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DEPARTMENT OF STATE TREASURER

Investment Management Division

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To: Investment Advisory Committee

From: Kevin SigRist

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Please find attached a tentative list of projects the Investment Management Division expects to work on over the next 18 months. The projects and priorities have been assembled through a series of discussions with the Treasurer, staff and Hewitt EnnisKnupp.

We would welcome any input from the Investment Advisory Committee members and look forward to discussing at the upcoming quarterly meeting

Attachment: Tentative Priorities for DST Investment Management Division

I. Short-term Horizon (0-3 months)

1. Maintain momentum in private market investment pipeline
2. Review and prioritize public market initiatives
 - a. Emerging manager fund-of-funds
 - b. Fixed Income tactical allocation to ABS
 - c. Hedged Equity
 - d. Global and International equity searches
3. Review IMD organization and business model
 - a. Internal governance
 - b. Staff roles & responsibilities
 - c. Fill vacancies
 - d. Self-assessment of process challenges and resource gaps
4. Update/Codify policies and procedures
 - a. Investment Committee Charter
 - b. Manager/Fund Search and Selection Policy
 - c. Code of Ethics/Conflict of Interest Certification
 - d. Compliance Officer role
5. Enhance investments flexibility
 - a. Legislation
 - b. Open mandate strategies
6. Investment Forum
7. CEM Survey participation (cost effectiveness measurement of NCRS investment program)
8. Prioritize implementation of investment infrastructure
 - a. SAS Total Fund Risk Model
 - b. CRM
9. National Association of State Investment Professionals annual meeting

II. Medium-term Horizon (3-9 months)

1. Address most elevated human capital risks: Portfolio Manager/Analyst compensation
2. Review strategic portfolio construction
 - a. Update asset-liability study
 - b. Assess total fund portfolio management
 - c. Develop Annual Investment Work Plans
 - d. Develop and implement Risk Budget
3. Identify legacy investments for potential restructuring/workout
4. Investment initiatives
 - a. Internal equity index management
 - b. Infrastructure investments
 - c. Co-investments program(s)
 - d. Non-fund vehicles
 - e. Strategic partnerships
 - f. Total fund risk portfolio management
 - g. NC Innovation Fund
 - h. Evaluate Latin American private market opportunities
 - i. ESG themes
5. Process map operations/portfolio management support to identify efficiency opportunities and enhance reporting

III. Longer-term Horizon (9-18 months)

1. Review impact of governance structure and operating model on attainment of long-term investment objectives
 - a. Resourcing, personnel, procurement, and contracting
 - b. Delegation of authorities
 - c. External oversight, reporting, and monitoring
2. Strategic talent management initiatives
 - a. Competitive compensation analysis
 - b. Career development program
3. Further integrate into Department of State Treasurer Strategic Plan
4. Global review of benchmarking and reporting of historical results