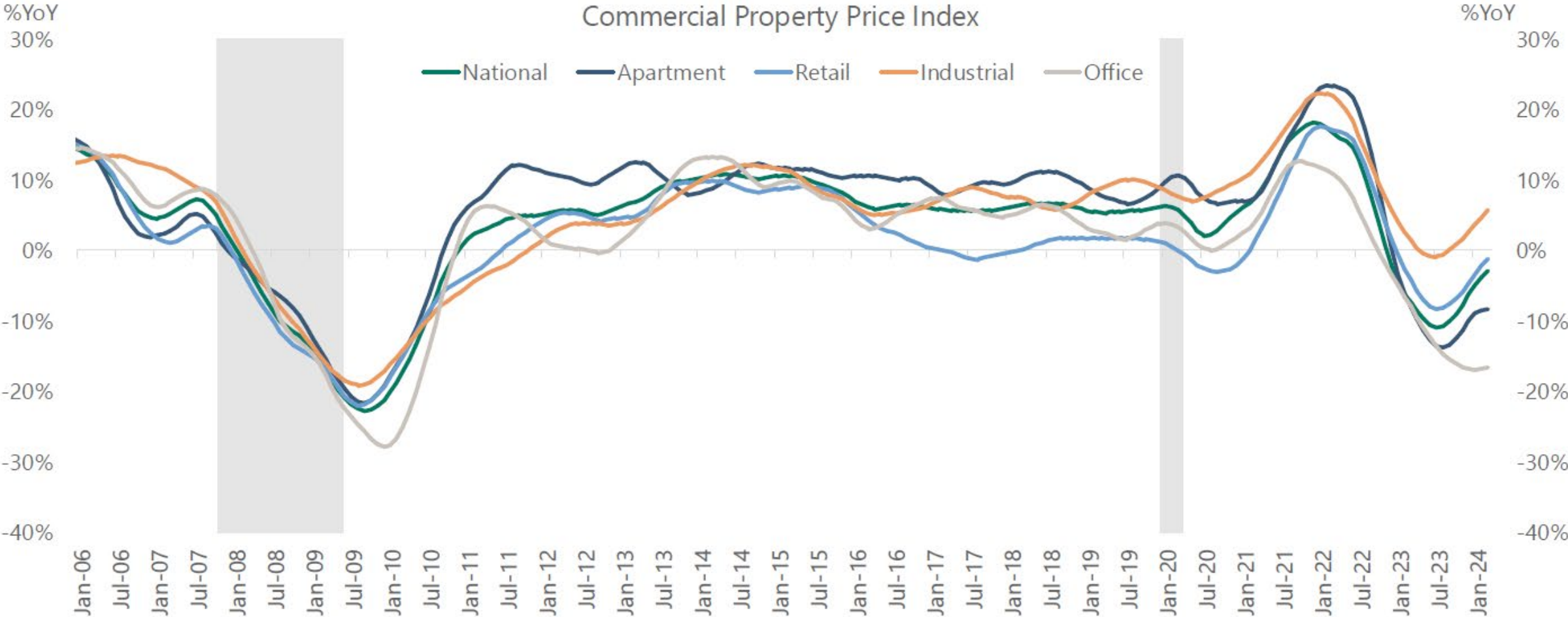


Fund total returns turned positive for the first time in two years



Source: Left - NAREIT, NCREIF, JPMAM as of 9/30/2024. Middle - Green Street Advisors, JPMAM as of 9/30/24. Right - ODCE, JPMAM as of 9/30/24.

REAL ESTATE VALUATIONS ARE STABILIZING



Source: RCA, Bloomberg, Apollo Chief Economist

INVESTMENT ACTIVITY

Fund	IC Approval	Vintage ¹	Geography	Sector	Subsector	(\$ millions)		
						Pension Pool Commitment	Legacy Fund Commitment	Total Commitment
Altor VI ²	8/11/2023	2022	Nordics & DACH	PE-Buyout	Middle Market	\$26.28	\$28.47	\$54.75
Kelso XI	9/8/2023	2021	North America	PE-Buyout	Middle Market	\$24.00	\$26.00	\$50.00
Portfolio Advisors GP Solutions	1/12/2024	2021	N.A. & Western Europe	PE-Secondaries	GP-led	\$20.00	\$30.00	\$50.00
H.I.G. Advantage II	2/9/2024	2022	North America	PE-Buyout	Middle Market	\$14.00	\$20.00	\$34.00
H.I.G. Capital Partners VII	2/9/2024	2024	North America	PE-Buyout	Lower Middle Market	\$7.00	\$10.00	\$17.00
Peak Rock Capital Fund IV	6/14/2024	2024	N.A. & Western Europe	PE-Buyout	Lower Middle Market	\$15.00	\$35.00	\$50.00
Horsley Bridge Growth XIV	8/9/2024	2024	N.A. & Western Europe	PE-Buyout	Growth Equity	\$20.00	\$40.00	\$60.00
TOTAL Private Equity						\$126.28	\$189.47	\$315.75
Cerberus NPL Fund II	4/12/2024	2022	Global	Private Credit	NPLs	\$0.00	\$35.00	\$35.00
Fortress Credit Opportunities VI	5/10/2024	2024	Global	Private Credit	Multi-Strategy	\$0.00	\$50.00	\$50.00
TOTAL Private Credit						\$0.00	\$85.00	\$85.00
Carlyle Realty Partners X	9/13/2024	2025	North America	Real Assets	Real Estate	\$40.00	\$60.00	\$100.00
PRISA III	10/17/2024	2024	North America	Real Assets	Real Estate	\$35.00	\$50.00	\$85.00
Total Real Assets³						\$75.00	\$110.00	\$185.00
TOTAL Private Markets						\$201.28	\$384.47	\$585.75

1. Vintage year refers to the year in which the fund made its first capital call.

2. The commitment shown is calculated based on the €/€ exchange rate of 1.0949 on 8/11/2023.

3. Total does not include a manager that was approved at the October Investment Committee meeting, as the legal review is pending.

ALLOCATION VS. TARGET

- Given the relatively new asset allocation for the Legacy Fund, much of the work in the private market program has focused on Private Equity and Private Credit in the Legacy Fund.
- The In-State Fixed income component is included as the remainder that the portion does not flow to the two BND programs (\$150 million) may be invested in In-State Private Credit.
- Regarding the In-State Private Equity, ND RIO is in process of hiring a manager focused on real asset investment opportunities.
- Real Estate and Infrastructure do not have explicit targets within the Legacy fund, rather the target is set as a collective Real Assets target.
- Private Equity remains overweight in the Pension Pool, however, as public markets have rebounded this has subsided. In order to maintain the allocation in the future, new commitments are still needed.
- Private Credit does not have an explicit allocation within the Pension Pool nor the Insurance Pool and reside within each Pool's broader Non-Investment Grade allocation.
- Approximately 50% of the NAV is in open-end or separate accounts strategies which we have some control over the return of the capital.

Adjusted Values as of September 30, 2024

	NDSIB Legacy Fund			NDSIB Pension Trust			NDSIB Insurance Trust		
	Actual	Policy	+/-	Actual	Policy	+/-	Actual	Policy	+/-
Private Equity	0.40%	7.00%	-6.60%	9.68%	8.20%	1.48%	n/a	n/a	n/a
In-State Equity¹	0.60%	3.00%	-2.40%	n/a	n/a	n/a	n/a	n/a	n/a
Private Credit	6.83%	10.00%	-3.17%	5.25%	n/a	n/a	1.73%	n/a	n/a
In-State Fixed Income²	3.38%	5.00%	-1.62%	n/a	n/a	n/a	n/a	n/a	n/a
Real Assets³	9.41%	10.00%	-0.59%	15.56%	18.50%	-2.94%	10.93%	11.20%	-0.27%
Real Estate	3.96%	n/a	n/a	8.70%	10.10%	-1.40%	2.88%	3.30%	-0.42%
Infrastructure	5.45%	n/a	n/a	6.86%	8.40%	-1.54%	8.05%	7.90%	0.15%
(\$ millions)									
Private Equity	41.47	734.62	-693.16	800.30	678.21	122.09	n/a	n/a	n/a
In-State Equity¹	62.48	314.84	-252.36	n/a	n/a	n/a	n/a	n/a	n/a
Private Credit	716.69	1,049.46	-332.77	434.45	n/a	n/a	57.64	n/a	n/a
In-State Fixed Income²	355.09	524.73	-169.64	n/a	n/a	n/a	n/a	n/a	n/a
Real Assets³	987.42	1,049.46	-62.04	1,286.86	1,530.10	-243.24	364.05	372.98	-8.93
Real Estate	415.38	n/a	n/a	719.50	835.35	-115.85	96.05	109.90	-13.85
Infrastructure	572.04	n/a	n/a	567.36	694.75	-127.39	268.00	263.08	4.92

1. The statutory target for In-State Private Equity is \$600 million, however, the current policy target was set at 3% with the expectation that such percentage would equate to the statutory amount within the time period required to fulfill the mandate.

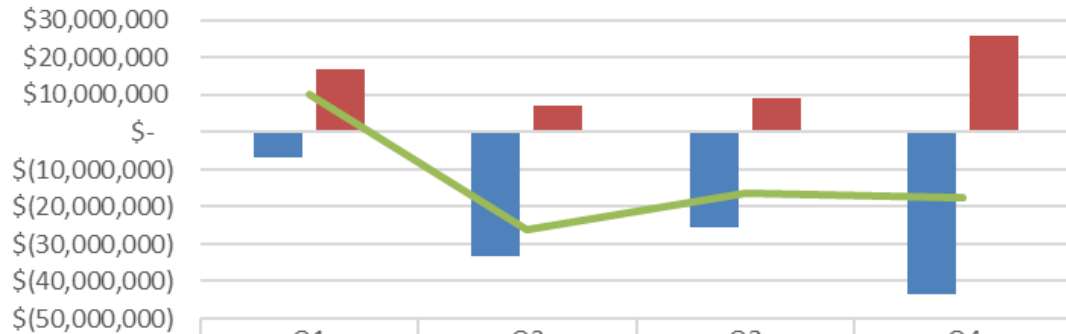
2. The statutory target for In-State Fixed Income is \$700 million, comprised of \$150 million for the Bank of North Dakota's Infrastructure Loan Program and at least \$400 million for the Bank of North Dakota's CD match program. The remainder may be used for other qualified fixed income investments within the state.

3. The Real Estate and Infrastructure components of the Real Assets allocation within the Legacy Fund do not have explicit policy targets.

LEGACY FUND AND PENSION POOL CASH FLOW ACTIVITY

- Distribution activity was increasing in the fourth quarter of 2024.
- Includes both open-end and closed-end cash flow activity

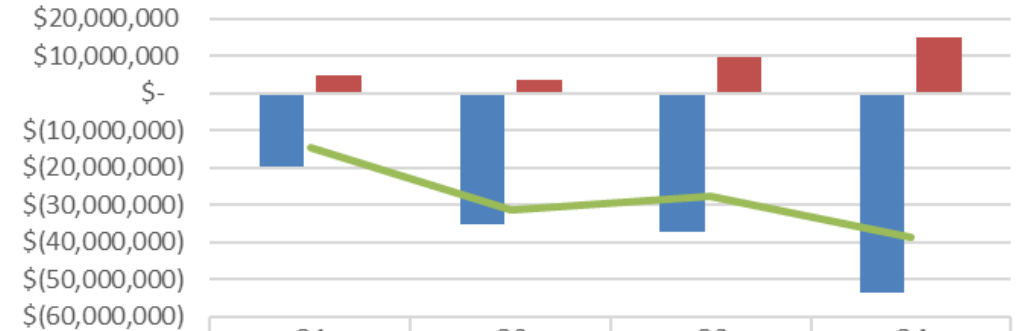
Pension Pool Privates Quarterly Cash Flow 2024



	Q1	Q2	Q3	Q4
Capital Call	\$(6,849,135)	\$(33,207,318)	\$(25,467,356)	\$(43,570,457)
Distribution	\$16,936,402	\$6,919,491	\$9,293,918	\$25,948,973
Net Cash Flow	\$10,087,267	\$(26,287,826)	\$(16,173,439)	\$(17,621,483)

■ Capital Call ■ Distribution — Net Cash Flow

Legacy Privates Quarterly Cash Flow 2024



	Q1	Q2	Q3	Q4
Capital Call	\$(19,653,536)	\$(35,076,069)	\$(37,288,954)	\$(53,562,223)
Distribution	\$4,939,005	\$3,724,320	\$9,574,770	\$14,957,557
Net Cash Flow	\$(14,714,531)	\$(31,351,749)	\$(27,714,185)	\$(38,604,666)

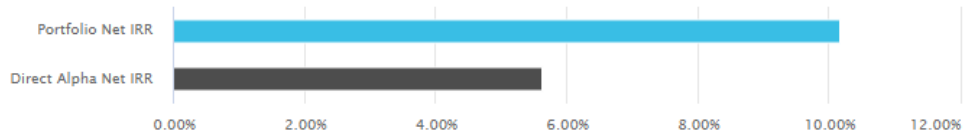
■ Capital Call ■ Distribution — Net Cash Flow

- Preliminary cash flow activity as of 12/27/2024.

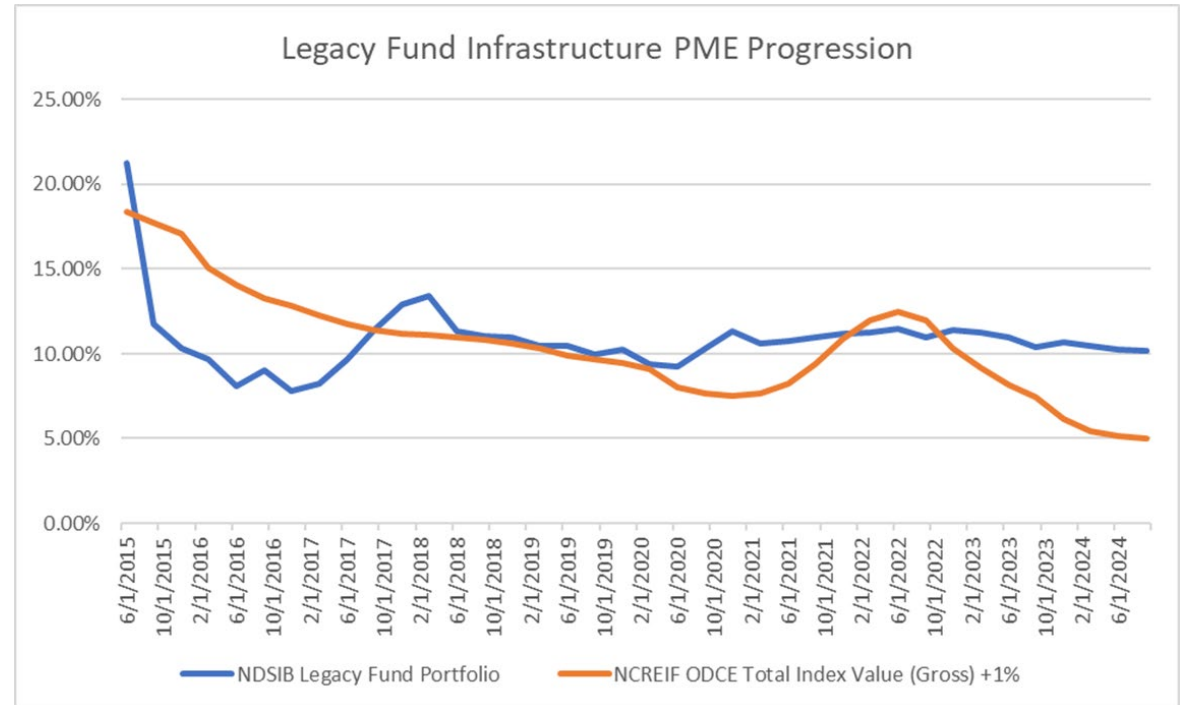
LEGACY FUND INFRASTRUCTURE HOLDINGS AND PERFORMANCE

	Vintage	Geography	Commitment	Unfunded	Contributions	Distributions	Adjusted NAV	Inception to Date		
								Net IRR	Net TVPI	DPI
Infrastructure Investments Fund*	2015	Global	\$ 102,500,000	\$ -	\$ 103,201,618	\$ 80,717,006	\$ 110,457,847	9.49%	1.85	0.78
Grosvenor Customized Infrastructure Strategies II, L.P.	2017	Global	\$ 75,000,000	\$ 5,428,222	\$ 82,199,135	\$ 72,669,796	\$ 48,783,936	10.85%	1.48	0.88
Grosvenor Customized Infrastructure Strategies III, L.P.	2019	Global	\$ 105,000,000	\$ 59,008,451	\$ 48,814,738	\$ 7,962,917	\$ 47,225,347	6.87%	1.13	0.16
ISQ Global Infrastructure Fund II, L.P.	2018	Global	\$ 75,000,000	\$ 8,686,526	\$ 90,348,843	\$ 43,189,232	\$ 93,536,653	13.63%	1.51	0.48
ISQ Global Infrastructure Fund III, L.P.	2021	Global	\$ 90,000,000	\$ 38,434,052	\$ 52,278,316	\$ 712,367	\$ 60,295,227	13.10%	1.17	0.01
Macquarie Infrastructure Partners Fund IV LP	2017	North America	\$ 75,000,000	\$ 2,819,710	\$ 81,794,075	\$ 21,133,506	\$ 98,650,360	9.40%	1.46	0.26
Macquarie Infrastructure Partners V, L.P.	2020	North America	\$ 90,000,000	\$ 6,603,377	\$ 80,174,475	\$ 2,853,050	\$ 102,543,683	10.84%	1.31	0.04
Total			\$ 612,500,000	\$ 120,980,338	\$ 538,811,199	\$ 229,237,874	\$ 561,493,054	10.16%	1.47	0.43

* An open-end fund, the initial investment by the Legacy Fund was in 2015.



PORTFOLIO NET IRR	10.16%
DIRECT ALPHA NET IRR	5.62%
DIRECT ALPHA DELTA	4.54%

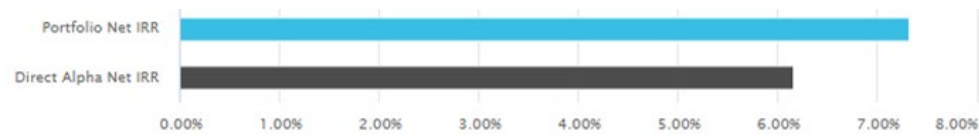


Benchmark: ODCE Core Gross of fee Index +1% Since Inception as of September 30, 2024

PENSION POOL INFRASTRUCTURE HOLDINGS

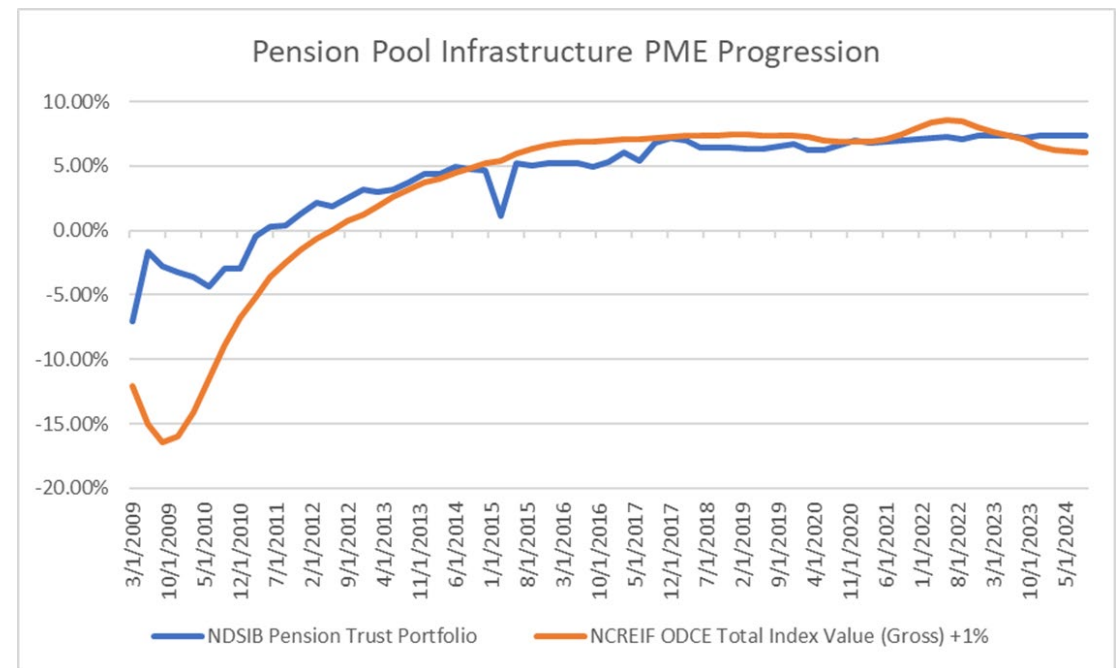
	Vintage	Geography	Commitment	Unfunded	Contributions	Distributions	Adjusted NAV	Inception to Date		
								Net IRR	Net TVPI	DPI
Infrastructure Investments Fund*	2007	Global	\$ 157,500,000	\$ -	\$ 158,305,238	\$ 182,665,204	\$ 134,442,755	6.66%	2.00	1.15
Grosvenor Customized Infrastructure Strategies I, L.P.	2009	Global	\$ 50,000,000	\$ 1,221,640	\$ 56,637,929	\$ 75,360,675	\$ 8,227,178	8.68%	1.48	1.33
Grosvenor Customized Infrastructure Strategies II, L.P.	2017	Global	\$ 30,000,000	\$ 2,171,289	\$ 32,876,238	\$ 29,067,918	\$ 19,513,575	10.86%	1.48	0.88
Grosvenor Customized Infrastructure Strategies III, L.P.	2019	Global	\$ 80,000,000	\$ 44,958,820	\$ 37,192,181	\$ 6,066,985	\$ 35,981,216	6.87%	1.13	0.16
ISQ Global Infrastructure Fund II, L.P.	2018	Global	\$ 65,000,000	\$ 7,528,318	\$ 78,302,332	\$ 37,430,669	\$ 81,065,101	13.63%	1.51	0.48
ISQ Global Infrastructure Fund III, L.P.	2021	Global	\$ 60,000,000	\$ 25,622,703	\$ 34,845,456	\$ 474,910	\$ 40,196,816	13.12%	1.17	0.01
Macquarie Infrastructure Partners Fund IV LP	2017	North America	\$ 65,000,000	\$ 2,443,748	\$ 70,888,198	\$ 18,315,705	\$ 85,496,979	9.40%	1.46	0.26
Macquarie Infrastructure Partners V, L.P.	2020	North America	\$ 60,000,000	\$ 4,402,252	\$ 53,458,119	\$ 1,902,033	\$ 68,362,456	10.81%	1.31	0.04
Rohatyn Group Asian Infrastructure & Related Resources	2010	Asia	\$ 35,000,000	\$ 1,534,282	\$ 30,667,930	\$ 24,963,694	\$ 15,093,811	3.50%	1.31	0.81
Total			\$ 602,500,000	\$ 89,883,052	\$ 553,173,622	\$ 376,247,794	\$ 488,379,887	7.33%	1.56	0.68

* An open-end fund, the initial investment by the Pension Pool was in 2007.



PORTFOLIO NET IRR	7.33%
DIRECT ALPHA NET IRR	6.16%
DIRECT ALPHA DELTA	1.17%

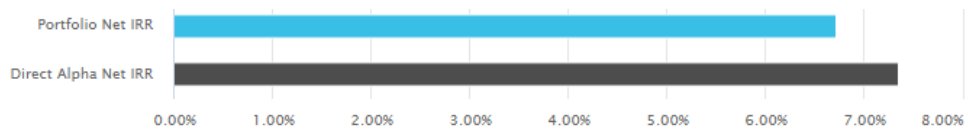
Benchmark: ODCE Core Gross of fee Index +1% Since Inception as of September 30, 2024



INSURANCE POOL INFRASTRUCTURE HOLDINGS

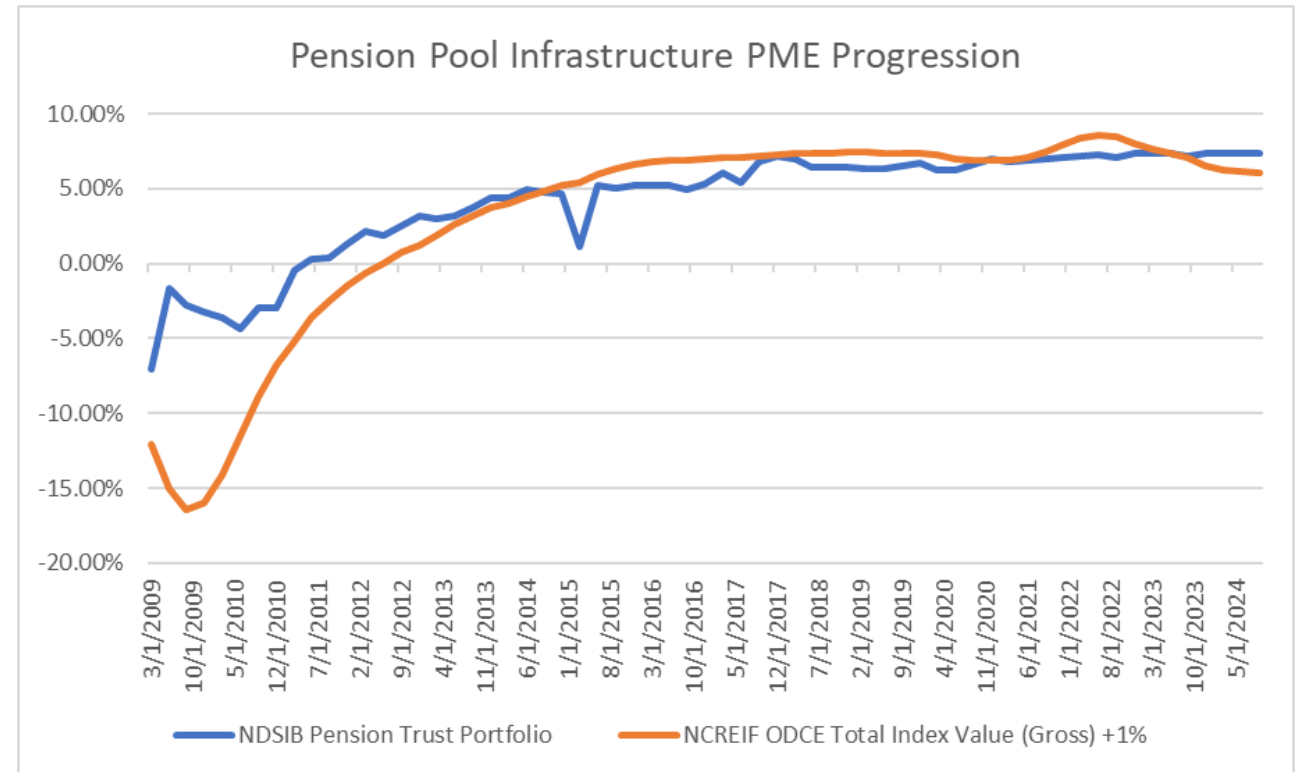
	Vintage	Geography	Commitment	Unfunded	Contributions	Distributions	Adjusted NAV	Inception to Date		
								Net IRR	Net TVPI	DPI
Infrastructure Investments Fund*	2009	Global	\$ 65,000,000	\$ -	\$ 74,692,059	\$ 100,492,358	\$ 41,253,125	6.37%	1.90	1.35
Grosvenor Customized Infrastructure Strategies I, L.P.	2009	Global	\$ 25,000,000	\$ 610,819	\$ 28,318,160	\$ 37,680,347	\$ 4,113,591	8.69%	1.48	1.33
Grosvenor Customized Infrastructure Strategies III, L.P.	2019	Global	\$ 15,000,000	\$ 8,429,779	\$ 6,973,534	\$ 1,137,560	\$ 6,746,478	6.87%	1.13	0.16
Macquarie Infrastructure Partners V, L.P.	2020	North America	\$ 15,000,000	\$ 1,100,563	\$ 13,362,413	\$ 472,532	\$ 17,122,775	10.90%	1.32	0.04
Total			\$ 120,000,000	\$ 10,141,161	\$ 123,346,166	\$ 139,782,796	\$ 69,235,969	6.72%	1.69	1.13

* An open-end fund, the initial investment by the Insurance Pool was in 2009.



PORTFOLIO NET IRR	6.72%
DIRECT ALPHA NET IRR	7.35%
DIRECT ALPHA DELTA	-0.63%

Benchmark: ODCE Core Gross of fee Index +1% since inception as of September 30, 2024



NORTH
Dakota
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Retirement & Investment

2025-2027 Legislative Session RIO Bill Tracker

Bill #	Topic	Description	Sponsor	Hearing Date	Committee	Status
1015	Budget bill	OMB Budget bill - Need to track all the way to the end.	Appropriations Committee			
1022	Budget bill	RIO's Budget bill	Appropriations Committee			
1026	Investments	Moving State Bonding Fund from Insurance to OMB	Legislative Management			
1027	Investments	Moving Fire & Tornado Fund from Insurance to OMB	Legislative Management			
1117	Retirement	TFFR RMD bill	TFFR via Gov't Vets Affairs		GVA	
2097	Investments	Creation of a Rural Community Endowment Fund and including under 21-10.	Sens. Mathern & Wanzek, Rep. Brandenburg			
HCR 3001	Investments	Encouraging the Treasurer and SIB to invest a portion of General Fund/Budget Stabilization/Legacy in digital assets and precious metals.	Reps. Toman, Heilman, Hendrix, D. Johnston, S. Olson, Porter Sens. Barta, Paulson			

Code of Ethics



1. Introduction

Purpose of the Code

This Code of Ethics (Code) is designed to provide comprehensive guidelines for all Covered employees working on behalf of The North Dakota Retirement and Investment Office (NDRIO), helping to ensure action reflects the integrity, responsibility, and accountability required to maintain public trust. This Code establishes the expectations for behavior and decision-making to guide Covered employees in fulfilling their duties ethically. The Code should not be viewed as a complete statement of legal and fiduciary responsibilities and individuals must abide by all applicable federal and relevant state laws.

2. Applicability

All Covered employees working on behalf of NDRIO must read and comply with the Code. While the Code will not cover every possible scenario, Covered employees should also adhere to its principles and spirit. Covered employees include:

- Persons who make or participates in the determination of investment recommendations,
- In connection with their duties, obtains information concerning funds and securities NDRIO, intends to purchase, sell or recommend, or has access to investment positions,
- Consultants, interns, or independent contractors that will have access to non-public investment positions or securities NDRIO intends to purchase, sell or recommend.

Household Members

Any spouse, relative, or domestic partner who shares a residence with a Covered employee, as well as members of the immediate family living in the same household or persons exercise investment discretion by Covered employees, will also be subject to the Code.

Annual Certification

Covered employees will be required to affirm their understanding of this Code, and require the affirmation annually, in writing or electronically. Employees must disclose any conflicts of interest that may arise.

3. General Principles of the Code

Integrity and Professionalism

All employees and contractors of NDRIO are expected to demonstrate the highest levels of integrity and professionalism in all aspects of their work. Integrity involves acting honestly and ethically, avoiding any behavior that might compromise the trust of beneficiaries, stakeholders, and the public. Professionalism encompasses maintaining a commitment to excellence, upholding the organization's values, and respecting the confidentiality of sensitive information. Employees must always conduct themselves with fairness, accountability, and transparency.

Compliance with Laws and Regulations

All Covered Employees are expected to adhere strictly to the following:

- 1) The Covered employee will put the investments and investment program's interest first, ahead of their own interests
- 2) The Covered employee will not take any action that will violate any applicable laws, regulations or written policy

- 3) The Covered employee will adhere to the highest standards of ethical conduct
- 4) The Covered employee will maintain the confidentiality of all information obtained during the course of employment
- 5) The Covered employee will not abuse or misappropriate assets or use them for personal gain
- 6) The Covered employee will not engage in any activities that create a conflict of interest or will disclose when conflicts occur
- 7) The Covered employee will deal fairly with clients, colleagues, and others.

4. Conflicts of Interest

Identifying Conflicts

"Conflict of Interest" is defined as a situation in which any Covered employee has a conflict of interest as that term is defined in North Dakota statute and rules promulgated by the North Dakota Ethics Commission under N.D.A.C. Chapter 115-04-01.

Conflicts of interest and the appearance of impropriety should be avoided by any Covered employee. Any Covered employee must not allow family, social, professional, or other relationships to influence their judgment in discharging their responsibilities and must refrain from financial and business dealings that tend to reflect adversely on their duties. Conflicts of interest may exist in situations involving dual roles, investment opportunities, information sharing, personal and family relationships, among others.

Managing and Mitigating Conflicts

If a conflict of interest unavoidably arises, the covered employee shall immediately disclose the conflict to the Chief Investment Officer (CIO) and Executive Director (ED) or their designee, using the appropriate disclosure forms.

A. Disclosure of Conflicts of Interest

Procedures for Disclosure

To ensure transparency and proper management of conflicts of interest, all Covered employees, and certain contractors of NDRIO are required to disclose any potential or actual conflicts promptly. Disclosures must be submitted using the approved Conflict of Interest Form (Exhibit A). To enhance the tracking and monitoring of disclosures, NDRIO may engage a third-party service provider to assist in maintaining an accurate and up-to-date record of all reported conflicts.

B. Gifts and Entertainment

Acceptable Practices

NDRIO has established \$50 nominal value threshold for gifts, in line with state guidelines. Employees may accept gifts of nominal value, up to \$50, as part of customary business interactions, provided that these gifts do not influence or appear to influence their decision-making. Any gift exceeding this limit must be declined. For entertainment, employees may attend normal business-related events such as due diligence meetings, Limited Partner (LP) meetings, Limited Partner Advisory Committee (LPAC) meetings, General Partner (GP) meetings, annual investor meetings, and similar investor-related events. Regarding LPAC meetings, travel and accommodations can be accepted if they are offered to all members of the respective LPAC. However, these meetings, travel, and accommodations must be disclosed on the Gifts and Entertainment Disclosure Form (Exhibit B). These activities may be acceptable without the need for reimbursement, provided they align with professional obligations.

Prohibitions and Limitations

Employees are prohibited from accepting any gifts exceeding the \$50 nominal value limit, in accordance with the state's "no gifts" policy. For entertainment, while normal investor meetings and due diligence activities are permitted, any additional or extracurricular entertainment—such as sporting events or concerts—must be disclosed and fully reimbursed by the employee (Exhibit B).

C. Outside Business Activities

Disclosure Requirements

Covered employees shall not allow a situation to exist with any outside business, employment, or other activities that may impact their ability to fulfill their duties at ND RIO. All outside business activities (OBA) must be disclosed and approved by NDRIO initially and on an annual basis. Employees must submit an OBA form (Exhibit C) detailing any outside employment or volunteer work, including non-profit and charitable activities. In cases where a potential conflict arises, the matter will be escalated to the Chief Investment Officer (CIO) for initial evaluation. The CIO will then provide a recommendation to the Executive Director (ED) for final approval or further action.

5. Trading

Compliance with Personal Trading

Covered employees' personal trading should be executed in a manner consistent with their obligations to integrity, responsibility, and accountability, as required to maintain public trust. Personal trading should not be so excessive as to conflict with the ability to fulfill daily job responsibilities. Covered employees' trades should not be timed to precede orders placed by NDRIO's investment team. Covered employees should not trade in restricted securities, or restricted Private Funds (private funds held in an NDRIO portfolio). The following will be exempt from the list of restricted securities:

- a. Exchange-traded funds (ETFs) and exchange traded notes (ETNs),
- b. Mutual Funds registered under the Investment Company Act of 1940,
- c. U.S. Government-issues securities,
- d. Municipal debt obligations,
- e. Money Market instruments (e.g., bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term instruments,
- f. Interest in 529 college savings plans.

Disclosure of Accounts with Beneficial Interest

The Code applies to all accounts holding securities over which Covered employees have any beneficial interest. This typically includes accounts held by immediate family members sharing the same household or accounts over which covered employees exercise investment discretion. These accounts must be disclosed for potential review for exceptions to the Code.

Disclosure of Non-Discretionary Accounts

Accounts over which covered employees do not have discretionary authority must be disclosed and identified accordingly. If the discretionary status of these accounts' changes, it must be reported within thirty days.

Monitoring and Reporting

NDRIO may conduct periodic sample reviews of personal trading activities of Covered employees. Additionally, Covered employees will be required to submit routine, quarterly and attestations confirming adherence to Code. (Exhibit D). Any trades that appear to conflict with the policy will be flagged for further review.

A. Insider Trading

Prohibition of Insider Trading

Employees may come into possession of Material Non-Public Information (MNPI) relating to publicly and privately traded securities in the course of their duties for NDRIO. Employees are strictly prohibited from using MNPI for personal gain or to benefit others. NDRIO will enforce a zero-tolerance policy toward insider trading, and any violations will be subject to disciplinary action, including potential termination and legal proceedings. Once employees come into possession of material non-public information (MNPI), any related securities will be added to a Restricted List.

Material Non-Public Information

It is not always easy to determine what may be considered MNPI. The following is illustrative list of what generally is considered material:

- Dividends or earning announcements
- Asset write-downs or write-offs
- Additions to reserves for bad debt or contingent liabilities
- Changes to financial guidance or projections
- Merger, joint announcements, tender offers
- Pending labor disputes
- Bankruptcy or insolvency
- Regulatory approval or rejection of a product
- Regulatory or law enforcement proceedings
- Changes to management
- New product service lines
- Undisclosed orders for large trades before they are executed

This is only a partial list of what may be deemed material.

Non-Public Information

Once information has been broadly distributed to the investing public, it no longer is considered non-public. Generally, this must occur through commonly recognized channels such as through a press release or regulatory filing.

Procedures for Handling Material Nonpublic Information

All employees must exercise caution when handling MNPI. If an employee come into possession of MNPI the employee must not act or trade on this information and treat it confidentially. The ED should be informed, and the security should be added to the restricted list. An information barrier is to be created as this employee may discuss the information received and must not participate directly or indirectly in investment decisions regarding the security. The security will be taken off the restricted list once the information becomes public.

B. Personal Trading

Requirements

- 1) Employees will submit an attestation quarterly and annually confirming that no violations of the Code occurred.
- 2) A restricted list will be maintained, and employees' transactions may be monitored against this list to prevent or identify trades in restricted securities.
- 3) Certain securities may be entirely blocked from trading through the Restricted List, while others may be allowed under specific conditions, with the requirement that Covered employees submit an attestation confirming compliance with the Code.
- 4) Covered employees shall not invest in Restricted securities or Restricted Private Funds that are in the investment portfolios of NDRIO (exceptions noted above).
- 5) Covered employees may not participate in initial public offerings (IPO) offered principally due to their employment with NDRIO.
- 6) Any profits realized from violations of the Code will be disgorged to a charitable organization.

Monitoring and Reporting

Personal trading by NDRIO employees will be closely monitored to ensure compliance with the organization's ethical trading policies. All employees engaging in personal trading must complete periodic, quarterly, and annual attestations. Periodic reviews may be conducted to examine the disclosed accounts for any violations of the Code.

C. Restricted List

Maintenance of the Restricted List

NDRIO will maintain a Restricted List to prevent Covered employees from trading in securities where the organization holds MNPI or exercises significant influence over the trading activity. The restricted list will be continuously updated to reflect the organization's involvement in specific securities (e.g. publicly traded securities based on indexes) ensuring that trading restrictions remain current and relevant. Restricted list additions will include securities within accounts internally managed by NDRIO including:

Publicly Traded Equities: Any transaction involving security shares that exceed 10% of the 1-month average share volume,

Corporate Bonds: Any transactions involving principal amounts exceeding 10% of the issuance size.

These items should remain on the list for 24 hours following the completion of the transactions. This list is to be monitored to potentially prevent trades in restricted securities. Securities added due to MNPI or Restricted Private Funds will be added manually with their own specific end dates.

A designated group comprising members from Risk, Compliance, Investment, and Operations departments will be responsible for maintaining and reviewing the Restricted List.

Compliance with the Restricted List

All Covered employees are required to comply with the Restricted List to prevent any insider trading. Trading in securities that appear on the Restricted List is prohibited, and employees must ensure that they are not involved in any transactions related to these securities prior to executing any trade. Compliance with the Restricted List will be attested to on a quarterly basis, and any violations may result in disciplinary action.

D. Front Running

Definition and Prohibition

Front running or executing personal trades before organizational trades to profit from anticipated price movements, is strictly prohibited. Violators will face severe penalties, including termination.

Monitoring and Enforcement

NDRIO conducts periodic sample reviews of Covered employees personal trading to help prevent front-running activities. Enforcement will include audits, testing and monitoring, and investigation of any suspicious activities.

6. Enforcement and Penalties

Violations of the Code

In accordance with state employment guidelines, all violations must be properly documented. This may include but is not limited to written reprimands, Performance Improvement Plans (PIPs), and other corrective measures based on the severity of the violation. Documentation of all violations and disciplinary actions will be handled according to HR policy. Any profits realized from violations of the Code will need be disgorged to a charitable organization chosen by NDRIO.

Disciplinary Actions

Penalties for violations of the Code may range from a formal warning to termination, depending on the nature of the offense. The NDRIO HR policy outlines specific actions that can lead to these penalties, ensuring consistency in enforcement. Failure to comply with Code may result in disciplinary action, which may include termination.

7. Amendments

Process for Amending the Code

The NDRIO Code of Ethics will be periodically reviewed and amended, if needed, on an annual basis to ensure it remains relevant and reflective of current best practices, regulatory changes, and organizational needs.

Notification of Amendments

Employees will be notified of any amendments to the Code of Ethics through official communication channels, including email notifications. All amendments will take effect immediately upon notification, and employees will be required to acknowledge and comply with the updated provisions.

8. Training

Mandatory Training Sessions

All employees must undergo annual ethics training to reinforce their understanding of the Code of Ethics and related policies. Training will include legal updates and practical applications of ethical principles.

Continuous Education

Employees are encouraged to participate in continuous education programs focused on ethics, compliance, and best practices in financial management. NDRIO will provide resources for ongoing development.

9. Record Retention

The Records Management Division of North Dakota Information Technology Department (NDIT) has developed a Records Retention Program and has implemented a Records Retention Schedule that includes retention/destruction of both paper and electronic records. It is the State of North Dakota's policy to preserve all official records in accordance with applicable statutory and regulatory requirements, and to promote access to information by staff, partners, and the public, as appropriate.

Each agency head or designee and records coordinator are responsible for providing the leadership, planning, overall policy, guidance, training, and general oversight of records management for the Agency. Each Agency is required to follow the established policy, which contains the elements below:

The team members of the Agency are ultimately responsible for creating and preserving records that adequately and properly document the organization, functions, policies, decisions, procedures, and essential transactions of the Agency and are required to:

- Manage records, regardless of format, in accordance with applicable statutes, regulations, and policies.
- Maintain electronic records to ensure they are accessible throughout their entire life cycle.
- Secure records to protect the legal and financial rights of the government and persons affected by government activities
- Dispose of records (electronic or paper) as specified in the approved records retention schedules.
- Assume responsibility for email and other electronic accounts upon the departure of a team member.
- This includes ensuring that a Records Management Program is developed which includes retention and disposal of both paper and electronic records.

In addition, all supervisory level team members who are involuntarily terminated, resign or depart without notice or who die unexpectedly while employed shall have their email and other electronic accounts placed on hold until an individual designated by the agency head has reviewed the accounts to determine what, if any, documents are subject to records retention obligations or are otherwise necessary to preserve in order to meet business needs or legal obligations. Supervisory team members that are placed on administrative leave pending disciplinary action shall have their accounts placed on hold to ensure the contents cannot be changed until a final personnel decision. In the event the agency head leaves for any of the above reasons, their email account must be preserved for 12 months, and their accounts must be reviewed by the agency head's successor or state archivist.

Records retention schedules for all divisions are available on NDIT's website as per NDCC 54-46-08.

10. Disclosures and Forms

Required Disclosures

The following disclosures and forms are required for all NDRIO employees, contractors, and affiliates to complete:

- Conflicts of Interest Disclosure Form (Exhibit A)
- Gifts and Entertainment Disclosure Form (Exhibit B)
- Outside Business Activities Disclosure Form (Exhibit C)
- Adherence to the Code Attestation Form – Personal Trading (Exhibit D)
- Acknowledgement of Receipt and Review of Code of Ethics (Exhibit E)
- Initial and Annual Account Disclosure Form (Exhibit F)

Submission and Review of Forms

All Covered employees of NDRIO are required to submit relevant disclosure forms in a timely manner as part of their ongoing compliance with the Code of Ethics. These forms include the required disclosers listed above. Once submitted, the forms will undergo a thorough review to ensure compliance with organizational policies and regulatory requirements.

DRAFT

G. Proxy Voting

STATEMENT OF POLICY

It shall be the policy of the SIB to vote all proxies appurtenant to shares held in the various plans administered by the Board, and to vote said shares in a manner that best serves the system's interests. Specifically, all shares are to be voted with the interest of preserving or enhancing share value. The Board endorses the Department of Labor opinion that proxies have economic power which shareholders are obligated to exercise to improve corporate performance. The Board further recognized that proxy issues are frequently complex, requiring expert guidance; accordingly, it has adopted procedures that employ such experts.

The objectives of these policies are as follows:

- Exercise the value empowered in proxies.
- Maintain or improve share value for the exclusive benefit of the participants.
- ◆ "Managers" shall be defined as external investment management institutions and as investment managers of applicable internal investment portfolios.

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PROCEDURES

DISTINCTION OF RESPONSIBILITIES

Master Custodian

The system's master custodian shall be responsible for timely receipt and distribution of proxy ballots to the appropriate investment management institutions.

Managers

The managers shall be responsible for promptly voting all proxies pursuant to the Board's policies, and in keeping with the managers' best judgments.

Staff

Staff, in concert with the master custodian and the managers, shall be responsible for monitoring the receipt and voting of all proxies.

Board

The Board shall administer and enforce its policies. This administration and enforcement required reporting from responsible persons, as discussed in the following.

REPORTING

Master Custodian

The master custodian shall report quarterly in writing on all pertinent proxy issues, including (1) receipt of proxy material; (2) nature of issues; (3) due date; (4) names of managers and dates forwarded; and (5) deficiency reports covering proxies that should have been received but were not.

Managers

Managers shall report quarterly in writing on how proxies have been voted, with explanations given whenever the Board's guidelines have not been followed.

Staff

Internal compliance staff shall report annually on the efficiency of the process, the portion of total proxies that have actually been voted, and compliance with Board directives.

Policy Implemented: September 20, 1995.

Amended: February 27, 2009; October 26, 2018; and November 18, 2022.

H. Implementation – Investment Manager Selection

The SIB hires investment managers with the intention of maintaining long-standing relationships. Care is taken to select managers for defined roles based on their strengths in designated areas. The hiring process is done in accordance with all applicable state and federal laws.

The investment management business has rapidly evolved since the 1990's. It is recognized that many viable firms have been formed as the result of spin-offs or start-ups and may not have a traditional long-term investment performance history in accordance with the following guidelines. There has also been a tremendous increase in the types of strategies available to institutional investors resulting in the need for flexibility in the establishment of investment criteria. Subject to the case-by-case acceptance of deviation by the SIB members, money managers must meet the following minimum selection criteria for inclusion in a manager search:

- Must be a registered investment adviser, bank, insurance company, or investment company (mutual fund). Should provide ADV Part II (registered investment adviser) prospectus (investment company) or comparable information (bank or insurance company).
- Provide at least five years of actual quarterly performance data that is time weighted a representative composite of accounts and meets Global Investment Performance Standards (GIPS).
- Provide information that illustrates the key investment personnel have been together for at least five years and the capabilities of the firm can handle the current level of investment activity.

INTERNATIONAL PORTFOLIOS

Investment Team
January 10th, 2025

NORTH
Dakota Be Legendary.

EXECUTIVE SUMMARY

1. Several states have instituted plans or legislation for state pensions/agencies to divest from China
2. Across RIO portfolios ~2.0% (or \$473 mm) is invested in China, Hong Kong and Macau companies
3. Options to manage international portfolios and maintain flexibility to manage country exposure are SMAs or a Fund of One
4. Divestment from China will impact the existing portfolio and will also impact excess return generation
5. Difficult as a fiduciary to exclude China from the portfolio if there is no directive from U.S. Treasury or legislation—due to the size of the Chinese economy, its exposure in the markets, and its prominence in the indexes

EXPOSURE TO CHINESE COMPANIES

Total All Assets %	Pool	China	Hong Kong	Macau	P.R.China	Benchmark
	Insurance	0.43%	0.20%	0.02%	0.65%	0.52%
	Legacy	1.61%	0.63%	0.04%	2.28%	2.07%
	Pension	1.66%	0.57%	0.02%	2.25%	1.91%
	NDRIO	1.44%	0.54%	0.03%	2.01%	1.79%
Equity %	Pool	China	Hong Kong	Macau	P.R.China	R3k for Domestic / MSCI ACWI ex-US for Int'l
	Insurance	2.76%	1.21%	0.00%	3.97%	3.42%
	Legacy	2.80%	1.05%	0.00%	3.86%	3.50%
	Pension	2.63%	1.16%	0.00%	3.79%	3.23%
	NDRIO	2.74%	1.10%	0.00%	3.84%	3.40%
Fixed Income %	Pool	China	Hong Kong	Macau	P.R.China	BBG Agg for IG / Bloomberg HY for HY
	Insurance	0.11%	0.08%	0.05%	0.24%	0.14%
	Legacy	0.04%	0.19%	0.15%	0.38%	0.31%
	Pension	0.06%	0.12%	0.09%	0.26%	0.37%
	NDRIO	0.06%	0.14%	0.11%	0.31%	0.29%
Private %	Pool	China	Hong Kong	Macau	P.R.China	MSCI ACWI IMI
	Insurance	0.00%	0.00%	0.00%	0.00%	2.77%
	Legacy	0.24%	0.00%	0.00%	0.24%	2.77%
	Pension	1.51%	0.00%	0.00%	1.51%	2.77%
	NDRIO	0.66%	0.00%	0.00%	0.66%	2.77%

Country of Risk

- Refers to the country where the company is exposed to economic, political, or operational risks.
- It considers factors such as:
 - Where the company generates most of its revenue.
 - Where it has significant physical operations or assets.

Example: A company domiciled in the U.K. but deriving the majority of its revenue from China would have China as its primary country of risk.

Would not include a company like Apple that has exposure to China but the majority of operations/revenues are in the U.S.

Data is as of 11/30/2024

Numbers are unaudited and subject to change

Does not include one commingled fund that has not provided China exposure
Policy benchmark exposure from Private Equity is calculated using the MSCI ACWI IMI Index China exposure as a proxy

POTENTIAL IMPACT OF CHINA DIVESTMENT BILL

Divestment from China

- Exit public commingled funds that have China exposure (i.e. Arrowstreet, DFA EM, Index Funds with China and Hong Kong exposure).
- Search for new managers/strategies to replace public market managers (likely to incur transaction costs)
- Exit private market funds with China exposure:
 1. Private market funds with China exposure totals ~\$1.05 billion. Of which less than 4% is invested in China
 2. Immediate divestment from private market funds could incur at a 25-50% haircut
- Will take time to replace divested private market strategies
- Limits available products and strategies, and/or may lead to higher costs/fees

KEY CONSIDERATIONS:

1. Due to the size of the Chinese economy, its exposure in the markets, and its prominence in the indexes it is difficult as a fiduciary to exclude China from the portfolio if there is no directive from U.S. Treasury or legislation
2. Desire to manage all international public markets exposure in separately managed accounts
3. IG indexes can be managed with the internal investment program

Without a China bill:

- Staff to develop a separately managed international external manager platform and internal investment program
- RIO will have the flexibility to respond quickly to any international situation as determined by the U.S. Treasury

KEY CONSIDERATIONS:

If there is a China bill:

- Would need to manage international public markets exposure in separately managed accounts that adhere to any requirements
- Would need to have IG indexes managed with the internal investment program also to adhere to any requirements
- Would require a clear definition of what constitutes China exposure: i.e. country of domicile, country of risk, Hong Kong, Macau, etc.
- Without grandfathering of existing private markets China investments, there would be a high cost of exit even for portfolios that have a very small exposure
- Would need some time to divest from China investments to enable operations to minimize transaction cost impact

STATES THAT HAVE DIVESTED FROM CHINA

States	Year	China Policy
Indiana	2023	Senate Bill 268: Prohibits the Indiana public retirement system from investing in certain restricted entities or restricted investment products, including particular investments publicly confirmed to be controlled by the People's Republic of China or the Chinese Communist Party.
Missouri	2023	Board voted to sell investments in Chinese owned companies. Divestment takes place over the next-36 months from bill signing.
Florida	2024	HB7071: Legislation to develop plan by September 1 to begin divesting all direct holdings in Chinese companies. Divestment does not include indirect China holdings through commingled funds such as mutual funds and private equity funds.
Kansas	2024	Countries of Concern Divestment Act: Bill requires the state to divest from “countries of concern” within two years, including the People's Republic of China, Cuba, Iran, North Korea, Russia and Venezuela
Oklahoma	2024	Governor Kevin Stitt of Oklahoma issued Executive Order 2024-11. Review portfolios to determine any exposure to, or investment in, countries considered foreign adversaries. For any assets so identified, the retirement systems shall, in coordination with the Treasurer, develop divestment plans and electronically submit them to the governor’s office, as well as the leaders of the state legislature.
Texas	2024	Governor Greg Abbott of Texas sent a letter to state agencies prohibiting them from making any new investments of public funds in China and directing them to divest their current holdings at the first available opportunity.

OPTIONS TO MANAGE THE INTERNATIONAL PORTFOLIO

SMA:

Use indexes and ADRs/GDRs to gain exposure for markets that are not yet open. Continue work on opening markets.

Pros:

- Business as usual, maintain ownership of operations
- Direct custody of assets
- Likely cheaper option
- Can implement immediately

Cons:

- Limitations on market access can impact excess returns
- Takes time to open markets
- May limit access to certain strategies

Fund of One Platform:

Identify third party vendor to implement a fund of one platform to house international managers/strategies

Pros:

- Faster access to markets that have been challenging to open
- Potential to offset some costs (through scale/fee negotiations)

Cons:

- Additional fee paid to third party vendor (1.5-20 bps)
- Additional administrative fees
- Additional operational burden & complexity/less direct control

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

PRIVATE MARKETS MANAGER UPDATE

PRISA III, L.P.

- U.S. value-add real estate
- \$85 million commitment (\$35 million Pension Pool, \$50 million Legacy Fund)